Placement Document
Subject to completion
Not for circulation
Strictly confidential
Serial number____

UNION BANK OF INDIA

Union Bank of India (the "**Bank**") was constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 ("**Banking Companies Act**"), on July 19, 1969. Pursuant to the Banking Companies Act, the undertaking of the Union Bank of India Limited (a company incorporated under the Companies Act, 1913) was transferred to, and vested in the Bank with effect from July 19, 1969.

Head Office: Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai – 400 021, Maharashtra, India
Telephone: +91 22 2289 6636 / +91 22 2289 6643; **Website:** www.unionbankofindia.co.in; **Email:** investorservices@unionbankofindia.bank

The Bank is issuing 22,11,57,390 equity shares of face value ₹10 each (the "**Equity Shares**"), at a price of ₹135.65 per Equity Share (the "**Issue Price**"), including a premium of ₹125.65 per Equity Share, aggregating to approximately ₹3,000.00 crore (the **"Issue"**).

THIS ISSUE IS IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI ICDR REGULATIONS"), THE BANKING COMPANIES ACT, THE BANKING REGULATION ACT, 1949 (THE "BANKING REGULATION ACT"), THE UNION BANK OF INDIA (SHARES & MEETINGS) REGULATIONS, 1998 (THE "UNION BANK REGULATIONS") AND THE NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970 (THE "NATIONALISED BANKS SCHEME"), EACH AS AMENDED.

THE ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE SEBI ICDR REGULATIONS ("ELIGIBLE QIBS") IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO ELIGIBLE QIBS.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT, OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS. THIS PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBS WHOSE NAMES ARE RECORDED BY OUR BANK PRIOR TO MAKING AN INTIMATION TO SUBSCRIBE TO THE EQUITY SHARES.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST ANY AMOUNT IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR ANY PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 49 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE ISSUE. PROSPECTIVE INVESTORS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND OUR BANK. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations for subscription, offers and sales of Equity Shares to be issued pursuant to this Issue shall only be made pursuant to the Preliminary Placement Document together with the respective Application Form, this Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "*Issue Procedure*" on page 269. The distribution of this Placement Document or the disclosure of its contents without the Bank's prior consent to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The outstanding Equity Shares of the Bank are listed and traded on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**" along with "**NSE**", hereinafter referred to as the "**Stock Exchanges**"). The closing price of the Equity Shares on NSE and BSE on February 22, 2024, was ₹147.30 and ₹147.25 per Equity Share, respectively. In-principle approval under Regulation 28(1) of the Listing Regulations (as defined hereinafter) for listing of the Equity Shares has been received from the NSE and BSE on August 21, 2023 and February 20, 2024, respectively. Applications shall be made to the Stock Exchanges for obtaining the final listing and trading approval for the Equity Shares to be issued pursuant to this Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of the business of the Bank or the Equity Shares.

A copy of the Preliminary Placement Document has been delivered to the Stock Exchanges and a copy of the Placement Document will also be delivered to the Stock Exchanges. The Preliminary Placement Document and this Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, or any other statutory, regulatory or listing authority and is intended only for use by the Eligible QIBs (as defined hereinafter). This Placement Document will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction. This Issue is meant only for Eligible QIBs (as defined hereinafter) on a private placement basis and is not an offer to the public or any other class of investors.

The information on the websites of our Bank, Subsidiaries, Associate or Joint Ventures, or any website directly or indirectly linked to the website of our Bank, Subsidiaries, Associate or Joint Ventures, or the website of the Book Running Lead Managers or their respective affiliates, does not form part of Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investments in this Issue.

THE BANK HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold (a) in the United States only to persons who are reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) ("U.S. QIBs") pursuant to Section 4(a)(2) of the U.S. Securities Act, and (b) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S"). For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 285. See "*Transfer Restrictions and Purchaser Representations*" on page 295 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

This Placement Document is dated February 23, 2024.

BOOK RUNNING LEAD MANAGERS				
IIFL Securities Limited	**BNP Paribas**	**HDFC Bank Limited**	**IDBI Capital Markets & Securities Limited**	**JM Financial Limited**

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NOTICE TO INVESTORS

The Bank has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that, to its best knowledge and belief and having made all reasonable enquiries, this Placement Document contains all information with respect to the Bank and the Equity Shares which is material in the context of this Issue. The statements contained in this Placement Document relating to our Bank and the Equity Shares are, in all material respects, true, correct, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to the Bank and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to the Bank. There are no other facts in relation to the Bank and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Placement Document misleading in any material respect. Further, the Bank has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The information contained in this Placement Document has been provided by the Bank and other sources identified herein.

The Book Running Lead Managers have not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, none of the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by any of the Book Running Lead Managers or any of their shareholders, employees, counsel, officers, directors, representatives, agents or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Issue or Equity Shares or their distribution. Each person receiving the Preliminary Placement Document and this Placement Document acknowledges that such person has not relied on either the Book Running Lead Managers or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Bank and the merits and risks involved in investing in the Equity Shares to be issued pursuant to this Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Bank or by or on behalf of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to this Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state securities authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The subscribers of the Equity Shares offered in the Issue will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 5, 285 and 295, respectively, of this Placement Document.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Bank to any person, other than Eligible QIBs specified by the Book Running Lead Managers or their representatives, and those retained by such QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited.

Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any offering material in connection with the Issue. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the Issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Bank and the Book Running Lead Managers which would permit an issue of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document nor this Placement Document nor any other Issue-related materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold (a) in the United States only to persons who are reasonably believed to be U.S. QIBs pursuant to Section 4(a)(2) of the U.S. Securities Act and (b) outside the United States in reliance on Regulation S. For further details, see the section entitled "*Selling Restrictions- United States*" beginning on page 294. For information on the selling restrictions in certain other jurisdictions, see the section entitled "*Selling Restrictions*" on page 285.

In making an investment decision, the prospective investors must rely on their own examination of the Bank, the Equity Shares and the terms of this Issue, including the merits and risks involved. Prospective investors should not construe the contents of the Preliminary Placement Document and this Placement Document as legal, tax, accounting or investment advice. Prospective investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither the Bank nor the Book Running Lead Managers are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations.

Each purchaser/ subscriber of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Bank under Indian law, including Chapter VI of the SEBI ICDR Regulations, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities including the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents. All references herein to "you" or "your" is to the prospective investors in the Issue.

The information on the Bank's website, www.unionbankofindia.co.in, any website directly and indirectly linked to the website of the Bank or on the websites of the Book Running Lead Managers and of their affiliates, does not constitute or form part of this Placement Document. The prospective investors should not rely on the information contained in, or available through any such websites.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" are to the prospective investors in this Issue.

By Bidding for and/or subscribing to any Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreed with the Bank and the Book Running Lead Managers as follows:

- your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Bank or Subsidiaries or Associate or Joint Ventures that is not set forth in the Preliminary Placement Document and this Placement Document;

- you are a "Qualified Institutional Buyer" as defined in Regulation 2(1)(ss) of SEBI ICDR Regulations and not excluded as an eligible investor pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VI of the SEBI ICDR Regulations; (ii) comply with the SEBI ICDR Regulations and all other applicable laws, including any reporting obligations in India; and (iii) to make necessary filings, including with the RBI, if any, in connection with the Issue;

- if you are not a resident of India, but are a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under applicable laws in India and you confirm that you are not a FVCI or a multilateral or bilateral development financial institution and that you are not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. You also confirm that you are eligible to invest in India under applicable laws, including those issued by the RBI, and the FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory or statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

- if you are an Eligible FPI, you confirm that you will participate in the Issue only under and in conformity with Schedule II of FEMA Rules and you confirm that you are not an FVCI or a multilateral or bilateral development financial institution and that you are not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. Further, you acknowledge that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) in our Bank does not exceed 10% of the post-Issue paid-up capital of our Bank on a fully diluted basis, and further with effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Bank;

- you confirm that you are not a FVCI;

- you confirm that neither are you an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in which case, investment can only be through the Government approval route), and that your investment is in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT and Rule 6 of the FEMA Rules;

- you will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

- if you are Allotted Equity Shares pursuant to this Issue, you shall not, for a period of one year from the date of Allotment (hereinafter defined), sell the Equity Shares so acquired except on the floor of the Stock Exchanges. Additional restrictions apply if you are within the United States. For more information, see "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 285 and 295, respectively;

- you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgments, agreements and undertakings as set forth under this section and under "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 285 and 295, respectively;

- you are aware that the Equity Shares issued pursuant to this Issue have not been and will not be registered through a prospectus under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. The Preliminary Placement Document and this Placement Document has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges or any other statutory, regulatory or listing authority and is intended only for use by QIBs. The Preliminary Placement Document and this Placement Document have been filed with the Stock Exchanges for record purposes only and the Preliminary Placement Document and this Placement Document have been displayed on the websites of the Bank and the Stock Exchanges;

- you agree that neither the Bank nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with this Issue. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

- you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Bank or its agents (the "**Bank Presentations**") with regard to the Bank, the Equity Shares or this Issue; or (ii) if you have participated in or attended any Bank Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that the Bank, its Directors, its senior managerial personnel or its agents may have made at such Bank Presentations and are therefore unable to determine whether the information provided to you at such Bank Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Bank Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information relating to the Bank and this Issue that was not publicly available;

- all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding the Bank's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Bank's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Bank's present and future business strategies and environment in which the Bank will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. You acknowledge that none of the Bank or any of its shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;

- you are aware and understand that the Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public, and the Allotment of the same shall be made by the Bank on a discretionary basis in consultation with the Book Running Lead Managers;

- you are aware that if you are Allotted more than 5.00% of the Equity Shares in this Issue, the Bank shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures made by the Bank;

- you understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Banking Companies Act read with the Banking Regulation Act, the Nationalised Banks Scheme and the Union Bank Regulations and will be credited as fully paid and will rank pari passu in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- you have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document and have read them in their entirety, including in particular, "*Risk Factors*" on page 49;

- in making your investment decision, you have (i) relied on your own examination of the Bank and the terms of this Issue, including the merits and risks involved, (ii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iii) made and contiune to make your own assessment of the Bank, the Equity Shares and the terms of this Issue based solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by the Bank or any other party, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Bank and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in this Issue;

- you represent that neither the Bank nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to this Issue and the use of the proceeds from this Issue). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Bank and the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to this Issue and the use of the proceeds from this Issue). You waive, and agree not to assert any claim against the Bank or any of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- you are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of banks in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to the Bank and/or any of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with this Issue, including losses arising out of non-performance by the Bank of any of its obligations or any breach of any representations and warranties by the Bank, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to resell or distribute;

- you acknowledge that the Preliminary Placement Document did not, and this Placement Document does not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- if you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- you are not a 'promoter' (as defined under the SEBI ICDR Regulations) of the Bank or any of its affiliates and are not a person related to the promoter, either directly or indirectly and your Bid does not directly or indirectly represent the 'promoter', or 'promoter group', (as defined under the SEBI ICDR Regulations) of the Bank;

- you have no rights under a shareholders' agreement or voting agreement with the promoter or persons related to the promoter, no veto rights or right to appoint any nominee director on the Board of Directors of the Bank other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter;

- you will have no right to withdraw or revise downwards your Bid after the Bid/Issue Closing Date;

- you are eligible to apply and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to this Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law or regulation including, but not limited to, the Banking Regulation Act, 1949, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and in the event of your holding of the Equity Shares reaches any applicable limits as may be prescribed you will make the appropriate disclosures and obtain the necessary permissions in this regard from the relevant authorities/RBI;

- the Bid submitted by you would not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**") and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- your aggregate holding, together with other QIBs in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under this Issue shall not exceed 50.00% of the Issue Size. For the purposes of this representation:

  a. QIBs belonging to the "same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and

  b. 'control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- you shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- you are aware that (i) application for in-principle approval, in terms of Regulation 28(1)(a) of the Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges will be made by the Bank and approval will be received from the Stock Exchanges; and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approval for listing of the Equity Shares will be obtained in time or at all. Neither the Bank nor the Book Running Lead Managers, or any of their respective affiliates shall be responsible for any delay or non-receipt of such final approval or any loss arising from such delay or non-receipt;

- you are aware and understand that the Book Running Lead Managers have entered into a placement agreement with the Bank, whereby the Book Running Lead Managers have, severally and not jointly subject to the satisfaction of certain conditions set out therein, agreed to manage this Issue and use their best reasonable efforts to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- you understand that the contents of the Preliminary Placement Document and this Placement Document are exclusively the responsibility of the Bank, and neither the Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or any information previously published by or on behalf of the Bank and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or otherwise.

- by participating in the Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Bank or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents, associates or affiliates or any other person and neither the Book Running Lead Managers nor our Bank or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents, associates or affiliates nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- you understand and agree that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document and this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or the Bank or any of their respective affiliates or any other person, and neither the Book Running Lead Managers nor the Bank nor any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- you understand that the Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by the Bank of any of its obligations or any breach of any representations and warranties by the Bank, whether to you or otherwise;

- you are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

- you are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 285, you understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 285 and 295, respectively;

- you agree any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- you agree that each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in this Issue;

- you agree to indemnify and hold the Bank, its Directors, its senior managerial personnel and the Book Running Lead Managers and their respective employees, officers, directors, associates, representatives and affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in the Preliminary Placement Document and this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- the Bank, its senior managerial personnel, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on its own behalf and on behalf of the Bank, and are irrevocable and it is agreed that if any of such representations, warranties, acknowledgements, undertakings and agreements are no longer accurate, you will promptly notify the Book Running Lead Managers; and

- you are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law including but not limited to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, and the Companies Act, 2013, each as amended.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been and are not being offered or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the abovementioned restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in this Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Bank and do not constitute any obligation of, claims on or interests in our Bank. our Bank has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Bank. Our Bank and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and does not constitute any obligations of or claims on the Book Running Lead Managers.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto.

Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES AND RBI

Disclaimer Clause of the Stock Exchanges

As required, copies of the Preliminary Placement Document and this Placement Document have been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;

(2) warrant that the Equity Shares pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of the Bank, its Promoter, its management or any scheme or project of the Bank;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document have been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of RBI

A license authorising our Bank to carry on banking business has been obtained from the RBI in terms of Section 22 of the Banking Regulation Act. However, the Reserve Bank of India does not accept any responsibility or guarantee about the present position as to the financial soundness of our Bank or for the correctness of any of the statements or representations made or opinions expressed by our Bank and for repayments of deposits/ discharge of liabilities by our Bank.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to "you", "your", "offeree", "purchaser", "Bidder", "subscriber", "recipient", "investors", "prospective investors" and "potential investor" are to the Eligible QIBs who are the prospective investors of the Equity Shares in the Issue and references to the "Issuer", "Bank" or "the Bank" are to the Union Bank of India, on a standalone basis. All references to the "we", "us" or "our" are to the Union Bank of India, its Subsidiaries, Associate and Joint Ventures on a consolidated basis, unless otherwise specified or the context otherwise indicates or implies.

References in this Placement Document to "India" are to the Republic of India and its territories and possessions and the "Government" or the "Central Government" or the "state government" are to the Government of India, or the governments of any state in India, as applicable and as the case may be. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Page Numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Currency and Units of Presentation

In this Placement Document, references to "USD", "$", "U.S.$" and "U.S. dollars" are to the legal currency of the United States and references to, "₹", "Rs.", "INR" and "Rupees" are to the legal currency of India.

References to "lakhs" and "crores" in this Placement Document are to the following:

1. one lakh represents ₹100,000 (one hundred thousand);
2. ten lakhs represents ₹1,000,000 (one million);
3. one crore represents ₹10,000,000 (ten million);
4. ten crores represents ₹100,000,000 (one hundred million); and
5. one hundred crores represents ₹1,000,000,000 (one thousand million or one billion).

Financial and Other Information

In this Placement Document, we have included the following financial statements (i) the audited consolidated financial statements of our Bank, Subsidiaries, Joint Ventures and Associate as at and for each of the years ended March 31, 2023, March 31, 2022, and March 31, 2021, prepared in accordance with Indian GAAP and the provisions of Banking Regulation Act, 1949 read with relevant guidelines and directions issued by the RBI (collectively, the "**Audited Consolidated Financial Statements**"), (ii) the audited standalone financial statements of our Bank as at and for each of the years ended March 31, 2023, March 31, 2022, and March 31, 2021, prepared in accordance with Indian GAAP and the provisions of Banking Regulation Act, 1949 read with relevant guidelines and directions issued by the RBI (collectively, the "**Audited Standalone Financial Statements**"), (iii) the limited review unaudited consolidated financial results of our Bank, Subsidiaries, Joint Ventures and Associate for the quarter and nine months ended December 31, 2023 (which includes, among other things the comparative unaudited financial results for the quarter and nine months ended December 31, 2022), which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" prescribed by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the RBI from time to time and other accounting principles generally accepted in India (collectively, the "**Limited Review Unaudited Consolidated Financial Results**") and (iv) the limited review unaudited standalone financial results for the quarter and nine months ended December 31, 2023 (which includes, among other things. the comparative unaudited standalone financial results for the quarter and nine months ended December 31, 2022), which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" prescribed by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the RBI from time to time and other accounting principles generally accepted in India (the "**Limited Review Unaudited Standalone Financial Results**").

For the purposes of a comparative analysis, certain figures for the year ended March 31, 2021 have been reclassified in this Placement Document. For details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations-Reclassification of Certain Line Items*" on page 123.

The audited financial statements are prepared in accordance with Indian GAAP as applicable to banks, guidelines issued by the RBI from time to time, practices generally prevailing in the banking industry in India and the applicable standards on auditing. The Bank prepares its financial statements in Rupees in accordance with Indian GAAP which differ in certain important aspects from Ind AS, IFRS, U.S. GAAP and other accounting principles and standards on auditing with which prospective investors may be familiar in other countries. We have not attempted to quantify the impact of Ind AS, IFRS, U.S. GAAP on the financial data included in this Placement Document, nor do we provide a reconciliation of the financial statements to those of Ind AS, IFRS, U.S. GAAP. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Placement Document should accordingly be limited.

Our Bank's fiscal year commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year. Unless otherwise stated, references in this Placement Document to a particular year are to the calendar year ended on December 31, and to a particular "Fiscal" or "Fiscal Year" or "FY" are to the fiscal year ended on March 31.

All figures appearing in this Placement Document have been rounded off to two decimal places. Accordingly, the figure shown as totals herein may not be an arithmetic aggregation of the figures which precede them.

Except as stated or defined otherwise, with respect to costs and yields presented in this Placement Document, average balance for deposits, advances and investments is the fortnightly average, average balance for others interest-earning assets is the monthly average and all other average balances are based on the average of the opening and closing balances for the period/year. The average balances of advances include NPAs. The average balances of investments includes depreciation or provision for investments, if any. Cost and yields for the nine months ended December 31, 2022 and 2023 are annualized.

AVAILABLE INFORMATION

Our Bank has agreed that, for so long as any Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, our Bank will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act, subject to compliance with the applicable provisions of Indian law.

INDUSTRY AND MARKET DATA

Our Bank has not commissioned any industry report for the purposes of this Placement Document. Information regarding market position, market size, growth rates, other industry data and certain industry forecasts pertaining to the businesses of our Bank contained in this Placement Document consists of estimates, forecasts based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which our Bank competes. Unless stated otherwise, the statistical information included in this Placement Document relating to the industry in which our Bank operates has been reproduced from various trade, industry and government publications and websites.

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on or base their investment decision on this information. In certain cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring us to rely on internally developed estimates.

All such data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Bank nor any of the Book Running Lead Managers have independently verified this data and do not make any representation regarding accuracy or completeness of such data. Our Bank takes responsibility for accurately reproducing such information but accept no further responsibility in respect of such information, data, projections, forecasts, conclusions or any other information contained in this section. Similarly, while our Bank believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Bank nor any of the Book Running Lead Managers can assure potential investors as to their accuracy. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/source documents. The actual data for those years may vary significantly and materially from the estimates so contained.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Bank are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Bank’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements contained in this Placement Document (whether made by the Bank or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Bank to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Bank that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of the Bank to be materially different from any of the forward-looking statements include, among others:

- an increase in the percentage of our Bank’s NPAs;
- our inability to effectively manage the growth of our RAM asset portfolio and maintain the quality of our Bank’s loan portfolio;
- volatility in interest rates and other market conditions;
- our Bank’s potential inability to successfully compete for CASA deposits;
- a downturn in any industry or section in which our Bank has significant exposure;
- our Bank’s potential inability to successfully implement systems for asset recovery and NPA management;
- we may not be successful in implementing our digital penetration and automation strategies;
- our Bank’s potential inability to maintain adequate capital due to changes in regulations, lack of access to capital markets, or otherwise;
- our dependence on, and ability to attract, motivate and retain talented and experienced professionals;
- changes in laws, rules, regulations, guidelines and norms that apply to banks in India, including priority sector lending requirements, capital adequacy and liquidity requirements; and
- a downturn in the macroeconomic environment in India.

Additional factors that could cause actual results, performance or achievements of the Bank to differ materially include, but are not limited to, those discussed under “*Risk Factors*”, “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 49, 174,189 and 100, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of the Bank. Although the Bank believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and the Bank and the Book Running Lead Managers expressly disclaim any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of the Bank’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Bank could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Bank are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Bank is a nationalised bank under the Banking Companies Act. All the Directors, senior managerial personnel and members of senior management of our Bank are residents of India and all or a substantial portion of the assets of our Bank and such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Bank or such persons in India, or to enforce judgments obtained against such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable;
- where the proceedings in which the judgment was obtained are opposed to natural justice;
- where the judgment has been obtained by fraud; and
- where the judgment sustains a claim founded on a breach of any law then in force in India.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore, United Arab Emirates and Hong Kong, amongst others, have been so declared, but the United States of America has not been so declared, by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court in a jurisdiction which is not a reciprocating territory, including that of a court in the United States of America, may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that an Indian court would enforce foreign judgments that would contravene or violate Indian law. Furthermore, an Indian court ordinarily would not award damages on the same basis as a foreign court if an action is brought in India or enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award denominated in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgment, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally, any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable law. The Bank and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupees and the U.S. dollar will affect the U.S. dollar equivalent of the Rupee price of the Equity Shares on BSE and NSE. These fluctuations will also affect the conversion into U.S. dollar of any cash dividends paid in Rupees on the Equity Shares. The exchange rate between the Rupee and US Dollar has been volatile over the past year.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$) for, or as of, the end of the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Private Limited (the "**FBIL**"), which are available on the website of the RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

Period	**(₹ per USD)**			
	Period End	**Average***	**High****	**Low*****
Financial year ended				
2023	82.22	80.39	83.20	75.39
2022	75.81	74.51	76.92	72.48
2021	73.50	74.20	76.81	72.29

**Average of the official rate for each Working Day of the relevant period.*
***Maximum of the official rate for each Working Day of the relevant period.*
****Minimum of the official rate for each Working Day of the relevant period.*

(Source: www.fbil.org.in)

Note: If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day has been disclosed. The reference rates are rounded off to two decimal places.

Month	**(₹ per USD)**			
	Month End	**Average***	**High****	**Low*****
January 31, 2024	83.08	83.12	83.33	82.85
December 31, 2023	83.12	83.28	83.40	83.02
November 30, 2023	83.35	83.30	83.39	83.13
October 31, 2023	83.27	83.24	83.27	83.15
September 30, 2023	83.06	83.05	83.26	82.66
August 31, 2023	82.68	82.79	83.12	82.28

**Average of the official rate for each Working Day of the relevant period.*
***Maximum of the official rate for each Working Day of the relevant period.*
****Minimum of the official rate for each Working Day of the relevant period.*

(Source: www.fbil.org.in)

Note: If the FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day has been disclosed. The reference rates are rounded off to two decimal places.

Although the Bank has translated selected Indian rupee amounts in this Placement Document into USD for convenience, this does not mean that the Indian rupee amounts referred to could have been, or could be, converted to USD at any particular rate or, the rates stated above, or at all. There are certain restrictions on the conversion of Indian rupees into USD.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the defintions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Placement Document shall have the meaning as defined hereunder. Further, any references to any statute or regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the SEBI ICDR Regulations, the SCRA, the Despositories Act, or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms used in "*Selected Financial Information*", "*Taxation*", "*Industry Overview*", "*Legal Proceedings*" and "*Financial Statements*" on pages 36,305, 174, 323 and 329, respectively, shall have the meaning given to such terms in such sections.

Bank Related Terms

Term	Description
Our "Bank", the "Bank", the "Issuer", "Union Bank"	Union Bank of India, a bank nationalised under the Banking Companies Act and having its head office at Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai – 400 021, Maharashtra, India
"We", "us", or "our"	Unless the context requires otherwise, Union Bank and its Subsidiaries, Associate and Joint Ventures.
ALCO	Asset Liability Management Committee
Associate	The Associate of our Bank as on the date of this Placement Document is Chaitanya Godavari Grameena Bank
Audited Financial Statements/ Financial Statements	Collectively, the Audited Consolidated Financial Statements and Audited Standalone Financial Statements
Auditors / Statutory Auditors/ Statutory Central Auditors	The current statutory auditors of the Bank, namely, M/s N B S & Co., Chartered Accountants, M/s P Chandrasekar LLP, Chartered Accountants, M/s G S Mathur & Co., Chartered Accountants, M/s V K Ladha & Associates, Chartered Accountants and M/s Chhajed & Doshi Chartered Accountants
Audited Consolidated Financial Statements	The audited consolidated financial statements of the Bank, its Subsidiaries, Joint Ventures and Associate, as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, prepared in accordance with the provisions of Banking Regulation Act, 1949, read with relevant guidelines and directions issued by the RBI and the generally accepted accounting principles in India ("**Indian GAAP**")
Audited Standalone Financial Statements	The audited standalone financial statements of the Bank as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with the provisions of Banking Regulation Act, 1949, read with relevant guidelines and directions issued by the RBI and the Indian GAAP
Board / Board of Directors	The board of directors of the Bank or duly constituted committee thereof
Dai-ichi Life Insurance	The investment agreement dated October 18, 2017 entered into with Dai-ichi Life Insurance Company, Limited
Directors	The directors on the Board of the Bank
Equity Shares	Equity shares of the Bank having face value of ₹10 each
Joint Ventures	Joint ventures of our Bank as on the date of this Placement Document: i. Star Union Dai-Ichi Life Insurance Company Limited; ii. ASREC (India) Limited; and iii. India International Bank (Malaysia) Berhad
Key Managerial Personnel / KMP	The Key Managerial Personnel of our Bank in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations. For details, see "*Board of Directors and Senior Management*" on page 225

Term	**Description**
Materiality Threshold	Such threshold as has been identified under "*Legal Proceedings*"
Net Interest Income	Interest earned less interest expended
NPS	New pension scheme
PRAN	Permanent Retirement Account Number
Promoter	The promoter of the Bank namely, the President of India acting through the Ministry of Finance, Government of India
RAM	Retail, agriculture and MSME
Risk Management Committees	The Supervisory Committee supported by the special risk management committees such as the Credit Risk Management Committee, the Operational Risk Management Committee and the Asset Liability Committee
Senior Managerial Personnel / SMP	The Senior Managerial Personnel of our Bank in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations. For details, see "*Board of Directors and Senior Management*" on page 225
Subsidiaries	The subsidiaries of the Bank, namely, Union Asset Management Company Private Limited, Union Trustee Company Private Limited, Union Bank of India (UK) Limited, UBI Services Limited and Andhra Bank Financial Services Limited
SUD Life Insurance	The joint venture agreement dated December 6, 2007 entered into by Dai-ichi Life Insurance and Union Bank of India to form Star Union Dai-ichi Life Insurance Company Limited
Limited Review Unaudited Consolidated Financial Results	Our limited reviewed unaudited consolidated financial results for the quarter and nine months ended December 31, 2023,comprising (i) the unaudited consolidated statement of assets and liabilities as at December 31, 2023 (along with the unaudited consolidated statement of assets and liabilities as at December 31, 2022 and the audited consolidated statement of assets and liabilities as at March 31, 2023 included for comparison purposes), (ii) the unaudited consolidated statement of profit and loss for the quarter and nine months ended December 31, 2023 (along with the unaudited consolidated statement of profit and loss for the quarter and nine months ended December 31, 2022 and the audited consolidated statement of profit and loss for the year ended March 31, 2023 included for comparative purposes), (iii) the consolidated segment report for the quarter and nine months ended December 31, 2023 (along with the unaudited consolidated segment report for the quarter and nine months ended December 31, 2022 and the audited segment report for the year ended March 31, 2023 included for comparative purposes) and (iv) the notes thereto, which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" prescribed by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the RBI from time to time and other accounting principles generally accepted in India
Limited Review Unaudited Standalone Financial Results	The limited reviewed unaudited standalone financial results of our Bank, Subsidiaries, Joint Ventures and Associate for the quarter and nine months ended December 31, 2023, comprising (i) the unaudited standalone statement of assets and liabilities as at December 31, 2023 (along with the unaudited standalone statement of assets and liabilities as at December 31, 2022 and the audited standalone statement of assets and liabilities as at March 31, 2023 included for comparison purposes), (ii) the unaudited standalone statement of profit and loss for the quarter and nine months ended December 31, 2023 (along with the unaudited standalone statement of profit and loss for the quarter and nine months ended December 31, 2022 and the audited standalone statement of profit and loss for the year ended March 31, 2023 included for comparative purposes), (iii) the standalone segment report for the quarter and nine months ended December 31, 2023 (along with the unaudited standalone segment report for the quarter and nine months ended December 31, 2022 and the audited standalone segment report for the year ended March 31, 2023 included for comparative

Term	Description
	purposes) and (iv) the notes thereto, which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" prescribed by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the RBI from time to time and other accounting principles generally accepted in India

Issue Related Terms

Term	Description
Allocated /Allocation	The allocation of the Equity Shares following the determination of this Issue Price to successful QIBs on the basis of the Application Form submitted by them, by the Bank in consultation with the Book Running Lead Managers and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/Allotment/Allotted	Issue and allotment of Equity Shares to be issued pursuant to this Issue
Allottees	QIBs to whom Equity Shares are issued and Allotted pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which an Eligible QIB shall submit a Bid for the Equity Shares in this Issue
Bid(s)	Indication of interest of a QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares in this Issue
Bid Amount	With respect to each Bidder, the amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by such Bidder
Bid/Issue Closing Date	February 23, 2024, which is the last date up to which the Application Forms shall be accepted by the Bank (or by the Book Running Lead Managers on behalf of the Bank)
Bid/Issue Opening Date	February 20, 2024, which is the date on which the Bank (or the Book Running Lead Managers on behalf of the Bank) commenced accpetance of duly completed Application Forms and the Bid Amount for this Issue
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders submitted their Bids, including any revision thereof along with the Bid Amount
Bidder	Any prospective investor, an Eligible QIB, who made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Book Running Lead Managers/ BRLMs	Book running lead managers to this Issue, namely, IIFL Securities Limited, BNP Paribas, HDFC Bank Limited, IDBI Capital Markets & Securities Limited, and JM Financial Limited
CAN/Confirmation of Allocation Note	Note or advice or intimation sent only to Succesful Bidders confirming the Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such Successful Bidders
Closing Date	The date on which the Allotment of the Equity Shares is expected to be made, that is, on or around February 26, 2024
Designated Date	The date of credit of the Equity Shares to the QIB's demat account, as applicable to the respective Succesful Bidders
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIB	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI Regulations which (i) is not restricted from participating in the Issue under the applicable laws, and (ii) is a resident of India or is an Eligible FPI participating through Schedule II of the FEMA Rules In addition, Eligible QIBs are QIBs who are outside the United States to whom Equity Shares are being offered in "offshore transactions", as defined in, and in

Term	Description
	reliance on Regulation S and applicable laws of the jurisdiction where those offeres, and sales are made or are U.S. QIBs, to whom Equity Shares are being offered in accordance with Section 4(a)(2) under the U.S. Securities Act
Escrow Account	The non-interest bearing, no-lien, current bank account entitled ***"UNION BANK OF INDIA EQUITY II"*** with regard to any money received towards the subscription of the Equity Shares, opened with the Escrow Agent, subject to the terms of the Escrow Agreement
Escrow Agent	Union Bank of India (in its capacity as an escrow agent), in terms of the Escrow Agreement
Escrow Agreement	Agreement dated February 20, 2024, entered into amongst the Bank, the Escrow Agent and the Book Running Lead Managers for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	The floor price of ₹142.78 per Equity Share which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price The Board has offered a discount of ₹ 7.13 i.e 4.99% in accordance with Regulation 176 of the SEBI ICDR Regulations and in accordance with the approval of the shareholders of our Bank accorded through their resolution passed in the annual general meeting on August 4, 2023.
Issue	Issue of 22,11,57,390 Equity Shares of face value ₹10 each at a price of ₹135.65 per Equity Share, including a premium of ₹125.65 per Equity Share, pursuant to this Placement Document aggregating to approximately ₹3,000.00 crore.
Issue Price	₹135.65 per Equity Share
Issue Proceeds	The gross proceeds of the Issue. For details, see "*Use of Proceeds*" on page 97
Issue Size	The issue of 22,11,57,390 Equity Shares aggregating to approximately ₹3,000.00 crore
Listing Agreement(s)	The equity listing agreement(s) entered into by the Bank with the Stock Exchanges
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in this Issue, which is available for Allocation to Mutual Funds
Placement Agreement	Placement agreement dated February 20, 2024, entered into amongst the Bank and the Book Running Lead Managers
Placement Document	This placement document dated February 23, 2024 issued by our Bank in accordance with Chapter VI of the SEBI ICDR Regulations
Preliminary Placement Document	The preliminary placement document dated February 20, 2024 issued by the Bank in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations, pursuant to which a QIB submitted a Bid in the Issue
QIBs or Qualified Institutional Buyers	Qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations
Refund Amount	The aggregate amount to be returned to the Bidders, who have not been Allocated Equity Shares for all or a part of the Bid Amount submitted by such Bidder pursuant to the Issue
Refund Intimation Letter	Letters from our Bank intimating the Bidders on the amount to be refunded, if any, either in part or whole, to their respective bank accounts
Relevant Date	February 20, 2024, which is the date of the meeting of the Board, or any committee duly authorised by the Board, deciding to open this Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount (along with the Application Form) and who will be Allocated Equity Shares in the Issue

Term	Description
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/ Abbreviations

Term/Abbreviation	Full Form
AGM	Annual General Meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
Bank Regulations or Union Bank Regulations	Union Bank of India (Shares and Meetings) Regulations, 1998, which have been made by the Board of Directors in the exercise of powers conferred by Section 19 of the Banking Companies Act after consultation with the RBI and with previous sanction of the GoI
Banking Companies Act	The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
Banking Ombudsman Scheme	The Banking Ombudsman Scheme, 2006
Banking Regulation Act	The Banking Regulation Act, 1949
Basel III	A global regulatory framework for more resilient banks and banking systems published by the Bank for International Settlements. RBI issued guidelines on the implementation of Basel III capital regulations in India on May 2, 2012 and revised as per notification issued by the RBI on March 27, 2014
BSE	BSE Limited
CY	Calendar Year
CBI	Central Bureau of Investigation
CCI	Competition Commission of India
CDR	Corporate debt restructuring
CDR System	A joint forum of banks and financial institutions in India established in 2001 as an institutional mechanism for corporate debt restructuring
CDSL	Central Depository Services (India) Limited
Centre	Central Government
COVID-19 Regulatory Packages	The RBI's 'COVID-19 Regulatory Packages', which were announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020
CIC	Credit information companies
Civil Procedure Code / Civil Code	The Code of Civil Procedure, 1908
Companies Act / Companies Act, 2013	Companies Act, 2013
Competition Act	The Competition Act, 2002
Cr	Crores
CSR	Corporate social responsibility
Data Protection Act	The Digital Personal Data Protection Act, 2023
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996 and SEBI (Depositories and Participants) Regulations, 2018, as applicable
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DP ID	Depository Participant's identity number
DIFC	Dubai International Financial Centre
EGM	Extraordinary General Meeting
EPS	Earnings per share, i.e., profit after tax for a accounting period divided by the weighted average outstanding number of equity shares during that accounting

Term/Abbreviation	Full Form
	period
EXIM Bank	Export-Import Bank of India
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, and the regulations issued thereunder, each as amended
FEMA Rules/ FEMA Non-Debt Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019
FFI	Foreign Financial Institution
FIMMDA	Fixed Income Money Market and Derivatives Association
Financial Year or Fiscal Year or Fiscal or FY	Period of 12 months ended 31 March of that particular year
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GDP	Gross Domestic Product
GAAP	Generally Accepted Accounting Principles
GAAR	General Anti-Avoidance Rules
GIR Number	General Index Registry Number
GoI/Government	Government of India
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
HNIs	High Net Worth Individuals
HUF	Hindu undivided family
IBA	Indian Bank's Association
IBC	Insolvency and Bankruptcy Code 2016
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Ind AS	Indian accounting standards converged with IFRS, which has been notified by the MCA
India	The Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India
IRACP / IRAC	Income recognition, asset classification and provisioning
IRDA	Insurance Regulatory Development Authority
IRS	Interest rate swap
IT	Information Technology
IT Act	The Income Tax Act, 1961
LTRO	Long-term refinancing operations
MCA	The Ministry of Corporate Affairs, Government of India
MD & CEO	The Managing Director & Chief Executive Officer of the Bank
MoSPI	The Ministry of Statistics and Programme Implementation
Nationalised Bank Scheme	The Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 notified under Section 9 of the Banking Companies Act
NAV	Net asset value
NEAT	National Exchange for Automated Trading
NEFT	National electronic fund transfer
NI Act	Negotiable Instruments Act, 1881
NRE	Non-resident (External)
NRI	Non-resident Indian
NRO	Non-resident Ordinary
NSDL	National Securities Depositaries Limited
NSE	National Stock Exchange of India Limited
Moratorium / Moratorium Period	A moratorium of six months on the payment of all instalments and interest on term loans falling due between March 1, 2020 and August 31, 2020, pursuant to RBI's COVID-19 Regulatory Packages

Term/Abbreviation	**Full Form**
p.a.	Per annum
PAN	Permanent Account Number
PhD	Doctor of Philosophy
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMLA	The Prevention of Money Laundering Act, 2002
Q-o-Q	Quarter-on-Quarter
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
RBI Dividend Circular	RBI Circular (RBI/2004-05/451DBOD.NO.BP.BC. 88 / 21.02.067 / 2004-05) dated May 4, 2005 on declaration of dividends by banks
RBI Trade Circular	RBI circular on import and export of goods and services into India as applicable from time to time
RBS	Risked based supervision
RDB Act	Recovery of Debts Due to Banks and Financial Institutions Act 1993
Regulation S	Regulation S under the U.S. Securities Act
Regulatory Package	The circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020
Revised Framework	RBI's new regulatory framework for resolution of stressed assets as of June 7, 2019
RoC	Registrar of Companies
Rs./Rupees/INR/ Indian Rupees/ ₹	The official currency of India
Rule 144A	Rule 144A under the U.S. Securities Act
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SBI	State Bank of India
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012,notified by the SEBI
SCRA	Securities Contracts (Regulation) Act 1956
SCRR	Securities Contracts (Regulation) Rules 1957
SEBI	The Securities Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI Insider Trading Regulations, 2015	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SENSEX	Index of 30 stocks traded on BSE representing a sample of large and liquid listed companies
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SIDBI	Small Industries Development Bank of India
SIP	Systematic investment plans
Stock Exchanges	NSE and BSE
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
U.K.	United Kingdom
USA/U.S./United States	The United States of America, its territories and possessions, and states of the United States and the District of Columbia
U.S. dollar / US$/ USD	United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
U.S. QIBs	Qualified Institutional Buyers as defined in Rule 144A
VCF	Venture Capital Fund

Term/Abbreviation	Full Form
WOS	Wholly Owned Subsidiaries
Y-o-Y	Year-on-Year

Technical and Industry terms

Term/Abbreviation	Full Form/Description
ANBC	Adjusted Net Bank Credit
Average Total Assets	The monthly average of balances of total assets outstanding for the year / period
ATM	Automated teller machine
BCBS	Basel Committee On Banking Supervision
CAR	Capital Adequacy Ratio
CASA	Current account and savings account
CASA Ratio	Ratio of current account deposits and savings account deposits to total deposits (including inter-bank deposits)
CBDC	Central Bank Digital Currency
CBS	Core banking solution
CCB	Capital Conservation Buffer
CDs	Distressed Corporate Debtors
CEOBE	Certificate of Eligibility for Outward Bound Endorsement
CET1	Common Equity Tier I
CGSSD	Credit guarantee scheme for subordinate debt
CIRP	Corporate Insolvency Resolution Process
CNB	Corresponding New Bank as defined under Section 2(d) of the Banking Companies Act
Cost of Funds	Interest expended divided by Average Total Assets
Cost to Income Ratio	Ratio of operating expenses divided by Operating Income
CPI	Consumer Price Index
CRAR	Capital to Risk-weighted Assets Ratio
CRR	Cash Reserve Ratio
CY	Calender Year
DCBS	Department of Co-operative Bank Supervision
DLG	Default Loss Guarantee
DPIIT	Department for Promotion of Industry and Internal Trade
D-SIBs	Domestic Systemically Important Banks
ECAI	External Credit Assessment Institutions
ECLGS	Emergency Credit Line Guarantee Scheme
FBs	Foreign Banks
FLDG	First Loss Default Guarantee
FRRR	Fixed Rate Reverse Repo
FY	Financial Year
GDP	Gross Domestic Product
GNPA	Gross Nonperforming Assets
Gross NPAs	Ratio of Gross NPAs divided by gross advances
GVA	Gross Value Added

Term/Abbreviation	Full Form/Description
HFCs	Housing Finance Companies
HTM	Held-to-Maturity
I-CRR	Incremental CRR
IMPS	Immediate Payment Service
IRDAI	Insurance Regulatory Development Authority of India
IRRBB	Interest Rate Risk In Banking Book
KCC	Kisan Credit Card
LAF	Liquidity Adjustment Facility
LaR	Loans-at-risk
LSPs	Lending Service Providers
LTV	Loan To Value
MPC	Monetary Policy Committee
MSF	Marginal Standing Facility
MSME	Micro, small and medium enterprises
NABARD	National Bank for Agriculture and Rural Development
NaBFID	National Bank for Financing Infrastructure and Development
NBFCs	Non-Banking Financial Companies
NBFCs-D	Deposit Accepting NBFCs
NBFCs-ND-SI	Non-deposit Accepting NBFCs
NBFC - BL	Base Layer NBFCs
NBFC - ML	Middle Layer NBFCs
NBFC - UL	Upper Layer NBFCs
NBFC - TL	Top Layer NBFCs
NCLT	National Company Law Tribunal
NDTL	Net Demand And Time Liabilities
Net NPAs	Ratio of net NPAs divided by net advances
NHB	National Housing Bank
NII or Net Interest Income	Interest earned minus interest expended
NIM or Net Interest Margin	Our Bank defines NIM or Net Interest Margin as NII divided by Average Total Assets
NPA	Non-performing Assets
NNPA	Net Non-performing Assets
NSFR	Net Stable Funding Ratio
NSO	National Statistical Office
Operating Income	Sum of Net Interest Income and other income
Operating Profit	Total of Net Interest Income and other income minus operating expenses.
PAT	Profit After Tax
“PCR” or “Provisioning Coverage Ratio”	Provisions plus technical write off as percentage to gross NPAs plus technical write off
PIRP	Pre-packaged Insolvency Resolution Process
PMI	Purchasing Managers’ Index
Prudential Framework	The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019

Term/Abbreviation	Full Form/Description
Prudential Norms	Prudential norms on income recognition, asset classification and provisioning pertaining to advances issued by the RBI on July 1, 2015
PSB	Public Sector Bank
PSL	Priority Sector Lending
PSLCs	Priority Sector Lending Certificates
RAMP	Raising and Accelerating MSME Performance
REs	Regulated Entities
RIDF	Rural Infrastructure Development Fund
RoA	Return on Assets
Return on Average Assets	Ratio of the net profit for the year/period to Average Total Assets
"RoE" or "Return on Equity"	Ratio of the net profit for the year/period to the tangible net worth (capital plus reserves excluding revaluation reserves, deferred tax assets and other deduction)
RRBs	Regional Rural Banks
RTGS	Real Time Gross Settlement
RWAs	Risk Weighted Assets
SCBs	Scheduled Commercial Banks
SDF	Standing Deposit Facility
SEBI	Securities and Exchange Board of India
SFB	Small Finance Banks
SFCs	State Financial Corporations
SLR	Statutory Liquidity Ratio
SMA	Special Mention Account
Spread	Net Interest Income divided by Average Total Assets
STP	Straight-Through Processing
UCBs	Urban Co-operative Banks
UPI	Unified Payment Interface
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with Regulation 2(1)(lll) of the SEBI ICDR Regulations

SUMMARY OF THE ISSUE

The following is a general summary of the terms of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this Placement Document , including under "Risk Factors", "Use of Proceeds", "Placement", "Issue Procedure" and "Description of the Equity Shares" on pages 49, 97, 283, 269, and 301. The information contained in "Description of Equity Shares" shall prevail in the event of any inconsistency with the terms set out in this section.

Issuer	Union Bank of India
Issue Size	22,11,57,390 Equity Shares each at a price of ₹135.65 per Equity Share, including a premium of ₹125.65 per Equity Share, aggregating to approximately ₹3,000.00 crore. A minimum of 10% of the Issue Size, or at least 2,21,15,739 Equity Shares was made be available for Allocation to Mutual Funds only, and the balance of 19,90,41,65 Equity Shares was made available for Allocation to all Eligible QIBs, including Mutual Funds.
Face Value	₹10 per Equity Share
Issue Price	₹135.65 per Equity Share.
Floor Price	The floor price of ₹ 142.78 which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price, subject to permissible discounts.
Date of Board resolution authorizing the Issue	April 26, 2023
Date of Shareholders' resolution authorizing the Issue	August 04, 2023
Eligible Investors	Eligible QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations to whom the Preliminary Placement Document and the Application Form were circulated and who were eligible to Bid and participate in this Issue. See "*Issue Procedure – Eligible Qualified Institutional Buyers*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on page 274, 285 and 295, respectively. The list of Eligible QIBs to whom the Preliminary Placement Document and the Application Form were delivered was determined by the Book Running Lead Managers, in consultation with our Bank, at their sole discretion.
Equity Shares issued and outstanding immediately prior to this Issue	7,412,448,217 Equity Shares
Equity Shares issued and outstanding immediately after this Issue	7,63,36,05,607 Equity Shares
Lock-up	For further details, see "*Placement - Lock up*" on page 283 for a description of restrictions on our Bank in relation to Equity Shares
Transferability Restrictions	The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. See "*Transfer Restrictions and Purchaser Representations*" on page 295
Use of Proceeds	The gross proceeds from this Issue will be aggregated to ₹3,000.00 crore. The net proceeds from this Issue, after deducting fees, commissions and expenses in relation to this Issue, will be approximately ₹2,992.62 crore. See "*Use of Proceeds*" on page 97 for information regarding the use of net proceeds from this Issue.
Indian Taxation	See "*Taxation*" on page 305

Dividends	See “*Dividend Policy*” on page 99.	
Risk Factors	See “*Risk Factors*” on page 49 for a discussion of risks you should consider before investing in the Equity Shares.	
Issue Procedure	The Issue is being made only to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations. For further details, see “*Issue Procedure*” on page 269.	
Listing	The Bank has made applications to NSE and BSE and has obtained in-principle approvals from NSE and BSE on August 21, 2023 and February 20, 2024, respectively, in terms of Regulation 28(1) of the Listing Regulations for listing of the Equity Shares being issued pursuant to this Issue from each of the Stock Exchanges. The Bank will make applications to each of the Stock exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in this Issue and after the credit of the Equity Shares to the respective beneficiary accounts of the Succesful Bidders maintained with a Depository Participant.	
Closing Date	The Allotment of the Equity Shares, expected to be made on or around February 26, 2024	
Ranking of Equity Shares	The Equity Shares to be issued pursuant to this Issue shall rank *pari passu* with the existing Equity Shares of the Bank, including rights in respect of dividends. The shareholders of the Bank will be entitled to participate in dividends and other corporate benefits, if any, declared by the Bank after the Closing Date, in compliance with the Banking Companies Act, the Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders’ meetings in accordance with the provisions of the Banking Companies Act. See “*Dividend Policy*” and “*Description of the Equity Shares*” on pages 99 and 301, respectively.	
Security Codes for the Equity Shares	**ISIN**	INE692A01016
	NSE Code	UNIONBANK
	BSE Code	532477

SUMMARY OF BUSINESS

Our Bank has a rich legacy of serving the nation of India and has been an active partner in the growth story of India since our incorporation in 1919. The Amalgamation of the erstwhile Andhra Bank and erstwhile Corporation Bank into our Bank came into effect on April 1, 2020. Since the Amalgamation, we have worked diligently to harmonize and transform the policies, products and processes of our new amalgamated Bank. We rolled out a new organizational structure and expanded our pan-India presence. As at December 31, 2023, our Bank had total advances of ₹ 8,95,974.08 crore, a network of 8,479 global branches and 9,889 automated teller machines ("**ATMs**"), 18,987 business correspondents, an employee base of 76,372 and a customer base of over 15.24 crore.

We offer a comprehensive "digital experience" to our banking customers by leveraging and implementing the innovations in technology like cloud computing and digital lending. We aim to embed digitization across our full range of banking processes and services. Our digital sanctions in Fiscal 2023 were ₹2,061.66 crore. We will continue to focus on meeting consumer demand and responding to changing behaviour while at the same time ensuring our Bank becomes more efficient in its operations. To take advantage of the availability of internet and mobile for banking services, we have been continuously investing in the latest technology to build up our offering of banking products and services to increase our digital acquisition of new business, particularly in the RAM sectors, and to increase our CASA Ratio. We have introduced pre-approved personal loans offered to our digital customers, Shishu Mudra loans for the micro, small and medium enterprises ("**MSME**") sector that are sanctioned though our end-to-end straight-through processing ("**STP**") and *Vyom*, which is our mobile application for all banking needs. For the nine months ended December 31, 2023 and Fiscal 2023, transactions through our digital channels represented 88.59% and 87.98%, respectively, of our Bank's total transactions. As at March 31, 2023, our Bank had 0.77 crore registered internet banking users and 2.13 crore registered mobile banking users and as at December 31, 2023, our Bank had 0.82 crore registered internet banking users and 2.54 crore registered mobile banking users.

Our Bank's principal banking and financial products and services include fund-based and non-fund-based facilities for corporate/ wholesale, retail, agriculture and MSMEs customers. We offer deposit products, foreign exchange products, fee and commission-based products and services, international banking products and services, and other banking products and services, such as the distribution of mutual fund and insurance products. We also engage in treasury operations and provide our customers with asset management services through our subsidiary, Union Asset Management Company Private Limited; institutional equity broking services through our subsidiary, UBI Services Limited and life insurance products through our joint venture, Star Union Dai-ichi Life Insurance Company Limited. As at December 31, 2023 and as at March 31, 2023, our total domestic loans were ₹8,66,689.35 crore and ₹7,85,302.61 crore, respectively, and represented 96.73% and 96.96%, respectively, of our total gross loans.

Corporate/ Wholesale. We offer a wide range of corporate loans and other products to assist corporate customers with their financial needs, including fund-based facilities, such as term loans and working capital, and non-fund-based facilities, such as letters of credit, guarantees and loan syndication.

Retail. We provide retail customers with a range of loans to meet their personal financial requirements, including home loans, mortgage loans, education loans, vehicle loans, gold loans, personal loans and other retail loans.

Agriculture. We provide loans to the agricultural sector, comprising individual farmers, groups of farmers, agri-entrepreneurs and corporates. We extend crop loans to farmers to meet their financial needs towards seasonal agricultural operations and provide working capital loans and gold loans.

MSME. We provide funding and credit to MSMEs in various industries, including the manufacturing and service industries. We have developed a wide range of tailor-made products and customized services targeted at MSMEs, including credit facilities, term loans and/ or working capital loans for the purchase, construction and/ or renovation of factories, offices and equipment for business activities.

In line with our strategy to focus on underbanked sectors, we have focused our business on the Retail, Agriculture and MSME ("**RAM**") sectors, which constituted 56.28% of our Bank's domestic advances as at December 31, 2023, and 55.61% of our Bank's domestic advances as at March 31, 2023. As at December 31, 2023, gross advances to Retail, Agriculture and MSME sectors represented 20.01%, 20.49% and 15.78% of our domestic gross advances, gross advances, respectively, and as at March 31, 2023, gross advances to Retail, Agriculture and MSME sectors represented 20.34%, 19.35% and 15.92% of our domestic gross advances, respectively.

Deposits: Our Bank's deposit services comprise demand deposits, savings deposits and term deposits. Demand deposits are designed to cater to the banking requirements of our corporate customers and individuals involved in commercial or business activities. Savings deposits are designed primarily for individuals and trusts. Term deposits include short deposits, fixed deposits, monthly income scheme and interest-bearing deposits and are designed primarily for individuals.

Treasury Operations: Our Bank's treasury operations include the management of funds and liquidity, investment in debt and equity products and compliance with the RBI's statutory liquidity ratio and cash reserve ratio norms.

Other Banking Products and Services: Our Bank's other banking products and services include the fee-based products and services, such as collections and payment services, merchant banking, depository services, clearing bank services and handling of the GoI's business, including tax collections and opening and servicing public provident fund accounts.

International Banking Products and Services: We provide a wide range of trade and investment related international banking products and services that cater to the needs of our non-resident Indian ("**NRI**") customer base and to industrial enterprises engaged in import and export. We offer services such as foreign exchange services and NRI services, comprising remittance facilities for resident Indians, foreign currency loans and lending and deposit services to NRIs. We also provide trade finance and other services to exporters and importers, including the collection of bills, provision of foreign currency loans, such as arranging short-term foreign currency loans through our correspondent banks and provision of credit substitutes, such as letters of credit and guarantees.

Our international operations include the operations of our Bank's subsidiary in the United Kingdom, Union Bank of India (UK) Limited and our two international branches (Dubai International Financial Centre ("**DIFC**") and Sydney, Australia). In addition, we have a joint venture in Malaysia, India International Bank (Malaysia) BHD.

Capital and Liquidity Position

Our Bank's average liquidity coverage ratio for the nine months ended December 31, 2023 was 145.53% and for Fiscal 2023 was 169.45%, which in both cases was well above the regulatory requirement. As at December 31, 2023, our Bank's statutory liquidity ratio was 22.13% with an excess statutory liquidity ratio of ₹47,329.53 crore, and, as at March 31, 2023, our Bank's statutory liquidity ratio was 27.25% with an excess statutory liquidity ratio of ₹1,03,027.00 crore, which was above the regulatory requirement at both such dates.

Our Bank's capital adequacy ratio and CET-1 ratio was 15.03% and 11.71%, respectively, as at December 31, 2023, and was 16.04% and 12.36%, respectively, as at March 31, 2023.

Key operating and financial performance parameters

The table below sets forth certain of our Bank's key operating and financial performance parameters on a standalone basis, as at and for the periods indicated.

	As at and for the years ended March 31,			**As at and for the nine months ended December 31,**	
	2021	**2022**	**2023**	**2022**	**2023**
	(₹ in *crore, except for %*)				
Net Interest Income(1)	24,688.43	27,786.46	32,765.34	24,514.79	27,133.77
Operating Profit(2)	19,666.93	21,873.21	25,467.16	18,643.80	21,677.70
Net profit/(loss)	2,905.97	5,232.10	8,433.28	5,650.95	10,337.77
Average interest-earning assets(3)	10,00,304.77	10,24,174.32	11,28,314.00	11,14,370.79	12,09,801.68
Average Working Funds/Average Total Assets(3)	10,84,359.17	11,11,113.75	12,23,952.00	12,09,216.26	13,14,633.75
Yield on Average Total Assets(3)	6.34%	6.11%	6.60%	6.48(17)%	7.45(17)%
Cost of Funds(4)	4.06%	3.61%	3.92%	3.77(17)%	4.70(17)%
Spread(5)	2.28%	2.50%	2.68%	2.70(17)%	2.75(17)%
Net Interest Margin(6)	2.47%	2.71%	2.90%	2.93(17)%	2.99(17)%
Return on Equity(7)	6.68%	10.11%	13.26%	12.31(17)%	16.56(17)%
Return on Average Assets(8)	0.27%	0.47%	0.69%	0.62(17)%	1.05(17)%
Tier I capital adequacy ratio	10.35%	12.20%	13.91%	12.27%	13.05%
Tier II capital adequacy ratio	2.21%	2.32%	2.13%	2.18%	1.98%
Total capital adequacy ratio	12.56%	14.52%	16.04%	14.45%	15.03%
Gross NPAs	89,788.20	79,587.07	60,987.29	63,770.16	43,261.88
Gross NPAs ratio(9)	13.74%	11.11%	7.53%	7.93%	4.83%
Net NPAs(10)	27,280.52	24,303.30	12,927.44	16,195.11	9,351.23
Net NPAs ratio(11)	4.62%	3.68%	1.70%	2.14%	1.08%
Credit to deposit ratio(12)	71.06%	69.60%	73.74%	75.79%	77.81%
Cost to Income Ratio(13)	46.02%	45.74%	46.27%	44.97%	43.70%
Other income to Operating Income ratio(14)	32.24%	31.07%	30.87%	27.64%	29.53%
Provisioning Coverage Ratio (including technical write-off)(15)	81.27%	83.61%	90.34%	88.50%	92.54%
CASA Ratio(16)	36.33%	36.54%	35.26%	35.30%	33.87%
Gross advances	6,53,684.33	7,16,407.87	8,09,905.31	8,04,015.40	8,95,974.08
Total deposits	**9,23,805.34**	**10,32,392.63**	**11,17,716.32**	**10,65,027.08**	**11,72,455.34**

Notes:

(1) *Net Interest Income is interest earned minus interest expended.*

(2) *Operating Profit is the total of Net Interest Income and other income (“**Operating Income**”) minus operating expenses.*

(3) *Average Working Funds/Average Total Assets is the monthly average of balances of total assets outstanding, as reported to the RBI, for the year/period (“**Average Working Funds/Average Total Assets**”) and average interest-earning assets is the monthly average as reported to the RBI, for the year/period.*

(4) *Cost of Funds is interest expended divided by Average Total Assets.*

(5) *Spread is Net Interest Income divided by Average Total Assets.*

(6) *Net Interest Margin is Net Interest Income divided by Average Total Assets.*

(7) *Return on Equity is the ratio of the net profit for the year/period to the tangible net worth (capital plus reserves excluding revaluation reserves, deferred tax assets and other deduction).*

(8) *Return on Average Assets is the ratio of the net profit for the year/period to Average Total Assets.*

(9) *Gross NPAs ratio is the ratio of Gross NPAs divided by gross advances.*

(10) *Net NPAs reflect Gross NPAs less provisions for NPAs.*

(11) *Net NPAs ratio is the ratio of Net NPAs divided by net advances.*

(12) *Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits minus inter-bank deposits.*

(13) *Cost to Income Ratio is calculated as a ratio of operating expenses divided by Operating Income.*

(14) *Other income to Operating Income ratio is calculated as a ratio of other income divided by Operating Income.*

(15) *Provisioning Coverage Ratio (including technical write-off) comprises provisions plus technical write off as percentage to Gross NPAs plus technical write off.*

(16) *Ratio of current account deposits and savings account deposits to total deposits (including inter-bank deposits).*

(17) *Annualised.*

The table below sets forth certain of key operating and financial performance parameters on a consolidated basis of the Bank, our Subsidiaries, Joint Ventures and Associate, as at and for the periods indicated.

	As at and for the years ended March 31,			As at and for the nine months ended December 31,	
	2021	**2022**	**2023**	**2022**	**2023**
	(₹ in crore, except for %)				
Net Interest Income(1)	25,199.06	28,051.19	33,130.34	24,777.39	27,467.81
Operating Profit(2)	19,754.26	21,872.99	25,558.39	18,689.61	21,784.97
Net profit/(loss) for the year/period	2,863.40	5,265.32	8,511.67	5,699.89	10,468.84
Return on Equity(3)	6.56%	9.85%	13.35%	12.39%	16.72%
Return on Average Assets(4)	0.27	0.47	0.66	0.61%	1.03%

Notes:

(1) *Net Interest Income is interest earned minus interest expended.*

(2) *Operating Profit is the total of Net Interest Income and other income minus operating expenses.*

(3) *Return on Equity is the ratio of the net profit for the year/period to the tangible net worth (capital plus reserves excluding revaluation reserves, deferred tax assets and other deduction).*

(4) *Return on Average Assets is the ratio of the net profit to the year/period to the monthly average total assets.*

SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information derived from our Audited Consolidated Financial Statements, Audited Standalone Financial Statements, Limited Review Unaudited Consolidated Financial Results and the Limited Review Unaudited Standalone Financial Results, all of which are presented in "*Financial Statements*" on page 329. For the purposes of a comparative analysis, certain figures for the year ended March 31, 2021 have been reclassified in this Placement Document . For details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations-Reclassification of Certain Line Items*" on page 123.

The historical results do not necessarily indicate results expected for any future period.

SUMMARY OF THE UNAUDITED FINANCIAL RESULTS

Summary of Profit and Loss Account as derived from the Limited Review Unaudited Consolidated Financial Results for nine-month period ended December 31, 2023

(₹ in crores, except for percentages and as noted)

Sr. No.	Particulars	Nine-month period ended	
		December, 2023	December, 2022
1.	Interest Earned (a+b+c+d)	73,865.69	59,000.18
a.	Interest/ discount on advances/ bills	52,657.14	41,173.43
b.	Income on investments	17,124.69	16,076.38
c.	Interest on balances with Reserve Bank of India and other Inter Bank Funds	3,681.54	1,374.29
d.	Others	402.32	376.08
2.	Other Income	12,711.08	10,314.84
A.	**TOTAL INCOME (1+2)**	86,576.77	69,315.02
3.	Interest Expended	46,397.88	34,222.79
4.	Operating expenses (a)+(b)	18,393.92	16,402.62
	a. Employees cost	9,801.96	8,400.46
	b. Other operating expenses (All items exceeding 10% of the total expenditure excluding interest expenditure may be shown separately)	8,591.96	8,002.16
B.	**TOTAL EXPENDITURE (3+4)** (Excluding Provisions and Contingencies)	64,791.80	50,625.41
C.	**Operating Profit (A-B)** (Profit before Provisions & Contingencies)	21,784.97	18,689.61
D.	**Provisions and Contingencies (Other than tax)**	5,557.95	10,455.42
	Of which: provisions for non-performing assets	4,919.21	8,960.76
E.	**Exceptional Items**	-	-
F.	**Profit/ (Loss) from ordinary activities before tax**	16,227.02	8,234.19
G.	**Tax expenses**	5,827.93	2,602.43
H.	**Net Profit/ (Loss) from ordinary activity after tax (F-G)**	10,399.09	5,631.76
I.	**Extraordinary items (Net of tax expense)**	-	-
J.	**Less: Minority interest**	-	-
K.	**Add: Share of profit in Associate**	69.75	68.13
L.	**Net Profit/ (Loss) for the period (H-I-J+K)**	10,468.84	5,699.89
5.	Paid-up Equity Share Capital (F.V. of each share ₹10)	7,412.45	6,834.75
6.	Reserves excluding revaluation reserves (as per balance sheet of previous year)	-	-
7.	Analytical ratios		
i.	Percentage of shares held by Government of India	76.99%	83.49%
ii.	Capital Adequacy Ratio (Basel III) %	15.01%	14.41%
	a. CET 1Ratio	11.71%	10.69%
	b. Additional Tier 1 Ratio	1.34%	1.55%
iii.	Basic and Diluted Earnings Per Share (in ₹)		
	a. Before Extraordinary Items	14.75*	8.34*
	b. After Extraordinary Items	14.75*	8.34*
iv.	NPA Ratios		

Sr. No.	Particulars	Nine-month period ended	
		December, 2023	December, 2022
	a. Amount of gross non-performing assets	Not Applicable	Not Applicable
	b. Amount of net non-performing assets	Not Applicable	Not Applicable
	c. % of gross NPAs	Not Applicable	Not Applicable
	d. % of net NPAs	Not Applicable	Not Applicable
v.	Return on Assets (Annualised) (Average) (%)	Not Applicable	Not Applicable
vi.	Outstanding redeemable preference shares	Not Applicable	Not Applicable
vii.	Capital redemption reserve/ Debenture redemption reserve	Not Applicable	Not Applicable
viii.	Net worth	Not Applicable	Not Applicable
ix.	Debt-Equity ratio (Borrowings/ Net Worth)	Not Applicable	Not Applicable
x.	Total debts to total assets (Borrowings/ Total Assets)(%)	Not Applicable	Not Applicable
xi.	Operating margin (%) (operating profit/ total income)	Not Applicable	Not Applicable
xii.	Net profit margin (%) (net profit after tax/ total income)	Not Applicable	Not Applicable

Note: Not annualised*

Summary of Profit and Loss Account as derived from the Limited Review Unaudited Standalone Financial Results for the nine-month period ended December 31, 2023

(₹ in crores, except for percentages and as noted)

Sr. No.	Particulars	Nine-month period ended	
		December 31, 2023	December 31, 2022
1.	Interest Earned (a+b+c+d)	73,427.86	58,738.80
a.	Interest/ discount on advances/ bills	52,519.68	41,101.33
b.	Income on investments	16,859.16	15,901.40
c.	Interest on balances with Reserve Bank of India and other Inter Bank Funds	3,655.97	1,366.82
d.	Others	393.05	369.25
2.	Other Income	11,372.77	9,363.92
A.	**TOTAL INCOME (1+2)**	84,800.63	68,102.72
3.	Interest Expended	46,294.09	34,224.01
4.	Operating expenses (a)+(b)	16,828.84	15,234.91
	a. Employee cost	9,548.06	8,247.48
	b. Other operating expenses (All items exceeding 10% of the total expenditure excluding interest expenditure may be shown separately)	7,280.78	6,987.43
B.	**TOTAL EXPENDITURE (3+4)** (Excluding Provisions and Contingencies)	63,122.93	49,458.92
C.	**Operating Profit (A-B)** (Profit before Provisions & Contingencies)	21,677.70	18,643.80
D.	**Provisions and Contingencies (Other than tax)**	5,520.69	10,393.86
	Of which provisions for non-performing assets	4,902.14	8,911.66
E.	**Exceptional Items**	-	-
F.	**Profit/ (Loss) from ordinary activities before tax (C-D-E)**	16,157.01	8,249.94
G.	**Tax expenses**	5,819.25	2,598.98
H.	**Net Profit/ (Loss) from ordinary activity after tax (F-G)**	10,337.76	5,650.96
I.	**Extraordinary items (Net of tax expense)**	-	-
J.	**Net Profit/ (Loss) for the period (H-I)**	10,337.76	5,650.96
5.	Paid-up Equity Share Capital (F.V. of each share ₹10)	7,412.45	6,834.75
6.	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	-	-
7.	Analytical ratios		
i.	Percentage of shares held by Government of India	76.99%	83.49%
ii.	Capital Adequacy Ratio (Basel III) %	15.03%	14.45%
	a. CET 1 Ratio	11.71%	10.71%
	b. Additional Tier 1 Ratio	1.35%	1.56%
iii.	Basic and Diluted Earnings Per Share		
	a. Before Extraordinary Items	14.56*	8.27*
	b. After Extraordinary Items	14.56*	8.27*
iv.	NPA Ratios		
	a. Amount of gross non-performing assets	43,261.88	63,770.16
	b. Amount of net non-performing assets	9,351.23	16,195.11
	c. % of gross NPAs	4.83%	7.93%
	d. % of net NPAs	1.08%	2.14%
v.	Return on Assets (Annualised) (Average) (%)	1.05%	0.62%
vi.	Outstanding redeemable preference shares	-	-
vii.	Capital redemption reserve	-	-
viii.	Debenture redemption reserve	-	-

Sr. No.	Particulars	Nine-month period ended	
		December 31, 2023	December 31, 2022
ix.	Net worth	83,243.64	61,228.18
x.	Debt-Equity ratio (Total Borrowings/ Net Worth)	0.45	0.94
xi.	Total debts to total assets (Borrowings/ Total Assets)(%)	2.77%	4.66%
xii.	Operating margin (%) (Operating Profit/ total income)	25.56%	27.38%
xiii.	Net profit margin (%) (net profit after tax/ total income)	12.19%	8.30%

*Note: *Not annualised*

Unaudited Consolidated and Standalone Statement of Assets and Liabilities as at December 31, 2023 and December 31, 2022

(₹ in crore)

Particulars	**Consolidated**		**Standalone**	
	As at			
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
CAPITAL AND LIABILITIES				
Capital	7,412.45	6,834.75	7,412.45	6,834.75
Preference share capital issued by subsidiary company	104.00	104.00	-	-
Reserves and surplus	86,554.57	69,845.74	86,052.87	69,514.94
Deposits	11,75,630.05	10,67,797.86	11,72,455.34	10,65,027.08
Borrowings	37,260.44	58,054.53	37,423.97	57,595.96
Other liabilities and provisions	52,483.95	42,384.99	46,441.39	37,681.39
Total	**13,59,445.46**	**12,45,021.87**	**13,49,786.02**	**12,36,654.12**
ASSETS				
Cash and balances with Reserve Bank of India	54,549.12	55,769.91	54,548.23	55,768.55
Balances with Banks and Money at Call and Short Notice	34,721.29	31,321.69	34,366.32	30,158.25
Investments	3,40,998.64	3,39,404.96	3,35,397.55	3,35,165.18
Advances	8,65,467.03	7,59,132.18	8,62,063.44	7,56,440.43
Fixed Assets	8,715.25	7,137.63	8,679.45	7,117.88
Other Assets	54,994.13	52,255.50	54,731.03	52,003.83
Total	**13,59,445.46**	**12,45,021.87**	**13,49,786.02**	**12,36,654.12**

SUMMARY OF AUDITED FINANCIAL STATEMENTS

Consolidated summary statement of assets and liabilities

(₹ in crores, except as noted)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Capital and Liabilities			
Capital	6,834.75	6,834.75	6,406.84
Preference share capital issued by subsidiary company	104.00	104.00	104.00
Reserves and Surplus (including Minority interest)	71,864.76	63,922.37	58,226.93
Deposits	11,20,321.92	10,34,367.75	9,25,653.93
Borrowings	42,736.60	51,245.20	51,922.23
Other Liabilities and Provisions	46,495.08	37,291.53	40,063.46
Total	**12,88,357.11**	**11,93,765.61**	**10,82,377.39**
Assets			
Cash and Balances with RBI	50,258.11	46,115.89	37,885.71
Balances with Banks and Money at Call and Short Notice	62,340.76	73,642.33	46,877.62
Investments	3,43,726.96	3,51,839.04	3,39,058.51
Advances	7,64,276.68	6,63,355.65	5,93,320.08
Fixed Assets	8,847.97	7,208.31	7,366.42
Other Assets	58,906.63	51,604.39	57,869.05
Total	**12,88,357.11**	**11,93,765.61**	**10,82,377.39**

Consolidated summary of profit and loss statement

(₹ in crores, except as noted)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Interest earned	81,163.18	68,229.66	69,311.46
Other income	15,915.35	13,524.41	14,306.72
Total	**97,078.53**	**81,754.07**	**83,618.18**
Expenditure			
Interest expended	48,032.84	40,178.47	44,112.40
Operation expenses	23,487.30	19,702.61	19,751.52
Provisions and contingencies	17,128.04	16,664.49	16,926.24
Total	**88,648.19**	**76,545.57**	**80,790.16**
Consolidated net profit/ (loss) before minority interest and share of earnings in associate	**8,430.34**	**5,208.50**	**2,828.02**
Add: Share of profit in associate	81.32	56.82	35.38
Consolidated net profit/ (loss) for the year before deducting minority interest	8,511.66	5,265.32	2,863.40
Less: Minority interest)	-	-	-
Consolidated net profit/ (net loss) for the year attributable to the group	8,511.66	5,265.32	2,863.40
Transfer from Investment Fluctuation Reserve	583.20	-	-
Add: Profit/ (loss) brought forward	0.00	0.00	0.00
Amount available for appropriation	**9,094.86**	**5,265.32**	**2,863.40**
Appropriation			
Transfer to statutory reserve	2,108.32	1,319.40	733.57
Transfer to capital reserve	94.55	1,221.27	900.18
Transfer to investment fluctuation risk reserves	-	656.87	1,279.29
Transfer to revenue and other reserves	3,481.46	247.18	(49.64)
Transfer to Investment Reserve Account	176.90	-	-
Proposed dividend	2,050.43	1,298.60	-
Transfer to special reserve	600.00	522.00	-
Balance in profit and loss account	583.20	0.00	0.00
Profit			
Net profit for the period	9,094.86	5,265.32	2,863.40
Profit/ (loss) brought forward	-	-	0.00
Available for appropriation	9,094.86	5,265.32	2,863.40
Total	**9,094.86**	**5,265.32**	**2,863.40**
Basic and diluted earnings per share (in ₹)	12.45	7.77	4.47

Consolidated cash flow statement

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flow from Operation Activities			
Net profit/ (loss) before tax	**12,146.47**	**8,566.34**	**2,326.77**
Adjustment for:			
Depreciation on fixed assets	744.57	738.09	908.15
Provision for investments	1,674.78	200.48	556.24
Provision for non-performing assets (net)	12,506.77	11,625.24	14,057.60
Provision for standard asset	(1,158.06)	1,367.54	1,375.88
Provision for staff related expenditures	-	-	866.05
Provision for other items (net)	147.60	113.39	163.67
Profit/ (loss) on sale or disposal of fixed assets	(1.49)	0.35	(20.59)
Interest on borrowings: capital instruments	1,586.01	1,551.33	1,596.60
Share of profit in associate	81.32	56.82	35.38
Transfer to/ from reserve	(569.28)	634.65	1,610.50
Sub-total	**27,158.70**	**24,854.26**	**23,476.26**
Adjustments for			
Increase/ (decrease) in deposits	86,009.76	1,08,713.83	55,207.73
Increase/ (decrease) in other liabilities and provisions	11,516.03	(5,551.46)	6,265.92
(Increase)/ decrease in investments	6,615.60	(12,924.20)	(53,448.49)
(Increase)/ decrease in advances	(1,14,166.87)	(81,660.81)	(4,895.86)
(increase)/ decrease in other assets	(7,744.27)	3,451.16	(5,849.57)
Direct taxes paid (net of refund)	(3,277.52)	(543.88)	(228.64)
Net cash flow from Operating Activities (A)	**6,111.43**	**36,338.90**	**20,527.34**
Cash flow from Investing Activities			
Purchase of fixed assets	(3,065.55)	(749.53)	(718.98)
Proceeds from sale/ adjustment of fixed asset	682.80	307.88	117.89
(Increase)/ decrease in investment in subsidiary	(178.30)	(116.06)	0.00
Net cash flow from Investing Activities (B)	**(2,561.05)**	**(557.71)**	**(601.09)**
Cash flow from Financing Activities			
Proceeds from issue of preference share capital issued by Subsidiary Company including share premium	-	-	-
Proceeds from issue of equity shares	-	1,442.09	0.00
Proceeds from issue of capital instruments	983.00	7,000.00	3,705.00
Repayment of capital instruments	(100.00)	(5,400.00)	(3,850.00)
(Decrease)/ increase borrowings other than capital instruments	(8,652.54)	(2,277.04)	(17,119.06)
Interest paid on borrowings: capital instruments	(1,586.01)	(1,551.33)	(1,596.60)
Dividend paid during the year	(1,298.61)	-	-
Net cash flow from Financing Activities (C)	**(10,654.16)**	**(786.29)**	**(18,860.66)**
Net increase/(decrease) in Cash & Cash Equivalent (A)+(B)+(C)	**(7,103.77)**	**34,994.88**	**1,065.59**
Cash and Cash equivalents as at the beginning of the year	**1,19,758.22**	**84,763.34**	**55,577.53**
Cash and Cash equivalents received on account of Amalgamation	**-**	**-**	**28,120.22**
Cash and Cash equivalents as at the end of the year	**1,12,654.45**	**1,19,758.22**	**84,763.34**
Cash and Cash equivalents at the beginning of the year			
Cash and Balances with RBI(including FC notes)	46,115.89	37,885.71	20,118.92
Balances with banks and Money at call	73,642.33	46,877.62	35,129.87

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Net cash and cash equivalents at the beginning of the year	**1,19,758.22**	**84,763.34**	**55,248.79**
Cash and Cash equivalent at the end of the year			
Cash and Balance with RBI (including FC notes)	50,258.11	46,115.89	37,885.71
Balances with banks and Money at call	62,396.34	73,642.33	46,877.62
Net cash and cash equivalents at the end of the year	**1,12,654.45**	**1,19,758.22**	**84,763.34**

Standalone summary statement of assets and liabilities

(₹ in crores, except as noted)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Capital and Liabilities			
Capital	6,834.75	6,834.75	6,406.84
Reserves and Surplus (including Minority interest)	71,499.46	63,741.39	58,069.89
Deposits	11,17,716.32	10,32,392.63	9,23,805.34
Borrowings	43,137.47	51,179.10	51,837.11
Other Liabilities and Provisions	41,564.45	33,443.19	31,586.66
Total	**12,80,752.45**	**11,87,591.06**	**10,71,705.84**
Assets			
Cash and Balances with RBI	50,254.27	46,112.59	37,880.46
Balances with Banks and Money at Call and Short Notice	61,896.18	73,387.77	46,529.89
Investments	3,39,299.05	3,48,507.39	3,31,511.79
Advances	7,61,845.46	6,61,004.66	5,90,982.88
Fixed Assets	8,825.61	7,191.30	7,343.87
Other Assets	58,631.88	51,387.34	57,456.96
Total	**12,80,752.45**	**11,87,591.06**	**10,71,705.84**

Standalone summary of profit and loss account

(₹ in crores, except as noted)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Interest earned	80,743.34	67,943.95	68,767.33
Other income	14,633.15	12,524.82	11,744.49
Total	**95,376.49**	**80,468.77**	**80,511.83**
Expenditure			
Interest expended	47,977.99	40,157.49	44,078.91
Operation expenses	21,931.33	18,438.07	16,765.99
Provisions and contingencies	17,033.89	16,641.11	16,760.96
Total	**86,943.21**	**75,236.67**	**77,605.86**
Profit			
Net profit for the period	8,433.28	5,232.10	2,905.97
Transfer from Investment Fluctuation Reserve	583.20	-	-
Profit/ (Loss) brought forward	-	-	0.00
Appropriations			
Transfer to statutory reserve	2,108.32	1,308.02	726.49
Transfer to capital reserve	94.55	1,221.27	900.18
Transfer to investment fluctuation reserves	-	656.87	1,279.29
Transfer to revenue and other reserves	3,403.08	225.33	-
Transfer to special reserve u/s 36(i)(viii)	600.00	522.00	-
Transfer to Investment Reserve Account	176.90	-	-
Proposed dividend	2,050.43	1,298.60	-
Balance in profit and loss account	583.20	-	-
Total	**9,016.48**	**5,232.10**	**2,905.97**
Basic and diluted earnings per share (in ₹)	12.34	7.73	4.54

Standalone cash flow statement

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flow from Operation Activities			
Net profit/ (loss) before tax	**12,137.72**	**8,579.41**	**2,399.41**
Adjustment for:			
Depreciation on fixed assets	737.15	738.09	895.23
Depreciation on investments	1,674.78	214.61	559.22
Provision for non-performing assets	12,478.97	11,613.26	13,919.61
Provision for standard asset	(1,162.41)	1,365.21	1,375.17
Provision for staff related expenditures	-	-	866.05
Provision for other items (net)	97.70	100.72	139.83
Profit/ (loss) on sale or disposal of fixed assets	1.49	0.35	(7.61)
Interest on borrowings: capital instruments	1,586.01	1,551.33	1,596.60
Dividend received from investments	(69.68)	(30.19)	(20.16)
Transfer to/ from reserve	(675.20)	723.82	1,636.38
Sub-total	**26,806.53**	**24,856.62**	**23,359.72**
Adjustments for			
Increase/ (decrease) in deposits	85,323.69	1,08,587.29	55,172.73
Increase/ (decrease) in other liabilities and provisions	10,484.58	(908.00)	4,814.92
(Increase)/ decrease in investments	7,638.29	(17,409.28)	(51,750.58)
(Increase)/ decrease in advances	(1,13,319.77)	(81,635.05)	(5,072.73)
(Increase)/ decrease in other assets	(7,671.47)	4,458.43	(7,048.38)
Direct taxes paid (net of refund)	(3,277.52)	(1,736.12)	967.30
Net cash flow from Operating Activities (A)	**5,984.33**	**36,213.89**	**20,442.99**
Cash flow from Investing Activities			
Purchase of fixed assets	(3,055.24)	(739.70)	(704.44)
Sale of fixed assets	682.30	153.82	97.39
(Increase)/ decrease in investment in subsidiary/ joint venture/ associates	(104.73)	199.07	4.21
Sale of stake in subsidiary	-	-	-
Dividend received from investment	69.68	30.19	20.16
Net cash flow from Investing Activities (B)	**(2,407.99)**	**(356.62)**	**(582.68)**
Cash flow from Financing Activities			
Proceeds from issue of equity shares	-	1,442.08	-
Security premium received (net of share issue expenses)	-	-	-
Proceeds from issue of capital instruments	983.00	7,000.00	3,705.00
Repayment of capital instruments	(100.00)	(5,400.00)	(3,850.00)
Proceeds of borrowings other than capital instruments (net of redemption)	(8,924.63)	(2,258.01)	(16,934.79)
Interest paid on borrowings: capital instruments	(1,586.01)	(1,551.33)	(1,596.60)
Payment of dividend (interim and final including dividend tax)	(1,298.61)	0.00	0.00
Net cash flow from Financing Activities (C)	**(10,926.24)**	**(767.26)**	**(18,676.39)**
Cash and Cash equivalent received on account of amalgamation (D)	**-**	**0.00**	**28,120.22**
Net increase/(decrease) in Cash & Cash Equivalent (A)+(B)+(C)	**(7,349.90)**	**35,090.01**	**29,304.13**
Cash and Cash equivalents as at the beginning of the year	**1,19,500.36**	**84,410.35**	**55,106.22**
Cash and Cash equivalents as at the end of the year	**1,12,150.45**	**1,19,500.36**	**84,410.35**
Cash and Cash equivalents at the beginning of			

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
the year			
Cash and Balances with RBI (including FC notes)	46,112.59	37,880.46	20,118.30
Balances with banks and Money at call	73,387.77	46,529.89	34,987.92
Net cash and cash equivalents at the beginning of the year	**1,19,500.36**	**84,410.35**	**55,106.22**
Cash and Cash equivalent at the end of the year			
Cash and Balance with RBI (including FC notes)	50,254.27	46,112.59	37,880.46
Balances with banks and Money at call	61,896.18	73,387.77	46,529.89
Net cash and cash equivalents at the end of the year	**1,12,150.45**	**1,19,500.36**	**84,410.35**

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Placement Document, including the risks and uncertainties described below, before evaluating our business and making an investment in the Equity Shares pursuant to the Issue. This section should be read in conjunction with "Industry Overview", "Our Business", "Select Statistical Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements", on pages 174, 189, 148, 100 and 329, respectively, before making an investment decision in relation to the Equity Shares.

The risks and uncertainties described in this section are not the only risks that are relevant to us, the Equity Shares or the industry and segment in which we operate. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, financial condition, results of operations and cash flows. If any of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, financial condition, results of operations and cash flows could be adversely affected, the trading price of the Equity Shares could decline and investors may lose all or part of their investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors described below. However, there are certain risk factors where such implications are not quantifiable, and hence any quantification of the underlying risks has not been disclosed in such risk factors.

In making an investment decision, prospective investors must rely on their own examination of our Bank and the terms of the Issue, including the merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences they may encounter from investing in the Equity Shares.

This Placement Document contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. For details, see "Forward-Looking Statements" on page 16. Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information herein for Fiscal 2021, Fiscal 2022 and Fiscal 2023 is derived from the Audited Standalone Financial Statements, and financial information included herein for the nine months ended December 31, 2022 and December 31, 2023 is from the Limited Review Unaudited Standalone Financial Results. For further information, see "Financial Statements" on page 329.

RISKS RELATING TO OUR BUSINESS

1. *Our business is particularly vulnerable to interest rate risk, and any volatility in interest rates could decrease the value of our fixed income investments and have an adverse effect on our Net Interest Margin, which would adversely affect our Net Interest Income and, in turn, our results of operations and cash flows.*

Our Bank's results of operations are substantially dependent on the amount of our Net Interest Income, which our Bank defines as interest earned less interest expended ("**Net Interest Income**"). Interest rate risk depends on the nature of gaps in risk sensitive assets and rate sensitive liabilities. Our Net Interest Income could be adversely affected by a rise or fall in interest rates on assets and liabilities, especially if the changes were sudden or sharp. The requirement that we maintain a portion of our assets in fixed-income government securities could also have a negative effect on our Net Interest Income and Net Interest Margin (which the Bank defines as Net Interest Income divided by average monthly total assets) ("**Net Interest Margin**"), since we typically earn interest on this portion of our assets at rates that are generally less favourable than those typically received on our other interest-earning assets. In Fiscal 2021, Fiscal 2022 and Fiscal 2023 and in the nine months ended December 31, 2022 and December 31, 2023, our Bank's Net Interest Margin was 2.47%, 2.71%, 2.90%, 2.93% and 2.99%, respectively.

Our Bank's Net Interest Income was ₹24,688.43 crore, ₹27,786.46 crore and ₹32,765.34 crore for Fiscal 2021, Fiscal 2022 and Fiscal 2023, respectively, and ₹24,514.79 crore and ₹27,133.77 crore for the nine months ended December 31, 2022 and December 31, 2023, respectively. Our Bank's interest-earning assets primarily comprise our advances and investments. Our Bank's interest-bearing liabilities are our deposits and borrowings. As at December 31, 2023, 9.01% of our Bank's advances and 94.26% of our Bank's investments were on fixed interest rates, and 90.99% of our Bank's advances and 5.74% of our Bank's interest rate linked investments were on floating interest rates. As at

December 31, 2023, 100.00% of our Bank’s deposits and 93.72% of our Bank’s borrowings were on fixed interest rates and 0.00% of our Bank’s deposits and 6.28% of our Bank’s borrowings were on floating interest rates.

Interest rates are highly sensitive and volatility in interest rates could result from many factors, including the RBI’s monetary policies, further deregulation of the financial services sector in India, domestic and international economic and political conditions, inflation and economic policies in India. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our Cost of Funds—and conversely, in a declining interest rate environment, if our Cost of Funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets—our Net Interest Income and Net Interest Margin would be adversely impacted. While any reduction in the interest rates we pay on our deposits and borrowings may be passed on to customers for our loans, we are unable to pass on any increase in interest rates at which we lend to our customers who have existing loans on fixed interest rates. Competitive pressures may also require us to reduce the interest rates at which we lend to our customers without a proportionate reduction in interest rates at which we raise funds. Our customers may also prepay their loans to take advantage of a declining interest rate environment. An increase in the interest rates we charge on our advances could result in our customers, particularly those with variable interest rate loans, prepaying their loans if less expensive loans are available from other sources, which may adversely affect our Net Interest Income and, in turn, our results of operations and cash flows.

During the period between January 2020 and March 2021, the primary period of market volatility due to the outbreak of the COVID-19 pandemic, emerging markets experienced significant capital outflows from both debt and equity markets, including in India, which impacted bond yields. At the same time, the Government of India and the RBI have taken several steps to minimise the COVID-19 pandemic’s economic impact, including cutting statutory interest rates and providing additional liquidity measures, which have helped bring down interest rates. Any systemic decline in low-cost funding available to banks in the form of current and savings account deposits could adversely impact our Bank’s Net Interest Margin**.** In February 2018, the RBI proposed to harmonise the methodology of determining benchmark rates by linking the base rate to the MCLR. Further, in December 2018, the RBI announced the linking of new floating rate retail loans and floating rate loans to micro and small enterprises to an external benchmark. This has been applicable since October 1, 2019. From April 1, 2020, floating rate loans to medium enterprises were also linked to an external benchmark. Volatility in external benchmarks underlying loan pricing may compress our Net Interest Margin.

Our income from treasury operations is also subject to volatility due to, among other things, changes in interest rates. For further information, see “*Risk Factors–Our income from treasury operations is subject to volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. An increase in interest rates decreases the value of our fixed income investments*” on page 53.

2. *An increase in our Bank’s NPAs or provisioning requirements under the applicable RBI regulations could materially and adversely affect our business, financial condition, results of operations and cash flows.*

Our Bank’s Gross NPAs were ₹89,788.20 crore, ₹79,587.07 crore, ₹60,987.29 crore and ₹ 43,261.88 crore as at March 31, 2021, March 31, 2022 and March 31, 2023 and December 31, 2023, respectively, representing 13.74%, 11.11%, 7.53% and 4.83%, respectively, of gross advances as at such dates. Our Bank’s Net NPAs were ₹27,280.52 crore, ₹24,303.30 crore, ₹12,927.44 crore and ₹9,351.23 crore as at March 31, 2021, March 31, 2022 and March 31, 2023 and December 31, 2023, respectively, representing 4.62%, 3.68%, 1.70% and 1.08%, respectively, of net advances as at such dates.

Our NPAs may increase in the future due to several factors, including macroeconomic conditions, increased competition, adverse effects on our borrowers’ businesses or incomes, a rise in unemployment, a sharp and sustained rise in interest rates, slow industrial and business growth, high levels of debt involved in financing projects, changes in customer behaviour and demographic patterns, changes in central and state government policies and regulations, climatic conditions that affect agriculture and global and national economic events like economic challenges resulting from the COVID-19 pandemic. Also see “*Risk Factors– Our Bank is exposed to various categories of borrowers and industry sectors, and a default by any large borrower or a deterioration in the performance of any industry sector in which our Bank has significant exposure could adversely affect our financial condition, results of operations and cash flows*” on page 51. Any significant increase in our NPAs would materially and adversely affect our business, financial condition, results of operations and cash flows.

Provisions for NPAs are created by a charge to our profit and loss account and are currently subject to minimum provisioning requirements linked to the ageing of NPAs. In addition to the relevant regulatory minimum provisioning, we consider our internal estimates for loan losses and risks inherent in the credit portfolio when deciding the appropriate level of provisions. The determination of an appropriate level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may be subject to material changes. Any significant changes in the macroeconomic scenario along with other factors may result in our Bank's provisioning not being adequate to cover any further increase in the amount of NPAs or deterioration in our NPA portfolio. While we have already made provisions for NPAs, there can be no assurance that the RBI will not further increase provisioning requirements in the future.

Our Bank's provision coverage ratio for Fiscal 2021, Fiscal 2022 and Fiscal 2023 was 81.27%, 83.61% and 90.34%, respectively. Our Bank's provision coverage ratio for the nine months ended December 31, 2022 and December 31, 2023 was 88.50% and 92.54 %, respectively. The surplus from provisioning under the provision coverage ratio as against the provisioning required under the prudential provisioning norms is required to be segregated into an account termed a "countercyclical provisioning buffer". Any future increases in provisions mandated by the RBI could have an adverse impact on our business, financial condition, results of operations and cash flows. Further, the provisioning requirements prescribed by the RBI may differ from our internal provisioning requirements, and we may accordingly be required to increase our Bank's provisions to comply with the RBI's requirements.

In April 2017, the RBI required banks to disclose the divergence in asset classification and provisioning between what banks report and what the RBI assesses through the RBI's annual supervisory process. The disclosure is required if either the additional provisioning requirement assessed by the RBI exceeds 10.00% of the published profits before provisions and contingencies for the period, or the additional gross NPAs identified by the RBI exceed 15.00% of the published incremental gross NPAs for the reference period, or both. For Fiscal 2021, Fiscal 2022 and Fiscal 2023, the divergence provisions have been absorbed in the financials of the Bank and the same is not required to be disclosed since the same was within the limit as per the RBI guideline. For further information, see "*Notes Forming Part of the Accounts*" to the Audited Standalone Financial Statements and "*Regulations and Policies*" on pages 329 and 246, respectively. However, pursuant to future review, enforcement action taken by the RBI based on divergences between assessments of asset classification and provisioning may lead to increase in the level of NPAs and an increase in provisions of our Bank in the subsequent Fiscal, which could adversely affect our business, financial condition and results of operations.

In addition to the debt recovery and security enforcement mechanisms available to lenders under The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("**RDB Act**"), and The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002 ("**SARFAESI Act**"), the RBI provides various mechanisms that may be adopted by banks to deal with stressed assets. The RBI is active in its identification, classification and recovery of NPAs. The Insolvency and Bankruptcy Code, 2016, as amended ("**IBC**"), was enacted by the Government of India to address the concerns of lenders and provide corporate debtors with an exit mechanism. As on date of this Placement Document, the Bank is involved in 561 insolvency proceedings with the aggregate amount involved being ₹ 52,538.02 crore, of which there are 38 cases which meet the Materiality Threshold aggregating to ₹ 26,676.40 crore which are currently pending before the National Company Law Tribunal. However, there can be no assurance that these regulatory measures will have a favourable impact on our efforts to recover NPAs. Any failure to recover expected values of collaterals would have an adverse effect on our business, financial condition and results of operations.

3. *Our Bank is exposed to various categories of borrowers and industry sectors, and a default by any large borrower or a deterioration in the performance of any industry sector in which our Bank has significant exposure could adversely affect our financial condition, results of operations and cash flows.*

Our Bank has credit exposure to various categories of borrowers and industry sectors and any default by any of these borrowers could have a material, adverse impact on our profitability. For details on our Bank's concentration of loans as at March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, see "*Selected Statistical Information - Loan Portfolio and Credit Substitutes - Concentration of Loans and Credit Substitutes*" on page 160.

As at December 31, 2023, the aggregate exposure (fund-based and non-fund based) to our Bank's single largest borrower amounted to ₹13,999.88 crore, representing 14.14% of our Bank's total Tier I and Tier II capital; and aggregate exposure (fund-based and non-fund-based) to our Bank's 10 largest standard individual borrowers amounted to ₹1,00,865.87 crore representing 101.85% of our Bank's total Tier I and Tier II capital. We cannot guarantee that these borrowers will not default on their repayment obligations in the future. If any of the advances were to become non-performing, our credit risk exposure would increase, our financial condition, results of operations and cash flows would be adversely affected and, due to the magnitude of the exposures, our ability to meet capital requirements could be jeopardised. In addition, the RBI's guidelines and our focus on controlling and reducing concentration risk may restrict our ability to grow our business with some customers, thereby impacting our earnings.

Our Bank also has credit exposure to various industrial sectors in India. As at December 31, 2023, our Bank's largest exposures were to the agriculture sectors, retail advances and MSME sector at ₹1,77,583.25 crore, ₹ 1,73,445.11 crore and ₹ 1,36,745.98 crore, respectively, representing 19.82%, 19.36% and 15.26%, respectively, of our Bank's gross advances. Any financial difficulties experienced by our customers or any significant deterioration in the performance of a particular sector of the Indian economy to which we have historically had, and could continue to have, significant exposure could adversely impact our borrowers' ability in that sector to service their debt obligations. As a result, we may experience increased delinquencies, which would adversely affect our financial condition, results of operations and cash flows.

4. *Our Bank may face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our financial condition, results of operations and cash flows.*

We offer online banking services to our customers. Our online banking channel includes multiple services, such as opening of digital deposit accounts, electronic funds transfer, bill payment services, the use of credit cards on-line, requesting account statements and requesting cheque books. We are therefore exposed to various cyber threats, including (i) phishing and Trojans targeting our customers wherein fraudsters send unsolicited mails to our customers soliciting account sensitive information or infecting customer machines to search and attempt exfiltration of account sensitive information; (ii) hacking wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting our services; and (iii) data theft wherein cyber criminals may attempt to enter our network with the intention of stealing our data or information. In addition, we also face the risk of our customers incorrectly blaming us and terminating their accounts with us for any cyber security breaches that may have occurred on their own system or with that of an unrelated third party or through compromise of their security details by them. Cyber security breaches could lead to the loss of trade secrets or other intellectual property or could lead to the public exposure of personal information (including sensitive financial and personal information) of our customers and employees. The frequency of such cyber threats may increase in the future with the increased digitisation of our services. Although we will continue to strengthen our security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that instances of IT infringements and security breaches will not take place in the future or that our security measures will be adequate or successful. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

The risk of a security breach caused by a cyberattack at a vendor or by unauthorised vendor access has also increased in recent years. Additionally, the existence of cyber-attacks or security breaches at third-party vendors with access to our data may not be disclosed to us in a timely manner. We also face indirect technology, cybersecurity and operational risks relating to clients and other third parties with whom we do business or on whom we rely to facilitate or enable our business activities, including, for example, financial counterparties, regulators and providers of critical infrastructure such as internet access and electrical power. As a result of increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber-attack or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including us.

As technology is rapidly evolving and the methods used for cyber-attacks are frequently changing or, in some cases, not recognised until an actual attack occurs, we may not be able to anticipate or to implement effective preventive measures against all security breaches. Further, circumstances such as the COVID-19 pandemic that require a large number of our employees to work from home may increase our vulnerability to cyber-attacks. Cybersecurity risks for banking organisations have significantly increased in recent years in part because of the proliferation of new technologies and the use of the internet and telecommunications technologies to conduct financial transactions. For example, cybersecurity risks may increase in the future as we continue to increase our mobile payment and other internet-based product offerings and expand our internal usage of web-based products and applications. In addition, cybersecurity risks have significantly increased in recent years in part due to the increased sophistication and activities of organised crime affiliates, terrorist organisations, hostile foreign governments, disgruntled employees or vendors, activists and other external parties, including those involved in corporate espionage. Even the most advanced internal control environment may be vulnerable to compromise.

Targeted social engineering attacks and "spear phishing" attacks are becoming more sophisticated and are extremely difficult to prevent. In such an attack, an attacker will attempt to fraudulently induce colleagues, customers or other users of our systems to disclose sensitive information in order to gain access to their data. Persistent attackers may succeed in penetrating defences, given enough resources, time and motive. The techniques used by cyber criminals change frequently and may not be recognised until they are launched or until well after a breach has occurred. The risk of a security breach caused by a cyberattack, by a vendor or by unauthorised vendor access has also increased in recent years. Additionally, the existence of cyber-attacks or security breaches at third-party vendors with access to our data may not be disclosed to us in a timely manner. Since April 1, 2020, we have not experienced any cyber security incident that has resulted in the exposure of any customer data or that had a material adverse effect on our business, financial condition, results of operations or cash flows.

5. *Our income from treasury operations is subject to volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. An increase in interest rates decreases the value of our fixed income investments.*

For Fiscal 2021, Fiscal 2022 and Fiscal 2023 and for the nine months ended December 31, 2022 and December 31, 2023, our income from treasury operations were ₹6,157.83 crores, ₹6,002.74 crores, ₹2,426.80 crores, ₹1,762.32 crores and ₹ 3,256.31 crores respectively. Our income from treasury operations is subject to volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. For example, an increase in interest rates decreases the value of fixed income investments, such as Government of India securities and corporate bonds, and may, under certain circumstances, require us to mark down the value of these investments on our balance sheet and recognise a loss on our income statement. Changes in corporate bond spreads also affect valuations and expose us to risk of valuation losses. We are also exposed to the risk of a corporate bond issuer defaulting on its obligations.

Realised and mark-to-market gains or losses on investments in fixed income securities, including Government of India securities, are an important element of our income and are impacted by movements in market yields. A rise in yields on government securities reduces our income from this activity and the value of our fixed income investments. Any significant or sustained decline in income generated from treasury operations resulting from market volatility may adversely impact our Bank's financial performance and the trading price of the Equity Shares.

As a result of certain reserve requirements mandated by the RBI, we are structurally exposed more to increasing interest rates than banks in many other countries. These requirements result in us maintaining a large portfolio of fixed-income Government of India securities. In April 2018, the RBI advised banks to create an Investment Fluctuation Reserve equivalent to at least 2.00% of the held-for-trading and available-for-sale portfolio, on a continuing basis. As at December 31, 2023, our Bank has transferred nil from our Tier I capital to our investment fluctuation reserve, as no losses were suffered in Fiscal 2021, Fiscal 2022, Fiscal 2023 and the nine months ended December 31, 2023.

Similarly, our derivatives portfolio is subject to fluctuations in interest rates and foreign exchange rates, and any movement in those rates may require us to mark down the value of our derivatives portfolio.

Although we have risk and operational controls and procedures in place for our treasury operations that are designed to mitigate the extent of such losses (e.g., sensitivity limits, value at risk ("**VaR**") limits, position limits, stop loss limits and exposure limits), there can be no assurance that we will not lose money on our investments in the course of trading on our fixed income book in our held-for-trading and available-for-sale portfolio. Any such losses could materially and adversely affect our financial condition, results of operations and cash flows.

6. *Our loan portfolio contains significant advances to MSMEs, agriculture and other priority sectors. Further, if we do not meet our priority sector lending requirements, our results of operations could be materially and adversely affected.*

We have substantial exposure by way of loans and advances to the agriculture and MSMEs sectors. The RBI's directed lending norms require every bank to extend at least 40.00% of its adjusted net bank credit, or the credit equivalent amount of its off-balance sheet exposure, whichever is higher, to "priority sectors" determined by the RBI, such as agriculture, MSMEs, export credit, education, housing, social infrastructure and renewable energy. Of these, banks have targets or sub-targets for lending to key segments or sectors, such as agriculture, micro-enterprises and advances to weaker sections. The RBI requires domestic commercial banks to extend at least 18.00% of the adjusted net bank credit or the credit equivalent amount of off-balance sheet exposures, whichever is higher, to the agricultural sector, out of which 10.00% is prescribed for small and marginal farmers for Fiscal 2024 (this percentage increased in a phased manner: 9.00% for Fiscal 2022; 9.50% for Fiscal 2023; and 10.00% for Fiscal 2024). Further, 7.50% of the adjusted net bank credit or the credit equivalent amount of off-balance sheet exposures, whichever is higher, is prescribed for micro-enterprises and 12.00% is prescribed for advances to weaker sections for Fiscal 2024 (this percentage increased in a phased manner: 11.00% for Fiscal 2022; 11.50% for Fiscal 2023; and 12.00% for Fiscal 2024).

Any revision in the definition or classification of segments eligible for priority sector lending could impact our ability to meet priority sector lending requirements. Further, in the event we are required to increase our exposure to the agricultural sector pursuant to the Government of India's mandated directed lending, our financial condition and results of operations could be adversely affected. Public sector banks may be required to lend at below market rates in the agriculture sector according to the Government of India's agricultural lending plans, which may make the market perceive that the exposure of public sector banks, including our Bank, to the agricultural sector involves higher risks.

Any shortfall in meeting the priority sector lending requirements may be required to be invested at any time, at the RBI's request, in Government of India schemes that yield low returns, which are determined depending on the prevailing bank rate and on the level of shortfall, thereby adversely affecting our income. The aggregate amount of funding required by such schemes is drawn from banks that have shortfalls in achievement of their priority sector lending targets, with the amounts drawn from each bank determined by the RBI. As at December 31, 2023, our Bank's total investments in such schemes on account of past shortfalls in achieving the required level of priority sector lending were ₹ 9,429.41 crore. These investments count towards overall priority sector target achievement. Investments as at March 31 of the preceding year are included in the adjusted net bank credit, which forms the base for computation of the priority sector and sub-segment lending requirements. The RBI has also allowed banks to sell and purchase priority sector lending certificates in the event of excess/shortfall in meeting priority sector targets, which may help in reducing the shortfall in priority sector lending. However, this would depend on the availability of such certificates for trading. In addition, according to the RBI guidelines, failure to achieve priority sector lending target and sub-targets will be taken into account by the RBI when granting regulatory clearances/approvals for various purposes.

Our ability to receive repayment and interest upon our MSME loans is dependent upon various factors, including the health of the overall economy, the ability of our borrowers to repay their loan, the results of operations of such borrowers and their business. As our Bank's loan portfolio contains significant advances to the MSME sector, these and other factors could lead to an increase in impairment losses and adversely affect our business and results of operations. As at March 31, 2021, March 31, 2022 and March 31, 2023 and as at December 31, 2023, the percentage of our Bank's priority sector Gross NPAs to total priority sector advances was 15.33%, 13.35%, 10.65% and 8.11%, respectively. As at March 31, 2021, March 31, 2022 and March 31, 2023 and as at December 31, 2023, the percentage of our Bank's MSME industry Gross NPAs to total MSME industry advances was 20.40%, 18.71%, 12.52% and 8.19%, respectively, and the percentage of our Bank's agriculture Gross NPAs to total agricultural advances was 12.07%, 11.58%, 10.27% and 8.52%, respectively, compared to our Bank's overall percentage of NPAs to total domestic advances of 14.08%, 11.38%, 7.77% and 4.72%, respectively.

Our Bank's loan portfolio also contains significant advances to the agriculture sector. There is inadequate historical data of delinquent loans to farmers, which increases the risk of such exposures. Additionally, economic difficulties, such as poor harvests in the agricultural sector due to drought, are likely to affect borrowers in priority sectors more severely. While the cost of such schemes is borne by the state governments, such schemes or borrower expectations of such schemes result in higher delinquencies, including in the kisan credit card portfolio for banks, including our

Bank. Under the RBI guidelines, specified categories of agricultural loans are classified as non-performing when they are overdue for more than two crop seasons in the case of short-duration crops and one crop season for long-duration crops, as compared to 90 days for loans in general. Thus, the classification of overdue loans as non-performing occurs at a later stage in respect of such loans than the loan portfolio in general.

As our Bank increases its direct lending to certain sectors, our Bank increases its exposure to the risks inherent in such sectors, which could materially and adversely impact our Bank's business, financial performance and the trading price of the Equity Shares. Any future changes by the RBI to the directed lending norms may require us to increase our lending to relatively riskier segments, which may result in an increase in NPAs in our directed lending portfolio. Consequently, our Bank's levels of yield-generating assets may be reduced or our Bank may be forced to recognise accounting losses, which could materially and adversely affect our recognised profits, financial condition and results of operations. For example, the RBI has mandated banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centres and to customers who currently do not have access to banking services. Expansion into these markets involves significant investments and recurring costs, and our Bank cannot guarantee that these activities will be sufficiently profitable.

7. Material weakness or failures of our internal control system may cause significant operational errors, which may in turn materially and adversely affect our profitability and reputation.

Banks and financial institutions are generally exposed to many types of operational risks, including the risk of negligence, fraud or other misconduct by employees or outsiders, unauthorised transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities) or operational errors including clerical or record keeping errors or errors resulting from faulty computer or faulty telecommunication systems. In addition, our dependence on automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

We face operational risks in our business and there may be losses due to deal errors, deficiencies in the credit sanction process, settlement problems, errors in computation of net asset value, pricing errors, inaccurate financial reporting and failure of critical systems and infrastructure. For information on how we manage our risks, See "*Our Business – Risk Management*" on page 218.

We are responsible for establishing and maintaining adequate internal measures commensurate with our size and the complexity of our operations. Our internal or concurrent audit functions are equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business units adhere to our policies, compliance requirements and internal circular guidelines.

While we periodically test and update, as necessary, our internal control systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given our high volume of transactions, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weaknesses. Our risk management techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. For example, our auditors have identified from time to time certain discrepancies in relation to the identification and classification of NPA accounts, software bugs and monitoring for NPA classification.

In the past, we have experienced acts of fraud (as defined under the applicable RBI guidelines) committed by or involving our customers/ employees. Such acts could also bind us to transactions that exceed authorised limits, present unacceptable risks or hide unauthorised or unlawful activities from us. The aggregate cases reported to RBI by our Bank on account of fraud and which were outstanding in Fiscal 2021, Fiscal 2022 and Fiscal 2023 were 649, 623 and 374, respectively, having an aggregate pecuniary implication of ₹9,593.90 crore, ₹2,826.35 crore and ₹5,512.57 crore, respectively. In the nine months ended December 31, 2023, the number of frauds detected/reported by the Bank were 3,102, having an aggregate pecuniary implication of ₹991.45 crore. In Fiscal 2021, a total of 660 cases were reported out of which 11 cases were deactivated by RBI and in Fiscal 2022, a total of 627 cases were reported out of which four cases were deactivated by RBI. Further, as per the RBI advisory, during the nine months ended December 31, 2023, 3,031 cases of shared credentials (where there was no loss to the Bank) were reported individually. Such cases have been instituted by our Bank under various legislations, including under the Indian Penal Code, 1860 and the Prevention of Corruption Act, 1988. These amounts disclosed of fraud cases above are the amounts that were disclosed by our Bank to the RBI under Master Directions on Frauds – Classification and Reporting by Commercial Banks and Select FIs issued by RBI dated July 1, 2016. For further details, please see "*Legal Proceedings*" on page 323. There is no guarantee that our existing fraud monitoring systems or improvements to them will be able to monitor or detect all cases of fraud that may occur in the future. In addition, we carry out certain processes manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may suffer material monetary losses.

There is also the possibility of employee misconduct, which could involve improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. Further, in the past, there have been certain employees including some from senior management, who have been found to be non-compliant with our Bank's policies. Accordingly, our Bank has dismissed, removed, or compelled such employees to retire from their services to our Bank. Some of these employees have also been terminated for violation of the provisions of the Prevention of Corruption Act, 1988. The Central Bureau of Investigation or *Lokyukta* has found certain employees guilty of demanding or accepting bribes, and these employees were subsequently convicted by the courts. Since April 1, 2020, we have not had any regulatory sanctions against us for employee misconduct. However, it is not always possible to deter misconduct by employees, and the precautions and systems we have put in place to prevent and deter such activities may not be effective and adequate in all cases. Any instances of misconduct or fraud could adversely affect our reputation, business, results of operations and financial condition.

8. Our Bank may not be successful in implementing its growth strategies.

For details on our Bank's material strategies, see "*Our Business – Our Strategies*" on page 200. These strategies may ultimately fail to contribute to our Bank's growth or profitability and may ultimately be unsuccessful. Even if such growth strategies are partially successful, our Bank cannot assure you that it will be able to manage its growth effectively or fully deliver on its growth objectives. Challenges that may result from our Bank's growth strategies include our Bank's ability to, among other things:

- manage efficiently the operations and employees of its expanding businesses;
- maintain or grow its existing customer base;
- develop the technology and infrastructure necessary for the digital platforms and offerings necessary to compete effectively;
- assess the value, strengths and weaknesses of future investments;
- develop or retain the technical expertise required to operate and develop new digital solutions;
- finance strategic investments;
- align the current information technology systems adequately with those of a larger group;
- apply risk management policy effectively to a larger group;
- hire and train additional skilled personnel; and
- manage a growing number of branch offices without over-committing management or losing key personnel, each of which would have a potential adverse effect on our Bank's business and results of operations.

To the extent that our Bank fails to meet required targets, develop and launch new products or services successfully, it may lose any or all of the investments that it has made in promoting them, and our Bank's reputation with its customers could be harmed. Moreover, if our Bank's competitors are better able to anticipate the needs of individuals in its target market, our Bank could lose market share and our business, results of operations and financial condition could be adversely affected.

9. Our business operations are heavily reliant on our information technology systems. Any failure of, or disruptions in, our systems could have an adverse impact on our operations and financial condition.

Our business is largely dependent on our information technology systems. We service our customers, increase our portfolio of products and services and undertake our risk management, deposit servicing and loan origination functions through our information technology systems. We also rely on our technology platform to undertake financial control and process transactions. In addition, our systems connect our ATMs, branches and other delivery channels. Our hardware and software systems are subject to damage or incapacitation by human error, natural disasters, power loss, sabotage, computer viruses and similar events, and are also subject to the loss of support services from third parties such as internet backbone providers. Our information technology system may not remain free of interruptions and may not meet our requirements or be suitable for use in any particular condition. So far, we have not experienced widespread disruptions of service to our customers, but there can be no assurance that we may not encounter disruptions in the future due to substantially increased numbers of customers and transactions, or other reasons. Any failure to maintain the reliability and efficiency of our systems could adversely affect our reputation and lead to difficulties in attracting and retaining customers. Any system interruption, failure or downtime and any failure to develop necessary technology may materially and adversely affect our business, financial condition and results of operations.

Any failure by our third-party vendors to perform any key processes and critical application systems could adversely affect our business, financial condition and results of operations. We have experienced failures in our IT systems in the past that have resulted in all or some of our banking services and payment systems being unavailable for short periods of time. However, these IT failures did not have a material, adverse effect on our business financial condition, results of operations and cash flows. Further, since April 1, 2020, we have not experienced a failure in our IT systems that has resulted in a material adverse effect on our business, financial condition, results of operations or cash flows. Material interruptions in our IT systems in the future could give rise to a deterioration in our customer service and to liabilities for our business, which could adversely affect our business, financial condition, results of operations and cash flows.

Our business has a high volume of transactions. We seek to protect our computer systems and network infrastructure from physical break-ins as well as from security breaches and other disruptive problems caused by our increased use of the internet. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and our network infrastructure. There may be areas in the system that have not been properly protected from security breaches and other attacks. We employ security systems, including sophisticated threat management systems and password encryption, designed to minimise the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will be adequate or successful. Failed security measures could have a material, adverse effect on our business, financial condition and results of operations. Although we take measures to safeguard against systems related and other fraud, there may be certain situations in which fraud may occur. Our reputation could be adversely affected by fraud committed by employees, customers or outsiders.

10. Our industry is very competitive, and our growth strategy depends on our ability to compete effectively.

We face competition in all our principal areas of business. Private sector banks, other public sector banks and foreign banks are our main competitors, followed closely by NBFCs, small finance banks, payment banks, insurance companies, asset management companies, development financial institutions, mutual funds and investment banks. Although our Bank has increased in size significantly following the Amalgamation, other public sector banks have also been amalgamated since April 1, 2017. These amalgamated public sector banks have increased their financial strength, management capabilities, resources, operational experience, customer base and distribution channels and, as such, their ability to compete with our Bank.

Our Bank also faces competition from private sector banks in India, some of which have larger customer bases and greater financial resources than our Bank. In addition, new entrants into the financial services industry, including companies in the financial technology sector, may further intensify competition in the business environments in which our Bank operates, especially in the digital business environment. As a result, our Bank may be forced to adapt its business to compete more effectively. For example, non-banking financial companies, particularly international technology companies, including large e-commerce players, have recently been increasing their presence in the financial sector in India and offering payment platforms and select services to customers, which increase competitive pressures on our Bank.

The RBI has issued guidelines with respect to a continuous licensing policy for universal banks in the private sector. The entry of new banks, greater competition between existing players and improvement in the efficiency and competitiveness of existing banks, may have an adverse effect on our business. In addition, the moderation of growth in the Indian banking sector may lead to greater competition for business opportunities. For more details, see "*Our Business – Competition*" on page 222.

Further, technology innovations in mobility and digitisation of financial services require banks to continuously develop new and simplified models for offering banking products and services. Innovations in the payments system and increasing use of mobile banking are leading to the emergence of new platforms for cashless payments. This can also lead to new types of banks expanding their presence in other financial products, such as insurance and mutual funds. These trends in technology could increase competitive pressures on banks, including us, to adapt to new operating models and upgrade back-end infrastructure on an ongoing basis. There is no assurance that we will be able to continue to respond promptly to new technology developments and be in a position to dedicate resources to upgrade our systems and compete with new players entering the market. Recently, non-financial companies, particularly international technology companies, including large e-commerce players and internet-based service providers, are increasing their presence in the financial sector and are offering payment platforms and select services. Some or all of these entities may eventually seek a larger share of the banking and financial services market in India and compete with us.

Due to these and other competitive pressures, we may be unable to successfully execute our growth strategy, which could adversely affect our business, financial condition and results of operations.

11. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

Our Bank is exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk (including fraud) and legal risk. We have a well-defined risk management governance framework and have devoted significant resources to developing our risk management policies and procedures, and we aim to continue to do so in the future. For details, see "*Our Business - Risk Management*" on page 218. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. The effectiveness of our risk management is limited by the quality and timeliness of available data and other factors outside of our control. For example, hedging strategies and other risk management techniques may not be fully effective in mitigating risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. As part of our Bank's ordinary decision-making process, we rely on various models for risk and data analysis. These models are based on historical data and supplemented with managerial input and comments. There are no assurances that these models and the data they analyse are accurate or adequate to guide our Bank's strategic and operational decisions and protect us from risks. Any deficiencies or inaccuracies in the models or the data might have a material adverse effect on our Bank's business, financial condition and results of operation.

Additionally, management of operational, legal or regulatory risk requires, among other things, policies and procedures to ensure certain prohibited actions are not taken and to properly record and verify a number of transactions and events.

Our Bank has in the past experienced certain deficiencies in our Bank's internal compliance and risk management functions. The RBI, in its inspection reports, had highlighted deficiencies in connection with identifying, monitoring and managing risks. Although, we believe that we have now taken appropriate measures designed to mitigate such deficiencies and have strengthened our internal compliance and risk management policies and procedures. However, those measures may not be fully effective and our Bank cannot guarantee that our current policies and procedures will function adequately in all circumstances. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than those indicated by the historical measures. Management of operations, legal and regulatory risks require, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. If we were to expand the scope of our operations, we would also face the risk of not being able to develop risk management policies and procedures that are properly designed for new business areas, and we may not be able to effectively manage the risks associated with the growth of our existing businesses. Implementation and monitoring may prove particularly challenging with respect to developing new businesses. An inability to develop and implement effective risk management policies may materially and adversely affect our business, financial condition and results of operations. Any lingering or future shortcomings in our Bank's internal compliance and risk management policies and procedures, or a failure to follow them, may have a materially adverse effect on our business, financial condition and results of operations.

12. *Our Bank's loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks.*

Our Bank's loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks. Our Bank's portfolio of project finance loans was 10.61%, 12.91%, 13.96% and 14.42%, respectively, of our Bank's gross advances as at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023. The quality of our Bank's project finance portfolio could be adversely impacted by several factors. The viability of these projects depends upon a number of factors, including market demand, government policies, the processes for awarding government licences and access to natural resources and their subsequent judicial or other review, the financial condition of the government or other entities that are the primary customers for the output of such projects and the overall economic environment in India and the international markets. These projects are particularly vulnerable to a variety of risks, including risks of delays in regulatory approvals, environmental and social issues, completion risk and counterparty risk, which could adversely impact the projects' ability to generate revenue. In the past, our Bank had experienced a high level of default and restructuring in our Bank's industrial and manufacturing project finance loan portfolio as a result of economic downturns. A slowdown in the Indian and global economy may exacerbate the risks for the projects that our Bank has financed. Future project finance losses or high levels of loan restructuring could have an adverse effect on our Bank's financial condition and results of operations.

13. *Our Bank's exposure to the securities of asset reconstruction companies could generally affect our business, financial condition, results of operations and cash flows.*

Our Bank has investments in security receipts arising from the sale of NPAs by us to reconstruction companies registered with the RBI. As at December 31, 2023, our Bank had an outstanding net investment of ₹2,293.37 crore in security receipts issued by asset reconstruction companies. In September 2016, the RBI issued a framework for sale of stressed assets. Under this framework (with effect from April 1, 2017), if more than 50.00% of the security receipts arising from such NPA sale are held by our Bank, provisions held for investment in such security receipts are subject to a floor rate applicable to the underlying loans (the provisions our Bank would have had to make if the loans had continued to be held in its books). The threshold of 50.00% was reduced to 10.00% from April 1, 2018, as per the framework. Further, the framework requires banks to maintain an internal list of stressed assets identified for sale, and continued review of assets classified as 'doubtful' above a threshold amount on a periodic basis with a view to consider a sale or other disposition. There can be no assurance that reconstruction companies will be able to recover these assets and redeem our investments in security receipts, and that there will be no reduction in the value of these investments. Any such inability to recover assets or redeem our investments without a diminution in value could adversely affect our business, financial condition, results of operations and cash flows.

14. *If our borrowers who have availed secured loans default, there may be delays and difficulties in enforcing the sale of collateral and we may be unable to recover the expected value of the collateral, which could have an adverse effect on our business, financial condition, results of operations and cash flows.*

As at December 31, 2023, ₹7,15,481.42 crore of our Bank's advances were secured by tangible assets, including property, gold, plant, equipment, inventory, receivables, current assets and pledges or charges on fixed assets, bank deposits and financial assets, such as marketable securities, which represented 82.99% of our Bank's total net advances. However, we may be unable to realise the full value of the collateral, if at all, as a result of, among other factors, (i) delays in bankruptcy and foreclosure proceedings, including due to the introduction of any laws, rules or regulations that provide for moratoriums or exemptions on the sale of collateral in response to any adverse economic financial conditions, including in response to the COVID-19 pandemic; (ii) deficiencies in the perfection of collateral (including due to the inability to obtain approvals that may be required from third parties); (iii) fraud by borrowers; (iv) decreases in the value of the collateral; (v) errors in assessing the value of the collateral; (vi) an illiquid market for the sale of the collateral; (vii) current legislative provisioning coverage or changes thereto; (viii) future judicial pronouncements; (ix) volatility in commodity prices; (x) stock market volatility; (xi) changes in economic policies of the Government of India; (xii) borrowers and guarantors not being traceable; and (xiii) our Bank's records of borrowers' and guarantors' addresses being ambiguous or outdated.

In India, foreclosure on collateral may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral. The SARFAESI Act, the RDB Act, the IBC, and the Banking Regulation (Amendment) Act, 2017, through which the RBI has been given extensive powers for the recovery of bad loans and resolution of stressed assets, have strengthened the ability of lenders to recover NPAs by granting lenders greater rights to enforce security and recover amounts owed from secured borrowers. While we believe that such legislations have contributed to enforcement efforts, there can be no assurance that these legislations will continue to be effective in resolving NPAs. In light of the COVID-19 pandemic, the Government of India has enacted the Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 dated September 23, 2020, introducing Section 10A of the IBC which provides that, notwithstanding anything contained in Sections 7, 9 and 10 of the IBC, no application for initiation of corporate insolvency resolution process of a corporate debtor could be filed, for any default arising on or after March 25, 2020 or a period of six months or such further period, not exceeding one year from such date, as may be notified in this behalf.

In addition, pursuant to the RBI's prudential guidelines on restructuring of advances by banks, we may not be allowed to initiate recovery proceedings against a corporate borrower, where the borrower's aggregate total debt is ₹1,500.00 crore or more and 60.00% of the creditors by number and at least 75.00% of the creditors by value decide to restructure their advances. In such a situation, we are restricted to a restructuring process only as approved by the majority lenders. If we own 20.00% or less of the debt of a borrower, we could be forced to agree to an extended restructuring of debt which may not be in our interests.

In addition, for collateral we hold in jurisdictions outside India, the applicable laws and regulations in such jurisdictions may affect our ability to foreclose on collateral and realise its value. If we are unable to realise the full value of collateral, or otherwise fail to recover the full amount owed to us by defaulting borrowers, there could be a material, adverse effect on our financial condition, results of operations and cash flows.

15. We have existing indebtedness and may incur additional indebtedness, which could adversely affect our financial condition and/ or our ability to obtain financing in the future, react to changes in our business and/ or satisfy our obligations.

As at December 31, 2023, our Bank had ₹37,423.97 crore of outstanding debt liabilities, including capital instruments (which includes perpetual bonds, upper Tier II bonds and Tier II bonds), borrowings in India (which includes borrowings from institutions and agencies such as Micro Units Development and Refinance Agency, National Bank for Agriculture and Rural Development and National Housing Bank) and borrowings outside India. Our existing indebtedness could impose restrictions on our business operations, which may be in the nature of following:

- we may be unable to obtain additional financing, should such a need arise, which may limit our ability to satisfy obligations with respect to our debt;
- a portion of our financial resources must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to use for other purposes;
- it may be difficult for us to satisfy our obligations to our creditors, resulting in possible defaults on, and acceleration of, such debt;
- we may be more vulnerable to general adverse economic and industry conditions;
- our ability to refinance debt may be limited or the associated costs may increase; and

- our flexibility to adjust to changing market conditions could be limited, or we may be prevented from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve the operating margins of our businesses.

16. If we are unable to secure funding on acceptable terms and at competitive rates when needed, there could be a material, adverse effect on our business, financial condition, results of operations and cash flows.

Our funding requirements are met primarily through short-term and medium-term customer deposits. In the past, a substantial portion of our customer term deposits has been rolled over upon maturity and has been a stable source of funding. However, if a substantial number of our depositors do not roll over term deposits upon maturity, our liquidity position will be adversely affected. Although retail deposits constitute a significant part of our deposit base, we also accept high value deposits depending on funding requirements. As at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023, our Bank's total deposits of 20 largest depositors were ₹73,698.36 crore, ₹97,755.30 crore, ₹89,178.87 crore and ₹ 81,706.85 crore, respectively. The deposits of the 20 largest depositors represented 7.99%, 9.47%, 7.98% and 6.97%, respectively, of our Bank's total deposits as at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023. We cannot guarantee that there will not be any premature withdrawal or non-renewal of deposits from these or other depositors. If depositors do not renew their deposits or if our Bank is unable to raise new deposits, our Bank may face a liquidity problem and may be required to pay higher rates of interest to attract deposits, which could adversely affect our Bank's results of operations. We may also be required to seek funding from more expensive sources to finance our operations, which could have a material, adverse effect on our results of operations. In addition to short and medium-term customer deposits, our other sources of funding are primarily market borrowings, such as certificate of deposits, interbank term deposits, repos, collateralised borrowing and lending obligation borrowings and refinances. Failure to obtain these sources of funding or replace them with other deposits or borrowings at competitive rates may materially and adversely affect our business, financial condition and results of operations.

The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings, which could increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis. As at December 31, 2023, most of our outstanding debt was domestic and our Bank was only rated by domestic rating agencies. Our Bank's Basel III Complaint Additional Tier I Perpetual Bond are rated AA/Stable by Brickwork Ratings, AA+/Stable by Care Ratings, AA+/Stable by CRISIL and AA/Positive by India Ratings & Research. Further, our Basel III Complaint Tier II Bonds are rated AA+/Stable by Brickwork Ratings, AAA/Stable by CRISIL, AAA/Stable by ICRA, AAA/Stable by Care Ratings and AA+/Positive by India Ratings & Research. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debts, which would increase our financing costs and adversely affect both our future debt issuances and our ability to raise new capital on a competitive basis, which may, in turn, adversely affect our profitability and future growth. We cannot guarantee that our ratings will not change, or that any other rating agency will not downgrade India's credit rating. Also see, "*Risk Factors– Any downgrade in India's sovereign debt rating by international rating agencies could adversely impact our ability to raise additional foreign currency financing, interest rates and other commercial terms at which such financing is available*" on page 85.

17. Our Bank faces asset liability mismatches, which could adversely affect our liquidity and, consequently, our financial condition, results of operations and cash flows.

Our Bank faces liquidity risks due to mismatches in the maturity of our assets and liabilities. Liquidity risk is the risk that our Bank either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including overreliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While our Bank implements liquidity management processes to seek to mitigate and control this risk, unforeseen systemic market factors make it difficult to completely eliminate it.

We may rely on funding options with a short-term maturity period for extending long-term loans, which may lead to an asset liability mismatch for certain periods. Mismatches between our assets and liabilities are compounded in case of pre-payments of the advances we grant to our customers. Further, asset liability mismatches create liquidity surplus or liquidity crunch situations and depending upon the interest rate movement, such situations may adversely affect our

Net Interest Income. If we are unable to obtain additional borrowings or renew our existing credit facilities for matching tenures of our loan portfolio in a timely and cost-effective manner, if at all, this may lead to mismatches between our assets and liabilities, which could adversely affect our financial condition, results of operations and cash flows. For details on how we manage our liquidity risks, see "*Our Business – Risk Management – Market Risk*" and "*Our Business – Risk Management – Liquidity Risk*" on pages 221 and 220.

18. Our Bank and our customers are exposed to fluctuations in foreign exchange rates.

As a financial intermediary, our Bank is exposed to foreign exchange rate risk. Moreover, some of our borrowers enter into derivative contracts to manage their foreign exchange risk exposures. Volatility in exchange rates may result in increased mark-to-market losses in derivative transactions for our clients. Upon the maturity or premature termination of the derivative contracts, these mark-to-market losses become receivables owed to us. Consequently, we become exposed to various kinds of risks, including but not limited to, credit risk, market risk and exchange risk.

Recently, the rupee reached near historic lows against the US dollar. See "*Exchange Rate Information*" on page 19. Some of our borrowers with foreign exchange and derivative exposures may be adversely impacted by the depreciation of the rupee. These include borrowers impacted by: (i) higher foreign currency denominated interest or principal repayment on unhedged foreign currency borrowings; (ii) increases in the cost of raw material imports where there is limited ability to pass through such escalations to customers; (iii) the escalation of project costs due to higher imported equipment costs; and (iv) borrowers who may have taken adverse positions in the foreign exchange markets. The failure of our borrowers to manage their exposures to foreign exchange and derivative risk, particularly adverse movements and volatility in foreign exchange rates, may adversely affect our borrowers, and consequently, the quality of our exposure to our borrowers and our business volumes and profitability.

In January 2014, the RBI, based on an assessment of likely loss on such exposures compared to the earnings of the corporate, issued guidelines requiring higher capital and provisioning requirements for banks on their exposures to companies having unhedged foreign currency exposure. An increase in non-performing or restructured assets on account of our borrowers' inability to manage exchange rate risk and any increased capital or provisioning requirement against such exposures may have an adverse impact on our business, financial condition and results of operations. We have adopted certain risk management policies to mitigate such risk. However, there is no assurance that such measures will be fully effective in mitigating such risks.

We undertake various foreign exchange transactions to hedge our own risk and also for purposes related to proprietary trading, which are exposed to various kinds of risks, including foreign exchange risk. We have adopted certain market risk management policies to mitigate such risks by imposing various risk limits, such as counterparty limits, country wise exposure limits, overnight limits and intraday limits, and by monitoring the VaR. We follow a model approved by the Foreign Exchange Dealers Association of India to arrive at the VaR. However, our Bank is exposed to fluctuation in foreign currency rates for its unhedged exposure. As at December 31, 2023, our Bank's credit exposure on account of outstanding gross forward exchange contracts was ₹3,91,570.29 crore. Further, as at December 31, 2023, our Bank had foreign currency borrowings of ₹2,979.62 crore, of which nil was unhedged.

19. Our Bank and our Subsidiaries may be involved in certain legal and other proceedings, which, if determined against us or our Subsidiaries, could have a material, adverse effect on our results of operations.

We may be involved in various legal proceedings at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/other judicial authorities in the ordinary course of our business. These matters generally arise because we seek to recover from borrowers or because customers seek counter claims against us. Although it is our policy to make provisions for probable loss for litigation matters, we do not make provisions or disclosures in our financial statements where our assessment is that the risk is insignificant. These legal proceedings may not be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise (e.g., rulings against us by the appellate courts or tribunals), we may face losses and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us, they could have a material, adverse effect on our reputation, business, financial condition and results of operations. For further details, please see "*Legal Proceedings*" on page 323.

20. COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows.

The COVID-19 pandemic has impacted, and may continue to impact most countries, including India, and has resulted in substantial volatility in global financial markets, increased unemployment and operational challenges—such as the temporary closures of businesses—sheltering-in-place directives and increased remote work protocols, which have significantly slowed down economic activity. The Government of India initiated a nationwide lockdown from March 25, 2020 for three weeks on all services except for essential services (which included bank branches and ATMs), which was extended to May 31, 2020. Although the nationwide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increases in COVID-19 cases. On September 1, 2020, the Government of India notified all states to allow economic activities to function normally while continuing with restrictions only in containment zones. However, second wave of the COVID-19 pandemic in April 2021 and May 2021 in India caused significant strain on the health infrastructure, resulting in numerous states announcing lockdowns or other restrictions during that period.

The severe economic downturn in the first two quarters of Fiscal 2021 did not result in a material increase in our non–performing assets (“**NPAs**”) due to the RBI’s ‘COVID-19 Regulatory Packages’, which were announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020 (collectively, the “**COVID-19 Regulatory Packages**”) and certain orders passed by the Supreme Court of India. Pursuant to the COVID-19 Regulatory Packages, lending institutions, including our Bank, were permitted to grant a moratorium of six months on the payment of all instalments and interest on term loans (including credit card dues) and working capital facilities falling due between March 1, 2020 and August 31, 2020. The moratorium period, wherever granted, in respect of term loans was excluded by the lending institution from the number of days past-due for the purpose of asset classification under the RBI's Income Recognition and Asset Classification norms in respect of all accounts classified as standard or as Special Mention Accounts (“**SMAs**”) from February 29, 2020. Further, banks were allowed to convert the accumulated interest for the deferment period from March 1, 2020 to August 31, 2020 on working capital facilities into a funded interest term loan that was repayable by March 31, 2021. The RBI’s circulars in relation to the moratorium required us to make provisions of up to 10.00% on loans that are subject to the moratorium and that were overdue but standard as at February 29, 2020. We made a provision of ₹339.42 crore and ₹1,882.07 crore in Fiscal 2020 and Fiscal 2021 on such loans, respectively, as required under the regulatory guidelines. These provisions were subsequently reversed in accordance with RBI guidelines.

The Supreme Court of India, *vide* an interim order dated September 3, 2020, directed the banks that accounts that were not declared as NPAs as at August 31, 2020 shall not be declared as NPAs until further orders. Pursuant to the order, which was vacated on March 23, 2021, we did not classify any borrower account as an NPA that has not been declared an NPA as at August 31, 2020, as per the RBI’s prudential norms on income recognition, asset classification, provisioning and other related matters after August 31, 2020 up to March 23, 2021. The Supreme Court of India in *Small Scale Industrial Manufactures Associate (Regd.) vs Union of India and others* Writ Petition (Civil) No. 476 of 2020 under Art 32 of the Constitution of India *vide* a judgment dated March 23, 2021 directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. Since the date of the judgment on March 23, 2021, our Bank has classified such overdue accounts as NPAs. Additionally, the Supreme Court has directed that there shall not be any charge of interest on interest/ compound interest/ penal interest for the period during the Moratorium and any amount already recovered by way of interest on interest/ compound interest/ penal interest shall be refunded to the respective borrowers and to be given credit/adjusted in the next instalment of the loan account.

Post the Supreme Court decision, the RBI issued a circular on April 7, 2021 instructing financial institutions to immediately put in place a board of directors’ approved policy for refunding/adjusting the interest on interest and directing the Indian Bank’s Association (“**IBA**”) to formulate and finalise the methodology for calculation of the amount to be refunded/adjusted for different facilities in consultation with other industry participants/bodies, which shall be adopted by all lending institutions in order to ensure that the above judgement is implemented uniformly in letter and spirit by all lending institutions. Accordingly, a committee of CFOs/representatives of banks, FIs, NBFCs, FICCI, ICAI, and the credit card industry was formed, and the committee has formulated the uniform methodology to be adopted for the refunding of interest on interest. Our Bank determined that the amount of interest refunded/adjusted was ₹122.36 crore and the appropriate amount refunded/adjusted was ₹122.36 crore in Fiscal 2022.

On August 6, 2020, the RBI issued a circular permitting lenders to implement a resolution plan, along with asset classification benefits, for eligible corporate and individual borrower segments ("**Resolution Framework 1.0**"). Lenders were required to ensure that the resolution facility is provided only to borrowers impacted by COVID-19. The resolution facility was applicable for accounts classified as standard and not in default for more than 30 days as at March 1, 2020. The resolution plan was required to be finalised by December 31, 2020 and implemented within 180 days from the date of invocation. The restructuring of loans was also allowed for micro, small and medium enterprises ("**MSME**s"). The RBI *vide* a circular dated September 7, 2020, issued certain financial parameters to be mandatorily considered by lenders while finalising the resolution plan in respect of eligible borrowers. On May 5, 2021, the RBI announced the resolution framework 2.0 ("**Resolution Framework 2.0**") to protect individuals and MSMEs from the adverse effect of the second wave of COVID-19. The Resolution Framework 2.0 was applicable for accounts classified as 'Standard' as at March 31, 2021, wherein individuals and MSMEs having an aggregate loan exposure of up to ₹250 million who have not availed restructuring under any of the earlier restructuring frameworks and who were classified as 'Standard' as on March 31, 2021 were allowed to restructure their loans. Restructuring under the proposed framework was able to be invoked up to September 30, 2021 and had to be finalised and implemented within 90 days after invocation of the resolution process (with the last date to implement the restructuring for banks being December 31, 2021). The combination of changes in regulations regarding restructured loans, provisioning, any substantial increase in the level of restructured assets and the failure of these structured loans to perform as expected could materially and adversely affect our business, financial conditions, results of operations and cash flows.

COVID-19 and the lockdowns adversely affected our business, financial condition, results of operations and cash flows. Due to the spread of COVID-19 and the consequent lockdowns, operations at a few of our branches were temporarily impacted; some of our employees were infected with COVID-19, which resulted in some deaths. There was also a decrease in collections on loan repayments (which was also due to the moratorium), a decrease of disbursements of loans and a decrease in the rate of growth of our deposits. There were delays and defaults associated with the collection of payments from customers due to the COVID-19-induced economic slowdown, which adversely affected our Bank's cash flows in Fiscal 2020 and in Fiscal 2021.

For more information on the effects of the lockdown and restrictions, the Moratorium, the Supreme Court's interim order dated September 3, 2020 and the COVID-19 pandemic on our Bank's financial condition, results of operations and cash flows as at and for the years ended March 31, 2022 and March 31, 2021, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 329 and 100, respectively. Further, the Statutory Auditors have included emphasis of matters in their audit reports on our Audited Financial Statements for Fiscal 2021 and Fiscal 2022, noting that the extent to which the COVID-19 pandemic will impact our operations and asset quality will depend on future developments, which are highly uncertain.

There is uncertainty relating to the severity of the long-term adverse impact of COVID-19 on the global economy, global financial markets and the Indian economy, and we are unable to accurately predict the impact of the COVID-19 pandemic on our business, on a long-term basis. The extent to which the COVID-19 pandemic and the related economic crisis continues to adversely affect our businesses, results of operations, financial condition and cash flows will depend on future developments that cannot be predicted, including the scope and duration of the pandemic, future actions taken by governmental authorities, central banks' and other third parties' responses to the pandemic and the effects on our customers, counterparties, employees and third-party service providers.

21. Our Bank may not be able to maintain the quality of our retail loan portfolio.

Our Bank's retail asset portfolio was ₹1,25,426.50 crore, ₹1,36,273.27 crore, ₹1,59,701.86 crore and ₹1,73,445.11 crore as at March 31, 2021, 2022 and 2023 and December 31, 2023. Our Bank's current growth strategy contemplates further growth in our retail asset portfolio. Although India has a credit bureau industry and we review credit history reports whenever they are available from credit bureaus, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. As a result, our Bank's credit risk exposure is higher compared with banks operating in more developed markets. Additionally, the economy in India is largely cash based, making it difficult for us to monitor the credit of our retail customers, who frequently do not maintain formal financial records. Furthermore, retail loans may carry a higher risk for delinquency if there is an increase in unemployment, prolonged recessionary conditions or a sharp rise in interest rates. As a result, our Bank is exposed to higher credit risk in the retail asset segment as compared to banks in more developed markets. We have established centralised processing centres for these loans at the regional level to improve screening and credit assessment of the loans. However, if our Bank's screening process proves to be inadequate, we may experience an increase in impaired loans and we may be required to increase our provision for defaulted loans. Further, if our Bank is unable to maintain the quality of our retail loan portfolio as our Bank grows its retail business, our NPAs may increase, which could materially and adversely affect our financial condition and results of operations.

22. *The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could adversely affect our business, results of operations and financial condition.*

Our assets include restructured loans. As at March 31, 2021, March 31, 2022 and March 31, 2023 and as at December 31, 2023, our Bank's gross restructured standard assets as a proportion of net advances were 1.89%, 3.75%, 2.41% and 2.27%, respectively. As a result of slowing economic activity, rising interest rates and the limited ability of corporations to access capital due to volatility in global markets, there has been an increase in restructured loans in the banking system.

We restructure assets based on borrowers' potential to restore their financial health. However, there can be no assurance that borrowers will be able to meet their obligations under the restructured advances, as per regulatory requirements; and certain assets classified as restructured, may, subsequently, be classified as delinquent. Any resulting increase in delinquency levels may adversely impact our business, financial condition and results of operations.

The RBI has, by way of its circular dated June 7, 2019, established a new regulatory framework for resolution of stressed assets ("**Revised Framework**"). Pursuant to the Revised Framework, the then existing guidelines and schemes for debt resolution such as revitalizing distressed assets, corporate debt restructuring scheme, flexible structuring of existing long term project loans, strategic debt restructuring ("**SDR**"), change in ownership outside SDR, and scheme for sustainable structuring of stressed assets, were withdrawn. In addition, the guidelines/framework for joint lenders' forum were discontinued. Pursuant to the Revised Framework, in case of a restructuring, the accounts classified as 'standard' shall be immediately downgraded to 'sub-standard' as NPAs at the outset. The NPAs, upon restructuring, would continue to have the same asset classification as had prior to restructuring. Such accounts may be upgraded only when all outstanding loans and facilities in the accounts demonstrate 'satisfactory performance', where payments in respect of the borrower entity are not in default at any point in time during the 'specified period' as defined in the Revised Framework. For large accounts where the aggregate exposure of the lenders is more than ₹1.00 crore, any upgrade shall be subject to an additional requirement of an "investment grade" credit rating of the borrower's credit facilities. Further, if satisfactory performance is not demonstrated during the monitoring period, any upgrade of the account shall be subject to implementation of a fresh restructuring/change in ownership under the Revised Framework, and the bank shall make an additional provisioning, along with other provisioning, in terms of the Revised Framework. Further, considering the impact of the COVID-19 pandemic, and with a view towards mitigating the impact on the ultimate borrowers, the RBI *vide* a notification dated August 6, 2020, provided a window under the Revised Framework to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership and personal loans, while classifying such exposures as standard, subject to specified conditions. Further, the RBI *vide* a notification dated September 7, 2020, specified the financial parameters with sector-specific benchmark ranges to be factored in the resolution plans in the Resolution Framework. Given the differential impact of the pandemic on various sectors/entities, the lending institutions may, at their discretion, adopt a graded approach depending on the severity of the impact on the borrowers, while preparing or implementing the resolution plan. Our Bank framed policies, approved by the Board, pertain to the implementation of viable resolution plans for eligible borrowers under the Revised Framework. These ensured that the resolution under this facility is provided only to borrowers who have been stressed due to the COVID-19 pandemic. As at December 31, 2023, our Bank had outstanding standard restructured accounts of ₹19,577.25 crore, with a provision of ₹1,489.73 crore on this account.

The combination of changes in regulations regarding restructured loans, provisioning, any substantial increase in the level of restructured assets and the failure of these structured loans to perform as expected could materially and adversely affect our business, financial conditions, results of operations and cash flows.

23. *We offer unsecured loans to customers that are not supported by any collateral. In the event of non-payment by a borrower of one of these loans, we may be unable to collect the unpaid balance.*

We offer unsecured personal loans to the retail customer segment, including salaried individuals and self- employed professionals, and we are strategically planning to continue to grow this business. In addition, we offer unsecured loans to corporates, small businesses and individual businessmen. As at December 31, 2023, unsecured loans contributed 16.36% of our Bank's gross advances and 17.00% of our Bank's net advances. Unsecured loans are at higher credit risk than secured loans as they are not supported by collateral that could help ensure an adequate source of repayment for the loan. Although we may obtain direct debit instructions or post-dated cheques from our customers for our unsecured loan products, we may be unable to collect in part or at all in the event of non-payment by a borrower. Further, any increase in delinquency in our unsecured loan portfolio could require us to increase our Bank's provision for credit losses, which would adversely affect our results of operations.

24. *Customers located in Southern India represent a significant portion of our Bank's advances and deposits and any adverse developments in Southern India, such as an economic downturn, political unrest, natural disasters or epidemics, could adversely affect our business, financial condition and results of operations.*

As at December 31, 2023, our Bank's branches in Southern India represented 40.83% of our Bank's total branches, our Bank's advances to customers in Southern India represented 39.65% of our Bank's gross advances and deposits by our Bank's customers in Southern India represented 29.17% of our Bank's total deposits. Any adverse developments in Southern India, such as a slowdown in economic activity, political unrest, natural disasters, epidemics or pandemics like COVID-19 could adversely affect our business, financial condition and results of operations. The market for our products in Southern India may perform differently from the rest of India; and be subject to market, regulatory and legal developments that are different from the requirements in other regions of India.

25. *Banking is a heavily regulated industry and material changes in the regulations that govern our Bank could adversely affect our business, financial condition and results of operations.*

Banks in India are subject to detailed regulation and supervision by the RBI. The RBI sets guidelines on matters related to our business including cash reserve ratios, statutory liquidity ratios, capital adequacy ratio, priority sector lending, recognition and provisioning for NPAs, export credit, market risk and branch licensing. As we operate under licences or registrations obtained from appropriate regulators, we are subject to actions that may be taken by such regulators in the event of any noncompliance with any applicable policies, guidelines, circular, notifications and regulations issued by the relevant regulators. Our business could be directly affected by any changes in policies for banks in respect of directed lending, reserve requirements and other areas. For more details, see "*Regulations and Policies*" on page 246. In addition, banks are generally subject to changes in Indian laws, regulations, Government policies and accounting principles. We operate in a highly regulated environment in which the RBI, SEBI, IRDAI and other domestic and international regulators regulate our operations. As we operate under licences or registrations obtained from the appropriate regulators, we are subject to actions that may be undertaken by such regulators in the event of non-compliance with any applicable policies, guidelines, circulars, notifications and regulations issued by the relevant regulators. Our business could be directly affected by any changes in policies for banks in respect of directed lending, reserve requirements and other areas. For example, the RBI could change its methods of enforcing directed lending standards so as to require more lending to certain sectors, which could require us to change certain aspects of our business. In addition, we may be subject to other changes in laws and regulations, such as those affecting the extent to which we can engage in specific businesses, those that reduce our profits through a limit on fees or interest rates that we may charge our customers or those affecting foreign investment in the banking industry, as well as to changes in other governmental policies and enforcement decisions, income tax laws, foreign investment laws and accounting principles.

The laws and regulations governing the banking sector, including those governing the products and services that we provide or propose to provide could change in the future, and any such changes may adversely affect our business, our future financial performance and the trading price of the Equity Shares. Any change in regulations in India and in international markets where our Bank operates may expose our Bank to increased compliance costs and limitations on our ability to pursue certain business opportunities and provide certain products and services.

For details on the cash reserve and the statutory liquidity ratios requirements, see "*Risk Factors– We are required to maintain minimum cash reserve ratios ("**CRRs**") and statutory liquidity ratios ("**SLRs**") in accordance with RBI guidelines, and any increase in these requirements could adversely affect our business, financial condition and results of operations*" on page 69.

For details on the capital adequacy ratio requirements, see "*Risk Factors – We are subject to capital adequacy norms and are required to maintain a capital-to-risk weighted asset ratio ("**CRAR**") at the minimum level required by RBI for domestic banks. Any failure to maintain adequate capital due to a change in regulations or any lack of access to capital could materially and adversely affect our business, financial condition and results of operations*" on page 70.

For details on the priority sector lending requirements, see "*Risk Factors – Our loan portfolio contains significant advances to MSMEs, agriculture and other priority sectors. Further, if we do not meet our priority sector lending requirements, our results of operations could be materially and adversely affected.*" on page 54.

Our Bank is also subject to regular inspection by the RBI. For details on RBI inspection, see "*Risk Factors – We are subject to inspections by various regulatory authorities, including the RBI. Non-compliance with the observations of such regulators could adversely affect our business, financial condition, results of operations and cash flows. Our overseas branches are also subject to inspections from regulators in their respective jurisdictions. Any adverse observations from such regulators could have a material, adverse effect on our business, financial condition or results of operations.*" on page 71.

We are present through our Subsidiaries, Joint Ventures and Associate in diverse segments of the Indian financial sector, including asset and funds management, treasury operations, credit cards, payment services and life insurance. The regulatory and policy environment in which we operate is evolving and subject to change. There can be no assurance that the Government of India may not implement new regulations and policies which will require our Bank and/ or any of our Subsidiaries, Joint Ventures and Associate to obtain approvals and licences from the Government of India and other regulatory bodies. It also cannot be assured that the Government of India will not impose onerous requirements, conditions, costs and expenditures on the operations of our Bank and/ or any of our Subsidiaries, Joint Ventures and Associate. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material, adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations.

26. If Indian Accounting Standards ("Ind AS") are made applicable to banks, it is possible that our financial condition, results of operations, cash flows or changes in Shareholders' equity may appear materially different than under Indian GAAP. In addition, the RBI has recently announced changes to Indian GAAP that incorporate accounting policies set forth in Ind AS with respect to fair valuation, initial recognition and subsequent measurement and proposed changes to Indian GAAP that will incorporate accounting policies set forth in Ind AS with respect to expected credit losses. Any changes in Indian GAAP or adoption of Ind AS could have an adverse effect on our financial condition and results of operations.

Our Bank currently prepares its annual and interim financial statements in accordance with Indian GAAP. The Ministry of Corporate Affairs ("**MCA**"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. This roadmap requires scheduled commercial banks, insurance companies and specified categories of NBFCs to prepare Ind AS-based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018. Further, the RBI in its circular dated February 11, 2016, has indicated that scheduled commercial banks should comply with Ind AS for preparation of financial statements for the same periods stated above. We submit to the RBI our Bank's unaudited standalone proforma Ind AS financial statements in the format and frequency as prescribed by the RBI. In April 2018, the RBI deferred the effective date for implementation of Ind AS by one year, at which point the necessary legislative amendments were expected to have been completed. However, the RBI, in its circular dated March 22, 2019, deferred the implementation of Ind AS by scheduled commercial banks until further notice.

The adoption of Ind AS would change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of expected loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realizable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognizing allowances for expected loan losses in the future that may be higher than under the current Indian GAAP. The mark-to-market requirements required under Ind AS may also impact our revenues and profitability. We have made no attempt to quantify the impact of the differences between Indian GAAP and Ind AS. However, it is possible that our financial condition, results of operations, cash flows or changes in Shareholders' equity may appear materially different under Ind AS than under Indian GAAP.

If we are required to report in Ind AS, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Further, there is no significant body of established practice on which to draw in forming judgments regarding the Ind AS’s implementation and application. Moreover, although we currently have an internal control framework in place to report our financial statements under Indian GAAP and are in the process of taking necessary steps for the implementation of Ind AS, we will have to modify our internal control framework and adopt new internal controls to report under Ind AS. These new internal controls will require, amongst others, a transition to more model-based evaluation of certain items, as well as staff who are adequately knowledgeable with Ind AS. There is no assurance that we will be able to implement effective internal controls under Ind AS in a timely manner, if at all.

The RBI issued a circular on September 12, 2023 on “Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023” pursuant to which certain Ind-AS guidelines, such as fair valuation, initial recognition and subsequent measurement, will become effective for banks from April 1, 2024. We expect the implementation of these Ind-AS guidelines will have the following material effects on our Bank’s financial statements:

- **Classification norms**: The directions introduce new criteria for classifying investments held by banks and also provide guidelines for categorising various types of investments. e.g., the introduction of a category for Fair Value Through P&L (FVTPL) and Held for Trading (HFT) shall be a separate investment sub-category within FVTPL and the ceiling criteria for holding HFT investments for a 90-day period is removed. There will be separate classification norms for subsidiaries, joint ventures, and associates.

- **Valuation guidelines:** The RBI has included fair valuation requirements along with accounting treatment for gain/loss ensuring that investment portfolios are assessed accurately, reflecting their current market values. All investments shall be measured at fair value on initial recognition. Fair value measurement of investments is based on a hierarchy of Level 1, Level 2, and Level 3 inputs.

- **Accounting guidelines:** The RBI has incorporated comprehensive guidelines for accounting treatment across various scenarios, encompassing various aspects, including initial recognition, subsequent measurement, and re-classification. These guidelines have been introduced to address ambiguities and bring uniformity throughout the banking industry. For example, where the securities are quoted or the fair value can be determined based on market observable inputs any Day 1 gain/loss shall be recognised in the Profit and Loss Account but any Day 1 gains arising from Level 3 investments shall be deferred and any Day 1 loss arising from Level 3 investments shall be recognised immediately.

- **Reporting requirements:** The RBI has introduced extensive reporting requirements, enabling better oversight and monitoring of commercial banks' investment activities. This aims to improve regulatory compliance and transparency. For example, the introduction of new disclosure requirements based on the inclusion of disclosure of fair value by category, fair value by a hierarchy of valuation basis (Levels 1,2 and 3), and carrying value of investments.

- **Regulatory supervision:** The RBI has introduced additional supervision on the investment portfolio of a bank and a bank’s compliance with these directions. For example, the implementation of these directions shall be reviewed under the supervisory process and any non-compliance in this regard shall be dealt with appropriately by the RBI. Banks shall not reclassify investments between categories without the approval of their Board of Directors and prior approval of the Department of Supervision (DoS), RBI.

The RBI released the Discussion Paper on Introduction of Expected Credit Loss (ECL) Framework for Provisioning by Banks on January 16, 2023. As per the discussion paper, banks would be allowed to design and implement their own models for measuring expected credit losses for the purpose of estimating loss provisions in line with the proposed principles. The discussion paper further states that the RBI will be issuing broad guidance that will be required to be considered while designing the risk models to be used by the banks. The guidance is expected to provide detailed requirements, drawing on the guidance provided in IFRS 9 and principles laid out by Basel Committee of Banking Supervision. The provisions as per the banks' internal assessments shall be subject to a prudential floor, to be specified by the RBI based on comprehensive data analysis. In order to enable a seamless transition, as permitted under the Basel guidelines, banks shall be provided an option to phase out the effect of increased provisions on Common Equity Tier I capital, over a maximum period of five years. The RBI has yet to issue final guidelines on the above referenced framework.

Any such changes in Indian GAAP or adoption of Ind AS may have a material, adverse effect on our financial condition and results of operations.

27. *We are required to maintain minimum cash reserve ratios ("CRRs") and statutory liquidity ratios ("SLRs") in accordance with RBI guidelines, and any increase in these requirements could adversely affect our business, financial condition and results of operations.*

Under RBI regulations, we are subject to a CRR requirement. The CRR is a bank's balance held in an interest-free, current account with the RBI, and is calculated as a specified percentage of its net demand and time liabilities, excluding interbank deposits. The CRR currently applicable to banks in India is 4.5%. Further, the RBI vide its circular dated August 10, 2023 directed banks to maintain an incremental CRR ("**I-CRR**") of 10% on the increase in net demand and time liabilities between May 19, 2023 and July 28, 2023. The RBI reviewed the I-CRR on September 8, 2023 and decided to discontinue the I-CRR in a phased manner. The release of funds was as follows: (i) September 9, 2023 – 25% of the I-CRR maintained; (ii) September 23, 2023 – 25% of the I-CRR maintained; and (iii) October 7, 2023 – 50% of the I-CRR maintained. As at December 31, 2023, our Bank's CRR was 4.62% of our Bank's requirement of net demand and time liabilities.

In addition, under the Banking Regulation Act, all banks operating in India are required to maintain an SLR. The SLR is a specified percentage of a bank's net demand and time liabilities required to be maintained by way of liquid assets such as cash, gold or approved unencumbered securities. Approved unencumbered securities consist of unencumbered government securities and other securities as may be approved from time to time by the RBI, which earn lower levels of interest as compared to advances to customers or investments made in other securities. Currently, the RBI requires banks to maintain an SLR of 18.00%. As at December 31, 2023, our Bank's SLR was 22.13%.

In an environment of rising interest rates, the value of government securities and other fixed income securities may depreciate. Our large portfolio of government securities may limit our ability to deploy funds into higher yielding investments. Further, a decline in the valuation of our trading book as a result of rising interest rates may adversely affect our financial condition and results of operations. As a result of the statutory requirements imposed on us, we may be more structurally exposed to interest rate risk as compared to banks in other countries.

Further, the RBI may increase the CRR and SLR requirements to significantly higher proportions as a monetary policy measure. Any substantial increases in the CRR and SLR from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative impact on our results of operations. If we are unable to meet the requirements of the RBI, the RBI may impose penal interest or prohibit us from receiving any further fresh deposits, which may have a material, adverse effect on our business, financial condition and results of operations.

28. *Failing to maintain or grow our CASA Ratio may result in higher costs of deposits.*

We have traditionally maintained high CASA deposits because of our large retail customer base spread across India, and we are strategically looking to increase our CASA deposits in the future. As at December 31, 2023, the share of domestic CASA deposits was 34.39 % of total domestic deposits. We may not be able to maintain our CASA deposits and ratio owing to the increased competition from other banks and lending institutions. In order to attract retail customers and increase our CASA deposits, we intend to introduce new products and promote our products through marketing campaigns. The interest rates that we must pay to attract customer deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. However, there is no assurance that we will be successful in growing our CASA base. If we fail to maintain or grow our CASA Ratio, our financial condition and results of operation may be materially and adversely affected.

29. We are subject to capital adequacy norms and are required to maintain a capital-to-risk weighted asset ratio ("CRAR") at the minimum level required by RBI for domestic banks. Any failure to maintain adequate capital due to a change in regulations or any lack of access to capital could materially and adversely affect our business, financial condition and results of operations.

We are subject to regulations relating to the capital adequacy of banks, which determines the CRAR, or the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio. The RBI requires banks in India to maintain a minimum CRAR of 11.50% (including capital conservation buffer). In addition, RBI issued the RBI Basel III Capital Regulations on May 2, 2012 pursuant to our Bank for the International Settlement's Basel III international regulatory framework. The RBI Basel III Capital Regulations were implemented on April 1, 2013. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I capital. The RBI Basel III Capital Regulations also set out elements of regulatory capital and the scope of the capital adequacy framework, including disclosure requirements of components of capital and risk coverage. In accordance with the RBI Basel III Capital Regulations, our Bank is required to maintain a minimum common equity Tier I ("**CET-I**") capital ratio of 8.00% (including a capital conservation buffer of 2.50%), and a minimum Tier I CRAR of 9.50% (including a capital conservation buffer of 2.50%) of its risk weighted assets. Any incremental capital requirement may adversely impact our ability to grow our business and may even require us to withdraw from, or curtail, some of our current business operations.

In accordance with the Basel III norms, as of December 31, 2023, our Bank's Tier I and total capital adequacy ratios were 13.05 % and 15.03 %, respectively. We are exposed to the risk of the RBI increasing the applicable risk weight for different asset classes from time to time. Although we have implemented and followed a policy of maintaining a minimum capital adequacy ratio as stipulated in the RBI Basel III Capital Regulations issued by the RBI, there can be no assurance that we will be able to maintain this ratio in the future. Implementation of Basel III or other such capital adequacy requirements imposed by RBI may result in the incurrence of substantial compliance and monitoring costs, and any breach of applicable laws and regulations will adversely affect our reputation, business operations and financial conditions. In addition, if the Basel Committee on Banking Supervision (the "**Basel Committee**") releases additional or more stringent guidance on capital adequacy norms that are given the effect of law in India in the future, we may be required to raise or maintain additional capital in a manner which could materially and adversely affect our business, financial condition and results of operations.

The RBI by its circular dated April 17, 2020 on the Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio ("**LCR**") stated that while banks are required to maintain an LCR of 100.00% with effect from January 1, 2019, in order to accommodate the burden on banks' cash flows on account of the COVID-19 pandemic, banks were permitted to maintain an LCR as follows: (i) 80.00% from April 17, 2020 to September 30, 2020, (ii) 90.00% from October 1, 2020 to March 31, 2021 and (iii) 100.00% with effect from April 1, 2021.

If we fail to meet capital adequacy requirements, the RBI may take certain actions, including restricting our lending and investment activities and our payment of dividends. These actions could materially and adversely affect our reputation, results of operations and financial condition.

30. Our Bank has previously been subject to show cause notices, fines, penalties and settlement payments imposed by the RBI and other statutory bodies in connection with regulatory investigations, show cause notices, sanctions, and requirements relating to business and financial crime. If we are subject to any additional show cause notices, fines, penalties and settlement payments imposed by the RBI and other statutory bodies, it could cause serious reputational harm to our Bank and negatively affect our business, financial condition, results of operations and cash flows.

The RBI is empowered under the Banking Regulation Act, 1949, and the circulars, guidelines and notifications issued thereunder to impose penalties on banks and their employees to enforce applicable regulatory requirements. In the past, the RBI has levied penalties on us for non-compliance with guidelines and instructions issued by the RBI from time to time. In the nine months ended December 31, 2023, RBI imposed a penalty of ₹1.00 crore on the Bank for non-compliance with directions issued by RBI on "Loans & Advances – Statutory and Other Restrictions." We have been penalised by the RBI for an amount of nil, ₹1.00 crore, nil and ₹1.00 crore in Fiscal 2021, Fiscal 2022, Fiscal 2023 and the nine months ended December 31, 2023, respectively. A penalty of ₹0.46 crore was imposed by IRDA in Fiscal 2022.

We are periodically subject to inspections by other relevant authorities. Some of these inspections have resulted in investigations and cases to be commenced against us or our employees. Going forward, we will remain subject to similar inspections, investigations and cases. We cannot predict the initiation or outcome of any further investigations by the RBI or other such regulatory and statutory authorities.

Any additional show cause notices, fines, penalties and settlement payments imposed by the RBI or other statutory bodies could result in serious reputational harm to our Bank, public reprimands, significant time and attention from our management and costs for investigations and remediation of affected customers, thus negatively affecting our business, financial condition, results of operations and cash flows.

In addition, being a listed entity, our Bank is required to comply with SEBI Listing Regulations and other requirements prescribed by SEBI and the Stock Exchanges from time to time. If we fail to comply with these requirements, our Bank may be subject to penal action from the SEBI, Stock Exchanges or courts under these and/ or any other applicable securities laws.

Further, certain of our Subsidiaries and Joint Ventures are registered with regulators such as the RBI, SEBI and the IRDAI and are subject to inspections by these regulators. Any future adverse observations from such regulators could have a material, adverse effect on our business, financial condition or results of operation.

31. We are subject to inspections by various regulatory authorities, including the RBI. Non-compliance with the observations of such regulators could adversely affect our business, financial condition, results of operations and cash flows. Our overseas branches are also subject to inspections from regulators in their respective jurisdictions. Any adverse observations from such regulators could have a material, adverse effect on our business, financial condition or results of operations.

We are subject to periodic inspections by various regulatory authorities, including the RBI. Inspection by the RBI is a regular exercise for all banks and financial institutions pursuant to which the RBI may issue observations, directions and action plans on various matters, such as risk management systems, credit concentration risk, counterparty credit risk, internal controls, credit allocation and regulatory compliance.

In the past, the RBI had, among other things, identified deficiencies in our Bank's operations and conduct including in connection with Board composition, board level committees and oversight, fraud detection and reporting, oversight of the internal audit, red flagging of certain accounts, cyber security systems, collateral management systems, delay in sanction of loans, periodic valuation of securities, harmonisation of systems post amalgamation and KYC documents. Further, the RBI has observed that certain compliance requirements were not being met by our Bank, including implementation of the treasury system, post-sanction monitoring and review, automated data classification, strengthening of the fraud risk management, resolution of customer complaints and uploading KYC documents of all our existing accounts. Based on the RBI inspection, our Bank had undertaken all the necessary corrective steps as specified therein to the RBI's satisfaction, including, without limitation, to ensure that regulatory and supervisory returns are filed within stipulated timelines, conduct internal credit rating assessment of all eligible borrowers, ensure prompter and correct reporting and to put in place an effective exposure management system. Further, in their last inspection report for Fiscal 2023, RBI had also identified deficiencies in our Bank's operations and conduct including in connection with sharing of personal details of liability customers, system-based NPA classification and oversight on outsourcing activities. Our Bank is in the process of taking corrective steps in response to the deficiencies identified in the inspection report for Fiscal 2023. While we have undertaken and will undertake steps to comply with such observations and have informed and will inform the RBI regarding the status of our compliance, there can be no assurance that RBI will consider such steps adequate and treat the observations as being duly complied with. Any significant deficiencies identified by the RBI in a final inspection report that we are unable to rectify to the RBI's satisfaction could lead to sanctions and penalties being imposed by the RBI on our Bank, which could materially and adversely affect our reputation, business (including pending applications or requests with the RBI and our ability to obtain the regulatory permits and approvals required to expand our business), financial condition, results of operations and cash flows.

32. There can be no assurance that we will be able to access capital as and when we need it for growth.

Unless we are able to access the necessary amounts of additional capital, any incremental capital requirement may adversely impact our ability to grow our business and may even require us to curtail or withdraw from some of our current business operations. There can be no assurance that we may be able to raise adequate additional capital in the future on terms favourable to us, or at all, and this may hamper our growth plans, apart from those that can be funded by internal accruals.

33. Our contingent liabilities could materially and adversely affect our financial condition and results of operations.

As at December 31, 2023, we had contingent liabilities amounting to ₹ 6,02,414.71 crore. The table below sets forth the details of contingent liabilities:

Particulars	**As at December 31, 2023 (₹ in crores)**
Claims against our Bank not acknowledged as debts	3,161.59
Liability on account of outstanding forward exchange contracts	3,99,839.65
Guarantees given on behalf of constituents	67,415,61
Acceptances, endorsements and other obligations	1,07,748.09
Disputed tax demands under appeals	20,995.75
Amount transferred to DEAF Scheme, 2014	3,254.03
Total	**6,02,414.71**

Most of the liabilities have been incurred in the normal course of business. If these contingent liabilities were to fully materialise or materialise at a level higher than we expect, they may adversely impact our financial conditions and result of operations. If we are unable to recover payment from our customers in respect to the commitments that we are called upon to fulfil, our financial condition, results of operations and cash flows could be materially and adversely impacted.

34. Our Bank has reported some of our borrowers as Wilful Defaulters. An increase in the number of Wilful Defaulters may have a material, adverse impact on our business, financial condition and results of operations.

As at December 31, 2023, our Bank reported a total of 2,041 borrowers as Wilful Defaulters to the RBI while the total amount outstanding of such borrowers' accounts was ₹38,842.47 crore as at December 31, 2023. In respect of borrowers classified as non-cooperative and Wilful Defaulters, our Bank makes accelerated provisions as per extant RBI guidelines. An increase in the number of Wilful Defaulters reported by our Bank could adversely affect our business, financial condition and results of operations.

35. Commission, exchange and brokerage income, profit on foreign exchange transactions and other sources of fee income are important elements of our income and market conditions as well as regulatory changes could cause these income streams to decline and adversely affect our financial results.

We earn commission, exchange and brokerage income from a variety of activities including loan processing, corporate banking and advisory services, which include origination and syndication of loans, structured finance, distribution of retail investment and insurance products, transaction banking and retail credit products. For Fiscal 2021, Fiscal 2022, Fiscal 2023, the nine months ended December 31, 2022 and the nine months ended December 31, 2023, our income from commission, exchange and brokerage as a percentage of total income was 1.54%, 2.16%, 2.26%, 2.04% and 2.35%. We also earn fee-based income from our foreign exchange and treasury operations businesses, which include management of foreign currency and interest rate exposure of our corporate and business banking customers. Our commission, exchange and brokerage income are therefore impacted by the level of corporate activity, including new financing proposals, the demand for retail financial products and the overall level of economic and trade activity.

Our commission, exchange and brokerage income are also impacted by applicable regulations governing various products and segments of financial services, and changes in these regulations may adversely impact our ability to grow in this area. The RBI through its Statement on Developmental and Regulatory Policies dated June 6, 2019 and its circular dated June 20, 2019 announced the introduction of an electronic trading platform (FX-Retail) for buying/selling foreign exchange by retail customers of banks, which is aimed at enhancing transparency and competition and lowering costs for retail customers. Such measures could adversely affect our business and results of operations.

36. *Our success depends largely on our management team and skilled personnel. Any inability to attract and retain talented professionals may negatively affect us.*

Our business is growing more complex as we expand our operations and our product lines. We have built a team of professionals with relevant experience in fields such as credit evaluation, risk management, treasury and marketing. Our growth and continued success depends in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals.

We believe our employees are a significant source of our competitive advantage and are thus a key element of our growth strategy. As December 31, 2023, our Bank had 76,372 employees, and our Subsidiaries had 795 employees. With the increase in competition for qualified personnel, we continue to face challenge to recruit a sufficient number of suitably skilled personnel, particularly as we continue to grow. In the event we are not able to attract talented employees or are unable to motivate and retain our existing employees, the future of our business and operations may be affected.

The successful implementation of our business strategies depends on the availability of skilled management, both at our head office and at each of our business units and on our ability to attract and train technologically sound, young professionals. Our remuneration schemes are guided by industry level negotiations between bank management represented by the IBA, and officers / workmen represented by their respective unions. Our remuneration scheme is in accordance with industry level settlement formulated by the IBA following negotiation with various unions or associations. The remuneration prevalent in the public sector banks are similar, except for perquisites which are determined by individual banks. However, we generally pay wages that are lower than those paid by private sector banks which could adversely affect our ability to hire qualified employees. If we or one of our business units or other functions fail to staff their operations appropriately or lose one or more of our key senior executives or qualified young professionals and fail to replace them in a satisfactory and timely manner, our business, and operations, including our control and operational risks, may be adversely affected. If the banking industry increasingly moves toward incentive-based pay schemes, attrition rates could increase and we could be forced to alter our remuneration scheme. The resultant pressures may result in diminished profitability, especially if rates of return do not experience a commensurate rise.

37. *Our Bank distributes third-party products, such as mutual funds and insurance products. If we fail to effectively manage any of the above businesses, our business, results of operation and financial condition could be adversely affected.*

We distribute third-party products, such as mutual funds and insurance products. We have engaged with various third parties to distribute such products. However, we have no control over the actions of such third parties and their products. Any failure on the part of such third parties, including any failure to comply with applicable regulatory norms, could result in adverse publicity or regulatory action being taken against such parties which could, in turn, adversely impact our brand and reputation. Further, if customers to whom such products are sold experience deficient service or are otherwise aggrieved, we may be subject to litigation or claims for damages by such aggrieved customers, which could have adverse effects on our business, financial position and results of operations. Since April 1, 2020, we have not been subject to litigation or claims for damages by any customer who were distributed third-party products, such as mutual funds and insurance products.

38. *If we fail to comply with applicable regulations in various international jurisdictions, regulatory actions may result, including financial penalties and restrictions on, or suspension of, the related business operations.*

Our international operations include the operations of our Subsidiary, Union Bank of India (U.K.) Limited, and two of our Bank's branches in DIFC and Sydney. Given our international operations, we are subject to a wide variety of banking and financial services laws and regulations, as well as regulatory and enforcement authorities in the jurisdictions in which we operate. The laws and regulations governing the banking and financial services industry have become increasingly complex, governing a wide variety of matters, including interest rates, liquidity, capital adequacy, securitisation, investments, ethical issues, money laundering, privacy, record keeping, outsourcing and marketing and selling practices—with sometimes overlapping jurisdictional or enforcement authorities. Failure to comply with applicable regulations in various jurisdictions, including unauthorised actions by employees, representatives, agents and third parties, could result in regulatory action, including financial penalties and restrictions on, or suspension of, the related business operations.

39. *We rely on our correspondent banks in other countries to facilitate our foreign exchange operations. Any failure to maintain such relationships or enter new such relationships could impact our ability to grow our foreign exchange business.*

We maintain nostro accounts in foreign currencies with correspondent foreign banks for facilitating our treasury, trade and remittance transactions. Such accounts facilitate inward and outward remittance, whereby our customers can remit funds to India in any of the currencies for which we have opened such accounts by instructing their banks to remit the funds to our nostro accounts maintained in that particular currency. In case we intend to cater to a different foreign location or currency, we may need to open such nostro accounts with the correspondent banks in those locations. Opening and maintaining such accounts requires compliance with strict KYC norms and any failure to adhere to such norms may result in the correspondent bank closing these accounts. Further, a correspondent bank may discontinue any of the services that it offers in relation to such accounts, which may result in customer dissatisfaction. In addition, we depend on our relationships to avail intra-day facilities, both in India and other jurisdictions, which is required in our Bank's ordinary course of business. We cannot guarantee that we will be able retain our existing correspondent banks or enter into similar arrangements with new correspondent banks on commercially reasonable terms, if at all. In the event that we are unable to open new accounts or continue to maintain existing accounts with our correspondent banks for any reason, we could be forced to scale back our treasury, trade and remittance business, which could adversely affect our business, results of operations and financial condition.

40. *Our failure to adapt to technological advancements that can potentially disrupt the banking industry could affect the performance and features of our products and services and reduce our attractiveness to customers.*

Any technological advancement in the way customers prefer to execute their banking services may change the way banking is perceived and carried out. Technological innovation such as mobile wallets, mobile operator banking, payment banks, internet banking through smart phones, etc. could disrupt the banking industry as a whole. There can be no assurance that we will be able to adapt our systems quickly and efficiently to such changing environments. Even if we are able to maintain, upgrade or replace our existing systems, or are able to innovate, customise and develop new technologies and systems, we may not be as quick or efficient as our competitors in upgrading or replacing our systems. Our failure to adapt to such technological advancements quickly and effectively could affect the performance and features of our products and services and could reduce our attractiveness to existing and potential customers.

41. *Our Board does not have prescribed strength in terms of the Banking Companies Act and the SEBI Listing Regulations.*

As on the date of this Placement Document, our Board does not have the prescribed strength as the following positions are vacant:

1. one position each under Sections 9(3)(e), 9(3)(f) and 9(3)(g) of the Banking Companies Act to be nominated by the Central Government; and

2. one position under Section 9(3)(h) of the Banking Companies Act, to be nominated by the Central Government.

Given that our Bank is a public sector undertaking, matters pertaining to, among others, appointment of our Directors are determined by the Government of India's Ministry of Finance, except the appointment of the Shareholders Director under section 9(3)(i) of the Banking Companies Act. In particular, the RBI has issued a circular dated April 26, 2021, which prescribes certain basic requirements with regard to the chairman and meetings of boards of directors, composition of certain committees of boards of directors, age, tenure and remuneration of directors, and appointment of the whole-time directors.

Further, we cannot provide any assurance that the composition of our Board and the committees thereof will be in terms of the applicable regulations in a timely manner or at all. Such delay or failure could result in statutory / regulatory authority(ies) taking action against us including imposing penalty on our Bank, any of which could adversely affect the Bank's business, reputation and results of operations.

Our Bank may not be able to attain the minimum public shareholding within the prescribed timelines.

Pursuant to an amendment dated June 4, 2010 to the Securities Contract (Regulations) Rules, 1957, as amended ("**SCRR**"), all listed companies are required to maintain a minimum public shareholding of at least 25.00%. Any listed public sector company which had public shareholding of less than 25.00% at the time of commencement of the amendment dated June 4, 2010 to the SCRR was required to increase its public shareholding to at least 25.00% within a period of three years from the date of such commencement of the amendment, i.e., August 3, 2018. The SCRR also provides that if the public shareholding in a listed public sector company falls below 25.00% at any time, such company is required to bring the public shareholding to 25.00% within a maximum period of two years from the date of such fall in the manner prescribed the SEBI. As at December 31, 2023, the shareholding of the Promoter in our Bank was 76.99%. Our Bank is required to comply with minimal public shareholding norms by August 1, 2024 as per the GoI notification. However, there is no assurance that a further exemption will be granted in a timely manner, if at all, or that we will be able to meet the minimum public shareholding of at least 25.00% within the timelines prescribed under the SCRR or the regulators in this regard. In the event we fail to attain the minimum public shareholding within the prescribed timelines, our Bank may be subject to penalties and face regulatory actions, including delisting from the Stock Exchanges.

42. *We and our customers may engage in certain transactions in or with countries or persons that are subject to international economic sanctions.*

Various international jurisdictions, including the U.S. and U.K., restrict investing or otherwise doing business in, or with, certain countries or territories and with certain persons or businesses that have been specially designated by such government agencies. Other governments and international or regional organisations also administer similar economic sanctions.

Through our foreign branches, representative office and Subsidiary, Union Bank of India (U.K.) Limited, we may undertake various services to customers doing business with, or located in, countries to which certain economic sanctions apply. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions and we have not been notified that any penalties or other measures will be imposed on us, we may not be able to fully monitor all of our transactions for any potential violations.

Our future business may not be free of risk under sanctions implemented by these jurisdictions and we may not be able to conform our business operations to the expectations and requirements of international regulatory agencies that do not have jurisdiction over our business but nevertheless assert the right to impose sanctions on an extraterritorial basis. Further, investors in the Equity Shares could incur reputational or other risks as a result of our or our customers' dealings in or with sanctioned countries or persons who are the subject of such sanctions.

43. *A failure to renew or maintain our statutory and regulatory permits and approvals required to operate our business may adversely affect our business, financial condition and results of operation.*

We are required to obtain various statutory and regulatory permits and approvals to operate our business, which requires us to comply with certain terms and conditions to continue our banking operations. Our licence from the RBI requires us to comply with certain terms and conditions. In the event that we are unable to comply with any or all of these terms and conditions, or unable to obtain waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this licence or place stringent restrictions on our operations. This may result in the interruption of all or some of our operations and may have a material, adverse effect on our business, financial condition, results and cash flow. In the event that we are unable to renew or maintain other statutory permits and approvals or comply with regulatory requirements, we may experience interruptions of all or some of our operations and impositions of penalties that could materially and adversely affect our reputation, business, financial condition and results of operations.

In addition, our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located, unless otherwise exempt under such enactments. If we fail to obtain or retain any of these approvals or licences, or renewals thereof in a timely manner, if at all, our business may be adversely affected. If we fail to comply, or if a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we may not be able to carry on our activities.

44. A reduction in long-term interest rates may increase our Bank's pension liabilities, which could adversely affect our results of operations.

Our Bank operates a defined benefit pension fund scheme. A discount rate is used to calculate the present value of our Bank's future liabilities in relation to the scheme and is linked to the long-term yield on Government of India securities. A reduction in the long-term interest rate would increase the present value of our Bank's pension obligations. As a result, our Bank may be required to make further cash contributions to the scheme in order to cover the deficit which may in turn lead to an increase in its pension expenses. In a falling interest rate scenario, the held-to-maturity value of already invested securities is likely to go up, thereby offsetting, to an extent, the increase in the present value of the pension obligation.

45. Our rights as a Shareholder in our Subsidiary, Union Asset Management Company Private Limited, and our Joint Venture, Star Union Dai-ichi Life Insurance Company, Limited, are subject to certain restrictive covenants which may restrict our ability to do business and may adversely impact our business, financial condition and results of operations.

As per the investment agreement dated October 18, 2017 entered into with Dai-ichi Life Insurance Company, Limited ("**Dai-ichi Life Insurance**"), with respect to its investment of an amount aggregating to ₹133.43 crore by way of subscription of compulsorily convertible preference shares in Union Asset Management Company Private Limited, our Bank is obligated to use our best efforts in providing assistance to Union Asset Management Company Private Limited, which, among other things, includes promoting Union Asset Management Company Private Limited's business and contributing to Union Asset Management Company Private Limited's experience and infrastructure in India by providing access to our distribution networks, employees and customer base, provisioning support in marketing and operations, prioritising of the sale of Union Asset Management Company Private Limited's products and permitting Union Asset Management Company Private Limited to use our 'Union Bank' trademark. These obligations may place pressure on our existing infrastructure and operations and may require us to impinge on our brand equity and proprietary information. Union Asset Management Company Private Limited and our Bank are to separately procure Dai-ichi Life Insurance's written consent prior to transferring Union Asset Management Company Private Limited's shares to a third party. This may limit Union Asset Management Company Private Limited and our Bank's ability to attract strategic investors, thereby adversely affecting the liquidity of Union Asset Management Company Private Limited's shareholding. Our Bank is obligated to buy all of Dai-ichi Life Insurance's shareholding following an all-weather put option within one year of exercising the put option, which may require our Bank to (i) procure necessary regulatory approvals (including SEBI and RBI) for remitting the consideration, and (ii) promptly make available sufficient funds to buy out Dai-ichi Life Insurance. Additionally, our Bank has indemnification obligations towards Dai-ichi Life Insurance in relation to inaccuracy/ breach of Union Asset Management Company Private Limited's representations and warranties or non-performance of covenants and undertakings. We cannot guarantee that we will not be required to indemnify Dai-ichi Life Insurance in case of a breach of Union Asset Management Company Private Limited's representation and warranties or on our account of any non-performance of Union Asset Management Company Private Limited's covenants and undertakings.

Further, as per the joint venture agreement dated December 6, 2007 entered into by Dai-ichi Life Insurance and Union Bank of India to form Star Union Dai-ichi Life Insurance Company Limited ("**SUD Life Insurance**"), our Bank is obligated to use our best efforts in providing assistance to SUD Life Insurance, which, among other things, includes contributing to SUD Life Insurance's experience and infrastructure in India by providing SUD Life Insurance's products access to our distribution networks, employees and customer base. This obligation also *inter alia* includes providing support in marketing and operations, leveraging our brand, trademark and goodwill for the benefit of SUD Life Insurance and providing training facilities to SUD Life Insurance's employees. These obligations may place pressure on our existing infrastructure and operations and may require us to impinge on our brand equity and proprietary information. Further, our Bank must procure the written consent of third parties prior to transferring shares to such third parties. This may limit our Bank's ability to attract strategic investors, thereby indirectly and adversely affecting the liquidity of SUD Life Insurance's shareholding. We are obligated to offer to sell our Bank's shareholding to other parties in the event of an exercise of a default-linked call option by such parties. Additionally, critical operational and strategic matters require the consent of all of SUD Life Insurance and Union Asset Management Company Private Limited's Shareholders. As a result, we may not be able to obtain the requisite consent of the concerned Shareholders in a timely manner, if at all. This may affect SUD Life Insurance and Union Asset Management Company Private Limited's business, growth prospects and financial condition.

46. Our insurance coverage may be inadequate to cover claims. If we incur substantial uninsured loss or loss that exceeds our insurance coverage, there could be a material, adverse effect on our business, cash flows, results of operations and financial condition.

While we are covered by a range of insurance plans that we believe is consistent with industry practice in India to cover risks associated with our business, the existing coverage may not insure our Bank against all risks and losses that may arise in the future. We may not have insurance covering all of the risks associated with our business, as insurance coverage is either unavailable for certain risks or is prohibitively expensive. In addition, even if such losses are insured, we may be compelled to contribute a substantial deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are generally subject to annual renewal, and our ability to renew these policies on similar or otherwise acceptable terms cannot be assured. Since April 1, 2020, we have not incurred any serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies. If we incur a serious uninsured loss, or a loss that significantly exceeds the limits of our insurance policies, there could be a material, adverse effect on our business, cash flows, results of operations and financial condition.

47. We face restrictions on lending to large borrowers, which may have a material, adverse effect on our business, financial condition and results of operations.

Under the RBI's Large Exposures Framework, which went into effect on April 1, 2019, our limits for single and group borrowers were prescribed at 20.00% and 25.00% of our Tier I capital funds. *Vide* a notification dated May 23, 2020, the RBI increased the limit for a bank's exposure to a group of connected counterparties from 25.00% to 30.00% with the view to facilitate a greater flow of resources to corporates on account of the COVID-19 pandemic. This one-time measure was applicable to all scheduled commercial banks (other than regional rural banks) up to June 30, 2021. These limits may be subject to further changes and revisions in the future. In addition, the RBI issued guidelines on enhancing credit supply for large exposures through market mechanism, which was effective from April 1, 2017. As per the guidelines, from Fiscal 2018, incremental exposure of our banking system to a specified borrower beyond the normally permitted lending limit was deemed to carry higher risks, and thus in need of additional provisioning and higher risk weights. These regulations may have a material, adverse effect on our business, financial condition and results of operations.

48. We may not be able to detect money laundering and other illegal or improper activities in a comprehensive manner or on a timely basis, which could harm or reputation and expose us to liability.

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India and other jurisdictions where we have operations. These laws and regulations require us to adopt and enforce certain measures, including "know-your-customer/ anti-money laundering/ combating financing of terrorism" ("**KYC/AML/CFT**") policies and procedures. These laws and regulations also require us to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. Remittances and trade finance transactions are increasingly required to be covered under our scrutiny and monitoring. We are also required to undertake constant review and assessment of existing control processes and programs to meet the increased regulatory expectation. We face significant challenges in keeping pace with frequent reviews and rapid upgrading required by such regulatory developments. While we have adopted policies and procedures aimed at detecting and preventing the use of our banking networks for money laundering activities and for use by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where we may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. In addition, there may be significant inconsistencies in the manner in which specific operational and KYC/AML/CFT policies are actually interpreted and implemented at an operational level in each of the branch and other customer interface levels. Our business and reputation could suffer if any such parties use our banking channels for money laundering and other illegal or improper purposes. Since April 1, 2020, we have not been penalised by the RBI for breaches of KYC/AML/CFT regulations.

While we continue to strengthen our KYC/AML/CFT procedures, to the extent we fail to fully comply with applicable laws and regulations, the relevant governmental and regulatory agencies may impose fines and other penalties and, in certain circumstances, require us to cease operations, which could adversely affect our business, financial condition and results of operations.

49. Any non-compliance with the law or unsatisfactory service by third-party service providers engaged by us for certain services could have an adverse impact on our business and results of operations.

We enter into outsourcing arrangements with third-party vendors providing services that include, among others, ATM/ card related services, business correspondents, facility management services related to information technology, software services and call centre services. As a result of outsourcing such services, we are exposed to various risks including strategic, compliance, operational, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security/ confidentiality or non-compliance with legal and regulatory requirements, may result in financial loss or loss of reputation for our business. We cannot assure that there will be no disruptions in the provision of such services or that these third parties may not adhere to their contractual obligations. If there is a disruption in third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition and results of operations may be adversely affected. In case of any dispute, we cannot guarantee that the terms of such agreements will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition and results of operations. Since April 1, 2020, we have not suffered any material loss from a third party failing to perform any outsourced service for us.

The "Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks" issued by the RBI places ultimate responsibility on banks, bank directors and other senior management for outsourced activity. Banks are required to provide prior approval for use of subcontractors as required in the aforementioned RBI guidelines. Legal risks, including actions being undertaken by the RBI, may be incurred if our third-party service providers act unethically or unlawfully, which could materially and adversely affect our business, financial condition and results of operations.

50. If we are covered by RBI guidelines relating to prompt corrective action, then our business, future financial performance and results of operations could be materially and adversely affected.

On April 13, 2017, the RBI revised the Prompt Corrective Action ("**PCA**") framework for banks, which is effective from April 1, 2017. The PCA framework has stipulated thresholds for capital ratios, non-performing assets, profitability and leverage for banks. When the PCA framework is triggered, the RBI has a range of discretionary actions it can take to address the outstanding issues. These discretionary actions include conducting supervisory meetings, conducting reviews, advising banks' boards for altering business strategy, reviewing capital planning, restricting staff expansion, removing managerial persons and superseding the Board, as per the classification of different risk thresholds. If the PCA framework is triggered for our Bank by the RBI, it may materially and adversely affect our business, financial condition and results of operations.

51. Our intellectual property rights may be subject to infringement or we may breach third-party intellectual property rights.

We have established a strong brand, 'Union Bank of India', which is registered under the Trade Marks Act. We are accordingly subject to the risk of brand dilution and consequently, possible loss of revenue following the misuse of our brand name by our agents or any third party. We have also registered our tagline and the "U" logo under various classes of the Trade Marks Act. We may not be able to protect our intellectual property rights against third-party infringement and unauthorised use of our intellectual property, including by our competitors. Further, a failure to obtain or maintain these registrations may adversely affect our competitive business position. This may in turn affect our brand value, and consequently, our business.

We may also be subject to claims by third parties, both inside and outside of India, if we breach their intellectual property rights by using slogans, names, designs, software or other such subjects, which are of a similar nature to the intellectual property these third parties may have registered. Any legal proceedings that result in a finding that we have breached third parties' intellectual property rights, as well as any settlements concerning such claims, may require us to provide financial compensation to such third parties or make changes to our marketing strategies or to the brand names of our products, which may have a materially adverse effect on our brand, business, prospects, financial condition and results of operations.

52. The RBI may supersede our Bank's Board of Directors in certain circumstances or may remove any employee or managerial personnel , which may materially affect our Bank's business, results of operations, and financial conditions.

The Banking Regulation Act confers powers on the RBI to remove from office any directors, chairman, chief executive officer, or other officers or employees of a bank in certain circumstances. The RBI also has the powers to supersede the board of directors of a bank and appoint an administrator to manage the bank for a period of up to six months, which may exceed up to 12 months in certain circumstances. The RBI may exercise powers of supersession where it is satisfied, in consultation with the Government of India that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank. Should any of the steps as explained herein are taken by the RBI against our Bank, its business, results of operations, and financial conditions would be materially and adversely affected.

53. Negative publicity could damage our reputation and adversely impact our business and financial results.

We believe our name commands strong brand recognition due to its long and successful presence in the markets in which we operate and therefore maintaining and enhancing the brand is important for retaining our competitive advantage. Reputational risk, or the risk to our business from negative publicity, is inherent in our business. The reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry. Any negative public opinion about the industry in which we operate could adversely affect our ability to attract and retain customers, and may expose us to litigation and regulatory action.

Further, creating and maintaining public awareness of our name is crucial to our business and we accordingly invest in various marketing and advertising campaigns. If these campaigns are poorly executed, or our customers lose confidence in us for any reason, it could harm our ability to attract and retain customers. There can be no assurances that we will be able to sustain effective marketing, advertising and branding initiatives in the future. Maintaining and enhancing our name may require us to make substantial investments in financial services industry which may not be successful.

Negative publicity can result from our actual or alleged conduct in a number of activities, including lending practices, foreclosure practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. We distribute several third-party products, including life insurance, health insurance, general insurance and mortgages. Any failure on the part of such third parties, including any failure to comply with applicable regulatory norms, any regulatory action taken against such parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our brand and reputation.

54. *As the Government of India controls a majority of our issued share capital, its public policy decisions may impact our strategy and operations.*

The Government of India controls a majority of our Bank's issued share capital. As at December 31, 2023, the Government of India directly held 76.99% of our Bank's issued and paid-up share capital. In addition, Section 3(2E) of the Banking Companies Act provides that no Shareholder other than the Government of India shall be entitled to exercise voting rights in respect to any equity shares held by such Shareholder in excess of 1.00% of the total voting rights of all the Shareholders of our Bank. The Banking Laws (Amendment) Act, 2012 increased the voting rights of Shareholders from 1.00% to 10.00%. Although historically we have enjoyed certain autonomy from the Government of India in the management of our affairs and strategic direction, as its controlling Shareholder, the Government of India is able to exercise effective control over our Bank. Furthermore, the Chairman, Managing Director and Chief Executive Officer, the Executive Directors and certain other Directors are appointed by the Government of India. Although our management runs the day-to-day operations, the Government of India may determine material policies and implement such policies or schemes, as a majority and controlling Shareholder, without the consent of the other Shareholders, as well as determine the outcome of any transaction or other matter submitted to Shareholders for approval, except for those matters requiring a special resolution of the Shareholders.

The Banking Companies Act mandates that the Government of India's shareholding in our Bank cannot fall below 51.00%. Moreover, in terms of the approval dated July 13, 2023, from the MoF for this Issue, the shareholding of the Government of India in our Bank cannot fall below 52.00%. This condition could limit our ability to raise equity capital, as the Government of India may not be able to invest further while meeting both minimum shareholding requirements and seeking funding from the capital markets simultaneously. Accordingly, there cannot be any change in control in our Bank. As the Indian economy grows, more businesses and individuals will require capital financing. In order to meet and sustain increasing levels of growth in capital demand, we will need to accrete our capital base, whether through organic growth or capital market financing schemes. If we are unable to grow our capital base in step with demand, our business, financial condition and results of operations may be materially and adversely affected.

55. *Our employees are unionised and any union action may adversely affect our business.*

As at December 31, 2023, our Bank had 76,372 employees, and our Subsidiaries had 795 employees. Our Bank has two majority and representative unions, namely, the All India Union Bank Employees Association and All India Union Bank Officers' Federation. From time to time, labour unions for banking employees organise strikes. We have been and may in the future be affected by strikes, work stoppages or other labour disputes. We have had past instances of industry-wide strikes by unions affecting all banks. In the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations. While we believe that we have a strong working relationship with our unions (as evidenced by there being no labour disruptions since April 1, 2020), associations and employees, we may not have such a relationship in the future, and we cannot guarantee that there will not be significant strikes or disputes with employees that could affect our future operations.

56. *Increasing regulatory focus on personal information protection could impact our business and expose us to increased liability.*

Regulators in various jurisdictions are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. This increased scrutiny may result in new interpretations of existing laws, thereby further impacting our business. In India, the Personal Data Protection Act, 2023 ("**Data Protection Act**") has been enacted for implementing organisational and technical measures in processing personal data laying down norms for cross-border transfer of personal data to ensure the accountability of entities processing personal data. The Data Protection Act introduced stricter data protection norms for an entity such as ours and may impact our processes. The Data Protection Act is introduced to maintain the highest level of security and protection for all such information regarding our various customer. The RBI has also issued a circular dated April 6, 2018 on the procedure of storage of payment systems data to ensure that data relating to payment systems that we operate are stored only in India. Further, in their last inspection report for Fiscal 2023, RBI had also identified deficiencies in our Bank's operations and conduct including in connection with sharing of personal details of liability customers. While our Bank is in the process of taking corrective steps in response to the aforesaid deficiencies, any failure, or perceived failure, by us to comply with any applicable regulatory requirements, including but not limited to privacy, data protection, information security, or consumer protection-related privacy laws and regulations, could result in proceedings or actions against us by governmental entities or individuals who may subject us to fines, penalties, and/ or judgments which may adversely affect our business and reputation.

57. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with equity Shareholders.

We have in the course of our business entered into, and will continue to enter into, transactions with our related parties (including the opening of deposits and loans granted in respect of relatives of our directors/ senior managerial personnel, provision of line of credit, bridge loan, term loans and overdraft facilities to related parties). For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions*" on page 144. We cannot guarantee that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties.

The transactions we have entered into and any further transactions that we may have with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to us. We cannot guarantee that such transactions, individually or aggregately, will not have an adverse effect on business and financial results because of, for instance, potential conflicts of interest.

In addition, while not classified as related party transactions, there have been instances in the past where certain services providers to our Bank were owned and controlled by directors/ officers of our Bank. We cannot guarantee that going forward, our directors and officers will not be connected with or related to such service providers such that there will not be any conflicts of interest with our Bank.

58. There are limitations in the scope of the procedures adopted by our statutory auditors in the audit of our financial statements.

As noted in the audit reports for the financial statements for Fiscal 2021, Fiscal 2022 and Fiscal 2023, there are certain limitations in the scope of the audit of such financial statements. For example, the audited standalone financial statements for Fiscal 2023 incorporate financial information from 6,406 branches in India that have not been subjected to audit. These unaudited branches accounted for 23.82% of our Bank's advances and 37.81% of deposits as at March 31, 2023 and 17.01% of interest income and 33.86% of interest expenses in Fiscal 2023. For further details, see "*Financial Statements*" on page 329. A failure to maintain an effective internal audit system or adequate procedures by our officials in the audit of our financial statements may affect the reliability of our financial statements.

59. The majority of our offices, branches and ATMs are located on premises taken by us on lease or on a leave and license basis. We may not be able to renew these agreements for our branches upon acceptable terms, if at all, which could have an adverse effect on our business and results of operations.

A significant number of our offices, branches and ATMs are located on premises taken by us on long term lease or on a leave and license basis from third parties. For some of our branches, the lease deeds have expired and are pending renewal. In case our leases are not renewed or are renewed on unfavourable terms and conditions, we may be forced to procure alternative spaces for our existing branches or incur additional costs associated with such unfavourable renewals. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under lease agreements. This may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, financial condition and results of operations. Furthermore, some of our lease agreements and leave and license agreements are not adequately stamped or registered with the registering authority of the appropriate jurisdiction. An instrument not duly stamped, or insufficiently stamped, shall not be admitted as evidence in any Indian court or may attract a penalty as prescribed under applicable law, which could adversely affect the continuance of our operations and business.

60. We may seek opportunities for growth through acquisitions, divest our existing businesses, be required to undertake amalgamations by the Reserve Bank of India or could face integration and other acquisitions risks.

We may seek opportunities for growth through acquisitions or be required to undertake amalgamations mandated by the RBI under its statutory powers. We may in the future examine and seek opportunities for acquisitions in countries where we currently operate. Our Subsidiaries or Associate may also undertake amalgamations, acquisitions and takeovers in India or internationally. Amalgamations and acquisitions by our Subsidiaries could lead to reduction in our shareholding in such Subsidiaries (including to below majority ownership in certain Subsidiaries). Any future amalgamations, acquisitions or takeovers, whether by or Bank or our Subsidiaries, both Indian or international, may involve a number of risks, including the possibility of a deterioration of asset quality, quality of business and business operations, financial impact of employee related liabilities, diversion of our management's attention required to integrate the acquired business and the failure to retain key acquired personnel and clients, leverage synergies or rationalise operations, or develop the skills required for new businesses and markets, or unknown and known liabilities including any ongoing litigation, claims or disputes concerning such acquisition, amalgamation, Shareholders, share capital or legal and regulatory compliance obligations or practices, some or all of which could have an adverse effect on our business or that of our Subsidiaries or Associate.

We may also sell all or part of one or more of our businesses, including our Subsidiaries, for a variety of reasons including changes in strategic focus, redeployment of capital, contractual obligations and regulatory requirements.

61. This Placement Document includes certain non-GAAP financial measures and certain other selected statistical information related to our Bank's operations and financial condition. These non-GAAP financial measures and statistical information may vary from any standard methodology that is applicable across the banking industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other banks.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Placement Document. Our Bank computes and discloses such non-GAAP financial measures and such other statistical information relating to our Bank's operations and financial performance as our Bank considers such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of banks, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP financial measures and other statistical and operational information are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our Bank's operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

62. Statistical and industry data in this Placement Document may be incomplete or unreliable.

Statistical and industry data used throughout this Placement Document has been obtained from various government and industry publications. While we believe that the information contained has been obtained from sources that are reliable, neither we nor the Book Running Lead Managers have independently verified it. As such, the accuracy, reliability and completeness of this information is not guaranteed. The market and industry data used from these sources may have been reclassified by us for presentation purposes. In addition, market and industry data relating to India, its economy or its industries may be produced on different bases from those used in other countries. As a result, data from other market sources may not be comparable. The extent to which the market and industry data presented in this Placement Document is meaningful will depend on the reader's familiarity with, and understanding of, the methodologies used in compiling such data. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document. Such data involves risks, uncertainties and numerous assumptions and are subject to change based on various factors. Accordingly, investment decisions should not be based on such information.

63. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control.*

We intend to use the Net Proceeds for the purposes described in "*Use of Proceeds*" on page 97 of this Placement Document. As on the date of this Placement Document, our funding requirements are based on management estimates in view of past expenditures and have not been appraised by any bank or financial institution. They are based on current conditions and are subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies. While we will use the Net Proceeds towards augmenting our Bank's Tier I Capital to meet our Bank's future capital requirements and to support growth plans and to enhance the business of our Bank or any other purposes in the manner specified in "*Use of Proceeds*" on page 97, the amount of Net Proceeds to be actually used will be based on our management's discretion. However, the deployment of the Net Proceeds will not be monitored by any monitoring agency. Our internal management estimates may exceed fair market value or the value that would have been determined by third-party appraisals, which may require us to reschedule or reallocate our capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost, and other financial and operational factors. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and the results of operations.

RISKS RELATING TO INDIA

64. *Any downturn in the macroeconomic environment in India may adversely affect our business, financial condition, results of operations and cash flows.*

The majority of our business, assets and employees are located in India, so our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Therefore, any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operations and cash flows. The Indian economy could be adversely affected by various factors, such as the impact of COVID-19 or other pandemics, epidemics, political and regulatory changes, including adverse changes in the Government's liberalisation policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war (in and outside of India like the current hostilities between Russia and the Ukraine), natural calamities, volatility in interest rates, volatility in commodity and energy prices, an increase in oil prices, a loss of investor confidence in other emerging market economies and other political and economic developments affecting India. In addition, an increase in India's trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could increase interest rates and adversely affect liquidity, which could adversely affect the Indian economy and thereby adversely affect our business, financial condition, results of operations and cash flows.

Also see "*Risk Factors – COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows*" on page 63.

65. *High rates of inflation in India could have an adverse effect on our results of operations.*

India has, in the past, experienced sustained periods of high inflation. A return to high rates of inflation with a resulting rise in interest rates and any corresponding tightening of monetary policy may have an adverse effect on economic growth in India. Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. In addition, high rates of inflation could increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our results of operations.

66. *The occurrence of natural or man-made disasters, terrorist attacks, civil unrest or rioting in India and other acts of violence or war could adversely affect our business, financial condition, results of operations and cash*

flows—and could create a perception that investment in Indian companies involves a higher degree of risk, thereby adversely affecting the market price of the Equity Shares.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, fires, explosions, pandemics (such as COVID-19) and epidemics, and man-made disasters, including acts of terrorism, other acts of violence and war, could adversely affect our business, financial condition, results of operations and cash flows. In addition, terrorist attacks and other acts of violence or war as well as civil unrest or rioting in India could create a perception that investment in Indian companies involves a higher degree of risk, thereby adversely affecting the market price of the Equity Shares.

67. Political instability or changes in the Government could adversely affect economic conditions in India and by consequence, our business.

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Since 1991, successive Indian governments have pursued policies of economic liberalisation and financial sector reforms. The governments have usually been multi-party coalitions with differing agendas. Any political instability could affect the rate of economic liberalisation and the specific laws and policies affecting foreign investment. Other matters affecting investment in the Equity Shares could change as well. A significant change in India's economic liberalisation and deregulation policies could adversely affect economic conditions in India generally and thereby adversely affect our business, financial condition, results of operations and cash flows.

68. Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business, financial condition, results of operations and cash flows.

As an Indian bank, our Bank is exposed to the risks of the Indian financial system, which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions, such as clearing agencies, banks, securities firms and exchanges, may be closely related as a result of credit, trading, clearing or other relationships. Our transactions with these financial institutions expose us to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, our Bank faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs, notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions, and any instability in or difficulties faced by the Indian financial system generally, could create an adverse market perception about Indian financial institutions and banks in general. This in turn could adversely affect our business, financial condition, results of operations and cash flows and could result in a decrease in the price of the Equity Shares regardless of whether or not our business, financial condition, results of operations and cash flows were adversely affected.

69. India's existing credit information infrastructure may cause increased risks of loan defaults. We depend on the accuracy and completeness of information furnished by the customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.

Our principal activity is providing financing to borrowers, including individuals, SMEs and MSMEs. The credit risk of our borrowers may be higher than in other economies due to the higher uncertainty in our regulatory, political and economic environment and the inability of our borrowers to adapt to global technological advancements. In addition, India's system for gathering and publishing statistical information relating to the Indian economy generally or specific economic sectors within it, or corporate or financial information relating to companies or other economic enterprises is not as comprehensive as those of countries with established market economies. Although India has credit information companies, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. In the event that the reports of such credit information companies are not up-to-date, we may not be able to accurately assess the creditworthiness of our borrower which may increase our risk of exposure to default by borrower. As our lending operations are primarily limited to India, we may be exposed to a greater potential for loss compared to banks with lending operations in more developed countries. Inadequate loan servicing histories for borrowers increase the risk of exposure and may lead to an increase in our NPAs which may adversely affect our business, results of operations and financial condition.

We rely on information furnished by customers and counterparties while determining whether to extend credit or to enter into other transactions with such customers and counterparties. We typically rely on financial statements, other financial information and certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors provided. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or with other information that is materially misleading. We also rely on credit ratings and bureau scores assigned to our customers. Our financial condition and results of operations could be negatively impacted by such reliance on information that is inaccurate or materially misleading. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a consequence, our ability to effectively manage our credit risk may be adversely affected.

The Credit Information Bureau (India) Limited ("**CIBIL**") does not presently report information from retailers, utility companies and trade creditors, and no other nationwide bureau of this nature presently exists. The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan or that the relevant collateral will have a value commensurate to such a loan. The absence of reliable information, including audited financial statements, recognised debt rating reports and credit histories relating to our present and prospective corporate borrowers or other customers makes the assessment of credit risk, including the valuation of collateral, more difficult, especially for individuals and small businesses. The availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets. We may also experience an increase in impaired advances and may be required to increase our provision for defaulted advances. As a result, higher credit risk may expose us to greater potential losses, which could materially and adversely affect our business, financial condition and results of operations.

70. Any downgrade in India's sovereign debt rating by international rating agencies could adversely impact our ability to raise additional foreign currency financing, interest rates and other commercial terms at which such financing is available.

As at December 31, 2023, our Bank's foreign currency borrowings were ₹2,979.62 crore, which represented 8.33% of our Bank's total borrowings as at that date. As our foreign currency debt ratings are pegged to India's sovereign ceiling, any adverse revision to India's credit rating for international debt will have a corresponding effect on our ratings. Therefore, any adverse revisions to India's sovereign debt ratings debt by international rating agencies could adversely impact our ability to raise additional foreign currency financing and the interest rates and other commercial terms at which such financing is available, which could have a material, adverse effect our business, financial condition, results of operations and cash flows.

71. It may not be possible for investors to enforce any judgment obtained outside India against us, our Directors or our Executive Officers except by way of a lawsuit in India.

The enforcement by investors in the Equity Shares of civil liabilities, including the ability to effect service of process and to enforce judgments obtained in courts outside of India, may be adversely affected by the fact that we are incorporated under the laws of the Republic of India, and that almost all of our executive officers and directors reside in India. Nearly all of our assets and the assets of our executive officers and directors are also located in India. As a result, it may be difficult to enforce the service of process upon us and any of these persons in jurisdictions outside of India, or to enforce judgments obtained against us and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Sections 13, 14 and Section 44A of the Code of Civil Procedure, 1908 (“**Civil Code**”) on a statutory basis. Section 44A of the Civil Code provides that, where a certified copy of a decree of any superior court, within the meaning of that Section, obtained in any country or territory outside India which the government has by notification declared to be in a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees and does not apply to decrees for amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties, and it does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The United Kingdom, Singapore and Hong Kong, among others, have been declared by the government to be reciprocating territories for the purposes of Section 44A of the Civil Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution, and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian rupees on the date of the judgment or award and not on the date of the payment.

72. A third party could be prevented from acquiring control over our Bank because of anti-takeover provisions under Indian law and the provisions of the Banking Regulation Act.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in the control of our Bank. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in the control of our Bank. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that the interests of investors/ Shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Bank. Further, given that our Bank is governed by the RBI, any significant change in shareholding would require the RBI’s prior approval. Consequently, even if a potential takeover of our Bank would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the regulatory framework applicable to our Bank.

73. Rights of Shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors’ fiduciary duties and liabilities and Shareholders’ rights may differ from those that would apply to a bank in another jurisdiction. Shareholders’ rights including in relation to class actions, under Indian law may not be as extensive as Shareholders’ rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as Shareholder in an Indian bank than as Shareholder of a corporation in another jurisdiction.

74. There may be less information available about the companies listed on stock exchanges in India compared with information that would be available if we were listed on securities markets in certain other countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in India and that in the markets in the United States and certain other countries. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about companies listed on an Indian stock exchange compared with information that would be available if that company were listed on a securities market in certain other countries. As a result, investors may have access to less information about the business, results of operations, cash flows and financial condition of companies, such as our Bank, listed on stock exchanges in India on an on-going basis than investors may find in the case of companies subject to reporting requirements of other countries.

75. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors outside India may be more familiar with and may consider material to their assessment of our financial condition, results of operations and cash flows.

Our Bank prepares its financial statements in accordance with Indian GAAP, which differs in certain important aspects from U.S. GAAP, IFRS and other accounting principles with which prospective investors may be familiar in other countries. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Prospective investors should review the accounting policies applied in the preparation of the financial statements included in this Placement Document and consult their own professional advisers for an understanding of the differences between these accounting policies and those with which they may be more familiar. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Placement Document should accordingly be limited.

76. Our business and financial performance are dependent on maintaining and building a successful branch network. Any failure to maintain and increase our coverage will adversely affect our growth.

As of December 31, 2023, we had 8,477 branches across 28 states and seven union territories in India. One of our strategies is to increase our number of branches and if we fail to do so, our growth strategy and prospects may be adversely affected. Our newly opened branches may not be profitable immediately upon their opening or may take time to break-even. In the event of a delay in achieving break even by the newly opened branches within a reasonable period as envisaged by us, our profitability may be affected. Our branch expansion plans may have an adverse effect on the capital outlay which in turn may adversely affect our business, results of operations and financial condition.

There will also be increased expenditure as a result of our strategy to expand into new geographies, which includes plans for our branch network expansion and venturing into new businesses such as retail assets and markets where our brand lacks recognition. As a consequence of our large and diverse branch network, we may be subject to additional risks inherent with an extensive network, including but not limited to higher technology costs, upgrading, expanding and securing our technology platform in such branches, operational risks including integration of internal controls and procedures, compliance with KYC, AML and other regulatory norms, ensuring customer satisfaction, recruiting, training and retaining skilled personnel, failure to manage third-party service providers in relation to any outsourced services and difficulties in the integration of new branches with our existing branch network. Any of these reasons may result in our failure to manage a large branch presence, which may materially and adversely affect our business, results of operations and financial condition.

RISKS RELATING TO THE EQUITY SHARES

77. Any future issuance of Equity Shares could dilute the holdings of investors and could adversely affect the market price of the Equity Shares.

Our Bank may be required to finance our future growth through additional equity offerings. Any future issuance of Equity Shares could dilute the investors' holdings and could adversely affect the market price of the Equity Shares.

In addition, any future issuances of Equity Shares, sales by any significant Shareholder or a perception in the market that such issuance or sale may occur, could adversely affect the trading price of the Equity Shares. Such securities may also be issued at a price below the then current trading price of the Equity Shares.

78. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

Indian securities markets are less developed and more volatile than securities markets in certain other economies, especially countries that are members of the Organization for Economic Cooperation and Development. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges have also experienced problems such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the United States. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies, the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

The Indian stock markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments in other emerging market countries, such as rising fiscal or trade deficits, or a default on national debt, may negatively affect investors' confidence in India, or may cause increased volatility in Indian stock markets and cause the price of the Equity Shares to decline.

79. After this Issue, the price of the Equity Shares may be volatile and the Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price will be determined by our Bank, in consultation with the Book Running Lead Managers, based on Bids received in compliance with Chapter VI of the SEBI Regulations, and the Issue Price may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed. The price at which the Equity Shares will trade at after the Issue will be determined by the marketplace and may be influenced by many factors, including:

- volatility in the Indian and global securities markets or prospects for our business and the sectors in which we compete;
- our financial condition, results of operations and cash flows;
- the history of and prospects for our business;
- an assessment of our management, our past and present operations and the prospects for, as well as timing of, our future revenues and cost structures;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial condition, including our results of operations and financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements of significant claims or proceedings against us;
- new laws and government regulations that directly or indirectly affect our business;
- changes in interest rates;
- fluctuations in stock market prices and volume; and
- general economic conditions.

Also see "*Risk Factors – COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows*" on page 63.

The Indian stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our financial condition, results of operations and cash flows. We cannot assure prospective investors that they will be able to resell their Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to the Issue.

80. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a Shareholder's ability to sell, or the price at which a Shareholder can sell, the Equity Shares at a particular point in time.*

The Equity Shares are subject to a daily circuit breaker imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the circuit breaker applicable to the Equity Shares is set by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges may change the percentage limit of the circuit breaker from time to time. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of Shareholders to sell the Equity Shares or the price at which Shareholders may be able to sell their Equity Shares.

81. *Our Bank is subject to regulatory restrictions on the payment of dividends to Shareholders.*

The RBI has prescribed limits on the dividend pay-out ratio of banks in India linked to certain parameters such as the risk-based capital ratio and net non-performing assets ratio. Under the RBI's Basel III guidelines, banks are subject to higher minimum capital requirements and must maintain a capital conservation buffer above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments. Any change in restrictions on payment of dividend or capital requirements may limit our ability to pay dividends to Shareholders. The declaration and payment of dividends are subject to the provisions of the Banking Regulation Act and regulations made thereunder, the RBI Act and regulations and guidelines made thereunder including RBI Circular (RBI/2004-05/451DBOD.NO.BP.BC.88/21.02.067/2004-05) dated May 4, 2005 ("**RBI Dividend Circular**"). Our Bank follows the Banking Regulation Act, the RBI Dividend Circular and Regulation 43A of the SEBI Listing Regulations in this regard.

In addition, *vide* a circular DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 read with circular DOR.BP.BC.No.29/21.02.067/2020-21 dated December 4, 2020, the Reserve Bank of India has directed that banks shall not make any dividend payment on equity shares from the profits pertaining to Fiscal 2020 in order to conserve capital to retain their capacity to support the economy and absorb losses in an environment of heightened uncertainty caused by COVID-19. Accordingly, our Bank has not declared any dividend for Fiscal 2020. Further, *vide* a circular DOR.ACC.REC.7/21.02.067/2021-22 dated April 22, 2021, RBI partially modified of the instructions contained in circular DBOD.NO.BP.BC.88/ 21.02.067/2004-05 dated May 4, 2005, and allowed the banks to pay dividend on equity shares from the profits for Fiscal 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend pay-out ratio prescribed in the RBI Dividend Circular.

Dividends that our Bank has paid in the past may not be reflective of the dividends that our Bank may pay in a future period. Our Bank's future dividend policy will depend on its profits, cash flows, financial condition, capital requirements, compliance with RBI regulations and other factors. For further information, see "*Dividend Policy*" on page 99.

82. *Investors' ability to acquire and sell the Equity Shares offered in this Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document. Investors will be prohibited from*

selling any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the allotment of the Equity Shares.

No actions have been taken to permit an offering of the Equity Shares offered in this Issue in any jurisdiction, except for India. As such, investors' ability to acquire Equity Shares offered in this Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For further information, see "*Selling Restrictions*" on page 285. Further, the Equity Shares offered in this Issue are subject to restrictions on transferability and resale pursuant to the SEBI Regulations, including that investors will be prohibited from selling any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the allotment of the Equity Shares. Further, allotments made to certain categories of Eligible QIBs in this Issue are subject to the rules and regulations applicable to them, including certain lock-in requirements. For further information, see "*Transfer Restrictions and Purchaser Representations*" on page 295. Investors are required to inform themselves on, and observe, these restrictions. Our representatives, agents and Bank will not be obligated to recognise any acquisition, transfer or resale of the Equity Shares offered in this Issue made other than in compliance with applicable law.

83. Investors may be subject to Indian taxes arising out of capital gains on sales of Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of equity shares in an Indian company or bank are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemptions. Accordingly, investors may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold.

Further, any gain realised on the sale of the Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of Equity Shares.

84. Foreign investors are subject to certain restrictions under Indian law in relation to transfer of Shareholding that may limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, Shareholders who seek to convert rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and is subject to either the security having been sold in compliance with the pricing guidelines or the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. Our Bank cannot guarantee that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020, which came into effect from April 22, 2020, investments where the beneficial owner of the Equity Shares is situated in, or is a citizen of, a country which shares one or more land border(s) with India, can only be made through the Government approval route, as prescribed in the Foreign Direct Investment ("**FDI**") Policy. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot guarantee that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, if at all. Our ability to raise foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, results of operations and prospects.

85. The individual investment limit and aggregate foreign investment limit for registered FPIs in our Bank is currently 10.00% and 20.00%, respectively, of the total paid-up equity share capital of our Bank.

Foreign investment in India is governed by the provisions of FEMA along with the rules, regulations and notifications made by the RBI thereunder, and the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, from time to time. Under the current FDI Policy (effective October 15, 2020), investment in public sector banks up to 20.00% is permitted under the government approval route. In terms of the SEBI (Foreign Portfolio Investors) Regulations, 2019, the issue of Equity Shares to a single FPI including its investor group (which means the same multiple entities registered as foreign portfolio investors having common ownership directly or indirectly of more than 50.00% or common control) must be below 10.00% of our Bank's post-Issue paid-up equity share capital on a fully diluted basis. Further, in terms of the FEMA Rules, the total holding by each FPI, or an investor group, shall be below 10.00% of the total paid-up equity share capital, on a fully diluted basis, of our Bank, and the total holdings of all FPIs put together can be up to 20.00% of the paid-up equity share capital of our Bank, which is the sectoral cap applicable to our Bank.

As per the SEBI (Foreign Portfolio Investors) Regulations, 2019 and the relevant circulars issued thereunder, the above investment restrictions shall also apply to subscribers of P-Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Notes. In the event an investor has investments as a FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments in our Bank.

86. Our ability to borrow in foreign currencies is restricted by Indian law.

Indian banks and companies are subject to foreign exchange regulations that regulate borrowing in foreign currencies, including those specified under the Foreign Exchange Management Act ("**FEMA**"). Such regulatory restrictions limit our ability to borrow in foreign currencies and, therefore, could negatively affect our ability to obtain financing on competitive terms. In addition, we cannot guarantee that any required approvals for borrowing in foreign currency will be granted to us without onerous conditions, if at all. Such, and other, limitations on raising foreign capital may adversely affect our business, results of operations, financial condition and cash flows.

87. Fluctuations in the exchange rate between the rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our operating results.

The Equity Shares are quoted in rupees on the Stock Exchanges. Any dividends in respect to the Equity Shares will be paid in rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividends to investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rates between the rupee and other currencies (including the U.S. dollar, the Euro, the pound sterling, the Hong Kong dollar and the Singapore dollar) have changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our operating results.

88. Bidders are not allowed to withdraw their Bids or revise their Bids downwards after the Bid/Issue Closing Date.

In terms of the SEBI ICDR Regulations, Bidders are not allowed to withdraw their Bids or revise their Bids downwards in terms of quantity of Equity Shares or the Bid Amount after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to an Allottee's demat account with the Depository Participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material, adverse changes in the international or national monetary, financial, political or economic conditions—or other events in the nature of force majeure, material, adverse changes in our business, results of operation or financial condition, or other events affecting the Bidder's decision to invest in the Equity Shares—would not arise between the Bid/Issue Closing Date and the date of the Allotment of Equity Shares in the Issue. The occurrence of any such events after the Bid/Issue Closing Date could also adversely impact the market price of the Equity Shares. Bidders shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. Our Bank may complete the Allotment of the Equity Shares even if such events may limit the Allottees' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

89. Investors will be subject to market risks until the Equity Shares credited to their demat accounts are listed and permitted to be traded.

Investors can start trading the Equity Shares allotted to them in the Issue only after they have been credited to an investor's demat account, are listed and are permitted to be traded. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account, or that trading in the Equity Shares will commence in a timely manner.

90. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Holders of our Equity Shares are entitled to pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new Equity Shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such a resolution. However, if the law of the jurisdiction that a Shareholder is in does not permit the exercise of such pre-emptive rights without our Bank filing an offering document or registration statement with the applicable authority in such jurisdiction, such a Shareholder will be unable to exercise their pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available to Shareholders by Indian law. To the extent that Shareholders are unable to exercise their pre-emptive rights in respect of the Equity Shares, they may suffer future dilution of their ownership positions and their proportional interests in us would be reduced.

91. Compliance with provisions of the U.S. Foreign Account Tax Compliance Act may affect payments made on the Equity Shares.

Certain U.S. tax provisions which are commonly referred to as FATCA, may impose 30.00% withholding on "foreign passthru payments" made by a "foreign financial institution" ("**FFI**"). Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the Equity Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before the date that is two years after the date of publication in the Federal Register of final regulations defining the term "foreign passthru payment." The United States has entered into an intergovernmental agreement with India ("**IGA**"), which potentially modifies the FATCA withholding regime described above. Our Bank has registered as an FFI with the U.S. Internal Revenue Service and it believes that it may be subject to diligence, reporting and withholding obligations under the FATCA rules and the IGA. It is not yet clear how foreign passthru payments will be addressed in light of the IGA. Prospective investors in the Equity Shares should consult their tax advisors regarding the potential impact of FATCA, the IGA and any non-U.S. legislation implementing FATCA on their investment in the Equity Shares.

92. Our Bank may be classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. holders of Equity Shares.

Our Bank will be classified as a PFIC for any taxable year if either: (i) at least 75.00% of its gross income is "passive income" for purposes of the PFIC rules or (ii) at least 50.00% of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce, or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions, and from the sale or exchange of property that gives rise to passive income.

However, under final and proposed U.S. Treasury Regulations and a notice from the U.S. Internal Revenue Service, special rules apply to income derived in the active conduct of a banking business. Based on the current and anticipated composition of the income, assets (including their expected values) and operations of our Bank and the application of the relevant PFIC rules governing banks referred to above, our Bank does not expect to be treated as a PFIC for the current taxable year or in the foreseeable future. Whether our Bank is treated as a PFIC is a factual determination that must be made annually after the close of each taxable year. This determination will depend on, among other things, the specific activities, the composition of the income and assets, as well as the value of the assets (which may fluctuate with our Bank's market capitalisation) of our Bank from time to time. In addition, the manner in which the PFIC rules governing banks apply to our Bank is unclear in some respects. Some of the administrative guidance governing the application of the PFIC rules to banks is in the form of proposed U.S. Treasury Regulations and may change significantly when finalised, and new or revised regulations or pronouncements interpreting or clarifying the PFIC bank provisions may be forthcoming. Therefore, there can be no assurance that our Bank will not be classified as a PFIC in any taxable year. If our Bank were treated as a PFIC for any taxable year during which a U.S. Holder held Equity Shares, certain adverse U.S. federal income tax consequences would apply to such a U.S. Holder.

MARKET PRICE INFORMATION

As at the date of this Placement Document, 7,412,448,217 Equity Shares are paid-up and outstanding. The Equity Shares have been listed and traded on the BSE and the NSE since September 24, 2002.

On February 22, 2024, the closing price of the Equity Shares on the NSE and the BSE was ₹147.30 and ₹147.25 per Equity Share, respectively. Since the Equity Shares are actively traded on the Stock Exchanges, the market price and other information for each of the NSE and the BSE has been given separately.

(i) The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for Fiscal Year 2023, Fiscal Year 2022 and Fiscal Year 2021:

NSE

Fiscal Year	High (₹)	Date of High[(a)]	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on the date of high (In ₹ crore)	Low (₹)	Date of low[(a)]	Number of Equity Shares traded on the day of low	Total volume of Equity Shares traded on the date of low (In ₹ crore)	Average price for the year (In ₹)[(b)]
2023	94.30	December 14, 2022	59,058,653	556.72	33.75	May 12, 2022	7,742,862	26.28	54.49
2022	54.05	November 9, 2021	37,016,833	198.60	32.45	April 22, 2021	5,748,968	18.69	40.02
2021	42.05	February 18, 2021	131,622,894	562.18	22.85	May 22, 2020	3,422,439	7.88	29.75

Source: www.nseindia.com

Notes:

(a) High, low and average prices are based on the daily closing prices. In case of two days with the same closing price, the date with the higher volume has been chosen.

(b) Average price for the year represents the average of daily closing prices on each day of each year.

BSE

Fiscal Year	High (₹)	Date of High[(a)]	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on the date of high (In ₹ crore)	Low (₹)	Date of low[(a)]	Number of Equity Shares traded on the day of low	Total volume of Equity Shares traded on the date of low (In ₹ crore)	Average price for the year (In ₹)[(b)]
2023	94.25	December 14, 2022	4,681,229	44.04	33.70	May 12, 2022	1,116,453	3.80	54.49
2022	54.00	November 9, 2021	3,308,134	17.72	32.45	April 22, 2021	319,582	1.04	40.02
2021	42.00	February 18, 2021	11,513,247	4.97	22.90	May 22, 2020	656,258	1,51	29.76

Source: www.bseindia.com

Notes:

(a) High, low and average prices are based on the daily closing prices. In case of two days with the same

closing price, the date with the higher volume has been chosen.

(b) Average price for the year represents the average of daily closing prices on each day of each year.

(ii) The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total volume of Equity Shares traded during each of the last six months:

NSE

Month	High (₹)	Date of High(1)	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on the date of high (In ₹ crore)	Low (v)	Date of low(1)	Number of Equity Shares traded on the day of low	Total volume of Equity Shares traded on the date of low (In ₹ crore)	Average price for the month (2) (In ₹)
January 2024	142.85	January 24, 2024	25,283,547	355.10	120.75	January 01, 2024	8,090,321	97.63	131.64
December 2023	128.30	December 15, 2023	39,463,828	499.57	108.80	December 01, 2023	20,204,953	220.50	118.84
November 2023	112.60	November 15, 2023	37,833,489	431.16	103.25	November 01, 2023	24,198,194	249.34	106.96
October 2023	112.10	October 03, 2023	54,476,348	597.13	94.75	October 26, 2023	20,883,382	194.43	102.40
September 2023	106.30	September 29, 2023	45,883,301	483.03	86.10	September 01, 2023	23,952,482	205.43	94.85
August 2023	94.50	August 17, 2023	19,145,161	181.89	85.90	August 31, 2023	13,659,955	117.86	90.14

Source: www.nseindia.com

Notes:

(a) High, low and average prices are based on the daily closing prices. In case of two days with the same closing price, the date with the higher volume has been chosen.

(b) Average price for the month represents the average of daily closing prices on each day of each month.

BSE

Month	High (₹)	Date of High(1)	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on the date of high (In ₹ crore)	Low (₹)	Date of low(1)	Number of Equity Shares traded on the day of low	Total volume of Equity Shares traded on the date of low (In ₹ crore)	Average price for the month (2) (In ₹)
January 2024	142.85	January 24, 2024	3,419,145	47.98	120.80	January 01, 2024	1,138,811	13.74	131.60
December 2023	128.05	December 15, 2023	1,263,624	15.89	108.80	December 01, 2023	1,920,344	20.95	118.83
November 2023	112.50	November 15, 2023	2,381,825	27.16	103.20	November 01, 2023	1,951,664	20.10	106.95
October 2023	112.05	October 03, 2023	4,303,374	47.15	94.75	October 26, 2023	2,611,097	24.24	102.38
September 2023	106.31	September 29, 2023	1,910,834	20.12	86.26	September 01, 2023	1,176,542	10.10	94.87

Month	High (₹)	Date of High(1)	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on the date of high (In ₹ crore)	Low (₹)	Date of low(1)	Number of Equity Shares traded on the day of low	Total volume of Equity Shares traded on the date of low (In ₹ crore)	Average price for the month (2) (In ₹)
August 2023	94.51	August 17, 2023	747,288	7.09	85.89	August 31, 2023	469,364	4.05	90.11

Source: www.bseindia.com

Notes:

(a) *High, low and average prices are based on the daily closing prices. In case of two days with the same closing price, the date with the higher volume has been chosen.*

(b) *Average price for the month represents the average of daily closing prices on each day of each month.*

(iii) The following table sets forth the details of the number of Equity Shares traded and the turnover during the financial years ended March 31, 2023, March 31, 2022, and March 31, 2021 on the Stock Exchanges:

Period	Number of Equity Shares Traded		Turnover (in ₹ crore)	
	BSE	NSE	BSE	NSE
Year ended March 31, 2023	364,860,796	3,735,382,738	2,302.74	24,107.14
Year ended March 31, 2022	389,363,884	4,144,435,838	1,629.76	17,124.91
Year ended March 31, 2021	193,380,173	1,909,788,912	623.30	6,342.39

(Source: www.bseindia.com and www.nseindia.com)

(iv) The following table set forth the details of the number of Equity Shares traded and the turnover during the six immediately preceding months:

Period	Number of Equity Shares Traded		Turnover (in ₹ crore)	
	BSE	NSE	BSE	NSE
January 2024	54,024,832	455,546,682	736.42	6,103.52
December 2023	37,489,735	461,256,261	444.25	5,489.23
November 2023	28,524,798	368,388,831	307.96	3,978.05
October 2023	39,172,557	529,304,738	402.47	5,471.04
September 2023	54,332,301	932,392,882	523.29	9,065.45
August 2023	19,239,366	373,254,542	174.10	3,364.15

(v) The following table sets forth the market price on the Stock Exchanges on April 27, 2023, the first Working Day following the approval of the Board of Directors for this Issue:

Stock Exchange	Open (In ₹)	High (In ₹)	Low (In ₹)	Close (In ₹)	Total number of Equity Shares traded	Total volume of Equity Shares traded (In ₹ crore)
NSE	75.00	75.20	73.90	74.20	7,673,542	57.19
BSE	75.18	75.18	73.90	74.22	686,546	5.12

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from the Issue are approximately ₹3,000.00 crore. Subject to compliance with applicable laws and regulations, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue from the aggregate proceeds of the Issue, are approximately ₹2,991.62 crore ("**Net Proceeds**").

Purpose of Funds and Utilization of Net Proceeds

Subject to compliance with applicable laws, our Bank intends to utilize the Net Proceeds towards augmenting our Bank's Tier I Capital to meet additional requirement on account of capital conservation buffer and to support growth plans and to enhance the business of our Bank.

Schedule of deployment of funds

Our Bank currently proposes to deploy the Net Proceeds in the aforesaid object in Fiscals 2024 and 2025.

Monitoring of utilization of funds

In terms of the proviso to Regulation 173A(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Issue.

Other Confirmations

The Net Proceeds are proposed to be deployed towards the purpose set out above and are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable.

None of our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALISATION STATEMENT

The following table sets forth our Bank’s capitalization (on a consolidated basis) as at December 31, 2023, which has been extracted from our Limited Review Unaudited Consolidated Financial Results, and as adjusted to give effect to the receipt of the gross proceeds of the Issue. This table should be read in conjunction with the sections titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Statements*” beginning on pages 100 and 329, respectively.

(In ₹ crore, except stated otherwise)

Particulars	Pre-Issue (as at December 31, 2023)	Post-Issue as adjusted (1)
Current borrowing:		
Secured	13,468.36	13,468.36
Unsecured	2,340.04	2,340.04
Non-current borrowing (including current maturities of long-term debt):		
Secured	4.15	4.15
Unsecured	21,447.89	21,447.89
Total borrowing (a)	**37,260.44**	**37,260.44**
Shareholders' funds:		
Share capital	7,412.45	7,633.61
Preference share Capital issued by Subsidiary Company	104.00	104.00
Securities premium	22,845.11	25,623.95
Reserves and surplus (excluding securities premium)	63,709.46	63,709.46
Non-controlling Interest	-	-
Shareholders’ funds (excluding borrowings) (b)	**94,071.02**	**97,071.02**
Total capitalization (a + b)	**1,31,331.46**	**1,34,331.46**
Current Borrowing / Shareholders Funds (in times)	**0.17**	**0.16**
Long Term Borrowings / Shareholders Funds (in times)	**0.23**	**0.22**
Total Borrowing / Shareholders Funds (in times)	**0.40**	**0.38**

Note:

1. *As adjusted to reflect the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue. Adjustments do not include Issue related expenses and for any other transactions or movements in such financials statements line items post December 31, 2023.*

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Banking Regulation Act and regulations made thereunder, the RBI Act and regulations and guidelines made thereunder including RBI Circular (RBI/2004-05/451DBOD.NO.BP.BC.88/21.02.067/2004-05) dated May 4, 2005 ("**RBI Dividend Circular**"). Our Bank follows the Banking Regulation Act, the RBI Dividend Circular and Regulation 43A of the SEBI Listing Regulations in this regard.

For eligibility criteria for declaration of dividend in terms of the RBI Dividend Circular, see "*Regulations and Policies*" and "*Description of the Equity Shares – Declaration of Dividend*" on pages 246 and 304, respectively. For a summary of certain Indian tax consequences of dividend distributions to shareholders, see "*Taxation*" on page 305.

In addition, *vide* a circular DOR.ACC.REC.7/21.02.067/2021-22 dated April 22, 2021, RBI partially modified of the instructions contained in circular DBOD.NO.BP.BC.88/ 21.02.067/2004-05 dated May 4, 2005, and allowed the banks to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend pay-out ratio prescribed in the RBI Dividend Circular.

The details of dividend paid by our Bank pertaining to Fiscal 2021, Fiscal 2022, Fiscal 2023, and from April 1, 2023 till the date of this Placement Document are set out in the following table:

Fiscal Year	**Face value of Equity Share (in ₹)**	**Interim dividend per Equity Share (in ₹)**	**Final dividend per Equity Share (in ₹)**	**Total amount of dividend (in ₹ crores)**	**Dividend rate (%)**	**Dividend distribution tax where applicable (in ₹ crores)**
April 1, 2023 – the date of this Placement Document	10	Nil	Nil	Nil	Nil	Nil
2022 – 2023	10	Nil	3.00	2,050.43	30.00	Nil
2021 – 2022	10	Nil	1.90	1,298.60	19.00	Nil
2020 – 2021	10	Nil	Nil	Nil	Nil	Nil

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our Bank's standalone financial conditions and results of operations as at for the years ended March 31, 2021, 2022 and 2023 and as at and for the nine months ended December 31, 2022 and 2023. Although our Bank has five subsidiaries, three joint ventures and one associate, the effect of those entities on our Bank's consolidated financial statements is not significant. Our Bank's management primarily utilizes our Bank's standalone financial information to monitor the operational strength and performance of our business. For information on our Bank's financial information on a consolidated basis, see our consolidated financial statements in "Financial Statements" on page 329.

This discussion should be read together with the sections entitled "Risk Factors", "Industry Overview", "Our Business", "Selected Financial Information", "Selected Statistical Information" and "Financial Statements" on pages 49, 174, 189, 36, 148 and 329, respectively.

We prepare our financial statements in accordance with the requirements prescribed under the Third Schedule of the Banking Regulation Act, in accordance with prevailing practices within the banking industry in India and Indian GAAP. Our financial statements reflect applicable statutory requirements, regulatory guidelines and accounting practices in India; these requirements, guidelines and practices change from time to time. In accordance with Indian GAAP, adjustments to reflect such changes are made on a prospective basis, and financial statements for earlier periods are not restated.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information herein as at for the years ended March 31, 2021, 2022 and 2023 is derived from our Audited Standalone Financial Statements and financial information included herein as at and for the nine months ended December 31, 2022 and 2023 is derived from our Limited Review Unaudited Standalone Financial Results. For further information, see "Financial Statements" on page 329. For the purposes of a comparative analysis, certain figures for the year ended March 31, 2021 have been reclassified. For details, see "-Reclassification of Certain Line Items" on page 123.

Except as stated or defined otherwise, with respect to costs and yields presented herein, average balance for deposits, advances and investments is the fortnightly average, average balance for others interest-earning assets is the monthly average and all other average balances are based on the average of the opening and closing balances for the period/year. The average balances of advances include NPAs. The average balances of investments includes depreciation or provision for investments, if any. Cost and yields for the nine months ended December 31, 2022 and 2023 are annualized.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Such statements are subject to certain risks, uncertainties and assumptions that could cause our actual results to differ materially from those anticipated in these forward-looking statements. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person, or that these results will be achieved or are likely to be achieved. For more details, see "Forward-Looking Statements" beginning on page 16.

OVERVIEW

Our Bank has a rich legacy of serving the nation of India and has been an active partner in the growth story of India since our incorporation in 1919. The Amalgamation of the erstwhile Andhra Bank and erstwhile Corporation Bank into our Bank came into effect on April 1, 2020. Since the Amalgamation, we have worked diligently to harmonize and transform the policies, products and processes of our new amalgamated Bank. We rolled out a new organizational structure and expanded our pan-India presence. As at December 31, 2023, our Bank had total advances of ₹ 8,95,974.08 crore, a network of 8,479 global branches and 9,889 automated teller machines ("**ATMs**"), 18,987 business correspondents, an employee base of 76,372 and a customer base of over 15.24 crore.

We offer a comprehensive "digital experience" to our banking customers by leveraging and implementing the innovations in technology like cloud computing and digital lending. We aim to embed digitization across our full range of banking processes and services. Our digital sanctions in Fiscal 2023 were ₹2,061.66 crore. We will continue to focus on meeting consumer demand and responding to changing behaviour while at the same time ensuring our Bank becomes more efficient in its operations. To take advantage of the availability of internet and mobile for banking services, we have been continuously investing in the latest technology to build up our offering of banking products and services to increase our digital acquisition of new business, particularly in the RAM sectors, and to increase our CASA Ratio. We have introduced pre-approved personal loans offered to our digital customers, Shishu Mudra loans for the micro, small and medium enterprises ("**MSME**") sector that are sanctioned though our end-to-end straight-through processing ("**STP**") and *Vyom*, which is our mobile application for all banking needs. For the nine months ended December 31, 2023 and Fiscal 2023, transactions through our digital channels represented 88.59% and 87.98%, respectively, of our Bank's total transactions. As at March 31, 2023, our Bank had 0.77 crore registered internet banking users and 2.13 crore registered mobile banking users and as at December 31, 2023, our Bank had 0.82 crore registered internet banking users and 2.54 crore registered mobile banking users.

Our Bank's principal banking and financial products and services include fund-based and non-fund-based facilities for corporate/ wholesale, retail, agriculture and MSMEs customers. We offer deposit products, foreign exchange products, fee and commission-based products and services, international banking products and services, and other banking products and services, such as the distribution of mutual fund and insurance products. We also engage in treasury operations and provide our customers with asset management services through our subsidiary, Union Asset Management Company Private Limited; institutional equity broking services through our subsidiary, UBI Services Limited and life insurance products through our joint venture, Star Union Dai-ichi Life Insurance Company Limited. As at December 31, 2023 and March 31, 2023, our total domestic loans were ₹8,66,689.35 crore and ₹7,85,302.61 crore, respectively, and represented 96.73% and 96.96%, respectively, of our total gross loans.

Corporate/ Wholesale. We offer a wide range of corporate loans and other products to assist corporate customers with their financial needs, including fund-based facilities, such as term loans and working capital, and non-fund-based facilities, such as letters of credit, guarantees and loan syndication.

Retail. We provide retail customers with a range of loans to meet their personal financial requirements, including home loans, mortgage loans, education loans, vehicle loans, gold loans, personal loans and other retail loans.

Agriculture. We provide loans to the agricultural sector, comprising individual farmers, groups of farmers, agri-entrepreneurs and corporates. We extend crop loans to farmers to meet their financial needs towards seasonal agricultural operations and provide working capital loans and gold loans.

MSME. We provide funding and credit to MSMEs in various industries, including the manufacturing and service industries. We have developed a wide range of tailor-made products and customized services targeted at MSMEs, including credit facilities, term loans and/ or working capital loans for the purchase, construction and/ or renovation of factories, offices and equipment for business activities.

In line with our strategy to focus on underbanked sectors, we have focused our business on the Retail, Agriculture and MSME ("**RAM**") sectors, which constituted 56.28% of our Bank's domestic advances as at December 31, 2023, and 55.61% of our Bank's domestic advances as at March 31, 2023. As at December 31, 2023, gross advances to Retail, Agriculture and MSME sectors represented 20.01%, 20.49% and 15.78% of our domestic gross advances, respectively, and as at March 31, 2023, gross advances to Retail, Agriculture and MSME sectors represented 20.34%, 19.35% and 15.92% of our domestic gross advances, respectively.

Deposits: Our Bank's deposit services comprise demand deposits, savings deposits and term deposits. Demand deposits are designed to cater to the banking requirements of our corporate customers and individuals involved in commercial or business activities. Savings deposits are designed primarily for individuals and trusts. Term deposits include short deposits, fixed deposits, monthly income scheme and interest-bearing deposits and are designed primarily for individuals.

Treasury Operations: Our Bank's treasury operations include the management of funds and liquidity, investment in debt and equity products and compliance with the RBI's statutory liquidity ratio and cash reserve ratio norms.

Other Banking Products and Services: Our Bank's other banking products and services include the fee-based products and services, such as collections and payment services, merchant banking, depository services, clearing bank services and handling of the GoI's business, including tax collections and opening and servicing public provident fund accounts.

International Banking Products and Services: We provide a wide range of trade and investment related international banking products and services that cater to the needs of our non-resident Indian ("**NRI**") customer base and to industrial enterprises engaged in import and export. We offer services such as foreign exchange services and NRI services, comprising remittance facilities for resident Indians, foreign currency loans and lending and deposit services to NRIs. We also provide trade finance and other services to exporters and importers, including the collection of bills, provision of foreign currency loans, such as arranging short-term foreign currency loans through our correspondent banks and provision of credit substitutes, such as letters of credit and guarantees.

Our international operations include the operations of our Bank's subsidiary in the United Kingdom, Union Bank of India (UK) Limited and our two international branches (Dubai International Financial Centre ("**DIFC**") and Sydney, Australia). In addition, we have a joint venture in Malaysia, India International Bank (Malaysia) BHD.

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our results of operations and financial condition:

Interest Income

Our results of operations depend largely on our net interest income, which is interest earned less interest expended ("**Net Interest Income**"). Our Net Interest Income is affected by a number of factors, including interest rates, our spread, which is the difference between the average rate earned on our interest-earning assets and the average rate payable on our interest-bearing liabilities. our ability to allocate funds to interest-earning assets that provide high interest rates and our ability to lower our cost of funding. In Fiscals 2021, 2022 and 2023, and the nine months ended December 31, 2022 and 2023, our Bank's Net Interest Income as a percentage of total income in such Fiscals/periods was 30.66%, 34.53%, 34.35%, 36.00% and 32.00%, respectively. Our Net Interest Margin has been steadily improving from 2.47% in Fiscal 2021 to 2.71% in Fiscal 2022 and to 2.90% in Fiscal 2023. Our Net Interest Margin was 2.93% and 2.99% in the nine months ended December 31, 2022 and 2023, respectively,

Interest Rates

Changes in interest rates affect the interest rates we charge on our interest-earning assets and that we pay on our interest-bearing liabilities. Movements in short-term and long-term interest rates affect our interest income and interest expense, as well as the level of gains and losses on our securities portfolio. Indian banks, including us, follow the direction of interest rates set by the RBI and adjust both deposit rates and lending rates upwards or downwards accordingly. Decreases in the RBI policy rates would prompt Indian banks to re-examine their lending rates. Adverse changes in prevailing interest rates may result in a decline in Net Interest Income due to an increase in our costs of funds or deposits without a corresponding increase in our yield on assets. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, money supply, RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

For monetary policy transmission with a special focus on transmission to banks' deposit and lending interest rates, the RBI issued a Master Direction - Reserve Bank of India (Interest Rate on Advances) Directions, 2016. Taking cognizance of the key role of banks in the financial system in India, the RBI has endeavoured to address the impediments to improve transmission to banks' lending rates, with the most recent one being the introduction of the external benchmarking regime for floating rate loans in select sectors. The external benchmark system has incentivised banks to adjust their term as well as saving deposit rates as lending rates undergo frequent adjustments in line with the benchmark rates, to protect their Net Interest Margins thus broadening the scope of transmission across sectors that are not even linked to external benchmark. Further, the RBI issued a circular on September 4, 2019 making it mandatory for banks to link all floating rate personal or retail loans and floating rate loans to micro and small enterprise borrowers to an external benchmark with effect from October 1, 2019. With a view to further strengthening monetary policy transmission, RBI issued a circular on February 26, 2020, to further link all new floating rate loans to the medium enterprises extended by banks to the external benchmarks with effect from April 1, 2020. The banks are free to choose one of the several benchmarks indicated in the circular. Banks are also free to choose their spread over the benchmark rate, subject to the condition that the credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract. For further information on Monetary Policy Transmission in India, see the sections titled "*Industry Overview*" beginning on page 174 and "*Regulations and Policies*" beginning on page 246.

Allocation of Funds

In recent years, there has been increased demand for funding across many sectors of the Indian economy. The growth of the Indian economy has enabled us to allocate our funds from Government securities to advances, which offer us higher returns, subject to maintaining minimum statutory requirements. Further, we diversify our interest income by lending to retail customers, large corporates and small and medium enterprises across various industry segments. We have been consistently growing and diversifying our loan book, with advances to the retail, agriculture and MSME ("**RAM**") sectors representing 56.28% of domestic advances as at December 31, 2023. If the volume of our loans decreases due to a general slowdown in the economy, increased competition or other factors, our Net Interest Income will decrease as well. In addition, we seek to allocate our funds in an optimum manner at any point of time depending on our liquidity and prevailing interest rates.

Sources of Funding

Our ability to meet demand for new loans and lower our cost of funding will depend on our ability to continue to broad-base our deposit profile, our ability to attract and retain new customers, and our continued access to term deposits from the retail, corporate and inter-bank market. Our primary interest-bearing liability is our deposit base. We have been strengthening our liability franchise, including through growth in CASA. As at March 31, 2021, 2022 and 2023 and December 31, 2023, we had total deposits of ₹9,23,805.34 crore, ₹10,32,392.63 crore, ₹11,17,716.32 crore and ₹11,72,455.34 crore, respectively, and our CASA Ratio (ratio of CASA to total deposits) was 36.33%, 36.54%, 35.26% and 33.87%, respectively. An increase in our CASA Ratio helps to lower our cost of deposits. Our cost of deposits, which is interest expense on deposits for the year/period divided by average deposits ("**Cost of Deposits**"), for Fiscals 2021, 2022 and 2023 and the nine months ended December 31, 2022 and 2023 was 4.66%, 4.12%, 4.37%, 4.21% and 5.15%, respectively.

To continue to source low-cost funding through customer deposits, we must, among other measures, increase brand recall and develop products and services to distinguish ourselves in an increasingly competitive industry. Adverse economic conditions may also limit or negatively affect our ability to attract deposits, replace maturing liabilities in a timely manner and at commercially acceptable rates, satisfy statutory liquidity requirements and access funding. However, increasing customer sophistication, competition for funding, any sharp increase in prevailing interest rates and changes to the RBI's liquidity and reserve requirements may increase the rates that we pay on our deposits.

Our Cost of Funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the inter-bank markets. Internal factors that will affect our Cost of Funds include changes in our credit ratings, available credit limits and our ability to mobilize low-cost deposits, particularly through our retail banking branches.

The following table sets forth, as at March 31, 2021, 2022 and 2023, and December 31, 2023, the details of our Bank's domestic and international credit ratings by the indicated ratings agencies:

Rating Agency	As at March 31, 2021		As at March 31, 2022		As at March 31, 2023		As at December 31, 2023	
	Tier I	Tier II	Tier I	Tier II	Tier I	Tier II	Tier I	Tier II
Brickwork Ratings	AA/Negative	AA+/Stable	AA/Stable	AA+/Stable	AA/Stable	AA+/Stable	AA/Stable	AA+/Stable

CARE Ratings	AA-/Negative	-	AA/Stable	AA+/Stable	AA/Positive	AA+/Positive	AA+/Stable	AAA/Stable
CRISIL	AA-/Negative	AA+/Stable	AA/Stable	AA+/Stable	AA/Stable	AA+/Stable	AA+/Stable	AAA/Stable
ICRA	-	AA+(hyb)	-	AA+/Stable	-	AA+/Stable	-	AAA/Stable
India Rating & Research	AA/Stable	AA+/Stable	AA/Stable	AA+/Stable	AA/Stable	AA+/Stable	AA/Positive	AA+/Positive

Rating agency	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023	As at December 31, 2023
S&P Global Ratings	Issuer Credit Rating-B+/Stable/B	Issuer Credit Rating-BB+/Stable/B	Issuer Credit Rating-BB+/Stable/B	Issuer Credit Rating-BBB-/Stable/A3
Moody's Investor Services	Long Term CRR- Ba1	Rating Withdrawn	Rating Withdrawn	Rating Withdrawn
Fitch Ratings Ltd.	--	BBB-/Stable	BBB-/Stable	BBB-/Stable

There have been no changes to our Bank's credit ratings as at December 31, 2023 set forth above as at the date of this Placement Document.

For more information on our Bank's credit ratings, please see "*Risk Factors — If we are unable to secure funding on acceptable terms and at competitive rates when needed, there could be a material, adverse effect on our business, financial condition, results of operations and cash flows.*" on page 61.

Macroeconomic conditions in India

As a bank with its principal operations in India, our financial condition and results of operations have been and will continue to be significantly affected by the overall economic growth patterns in India. While our results may not entirely track India's economic growth figures, the Indian economy's performance affects the environment in which we operate. Strong economic growth tends to positively affect our results of operations, since it can cause businesses to plan and invest more confidently and support the growth of the Indian manufacturing, infrastructure, NBFCs, housing and other sectors, among other things, which would in turn drive stronger demand for bank credit, as well as other banking products and services that we offer. Stronger economic growth also generally increases the interest income that we are able to generate from the loans we offer and tends to improve the overall creditworthiness of our customers. Please refer to the section titled "*Industry Overview*" beginning on page 174 for a discussion on macroeconomic conditions and trends in the Indian and global economies. Any slowdown in the growth of the Indian economy or the growth of the economies of other countries that could have a direct effect on the Indian economy, coupled with inflationary pressures, could adversely affect our business, the business sectors that we are targeting as growth areas and the financial standing and growth plans of our borrowers and contractual counterparties.

Regulatory Measures and Reforms

The banking industry in India is subject to extensive regulations issued by Governmental organizations and regulatory bodies including the RBI, SEBI and the Insurance Regulatory and Development Authority, and self-regulatory organisations. These regulations cover various aspects such as loans and advances, investments, deposits, risk management, foreign investment, corporate governance and market conduct, customer protection, foreign exchange management, capital adequacy, margin requirements, know-your customer and anti-money laundering, and provisioning for NPAs. The RBI also prescribes required levels of lending to "priority sectors" such as agriculture, which may expose us to higher levels of risk in advances than we may otherwise face.

Since 2013, the GoI has introduced various economic reforms intended to provide increased control and transparency in the banking and financial services industry. In order to strengthen banks' ability to effectively resolve stressed assets and enhance transparency, the RBI has issued guidelines on the sale of stressed assets by banks and introduced measures to deal with stressed assets. These guidelines require banks to identify the specific financial assets identified for sale to other institutions, including securitisation companies/ reconstruction companies.

Basel III reforms are the response of Basel Committee on Banking Supervision ("**BCBS**") to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro cyclical amplification of these risks over time.

The RBI has notified Reserve Bank of India Monetary Policy Committee ("**MPC**") and Monetary Policy Process Regulations, 2016, which came into effect from August 01, 2016. The RBI's Monetary Policy Department assists the MPC in formulating monetary policy. The MPC in its meetings reviews the surveys conducted by the RBI to gauge consumer confidence, households' inflation expectations, corporate sector performance, credit conditions, the outlook for the industrial, services and infrastructure sectors, and the projections of professional forecasters. The MPC also reviews in detail the staff's macroeconomic projections, and alternative scenarios around various risks to the outlook. Once in every six months, the RBI publishes a monetary policy report containing the explanation of inflation dynamics in the last six months and the near term inflation outlook, projections of inflation and growth and the balance of risks, an assessment of the state of the economy, covering the real economy, financial markets and stability, fiscal situation, and the external sector, which may entail a bearing on monetary policy decisions; an updated review of the operating procedure of monetary policy; and an assessment of projection performance. Monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of our advances and deposits. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting its monetary policy. A monetary policy designed to combat inflation typically results in an increase in RBI lending rates. Further, in addition to having gradually established more stringent capital adequacy requirements, the RBI has also instituted several prudential measures including an increase in risk weights for capital adequacy computation and general provisioning for certain types of asset classes. For further information, see "*Regulations and Policies*" on page 246. Other similar measures and regulatory developments relating to the Indian banking and financial services industry may have a significant effect on our operations and financial performance.

Asset Quality, NPAs and Provisioning

Our ability to manage the credit quality of our loans, which we measure in part through NPAs, is a key driver of our results of operations. The level of our non-performing loans is affected by, among other things, the general level of economic growth in India, the difficulties inherent in restructuring problem loans, the amount of non-performing loans written-off and our credit approval and monitoring policies. Our loan portfolio includes loans to a wide range of businesses and industries. Financial difficulties experienced by our customers or by particular sectors of the Indian economy to which we have historically had and continue to have significant exposure could significantly increase our NPA levels. Other factors include a rise in unemployment, prolonged recessionary conditions, a decline in household savings and income levels, regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, refinance risks due to a slowdown in lending by non-banking financial companies, housing finance companies and other financial intermediaries, and movements in global commodity markets and exchange rates, each of which could cause a further increase in the level of NPAs. An increase in the amount of our NPAs may require us to increase our provisions against advances, investments and the related recovery and litigation costs. To the extent that we are required to make additional provisions on account of our NPAs, such provisions are charged to our profit and loss account and decrease our profit.

Indian banks are required to comply with RBI guidelines on income recognition and provisioning for NPAs. Provisions are created by a charge to expense, and represent our Bank's estimate for loan losses and risks inherent in the credit portfolio. At a minimum, our Bank makes provisions in accordance with RBI guidelines, though it may provide in excess of RBI requirements to reflect its internal estimates of actual losses.

In accordance with the RBI guidelines and clarifications relating to COVID-19 Regulatory Package, our Bank granted moratorium on the payment of instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to eligible borrowers classified as standard, even if overdue, as at February 29, 2020. In accordance with the additional Regulatory Package guidelines, our Bank granted a second moratorium on instalments or interest, as applicable, due between June 1, 2020 and August 31, 2020. The moratorium period, wherever granted, is excluded from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms.

The Supreme Court of India in *Small Scale Industrial Manufactures Associate (Regd.) vs Union of India and others vide* a judgment dated March 23, 2021 has directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. Since date of the judgment on March 23, 2021, our Bank has initiated classifying overdue accounts as NPAs.

One of our Bank's major areas of focus in recent Fiscals has been on asset recovery and NPA management. The following table illustrates our NPAs for the years/periods indicated:

Particulars	**As at March 31,**			**As at December 31,**	
	2021	**2022**	**2023**	**2022**	**2023**
	(₹ in crores, except for percentages)				
Gross NPAs	89,788.20	79,587.07	60,987.29	63,770.16	43,261.88
% of Gross NPAs to Gross Advances	13.74%	11.11%	7.53%	7.93%	4.83%
Net NPAs	27,280.52	24,303.30	12,927.44	16,195.11	9,351.23
% of Net NPAs to Net Advances	4.62%	3.68%	1.70%	2.14%	1.08%

Our Bank makes provisions for restructured borrowal accounts in accordance with RBI guidelines. RBI had issued guidelines for "Resolution of Stressed Assets" on February 12, 2018 and had withdrawn all earlier resolution schemes, i.e., Framework for Revitalizing Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme ("**SDR**"), Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets ("**S4A**"). The RBI has, pursuant to its circular dated June 7, 2019, established a new regulatory framework for resolution of stressed assets ("**Revised Framework**"). Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution, such as revitalising distressed assets, CDR, flexible structuring of existing long-term project loans, SDR, change in ownership outside SDR, and S4A, have been withdrawn. In addition, the guidelines /framework for joint lenders' forum has also been discontinued. According to the Revised Framework, lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account.

Under the Revised Framework, the RBI promulgated a revised framework for resolution of stressed assets, where banks are required to put in place a board approved policy for resolution of stressed assets. Upon the occurrence of a default, banks are required to, within a period of 30 days from the date of such default ("**Review Period**"), review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. If a resolution plan route is chosen by lenders during the Review Period, lenders are required to enter into an inter-creditor agreement to provide rules for finalisation and implementation of the resolution plan and also provide in such inter-creditor agreement that decisions by lenders representing 75% of outstanding facilities and 60% by number shall bind all lenders to the inter-creditor agreement. The resolution plan is to be implemented within 180 days from the end of the Review Period.

Our profits are affected by the amounts provided against advances, investments and the related recovery and litigation costs. If there is any deterioration in the quality of our security or further ageing of assets after being classified as non-performing, we may be required to increase our provisions. Moreover, our ability to manage NPA levels will depend on our ability to recover NPAs in a manner consistent with past abilities and further improve our internal controls and processes. Our ability to reduce or contain the level of our NPAs is also dependent on a number of factors beyond our control, such as increased competition, economic conditions with respect to specific industries, fluctuations in interest and exchange rates or changes in laws and regulations.

To the extent our Bank is able to recover any loans that have been written-off, such amount is credited to our Bank's income statement. Recoveries in written-off accounts amounted to ₹2,536.92 crore, ₹2,749.92 crore and ₹5,549.49 crore for Fiscals 2021, 2022 and 2023, respectively, and ₹2,595.93 crore and ₹2,573.88 crore in the nine months ended December 31, 2022 and 2023, respectively.

Divergence in Asset Classification and Provisioning

The RBI assesses the compliance by banks with the extant prudential norms on income recognition, asset classification and provisioning ("**IRACP**") as part of its supervisory processes. The RBI, in its circular dated April 1, 2019, requires banks to make suitable disclosures, wherever either (i) the additional divergence in assets classification and provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period; and/ or (ii) additional gross NPAs identified by RBI exceed 15% of the published incremental gross NPAs for the reference period.

The RBI has issued a Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated October 1, 2021 for matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances. Accordingly, banks shall recognise incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA). For further information, see "*Regulations and Policies*" on page 246. Other similar measures and regulatory developments relating to the Indian banking and financial services industry may have a significant effect on our operations and financial performance.

Capital Adequacy, Liquidity Requirements and Reserve Ratios

The RBI imposes several compulsory deposit and capital adequacy requirements on financial institutions as a mechanism to control the liquidity and stability of the Indian financial system.

Capital adequacy. Since April 1, 2013, capital adequacy ratios prescribed by the RBI Basel III Capital Regulations have been implemented in phases. Under the RBI Basel III Capital Regulations, banks are required to improve the quantity, quality and transparency of their Tier I capital, enhance risk coverage, supplement the risk-based requirements with a leverage ratio, raise the standards for supervisory review process under Pillar 2 & bring further transparency & market discipline under Pillar 3. The Basel III capital regulations were implemented in India with effect from April 1, 2013 and have been fully implemented as on October 1, 2021. Banks have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations on an ongoing basis. Banks shall maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than capital conservation buffer and countercyclical capital buffer etc.). The Reserve Bank will consider the relevant risk factors and the internal capital adequacy assessments of each bank to ensure that the capital held by a bank is commensurate with the bank's overall risk profile. This would include, among others, the effectiveness of the bank's risk management systems in identifying, assessing / measuring, monitoring and managing various risks including interest rate risk in the banking book, liquidity risk, concentration risk and residual risk. Accordingly, the Reserve Bank will consider prescribing a higher level of minimum capital ratio for each bank under the Pillar 2 framework based on their respective risk profiles. Further, in terms of the Pillar 2 requirements, banks are expected to operate at a level well above the minimum requirement. As a matter of prudence, it has been decided that scheduled commercial banks operating in India shall maintain a minimum total capital (MTC) of 9% of total risk weighted assets (RWAs) i.e., capital to risk weighted assets (CRAR). Further Common Equity Tier 1 (CET1) capital must be at least 5.5% of risk-weighted assets (RWAs) within the minimum total capital (MTC). Banks are also required to maintain a capital conservation buffer (CCB) of 2.5% of RWAs in the form of Common Equity Tier 1 capital.

Reserve ratios. Commercial banks in India are subject to Cash Reserve Ratio ("**CRR**") requirement as prescribed under RBI regulations. CRR is our balance held in a current account with the RBI and is calculated as a specified percentage of our net demand and time liabilities, excluding interbank deposits. Under the CRR requirements, as at December 31, 2023, we are required to maintain a minimum of 4.50% of our eligible demand and time liabilities in a current account with the RBI on an average fortnightly basis and on a particular day, the minimum daily maintenance of CRR should be 90% of prescribed CRR. Our Bank's CRR as on December 31, 2023 was 4.62% of our net demand and time liabilities. The RBI has the authority to prescribe CRR without any ceiling limits and is not obliged to pay interest payments on CRR balances. In addition, all banks operating in India are also required to maintain a Statutory Liquidity Ratio ("**SLR**"), which is a specified percentage of a bank's net demand and time liabilities by way of liquid assets such as cash, gold or approved unencumbered securities. SLR is intended to be a measure to maintain the bank's liquidity, however, it has adverse implications on our ability to expand credit. Changes in interest rates also affect the valuation of our SLR portfolio and thereby affecting our profitability. Under the SLR requirement, as at December 31, 2023, we are required to maintain 18% of our demand and time liabilities in approved securities, such as Government of India ("**GOI**") and state government securities and other approved securities. As at December 31, 2023, SLR securities comprised 22.13% of our Bank's demand and time liabilities, as compared to 27.25% for the fortnight ended March 31, 2023.

Liquidity requirements. The liquidity coverage ratio ("**LCR**") stipulated by the Basel Committee became effective from January 1, 2015. RBI, as part of Basel III Framework of Liquidity Standards, has issued and will continue to issue guidelines on liquidity management applicable to banks. LCR is being implemented in a phased manner, starting with a minimum requirement of 60% from January 1, 2015 to reach 100% by January 1, 2019. However, in order to accommodate challenges faced by the banks on account of the COVID-19 pandemic, the RBI permitted banks to maintain a LCR of 80.00% from April 17, 2020 to September 30, 2020, 90.00% from October 1, 2020 to March 31, 2021, and 100.00% from April 1, 2021 onwards. The current requirement is to maintain incremental liquidity buffer of high quality liquid assets. While LCR provides higher safety, it results in higher liquidity cost and hence lower profitability. In Fiscal 2023, our Bank's average LCR was 167.42% compared to the minimum requisite LCR of 100%. In the nine months ended December 31, 2023, our Bank's average LCR was 145.53% compared to the minimum requisite LCR of 100%.

The Basel III guidelines are more stringent than the requirements prescribed by the earlier RBI guidelines and compliance with such requirements will have an effect on our financial results, including certain key indicators of financial performance, such as the return on equity. Further, more stringent compulsory deposit requirements and capital adequacy requirements tend to negatively affect banks' capital position, thus requiring banks to commit additional capital in order to meet such increased requirements. Since 2013, the RBI has gradually established more stringent compulsory deposit requirements and capital adequacy requirements, and not paid interest on CRR balances. Any increases in the compulsory deposit requirements or capital adequacy requirements that are applicable to our Bank (on account of regulatory changes or otherwise) could affect our profitability by limiting the amount of our Bank's capital that is available for commercial credit transactions or for investment in higher-yielding securities, thus restricting our Bank's ability to grow its business. We may also be compelled to dispose of certain of our assets and/or take other measures in order to meet more stringent requirements, which may adversely affect our results of operations and financial condition.

The table below summarizes the cash reserve ratios, statutory liquidity ratios and liquidity coverage ratios that are applicable to banks in India:

Date	Cash Reserve Ratio	Statutory Liquidity Ratio*	Liquidity Coverage Ratio
As at March 31, 2021	3.50%	18.00%	90.00%
As at March 31, 2022	4.00%	18.00%	100.00%
As at December 31, 2022	4.50%	18.00%	100.00%
As at March 31, 2023	4.50%	18.00%	100.00%
As at December 31, 2023	4.50%	18.00%	100.00%

Competition

Although difficult to quantify, competition may significantly affect our Bank's results of operations and will continue to shape the products and services offered, efficiency and ultimately profitability of Indian banks. Our Bank faces strong competition in all of its principal lines of business. Our Bank's primary competitors are large public sector banks, other private sector banks, foreign banks and, in some product areas, development financial institutions.

In particular, consolidation in the Indian banking industry has increased and may continue to increase competitive pressures experienced by our Bank. For example, five associate banks of State Bank of India and the Bharatiya Mahila Bank merged with State Bank of India, which became effective from April 1, 2017. In Fiscal 2019, the Government announced the merger of three other public sector banks, Bank of Baroda, Vijaya Bank and Dena Bank, effective from April 1, 2019. In Fiscal 2020, the Government announced several additional mergers of public banks including our Bank, each of which became effective from April 1, 2020: amalgamation of Syndicate Bank with Canara Bank; amalgamation of United Bank of India and Oriental Bank of Commerce with Punjab National Bank;

amalgamation of Andhra Bank and Corporation Bank with our Bank; and Allahabad Bank's merger with Indian Bank. The number of public sector banks was 12 as at December 31, 2023, as compared to 27 as at March 31, 2017.

As competitive pressures intensify, our Bank may be required to expend additional resources to offer a more attractive value proposition to its customers, which could negatively affect the Bank's profit margins. In addition, increasing competition may exert downward pressures on the interest rates the Bank is able to charge to its borrowers, which would ultimately erode the Bank's margins.

For more information, see "*Risk Factors — Our industry is very competitive, and our growth strategy depends on our ability to compete effectively*" on page 57 and "*Our Business — Competition*" on page 222.

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable and practices generally prevalent in the banking industry in India.

2. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of Assets and Liabilities (including Contingent Liabilities) as of the date of the financial statements and the reported Income and Expenses during the reporting period. Management believes that the estimates wherever used in the preparation of the financial statements are prudent and reasonable. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

3. Revenue Recognition

3.1 Income and Expenditure have been accounted for on accrual basis unless otherwise stated.

3.2 Income on Non-Performing Assets (NPAs) is recognized to the extent realized as per the prudential norms prescribed by the RBI. Income accounted for in the preceding year and remaining unrealized is derecognized in respect of assets classified as NPAs during the year.

3.3 Commission on Letter of Guarantee/Letter of Credit is accounted on accrual basis.

3.4 Exchange and brokerage earned, rent on Safe Deposit Lockers, income from Aadhaar cards, Minimum balance charges etc. are accounted for on realization basis.

3.5 Income (Other than interest) on investments in "Held to Maturity" (HTM) category acquired at discount to the face value is recognized as follows:

3.5.1 On interest bearing securities, it is recognized only at the time of sale/ redemption.

3.5.2 On Zero- coupon securities, it is accounted for over the balance tenor of the securities on a constant yield basis.

3.6 Dividend is accounted on an accrual basis where the right to receive the dividend is established.

3.7 Sale of NPAs accounted in terms of extant RBI guidelines.

3.8 Interest on Income-tax refunds is accounted for on receipt of Intimation order from the Income Tax Department.

4. Appropriation of Recovery:

Recoveries other than by way of OTS/NCLT shall be appropriated as under:

4.1 When there is no agreement between the debtor and creditor as to how monies paid by the debtor are required to be appropriated by the creditor, the order of appropriation is as under:

For Term Loans:

- Towards expenses & costs etc.
- Towards unrecovered interest reversed on the date of NPA.
- Interest held in dummy ledger (unapplied interest).
- Towards arrears of principal/EMI till the date of recovery.
- Towards running ledger balance.

For Running Accounts:

- Towards expenses & costs etc.
- Towards interest held in dummy ledger (unapplied interest) including unrecovered interest reversed at the time of NPA.
- Towards principal.

4.2 In case borrower stipulates terms of appropriation differently than above and if such different terms of appropriation is accepted by Bank then appropriation of recoveries will be as per the sanction terms.

4.3 In case of OTS & all NCLT accounts, recovery either through resolution/liquidation:

Appropriation of recovery to be done as discussed here under or as per the sanction stipulations

- Towards principal.
- Towards interest held in dummy ledger (unapplied interest) including
- unrecovered interest reversed at the time of NPA.
- Towards expenses & costs etc.

4.4 In case of Non-Performing Investment recovery will be apportioned as mentioned below:

a. Towards expenses & costs etc.

b. Towards unrecovered interest reversed on the date of NPI.

c. Interest held in dummy ledger (unapplied interest).

d. Towards arrears of principal/EMI till the date of recovery.

e. Towards running ledger balance.

5. Cash Flow Statements:

Cash Flow statement of the Bank is prepared as per AS-3. Cash Flow statement is mainly classified as:

5.1 Cash flow from Operating Activities: This activity includes cash flow generated from Operational activities.

5.2 Cash Flow from Investing Activities: This activity includes cash flow generated from investments.

5.3 Cash Flow from Financials Activities: This activity includes the cash flow generated from financial instruments.

6. Investments

6.1 In conformity with the requirements of Form A of the Third Schedule to the Banking Regulations Act, 1949, Investments are classified as under:

6.1.1 Government Securities

6.1.2 Other Approved Securities

6.1.3 Shares

6.1.4 Debentures & Bonds

6.1.5 Investments in Subsidiaries & Joint Ventures and

6.1.6 Other Investments

The Investment portfolio of the Bank is further classified in accordance with the RBI guidelines contained in Master Circular DoR.MRG.42/21.04.141 /201-22 dated August 25, 2021 (updated March 23,2022, March 31, 2022, April 08, 2022 and December 08, 2022) into three categories viz.,

a. Held to Maturity (HTM)

b. Available for Sale (AFS)

c. Held for Trading (HFT)

6.2 As per RBI guidelines, the following principles have been adopted for the purpose of valuation

6.2.1 Securities held in “HTM” – at acquisition cost.

6.2.1.1 The excess of acquisition cost over the face value is amortized over the remaining period of maturity and in case of discount; it is not recognized as income.

6.2.1.2 Investments in Regional Rural Banks are valued at carrying cost.

6.2.1.3 Investments in Subsidiaries and Joint Ventures are valued at carrying cost.

6.2.1.4 Diminution, other than temporary, in the value of its investment in subsidiaries/joint ventures, which are included in HTM shall be provided for.

6.2.2 Securities held in “AFS” and “HFT” categories

6.2.2.1 Securities held in “AFS” and “HFT” categories are valued classification wise and scrip-wise and net depreciation, if any, in each classification is charged to Profit & Loss account while net appreciation, if any, is ignored.

6.2.2.2 Valuation of securities is arrived at as follows:

A	Govt. of India Securities (Central Govt. Securities)	As per Quotation put out by Financial Benchmarks India Pvt Ltd (FBIL)
B	State Development Loans, State Govt. Securities, Securities guaranteed by Central/ State Government, PSU Bonds	On appropriate yield to maturity basis as per FIMMDA Guidelines
C	Equity Shares	As per Market rates, if quoted, otherwise at break-up value, as per latest audited balance sheet (not more than 18 months old). In absence of both, at ₹ 1/- per company. The break-up value is computed excluding revaluation reserve.
D	Preference Shares	As per Market rates, if quoted, or on appropriate yield to maturity basis not exceeding redemption value as per FIMMDA guidelines.
E	Debentures/Bonds	As per Market rates, if quoted, otherwise on appropriate yield to maturity basis as per FIMMDA guidelines.
F	Mutual Funds (MF)	As per stock exchange quotations, if quoted. In case of unquoted units, as per latest Repurchase price declared by concerned MF. In cases where latest repurchase price is not available, as per Net Asset Value (NAV)
G	Treasury Bills / Certificate of Deposits / Commercial Papers	At carrying cost
H	Venture Capital Funds (VCF)	At declared NAV or Breakup NAV as per audited Balance Sheet which is not more than 18 months old. If NAV / audited financial statements are not available for more than 18 months continuously, at ₹ 1/- per VCF
I	Security Receipts	Valuation of the same will be done as per RBI Guidelines on classification, valuation and operation of Investment portfolio of commercial Banks (RBI/DOR/2021-22/81 DOR.MGR.42/21.04.141/2021-22) dated Aug 25, 2021 and as amended from time to time.

6.3 Interbank/RBI Repo and Interbank/ RBI Reverse Repo transactions are accounted for in accordance with extant RBI guidelines.

6.4 As per the extant RBI guidelines, the shifting of securities from one category to another is accounted for as follows:

6.4.1 From AFS/HFT categories to HTM category, at lower of book value or market value as on the date of shifting. Depreciation, if any, is fully provided for.

6.4.2 From HTM category to AFS/HFT category, 6.4.2.1 If the security is originally placed at discount in HTM category, at acquisition cost / book value.

6.4.2.2 If the security is originally placed at a premium, at amortized cost.

The securities so shifted are revalued immediately and resultant depreciation is fully provided for.

6.4.3 From AFS to HFT category and vice versa, at book value.

6.5 The non-performing investments are identified and depreciation / provision is made as per the extant RBI guidelines.

6.6 Profit / Loss on sale of investments & net depreciation on investment in any category are taken to the profit & loss account (net appreciation is ignored). However, in case of profit on sale of investments in "HTM" category, an equivalent amount (net of taxes and net of transfer to Statutory Reserves) is appropriated to the Capital Reserve account.

6.7 Commission, brokerage, broken period interest etc. on securities is debited / credited to Profit & Loss Account.

6.8 Brokerage and STT paid on purchase and sale of Equity is accounted to price of the deal.

6.9 The Amortization of premium on HTM Securities is computed using Straight-line Method.

6.10 The Bank is following weighted average Price (WAP) for accounting of investment portfolio.

6.11 As per the extant RBI guidelines, the Bank follows 'Settlement Date' for accounting of investments transactions.

6.12 Income from the units of Mutual Fund, Venture Capital & Security Receipt shall be recognized on Cash Basis.

6.13 Derivative Contracts

6.13.1 The Interest Rate Swap which hedges interest bearing Asset or Liability are accounted for in the financial statements on accrual basis except the swap designated with an Asset or Liability that is carried at market value or lower of cost or market value. Gains or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the Asset / Liability.

6.13.2 Trading swap transactions are marked to market with changes recorded in the financial statements. (profit if any, is ignored)

6.13.3 In the case of option contracts, guidelines issued by Foreign Exchange Dealers Association of India (FEDAI) from time to time for recognition of income, premium and discount are being followed.

6.13.4 Arbitrage Income earned on forex swap transactions is accounted in Profit / Loss on Exchange Transactions category.

7. <u>Advances</u>

7.1 All advances are classified under four categories:

7.1.1 Standard,

7.1.2 Sub-standard,

7.1.3 Doubtful and

7.1.4 Loss assets.

Provisions required on such advances are made as per the extant prudential norms issued by the RBI in terms of Master Circular RBI/2022-2023/15 DOR.STR.REC.4/21.04.048/2022-23 dated April 01,2022 as under:

7.2 Loans and Advances are classified as performing and non-performing, based on the guidelines issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

7.2.1 In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;

7.2.2 In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e.

7.2.2.1 the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days.

7.2.2.2 The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or

7.2.2.3 the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

7.2.3 In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;

7.2.4 In respect of agricultural advances for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons.

7.2.5 In respect of agricultural advances for long duration crops, where the principal or interest remains overdue for one crop season.

7.2.6 A working capital borrower account will become NPA 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 borrower's financial position is satisfactory.

7.2.7 An account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

7.2.8 The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of the Reserve Bank of India (Securitization of Standard Assets) Directions, 2021

7.2.9 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.

7.2.10 Accounts where there is erosion in the value of security/frauds committed by borrowers

7.2.10.1 In respect of accounts where there are potential threats for recovery on account of erosion in the value of security or non-availability of security and existence of other factors such as frauds committed by borrowers it will not be prudent that such accounts should go through various stages of asset classification. In cases of such serious credit impairment, the asset should be straightaway classified as doubtful or loss asset as appropriate.

7.2.10.2 Erosion in the value of security can be reckoned as significant when the realizable value of the security is less than 50 per cent of the value assessed by the bank or accepted by RBI at the time of last inspection, as the case may be. Such NPAs may be straightaway classified under doubtful category.

7.2.10.3 If the realizable value of the security, as assessed by the bank/ approved valuers/RBI is less than 10 per cent of the outstanding in the borrowal accounts, the existence of security should be ignored and the asset should be straightaway classified as loss asset

7.2.11 In respect of MSME accounts which will be restructured in terms of RBI Circular No DOR.No.BP.BC.34/21.04.048/2019-20 February 11, 2020 with reference to Circular No DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January, 2019 and kept in standard category, the Bank shall maintain a provision of 5% in addition to the provision already held. Reversal of said provision shall be made in accordance with the said circular.

7.2.12 In terms of RBI guidelines relating to 'Covid 19 Regulatory Package' on Asset Classification and Provisioning RBI has issued circular no.DOR.No.BP.BC/3/21.04.048/2020-21 & circular no. DOR.No.BP.BC/4/21.04.048/2020-21 dated 06th August, 2020, DoR.STR.REC.12/21.04.048/2021-22 & DoR.STR.REC.11/21.04.048/2021-22 dated May 05th, 2021 with reference to restructuring of Corporate & Retail Loan, Bank shall maintain necessary provision in this regard.

7.3 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

7.3.1 Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months,

7.3.2 Doubtful: A loan asset that has remained in the sub-standard category for a period exceeding 12 months,

7.3.3 Loss: A loan asset where loss has been identified but the amount has not been fully written off.

7.4 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Sub-Standard Assets:	i. A general of 15% of the total outstanding ii. Additional provision of 10% for exposures which are unsecured ab-initio; iii. However, Unsecured Exposure, ab-initio, in respect of infrastructure loan accounts where certain safeguards such as escrow accounts are available - 20% (instead of 25% as stated above)
Doubtful-Secured Portion	i. Up to one year – 25% ii. One to three years – 40% iii. More than three years – 100%

Doubtful Unsecured Portion	100%
Loss Asset	100%

7.5 Advances are stated net of specific loan loss provisions, Counter cyclical provisioning buffer and unrecovered interest held in Sundry /claims received from Credit Guarantee Trust Fund (CGTF) / Export Credit Guarantee Corporation (ECGC) relating to non-performing assets.

7.6 In respect of foreign offices, classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

7.7 For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loan before and after restructuring is provided for, in addition to provision for NPAs.

7.8 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

7.9 Amounts recovered against debts written off are recognized as revenue in the year of recovery.

7.10 The general provision on Standard Advances is held in "Other Liabilities and Provisions" reflected in schedule 5 of the Balance Sheet and is not considered for arriving at both net NPAs and net advances. Standard Assets provision to be made as per IRAC RBI/2022-2023/15 DOR.STR.REC.4/21.04.048/2022-23 dated April 01,2022 and any subsequent circular issued from time to time.

7.11 Provision on Suspense accounts entries outstanding for more than six months are made at 100% except the claim receivable from Govt./Govt. Bodies like Interest Subsidy on crop loan/export advance, Pension receivable etc.

8. Property, Plant and Equipment

8.1 Premises and Other Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, eligible borrowing costs and directly attributable costs of bringing the Asset to its working condition for the intended use less trade discounts and rebates. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefits from such assets or their functional capability. Land and Buildings, if revalued are stated at revalued amount. The appreciation on revaluation is credited to Revaluation Reserve and the depreciation provided thereon is deducted there from and shall be credited to Revenue Reserves in terms of revised AS-10 on "Property, Plant and Equipment".

8.2 Depreciation on Fixed Assets is provided for on the Straight-Line Method at the rates prescribed in Expenditure Policy of the Bank from time to time. The applicable rates of depreciation are as under:

S.No.	Capital Asset	Useful Life (Years)	Rate in percentage
1	Immovable Property- Land	Not stipulated; accordingly, no depreciation	Nil
2	Building with RCC frame structure (Both Residential & Non-residential)	60	1.67
3	Furniture	10	10.00
4	Fixtures	10	10.00
5	Air-conditioning plants (Package & water/air cooled	10	10.00

S.No.	Capital Asset	Useful Life (Years)	Rate in percentage
	ductable)		
6	Split & Window Air conditioners	5	20.00
7	Electrical installation and equipments	5	20.00
8	Solar Power Equipment	15	6.67
9	Elevators & Lifts	15	6.67
10	Civil & Flooring work in leased Premises	5	20.00
11	Telephone Equipment	5	20.00
12	Motorcycles, Scooters & other mopeds	10	10.00
13	Motor Cars, Motor Lorries and Electrically operated vehicles including battery powered or fuel cell powered vehicles	8	12.50
14	Mobile Phones	3	33.33
15	Generators	15	6.67
16	Office Equipment/Appliances,	5	20.00
17	Computers & computer software forming integral part of hardware	3	33.33
18	ATM & allied items	5	20.00
19	UPS & allied items	5	20.00
20	Servers & Networks	6	16.66
21	End user devices such as desktops, laptops, i-pads, tablets, printer & Scanner, digital watches etc.	3	33.33
22.	SDV lockers, Strong Room door, Cash Safe etc. (Along with Fixtures).	20	5.00
23.	Items provided to staff (Furniture/Electrical and etc.)	5	20.00

8.3 Depreciation on premises is provided on composite cost, wherever the value of Land and Buildings is not separately identifiable.

8.4 Depreciation on Leased assets and Leasehold improvements is recognized on a straight-line basis using rates determined with reference to the primary period of lease.

9. Impairment of Assets

Impairment losses (if any) on Fixed Assets (including revalued assets) are recognised in accordance with AS-28 on “Impairment of Assets” issued by the ICAI and charged off to Profit and Loss Account. The carrying costs of assets are reviewed at each Balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

10. Counter Cyclical Provisioning Buffer

The Bank has a policy of creation and utilization of Counter Cyclical Provisioning Buffer separately for Advances and Investments. The quantum of provision to be created is assessed at the end of each financial year. The counter Cyclical Provisions are utilized only for contingencies under extra ordinary circumstances specified in the policy with prior permission of the RBI.

11. Transactions involving Foreign Exchange

Accounting for transactions involving foreign exchange is done in accordance with AS-11 on "The Effects of Changes in Foreign Exchange Rates", issued by the ICAI. In terms of AS-11, the foreign currency operations of the Bank are classified as a) Integral Operations and b) Non Integral Operations.

All overseas branches, offshore banking units, overseas subsidiaries are treated as non- integral operations and domestic operations in foreign exchange and representative offices are treated as integral operations.

Accounting for Integral operations:

11.1 Monetary and Non- Monetary Assets and Liabilities are revalued at the exchange rates notified by FEDAI at the close of the year and resultant gain / loss is recognized in the Profit & Loss Account.

11.2 Income & Expenditure items are recognized at the exchange rates prevailing on the date of the transaction.

11.3 Forward exchange contracts are recorded at the exchange rate prevailing on the date of commitment. Outstanding forward exchange contracts are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of 'in-between' maturities. The resultant gains or losses are recognized in the Profit & Loss account.

11.4 Contingent liabilities on account of guarantees, acceptances, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the close of the year.

12. Accounting for Non–Integral operations

12.1 Revenue Recognition

Income and Expenditure are recognized / accounted for as per the local laws of the respective countries.

12.2 Asset Classification and Loan Loss Provisioning

Asset classification and loan loss provisioning are made as per the local laws of the respective countries or as per RBI guidelines whichever is higher.

12.3 Fixed Assets and Depreciation

12.3.1 Fixed Assets are accounted for at historical cost.

12.3.2 Depreciation on Fixed Assets is provided as per the applicable laws of the respective countries.

12.4 Assets and Liabilities (monetary and non-monetary as well as Contingent Liabilities) are translated at the closing rates notified by FEDAI at the close of the year.

12.5 Income & Expenditure are translated at the quarterly average closing rates notified by FEDAI at the end of respective quarters.

12.6 All resulting exchange differences are accumulated in 'Foreign Currency Translation Reserve'.

13. Employee Benefits:

13.1 Short Term Employment Benefits:

The undiscounted amounts of short-term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the services are treated as short term and recognized during the period in which the employee rendered the service.

13.2 Long term Employee Benefits:

13.2.1 Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/employees joining the Bank on or after 1st April,2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with 14% of their basic pay plus dearness allowance as contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS trust.

13.2.2 Defined Benefit Plan:

Gratuity, Pension and Leave Encashment are defined benefits plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 “Employee Benefit” issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

14. Segment Reporting

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in the compliances with the Accounting Standard-17 “Segment Reporting” issued by the Institute of Chartered Accountants of India. Business segments are classified into

14.1 Treasury Operations,

14.2 Corporate and Wholesale Banking,

14.3 Retail Banking Operations and (w/w Digital Banking Segment as and when applicable),

14.4 Other Banking Operations.

15. Lease Transactions

Lease payments for Assets taken on operating lease recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

16. Earnings per Share

The Bank reports the basic and diluted Earnings per Share in accordance with AS 20. Earnings per Share is calculated by dividing the net Profit or Loss (after tax) for the year attributable to the Equity shareholders by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if contracts to issue Equity shares were exercised or converted during the year. Diluted earnings per Equity share is calculated by using the weighted average number of Equity shares and dilutive potential Equity shares outstanding as at the year-end.

17. Taxation:

This comprises of provision for Income tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) as determined in accordance with AS-22 on "Accounting for taxes on Income" issued by the ICAI. Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rate. Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'reasonable certainty' that sufficient future taxable income will be available against which such Deferred Tax Assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, Deferred Tax Assets are recognized only if there is "virtual certainty".

18. Provisions, Contingent Liabilities and Contingent Assets

In terms of AS 29-Provisions, Contingent Liabilities and Contingent Assets issued by the ICAI, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may not be realized.

19. Share Issue Expenses:

Share Issue expenses are charged to the Share Premium account in terms of Section 52 of the Companies Act, 2013.

20. Consolidation of the Accounts:

Bank is having five subsidiaries i.e. Union Asset Management Company Private Limited, Union Trustee Company Private Limited, Union Bank of India (UK) Limited, Andhra Bank Financial Services Limited and UBI Services Limited

Bank is having three Joint Ventures i.e. Star Union Dai-Ichi Life Insurance Company Limited, ASREC (India) Limited and India International Bank (Malaysia) Berhad.

Bank is having one associate Chaitanya Godavari Grameen Bank.

The consolidated financial statements are prepared on the basis of:

20.1 Audited Accounts of the parent bank (Union Bank of India)

20.2 Consolidation of Subsidiaries: Line by Line aggregation of the Income/Expenditure/Assets/Liabilities of the subsidiaries with the respective line item of the parent bank, after eliminating all intra-group transactions, unrealized profits/loss in terms of AS 21 on Consolidated Financial Statements issued by Institute of Chartered Accountants of India (ICAI).

20.3 Consolidation of Associates: The Investment in Associate is accounted for consolidation as per Equity Method in terms of AS 23 on Accounting for Investments in Associates in Consolidated Financial Statement issued by Institute of Chartered Accountants of India (ICAI).

20.4 Consolidation of Joint Ventures: Line by Line consolidation is done with proportionate share in Joint Venture in terms of AS-27 on Financials Reporting in Interest of Joint Venture issued by Institute of Chartered Accountants of India (ICAI).

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

There have been no changes in significant accounting policies followed by the Bank in its financial statements in Fiscals 2021, 2022 and 2023 and the nine months ended December 31, 2023, except for the following changes:

Fiscal 2021

With effect from 1st April 2020:

1. The income on account of LC/ BG commission is recognized as revenue on accrual basis as against receipt basis followed in earlier periods. This has resulted in decrease in other income and net profit (before tax) for the year ended March 31, 2021 by ₹441.06 crore.

2. Pursuant to the amalgamation of Andhra Bank and Corporation Bank into Union Bank of India, there is a change in method of depreciation on Fixed Assets from Written Down Value to Straight Line Method and a change in estimated useful life with respect to some categories of assets. Impact due to the said changes has resulted in an increase in depreciation and a decrease in net profit (before tax) of ₹3.24 crore for the year ended March 31, 2021. However, due to harmonization, one time effect on the depreciation during the year amounted to ₹180.16 crore.

Fiscal 2022

With effect from 1st April 2021:

1. The appropriation of recovery in non-performing accounts first towards interest unrealised and then towards principal outstanding as against towards principal first and then towards interest unrealised in earlier periods. The impact due to the change in accounting policy has resulted increase in income for the year by ₹1,081.77 crores and consequential non-reduction in gross non-performing assets by equivalent amount.

Fiscal 2023

Nil.

Nine-month period ended December 31, 2023

Nil.

Changes in Significant Accounting Polices Effective April 1, 2024

The RBI issued a circular on September 12, 2023 on "Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023" pursuant to which certain Ind-AS guidelines, such as fair valuation, initial recognition and subsequent measurement, will become effective for banks from April 1, 2024. We expect the implementation of these Ind-AS guidelines will have the following material effects on our Bank's financial statements:

- **Classification norms**: The directions introduce new criteria for classifying investments held by banks and also provide guidelines for categorising various types of investments. e.g., the introduction of a category for Fair Value Through P&L (FVTPL) and Held for Trading (HFT) shall be a separate investment sub-category within FVTPL and the ceiling criteria for holding HFT investments for a 90- day period is removed. There will be separate classification norms for subsidiaries, joint ventures, and associates.

- **Valuation guidelines:** The RBI has included fair valuation requirements along with accounting treatment for gain/loss ensuring that investment portfolios are assessed accurately, reflecting their current market values. All investments shall be measured at fair value on initial recognition. Fair value measurement of investments is based on a hierarchy of Level 1, Level 2, and Level 3 inputs.

- **Valuation guidelines:** The RBI has included fair valuation requirements along with accounting treatment for gain/loss ensuring that investment portfolios are assessed accurately, reflecting their current market values. All investments shall be measured at fair value on initial recognition. Fair value measurement of investments is based on a hierarchy of Level 1, Level 2, and Level 3 inputs.

- **Accounting guidelines:** The RBI has incorporated comprehensive guidelines for accounting treatment across various scenarios, encompassing various aspects, including initial recognition, subsequent measurement, and re-classification. These guidelines have been introduced to address ambiguities and bring uniformity throughout the banking industry. For example, where the securities are quoted or the fair value can be determined based on market observable inputs any Day 1 gain/loss shall be recognized in the Profit and Loss Account but any Day 1 gains arising from Level 3 investments shall be deferred and any Day 1 loss arising from Level 3 investments shall be recognised immediately.

- **Reporting requirements:** The RBI has introduced extensive reporting requirements, enabling better oversight and monitoring of commercial banks' investment activities. This aims to improve regulatory compliance and transparency. For example, the introduction of new disclosure requirements based on the inclusion of disclosure of fair value by category, fair value by a hierarchy of valuation basis (Levels 1,2 and 3), and carrying value of investments.

- **Regulatory supervision:** The RBI has introduced additional supervision on the investment portfolio of a bank and a bank’s compliance with these directions. For example, the implementation of these directions shall be reviewed under the supervisory process and any non-compliance in this regard shall be dealt with appropriately by the RBI. Banks shall not reclassify investments between categories without the approval of their Board of Directors and prior approval of the Department of Supervision (DoS), RBI.

PROPOSED IMPLEMENTATION OF IND AS

The Ministry of Corporate Affairs (the “**MCA**”), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind-AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. These regulations would have required our Bank to prepare Ind-AS based financial statements for accounting period commencing April 1, 2018 with comparative financial statements for the accounting period ending March 31, 2018. On June 23, 2016, RBI directed all scheduled commercial banks (excluding regional rural banks) to submit proforma Ind-AS financial statements, for the half year ended September 30, 2016 to Reserve Bank of India, Mumbai. RBI *vide* notification dated March 22, 2019, decided to defer the implementation of Ind-As at scheduled commercial banks (excluding regional rural banks) till further notice. The RBI does not permit banks to adopt Ind AS earlier than the official implementation timelines.

The nature and extent of the possible effects of Ind-AS on our financial reporting and accounting practices is currently uncertain, and there can be no assurance that such effects will not be significant. Our Bank cannot assure you that it has completed a comprehensive analysis of the effect of Ind AS at future financial information or that the application of Ind AS will not result in a materially adverse effect on our Bank’s future financial information. For further information on the transition to Ind AS, see “*Risk Factors – If Indian Accounting Standards (“Ind AS”) are made applicable to banks, it is possible that our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different than under Indian GAAP. In addition, the RBI has announced changes to Indian GAAP that incorporate accounting policies set forth in Ind AS with respect to fair valuation, initial recognition and subsequent measurement that are effective April 1, 2024 and proposed changes to Indian GAAP that will incorporate accounting policies set forth in Ind AS with respect to expected credit losses. Any changes in Indian GAAP or adoption of Ind AS could have an adverse effect on our financial condition and results of operations.*” on page 67.

RECLASSIFICATION OF CERTAIN LINE ITEMS

As per the Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated August 30, 2021, provision/(write-back) of mark-to-market depreciation on investments in AFS and HFT categories (net) are classified under "other income" from the quarter and half year ended September 30, 2021. Hitherto, our Bank was classifying such provision/(write-back) under "provisions and contingencies". Further, the provision on Non-Performing Investments (NPIs) and Identified Investment continued to be shown under "provisions and contingencies".

In order to make the line items "other income" and "provisions and contingencies" for Fiscal 2021 included in this Placement Document comparable with those in the audited financial statements for Fiscals 2022 and 2023, the figures for provision/(write-back) of mark-to-market depreciation on investments in AFS and HFT categories (net) forming part of "provisions and contingencies" in Fiscal 2021 have been presented as a part of "other income" in Fiscal 2021. This reclassification resulted in an increase in other income by ₹407.64 crore and a corresponding increase in provisions and contingencies in Fiscal 2021. These reclassifications had no effect on our Bank's standalone net profit for the year for Fiscal 2021. The table below sets forth these line items for Fiscal 2021 presented as per the Audited Standalone Financial Statements and as per the reclassifications.

Particulars	**Fiscal 2021 (As per Audited Financial Statements)**	**Fiscal 2021 (As per Reclassification)**
	(₹ in crores)	
Other income	11,336.85	11,744.49
Provisions and contingencies	16,353.32	16,760.96

COMPONENTS OF INCOME AND EXPENDITURE

Income

Interest Earned

Interest earned consists of interest/discount on advances and bills, income on investments, interest on balances with RBI and other inter-bank funds and other interest earned. Income from investments consists of interest on investments in India and outside India. Our securities portfolio consists primarily of Government securities, debentures and bonds, equity shares, mutual fund units, certificates of deposit, commercial paper and security receipts. We do not receive any interest on the balances that we maintain with the RBI to meet our cash reserve requirements.

Other Income

Our other income consists principally of (i) commission, exchange and brokerage, (ii) net profit on the sale of investments, (iii) net profit (loss) on revaluation of investments, (iv) net profit (loss) on the sale of land, buildings and other fixed assets, (v) net profit on foreign exchange transactions, and (vi) miscellaneous income, which primarily includes recoveries in assets written off.

Expenditure

Interest Expended

Our interest expended includes interest on deposits, interest on RBI and inter-bank borrowings and other interest/ discount, such as interest on subordinated debt/ capital bonds, discount on collateralized borrowings and lending obligations (CBLO), penal interest paid, interest for delayed payments and other borrowings from other financial institutions. We do not pay interest on demand deposits.

Operating Expenses

Our operating expenses include, among others, (i) payments to and provisions for employees, (ii) rent, taxes and lighting, (iii) insurance, (iv) depreciation on our Bank's property, (v) repairs and maintenance, (vi) postage, telegrams, telephones, etc., (vii) law charges, (viii) printing and stationery, (ix) advertisement and publicity, (x) auditors' fees and expenses, and (xi) other expenditure.

Provisions and Contingencies (net)

Our provisions and contingencies consist of (i) provision made towards taxation, (ii) provision towards NPAs, (iii) provision for depreciation in the value of investments, (iv) provision towards standard assets, and (v) other provisions, which includes provisions and contingencies towards restructured advances and towards shifting loss.

RESULTS OF OPERATIONS

Nine months ended December 31, 2023 compared to nine months ended December 31, 2022

The following table sets forth a summary of our results of operations for the nine months ended December 31, 2023 and 2022:

Particulars	**Nine months ended December 31,**	
	2023	**2022**
	(Unaudited)	
	(*₹ in crores*)	
Income		
Interest earned	73,427.86	58,738.80
Other income	11,372.77	9,363.92
Total income	**84,800.63**	**68,102.72**
Expenditure		
Interest expended	46,294.09	34,224.01
Operating expenses	16,828.84	15,234.91
Provisions and contingencies (other than tax)	5,520.69	10,393.86
Tax expenses	5,819.25	2,598.98
Total expenses	**74,462.88**	**62,451.76**
Net profit/(loss) for the period	**10,337.76**	**5,650.96**

Our results of operations for the nine months ended December 31, 2023 were affected by the following key factors:

- Business growth gaining momentum: gross advances have increased 11.44% to ₹8,95,974.05 crore as at December 31, 2023 from ₹8,04,015.40 crore as at December 31, 2022, and total deposits grew by 10.09% to ₹11,72,455.34 crore as at December 31, 2023 from ₹10,65,026.66 crore as at December 31, 2022.

- Net Interest Income increased by 10.68% to ₹27,133.77 crore for the nine months ended December 31, 2023 from ₹24,514.79 crore for the nine months ended December 31, 2022.

- Reduction in NPAs: Gross NPAs as a percentage of gross advances and Net NPAs as a percentage of net advances decreased to 4.83% and 1.08%, respectively, as at December 31, 2023, from 7.93% and 2.14%, respectively, as at December 31, 2022.

Total Income

Interest Earned

Our interest earned increased by ₹14,698.06 crore, or 25.01%, from ₹58,738.80 crore in the nine months ended December 31, 2022 to ₹73,427.86 crore for the nine months ended December 31, 2023. This increase was primarily due to:

- an increase in interest on advances by ₹11,418.35 crore, or 27.78%, from ₹41,101.33 crore in the nine months ended December 31, 2022 to ₹52,519.68 crore in the nine months ended December 31, 2023, which increase was due to a 11.20% increase in average advances from ₹7,27,114.00 crore in the nine months ended December 31, 2022 to ₹8,08,531.43 crore in the nine months ended December 31, 2023 and an increase in the yield on average advances from 7.54% for the nine months ended December 31, 2022 to 8.66% for the nine months ended December 31, 2023, which increase was due to a general increase in interest rates;

- an increase in other interest income by ₹2,312.95 crore, or 133.23%, to ₹4,049.02 crore in the nine months ended December 31, 2023, which increase was primarily due to an increase in the yield on average others interest-earning assets from 17.38% for the nine months ended December 31, 2022 to 42.50% for the nine months ended December 31, 2023, which increase was primarily due to:

    - an increase in interest income of ₹1,121.55 crore through money market arbitrage on account of deals undertaken for leveraging arbitrage opportunities arising from interest rate differentials between domestic and forex market;

    - an increase in income of ₹1,102.67 crore resulting from an increase in foreign currency placements to capitalize on the surge in interest rates in the United States, United Kingdom and the European Union in the nine months ended December 31, 2023. This strategy has facilitated the opportunity to yield superior returns by exchanging Rupee-denominated funds for foreign currency and depositing them abroad. The increase in interest income was due to the increase in foreign currency deposits as well as higher interest rates; and

    - an increase in the monthly average of investment in Rural Infrastructure and Development Fund from ₹9,023.17 crore in the nine months ended December 31, 2022 to ₹10,036.63 crore in the nine months ended December 31, 2023; and

- an increase in interest on investments by ₹957.76 crore, or 6.02%, from ₹15,901.40 crore in the nine months ended December 31, 2022 to ₹16,859.16 crore in the nine months ended December 31, 2023, which increase was primarily due an increase in the yield on average investments from 6.23% for the nine months ended December 31, 2022 to 6.69% for the nine months ended December 31, 2023, which increase was due to a general increase in interest rates.

Other Income

Other income increased by ₹2,008.85 crore, or 21.45%, from ₹9,363.92 crore in the nine months ended December 31, 2022 to ₹11,372.77 crore in the nine months ended December 31, 2023. The primary reasons for the increase in other income was a ₹777.99 crore, or 60.38%, increase in Treasury income from ₹1,288.47 crore in the nine months ended December 31, 2022 to ₹2,066.46 crore in the nine months ended December 31, 2023 and a 23.59% increase in core fee income, which primarily comprises processing charges for advances, credit card-related income, ATM card/debit card income, fees received from PSLC certificates and other miscellaneous earnings, from ₹4,991.11 crore in the nine months ended December 31, 2022 to ₹6,168.31 crore in the nine months ended December 31, 2023.

Total Expenditure

Interest Expended

Interest expended increased by ₹12,070.08 crore, or 35.27%, from ₹34,224.01 crore in the nine months ended December 31, 2022 to ₹46,294.09 crore in the nine months ended December 31, 2023, which increase was primary due to an increase in Cost of Deposits by 94 bps from 4.21% for the nine months ended December 31, 2022 to 5.15% for the nine months ended December 31, 2023.

Operating Expenses

Operating expenses increased by ₹1,593.93 crore, or 10.46%, from ₹15,234.91 crore in the nine months ended December 31, 2022 to ₹16,828.84 crore in the nine months ended December 31, 2023, which increase was primary due to a ₹1,300.58 crore, or 15.77%, increase in employee cost from ₹8,247.48 crore in the nine months ended December 31, 2022 to ₹9,548.06 crore in the nine months ended December 31, 2023, which was primarily due a to general increase in salaries.

Provisions and Contingencies (other than tax)

Provisions and contingencies (other than tax) decreased by ₹4,873.17 crore, or 46.89%, from ₹10,393.86 crore in the nine months ended December 31, 2022 to ₹5,520.69 crore in the nine months ended December 31, 2023. The primary reason for the decrease in provisions and contingencies was a ₹4,009.52 crore, or 44.91%, reduction in provisions on NPAs from ₹8,911.66 crore in the nine months ended December 31, 2022 to ₹4,902.14 crore in the nine months ended December 31, 2023.

Tax Expenses

Tax expenses increased by ₹3,220.27 crore, or 123.91%, from ₹2,598.98 crore in the nine months ended December 31, 2022 to ₹5,819.25 crore in the nine months ended December 31, 2023, which increase was due to the 95.84% increase in profit from ordinary activities before tax from ₹8,249.94 crore in the nine months ended December 31, 2022 to ₹16,157.01 crore in the nine months ended December 31, 2023 and the reasons given in the paragraph below.

Pursuant to the introduction of Section 115BAA of the Income Tax Act, 1961 vide Taxation Laws (Amendment) Ordinance, 2019, the Bank has an option to pay Indian corporate income tax at the rate of 22% plus applicable surcharge and cess (lower rate) as against the earlier rate of 30% plus applicable surcharge and cess, subject to certain conditions. Considering all the provisions under said section 115BAA of the Income Tax Act, 1961, the Bank has decided to avail the lower rate from April 1, 2023 onwards. The Bank's provision for Indian income tax for the nine months period ended December 31, 2023 was ₹5,777.33 crore, which comprised deferred tax of ₹4,128.75 crore, which included a one-time impact due to the change to the lower tax rate of ₹2,422.66 crore pertaining to previous years, and current tax of ₹1,648.58 crore.

Net Profit/(Loss) for the Period

Primarily for the reasons set forth above, net profit for the period increased by ₹4,686.80 crore, or 82.94%, from ₹5,650.96 crore for the nine months ended December 31, 2022 to ₹10,337.76 crore for the nine months ended December 31, 2023.

Fiscal 2023 compared to Fiscal 2022

The following table sets forth a summary of our results of operations for Fiscals 2023 and 2022:

Particulars	**Fiscal**	
	2023	**2022**
	(Audited)	
	(*₹ in crores*)	
Income		
Interest earned	80,743.34	67,943.95
Other income	14,633.15	12,524.82
Total Income	**95,376.49**	**80,468.77**
Expenditure		
Interest expended	47,978.00	40,157.49
Operating expenses	21,931.33	18,438.07
Provisions and contingencies (excluding tax expenses)	13,329.44	13,293.80
Net provision made towards Income Tax (IT)/ Deferred tax assets	3,704.45	3,347.31

Particulars	**Fiscal**	
	2023	**2022**
	(Audited)	
	(₹ *in crores*)	
(DTA)		
Total Expenditure	**86,943.21**	**75,236.67**
Net profit / (loss) for the year	**8,433.28**	**5,232.10**

Our results of operations for Fiscal 2023 were affected by the following key factors:

- Continued strengthening of liability franchise: CASA increased by 4.47% to ₹3,94,055.43 crore as at March 31, 2023, from ₹3,77,193.25 crore as at March 31, 2022.

- Business growth gaining momentum: gross advances increased 13.05% to ₹8,09,905.31 crore as at March 31, 2023, from ₹7,16,407.87 crore as at March 31, 2022, and total deposits grew by 8.26% to ₹11,17,716.32 crore as at March 31, 2023, from ₹10,32,392.63 crore as at March 31, 2022.

- Reduction in NPAs: Gross NPAs as a percentage of gross advances and Net NPAs as a percentage of net advances decreased to 7.53% and 1.70%, respectively, as at March 31, 2023, from 11.11% and 3.68%, respectively, as at March 31, 2022.

Total Income

Interest Earned

Our interest earned increased by ₹12,799.39 crore, or 18.84%, from ₹67,943.95 crore in Fiscal 2022 to ₹80,743.34 crore for Fiscal 2023. This increase was primarily due to increases in:

- interest/discount on advances/bills by ₹11,524.64 crore, or 25.48%, from ₹45,235.50 crore in Fiscal 2022 to ₹56,760.14 crore in Fiscal 2023, on account of a ₹1,05,988.48 crore, or 16.74%, increase in average advances from ₹6,33,281.23 crore in Fiscal 2022 to ₹7,39,269.71 crore in Fiscal 2023 and the yield on average advances increasing from 7.14% in Fiscal 2022 to 7.68% in Fiscal 2023; and

- our income from investments by ₹1,412.20 crore, or 7.08 %, from ₹19,942.84 crore in Fiscal 2022 to ₹21,355.04 crore in Fiscal 2023, on account of a ₹10,565.81 crore, or 3.23%, increase in average interest-earning investments from ₹3,27,465.90 crore in Fiscal 2022 to ₹3,38,031.71 crore for Fiscal 2023 and the yield on average interest-earning investments increasing from 6.09% in Fiscal 2022 to 6.32% in Fiscal 2023.

Other Income

Other income increased by 16.83% from ₹12,524.82 crore in Fiscal 2022 to ₹14,633.15 crore in Fiscal 2023.

Total Expenditure

Interest Expended

Interest expended increased by ₹7,820.51 crore, or 19.47%, from ₹40,157.49 crore in Fiscal 2022 to ₹47,978.00 crore in Fiscal 2023. The primary reason for the increase in interest expended was the increase in interest on deposits by 18.38% from ₹37,454.21 crore in Fiscal 2022 to ₹44,340.03 crore in Fiscal 2023, due to an increase in average deposits by 11.54% from ₹9,09,395.33 crore in Fiscal 2022 to ₹10,14,332.69 crore in Fiscal 2023, on account of growth in total deposits during Fiscal 2023. Our Cost of Deposits also increased from 4.12% in Fiscal 2022 to 4.37% in Fiscal 2023.

Operating Expenses

Operating expenses increased by ₹3,493.26 crore, or 18.95%, from ₹18,438.07 crore in Fiscal 2022 to ₹21,931.33 crore in Fiscal 2023. The primary reasons for this increase were (i) a ₹2,275.10 crore, or 22.49%, increase in payments to and provisions for employees from ₹10,114.60 crore in Fiscal 2022 to ₹12,389.71 crore in Fiscal 2023, which was primarily due to a general increase in salaries, and (ii) a ₹829.13 crore, or 19.62%, increase in other expenditure from ₹4,225.89 crore in Fiscal 2022 to ₹5,055.02 crore in Fiscal 2023.

Provisions and Contingencies (excluding Tax Expenses)

Provisions and contingencies (other than tax) increased by ₹35.64 crore, or 0.27%, from ₹13,293.80 crore in Fiscal 2022 to ₹13,329.44 crore in Fiscal 2023. The primary reason for the increase in provisions and contingencies (other than tax) was the increase in provisions for non-performing assets from ₹11,613.25 crore in Fiscal 2022 to ₹12,478.98 crore in Fiscal 2023.

Net Provision made towards Income Tax (IT)/ Deferred Tax Assets (DTA)

Net provision made towards Income Tax (IT)/ Deferred tax assets (DTA) increased by ₹357.14 crore, or 10.67%, from ₹3,347.31 crore in Fiscal 2022 to ₹3,704.45 crore in Fiscal 2023, which increase was primarily due to a 41.47% increase in profit before tax from ₹8,579.41 crore in Fiscal 2022 to ₹12,137.72 crore in Fiscal 2023. This increase was partially offset by the reversal of excess provisions of ₹660.12 crore in Fiscal 2023, which was attributable to pronouncements by various appellate authorities and the revising of tax provisions in accordance with pronouncements applicable to the Indian banking industry.

Net Profit/(Loss)

Primarily as a result of the reasons described above, our Bank's net profit for the year for Fiscal 2023 was ₹8,433.28 crore, which represented an increase of ₹3,201.18 crore, or 61.18%, from our net profit for the year for Fiscal 2022 of ₹5,232.10 crore.

Fiscal 2022 Compared to Fiscal 2021

The following table sets forth a summary of our results of operations for Fiscals 2022 and 2021:

Particulars	**Fiscal**	
	2022	**2021[1]**
	(Audited)	
	(*₹ in crores*)	
Income		
Interest earned	67,943.95	68,767.33
Other income	12,524.82	11,744.49
Total Income	**80,468.77**	**80,511.83**
Expenditure		
Interest expended	40,157.49	44,078.91
Operating expenses	18,438.07	16,765.99
Provisions and contingencies (excluding provision/(reversal of provision) for taxes)	13,293.80	17,267.51
Net provision/(reversal of provision) made towards Income Tax (IT)/ Deferred tax assets (DTA)	3,347.31	(506.55)
Total Expenditure	**75,236.67**	**77,605.86**
Net profit / (loss) for the year	**5,232.10**	**2,905.97**

Note:

1. *For the purposes of a comparative analysis, certain figures for the year ended March 31, 2021 have been reclassified. For details, see "-Reclassification of Certain Line Items" on page 123.*

Our results of operations for Fiscal 2022 were affected by the following key factors:

- The banking sector continued to be adversely affected by the adverse effects of the COVID-19 pandemic in the first half of Fiscal 2022. Following the gradual lifting of COVID-19-related restrictions in the second half of Fiscal 2022, we started to witness a turnaround in credit, especially to the industry and retail sectors. For more details, see "*Risk Factors-COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows*" on page 63.

- Continued strengthening of liability franchise: CASA increased by 12.40% to ₹3,77,193.24 crore as at March 31, 2022 from ₹3,35,591.85 crore as at March 31, 2021.

- Business growth gaining momentum: Gross advances increased 9.60% to ₹7,16,407.87 crore as at March 31, 2022 from ₹6,53,684.33 crore as at March 31, 2021, and total deposits grew by 11.75% to ₹10,32,392.63 crore as at March 31, 2022 from ₹9,23,805.34 crore as at March 31, 2021.

- Reduction in NPAs: Gross NPAs as a percentage of gross advances and Net NPAs as a percentage of net advances decreased to 11.11% and 3.68%, respectively, as at March 31, 2022, from 13.74% and 4.62%, respectively, as at March 31, 2021.

Our results of operations for Fiscal 2021 were adversely affected by the adverse effects of the COVID-19 pandemic. For more details, see "*Risk Factors-COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows*" on page 63.

Total Income

Interest Earned

Our interest earned decreased by ₹823.38 crore, or 1.20%, from ₹68,767.33 crore for Fiscal 2021 to ₹67,943.95 crore for Fiscal 2022. This was primarily due to decreases in:

- income from investments by ₹630.86 crore, or 3.07%, from ₹20,573.70 crore in Fiscal 2021 to ₹19,942.84 crore in Fiscal 2022, on account of a ₹3,405.90 crore, or 1.03%, decrease in average interest-earning investments from ₹3,30,871.80 crore in Fiscal 2021 to ₹3,27,465.90 crore for Fiscal 2022 and a decrease in the yield on average investments from 6.22% for Fiscal 2021 to 6.09% for Fiscal 2022; and

- interest/discount on advances/bills by ₹530.34 crore, or 1.16% from ₹45,765.84 crore in Fiscal 2021 to ₹45,235.50 crore in Fiscal 2022, on account of a ₹1,687.07 crore, or 0.27%, decrease in average advances from ₹6,34,968.30 crore in Fiscal 2021 to ₹6,33,281.23 crore in Fiscal 2022 and a decrease in the yield on average advances from 7.21% for Fiscal 2021 to 7.14% for Fiscal 2022.

Other Income

Other income increased by ₹780.33 crore, or 6.64%, from ₹11,744.49 crore in Fiscal 2021 to ₹12,524.82 crore in Fiscal 2022. This was primarily due to increases in (i) commission, exchange and brokerage by ₹497.91 crore, or 40.09%, from ₹1,241.91 crore in Fiscal 2021 to ₹1,739.82 crore in Fiscal 2022, and (ii) miscellaneous income by ₹868.33 crore, or 14.47%, from ₹6,002.40 crore in Fiscal 2021 to ₹6,870.73 crore in Fiscal 2022. Such increases were partially offset by decreases in (a) profit on revaluation of investments (net) by ₹514.74 crore, or 126.27%, from a profit of ₹407.64 crore in Fiscal 2021 to a loss of ₹107.10 crore in Fiscal 2022, and (b) profit on sale of investments (net) by ₹240.12 crore, or 6.58%, from ₹3,651.31 crore in Fiscal 2021 to ₹3,411.19 crore in Fiscal 2022.

Total Expenditure

Interest Expended

Interest expended decreased by ₹3,921.42 crore, or 8.90%, from ₹44,078.91 crore in Fiscal 2021 to ₹40,157.49 crore in Fiscal 2022. The primary reason for the decrease in interest expended was the decrease in interest on deposits by 8.22% from ₹40,806.85 crore in Fiscal 2021 to ₹37,454.21 crore in Fiscal 2022. Although there was an increase in average deposits by 3.93% or ₹34,368.53 crore from ₹8,75,026.80 crore in Fiscal 2021 to ₹9,09,395.33 crore in Fiscal 2022, interest expended on deposits decreased due to a reduction in interest rates.

Operating Expenses

Operating expenses increased by ₹1,672.08 crore, or 9.97%, from ₹16,765.99 crore in Fiscal 2021 to ₹18,438.07 crore in Fiscal 2022. The increase was primarily attributable to increases in (i) payments to and provisions for employees by ₹831.00 crore, or 8.95%, from ₹9,283.61 crore in Fiscal 2021 to ₹10,114.61 crore in Fiscal 2022, and (ii) other expenditure by ₹953.31 crore, or 29.13%, from ₹3,272.58 crore in Fiscal 2021 to ₹4,225.89 crore in Fiscal 2022. This increase was partially offset by a decrease in depreciation on our Bank's property by ₹157.13 crore, or 17.55%, from ₹895.23 crore in Fiscal 2021 to ₹738.10 crore in Fiscal 2022. While our operating expenses increased by 9.97% from Fiscal 2021 to Fiscal 2022, our Net Interest Income increased at a higher rate of 12.55% over the same period.

Provisions and Contingencies (excluding Provision/(Reversal of Provision) for Taxes)

The table set forth below shows details in relation to our provisions and contingencies (excluding provision/(reversal of provision) for taxes) for Fiscal 2022 and Fiscal 2021.

Particulars	**Fiscal 2022**	**Fiscal 2021**	**Percentage increase /(decrease)**
	(Audited)		
	(*₹ in crores*)		
Provision for Depreciation on Investment	214.61	966.86	(77.80)%
Provision towards NPA	11,613.25	13,595.75	(14.58)%
Provision towards Harmonisation	-	323.86	(100.00)%
Provision towards Standard Assets	1,449.02	1,245.63	16.33%
Other provision and contingencies	16.89	1,135.41	(98.51)%
Of which:			
Provision/(Reversal) towards Restructured Advances	*(32.94)*	*81.87*	*N.C.*
Provision for others	*49.83*	*1,053.54*	*(95.27)%*
Total	**13,293. 77**	**17,267.51**	**(23.01)%**

Note: N.C. means not comparable

Provisions and contingencies (excluding provision/(reversal of provision) for taxes) decreased by 23.01% from ₹17,267.51 crore in Fiscal 2021 to ₹13,293.77 crore in Fiscal 2022. The decrease in provisions and contingencies is mainly attributable to (i) a 14.58% decrease in provision toward NPAs, (ii) a 77.80% decrease provision for depreciation on investment, and (iii) a 100.00% decrease provision towards harmonisation, which decrease was as a result of a lower provisioning impact and ageing provision impact in Fiscal 2022 as compared to Fiscal 2021.

Net Provision/(Reversal of provision)) made towards Income Tax (IT)/ Deferred Tax Assets (DTA)

Our Bank had a net reversal of provision made towards Income Tax (IT)/ Deferred Tax Assets (DTA) of ₹506.55 crore in Fiscal 2021 compared to a net provision made towards Income Tax (IT)/ Deferred Tax Assets (DTA) of ₹3,347.31 crore in Fiscal 2022. Although our Bank's profit before tax was ₹2,399.42 crore in Fiscal 2021, our Bank made a net reversal of provision towards Income Tax (IT)/ Deferred Tax Assets (DTA) of ₹506.55 crore in Fiscal 2021 primarily due to the reversal of tax provisions of ₹680.39 crore in Fiscal 2021 attributable to various pronouncements in favour of the Bank by various appellate authorities and the revising of tax provisions in accordance with the latest pronouncements applicable to the banking industry.

Net Profit/(Loss)

Primarily as a result of the reasons discussed above, net profit for the year increased by ₹2,326.13 crore, or 80.05%, from ₹2,905.97 crore in Fiscal 2021 to ₹5,232.10 crore in Fiscal 2022.

FINANCIAL CONDITION

Assets

The table below sets out the principal components of our Bank's assets as at the dates indicated:

Particulars	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(Audited)			**(Unaudited)**
	(*₹ in crores*)			
Cash and balances with the RBI	37,880.46	46,112.59	50,254.27	54,548.23
Balance with banks and money at call and short notice	46,529.89	73,387.77	61,896.18	34,366.32
Investments	3,31,511.79	3,48,507.39	3,39,299.05	3,35,397.55
Advances	5,90,982.88	6,61,004.66	7,61,845.46	8,62,063.44
Fixed assets	7,343.87	7,191.30	8,825.61	8,679.45
Other assets	57,456.96	51,387.34	58,631.88	54,731.03
Total assets	**10,71,705.84**	**11,87,591.06**	**12,80,752.45**	**13,49,786.02**

Total assets increased by 5.39% from ₹12,80,752.45 crore as at March 31, 2023 to ₹13,49,786.02 crore as at December 31, 2023. This increase was primarily due to an increase in advances by 13.15% from ₹7,61,845.46 crore as at March 31, 2023 to ₹8,62,063.44 crore as at December 31, 2023 and an increase in cash and balances with the RBI by 8.54% from ₹50,254.27 crore as at March 31, 2023 to ₹54,548.23 crore as at December 31, 2023, which was partially offset by a decrease in balances with banks and money at call and short notice by 44.48% from ₹61,896.18 crore as at March 31, 2023 to ₹34,366.32 crore as at December 31, 2023.

Total assets increased by 7.84% from ₹11,87,591.06 crore as at March 31, 2022 to ₹12,80,752.45 crore as at March 31, 2023. This increase was primarily due to (i) an increase in advances by 15.26% from ₹6,61,004.66 crore as at March 31, 2022 to ₹7,61,845.46 crore as at March 31, 2023, (ii) an increase in cash and balances with the Reserve Bank of India other assets by 8.98% from ₹46,112.59 crore as at March 31, 2022 to ₹50,254.27 crore as at March 31, 2023, and (iii) an increase in other assets by 14.10% from ₹51,387.34 crore as at March 31, 2022 to ₹58,631.88 crore as at March 31, 2023. These increases were partially offset by (i) a decrease in balances with banks and money at call and short notice by 15.66% from ₹73,387.77 crore as at March 31, 2022 to ₹61,896.18 crore as at March 31, 2023, and (ii) a decrease in investments by 2.64% from ₹3,48,507.39 crore as at March 31, 2022 to ₹3,39,299.05 crore as at March 31, 2023.

Total assets increased by 10.81% from ₹10,71,705.84 crore as at March 31, 2021 to ₹11,87,591.06 crore as at March 31, 2022. This increase was primarily due to (i) an increase in advances by 11.85% from ₹5,90,982.88 crore as at March 31, 2021 to ₹6,61,004.66 crore as at March 31, 2022, (ii) an increase in balance with banks and money at call and short notice by 57.72% from ₹46,529.89 crore as at March 31, 2021 to ₹73,387.77 crore as at March 31, 2022, (iii) an increase in investments by 5.13% from ₹3,31,511.79 crore as at March 31, 2021 to ₹3,48,507.39 crore as at March 31, 2022, and (iv) an increase in cash and balances with the Reserve Bank of India other assets by 21.73% from ₹37,880.46 crore as at March 31, 2021 to ₹46,112.59 crore as at March 31, 2022. These increases were partially offset by a decrease in other assets by 10.56% from ₹57,456.96 crore as at March 31, 2021 to ₹51,387.34 crore as at March 31, 2022.

Advances

The following table sets forth a breakdown of our Bank's net advances as at the dates indicated:

Net Advances	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(Audited)			**(Unaudited)**
	(*₹ in crores*)			
Bills purchased and discounted	4,111.69	3,870.99	3,295.30	3,253.78
Cash credits, overdrafts and loans repayable on demand	2,66,120.84	2,87,889.60	3,48,544.83	4,36,604.20

Net Advances	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(Audited)			**(Unaudited)**
	(*₹ in crores*)			
Term loans	3,20,750.35	3,69,244.08	4,10,005.32	4,22,205.45
Total Net Advances	**5,90,982.88**	**6,61,004.66**	**7,61,845.46**	**8,62,063.44**

Our Bank's total net advances increased by ₹1,00,217.98 crore, or 13.15%, from ₹7,61,845.46 crore as at March 31, 2023 to ₹8,62,063.44 crore as at December 31,2023, which increase was primarily due to a ₹88,059.37 crore, or 25.26%, increase in cash credits, overdrafts and loans repayable on demand from ₹3,48,544.83 crore as at March 31, 2023 to ₹4,36,604.20 crore as at December 31, 2023.

Our Bank's net advances increased by ₹100,840.80 crore, or 15.26%, from ₹6,61,004.66 crore as at March 31, 2022 to ₹7,61,845.46 crore as at March 31, 2023, which increase was primarily due to a ₹60,655.23 crore, or 21.07%, increase in cash credits, overdrafts and loans repayable on demand from ₹2,87,889.60 crore as at March 31, 2022 to ₹3,48,544.83 crore as at March 31, 2023 and a ₹40,761.24 crore, or 11.04%, increase in term loans from ₹3,69,244.08 crore as at March 31, 2022 to ₹4,10,005.32 crore as at March 31, 2023.

Our Bank's net advances increased by 11.85% from ₹5,90,982.88 crore as at March 31, 2021 to ₹6,61,004.66 crore as at March 31, 2022, primarily due to an increase in (i) term loans by 15.12% from ₹3,20,750.35 crore as at March 31, 2021 to ₹3,69,244.08 crore as at March 31, 2022; and (ii) cash credits, overdrafts and loans repayable on demand by 8.18% from ₹2,66,120.84 crore as at March 31, 2021 to ₹2,87,889.60 crore as at March 31, 2022. Advances in India increased by 11.98% from ₹5,76,959.46 crore as at March 31, 2021 to ₹6,46,103.85 crore as at March 31, 2022, primarily due to (a) an increase in advances to the public sector, which increased by 19.11% from ₹61,062.95 crore as at March 31, 2021 to ₹72,729.62 crore as at March 31, 2022, and (b) an increase in advances to others, which increased by 19.35% from ₹2,62,936.62 crore as at March 31, 2021 to ₹3,13,827.99 crore as at March 31, 2022. Advances outside India also increased by 6.26% from ₹14,023.41 crore as at March 31, 2021 to ₹14,900.81 crore as at March 31, 2022, primarily due to an increase in advances to banks, which increased by 55.37% from ₹3,418.41 crore as at March 31, 2021 to ₹5,311.07 crore as at March 31, 2022, which was partially offset by a decrease in advances to others by 10.23% from ₹10,486.70 crore as March 31, 2021 to ₹9,413.93 crore as at March 31, 2022.

The following table sets forth a breakdown of our Bank's gross advances as at the dates indicated:

Gross Advances	**As at March 31,**						**As at December 31, 2023**	
	2021		**2022**		**2023**			
	(*₹ in crores*)	**% of total**	**(*₹ in crores*)**	**% of total**	**(*₹ in crores*)**	**% of total**	**(*₹ in crores*)**	**% of total**
Retail loans	1,25,426.50	19.19%	1,36,273.27	19.02%	1,59,701.86	19.72%	1,73,445.11	19.36%
Agriculture loans	1,20,124.38	18.38%	1,33,091.82	18.58%	1,51,993.93	18.76%	1,77,583.25	19.82%
MSME loans	1,01,532.73	15.53%	1,10,576.76	15.43%	1,25,022.29	15.44%	1,36,745.98	15.26%
Large Corporate and Others	2,90,588.40	44.45%	3,19,327.42	44.57%	3,48,584.53	43.04%	3,78,915.01	42.29%
Total domestic loans	**6,37,672.01**	**97.55%**	**6,99,269.27**	**97.61%**	**7,85,302.61**	**96.96%**	**8,66,689.35**	96.73%
International loans	16,012.32	2.45%	17,138.60	2.39%	24,602.70	3.04%	29,284.73	3.27%
Total Gross loans	**6,53,684.33**	**100.00%**	**7,16,407.87**	**100.00%**	**8,09,905.31**	**100.00**	**8,95,974.08**	**100.00%**

Our Bank's gross advances increased by ₹86,068.77 crore, or 10.63%, from ₹8,09,905.31 crore as at March 31, 2023 to ₹8,95,974.08 crore as at December 31, 2023. This increase was primarily due to a ₹30,330.48 crore, or

8.70%, increase in Large Corporate and Others, which increased from ₹3,48,584.53 crore as at March 31, 2023 to ₹3,78,915.01 crore as at December 31, 2023, and a ₹25,589.32 crore, or 16.84%, increase in agricultural loans, which increased from ₹1,51,993.93 crore as at March 31, 2023 to ₹1,77,583.25 crore as at December 31, 2023.

Our Bank's gross advances increased by ₹93,497.44 crore, or 13.05%, from ₹7,16,407.87 crore as at March 31, 2022 to ₹8,09,905.31 crore as at March 31, 2023. This increase was primarily due to a ₹29,257.11 crore, or 9.16%, increase in Large Corporate and Others, which increased from ₹3,19,327.42 crore as at March 31, 2022 to ₹3,48,584.53 crore as at March 31, 2023, and a ₹23,428.59 crore, or 17.19%, increase in retail loans, which increased from ₹1,36,273.27 crore as at March 31, 2022 to ₹1,59,701.86 crore as at March 31, 2023.

Our Bank's gross advances increased by ₹62,723.54 crore, or 9.60%, from ₹6,53,684.33 crore as at March 31, 2021 to ₹7,16,407.87 crore as at March 31, 2022. The increase was primarily due to (i) a ₹28,739.02 crore, or 9.89%, increase in Large Corporate and Others, which increased from ₹2,90,588.40 crore as at March 31, 2021 to ₹3,19,327.42 crore as at March 31, 2022, (ii) a ₹12,967.44 crore, or 10.80%, increase in agricultural loans, which increased from ₹1,20,124.38 crore as at March 31, 2021 to ₹1,33,091.82 crore as at March 31, 2022 and (iii) a ₹10,846.77 crore, or 8.65%, increase in gross retail loans, which increased from ₹1,25,426.50 crore as at March 31, 2021 to ₹1,36,273.27 crore as at March 31, 2022. Within retail loans, gross advances under housing loans increased from ₹66,228.45 crore as at March 31, 2021 to ₹71,691.99 crore as at March 31, 2022.

Investments

Our Bank's investments primarily represent investments in government securities and other approved securities, investments in debt instruments such as debentures and bonds of highly rated public sector undertakings and corporates, investments in equity shares, security receipts, short term money market instruments such as commercial paper, certificates of deposits and investments in our Subsidiaries and Associate. The following table sets forth a breakdown of our Bank's investments as at the dates indicated:

Particulars	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(Audited)			**(Unaudited)**
	(₹ in crores)			
Investments in India				
Government securities	2,40,253.75	2,64,163.80	2,60,251.56	2,67,211.17
Other approved securities	-	-	-	-
Shares	2,016.22	2,305.30	2,041.32	2,282.10
Debentures and bonds	74,405.64	69,383.10	63,153.42	56,174.40
Subsidiaries and Joint Ventures / Associate	537.65	338.61	388.81	388.81
Others	11,594.70	9,513.08	10,555.71	6,376.67
Net value of investment in India	**3,28,807.96**	**3,45,703.89**	**3,36,390.82**	**3,32,433.15**
Investments outside India				
Government securities	1,482.58	1,610.19	1,729.08	1,819.63
Shares	-	-	-	-
Other investments (bonds)	73.93	46.03	33.55	0.68
Subsidiaries and Joint Ventures	1,147.32	1,147.29	1,145.60	1,144.09
Net value of investment outside India	**2,703.83**	**2,803.50**	**2,908.23**	**2,964.41**
Total Investments	**3,31,511.79**	**3,48,507.39**	**3,39,299.05**	**3,35,397.55**

Investments decreased by 1.15% from ₹3,39,299.05 crore as at March 31, 2023 to ₹3,35,397.55 crore as at December 31, 2023, This decrease was primarily due to a 11.05% decrease in debentures and bonds from ₹63,153.42 crore as at March 31, 2023 to ₹56,174.40 crore as at December 31, 2023 and a 39.59% decrease in others from ₹10,555.71 crore as at March 31, 2023 to ₹6,376.67 crore as at December 31, 2023, which increases were partially offset by, among others, a 2.67% increase in Government securities from ₹2,60,251.56 crore as at March 31, 2023 to ₹2,67,211.17 crore as at December 31, 2023.

Investments decreased by 2.64% from ₹3,48,507.39 crore as at March 31, 2022 to ₹3,39,299.05 crore as at March 31, 2023, primarily due to a decrease in net investments in India, largely comprising Government securities, which decreased by 1.48% from ₹2,64,163.80 crore as at March 31, 2022 to ₹2,60,251.56 crore as at March 31, 2023. This decrease was augmented by a decrease in net investments in debentures and bonds by 8.98% from ₹69,383.10 crore as at March 31, 2022 to ₹63,153.42 crore as at March 31, 2023 on account of redemptions. Net value of investments outside India increased by 3.74% from ₹2,803.50 crore as at March 31, 2022 to ₹2,908.23 crore as at March 31, 2023.

Investments increased by 5.13% from ₹3,31,511.79 crore as at March 31, 2021 to ₹3,48,507.39 crore as at March 31, 2022, primarily due to an increase in net investments in India, largely comprising Government securities, which increased by 9.95% from ₹2,40,253.75 crore as at March 31, 2021 to ₹2,64,163.80 crore as at March 31, 2022. The increase of Government securities in our investment portfolio was driven by our Bank's expectation of an increasingly favourable interest rate market situation. This increase was partially offset by a decrease in net investments in debentures and bonds by 6.75% from ₹74,405.64 crore as at March 31, 2021 to ₹69,383.10 crore as at March 31, 2022, on account of redemptions. Net investments outside India increased by 3.69% from ₹2,703.83 crore as at March 31, 2021 to ₹2,803.50 crore as at March 31, 2022.

Balances with Banks and Money at Call and Short Notice

The following table sets forth a breakdown of our Bank's balances with banks and money at call and short notice as at the dates indicated:

Particulars	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(Audited)			**(Unaudited)**
	(*₹ in crores*)			
In India				
Balances with Banks:				
- in current accounts	523.36	222.43	563.07	408.19
- in other deposit accounts	7,021.31	6,087.52	5,773.40	379.77
Money at call & short notice				
- in banks	-	-	50.00	-
- in other institutions	29,554.00	55,411.49	31,230.36	276.25
Subtotal (in India)	**37,098.66**	**61,721.43**	**37,616.83**	**1,064.21**
Outside India				
In current accounts	226.66	298.03	392.53	433.18
In other deposit accounts	9,204.56	11,368.31	23,886.82	32,868.94
Money at call & short notice	-	-	-	-
Subtotal (outside India)	**9,431.22**	**11,666.33**	**24,279.35**	**33,302.12**
Total Balances with Banks and Money at Call and Short Notice	**46,529.89**	**73,387.77**	**61,896.18**	**34,366.32**

Balances with banks and money at call and short notice decreased by 44.48% to ₹34,366.32 crore as at December 31, 2023 from ₹61,896.18 crore as at March 31, 2023. This decrease was primarily due to a 99.12% decrease in money at call & short notice in other institutions in India to ₹276.25 crore as at December 31, 2023 from ₹31,230.36 crore as at March 31, 2023. This decrease was partially offset by a 37.60% increase in other deposit accounts outside India to ₹32,868.94 crore as at December 31, 2023 from ₹23,886.82 crore as at March 31, 2023.

Balances with banks and money at call and short notice decreased by 15.66% to ₹61,896.18 crore as at March 31, 2023 from ₹73,387.77 crore as at March 31, 2022, which decrease was primarily due a 43.64% decrease in money at call and short notice with other institutions in India, from ₹55,411.49 crore as at March 31, 2022 to ₹31,230.36 crore as at March 31, 2023. This decrease was partially offset by a 110.12% increase in other deposit accounts outside India, which increased from ₹11,368.31 crore as at March 31, 2022 to ₹23,886.82 crore as at March 31, 2023.

Balances with banks and money at call and short notice increased by 57.72% to ₹73,387.77 crore as at March 31, 2022 from ₹46,529.89 crore as at March 31, 2021. This increase was primarily driven by an increase in (i) money at call and short notice with other institutions in India, which increased by 87.49% from ₹29,554.00 crore as at March 31, 2021 to ₹55,411.49 crore as at March 31, 2022 on account of a large inflow of funds/surplus liquidity, which were placed with/lent to the RBI/interbank market; and (ii) other deposit accounts outside India, which increased by 23.51% from ₹9,204.56 crore as at March 31, 2021 to ₹11,368.31 crore as at March 31, 2022.

Other Assets

Other assets primarily include interest accrued, tax paid in advance/ tax deducted at source (net), non-banking assets acquired in satisfaction of claims, others and deferred tax assets (net). The following table sets forth a breakdown of our Bank's other assets as at the dates indicated:

Particulars	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(Audited)			**(Unaudited)**
	(₹ in crores)			
Inter-office adjustments (net)	7,340.18	1,799.70	2,202.07	4,024.71
Interest accrued	6,003.77	7,689.61	9,084.89	10,758.68
Tax paid/tax deducted at source (net of provisions)	6,622.88	5,391.26	6,734.12	9,661.89
Stationery and stamps	6.82	6.34	6.28	7.31
Non-banking assets acquired in satisfaction of claims	0.12	0.13	0.13	0.13
Others	20,613.44	21,240.19	27,433.87	25,787.32
Deferred tax assets (net)	15,672.49	12,292.37	8,659.74	4,490.99
MAT credit	1,197.26	2,967.74	4,510.79	-
Total Other Assets	**57,456.96**	**51,387.34**	**58,631.89**	**54,731.03**

Other assets decreased by ₹3,900.86 crore, or 6.65%, from ₹58,631.89 crore as at March 31, 2023 to ₹54,731.03 crore as at December 31, 2023, which decrease was primarily due to a 100% decrease in MAT credit from ₹4,510.79 crore as at March 31, 2023 to nil as at December 31, 2023 and a ₹4,168.75 crore, or 48.14%, decrease in deferred tax assets (net) from ₹8,659.74 crore as at March 31, 2023 to ₹4,490.99 crore as at December 31, 2023.

Other assets increased by ₹7,244.55 crore, or 14.10%, from ₹51,387.34 crore as at March 31, 2022 to ₹58,631.89 crore as at March 31, 2023. This increase was due to increases in (i) inter-office adjustments (net) by 22.36% from ₹1,799.70 crore as at March 31, 2022 to ₹2,202.07 crore as at March 31, 2023, (ii) interest accrued by 18.15% from ₹7,689.60 crore as at March 31, 2022 to ₹9,084.89 crore as at March 31, 2023, (iii) tax paid / tax deducted at source (net of provisions) by 24.91% from ₹ 5,391.26 crore as at March 31, 2022 to ₹6,734.12 crore as at March 31, 2023, and (iv) MAT credit by 51.99% from ₹2,967.74 crore as at March 31, 2022 to ₹4,510.79 crore as at March 31, 2023. These increases were partially offset by a decrease in deferred tax assets (net) by 29.55% from ₹12,292.37 crore as at March 31, 2022 to ₹8,659.74 crore as at March 31, 2023.

Other assets decreased by ₹6,069.62 crore, or 10.56%, from ₹57,456.96 crore as at March 31, 2021 to ₹51,387.34 crore as at March 31, 2022. This decrease was due to a decrease in (i) inter-office adjustments (net) by 75.48% from ₹7,340.18 crore as at March 31, 2021 to ₹1,799.70 crore as at March 31, 2022; (ii) deferred tax assets (net) by 21.57% from ₹15,672.49 crore as at March 31, 2021 to ₹12,292.37 crore as at March 31, 2022; and (iii) tax paid / tax deducted at source (net of provisions) by 18.60% from ₹6,622.88 crore as at March 31, 2021 to ₹5,391.26 crore as at March 31, 2022. These decreases were partially offset by increases in (i) MAT credit by 147.88% from ₹1,197.26 crore as at March 31, 2021 to ₹2,967.74 crore as at March 31, 2022; and (ii) interest accrued by 28.08 from ₹6,003.77 crore as at March 31, 2021 to ₹7,689.61 crore as at March 31, 2022.

Capital and Liabilities

The table below sets out the principal components of our Bank's shareholders' funds and liabilities as at the dates indicated:

Particulars	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(Audited)			**(Unaudited)**
	(₹ in crores)			

Particulars	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(Audited)			**(Unaudited)**
	(₹ in crores)			
Capital	6,406.84	6,834.75	6,834.75	7,412.45
Reserves and surplus	58,069.89	63,741.39	71,499.47	75,715.13
Total Shareholders' Funds	**64,476.74**	**70,576.14**	**78,334.22**	**83,127.57**
Deposits	9,23,805.34	10,32,392.63	11,17,716.32	11,72,455.34
Borrowings	51,837.11	51,179.10	43,137.47	37,423.97
Other liabilities and provisions	31,586.66	33,443.19	41,564.45	46,441.39
Total Liabilities	**10,07,229.11**	**11,17,014.92**	**12,02,418.24**	**12,66,658.45**
Total Liabilities and Shareholders' Funds	**10,71,705.84**	**11,87,591.06**	**12,80,752.45**	**13,49,786.02**

Shareholders' Funds

Our capital increased from ₹6,406.84 crore as at March 31, 2021 to ₹7,412.45 crore as at December 31, 2023. Such increase was primarily due to our Bank's issuance of 57,77,00,751 Equity Shares at ₹86.55 per Equity Share (including share premium of ₹76.55 per Equity Share), aggregating to ₹5,000.00 crore for cash pursuant to a qualified institutions placement in Fiscal 2024, and issuance of 42,79,03,111 Equity Shares at ₹33.82 per Equity Share (including share premium of ₹23.82 per Equity Share), aggregating to ₹1,447.17 crore for cash pursuant to a qualified institutions placement in Fiscal 2022.

Liabilities

Deposits

The following table sets forth a breakdown of our Bank's deposits, as well as the percentage of total deposits that each item contributes, as at the dates indicated:

Particulars	**As at March 31,**						**As at December 31, 2023**	
	2021		**2022**		**2023**			
	Amount (*₹ in crores*)	**Percentage of total deposits**	**Amount (*₹ in crores*)**	**Percentage of total deposits**	**Amount (*₹ in crores*)**	**Percentage of total deposits**	**Amount (*₹ in crores*)**	**Percentage of total deposits**
	(Audited)						**(Unaudited)**	
Demand deposits	63,623.77	6.89%	72,652.46	7.04%	73,980.16	6.62%	70,804.61	6.04%
Savings bank deposits	2,71,968.08	29.44%	3,04,540.78	29.50%	3,20,075.27	28.64%	3,26,302.30	27.83%
Term deposits	5,88,213.49	63.67%	6,55,199.39	63.46%	7,23,660.89	64.74%	7,75,348.44	66.13%
Total deposits	**9,23,805.34**	**100.00%**	**10,32,392.63**	**100.00%**	**11,17,716.32**	**100.00%**	**11,72,455.34**	**100.00%**

Deposits increased by 4.90% from ₹11,17,716.32 crore as at March 31, 2023 to ₹11,72,455.34 crore as at December 31, 2023, which increase was primarily due to increases in (i) term deposits by 7.14% from ₹7,23,660.89 crore as at March 31, 2023 to ₹7,75,348.44 crore as at December 31, 2023 and (ii) savings bank deposits by 1.95% from ₹3,20,075.27 crore as at March 31, 2023 to ₹3,26,302.30 crore as at December 31, 2023, which increases were partially offset by a 4.29% decrease in demand deposits from ₹73,980.16 crore as at March 31, 2023 to ₹70,804.61 crore as at December 31, 2023.

Deposits increased by 8.26% from ₹10,32,392.63 crore as at March 31, 2022 to ₹11,17,716.32 crore as at March 31, 2023, as a result of increases in (i) term deposits by 10.45% from ₹6,55,199.39 crore as at March 31, 2022 to ₹7,23,660.99 crore as at March 31, 2023, (ii) savings bank deposits by 5.10% from ₹3,04,540.78 crore as at March

31, 2022 to ₹3,20,075.27 crore as at March 31, 2023 and (iii) demand deposits by 1.83% from ₹72,652.47 crore as at March 31, 2022 to ₹73,980.16 crore as at March 31, 2023.

Deposits increased by 11.75% from ₹9,23,805.3 crore as at March 31, 2021 to ₹10,32,392.63 crore as at March 31, 2022, as a result of increases in (i) term deposits by 11.39% from ₹5,88,213.49 crore as at March 31, 2021 to ₹6,55,199.39 crore as at March 31, 2022, (ii) savings bank deposits by 11.98% from ₹2,71,968.08 crore as at March 31, 2021 to ₹3,04,540.78 crore as at March 31, 2022, and (iii) demand deposits by 14.19% from ₹63,623.77 crore as at March 31, 2021 to ₹72,652.47 crore as at March 31, 2022.

Borrowings

Borrowings mainly comprise capital instruments (which includes perpetual bonds, upper tier II bonds and tier II bonds), borrowings in India (which includes borrowings from institutions and agencies such as Micro Units Development and Refinance Agency, National Bank for Agriculture and Rural Development and National Housing Bank), and borrowings outside India (which includes intra-day foreign currency borrowings and indebtedness pursuant to issuance of bonds and medium term notes to subscribers).

Our Bank's borrowings ₹37,423.97 crore as at December 31, 2023, primarily comprising Additional Tier 1 and Tier 2 Bonds of ₹17,638.00 crore, borrowings from RBI and other Banks and Other Institutions & Agencies of ₹16,806.35 crore and borrowings outside India of ₹2,979.62 crore. Our Bank's borrowings decreased by 13.24% from ₹43,137.47 crore as at March 31, 2023 to ₹37,423.97 crore as at December 31, 2023, which was primarily attributable to a 40.99% decrease in borrowings outside India, from ₹13,232.51 crore as at March 31, 2022 to ₹7,808.04 crore as at March 31, 2023

Our Bank's borrowings decreased by 15.71% from ₹51,179.10 crore as at March 31, 2022 to ₹43,137.47 crore as at March 31, 2023, which was primarily attributable to a decrease in borrowings outside India, which decreased by 40.99% from ₹13,232.51 crore as at March 31, 2022 to ₹7,808.04 crore as at March 31, 2023, and a decrease in borrowings in India, by 6.90% from ₹37,946.59 crore as at March 31, 2022 to ₹35,329.43 crore as at March 31, 2023.

Our Bank's borrowings decreased by 1.27% from ₹51,837.11 crore as at March 31, 2021 to ₹51,179.10 crore as at March 31, 2022, primarily attributable to a decrease in borrowings outside India, which decreased by 16.40% from ₹15,827.46 crore as at March 31, 2021 to ₹13,232.51 crore as at March 31, 2022; which was largely due to a surplus liquidity position. This decrease was partially offset by an increase in borrowings in India, which increased by 5.38% from ₹36,009.65 crore as at March 31, 2021 to ₹37,946.59 crore as at March 31, 2022, primarily due to the issue of perpetual bonds of ₹1,600.00 crore on a net basis in Fiscal 2022.

Other Liabilities and Provisions

Other liabilities and provisions represent bills payable, interest payable, deferred tax liability and other provisions.

Other liabilities and provisions increased by 11.73% from ₹41,564.45 crore as at March 31, 2023 to ₹46,441.39 crore as at December 31, 2023, primarily due to a 18.76% increase in others (including provisions) from ₹32,935.43 crore as at March 31, 2023 to ₹39,113.90 crore as at December 31, 2023.

Other liabilities and provisions increased by 24.28% from ₹33,443.19 crore as at March 31, 2022 to ₹41,564.45 crore as at March 31, 2023, primarily due to increase in (i) interest accrued by 32.19% from ₹4,523.40 crore as at March 31, 2023 to ₹5,979.27 crore as at March 31, 2023, and (ii) others (including provisions) by 25.56% from ₹26,230.77 crore as at March 31, 2022 to ₹32,935.43 crore as at March 31, 2023.

Other liabilities and provisions increased by 5.88% from ₹31,586.66 crore as at March 31, 2021 to ₹33,443.19 crore as at March 31, 2022, primarily due to an increase in (i) interest accrued by 44.06% from ₹3,139.86 crore as at March 31, 2021 to ₹4,523.40 crore as at March 31, 2022; and (ii) bills payable by 16.76% from ₹2,303.03 crore as at March 31, 2021 to ₹2,689.02 crore as at March 31, 2022.

SEGMENT INFORMATION

Our Business Segments

We have identified our business segments after taking into account the internal business reporting system and guidelines issued by the RBI through its notification dated April 18, 2007. We operate in the following business segments:

Treasury Operations. The treasury operations segment comprises management of Government securities, compliance with RBI's statutory liquidity ratio ("**SLR**") and cash reserve ratio ("**CRR**") norms. They also manage trades in interest rate, equity and forex instruments, utilise arbitrage opportunities available across markets and also provide crucial market related inputs in our asset liability management.

Corporate/Wholesale Banking. The corporate/wholesale banking segment comprises products/services catering to commercial requirements of private and public sector enterprises, corporate groups and other financial institutions. We offer a wide range of customized financial products that include, amongst others, supply chain finance, infrastructure financing, working capital financing and syndication services

Retail Banking. The retail banking segment comprises deposit products including savings, current, recurring, term and tax saving deposits. Our loan products are targeted primarily at individuals to meet their personal financial requirements, such as housing, vehicle, personal and education requirements amongst others. We also provide funding to sectors identified by the GoI as priority sectors with specific focus on products to the MSME and agriculture sector, which are included as part of our retail banking operations. Our agricultural banking operations caters to farmers and agri-entrepreneurs through various short, medium and/ or long term products, including crop loans, while our MSME banking operations extends loans to enterprises engaged in manufacturing and service activities in the form of investment as well as working capital

Other Banking Operations. The other banking operations segment comprises all operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.

Our segment results and segment revenue for each of our business segments are set forth in the table below for the periods indicated:

(₹ in crores)

Particulars	**Fiscal**			**Nine Months Ended**	
	2021	**2022**	**2023**	**December 31, 2022**	**December 31, 2023**
	(Audited)			**(Unaudited)**	
Segment Revenue					
Treasury Operations	27,789.92	26,815.66	26,442.90	19,255.62	23,657.78
Corporate / Wholesale Banking	26,541.51	25,776.79	35,941.71	24,706.74	26,954.90
Retail Banking	24,817.48	26,198.04	31,078.66	22,601.36	32,286.57
Other Banking Operations	1,371.55	1,397.64	1979.37	1,393.86	2,066.37
Unallocated	133.91	403.34	496.71	488.41	564.16
Total Segment Revenue	**80,654.37**	**80,591.47**	**95,939.35**	**68,445.99**	**85,529.78**
Less Inter-segment Revenue	(142.54)	(122.70)	(562.86)	(343.27)	(729.15)
Income from Operations	**80,511.83**	**80,468.77**	**95,376.49**	**68,102.72**	**84,800.63**
Segment Results					
Treasury Operations	6,157.83	6,002.74	2,426.80	1,762.32	3,256.31
Corporate / Wholesale Banking	(8,823.12)	(3,093.72)	3,091.44	302.93	3,744.81
Retail Banking	4,197.57	4,508.68	5,059.25	4,929.24	7,428.37
Other Banking	733.23	758.37	1,063.52	767.04	1,163.37

Particulars	**Fiscal**			**Nine Months Ended**	
	2021	**2022**	**2023**	**December 31, 2022**	**December 31, 2023**
	(Audited)			**(Unaudited)**	
Segment Revenue					
Operations					
Unallocated	133.91	403.34	496.72	488.41	564.15
Total Profit Before Tax	**2,399.42**	**8,579.41**	**12,137.72**	**8,249.94**	**16,157.01**
Provision for Tax	(506.55)	3,347.31	3,704.45	2,598.98	5,819.25
Net Profit/(Loss) After Tax	**2,905.97**	**5,232.10**	**8,433.28**	**5,650.96**	**10,337.76**

As can be seen from the table above, our corporate/wholesale banking, retail banking and treasury operations segments collectively account for the majority of our segment revenue and segment results. Due to the immaterially of our other banking operations segment, we have not included a discussion on the segment revenue and segment results of those segments.

Corporate/Wholesale Banking

Nine months ended December 31, 2023 compared to the nine months ended December 31, 2022

The corporate/wholesale banking segment result increased by ₹ 3,441.88 crore from ₹302.93 crore in the nine months ended December 31, 2022 to ₹3,744.81 crore in the nine months ended December 31, 2023. This increase was primarily due to a ₹2,248.16 crore, or 9.10 %, increase in corporate/wholesale banking segment revenue to ₹26,954.90 crore in nine months ended December 31, 2023 from ₹24,706.74 crore in the nine months ended December 31, 2022.

Fiscal 2023 compared to Fiscal 2022

The corporate/wholesale banking segment earned a profit of ₹3,091.44 crore in Fiscal 2023 as compared to incurring a loss of ₹3,093.72 crore in Fiscal 2022. This increase was primarily due to a ₹10,164.92 crore, or 39.43%, increase in corporate/wholesale banking segment revenue to ₹35,941.71 crore for Fiscal 2023 from ₹25,776.79 crore for Fiscal 2022.

Fiscal 2022 compared to Fiscal 2021

The loss from our corporate/wholesale banking segment decreased by ₹5,729.39 crore from a loss of ₹8,823.12 crore in Fiscal 2021 to a loss of ₹3,093.72 crore in Fiscal 2022. This decrease in loss was primarily due to a decrease in NPA provisioning due to loan losses.

Retail Banking

Nine months ended December 31, 2023 compared to the nine months ended December 31, 2022

The retail banking segment result increased by ₹ 2,499.13 crore from ₹4,929.24 crore in the nine months ended December 31, 2022 to ₹7,428.37 crore in the nine months ended December 31, 2023. This increase was primarily due to a ₹9,685.21 crore, or 42.85%, increase in retail banking segment revenue to ₹32,286.57 crore in nine months ended December 31, 2023 from ₹22,601.36crore in the nine months ended December 31, 2022.

Fiscal 2023 compared to Fiscal 2022

The retail banking segment result increased by ₹550.57 crore, or 12.21%, from ₹4,508.68 crore in Fiscal 2022 to ₹5,059.25 crore in Fiscal 2023. This increase was primarily due to a ₹4,880.62 crore, or 18.63%, increase in retail banking segment revenue to ₹31,078.66 crore in Fiscal 2023 from ₹26,198.04 crore in Fiscal 2022.

Fiscal 2022 compared to Fiscal 2021

The retail banking segment result increased by ₹311.11 crore from ₹4,197.57 crore in Fiscal 2021 to ₹4,508.68 crore in Fiscal 2022. This increase was primarily due to a ₹1,380.56 crore, or 5.56%, increase in retail banking segment revenue from ₹24,817.48 crore in Fiscal 2021 to ₹26,198.04 crore in Fiscal 2022. Further, there was an increase in retail banking segment expenses in Fiscal 2022 as compared to Fiscal 2021, particularly in NPA provisions due to loan losses.

Treasury Operations

Nine months ended December 31, 2023 compared to the nine months ended December 31, 2022

The treasury operations segment result increased by ₹1,493.99 crore from ₹1,762.32 crore in the nine months ended December 31, 2022 to ₹3,256.31 crore in the nine months ended December 31, 2023. This increase was primarily due to a ₹ 4,402.16 crore, or 22.86%, increase in treasury segment revenue to ₹23,657.78 crore in nine months ended December 31, 2023 from ₹ 19,255.62 crore in the nine months ended December 31, 2022.

Fiscal 2023 compared to Fiscal 2022

The treasury operations segment result decreased by ₹3,575.94 crore, or 59.57%, to ₹2,426.80 crore in Fiscal 2023 from ₹6,002.74 crore in Fiscal 2022. This decrease was primarily due to unfavourable interest rate market conditions resulting in hardening of yields.

Fiscal 2022 to Fiscal 2021

The treasury operations segment result decreased by ₹155.09 crore, or 2.52%, to ₹6,002.74 crore in Fiscal 2022 from ₹6,157.83 crore in Fiscal 2021. This decrease was primarily due to a ₹974.26 crore, or 3.51%, decrease in treasury operations segment revenue from ₹27,789.92 crore in Fiscal 2021 to ₹26,815.66 crore in Fiscal 2022, on account of hardening of yields.

LIQUIDITY AND CAPITAL RESOURCES

Our Bank regularly monitors its funding levels to ensure that it is able to satisfy requirements of loan disbursements and those that would arise upon maturity of liabilities. Our Bank maintains diverse sources of funding and liquid assets to facilitate flexibility in meeting its liquidity requirements.

CASH FLOWS

The following table sets forth our Bank's standalone statement of cash flows for the Fiscals indicated:

Particulars	**Fiscal 2021**	**Fiscal 2022**	**Fiscal 2023**
	(Audited)		
	(*₹ in crores*)		
Net cash from/ (used in) operating activities	20,442.99	36,213.89	5,984.33
Net cash (used in) investing activities	(582.68)	(356.62)	(2,407.99)
Net cash from/ (used in) financing activities	(18,676.39)	(767.26)	(10,926.24)
Net change in cash and cash equivalents	29,304.13	35,090.01	(7,349.90)

Operating Activities

Net cash from operating activities was ₹5,984.33 crore in Fiscal 2023, while net profit before tax in Fiscal 2023 amounted to ₹12,137.72 crore. The difference was primarily attributable to adjustments for non-cash and non-operating activities items consisting of provision for NPAs (net) of ₹12,478.98 crore, interest on borrowings (capital instruments) of ₹1,586.01 crore and reversal of provision for standard asset of ₹1,162.41 crore. The main working capital adjustments in Fiscal 2022 included an increase in deposits of ₹85,323.69 crore. This increase was partially offset by increases in (i) advances of ₹1,13,319.77 crore, and (ii) other assets of ₹7,671.47 crore. Direct taxes paid (net of refund) amounted to ₹3,277.52 crore in Fiscal 2023.

Net cash from operating activities was ₹36,213.89 crore in Fiscal 2022, while net profit before tax in Fiscal 2022 amounted to ₹8,579.41 crore. The difference was primarily attributable to adjustments for non-cash and non-operating activities items consisting of provision for NPAs (net) of ₹11,613.25 crore, interest on borrowings (capital instruments) of ₹1,551.33 crore and provision for standard asset of ₹1,365.21 crore. Accordingly, cash from operations amounted to ₹24,132.80 crore. The main working capital adjustments in Fiscal 2022 included an increase in deposits of ₹1,08,587.29 crore. This increase was partially offset by increases in (i) advances of ₹81,635.05 crore; and (ii) investments of ₹17,409.28 crore. Direct taxes paid (net of refund) amounted to ₹1,736.12 crore in Fiscal 2022.

Net cash from operating activities was ₹20,442.99 crore in Fiscal 2021, while net profit before tax in Fiscal 2021 amounted to ₹2,399.41 crore. The difference was primarily attributable to adjustments for non-cash and non-operating activities items consisting of provision for NPAs (net) of ₹13,919.61 crore, interest on borrowings (capital instruments) of ₹1,596.60 crore and provision for standard asset of ₹1,375.17 crore. Accordingly, cash from operations amounted to ₹21,723.34 crore. The main working capital adjustments in Fiscal 2021 included increases in (i) investments of ₹51,750.58 crore; (ii) other assets of ₹7,048.38 crore; and (ii) investments of ₹5,072.73 crore. These increases were partially offset by an increase in deposits of ₹55,172.73 crore. Taxes refunded amounted to ₹967.30 crore in Fiscal 2021.

Investing Activities

Net cash used in investing activities was ₹2,407.99 crore in Fiscal 2023, primarily due to an increase in fixed assets (net of sales) of ₹2,372.95 crore and investment in subsidiary of ₹104.73 crore. These outflows were partially offset by dividends received from subsidiary/others amounting to ₹69.68 crore in Fiscal 2023.

Net cash used in investing activities was ₹356.62 crore in Fiscal 2022, primarily due to purchase of fixed assets (net of sales) of ₹585.88 crore, and investment in subsidiary of ₹199.07 crore. These outflows were partially offset by dividend received from subsidiary/others amounting to ₹30.19 crore in Fiscal 2022.

Net cash used in investing activities was ₹582.68 crore in Fiscal 2021, primarily due to purchase of fixed assets (net of sales) of ₹607.05 crore, and investment in subsidiary of ₹4.21 crore. These outflows were partially offset by dividend received from subsidiary/others amounting to ₹20.16 crore in Fiscal 2021.

Financing Activities

Net cash used in financing activities was ₹10,926.24 crore in Fiscal 2023, primarily on account of repayments of borrowings other than capital instruments amounting to ₹8,924.63 crore, interest paid on borrowings (capital instruments) amounting to ₹1,586.01 crore and payment of dividend of ₹1,298.61 crore which were partially offset by receipt of proceeds from the issue of capital instruments amounting to ₹983.00 crore.

Net cash used in financing activities was ₹767.26 crore in Fiscal 2022, primarily on account of repayments of capital instruments amounting to ₹5,400.00 crore, a decrease in borrowings other than capital instruments amounting to ₹2,258.01 crore, and interest paid on borrowings (capital instruments) amounting to ₹1,551.33 crore, which were partially offset by receipt of proceeds from the issue of capital instruments amounting to ₹7,000.00 crore and the issue of share capital (including premium) amounting to ₹1,442.08 crore.

Net cash used in financing activities was ₹18,676.39 crore in Fiscal 2021, primarily on account of a decrease in borrowings other than capital instruments amounting to ₹16,934.79 crore, repayments of capital instruments amounting to ₹3,850.00 crore, and interest paid on borrowings (capital instruments) amounting to ₹1,596.60 crore, which were partially offset by receipt of proceeds from the issue of capital instruments amounting to ₹3,705.00 crore.

Capital

We calculate our Capital to Risk Weighted Assets Ratio under Basel III guidelines. Our Bank's CRAR under Basel III (on a standalone basis) was 16.04% as at March 31, 2023 and 15.03% as at December 31, 2023.

We are registered with and subject to supervision by the RBI, including the RBI's detailed guidelines for implementation of Basel III capital regulations that were issued in May 2012. Basel III Capital Regulations are being implemented in India with effect from April 1, 2013 in a phased manner, which our Bank has complied with. Also see "*– Principal Factors Affecting Our Results of Operations and Financial Condition – Capital Adequacy, Liquidity Requirements and Reserve Ratios*" on page 102. Our Bank's regulatory capital and capital adequacy ratios calculated under Basel III as at the dates indicated, are as follows:

Particulars	**As at March 31, 2021**	**As at March 31, 2022**	**As at March 31, 2023**	**As at December, 31 2023**
	(Audited)			**(Unaudited)**
	(*₹ in crores, except percentages*)			
Tier I Capital	57,090.50	66,588.68	80,477.89	85,998.75
Of which: *— Innovative perpetual debt instruments*	*7,089.64*	*8,539.83*	*8,985.99*	*8,865.05*
Tier II Capital	12,172.01	12,692.32	12,300.56	13,031.52
Of which: *— Subordinated debt and tier II instruments*	*8,050.00*	*7,486.00*	*7,650.00*	*7,500.00*
Total Capital Funds	**69,262.51**	**79,281.00**	**92,778.45**	99,030.27
Total risk weighted assets and contingents	5,51,520.67	5,45,922.81	5,78,454.82	6,58,950.32
Total Assets	10,71,705.84	11,87,591.06	12,80,752.45	13,49,786.02
Total Risk weighted assets and contingents to Total assets	**51.46%**	**45.97%**	**45.17%**	**48.82%**
Capital adequacy ratios:				
Common equity Tier I ratio (i)	7.19%	8.13%	9.86%	9.21%
Capital Conservation Buffer (comprising common equity) (ii)	1.88%	2.50%	2.50%	2.50%
Common equity Tier I ratio plus Capital Conservation Buffer (iii) = (i)+(ii)	9.07%	10.63%	12.36%	11.71%
Additional Tier I capital (iv)	1.29%	1.56%	1.55%	1.35%
Tier I capital adequacy ratio (v) = (i)+(iv)	8.48%	9.70%	11.41%	13.05%
Tier II capital adequacy ratio (vi)	2.21%	2.23%	2.13%	1.98%
Total capital adequacy ratio (vii) = (v)+(vi)	10.68%	12.02%	13.54%	12.53%
Total capital adequacy ratio plus Capital Conservation Buffer (viii) = (vii)+(ii)	12.56%	14.52%	16.04%	15.03%
Minimum capital adequacy ratios required by the RBI:				
Tier I capital adequacy ratio*	8.875%	9.50%	9.50%	9.50%
Total capital adequacy ratio*	10.875%	11.50%	11.50%	11.50%

Note:

** This includes a capital conservation buffer of 2.50%.*

Capital Expenditure

Our capital expenditure consists principally of expenditure relating to branch network expansion as well as investment in technology and communication infrastructure, in each case principally in India. In the nine months ended December 31, 2022 and 2023, we incurred ₹219.37 crore and ₹466.90 crore, respectively, as capital expenditure. During Fiscals 2021, 2022 and 2023, our Bank incurred ₹511.65 crore, ₹366.22 crore and ₹548.02 crore, respectively, as capital expenditure.

Our planned future capital expenditure relates primarily to maintenance and investment in technology and communication infrastructure. We do not consider our current capital expenditure plans to be material in amount, given the size, scope and nature of our business. However, our actual expenditure may be higher or lower than our current expectations, and could be material in amount. Moreover, we may incur capital expenditure for purposes other than above, depending on, among other factors, the business environment prevailing at the time and any change in our business plans.

Contractual Obligations

The following table sets forth the Bank's contractual obligations in respect of subordinated debt instruments and lower Tier II instruments as at December 31, 2023 payable in the periods indicated:

Particulars	**Maturity due by period as at December 31, 2023**				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
	(₹ in crores)				
Subordinated debt	7,950.00	-	750.00	-	7,200.00
Lower Tier II instruments	-	-	-	-	-
Total	**7,950.00**	**-**	**750.00**	**-**	**7,200.00**

The following table sets forth the Bank's contractual obligations in respect of subordinated debt instruments and lower Tier II instruments as at March 31, 2023 payable in the periods indicated:

Particulars	**Maturity due by period as at March 31, 2023**				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
	(₹ in crores)				
Subordinated debt	9,950.00	2,000.00	-	750.00	7,200.00
Lower Tier II instruments	-	-	-	-	-
Total	**9,950.00**	**2,000.00**	**0.00**	**750.00**	**7,200.00**

Operating leases comprise leases of office premises/ATMs, staff quarters, electronic data capturing machines and IT equipment.

Particulars	**Payments due by period as at December 31, 2023**				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
	(₹ in crores)				
Operating lease payments	**3,159.66**	517.25	844.41	640.48	1,157.52

The following table sets forth certain information in respect of future rentals payable on the Bank's operating leases as at March 31, 2023:

Particulars	**Payments due by period as at March 31, 2023**				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
	(₹ in crores)				
Operating lease payments	**3,756.23**	577.48	996.54	747.57	1,434.63

Contingent Liabilities

Our contingent liabilities primarily relate to claims against us not acknowledged as debts which represent claims filed against us in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by us. Contingent liabilities also include liabilities on account of outstanding forward exchange contracts that we enter into on our own account and on behalf of our customers. Guarantees given on behalf of entities, acceptances, endorsements and other obligations also form part of our contingent liabilities.

The table below sets forth, as at the dates indicated, the principal components of our Bank's contingent liabilities as at the dates indicated:

Contingent Liabilities	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(₹ *in crores*)			
Claims against our Bank not acknowledged as debts	3,730.72	3,313.02	3,020.15	3,161.59
Disputed income tax and interest tax demands under appeals, references etc.	15,680.11	13,777.87	20,988.98	20,995.75
Liability for partly paid investments	0.59	-	-	-
Liability on account on outstanding forward exchange contracts	2,28,990.82	4,36,349.68	4,13,132.86	3,99,839.65
Guarantees given on behalf of constituents:				
(a) In India	66,327.57	65,350.87	66,406.40	66,350.71
(b) Outside India	1,349.20	1,657.57	1,422.20	1,064.90
Acceptances, endorsements and other obligations	52,073.71	1,26,921.65	99,640.00	1,07,748.09
Other items for which the Bank is contingently liable	2,375.24	2,877.09	3,198.83	3,254.03
TOTAL	**3,70,527.97**	**6,50,247.75**	**6,07,809.42**	**6,02,414.71**

RELATED PARTY TRANSACTIONS

Other than those in the normal course of banking business, our Bank has not entered into any materially significant related party transactions that have potential conflict with interests of our Bank at large in the last three Fiscals and in the nine months ended December 31, 2023. It is an established practice in our Bank that Directors do not take part in the deliberations of the Board and other Sub-Committees of the Board when matters relating to them or to their relatives or firms/companies in which they are interested are discussed**.** For details in relation to the related party transactions entered by the Bank during the last three Fiscal Years, as per the requirements under Accounting Standard 18 issued by the Institute of Chartered Accountants in India read with circular dated March 29, 2003 issued by the RBI on 'Guidance on Compliance with the Accounting Standards by Banks', see "*Financial Statements*" on page 329.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT RISKS AND RISK MANAGEMENT

Our Bank is exposed to various risks that are an inherent part of any banking business, with the major risks being credit risk, market risk, liquidity risk and operational risk. We have various policies and procedures in place to measure, manage and monitor these risks systematically across all its portfolios. For further information about the types of risks and our risk management policies, see "*Our Business – Risk Management*" on page 218.

For the Bank's interest rate sensitivity analysis, see "*Selected Statistical Information — Interest Rate Sensitivity Analysis*" on page 161.

Foreign Exchange and Derivative Contracts

Our Bank enters into foreign exchange and derivative transactions for customers and for its own account. Foreign exchange products offered include forward exchange contracts, currency swaps and currency options. The derivative products offered by the Bank include interest rate swaps, forward rate agreements, interest rate futures, exchange traded currency options and cross-currency derivatives primarily for corporate customers. The Bank also trades in interest rate swaps for its own account and enters into foreign exchange contracts to cover its exposure. Our Bank earns profit on customer transactions by way of margin as a mark-up over the interbank exchange rate. Our Bank earns profit on interbank transactions based on the spread between the purchase rate and the sale rate. These profits are booked as income from foreign exchange and derivative transactions. For qualitative and quantitative disclosures on our Bank's derivative contracts, see "*Financial Statements*" on page 329.

Auditor Observations and Matters of Emphasis

There are no reservations, qualifications, emphasis of matters or adverse remarks highlighted by the Statutory Auditors in their reports to our Limited Review Unaudited Standalone Financial Results and Limited Review Unaudited Consolidated Financial Results for the nine months ended December 31, 2023.

Except as disclosed below, there are no reservations, qualifications, matters of emphasis or adverse remarks highlighted by the statutory auditors in their reports to our Audited Standalone Financial Statements and Audited Consolidated Financial Statements for Fiscals 2021, 2022 and 2023.

The statutory auditors have, in their auditors' report on the Audited Standalone Financial Statements of our Bank for Fiscal 2023, drawn attention the following matter:

- Note 15(b)(ii)(b)(iv)(a) of Schedule 18 – Notes to Accounts to the standalone financial statements regarding unamortised part of additional liability on account of revision in family pension carried forward from last year amounting to ₹1,521.62 crores, has been fully charged to profit and loss account during the year ended March 31, 2023. There is no unamortised expenditure in the Balance Sheet on account of additional family pension.

The statutory auditors have, in their auditors' report on the Audited Consolidated Financial Statements of our Bank for Fiscal 2023, drawn attention the following matter:

- Note No. 8 (c) (ii) (a) of Schedule 18 – Notes to Accounts to the consolidated financial statements regarding unamortised part of additional liability on account of revision in family pension carried forward from last year amounting to ₹1521.62 crores, has been fully charged to profit and loss account during the year ended March 31, 2023. There is no unamortised expenditure in the Balance Sheet on account of additional family pension.

The statutory auditors have, in their auditors' report on the Audited Standalone Financial Statements of our Bank for Fiscal 2022, drawn attention the following matters:

- Note No. 15.k of Schedule 18 – Notes to Accounts to the standalone financial statements regarding change in the accounting policies/estimates followed during the year ended 31st March, 2022 as compared to those followed in the preceding financial year ended 31st March, 2021 with effect from 1st April, 2021, in respect of appropriation of recovery in non-performing accounts first towards interest unrealised and then towards principal outstanding as against towards principal first and then towards interest unrealised in earlier periods. Impact due to the change in accounting policy has resulted increase in income for the quarter by ₹495.26 crores and for the year by ₹1,081.77 crores and consequential non-reduction in gross non-performing assets by equivalent amount.

- Note No. 15.c of Schedule 18 – Notes to Accounts to the standalone financial statements regarding amortization of additional liability on account of revision in family pension amounting to ₹1,902.02 crores. The bank has charged an amount of ₹380.40 crore to the profit and loss account during the year ended March 31, 2022, and the balance unamortized expenses of ₹1,521.62 crore has been carried forward.

- Note No. 15.n of schedule 18 – Notes to Accounts to the standalone financial statements regarding uncertainties due to outbreak of COVID-19 pandemic. In view of these circumstances, the effect on the Bank's operations and financial results is dependent on future developments including actions being taken to mitigate the same and other regulatory measures.

The statutory auditors have, in their auditors' report on the Audited Consolidated Financial Statements of our Bank for Fiscal 2022, drawn attention the following matters:

- Note No. 17 of Schedule 18 – Notes to Accounts to the consolidated financial statements which describes that there is change in the accounting policies/estimates followed during the year ended 31st March, 2022 as compared to those followed in the preceding financial year ended 31st March, 2021 with effect from 1st April, 2021, in respect of appropriation of recovery in non-performing accounts first towards interest unrealised and then towards principal outstanding as against towards principal first and then towards interest unrealised in earlier periods. Impact due to the change in accounting policy has resulted increase in income for the quarter by ₹495.26 crores and for the year by ₹1,081.77 crores and consequential non-reduction in gross non-performing assets by equivalent amount.

- Note No. 9 of Schedule 18 – Notes to Accounts to the consolidated financial statements which describes amortization of additional liability on account of revision in family pension amounting to ₹1,902.02 crores. The bank has charged an amount of ₹380.40 crore to the profit and loss account during the year ended March 31, 2022, and the balance unamortized expenses of ₹1,521.62 crore has been carried forward.

- Note No. 16 of Schedule 18 – Notes to Accounts to the consolidated financial statements which describes uncertainties due to outbreak of COVID-19 pandemic. In view of these circumstances, the effect on the Banks operations and financial results is dependent on future developments including actions being taken to mitigate the same and other regulatory measures.

The statutory auditors have, in their auditors' report on the Audited Standalone Financial Statements of our Bank for Fiscal 2021, drawn attention the following matters:

- Note No.1.1 of Schedule 18 – Notes to Accounts to the standalone financial statements, which describes Government approved scheme of amalgamation and basis for preparation of these financial results adopting "Pooling of Interest" method as prescribed under the Accounting Standard – 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India (ICAI), to record amalgamation of erstwhile Andhra Bank and erstwhile Corporation Bank (amalgamating banks) with the bank with effect from 1st April 2020. The financial results for the year are not comparable with corresponding previous period.

- Note No. 1.1 of schedule 18 – Notes to Accounts to the standalone financial statements, which describes consideration of amalgamation reserve amounting to ₹1,309.60 crores as a part of CET I Capital for the purpose of calculation of Capital Adequacy Ratio for the quarter / year ended 31st March 2021.

- Note No. 1.1 of Schedule 18 – Notes to Accounts to the standalone financial statements, which describes that during the year the bank has set off entire accumulated loss amounting to ₹32,758.49 crore (as at 1st April 2020) against securities premium account as per the approval received from RBI dated 29th October 2020.

- Note No. 1.4.5 of Schedule 18 – Notes to Accounts to the standalone financial statements, which describes uncertainties due to outbreak of COVID-19 pandemic. The situation continues to be uncertain and the management of the bank is evaluating the situation and effect on its business operations.

- Note No. 13 of Schedule 18 – Notes to Accounts to the standalone financial statements, which describes that there is change in the accounting policies/estimates followed during the year ended 31st March, 2021, as compared to those followed in the preceding financial year ended 31st March, 2020 with effect from 1st April, 2020,

  (a) the income on account of LC/BG commission is recognized as revenue on accrual basis as against receipt basis followed in earlier periods. Impact due to the change in accounting policy has resulted in decrease in other income and net profit (before tax) for the year by ₹441.06 Crore.

  (b) Pursuant to amalgamation of erstwhile Andhra Bank and erstwhile Corporation Bank into Union Bank of India, there is a change in method of depreciation on Fixed Assets from Written Down Value to Straight Line Method and change in estimated useful life with respect to some categories of assets. Impact due to the said changes has resulted in increase in depreciation and decrease in net profit (before tax) for the quarter by ₹3.24 crores for the year ended 31st March 2021 and due to harmonization, one time effect on the depreciation amounting to ₹180.16 crores for the year ended 31st March, 2021.

The statutory auditors have, in their auditors' report on the Audited Consolidated Financial Statements of our Bank for Fiscal 2021, drawn attention the following matters:

- Note No. 7.1.A of Schedule 18 – Notes to Accounts to the consolidated financial statements which describes Government approved scheme of amalgamation and basis for preparation of these financial results adopting "Pooling of Interest" method as prescribed under the Accounting Standard – 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India (ICAI), to record amalgamation of erstwhile Andhra Bank and erstwhile Corporation Bank (amalgamating banks) with the bank with effect from 1st April 2020. The financial results for the current quarter and year are not comparable with corresponding previous period.

- Note No.7.1.A of Schedule 18 – Notes to Accounts to the consolidated financial statements which describes consideration of amalgamation reserve amounting to ₹1309.60 crores as a part of CET I Capital for the purpose of calculation of Capital Adequacy Ratio for the quarter/ year ended 31st March 2021.

- Note No. 7.1.A of Schedule 18 – Notes to Accounts to the consolidated financial statements which describes that during the quarter and year the bank has set off entire accumulated loss amounting to ₹32,758.49 crore (as at 1st April 2020) against securities premium account as per the approval received from RBI dated 29th October 2020.

- Note No. 15 of Schedule 18 – Notes to Accounts to the consolidated financial statements which describes uncertainties due to outbreak of COVID-19 pandemic. The situation continues to be uncertain and the management of the bank is evaluating the situation and effect on its business operations.

- Note No. 16 of Schedule 18 – Notes to Accounts to the consolidated financial statements which describes that there is change in the accounting policies/estimates followed during the year ended 31st March 2021 as compared to those followed in the preceding financial year ended 31st March 2020 with effect from 1st April 2020,

(a) the income on account of LC/BG commission is recognized as revenue on accrual basis as against receipt basis followed in earlier periods. Impact due to the change in accounting policy has resulted in decrease in other income and net profit (before tax) for the year by ₹441.06 crores.

(b) Pursuant to amalgamation of erstwhile Andhra Bank and erstwhile Corporation Bank into Union Bank of India, there is a change in method of depreciation on Fixed Assets from Written Down Value to Straight Line Method and change in estimated useful life with respect to some categories of assets. Impact due to the said changes has resulted in increase in depreciation and decrease in net profit (before tax) for the quarter by ₹3.24 crore for the year ended 31st March 2021 and due to harmonization, one time effect on the depreciation amounting to ₹180.16 crore for the year ended 31st March 2021.

The statutory auditors' conclusion in their reports were not modified in respect of the above matters.

Significant Developments after December 31, 2023

Except as discussed above and as otherwise stated in this Placement Document, to our knowledge, no circumstances have arisen since the date of the last financial statements, i.e. December 31, 2023, as disclosed in this Placement Document which materially and adversely affect or are likely to affect the trading or profitability of the Bank or its subsidiaries, joint ventures, associates, or the value of its assets or its ability to pay its liabilities within the next 12 months.

SELECTED STATISTICAL INFORMATION

The section should be read together with the information included in the sections "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements".

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information herein as at and for the years ended March 31, 2021, 2022 and 2023 is derived from the Audited Standalone Financial Statements and financial information included herein as at and for the nine months ended December 31, 2022 and December 31, 2023 is derived from the Limited Review Unaudited Standalone Financial Results. For the purposes of a comparative analysis, certain figures for the year ended March 31, 2021 have been reclassified. For details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations-Reclassification of Certain Line Items" on page 123.

Demand deposits are current account deposits. Although the Bank does not pay interest on demand deposits, demand deposits have been included as interest bearing liabilities in this section.

The following information is included for analytical purposes. Certain non-GAAP financial measures and certain other statistical information relating to our Bank's operations and financial performance have been included in this section and elsewhere in this Placement Document. Our Bank computes and discloses such non-GAAP financial measures and such other statistical information relating to our Bank's operations and financial performance as it considers such information to be useful measures of its business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical information relating to our Bank's operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

Average Balance Sheet of the Bank

The tables below present our average balances for total interest-earning assets and total interest-bearing liabilities and demand deposits together with the related interest earned and interest expended, resulting in the presentation of the average yield and average cost for each period:

Particulars	**Nine months ended December 31,**					
	2022			**2023**		
	Average Balance(5)	**Interest Earned(6) / Expended (7)**	**Average Yield/ Cost (8) (%)**	**Average Balance (5)**	**Interest Earned(6) / Expended (7**	**Average Yield/ Cost(8) (%)**
	(₹ in crores, except %)					
Interest-earning assets:						
Advances	7,27,114.12	41,101.33	7.54%	8,08,531.43	52,519.68	8.66%
Investments	3,40,286.48	15,901.40	6.23%	3,36,107.09	16,859.16	6.69%
Others (1)	13,320.69	1,736.07	17.38%	12,702.63	4,049.02	42.50%
Total interest-earning assets	**10,80,721.28**	**58,738.80**	**7.25%**	**11,57,341.15**	**73,427.86**	**8.46%**
Non-interest earning assets:						
Fixed assets	7,094.37	-		7,898.66	-	-
Other assets	1,12,148.67	-	-	1,25,859.23	-	-
Total non-interest earning assets	1,19,243.04	-	-	1,33,757.89	-	-

Particulars	**Nine months ended December 31,**					
	2022			**2023**		
	Average Balance(5)	**Interest Earned(6) / Expended (7)**	**Average Yield/ Cost (8) (%)**	**Average Balance (5)**	**Interest Earned(6) / Expended (7**	**Average Yield/ Cost(8) (%)**
	(₹ in crores, except %)					
Total Assets	**11,99,964.33**	**58,738.80**	**6.53%**	**12,91,099.04**	**73,427.86**	**7.58%**
Interest-bearing liabilities:						
Total deposits(2)	10,01,496.25	31,636.34	4.21%	11,07,684.91	42,783.90	5.15%
Of which:						
Demand deposits	46,477.31	-	-	49,049.57	-	-
Savings bank deposits	2,96,972.71	6,273.21	2.82%	3,13,929.88	6,549.88	2.78%
CASA	3,43,450.02	6,273.21	2.44%	3,62,979.45	6,549.88	2.41%
Term deposits	6,58,046.23	25,363.13	5.14%	7,44,705.46	36,234.02	6.49%
Subordinated bonds(3)	19,196.50	1,202.80	8.35%	18,638.00	1,219.44	8.72%
Other borrowings (4)	36,616.82	1,384.87	5.04%	28,871.97	2,290.75	10.58%
Total interest-bearing liabilities and demand deposits	**10,57,309.57**	**34,224.01**	**4.32%**	**11,55,194.88**	**46,294.09**	**5.34%**
Non-interest bearing liabilities minus demand deposits:						
Capital and reserves	73,442.01	-	-	84,846.20	-	-
Other liabilities	35,636.14	-	-	42,061.39	-	-
Total non-interest bearing liabilities	**1,09,078.15**	**-**	**-**	**1,26,907.59**	-	-
Total liabilities	**1,64,891.47**	**34,224.01**	**27.67%**	**12,82,102.47**	**46,294.09**	**4.81%**

Particulars	**Year ended March 31,**								
	2021			**2022**			**2023**		
	Average Balance(5)	**Interest Earned(6) / Expended (7)**	**Average Yield/ Cost (%)**	**Average Balance(5)**	**Interest Earned(6) / Expended (7)**	**Average Yield/ Cost (%)**	**Average Balance (5)**	**Interest Earned(6) / Expended (7)**	**Average Yield/ Cost (%)**
	(₹ in crores, except %)								
Interest-earning assets:									
Advances	6,34,968.30	45,765.84	7.21%	6,33,281.23	45,235.50	7.14%	7,39,269.71	56,760.14	7.68%
Investments	3,30,871.80	20,573.70	6.22%	3,27,465.90	19,942.84	6.09%	3,38,031.71	21,355.04	6.32%
Others(1)	30,806.16	2,427.80	7.88%	30,092.46	2,765.61	9.19%	12,782.50	2,628.16	20.56%
Total interest-earning assets	**9,96,646.26**	**68,767.34**	**6.90%**	**9,90,839.59**	**67,943.95**	**6.86%**	**10,90,083.92**	**80,743.34**	**7.41%**
Non-interest earning assets:									
Fixed assets	6,053.19	-	-	7,267.59	-	-	8,008.46	-	-
Other assets	76,265.93	-	-	1,03,507.27	-	-	1,17,358.50	-	-
Total non-interest earning assets	**82,319.12**	-	-	**1,10,774.86**	-	-	**1,25,366.95**	-	-
Total Assets	**10,78,965.38**	**68,767.34**	**6.37%**	**11,01,614.45**	**67,943.95**	**6.17%**	**12,15,450.87**	**80,743.34**	**6.64%**
Interest-bearing liabilities:									
Total deposits(2)	8,75,026.80	40,806.84	4.66%	9,09,395.33	37,454.21	4.12%	10,14,332.69	44,340.03	4.37%

Particulars	**Year ended March 31,**								
	2021			**2022**			**2023**		
	Average Balance[5]	**Interest Earned[6] / Expended [7]**	**Average Yield/ Cost (%)**	**Average Balance[5]**	**Interest Earned[6] / Expended [7]**	**Average Yield/ Cost (%)**	**Average Balance [5]**	**Interest Earned[6] / Expended [7]**	**Average Yield/ Cost (%)**
	(₹ in crores, except %)								
Of which:									
Demand deposits	45,201.46	-	-	48,210.04	-	-	46,504.10	-	-
Savings bank deposits	2,55,054.04	7,853.19	3.08%	2,79,694.58	8,306.48	2.97%	2,98,152.74	8,409.25	2.82%
CASA	3,00,255.50	7,853.19	2.62%	3,27,904.62	8,306.48	2.53%	3,44,656.85	8,409.25	2.44%
Term deposits	5,74,771.30	32,953.65	5.73%	5,81,490.72	29,147.73	5.01%	6,69,628.11	35,930.79	5.37%
Subordinated bonds [3]	13,852.55	1,918.28	13.85%	18,205.05	1,518.93	8.34%	19,196.50	1,608.92	8.38%
Other Borrowings [4]	38,309.13	1,353.78	3.53%	33,303.05	1,184.34	3.56%	27,961.78	2,029.04	7.26%
Total interest-bearing liabilities	**9,27,188.48**	**44,078.91**	**4.75%**	**9,60,903.44**	**40,157.49**	**4.18%**	**10,61,443.24**	**47,978.00**	**4.52%**
Non-interest bearing liabilities:									
Capital and reserves	49,131.19	-	-	67,526.44	-	-	74,455.17	-	-
Other liabilities	22,664.79	-	-	32,514.93	-	-	37,503.82	-	-
Total non-interest bearing liabilities	**71,795.98**	**-**	**-**	**100,041.36**	**-**	**-**	**1,11,958.99**	**-**	**-**
Total liabilities	**9,98,984.46**	**44,078.91**	**4.41%**	**10,60,944.80**	**40,157.49**	**3.79%**	**11,73,402.24**	**47,978.00**	**4.09%**

Notes:

1. *Other interest-earning assets comprise monthly average of money at call and short notice and contribution to the Rural Infrastructure Development Fund (“**RIDF**”).*
2. *Comprises demand deposits, savings bank deposits and term deposits. Demand deposits are current account deposits. The Bank does not pay interest on demand deposits.*
3. *Subordinated bonds comprise Additional Tier 1, Tier 2 and lower Tier 2 bonds.*
4. *Other borrowings comprise borrowing with the RBI, other banks, institution and agencies.*
5. *Average balance for deposits, advances and investments is the fortnightly averages. Average balance for others interest-earning assets is the monthly averages. All other average balances are based on the average of the opening and closing balances. The average balances of advances include NPAs. The average balances of investments includes depreciation or provision for investments, if any.*
6. *Interest earned includes interest earned on advances, investment. Balances with Reserve Bank of India in other accounts, balances with banks in other deposit accounts and money at call and short notice.*
7. *Interest expended includes interest paid on deposits and borrowings.*
8. *Percentages relating to the nine-month period are annualised.*

Analysis of Changes in Interest Earned and Interest Expended by Volume and Rate

The following tables set forth, for the periods indicated, the allocation of the changes in the Bank’s interest earned (including, with respect to equity investments, dividend income) and interest expended between average volume and changes in average rates:

(₹ in crores)

Particulars	**Nine months ended December 31, 2023 vs. Nine months ended December 31, 2022**		
	Net Changes in Interest[1]	**Change in Average Volume[2]**	**Change in Rates[3]**
Interest earned:			
Advances	11,418.35	5,288.61	6,129.74
Investments	957.76	(209.64)	1,167.40
Others	2,312.95	(197.01)	2,509.96
Total interest earned[A]	**14,689.06**	**4,881.97**	**9,807.09**
Interest expended:			
Deposits[4]	11,147.56	4,101.50	7,046.06
Borrowings[5]	922.52	(613.48)	1,536.00
Total interest expended [B]	**12,070.08**	**3,488.02**	**8,582.06**

(₹ in crores)

Particulars	**Nine months ended December 31, 2023 vs. Nine months ended December 31, 2022**		
	Net Changes in Interest(1)	**Change in Average Volume(2)**	**Change in Rates(3)**
Net Interest earned [A-B]	**2,618.98**	**1,393.95**	**1,225.03**

(₹ in crores)

	Fiscal 2022 vs. Fiscal 2021		
	Net Changes in Interest(1)	**Change in Average Volume(2)**	**Change in Rates(3)**
Interest earned:			
Advances	(530.34)	(120.51)	(409.83)
Investments	(630.86)	(207.42)	(423.44)
Others	337.82	(65.59)	403.41
Total interest earned [A]	**(823.38)**	**(393.52)**	**(429.86)**
Interest expended:			
Deposits(4)	(3,352.63)	1,415.50	(4,768.13)
Borrowings(5)	(568.79)	(34.30)	(534.49)
Total interest expended [B]	**(3,921.42)**	**1,381.20**	**(5,302.62)**
Net Interest earned [A-B]	**3,098.04**	**(1,774.72)**	**4,872.76**

(₹ in crores)

Particulars	**Fiscal 2023 vs. Fiscal 2022**		
	Net Changes in Interest(1)	**Change in Average Volume(2)**	**Change in Average Rate(3)**
Interest earned:			
Advances	11,524.64	8,137.65	3,386.99
Investments	1,412.20	667.49	744.71
Others	(137.46)	(3,559.03)	3,421.57
Total interest earned [A]	**12,799.38**	**5,246.11**	**7,553.27**
Interest expended:			
Deposits(4)	6,885.82	4,587.18	2,298.64
Borrowings(5)	934.69	(335.56)	1,270.25
Total interest expended [B]	**7,820.51**	**4,251.62**	**3,568.89**
Net Interest earned [A-B]	**4,978.87**	**994.49**	**3,984.38**

Notes:

(1) The changes in interest earned, interest expended and net interest earned between periods have been reflected as attributed either to volume or rate changes. For purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.

(2) Change in average volume is computed as the increase in average balances for the period/year multiplied by yield/cost for Fiscal 2023, Fiscal 2022 and the nine months ended December 31, 2023, as the case may be.

(3) Change in average rate represents the average balance for Fiscal 2023, Fiscal 2022 and the nine months ended December 31, 2023, as the case may be, multiplied by change in rates during the respective periods during the relevant period.

(4) Comprises demand deposits, savings bank deposits and term deposits. The Bank does not pay interest on demand deposits.

(5) Borrowings comprises unsecured subordinated bonds and other borrowings.

Yield, Spread, Cost of Funds and Net Interest Margin

The following table sets forth, for the periods indicated, our Bank's yield on average monthly interest-earning assets, yield on Average Total Assets ("**Yield on Funds**"), cost of average monthly interest-bearing liabilities, cost of Average Total Assets ("**Cost of Funds**"), Spread, Net Interest Margin and certain other financial ratios:

Particulars	**Year ended March 31,**			**Nine months ended December 31,**	
	2021	**2022**	**2023**	**2022**	**2023**
	(₹ in crores, except %)				
Interest earned [A]	68,767.33	67,943.95	80,743.34	58,738.80	73,427.86
Interest expended [B]	44,078.91	40,157.49	47,978.00	34,224.01	46,294.09
Net Interest Income [C = A-B]	24,688.42	27,786.46	32,765.34	24,514.79	27,133.77
Average monthly interest-earning assets [D]	1,000,304.77	1,024,174.32	1,128,314.00	1,114,370.79	1,209,801.68
Average monthly interest-bearing liabilities (1) [E]	927,188.48	960,903.44	1,061,443.24	1,057,309.57	1,155,194.88
Average Total Assets/Average Working Funds (2) [F]	1,084,359.17	1,111,113.75	1,223,952.00	1,209,216.26	1,314,633.75
Average monthly interest-earning assets as a percentage of Average Total Assets [G=(D/F)]	92.25%	92.18%	92.19%	92.16%	92.03%
Yield on average monthly interest-earning assets [H=A/D]	6.87%	6.63%	7.16%	7.03(7)%	8.09(7)%
Yield on Funds(3) [I= (A/F)]	6.34%	6.11%	6.60%	6.48(7)%	7.45(7)%
Interest expended as a percentage of monthly interest-bearing liabilities (1) [J=(B/E)]	4.75%	4.18%	4.52%	4.32(7)%	5.34(7)%
Cost of Funds(4) [K=(B/F)]	4.06%	3.61%	3.92%	3.77(7)%	4.70(7)%
Spread (5) [L=(I-K)]	2.28%	2.50%	2.68%	2.70((7)%	2.75(7)%
Net Interest Margin(6) [M=(C)/F)]	2.47%	2.71%	2.90%	2.93(7)%	2.99(7)%

Notes:

1. *Includes demand deposits, savings bank deposits and term deposits. The Bank does not pay interest on demand deposits.*
2. *Average Total Assets/Average Working Funds is the monthly average of balances of total assets outstanding for the period (“**Average Total Assets/Average Working Funds**”)*
3. *Yield on Funds is interest earned divided by Average Total Assets (“**Yield on Funds**”).*
4. *Cost of Funds is interest expended divided by Average Total Assets (“**Cost of Funds**”).*
5. *Spread is the difference between Yield on Funds and Cost of Funds (“**Spread**”).*
6. *Net Interest Margin is Net Interest Income divided by Average Total Assets(“**Net Interest Margin**”)*
7. *Annualised.*

Financial Ratios of the Bank

The following tables set forth certain key financial indicators as at and for the dates and periods indicated for the Bank:

Particulars	**As at and for the year ended March 31,**			**As at and for the nine months ended December 31,**	
	2021	**2022**	**2023**	**2022**	**2023**
	(₹ in crores, except %)				
Dividend payout ratio(1)	-	24.82%	24.31%	-	-
Cost to average assets(2)	1.55%	1.66%	1.79%	1.68%	1.71%
CET I Capital	50,000.86	58,048.85	71,491.90	61,781.34	77,133.70
Risk Weighted Assets	5,51,520.67	5,45,922.81	5,78,454.82	5,76,978.42	6,58,950.32
Tier I capital adequacy ratio (Basel III)	10.35%	12.20%	13.91%	12.27%	13.05%
Tier II capital adequacy ratio (Basel III)	2.21%	2.32%	2.13%	2.18%	1.98%
Total capital adequacy ratio (Basel III)	12.56%	14.52%	16.04%	14.45%	15.03%

Particulars	As at and for the year ended March 31,			As at and for the nine months ended December 31,	
	2021	2022	2023	2022	2023
	(₹ in crores, except %)				
Net non-performing assets ratio[3]	4.62%	3.68%	1.70%	2.14%	1.08%
Allowance as percentage of gross non-performing assets[4]	69.62%	69.46%	78.80%	74.60%	78.38%

Notes:

1. *Dividend payout ratio is the ratio of dividend to adjusted net profit (after exclusion of a one-off income item from net profit).*
2. *Cost to average assets is the ratio of the operating expenses, including depreciation, to the monthly average assets.*
3. *Net non-performing assets ratio is the ratio of net non-performing assets divided by net advances.*
4. *Allowance as a percentage of gross non-performing assets is the ratio of non-performing asset provisions made to the gross non-performing assets, i.e., (Gross NPAs-Net NPAs)/Gross NPAs.*

Return on Equity and Assets

The following table presents selected financial ratios for the Bank for the periods indicated:

Particulars	Fiscal		
	2021	2022	2023
	(₹ in crores, except percentages)		
Net profit/(loss) for the year	2,905.97	5,232.10	8,433.28
Average Total Assets[1]	10,84,359.17	11,11,113.75	12,23,952.00
Shareholders' equity	43,506.62	51,764.95	63,599.34
Net profit/(loss) as a percentage of Average Total Assets	0.27%	0.47%	0.69%
Net profit(/loss) as a percentage of shareholders' equity	6.68%	10.11%	13.26%
Shareholders' equity as a percentage of Average Total Assets	4.01%	4.66%	5.20%

Particulars	Nine months ended December 31,	
	2022	2023
	(₹ in crores, except percentages)	
Net profit/(loss) for the period	5,650.96	10,337.76
Average Total Assets	12,09,216.26	13,14,633.75
Shareholders' equity	61,228.18	83,243.64
Net profit/(loss) as a percentage of Average Total Assets	0.62%	1.05%
Net profit/(loss) as a percentage of shareholders' equity	12.31%	16.56%
Shareholders' equity as a percentage of Average Total Assets	5.06%	6.33%

Note:

1. *The Average Total Assets is the monthly average of balances of total assets outstanding for the year/period.*

Investment Portfolio

The Bank's investments constituted 27.10% and 24.85% of the Bank's assets as at December 31, 2022 and December 31, 2023, respectively, and 30.93%, 29.35% and 26.49% of the Bank's assets as at March 31, 2021, March 31, 2022 and March 31, 2023, respectively.

The Bank carries out its investment activities according to various investment and trading policies. These policies set forth delegation of powers, types of instruments, maximum limits on investments in different types of securities, position limits, stop loss limits, duration limits and minimum acceptable credit spreads.

The Bank is required to maintain a minimum holding of 18% of its demand and time liabilities in SLR securities. In addition, the Bank's surplus funds are invested by the treasury.

The following table sets forth the composition of the Bank's investments as at December 31, 2023.

Particulars	As at December 31, 2023 *(₹ in crores)*
Domestic investments:	
SLR Investments	2,67,367.45
Non-SLR Investments	75,438.75
Total Domestic Investments	3,42,806.20
Total Foreign Investments	1,804.00
Total Global Investments	3,44,610.20

Total Domestic Investment Portfolio

Domestic investments constituted 99.52% and 99.48% of the Bank's investment portfolio as at December 31, 2022 and December 31, 2023, respectively, and 99.54%, 98.14% and 99.50% of the Bank's investment portfolio as at March 31, 2021, March 31, 2022 and March 31, 2023, respectively.

The following tables sets forth, as at the dates indicated, information relating to the Bank's total domestic investment portfolio.

Particulars	**As at December 31, 2022**				**As at December 31, 2023**			
	Book Value	**Market Value**	**Unrealized Gain**	**Unrealized Loss**	**Book Value**	**Market Value**	**Unrealized Gain**	**Unrealized Loss**
	(₹ in crores)							
Government securities	2,52,678.51	2,46,212.00	339.99	(6,806.49)	2,67,367.45	2,62,599.55	145.71	(4,913.61)
Other debt securities(1)	69,122.31	66,799.41	365.62	(2,688.51)	59,946.50	56,170.59	141.85	(3,917.75)
Total debt securities	3,21,800.82	3,13,011.42	705.60	(9,495.01)	3,27,313.95	3,18,770.14	287.56	(8,831.37)
Non-debt securities(2)	5,781.54	3,847.84	1,915.21	(3,848.91)	5,794.79	4,908.88	2,635.99	(3,534.07)
Subsidiaries and associates - at cost	1,542.52	1,542.52	-	-	1,542.52	1,532.90	-	-
Others (3)	21,857.16	19,935.76	33.36	(1,955.30)	17,437.56	15,070.07	40.88	(2,408.37)
Total	**3,50,982.04**	**3,38,337.54**	**2,654.17**	**(15,299.22)**	**3,52,088.82**	**3,40,281.99**	**2,964.43**	**(14,773.81)**

Particulars	**As at March 31, 2021**				**As at March 31, 2022**				**As at March 31, 2023**			
	Book Value	**Market Value**	**Unrealized Gain**	**Unrealized Loss**	**Book Value**	**Market Value**	**Unrealized Gain**	**Unrealized Loss**	**Book Value**	**Market Value**	**Unrealized Gain**	**Unrealized Loss**
	(₹ in crores)											
Government securities	2,40,297.91	2,43,387.29	4,397.73	(1,308.36)	2,64,163.80	2,62,886.03	1,472.13	(2,749.90)	2,60,251.56	2,54,293.18	358.51	(6,316.89)
Other debt securities(1)	75,903.60	75,214.81	1,324.44	(2,013.23)	70,944.66	70,245.32	1,040.15	(1,739.48)	65,574.51	63,141.76	248.46	(2,681.21)
Total debt securities	**3,16,201.51**	**3,18,602.10**	**5,722.18**	**(3,321.59)**	**3,35,108.45**	**3,33,131.35**	**2,512.28**	**(4,489.38)**	**3,25,826.07**	**3,17,434.94**	**606.97**	**(8,998.10)**
Non-debt securities(2)	5,661.69	2,922.67	1,384.23	(4,123.25)	5,805.32	3,667.93	1,781.71	(3,919.10)	5,748.85	3,646.35	1,935.00	(4,037.50)
Subsidiaries and associates - at cost	1,691.36	1,691.36	-	-	1,492.32	1,492.32	-	-	1,542.52	1,542.52	-	-
Others (3)	23,757.90	22,954.20	846.84	(1,650.54)	20,241.96	19,265.45	709.93	(1,686.44)	22,867.81	20,554.45	35.39	(2,348.76)
Total	**3,47,312.46**	**3,46,170.33**	**7,953.25**	**(9,095.38)**	**3,62,648.05**	**3,57,557.05**	**5,003.92**	**(10,094.92)**	**3,55,985.25**	**3,43,178.26**	**2,577.36**	**(15,384.36)**

Notes:

(1) Comprises non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(2) Comprises non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and RIDF under the priority/weaker section leading schemes.

Available for Sale Investments

The following tables sets forth, as at the dates indicated, information related to the Bank's domestic investments available for sale:

	As at December 31, 2022				**As at December 31, 2023**			
	Book Value	**Market Value**	**Unrealized Gain**	**Unrealized Loss**	**Book Value**	**Market Value**	**Unrealized Gain**	**Unrealized Loss**
Particulars	**(₹ in crores)**							
Government securities	34,963.45	34,961.58	302.13	(304.00)	38,798.38	38,642.09	8.91	(165.19)
Other debt securities[(1)]	14,056.09	11,916.33	304.58	(2,444.34)	15,431.95	11,893.07	137.55	(3,676.43)
Total debt securities	**49,019.54**	**46,877.91**	**606.71**	**(2,748.34)**	**54,230.33**	**50,535.16**	**146.46**	**(3,841.63)**
Non-debt securities[(2)]	5,394.09	3,402.01	1,845.40	(3,837.48)	5,445.85	4,507.96	2574.41	(3,513.73)
Subsidiaries and associates - at cost	-	-	-	-	-	-	-	-
Others[(3)]	20,826.53	18,905.13	33.36	(1,955.30)	17,090.12	14,722.64	40.88	(2,408.37)
Total	**75,240.17**	**69,185.05**	**2,485.47**	**(8,541.12)**	**76,766.03**	**69,765.76**	**2,761.75**	**(9,763.73)**

Particulars	**As at March 31,**											
	2021				**2022**				**2023**			
	Book Value	**Market Value**	**Unreal-ized Gain**	**Unrealized Loss**	**Book Value**	**Market Value**	**Unreal-ized Gain**	**Unrealized Loss**	**Book Value**	**Market Value**	**Unreal-ized Gain**	**Unrealized Loss**
	(₹ in crores)											
Government securities	49,202.14	49,157.98	275.64	(319.80)	65,341.29	65,383.57	315.79	(273.52)	37,798.39	37,811.11	304.19	(291.47)
Other debt securities (1)	16,927.41	15,702.09	586.99	(1,812.32)	14,182.17	13,019.44	568.74	(1,731.47)	13,388.83	11,180.97	229.70	(2,437.55)
Total debt securities	**66,129.55**	**64,860.07**	**862.63**	**(2,132.12)**	**79,523.47**	**78,403.00**	**884.52**	**(2,004.99)**	**51,187.22**	**48,992.08**	**533.89**	**(2,729.01)**
Non-debt securities(2)	5,477.51	2,739.41	1,365.45	(4,103.56)	5,445.93	3,254.48	1,703.40	(3,894.85)	5,363.42	3,195.57	1,859.09	(4,026.94)
Subsidiaries and associates – at cost	-	-	-	-	-	-	-	-	-	-	-	-
Others (3)	23,709.95	22,906.25	846.84	(1,650.54)	20,194.33	19,217.82	709.93	(1,686.44)	19,254.48	16,941.11	35.39	(2,348.76)
Total	**95,317.02**	**90,505.73**	**3,074.93**	**(7,886.22)**	**1,05,163.73**	**1,00,875.30**	**3,297.85**	**(7,586.28)**	**75,805.12**	**69,128.77**	**2,428.37**	**(9,104.71)**

Notes:

(1) Comprises non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(2) Comprises non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with RIDF under the priority/weaker section leading schemes.

Held to Maturity Investments

The following tables set forth, as at the dates indicated, information related to the Bank's domestic investments held to maturity.

	As at December 31, 2022	**As at December 31, 2023**
	Book Value	**Book Value**
	(₹ in crores)	
Government securities	2,17,606.09	2,28,324.75
Other debt securities (1)	54,821.22	44,383.55
Total debt securities	**2,72,427.31**	**2,72,708.30**
Non-debt securities (2)	387.08	340.67

	As at December 31, 2022	As at December 31, 2023
	Book Value	Book Value
	(₹ in crores)	
Subsidiaries and associates — at cost	1,542.52	1,542.52
Others (3)	1,030.63	1,030.63
Total	**2,75,387.54**	**2,75,622.12**

	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023
	Book Value	Book Value	Book Value
	(₹ in crores)		
Government securities	1,90,986.93	1,99,238.04	2,22,125.35
Other debt securities (1)	58,926.19	56,762.48	52,161.68
Total debt securities	**2,49,913.12**	**2,56,000.52**	**2,74,287.03**
Non-debt securities (2)	184.18	359.39	385.28
Subsidiaries and associates - at cost	1,691.36	1,492.32	1,542.52
Others (3)	47.95	47.63	3,613.33
Total	**2,51,836.60**	**2,57,899.86**	**2,79,828.16**

Notes:

1. *(1) Non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.*
2. *(2) non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.*
3. *(3) includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with RIDF under the priority/weaker section leading schemes.*

Held for Trading Investments

The following tables sets forth, as at the dates indicated, information related to the Bank's domestic investments held for trading:

Particulars	As at December 31, 2022				As at December 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ in crores)							
Government securities	108.97	109.38	1.79	(1.38)	244.32	244.43	0.48	(0.37)
Other debt securities (1)	245.00	245.04	0.99	(0.95)	131.00	131.00	-	-
Total debt securities	**353.97**	**354.42**	**2.79**	**(2.33)**	**375.32**	**375.43**	**0.48**	**(0.37)**
Non-debt securities (2)	0.37	0.37	-	(0.01)	8.26	9.12	0.88	(0.02)
Subsidiaries and associates — at cost	-	-	-	-	-	-	-	-
Others (3)	-	-	-	-	-	-	-	-
Total	**354.34**	**354.79**	**2.79**	**(2.34)**	**383.58**	**384.55**	**1.35**	**(0.39)**

Particulars	As at March 31, 2021				As at March 31, 2022				As at March 31, 2023			
	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss
	(₹ in crores)											
Government securities	108.84	108.84	-	-	(415.53)	(414.84)	1.32	(0.63)	327.82	327.82	-	-
Other debt securities (1)	50.00	49.99	-	(0.01)	-	-	-	-	24.00	23.92	-	0.08
Total debt securities	**158.84**	**158.83**	**-**	**(0.01)**	**(415.53)**	**(414.84)**	**1.32**	**(0.63)**	**351.82**	**351.74**	**-**	**0.08**

Particulars	As at March 31, 2021				As at March 31, 2022				As at March 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ in crores)											
Non-debt securities [(2)]	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiaries and associates - at cost	-	-	-	-	-	-	-	-	-	-	-	-
Others [(3)]	-	-	-	-	-	-	-	-	-	-	-	-
Total	**158.84**	**158.83**	**-**	**(0.01)**	**(415.53)**	**(414.84)**	**1.32**	**(0.63)**	**351.82**	**351.74**	**0.00**	**0.08**

Notes:

(1) Comprises non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(2) Comprises non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, and pass through certificates, security receipts and deposits with RIDF under the priority /weaker section leading schemes.

Residual Maturity Profile

The following table shows the Bank's total domestic investments, Held to Maturity domestic investments and AFS domestic investments as well as the average duration to maturity in years of each as at December 31, 2023:

Particulars	As at December 31, 2023	
	(₹ in crores)	(Average duration to maturity in years
Total Domestic Investments	3,42,806.20	3.97
Of which:		
HTM	2,74,938.93	4.42
AFS	67,483.68	1.79

Available for Sale

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of the Bank's domestic investments in government and corporate debt securities classified as available for sale and their weighted average market yields:

Particulars	As at December 31, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield%	Amount	Yield%	Amount	Yield%	Amount	Yield%
	(₹ in crores, except %)							
Government securities*	30,312.71	6.82%	3,655.65	7.08%	2,569.95	7.32%	2,260.07	7.37%
Other debt securities*	613.18	8.08%	6,677.29	6.57%	6,552.70	8.79%	1,588.77	12.49%
Gross book value	30,925.89	6.85%	10,332.94	6.75%	9,122.65	8.37%	3,848.84	9.49%
Total debt securities market value	30,747.19		9,669.71		7,761.61		2,356.64	

Note:

** Book value.*

Held to Maturity

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of the Bank's domestic investments in government and corporate debt securities classified as held to maturity and their weighted average market yields:

Particulars	As at December 31, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield%	Amount	Yield%	Amount	Yield%	Amount	Yield %
	(₹ in crores, except %) (unaudited)							
Government securities*	13,577.06	7.15%	94,348.19	7.25%	93,868.88	7.44%	26,530.62	7.33%
Other debt securities*	483.18	7.88%	3,896.31	7.69%	35,236.06	7.26%	4,768.00	7.13%
Gross book value	14,060.25	7.18%	98,244.50	7.26%	1,29,104.94	7.39%	31,298.62	7.30%
Total debt securities market value	13,897.22		96,319.05		1,27,178.83		30,464.45	

Note

** Book value.*

Held for Trading

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of the Bank's domestic investments in government and corporate debt securities classified as held for trading and their weighted average market yields.

Particulars	As at December 31, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield%	Amount	Yield%	Amount	Yield%	Amount	Yield%
	(₹ in crores, except %)							
Government securities*	106.74	6.84%	49.78	7.08%	(149.77)	7.18%	237.57	7.29%
Other debt securities*	-	-	131.00	8.55%	-	-	-	-
Gross book value	106.74	6.84%	180.78	8.15%	(149.77)	7.18%	237.57	7.29%
Total debt securities market value	106.74		180.95		(149.93)		237.68	

Note:

** Book value.*

External Rating Distribution Value of the Bank's Corporate Bonds Portfolio

The following table sets forth the external rating distribution value of the Bank's corporate bonds portfolio as at the specified dates:

External Rating	As at March 31,						As at December 31, 2023	
	2021		2022		2023			
	Gross book (₹ in crores)	% of total	Gross book (₹ in crores)	% of total	Gross book (₹ in crores)	% of total	Gross book (₹ in crores)	% of total
AAA	1,049.41	23.87%	800	18.79%	800.00	27.04%	50.00	19.50%
AA(1)	1,560.83	35.51%	2,100.83	49.35%	1,449.09	48.98%	65.59	25.58%
A(2)	1,150.01	26.16%	950.01	22.31%	650.01	21.97%	25.01	9.76%
BBB(3)	-	-	-	-	50.00	1.69%	106.60	41.57%
BB and Below(4)	635.4	14.46%	406.45	9.55%	9.23	0.31%	9.23	3.60%
Total	**4,395.65**	**100.00%**	**4,257.30**	**100.00%**	**2,958.33**	**100.00%**	**256.43**	**100.00%**

Notes:

(1) Includes AA+, AA and AA-.
(2) Includes A+, A and A-.
(3) Includes BBB+, BBB and BBB-.
(4) Includes BB+, BB and BB- and below

Funding

The Bank's principal sources of funds are deposits from retail and corporate customers, borrowings from the RBI and other financial institutions, foreign currency borrowings, profits from the purchase and sale of investments, and the public issuance of bonds.

Deposits

Balance to Maturity for Term Deposits Exceeding ₹2.00 crore

As at December 31, 2023, domestic term deposits in excess of ₹2 crore (which are classified as wholesale deposits) had balance to maturity profiles as set out below:

Particulars	As at December 31, 2023			
	Up to 6 Months	6 to 12 Months	1 Year to 3 Years	More Than 3 Years
	(₹ in crores)			
Balance to maturity for deposits exceeding ₹2.00 crore each	1,75,932.78	1,11,846.80	24,934.48	1,677.07

Short-term Borrowings

The following table sets forth, for the periods indicated, information related to the Bank's short-term Rupee borrowings, which are comprised primarily of money-market borrowings (call borrowing and CBLO borrowing). Short-term Rupee borrowings exclude deposits and securities sold under repurchase agreements:

Particulars	As at and for the year ended March 31,			As at and for the nine months ended December 31,	
	2021	2022	2023	2022	2023
	(₹ in crores, except %)				
Period end balance	-	-	-	1,308.90	5,248.11
Average balance during the period not captured(1)	2,568.03	271.24	1,440.81	1,853.23	2,882.49
Average interest rate during the period(2)	2.46%	3.17%	5.26%	5.22%	6.74%
Interest expended3)	72.33	8.58	75.78	72.95	146.36

Notes:

(1) Average daily balances outstanding.

(2) Represents the ratio of interest expended on short-term borrowings to the average daily balances of short-term borrowings.

(3) Represents the total interest expended on account of short term borrowings during the period.

Perpetual Debt and Upper Tier II Instruments

The following table sets forth the details of Perpetual Debt and Upper Tier II instruments issued by the Bank as at December 31, 2023:

1. Perpetual Debt Instruments

Particulars	Date of Issue	Perpetual and Call option	Coupon rate (%)	₹ in crores
INE692A08029	15/09/2016	Perpetual, Call After 10 years	9.50	1,000.00
INE692A08110	15/12/2020	Perpetual, Call After 5 years	8.73	500.00
INE692A08128	11/01/2021	Perpetual, Call After 5 years	8.64	1,000.00
INE692A08136	29/01/2021	Perpetual, Call After 5 years	8.73	205.00
INE692A08169	22/11/2021	Perpetual, Call After 5 years	8.70	2,000.00
INE692A08177	20/12/2021	Perpetual, Call After 5 years	8.40	1,500.00
INE692A08185	02/03/2022	Perpetual, Call After 5 years	8.50	1,500.00
INE692A08193	25/07/2022	Perpetual, Call After 5 years	8.69	1,320.00
INE692A08227	23/12/2022	Perpetual, Call After 5 years	8.40	663.00
Total				**9,688.00**

2. Tier II Bonds

Particulars	Date of Issue	Date of maturity	Coupon rate (%)	₹ in crores
INE692A08045	24/11/2016	24/11/2026	7.74	750.00

Particulars	Date of Issue	Date of maturity	Coupon rate (%)	₹ in crores
INE112A08051	08/11/2019	08/11/2029	8.93	1,000.00
INE692A08094	16/09/2020	16/09/2030	7.42	1,000.00
INE692A08102	26/11/2020	26/11/2035	7.18	1,000.00
INE692A08144	24/06/2021	24/06/2031	7.19	850.00
INE692A08151	09/7/2021	09/07/2036	7.25	1,150.00
INE692A08219	29/11/2022	29/11/2037	7.85	1,500.00
INE692A08201	29/11/2022	29/11/2032	7.80	700.00
Total				**7,950.00**

Cash Flow Mismatch Analysis

The following table sets forth the Bank's structural liquidity gap position for its domestic operations as at December 31, 2023:

Particulars	As at December 31, 2023(1)(2)(3)				
	Up to 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Total
	(₹ in crores, except percentages)				
Cash and bank balances	15,877.30	33,618.39	11,263.27	21,088.06	**81,847.03**
Advances	3,12,974.45	1,25,280.18	3,10,790.31	83,826.06	**8,32,870.99**
Investments	78,305.38	38,559.29	72,369.82	1,44,343.43	**3,33,577.92**
Fixed assets	-	-	-	8,679.45	**8,679.45**
Other assets	29,043.32	1,262.50	3,174.34	8,834.82	**42,314.98**
All other assets	2,18,368.95	1,81,904.97	43,298.09	180.01	**4,43,752.02**
Total Inflows	6,54,569.40	3,80,625.33	4,40,895.83	2,66,951.83	**17,43,042.39**
Capital and Reserves	**-**	**-**	**-**	83,127.57	**83,127.57**
Deposits	1,79,105.42	2,60,042.80	2,20,728.30	4,94,448.98	**11,54,325.49**
Borrowings	14,579.92	1,639.01	4,725.47	14,898.54	**35,842.95**
Other liabilities & Provisions	31,845.79	-	629.51	5,717.08	**38,192.37**
All other liabilities	2,32,115.96	1,84,898.59	42,997.69	602.69	**4,60,614.95**
Total outflows	**4,57,647.09**	**4,46,580.40**	**2,69,080.97**	**5,98,794.86**	**17,72,103.33**
Liquidity gap	1,96,922.30	(65,955.07)	1,71,814.86	(3,31,843.04)	**(29,060.94)**
Cumulative liquidity gap	1,96,922.30	1,30,967.23	3,02,782.09	(29,060.94)	
Cumulative liabilities	4,57,647.09	9,04,227.50	11,73,308.47	17,72,103.33	
Cumulative liquidity gap as a % of cumulative liabilities	43.03	14.48	25.81	(1.64)	

Notes:

(1) Classification methodologies are based on the Asset Liability Management Guidelines issued by the RBI.
(2) Assets and liabilities are classified into categories as per residual maturity.
(3) Assets and liabilities that do not mature or have ambiguous maturities are classified as per historical behavioral analysis or management's judgment.

Loan Portfolio and Credit Substitutes

As at December 31, 2023, the Bank's gross loan portfolio was ₹8,95,974.08 crore and the Bank's gross non-fund based exposure was ₹1,97,169.33 crore. The majority of the Bank's gross loans and credit substitutes are to borrowers in India.

The Bank makes loans to a wide range of customers in the public and private sectors, including commercial and industrial customers, agricultural customers and individual customers, in each case within the guidelines issued by the RBI. Working capital facilities consist of revolving cash credit facilities and short-term loans. Revolving cash credit facilities, based on a traditional overdraft system of lending, have been the most common form of working capital financing in India. Pursuant to RBI guidelines, only a specified percentage of a working capital facility can be accessed as cash credit, with the balance being short-term loans having a minimum maturity of one year.

The following tables set forth the Bank's gross advances by segment as at March 31, 2021, March 31, 2022 and March 31, 2023 and as at December 31, 2023, rounded to the nearest crore:

Particulars	As at March 31,						As at December 31, 2023	
	2021		2022		2023			
	(₹ in crores)	% of total	(₹ in crores)	% of total	(₹ in crores)	% of total	(₹ in crores)	% of total
Retail loans	1,25,426.50	19.19%	1,36,273.27	19.02%	1,59,701.86	19.72%	1,73,445.11	19.36%
Agriculture loans	1,20,124.38	18.38%	1,33,091.82	18.58%	1,51,993.93	18.76%	1,77,583.25	19.82%
MSME loans	1,01,532.73	15.53%	1,10,576.76	15.43%	1,25,022.29	15.44%	1,36,745.98	15.26%
Large Corporate and Others	2,90,588.40	44.45%	3,19,327.42	44.57%	3,48,584.53	43.04%	3,78,915.01	42.29%
Total domestic loans	**6,37,672.01**	**97.55%**	**6,99,269.27**	**97.61%**	**7,85,302.61**	**96.96%**	**8,66,689.35**	**96.73%**
International loans	16,012.32	2.45%	17,138.60	2.39%	24,602.70	3.04%	29,284.73	3.27%
Total gross loans	**6,53,684.33**	**100.00%**	**7,16,407.87**	**100.00%**	**8,09,905.31**	**100.00**	**8,95,974.08**	**100.00%**

Note: Previous period figures have been regrouped / reclassified wherever necessary to conform to current period classification.

The following tables set forth the Bank's gross retail advances by product type as at March 31, 2021, March 31, 2022 and March 31, 2023 and as at December 31, 2023, rounded to the nearest crore:

Particulars	As at March 31,			As at December 31, 2023
	2021	2022	2023	
	(₹ in crores)			
Home loans	66,228.45	71,691.99	79,374.34	84,045.63
Mortgage loans	11,887.23	12,571.53	14,190.01	14,722.09
Education loans	7,159.30	7,350.15	9,210.43	12,978.66
Vehicle loans	9,456.24	12,622.84	16,508.82	19,505.38
Personal loans	5,465.28	6,053.79	11,664.20	11,493.52
Gold and other retail loans	25,230.00	25,982.97	28,754.06	30,699.83
Total outstanding retail loans	**1,25,426.50**	**1,36,273.27**	**1,59,701.86**	**1,73,445.11**

Interest Rate Sensitivity Analysis

The following table sets forth the interest rate sensitivity analysis of the Bank's assets and liabilities for the Bank's Indian operations as at December 31, 2023:

Particulars	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-Sensitive	Total
	(₹ in crores)					
Assets						
Cash and Balances with RBI	-	-	-	-	54,548.23	**54,548.23**
Balances with other banks	4,160.63	22,192.77	379.77	-	563.63	**27,298.80**
Advances	4,51,135.95	3,28,225.95	44,792.01	8,717.08	-	**8,32,870.99**
Investments	8,947.37	34,288.55	1,12,186.99	1,80,064.45	7,373.17	**3,42,860.54**
Fixed Assets	-	-	-	-	8,679.45	**8,679.45**
Other Assets	-	-	-	-	33,032.36	**33,032.36**
All Other Assets *	276.25	-	-	-	10,758.68	**11,034.93**
Forex Swaps	2,09,705.19	1,71,097.49	9,201.17	-	-	**3,90,003.85**
Total Assets	6,74,225.39	5,55,804.77	1,66,559.94	1,88,781.53	1,14,957.52	**17,00,329 15**
OBS Items	22,300.00	3,751.75	16,225.00	90.00	-	**42,366.75**
Total RSA/Assets	6,96,525.39	5,59,556.52	1,82,784.94	1,88,871.53	1,14,957.52	**17,42,695.90**
Liabilities						
Capital and reserve	-	-	-	-	83,127.57	**83,127.57**
Deposits	2,09,648.48	3,87,155.19	3,12,153.98	2,45,367.84	-	**11,54,325.49**
Borrowings	5,314.45	510.61	4,131.70	28.47	-	**9,985.23**
Other Liabilities	-	-	-	-	38,192.37	**38,192.37**
All Other Liabilities #	3,820.00	6,863.00	3,805.00	3,150.00	4,875.46	**22,513.46**

Particulars	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-Sensitive	Total
	(₹ in crores)					
Repos	8,219.72	-	-	-	-	**8,219.72**
Forex Swaps	2,13,719.26	1,70,26,136	3,332.14	-	-	**3,87,312.76**
Total Liabilities	**4,40,721.91**	**5,64,790.16**	**3,23,422.82**	**2,48,546.31**	**43,067.83**	**16,20,549.03**
OBS Items	24,466.75	1,715.00	16,095.00	90.00	-	**42,366.75**
Total RSL/Liabilities	**4,65,188.66**	**5,66,505.16**	**3,39,517.82**	**2,48,636.31**	**43,067.83**	**16,62,915.78**

Notes:

** Includes Reverse Repo and interest receivable.*

 # Includes interest payable and subordinated debt.

The following table sets forth, for the periods indicated, the interest rate sensitivity of our variable rates and fixed rates performing/standard domestic advances as at December 31, 2023:

Interest rate classification of advances by maturity	Due in One Year or less	Due in One Year to Five Years	Due after Five Years	Total
	(₹ in crores)			
Variable rates	3,60,336.08	1,48,207.79	2,42,302.12	**7,50,845.99**
Fixed rates	55,352.83	3,063.80	16,503.47	**74,920.10**
Total	**4,15,688.91**	**1,51,271.59**	**2,58,805.59**	**8,25,766.09**

Concentration of Loans and Credit Substitutes

Pursuant to RBI guidelines, exposure ceilings are 15.00% of capital funds in the case of a single borrower and 40.00% in the case of a borrower group. The single borrower exposure limit is extendable by another 5.00%, up to 20.00% of capital funds. The borrower group exposure limit is extendable by another 10.00%, up to 50.00% of capital funds, provided that the additional exposure is for the purpose of financing infrastructure projects. In addition, a bank may, in exceptional circumstances and with the approval of its board of directors, consider increasing its exposure to a single borrower up to a maximum of an additional 5.00% of capital funds, subject to the borrower consenting to us making appropriate disclosure about the borrower in our Bank's annual report.

There are generally no restrictions in India on exposure to a particular industry. RBI norms specify exposure to capital market, real estate, sensitive commodities listed by the RBI, venture capital funds, stockbrokers, financing for acquisition of overseas entities, and credit to overseas joint ventures. For further information, see "*Regulations and Policies*" on page 246.

The Bank follows a policy of portfolio diversification and evaluates its total financing exposure in a particular industry in the light of the Bank's growth and profitability forecasts for that industry. The Bank's Risk Department monitors all major sectors of the economy and specifically follows industries in which the Bank has credit exposure. The Bank actively manages its loan portfolio by responding to economic weaknesses in an industry segment by restricting new credits to that industry segment and by increasing new credits to growing industry segments. In order to avoid concentration, the Bank has set internal ceilings on portfolio exposures to different industry sectors.

The following table sets forth, at the dates indicated, the Bank's gross fund-based loans outstanding categorized by borrower industry or economic activity:

Particulars	As at							
	March 31, 2021		March 31, 2022		March 31, 2023		December 31, 2023	
	Amount of loans (₹ in crores)	%	Amount of loans (₹ in crores)	%	Amount of loans (₹ in crores)	%	Amount of loans (₹ in crores)	%
Coal	711.89	0.11%	556.97	0.08%	643.14	0.08%	830.59	0.10%
Mining	1,769.47	0.28%	2,883.74	0.41%	1,651.54	0.21%	2,679.03	0.31%
Iron and Steel	11,924.38	1.87%	11,248.29	1.61%	14,203.55	1.81%	14,752.23	1.70%
Other Metal and Metal Products	4,090.06	0.64%	11,103.52	1.59%	10,603.24	1.35%	10,335.14	1.19%

Particulars	As at							
	March 31, 2021		March 31, 2022		March 31, 2023		December 31, 2023	
	Amount of loans (₹ in crores)	%	Amount of loans (₹ in crores)	%	Amount of loans (₹ in crores)	%	Amount of loans (₹ in crores)	%
All Engineering	10,926.28	1.71%	10,892.65	1.56%	7,531.58	0.96%	9,218.70	1.06%
Electronics	2,104.46	0.33%	1,732.78	0.25%	439.02	0.06%	5,711.95	0.66%
Cotton Textiles	7,917.87	1.24%	7,728.21	1.11%	8,398.30	1.07%	7,861.96	0.91%
Jute Textiles	331.87	0.05%	314.14	0.04%	270.98	0.03%	396.31	0.05%
Other Textiles	10,117.35	1.59%	8,635.38	1.23%	8,328.55	1.06%	8,573.28	0.99%
Sugar	3,099.36	0.49%	3,312.62	0.47%	3,148.17	0.40%	2,831.33	0.33%
Tea	251.50	0.04%	233.73	0.03%	208.11	0.03%	207.86	0.02%
Food Processing	18,677.52	2.93%	19,837.64	2.84%	21,184.36	2.70%	26,797.57	3.09%
Vegetable Oils and Vanaspati	2,943.62	0.46%	2,795.69	0.40%	1,912.05	0.24%	1,875.58	0.22%
Tobacco and Tobacco Products	763.63	0.12%	545.41	0.08%	348.93	0.04%	290.73	0.03%
Paper and Paper Products	2,806.59	0.44%	2,609.88	0.37%	2,514.90	0.32%	2,474.52	0.29%
Rubber, Plastic and their Products	2,900.58	0.45%	3,643.74	0.52%	3,096.68	0.39%	3,501.32	0.40%
Chemicals, Dyes, Paints etc.	10,784.34	1.69%	13,746.42	1.97%	15,840.42	2.02%	15,588.08	1.80%
(i) of which are Fertilisers	3,715.04	0.58%	6,148.83	0.88%	7,064.64	0.90%	6,439.86	0.74%
(ii) of which are Petrochemicals	75.28	0.01%	103.85	0.01%	3,074.24	0.39%	3,397.18	0.39%
Cement	2,405.55	0.38%	2,796.07	0.40%	3,839.70	0.49%	4,003.47	0.46%
Leather and Leather Products	622.51	0.10%	714.65	0.10%	643.15	0.08%	606.64	0.07%
Gems and Jewellery	5,970.20	0.94%	5,660.71	0.81%	4,803.34	0.61%	4,356.76	0.50%
Construction	7,599.02	1.19%	7,737.56	1.11%	8,212.32	1.05%	9,968.94	1.15%
Petroleum	10,470.83	1.64%	13,770.56	1.97%	20,593.16	2.62%	9,709.35	1.12%
Infrastructure	88,075.30	13.81%	90,521.27	12.95%	84,721.50	10.79%	84,859.34	9.79%
Other Industries	9,423.05	1.48%	7,908.55	1.13%	7,182.57	0.91%	7,032.29	0.81%
Total	**2,08,288.32**	**32.66%**	**2,22,855.36**	**31.87%**	**2,24,611.91**	**28.60%**	**2,23,836.25**	**25.83%**
Residuary Other Advances	4,29,383.69	67.34%	4,76,413.91	68.13%	5,60,690.70	71.40%	6,42,853.10	74.17%
Grand Total	**6,37,672.01**	**100.00%**	**6,99,269.27**	**100.00%**	**7,85,302.61**	**100.00%**	**8,66,689.35**	**100.00%**

The following table sets forth the Bank’s top 10 largest loan exposures by sectors as at the dates indicated.

Particulars	As at March 31,			As at December 31, 2023
	2021	2022	2023	
	(₹ in crores)			
Agriculture	1,20,124.38	1,33,091.82	1,51,993.93	177,583.25
Retail Advances	1,25,426.50	1,36,273.27	1,59,701.86	173,445.11
Infrastructure	88,075.30	90,521.27	84,721.50	99,719.81
Trade	52,272.24	55,708.36	64,433.68	68,314.17
NBFCs and HFCs	72,015.00	90,149.41	1,07,234.83	1,25,540.37
Basic Metal Product	16,014.45	22,351.81	24,806.79	25,087.37
Food Processing	18,677.52	19,837.64	21,184.36	26,797.57
Textile	18,367.08	16,677.73	16,997.83	16,831.55
Construction	7,599.02	7,737.56	8,212.32	9,968.94
All Engineering	10,926.28	10,892.65	7,531.58	9,218.70

As at December 31, 2023, the aggregate exposure of the Bank’s 10 largest group borrowers (fund-based) amounted to ₹1,00,865.87 crore, representing 101.85% of the Bank’s total capital, which comprises ₹85,998.75 crore Tier I and ₹13,031.52 crore Tier II capital. The Bank’s exposure to the single largest group borrower (fund-based) on such date was ₹18,027.75 crore, representing 18.20% of the Bank’s capital.

As at December 31, 2023, the aggregate exposure of the Bank's 20 largest standard individual borrower's loans amounted to ₹1,51,538.93 crore, representing 16.91% of total gross advances.

Regional Concentration

The Bank's widespread branch network enables the Bank to diversify its lending risks geographically. The following table presents an analysis of the Bank's domestic advances by region as at the dates indicated:

Particulars	**As at March 31,**			**As at December 31,**	
	2021	**2022**	**2023**	**2022**	**2023**
	(₹ in crores)				
Central[1]	61,119.44	62,929.24	66,742.18	69,021.99	76,265.68
Eastern[2]	37,784.77	48,236.09	47,422.02	50,531.77	53,386.91
North Eastern[3]	1,788.99	2,065.05	2,509.24	2,384.80	2,995.94
Northern[4]	1,05,658.34	1,29,183.85	1,13,719.50	1,39,954.81	1,53,085.58
Southern[5]	2,57,890.49	2,91,909.09	2,98,703.66	3,09,390.27	3,45,802.15
Western[6]	1,73,429.98	1,64,945.45	2,56,206.01	2,11,725.05	2,35,177.57
Total domestic advances	**6,37,672.01**	**6,99,269.27**	**7,85,302.61**	**7,83,008.69**	**8,66,689.35**

Notes:

1. *Comprises Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Uttarakhand.*
2. *Comprises Andaman-Nicobar, Bihar, Jharkhand, Orissa, Sikkim and West Bengal.*
3. *Comprises Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.*
4. *Comprises Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab and Rajasthan.*
5. *Comprises Andhra Pradesh, Karnataka, Kerala, Pondicherry, Tamil Nadu and Telangana.*
6. *Comprises Dadra Nagar Haveli, Daman and Diu, Goa, Gujarat and Maharashtra.*

CIBIL Rating Profile of the Bank's retail loans sanctioned during the nine months ended December 31, 2023

The following table sets forth the CIBIL rating profile of the Bank's retail loans sanctioned from April 1, 2023 to December 31, 2023:

CIBIL Rating*	**As at December 31, 2023**	
	Gross book (₹ in crores)	**% of total**
Below 700	105.28	1.26%
700 to 750	2,185.44	26.18%
750 and above	6,057.21	72.56%
Total	**8,347.93**	**100.00%**

Notes: excluding loans sanction with CIBIL score -1 to 5

Non-Performing Assets

The Bank's Gross NPA ratio was 13.74%, 11.11%, 7.53% and 4.83% as at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023.

The following table sets forth, for the periods indicated, information about the Bank's NPA portfolio:

Particulars	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	(₹ in crores, except percentages)			
	(audited)			**(unaudited)**
Non-Performing Assets				
Gross NPAs	89,788.20	79,587.07	60,987.29	43,261.88
Specific provisions	61,847.95	54,656.53	47,629.18	33,522.38
Floating provisions	306.20	-	-	-
NPA net of provisions and net table credits	27,280.77	24,303.10	12,927.50	9,351.23

Particulars	As at March 31,			As at December 31, 2023
	2021	2022	2023	
	(₹ in crores, except percentages)			
	(audited)			(unaudited)
Gross customer assets	6,53,684.33	7,16,407.87	8,09,905.31	8,95,974.08
Net customer assets	5,90,983.44	6,61,004.83	7,61,845.46	8,62,063.44
Gross NPAs/gross customer assets (%)	13.74%	11.11%	7.53%	4.83%
Net NPAs/net customer assets (%)	4.62%	3.68%	1.70%	1.08%
Specific provision as a percentage of Gross NPAs	68.88%	68.68%	78.10%	77.49%
Total provisions as a percentage of Gross NPAs	69.62%	69.46%	78.80%	78.38%
Provision cover (including prudential write-offs)	81.27%	83.61%	90.34%	92.54%

The following table sets forth, for the periods indicated, the Bank's NPA portfolio by primary business segments, rounded to the nearest crore:

Particulars	Assets reclassified as NPAs during the nine months ended December 31, 2023	NPAs from Segment as at December 31, 2023	Segment as a % to Total NPAs as at December 31, 2023	Segment as a % to Total Loans as at			
				March 31, 2021	March 31, 2022	March 31, 2023	December 31, 2023
	(₹ in crores, expect for percentage)						
Agriculture	2,714.23	15,125.17	34.96%	12.07%	11.58%	10.27%	8.52%
MSMEs	2,198.25	11,198.77	25.89%	20.40%	18.71%	12.52%	8.19%
Retail Loans	1,520.50	3,930.25	9.08%	4.46%	3.67%	2.94%	2.27%
Corporate and others	2,121.09	13,007.69	30.07%	15.65%	11.33%	7.25%	3.19%
Total	**8,554.07**	**43,261.88**	**100.00%**	**13.74%**	**11.11%**	**7.53%**	**4.83%**

Provisions for NPAs

The Bank's Provisioning Coverage Ratio as at March 31, 2021, March 31, 2022 and March 31, 2023 and December 31, 2023, computed as per RBI guidelines, was 81.27%, 83.61%, 90.34% and 92.54%, respectively.

The following table sets forth, for the periods indicated, movements in the Bank's provisions against NPAs:

Particulars	For the year ended March 31			For the nine months ended December 31,	
	2021	2022	2023	2022	2023
	(₹ in crores)				
	(audited)			(unaudited)	
Specific provisions:					
Specific provisions at the beginning of the period	65,229.57	61,847.95	54,656.53	54,656.53	47,629.18
Additions during the period	13,912.19	11,919.46	12,478.97	8,911.66	4,902.14
Reductions during the period on account of recovery and write-offs	17,293.81	19,110.88	19,506.32	16,435.19	19,008.94
Specific provisions at the end of the period	61,847.95	54,656.53	47,629.18	47,133.00	33,522.38
Floating provisions:					
Floating provisions at the beginning of the period	306.20	306.20	-	-	-
Additions during the period	-	-	-	-	-
Utilizations during the period	-	306.20	-	-	-
Floating provisions at the end of the period	306.20	-	-	-	-

Particulars	For the year ended March 31			For the nine months ended December 31,	
	2021	2022	2023	2022	2023
	(₹ in crores)				
	(audited)			(unaudited)	
Total specific and floating provisions at the end of the period	**62,154.14**	**54,656.53**	**47,629.18**	**47,133.00**	**33,522.38**

The following table sets forth the classification of gross loan assets of the Bank at the dates indicated:

Particulars	As at March 31,			As at December 31, 2023
	2021	2022	2023	
	(₹ in crores)			
Standard	5,63,896.13	6,36,820.81	7,48,918.02	8,52,712.20
Non-performing assets	89,788.20	79,587.06	60,987.29	43,261.88
Sub-standard assets	13,489.56	11,040.55	7,118.16	7,584.77
Doubtful assets	50,540.50	49,449.47	34,950.72	26,444.03
Loss assets	25,758.14	19,097.04	18,918.41	9,233.09
Total	**6,53,684.33**	**7,16,407.87**	**8,09,905.31**	**8,95,974.08**

The following table sets forth the Bank's NPAs for its 10 largest industry NPA accounts as at December 31, 2023:

Industry	Gross Principal Outstanding (₹ in crores)
Infrastructure	4,207.26
Textiles	2,386.32
Food Processing	1,863.54
Gems & Jewellery	1,739.65
Chemicals & Chemical Products (Dyes, Paints Etc.)	1,307.40
Construction	1,272.75
All Engineering	1,089.53
Basic Metal & Metal Products	927.48
Rubber, Plastic & Their Products	318.35
Vehicle, Vehicle Parts & Transport Equipments	227.60
Total	**15,339.88**

Recognition of NPAs and Provisioning

RBI Classification and Provisioning Requirements

The Bank classifies its assets in accordance with the RBI guidelines. The guidelines require Indian banks to classify their NPAs into three categories, as described below, based on the period for which the asset has remained non-performing and the estimated realization of amounts due in relation to such asset. Further, the NPA classification is at the borrower level, rather than at the facility level and, accordingly, if one of the advances granted to a borrower becomes non-performing, such borrower is classified as non-performing and all advances due from it are so classified.

A non-performing asset is a loan or an advance where: (i) interest and/or instalment of principal remains overdue for a period of more than 30 days in respect of a term loan; (ii) the account remains "out of order" in respect of an overdraft of cash credit; (iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted; (iv) the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops; (v) the instalment of principal or interest thereon remains overdue for one crop season for long duration crops; (vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on a securitization dated February 1, 2006; or (vii) 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. According to guidelines specified by RBI in July 2013, an account should be classified as an NPA on the basis of the record of recovery and not merely on deficiencies which are temporary in nature, such as non-renewal of limits on the due date or non-submission of stock statements.

Further, RBI requires the banks to classify an account as a non-performing asset only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

Standard asset	Performing assets are Standard Assets which do not disclose any problem and which do not carry more than the normal risk attached to the business. The performing asset is one which generates income for the bank.
Sub-standard asset	With effect from March 31, 2005, a Sub-standard Asset would be one which has remained a NPA for a period less than or equal to 12 months.
Doubtful asset	With effect from March 31, 2005, and in accordance with RBI guidelines, a doubtful asset is an asset that has remained in the substandard category for a period of 12 months. Further, these doubtful assets are to be classified into the following three categories, depending on the period for which such assets have been classified as doubtful: • assets which have remained in the doubtful category for a period of up to one year; • assets which have remained in the doubtful category for a period of more than one year but less than three years; and • assets which have remained in the doubtful category for a period of more than three years..
Loss asset	In accordance with RBI guidelines, a loss asset is an asset where loss has been identified by the bank or internal or external auditors or RBI at the time of inspection, but the amount has not been written off wholly. In cases of serious credit impairment, an asset is required to be immediately classified as doubtful or as a loss asset, as appropriate. Further, erosion in the value of the security provided may also be considered significant when the realizable value of the security is less than 50.00% of the value as assessed by the bank or as accepted by RBI at the time of the last inspection of the security, as the case may be. In such a case, the assets secured by such impaired security may immediately be classified as doubtful, and provisioning should be made as applicable to doubtful assets. If the realizable value of the security, as assessed by the bank or approved valuation agents or by RBI, is less than 10.00% of the outstanding amount in the borrower's accounts, the existence of security should be ignored and the asset should be immediately classified as a loss asset and it may be either written off or fully provided for by the bank.

Pursuant to the RBI's 'COVID-19 Regulatory Packages', which were announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020 (collectively, the "**COVID-19 Regulatory Packages**"), lending institutions, including our Bank, were permitted to grant a moratorium of six months on the payment of all instalments and interest on term loans (including credit card dues) and working capital facilities falling due between March 1, 2020 and August 31, 2020. The moratorium period, wherever granted, in respect of term loans was excluded by the lending institution from the number of days past-due for the purpose of asset classification under the RBI's Income Recognition and Asset Classification norms in respect of all accounts classified as standard or as Special Mention Accounts ("**SMAs**") from February 29, 2020. Further, banks were allowed to convert the accumulated interest for the deferment period from March 1, 2020 to August 31, 2020 on working capital facilities into a funded interest term loan that was repayable by March 31, 2021. The RBI's circulars in relation to the moratorium required us to make provisions of up to 10.00% on loans that are subject to the moratorium and that were overdue but standard as at February 29, 2020. We made a provision of ₹339.42 crore and ₹1,882.07 crore in Fiscal 2020 and Fiscal 2021 on such loans, respectively, as required under the regulatory guidelines. These provisions were subsequently reversed in accordance with RBI guidelines.

The Supreme Court of India, *vide* an interim order dated September 3, 2020, directed the banks that accounts that were not declared as NPAs as at August 31, 2020 shall not be declared as NPAs until further orders. Pursuant to the order, which was vacated on March 23, 2021, we did not classify any borrower account as an NPA that has not been declared an NPA as at August 31, 2020, as per the RBI's prudential norms on income recognition, asset classification, provisioning and other related matters after August 31, 2020 up to March 23, 2021. The Supreme Court of India in *Small Scale Industrial Manufactures Associate (Regd.) vs Union of India and others* Writ Petition (Civil) No. 476 of 2020 under Art 32 of the Constitution of India *vide* a judgment dated March 23, 2021 directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. Since the date of the judgment on March 23, 2021, our Bank has classified such overdue accounts as NPAs.

The following table provides a summary of the Bank's gross loan assets as at the dates indicated, in accordance with RBI classifications:

Asset Category	As at March 31,			As at December 31,	
	2021	2022	2023	2022	2023
	(₹ in crores)				
	(audited)			(unaudited)	
Standard assets	5,63,896.13	6,36,820.81	7,48,918.02	7,40,245.29	8,52,712.21
Sub-standard assets	13,489.56	11,040.55	7,118.16	7,183.18	7,584.77
Doubtful assets	50,540.50	49,449.47	34,950.72	37,436.70	26,444.03
Loss assets	25,758.14	19,097.04	18,918.41	19,150.24	9,233.09
Total	**6,53,684.33**	**7,16,407.87**	**8,09,905.31**	**8,04,015.40**	**8,95,974.08**

The following table sets forth the Bank's provisions for NPAs at the dates indicated:

Asset Category	As at March 31,			As at December 31,	
	2021	2022	2023	2022	2023
	(₹ in crores, except percentages)				
	(audited)			(unaudited)	
Provision held	61,847.95	54,656.53	47,629.18	47,132.72	33,522.38
Provision held as percentage of gross advances	9.46%	7.63%	5.88%	5.86%	3.74%
Provision held as percentage of Gross NPAs	68.88%	68.68%	78.10%	72.08%	77.49%

Restructured Assets

The RBI has issued separate guidelines for restructured assets. A fully secured standard asset can be restructured by rescheduling principal repayments and/or the interest element, but it must be separately disclosed as a restructured asset. The amount of sacrifice, if any, in the element of interest, measured in present value terms, is either written-off, or provision is made to the extent of the sacrifice involved. Similar guidelines apply to sub-standard assets. The sub-standard accounts which have been subjected to restructuring, whether in respect of a principal instalment or an interest amount, are eligible to be upgraded to the standard category only after the specified period, which is a period of one year after the date when first payment of principal or interest, whichever is earlier, falls due, subject to satisfactory performance during the period.

The following table sets forth a summary of the Bank's restructured assets as at and for the nine months ended December 31, 2023:

Particulars	As at December 31, 2023		
	Standard	NPAs	Total
	(₹ in crores)		
Restructured assets as at April 1, 2023	18,383.00	7,426.74	**25,809.74**
New restructuring during the nine months ended December 31, 2023	4,782.58	3,976.23	**8,758.81**
Assets upgraded to restructured accounts during the nine months ended December 31, 2023	1,096.57	(1,096.57)	-
Reclassified restructured assets[1] as at December 31, 2023	(2,544.93)	-	(2,544.93)
Restructured accounts downgraded during the nine months ended December 31, 2023	(865.50)	865.50	-
Change in outstanding/write-off/recovery/closures during the nine months ended December 31, 2023	(1,274.47)	(419.58)	**(1,694.05)**)
Restructured Accounts as at December 31, 2023	**19,577.25**	**10,752.32**	**30,329.57**

Note:

(1) Restructured standard advances that no longer required higher provisioning and therefore not required to be classified as a restructured asset.

Provisioning and Write-Offs

RBI guidelines on provisioning and write-offs are as follows:

<table>
<tr><td>Standard asset</td><td colspan="2">A general provision on Standard Assets with a minimum of 0.40% is to be made with the exception of farm credit to agricultural activities and SME sectors for which a provision of 0.25% will be made, housing loans extended at teaser rates and restructured advances for which a provision of 2.00% will be made and for advances to commercial real estate – residential housing sector, a provision of 0.75% will be made. For commercial real estate loans, a provision of 1.00% will be made. An account upgraded to standard category from non-performing advance, a provision of 5.00% is made in the first year from the date of upgrade.</td></tr>
<tr><td>Sub-standard asset</td><td colspan="2">A general provision of 15.00% on total outstanding loans should be made without making any allowance for Export Credit Guarantee Corporation of India (ECGC) guarantee cover and securities available. The unsecured outstanding which are identified as sub-standard would attract an additional provision of 10.00% (i.e.; a total of 25.00% on the outstanding balance), with the exception of infrastructure loan accounts which will attract a provisioning of 20.00%.

Unsecured outstanding is defined as an outstanding where the realizable value of security, as assessed by the bank, the approved valuers/RBI's inspecting officers, is not more than 10.00%, ab-initio, of the outstanding. Security will mean tangible security properly discharged to the bank and will not include intangible securities such as guarantees and comfort letters.</td></tr>
<tr><td rowspan="5">Doubtful asset</td><td colspan="2">Provisioning at 100.00% is to be made for the deficit portion; i.e.; to the extent to which advances are not covered by the realizable value of the security to which the Bank has a valid recourse and the realizable value is estimated on a realistic basis. With regard to the secured portion, as per the revised guidelines of the RBI, provision is to be made at rates ranging from 25.00% to 100.00% of the secured portion depending upon the period for which the advance has remained in the doubtful category. In regard to the secured portion, provision is to be made in accordance with the table below:</td></tr>
<tr><th>Period for which advance remained in "Doubtful" category</th><th>Provision requirement (%)</th></tr>
<tr><td>Up to one year</td><td>25.00</td></tr>
<tr><td>One to three years</td><td>40.00</td></tr>
<tr><td>More than three years</td><td>100.00</td></tr>
<tr><td>Loss asset</td><td colspan="2">The entire asset is written off or 100.00% provision will be made on outstanding amount, if loan assets are permitted to remain in the books for any reason.</td></tr>
</table>

For more details, see "*Regulations and Policies"* on page 246.

Floating Provisions

In June 2006, the RBI issued prudential norms on creation and utilization of floating provisions (i.e., provisions which are not made in respect of specific non-performing assets or are made in excess of regulatory requirements for provisions for Standard Assets). The norms state that floating provisions can be used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts after obtaining approval from the Board of Directors and with the prior permission of the RBI. Extraordinary circumstances in this regard would refer to losses which do not arise in the normal course of business and are exceptional and non-recurring in nature. These extraordinary circumstances would broadly fall under three categories, *viz.* (i) general, wherein the bank is put unexpectedly to loss due to events such as civil unrest, collapse of currency in a country, natural calamities, pandemics etc.; (ii) market, wherein there is a general meltdown in the markets affecting the entire financial system; and (iii) credit, wherein exceptional credit losses are encountered. Floating provisions for advances and investments would be held separately and cannot be reversed by credit to the profit and loss account. Until utilization of such provisions, they can be netted out from gross non-performing assets to arrive at disclosure of net non-performing assets. Alternatively, floating provisions can be treated as part of Tier II capital within the overall ceiling of 1.25% of total risk-weighted assets.

Analysis of Non-Performing Loans by Industry Sector

The following tables sets forth, as at the dates indicated, the Bank's domestic NPAs by borrowers' industry or economic activity and as a percentage of its loans in the respective industry or economic activities sector. These figures do not include credit substitutes.

Name of the Industry	As at December 31, 2023		
	Gross Loans	NPAs	% of NPA in Industry
	(₹ in crores, except percentages)		
Coal	830.59	3.22	0.39%
Mining	2,679.03	106.58	3.98%
Iron and Steel	14,752.23	382.87	2.60%
Other Metal and Metal Products	10,335.14	286.32	2.77%
All Engineering	9,218.70	1,027.78	11.15%
Electronics	5,711.95	474.51	8.31%
Cotton Textiles	7,861.96	1,009.08	12.83%
Jute Textiles	396.31	18.40	4.64%
Other Textiles	8,573.28	959.11	11.19%
Sugar	2,831.33	291.17	10.28%
Tea	207.86	2.69	1.29%
Food Processing	26,797.57	1,742.30	6.50%
Vegetable Oils and Vanaspati	1,875.58	187.07	9.97%
Tobacco and Tobacco Products	290.73	34.60	11.90%
Paper and Paper Products	2,474.52	187.12	7.56%
Rubber and Rubber Products	3,501.32	318.35	9.09%
Chemicals, Dyes, Paints etc.	15,588.08	1,190.66	7.64%
(i) of which are Fertilisers	6,439.86	375.98	5.84%
(ii) of which are Petrochemicals	3,397.18	323.86	9.53%
Cement	4,003.47	125.64	3.14%
Leather and Leather Products	606.64	57.40	9.46%
Gems and Jewellery	4,356.76	1,739.66	39.93%
Construction	9,968.94	860.91	8.64%
Petroleum	9,709.35	4.88	0.05%
Infrastructure	84,859.34	3,623.79	4.27%
Other Industries	7,032.29	386.80	5.50%
Total	2,23,836.25	14,065.47	6.28%
Residuary Other Advances	6,42,853.10	26,863.39	4.18%
Grand Total	8,66,689.35	40,928.86	4.72%

Name of the Industry	As at March 31, 2021			As at March 31, 2022			As at March 31, 2023		
	Gross Loans	NPAs	% of NPAs in Industry	Gross Loans	NPAs	% of NPAs in Industry	Gross Loans	NPAs	% of NPAs in Industry
	(₹ in crores, except percentages)								
Coal	711.89	30.45	4.28%	556.97	20.64	3.71%	643.14	19.47	3.03%
Mining	1,769.47	411.88	23.28%	2,883.74	165.07	5.72%	1651.54	139.14	8.42%
Iron and Steel	11,924.38	2,549.98	21.38%	11,248.29	2,056.51	18.28%	14,203.55	831.61	5.85%
Other Metal and Metal Products	4,090.06	1,868.49	45.68%	11,103.52	1,083.87	9.76%	10,603.24	603.08	5.69%
All Engineering	10,926.28	3,908.01	35.77%	10,892.65	3,195.43	29.34%	7,531.58	1,544.73	20.51%
Electronics	2,104.46	363.46	17.27%	1,732.78	191.34	11.04%	439.02	38.22	8.71%
Cotton Textiles	7,917.87	1,992.86	25.17%	7,728.21	1,591.05	20.59%	8,398.30	1,382.84	16.47%
Jute Textiles	331.87	71.50	21.55%	314.14	70.67	22.50%	270.98	37.90	13.99%
Other Textiles	10,117.35	2,810.44	27.78%	8,635.38	2,014.13	23.32%	8,328.55	1,360.35	16.33%
Sugar	3,099.36	1,083.59	34.96%	3,312.62	778.13	23.49%	3,148.17	480.72	15.27%
Tea	251.50	38.06	15.13%	233.73	39.40	16.86%	208.11	4.40	2.11%
Food Processing	18,677.52	4,992.91	26.73%	19,837.64	4,327.56	21.81%	21,184.36	2,726.18	12.87%
Vegetable Oils and Vanaspati	2,943.62	1,117.05	37.95%	2,795.69	803.96	28.76%	1,912.05	461.33	24.13%

Name of the Industry	As at March 31, 2021			As at March 31, 2022			As at March 31, 2023		
	Gross Loans	NPAs	% of NPAs in Industry	Gross Loans	NPAs	% of NPAs in Industry	Gross Loans	NPAs	% of NPAs in Industry
	(₹ in crores, except percentages)								
Tobacco and Tobacco Products	763.63	299.41	39.21%	545.41	140.99	25.85%	348.93	74.50	21.35%
Paper and Paper Products	2,806.59	684.07	24.37%	2,609.88	653.63	25.04%	2,514.90	339.51	13.50%
Rubber and Rubber Products	2,900.58	529.78	18.26%	3,643.74	545.46	14.97%	3,096.68	465.83	15.04%
Chemicals, Dyes, Paints etc.	10,784.34	2,169.21	20.11%	13,746.42	1,824.71	13.27%	15,840.42	1,537.33	9.71%
(i) of which are Fertilisers	3,715.04	804.53	21.66%	6,148.83	524.47	8.53%	7,064.64	513.60	7.27%
(ii) of which are Petrochemicals	75.28	0.64	0.85%	103.85	0.71	0.68%	3,074.24	373.06	12.14%
Cement	2,405.55	275.36	11.45%	2,796.07	280.88	10.05%	3,839.70	168.25	4.38%
Leather and Leather Products	622.51	80.74	12.97%	714.65	90.64	12.68%	643.15	81.57	12.68%
Gems and Jewelry	5,970.20	2,433.51	40.76%	5,660.71	2,775.21	49.03%	4,803.34	2,049.90	42.68%
Construction	7,599.02	2,604.59	34.28%	7,737.56	2,423.80	31.33%	8,212.32	1,439.82	17.53%
Petroleum	10,470.83	906.12	8.65%	13,770.56	37.63	0.27%	20,593.16	21.64	0.11%
Infrastructure	88,075.30	13,158.63	14.94%	90,521.27	11,350.69	12.54%	84,721.50	6,377.41	7.53%
Other Industries	9,423.05	2,441.20	25.91%	7,908.55	1,994.93	25.22%	7,182.57	1,157.23	16.11%
Total	**2,08,288.32**	**44,219.12**	**21.23%**	**2,22,855.36**	**36,643.50**	**16.44%**	**2,24,611.91**	**22,358.29**	**9.95%**
Residuary Other Advances	4,29,383.69	43,023.34	10.02%	4,76,413.91	40,678.31	8.54%	5,60,690.70	36,271.01	6.47%
Grand Total	**6,37,672.01**	**87,242.46**	**13.68%**	**6,99,269.27**	**77,321.81**	**11.06%**	**7,85,302.61**	**58,629.30**	**7.47%**

Top 10 Non-Performing Corporate Loans Classified by Industry Sector

The following table sets forth our Bank's 10 largest NPAs classified by industry sector as at December 31, 2023.

Industry	As at December 31, 2023		
	Gross Principal Outstanding	Provisions	Principal Outstanding Net of Provisions for Credit Losses
	(₹ in crores)		
Infrastructure	4,207.26	3,137.67	1,069.59
Textiles	2,386.32	1,504.78	881.55
Food Processing	1,863.54	1,253.47	610.07
Gems & Jewellery	1,739.65	1,347.64	392.01
Chemicals & Chemical Products (Dyes, Paints Etc.)	1,307.40	972.12	335.28
Construction	1,272.75	1,049.23	223.51
All Engineering	1,089.53	742.86	346.67
Basic Metal & Metal Products	927.48	752.93	174.55
Rubber, Plastic & Their Products	318.35	194.05	124.30
Vehicle, Vehicle Parts & Transport Equipments	227.60	156.26	71.33

NPA Management

The Bank is committed to efficiently managing and reducing its NPAs and has implemented the following measures to manage and reduce its NPA ratio:

Slippage Management

(a) Separate Credit Monitoring and Restructuring Department is established in order to strengthen the system of monitoring and ultimately bring down slippages. In order to monitor the accounts based on their level of distress, stressed assets are categorized into three stages of Special Mention Accounts (“**SMA**”) viz. SMA-0, SMA-1 and SMA-2 for effective follow up. The Bank closely monitors delinquent accounts at branch, regional and corporate office levels to avoid slippage of such assets to NPA status. There is a review of accounts by special committees called Asset Quality Management Committees at Regional Offices, Field General Manager’s Offices and Central Office. Asset Quality Management Committees at Regional Offices and Field General Manager’s Offices level meet every month, whereas at Central Office level the Asset Quality Management Committee meets every three months to deliberate action plans and short-term and long-term strategy. There is also a status review by the Corporate Office of accounts causing concern, including the formulation of appropriate action plans. The Bank’s regional offices and Field General Manager’s Office periodically conduct asset quality management committee meetings to discuss the top 100 stress accounts and formulate action plans to convert the accounts to stress-free standard assets. Furthermore, the asset quality management committee meetings are conducted at the Bank’s corporate office once a quarter to discuss assets with an outstanding amount of ₹5.00 crore and above and an action plan for such accounts.

(b) Triggering the CDR system with respect to large corporate customers to ensure the continuance of such accounts as standard assets.

(c) Undertaking timely financial restructuring of accounts so as to curtail further deterioration in financial condition of such assets. Where an account shows signs of liquidity problems and does not generate enough cash surplus to meet its commitments, such account is reviewed and restructured depending on the financial viability of the account and relevant borrower.

(d) Timely, rescheduling and/or restructuring of the relevant account so as to avert slippage of such accounts to NPA status. In the case where the borrower is not in a position to make payments to the Bank according to its repayment schedule, the Bank considers the reasons for the borrower’s failure to meet its commitments and also the borrower’s financial viability. If the Bank considers the delay or failure in repayments justified, instead of initiating action to recover the outstanding amounts, the Bank may or reschedule the borrower’s schedule of payment and the amount of instalments.

NPA Management

(a) Initiating recovery action on slippage of accounts, including taking non-legal recovery actions or initiating legal action.

(b) Conducting recovery meetings at regional and zonal levels to arrive at settlements which are both cost effective and mutually beneficial. Recovery meetings involve inviting defaulting borrowers to the Bank in order to negotiate and reach mutually agreeable settlement proposals.

(c) Compromise settlements through Lok Adalats, (“people’s courts”), established by the Government to facilitate the efficient settlement of disputes by way of mutual agreement. While only claims not exceeding ₹0.20 crore can be brought to a Lok Adalat, given that the Lok Adalats do not charge any fees and their decisions are binding on the parties, it is often quicker to resolve disputes through a Lok Adalat than through regular courts. In light of this, the Bank strives to recover NPAs through the Lok Adalats as much as practicable.

(d) Reporting of Wilful Defaulters with overdue amounts equal to ₹0.25 crore and more to the RBI. The RBI then consolidates the data of such Wilful Defaulters and disseminates this information amongst banks for their use. While the Bank does not rehabilitate or restructure NPAs of a Wilful Defaulter, it enters into an acceptable mutual settlement with such a borrower.

(e) Close monitoring of “compromise settled accounts” for recovery in accordance with the terms of settlement. By maintaining open dialogue with borrowers of the compromise settled accounts, the Bank seeks to recover its NPAs within specified periods and with minimum costs.

(f) Aggressively pursuing and achieving substantial progress in respect of measures allowed to be implemented by the Bank under the SARFAESI Act.

(g) Monitoring the recovery of overdue amounts under any account by law officers subject to a court ruling. The role of such law officers is to liaise with the advocate, branch and debtor and the Debt Recovery Tribunal during the relevant debt recovery action, and to take timely action.

(h) Strict adherence to rehabilitation packages under the CDR (for both normal and SME accounts) and monitoring the accounts closely for early recovery.

Also, see “*Risk Factors — Risks Relating to Our Business — An increase in our Bank’s NPAs or provisioning requirements under the applicable RBI regulations could materially and adversely affect our business, financial condition, results of operations and cash flows.*” on page 50.

INDUSTRY OVERVIEW

The information in this section includes extracts from publicly available documents from various sources and has not been prepared or independently verified by our Bank, the BRLMs or any of their affiliates or advisers. Data in this section may have been re-classified by us for the purposes of presentation. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Further, statements in this section that are not statements of historical fact constitute "forward- looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results to materially differ. Accordingly, prospective investors should not base their investment decision, or otherwise place undue reliance, on this information. If one source is used for an entire paragraph, the source for the information in that paragraph is given at the end of that paragraph.

Global Macroeconomic Outlook

The global economic recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis is proving surprisingly resilient. Inflation is falling faster than expected from its 2022 peak, with a smaller-than-expected toll on employment and activity, reflecting favourable supply-side developments and tightening by central banks, which has kept inflation expectations anchored. At the same time, high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024. *(Source: World Economic Outlook Update: Moderating Inflation and Steady Growth Open Path to Soft Landing, January 2024)*

Global growth is projected at 3.1% in CY 2024 and 3.2% in CY 2025. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8%, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8% in 2024 and to 4.4% in 2025. With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. *(Source: World Economic Outlook Update: Moderating Inflation and Steady Growth Open Path to Soft Landing, January 2024)*

Indian Economy

The Indian economy's GDP at Current Prices in the year Fiscal 2024 is estimated at ₹ 296.58 trillion, as against ₹272.41 trillion for Fiscal 2023 showing a growth of 8.9% (*Source: Ministry of Statistics and Programme Implementation, Press note January 5, 2024)* India has become the fifth largest economy in the world, surpassing the U.K. and France. *(Source: World Bank GDP Ranking 2022)*

Amidst strong global headwinds, the Indian economy is expected to have recorded a growth of 7.0% in real Gross Domestic Product ("**GDP**") in Fiscal 2023. A sustained recovery in discretionary spending, particularly in contact intensive services, restoration of consumer confidence, high festival season spending after two consecutive years of COVID-19 induced isolation and the government's thrust on capex provided impetus to the growth momentum. In the second half of the year, however, the pace of year-on-year growth moderated because of unfavourable base effects, weakening private consumption demand caused by high inflation, slowdown in export growth and sustained input cost pressures. *(Source: RBI, Annual Report 2022-2023)*

Like many other economies, India also experienced a surge in inflation during Fiscal 2023, primarily reflecting the impact of overlapping global supply shocks and pass-through of higher input costs. The sharp increase in global prices of crude oil, food, fertilisers and metals, along with renewed supply disruptions in the aftermath of the war, exerted broad-based price pressures during the first half of the year. As a result, inflation reached a peak of 7.8% in April 2022. Following gradual normalisation of global supply chains, softening global commodity prices, targeted supply management measures by the government and successive hikes in the policy repo rate by the Reserve Bank of India ("**RBI**"), inflation moderated in the second half of the year. Overall, headline inflation increased to 6.7% in Fiscal 2023 from 5.5% in Fiscal 2022. *(Source: RBI, Annual Report 2022-2023)*

India's per capita net national income (at Fiscal 2011-2012 prices) during Fiscal 2024 is estimated to attain a level of ₹ 1,04,550 as compared to ₹ 98,374 in Fiscal 2023, giving a growth of 6.3% during Fiscal 2023, as well as the previous year. The per capita net national income at current prices during Fiscal 2024 is estimated to be ₹ 1,85,854 showing a growth of 7.9%, as compared to ₹ 172,276 during Fiscal 2023. *(Source: Press Note on First Advance Estimates of National Income 2023-24, National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India dated January 5, 2024).* The Quick Estimates of Index of Industrial Production with base Fiscal 2011-2012 for the month of November 2023 was at 141.0 as compared to 144.5 and 142.1 for October 2023 and September 2023, respectively. *(Source: Quick Estimates of Index of Industrial Production and Use-Based Index for the Month of November, 2023).* Fiscal deficit was ₹17,37,755 crore (actuals) in Fiscal 2023, and based on revised estimates was ₹17,34,773 crore in Fiscal 2024. Based on budget estimates, fiscal deficit is expected to be ₹16,85,494 crore in Fiscal 2025. Disinvestment receipts amounted to ₹136,270 million and ₹352,930 million (actuals) in Fiscal 2022 and Fiscal 2023 respectively. Based on budget estimates, disinvestment receipts are expected to be ₹300,000 million in Fiscal 2024. *(Source: Interim Union Budget 2024-25, Budget at a Glance, https://dipam.gov.in/past-disinvestment accessed in February, 2024).*

CPI headline inflation stood at 5.69% in December 2023 due to rise in prices of certain vegetables. However, core inflation (CPI inflation excluding food and fuel) declined to 48-month low of 3.89% in December 2023. CPI inflation is projected at 5.4% for fiscal 2024, with Q4 fiscal 2024 at 5.0%. Assuming a normal monsoon next year, CPI inflation for Q1 fiscal 2025 is projected at 5.0%; Q2 fiscal 2025 at 4.0%; and Q3 fiscal 2025 at 4.6%. (*Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) February 6-8, 2024*)

In the Monetary Policy Committee Meeting held in February 2024 the committee, basis of an assessment of the current and evolving macroeconomic situation, decided to keep the policy repo rate under the liquidity adjustment facility ("**LAF**") unchanged at 6.50%. Consequently, the standing deposit facility ("**SDF**") rate remained unchanged at 6.25% and the marginal standing facility ("**MSF**") rate and the bank rate at 6.75%. These decisions were made with the objective of achieving the medium-term target for CPI inflation of 4% within a band of +/- 2%, while supporting growth. *(Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) February 6-8, 2024)*

Growth Outlook

Domestic economic activity is strengthening. As per the first advance estimates released by the National Statistical Office (NSO), real gross domestic product (GDP) is expected to grow by 7.3%, year-on-year (y-o-y) in fiscal 2024, underpinned by strong investment activity. On the supply side, gross value added (GVA) expanded by 6.9% in fiscal 2024, with manufacturing and services sectors as the key drivers. (*Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC)February 6-8, 2024)*

Looking ahead, recovery in rabi sowing, sustained profitability in manufacturing and underlying resilience of services should support economic activity in fiscal 2025. Among the key drivers on demand side, household consumption is expected to improve, while prospects of fixed investment remain bright owing to upturn in the private capex cycle, improved business sentiments, healthy balance sheets of banks and corporates; and government's continued thrust on capital expenditure. Improving outlook for global trade and rising integration in global supply chain will support net external demand. Headwinds from geopolitical tensions, volatility in international financial markets and geoeconomic fragmentation, however, pose risks to the outlook. Taking all these factors into consideration, real GDP growth for fiscal 2025 is projected at 7.0% with Q1 fiscal 2025 at 7.2%; Q2 fiscal 2025 at 6.8%; Q3 fiscal 2025 at 7.0% and Q4 fiscal 2025 at 6.9%. (*Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) February 6-8, 2024*)

Indian Banking Authority

The RBI was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. The central office of the RBI was initially established in Kolkata but was permanently moved to Mumbai in 1937. The central office is where the Governor sits and where policies are formulated. Though originally privately owned, since nationalization in 1949, the RBI has been fully owned by the GoI. The RBI performs a supervisory function under the guidance of the Board for Financial Supervision. The Board was constituted in November 1994 as a committee of the Central Board of Directors of the RBI. *(Source: RBI, About Us, available at https://www.rbi.org.in/Scripts/AboutusDisplay.aspx#MF)*

Impact of Liberalization on the Indian Financial Sector

Until 1991, the financial sector in India was heavily controlled and commercial banks and long-term lending institutions had mutually exclusive roles and objectives, operating in a largely stable environment with little to no competition. Long-term lending institutions were focused on achieving the GoI's various socioeconomic objectives, including balanced industrial growth and employment creation, especially in areas requiring development. Long-term lending institutions were extended access to long-term funds at subsidised rates through loans and equity from the GoI, funds guaranteed by the GoI originating from commercial banks in India and foreign currency resources from multilateral and bilateral agencies. The focus of commercial banks was primarily to mobilise household savings through demand and time deposits and to use these deposits to meet the short-term financial needs of borrowers in industry, trade and agriculture. In addition, commercial banks provided a range of banking services to individuals and business entities. *(Source: RBI Circular on Approach to Universal Banking dated April 28, 2001, available at http://www.rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=368#anx1)* .

However, since 1991, there have been comprehensive changes in the Indian financial system. Various financial sector reforms have transformed the operating environment of banks and long-term lending institutions. In particular, the deregulation of interest rates, the emergence of a liberalised domestic capital market and the entry of new private sector banks, along with the broadening of long-term lending institutions' product portfolios, have progressively intensified the competition between banks and long-term lending institutions. The RBI has permitted the transformation of long-term lending institutions into banks subject to compliance with the prudential standards applicable to banks. *(Source: RBI Circular on Approach to Universal Banking dated April 28, 2001, available at http://www.rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=368#anx1)*

Introduction to the Indian Financial Sector

The RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including (i) commercial banks, comprising: private sector banks, regional rural banks (“**RRBs**”), public sector banks (“**PSBs**”), foreign banks, co-operative banks, small finance banks and payment banks; (ii) long-term lending institutions; (iii) non-banking financial companies (“**NBFCs**”), including housing finance companies (“**HFCs**”); (iv) other specialized financial institutions and state-level financial institutions; (v) insurance companies; (vi) micro-finance companies; and (vii) mutual funds.

Set forth below are the details of financial intermediaries in the public and private sectors participating in India's financial sector:

Scheduled Commercial Banks (“SCBs”)

Scheduled commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. In recent years, they have also focused on increasing long-term financing to sectors like infrastructure. Scheduled commercial banks are banks that are listed in the second schedule to the RBI Act and are further categorized as public sector banks, private sector banks, small finance banks, payments banks, regional rural banks and foreign banks. *(Source: RBI, List of Scheduled Commercial Banks (SCBs) available at https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3657, accessed in February 2024)*

Public Sector Banks (“PSBs”)

Public sector banks are SCBs with significant government shareholding. PSBs constitute the largest category of banks in the Indian banking system. These include the 12 nationalised banks, as of January 2024 *(Source: RBI, List of SCBs, Accessed in February 2024)* In Fiscal 2020, the GoI announced several additional amalgamations of public banks: the amalgamation of Canara Bank with Syndicate Bank; the amalgamation of United Bank of India and Oriental Bank of Commerce with Punjab National Bank; the amalgamation of Andhra Bank and Corporation Bank with our Bank; and the amalgamation of Allahabad Bank with Indian Bank, all of which were effective from April 1, 2020. Following these amalgamations, the number of PSBs is 12 as at April 1, 2020, down from 27 as at March 31, 2017.

Private Sector Banks

Most large banks in India were nationalised in 1969, resulting in PSBs making up the largest portion of Indian banking. The GoI's focus on PSBs was maintained throughout the 1970s and 1980s. In addition, existing private sector banks that showed signs of an eventual default were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted entry of the private sector into the banking system. This resulted in the introduction of private sector banks. *(Source: Banking Law and Practice by Mishra Sukhvinder, Chapter 5: Commercial Banks, p. 176) As of February 2024, there were a total of 21 private banks. (Source: RBI, List of SCBs, accessed in February 2024)*

Foreign Banks

According to the RBI, there were 45 foreign banks operating in India as of January 2024. *(Source: RBI, List of SCBs, accessed in February 2024)* Foreign banks may operate in India by establishing wholly owned subsidiaries, which are allowed to raise rupee resources through the issue of non-equity capital instruments, as allowed to domestic banks. In addition, wholly owned subsidiaries of foreign banks may be allowed to open branches in Tier I to Tier VI centres except at specified locations considered sensitive for national security reasons. Establishment of a wholly owned subsidiary would require approval of the RBI which would be subject to various factors including economic and political relations with the parent bank's country of incorporation and reciprocity with the parent bank's home country. The regulatory framework for a subsidiary of a foreign bank is substantially similar to the regulatory framework applicable to domestic banks, including with respect to management, directed lending, investments and branch expansion. Wholly owned subsidiaries of foreign banks may, after further review, be permitted to enter into merger and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 49% under the automatic route and 74% under the government approval route that is currently applicable to Indian private sector banks. *(Source: RBI - Scheme for Setting up of Wholly Owned Subsidiaries (WOS) by foreign banks in India and Consolidated FDI Policy notified by the DPIIT under DPIIT File Number 5(2)/2020- FDI Policy dated the October 15, 2020, effective from October 15, 2020).*

Co-operative Banks

The RBI continues to play a key role in strengthening the co-operative banking sector by fortifying the regulatory and supervisory framework. The primary responsibility of the Department of Co-operative Bank Supervision ("**DCBS**") is supervising urban co-operative banks ("**UCBs**") and ensuring the development of a safe and well-managed co-operative banking sector. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, which came into effect on September 24, 2004, specifies that all multistate co-operative banks are under the supervision and regulation of the RBI. Accordingly, the RBI is currently responsible for the supervision and regulation of urban co-operative societies, state co-operative banks and district central co-operative banks. The wide network of co-operative banks, both rural and urban, supplements the commercial banking network for deepening financial intermediation by bringing a large number of depositors/borrowers under the formal banking network.

According to the RBI, there are 34 state co-operative banks, 49 scheduled urban co-operative banks and 1434 non-scheduled urban co-operative banks. *(Source: RBI. List of Co-operative Banks, accessed in February 2024)*

Non-Banking Financial Companies

The primary activities of the non-banking financial companies are providing consumer credit, including automobile finance, home finance and consumer durable products finance, factoring, microfinance, wholesale finance products such as bill discounting for small and medium companies and infrastructure finance, and fee-based services such as investment banking and underwriting. All non-banking financial companies are required to register with the RBI.

Depending upon the line of activity, NBFCs are categorised into different types such as Asset Finance Company, Loan Company, Infrastructure Finance Company, securitisation/asset reconstruction companies, Investment Company, (Systemically Important) Core Investment Company, Infrastructure Debt Fund – NBFC, NBFC – Micro Finance Institution, NBFC – Factors, Mortgage Guarantee Companies, NBFC – Non-Operative Financial Holding Company. *(Source: RBI, Discussion Paper on Wholesale & Long-Term Finance Banks, April 2017)*

There were 9,356 NBFCs registered with the RBI as at September 30, 2023, of which 26 were deposit accepting **("NBFCs-D")** and 507 were systemically important non-deposit accepting NBFCs **("NBFCs-ND-SI")**. *(Source: RBI available at https://rbi.org.in/Scripts/BS_NBFCList.aspx, accessed in February 2024)*

As per the framework for scale-based regulation for NBFCs by RBI released on October 22, 2021, regulatory structure for NBFCs shall comprise of four layers based on their size, activity and perceived riskiness. NBFCs in the lowest layer shall be known as NBFC - Base Layer (NBFC-BL). NBFCs in middle layer and upper layer shall be known as NBFC - Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL) respectively. The Top layer is ideally expected to be empty and will be known as NBFC - Top Layer (NBFC-TL). *(Source: RBI available at https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0)*

Housing Finance Companies

HFCs are specialised institutions which extend housing credit, along with SCBs. Effective August 9, 2019 HFCs are being regulated as a category of NBFCs, after the transfer of regulation of HFCs to the Reserve Bank by amendment of the National Housing Bank Act, 1987.

Furthermore, with a view of harmonising the regulations between HFCs and NBFCs in a phased manner, HFCs have undergone several legislative/regulatory changes. As of February 2024, there were 95 HFCs, of which only 12 were deposit taking entities. *(Source: NHB, List of HFCs in India, available at https://nhb.org.in/list-of-companies/, accessed in February 2024)*

Microfinance Institutions

Microfinance institutions form a distinct sub-group of non-banking financial companies. They focus on providing access to small-scale financial services, especially to the poor, and play an important role in delivering credit to people at the bottom of the economic pyramid. Microfinance institutions differ from other financial service providers as they do not depend on grants or subsidies to provide unsecured loans to borrowers with low incomes and no access to the mainstream banking system. They encompass a host of financial institutions engaged in advancing loans to low-income groups. The essential features of microfinance loans are that they are of small amounts, have short tenures, are extended without collateral, and require a frequency of loan repayments that is greater than that for traditional commercial loans. These loans are generally taken for income-generating activities but are also provided for consumption, housing and other purposes. *(Source: RBI Bulletin, Microfinance: Reaching out to the Bottom of the Pyramid dated September 11, 2020)*

Regional Rural Banks

Regional rural banks were formed under the Regional Rural Bank Act, 1976 with a view towards developing the rural economy by providing, for the purpose of developing agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto. *(Source: Department of Financial Services)* In Fiscal 2021-2022, ₹ 10,890 crore was allocated for the recapitalisation of RRBs to help in greater adoption of technology, accompanied by operational and governance reforms *(Source: Key Statistics & Financial Statements Of Regional Rural Banks 31 March 2023, NABARD)*

As of March 2023, there were 43 RRBs sponsored by 12 SCBs, with 21,995 branches, and operations extending to 30.5 crore deposit accounts and 2.9 crore loan accounts *(Source: https://www.nabard.org/auth/writereaddata/WhatsNew/0109235107final-key-statistics-of-rrbs-2022-23.pdf, accessed in February 2024)*

Long-Term Lending Institutions

Long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and expanding and modernising existing facilities. These institutions provided fund-based and non-fund-based assistance to industries in the form of loans, underwriting and direct subscription to shares, debentures and guarantees.

Long-term lending institutions were expected to play a critical role in Indian industrial growth and, accordingly, had access to concessional government funding. However, in recent years, the operating environment of long-term lending institutions has changed substantially. Although the initial role of these institutions was largely limited to providing a channel for government funding to industries, the reform process required such institutions to expand the scope of their business activities, including into fee-based activities like investment banking and advisory services and into short-term lending activities including corporate finance and working capital loans.

Pursuant to the recommendations of the Narasimham Committee II and the Khan Working Group in 1998, a working group was created in 1999 to harmonise the role and operations of long-term lending institutions and banks. The RBI, in its mid-term review of monetary and credit policy for Fiscal 2000, announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms applicable to banks. In April 2001, the RBI issued guidelines on several operational and regulatory issues which were required to be addressed in evolving a path for conversion of a long-term lending institution into a universal bank.

Small Finance Banks

The objective of small finance banks is to further financial inclusion by providing savings vehicles and supplying credit to small business units, small and marginal farmers, micro and small industries and other unorganized sector entities through high technology-low cost operations. The RBI granted in-principle approvals to ten small finance banks in September 2015 pursuant to which all ten small finance banks have started operations. (Source: Draft Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector and RBI - RBI grants "In-principle" Approval to 10 Applicants for Small Finance Banks. Available at https://www.rbi.org.in)

In December 2019, the RBI released guidelines for 'on tap' licensing of small finance banks *(Source: Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector. Available at https://www.rbi.org.in)*. As of February 2024, there are 12 SFBs operational in India. *(Source: RBI. List of Small Finance Banks, February 2024. Available at https://www.rbi.org.in)*

On October 30, 2023, the Board of Directors of AU Small Finance Bank Limited ("**AU SFB**") and Fincare Small Finance Bank Limitedd ("**Fincare SFB**") at their respective meetings approved an all stock merger of AU SFB and Fincare SFB. *(Source: https://www.aubank.in/press-releases_21-au-small-finance-bank-and-fincare-small-finance-bank-announce_merger_october30_23.pdf)* The merger is subject to approval of shareholders of both companies as well as RBI. The merger has received the approval of Competition Commission of India.

Payment Banks

The RBI has liberalised the licensing regime for banks in India and intends to issue licences on an ongoing basis, subject to meeting the RBI's criteria. The RBI is supportive of creating more specialised banks and granting differentiated banking licences, e.g., for payment banks and small finance banks. The RBI also plans to create wholesale and long-term finance banks in the near future. In November 2014, the RBI released guidelines for licensing payment banks and for licensing of small finance banks in the private sector. On August 19, 2015, the RBI granted in-principle approval to 11 applicants to set up payment banks. (*Source: RBI Press Release dated August 19, 2015. Available at https://www.rbi.org.in)*. As of February 2024, there are six (6) payments banks in India *(Source: RBI. List of Payment Banks, accessed in February 2024)*

Other Financial Institutions

Specialised Financial Institutions

In addition to the long-term lending institutions, there are various specialised financial institutions which cater to the specific needs of different sectors. These include the National Bank for Agriculture and Rural Development ("**NABARD**"), the Export-Import Bank of India ("**EXIM Bank**"), the Small Industries Development Bank of India ("**SIDBI**"), Risk Capital and Technology Finance Corporation Limited, Tourism Finance Corporation of India Limited, the NHB, Power Finance Corporation Limited, Infrastructure Development Finance Corporation Limited, the Industrial Investment Bank of India, the North Eastern Development Finance Corporation and the India Infrastructure Finance Company. *(Source: Report on Trend and Progress of Banking in India, 2003-04). To support the long-term infrastructure financing in India, the Government set-up the National Bank for Financing Infrastructure and Development (NaBFID) in 2021. (Source: RBI Press Release dated March 9, 2022. Available at https://www.rbi.org.in)*

State Financial Institutions

State financial corporations ("**SFCs**") operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. State financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industries. At the state level, there are also state industrial development corporations, which primarily finance medium-sized and large enterprises. *(Source: Report on Trend and Progress of Banking in India, 2003-04)*

Insurance Companies

The General Insurance Corporation of India, a re-insurance company, the Life Insurance Corporation of India and other public sector general insurance companies provide long-term financial assistance to the industrial sector.

The insurance sector in India is regulated by the Insurance Regulatory Development Authority of India ("**IRDAI**"). In December 1999, the Indian Parliament passed the Insurance Regulatory and Development Authority Act, 1999, which amended the Insurance Act, 1938 and opened up the Indian insurance sector for foreign and private investors. The Insurance Act, 1938 was further amended by the Insurance Law (Amendment) Act, 2015 which raised permitted foreign equity participation in new insurance companies from 26.00% to 49.00%. Insurance companies are required to be Indian-owned and controlled. In this context, "Control" includes the right to appoint a majority of the Directors or control management or policy decisions by virtue of shareholding, management rights, shareholders' agreements or voting agreements. Therefore, both ownership and control are required to remain in Indian hands. Further, the amendment permitted insurers to raise capital through instruments other than equity. (*Source: DPIIT, Consolidated FDI Policy (Effective from October 15, 2020))*

In its monetary and credit policy for Fiscal 2001, the RBI issued guidelines governing the entry of banks and financial institutions into the insurance business. The guidelines permit banks and financial institutions to enter the business of insurance underwriting through joint ventures, provided they meet stipulated criteria relating to their net worth, capital adequacy ratios, profitability track record, level of non-performing loans and the performance of their existing subsidiary companies. *(Source: RBI Monetary and Credit Policy 2000- 2001)*

As announced in the Union Budget for Fiscal 2021-2022, the limit of foreign investment in Indian insurance companies has been raised from the existing 49% to 74%. This brings the insurance sector at par with the private banking sector. The act will enable global insurance companies to take more strategic and long-term view on the Insurance sector in India, thereby bringing in greater inflow of long-term capital, global technology, processes, and international best practices. (*Source: Monthly Economic Review, March 2021, Economic Division, Department of Economic Affairs, Government of India*)

Mutual Funds

The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the Securities and Exchange Board of India ("**SEBI**") (Mutual Funds) Regulations, 1996.

In June 2009, the SEBI removed the entry load, up-front charges deducted by mutual funds for all mutual fund schemes and required that the up-front commission to distributors should be paid by the investor to the distributor directly. In November 2009, to enhance the reach and marketability of mutual fund schemes, the SEBI permitted the use of stock exchange terminals to facilitate transactions in mutual fund schemes, as a result of which mutual fund units can now be traded on recognized stock exchanges. In February 2010, the SEBI introduced guidelines for the valuation of money market and debt securities with a view to ensure that the value of money market and debt securities in the portfolio of mutual fund schemes reflect the current market value. The valuation guidelines were effective from August 1, 2010.

In the month ended January 2024, the aggregate average assets under management for mutual funds (excluding fund of funds - domestic but including fund of funds - overseas) was ₹ 52,89,007.72 crore, and aggregate average assets under management for mutual funds (domestic fund of funds) was ₹ 73,234.83 crore. The total number of schemes as of January 2024 was 1,509. (*Source: Association of Mutual Funds in India, Monthly Report for the Month of January 2024).* On April 27, 2020, the RBI opened a special liquidity facility for mutual funds with a view to ease liquidity pressures on mutual funds. Under such a facility, the RBI would conduct repo operations of 90 days tenor at the fixed repo rate in an on-tap and open-ended manner, starting April 27, 2020 and up to May 11, 2020 or up to the full usage of the allocated amount, whichever is earlier. Funds availed under this facility are to be used by banks exclusively for meeting mutual funds' liquidity requirements by extending loans and outright purchase of, and/ or repos against, the collateral of investment grade corporate bonds, commercial papers, debentures and certificates of Deposit held by mutual funds. Liquidity support availed under this facility will be classified as HTM even in excess of 25.0% of the total investment permitted to be included in the HTM portfolio. Exposures under this facility will also not be considered under the large exposure framework or for computation of adjusted non-food bank credit for determining priority sector targets/ sub-targets, and they will be exempt from banks' capital market exposure limits. *(Source: RBI, Press Release dated April 27, 2020)*

Key Banking Industry Trends in India

The soundness and resilience of India's banking sector has been underpinned by ongoing improvement in asset quality, enhanced provisioning for bad loans, sustained capital adequacy and rise in profitability. Credit growth remains robust, mainly driven by lending to services and personal loans. Deposit growth has also gained momentum due to transmission of previous rate increases resulting in repricing of deposits and higher accretion to term deposits. Lending by non-banking financial companies (NBFCs) accelerated, led by personal loans and loans to industry, and their asset quality has improved. Bilateral exposures among entities in the Indian financial system continued to expand. The asset quality of Scheduled Commercial Banks ("SCB") recorded sustained improvement and their GNPA ratio declined in September 2023 to an 11-year low level a). Their NNPA ratio too has improved to a record low. Among bank groups, PSBs' GNPA ratio improved the most (82 bps) in H1 fiscal 2024. With the stock of GNPA coming down, requirement of provisions also reduced; however, active and deep provisioning by SCBs was reflected in their improved provisioning coverage ratio (PCR) in September 2023. (*Source: RBI - Financial Stability Report Issue No. 28, December 2023*)

Performance – Assets and Earnings

The SCBs credit growth (y-o-y), which started picking up during Fiscal 2022, sustained its momentum and gathered pace to touch 20.3% as on January 12, 2024. The increase has been broad-based across geography, economic sectors, population groups, organisations, type of accounts and bank groups. Aggregate deposits recorded some moderation, growing (y-o-y) at 13.1% (as on January 12, 2024). *(Source: RBI – Scheduled Banks' Statement of Position in India, 25 January 2024)* Current account and savings account ("**CASA**") growth moderated (y-o-y) at 5.3% whereas term deposits attracted accretions in response to rising interest rates. Private Sector Banks ('**PVBs**") continued to record much higher credit growth (30.4%, y-o-y) than PSBs (13.3%, y-o-y). The share of services and personal loans (61.5% of total) in total advances inched up with credit growth outpacing growth in personal loans and services advances. Within personal loans segment, credit growth became broad based with housing loans growing over 40%.

The net interest margin (NIM) of SCBs remained high in September 2023. A growing net interest income (NII) and other operating income and coupled with a decline in the need for additional provisions, resulted in their profit after tax (PAT) rising by 43.0 per cent (y-o-y) in September 2023. PAT growth of PSBs remained higher than that of PVBs, mainly due to significant reduction in provisioning requirements. PAT of FBs nearly doubled on account of a steep fall in provisioning.

Profitability indicators remained strong: RoE (12.9% for all SCBs in H1FY24) and RoA (1.2% for all SCBs in H1FY24) ratios touched decadal highs in September 2023 even as the transmission of past monetary policy rate increases led to a 100 bps rise in cost of funds (5.2% in H1FY24) from September 2022 to September 2023. The yield on assets further improved due to rise in interest rates (8.4% in H1FY24). (*Source: RBI - Financial Stability Report Issue No. 28, December 2023*)

Asset Quality and Capital Adequacy

The asset quality of SCBs recorded sustained improvement and their GNPA ratio declined in September 2023 to an 11-year low level (3.2% in H1FY24). Their NNPA ratio too has improved to a record low (0.8% in H1FY24). Among bank groups, PSBs' GNPA ratio improved the most (82 bps) in H1FY24. With the stock of GNPA coming down, requirement of provisions also reduced; however, active and deep provisioning by SCBs was reflected in their improved provisioning coverage ratio (PCR) in September 2023 (75.3% in H1FY24). The half-yearly slippage ratio (viz., new NPA accretions as a share of standard advances), however, inched up for both PSBs and PVBs (0.9% in H1FY24). The write-off to GNPA ratio increased in H1FY24 mostly due to reduction in GNPA stock across bank groups (29.9% in H1FY24). Overall, the sustained reduction in the GNPA stock since March 2018 has been mainly on account of persistent fall in new NPA accretions; write-offs and recoveries.

As SCBs bolstered their capital base through capitalisation of reserves from higher profits and by raising fresh capital, their capital to risk-weighted assets ratio (CRAR) remained robust in September 2023 (16.8%), albeit lower than the March 2023 level (17.3%). The Tier I leverage ratio sustained its March 2023 level, with additional Tier I capital accretion matching incremental total exposure during H1FY24 (7.4%).. (*Source: RBI - Financial Stability Report Issue No. 28, December 2023*)

Sectoral Asset Quality

The improvement in SCBs' asset quality has been broad-based. The GNPA ratio of the agriculture sector remains high at 7% for H1FY24. At an overall level, asset quality in the personal loans segment has improved, although there has been a marginal impairment in credit card receivables (13.3% for H1FY24). Within the industrial sector, asset quality improved across all major sub-sectors barring infrastructure (other than electricity) and petroleum. (*Source: RBI - Financial Stability Report Issue No. 28, December 2023*)

Credit Quality of Large Borrowers

With retail loan growth outpacing borrowings by large borrowers, the share of the latter in gross advances of SCBs has declined further between March 2020 and September 2023. Asset quality in the large borrower portfolio saw significant improvement, which contributed to lowering of the share of large borrowers (51.8% for H1FY24) in GNPAs of SCBs (GNPA of large borrowers - 3.8% for H1FY24). SMA-29 loans for large borrowers, which saw significant reduction during H2FY23, reverted to previous levels during June 2023 and September 2023. The same was evident in the SMA-2 ratio also (0.4% for H1FY24). In the large borrower accounts, the proportion of standard assets to total funded amount outstanding has been improving over the past three years (95.1% for H1FY24), and the share of top 100 borrowers, which was rising for two years until March 2023, witnessed moderation during Fiscal 2024 (35.8% for H1FY24). As at end September 2023, none of the top 100 borrower accounts remain in the NPA category. In terms of value, investment grade advances (rated BBB and above) constituted 90.3% of total externally rated funded advances of large borrowers. *(Source: RBI - Financial Stability Report Issue No. 28, December 2023)*

Resilience – Macro Stress Tests

Macro stress tests are performed to assess the resilience of SCBs' balance sheets to unforeseen shocks emanating from the macroeconomic environment. These tests attempt to assess capital ratios over a one-year horizon under a baseline and two adverse (medium and severe) scenarios. The stress test results reveal that SCBs are well-capitalised and capable of absorbing macroeconomic shocks even in the absence of any further capital infusion by stakeholders. Under the baseline scenario, the aggregate CRAR of 46 major banks is projected to slip from 16.6% in September 2023 to 14.8% by September 2024. It may go down to 13.5% in the medium stress scenario and to 12.2% under the severe stress scenario by September 2024, which would also remain above the minimum capital requirements. No SCB would breach the minimum capital requirement of 9% in the next one year. The The common equity tier 1 ("**CET1**") ratio of the select 46 SCBs may decline from 13.6% in September 2023 to 12.2% by September 2024 under the baseline scenario. Even in a severely stressed macroeconomic environment, the aggregate CET1 ratio would deplete by 360 basis points, but would still remain above the minimum regulatory norms. All banks would be able to meet the minimum regulatory CET1 ratio of 5.5%. Under the baseline scenario, the GNPA ratio of all SCBs may improve to 3.1% by September 2024 from the current level of 3.2%. If the macroeconomic environment worsens to a medium or a severe stress scenario, the ratio may rise to 3.6% and 4.4%, respectively. At the bank group level, the GNPA ratios of PSBs may swell from 4.4% in September 2023 to 5.1% in September 2024, whereas it may go up from 2.1% to 3.6% for PVBs and from 1.6% to 1.8% for FBs under the severe stress scenario.

Shift towards a Digital and Cashless Economy

The GoI is taking steps to promote a cashless economy such as its flagship 'Digital India' program, which envisions transforming India into a digitally empowered society and knowledge economy. As part of promoting cashless transactions, various modes of digital payment are available, including debit cards, credit cards, mobile banking, point of sale, unified payment interface and forex cards. *(Source: RBI Annual Report - 2019-20)*

For instance, the volume (in terms of number of transfers) of Real Time Gross Settlement ("**RTGS**"), immediate payment service ("**IMPS**"), National Electronic Funds Transfer ("**NEFT**") and United Payment Interface ("**UPI**") transfers were 24.26 crore, 565.33 crore, 528.47 crore, and 8,371.44 crore, respectively, in FY 2023, up from 20.78 crore, 466.25 crore, 404.7 crore and 4,595.61 crore, respectively in Fiscal 2022. The value of RTGS, IMPS, NEFT and UPI transfers were ₹1,499.46 lakh crore, ₹55.85 lakh crore, ₹337.20 lakh crore and ₹139.15 lakh crore, respectively, in Fiscal 2023, compared to ₹1,286.58 lakh crore, ₹41.71 lakh crore, ₹287.25 lakh crore and ₹84.16lakh crore, respectively, in FY 2022. *(Source: RBI Annual Report – 2022-23)*

The RBI is also engaged in introduction of Digital Rupee (e₹), the central bank digital currency ("**CBDC**") in India. It is similar to the physical currency in terms of being a legal tender, accepted as a medium of payment and a safe store of value. The e₹ will provide an additional form of money to be used by the public. *(Source: RBI - Financial Stability Report Issue No. 26, December 2022)*

Certain Key Banking Business Sectors

MSME Sector

Both public and private sector banks increased their lending to the MSME sector in H1FY24 (21% MSME credit growth for H1FY24). The strong growth, despite the expiry of the Emergency Credit Line Guarantee Scheme (ECLGS), introduced during the COVID-19 pandemic, points to the underlying growth momentum of the sector.

Quality of the MSME portfolio of SCBs improved further, with GNPA declining to 4.7% in September 2023 from 6.8% in March 2023 and 7.7% in September 2022. SMA-2 accounts, however, rose slightly to 1.7% in September 2023 from 0.9% in March 2023. Sector-wise analysis of NPAs of loans extended under the ECLGS indicates that services and trade, which formed a third of the ECLGS disbursements, remained stressed and accounted for nearly half of the total delinquencies. The overall GNPA of loans extended under the ECLGS rose to 6.5% in September 2023 from 5.5% in March 2023. *(Source: RBI – Financial Stability Report Issue No. 28, December 2023)*

The Union Budget FY 2023 announced few initiatives for MSME sector, it included extension of Credit guarantee scheme for subordinate debt ("**CGSSD**") up to March 2023, Additional credit of ₹2 lakh crore for MSMEs through revamped credit guarantee trust for micro and small enterprises. Government also plans to roll out raising and accelerating MSME performance (RAMP) programme with an outlay of ₹6,000 crore. While presenting the Union Budget for Fiscal 2023-2024, the Finance Minister announced that the revamped credit guarantee scheme for MSMEs, proposed in the previous Budget, will take effect from April 1, 2023 through infusion of ₹9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of ₹ 2 lakh crore. Also, the cost of credit will be reduced by about 1%. *(Source: RBI Annual Report - 2021-22, Union Budget 2023-24)*

Priority Sector

The priority sector lending ("**PSL**") for scheduled commercial banks (SCBs) stood at 44.7% as on March 31, 2023. All bank groups achieved the prescribed PSL target of 40% during Fiscal 2022-2023. In case any bank falls short in achieving priority sector targets/sub-targets, they are advised to contribute towards the Rural Infrastructure Development Fund (RIDF) and other funds administered by the National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India, Micro Units Development & Refinance Agency Ltd. and National Housing Bank. The total trading volume of priority sector lending certificates (PSLCs) registered a growth of 7.7% and stood at ₹ 7.13 lakh crore in 2022-23 as compared to 12.4% growth during the previous year. Among the four PSLC categories, the highest trading was observed in PSLC-small and marginal farmers and PSLC-general with the transaction volumes being ₹3.21 lakh crore and ₹1.79 lakh crore, respectively, in Fiscal 2022 and Fiscal23. (*Source: RBI Annual Report 2022-23*)

(₹ in crores, except parentheses)

Performance in Achievement of Priority Sector Lending Targets

End-March	Public Sector Banks	Private Sector Banks	Foreign Banks
2021-22	26,49,180	16,85,806	2,08,107
	(42.90)	(43.71)	(42.65)
2022-23	28,55,355	19,93,388	2,10,578
	(44.18)	(45.57)	(42.92)

**: Provisional*
Note: Figures in parentheses are percentages to ANBC or CEOBE, whichever is higher.

(Source: RBI Annual Report 2022-2023)

Developments and Reforms in the Banking Sector

Implementation of the Basel III Capital Regulations

The RBI has issued guidelines based on the Basel III reforms on Capital Regulation to the extent applicable to banks operating in India. These guidelines require, among other things, higher levels of Tier I capital and common equity, a capital conservation buffer ("**CCB**"), maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I and Tier II capital.

In December 2010, the Basel Committee on Banking Supervision issued a comprehensive reform package for capital regulations (Basel III). The objective of the reform package is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spill over from the financial sector to the real economy. *(Source: RBI – Guidelines on Implementation of Basel III Capital Regulations in India)*

The RBI's Basel III Capital Regulations, which are more stringent than the requirements prescribed by earlier RBI guidelines, have been implemented in India in phases since April 1, 2013. The Basel III Capital Regulations were expected to be fully implemented by March 31, 2019. Banks shall maintain a minimum Pillar 1 capital to risk-weighted assets ratio of 9% on an on-going basis (other than capital conservation buffer and countercyclical capital buffer amongst others). Common Equity Tier 1 capital must be at least 5.5% of risk-weighted assets (RWAs). Tier 1 capital must be at least 7% of RWAs on an ongoing basis. Thus, within the minimum Tier 1 capital, Additional Tier 1 capital can be admitted maximum at 1.5% of RWAs. Banks are also required to maintain a capital conservation buffer (CCB) of 2.5% of RWAs in the form of Common Equity Tier 1 capital. *(Source: RBI Master Circular - Basel III Capital Regulations, May 12, 2023)*

The RBI has advised ECAIs to disclose the name of the banks and the corresponding credit facilities rated by them in the Press Releases issued on rating actions. A bank loan rating without this disclosure by the ECAI shall not be eligible for being reckoned for capital computation by banks. *(Source: RBI Master Circular - Basel III Capital Regulations, May 12, 2023)*

In addition, the Basel III liquidity framework introduced the net stable funding ratio ("**NSFR**"), which measures the ratio between the available stable funding with maturities greater than one year and the required stable funding with maturities greater than one year to support long-term lending and other long-term assets. For banks in India, the RBI had released the final guidelines and prescribed an NSFR of at least 100% from April 1, 2020. However, in view of exceptional conditions due to COVID-19, the RBI, by way of its notifications dated March 27, 2020 and September 29, 2020, deferred its NSFR implementation to April 1, 2021. In view of the ongoing economic stress on account of COVID-19, it has been decided to defer the implementation of NSFR guidelines by a further period of six months. Accordingly, the NSFR Guidelines came into effect from October 1, 2021. *(Source: RBI – Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR), February 5, 2021)*

Leverage Ratio Framework

In June 2019, as a part of the 'Leverage Ratio Framework', the RBI announced that the minimum Leverage Ratio would be 4% for Domestic Systemically Important Banks and 3.5% for other banks. Both the capital measure and exposure measure along with Leverage Ratio are to be disclosed on a quarter-end basis. However, banks must meet the minimum Leverage Ratio requirement at all times. These guidelines were effective from the quarter commencing October 1, 2019. *(Source: RBI Master Circular – Basel III Capital Regulations, May 12, 2023)*

Domestic Systemically Important Banks

In August 2015, the RBI designated the State Bank of India ("**SBI**"), ICICI Bank and later in September 2017, the HDFC Bank as Domestic Systemically Important Banks ("**D-SIBs**"). Based on the methodology provided in the D-SIB framework and data collected from banks as of March 31, 2018, the RBI, in its release dated March 14, 2019, required SBI, ICICI Bank and HDFC Bank to provide Additional CET1 requirements as a percentage of RWAs of 0.6%, 0.2% and 0.2%, respectively. In accordance with the RBI's press release dated March 14, 2019, these CET1 requirements were applicable to D-SIBs from April 1, 2016 in a phased manner and became fully effective from April 1, 2019 onwards. The additional CET1 requirements were in addition to the CCB. As per the RBI press release dated December 28, 2023, SBI and HDFC Bank are required to maintain additional CET1 requirements as a percentage of RWAs of 0.8% and 0.4% respectively, which will be effective from April 1, 2025.

The additional Common Equity Tier 1 (CET1) requirement will be in addition to the capital conservation buffer. *(Source: RBI releases 2018 list of Domestic Systemically Important Banks (D-SIBs) dated March 14, 2019 and RBI releases 2020 list of Domestic Systemically Important Banks (D-SIBs) dated January 19, 2021 and RBI releases 2022 list of Domestic Systemically Important Banks (D-SIBs) dated January 02, 2023 and RBI releases 2023 list of Domestic Systemically Important Banks (D-SIBs) dated December 28, 2023*)

The Insolvency and Bankruptcy Code (Amendment) Act, 2017

The Insolvency and Bankruptcy Code ("**IBC**") (Amendment) Act, 2017 bars wilful defaulters, defaulters whose dues have been classified as NPAs for more than one year, and all connected persons ('connected persons' refers only to persons who are connected to the resolution applicant's business activity) from submitting resolution plans and purchasing the assets of corporate debtors in liquidation. An enabling provision is in place to provide a cure for ineligibility conditions and help in meeting the corporate insolvency resolution process timeline. It also empowers the insolvency professional to lay down qualifying criteria for resolution applicants familiar with the complexity and scale of the corporate debtor's operations. *(Source: The Gazette of India – The Insolvency and Bankruptcy Code (Amendment) Act, 2017)*

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 (effective June 5, 2020) provides a time-bound process for resolving insolvency in companies and among individuals. The Act seeks to temporarily suspend initiation of the corporate insolvency resolution process ("**CIRP**") under the IBC. The Act provides that, for defaults arising during the six months from March 25, 2020, CIRP can never be initiated by either the company or its creditors. The central government may extend this period to one year by way of a notification. The Act clarifies that, during this period, CIRP can be initiated for any defaults arising before March 25, 2020. Under the IBC, a Director or Partner of the corporate debtor may be liable to make personal contributions to the assets of the company in certain situations. This liability can occur if, despite knowing that the insolvency proceedings could not be avoided, the person did not exercise due diligence in minimizing potential loss to the creditors. The resolution professional may apply to the National Company Law Tribunal to hold such persons liable. The resolution professional is appointed to manage the resolution process upon the acceptance of an application for initiation of the CIRP. The Bill prohibits the resolution professional from filing such an application in relation to the defaults for which initiation of the CIRP has been prohibited. *(Source: The Gazette of India – The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 dated September 23, 2020)*

The Insolvency and Bankruptcy Code (Amendment) Act, 2021

The Insolvency and Bankruptcy Code (Amendment) Act, 2021 (effective April 4, 2021) introduced an alternate insolvency resolution process called the Pre-packaged Insolvency Resolution Process ("**PIRP**") for MSMEs with defaults up to ₹1 crore. It also allows Distressed Corporate Debtors ("CDs") to initiate a PIRP with the approval of two-thirds of their creditors to resolve their outstanding debt under the new mechanism. The management of the affairs of the corporate debtor shall continue to vest in the board of directors or the partners who shall make every endeavour to protect and preserve the value of the property of the corporate debtor, and manage its operations as a going concern. (*Source: The Gazette of India – The Insolvency and Bankruptcy Code* (*Amendment) Act, 2021 dated August 11, 2021*)

Amendments to the Banking Regulation Act

The Banking Regulation (Amendment) Act, 2017 was enacted with a view to give the RBI extensive powers to issue directions to banks for the resolution of stressed assets. The amendment introduced two new sections to the Banking Regulation Act: Section 35AA, which enables the RBI, with the authorisation of the Central Government, to direct banks to commence the insolvency resolution process against the defaulting company under the IBC and Section 35AB, which enables the RBI to issue directions to any banking company or group of banking companies for the resolution of stressed assets. *(Source: The Gazette of India – The Banking Regulation (Amendment) Act, 2017)*

The Banking Regulation (Amendment) Act, 2020 was enacted with a view to expand the RBI's regulatory control over co-operative banks in terms of management, capital, audit and liquidation. The Bill makes two changes: (i) extending previously omitted provisions of the Banking Regulation (Amendment) Act, 2017 to co-operative banks, and (ii) amending certain provisions of the Banking Resolution Act, 1949 applying to all banks. *(Source: The Gazette of India – The Banking Regulation (Amendment) Act, 2020)*

Recent Policy Measures Undertaken by the RBI

SLR Holdings in Held-to-Maturity Category

On September 1, 2020, the RBI increased the limits under the HTM category from 19.5% to 23% of NDTL in respect of SLR-eligible securities acquired on or after September 1, 2020 and on or before March 31, 2021. This dispensation was made available up to March 31, 2023. With a view to enable banks to better manage their investment portfolios, it has now been decided to extend the dispensation of the enhanced HTM limit of 23% up to March 31, 2024 to include securities acquired between September 1, 2020 and March 31, 2024. The HTM limit will be restored from 23% to 19.5% in a phased manner starting from the quarter ending June 30, 2024. (*Source: RBI - Statement on Developmental and Regulatory Policies dated December 7, 2022)*

Individual Housing Loans – Rationalisation of Risk Weights

On October 12, 2020, the RBI had rationalised the risk weights for individual housing loans by linking them only with loan to value ratios for all new housing loans sanctioned up to March 31, 2022. Taking importance of the housing sector into consideration along with its multiplier effects and its role in supporting the overall credit growth, it was decided that the risk weights as prescribed in October 2020 circular shall continue for all new housing loans sanctioned up to March 31, 2023. *(Source: RBI - Statement on Developmental and Regulatory Policies dated April 8, 2022)*

Introduction of the Standing Deposit Facility

In 2018, RBI introduced Standing Deposit Facility ("**SDF**") – an additional tool for absorbing liquidity without any collateral. On April 8, 2022, it was decided to institute SDF with an interest rate of 3.75% with immediate effect. The SDF will replace the fixed rate reverse repo ("**FRRR**") as the floor of the liquidity adjustment facility ("**LAF**") corridor. Both the standing facilities viz., the marginal standing facility ("**MSF**") and the SDF will be available on all days of the week, throughout the year. The FRRR rate was retained at 3.35%. The FRRR along with the SDF will impart flexibility to the RBI's liquidity management framework. *(Source: RBI - Statement on Developmental and Regulatory Policies dated April 8, 2022)*

Restoration of the Symmetric LAF Corridor

With effect from April 8, 2022, the RBI restored width of LAF corridor to pre-pandemic level. With the introduction of the SDF at 3.75%, the policy repo rate being at 4.00% and the MSF rate at 4.25%, the width of the LAF corridor is restored to its pre-pandemic configuration of 50 bps. (*Source: RBI - Statement on Developmental and Regulatory Policies dated April 8, 2022*)

Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies

On January 16, 2023, the RBI issued Master Directions and guidelines for major shareholders (Acquisition and Holding of Shares or Voting Rights in Banking Companies) consolidating the earlier directions. The major changes made in the guidelines include updates in the limits on permissible shareholding by different categories of shareholders, introduction of reporting requirements for encumbrance of shares by promoter and strengthening of arrangements for continuous monitoring of the 'fit and proper' status of major shareholders of a banking company. *(Source: RBI Notifications on 'Master Directions and Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies' dated January 16, 2023. Available at* https://www.rbi.org.in*)*

Introduction of Securities Lending and Borrowing in Government Securities

The RBI proposed to permit lending and borrowing of Government securities which will augment the existing market for 'special repos'. The system is expected to facilitate wider participation in the securities lending market by providing investors an avenue to deploy idle securities and enhance portfolio returns. (*Source: RBI - Statement on Developmental and Regulatory Policies dated February 8, 2023*)

Recovery of Penal Charges on Loans

The extant regulatory guidelines on levy of penal interest have been reviewed by the RBI. It has been decided that any penalty for delay/default in servicing of the loan or any other non-compliance of material terms and conditions of loan contract by the borrower shall be in the form of 'penal charges' in a reasonable and transparent manner and shall not be levied in the form of 'penal interest' that is added to the rate of interest being charged on the advances. Further, there shall be no capitalisation of penal charges (i.e., the same shall be recovered separately and shall not be added to the principal outstanding). However, in case of any deterioration in credit risk profile of the borrower, Regulated Entities ("**REs**") shall be free to alter the credit risk premium under extant guidelines on interest rate. *(Source: RBI - Statement on Developmental and Regulatory Policies dated February 8, 2023)*

Governance, measurement, and management of Interest Rate Risk in Banking Book

On February 17, 2023, the RBI issued final guidelines on Interest Rate Risk in Banking Book ("**IRRBB**"), in line with revised framework issued by the Basel Committee on Banking Supervision ("**BCBS**"). The IRRBB arises form banking activities and is encountered by all banks. It arises because interest rates can vary significantly over time, while the business of banking typically involves intermediation activity that produces exposure to both maturity mismatch and rate mismatch. The date of implementation will be communicated in due course. *(Source: RBI Notifications on 'Governance, measurement and management of Interest Rate Risk in Banking Book' dated February 17, 2023. Available at https://www.rbi.org.in)*

Operation of Pre-Sanctioned Credit Lines at Banks through the Unified Payments Interface

Unified Payments Interface ("**UPI**") is a robust payments platform supporting an array of features. Presently it handles 75% of the retail digital payments volume in India. The UPI system has been leveraged to develop products and features aligned to India's payments digitisation goals. Recently, RuPay credit cards were permitted to be linked to UPI. It is now proposed to expand the scope of UPI by enabling transfer to / from pre-sanctioned credit lines at banks, in addition to deposit accounts. Currently, savings account, overdraft account, prepaid wallets and credit cards can be linked to UPI. (*Source: RBI - Statement on Developmental and Regulatory Policies dated April 6, 2023 and RBI - Statement on Developmental and Regulatory Policies dated September 4, 2023*)

Framework for acceptance of Green Deposits

On April 11, 2023, the RBI notified framework for acceptance of green deposits to enable financial sector mobilising resources and their allocation thereof in green activities/projects. The framework to come in effect from June 1, 2023. *(Source: RBI Notifications on 'Framework for acceptance of Green Deposits' dated April 11, 2023. Available at https://www.rbi.org.in)*

₹ 2,000 Denomination Banknotes- Withdrawal from Circulation

On May 19, the RBI decided to withdraw ₹ 2,000 denomination banknotes from circulation in pursuance of the "Clean Note Policy". The ₹ 2000 denomination banknotes will remain legal tender. The facility for deposit and/or exchange of ₹ 2,000 banknotes shall be available for members of the public up to September 30, 2023. *(Source: RBI Notifications dated May 19, 2023. Available at https://www.rbi.org.in)* As the period specified for the withdrawal has come to an end, based on a review, it has been decided to extend the current arrangement for deposit / exchange of ₹ 2,000 banknotes until October 7, 2023 *(Source: https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12540)*

Guidelines on Default Loss Guarantee (DLG) in Digital Lending

The RBI decided to permit arrangements between **REs** and Lending Service Providers ("**LSPs**") or between two REs involving default loss guarantee (DLG), commonly known as FLDG, subject to the guidelines laid down in the Annex to the referred circular. DLG arrangements conforming to these guidelines shall not be treated as 'synthetic securitisation' and/or shall also not attract the provisions of 'loan participation'. *(Source: RBI Notifications dated June 8, 2023. Available at https://www.rbi.org.in)*

Requirement for maintaining additional Cash Reserve Ratio (CRR)

On August 10, 2023, while reviewing the monetary policy for Fiscal 2023-2024, the RBI announced incremental CRR (I-CRR) of 10 percent on the increase in net demand and time liabilities ("**NDTL**") between May 19, 2023, and July 28, 2023. (*Source: RBI Notifications dated August 10, 2023. Available at https://www.rbi.org.in*)

As announced in the RBI Press Release dated September 08, 2023, on a review, it has been decided to discontinue the incremental CRR (I-CRR) in a phased manner. Based on an assessment of current and evolving liquidity conditions, it has been decided that the amounts impounded under the I-CRR would be released in stages so that system liquidity is not subjected to sudden shocks and money markets function in an orderly manner. As on September 9, September 23 and October 7, 2023 amount to be released are 25%, 25% and 50% of the ICRR maintained. (*Source: RBI Notifications dated September 08, 2023. Available at https://rbi.org.in/Scripts/NotificationUser.aspx*)

<u>Regulatory measures towards consumer credit and bank credit to NBFCs</u>

On November 16, 2023, RBI has announced the following regulatory measures towards consumer credit and bank credit to NBFCs:

A. Consumer credit exposure

(a) The risk weight for commercial banks towards consumer credit (outstanding as well as new) including personal loan, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery has been increased by 25% points from 100% to 125%; and

(b) The risk weight for credit card receivables of SCBs has been increased by 25% points from 125% to 150%.

B. *Bank credit to NBFCs* – Increase the risk weight on exposure of SCBs to NBFCs (excluding core investment companies) by 25% points in all cases where the extant of risk weight as per external rating of NBFCs is below 100%. For this purpose, loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector shall be excluded.

C. Strengthening credit standards

The REs shall review their extant sectoral exposure limits for consumer credit and put in place, if not already there, Board approved limits in respect of various sub-segments under consumer credit as may be considered necessary by the Boards as part of prudent risk management. In particular, limits shall be prescribed for all unsecured consumer credit exposures. The limits so fixed shall be strictly adhered to and monitored on an ongoing basis by the Risk Management Committee.

All top-up loans extended by REs against movable assets which are inherently depreciating in nature, such as vehicles, shall be treated as unsecured loans for credit appraisal, prudential limits and exposure purposes.

(Source: RBI notifications dated November 16, 2023. Available at https://www.rbi.org.in)

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. For more details, see "Forward-Looking Statements" on page 16.

Our fiscal year ends on March 31 of each year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise specified or as the context otherwise requires, financial information herein as at and for the year ended March 31, 2021, 2022 and 2023 is derived from our Audited Standalone Financial Statements, and the financial information included herein as at and for the nine months ended December 31, 2023 and December 31, 2022, is from our Limited Review Unaudited Standalone Financial Results. For further information, see "Financial Statements" on page 329.

Overview

Our Bank has a rich legacy of serving the nation of India and has been an active partner in the growth story of India since our incorporation in 1919. The Amalgamation of the erstwhile Andhra Bank and erstwhile Corporation Bank into our Bank came into effect on April 1, 2020. Since the Amalgamation, we have worked diligently to harmonize and transform the policies, products and processes of our new amalgamated Bank. We rolled out a new organizational structure and expanded our pan-India presence. As at December 31, 2023, our Bank had total advances of ₹ 8,95,974.08 crore, a network of 8,479 global branches and 9,889 automated teller machines ("**ATMs**"), 18,987 business correspondents, an employee base of 76,372 and a customer base of over 15.24 crore.

We offer a comprehensive "digital experience" to our banking customers by leveraging and implementing the innovations in technology like cloud computing and digital lending. We aim to embed digitization across our full range of banking processes and services. Our digital sanctions in Fiscal 2023 were ₹2,061.66 crore. We will continue to focus on meeting consumer demand and responding to changing behaviour while at the same time ensuring our Bank becomes more efficient in its operations. To take advantage of the availability of internet and mobile for banking services, we have been continuously investing in the latest technology to build up our offering of banking products and services to increase our digital acquisition of new business, particularly in the RAM sectors, and to increase our CASA Ratio. We have introduced pre-approved personal loans offered to our digital customers, Shishu Mudra loans for the micro, small and medium enterprises ("**MSME**") sector that are sanctioned though our end-to-end straight-through processing ("**STP**") and *Vyom*, which is our mobile application for all banking needs. For the nine months ended December 31, 2023 and Fiscal 2023, transactions through our digital channels represented 88.59% and 87.98%, respectively, of our Bank's total transactions. As at March 31, 2023, our Bank had 0.77 crore registered internet banking users and 2.13 crore registered mobile banking users and as at December 31, 2023, our Bank had 0.82 crore registered internet banking users and 2.54 crore registered mobile banking users.

Our Bank's principal banking and financial products and services include fund-based and non-fund-based facilities for corporate/ wholesale, retail, agriculture and MSMEs customers. We offer deposit products, foreign exchange products, fee and commission-based products and services, international banking products and services, and other banking products and services, such as the distribution of mutual fund and insurance products. We also engage in treasury operations and provide our customers with asset management services through our subsidiary, Union Asset Management Company Private Limited; institutional equity broking services through our subsidiary, UBI Services Limited and life insurance products through our joint venture, Star Union Dai-ichi Life Insurance Company Limited. As at December 31, 2023 and as at March 31, 2023, our total domestic loans were ₹8,66,689.35 crore and ₹7,85,302.61 crore, respectively, and represented 96.73% and 96.96%, respectively, of our total gross loans.

Corporate/ Wholesale. We offer a wide range of corporate loans and other products to assist corporate customers with their financial needs, including fund-based facilities, such as term loans and working capital, and non-fund-based facilities, such as letters of credit, guarantees and loan syndication.

Retail. We provide retail customers with a range of loans to meet their personal financial requirements, including home loans, mortgage loans, education loans, vehicle loans, gold loans, personal loans and other retail loans

Agriculture. We provide loans to the agricultural sector, comprising individual farmers, groups of farmers, agri-entrepreneurs and corporates. We extend crop loans to farmers to meet their financial needs towards seasonal agricultural operations and provide working capital loans and gold loans.

MSME. We provide funding and credit to MSMEs in various industries, including the manufacturing and service industries. We have developed a wide range of tailor-made products and customized services targeted at MSMEs, including credit facilities, term loans and/ or working capital loans for the purchase, construction and/ or renovation of factories, offices and equipment for business activities.

In line with our strategy to focus on underbanked sectors, we have focused our business on the Retail, Agriculture and MSME ("**RAM**") sectors, which constituted 56.28% of our Bank's domestic advances as at December 31, 2023, and 55.61% of our Bank's domestic advances as at March 31, 2023. As at December 31, 2023, gross advances to Retail, Agriculture and MSME sectors represented 20.01%, 20.49% and 15.78% of our domestic gross advances, respectively, and as at March 31, 2023, gross advances to Retail, Agriculture and MSME sectors represented 20.34%, 19.35% and 15.92% of our domestic gross advances, respectively.

Deposits: Our Bank's deposit services comprise demand deposits, savings deposits and term deposits. Demand deposits are designed to cater to the banking requirements of our corporate customers and individuals involved in commercial or business activities. Savings deposits are designed primarily for individuals and trusts. Term deposits include short deposits, fixed deposits, monthly income scheme and interest-bearing deposits and are designed primarily for individuals.

Treasury Operations: Our Bank's treasury operations include the management of funds and liquidity, investment in debt and equity products and compliance with the RBI's statutory liquidity ratio and cash reserve ratio norms.

Other Banking Products and Services: Our Bank's other banking products and services include the fee-based products and services, such as collections and payment services, merchant banking, depository services, clearing bank services and handling of the GoI's business, including tax collections and opening and servicing public provident fund accounts.

International Banking Products and Services: We provide a wide range of trade and investment related international banking products and services that cater to the needs of our non-resident Indian ("**NRI**") customer base and to industrial enterprises engaged in import and export. We offer services such as foreign exchange services and NRI services, comprising remittance facilities for resident Indians, foreign currency loans and lending and deposit services to NRIs. We also provide trade finance and other services to exporters and importers, including the collection of bills, provision of foreign currency loans, such as arranging short-term foreign currency loans through our correspondent banks and provision of credit substitutes, such as letters of credit and guarantees.

Our international operations include the operations of our Bank's subsidiary in the United Kingdom, Union Bank of India (UK) Limited and our two international branches (Dubai International Financial Centre ("**DIFC**") and Sydney, Australia). In addition, we have a joint venture in Malaysia, India International Bank (Malaysia) BHD.

Capital and Liquidity Position

Our Bank's average liquidity coverage ratio for the nine months ended December 31, 2023 was 145.53% and for Fiscal 2023 was 169.45%, which in both cases was well above the regulatory requirement. As at December 31, 2023, our Bank's statutory liquidity ratio was 22.13% with an excess statutory liquidity ratio of ₹47,329.53 crore, and, as at March 31, 2023, our Bank's statutory liquidity ratio was 27.25% with an excess statutory liquidity ratio of ₹1,03,027.00 crore, which was above the regulatory requirement at both such dates.

Our Bank's capital adequacy ratio and CET-1 ratio was 15.03% and 11.71%, respectively, as at December 31, 2023, and was 16.04% and 12.36%, respectively, as at March 31, 2023.

Key operating and financial performance parameters

The table below sets forth certain of our Bank's key operating and financial performance parameters on a standalone basis, as at and for the periods indicated.

	As at and for the years ended March 31,			**As at and for the nine months ended December 31,**	
	2021	**2022**	**2023**	**2022**	**2023**
	(₹ in *crore, except for %*)				
Net Interest Income(1)	24,688.43	27,786.46	32,765.34	24,514.79	27,133.77
Operating Profit(2)	19,666.93	21,873.21	25,467.16	18,643.80	21,677.70
Net profit/(loss)	2,905.97	5,232.10	8,433.28	5,650.95	10,337.77
Average interest-earning assets(3)	10,00,304.77	10,24,174.32	11,28,314.00	11,14,370.79	12,09,801.68
Average Working Funds/Average Total Assets(3)	10,84,359.17	11,11,113.75	12,23,952.00	12,09,216.26	13,14,633.75
Yield on Average Total Assets(3)	6.34%	6.11%	6.60%	6.48(17)%	7.45(17)%
Cost of Funds(4)	4.06%	3.61%	3.92%	3.77(17)%	4.70(17)%
Spread(5)	2.28%	2.50%	2.68%	2.70(17)%	2.75(17)%
Net Interest Margin(6)	2.47%	2.71%	2.90%	2.93(17)%	2.99(17)%
Return on Equity(7)	6.68%	10.11%	13.26%	12.31(17)%	16.56(17)%
Return on Average Assets(8)	0.27%	0.47%	0.69%	0.62(17)%	1.05(17)%
Tier I capital adequacy ratio	10.35%	12.20%	13.91%	12.27%	13.05%
Tier II capital adequacy ratio	2.21%	2.32%	2.13%	2.18%	1.98%
Total capital adequacy ratio	12.56%	14.52%	16.04%	14.45%	15.03%
Gross NPAs	89,788.20	79,587.07	60,987.29	63,770.16	43,261.88
Gross NPAs ratio(9)	13.74%	11.11%	7.53%	7.93%	4.83%
Net NPAs(10)	27,280.52	24,303.30	12,927.44	16,195.11	9,351.23
Net NPAs ratio(11)	4.62%	3.68%	1.70%	2.14%	1.08%
Credit to deposit ratio(12)	71.06%	69.60%	73.74%	75.79%	77.81%
Cost to Income Ratio(13)	46.02%	45.74%	46.27%	44.97%	43.70%
Other income to Operating Income ratio(14)	32.24%	31.07%	30.87%	27.64%	29.53%
Provisioning Coverage Ratio (including technical write-off)(15)	81.27%	83.61%	90.34%	88.50%	92.54%
CASA Ratio(16)	36.33%	36.54%	35.26%	35.30%	33.87%
Gross advances	6,53,684.33	7,16,407.87	8,09,905.31	8,04,015.40	8,95,974.08
Total deposits	**9,23,805.34**	**10,32,392.63**	**11,17,716.32**	**10,65,027.08**	**11,72,455.34**

Notes:

(1) Net Interest Income is interest earned minus interest expended.

*(2) Operating Profit is the total of Net Interest Income and other income ("**Operating Income**") minus operating expenses.*

*(3) Average Working Funds/Average Total Assets is the monthly average of balances of total assets outstanding, as reported to the RBI, for the year/period ("**Average Working Funds/Average Total Assets**") and average interest-earning assets is the monthly average as reported to the RBI, for the year/period.*

(4) Cost of Funds is interest expended divided by Average Total Assets.

(5) Spread is Net Interest Income divided by Average Total Assets.

(6) Net Interest Margin is Net Interest Income divided by Average Total Assets.

(7) Return on Equity is the ratio of the net profit for the year/period to the tangible net worth (capital plus reserves excluding revaluation reserves, deferred tax assets and other deduction).

(8) Return on Average Assets is the ratio of the net profit for the year/period to Average Total Assets.

(9) Gross NPAs ratio is the ratio of Gross NPAs divided by gross advances.

(10) Net NPAs reflect Gross NPAs less provisions for NPAs.

(11) Net NPAs ratio is the ratio of Net NPAs divided by net advances.

(12) Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits minus inter-bank deposits.

(13) Cost to Income Ratio is calculated as a ratio of operating expenses divided by Operating Income.

(14) Other income to Operating Income ratio is calculated as a ratio of other income divided by Operating Income.

(15) Provisioning Coverage Ratio (including technical write-off) comprises provisions plus technical write off as percentage to Gross NPAs plus technical write off.

(16) *Ratio of current account deposits and savings account deposits to total deposits (including inter-bank deposits).*
(17) *Annualised.*

The table below sets forth certain of key operating and financial performance parameters on a consolidated basis of the Bank, our Subsidiaries, Joint Ventures and Associate, as at and for the periods indicated.

	As at and for the years ended March 31,			**As at and for the nine months ended December 31,**	
	2021	**2022**	**2023**	**2022**	**2023**
	(₹ *in crore, except for %*)				
Net Interest Income(1)	25,199.06	28,051.19	33,130.34	24,777.39	27,467.81
Operating Profit(2)	19,754.26	21,872.99	25,558.39	18,689.61	21,784.97
Net profit/(loss) for the year/period	2,863.40	5,265.32	8,511.67	5,699.89	10,468.84
Return on Equity(3)	6.56%	9.85%	13.35%	12.39%	16.72%
Return on Average Assets(4)	0.27	0.47	0.66	0.61%	1.03%

Notes:

(1) *Net Interest Income is interest earned minus interest expended.*
(2) *Operating Profit is the total of Net Interest Income and other income minus operating expenses.*
(3) *Return on Equity is the ratio of the net profit for the year/period to the tangible net worth (capital plus reserves excluding revaluation reserves, deferred tax assets and other deduction).*
(4) *Return on Average Assets is the ratio of the net profit to the year/period to the monthly average total assets.*

Our Competitive Strengths

Strong and trusted brand with large customer base

The Amalgamation of the erstwhile Andhra Bank and erstwhile Corporation Bank into our Bank came into effect on April 1, 2020. Since the Amalgamation, we worked diligently to harmonize and transform the policies, products and processes of our new amalgamated bank. We rolled out a new organizational structure and expanded our pan-India presence. As at December 31, 2023, our Bank has a network of 8,479 global branches and 9,889 ATMs, an employee base of 76,372 and a customer base of over 15.24 crore.

Our Bank was India's 35th most valuable brand in 2023 (*Source: Brand Finance - "India 100 2023 – The annual report on the most valuable Indian brands – June 2023"*).We believe that the rich history and brand of our Bank, coupled with the wide range of our geographical reach and multi-channel distribution, provides us significant opportunities to increase our revenue from our large customer base.

Pan-India network and international presence

As at December 31, 2023, we had 8,477 branches across 28 states and seven union territories in India, two international branches and one branch through our Bank's Subsidiary, Union Bank of India (UK) Limited, in the United Kingdom. Of these 8,477 branches, 29.93% of our branches are located in rural areas, 28.76% of our branches are located in semi-urban areas, 20.43% of our branches are located in urban areas and 20.88% of our branches are located in metropolitan areas. Our pan-India branch network allows us to provide banking services to a wide variety of customers, including large and mid-sized companies, institutions, state-owned enterprises, as well as corporate, agricultural, industrial and retail customers. Our presence in the rural and semi-urban areas helps to support the agricultural economy.

As at December 31, 2023, we had 9,889 ATMs, of which 78.45% were located at our branches (on-site) and 21.55% were located off-site. As at December 31, 2023, our ATM-to-branch ratio was 1.17.

We have also focused on creating centralized processing centres across India. As at December 31, 2023, we have 135 MSME loan points, 105 MSME first branches, 159 retail loan points, 42 agriculture loan points and 1,685 Union Gold Loan Points.

In addition, we conduct our international operations through two international branches, our subsidiary in the United Kingdom, Union Bank of India (UK) Limited, and our joint venture in Malaysia, India International Bank (Malaysia) BHD.

Investment in technology supporting a comprehensive "Digital Experience"

Our Bank is committed to delivering digitised consumer financial services to ensure we remain competitive and continue to meet the needs of our customers, while maintaining our societal obligations to provide access to banking. We offer a comprehensive "digital experience" to our banking customers by leveraging and implementing innovations in technology, such as cloud computing and digital lending. Since Fiscal 2020, we have been transforming our IT architecture to ensure high-performance access to business systems and cloud-based applications, whilst complying with regulatory norms and without compromising security.

We aim to embed digitization across our full range of banking processes and services. Our digital disbursements in Fiscal 2023 were ₹2,061.66 crore. We will continue to focus on meeting consumer demand and responding to changing behaviour while at the same time ensuring our Bank becomes more efficient in its operations.

To take advantage of the availability of internet and mobile for banking services, we have been continuously investing in the latest technology to build up our offering of banking products and services to increase our digital acquisition of new business, particularly in the RAM sectors, and increase our CASA Ratio. The Bank intends to implement premier digital initiatives and aspires to expand its acquisition of the new RAM sector business digitally. We have implemented more than 20 digital journeys, which are digital processes or pathways that encompass a range of financial products related to both assets and liabilities. Through these journeys, our Bank has sanctioned digital initiatives and has renewed or reviewed over 16.96 lakh accounts digitally as at December 31, 2023. Recently, our Bank has added the digital gold loan journey, PM SVANidhi and digital enhancement of working capital limit (loan amounts up to ₹0.1 crores) to our digital journeys portfolio. For information on our continued investment in technology, digital solutions and ease of banking, see "*Our Strategies – Enhanced digital penetration and automation*" on page 200.

The latest version of our mobile banking application, *Vyom*, has been launched with feature enhancements including debit card control for contactless cards, self-fund transfers, generation and download of form 16/16A, registration using Aadhaar and one time passwords, Pay to Mobile, Unified Dispute Management and Issue Resolution, which is a redressal mechanism for addressing customer issues and complaints regarding UPI transactions.

We have also implemented Customer Relationship Management (CRM) solution for providing a unified customer experience and better customer satisfaction. As part of CRM implementation, we launched the Lead Management Solution (LMS), Customer 360º module and Service & Complaint Management module.

Our internet banking platform is equipped with secured user-friendly features and services, such as self-user creation, password reset and two-factor authentication. In addition, our customers have access to other convenient features, including payment of indirect/ direct taxes and utility bills and 24/7 fund transfers.

For the nine months ended December 31, 2023 and Fiscal 2023, transactions through digital channels represented 88.59% and 87.98%, respectively, of our Bank's total transactions for that period. As at December 31, 2023, our Bank had 0.82 crore registered internet banking users and 2.54 crore registered mobile banking users.

The following table sets forth our mobile and internet registered users, our daily customer logins to our mobile and internet platforms, our total banking transactions, our banking transactions through digital channels and the percentage of banking transactions through digital channels, as at and for the periods as indicated.

Particulars	**As at or for the year ended,**			**As at or for the nine months ended, December 31, 2023**
	March 31, 2021	**March 31, 2022**	**March 31, 2023**	
Mobile banking registered users (in crore)	1.22	1.64	2.13	2.54

Particulars	**As at or for the year ended,**			**As at or for the nine months ended, December 31, 2023**
	March 31, 2021	**March 31, 2022**	**March 31, 2023**	
Internet banking registered users (in crore)	0.64	0.71	0.77	0.82
Total banking transactions (in crore)	1,131.00	1,451.00	2,147.00	2,071.16
Banking transactions through digital channels (in crore)	859.00	1,247.00	1,889.00	1,834.88
Percentage of banking transactions through digital channels (%)	75.95%	85.94%	87.98%	88.59%

We were the first public sector bank ("**PSB**") to go live on the account aggregator ecosystem (*source: www.sahamati.org.in*). We were also one of the public sector banks to launch the digital Kisan Credit Card with a straight-through processing journey.

In Fiscal 2023, we had average monthly united payment interface ("**UPI**") transactions of over 43 crore and a technical decline of less than 0.87%. Further, in Fiscal 2023, our monthly average core banking solution ("**CBS**") transactions were over 211.27 crore, and our average system uptime was 100% (excluding scheduled downtime). In the nine months ended December 31, 2023, we had an average monthly UPI transactions of over 62 crore and a technical decline of less than 1.03%.

We are committed to digitalization of our products and services with a focus on inclusive, responsive and responsible banking through customer centricity, employee empowerment and value creation for all stakeholders. Our Bank continues to progress on this agenda by adopting technologies like augmented reality/virtual reality and artificial intelligence.

Recent digital transformations undertaken by our Banks are as follows:

Central Bank Digital Currency: The CBDC project is live PAN India and is available for both Android as well as iOS devices. Digital Rupee (e₹) app features UPI interoperability, which enables customers to make CBDC transactions through UPI QR Code. Our Bank has achieved a milestone of onboarding over 5.50 lakhs retail customers and 16,619 merchants on the CBDC application.

Digital Saving Account: Digital saving account can be opened online, eliminating the need to visit a physical branch. The process of opening an account has been made easier with the online verification of Aadhaar and PAN, allowing customers to begin enjoying the benefits immediately.

Digital PM SVANidhi STP: A special Micro-Credit facility to street Vendors for providing affordable loans to meet their credit needs. Objective of this scheme is to facilitate working capital demand loan up to ₹50,000, to incentivize regular repayment and to reward digital transactions. It is fully automated processing and digitized sanction with digital documentation through the UdyamiMitra portal.

Digital Union Kisan Tatkal Scheme: We believe that the provision of credit to the agricultural sector is significantly linked to promoting inclusive economic growth. To augment digital lending business, our Bank has introduced the "Digital Union Kisan Tatkal Loan" scheme through the STP journey. As per the scheme guidelines, the program is open to existing KCC borrowers with a minimum vintage of two years. The assessment of eligibility of the borrowers shall be based on their existing KCC loan limit and their previous year's income. The scheme is available to existing KCC borrowers having a KCC limit up to ₹25.00 lakhs, and loan amounts ranging from ₹5,000 to ₹50,000 are offered through a fully digitized sanction process.

Interoperable Card-less Cash Withdrawal (ICCW): Our Bank, in association with NPCI, has developed the ICCW feature. The ICCW feature enables customers to withdraw cash from ATMs by scanning a QR code displayed on the ATM screen, without the need of debit card. This can be done by authorizing the transaction using UPI PIN using any of the UPI applications on their mobile device.

FinTech & Ecosystem Partnerships: We are collaborating with various fintech companies on innovative business models, open applications, agile processes and differentiated products to attract, connect, and engage with customers, thereby improving the operational efficiency and reducing turn-around-times. Through digital ecosystem partnerships, our Bank will enable embedded finance with our ecosystem partners through microservices and APIs. We have empanelled 84 fintech companies into our digital ecosystem as at December 31, 2023.

Vyom mobile application: We introduced Vyom, a mobile application with over 350 features and an explorative user interface and user experience design to increase engagement with our customers. As of December 31, 2023, a total of approximately 2.5 crore users activated the Vyom App with an average of more than 0.25 crore daily logins in the nine months ended December 31, 2023. Additionally, an average of more than 66 crore monthly UPI transactions were facilitated through the Vyom App in the nine months ended December 31, 2023.

Some of the features of Vyom include:

- Banking at your fingertips: balance checking, QR scanning and certain features without logging into the application.
- All accounts at a glance: viewing and accessing of deposits and borrowings in one place.
- Your app your choice: customizing the application to suit individual needs.
- All banking services in one place: accessing loans, investment and variety of other services.
- Make it your own: personalizing customers' experience with time.
- Save with offers: offering exclusive deals on flights, hotels and cabs.
- NCMC Wallet recharge facility.

Loan against Deposit through Vyom: The Bank offers a loan against deposit product to its customers through mobile banking, allowing them to access the product from the comfort of their homes without the need to visit a branch.

Union Digital Personal Loan: The Bank has introduced an STP journey of Union Digital Personal Loan for its existing customers to meet their personal needs. The Union Digital Personal Loan is a loan offered by the Bank centrally through the digital mode. This scheme was launched on a pilot basis in Delhi, Maharashtra and Telangana in August, 2023, and is open to both salaried and non-salaried individuals, including business persons and professionals.

CRM EDGE: The Bank has implemented Customer Relationship Management (CRM) solution for providing a unified customer experience and better customer satisfaction. CRM EDGE is an integrated solution to effectively handle all complaints, service requests and queries on a single platform. It is primarily used for capturing and recording of customer complaints and issues. Further, it enables the automatic routing of complaints to appropriate groups as well as the sharing and escalation of complaints on expiry of the stipulated turnaround time. It provides an end-to-end solution for customer grievances. Further, the Bank has also introduced Lead Management Solutions & Customer 360^{o} in the CRM Edge platform.

Straight-through Processing ("STP"): Our Bank has introduced 24 digital STP journeys to benefit our customers. In the nine months ended December 31, 2023 and Fiscal 2023, over 9,27,738 and 763,700 accounts, respectively, were renewed digitally through STP. In Fiscal 2023, we introduced STP for sanctioning MSME renewals of up to ₹0.1 crore, agriculture loans, Shishu Mudra loans for the micro, small and medium enterprises, renewal of agriculture loans, credit card, Kisan Credit Card ("**KCC**") loans and disbursement and our Union Cash scheme (a personal loan facility).

With an objective to increase our fee-based income, we launched a digital solution for mutual funds sales through our mobile application and net-banking channels, in addition to providing paperless transactions at our branches. As at December 31, 2023, our Bank sourced ₹55.65 crore through mutual fund digital solutions and ₹0.25 crore through digital insurance sales of 2,214 policies.

Digital Document Execution: Our Bank has started digital document execution, a web based API platform/service for dematerialisation of loan accounts. This helps in establishing digital lending through end-to-end paperless journey.

WhatsApp Banking (UVConn)**:** We introduced UVConn, a WhatsApp banking service that offers our customers various services, including green pin, block/unblock capabilities on debit cards, account balances, mini statements, cheque status, cheque book requests, locker rent enquiries and a gold loan calculator as well auxiliary services like account opening and door-step banking. The debit card green pin functionality has been made live, and as on December 31, 2023, 4,92,355 green pin requests have been serviced through UVConn. At present, UVConn provides access to services such as account statements, interest certificates, housing loan interest certificates, loan details, credit card statements, credit card green pins, credit card block/unblock options, balance certificates as well as the ability to submit Form 15G/H and Form 16/16A.

UniVerse - Metaverse in Banking**:** We have established a virtual lounge within the metaverse, known as *UniVerse*, where customers can to navigate through various schemes and products as avatars. Visitors are able explore our UniVerse through virtual reality devices. In the next phase, we plan on enhancing our metaverse virtual lounge by incorporating a combination of technologies like virtual reality, blockchain and artificial intelligence (AI).

Union Access**:** We implemented our *Union Access* project to remove barriers for people with disabilities and senior citizens. The project is working towards aligning accessibility with existing bank's digital spaces and banking channels. We recently launched *Union Sparsh*, a special touch debit card with braille and tactile features for visually impaired customers.

We have also enhanced our digital footprint in the agriculture and MSME segments. Our Bank has introduced KCC renewals up to ₹1,60,000 through our digital STP. During the nine months ended December 31, 2023, we sanctioned ₹209.09 crore for Shishu Mudra STP and ₹189.92 crore for Kishor and Tarun Mudra STP.

We are focused on improving our employees' IT skills and knowledge with various training opportunities and seminars. We are also providing incentives to employees as per our Policy on Learning & Development to obtain certifications in chosen IT areas of expertise.

Our Bank has received the following recent awards in the IT area:

S No	Awarded by	Awards	Awarded for
1	BW people	BW people - Disability Positive Award	Best Organization for PWD Inclusion
2	Banking Frontiers	Banking Frontiers Finnoviti Awards	PIV (Personalized Interactive Video)
3	ELETS	ELETS BFSI Gamechanger 2023	Excellence in Innovation and Customer Engagement Initiative
4	Infosys	Infosys Finacle Awards	Product Innovation
			Channel Innovation
			Ecosystem Led innovation
			Maximizing Customer Engagement
			Transformation Excellence
5	Governance Now	Governance Now 6th BFSI Awards 2023	Use of Emerging Technologies

S No	Awarded by	Awards	Awarded for
6	Mission Accessibility	Mission Accessibility (MA) Annual Event 2023	Championing Accessibility
7	The Digital banker	Global Retail Banking Innovation Awards 2023 by The Digital Banker	Best Self-Service Banking-
8	International banking System Intelligence	Winner - IBSi Global Fintech Innovation Award 2023	Best Program Vision

Diversified asset portfolio with a strong presence in the relatively stable and granular RAM sectors

Our Bank has a diversified asset portfolio. with gross advances to the RAM sectors representing 56.28% of domestic advances as at December 31, 2023. As at December 31, 2023, our gross advances to the Retail, Agriculture and MSME sectors represented 20.01%, 20.49% and 15.78% of our domestic gross advances, respectively. We believe our strategically diversified asset portfolio across the RAM sectors will lead to better risk diversification, increased revenue and improved margins.

We believe our array of loan products and other related banking services have helped us in maintaining the strong bond with our customers. Our retail credit portfolio consists of a wide range of products to meet various financial needs like housing loans, vehicle loans, education loans, personal loans, other retail loans, gold loans and loans for pensioners. We also extend financial support to all the priority sectors as identified by the Government of India and the RBI, which includes agriculture, MSME, affordable housing and education, with a specific focus on products for the MSME sector.

We have opened Union MSME First Branches to focus on providing customized service to valued MSME customers efficiently as well as cater to the needs of mid and large corporate accounts. Union MSME First Branches cater to the needs of MSME customers by providing services like MSME loans, deposits, forex services, letters of credit and bank guarantees, credit cards and insurance products through branches dedicated to MSME customers. Since commencing our Union MSME First Branches efforts in Fiscal 2022, we have 105 Union MSME First Branches as at December 31, 2023. These branches will support our Bank’s 135 MSME loan points as at December 31, 2023.

Our Bank has taken steps to centralise the credit delivery mechanism in the RAM sectors by establishing centralised processing centres, including Retail Loan Points, MSME loan points and agriculture loan points. As at December 31, 2023, our Bank had 159 Retail Loan Points, 135 MSME loan points and 42 agriculture loan points.

Significant low-cost deposit base resulting in strong funding profile

Over the years, we have built a strong base of distributed clientele that has provided us with low-cost funding and has been a source of strength for our liability portfolio. We have a strong deposit base with ₹9,23,805.34 crore, ₹10,32,392.63 crore, ₹11,17,716.32 crore and ₹ 11,72,455.34 crore of deposits, respectively, as at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023. Our credit-deposits ratio was 71.06%, 69.60%, 73.74% and 77.81% as at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023, respectively. As at December 31, 2023, our Bank’s deposits made up 86.86% of our Bank’s total liabilities, providing us a strong and stable base and significant liquidity. As at December 31, 2023, approximately 71.55% of our deposit base is made up of CASA and deposits of less than ₹2 crore.

Low-cost deposits are made up of CASA, which accounted for 33.87% of our Bank’s total deposits as at December 31, 2023. Our CASA deposits have been driven in part by our Bank’s participation in the Pradhan Mantri Jan Dhan Yojana (“**PMJDY**”) scheme, which is aimed at bringing India’s underbanked population into the formal financial system by creating awareness about the uses and benefits of financial services offered by banks. Under the PMJDY scheme, we opened 2.88 crore accounts and the balance contained in such accounts amounted to ₹ 9,603.82 crore as at December 31, 2023. We are focusing on increasing the average PMJDY accounts by branch by encouraging fresh enrolments. We have been incentivising our branches to convert dormant PMJDY accounts to operative accounts.

The ratio of retail deposits (which is CASA and retail term deposits of less than ₹2 crore) to total deposits as at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023 was 78.37%, 76.77%, 74.46% and 71.55%, respectively. Our large retail deposit base reduces our concentration risk and enhances our profitability, as retail deposits have a lower cost when compared with bulk deposits. Our cost of deposits for Fiscal 2021, Fiscal 2022 and Fiscal 2023 and for the nine months ended December 31, 2023 and December 31, 2022, was 4.66%, 4.12%, 4.37%, 5.15% and 4.21%, respectively.

Steadily improving Net Interest Margin and Net Interest Income with a relatively stable Cost to Income Ratio, resulting in improved profitability

As shown in the table below, our Net Interest Income, Net Interest Margin, Operating Profit, net profit/(loss) for the year/period, Return on Equity and Return on Average Assets ratios have been improving; while our Cost to Income Ratio has been relatively stable.

	As at and for the years ended March 31,			**As at and for the nine months ended December 31,**	
	2021	**2022**	**2023**	**2022**	**2023**
	(₹ in *crore, except for %*)				
Net Interest Income(1)	24,688.43	27,786.46	32,765.34	24,514.79	27,133.77
Net Interest Margin(2)	2.47%	2.71%	2.90%	2.93%	2.99%
Cost to Income Ratio(3)	46.02%	45.74%,	46.27%	44.97%	43.70%,
Operating Profit(4)	19,666.93	21,873.21	25,467.16	18,643.80	21,677.70
Net profit/(loss) for the year/period	2,905.97	5,232.10	8,433.28	5,650.95	10,337.77
Return on Equity(5)	6.68%	10.11%	13.26%	12.31%(7)	16.56%(7)
Return on Average Assets(6)	0.27%	0.47%	0.69%	0.62%(7)	1.05%(7)

Notes:

(1) Net Interest Income is interest earned minus interest expended.

(2) Net Interest Margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where interest-earning assets are based on monthly averages.

(3) Cost to Income Ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income)

(4) Operating Profit is the total of Net Interest Income and other income minus operating expenses.

(5) Return on Equity is the ratio of the net profit for the year/period to the tangible net worth (capital plus reserves excluding revaluation reserves, deferred tax assets and other deductions).

(6) Return on Average Assets is the ratio of the net profit for the year/period to the Average Total Assets.

(7) Annualised.

Focus on ESG initiatives

Our approach to environmental, social and governance ("**ESG**") issues is becoming increasingly integrated in the work we do across our business and the support we provide our customers. Our Board entrusted the Stakeholders Relationship Committee to consider all ESG related matters and the Risk Management Committee to consider ESG related risks. We have formed an ESG Steering Committee, which comprises executive directors and heads of businesses and control verticals. The primary objective of the ESG Steering Committee is to understand the climate related public policies, guidelines, principles and recommendations released by local and global authorities, regulators and/or task force and to guide the concern verticals in ESG related initiatives while prioritising the national priorities constraints. Further, we adopted the Sustainable Development and Business Responsibility Policy 2023-24, which helps direct our Bank's sustainability strategies and integrate it with our business strategy, while identifying our environmental and social focus areas and outlining the general principles on which our sustainability initiatives will be designed and implemented.

Through our environment initiatives, we aim to support our customers to execute their sustainability strategies. We have made advances of ₹25,256.25 crore as at December 31, 2023 under projects related to renewable energy. We have also sanctioned ₹398.40 crore of advances as at December 31, 2023 under our *Union Green Miles* program, which are vehicle loans for electric vehicles.

The Bank has set-up seven Digital Banking Units as at December 31, 2023, which are specialized fixed point business units with sufficient digital infrastructure to deliver digital banking products and services and to service existing financial products and services digitally in both self-service and assisted mode.

Through our social initiatives, we aim to assist various underbanked sectors. Through 30 Rural Self Employment Training Institutes, we have assisted training 3.26 lakhs people with a settlement ratio of 67% as at December 31, 2023. In the nine months ended December 31, 2023, we sanctioned 3,10,838 applications of ₹481.11 crore under the *PMSvanidhi* scheme, which aims to provide Indian street vendors with collateral free loans of up to ₹50,000. Under our *Union Nari Shakti Scheme* exclusively for women entrepreneurs, we sanctioned 18,017 applications of ₹2,010.71 crore as at December 31, 2023.

In the area of governance, we aim to have a diverse board and management team and employ good corporate governance policies and practices. In that regard, we have established the following key policies:

Business & Business Responsibility Policy. Directs the Bank's sustainability strategy and integrates it with business strategy.

- Ensures proper approval and reporting of transactions between the Bank and its related parties.

Treating Customers Fairly

- Policy on Compensation, Grievance Redressal and Customer Rights. Documents the basic rights of Establishes a system whereby the Bank compensates customers for financial losses due to deficiency in services or any act of omission or commission on its part.

Employees

- Whistle Blower Policy. Provides an avenue for employees to raise concerns on any violation or non-compliance of regulatory or legal requirements.

Gender Diversity.

- Policy on Prevention, Prohibition, Redressal of Sexual Harassment at Workplace and Redressal of Complaints of Sexual Harassment, Equal Opportunity and Diversity, Equity and Inclusions (DEI). Directs the Bank to provide a fair, safe and harmonious work environment to female employees. Endeavours gender justice, at both institutional and programmatic level, while aiming for a social, physical and psychological environment that will enable employees to work productively.

Physical Security & Fire Safety Policy. Establishes a policy to promote a safe and secure work environment enabling the staff to provide quality service and builds lasting customer relations. Our Bank has also framed a corporate communications policy to reinforce our strong corporate reputation and ensure timely dissemination of information to all stakeholders.

Our Bank has also introduced a women's hockey team, furthering our commitment to promote sports and empower women within the community. Through this initiative, the Bank aspires to create a platform for female athletes to excel and represent the values of sportsmanship and unity.

Experienced management team

We have an experienced management team with a significant concentration of career banking professionals. As on the date of this Placement Document, there are twelve Directors on the Board. The Board has one Part-Time Non-Official Director and Non-Executive Chairman (Independent), five whole-time Directors, out of which one is designated as the Managing Director and Chief Executive Officer ("**MD and CEO**"), while four Directors are designated as the Executive Directors. Further, we have one Government of India Nominee Director, one RBI

Nominee Director, two Shareholder Directors and three Part-Time Non-Official Directors, who are also Independent Directors on the Board.

Our Directors have significant experience in banking and financial services. Our MD and CEO, A. Manimekhalai, was an executive director of Canara Bank and has also been associated with Vijaya Bank. She has been on our Board since June 3, 2022 and has a past experience of working with nationalised bank. Our Executive Directors, Nitesh Ranjan, Nidhu Saxena, Ramasubramanian S and Sanjay Rudra also have years of experience of working with nationalised banks. The senior management team has extensive experience in key areas, including retail, corporate and international banking. In addition, we have been able to build a team of professionals that possess in-depth knowledge of banking operations and management with relevant experience in credit management, risk management, treasury, information technology and marketing, restructuring balance sheets and business mix, and improving operating efficiency. We believe that our management team's extensive and diverse expertise provides us with a broad perspective from which we can make strategic management and operational decisions and allows us to develop a strong understanding of industry-specific aspects of our business and operations. For details on our Bank's board and senior management, see "*Board of Directors and Senior Managerial Personnel*" on page 225.

Our Strategies

Enhanced digital penetration and automation

We aim to embed digitization across our full range of banking processes and services. Our digital disbursements were ₹2,061.66 crore in Fiscal 2023 and were ₹1,451.43 crore in the nine months ended December 31, 2023. We will continue to focus on meeting consumer demand and responding to changing consumer behaviour while at the same time ensuring our Bank becomes more efficient in its operations. To take advantage of the availability of internet and mobile for banking services, we have been continuously investing in the latest technology to build up our offering of banking products and services to increase our digital acquisition of new business, particularly in the RAM sectors, and to increase our CASA Ratio.

To provide credit to agriculturists, in September 2022, we have introduced digitally sanctioned KCC in association with Reserve Bank of India Innovation Hub, which was rolled out successfully in Madhya Pradesh. Further, to leverage the credit facilities to entrepreneurs in agriculture, STP processes for new and existing customers were undertaken as a pilot project in the state of Karnataka. As of December 31, 2023, a total 4,827 KCC accounts had been opened digitally with a sanctioned limit of ₹49.14 crore.

We have a CBS infrastructure to support business transactions from various channels. Our Bank's monthly average CBS transactions were over 245 crore in the nine months ended December 31, 2023.

We have established in-house analytics centre of excellence to leverage our analytic capabilities and offer personalised loans tailored to the needs of our customers. Such data driven insights will be derived from artificial intelligence and various other models.

We established a vulnerability assessment and penetration testing (VAPT) lab and ethical hacking lab in January 2022 and September 2022, respectively.

During Fiscal 2022 and Fiscal 2023, we empanelled 84 FinTech companies to leverage a pool of innovative financial services solutions. A readily available collection of FinTech companies helps us adopt required solutions within the shortest possible time.

While physical bank branches are still relevant from a sales and engagement standpoint, we intend to roll out additional digital infrastructure to our future ready branches.

We believe additional investments in our technology infrastructure to further develop our digital strategy will allow us to cross-sell a wider range of products on our digital platform in response to our customers' needs and thereby expand our relationship with our customers across a range of customer segments. We believe a comprehensive digital strategy will provide benefits in developing long-term customer relationships by allowing customers to interact with us, access and operate their accounts wherever and whenever they desire and further attract and engage with the next generation of customers.

For information about the recent digital transformations undertaken by our Bank and our achievements, see "*Our Competitive Strengths - Investment in technology supporting a comprehensive "Digital Experience*" on page 193.

Establishing specialized branches focused on business segments, product lines and stress asset management

We plan to continue our strategy of establishing new specialized branches to focus on business segments and strategic product lines as well as stressed asset management and asset recovery.

We have opened Union MSME First Branches to focus on providing customized service to MSME customers efficiently as well as cater to the needs of mid-corporate and large corporate accounts. Union MSME First Branches cater to the needs of MSME customers by providing services like MSME loans, deposits, forex services, letters of credit and bank guarantees, credit cards and insurance products through branches dedicated to MSME customers. These branches have dedicated relationship managers who work closely with MSME customers to fulfil their banking needs. The locations of these branches are based on analytics done to determine the MSME potential of a local area along with field expertise. Since commencing our Union MSME First Branches efforts in Fiscal 2022, we have 105 Union MSME First Branches as at December 31, 2023. These branches will support our Bank's 135 MSME loan points as at December 31, 2023.

In addition to our Union MSME First Branches, as at December 31, 2023, we also have 19 large corporate branches and 40 mid-corporate branches to cater to the needs of our corporate clientele. Our large corporate branches focus on loan products and services to our Bank's corporate customers. Our mid-corporate branches focus on loans proposals ranging from greater than ₹50 crore to ₹250 crore.

We have also established one start-up branch in Bengaluru to focus on garnering business from start-up ventures and first generation entrepreneurs.

Further, to continue our focus on gold loans, we are establishing gold loan enabled branches. As at December 31, 2023, we had 7,248 gold loan enabled branches across India, of which 1,685 branches are designated as Union Gold Loan Points, which are branches designated to focus on gold loan lending. As at December 31, 2023, our gross gold loan portfolio was ₹68,071.67 crore. We had a 48.29% year-on-year growth in gross gold loans from March 31, 2022 to March 31, 2023.

To facilitate effective monitoring and focused follow-up of NPA accounts, as at December 31, 2023, we have concentrated our NPAs and stressed assets in nine of our Stressed Asset Management Branches and 30 of Asset Recovery Branches. Our Asset Recovery Branches manage our non-performing or stressed accounts that are not involved in debt recovery proceedings through the NCLT ("**Non-NCLT Accounts**") above ₹20.00 lakhs and up to ₹25.00 crore in Asset Recovery Branches and our Stressed Asset Management Branches manage Non-NCLT Accounts above ₹25.00 crore and all non-performing or stressed accounts involved in debt recovery proceedings through the NCLT. As at December 31, 2023, we had concentrated approximately 72.95% of our NPAs managed through our Stressed Asset Management Branches and Asset Recovery Branches, which facilitates our recovery processes and management. As at December 31, 2023, the Bank is involved in debt recovery proceedings through the NCLT for 569 accounts, involving an amount of ₹51,939.96 crore. As at December 31, 2023, the provision made for these accounts was 98.94%.

Strengthen our human resources

We believe that the key to our growth and success is our ability to attract, motivate and retain talented and experienced professionals.

The Bank has instituted various human resources-related systems, such as a performance management system which includes a role clarity tool for all officers for objective and fair performance appraisals, a talent management system for retaining and managing talents, and a performance-based reward and recognition system.

We are developing key result areas for our entire workforce. In this regard, we are using digital tools to assist our human resources team to assign roles and make fair and objective performance appraisals. We are using technology to help us build specialized and future ready skill sets.

To create a high performing talent pool and leadership pipeline, we have a talent management and succession planning mechanism for grooming talented employees to take key positions in future. The mechanism identifies a talent pool of high potential candidates, who are put on customized development paths to enable them to take up these roles in future. We have individual development plans for our officers where they are assessed through tests and a 360-degree feedback perception test. Based on the foregoing, a series of one-on-one coaching sessions are provided by external coaches to these executives.

Our revamped learning and development ecosystem is highly digitized, making it a cost-effective training initiative. It is oriented towards enhancing the participation of our employees in continuous learning. This includes multiple hybrid modes, such as virtual classroom sessions, case studies, session-based exercises, learning assignments and discussions, among others. As at December 31, 2023, we have established nine Union Learning Academies and nine Zonal Learning Centres to promote and prioritize development in key focus areas of the Bank. Each Union Learning Academy laterally recruits industry advisors (ex-bankers and technocrats) and academics from reputed institutes who focus on new and developing areas and share their expertise and experience in order to strengthen our content and training delivery.

Our new digital recognition and rewards framework encourages transparency, flexibility, and avoiding favouritism in the workplace. To implement the new framework, we have established a digital platform for acknowledging outstanding performance of employees in their key responsibility areas. The platform also provides different types of rewards in appreciation for their efforts.

With the intention of supporting the overall well-being of our employees, we launched an employee assistance programme, *Union SWAR*, through which we seek to provide avenues to employees to get help and support for their physical and mental wellness as and when required by them.

Grow our RAM sector business

We have identified the growth of the RAM sectors as a priority business initiative. We believe that these priority sectors offer large and profitable growth opportunities.

Retail sector

We have identified loans for the retail sector as a key area for increasing our credit portfolio. We have opened special retail lending processing centres (Retail Loan Points) at 159 locations as at December 31, 2023, to offer customers hassle free lending with an improved turnaround time.

In addition, we are focused on growing our gold loans business. As discussed above, as at December 31, 2023, we had established 1,685 Union Gold Loan Points and are aiming to open more specialized gold loan branches to help us expand this business.

Agriculture sector

As at December 31, 2023, we had 58.69% of our branches in rural and semi-urban centres, and we intend to maintain and enhance our position as one of the leading banks for agricultural and rural economy related lending in India and to further strengthen our ties with the agricultural community and related manufacturers. As at December 31, 2023, we have 42 Agriculture loan points.

MSME sector

To grow our market share in the MSME sector, our Bank intends to build on our digitalisation initiatives and launch various customised and segmented products to meet the needs of the market. As explained above, we are establishing

Union MSME First Branches to focus on growing our MSME advances and our customer base. As at December 31, 2023, we have 105 Union MSME First Branches and a further 135 MSME loan points.

For more information, see "— *Our Competitive Strengths — Diversified asset portfolio with a strong presence in the RAM sectors*" on page 197.

Continue to increase our CASA, thereby leading to a lower Cost of Funds

Our distribution network and geographic presence has allowed us to attract depositors for our interest free current accounts and low-cost savings accounts, leading to a growing CASA deposit base. We seek to increase our CASA deposits to reduce our Cost of Funds. As at December 31, 2023, our CASA deposits were ₹3.97 lakh crore, which represented 33.87% of our Bank's total deposits. For more information, see *"- Our Competitive Strength -Significant low-cost deposit base resulting in strong funding profile*" on page 197.

Our Bank has launched a CASA transformation and business build project to identify key areas for CASA mobilization, new to bank customer acquisition and retention of existing customers. We have hired a consultant to assist with this project. We believe that the initiative shall support our Bank to expand our customer base and augment CASA deposits.

We have also entered into arrangements with certain public sector undertakings and corporates to provide salary accounts, deposits and various other credit facilities to their employees at concessional rates along with certain other benefits.

As part of our segmentation and customization offerings, we created bundled products as per our customers' requirements, including payment solutions, collection solutions, management information systems, statutory payments, balance sheet and profit and loss account management.

We are also conducting a "Customer Connect Day" at regular intervals for existing customers with the objective of improving customer engagement.

We also established dedicated sub-verticals for our government and institutions business, salary accounts and non-resident Indian (NRI) deposits and current accounts.

To provide personalized banking service and a query resolution platform to NRIs, we set up an NRI back-office, which is functioning from Mangaluru. The back-office not only co-ordinates between existing NRI customers and business banking branches but also makes efforts to mobilize NRI business through lead generation and referrals. Activation of inactive/dormant accounts and non-financial transactions like KYC updates are also being carried out by this back-office. We have also identified areas with a significant concentration of NRIs where we have a strong presence and ample business opportunities.

Further, our Bank has also introduced an end-to-end digital savings account opening process for domestic deposits. This digital initiative enhances customer convenience by simplifying the account opening process, making it easier and more accessible for customers to open accounts. By streamlining the account opening procedure through digital means, the Bank can attract more customers to open accounts, which in turn contributes to a higher CASA deposit base.

Focus on corporate client acquisition

Our Corporate Relationship Cells, which are housed under the Large Corporate Vertical, Central Office, have been established with the core objectives of acquiring of new corporate groups, fostering strong relationships, fulfilling client needs, enhancing customer experience and maximizing revenue generation. We have 15 Corporate Relationship Cells across India as at December 31, 2023. In response to demand and business opportunities, we plan to increase the number of our Corporate Relationship Cells. This expansion plan reflects our strategy of meeting the evolving needs of our corporate clientele and enhancing operational efficiency.

We have conducted training programs for the existing Corporate Relationship Cell employees and are actively strategizing future training initiatives to ensure the proficiency and competency of our team.

Additionally, while the Corporate Relationship Cells currently utilize tools for assessing corporate entities in line with established practices, we are also engaged in the acquisition and development of advanced data analytics tools. We believe that such tools will further optimize our operations by enabling us to gain deeper insights into client behaviour.

Focus on decreasing our Cost to Income Ratio

Our Bank will continue to focus on decreasing our Cost to Income Ratio in order to drive profitability. We expect that our digitalization and technology adoption strategy (discussed in detail above) will drive cost reduction. In particular, we will focus on creating further STP journeys for our customers to automate previously labour intensive processes. We will also continue to drive customer interaction through our *Vyom* mobile application to augment in-person services delivered through our branches.

Another cost reduction strategy for our Bank will be to continue implementing a focused rationalization of our branch network. In order to reduce our operating costs, our Bank has initiated various steps such as (i) rationalizing and realigning our branch network by creating specialized branches (as discussed above) and by closing or merging unprofitable branches or branches located in close proximity, (ii) conducting space audit and examining the relocation of select branches to reduce rental expenditure, and (iii) the relocation of low-use ATMs to increase customer throughput.

In order to reduce our operating costs, our Bank has outsourced some of our business activities to our wholly owned subsidiary, UBI Services Limited, such as sourcing of retail loans (housing, vehicle, gold loans) and MSME loans as well as marketing of our Bank's credit cards, back-office support for savings account opening and for centralized vendor payment for our taxation cell in our finance and accounts division.

We also will look to reduce operating costs by the centralization of other processes, including account opening, underwriting and monitoring and recovery. We commenced this centralization in Fiscal 2023, which will continue in Fiscal 2024.

Continue to focus on asset recovery, NPA management and asset quality maintenance

One of our Bank’s major areas of focus is on asset recovery and NPA management. As at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023, our Gross NPAs as a percentage of gross advances were 13.74%, 11.11%, 7.53% and 4.83%, respectively, and our Net NPAs as a percentage of total advances were 4.62%, 3.68% 1.70% and 1.08%, respectively.

As mentioned above, we are concentrating our NPA accounts in Stressed Asset Management Branches and Asset Recovery Branches to facilitate our recovery processes and management. We have established a new end-to-end digital solution for recovery management, called *Union SARAS*, which provides for the entire loan recovery process to be implemented and managed electronically. Further, during Fiscal 2023, we established a transaction monitoring vertical to monitor early credit warnings as well as possible frauds.

We intend to contain our NPA levels by improving the quality of credit disbursed through credit assessment, a robust monitoring framework, one-time settlements and exclusive monitoring of small value NPA and written off NPA accounts. In January 2023, we introduced an online digital one-time settlement platform for the settlement of NPA accounts, as well as a structured settlement scheme called the *One time Settlement Scheme for Doubtful and Loss assets* (OSDL-23) for the settlement of up to and including ₹5.00 crore.

Continue emphasis on capital optimization and risk management

Our Bank has always focused on maintaining our capital adequacy ratio in line with the Basel III guidelines. Our Bank’s capital adequacy ratio has increased from 12.56% as at March 31, 2021 to 14.52% as at March 31, 2022, to

16.04% as at March 31, 2023 and further to 15.03% as at December 31, 2023. We plan to continue focusing on improving our capital adequacy ratio through internal accruals.

We believe that effective risk management is essential to our growth, strategic planning and long-term sustainable development. We plan to continue strengthening our risk management and internal control capabilities by improving our policies and procedures and introducing advanced risk management tools. We have also increased our focus on growing the RAM portfolio to diversify and minimise the risk of our weighted assets.

Key Milestones

The following table sets forth key milestones in our Bank's history.

Calendar Year	Major Milestones
1919	Incorporated as "The Union Bank of India Limited"
1969	Nationalisation of our Bank
2002	Equity Shares listed on NSE and BSE
2007	Entered into a joint venture agreement to establish Star Union Dai-ichi Life Insurance Company
2011	Commenced operations in asset management through our subsidiary, Union KBC Asset Management Company Private Limited (now known as Union Asset Management Company Private Limited)
2011	Received approval for setting up branch office in the Dubai International Financial Centre
2011	Incorporation of our subsidiary in the United Kingdom
2016	Commenced operations in Sydney, Australia
2020	Amalgamation with the erstwhile Andhra Bank and erstwhile Corporation Bank
2021	Launched schemes to ease challenges arising due to COVID-19
2022	Focus on digitalization strategy and expanding digital ecosystem
2024	Crossed ₹100,000 crore in market capitalisation on January 16, 2024

Principal Products and Services

Our Bank's principal banking and financial products and services include fund-based and non-fund-based facilities for corporate/ wholesale, retail, agriculture and MSMEs customers. We offer deposit products, foreign exchange products, fee and commission-based products and services, international banking products and services, and other banking products and services, such as the distribution of mutual fund and insurance products. We also engage in treasury operations and provide our customers with asset management services through our subsidiary, Union Asset Management Company Private Limited; institutional equity broking services through our subsidiary, UBI Services Limited and life insurance products through our joint venture, Star Union Dai-ichi Life Insurance Company Limited.

The following table sets forth a breakdown of our Bank's gross advances as at the dates indicated:

Particulars	**As at March 31,**						**As at December 31, 2023**	
	2021		**2022**		**2023**			
	(*₹ in crore*)	**% of total**	**(*₹ in crore*)**	**% of total**	**(*₹ in crore*)**	**% of total**	**(*₹ in crore*)**	**% of total**
Retail loans	1,25,426.50	19.19%	1,36,273.27	19.02%	1,59,701.86	19.72%	1,73,445.11	19.36%
Agriculture loans	1,20,124.38	18.38%	1,33,091.82	18.58%	1,51,993.93	18.76%	1,77,583.25	19.82%
MSME loans	1,01,532.73	15.53%	1,10,576.76	15.43%	1,25,022.29	15.44%	1,36,745.98	15.26%
Large Corporate and Others	2,90,588.40	44.45%	3,19,327.42	44.57%	3,48,584.53	43.04%	3,78,915.01	42.29%
Total domestic loans	**6,37,672.01**	**97.55%**	**6,99,269.27**	**97.61%**	**7,85,302.61**	**96.96%**	**8,66,689.35**	**96.73%**
International loans	16,012.32	2.45%	17,138.60	2.39%	24,602.70	3.04%	29,284.73	3.27%

Particulars	**As at March 31,**						**As at December 31, 2023**	
	2021		**2022**		**2023**			
	(₹ *in crore*)	**% of total**	**(₹ *in crore*)**	**% of total**	**(₹ *in crore*)**	**% of total**	**(₹ *in crore*)**	**% of total**
Total Gross loans	**6,53,684.33**	**100.00%**	**7,16,407.87**	**100.00%**	**809,905.31**	**100.00%**	**8,95,974.08**	**100.00%**

Corporate/ Wholesale

We offer our corporate customers a range of fund-based facilities, such as term loans and advances for acquisition, construction and renovation of assets, working capital, loans against shares and securities, foreign currency loans, channel finance and *Union Rent* scheme, and non-fund-based facilities, such as letters of credit and guarantees.

Fund-based Facilities

Term Loans - Our term loans primarily consist of financing acquisition, construction and renovation of assets, including project finance (infrastructure and non-infrastructure). We typically secure these loans by the real assets financed, as well as other assets of the borrower. Repayment of these loans are typically made in instalments over the life of the term loan.

Working Capital - We offer revolving credit facilities secured by working capital assets, such as inventory and receivables, and may take additional security in the form of mortgage of immoveable property, pledges or hypothecation of marketable securities and personal guarantees. Working capital facilities are typically provided for 12 months. We also provide overdrafts, working capital demand loans, working capital term loans and bill discounting facilities.

Loans against Shares and Securities - We extend loans and advances against shares, debentures, public sector undertaking bonds and units to individuals, brokers and market makers, subject to compliance with the RBI and the SEBI regulations and in accordance with our own lending policy.

Foreign Currency Loans - We provide loan facilities in foreign currencies. Foreign currency denominated loans in India are granted out of our Foreign Currency (Non-Resident) Accounts (Banks) Scheme Funds, pursuant to the RBI guidelines. Corporate customers can raise funds in foreign currencies as set forth in the external commercial borrowing policy of the GoI and the RBI.

Channel Finance - Corporate credit channel finance is provided to suppliers and dealers involved in manufacturing activities. This finance helps them with the funding of their raw material supplies and purchase of finished goods, respectively.

Union Rent Scheme (Corporate) - Under the *Union Rent Scheme*, we provide owners of properties with loans secured against the future rent receivables from their properties. We have developed this scheme in response to the growth in the real estate market in metropolitan and urban centres.

Non-Fund-Based Facilities

Letters of Credit - We provide letter of credit facilities and in return charge a fee based on the term of the facility and the amount drawn down. Letter of credit facilities are often partially or fully secured by assets including cash deposits, documents of title to goods, stocks and receivables. We generally provide such facilities as part of a package of working capital financing products or term loans.

Guarantees - We issue guarantees on behalf of our customers to guarantee their payment and performance obligations, which are generally secured by a counter guarantee or a fixed or floating charge on the assets of the borrower, including cash deposits.

Retail

We offer a variety of retail fund-based and non-fund-based facilities to meet our retail customers' needs, including loan products targeted primarily at individuals (salaried, self-employed professionals and other self-employed individuals) to meet their personal financial requirements. Our retail advances primarily consist of: (i) home loans; (ii) mortgage loans; (iii) education loans; (iv) vehicle loans; (v) personal loans; (vi) gold loans and other retail loans.

The following table sets forth details of our gross retail advances across segments as at the dates indicated:

Particulars	**As at March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
	Amount (₹ in crore)			
Home loans	66,228.45	71,691.99	79,374.34	84,045.63
Mortgage loans	11,887.23	12,571.53	14,190.01	14,722.09
Education loans	7,159.30	7,350.15	9,210.43	12,978.66
Vehicle loans	9,456.24	12,622.84	16,508.82	19,505.38
Personal loans	5,465.28	6,053.79	11,664.20	11,493.52
Gold and other retail loans	25,230.00	25,982.97	28,754.06	30,699.83
Total outstanding retail loans	**1,25,426.50**	**1,36,273.27**	**1,59,701.86**	**1,73,445.11**

We offer a range of retail loan products, including the principal retail loan products described below.

Home loans - We advance long-term loans to cater to various housing requirements of individuals ranging from purchase, construction, renovations and furnishing. We offer certain home loan schemes, such as *Union Home*, to specific customer segments, such as, amongst other, housing loans to agriculturists and higher income group. In addition, home loan borrowers are also provided loans under our *Union Roof Top Solar* scheme, for installation of grid connected roof top solar systems for residential purposes.

Mortgage loans - We provide mortgage loans and loans against immovable property for residential and commercial properties in the form of term loans or secured overdrafts. In addition, under our *Union Reverse Mortgage* scheme, senior citizens who own a self-occupied house property in India are provided with a regular source of income in the form of monthly pay-outs or a combination of monthly pay-outs and lump sum pay-out.

Education loans - We provide financial assistance to our customers for pursuing education in India and other jurisdictions. We provide special education loan schemes for students of certain educational institutions. In addition, under our *Union Education Premier Abroad* scheme, loans up to ₹1.5 crore are provided to students who secure admission in full time post-graduate courses in premium universities abroad. Under this scheme, no collateral or third-party guarantee is required for loans up to ₹0.4 crore. We also provide collateral free loans up to ₹0.4 crore under the *Special Union Education Loan* scheme for students who secure admission in full time medical courses in premier medical institutes.

Vehicle loans - We offer a variety of loans under our vehicle loan portfolio, including two-wheeler and four wheelers' loans for personal purposes under our *Union Miles* scheme. We have also entered into memorandums of understanding with vehicle manufacturers and dealers for financing vehicles.

Personal loans - We offer loans to assist individuals to meet their various family and personal needs, including short term credit needs for medical expenses or purchase of consumer durables. We also have special personal loan schemes for women professionals, existing home loan borrowers and government employees. We launched a customized pre-approved personal loan product offered to our existing customers through *Vyom*, our mobile banking application. The loans are offered to customers with good credentials (based on analysis of various parameters like average salary credit, regular repayment of loans, CIBIL score and other analytics).

Gold and other retail loans - We also offer gold loans, loans against securities, business purpose loans against residential and commercial property as collateral. We also offer loans against equity shares, mutual fund units, bonds issued by the RBI and other securities that are on our approved list. We provide financial assistance to retired employees of the GoI or public sector undertakings, and retired employees of State Governments whose pensions are paid through us. Under the *Union Cash* scheme, we seek to address the medium-term financial needs of pensioners, such as medical expenditure or any lump-sum payment requirements they might have.

Agriculture

Our loans to the agricultural sector consist of loans to individual farmers, groups of farmers, agri-entrepreneurs, collectives of farmers /FPOs and corporates. We offer a wide variety of products and schemes to the agricultural community to assist rural development through 4,975 branches situated in rural and semi-urban centres as at December 31, 2023. We extend crop loans to farmers to enable them to meet their financial needs towards seasonal agricultural operations and provide working capital loans for their allied activities. We provide short to medium-term finance for agricultural activities and the Kisan Credit Card, which provides farmers with credit for crop loans, investment credit and consumption needs, plantation, horticulture, fisheries, animal husbandry, sericulture and for associated activities, such as dairy and poultry. We also offer a wide range of loan products for irrigation, purchase of agricultural equipment, farm mechanisation, farm development and the creation of storage and marketing infrastructure facilities for agriculture products. In addition, we offer gold loans to the agricultural segment.

To enhance support and assistance to the rural communities as part of our agriculture lending, we have introduced several programs in line with the directives from RBI, such as financing of self-help groups that provide microfinance to a group of micro-entrepreneurs and enabling rural self-employment training institutes that provide skill development training in rural and semi urban areas. As at December 31, 2023, we have established 30 such training institutes across the country, where 3,25,620 people have been trained. The Bank has also been given the responsibilities of lead bank in 43 districts across the country.

To improve focus on lending to the agriculture sector and to enhance credit underwriting, our Bank has established 42 agriculture loan points across India, which are dedicated solely for processing of agriculture credit proposals.

In addition, we have also implemented the Interest Subvention Scheme under the National Rural Livelihood Mission implemented by the Ministry for Rural Development to support self-help groups established by women. As at December 31, 2023, our Bank’s gross advances to self-help groups were ₹35,751.07 crore.

To provide credit to agriculturists through digital mode, our Bank introduced the digital KCC in association with the Reserve Bank of India Innovation Hub. This initiative was successfully implemented in Madhya Pradesh and Karnataka. We have also launched the digital Kisan Tatkal through STP for offering instant loan facilities to existing KCC holders on a pan-India basis.

We have entered into tie ups with the Rural Livelihood Mission of Gujarat, Uttarakhand, Karnataka, Tamil Nadu and with Mahila Arthik Vikas Mahamandal (MAVIM), the state women’s development corporation of the Government of Maharashtra to ensure sourcing of leads for inclusive and sustainable growth in the self-help group business. In Fiscal 2023, we were the leader in self-help group financing and captured 22.00% of the total self-help group business (*source: Ministry of Rural Development, NRLM Portal*).

MSMEs

The credit growth in the MSME sector has been remarkably high. To grow our market share in the MSME sector, our Bank intends to build on our digitalisation initiatives and launch various customised and segmented products to meet the needs of the market.

Our Bank provides financing to MSMEs through a wide range of tailor-made products and customised services, including fund-based and non-fund-based facilities. In addition, we have set up MSME focused branches (Union MSME First Branches) and MSME loan points, which are dedicated processing and acquisition centres for MSME loans, to cater to our MSME customers and to ensure focused attention on this sector. As at December 31, 2023, we had 135 MSME loan points and 105 Union MSME First Branches.

The MSME loan points are provided with a dedicated relationship officer to source business and improve the sanctions through MSME loan points.

To further strengthen the MSME delivery channel, our Bank has linked the first disbursement to MSME loan points for faster compliance and timely release of the sanctioned facilities. Further, we have delegated authority to the Branch Heads of Union MSME First Branches for expediting disposal of credit proposals and for improving underwriting standards.

Revamping of Schemes**:** We have launched new schemes or revamped the existing schemes with additional features based on the requirements of the MSME customers, market feedback and a comparison of our products with those offered by our peer banks. This has helped us to keep our products competitive and beneficial for the MSME customers. The key features of some of our schemes are as below:

Union MSME Suvidha Scheme - We grant term loans and/ or working capital loans to MSME enterprises engaged in the manufacturing and services sector. Loans granted under this scheme are for the purpose of meeting working capital needs, purchase or construction of factory or office premises and purchase of plant and machinery. This scheme is one of our Bank's flagship schemes for MSMEs, offering attractive interest rates.

Union Equipment Finance Scheme: Our equipment finance scheme is targeted at all business enterprises, especially MSMEs and contractors, for the purchase of construction equipment and other equipment. Collateral is not mandatory under our scheme.

Union Parivahan Scheme - We grant term loans to finance transport operators and other MSMEs for their purchase of brand-new vehicles, which are eligible for registration as commercial vehicles with the transport authorities. Vehicles eligible for financing under this scheme include light motor vehicles, heavy motor vehicles, passenger buses and three-wheeler vehicles. Eligible accounts may be covered under the Credit Guarantee Funds Trust for Micro and Small Enterprises scheme.

Union Progress - This is a dedicated scheme to provide working capital financing and/ or term loans to micro and small enterprises engaged in the manufacturing and services sector. The margin requirements and the rate of interest under this scheme are highly attractive and accounts eligible under the Credit Guarantee Funds Trust for Micro and Small Enterprises scheme may receive collateral free credit of up to ₹2.00 crore.

Stand-Up-India Scheme - The *Stand-Up-India* scheme is in line with the GoI's aim to promote entrepreneurship and handholding support both at the pre-loan stage and during the operational period of the enterprise. We grant loans up to ₹1.00 crore under this scheme for financing scheduled caste and scheduled tribe borrowers and women entrepreneurs.

Union GST Gain Scheme – We extend loans for goods and services tax ("**GST**") registered MSMEs with attractive margins. A working capital limit of up to 30% is financed under this scheme and the assessment of the working capital facility is based on the projected turnover and cash flows of the enterprise.

Union Nari Shakti Scheme - This scheme is an exclusive scheme for financing women entrepreneurs. All women owned and managed MSMEs engaged in manufacturing, production, processing or preservation of goods, providing or rendering of services, and trading activity are eligible under this scheme. Working capital and term loan facilities with attractive rate of interest and margin requirements are offered at no processing charge. This scheme was revamped in June 2022 with maximum loans up to ₹10.00 crore, lower margin requirements starting from 5% and low collateral requirements. Since revamping the scheme, we have sanctioned approximately ₹2,000.00 crore during Fiscal 2023 and approximately ₹2,010.71 crore during the nine months ended December 31, 2023 to women entrepreneurs.

Union Ayushman Plus - We grant term loans and/ or working capital loans to medical practitioners up to ₹100.00 crore for healthcare infrastructure, acquisition of premises for hospitals and clinics, and purchase of medical equipment and vehicles. We provide flexible repayment periods based on the cash flow of the project.

Union Solar Scheme - We have also launched *Union Solar* scheme for installation of the solar plant to replace the cost of conventional energy sources. It was launched with a concessional rate of interest.

Cluster Schemes: We have 27 cluster-based schemes approved for various business locations. The performance under these clusters is constantly monitored a team headed by a Deputy General Manager at the Central Office.

These schemes offer competitive features, enabling the field to attract new greenfield business opportunities as well as to facilitate takeovers of existing accounts from other banks. The offerings under cluster schemes include lower collateral requirements, concessional rates of interest and processing fees. Further, the Bank is also offering the Credit Guarantee Fund Trust for Micro and Small Enterprises scheme in lieu of the collateral security in some of the clusters to increase our presence in those locations.

As at December 31, 2023, ₹8,906.00 crore was utilized under the cluster approved schemes. The Bank consistently monitors reviewing the performance of the approved clusters and is in the process of identifying new clusters to further expand its MSME loan portfolio.

Digital Initiatives in MSME Sector: To improve our digital presence in the MSME sector, the Bank is regularly making straight through processing (STP) journeys for MSME products. These journeys enable the customers to get their application sanctioned digitally, thereby improving the turnaround time, specifically in the micro segment. Further, the Bank benefits from the algorithm-based analysis along with uniform credit underwriting standards used to sanction loans digitally. As at December 31, 2023, there were four MSME loans available through a digital journey with a maximum quantum of loan of ₹0.25 crore. The performance under these STPs is as below:

STP Products	Loans sanctioned in the nine months ended December 31, 2023			Loans sanctioned since inception to December 31, 2023		
	No of A/c	Sanctioned amount as at December 31, 2023 (in crore)	Gross outstanding amount as at December 31, 2023 (in crore)	No of A/c	Sanctioned amount as at December 31, 2023 (in crore)	Gross outstanding amount as at December 31, 2023 (in crore)
Shishu Mudra	43,038	207.87	186.66	76,639	367.91	287.35
Kishore & Tarun	3,711	176.46	122.97	4,333	208.12	146.10
Nari Shakti	363	21.32	15.56	401	23.91	17.50
GST Gain	277	57.95	34.78	302	62.71	38.47

STP for auto renewal of MSME loans of up to ₹0.1 crore. Our Bank provides for STP for auto renewal of MSME loans of up to ₹0.1 crore. As at December 31, 2023, more than 80% of renewed MSME loan accounts of less than ₹0.1 crore were processed through STP and 0.14 crore of such accounts were renewed digitally.

***Centralized Credit Guarantee Cell*:** To have a focused approach and to free field functionaries for marketing activities and business growth, the Bank has created the Centralized Credit Guarantee Cell with an objective to shift operational activities related of various credit guarantee schemes to a dedicated back-office structure. This helps to ensure the seamless completion of activities related to timely obtaining of guarantee coverage under various credit guarantee schemes, claim lodgement and effective maintenance of the portfolios. We have obtained guarantee coverage for 3.36 lakh accounts across various schemes, amounting to ₹15,873.00 crore. Further, we have lodged claims in 43,501 accounts, resulting in receipt of ₹424.00 crores.

*Focus on Co-lending & pool buyout***:** Our Bank has been concentrating on expanding its co- lending business in partnership with Non-Banking Finance Companies (NBFCs) and acquiring loan portfolios from other NBFCs/FIs through pool buyout.

As at December 31, 2023, our Bank's MSME portfolio outstanding under co-lending and pool buyouts was ₹357.00 crore and ₹672.00 crore, respectively.

For further information, see "*Our Strengths - Diversified asset portfolio with a strong presence in the relatively stable and granular RAM sectors*" on page 197.

For our strategy for the RAM sectors, see "*Our Strategies - Grow our RAM sector business*" on page 202.

Deposits

The following table sets forth our Bank's deposits by the type of deposit, as at the dates indicated:

Particulars	**As at March 31,**						**As at December 31, 2023**	
	2021		**2022**		**2023**			
	Balance Outstanding	**% of Total**	**Balance Outstanding**	**% of Total**	**Balance Outstanding**	**% of Total**	**Balance Outstanding**	**% of Total**
	(₹ in crore, except for %)							
Demand Deposits [A]	63,623.77	6.89%	72,652.46	7.04%	73,980.16	6.62%	70,804.61	6.04%
Of which:								
From Banks	*762.35*	*0.08%*	*813.29*	*0.08%*	*1,756.69*	*0.16%*	*841.92*	*0.07%*
From Others	*62,861.42*	*6.80%*	*71,839.17*	*6.96%*	*72,223.47*	*6.46%*	*69,962.69*	*5.97%*
Savings Deposits [B]	2,71,968.08	29.44%	3,04,540.78	29.50%	3,20,075.27	28.64%	3,26,302.29	27.83%
CASA [C=A+B]	***3,35,591.85***	***36.33%***	***3,77,193.24***	***36.54%***	***3,94,055.43***	***35.26%***	***3,97,106.90***	***33.87%***
Term Deposits [D]	5,88,213.49	63.67%	6,55,199.39	63.46%	7,23,660.89	64.74%	7,75,348.44	66.13%
Of which:								
From Banks	*3,164.51*	*0.34%*	*2,278.73*	*0.22%*	*17,643.27*	*1.58%*	*20,189.45*	*1.72%*
From Others	*5,85,048.98*	*63.33%*	*6,52,920.65*	*63.24%*	*7,06,017.61*	*63.17%*	*7,55,158.99*	*64.41%*
Deposits from branches outside India	2,178.20	0.24%	290.24	0.03%	11,626.83	1.04%	18,129.85	1.55%
Total Deposits [E = C+D]	**9,23,805.34**	**100.00%**	**10,32,392.63**	**100.00%**	**11,17,716.32**	**100.00%**	**11,72,455.34**	**100.00%**

Demand Deposits -Demand deposits, also known as current accounts, are non-interest bearing accounts. Our current accounts are designed to cater to the banking requirements of business persons, traders, companies and other entities, as well as individuals involved in commercial or business activities.

Savings Deposits - Savings deposits are interest bearing on-demand deposit accounts designed primarily for individuals and trusts. The growth of our savings deposits was in part a result of our participation in the PMJDY scheme, which is aimed at bringing India's unbanked population into the formal financial system by creating awareness about the uses and benefits of the financial services offered by banks. Under the PMJDY scheme, we had opened 2.88 crore accounts and the balance contained in such accounts amounted to ₹9,603.82 crore as at December 31, 2023.

Term Deposits - We accept term deposits (also referred to as fixed deposits or time deposits) that have a fixed maturity period with interest rates as determined by us. Term deposits include short deposits, fixed deposits, monthly income scheme and interest-bearing deposits available for both short and long maturity periods. Term deposits also include recurring deposits, which enable the customer to make deposits over a fixed term at regular intervals. In addition, senior citizens over 60 years and our employees are offered additional interest over the usual rate under our deposit schemes. The rate of interest on the deposits is dependent upon the maturity period and the principal amount of the deposit. Such deposits can be withdrawn before maturity in accordance with applicable rates by paying penalties.

Credit Ratings

Our credit ratings for AT 1 Bonds and Tier 2 Bonds are as follows:

Particulars	**Principal Amount Outstanding as at December 31, 2023 (₹ in crore)**	**Rating Agency**	**Rating**	**Outlook**
AT 1 Bonds	9,688	CRISIL, CARE	AA+	Stable
		India Ratings	AA	Positive
		Brickwork	AA	Stable
Tier 2 Bonds	7,950	ICRA, CRISIL, CARE	AAA	Stable
		India Ratings	AA+	Positive
		Brickwork	AA+	Stable

Treasury Operations

Our treasury operations consist of managing our funds and liquidity, investing in debt and equity products and maintaining required regulatory reserves in accordance with RBI guidelines.

Our treasury operations are the focal point for the management of our market risk. We undertake liquidity management by seeking to maintain an optimum level of liquidity while complying with the statutory liquidity ratio and cash reserve ratio. Under the RBI’s statutory liquidity ratio requirement as at December 31, 2023, we are required to maintain an amount equal to at least 18% of our demand and time liabilities in approved securities, such as central and state Government securities and other approved securities. As at December 31, 2023, statutory liquidity ratio securities consisted of 22.13% of our demand and time liabilities. Under the RBI’s cash reserve ratio requirements, as at December 31, 2023, our Bank is required to maintain a minimum of 4.50% of our Bank’s eligible demand and time liabilities in a current account with the RBI. As at December 31, 2023, 4.62% of our Bank’s net demand and time liabilities were maintained in current accounts with the RBI. The RBI pays no interest on these cash reserves.

Our domestic treasury investment portfolio was ₹3,42,806.20 crore as at December 31, 2023. For further details on our Bank’s investment portfolio, see “*Select Statistical Information – Investment Portfolio*” on page 153.

Other Banking Products and Services

Other banking products and services include collection and payment services, merchant banking and depositary services, insurance product distribution, distribution of mutual funds, electronic payment solutions, utility payment services and other online products, GoI business and credit and debit cards.

Collection and Payment Services

We provide fee-based collections and payment services to help optimise the liquidity of our customers through improved flow of funds. Collections and payment services allow collections and payments on behalf of customers at a high speed with nominal cost and enable customers to collect cheques and other instruments from a number of centres and pool funds at a single point and make payments at various locations in India and other jurisdictions. To accelerate our collections and payment services, we have taken various steps, such as reorganising collections and payment services operations, evolving new products as per the market needs on collection and payments, special attention on getting new channel finance and NACH/mandate clients/ direct debit and cross offering our products to existing corporate clients. We also offer a centralised payments system service to corporate customers whereby a payment can be made to multiple recipients in different locations at once using electronic modes, such as National

Electronic Fund Transfer ("**NEFT**") and Real Time Gross Settlement ("**RTGS**") and mobile based payment provided by the National Payments Corporations of India.

Merchant Banking and Depository Services

Our merchant banking division is registered with SEBI to act as a banker to an issue. We have implemented a depository services platform for our retail customers for holding debt and equity securities. We hold a permanent registration with SEBI to act as a depository participant.

Insurance Product Distribution

We distribute life and non-life insurance products under the bancassurance model as a corporate agent and earn a fee-based income. We have one joint venture life insurance company: Star Union Dai-ichi Life Insurance Company Limited.

Distribution of Mutual Funds

We have a subsidiary for our mutual funds business, Union Asset Management Company Private Limited. We are approved by the Association of Mutual Funds of India to distribute mutual fund products in accordance with the SEBI guidelines. In addition, we have also entered into agreements with various mutual fund asset management companies for the distribution and sale of the mutual fund products issued and underwritten by them through our branches.

Electronic Payment Solutions

We service electronic payments and remittance solutions to various governmental and non-governmental organisations in relation to disbursement of salaries and fee payments. As an accredited banker, we are mandated to open accounts under the Member of Parliament Local Area Development Scheme under the National Rural Employment Guarantee Act, 2005, as amended, operated by the Ministry of Statistics and Programme Implementation of the GoI and managed by the Compensatory Afforestation Fund Management and Planning Authority.

Utility Payment Services and Other Online Products

We offer utility bill payment services in conjunction with certain other vendors, enabling our customers to pay their utility bills through internet banking. In addition, we offer various other online products, such as, amongst others, railway ticket reservations and payment of telephone bills and life insurance premiums.

GoI Business

In addition to our primary banking operations, we also provide certain services to the GoI and to the state governments. We act as an agency bank for collection of direct taxes, pension payments and payments for GoI bonds. We earn commission income on the various banking transactions/ services rendered to the GoI.

We are authorised to distribute GoI tax saving bonds through the RBI, open and service public provident fund accounts and open senior citizens savings scheme accounts and other deposit products of the GoI. We are also authorised to service the accounts of the Ministry of Labour, the Ministry of Environment and Forest, the Ministry of Statistics and Programme Implementation, the Ministry of Corporate Affairs, the Ministry of Science and Technology and the Indian Railways Catering and Tourism Corporation. In addition, we provide e-payment solutions to the GoI and various state governments through a specialised e-Focal point branch.

Credit and Debit Cards

We offer domestic and international credit and debit cards. As at December 31, 2023, our Bank had issued 0.08 crore credit cards and 5.40 crore debit cards across our customer base.

International Banking Products and Services

Our Bank's international banking products consist of a wide range of products related to trade and investment besides tailor-made schemes for our NRI customer base. As at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023, our overseas advances accounted for 2.45%, 2.39%, 3.04% and 3.27%, respectively, of our Bank's total gross advances.

Foreign Exchange Operations - We undertake derivatives transactions for our customers on a back-to-back basis with counterparty banks. We offer foreign exchange services through our authorised exchange dealing branches spread across India and we are authorised to transact in numerous foreign currencies through a network of correspondent banks. As at December 31, 2023, we maintained 39 nostro accounts in various foreign currencies with different correspondent banks and 9 vostro accounts of other banks and exchange houses and have also entered Indian Rupee drawing arrangements with 3 exchange houses based overseas for handling inward remittances pursuant to these accounts.

Export Credits - We offer both pre and post-shipment credit to Indian exporters through Indian Rupee denominated loans, as well as foreign currency loans in India. As at December 31, 2023, the total outstanding export credit facilities extended by our Bank was ₹ 16,856.49 crore.

Import Finance - We provide various types of credit facilities and other services to importers for their business requirements. The various facilities provided include import letters of credit, foreign currency loans, guarantees on behalf of importers and trade credit finance arrangement through our overseas branches.

Non-Resident Indian Business - We offer a wide range of products for NRIs, including remittance facilities and acceptance of deposits in Indian Rupee, as well as designated foreign currencies. Our Bank's NRI deposits amounted to ₹ 39,174.53 crore as at December 31, 2023.

Correspondent Banking - We have correspondent relationships with international banks and service all operational aspects of correspondent banking, including all matters pertaining to the exchange of test keys, SWIFT authentication (bilateral key exchange arrangement), appointments of correspondents, maintenance and reconciliation of nostro accounts and treasury management.

Priority Sector Lending

Commercial banks in India, including our Bank, are required by the RBI to lend, through advances or investments, 40.00% of their adjusted net bank credit ("**ANBC**") or credit equivalent amount of off-balance sheet exposures, whichever is higher, to certain specified "priority sectors", subject to certain exemptions permitted by the RBI from time to time. Priority sector advances include advances to the agriculture sector, MSME sector and financial inclusion sector, microfinance loans, loans to certain sectors deemed weaker by the RBI, housing and education finance up to certain ceilings and loans to fund the purchase of eligible assets and investments in eligible securitised assets.

We are required to comply with the priority sector lending requirements as at March 31, in each fiscal year. Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with the Rural Infrastructure Development Fund established by the National Bank for Agriculture and Rural Development or funds with other financial institutions as specified by the RBI.

As at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023, our outstanding priority sectors loans, as a percentage of ANBC was 42.00%, 43.07%, 42.31% and 40.64%, respectively.

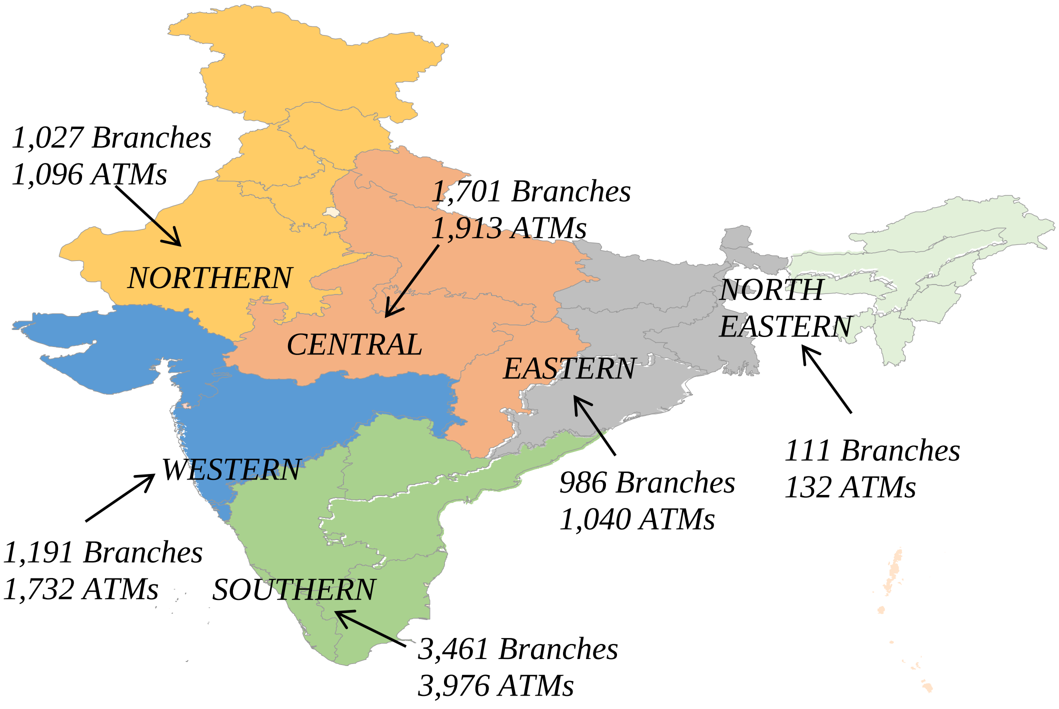
The following table presents our priority sector lending by sub-sector and as a percentage of ANBC as at the dates indicated:

Particulars	**As at March 31,**						**As at December 31, 2023**	
	2021		**2022**		**2023**			
	Amount	**% of ANBC**	**Amount**	**% of ANBC**	**Amount**	**% of ANBC**	**Amount**	**% of ANBC**
	(₹ in crore, except for %)							
Agriculture advances	1,21,141.98	18.69%	1,27,343.23	19.71%	1,35,429.90	18.97%	1,52,334.32	19.09%
Advances to MSMEs	1,24,144.64	19.16%	1,16,676.32	18.06%	1,28,168.86	17.96%	1,40,005.22	17.54%
Others	26,916.67	4.15%	34,262.43	5.30%	38,406.82	5.38%	31,981.44	4.01%
Priority Sectors total	**2,72,203.30**	**42.00%**	**2,78,281.98**	**43.07%**	**3,02,005.58**	**42.31%**	**3,24,320.98**	**40.64%**
Adjusted net bank credit	**6,48,088.92**	-	**6,46,097.77**	-	**7,13,783.26**	-	**7,98,016.98**	

Delivery Channels

We cater to our customers across metropolitan, urban, semi-urban and rural areas through a range of delivery methods to enable them to access our products and services, including physical branches, rural branches, financial inclusion outlets, internet banking and telephone banking.

The map below shows the location of our branches and ATMs located in India as at December 31, 2023:



Branch Network

As at December 31, 2023, we had 8,477 branches across 28 states and seven union territories in India. As at December 31, 2023, we also had 159 Retail Loan Points, 135 MSME Loan Points and 42 Agriculture Loan points in India to serve as dedicated credit processing centres for customers in the RAM sectors.

The following table sets forth the number of our branches in metro, urban, semi-urban and rural locations in India (as classified by the RBI) as at the date indicated:

Locations	**As at December 31, 2023**
Metro	1,770
Urban	1,732
Semi-urban	2,438
Rural	2,537
Total	**8,477**

The following table sets forth the number of our branches broken down by regions in India as at December 31, 2023:

Geographic Region	**As at December 31, 2023**
Central region(1)	1,701
Eastern region(2)	986
North Eastern region(3)	111
Northern region(4)	1,027
Southern region(5)	3,461
Western region(6)	1,191
Total	**8,477**

Notes:

(1) Central region comprises Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Uttarakhand.

(2) Eastern region comprises Andaman-Nicobar, Bihar, Jharkhand, Odisha, Sikkim and West Bengal.

(3) North Eastern region comprises Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.

(4) Northern region comprises Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab and Rajasthan.

(5) Southern region comprises Andhra Pradesh, Karnataka, Kerala, Puducherry, Tamil Nadu and Telangana.

(6) Western region comprises Dadra Nagar Haveli, Daman and Diu, Goa, Gujarat and Maharashtra.

Our Bank's international operations comprise one branch in each of Dubai International Financial Centre (DIFC) and Sydney, Australia.

On a consolidated basis our international operations include the operations of our Bank's subsidiary, Union Bank of India (UK) Limited. Our Bank also has a joint venture in Malaysia, India International Bank (Malaysia) BHD.

ATMs

As at December 31, 2023, our Bank had 9,889 ATMs, of which 7,758 were located at our branches (on-site) and 2,131 were located off-site. Most of our ATMs provide 24/7 services and are located at various commercial establishments and at other convenient locations, offering our customers the convenience of facilities, such as cash withdrawal, balance enquiry, mini statements of accounts and fund transfer.

Business Correspondents - Financial Inclusion Network

Financial inclusion is part of a national scheme to deliver financial services to India's disadvantaged and low-income population at an affordable cost. Business correspondents act as agents on our behalf and may accept deposits or make cash payments when customers would like to deposit or withdraw money to or from their accounts at locations other than a traditional bank branch. As at December 31, 2023, we had 18,987 business correspondents.

Internet Banking

Our internet banking platform is the preferred channel for our customers. Our internet banking system can be used seamlessly across laptops, and mobile or hand-held devices for online payment of direct tax, central excise, service tax, NEFT/ RTGS, salary uploads, railway ticket booking and railway freight. In addition, we have established payment gateway integration with our internet banking application, enabling our customers to pay taxes online. Our Bank's registered internet banking user base was 0.82 crore as at December 31, 2023.

Mobile Banking

Our mobile banking application *Vyom* enables customers to undertake banking activities, such as inter-bank mobile payments services, funds transfer through NEFT/ IMPS, balance enquiry, mini statement, check book request and utility payments. We have also introduced "P2A" (person to application), "P2P" (person to person) and "P2U" (person to Aadhaar) for transmission of funds. Our Bank's registered mobile banking users was 2.54 crore as at December 31, 2023.

Unified Payment Interface

UPI is a system that powers multiple bank accounts into a single mobile application (of any participating bank), allows for immediate money transfer through mobile devices and serves as a single mobile application for accessing different bank accounts. It is available for making merchant payments through online or QR scanning In Fiscal 2023, we had monthly UPI transactions of over 43 crore and a technical decline of less than 0.87%. In the nine months ended December 31, 2023, we had an average monthly UPI transactions of over 62 crore and a technical decline of less than 1.03%.

Account Aggregation

We were the first PSB to introduce account aggregator services (*source: www.sahamati.org.in*), which helps individuals share their financial data with third parties in a safe and secure manner and gives them greater control over how their data is being used. No financial information of the user is retrieved, shared or transferred by the account aggregator without the explicit consent of the user. The Account Aggregator (AA) ecosystem facilitates the exchange of financial information between a Financial Information Provider (FIP) and a Financial Information User (FIU) when the user grants explicit electronic or digital consent. Further, we are currently in the process of integrating with five additional Account Aggregators. Our Bank's Account Aggregator solution processed an average of more than 2 lakh requests on a daily basis in the nine months ended December 31, 2023.

Call Centres

Our multi-lingual call centres allow customers to conveniently access banking services with a single number through basic voice connectivity. As at December 31, 2023, we had operational call centres in Bangalore, Mumbai and Hyderabad that provide services to customers across India.

Information Technology

We have adopted technologies and processes to serve the changing requirements of our customers and to ensure efficient and accessible services to our customers through our diversified branch network and various platforms.

Other major strides by our Bank in digital adoption include the implementation of end-to-end auto-renewals of MSME loans up to ₹0.1 crore, the introduction of a Metaverse platform, *UniVerse*, and introduction of WhatsApp banking, digital platforms, STP and pre-approved personal loans.

All our branches and offices including our training centres have implemented core banking solutions. Our international branches have also implemented core banking solutions that connects all our multiple delivery channels to a common platform. Core banking solutions facilitate networking of branches, enabling customers to operate their accounts and avail banking services from any of our branches on the core banking solutions network, regardless of where that customer maintains their account. We have also integrated core banking solutions with the anti-money laundering system to help us identify suspicious transactions. To enhance the security of transactions, we have also implemented biometric authentication solution for all core banking solutions users.

To increase our operational efficiencies, we have established a lending automation service, which is a comprehensive end-to-end loan processing system and a document management system to automate the business process in our branches and offices. Our human resource management system application enables us to manage our employee related matters, such as administration of staff welfare schemes and staff loan approvals.

We focus on alternative delivery channels to effectively serve our customers, including through the immediate payment service and public provident fund deposits through internet banking, missed call facilities and SMS banking. We also launched kiosk banking, enabling customers to obtain various banking services and providing GoI services, including direct and indirect tax collections, utility bill payments and property tax payments.

We have implemented various support systems to cater to our customers and enhance their banking experiences. We have installed a unified payment interface. We use the Aadhaar enabled payment system which allows banks to authenticate customers using biometric verification with Unique Identification Authority of India. Our enterprise application integration focuses on integrating disparate source systems such as treasury payments, instant remittances for exchange houses to credit foreign-inward remittances instantly to beneficiaries in India and offline fee collection for education institutes with core banking. We have undertaken a digital transformation of our Bank. For information on our transformation and achievements, see "*Our Competitive Strengths - Investment in technology supporting a comprehensive "Digital Experience*" on page 193.

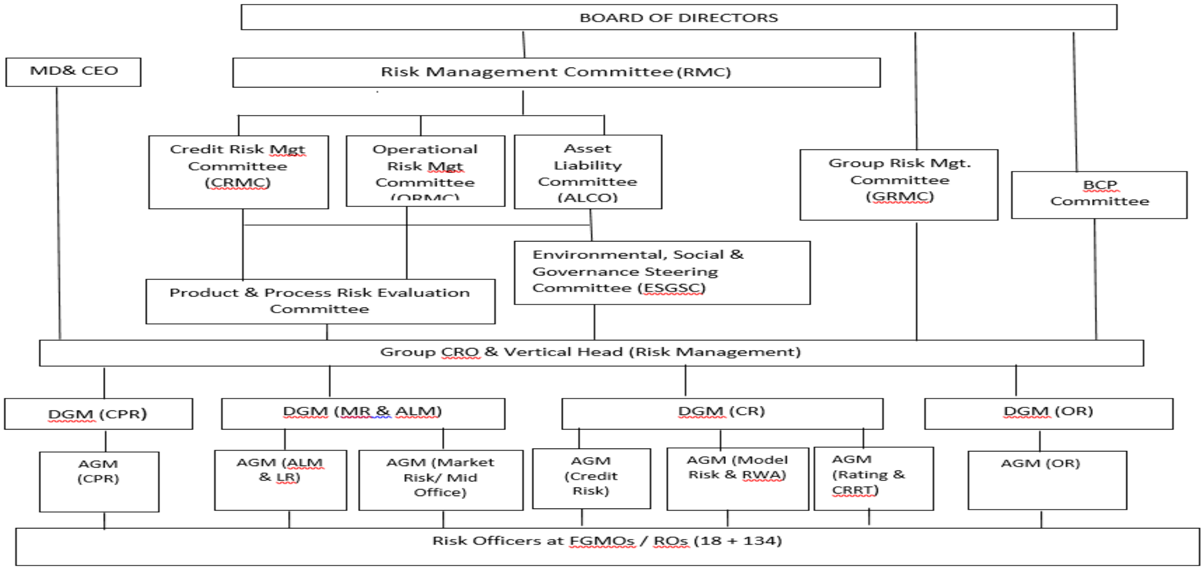
In addition, our strategy is to continue to invest in technology and digital penetration. For information, see "*Our Strategies - Enhanced digital penetration and automation*" on page 200.

Risk Management

Our risk management framework involves developing and maintaining a healthy portfolio of assets and liabilities within the parameters of a reasonable risk profile and the applicable regulatory framework and our efforts are also focused towards ensuring that capital is used efficiently. We have comprehensive policies, procedures, organisational structures and control systems in place to identify, measure, assess, monitor, manage and control risks systematically across all our portfolios. The risk management framework is subjected to review, upgrade and allows modifications, on an ongoing basis, in tune with regulatory guidelines and best practices in the industry.

Our Board of Directors, supported by the special risk management committees such as the Credit Risk Management Committee, the Operational Risk Management Committee and the Asset Liability Committee (collectively, the "**Risk Management Committees**"), formulate our risk management policies. Risk managers are appointed as one of the members in all functional credit committees. Our Board of Directors sets limits on our risk position by assessing our risk appetite, the resources available for managing risks and our risk exposure capacity.

The following diagram sets forth our Bank's risk management organisation structure:



Our risk management policies and functions are structured to address our major risks including credit risk, market risk, operational risk, foreign exchange risk and liquidity risk.

Credit Risk

Credit risk is an inherent risk and arises when a borrower or counterparty fails to meet its obligations in accordance with the agreed terms. The Credit Risk Management Committee oversees the credit risk management functions and uses various tools for managing credit risks, such as credit risk policies, credit approval processes, prudential exposure limits, risk rating systems, risk-based pricing, and portfolio management. In accordance with the RBI guidelines, the credit exposure ceiling is fixed in relation to our capital funds under capital adequacy standards (Tier I and Tier II capital).

We have formulated various policies to deal with credit risks such as loan policy, the credit risk management policy, the collateral management policy and the real estate sector lending policy that sets out our risk appetite, risk based pricing, risk diversification/ mitigation strategy, prudential limit, substantial exposure ceiling, group exposure ceiling, rating wise exposure ceiling, preferred sector growth strategies, credit approval process, documentation and security standards, and security valuation. These policies are revised periodically based on our corporate goals and business plans. We have adopted a committee approach for credit sanctions and have credit approval committees and credit grids at various levels.

We have also established comprehensive internal rating models for all advances above ₹0.25 crore and scoring models for credit exposures. We have upgraded our internal rating module to CRISIL ICON platform. Our credit portfolio is subject to internal credit rating.

We carry out credit process audit before the disbursement of a loan and post disbursement and review all credit exposures periodically. We have also formulated guidelines and procedures to monitor credit weaknesses and the method of surveillance to be adopted at the various stages of our lending operations. We also carry out portfolio analysis, quick mortality analysis, rating-wise distribution and default probability analysis and have a separate credit monitoring section for monitoring accounts showing early warning signals.

We continuously monitor portfolio concentrations, including by borrowers, groups, sectors, retail schemes, industrial and geography and constantly strive to improve credit quality and maintain a risk profile that is diverse in terms of borrowers, products, industry types and geography.

Market Risk

Market risk is the risk of losses due to price movements of financial instruments arising from changes in market variables, such as interest rates, foreign exchange rates, equity prices and other asset prices. The primary risk that arises as a financial intermediary is the interest rate risk due to movement in market interest rates and its impact on our assets and liabilities. We are also exposed to foreign exchange risk on foreign currency positions, liquidity or funding risk and price risk on trading portfolios.

Our market risk management framework comprises policies such as market risk management policy, asset liability management policy and treasury policy. Market risk management policy encompasses identification, monitoring, assessment and mitigation of market risk. The fundamental focus of the asset liability management policy is the protection and enhancement of our Net Interest Margin in the short-term and the enhancement of shareholders' value (the market value of our equity) in the long-term. These policies are revised annually in line with changes in financial and market conditions.

Our risk limits, such as stop loss limits, day-light limits, over-night limits and gaps and sensitivity analysis are set up based on criteria including regulatory guidelines, relevant market analysis, business strategy, management experience and our risk appetite. These limits are monitored on a daily, weekly and a monthly basis and exceptions are put up to the Risk Management Committees.

The Asset Liability Management Committee ("**ALCO**") is responsible for the implementation of and adherence to the asset liability management policy and market risk policies and strategies approved by the Board of Directors and the Risk Management Committee. The ALCO carries out asset-liability management as an independent function that is separate from the business unit functions. The ALCO also identifies risk associated with our portfolio and provides appropriate risk measurement methodologies, recommends prudential internal limits on the various market risks and is responsible for the pricing of various products for deposits and advances. The asset liability management department assists the ALCO in its day-to-day functioning. We are using Oracle Financial Services Analytical Applications (OFSA) as a platform for preparation of regulatory reports as Liquidity Coverage Ratio, Statements of Structural Liquidity, Net Stable Funding Ratio and Interest Rate Sensitivity reports.

We manage market risk and asset liability management risk by using various tools, such as value at risk limit, stress tests, back-testing, liquidity and interest rate gap limits and sensitivity analysis.

Foreign Exchange Risk

We conduct extensive foreign exchange operations, including proprietary trading and trading on behalf of customers in various currencies and as a result, we are exposed to foreign exchange risks due to adverse exchange rate movements during any period in which we may have an open position in any combination of foreign currencies. Foreign exchange rate risk can arise out of changes in foreign exchange spot and forward rates.

We manage our foreign exchange risk by hedging most of our open positions. We have established a system of fundamental methods that apply to managing such risks. We focus on managing the maturity of foreign currency assets and liabilities and managing the interest rate risk and the exchange risk inherent in various merchant transactions and trading positions. We have fixed various limits, such as on aggregate gap limit, on individual gap limit, on over night and day light exposure limit, a deal size limit, stop loss limits and a value at risk limit to manage foreign exchange rate risk. We comply with internal guidelines and the RBI-prescribed guidelines on foreign exchange operations. We have an independent office for confirmations, settlements, accounting, revaluation and reconciliation of nostro accounts for foreign exchange transactions.

Liquidity Risk

Liquidity refers to our ability to meet our funding requirements for repayment of liabilities and utilizing investment and lending opportunities in a timely manner at an optimum cost. Liquidity risk may be caused by our inability to liquidate assets on time or to obtain funding to meet our liquidity needs or due to market disruption. The ALCO manages the liquidity risk and reports to the Risk Management Committee on asset liability management and the Board of Directors.

Our liquidity management primarily focuses on maintaining adequate liquidity levels to meet our liabilities as and when they fall due and ensuring enough liquidity to meet credit demand and other funding needs. Our asset liability management policy lays out a framework for management of our liquidity risk by providing tolerance limits for our structural liquidity position and an operational framework for prudent risk management.

We manage our liquidity on a static and dynamic basis using various tools such as gap analysis, ratio analysis, dynamic liquidity statements and scenario analysis. We undertake behavioural analysis of non-maturity products, such as savings and current deposits and cash/ overdraft accounts on a periodic basis, to ascertain the volatility of residual balances in such accounts. We conduct liquidity stress tests under different scenarios at periodic intervals to assess the impact on liquidity to resist stressed conditions.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems or from external events, such as process reliability, IT security, outsourcing operations, fraud, error, regulatory compliance and recruiting, training and retaining staff.

We have established an operational risk management framework to effectively identify, measure, manage and address operational risks. Operation Risk management uses SAS-GCM solution for modernisation of operational risk management tools such as internal loss data collection, risk and control self-assessment and key risk indicators. The governance of operational risk management is monitored by the Operational Risk Management Committee, which reviews all operational risk events and control strategies. Our operational risk management focuses on proactive measures to ensure business continuity, a competent and well-informed staff and its adherence to established rules and procedures, as well as on security arrangements to protect our physical and IT infrastructure. We have formulated comprehensive policies, procedures and processes that are aimed at enhancing operational efficiency, to mitigate operational risks and conduct internal inspections and audits.

Information Security

Our Bank recognizes the significance of cybersecurity as a critical aspect of its operations and its commitment to safeguarding stakeholder interests in the digital landscape. We aim to establish a strong cybersecurity culture to enhance digital trust among stakeholders. A dedicated Cybersecurity Centre of Excellence (CCoE) has been set up at our premises in Hyderabad.

We have taken comprehensive measures to ensure state-of-the-art cybersecurity technologies are in place. In addition, we harmonized our policies and action plans with Digital Payment Security Controls, ISO certifications for information security management systems, business continuity management plan, and PCI-DSS certification for card payment systems. A robust cybersecurity governance structure, including policies, procedures, guidelines, and committees, has been established at both the executive and board levels.

Fraud Management

We have established a comprehensive fraud management policy to oversee the reporting and monitoring of fraud cases which is governed by the Transaction Monitoring and Fraud Management Department. Fraud reviews are conducted periodically for analysing the methods used in frauds and attempted frauds and to suggest corrective methods or actions to prevent such frauds.

Transfer Price Mechanism

We have adopted a transfer price mechanism known as "matched fund transfer pricing". Transfer pricing is done at the account level and transfer rates are linked to market rates. Each item of asset or liability is transfer priced based on the date of origination, tenor, cash flow pattern and repricing characteristics. Accordingly, we calculate the net interest income for all accounts.

Compliance

Our compliance department ensures compliance with all the regulatory requirements across all our businesses and operations. Our compliance department undertakes the function of disseminating key regulatory changes and updates affecting our various businesses, providing guidance on compliance related issues and reviewing new products and processes from a regulatory compliance perspective. Further, to develop a strong compliance culture, we provide employee education on compliance through trainings, sessions and circulars.

We have comprehensive KYC, AML and CFT policies that seek to address the KYC, AML and CFT norms and guidelines specified by the RBI. The compliance levels at branches are monitored periodically by the internal and concurrent auditors and are reported to our Audit and Inspection Department for follow-up.

Competition

The banking industry in India is highly competitive and we face strong competition in all our principal lines of business. Our primary competitors are public sector banks, private sector banks, foreign banks with operations in India and co-operative banks, followed closely by, non-banking financial institutions, small finance banks, regional rural banks, payment banks and housing finance companies. Our competition primarily entails issues of variety, pricing and quality of products and services, convenience of banking facilities, reach of distribution network and brand recognition, as well as information technology capabilities.

For more information, see "*Risk Factors — Risks Relating to Our Business — Our industry is very competitive, and our growth strategy depends on our ability to compete effectively*" on page 57.

Our Bank's Subsidiaries, Joint Ventures and Associate

Our Bank has five wholly owned subsidiaries: (i) Union Asset Management Company Private Limited; (ii) Union Trustee Company Private Limited; (iii) Union Bank of India (UK) Limited; (iv) UBI Services Limited; and (v) Andhra Bank Financial Services Limited.

As at December 31, 2023, our Bank owns a 25.10 % in Star Union Dai-ichi Life Insurance Company Limited, which offers life insurance products. As at December 31, 2023, our Bank also holds a 26.02% share in ASREC (India) Limited, a securitisation company and a 25.00% share in India International Bank (Malaysia) BHD, a Malaysian bank. In addition, as at December 31, 2023, our Bank owns a 35.00% stake in Chaitanya Godavari Gramin Bank, an associate regional rural bank. In Fiscal 2022, we divested 21.00% of our 30.00% stake in India First Life Insurance, and we had a 9.00% shareholding in India First Life Insurance as at December 31, 2023.

The following table sets forth information relating to the Bank's Subsidiaries, Joint Ventures and Associate as at December 31, 2023:

Subsidiary/ Joint Venture/ Associate	**Business**	**Bank's Ownership Percentage (%)**
Subsidiaries		
Union Asset Management Company Private Limited	Asset management services	100.00
Union Trustee Company Private Limited	Trustee services	100.00
Union Bank of India (UK) Limited	Banking services	100.00

Subsidiary/ Joint Venture/ Associate	Business	Bank's Ownership Percentage (%)
UBI Services Limited	Marketing and outsourcing	100.00
Andhra Bank Financial Services Limited	Not functional at present	100.00
Joint Ventures		
Star Union Dai-ichi Life Insurance Company Limited	Life insurance company	25.10
ASREC (India) Limited	Securitization services	26.02
India International Bank (Malaysia) BHD	Banking services	25.00
Associate		
Chaitanya Godavari Gramin Bank	Banking services	35.00

Intellectual Property Rights

We have registered the "Union Bank of India" trademark, the "U" logo and our Bank's tagline under various classes of the Trademarks Act, 1999.

Insurance

We maintain insurance coverage for our assets and branches in accordance with industry practice, including insurance protection from fire and special perils, computers and electronics crime/ cyber-crime, policy for assets, bankers' indemnity policy, burglary policy for goods held in trust, public liability insurance policy (non-industrial risks), and directors' and officers' liability insurance policy. In addition, we have also assured *ex-gratia* payment to our employees' nominee under our Death Relief Fund Scheme and secured a group medical claim policy for our permanent employees.

Employees

As at December 31, 2023, our Bank had 76,372 employees and our Subsidiaries had 795 employees. In addition, we have outsourced certain limited ancillary activities to registered agencies.

Our Bank has outsourced some of our business activities through our wholly owned subsidiary, UBI Services Limited, such as sourcing of retail loans (housing, vehicle, gold loan, education and mortgage) and MSME loans as well as marketing of our Bank's credit cards, back office support for account opening and for centralised vendor payments for our taxation cell in our finance and accounts section. For more details, see "*Our Strategies –Strengthen our Human Resources*" on page 201.

We train our employees in a number of ways, including by providing extensive on-the-job and classroom training, and e-learning and development programmes to enhance their professional capabilities. We have an e-learning management system through which we conduct an online quiz competition to motivate employees and to help enrich their banking knowledge.

In addition, as on December 31, 2023, we have established nine centres of excellence termed as Union Learning Academies, which are learning academies for employee upskilling in specialized areas such as operational, credit and policy, risk evaluation and management, sales and marketing, corporate and treasury, rural and financial division issues, strategy and finance, people development and digital transformation.

We have undertaken a project called *Union Prerna*, to strengthen cultural integration in our Bank and inculcate a performance driven culture amongst our employees. We are also assisting our employees further their career objectives by offering career counselling to employees and individual development programs for executives. We also have established a gender focused committee for career advancement.

Our Bank has also introduced an umbrella policy on rewards and recognition to direct the focus on the performance of our employees to meet the strategic goals of our Bank. There is also a policy in place on succession planning and capability building where certain key positions are identified and high potential individuals are earmarked for these posts.

The majority of our Bank's officers and employees are members of a recognized union or officers' association. We are party to several collective bargaining agreements and negotiations in relation to salary, performance incentives and workforce flexibility that are entered into on a regional or industry level.

For more information, see "*Risk Factors — Risks Relating to Our Business — Our employees are unionised and any union action may adversely affect our business*" on page 80.

Properties

Our Bank's head office is located at Vidhan Bhavan Marg, Nariman Point, Mumbai and has been leased to our Bank by the Government of Maharashtra for 99 years from May 24, 1971.

As at December 31, 2023, we had 8,477 branches in India, two international branches (DIFC and Sydney, Australia) and one branch through our Bank's subsidiary, Union Bank of India (UK) Limited, in the United Kingdom.

A significant majority of our offices and branches are located on premises held by us on long-term lease or leave and license basis from third parties. For further details, see "*Risk Factors — Risks Relating to Our Business — The majority of our offices, branches and ATMs are located on premises taken by us on lease or on a leave and license basis. We may not be able to renew these agreements for our branches upon acceptable terms, if at all, which could have an adverse effect on our business and results of operations*" on page 81.

Corporate Social Responsibility Activities

Our corporate social responsibility initiatives are primarily focused on rural development, healthcare, community development, education, environment, skills development and heritage preservation.

We have established a trust, *The Union Bank Social Foundation*, to undertake our corporate social responsibility initiatives.

We made a ₹12.46 crores donation in the nine months ended December 31, 2023 through *The Union Bank Social Foundation*.

BOARD OF DIRECTORS AND SENIOR MANAGERIAL PERSONNEL

Board of Directors

Our Bank has been constituted as a body corporate under the Banking Companies Act. In terms of the provisions of the Banking Companies Act, the general superintendence and direction of the affairs and business of our Bank is entrusted to the Board constituted as per the provisions of the Banking Companies Act, the Nationalised Banks Scheme and the Union Bank Regulations.

As per Sub-section (3) of Section 9 of the Banking Companies Act, every board of directors of a corresponding new bank, constituted under any scheme made under Sub-section (1) of Section 9 of the Banking Companies Act shall include:

- not more than five whole-time directors to be appointed by the Central Government after consultation with RBI;
- one director who is an official of the Central Government to be nominated by the Central Government; provided that no such director shall be a director of any other corresponding new bank;
- one director, possessing necessary expertise and experience in matters relating to regulation or supervision of commercial banks, to be nominated by the Central Government on the recommendation of the RBI;
- one director, from among such of the employees who are workmen (as defined under Clause (s) of Section 2 of the Industrial Disputes Act, 1947) to be nominated by the Central Government;
- one director, from among the employees who are not workmen (as defined under Clause (s) of Section 2 of the Industrial Disputes Act, 1947) to be nominated by the Central Government after consultation with the RBI;
- one director who has been a chartered accountant category for not less than fifteen years to be nominated by the Central Government after consultation with the RBI;
- subject to directors elected by shareholders under the provisions of Clause (i) of Sub-section (3) of Section 9 of the Banking Companies Act, not more than six directors to be nominated by the Central Government;
- directors elected by shareholders of the bank (other than the Central Government) from amongst themselves where the capital raised by public issue or rights issue or by issue of bonus shares or preferential allotment or private placement, of equity shares or preference shares is:

    1. not more than 16.00% of the total paid-up capital, one director;
    2. more than 16.00% but not more than 32.00% of the total paid-up capital, two directors; and
    3. more than 32.00% of the total paid-up capital, three directors

As on the date of this Placement Document , there are twelve Directors on the Board. The Board has three Part-Time Non-Official Directors, out of which, one is designated as the Non-Executive Chairman, five whole-time Directors, out of which, one is designated as the Managing Director and Chief Executive Officer ("**MD and CEO**"), while four Directors are designated as the Executive Directors. Further, we have one Government of India Nominee Director, one RBI Nominee Director, and two Shareholder Directors. All Directors are appointed/nominated/elected pursuant to the Banking Companies Act, the Nationalized Banks Scheme and the Union Bank Regulations.

As on the date of this Placement Document , the Board does not have the prescribed strength in terms of the Banking Companies Act, as the following positions are vacant:

1. one position each under Sections 9(3)(e), 9(3)(f) and 9(3)(g) of the Banking Companies Act, to be nominated by the Central Government; and
2. one position under Section 9(3)(h) of the Banking Companies Act, to be nominated by the Central Government.

Given that our Bank is a public sector undertaking, matters pertaining to, among others, appointment of our

Directors are determined by the Ministry of Finance, Government of India except the appointment of Shareholders' Directors under Section 9(3)(i) of the Banking Companies Act. For further details, please see "*Risk Factors – Our Board does not have prescribed strength in terms of the Banking Companies Act and the SEBI Listing Regulations."* on page 74.

The following table sets forth details regarding the Board of Directors as of the date of this Placement Document :

Name, Address, Occupation, Term and Nationality	**Clause (as per section 9(3) of the Banking Companies Act) under which appointed / nominated / elected**	**Age (In years)**	**Designation**
Srinivasan Varadarajan **Address**: Flat No. 1201, M Wing, 12th Floor, Jade Gardens, Bandra Kurla Complex, Near MIG Cricket Club, Bandra East, Mumbai – 400 051, Maharashtra **Occupation**: Financial Advisory Services **Term**: From November 7, 2022 for a term of three years, from the date of notification, or until further orders, whichever is earlier. **Nationality**: Indian	Clause (h)	59	Part-time non-official Director, Non-Executive Chairman
A. Manimekhalai **Address:** Flat no. B-1002, Vivarea Condominium, Saat Rasta, Jacob Circle, Sane Guruji Marg, Mahalaxmi, Mumbai – 400 011, Maharashtra. **Occupation:** Service **Term**: From June 3, 2022 for a period of three years with effect from the date of assumption of office, or until further orders, whichever is earlier **Nationality**: Indian	Clause (a)	57	Managing Director and Chief Executive Officer
Nitesh Ranjan **Address**: Flat No. 702, B-Wing, Vivarea Apartments, Saat Rasta, Jacob Circle, Sane Guruji Marg, Mumbai – 400 011, Maharashtra. **Occupation**: Service **Term**: From March 10, 2021 for a period of three years with effect from the date of assumption of	Clause (a)	47	Executive Director

Name, Address, Occupation, Term and Nationality	**Clause (as per section 9(3) of the Banking Companies Act) under which appointed / nominated / elected**	**Age (In years)**	**Designation**
office, or until further orders, whichever is earlier. **Nationality**: Indian			
Nidhu Saxena **Address**: Flat No. B-902, Vivarea, Saat Rasta, Jacob Circle, Sane Guruji Marg, Mahalaxmi, Mumbai – 400 011, Maharashtra. **Occupation**: Service **Term**: From February 1, 2022 period of three years with effect from the date of assumption of office, or until further orders, whichever is earlier **Nationality**: Indian	Clause (a)	55	Executive Director
Ramasubramanian S **Address**: Flat No. B-701, Vivarea Condominium, Saat Rasta, Jacob Circle, Sane Guruji Marg, Mahalaxmi, Mumbai – 400 011, Maharashtra. **Occupation**: Service **Term**: From November 21, 2022 to period of three years with effect from the date of assumption of office, or until further orders, whichever is earlier **Nationality**: Indian	Clause (a)	56	Executive Director
Sanjay Rudra **Address:** Flat No. - A32, Mehrina Apartment, Napean Sea Road, Malabar Hills, Mumbai – 400 006, Maharashtra. **Occupation:** Service **Term:** From October 09, 2023 from the date of assumption of office to his attaining the age of superannuation, i.e., June 30, 2026, or until further orders, whichever is earlier.	Clause (a)	57	Executive Director

Name, Address, Occupation, Term and Nationality	**Clause (as per section 9(3) of the Banking Companies Act) under which appointed / nominated / elected**	**Age (In years)**	**Designation**
Nationality: Indian			
Sameer Shukla **Address**: Deputy Commissioner Bungalow, DC Compund, Dharwad – 580 001, Karnataka **Occupation**: Joint Secretary, Department of Financial Services, Ministry of Finance, Government of India **Term**: From November 8, 2021 and until further orders. **Nationality**: Indian	Clause (b)	44	Government of India Nominee Director
Prakash Baliarsingh **Address**: G-1002, ZI Apartment, Phase-2, Kalarahanga Patia, Bhubaneshwar – 751 024, Odisha **Occupation**: Retired **Term**: From date of notification i.e. July 14, 2023 and until further orders from Government of India. **Nationality**: Indian	Clause (c)	60	RBI Nominee Director
Suraj Srivastava **Address**: C-306, Near Tikoniya Park, Opposite Lal Colony, Sector – C, Nirala Nagar, Lucknow – 226 020, Uttar Pradesh **Occupation**: Practicing Chartered Accountant **Term**: From December 21, 2021 for a period of three years from the date of notification, or until further orders, whichever is earlier. **Nationality**: Indian	Clause (h)	50	Part-time non-official Director
Laxman S Uppar **Address**: Omkar Building, 3rd Cross, Sadhanakeri, Dharwad K.C. Park – 580 008, Karnataka **Occupation**: Service	Clause (h)	52	Part-time non-official Director

Name, Address, Occupation, Term and Nationality	Clause (as per section 9(3) of the Banking Companies Act) under which appointed / nominated / elected	Age (In years)	Designation
Term: From March 21, 2022 for a period of three years from the date of notification, or until further orders, whichever is earlier. **Nationality**: Indian			
Dr. Jayadev Madugula **Address**: 449, Faculty quarters, IIM-B Campus, Bannerghatta Road, Bengaluru - 560076 **Occupation**: Professor at IIM, Bengaluru **Term**: June 28, 2021 to June 27, 2024 **Nationality**: Indian	Clause (i)	59	Shareholder Director
Priti Jay Rao **Address**: Plot No. 8/9, Cascade Bungalow Society, Wakad Hinjewadi Road, Wakad, Pune – 411 507, Maharashtra **Occupation**: Service **Term**: From July 29, 2021 to July 28, 2024 **Nationality**: Indian	Clause (i)	64	Shareholder Director

Biographies of the Directors

Srinivasan Varadarajan is a Part-time Non-Official Director and Non-Executive Chairman of the Bank. He holds a bachelor’s degree in electronics and communication engineering from Anna University, Chennai and a post-graduate diploma in Management from the Indian Institute of Management, Calcutta. He has been on our Board since November 7, 2022.

A Manimekhalai is the Managing Director and Chief Executive Officer of the Bank. Prior to joining our Bank, she was an executive director of Canara Bank and has also been associated with Vijaya Bank. She has been on our Board since June 3, 2022 and has a past experience of working with nationalised banks.

Nitesh Ranjan is an Executive Director of the Bank. Before his appointment as an Executive Director on the Board, he was working as chief general manager of the Bank. He holds a bachelor’s degree in arts from Patna University and a master’s degree of arts (economics) from Patna University. He has also completed the Leadership Development Programme for Senior Management of Public Sector Banks from IIM Bangalore. He has been associated with the Bank since 2008 and has been on the Board since March 10, 2021.

Nidhu Saxena is an Executive Director of the Bank. He holds a bachelor’s degree in commerce and a master’s degree in business administration from the University of Jodhpur. He is a certified associate of the Indian Institute of Bankers. He has been on our Board since February 1, 2022.

Ramasubramanian S is an Executive Director of the Bank. He holds a bachelor's degree in science from Bharathiar University, Coimbatore. He has been on our Board since November 21, 2022.

Sanjay Rudra is an Executive Director of the Bank. He holds a master's degree in science (physics) from Magadh University and has a diploma in financial management from the Prin. L. N. Welingkar Institute of Management Development & Research. He has also attended the Executive Education for Understanding Public Policy program conducted online by the Indian School of Business. Prior to assuming the office as Executive Director of Union Bank of India, he served as General Manager, Bank of Maharashtra. He has more than three decades of experience from branch banking to head office level, which includes experience in integrated risk management.

Sameer Shukla is a Central Government Nominee Director of the Bank. He holds a bachelor's degree in engineering from Assam University. He is an Indian Administrative Service (IAS) Officer belonging to the 2005 batch of Karnataka Cadre. At present, he is working as Joint Secretary in Ministry of Finance, Department of Financial Services, Government of India. Prior to joining the Bank, he has worked in the Ministry of Information and Broadcasting and Ministry of Steel, Government of India. He has been on our Board since November 8, 2021.

Prakash Baliarsingh is a RBI Nominee Director of the Bank. He was Chief General Manager of Department of Regulation, Reserve Bank of India. He is a post-graduate in political science. He has experience of more than three decades with various departments of Reserve Bank of India. He has been on our Board since July 14, 2023.

Suraj Srivastava is a Part-time Non-Official Director of the Bank. He holds a bachelor's degree in law from Veer Bahadur Singh Purvanchal University, Jaunpur. He is a qualified member of The Institute of Chartered Accountants of India ("**ICAI**"). He has also completed the Information Systems Audit (ISA) Assessment test from ICAI. He has been on our Board since December 21, 2021.

Laxman S Uppar is a Part-time Non-Official Director of the Bank. He holds a bachelor's degree in mechanical engineering from Karnatak University. He is the founder of Karnataka Classic Education Private Limited. He has also started Spardha Spoorti Publishers & Printers Private Limited in 2012, which publishes books and magazines for various competitive examinations. Currently, he is the Chairman of the Classic International Public School and also Classic Little Birds, Classic PU & Degree College, Dharwad. He has been on our Board since March 21, 2022.

Dr. Jayadev Madugula is a Shareholder Director of the Bank. He holds a master's degree in commerce, a master's degree in philosophy (commerce department) and a doctorate in business management from Osmania University. He is a certified associate of the Indian Institute of Bankers. He has been on our Board since June 28, 2018.

Priti Jay Rao is a Shareholder Director of the Bank. She holds a master's degree in science in mathematics (with specialization in computer science) from IIT Bombay. She is a member on the Board of Directors of public and private companies related to various aspects of technology services and products. She has been on our Board since July 29, 2021 and has a past experience in building and delivering range of IT services.

Relationship with other Directors

None of the Directors are related to each other as on the date of this Placement Document .

Borrowing Powers of the Board

All borrowings by the Bank are approved by the Board from time to time. Pursuant to the special resolution passed by the Shareholders of the Bank in the Annual General Meeting dated August 04, 2023, the Board (including any of its committees thereof) may create, issue, and allot in one or more tranches such number of perpetual debt instruments, non-convertible debentures including but not limited to sub-ordinated debentures, bonds and / or other debt securities on private placement and / or public issue basis in one or more tranches which may classify for Tier-1 or Tier-2 Capital (including Green / Foreign Currency Denominated Additional Tier -1 / Tier -2 Bonds) as identified and classified by the RBI, for an amount not exceeding ₹2,100 crore (Rupees Two Thousand One Hundred crore only).

Remuneration of the Directors

Executive Directors

The following table sets forth all compensation paid to the Managing Director and Chief Executive Officer and the other Executive Directors of the Bank during the nine months ended December 31, 2023 and for the Fiscals 2023, 2022 and 2021:

(₹ in crores)

Director Name	**Remuneration***			
	From April 1, 2023 to December 31, 2023	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
A. Manimekhalai[(1)]	0.30	0.30	0.00	0.00
Nitesh Ranjan[(2)]	0.31	0.39	0.30	0.00
Nidhu Saxena[(3)]	0.26	0.32	0.04	0.00
Ramasubramanian S[(4)]	0.27	0.12	0.00	0.00
Sanjay Rudra[(5)]	0.08	0.00	0.00	0.00

Notes:

** The values 0.00 appearing in the table are on account of remuneration not being applicable to the Directors, as they were not appointed for that Fiscal Year.*

(1) A. Manimekhalai was appointed as Managing Director and CEO with effect from June 3, 2022

(2) Nitesh Ranjan was appointed as Executive Director with effect from March 10, 2021

(3)Nidhu Saxena was appointed as Executive Director with effect from February 1, 2022

(4) Ramasubramanian S was appointed as the Executive Director with effect from November 21, 2022

(5) Sanjay Rudra was appointed as Executive Director with effect from October 9, 2023

Sitting fee payable to Non-Executive Directors

The Directors appointed under Clause (e), (f), (g), (h) and (i) of Sub-section (3) of Section (9) of the Banking Companies Act are entitled to sitting fees as mentioned below in accordance with circular F.No.15/1/2011-BO.I dated August 30, 2019 issued by Department of Financial Services, Ministry of Finance, Government of India, in terms of clause 17(1) of the Nationalised Banks Schemefor attending meetings of the Board and meetings of the committees of the Board, along with additional fees for chairing the meeting of the Board and for chairing the meeting of committees of the Board, as decided by the Board of Directors subject to overall ceiling of ₹25 lakhs per director per annum.

The Board of Directors in its meeting held on July 29, 2020, approved payment sitting fees of ₹ 70,000 as sitting fees for attending per meeting of the Board and ₹ 35,000 for attending per meeting of the committees of the Board. Additional fees of ₹ 20,000 for chairing per meeting of the Board and ₹ 10,000 for chairing per meeting of committees of the Board was also approved.

Accordingly, the details of the sitting fees paid by our Bank to our present Non-Executive Directors during the nine months ended December 31, 2023 and for the Fiscals 2023, 2022 and 2021, respectively are set forth below:

(₹in crores)

Director Name	**Sitting fees paid***			
	From April 1, 2023 to December 31, 2023	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
Srinivasan Varadarajan[(1)]	0.16	0.07	0.00	0.00
Suraj Srivastava[(2)]	0.19	0.20	0.05	0.00
Laxman S Uppar[(3)]	0.21	0.21	0.01	0.00
Jayadev Madugula	0.17	0.21	0.23	0.19
Priti Jay Rao[(4)]	0.16	0.23	0.21	0.00
Prakash Baliarsingh[(5)]	0.13	0.00	0.00	0.00

Notes:

** The values 0.00 appearing in the table are on account of sitting fees not being applicable to the Directors, as they were not appointed for that Fiscal Year.*

(1) Srinivasan Varadarajan was appointed as Part-time Non-Official Director, Non-Executive Chairman with effect from November 7, 2022

(2) Suraj Srivastava was nominated as Part-time Non-Official Director with effect from December 21, 2021

[3] *Laxman S Uppar was nominated as Part-time Non-Official Director with effect from March 21, 2022*
[4] *Priti Jay Rao was elected as Shareholder Director with effect from July 29, 2021*
[5] *Prakash Baliarsingh was nominated as Part-time Non-Official Director with effect from July 14, 2023*

Performance Linked Incentive or Bonus or profit-sharing plan for the Directors

The Government of India, Ministry of Finance, Department of Financial Services *vide* notification number F.No.12/1/2014 – BOA dated August 18, 2015, has set out broad parameters for payment of performance linked incentives to whole time directors on the boards of public sector banks. Such performance linked incentives are given in accordance with scores obtained as per the performance evaluation matrix prescribed in the notification.

The performance evaluation matrix consists of qualitative and quantitative parameters. Further, in accordance with the PSB Reforms Agenda to drive Enhanced Access and Service Excellence ("**PSB Reforms EASE 1.0 Agenda**") issued by the Government of India, Ministry of Finance, Department of Financial Services on January 24, 2018, the board of directors of a public sector bank shall evaluate the performance of the bank's whole-time directors in terms of their implementation of the six-point action plan stated in the PSB Reforms EASE 1.0 Agenda. This evaluation accounts for 20% weightage in the annual performance assessment report of the whole time Directors.

Shareholding details of our Directors in our Bank

The directors elected under Section 9(3)(i) of the Banking Companies Act by the shareholders (other than the Government), are required to hold a minimum of 100 Equity Shares of the Bank in terms of Regulation 65 of the Union Bank Regulations.

The following table sets forth the shareholding of the Directors in our Bank as on December 31, 2023:

Sr. No.	Name of Director	Designation	No. of Equity Shares held as on December 31, 2023	Percentage of Equity Shares to total paid up capital
1.	A. Manimekhalai	Managing Director and CEO	Nil	Nil
2.	Nitesh Ranjan	Executive Director	6,725	Negligible
3.	Nidhu Saxena	Executive Director	Nil	Nil
4.	Ramasubramanian S	Executive Director	Nil	Nil
5.	Sanjay Rudra	Executive Director	Nil	Nil
6.	Sameer Shukla	Government of India Nominee Director	Nil	Nil
7.	Prakash Baliarsingh	RBI Nominee Director	Nil	Nil
8.	Srinivasan Varadarajan	Part-time Non-Official Director, Non-Executive Chairman	Nil	Nil
9.	Suraj Srivastava	Part-Time Non-Official Director	Nil	Nil
10.	Laxman S Uppar	Part-Time Non-Official Director	Nil	Nil
11.	Dr. Jayadev Madugula.	Shareholder Director	200	Negligible
12.	Priti Jay Rao	Shareholder Director	3,000	Negligible

Interest of the Directors

All of the whole-time Directors may be deemed to be interested to the extent of salary and remuneration paid to them, for services rendered as Directors of our Bank, perquisites and reimbursement of expenses, if any, payable to them, as allowed in the ordinary course of business in terms of central government guidelines and RBI guidelines, as may be applicable. Further, the non-executive Directors other than the Government's Nominee Director and RBI's Nominee Director, are entitled to receive sitting fees for attending each meeting of the Board and its sub-committee thereof and are also entitled to reimbursement of expenses to attend such meeting as may be applicable.

All of the Directors may also be regarded as interested in any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. See "*Shareholding details of our Directors in our Bank*" above.

All Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trusts, in which they are interested as directors, members, partners, trustees. Except as disclosed in this Placement Document, and except to the extent of shareholding in the Bank, the Directors do not have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Except as otherwise stated in this Placement Document, the Bank has not entered into any contract, agreement or arrangement during the preceding three years from the date of this Placement Document in which any of the Directors or any of their relatives are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Except as stated in "*Related Party Transactions*" in "*Financial Statements*" beginning on page 144, the Directors do not have any other interest in the business of the Bank.

Other Confirmations

Neither the Bank nor any of our Directors have not been identified as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on Wilful Defaulters or Fraudulent Borrowers issued by RBI.

Neither the Bank nor any of the Directors of the Bank have been debarred from accessing capital markets under any order or direction made by SEBI, the Stock Exchanges or any other regulatory or supervisory authority.

Corporate Governance

The Board presently consists of twelve (12) Directors. Our Board has one (1) Part-Time Non-Official Director and Non-Executive Chairman, one (1) Managing Director and Chief Executive Officer, four (4) Executive Directors, one (1) Government of India Nominee Director, one (1) RBI Nominee Director, two (2) Shareholder Directors and two (2) Part-Time Non-Official Directors on our Board. As on the date of this Placement Document , the Board does not have the prescribed strength in terms of the Banking Companies Act. For further details, see "*Risk Factors– Our Board does not have prescribed strength in terms of the Banking Companies Act and the SEBI Listing Regulations*" on page 74.

RBI has issued a circular RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 pertaining to instructions with regard to the chairman and meetings of the board, composition of certain committees of the board, age, tenure and remuneration of directors, and appointment of the whole-time directors ("**RBI Circular**"). Our Bank is in compliance with the instructions as mentioned in the RBI Circular.

Committees of the Board of Directors

In line with the requirements of the provisions of the Banking Companies Act, SEBI Listing Regulations as also the extant guidelines of RBI, the Board has constituted various sub-committees as detailed below. Their constitution is for a more specific and focused approach towards some of the important functional areas of the Bank's operations, for providing proper direction, effective monitoring and controlling the affairs of the Bank. The committees are as follows:

1. Management Committee of the Board (MCB)
2. Audit Committee of the Board (ACB)
3. Risk Management Committee (RMC)
4. Special Committee on Monitoring of Frauds of ₹ 1.00 crore and above (SCMF)
5. Recovery Management Committee of the Board (ReMC)
6. HR Sub-Committee of the Board (HRSCB)
7. Stakeholders Relationship Committee (SRC)
8. IT Strategy Committee (ITSC)
9. Nomination and Remuneration Committee (NRC)
10. Disciplinary Proceedings and Promotion Committee (DPPC)

11. Share Transfer Committee of the Board (STCB)
12. Review Committee for Non Cooperative Borrowers and Wilful Defaulters of the Bank (RCNCB and WDB)
13. Credit Approval Committee – I (CAC – I)
14. Committee of Directors for Raising of Capital Fund (CDRCF)
15. Board Committee for Performance Evaluation (BCPE)

Details of each of these key Committees are as follows:

1. *Management Committee of the Board*

The Management Committee of the Board has been constituted in pursuance of Clause 13 of Nationalized Banks Scheme read together with the directives of the Ministry of Finance, Government of India. The composition of Management Committee of the Board has been advised by Department of Financial Services, Ministry of Finance, Government of India *vide* communication F.No. 13/1/2006-BO.I/80061042 dated 24.08.2015, as may be amended by further communications. The Management Committee comprises of the following members:

S. No.	Name of the Member	Designation	Nature of Directorship
1.	A. Manimekhalai	Chairperson	Managing Director and CEO
2.	Nitesh Ranjan	Member	Executive Director
3.	Nidhu Saxena	Member	Executive Director
4.	Ramasubramanian S	Member	Executive Director
5.	Sanjay Rudra	Member	Executive Director
6.	Prakash Baliarsingh	Member	RBI Nominee Director
7.	Dr. Jayadev Madugula	Member	Shareholder Director

2. *Audit Committee of the Board*

The Audit Committee has been constituted in terms of RBI circular bearing No. DOS.No.BC.14/Admn. /919/16.13.100/95 dated September 26, 1995 and RBI circular bearing No. DOS No.BC/3/08.91.020/97 dated January 20, 1997 and such other circulars issued by RBI such as dated April 26, 2021, as well as SEBI Listing Regulations. The Audit Committee comprises of following members:

S. No.	Name of the Member	Designation	Nature of Directorship
1.	Suraj Srivastava	Chairperson	Part-Time Non-Official Director
2.	Sameer Shukla	Member	Government of India Nominee Director
3.	Prakash Baliarsingh	Member	RBI Nominee Director
4.	Laxman S Uppar	Member	Part-Time Non-Official Director
5.	Priti Jay Rao	Member	Shareholder Director

Post of the non-executive chartered accountant category director (to be appointed in terms of section 9(3)(g) of the Banking Companies Act) in the Audit Committee is vacant as on the date of this Placement Document as such director has not been nominated to the Board of the Bank by the Central Government.

3. *Risk Management Committee*

The Bank's Risk Management Committee has been constituted in accordance with the RBI guidance note DBOD No. BP-520/21.04.103/2002-03 dated October 12, 2002, as may be amended by further notifications on risk management and Regulation 21 of the SEBI Listing Regulations, as may be amended.

Considering the similarity in functions, the Board in its meeting dated December 6, 2019 changed the name of *Supervisory Committee of Directors on Risk and Asset Liability Management* to *Risk Management Committee*. The Risk Management Committee comprises the following members:

S. No.	Name of the member	Designation	Nature of Directorship
1.	Dr. Jayadev Madugula	Chairperson	Shareholder Director
2.	A. Manimekhalai	Member	Managing Director and CEO
3.	Srinivasan Varadarajan	Member	Part-Time Non-Official Director, Non-Executive Chairperson
4.	Suraj Srivastava	Member	Part-Time Non-Official Director
5.	Laxman S Uppar	Member	Part-Time Non-Official Director

4. *Stakeholders' Relationship Committee*

Stakeholders' Relationship Committee has been constituted pursuant to Regulation 20 read with Clause B of Part D of Schedule II of the SEBI Listing Regulations, to specifically look into various aspects of interest of shareholders, debenture holders and other security holders. The Stakeholders' Relationship Committee comprises the following members:

S. No.	Name of the Member	Designation	Nature of Directorship
1.	Priti Jay Rao	Chairperson	Shareholder Director
2.	A. Manimekhalai	Member	Managing Director and CEO
3.	Nitesh Ranjan	Member	Executive Director
4.	Nidhu Saxena	Member	Executive Director
5.	Ramasubramanian S	Member	Executive Director
6.	Sanjay Rudra	Member	Executive Director
7.	Sameer Shukla	Member	Government of India Nominee Director
8.	Suraj Srivastava	Member	Part-Time Non-Official Director
9.	Laxman S Uppar	Member	Part-Time Non-Official Director

As per Regulation 20 of the SEBI Listing Regulations, the stakeholders' relationship committee must have at least one Independent Director and must be chaired by a Non-Executive Director.

5. *Nomination and Remuneration Committee*

Pursuant to the guidelines of the Ministry of Finance, *vide* its communication F. No. 16/19/2019-BO.1 dated August 30, 2019, the Board of Directors approved the constitution of a single Nomination and Remuneration Committee in place of two separate committees in line with RBI's Master Directions no. DBR.Appt.No: 9/29.67.001/2019-20 titled *Reserve Bank of India ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019* dated August 2, 2019.

The composition of the Nomination and Remuneration Committee is as follows:

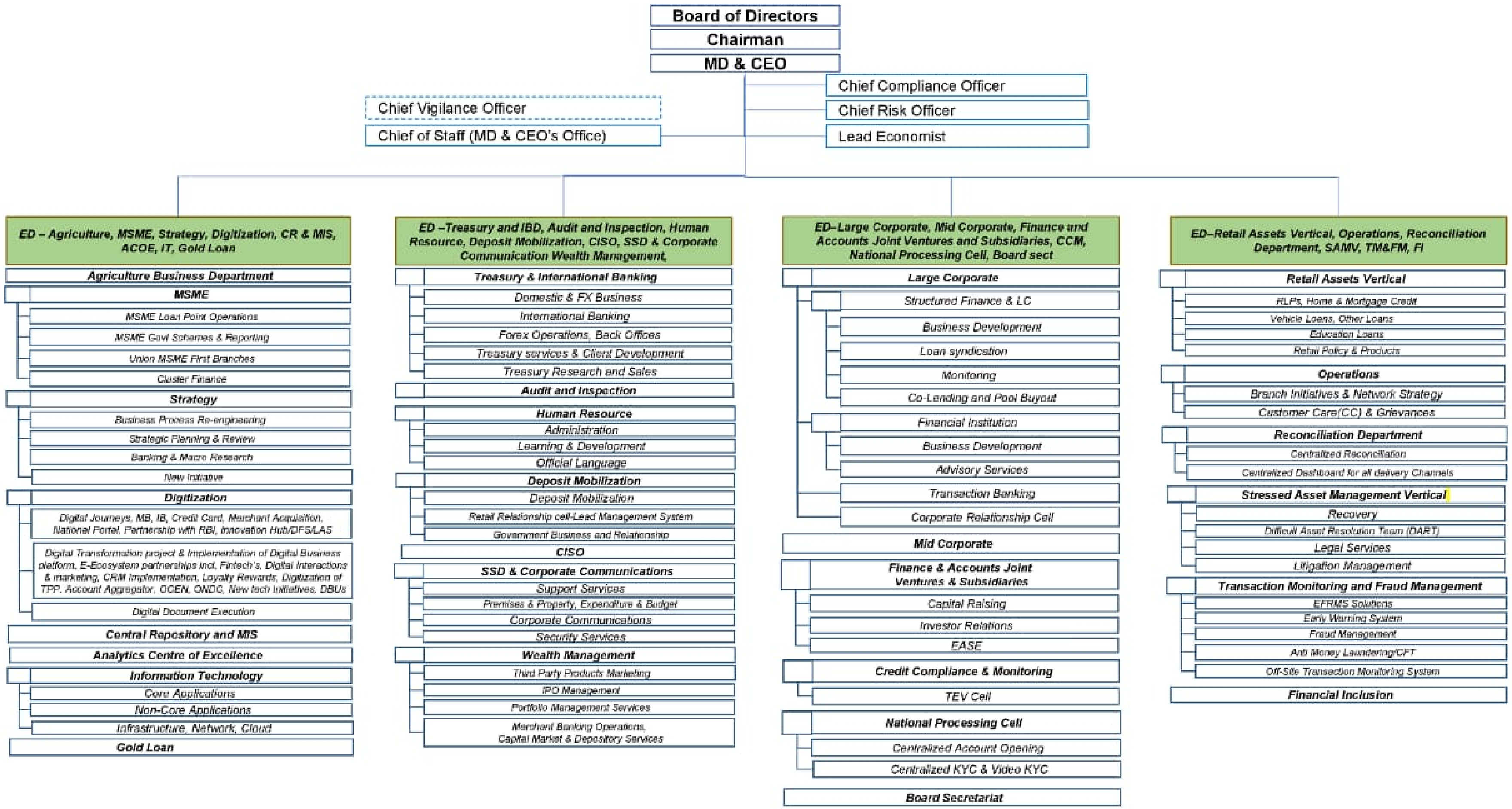
S. No.	Name of the Member	Designation	Nature of Directorship
1.	Laxman S Uppar	Chairperson	Part-Time Non-Official Director
2.	Srinivasan Varadarajan	Member	Part-Time Non-Official Director
3.	Suraj Srivastava	Member	Part-Time Non-Official Director

As per the newly inserted section 14A to the Nationalized Banks Scheme *vide* Notification no. F. No. 16/22/2019-BO.I (Pt) dated January 25, 2021 issued by the Department of Financial Services, Ministry of Finance, if the Board is satisfied that quorum of any Board Committee meeting cannot be met due to vacancy (ies), for performance of an act or a thing under the law, the Board may do such act or a thing on its own.

Organization Structure

Set forth is the organizational structure of the Bank:

Central Office Organization structure



Key Managerial Personnel and Senior Managerial Personnel

The following table sets forth the details of the Key Managerial Personnel and Senior Managerial Personnel of the Bank:

Name of Key Managerial Personnel	Designation
Avinash Vasant Prabhu	Chief Financial Officer
Santanu Kumar Dash	Company Secretary and Compliance Officer
Srinivasan Balachander	Chief Compliance Officer
Name of Senior Managerial Personnel	**Designation**
A. K. Vinod	Chief General Manager (Operations)
Abhijit Basak	Chief General Manager (Zonal Head, Mumbai)
Arun Kumar	Chief General Manager (Human Resources)
Beena Vaheed	Chief General Manager (Deposit Mobilisation Department)
Chander Mohan Minocha	Chief General Manager (Treasury and International Banking Division)
Kabir Bhattacharya	Chief General Manager (Zonal Head, New Delhi)
Kanika Pasricha	Chief Economic Advisor
Kare Bhaskara Rao	Chief General Manager (Zonal Head, Hyderabad)
Prafulla Kumar Samal	Chief General Manager (Large Corporate Vertical and Transaction Banking)
Pravin Sharma	Chief General Manager (MSME)
Rajiv Mishra	Chief General Manager (Deposit Mobilisation Department)
S V Biju	Chief General Manager (NPC, CO Annex Mangalore, Finestra Project (Trade Next), DFB Back Office & LC-BG Cell)
Sudarshana Bhat	Chief General Manager (Credit Compliance & Monitoring)
Suresh Chandra Teli	Chief General Manager (Audit and Inspection)
Yogendra Singh	Chief General Manager (Stressed Assets Management Vertical)

Biographies of the Key / Senior Managerial Personnel of the Bank

Avinash Vasant Prabhu, aged 55 years, is the Chief Financial Officer of the Bank. He has been associated with the Bank in the capacity of Chief Financial Officer since November 20, 2023.

Santanu Kumar Dash, aged 54 years, is the General Manager, Board Secretary, Company Secretary and Compliance Officer of the Bank. He has been associated with the Bank in the capacity of Company Secretary and Compliance Officer since May 26, 2022.

Srinivasan Balachander, aged 54 years, is the Chief Compliance Officer of the Bank. He has been associated with the Bank in the capacity of Chief Compliance Officer since November 1, 2023.

A.K. Vinod, aged 53 years, is the Chief General Manager (Operations) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (Operations) since December 26, 2023.

Abhijit Basak, aged 55 years, is the Chief General Manager (Zonal Head, Mumbai) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (Zonal Head, Mumbai) since October 9, 2023.

Arun Kumar, aged 57 years, is the Chief General Manager (Human Resources) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (Human Resources) since February 1, 2024.

Beena Vaheed, aged 54 years, is the Chief General Manager (Deposit Mobilisation Department). She has been associated with the Bank in the capacity of Chief General Manager (Deposit Mobilisation Department) since January 1, 2024.

Chander Mohan Minocha, aged 58 years, is the Chief General Manager (Treasury and International Banking Division) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (Treasury and International Banking Division) since October 9, 2023.

Kabir Bhattacharya, aged 54 years, is the Chief General Manager (Zonal Head – New Delhi) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (Zonal Head – New Delhi) since June 2, 2023.

Kanika Pasricha, aged 38 years, is the Chief Economic Advisor to the Bank. She has been associated with the Bank in the capacity of Chief Economic Advisor since January 23, 2024.

Kare Bhaskara Rao, aged 58 years, is the Chief General Manager (Zonal Head – Hyderabad) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (Zonal Head – Hyderabad) since April 21, 2023.

Prafulla Kumar Samal, aged 49 years, is the Chief General Manager (Large Corporate Vertical and Transaction Banking). He has been associated with the Bank in the capacity of Chief General Manager (Large Corporate Vertical and Transaction Banking) since October 9, 2023.

Pravin Sharma, aged 49 years, is the Chief General Manager (MSME) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (MSME) since October 9, 2023.

Rajiv Mishra, aged 52 years, is the Chief General Manager (Deposit Mobilisation Department) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (Deposit Mobilisation Department) since October 9, 2023.

S V Biju, aged 55 years, is the Chief General Manager (NPC, CO Annex Mangalore, Finestra Project (Trade Next), DFB Back Office & LC-BG Cell) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager ((NPC, CO Annex Mangalore, Finestra Project (Trade Next), DFB Back Office & LC-BG Cell)since October 9, 2023.

Sudarshana Bhat, aged 58 years, is the Chief General Manager (Credit Compliance & Monitoring). She has been associated with the Bank in the capacity of Chief General Manager (Credit Compliance & Monitoring) since October 9, 2023.

Suresh Chandra Teli, aged 57 years, is the Chief General Manager (Audit and Inspection) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (Audit and Inspection) since April 21, 2023.

Yogendra Singh, aged 59 years, is the Chief General Manager (Stressed Assets Management Vertical) of the Bank. He has been associated with the Bank in the capacity of Chief General Manager (Stressed Assets Management Vertical) since October 9, 2023.

Relationships between Senior Managerial Personnel and with Directors

None of the Directors are related to the Senior Managerial Personnel as on the date of this Placement Document .

Bonus or a profit-sharing plan to our Senior Managerial Personnel

As on the date of this Placement Document , there is no bonus or profit-sharing plan for the Senior Managerial Personnel.

Interest of Senior Managerial Personnel

The senior managerial personnel of the Bank do not have any interest in the Bank other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and banking relations undertaken by them in the ordinary course of business and to the extent of the Equity Shares held by them or their dependants in the Bank, and any dividend or other distributions payable to them in respect of the said Equity Shares (if any). For details of Equity Shares held by our Senior Managerial Personnel in our Bank, see "*Shareholding details of our Senior Managerial Personnel*" below.

None of our Senior Managerial Personnel have any financial or other material interest in the Issue and there is no effect of an interest by virtue of having shareholding in our Bank, so far as it is different from the interests of other persons.

Other than as disclosed in this Placement Document , there are no outstanding transactions other than in the ordinary course of business undertaken by the Bank, in which the senior managerial personnel are interested.

Shareholding of Key Managerial and Senior Managerial Personnel

The following table sets forth the shareholding of the Key Managerial and Senior Managerial Personnel of the Bank as on December 31, 2023:

Sr. No.	Name of Key / Senior Managerial Personnel	Designation	No. of Equity Shares held as on December 31, 2023	Percentage of Equity Shares to total paid up capital
1.	Avinash Vasant Prabhu	Chief Financial Officer	Nil	Nil
2.	Santanu Kumar Dash	Company Secretary and Compliance Officer	3,300	Negligible
3.	Srinivasan Balachander	Chief Compliance Officer	Nil	Nil
4.	A. K. Vinod	Chief General Manager (Operations)	3,333	Negligible
5.	Abhijit Basak	Chief General Manager (Zonal Head, Mumbai)	6,823	Negligible
6.	Arun Kumar	Chief General Manager (Human Resources)	10,527	Negligible
7.	Beena Vaheed	Chief General Manager (Deposit Mobilisation Department)	3,795	Negligible
8.	Chander Mohan Minocha	Chief General Manager (Treasury and International Banking Division)	Nil	Nil
9.	Kabir Bhattacharya	Chief General Manager (Zonal Head – New Delhi)	6,725	Negligible
10.	Kanika Pasricha	Chief Economic Advisor	Nil	Nil
11.	Kare Bhaskara Rao	Chief General Manager (Zonal Head, Hyderabad)	9,500	Negligible
12.	Prafulla Kumar Samal	Chief General Manager (Large Corporate Vertical and Transaction Banking)	1,300	Negligible
13.	Pravin Sharma	Chief General Manager (MSME)	1,898	Negligible
14.	Rajiv Mishra	Chief General Manager (Deposit Mobilisation Department)	7,100	Negligible
15.	S V Biju	Chief General Manager (NPC, CO Annex Mangalore, Finestra Project (Trade Next), DFB Back Office & LC-BG Cell)	7,844	Negligible
16.	Sudarshana Bhat	Chief General Manager (Credit Compliance & Monitoring)	3,700	Negligible
17.	Suresh Chandra Teli	Chief General Manager (Audit and Inspections)	6,725	Negligible
18.	Yogendra Singh	Chief General Manager (Stressed Assets Management Vertical)	6,715	Negligible

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 8(1) and 9(1) of the SEBI Insider Trading Regulations, 2015 applies to the Bank and its employees and requires the Bank to implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with. The Bank has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations, 2015, the Bank has also maintaining Structural Digital Data Base and designated National Securities Depository Limited as designated Depository for System Driven Disclosure in this regards.

Related Party Transactions

For details in relation to the related party transactions entered by the Bank during the last three Fiscal Years, as per the requirements under Accounting Standard 18 issued by the Institute of Chartered Accountants in India read together with circular dated March 29, 2003 issued by the RBI on ‘Guidance on Compliance with the Accounting Standards by Banks’. For further information, see “*Financial Statements*” on page 329.

Employee Stock Option Scheme/Employee Stock Purchase Scheme

As on the date of this Placement Document , our Bank does not have any Employee Stock Option Scheme/Employee Stock Purchase Scheme.

PRINCIPAL SHAREHOLDERS AND OTHER INFORMATION

The following tables present information regarding the ownership of Equity Shares by the Shareholders as at December 31, 2023:

Summary statement of holding of Equity Shares as at December 31, 2023:

Category of the shareholder	Nos. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Right	No. of equity shares held in dematerialised form	Sub-categorisation of shares (XV)		
								Shareholding (No. of shares) under		
								Sub Category I	Sub Category II	Sub Category III
(A) Promoter & Promoter Group	1	5,70,66,60,850	5,70,66,60,850	76.99	5,70,66,60,850	76.99	5,70,66,60,850	-	-	-
(B) Public	8,74,308	1,70,57,87,367	1,70,57,87,367	23.01	1,70,57,87,367	23.01	1,69,04,89,551	-	-	-
(C) Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**8,74,309**	**7,41,24,48,217**	**7,41,24,48,217**	**100.00**	**7,41,24,48,217**	**100.00**	**7,39,71,50,401**	-	-	-

Shareholding pattern of the Promoter and members of the promoter group of the Bank as on December 31, 2023:

Category of shareholder	Entity Type	Nos of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of voting rights held in each class of securities		No. of equity shares held in dematerialized form
						Class eg: X	% of total voting rights	
A1) Indian								

Category of shareholder	Entity Type	Nos of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of voting rights held in each class of securities		No. of equity shares held in dematerialized form
						Class eg: X	% of total voting rights	
Central Government/ State Government(s)	-	1	5,70,66,60,850	5,70,66,60,850	76.99	5,70,66,60,850	76.99	5,70,66,60,850
President of India	Promoter	1	5,70,66,60,850	5,70,66,60,850	76.99	5,70,66,60,850	76.99	5,70,66,60,850
Sub Total A1	-	1	5,70,66,60,850	5,70,66,60,850	76.99	5,70,66,60,850	76.99	5,70,66,60,850
A2) Foreign	-	-	-	-	-	-	-	-
A=A1+A2	**-**	**1**	**5,70,66,60,850**	**5,70,66,60,850**	**76.99**	**5,70,66,60,850**	**76.99**	**5,70,66,60,850**

Shareholding pattern of the public shareholders of the Bank as on December 31, 2023:

Category & Name of the shareholders	No. of shareholders	No. of fully paid-up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of voting rights	Total as a % of total voting right	No. of equity shares held in dematerialized form (Not Applicable)	Sub-categorisation of shares (XV)		
								Shareholding (no. of shares) under		
								Sub category I	Sub category II	Sub category III
B1) Institutions	-	-	-	-	-	-	-	-	-	-
B2) Institutions (Domestic)	-	-	-	-	-	-	-	-	-	-
Mutual Funds/	28	22,93,31,238	22,93,31,238	3.09	22,93,31,238	3.09	22,93,29,258	-	-	-
HDFC Mutual Fund- HDFC Hybrid Debt Fund	1	9,92,39,148	9,92,39,148	1.34	9,92,39,148	1.34	9,92,39,148	-	-	-
Alternate Investment Funds	9	53,32,372	53,32,372	0.07	53,32,372	0.07	53,32,372	-	-	-
Banks	5	46,96,392	46,96,392	0.06	46,96,392	0.06	46,96,392	-	-	-

Category & Name of the shareholders	No. of shareholders	No. of fully paid-up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of voting rights	Total as a % of total voting right	No. of equity shares held in dematerialized form (Not Applicable)	Sub-categorisation of shares (XV)		
								Shareholding (no. of shares) under		
								Sub category I	Sub category II	Sub category III
Insurance companies	25	66,48,71,562	66,48,71,562	8.97	66,48,71,562	8.97	66,48,71,562	-	-	-
Life Insurance Corporation of India LIC Health Plus Non Unit Fund	1	44,34,62,766	44,34,62,766	5.98	44,34,62,766	5.98	44,34,62,766	-	-	-
Provident Funds / Pension Funds	1	66,66,362	66,66,362	0.09	66,66,362	0.09	66,66,362	-	-	-
NBFCs registered with RBI	5	11,119	11,119	0.00	11,119	0.00	11,119	-	-	-
Other Financial Institutions	2	168	168	0.00	168	0.00	168	-	-	-
Sub Total B2	**75**	**91,09,09,213**	**91,09,09,213**	**12.29**	**91,09,09,213**	**12.29**	**91,09,07,233**	**-**	**-**	**-**
B3) Institutions (Foreign)	-	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors Category I	201	28,71,01,518	28,71,01,518	3.87	28,71,01,518	3.87	28,71,01,518	-	-	-
Foreign Portfolio Investors Category II	11	71,39,382	71,39,382	0.10	71,39,382	0.10	71,39,382	-	-	-
Sub Total B3	212	29,42,40,900	29,42,40,900	3.97	29,42,40,900	3.97	29,42,40,900	-	-	-
B4) Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-
Shareholding by Companies or Bodies Corporate where Central / State Government is a	5	15,965	15,965	0.00	15,965	0.00	15,965	-	-	-

Category & Name of the shareholders	**No. of shareholders**	**No. of fully paid-up equity shares held**	**Total no. of shares held**	**Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)**	**No. of voting rights**	**Total as a % of total voting right**	**No. of equity shares held in dematerialized form (Not Applicable)**	**Sub-categorisation of shares (XV)**		
								Shareholding (no. of shares) under		
								Sub category I	**Sub category II**	**Sub category III**
promoter										
Sub Total B4	5	15,965	15,965	0.00	15,965	0.00	15,965	-	-	-
B5) Non-Institutions	-	-	-	-	-	-	-	-	-	-
Directors and their relatives (excluding independent directors and nominee directors)	2	12,605	12,605	0.00	12,605	0.00	12,605	-	-	-
Key Managerial Personnel	1	3,300	3,300	0.00	3,300	0.00	3,300	-	-	-
Resident Individuals holding nominal share capital up to Rs. 2 lakhs	8,54,696	31,24,69,337	31,24,69,337	4.22	31,24,69,337	4.22	29,75,84,420	-	-	-
Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	1,611	13,21,31,575	13,21,31,575	1.78	13,21,31,575	1.78	13,21,04,640	-	-	-
Non-Resident Indians (NRIs)	6,834	1,02,84,345	1,02,84,345	0.14	1,02,84,345	0.14	1,01,40,927	-	-	-
Foreign Nationals	1	218	218	0.00	218	0.00	218	-	-	-
Foreign Companies	2	5,037	5,037	0.00	5,037	0.00	5,037	-	-	-
Bodies Corporate	2,402	3,01,06,633	3,01,06,633	0.41	3,01,06,633	0.41	2,98,69,121	-	-	-
Any other (specify)	8,467	1,56,08,239	1,56,08,239	0.21	1,56,08,239	0.21	1,56,05,185	-	-	-
Sub Total B5	**8,74,016**	**50,06,21,289**	**50,06,21,289**	**6.75**	**50,06,21,289**	**6.75**	**48,53,25,453**	**-**	**-**	**-**
B=B1+B2+B3+B4+B5	**8,74,308**	**1,70,57,87,367**	**1,70,57,87,367**	**23.01**	**1,70,57,87,367**	**23.01**	**1,69,04,89,551**	**-**	**-**	**-**

Details of Shares which remain unclaimed for Public as on December 31, 2023:

Sr. No.	Number of Shareholders	Outstanding shares held in demat or unclaimed suspense account	Voting rights which are frozen	Disclosure of notes on shares which remain unclaimed for public shareholders
1.	1	34	6,870	-[(1)]

(1) As per Sub-rule 6 of Rule 19A of SCRR, the Central Government may exempt any public sector company from any or all the provisions of Rule 19A. Accordingly, by virtue of Department of Economic Affairs, Ministry of Finance communication to SEBI dated July 14, 2023, our Bank got an exemption from the said provision up to August 01, 2024.

Shareholding pattern of the Non Promoter – Non Public shareholder of the Bank as on December 31, 2023:

Category and name of the shareholders(I)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Total no. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form (XIV)(Not Applicable)
C1) Custodian/DR Holder	-	-	-	-	-
C2) Employee Benefit Trust	-	-	-	-	-
C = C1 + C2	-	-	-	-	-

Details of disclosure made by the trading members holding 1% or more of the total number of shares of the Bank as on December 31, 2023

S. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
-	Nil	Nil	-	-	-

Statement showing foreign ownership limits as on December 31, 2023

Particulars	Approved limits %	Limits Utilized %
As on shareholding date	20.00	4.11
As on the end of previous 1st quarter	20.00	3.03
As on the end of previous 2nd quarter	20.00	1.46
As on the end of previous 3rd quarter	20.00	1.66
As on the end of previous 4th quarter	20.00	1.62

REGULATIONS AND POLICIES

The following description is a summary of certain laws and regulations in India, which are applicable to the Bank. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

Reserve Bank of India Act, 1934

RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with, by such banks and may direct that such banks regard a transaction or class of transactions as a liability. RBI has the power to impose penalties against any person for, *inter alia,* failure to produce any book, account or other document or furnish any statement, information, or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation, or direction thereunder.

Banking Regulation Act, 1949 ("Banking Regulation Act")

Our Bank is a 'Corresponding New Bank' as defined under the Banking Companies Act, only certain provisions of the Banking Regulation Act is applicable thereto, including in respect of inspection by the RBI, penalties and restrictions on commission and brokerage payable on sale of shares. The RBI can direct a special audit in the interest of depositors or in public interest. The Banking Regulation Act also prescribes certain requirements in relation to financial statements of Banks including our Bank.

Commercial banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to a bank subject to compliance with certain conditions including (i) that the bank has or will have the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank are not or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) bank has adequate capital structure and earnings prospects; (iv) any other condition, the fulfilment of which would, in the opinion of the RBI, be necessary to ensure that the carrying on of banking business in India by the company will not be prejudicial to the public interest or the interest of its depositors ; and (v) that public interest will be served if such license is granted to the bank. The RBI may cancel the license if the bank fails to meet the qualifications or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for commercial banks. Further, the appointing, re-appointing, or removing of auditor or auditors of the bank requires prior approval of the RBI, as the Bank is a government company.

We have obtained a banking license since the date of nationalisation through Gazette of India and are regulated and supervised by the RBI as applicable to as a Corresponding New Bank. The RBI requires us to furnish statements, information and certain details relating to our business and it has issued guidelines for commercial banks on recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for non-performing and restructured assets. The RBI has set up a board for financial supervision ("**BFS**"), under the chairmanship of the Governor of the RBI. The primary objective of BFS is to undertake consolidated supervision of the financial sector comprising of *inter alia,* commercial banks, financial institutions and non-banking finance companies. The RBI can direct a special audit in the interest of the bank or the depositors or in the public interest.

The Banking Regulation Act confers power on the RBI (in consultation with the central government) in the public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company, to pass orders to supersede the board of directors of a banking company for a period of up to six months, provided that the period of supersession may be extended from time to time, so, however, that the total period shall not exceed 12 months.

During the moratorium, the RBI may prepare a scheme: (i) for the reconstruction of the bank, or (ii) for the amalgamation of the banking company with any other banking institution, if it is satisfied that it is necessary to do so in:

(i) in the public interest; or

(ii) in the interests of the depositors; or
(iii) in order to secure the proper management of the banking company; or
(iv) in the interest of the banking system of the country as a whole.

The abovementioned scheme shall be in accordance with the provisions of the Banking Regulation Act.

When a bank fails to or omits to comply with the provisions of the Banking Regulation Act, the RBI may impose fine within prescribed limits on banks and its officers or punish with imprisonment for the term provided in the law, on the basis of the nature of the violation.

The Banking Regulation (Amendment) Act, 2017 had been promulgated by the President of India with a view to give extensive powers to RBI to issue directions to banks for resolution of stressed assets. The amendment introduced two new sections to the Banking Regulation Act, Section 35AA and Section 35AB which enables RBI to direct banks to commence the insolvency resolution process against the defaulting company under the Insolvency and Bankruptcy Code, 2016 ("**IBC**"). The RBI has also been granted the discretion to set up one or more advisory/supervisory committees to advise banks on resolution of stressed assets.

The Banking Regulation (Amendment) Ordinance, 2020, ("**Ordinance**") was promulgated by the President of India on June 26, 2020. The Ordinance amends the Banking Regulation Act as applicable to Cooperative Banks. It seeks to protect the interests of depositors and strengthen cooperative banks by improving governance and oversight by extending powers already available with RBI in respect of other banks to Co-operative Banks as well for sound banking regulation, and by ensuring professionalism and enabling their access to capital.

The Ordinance also amends Section 45 of the Banking Regulation Act, to enable making of a scheme of reconstruction or amalgamation of a banking company for protecting the interest of the public, depositors and the banking system and for securing its proper management, even without making an order of moratorium, so as to avoid disruption of the financial system.

The Banking Regulation (Amendment) Bill, 2020, introduced on September 14, 2020, replaced the Ordinance and amends the Banking Regulation Act to expand RBI's regulatory control over co-operative banks in terms of management, capital, audit and liquidation.

Regulatory reporting and examination procedures

The RBI is empowered under the Banking Regulation Act to call for certain information from a bank as well as to inspect a bank. The RBI monitors prudential parameters at periodic basis.

RBI has introduced a system of off-site monitoring and surveillance, with the primary objective of monitoring the financial condition of banks in between two on-site examinations. To this end and to enable off-site monitoring and surveillance by the RBI, banks are required to report to the RBI on various aspects of their business. This system of offsite monitoring and surveillance has been migrated to a secured Online Returns Filing System ("**ORFS**") in which data collection and consolidation has been streamlined. The RBI also conducts on-site super vision of selected branches with respect of their general operations and foreign exchange related transactions.

The RBI also conducts periodical on-site inspections on matters relating to the bank's portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at intervals ranging from one to three years.

Maintenance of records

The Banking Regulation Act requires banks to maintain books and records in the manner specified therein and file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the Companies Act and the rules thereunder would apply to our Bank as in the case of any company. The "Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016" issued by the RBI dated February 25, 2016, as updated from time to time, also provide for certain records to be maintained for a minimum period of five years from the business relationships have ended.

Regulations relating to the opening of branches

Under Section 23 of the Banking Regulation Act, banks are required to obtain the prior approval of the RBI to open new branches, in or outside India or to change the existing place of such business, other than a change of existing place within the same city, town or village. Permission is granted based on factors such as overall financial position of the bank, the history of the bank, the general character of its management, the adequacy of its capital structure, its earning prospects and public interest.

The RBI issues instructions and guidelines to banks on branch authorization from time to time, including guidelines allowing banking companies to open new branches, banking outlets, closure, shifting of branches/ extension counters/ ATMs etc. In terms of the Rationalisation of Branch Authorisation Policy - Revision of Guidelines issued by the RBI dated May 18, 2017, domestic scheduled commercial banks may open branches, unless otherwise specifically restricted, in tier 1 to tier 6 centres without prior permission from RBI, subject to the conditions laid down by RBI thereunder. The RBI has further stipulated that the banks are required to open at least 25 percent of the total number of 'Banking Outlets' opened during a financial year in 'unbanked rural centres' i.e., tier 5 and tier 6 centre that does not have a core banking solution (CBS) enabled 'Banking Outlet' of a scheduled commercial bank, a small finance bank, a payment bank or a regional rural bank nor a branch of local area bank or licensed co-operative bank for carrying out customer based banking transactions, failing which appropriate penal measures, including restrictions on opening of tier 1 branches, may be imposed. Further, such banks may also shift, merge, or close all branches except rural branches and sole semi-urban branches without prior permission from District Consultative Committee/ District Level Review Committee, subject to certain conditions. Rural branches and sole semi-urban branches can also be closed subject to certain conditions. Further, RBI has permitted installation of onsite/offsite ATMs at centres identified by banks. Further, banks are required to periodically report details of the branches opened/closed/shifted to RBI.

Capital adequacy requirements

The RBI has set out minimum capital adequacy standards for banks based on the guidelines of the Basel Committee on Banking Supervision. The RBI Basel III Capital Regulations have become effective from April 1, 2013 in a phased manner and was scheduled to be fully implemented by April 1, 2021, and the last tranche of such implementation has been further deferred until October 1, 2021. The table below summarizes the capital requirements under Basel III guidelines for banks in India:

Under the 'Master Circular on Basel III Capital Regulations' ("**Master Circular on Basel III**")" dated July 1, 2015, a bank is required to maintain a minimum CRAR of 9% and encouraged to maintain a Tier 1 CRAR of 7%. In accordance with the conditions of our banking license, we are required to maintain a CRAR of 9%.

Sr. No.	Regulatory Capital	As % of Risk Weighted Assets
1.	Minimum Common Equity Tier I Ratio	5.50%
2.	Capital Conservation Buffer (comprised of Common Equity)	2.50%
3.	Minimum Common Equity Tier I Ratio plus Capital Conservation Buffer (1)+(2)	8.00%
4.	Additional Tier I Capital	1.50%
5.	Minimum Tier I Capital Ratio (1) +(4)	7.00%
6.	Tier II Capital	2.00%
7.	Minimum Total Capital Ratio (MTC) (5)+(6)	9.00%
8.	Minimum Total Capital Ratio plus Capital Conservation Buffer (7)+(2)	11.50%

To ensure smooth transition to Basel III, appropriate transitional arrangements were provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. Consequently, in accordance with the master circular on "Basel III Capital Regulations" dated July 1, 2015, capital ratios and deductions from common equity were fully phased-in and implemented as on March 31, 2019. In view of the gradual phase-in of regulatory adjustments to the common equity component of Tier I Capital under Basel III, certain specific prescriptions of Basel II capital adequacy framework (e.g. rules relating to deductions from regulatory capital, risk weighting of investments in other financial entities etc.) continued to apply to the remainder of regulatory adjustments not treated in terms of Basel III rules, till March 31, 2017.

However, RBI, *vide* its notification dated January 10, 2019, has deferred the implementation of the last tranche of 0.625% of Capital Conservation Buffer ("**CCB**") from March 31, 2019, to March 31, 2020. Accordingly, minimum capital conservation ratios as applicable from March 31, 2018 (1.875%) will also apply from March 31, 2019, till the CCB attains the level of 2.50% on March 31, 2020. Further, RBI, *vide* its notification dated March 27, 2020, had further deferred the implementation of the last tranche of 0.625% of the CCB from March 31, 2020, to September 30, 2020. RBI, *vide* its notification dated September 29, 2020, has again deferred the implementation of the last tranche of 0.625% of the CCB from September 30, 2020, to April 1, 2021. Further, by way of circular dated February 5, 2021 (bearing number RBI/2020-21/93 DOR.CAP.BC. No.34/21.06.201/2020-21), in view of the continuing stress on account of COVID-19 and in order to aid in the recovery process, RBI decided to defer the implementation of the last tranche of 0.625 per cent of the Capital Conservation Buffer (CCB) from April 1, 2021, to October 1, 2021.

RBI has thereafter issued revisions to the Master Circular - Basel III Capital Regulations dated May 12, 2023. As per the revised Master Circular - Basel III Capital Regulations, Banks shall maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis. In May 2012, the RBI released guidelines on implementation of Basel III capital regulations in India and on May 12, 2023, the RBI issued a master circular consolidating all relevant guidelines on Basel III. The key items covered under these guidelines include: (i) improving the quality, consistency and transparency of the capital base; (ii) enhancing risk coverage; (iii) graded enhancement of the total capital requirement; (iv) introduction of capital conservation buffer and countercyclical buffer; and (v) supplementing the risk-based capital requirement with a leverage ratio. One of the major changes in the Basel III capital regulations is that the Tier I capital will predominantly consist of common equity ("Common Equity Tier 1") of the banks which includes common shares, reserves and stock surplus. Innovative perpetual debt instruments and perpetual non-cumulative preference shares will not be considered a part of Common Equity Tier I capital. Basel III also defines criteria for Additional Tier I and Tier II instruments to improve their loss absorbency. The guidelines also set-out criteria for loss absorption through conversion/writedown/write-off of all non-common equity regulatory capital instruments at the point of non-viability. The point of non-viability is defined as a trigger event upon the occurrence of which non-common equity Tier I and Tier II instruments issued by banks in India under the Basel III rules may be required to be written off or converted into common equity. The capital requirement, including the capital conservation buffer, will be 11.5% once these guidelines are fully phased-in. Domestically, systemically important banks would be required to maintain Common Equity Tier ("CET") I capital requirement ranging from 0.2% to 0.8% of risk weighted assets. Banks will also be required to have an additional capital requirement increasing linearly up to 2.5% of the risk weighted assets if the RBI announces the implementation of countercyclical capital buffer requirements. Additionally, the Basel III Liquidity Coverage Ratio ("LCR") requirements, which have been fully implemented as of January 1, 2019, require a minimum 100% ratio of the Bank's high quality liquid assets to its anticipated cash outflows measured over a 30- day stressed period.

Liquidity coverage ratio

The Basel III framework on 'Liquidity Standards' includes 'Liquidity Coverage Ratio', 'Net Stable Funding Ratio' ('**NSFR**") and liquidity risk monitoring tools. In June, 2014, the RBI issued guidelines in relation to liquidity coverage ratio ("**LCR**"), liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of the 'Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools' in January, 2013 and the 'Liquidity Coverage Ratio Disclosure Standards' in January, 2014 by the Basel Committee which provided enhanced guidance on liquidity, risk governance, measurement, monitoring and reporting to the RBI on liquidity positions. The guidelines stipulate that banks were to ensure a LCR of 60% for the calendar year 2015 with effect from January 1, 2015 and will be expected to transition to a LCR of 100% on January 1, 2019. In order to accommodate the burden on banks' cash flows on account of the COVID-19 pandemic, the RBI *vide* its circular dated April 17, 2020, has permitted banks to maintain LCR as under:

(i) April 17, 2020, to September 30, 2020 – 80 percent;
(ii) October 1, 2020, to March 31, 2021 – 90 per cent; and
(iii) April 1, 2021, onwards – 100 per cent.

Further, banks shall prepare LCR restoration plans upon breach of the aforesaid prescribed LCR requirement, for scrutiny by the RBI's Department of Supervision.

The RBI issued guidelines on NFSR on May 17, 2018, with the objective to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The RBI has *vide* circular dated February 5, 2021 notified that the NSFR guidelines shall come into effect from October 1, 2021.

Reserve Bank of India's (Prudential Framework for Resolution of Stressed Assets) Directions 2019 dated

June 07, 2019 ("Prudential Framework for Resolution of Stressed Assets")

The RBI has, pursuant to its circular dated June 7, 2019, established a new regulatory framework for resolution of stressed assets ("**Revised Framework**"). Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution such as revitalising distressed assets, CDR, flexible structuring of existing long term project loans, SDR, change in ownership outside SDR, and S4A have been withdrawn. In addition, the guidelines /framework for joint lenders' forum has also been discontinued. According to the Revised Framework, the lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account.

Under the Revised Framework, the RBI had introduced a revised framework for resolution of stressed assets, where banks are required to put in place a board approved policy for resolution of stressed assets. Upon the occurrence of a default, banks are required to within a period of 30 days from the date of such default ("**Review Period**"), review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. If a resolution plan route is chosen by the lenders during the Review Period, the lenders are required to enter into an inter-creditor agreement to provide rules for finalisation and implementation of the resolution plan and also provide in such inter-creditor agreement that decisions by lenders representing 75% of outstanding facilities and 60% by number shall bind all lenders to the inter-creditor agreement. The resolution plan is to be implemented within 180 days from the end of the Review Period in respect of accounts with aggregate exposure above a threshold (as listed below) with the lenders. Depending on the aggregate exposure (including fund based and non- fund based) of the borrower towards the lender, the Review Period is required to commence by a specified date, as set out below:

(i) INR 2,000 crore and above – June 7, 2019;
(ii) INR 1,500 crore and above but less than INR 2,000 crore – January 1, 2020; and
(iii) Less than INR 1,500 crore – To be announced.

The Revised Framework further clarifies that in the event a viable resolution plan in respect of the borrower is not implemented within the aforementioned timelines, all lenders (whether party to the inter-creditor agreement or not) are required to make additional provisions as set out below ("**Additional Provisions**"):

Timeline for implementation of viable resolution plan	**Additional Provisions to be made as a percentage of total outstanding, if resolution plan not implemented within the timeline**
180 days from the end of Review Period	20%
365 days from the commencement of Review Period	15% (i.e., total additional provisioning of 35%)

As per the Revised Framework, the additional provisions shall also be required to be made in cases where the lenders have initiated recovery proceedings, unless the recovery proceedings are fully completed. The Revised Framework shall not be available for borrower entities in respect of which specific instructions have already been issued or are issued by the RBI to the banks for initiation of insolvency proceedings under the IBC. It may be noted that the certain sections of the Revised Framework (Implementation of Resolution Plan, Implementation Conditions of Resolution Plan, Delayed Implementation of Resolution Plan) is not applicable to MSMEs whose revival and rehabilitation is already mentioned RBI Circular on 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises (MSMEs)' dated March 17, 2016.

As part of the regulatory measures aimed at alleviating the lingering impact of COVID-19 pandemic, the RBI through its circulars dated April 17, 2020 and May 23, 2020 each titled "COVID-19 Regulatory Package - Review of Resolution Timelines Under the Prudential Framework on Resolution of Stressed Assets" extended the resolution timeline under the Revised Framework as follows:

i. within the Review Period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution; and
ii. in respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire.

Consequently, the requirement of making additional provisions as specified above shall be triggered as and when the extended resolution timeline expires. Further, the RBI directed that the lending institutions shall make relevant disclosures in respect of accounts where the resolution period was extended in the 'Notes to Accounts' while preparing their financial statements for the half year ending September 30, 2020 as well as the financial years 2020 and 2021.

The Insolvency and Bankruptcy Code, 2016 ("IBC")

The IBC was enacted and notified in the Gazette of India on May 28, 2016. The IBC covers individuals, companies, limited liability partnerships, partnership firms, proprietorship firms and other legal entities. The IBC has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The IBC prescribes a time limit of 180 days (extendable by up to a maximum of 90 days) for the insolvency resolution process to be completed ("**IBC Moratorium Period**") during which period the entity shall be revived. During the Moratorium Period, (i) the management of the debtor vests in favour of the resolution professional appointed by National Company Law Tribunal ("**NCLT**"); (ii) no assets of the debtor can be transferred, encumbered; (iii) there can no enforcement of security interest; (iv) no fresh proceedings can be initiated against the debtor and the continuation of pending proceedings are prohibited. The resolution professional shall invite and verify claims of all creditors of the debtor and constitute a committee of creditors comprising of all creditors whose claims are verified and accepted. Thereafter a resolution plan is prepared for the revival of the entity which shall be approved by majority of the committee of creditors which is then sanctioned by the NCLT. In the event no resolution plan is approved by committee of creditor or the NCLT rejects the resolution plan for non-compliance, the NCLT directs the liquidation of the debtor.

The IBC was recently amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2020 ("**Amendment**"), which received Presidential Assent on March 13, 2020 and is deemed be effective from December 28, 2019. The Amendment has *inter alia* prescribed minimum thresholds for filing of the application in certain cases i.e. in terms of number, for instance, in case of homebuyers / allottees, at least 100 homebuyers/allottees under the same project or at least 10% of the total numbers of such allottees whichever is less.

The Amendment has introduced a non-obstante explanation stating that any permit, license, registration which has been provided by any local, central or state authority constituted under any law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in the payment of current dues arising for the use or continuation of such license, permit or registration during the IBC Moratorium Period.

The Amendment also clarifies that the effect of the approval of a resolution plan by the Adjudicating Authority should result in (i) the extinguishment of all liabilities of the corporate debtor existing at or pertaining to the period prior to the insolvency commencement date; and (ii) no action being taken against the property of the corporate debtor, in relation to the offences committed in the period prior to the insolvency commencement date. However, this immunity is only available in cases where the resolution plan specifically provides for a change in the management control of the corporate debtor to a person not being a promoter managing or controlling the corporate debtor / any related party or a person against whom a complaint has been made before the relevant authority in relation to the aforementioned offence.

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 and the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021

In terms of the Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 (effective June 5, 2020) (the "**2020 Act**") Section 10 A was inserted in the IBC through of which an embargo was imposed on initiation of corporate insolvency resolution proceedings ("**CIRP**") against corporate debtors for any default arising on or after March 25, 2020 for a period of period of six months or such further period not exceeding one year ("**Embargo Period**"). Further, the Act also provided that initiation of CIRP, for defaults arising during the Embargo Period shall be barred in perpetuity. Subsequently, the Embargo Period was initially extended up till December 24, 2020 and thereafter up till March 24, 2021. Additionally, the 2020 Act also amended Section 66 of the IBC in terms of a resolution professional was authorised to apply to the National Company Law Tribunal against persons who were knowingly party to transactions undertaken to defraud the creditors of a Corporate Debtor or for any fraudulent purposes. In terms of the 2020 Act, Section 66 was amended to restrict resolution professionals from initiating actions under such persons provided the CIRP of the relevant corporate debtor is covered under the Embargo Period.

Subsequently, the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 was introduced on April 4, 2021 in terms of which, the pre-packaged insolvency framework was introduced, and the Embargo Period ended with effect from March 24, 2021. On July 26, 2021, the Insolvency and Bankruptcy Code (Amendment) Bill, 2021 ("**Bill**") was introduced. On the August 11, 2021, the Bill received the assent of the President thus enacting the Insolvency and Bankruptcy (Amendment) Act, 2021 ("**Amendment**") deemed to have come into force on the April 4, 2021.

The Recovery of Debts and Bankruptcy Act, 1993 as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2019 ("RDB Act")

The DRT Act prescribes the rules for establishment of DRTs, procedure for making application to Debt Recovery Tribunals ("**DRTs**"), powers of DRTs and modes of recovery of debts determined by DRTs, including attachment and sale of movable and immovable properties of defendants, arrest of defendants, defendants' detention in prison and appointment of receivers for management of the movable or immovable properties of defendants. The DRT Act also provides that a bank or public financial institution, having a claim to recover its debt may join an ongoing proceeding filed by some other bank or public financial institution against its debtor at any stage of the proceedings before the final order is passed by making an application to the DRT. Pursuant to the recovery certificate being issued, the recovery officer of the respective DRT shall effectuate the final orders of the DRT in the application. Unless such final orders of the DRT have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the DRT before the debt recovery appellate tribunal ("**DRAT**"), which is the appellate authority constituted under the RDB Act.

Further, no court or other authority, except the Supreme Court of India or a high court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAES1 Act, read with the Security Interest Enforcement Rules, 2002, as amended, governs securitization of assets in India. Any securitization or reconstruction company may acquire assets of a bank or financial institution by either entering into an agreement with such bank or financial institution for transfer of such assets to the company or by issuing a debenture or bond or other security in the nature of debentures, for consideration, as per such terms and conditions as may be mutually agreed. If a bank or financial institution is a lender in relation to financial assets acquired by the securitization/reconstruction company, such company shall be deemed to be the lender in relation to those financial assets.

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default. The Prudential Norms issued by the RBI describe the process to be followed for sales of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation.

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-days' notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-days' notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know- how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹ 100,000, agricultural land and any case where the amount due is less than 20% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach a debt recovery tribunal or the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act as well as a debt recovery tribunal.

The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 ("ESIRDA Amendment Act")

The ESIRDA Amendment Act received Presidential Assent on August 12, 2016. It seeks to amend certain provisions of the SARFAESI, RDB Act, the Indian Stamp Act, 1899 and the Depositories Act, 1996.

The key amendments to the SARFAESI include: (a) Debenture Trustees registered with SEBI have now been included in the definition of 'secured creditor' and can take enforcement action under Section 13 of the SARFAESI, as the remedies under SARFAESI have been extended to apply to listed debt securities. The scope of SARFAESI has been widened to include hire purchase, financial leasing and conditional sale transactions; (b) the process of taking possession over collateral against which a loan has been provided by a secured creditor, with the assistance of the Chief Metropolitan Magistrate or District Magistrate, has been made time-bound, requiring an order to be passed within 30 days from the date of the application by the secured creditor; and (c) amendments in relation to registration of security interest have been introduced, including *inter alia* setting up of a central database to integrate records of security registered under various registration systems.

The key amendments to the RDB Act include (a) Debenture Trustees registered with SEBI can initiate proceedings under the RDB Act regarding defaults in listed debt securities; (b) a bank or a financial institution has now been permitted to take proceedings under the RDB Act before a tribunal in whose jurisdiction where the defaulted account is maintained / located; (c) a defendant, upon service of summons under the RDB act, is restricted from transferring the secured assets or other assets disclosed in the application made by the bank of financial institution without the approval of the tribunal, except in the ordinary course of business; and (d) electronic filing of recovery application, documents and written statements has been introduced.

Prevention of Money Laundering Act, 2002 ("PMLA")

In order to prevent money laundering activities, the Government enacted the PMLA which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in regard to preservation and reporting of customer account information.

The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of Section 12 of the PMLA.

Master Circulars and Directions of Reserve Bank of India

Priority sector lending

The Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2020 dated September 04, 2020 ("**PSL Master Directions**"), as amended from time to time, sets out the broad policy in relation to priority sector lending. In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) micro, small and medium enterprises; (iii) export credit; (iv) education; (v) housing; (vi) social infrastructure; (vii) renewable energy and (viii) others. Further, it also prescribes the details of eligible activities under the aforesaid categories. Under the aforementioned master direction, the priority sector lending targets are linked to adjusted net bank credit as defined ("**ANBC**") or credit equivalent amount of off-balance sheet exposure ("**CEOBE**"), whichever is higher, as on the corresponding date of the preceding year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or CEOBE, whichever is higher. This has to be achieved in a phased manner by 2020 as prescribed in the directions. It also prescribed sub-targets for small and marginal farmers, micro-enterprises and weaker sections. By way of a notification dated September 20, 2019, the RBI has, in relation to export credit, enhanced the sanctioned limit, for classification of export credit under priority sector lending, from ₹ 250 million per borrower to ₹ 400 million per borrower and removed the existing criteria of 'units having turnover of up to ₹ 1 billion.

The RBI via circular reference FIDD.CO.Plan.BC.7/04.09.01/2019-20 dated August 13, 2019, decided that bank credit to registered NBFCs (other than MFIs) for on-lending will be eligible for classification as priority sector under respective categories, subject to the conditions laid out therein. This was to be applicable will March 31, 2020, and was subject to review thereafter. Therefore, RBI via FIDD.CO.Plan. BC.No.19/04.09.01/2019-20 dated March 23, 2020 decided to extend the priority sector classification for bank loans to NBFCs for on-lending for FY 2020-21. Further, existing loans disbursed under the on-lending model will continue to be classified under Priority Sector till the date of repayment/maturity.

The RBI via master circular reference FIDD.CO.Plan.BC.5/04.09.01/2020-21 dated September 4, 2020, amended the definition of MSME in line with amendment to MSME Act and also aligned guidelines to bring sharper focus on inclusive development and achieve sustainable development goals.

The PSL Master Directions requires the banks to furnish the data on priority sector advances on a quarterly and annual basis and also provides for measures to be taken in the event of non-achievement of the prescribed targets which includes Banks having any shortfall in lending to priority sector shall be allocated amounts for contribution to the Rural Infrastructure Development Fund established with National Bank For Agriculture And Rural Development ("**NABARD**") and other funds with NABARD /National Housing Bank / Small Industries Development Bank of India / Micro Units Development and Refinance Agency Limited, as decided by the RBI from time to time and such non-achievements shall also be taken into account while granting regulatory clearances/approvals for various purposes.

Co-lending Model

With a view to improve the flow of credit to the unserved and underserved sector of the economy and make available funds at an affordable cost, the RBI, on November 5, 2020, superseded its previous circular dated September 21, 2018 on co-origination of the loans by banks and NBFCs for lending to priority sector with a new 'Co-lending Model'(**"CLM").** Bank are not allowed to enter into CLM arrangement with an NBFC belonging to its promoter group. Banks and NBFCs (including the housing finance companies) based on prior agreement which clearly sets out the features of the arrangement of the roles and responsibilities of the parties. Such master agreement may provide for banks to (i) mandatorily take their share of individuals loans originated from the NBFCs in their books; or (ii) retain the discretion to reject certain loans after their due diligence. Depending on the nature and specifics to the agreement, banks would be required adhere to additional circulars issued by the RBI. Co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs are required to retain a minimum of 20% share of the individual loans on their books. Further, banks can claim priority sector status in respect of their share of credit while engaged in co-lending. In Respect of customer related issues, the NBFC will be the single point of interface for the customers and shall enter into loan agreement with the borrowers which sets out the role division between co-lenders. An all-inclusive interest rate, as agreed between the co-lenders confirming to the application extant guidelines, may be charged to the ultimate borrower.

Exposure norms

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, the RBI advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed credit exposure for banks in respect of their lending to individual borrowers and to all borrowers belonging to a single group. In addition, banks are also required to observe certain statutory and regulatory exposure limits in respect of advances against / investments in shares, convertible debentures /bonds, units of equity-oriented mutual funds and all exposures to venture capital funds ("**VCFs**").

The RBI pursuant to Master Circular on Exposure Norms dated July 1, 2015, has prescribed exposure ceiling for a single borrower as 15% of capital funds and group exposure limit as 40% of capital funds comprising of Tier I and Tier II capital. Relaxations are permitted in exceptional circumstances, with the approval of their boards or lending to infrastructure sector or lending to oil companies who have been issued oil bonds by Government of India. The total exposure (both lending and investment) to a single NBFC, NBFC-AFC (Asset Financing Companies) and infrastructure finance companies should not exceed 10%, 15% and 15% respectively, of the bank's capital funds as per its last audited balance sheet. The limit may be increased by another 5% provided that the excess exposure is on account of funds on-lent to the infrastructure sector.

Section 19(2) of the Banking Regulation Act, 1949, restricts a banking company from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30%of its own paid-up share capital and reserves, whichever is less, except as provided in sub-section (1) of Section 19 of the Act.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on March 31 of the previous year. Within this overall ceiling, the bank's direct investment in shares, convertible bonds/debentures, units of equity oriented mutual funds and all exposures to VCFs (both registered and unregistered) should not exceed 20% of its net worth on both standalone and consolidated basis.

On August 25, 2016, the RBI released guidelines on 'Enhancing Credit Supply for Large Borrowers through Market Mechanism' with the objective of mitigating the risk posed to the banking system on account of large aggregate lending to a single corporate. As per the framework, exposure to corporate with large borrowing from banking system beyond the prescribed limit would attract additional provisions and higher risk weights.

On June 3, 2019, the RBI amended the extant December 1, 2016 guidelines on 'Large Exposures Framework to align the exposure norms for Indian banks' with the Basel Committee. As per the framework, the sum of all exposure values of a bank to a counterparty or a group of connected counterparties is defined as a 'Large Exposure (LE)', if it is equal to or above 10 percent of the bank's eligible capital base (i.e., Tier 1 capital) and the bank is required to report their LE to the Reserve Bank of India (RBI) and Department of Banking Supervision, Central Office, (DBS, CO). Further, exposure limits to a single counterparty and group of connected counterparties will be 20% (extendable up to additional 5% exposure by the board of the banks during exceptional circumstances) and 25% of available eligible capital base respectively.

In light of the recent COVID-19 pandemic, the RBI *vide* its circular dated May 23, 2020 has, as a one-time measure, increased the cap on bank's exposure to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank. The increased limit was applicable up to June 30, 2021. Exposure limits to single NBFC will be 15 percent of our Tier I capital funds and group of connected NBFC's or group of connected counterparties having NBFC's will be 25 percent of our Tier 1 capital funds. However, by way of a circular dated September 12, 2019 the RBI mandated that bank's exposure to a single NBFC (excluding gold loan companies) will be restricted to 20 percent of that bank's Tier 1 capital.

Central Repository of Information on Large Credits

The RBI has *vide* its circular dated May 22, 2014, set up the Central Repository of Information on Large Credits ("CRILC") to collect, store and disseminate data on all borrowers' credit exposures including 'special mention accounts' (SMA 0, 1 & 2) having aggregate fund-based and non-fund based exposure of ₹ 50 million and above. The CRILC is designed entirely for supervisory purposes and its focus is on the reporting entities' exposure to the borrower (as individual and/or as a group) under various heads, such as bank's exposure to a large borrower; the borrower's current account balance; bank's written-off accounts; and identification of non-cooperative borrowers, among others. Further, the CRILC system started with information on SMA2 (default for 61-90 days) to be submitted on as and when basis i.e., whenever repayment for a large borrower's account becomes overdue for 61 days it is to be reported by the bank immediately.

Further, in terms of RBI circular dated June 7, 2019, all banks are required to report to CRILC, on a monthly basis, exposures of individuals and entities having exposure (both fund and non-fund based) of more than ₹ 50 million. Banks are also required to report to CRILC, on a weekly basis for all borrower entities in default, having aggregate exposure of more than ₹50 million. In addition, banks are required to report to CRILC the classification of an account to 'special mention account' in respect of borrower entities having aggregate exposure of more than ₹ 50 million. Any non-submission of or incorrect reporting in these returns attracts penalties as specified in the Banking Regulation Act.

Short selling of Government securities

As per the Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks dated July 1, 2015, banks and primary dealers are allowed to undertake short sale of Government dated securities, subject to the short position being covered within a maximum period of three months, including the day of trade and in accordance with the conditions prescribed, therein. Further, such short positions shall be covered only by outright purchase of an equivalent amount of the same security or through a long position in the 'when issued' market or allotment in primary auction.

Short Sale (Reserve Bank) Directions, 2018 ("Short Sale Directions")

The RBI *vide* its circular dated July 25, 2018 *inter alia* enabled the scheduled commercial banks, primary dealers and any other regulated entity which have the approval of the concerned regulator (as defined thereunder) to undertake 'Short Sales' which means sale of a security one does not own. Banks may treat sale of a security held in the investment portfolio as a short sale and follow the process laid down in the abovementioned directions. These transactions shall be referred to as 'notional' short sales. The Short Sale Directions prescribe the eligible entities (i.e., Scheduled commercial banks, Primary Dealers, Urban Cooperative Banks as permitted under circular UBD.BPD (PCB). Circular No.9/09.29.000/2013-14 dated September 4, 2013, any other regulated entity which has the approval of the SEBI, IRDA, PFRDA, NABARD, NHB), operational requirements, internal control, and reporting requirements to be followed by the eligible entities undertaking these activities. The RBI has instructed such eligible entities undertaking short sales to ensure that these transactions are in conformity with fair market practices and that their activity does not lead to market distortions. The eligible entities will be required to put in place a written policy on all aspects of short sales, including, in the case of banks, notional short sales, which should be approved by their respective Boards of Directors or equivalent body. The policy should lay down the internal guidelines which should include, *inter alia*, risk limits on short position, an aggregate nominal short sale limit (in terms of face value) across all eligible securities, stop loss limits, the internal control systems to ensure adherence to regulatory and internal guidelines, procedure to deal with violations, etc. The eligible entities will also need to report to RBI any suspected cases of market abuse regardless of whether it was by their own employee, client or other market participant.

Regulations relating to interest rates on deposits and advances

The RBI has issued Reserve Bank of India – (Interest rate on Deposits) Directions, 2016 dated March 3, 2016 (updated as of February 22, 2019). Scheduled commercial banks are required to pay interest on deposits of money (other than current account deposits) accepted by them or renewed by them in their domestic, ordinary non-resident (NRO), non-resident (external) accounts (NRE) and foreign currency (non-resident) accounts (banks) scheme deposit account), subject to certain conditions prescribed in the directions. Further, certain additional restrictions have been prescribed to determine interest rates for savings deposits and term deposits. Additionally, interest rates offered by banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee term deposits.

The RBI has issued Reserve Bank of India – (Interest rate on Advances) Directions, 2016 dated March 3, 2016 (updated as of October 26, 2023). Scheduled commercial banks shall charge interest on advances on the terms and conditions specified in these directions. Further, the bank shall have freedom to offer all categories of advances on fixed or floating rates. There shall be no lending below the benchmark rate for a particular maturity for all loans linked to that benchmark.

Deposit insurance

Demand and time deposits of up to ₹ 5,00,000 accepted by all commercial banks including branches of foreign banks functioning in India, local area banks and regional rural banks are insured by Deposit Insurance and Credit Guarantee Corporation, a wholly owned subsidiary of the RBI. Each depositor in a bank is insured up to a maximum of ₹ 500,000 for both principal and interest amount held by him in the same right and same capacity as on the date of liquidation/cancellation of bank's license or the date on which the scheme of amalgamation / merger / reconstruction comes into force. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a half yearly basis. The cost of the insurance premium cannot be passed on to the customer and is borne entirely by the bank.

Regulations relating to Know Your Customer ("KYC") and anti-money laundering

The RBI issued the Reserve Bank of India Master Direction-Know Your Customer (KYC) Directions, 2016 ("**KYC Directions**") on February 25, 2016, (as updated on December 8, 2016), read with the amendment to Master Direction on KYC dated May 10, 2021, prescribing the guidelines for KYC and anti-money laundering procedures. Banks are required to formulate a KYC policy which shall include (i) customer acceptance policy, (ii) customer identification procedures, (iii) monitoring of transactions and (iv) risk management. In relation to each of the above, the master direction also specifies minimum procedures required to be followed by banks. Banks are not permitted to make payment of cheques/drafts/pay orders/banker's cheques if they are presented beyond the period of three months from the date of such instrument.

RBI in its circular DOR.AML.REC 13/14.01.001/2021-22 dated May 5, 2021 advised the Regulated Entities (REs) who have to carry out periodic updation of KYC of existing customers as per Section 38 of the KYC Directions, that keeping in view the current COVID-19 related restrictions in various parts of the country, the customer accounts where periodic updation of KYC is due and pending as on date, no restrictions on operations of such account shall be imposed till December 31, 2021, for this reason alone, unless warranted under instructions of any regulator/ enforcement agency/court of law, etc. Further, RBI *vide* its circular DOR.AML.REC.74/14.01.001/2021-22 dated December 30, 2021 extended the aforementioned circular till March 31, 2022.

Further, according to the Know Your Customer (KYC) norms/Anti-Money Laundering (AML) Standards/Combating of Finance of Terrorism (CFT)/ Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 -Assessment and Monitoring of Risk dated December 19, 2011, banks have been also advised to ensure that systems and procedures are in place to control financial frauds, identify money laundering or financing of terrorism activities and suspicious activities and monitor high value cash transactions. Banks shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk and our Bank is in the process of issuing RFP for outsourcing of the said risk assessment, suggesting mitigation measures. Further, banks have also been advised to ensure that adequate policies are formulated and adopted in relation to KYC and Anti Money Laundering.

Regulations relating to maintenance of statutory reserves

A bank is required to maintain, on a daily basis, Cash Reserve Ratio ("**CRR**"), which is a specified percentage of its Net Demand and Time Liabilities ("**NDTL**"), excluding interbank deposits, by way of a balance in a current account with the RBI. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and the minimum daily maintenance of the CRR should be 90% effective from the fortnight beginning April 16, 2016. The RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day and if the shortfall continues further, the penal interest charged shall be increased to a rate of 5% above the bank rate in respect of each subsequent day, during which the default continues. In light of the COVID-19 pandemic, the RBI has *vide* circular issued on May 22, 2020 to all scheduled and non-scheduled banks, revised the Bank Rate downwards by 40 basis points from 4.65% to 4.25% with effect from May 22, 2020. In case of default in the maintenance of CRR, on average basis during the fortnight, penal interest will be recovered as envisaged under Section 42(3) of the RBI Act.

In light of the recent COVID-19 pandemic, the RBI *vide* its circular dated March 27, 2020, has reduced the CRR of all banks by 100 basis points from 4.00% to 3.00% of their NDTL with effect from the reporting fortnight beginning March 28, 2020 for a period of one year, ending on March 26, 2021. Further, *vide* RBI Circular dated February 5, 2021, it has been decided to gradually restore the CRR in two phases in a non-disruptive manner. Accordingly, banks are required to maintain the CRR at 3.50 per cent of their NDTL effective from the reporting fortnight beginning March 27, 2021 and 4.00 per cent of their NDTL effective from fortnight beginning May 22, 2021. Further, the RBI has also, *vide* a separate circular March 27, 2020, reduced the minimum daily maintenance of the CRR from 90% of the requirement to 80% effective from the fortnight beginning March 28, 2020. This one-time dispensation was initially available up to June 26, 2020 and subsequently extended for a further period of three months i.e., up to September 25, 2020 *vide* a separate circular dated June 26, 2020.

In addition to the CRR, a bank is required to maintain Statutory Liquidity Ratio ("**SLR**"), a specified percentage of its NDTL, by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present, the required SLR is 18%.

Further, in December, 2011, the RBI has permitted banks to avail funds from the RBI on an overnight basis, under the Marginal Standing Facility ("**MSF**"), against their excess SLR holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated SLR, up to 2% of their respective NDTL outstanding at the end of the second preceding fortnight. In light of the COVID-19 pandemic, the RBI *vide* its circular dated March 27, 2020, has raised the borrowing limit of scheduled banks (excluding Regional Rural Bank) under the MSF scheme from 2% to 3% of their NDTL outstanding at the end of the second preceding fortnight with immediate effect. The enhanced limit will be applicable up to June 30, 2020. Further RBI *vide* Circular dated February 5, 2021 stated that with a view to providing comfort to banks on their liquidity requirements, banks shall be allowed to continue with the MSF relaxation for a further period of six months, i.e., up to September 30, 2021.

RBI *vide* its circular DOR.RET.REC.36/12.01.001/2021-22 dated August 09, 2021 and paragraph 15(i) of the Master Direction on CRR and SLR dated July 20, 2021, stated that the banks were allowed to avail funds under the MSF by dipping into the SLR up to three per cent of their net demand and time liabilities (NDTL) outstanding at the end of the second preceding fortnight. This facility, which was initially available up to June 30, 2020, was later extended up to December 31, 2021 *vide* the same circular.

RBI *vide* its circular dated December 10, 2021 stated that as announced in the Governor's Statement dated December 08, 2021, banks will be able to dip into the SLR up to two percent of NDTL instead of three percent for overnight borrowing under the MSF with effect from January 1, 2022 and shall return to normal dispensation.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25% of the profits of each year before declaring dividends. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Regulations relating to authorized dealers for foreign exchange and cross-border business transactions

The foreign exchange and cross border transactions undertaken by banks, both on its own account and also on behalf of customers, are subject to the provisions of FEMA and rules/ regulations/ directions and notifications issued thereunder. The bank should monitor all non-resident accounts and cross border transactions to prevent money laundering. RBI may impose penalty for contravention of Foreign Exchange Management Act and regulations/ notifications issued there under, or for contravention of any conditions, subject to which an authorization is issued by the RBI.

The Master Direction on Risk Management and Interbank Dealings, dated July 5, 2016, (Updated as on June 6, 2023) states that all categories of overseas foreign currency borrowings of AD Category I banks, including existing external commercial borrowings and loans or overdrafts from their head office, overseas branches and correspondents outside India, international/ multilateral financial institutions or any other entity as permitted by RBI and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 100% of their unimpaired Tier I capital or U.S. Dollar 10 million (or its equivalent), whichever is higher.

The following borrowings would continue to be outside the limit of 100 per cent of unimpaired Tier I capital or USD 10 million (or its equivalent), whichever is higher:
(i) Overseas borrowings by AD Category I banks for the purpose of financing export credit subject to the conditions prescribed in DBOD Master Circular dated July 2, 2015 on Rupee / Foreign Currency Export Credit & Customer Service To Exporters.
(ii) Subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital.
(iii) Capital funds raised/augmented by the issue of Innovative Perpetual Debt Instruments and Debt Capital Instruments, in foreign currency, in terms of Circulars DBOD. No. BP.BC.57/21.01.002/2005-06 dated January 25, 2006, DBOD. No. BP.BC.23/21.01.002/2006-07 dated July 21, 2006 and Perpetual Debt Instruments and Debt Capital Instruments in foreign currency issued in terms of circular DBOD.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012; and
(iv) Any other overseas borrowing with the specific approval of the Reserve Bank.

The borrowings beyond 50 per cent of unimpaired Tier I capital of AD Category – I banks will be subject to the following conditions:

(i) The bank should have a Board approved policy on overseas borrowings which shall contain the risk management practices that the bank would adhere to while borrowing abroad in foreign currency.
(ii) The bank should maintain a CRAR of 12.0 per cent;
(iii) The borrowings beyond the existing ceiling shall be with a minimum maturity of three years; and
(iv) All other existing norms (FEMA regulations, NOPL norms, etc) shall continue to be applicable

Secrecy obligations

A bank's obligations relating to maintaining secrecy arise out of Section 13 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and common law principles governing its relationship with its customers. Subject to certain exceptions, a bank cannot disclose any information to third parties. Further, the RBI may, in the public interest, publish the information obtained from the bank.

Ownership restrictions

Under the current policy, the total foreign ownership in a private sector bank cannot exceed 74% (49% under the automatic route and above 49% and up to 74% under the government approval route) of the paid-up capital. At all times, at least 26% of the paid up capital will have to be held by residents, except in regard to a wholly owned subsidiary of a foreign bank.

The Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not 'fit and proper' by the RBI. Pursuant to Section 12(2) of the Banking Regulation Act, 1949, the RBI has, on July 21, 2016, notified that no shareholder in a bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank.

In this regard, the RBI has issued master directions for prior approval for acquisition and holding of shares or voting rights in banking companies on January 16, 2023 (the "**Master Directions for Acquisitions**"). The Master Directions for Acquisitions are applicable to all banking companies, including local area banks, small finance banks, and payments banks licensed to operate in India by RBI. The Master Directions for Acquisitions define a "major shareholding" as an "aggregate holding" to the extent of 5% or more of the paid-up share capital of the bank or 5% or more of the total voting rights in a banking company by a person. The term "aggregate holding" has been defined as the total holding, directly or indirectly, beneficial or otherwise, of shares or voting rights by a person along with his relatives, associate enterprises and persons acting in concert with him in a banking company. The aggregate holding will also include the indirect acquisition of shares or voting rights by a person (natural or legal) may include, amongst others, such acquisition by: any body-corporate under the same management or control or owner to which the person belongs to and its directors; the directors of the person and any other person entrusted with the management of the person; promoter and promoter group of the person; mutual funds, its sponsor, trustees, trustee company and asset management company; a collective investment scheme and its collective investment management company, trustees and trustee company of the person; venture capital fund, its sponsor, trustees, trustee company and asset management company; alternative investment fund, acquisition through its sponsor, trustees, trustee company and manager; a portfolio manager and its client; any person who manages the funds of one or more investors and exercise voting rights on their behalf or direct the manner of exercise of voting rights in the banking company; any other person having control over the person; proxy voters (other than Corporate representative and relatives of the registered members) without any specific mandate on manner of voting. Every person desirous of undertaking an acquisition which intends to make an acquisition which is likely to result in major shareholding in a banking company shall seek prior approval of the RBI as per the procedure set out in the Master Directions for Acquisitions. The permission of the Reserve Bank to acquire shares or voting rights in a banking company shall be subject to the following limits in case of non-promoters: (i) 10 per cent of the paid-up share capital or voting rights of the banking company in case of natural persons, non-financial institutions, financial institutions directly or indirectly connected with Large Industrial Houses and financial institutions that are owned to the extent of 50 per cent or more or controlled by individuals (including the relatives and persons acting in concert), or (ii) 15 per cent of the paid-up share capital or voting rights of the banking company in case of financial institutions (excluding those mentioned in paragraph 8(a)(i) above), supranational institutions, public sector undertaking and central/state government. In case of promoters, the permission of the Reserve Bank to acquire shares or voting rights in a banking company shall be subject to the limit of 26 per cent of the paid-up share capital or voting rights of the banking company after the completion of 15 years from commencement of business of the banking company. In specific cases where State Government / Central Government / Union Territory / Public Sector Undertaking / Public Financial Institution / specifically permitted investors are promoters of banking companies or have been specifically permitted by Reserve Bank to hold a higher shareholding as promoter/non-promoter in certain special circumstances, Reserve Bank may prescribe a differentiated shareholding dilution plan for such holdings. As per the provisions of sub-section (2) of Section 12 of B R Act, 1949, read with gazette notification DBR.PSBD.No.1084/16.13.100/2016-17 dated July 21, 2016, no shareholder in a banking company can exercise voting rights on poll in excess of 26 per cent of total voting rights of all the shareholders of the banking company. The Reserve Bank would undertake due diligence to assess the 'fit and proper' status of the applicant. The decision of the Reserve Bank to (a) accord or deny permission or (b) accord permission for acquisition of a lower quantum of aggregate holding than that has been applied for, shall be binding on the applicant and the concerned banking company. The Reserve Bank may impose such conditions on the applicant and the concerned banking company as deemed fit while according the permission. Simultaneously, it is the responsibility of the concerned bank to ensure that all its major shareholders are ‘fit and proper’ and every bank shall make continuous monitoring arrangements to ensure that the major shareholders continue to be ‘fit and proper’ as per the Master Directions for Acquisitions.

Further, SEBI has, through a circular dated April 5, 2018, put in place a system for monitoring foreign investment limits in listed Indian companies, and, by a circular dated May 17, 2018, SEBI has directed that the system be made operational from June 1, 2018. Accordingly, each listed Indian company shall have to appoint any one depository as its designated depository to facilitate the monitoring of the foreign investment limits.

Additionally, the DIPP by way of press note no. 3 (2020 series) amended the FEMA Regulations by restricting foreign direct investments by an entity of any country which shares a border with India or where the beneficial owner of an investment into India is situated in or is a citizen of such country, only through the Government approval.

Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 (last updated on December 5, 2022)

Securitisation involves transactions where credit risk in assets are redistributed by repackaging them into tradeable securities with different risk profiles which may give investors of various classes access to exposures which they otherwise might be unable to access directly. Keeping in view that complicated and opaque securitisation structures could be undesirable from the point of view of financial stability, prudentially structured securitisation transactions can be an important facilitator in a well-functioning financial market in that it improves risk distribution and liquidity of lenders in originating fresh loan exposures, the RBI issued the RBI (Securitisation of Standard Assets) Directions, 2021 *vide* its circular dated September 24, 2021, which are applicable to all the scheduled commercial banks in India.

Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 (last updated on December 28, 2023)

Loan transfers are resorted to by lending institutions for multitude of reasons ranging from liquidity management, rebalancing their exposures or strategic sales. A robust secondary market in loans can be an important mechanism for the management of credit exposures by lending institutions and also create additional avenues for raising liquidity. Thus, RBI *vide* its circular dated September 24, 2021, notified RBI (Transfer of Loan Exposures) Directions, 2021 which is a comprehensive set of regulatory guidelines governing the transfer of loan exposures, which are applicable to all the scheduled commercial banks in India.

Downstream investment by banks

In accordance with Rule 23 of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, downstream investments made by a banking company, as defined in section 5(c) of the Banking Regulation Act, incorporated in India, which is owned or controlled by non-residents/non-resident entity, under corporate debt restructuring, or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment. However, their 'strategic downstream investment' shall count towards indirect foreign investment. For this purpose, 'strategic downstream investments' would mean investment by these banking companies in their subsidiaries, joint ventures, and associates.

Guidelines for merger and amalgamation of private sector banks

The Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016 dated April 21, 2016 relate to: (i) an amalgamation of two banking companies; and (ii) an amalgamation of a NBFC with a banking company. In case of an amalgamation of two banking companies, the draft scheme of amalgamation must be approved by the board and the requisite majority of shareholders of each of the banking companies. Additionally, such approved draft scheme must also be submitted to the RBI for sanction.

Where an NBFC is proposed to be amalgamated into a banking company, the banking company should obtain the approval of the board of the banking company and NBFC and the RBI before it is submitted to the relevant National Company Law Tribunal for approval.

Regulation of financial services provided by banks

The Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated May 26, 2016 as updated on August 10, 2021 require banks to comply with certain restrictions while undertaking financial services including in relation to risk mitigation measures, limits on investment that can be made by banks in companies undertaking financial services. The directions also provide for specific regulations for certain financial services such as, *inter alia*, setting of an infrastructure debt fund, underwriting activities, mutual fund business, insurance.

Guidelines on management of intra-group transactions and exposures

The RBI issued the "Guidelines on Management of Intra-Group Transactions and Exposures on February 11, 2014". Pursuant to the said guidelines, the RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. These guidelines also require that all intra- group transactions to be at "arms-length".

The objective of these guidelines is to ensure that banks engage in intra-group transactions and exposures in safe and sound manner in order to contain concentration and contagion risks arising out of such transactions.

Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure

The RBI issued directions relating to "Unhedged Foreign Currency Exposure" on October 11, 2022. Pursuant to these guidelines, the RBI has introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures. The circular also lays down the method of calculating the incremental provisioning and capital requirements. The banks will be required to calculate the incremental provisioning and capital requirements at least on a quarterly basis. This framework became fully effective from January 01, 2023.

Revised Prompt Corrective Action (PCA) framework for banks

The RBI *vide* its circular dated April 13, 2017 had reviewed and revised the Prompt Corrective Action (PCA) framework for banks, which was effective from April 1, 2017. Further, RBI *vide* its circular dated November 2, 2021, stated that the existing PCA Framework has further been revised and the new provisions will be effective from January 1, 2022. The PCA framework sets out certain 'risk thresholds', the breach of which would mandate the relevant bank to implement certain mandatory and discretionary actions. The 'risk thresholds' take into consideration the capital adequacy ratio, net non-performing advances ratio and the leverage ratio of the relevant bank.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters and has gone through various amendments to provide for revised procedures for redressal of grievances by a complainant under the scheme and to broaden the scope of complaints addressed by the Banking Ombudsman. RBI *vide* its circular dated November 12, 2021 being satisfied that it is in public interest to do so to make the alternate dispute redress mechanism simpler and more responsive to the customers of entities regulated by it integrated the three Ombudsman schemes – (i) the Banking Ombudsman Scheme, 2006, as amended up to July 01, 2017; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019 into the Reserve Bank - Integrated Ombudsman Scheme, 2021 (the Scheme), thereby being applicable to commercial banks as well. The Scheme adopts 'One Nation One Ombudsman' approach by making the RBI's Ombudsman mechanism jurisdiction neutral and provides for cost-free redress of customer complaints involving deficiency in services rendered by entities regulated by RBI, if not resolved to the satisfaction of the customers or not replied to within a period of 30 days by the regulated entities.

Declaration of dividend by banks

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company may pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organisation expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, Section 17(1) of the Banking Regulation Act and RBI circular dated September 20, 2006 requires every banking company to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 20% of such profit to the reserve fund before declaring any dividend. Further, in terms of Section 17(2) of the Banking Regulation Act, if there is an appropriation from this account or the share premium account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation. However, in terms of the RBI circular bearing number DBOD.BP.BC No. 31 / 21.04.018/ 2006-07 dated September 20, 2006, banks are advised in their own interest to take prior approval from the RBI before any appropriation is made from the statutory reserve or any other reserves.

Further, on May 4, 2005, the RBI issued guidelines on 'Declaration of Dividends by Banks', which prescribed certain conditions for declaration of dividends by banks.

In light of the recent COVID-19 situation, the RBI has mandated on December 4, 2020, that the banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions. RBI has further *vide* circular dated December 4, 2020 has stated – "in view of the ongoing stress and heightened uncertainty on account of COVID-19, it is imperative that banks continue to conserve capital to support the economy and absorb losses. In order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, it has been decided that Banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020."

However, *vide* circular dated April 22, 2021, the RBI partially modified its previous circulars to permit banks to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in the said circular.

Regulations relating to making loans

The RBI issues directions covering the lending activities of banks. Some of the major guidelines of the RBI, which are now in effect, are as follows:

- The RBI has prescribed norms for banks lending to non-bank financial companies and the financing of public sector disinvestment;
- RBI introduced the "base rate" in place of the BPLR with effect from July 1, 2010. The base rate shall include all those elements of the lending rates that are common across all the categories of borrowers.
- Section 21A of the Banking Regulation Act provides that the rate of interest charged by a bank shall not be reopened by any court on the ground that the rate of interest charged by a bank is excessive. The Banking Regulation Act provides for protection to banks for interest rates charged by them.
- The RBI issued a circular dated September 4, 2019, making it mandatory for banks to link all new floating rate personal or retail loans and floating rate loans to Micro, Small and Medium Enterprises ("MSMEs") to an external benchmark effective October 1, 2019. The banks are free to choose one of the several benchmarks indicated in the circular. The banks are also free to choose their spread over the benchmark rate, subject to the condition that the credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract.
- The RBI issued a notification dated June 24, 2020 stipulated that any bank or NBFC engaging digital lending platforms as their agents to source borrowers and/or recover dues shall disclose names of such agents on their website, direct the digital agents engaged by the bank or NBFC to disclose the name of bank or NBFC to the customer and ensure effective oversight and monitoring over digital agents. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

Classification and Reporting of Fraud Cases

The RBI issued a master direction on July 1, 2016 (as updated up to July 3, 2017) on the classification and reporting of fraud cases. The fraud cases have been classified into misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, unauthorized credit facilities extended for reward or for illegal gratification, negligence and cash shortages, cheating and forgery, fraudulent transactions involving foreign exchange and any other type of fraud not coming under the specific heads as above. Cash shortages resulting from negligence and fraudulent forex transactions involving irregularities / violation of regulations have also to be reported as fraud if the intention to cheat/defraud is suspected or proved. Information relating to frauds for the quarters ending June, September and December may be placed before the audit committee of the board of directors during the month following the quarter to which it pertains. Banks are also required to conduct an annual review of the frauds and place a note before the board of directors for information. The reviews for the year-ended March may be put up to the board of directors before the end of the next quarter i.e., for the quarter ended June 30 and such reviews need not be sent to RBI. These may be preserved for verification by the Reserve Bank's inspecting officers. Additionally, banks have to constitute a special committee for monitoring and follow up of cases of frauds involving amounts of 10 million and above exclusively. Such committee is required to meet and review as and when a fraud involving an amount of ₹10 million and above comes to light. Pursuant to the RBI notification on Fraud Reporting and Monitoring dated January 21, 2016, the RBI, has *inter alia*, increased the limits in relation to flash reporting to RBI of fraud cases to ₹ 50 million as against the earlier limit of ₹10 million and above.

Issue of Long Term Bonds by Banks - Financing of Infrastructure and Affordable Housing

In order to ensure adequate credit flow to infrastructure sector also towards the affordable housing needs of the country, RBI issued guidelines on issue of long term bonds by banks on July 15, 2014 ("Infrastructure and Affordable Housing Guidelines"), amended from time to time. Banks can issue long-term bonds with a minimum maturity of seven years to raise resources for lending to (i) long term projects in infrastructure sub-sectors, and (ii) affordable housing. As a regulatory incentive, these bonds exempted from computation of net demand and time liabilities and would therefore not be subjected to CRR / SLR requirements subject to certain conditions. Eligible bonds will also get exemption in computation of ANBC for the purpose of priority sector lending ("**PSL**").

Marginal Cost of Funds based Lending Rate (MCLR)

Pursuant to the notification issued by RBI dated December 17, 2015, all rupee loans sanctioned and credit limits renewed w.e.f. April 1, 2016 were priced with reference to the MCLR which is the internal benchmark for such purposes. MCLR comprises of: (a) marginal cost of funds; (b) negative carry on account of CRR; (c) operating costs and; (d) tenor premium.

In terms of the notification, the board of directors of the banks is required to adopt a policy delineating the components of spread charged to a customer. Actual lending rates are to be determined by adding the components of spread to the MCLR.

External benchmark based lending

The RBI *vide* circular dated September 4, 2019 (as amended from time to time) mandated that all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans extended by banks to Micro and Small Enterprises from April 1, 2019 floating rate loans to Medium Enterprises from April 1, 2020 extended by banks shall be linked to external benchmarks. Banks are free to offer such external benchmark linked loans to other types of borrowers as well.

In furtherance of the same, the said new floating rate shall be benchmarked to one of the following: (1) RBI's policy repo rate; (2) Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Limited ("**FBIL**"); (3) Government of India 6-Months Treasury Bill yield published by the FBIL; and (4) Any other benchmark market interest rate published by the FBIL.

The adoption of multiple benchmarks by the same bank is not allowed within a loan category.

Banks are free to decide the spread over the external benchmark, subject to the conditions specified in the aforesaid circular. The interest rate under external benchmark shall be reset at least once in three months.

Implementation of Indian Accounting Standards ("Ind AS")

The MCA notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015, pursuant to which the banking companies were exempted to comply with Ind AS for preparation of financial statements. However, in terms of the MCA press release dated January 18, 2016, the scheduled commercial banks are required to prepare Ind AS based financial statements on consolidated and standalone basis in relation to accounting period beginning from April 1, 2018 onwards, with comparatives for the period ending March 31, 2018 or thereafter and not even voluntarily before that. Further, pursuant to the notification dated February 11, 2016, RBI has advised scheduled commercial banks to *inter alia*, set up a Steering Committee headed by an official of the rank of an Executive Director (or equivalent) comprising members from cross-functional areas of the bank to immediately initiate the Ind AS implementation process.

Earlier all scheduled commercial banks were required to follow Ind AS for financial statements for accounting periods beginning from April 1, 2018 onwards, which has now been deferred by RBI on March 22, 2019 until further notice, pending necessary legislative amendments to the Banking Regulation Act, 1949 and keeping in view, the level of preparedness of many banks. Ind AS would be applicable to both standalone financial statements and consolidated financial statements.

Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances dated July 1, 2015 ("Prudential Norms")

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. The Prudential Norms further, specify the timeline within which specific assets are to be considered non-performing. Once the account has been classified as a non-performing asset, the unrealized interest and other income already debited to the account is derecognized and further interest is not recognized or credited to the income account unless collected in cash. The Prudential Norms require banks to further classify NPAs into the following three categories based on the period for which the asset has remained non- performing and the realisability of the dues (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets. These norms also specify provisioning requirements specific to the classification of the assets. Further, the RBI pursuant to the circular on Prudential Norms has decided that banks should maintain provisioning coverage ratio, including floating provisions, of at least 70.00%. The RBI issued revised "Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" on May 30, 2013. Pursuant to those guidelines, from April 1, 2015 advances that are restructured (other than change in date of commencement of commercial operation ("**DCCO**") of Infrastructure and non-Infrastructure project) would be immediately classified as sub-standard on restructuring and the non-performing assets, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per the extant asset classification norms with reference to the pre-restructuring repayment schedule. The "Review of Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" dated May 30, 2013 have been repealed under the Revised Framework, with the exception of paragraph 2 on change in DCCO. On February 7, 2020, the RBI published the Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances ("IRACP") - Projects under Implementation to harmonize the guidelines for DCCO for projects in non-infrastructure and commercial real estate ("CRE") sectors. It revised guidelines for deferment of DCCO for projects in non-infrastructure and CRE sectors. The revised guidelines, *inter alia*, permitted extension of such DCCO for CRE loans, delayed for reasons beyond the control of promoters, by another one year without downgrading the 'standard' asset classification, subject to conditions provided therein. Such extension, however, requires banks' board to be satisfied about the viability of the project and the restructuring plan. On October 1, 2021, RBI consolidated instructions on all the matters related to Prudential Norms and also consolidated all the circulars issued till date. Further, on November 12, 2021, RBI issued clarifications to the same to ensure uniformity in implementation of IRACP norms across all lending institutions, certain aspects of the extant regulatory guidelines are being clarified and/or harmonized, which will be applicable *mutatis mutandis* to all lending institutions.

Master Regulations and Guidelines of the SEBI

SEBI was established in 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market including all related matters. The SEBI Act also provides for the registration and regulation of the function of various market intermediaries including stock brokers, depository participants, merchant bankers, portfolio managers, investment advisers, and research analysts. Pursuant to the SEBI Act, SEBI has formulated various rules and regulations to govern the functions and working of these intermediaries. SEBI also issues various circulars, notifications and guidelines from time to time in accordance with the powers vested with it under the SEBI Act. SEBI has the power to impose (i) monetary penalty under the SEBI Act and the regulations made thereunder, and (ii) penalties prescribed under the SEBI Intermediaries Regulations including suspending or cancelling the certificate of registration of an intermediary and to initiate prosecution under the SEBI Act. Further, SEBI has the power to conduct inspection of all intermediaries in the securities market, including, stock brokers, sub brokers, investment advisers, merchant bankers, underwriters, research analysts, to ensure, amongst others, that the books of account are maintained in the manner required in accordance with applicable law.

We are subject to regulations prescribed by SEBI in respect of capital issuances as well as some of our activities, including acting as agent for collecting subscriptions to public offerings of securities made by other Indian companies, underwriting, custodial, depositary participant, and investment banking and because our Equity Shares are listed on Indian stock exchanges. These regulations provide for registering with SEBI the functions, responsibilities, and the code of conduct applicable for each of these activities.

Reserve Bank of India's Circular on Corporate Governance in Banks -Appointment of Directors and Constitution of Committees of the Board dated April 26, 2021

The RBI pursuant to issue of discussion paper on 'Governance in Commercial Banks in India' dated June 11, 2020, issued these instructions with regards to the chair and meetings of the board, composition of certain committees of the board, age, tenure and remuneration of directors, and appointment of the whole-time directors. The revised instructions are applicable to all the private sector banks including small finance banks and wholly owned subsidiaries of foreign banks. As per the circular, the chair of the board ('Chair') shall be an independent director and in the absence of the Chair, the meetings of the board shall be chaired by an independent director. The circular also specifies the composition of various committees of the board including audit committee, risk management committee, and nomination and remuneration committee. The age and tenure and the remuneration of non-executive directors and tenure of managing director, chief executive officer and whole-time directors have also been provided. Further, to enable smooth transition to the revised requirements, banks are permitted to comply with these instructions latest by October 1, 2021. Specifically, (i) the chair of board who is not an independent director on the date of issue of this circular is allowed to complete the current term as chair as already approved by the RBI and (ii) banks with MD &CEOs.

COVID-19 Regulatory Framework

In light of the recent COVID-19 pandemic, the RBI has come up with various regulatory frameworks and relaxations to taken / to be availed by the respective banks to deal with the disruptions caused by the pandemic.

The RBI *vide* its circular dated March 16, 2020, has provided an indicative list of actions to be taken by the banks as part of their operations and business continuity plans including *inter alia* encourage their customers to use digital banking facilities, take steps of sharing important instructions/ strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities, from time-to-time and to take stock of critical processes and revisiting Business Continuity Plan (BCP) in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

The RBI *vide* its circular dated March 27, 2020, announced certain regulatory measures *inter alia* to mitigate the burden of debt servicing due to the pandemic and to ensure the continuity of viable businesses. In furtherance of the same, a moratorium of three months was granted on payment of all instalments (including all (i) principal and/or interest components; (ii) bullet repayments; (iii) Equated Monthly instalments; (iv) credit card dues) falling due between March 1, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans) ("**Moratorium Period**"). Additional relaxations have been granted in relation to the 'drawing power' in respect of working capital facilities sanctioned in the form of CC/OD to borrowers. Such measures would not result in asset classification downgrade. The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs) by the lending institutions. CICs have been instructed to ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries. The circular also lays down that wherever the exposure of a lending institution to a borrower is ₹ 5 crore or above as on March 1, 2020, the bank shall develop an MIS on the reliefs provided to its borrowers which shall, *inter alia*, include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

The RBI *vide* DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 further permitted the lending institutions to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months i.e. from June 1, 2020 to August 31, 2020. In relation to working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are permitted to allow a deferment of another three months, from June 1, 2020 to August 31, 2020, on recovery of interest applied in respect of all such facilities. In respect of such working capital facilities, lending institutions are permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan which shall be repayable not later than March 31, 2021. As mentioned above, such changes will not be treated as concessions granted due to 'financial difficulty' of the borrower under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019 and consequently, will not result in asset classification downgrade.

Further, the RBI through its 'Statement of Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a separate resolution framework under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures /accounts without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions. The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("**COVID-19 Resolution Framework**"). Under the COVID-19 Resolution Framework, lending institutions are required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the COVID-19 Resolution Framework and ensure that the resolution plans under this facility are extended only to borrowers bearing stress on account of the COVID-19 pandemic.

In respect of such working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may, as a one-time measure:

(i) recalculate the 'drawing power' by reducing the margins till August 31, 2020. However, in all such cases where such a temporary enhancement in drawing power is considered, the margins shall be restored to the original levels by March 31, 2021; and/or;
(ii) review the working capital sanctioned limits up to March 31, 2021, based on a reassessment of the working capital cycle.

The above measures under the RBI circular dated May 23, 2020, shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions may, accordingly, put in place a Board approved policy to implement the above measures.

The RBI *vide* its circular dated April 17, 2020 on "COVID-19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets", provided detailed instructions in relation to the extension of resolution timelines under the Revised Framework. In respect of accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to May 31, 2020 shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from June 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. In respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 90 days from the date on which the 180-day period was originally set to expire. Further the RBI *vide* its circular dated May 23, 2020 has further extended this period by another three months i.e., June 1, 2020 to August 31, 2020. In respect of accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. In respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire.

The RBI *vide* its circular dated April 17, 2020 on "COVID-19 Regulatory Package - Asset Classification and Provisioning" has *inter alia* specified instructions in relation to asset classification and provisioning of all terms loans and working capital facilities. The Moratorium Period shall be excluded by the banks for calculating the number of days past-due (out of order status for working capital facilities) for the purpose of asset classification under the Income Recognition and Asset Classification norms in respect of all accounts classified as standard or SMA as on February 29, 2020.

The RBI *vide* its circular dated April 30, 2020 had extended the timelines for submission of various regulatory returns by a period of 30 days from the due date in lieu of the disruptions caused by the pandemic. The extension was applicable to regulatory returns required to be submitted up to June 30, 2020.

Further, RBI through its circular dated September 7, 2020 on 'Resolution Framework for COVID-19 related Stress –Financial Parameters' directed each of the lending institutions to mandatorily consider the key ratios prescribed therein, while finalizing the resolution plans in respect of all eligible borrowers.

On May 5, 2021, the RBI announced the resolution framework 2.0 to protect individuals and MSMEs from the adverse effect of the second wave of COVID-19. The Resolution Framework 2.0 was applicable for accounts classified as 'Standard' as at March 31, 2021, wherein individuals and MSMEs having an aggregate loan exposure of up to ₹250 million who have not availed restructuring under any of the earlier restructuring frameworks and who were classified as 'Standard' as on March 31, 2021 were allowed to restructure their loans. Restructuring under the proposed framework was able to be invoked up to September 30, 2021 and had to be finalised and implemented within 90 days after invocation of the resolution process (with the last date to implement the restructuring for banks being December 31, 2021). The combination of changes in regulations regarding restructured loans, provisioning, any substantial increase in the level of restructured assets and the failure of these structured loans to perform as expected could materially and adversely affect our business, financial conditions, results of operations and cash flows.

Press release issued by RBI on August 10, 2022 on digital lending and to implement the recommendations of the Working Group on Digital Lending ("WGDL")

The press release issued by RBI on August 10, 2022, aims to provide the regulatory stance of RBI on digital lending and to implement the recommendations of the Working Group on digital lending ("WGDL") including lending through online platforms and mobile applications.

In terms of the Press Release, digital lenders are classified into three groups:

a) Entities regulated by the RBI and permitted to carry out lending business;
b) Entities authorized to carry out lending as per other statutory/ regulatory provisions but not regulated by RBI;
c)Entities lending outside the purview of any statutory/ regulatory provisions.

All regulated entities, their lending service providers, digital lending apps of regulated entities, digital lending app of lending service provider engaged by regulated entities are the ones covered under the ambit of the category (b) above. For the entities in (c) above, the WGDL has suggested specific legislative and institutional interventions for consideration by the Central Government to curb the illegitimate lending activity being carried out by such entities.

Certain requirements that are mandatorily required to be followed by regulated entities, their lending service provider, digital lending apps of regulated entities, digital lending app of lending service provider engaged by regulated entities, are inter alia as follows:

a) Customer protection and conduct requirements;
b) Technology and data requirements; and
c) Regulatory framework

Reserve Bank of India's Master Circular -Mobile Banking Transactions in India-Operative Guidelines for Banks dated July 1, 2016, updated as on November 12, 2021 ("Mobile Banking Transaction-Operative Guidelines")

The Mobile Banking Transaction Operative Guidelines contains all rules, regulations and procedures prescribed to be followed by banks for operationalizing mobile banking in India. Banks which are licensed, supervised and have physical presence in India are permitted to offer mobile banking services after obtaining one-time RBI approval. Only banks who have implemented core banking solutions are permitted to provide mobile banking services. Banks are required to put in place a system of registration of customers for mobile banking. Further, to meet the objective of a nation-wide mobile banking framework, facilitating inter-bank settlement, a robust clearing and settlement infrastructure operating on a 24x7 is mandated. Pending creation of such a national infrastructure, bank and non-banking entities may enter into bilateral or multilateral arrangement for inter-bank settlements, with express permission from the RBI, unless such arrangements have been authorized by the RBI under the Payment and Settlement System Act, 2007.

Reserve Bank of India's Master Direction on Digital Payment Security Controls, 2021, dated February 18, 2021 ("Digital Payment Security Control Directions")

The Digital Payment Security Control Directions are applicable to entities regulated by the RBI, specifically, scheduled commercial banks (excluding regional rural banks), small finance banks, payment banks and credit card issuing NBFCs. The Directions were issued in recognition of the pre-eminent role played by digital payment systems in India. RBI, therefore, found it imperative to reinforce security controls around it. The Directions enable the abovementioned regulated entities to set up a robust governance structure for payment systems by providing for common minimum standards of security controls for channels including mobile banking, internet, card payments etc. It mandates the formulation of a policy for digital payment products and services covering key aspects, including risk management and mitigation measures, compliance with regulatory norms, and customer experience.

Reserve Bank of India's Circular on Risk Based Internal Audit (RBIA) Framework –Strengthening Governance Arrangements dated January 07, 2021

Pursuant to the guidance note on Risk-Based Internal Audit dated December 27, 2002 issued by the RBI, under which it was required to put in place a risk based internal audit (RBIA) system as part of their internal control framework that relies on a well-defined policy for internal audit, functional independence with sufficient standing and authority within the bank, effective channels of communication, adequate audit resources with sufficient professional competence, among others. In an effort to stay with the evolving best practices, under this circular, banks are encouraged to adopt the International Internal Audit standards, like those issued by the Basel Committee on Banking Supervision (BCBS) and the Institute of Internal Auditors (IIA). To bring in uniformity to the approach of the Internal Audit Function, banks are advised to follow directions given on, authority, stature and independence, competence, staff rotation, tenor for appointment of head of internal audit, reporting line and remuneration. Lastly, the internal audit function shall not be outsourced. However, where required, experts, including former employees, could be hired on contractual subject to the audit committee of the board being assured that such expertise does not exist within the audit function of the bank.

Reserve Bank of India's Master Direction –Call, Notice and Term Money Markets Directions, 2021, dated April 1, 2021, updated as on June 25, 2021

The RBI issued master directions for participating in call, notice and term money markets on April 1, 2021. The directions are applicable to banks as defined under the Banking Regulation Act. Under the directions, "banks" have been defined as banking company (including a payment bank and a small finance bank) or a regional rural bank, a corresponding new bank or State Bank of India or a cooperative bank as defined under the Banking Regulation Act. Under the directions, participants shall be eligible to participate in the call, notice and term money markets, both as borrowers and lenders. The term "participants" have been defined to include scheduled commercial banks (excluding local area banks), payment banks, small finance banks, regional rural banks, state co-operative banks, district central co-operative banks and urban co-operative banks (hereinafter co-operative banks), and primary dealers. Prudential limits for outstanding lending transaction shall be decided by the participants with the approval of their board within the regulatory framework of the exposure norms prescribed by the Department of Regulation of the RBI. Prudential limits for outstanding borrowing transactions for scheduled commercial banks have been specified as (i) 100% of capital funds, on a daily average basis in a reporting fortnight, (ii) 125% of capital funds on any given day for call and notice money and internal board approved limit within the prudential limits for inter-bank liabilities, for term money. Further, the directions also specify provisions for cancellation and termination of transaction, reporting requirements of call, notice and term money transactions and the obligations of persons or agencies dealing in the call, notice and term money markets, including eligible participants to provide information sought by the RBI.

Other laws

In addition to the above, our Bank is also required to comply with the provisions of the Companies Act and rules framed thereunder, and other applicable statutes imposed by the Central or the State Government and other authorities for our day-to-day business and operations. Our Bank is also amenable to various central and state tax laws.

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to this Issue. The procedure followed in this Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from the Bank or the Book Running Lead Managers. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 285 and 329.

Investors that apply in the Issue will be required to confirm and will be deemed to have represented to the Bank, the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Bank and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 285 and 295.

The Bank, the Book Running Lead Managers and their respective directors, officers, agents, advisors, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply, and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that their Application Forms would not result in triggering a tender offer under the Takeover Regulations.

Qualified institutions placement

THIS ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

This Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations, the Bank, being a listed entity in India may issue Equity Shares to Eligible QIBs, provided that:

- a special resolution approving the QIP has been passed by its shareholders. Such special resolution must *inter alia* specify (a) that the allotment of Equity Shares is proposed to be made pursuant to the QIP and (b) the Relevant Date;

- approval letter dated July 13, 2023 from the Ministry of Finance, GoI has been obtained on the basis of the recommendation from RBI specifying that the allotment of Equity Shares is proposed to be made pursuant to the QIP;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of the Bank, which are proposed to be allotted through this Issue, are listed on the recognized Stock Exchanges that has nation-wide trading terminals, for a period of at least one year prior to the date of issuance of notice to the Shareholders for convening the meeting to adopt the above-mentioned special resolution;

- invitation to apply in this Issue must be made through a private placement offer-cum-application (i.e., the Preliminary Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom this Issue is made;

- the Bank shall not make any subsequent QIP until the expiry of two weeks from the date of this Issue;

- and the Directors of the issuer are not fugitive economic offenders, i.e., are not individuals who are declared fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended.

  At least 10% of the equity shares issued to Eligible QIBs must be available for Allocation to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

  The above approval is subject to the following conditions as provided in the approval letter dated July 13, 2023 from the Department of Financial Services, Ministry of Finance, Government of India (**"GoI Approval Letter"**):

  i. FDI Policy conditionalities (including, *inter alia*, paragraph 5.2(a) of the Policy, which provides that the FDI allowed is subject to applicable laws/ regulations) and other Sectoral Regulations/ Guidelines.

  ii. Claim of any tax relief under the Income-Tax Act, 1961 or the relevant Double Taxation Avoidance Agreement (DTAA) will be examined independently by the tax authorities to determine the eligibility and extent of such relief and the approval of the Department of Financial Services by itself will not amount to any recognition of eligibility for giving such relief.

  iii. Department of Financial Services approval by itself does not provide any immunity from tax investigations to determine whether specific or general anti-avoidance rules apply.

  iv. The fair market value of various payments, services, assets, shares etc., determined in accordance with extent guidelines shall be examined by the tax authorities under the tax laws and rules in force and may be varied accordingly for tax purposes; and

  v. The taxation of dividend, future capital gains on alienation of shares by the foreign investor, interest income and income of any other nature shall be examined by the field formation in accordance with the provision of Income-Tax Act, 1961, as amended and DTAA applicable to the facts of the case.

Bidders are not allowed to withdraw or revise downwards their Bids after this Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued pursuant to this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the Floor Price may be offered by the Bank in accordance with the provisions of the SEBI ICDR Regulations. Accordingly, pursuant to a resolution of the Shareholders passed in the AGM held on August 04, 2023, the Bank has offered a discount of ₹ 7.13 i.e 4.99% on the Floor Price.

The "Relevant Date" referred to above means the date of the meeting in which the Board or the Capital Raising Committee decides to open this Issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares will be Allotted within 365 days from the date of the shareholders' resolution approving this Issue, being August 04, 2023 and within 60 days from the date of receipt of Bid Amount from the Successful Bidders. For details of refund of Bid Amount, see "*– Pricing and Allocation – Designated Date and Allotment of Equity Shares*" on page 279.

Subscription to the Equity Shares offered pursuant to this Issue must be made by Eligible QIBs on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of the Bank with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document or this Placement Document addressed to you, you may not rely on the Preliminary

Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or the Bank for making an application to subscribe to Equity Shares pursuant to this Issue. This Issue was authorized and approved by the Shareholders in the AGM held on August 04, 2023. The minimum number of Allottees with respect to a QIP shall at least be:

a. two, where this Issue size is less than or equal to ₹250 crore; and

b. five, where this Issue size is greater than ₹250 crore.

No single Allottee shall be Allotted more than 50% of this Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of this Issue. For details of what constitutes "same group" or "common control", see "*—Bid Process—Application Form*" on page 275.

Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on a recognized stock exchange.

Allotments made to VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning this Issue. AIFs and VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules are not permitted to participate in this Issue.

We have applied for and received the in-principle approvals of from both NSE and BSE on August 21, 2023 and February 20, 2024 respectively, under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares on the Stock Exchanges. We have filed a copy of the Preliminary Placement Document and will file a copy of this Placement Document with the Stock Exchanges.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws of the United States and, unless so registered, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) ("U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (b) outside the United States in "offshore transactions" as defined in and in reliance upon Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. There will be no public offering of the Equity Shares in the United States. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under the applicable Indian regulations and referred to in this Placement Document as "QIBs". You should note and observe the selling and transfer restrictions in respect of the Issue contained in the sections titled *"Selling Restrictions"* and *"Transfer Restrictions and Purchaser Representations"* on pages 285 and 295, respectively.

1. On the Bid / Issue Opening Date, the Bank in consultation with the Book Running Lead Managers has circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form was required to be specifically addressed to each such Eligible QIB The Bank shall maintain records of the Eligible QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched.

2. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form were delivered have been determined by the Bank in consultation with the Book Running Lead Managers, at their sole discretion. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount was deposited, were addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that

does not comply with this requirement shall be treated as invalid and shall be rejected. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorized to do so.

3. Eligible QIBs are required to submit a duly completed Application Form, including any revisions thereof along with the Bid Amount (which is to be transferred to the Escrow Account specified in the Application Form) and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during this Issue Period to the Book Running Lead Managers and their Bid Amount shall be deposited into the Escrow Account.

4. Bidders will be required to indicate the following in the Application Form:

- full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details, phone number and bank account details;

- number of Equity Shares Bid for;

- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

- details of the beneficiary account maintained with the Depository Participant to which the Equity Shares should be credited;

- Equity Shares held by the Eligible QIBs in the Bank prior to this Issue;

- that it has agreed to certain other representations set forth in the Application Form and the Preliminary Placement Document; and

- a representation that it is either (i) outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S, or (ii) a "qualified institutional buyer" as defined in Rule 144A, and it has agreed to certain other representations set forth in the "*Representations by Investors*" on page 5 and "*Transfer Restrictions and Purchaser Representations*" on page 295 and certain other representations made in the Application Form.

Note: *Eligible FPIs are required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Eligible QIBs shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of ***"UNION BANK OF INDIA EQUITY II"*** with the Escrow Agent, within this Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and the Bank shall keep a record of the bank account from where such payment has been received. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and receipt of final listing and trading approvals

from the Stock Exchanges, Bid Amount received for subscription of the Equity Shares shall be kept by the Bank in a separate bank account with a scheduled bank. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in this Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than this Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 281.

6. Once a duly completed Application Form is submitted by a Bidder and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after this Issue Closing Date. In case of an upward revision before this Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. This Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or after this Issue Closing Date, the Bank shall, in consultation with the Book Running Lead Managers, determine the final terms, including this Issue Price of the Equity Shares to be issued pursuant to this Issue and Allocation of Equity Shares to be issued pursuant to this Issue. Upon such determination, the Book Running Lead Managers will send the serially numbered CANs, along with serially numbered Placement Document, in electronic form only, to the Succesful Bidders who have been Allocated the Equity Shares. The dispatch of a CAN, and this Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of this Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of the Bank and will be in consultation with the Book Running Lead Managers.**

8. Upon dispatch of the serially numbered Placement Document and CAN, the Bank shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. The Bank will inform the Stock Exchanges of the details of the Allotment.

9. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, the Bank shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to this Issue.

10. After receipt of the listing approvals of the Stock Exchanges, the Bank shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

11. The Bank will then apply for the final trading approvals from the Stock Exchanges.

12. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

13. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and the Bank may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. The Bank and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non- receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Bank.

Eligible Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in this Issue under the applicable laws, including the SEBI ICDR Regulations and are residents of India or are Eligible FPI participating through Schedule II of the FEMA Rules are eligible to invest in this Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs and are eligible to invest in this Issue, in accordance with the GoI Approval Letter. AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules or FVCIs, multilateral or bilateral development financial institutions are not permitted to participate in this Issue.

Currently, the definition of a QIB as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations includes:

- Mutual funds, venture capital funds and alternate investment funds (except AIFs and VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules) registered with SEBI;
- Eligible FPIs other than individuals, corporate bodies and family offices;
- Public financial institutions;
- Scheduled commercial banks;
- State industrial development corporations;
- Multilateral and bilateral development financial institution;
- Insurance companies registered with IRDAI;
- Provident funds with minimum corpus of ₹25 crore;
- Pension funds with minimum corpus of ₹25 crore registered with the Pension Fund Regulatory and Development Authority established under section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013;
- National Investment Fund set up by Government of India, set up by resolution no. F. No. 2/3/2005-DDII, dated November 23, 2005 of the Government published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India; and
- Systemically important non-banking financial companies.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA NON-DEBT RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE ELIGIBLE FPIs DOES NOT EXCEED SPECIFIED LIMIT AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Please note that participation by non-residents in this Issue is restricted to participation by Eligible FPIs under Schedule II of the FEMA Rules, subject to the limits prescribed under the SEBI FPI Regulations and the FEMA Rules. Further, AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules or FVCIs, multilateral or bilateral development financial institutions are not permitted to participate in this Issue.

In terms of the SEBI FPI Regulations, this Issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of the post-Issue equity share capital of the Bank, and the total holding of all FPIs, collectively, shall not exceed 20% of the paid-up equity share capital of the Bank. Further, if any FPI holds 10% or more of the Equity Share capital of the Bank, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

In terms of the approval of the GoI Approval Letter, prior approval of the GoI for the issuance of equity shares up to 20% of paid-up capital to FPIs in this Issue, subject to provisions of the Banking Companies Act and other provisions of the Consolidated FDI Policy.

Allotments made to Eligible QIBs in this Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. In terms of FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all FPIs shall be included. In accordance with the Consolidated FDI Policy, the total foreign ownership in a public sector bank, subject to Banking Companies Act, cannot exceed 20% of the paid-up capital. In accordance with Section 3(2D) of the Banking Companies Act, shareholding of non-residents in a corresponding new bank cannot exceed 20.00% of its paid up capital and in accordance with Section 3(2E) of the Banking Companies Act, no shareholder, other than the Government shall be entitled to exercise voting rights in excess of 10.00% of the total voting rights of all the shareholders of the corresponding new bank;

As of December 31, 2023, the aggregate FPI shareholding in the Bank is 3.97% of the Bank's paid up Equity Share capital (on a fully diluted basis). For further details, see "*Principal Shareholders and Other Information*" on page 241

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to this Issue, either directly or indirectly, to any QIB being a promoter, or any person related to, the promoter. Eligible QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoter or members of the promoter group;
- veto rights; or
- a right to appoint any nominee director on the Board

Provided, however, that an Eligible QIB which does not hold any equity shares in the Bank and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

Our Bank, the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors, associates or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document and this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in this Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in this Issue in compliance with applicable laws.

Bid process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are specifically addressed to them) supplied by the Bank and the Book Running Lead Managers in electronic form only for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this

Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document and this Placement Document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings given or made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 3, 5, 285 and 295 respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India and is eligible to participate in this Issue;

2. The Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or promoter group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

3. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after this Issue Closing Date;

4. The Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder and not an FVCI or a multilateral or bilateral development financial institution. Each Eligible QIB confirms that it is not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. Each Eligible QIB confirms that they have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets;

5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges. Additionally, this will be subject to the Selling and Transfer Restrictions under the applicable laws;

6. The Eligible QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to this Issue, if any. The Eligible QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the Takeover Regulations;

8. The Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period, the Bank reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

9. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to this Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of this Issue. For the purposes of this representation:

    a. QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other Eligible QIB ; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

10. The Eligible QIBs acknowledge that no Allotment shall be made to them if the price at which they have Bid for in this Issue is lower than the Issue Price.

11. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

12. The Eligible QIB confirms that:

    a. It is either (i) outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made, or (ii) a "qualified institutional buyer" as defined in Rule 144A and purchasing the Equity Shares pursuant to Section 4(a)(2) of the U.S. Securities Act; and

    b. It has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of this Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections titled *"Notice to Investors"*, *"Representations by Investors"*, *"Selling Restrictions"* and *"Transfer Restrictions and Purchaser Representations"* beginning on pages 3, 5, 285 and 295 respectively.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied in this Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document (when dispatched) by the Bank (by itself or by the Book Running Lead Managers) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers through electronic form at either of the following addresses:

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Name of BRLM	Address	Contact person	Email	Phone
IIFL Securities Limited	24th Floor, One Lodha Place, Senpati Bapat Marg, Lower Parel (West), Mumbai – 400 013, Maharashtra, India	Yogesh Malpani/ Pawan Kumar Jain	project.samriddhi2023@iiflcap.com	+91 22 4646 4728
BNP Paribas	1 North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India	Sameer Lotankar	DL.Project.Samriddhi@bnpparibas.com	+91 22 6196 4000
HDFC Bank Limited	Investment Banking Group, Unit no. 701, 702 and 702-A, 7th floor, Tower 2 and 3, One International Centre, Senapati Bapat Marg, Prabhadevi, Mumbai – 400 013, Maharashtra, India	Hiren Raipancholia	ubi.qip@hdfcbank.com	+91 22 3395 8233
IDBI Capital Markets & Securities Limited	6th Floor, B-Wing, IDBI Towers, WTC Complex, Mumbai – 400 005, Maharashtra, India	Vimal Maniyar / Harshit Mody	project.samriddhi2@idbicapital.com	+91 2217 1953
JM Financial Limited	7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025, Maharashtra, India	Prachee Dhuri	samriddhi2023@jmfl.com	+ 91 22 6630 3030

Bidders Bidding in this Issue shall pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Payment of Bid Amount

The Bank has opened the Escrow Account in the name of ***"UNION BANK OF INDIA EQUITY II"*** with the Escrow Agent, in terms of the arrangement among the Bank, the Book Running Lead Managers and the Escrow Agent. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, the Bank undertakes to utilize the amount deposited in ***"UNION BANK OF INDIA EQUITY II"*** only for the purposes of (i) adjustment against Allotment of Equity Shares in this Issue; or (ii) repayment of Bid Amount if the Bank is not able to Allot Equity Shares in this Issue. In case of cancellations or default by the Bidders, the Bank and the Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in this Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "*Issue Procedure – Refunds*" on page 281.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. For the purpose of determination of the Floor Price, 'stock exchange' shall mean any of the recognised stock exchanges in which the Equity Shares are listed and in which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. However, the Bank has offered a discount of ₹ 7.13 i.e 4.99% of the Floor Price, in terms of Regulation 176(1) of the SEBI ICDR Regulations, in accordance with the approval of the Shareholders pursuant to resolution passed at AGM held on August 04, 2023.

The "Relevant Date" referred to above, for Allotment, will be the date of the meeting in which the Board or the Capital Raising Committee of the Board decides to open this Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the Issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build-up of the book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price discovery and Allocation

The Bank, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, the Bank has offered a discount of ₹ 7.13 i.e 4.99% of the Floor Price, in terms of Regulation 176(1) of the SEBI ICDR Regulations, in accordance with the approval of the Shareholders pursuant to resolution passed at AGM held on August 04, 2023.

After finalization of the Issue Price, the Bank has updated the Preliminary Placement Document with the Issue details and has filed the same with the Stock Exchanges as this Placement Document.

Method of Allocation

The Bank shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF THE BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE BANK, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE. NEITHER THE BANK NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON- ALLOCATION.

CONFIRMATION OF ALLOCATION NOTE OR CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, the Bank, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the probable designated date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Successful Bidder ("**Designated Date**").

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Bank) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document in the electronic form, to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, the Board or the Capital Raising Committee of the Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the Book Running Lead Managers.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section titled *"Notice to Investors*" on page 3 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to this Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Successful Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, the Bank will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. In accordance with Section 12B of the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 issued by the RBI on January 16, 2023 read together with the Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies issued by the Reserve Bank of India on January 16, 2023, no person (along with his relatives, associate enterprises or persons acting in concert with) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, a Bidder's aggregate holding in the paid-up share capital of our Bank, whether beneficial or otherwise: after subscription to the Equity Shares in the Issue by such Bidder, his or her relatives, associate enterprises or persons acting in concert with such Bidder, aggregated with any pre-Issue shareholding in the Bank of such Bidder, his or her relatives, associate enterprises or persons acting in concert; or after subscription to the Equity Shares in the Issue aggregated with any pre-Issue shareholding in our Bank of such Bidder, his or her relatives, associate enterprises or persons acting in concert; shall not amount to 5% or more of the total paid-up share capital of our Bank or would not entitle such Bidder to exercise 5% or more of the total voting rights of our Bank, except with the prior approval of the RBI.

4. The Bank, at its sole discretion, reserves the right to cancel this Issue at any time up to Allotment without assigning any reasons whatsoever.

5. Following the Allotment of the Equity Shares pursuant to this Issue, the Bank shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, the Bank shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

6. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts, the Bank will apply for the final listing and trading approvals from the Stock Exchanges.

7. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by the Bank.

8. After finalization of the Issue Price, the Bank has updated the Preliminary Placement Document with this Issue details and filed it with the Stock Exchanges as this Placement Document. Pursuant to a circular SEBI/CFD/DIL/LA/1/2010/05/03 dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in this issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of the Bank along with this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price, or Equity Shares are not Allocated to a Bidder for any reasons, is cancelled prior to Allocation, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted (as set out in the Application Form). The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that the Bank is unable to issue and allot the Equity Shares offered in this Issue or if this Issue is cancelled from the date of receipt of application monies, the Bank shall repay the application monies. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Depositories Act and other applicable laws

The Bank in its sole discretion, reserves the right to cancel this Issue at any time up to Allotment without assigning any reason whatsoever.

Release of Funds to the Bank

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by the Bank. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Other instructions

Permanent account number or PAN

Each Bidder should mention its PAN allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR Number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to reject applications

The Bank, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of the Bank in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by the Bank, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder.

Equity Shares in dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialized form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to this Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to this Issue would be in dematerialized form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

The Bank and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to this Issue due to errors in the Application Form or otherwise on the part of the Bidders.

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PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into a placement agreement with the Bank dated February 20, 2024 (the "**Placement Agreement**"), pursuant to which the Book Running Lead Managers have agreed to manage the Issue and act as placement agents in connection with the proposed Issue and procure subscriptions for the Equity Shares on a reasonable efforts basis pursuant to Chapter VI of the SEBI ICDR Regulations.

The Placement Agreement contains customary representations, warranties and indemnities from the Bank and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with RoC and, no Equity Shares issued pursuant to the Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

In connection with the Issue, the Book Running Lead Managers (or their affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may subscribe to Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See "*Offshore Derivative Instruments*" on page 10.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be U.S. QIBs pursuant to Section 4(a)(2) of the U.S. Securities Act, and (b) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under the section "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 285 and 295, respectively. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs". Subscribers and purchasers of the Equity Shares will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 5,, 285 and 295, respectively of this Placement Document.

The Book Running Lead Managers and their respective affiliates may engage in transactions with and perform services for the Bank and its Subsidiaries, Joint Ventures, Associate or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Bank and Subsidiary, Joint Ventures, Associate or affiliates, for which they have received compensation and may in the future, receive compensation.

Lock-up

Under the Placement Agreement, the Bank will not, for a period commencing the date hereof and ending 90 days from the Closing Date, without the prior written consent of the Book Running Lead Managers, directly or indirectly:

a. issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing;

b. enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares;

c. deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe to or purchase Equity Shares or which carry the right to subscribe to or purchase Equity Shares in depository receipt facilities or enter into any such transactions (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or

d. announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise,

provided however that the foregoing restrictions shall not apply to: (i) the issuance of any Equity Shares; and (ii) any issue or offer of Equity Shares by the Bank, to the extent such issue or offer is: (a) required to be undertaken pursuant to Applicable Law; or (b) required to be undertaken pursuant to the instructions, orders or guidelines as may be issued by the Government of India or an undertaking of the Government of India or such other authority acting on its behalf, in each case with the requisite authority to issue such instructions, orders or guidelines, as the case may be.

The Equity Shares held by the Promoter shall not be subject to any lock-up under the Placement Agreement.

SELLING RESTRICTIONS

The distribution of this Placement Document or any offering material and the offer and/or sale of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale of the Equity Shares in any circumstances in which such offer or invitation is not permitted under applicable law.

This Issue is being made only to Eligible QIBs through a QIP, in accordance with Chapter VI of the SEBI ICDR Regulations.

Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors", "Representations by Investors" and "Transfer Restrictions and Purchaser Representations" beginning on pages 3, 5, 285 and 295, respectively.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to our Bank or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under the section entitled "*Transfer Restrictions and Purchaser Representations*" on page 295.

Additionally, in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Securities is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. Further, the Bidders need to confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

Republic of India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public or any other class of investors other than Eligible QIBs. This Placement Document has not been and will not be filed as a prospectus with the RoC or an advertisement, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a "sophisticated investor" or a "professional investor" and that not it is not a "retail client" within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Bank that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

No financial product advice is provided in this Placement Document and nothing in this Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Placement Document or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

Except for BNP Paribas. none of the Book Running Lead Managers or any of their respective affiliates is the holder of an Australian Financial Services Licence.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Placement Document and the Equity Shares offered in the Issue have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Placement Document , nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

British Virgin Islands

This Placement Document is not an offer to sell, or a solicitation or invitation to make offers to purchase or subscribe for, the Equity Shares offered in the Issue in the British Virgin Islands (the "**BVI**"). This Placement Document may not be sent or distributed to persons in the BVI and the Equity Shares are not available to, and no invitation or offer to subscribe, purchase or otherwise acquire the Equity Shares may be made to, persons in the BVI. However, the Equity Shares may be offered and sold to business companies incorporated in the BVI pursuant to the BVI Business Companies Act, international limited partnerships formed in the BVI pursuant to the Limited Partnership Act 1996 and limited partnerships formed in the BVI pursuant to the Limited Partnership Act, 2017 provided that any such offering and sale is made outside the BVI.

Cayman Islands

This Placement Document does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

People's Republic of China

This Placement Document does not constitute an offer of the Equity Shares offered in the Issue, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), an offer to the public of any Equity Shares in the Issue may not be made in that Relevant State, except if the Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "**Prospectus Regulation**"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer;

- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers have been obtained to each such proposed offer or resale.

Our Bank, the Book Running Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

This Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Placement Document, they should obtain independent professional advice.

This Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Placement Document must not be issued, circulated or distributed in Hong Kong other than:

(a) to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or

(b) in other circumstances which do not result in this Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Placement Document may issue, circulate or distribute the Placement Document in Hong Kong or make or give a copy of this Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the Equity Shares offered in the Issue in Japan (the "**Solicitations**") has been or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). The Solicitations shall only be made (i) to Qualified Institutional Investors and (ii) to no more than 49 persons (excluding any Qualified Institutional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Any Qualified Institutional Investors who acquire Equity Shares in the Issue (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except to Qualified Institutional Investors; and (b) shall deliver a notification indicating (a) and (b) herein to any transferee of the Equity Shares.

Capitalized terms used in this sub-section and not defined in this Placement Document have the meanings given to those terms in the FIEL.

Jordan

The Equity Shares offered in the Issue have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. This Placement Document has not been and will not be reviewed or approved by, or registered with, the Jordan Securities Commission in accordance with its regulations and any other regulations in the Hashemite Kingdom of Jordan. The Equity Shares are not and will not be traded on the Amman Stock Exchange. The Equity Shares have not been and will not be offered, sold or promoted or advertised in Jordan other than in compliance with the Securities Law No. (76) of 2002, as amended, the Law Regulating Dealings in Foreign Exchange No. (50) of 2008, and regulations issued pursuant thereto governing the issue of offering and sale of securities. Without limiting the foregoing, the Equity Shares have not been and will not, in any manner, be offered, sold, promoted or advertised to more than thirty (30) persons in Jordan, without complying with the required approval and notification requirements set-out under the above-referenced laws and the regulations issued pursuant to them

Kuwait

This Placement Document has not been licensed for the offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**"). Therefore, in accordance with the Kuwait Securities Laws, no private or public offering of the Equity Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

This Placement Document has not been and will not be registered as a prospectus with the Securities Commission Malaysia ("**SC**") under the Malaysian Capital Markets and Services Act 2007 (as amended) ("**CMSA**"). No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares offered in the Issue which complies with the requirements of the CMSA and the guidelines of the SC has been or will be registered with the SC under the CMSA or with any other regulatory body in Malaysia. Also, no approval or authorisation of the SC has been granted for making available, offering for subscription or purchase, or issuing an invitation to subscribe for or purchase the Equity Shares offered in the Issue in Malaysia. This Placement Document does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the SC under the CMSA.

Accordingly, this Placement Document and any other document or material in connection with the Issue will not be circulated or distributed, nor will the Equity Shares offered in the Issue be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the SC; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares offered in the Issue, as principal, if the offer is on terms that the Equity Shares offered in the Issue may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the SC; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares offered in the Issue is made by a holder of a Capital Markets Services License in Malaysia who carries on the business of dealing in securities.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares offered in the Issue may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Placement Document does not constitute a public offering. This Placement Document is for the exclusive use of the person to whom it has been given by a Book Running Lead Manager and is a private concern between the sender and the recipient.

New Zealand

This Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMA Act**"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Oman

This Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman. This Placement Document is strictly private and confidential and is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

This Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor have the Book Running Lead Managers or any placement agent acting on their behalf received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute the Equity Shares in Oman.

No marketing, offering, selling or distribution of any Equity Shares has been or will be made from within Oman and no subscription for any Equity Shares may or will be consummated within Oman. Neither the Book Running Lead Managers nor any placement agent acting on their behalf is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. Neither the Book Running Lead Managers nor any placement agent acting on their behalf advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Equity Shares offered in the Issue have not and will not be listed on any stock exchange in the Sultanate of Oman.

Nothing contained in this Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar (excluding the Qatar Financial Centre)

This Placement Document does not, and is not intended to, constitute an invitation or an offer of Equity Shares in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Placement Document , the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Bank and the Book Running Lead Managers are not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Bank and the Book Running Lead Managers are not, by distributing Placement Document , advising individuals resident in the State of Qatar as to the appropriateness of purchasing Equity Shares in the Offer. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Bank has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

South Africa

In South Africa, the offering of the Equity Shares in the Issue will only be made by way of private placement to:

(a) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act of 2008, as amended (the "**South African Companies Act**"); and

(b) selected persons, acting as principal, acquiring Equity Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act,

and in each case to whom the offer of the Equity Shares will specifically be addressed, and only by whom the offer will be capable of acceptance (the "**South African Qualifying Investors**"). This Placement Document is being made available only to such South African Qualifying Investors. The information contained in this Placement Document does not constitute, nor form part of, any offer or invitation to sell or issue, an advertisement or any solicitation of any offer or invitation to purchase or subscribe for any Equity Shares or any other securities and is not an "offer to the public" as contemplated in the South African Companies Act. This Placement Document does not, nor does it intend to, constitute a "registered prospectus" or an "advertisement", as contemplated by the South African Companies Act and no prospectus has been filed with the Companies and Intellectual Property Commission (the "**CIPC**") in respect of the Issue of the Equity Shares. As a result, this Placement Document does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC.

The information contained in this Placement Document constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act of 2002, as amended (the "**FAIS Act**") and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Equity Shares or in relation to the business or future investments of the Bank is appropriate to the particular investment objectives, financial situation or needs of a prospective investor, and nothing in this Placement Document should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. Our Bank is not a financial services provider licenced as such under the FAIS Act.

South Korea

No securities registration statement in relation to the Solicitations (as defined under Financial Investment Services and Capital Markets Act of the Republic of Korea ("**South Korea**") (the "**FISCMA**")) of the Equity Shares offered in the Issue in South Korea has been or will be filed pursuant to the FISCMA. The Solicitations shall only be made (i) to certain professionals as prescribed in the FISCMA and the enforcement decree promulgated thereunder ("**Professional Investors**") and (ii) to no more than 49 persons (excluding any Professional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Furthermore, the Equity Shares may not be offered, sold, transferred or delivered for reoffering or resale, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transactions Act of South Korea and the decree, rules and regulations promulgated thereunder) thereof for a period of one year from the date of the issuance of the Equity Shares, except as otherwise permitted under applicable South Korean laws and regulations.

Switzerland

The offering of the Equity Shares offered in the Issue in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because such offering in Switzerland is directed only at investors classified as "professional clients" within the meaning of the FinSA and the Equity Shares offered in the Offer will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the Issue.

No key information document under article 58 of the FinSA or article 59(2) of the FinSA in respect of the Issue has been prepared and published. Accordingly, the Equity Shares offered in the Issue may not be offered to "private clients" within the meaning of the FinSA in Switzerland.

Each person in Switzerland who acquires Equity Shares in the Issue shall be deemed to have represented to our Bank and the Book Running Lead Managers that it is a "professional client" within the meaning of the FinSA and that it has not opted-in to be treated as a "private client" on the basis of article 5(5) of the FinSA.

This document is not intended to constitute an advertising document within the meaning of article 68 of the FinSA and article 95 of the Swiss Federal Financial Services Ordinance.

The Equity Shares do not constitute a participation in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority ("**FINMA**") thereunder. Accordingly, neither the Equity Shares nor the Shareholders benefit from protection under the Swiss Federal Act on Collective Investment Schemes or supervision by FINMA.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of this Placement Document or the Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of this Placement Document and the Equity Shares has not been and will not be approved by the SCA and, as such, the Placement Document does not constitute an offer to the general public in the UAE to acquire any Equity Shares. Except where the Promotion of this Placement Document and the Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of the Placement Document and the Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of this Placement Document and nor does any such entity accept any liability for the contents of this Placement Document .

Dubai International Financial Centre

The Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. This Placement Document must not be delivered to, or relied on by, any other person. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. Capitalised terms not otherwise defined in this Placement Document have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document , you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Equity Shares shall require our Bank or the Book Running Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

This Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This Placement Document is directed only at relevant persons. Other persons should not act on this Placement Document or any of its contents. This Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only (a) to persons in the United States who are reasonably believed to U.S. QIBs pursuant to Section 4(a)(2) of the U.S. Securities Act and (b) outside the United States in reliance on Regulation S. Each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in "*Transfer Restrictions and Purchaser Representations*" on page 295. The Equity Shares purchased in the

Issue are transferable only in accordance with the restrictions described in "*Transfer Restrictions and Purchaser Representations.*"

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares offered in the Issue within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the U.S. Securities Act.

TRANSFER RESTRICTIONS AND PURCHASER REPRESENTATIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on the floor of Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, please see the section entitled "Selling Restrictions" on page 285.

Additionally, in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Securities is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. Further, the Bidders need to confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

Persons in the United States

Each purchaser of the Equity Shares offered in the Issue in the United States is deemed to have shall be deemed to have represented, warranted and acknowledged to and agreed with the Bank and the Book Running Lead Managers as follows:

- It understands that the Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and that the offer and sale of the Equity Shares to it is made in reliance on an exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) of the U.S. Securities Act and applicable state securities laws.

- It is a U.S. QIB acquiring the Equity Shares for its own account or for the account of one or more U.S. QIBs, each of which is acquiring beneficial interests in the Equity Shares for its own account.

- It did not purchase the Equity Shares as a result of any general solicitation or general advertising (within the meaning of Rule 502(c) under the U.S. Securities Act).

- It represents and warrants that is buying the Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future it decides to offer, sell, pledge or otherwise transfer any of the Equity Shares, it agrees that it will only offer, sell, pledge or otherwise transfer such Equity Shares (A) (i) to a person whom the beneficial owner or any person acting on its behalf reasonably believes is a U.S. QIB in transactions meeting the requirements of Rule 144A or another exemption from the registration requirements of the U.S. Securities Act or (ii) in a transaction complying with Rule 903 or Rule 904 of Regulation S and (B) in accordance with all applicable laws of any other jurisdiction, including India.

- It understands that the Equity Shares offered in the Issue are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and it agrees that it shall not deposit such Equity Shares into any unrestricted depository facility established or maintained by any depository bank.

- It agrees to indemnify and hold our Bank and the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It acknowledges that our Bank, the Book Running Lead Managers and their respective affiliates, directors, officers, agents, employees, advisors and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties, agreements.

Persons outside the United States

Each purchaser of the Equity Shares offered in the Issue outside the United States shall be deemed to have represented, warranted and acknowledged to and agreed with the Bank and the Book Running Lead Managers as follows:

- It understands that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.

- It was outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares offered in the Issue was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Equity Shares offered in the Issue was originated.

- It did not purchase the Equity Shares offered in the Issue as a result of any "directed selling efforts" (as defined in Regulation S).

- It is buying the Equity Shares offered in the Issue for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Issue, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares offered in the Issue except in transactions complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Where it is subscribing to the Equity Shares offered in the Issue as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Equity Shares offered in the Issue for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity Shares offered in the Issue for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees to indemnify and hold our Bank and the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Issue.

- It acknowledges that our Bank, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements and acknowledgements.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Bank or the Book Running Lead Managers or any of their affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SECC Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SECC Rules along with various rules, byelaws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, protect the interests of investors in securities, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

Further, the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 requires all listed companies to maintain a minimum public shareholding of 25%, subject to certain time bound exceptions.

Minimum Level of Public Shareholding

Pursuant to an amendment to SCRR in June 2010 and Regulation 38 of SEBI Listing Regulations, all listed companies are required to maintain a minimum public shareholding of 25% subject to certain timebound exceptions. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of the public shareholding having fallen below the 25% threshold. However, every listed public sector company whose public shareholding falls below 25% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, respectively, in the manner specified by SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirements. Further, pursuant to the budget 2019-2020, SEBI has been authorised to consider increase in minimum public shareholding to 35%.

Disclosures under the SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The Stock Exchanges translate the circuit breaker limits on a daily basis based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the CNX NIFTY of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available. The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005, BSE was incorporated as a company under the Companies Act, 1956 in 2005. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). BSE and NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen-based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or "**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Regulations, which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer. The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer. Subsequently, the SEBI Takeover Regulations were amended on August 13, 2021 exempting (a) persons, together with persons acting in concert with him, holding shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company; and (b) promoter of the target company, together with persons acting in concert with him, from making continual disclosures in relation to aggregate shareholding and voting rights in the target company. Further, the amendment has also removed certain disclosure obligations for acquirers/promoters, pertaining to acquisition or disposal of shares aggregating to 5% and any change of 2% thereafter, annual shareholding disclosure and creation/invocation/release of encumbrance registered in depository systems under the SEBI Takeover Regulations. These relaxations have been given on account of implementation of the System Driven Disclosures (SDD).

Insider Trading Regulations

SEBI had earlier notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 to prohibit and penalise insider trading in India. The regulations, among other things, prohibited an 'insider' from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the regulations of 1992. The Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

The SEBI Insider Trading Regulations also provides for initial and continuing disclosure obligations for promoters, members of the promoter group, key managerial personnel, directors and designated persons. Initial disclosures are required from promoters, members of the promoter group, key managerial personnel, directors as well as continual disclosures by every promoter, members of the promoter group, designated person or director in case value of trade exceed monetary threshold of 10 lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company’s website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. The definition of “insider” includes any person who is in possession of or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company. On July 17, 2020, SEBI amended the SEBI (Prohibition of Insider Trading) Regulations, 2015 to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details persons with whom information is shared shall be maintained.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set forth below are certain provisions relating to our Bank's share capital and the Equity Shares, including brief summaries of certain provisions of the Union Bank of India (Shares and Meetings) Regulations, 1998. Our Bank follows the RBI Dividend Circular in relation to declaration of dividends.

General

The authorized share capital of the Bank is ₹10,000 crore consisting of 1,000 crore equity shares of face value ₹10 each.

As on the date of this Placement Document , the issued, subscribed and paid-up share capital of the Bank is ₹ 7,412.45 crore divided into 7,412,448,217 Equity Shares. The Equity Shares are listed on NSE and BSE since September 24, 2002.

Capital

The shares of the Bank are movable property, transferable in the manner provided under the Union Bank Regulations. The Bank is permitted to raise capital by public issue or preferential allotment or private placement of equity shares or preference shares in accordance with provisions of the Banking Companies Act. The Bank is required to formulate a proposal to raise capital in accordance with the guidelines, rules or regulations of the SEBI, relating to raising of such capital. In accordance with the Union Bank Regulations, the Bank is required to submit the proposal to the RBI and consider the views of the RBI before finalizing the proposal. Further, the final proposal is required to be submitted to the Government for its sanction and the Government may grant sanction subject to such terms and conditions as it may deem fit.

Register of Shareholders

The Bank is required to keep, maintain and update a share register and an index of its shareholders. The particulars required to be entered in the share register are required to be maintained in the form of books or data stored in magnetic /optical / magneto-optical media by way of diskettes, floppies, cartridges or otherwise in computers to be maintained at the Head Office and back up at such location as may be decided from time to time by the Chairman or Managing Director or any other designated official. The Bank is required to maintain the register in electronic format subject to safeguards stipulated in the Information Technology Act, 2000.

Share Certificates

Each share certificate in respect of shares of the Bank is required to bear a share certificate number, a distinctive number, the number of shares in respect of which it is issued and the name of the shareholder to whom it is issued, in such form as may be specified by the Board. Every share certificate should be issued under the common seal of the Bank in pursuance of a resolution of the Board and it should be signed by two Directors and some other officer not below the rank of Scale-II or the company secretary appointed by the Board for the purpose. No share certificate is valid unless and until it is so signed. Share certificate so signed will be valid and binding notwithstanding that, before the issue thereof, any person whose signature appears thereon may have ceased to be a person authorized to sign the share certificates on behalf of the Bank.

Issue of Share Certificates

Under the provisions of the Union Bank Regulations, a shareholder who has been registered as a shareholder shall be entitled to one certificate for each hundred shares or multiples thereof registered in his name on any one occasion and one additional share certificate for the number of shares in excess thereof but less than hundred. Further, if the number of shares to be registered is less than hundred, one certificate shall be issued for all the shares. In the case of shares held jointly by several persons, delivery of the relative certificate or certificates to one of such joint holders shall be sufficient delivery to all, and a receipt signed by any one of the joint holders shall effectually bind all the joint holders.

Transfer of Shares

The Bank's shares can be transferred by an instrument of transfer in the form provided under the Union Bank Regulations or in such other form as may be approved by the Bank from time to time and the instrument of transfer along with the share certificate should be submitted to the Bank at its head office. Upon receipt by the Bank of an instrument of transfer along with a share certificate with a request to register the transfer, the Board or the committee designated by the Board shall forward the said instrument of transfer along with share certificate to the registrar or the share transfer agent for the purposes of verification. The registrar or the share transfer agent is required to return the instrument of transfer along with the share certificate, if any, to the transferee for resubmission unless the instrument of transfer is presented to the Bank, duly, stamped and properly executed for registration and is accompanied by the certificate of the shares to which it relates and such other evidence as the Board may require to show the title of the transferor to make such transfer.

The Board or the committee designated by the Board may refuse to transfer any shares in the name of the transferee on anyone or more of the following grounds, and on no other grounds:-

(i) The transfer of shares, is in contravention of the provisions of the Banking Companies Act or regulations made there under or any other law or that any other requirement under the law relating to registration of such transfer has not been compiled with;
(ii) The transfer of shares, in the opinion of the Board, is prejudicial to the interests of the Bank or to public interest;
(iii) The transfer of shares is prohibited by an order of any court, tribunal or any other authority under any law for the time being in force; or
(iv) an individual or company resident outside India or any company incorporated under any law not in force in India or any branch of such company whether resident outside India or not will on the transfer being allowed to hold or acquire as a result thereof, shares of the Bank and such investment in the aggregate will exceed the percentage being more than 20% of the paid-up capital or as may be specified by the Central Government by notification in the Official Gazette.

The Board or the committee designated by the Board should, unless it refuses to register the transfer under the provisions of the Union Bank Regulations, cause the transfer to be registered and deliver the duly transferred share certificate to the transferee within 60 days from the date of lodging of the instrument of transfer. In the event the Board refuses the registration of the transfer, the Board is required to intimate the same to the transferor and the transferee by notice in writing giving reasons for such refusal within 60 days from the receipt of transfer form or within such period as may be laid down in the listing agreement with the concerned stock exchange. The Board or the committee designated by the Board should not register any transfer during any period in which the register is closed.

Pursuant to the SEBI Listing Regulations, in the event the Board does not affect the transfer of shares within 15 days or where the Board fails to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay in accordance with the SEBI Listing Regulations. The Equity Shares shall be freely transferable, subject to applicable laws.

Calls on Shares

The Board may, from time to time, make such calls as it thinks fit upon the shareholders in respect of all moneys remaining unpaid on the shares held by them, which are by the conditions of allotment not made payable at fixed times, and each shareholder is required to pay the amount of every call so made on him to the person and at the time and place appointed by the Board. A call may be payable by installments and a notice of not less than 30 days of every call specifying the time of payment has to be given. A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by the shareholders on the register on such date or at the discretion of the Board on such subsequent date as may be fixed by the Board.

The time fixed for the payment of any call to all or any of the shareholders may be extended at the discretion of the Board, but no shareholder is entitled to such extension as a matter of right.

No shareholder is entitled to receive any dividend or to exercise any right of a shareholder until he has paid all calls for the time being due and payable on every share held by him, whether singly or jointly with any person, together with interest and expenses, as may be levied or charged.

Forfeiture of shares

The Bank can, by a resolution of the Board forfeit the shares, if the calls on such shares are unpaid. Any share so forfeited will be deemed to be the property of our Bank and may be sold, re-allocated or otherwise disposed of to any person upon such terms and in such manner as the Board may decide.

Lien

The Bank has a first and paramount lien on (i) every share (not being a fully-paid share), for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share; (ii) on all shares (not being fully paid shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Bank; and (iii) upon all the shares registered in the name of each person (whether solely or jointly with others) and upon the proceeds of sale thereof for his debts, liabilities, and engagements, solely or jointly with any other person to or with the Bank, whether the period for the payment, fulfillment, or discharge thereof shall have actually arrived or not and no equitable interest in any share should be authorized by the Bank over its lien. However, the Board may at any time declare any share to be wholly or in part exempt from the said provisions. The Bank's lien, if any, on a share extends to all dividends payable thereon.

The Bank may sell, in such manner as the specified by the Board, any shares on which the Bank has a lien if a sum in respect of which the lien exists is presently payable and, after the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency to give effect to any such sale, the Board may authorize some officer to transfer the shares sold to the purchaser thereof.

Meeting of Shareholders

There are two types of general meetings of shareholders: AGM and extra ordinary general meeting. Subject to the provisions of the Union Bank Regulations, all directors and shareholders of the Bank are entitled to attend the general meeting.

For convening an AGM, a notice signed by the chairman and the managing director or the executive director or any officer not below the rank of scale VII or the company secretary should be published at least 21 clear days before the meeting in not less than two daily newspapers having wide circulation in India. Every such notice is required to state the time, date, place and the business that shall be transacted at that meeting.

An extraordinary general meeting of shareholders can be convened by the chairman and managing director or in their absence by the Executive Director or in their absence by any one of the other Directors if so directed by the Board, or on a requisition for such a meeting having been received either from the Government or from other shareholders holding an aggregate of shares carrying not less than 10.00% of the total voting rights of all the shareholders. The requisition should state the purpose for which such extraordinary general meeting is required to be convened. The time, date and place of an extraordinary general meeting shall be decided by the Board, provided that a special general meeting convened on requisition by other shareholders will be convened not later than 45 days of the receipt of the requisition.

No business shall be transacted at any meeting of the shareholders unless a quorum of at least five shareholders entitled to vote at such meeting in person are present at the commencement of such business. If in the case of a meeting called by a requisition of shareholders other than the Government, the quorum is not present within half an hour after the time appointed for the holding of a meeting, the meeting shall stand dissolved. In any other case of quorum not being present within half an hour after the time appointed for the holding of a meeting, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and such other time and place as the Chairman may determine.

Voting rights of Shareholders

The Union Bank Regulations read with the Banking Companies Act provide that no shareholder other than the Government shall be entitled to exercise voting rights in respect of any shares held by them in excess of 10.00% of the total voting rights of all the shareholders of our Bank. In addition, Section 3(2D) of the Banking Companies Act mandates that shareholding of non-residents in a corresponding new bank cannot exceed 20.00% of its paid up capital. Each shareholder who has been registered as a shareholder on the date of closure of the register prior to the date of a general meeting shall, at such meeting, have one vote on show of hands and in case of a poll shall have one vote for each share held by him. Shareholders of the Bank entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a shareholder or not) as their proxy to attend and vote instead of them, but a proxy so appointed shall not have any right to speak at the meeting.

Right to elect Directors

The Union Bank Regulations read with the Banking Companies Act provide that the shareholders' directors, are to be elected by the shareholders on the register, other than the Government, from amongst themselves in a general meeting of the Bank. Where an election of a director is to be held at any general meeting, the notice thereof should be included in the notice convening the meeting. Every such notice should specify the number of directors to be elected and the particulars of vacancies in respect of which the election is to be held.

Declaration of Dividend

As per the RBI Dividend Circular, our Bank can declare dividends only if our Bank has a (i) CRAR of at least 9.00% for the preceding two completed years and the accounting year for which it proposes to declare a dividend; and (ii) net NPA less than 7.00%. In case our Bank does not meet the said CRAR norm, but has a CRAR of at least 9.00% for the accounting year for which it proposes to declare dividend, it would be eligible to declare dividend provided its net NPA ratio is less than 5.00%.

Our Bank is required to comply with certain provisions of the Banking Regulation Act including section 15; section 10(7) of the Banking Companies Act and the prevailing regulations / guidelines issued by the RBI, including creating adequate provisions for impairment of assets and staff retirement benefits, transfer of profits to statutory reserves. See, "*Dividend Policy*" on page 99. The proposed dividend should be paid out of the current year's profit. Also, the RBI should not have placed any explicit restrictions on our Bank for declaration of dividends. The rate of dividend shall be determined by the Board.

TAXATION

REPORT ON STATEMENT OF POSSIBLE TAX BENEFITS

Date: February 20, 2024

To,
The Board of Directors
Union Bank of India
Union Bank Bhavan, 239
Vidhan Bhavan Marg, Nariman Point
Mumbai - 400 021, Maharashtra

Re: Proposed qualified institutions placement of equity shares of face value ₹10 each (the "Equity Shares") (such placement, the "Issue") by Union Bank of India (the "Bank")

Dear Sir/Madam,

1. This certificate is issued in accordance with the terms of our engagement letter dated February 20, 2024, with the Bank, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended ("**Banking Companies Act**") and having its head office at Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai, Maharashtra – 400021.

2. We have been informed by management of the Bank that the Bank is in the process of filing a Preliminary Placement Document/Placement Document in relation to the Issue under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"), and relevant provisions of the Banking Companies Act, the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), the Union Bank of India (Shares & Meetings) Regulations, 1998 (the "**Union Bank Regulations**") and the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 (the "**Nationalised Banks Scheme**") and other notifications and circulars as may be issued by the Reserve Bank of India from time to time.

3. We,M/s N B S & Co., Chartered Accountants, M/s Chhajed & Doshi, Chartered Accountants, M/s G S Mathur & CO., Chartered Accountants, M/s P Chandrasekar LLP, Chartered Accountants and M/s V. K. Ladha & Associates, Chartered Accountants, have been requested by the Bank to issue a certificateon the possible tax benefits, as given in the accompanying Annexure A, available in connection with the Issue as on the date of this certificate to the Bank and its shareholders, in accordance with the Income Tax Regulations as at the date of our certificate.

Management's Responsibility

4. The preparation of the statement of possible tax benefits in relation to the Bank and its shareholders in **Annexure A** ,which is to be included in the preliminary placement document and placement document prepared by the Bank in connection with the Issue, is the responsibility of the management of the Bank.
5. The preparation and maintenance of all relevant supporting records is the responsibility of the management of the Bank as well as ensuring the compliance with the Banking Companies Act, the Union Bank Regulations, the Banking Regulation Act, the Nationalised Banks Scheme and other notifications and circulars as may be issued by the Reserve Bank of India from time to time.The accompanying Annexure A prepared in accordance with the provisions of the Income Tax Act, 1961 (read together with the rules, circulars, and notifications issued thereinunder) as amended by the Finance Act, 2023 (hereinafter referred to as the "**Income Tax Regulations**") has been prepared by the management of the Bank in connection with the Issue, which we have attached and initialed for identification purposes.

6. The Management of the Bank is also responsible for ensuring compliance with the requirements of SEBI ICDR Regulations and other applicable rules and regulations, for the purpose of furnishing thisenclosed Annexure A and for providing all relevant information to the BSE Limited ("**BSE**"), National Stock Exchange of India Limited ("**NSE**" and together with the BSE, the "**Stock Exchanges**") and other regulatory and statutory authorities.

7. This responsibility includes the designing, implementation and maintaining of internal control relevant to the preparation and presentation of the Annexure A.

Our Responsibility

8. Our responsibility is to provide reasonable assurance in form of opinion that whether the Annexure Aprepared by the Bank, presents, in all material respects, the possible tax benefits available in connection with the Issueas on the date of this certificate to the Bank and its shareholders, in accordance with the Income Tax Regulations.

9. Our work has been carried out in accordance with Standards on Auditing, the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Reports in Company Prospectuses (Revised 2019) and other applicable authoritative pronouncements, issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

11. In addition to the foregoing, our scope of work did not include verification of compliance with other requirements of the SEBI ICDR Regulations, other circulars, notifications, etc. as issued by relevant regulatory authorities from time to time and any other laws and regulations applicable to the Bank. Further, our scope of work, for the purpose of this certificate, did not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Bank, taken as a whole.

12. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI ICDR Regulations in connection with the Issue.

Inherent Limitations

13. We draw attention to the fact that the Annexure Aincludes certain inherent limitations that can influence the reliability of the information.

14. Several of the benefits mentioned in the accompanying Annexure Aare dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Bank or its shareholders, to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying Annexure Aare not exhaustive.

15. The Annexure Ais only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

16. Further, we give no assurance that the revenue authorities/ courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes**.**

Opinion

17. Based on the procedures performed by us, and the information and explanation provided to us along with our examination of the same, we certify/are of the opinion that, as on the date of this certificate, the Annexure A prepared by the Bank presents, in all material respects, the possible tax benefits available in connection with the Issue, to the Bank and its shareholders, in accordance with the Income Tax Laws as at the date of our report.

18. Considering the matter referred to in paragraph 14 above, we are unable to express any opinion or provide any assurance as to whether:

(i) The Bank or its shareholders will continue to obtain the benefits per the Annexure A in future; or
(ii) The conditions prescribed for availing the benefits per the Annexure Ahave been/ would be met with.

Restriction of Use

19. At the specific request of the Bank, this certificate is also being addressed to the BRLMs to assist them in conducting their due diligence and documenting the affairs of the Bank in connection with the proposed Issue.

20. Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the preliminary placement document and placement document prepared in connection with the Issue, to be filed with the Stock Exchanges and any other authority (together the "**Issue Documents**") by the Bank.

21. We hereby confirm that the information herein is true, fair and complete. We consent to the inclusion of the above information in the Issue Documents and such other documents as may be prepared in connection with the Issue and to the submission of this certificate, as may be necessary, to the Stock Exchanges, SEBI or any other regulatory or statutory authorities as required in respect to the Issue and/or for the purpose of conducting due diligence, and shared with and relied on, as necessary, by the advisors and intermediaries duly appointed in this regard. We further consent to the aforementioned details being included in the records to be maintained by the BRLMs in connection with the Issue and in accordance with applicable laws.
22. We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

23. As a result, the certificate may not be suitable for any other purpose and, save and except for above, should not be distributed to or used by any third parties without our prior written consent. Accordingly, save and except for above, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come.

24. This certificate may be relied upon by the BRLMs and the legal counsel appointed in relation to the Issue and to assist the BRLMs in the context of due diligence procedures that the BRLMs have to conduct and the documents in relation of their investigation of the affairs of the Bank in connection with the Issue. We undertake to immediately inform the Bank and the BRLMs in case of any changes to the above, that has come to our knowledge/attention or, if informed to us by the bank, till the date when the Equity Shares issued pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

Yours sincerely,

For N B S & Co.
Chartered Accountants
FRN 110100W

CA. Sharath Shetty
Partner
Membership No. 132775
UDIN: 24132775BKC4CK8141

For Chhajed & Doshi
Chartered Accountants
FRN 101794W

CA. Nitesh Jain
Partner
Membership No. 136169
UDIN: 2416169BKEGUI927

For G S Mathur & Co
Chartered Accountants
FRN 008744N

CA. Rajiv Kumar Wadhawan
Partner
Membership No. 091007
UDIN: 24091007BKCFBD7883

For P Chandrasekar LLP
Chartered Accountants
FRN 000580S/S200066

For V K Ladha & Associates
Chartered Accountants
FRN 002301C

CA. Arun R
Partner
Membership No. 208425
UDIN: 24208425BKAJHT9610

CA. V. K. Ladha
Partner
Membership No. 071510
UDIN: 24071501BKFQFN4394

Place: Mumbai
Date: February 20, 2024

Annexure A

The information provided below summarizes the possible direct tax benefits available to the Bank and its Shareholders and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares under the Income-tax Act, 1961 (hereinafter referred to as the "**Act**") presently in force in India. This statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Several of these benefits are dependent on the equity shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the equity shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Bank or its shareholders will continue to obtain these benefits in future. Shareholders are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

1. SPECIAL TAX BENEFITS AVAILABLE TO THE BANK UNDER THE ACT

1.1 No Special Tax benefits are available to the Bank.

2.GENERAL TAX BENEFITS AVAILABLE TO THE BANK UNDER THE ACT

The following benefits are available to the Bank after fulfilling conditions as per the applicable provisions of Act:

2.1 Applicable Income Tax Rate:

Currently, the Bank has shifted from 30% (plus 12% Surcharge and 4% Health & Education Cess) under the normal provisions of the Act toa reduced income-tax rate of 22% (plus 10% Surcharge and 4% Health & Education Cess).It may be noted that the provisions relating to Minimum Alternate Tax (MAT) u/s 115JB shall not be applicable to the Bank if it decides to exercise the option of paying income-tax as per Section 115BAA of the Act.

2.2 Benefits available while computing Profits and Gains of Business or Profession: The income of the Bank under the head "Profits and Gains of Business or Profession" is computed in accordance with applicable provisions of the Act read with Income Computation and Disclosure Standards (ICDS) notified u/s. 145(2) of the Act. Some of the important deductions available specifically to scheduled banks for computation of income of the Bank under the head "Profits and Gains of Business or Profession" are detailed below:

2.2.1 Section 36(1)(vii) of the Act– Allowance of bad debts written off

Section 36(1)(vii) of the Act provides that the amount of bad debts, or part thereof, written off as irrecoverable in the accounts of the Bank for the previous year is allowable as deduction. However, the amount of the deduction relating to any such debt or part thereof shall be limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account (including provisions towards rural advances) maintained u/s. 36(1)(viia) of the Act. The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax u/s 115BAA of the Act as discussed at para 2.1 above. If the amount subsequently recovered on any such debt, or part thereof, written off is greater than the difference between the debt, or part of debt, so written off and the amount so allowed, the excess shall be deemed to be profits and gains of business or profession and accordingly, chargeable to tax in accordance with Section 41(4) in the year in which it is recovered.

2.2.2 Section 36(1)(viia) of the Act – Allowance of Provision for bad & doubtful

Section 36(1)(viia) of the Act provides that the Bank is entitled to claim deduction in respect of any provision for bad and doubtful debts made by the bank of an amount not exceeding 8.5% of the total income (computed before making any deduction under this clause and Chapter VIA of the Act) and an amount not exceeding 10% of the aggregate average advances made by rural branches computed in the manner prescribed under Rule 6ABA. The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax u/s 115BAA of the Act as discussed at para 2.1 above.

2.2.3 Section 36(1)(viii) of the Act – Deduction in respect of Special Reserve

Section 36(1) (viii) of the Act provides that the bank is allowed deduction in respect of any special reserve created and maintained by the Bank for an amount not exceeding 20% of the profits derived from the business of long-term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India. Further, if the aggregate amount carried to the Special Reserve account from time to time exceeds twice the paid-up capital and general reserves, no deduction shall be allowed on the excess amount under the said section. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions for Section 41(4A) of the Act. The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax u/s 15BAA of the Act as discussed at para 2.1 above.

2.2.4 Section 43D of the Act – Interest on bad & doubtful debts

Section 43D of the Act provides that interest on certain categories of bad and doubtful debts as specified in Rule 6EA of the Income-tax Rules, 1962, shall be chargeable to tax only in the year of receipt or credit to Profit and Loss Account, whichever is earlier.

2.2.5 Deduction 80LA of the Act – Deductions in respect of certain incomes of Offshore Banking Units and International Financial Services Centre

Section 80LA(1) of the Act provides that where the gross total income of an assessee, being a scheduled bank and having an Offshore Banking Unit in a Special Economic Zone, includes any income specified in Section 80LA(2), there shall be allowed subject to the fulfilment of the conditions specified in Section 80LA, a deduction from such income, of an amount equal to 100% of such income for five consecutive assessment years, beginning with the assessment year relevant to the previous year in which the Reserve Bank of India's permission, or permission/registration under SEBI Act/regulations or any other law was obtained, and after those five years, 50% of deduction of such income for the next five consecutive assessment years. It may be noted that a scheduled bank having an Offshore Banking Unit in a Special Economic Zone shall not be entitled for this deduction if it opts for the benefit of lower rate of tax u/s. 115BAA of the Act as discussed at para 2.1 above. Section 80LA (1A) of the Act provides that where the gross total income of an assessee, being a Unit of an International Financial Services Centre, includes any income specified in Section 80LA(2), there shall be allowed subject to the fulfilment of the conditions specified in Section 80LA, a deduction from such income, of an amount equal to 100% of such income for any ten consecutive assessment years, at the option of the assessee, out of fifteen years, beginning with the assessment year relevant to the previous year in which the Reserve Bank of India's permission or permission/registration under the SEBI Act/regulations or any other relevant law was obtained. It may be noted that a person having a unit in the International Financial Services Centre shall be entitled for this deduction even if it opts for the benefit of lower rate of tax u/s. 115BAA of the Act as discussed at para 2.1 above.

3.GENERAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE BANK

The following income-tax benefits are generally available to the shareholders subject to the fulfilment of the conditions specified in the Act:

3.1 For resident shareholders:

3.1.1 Up to and including FY 2019-20, dividend income earned on shares of a domestic company (which includes the Bank) was exempt in the hands of shareholders u/s 10(34) of the Act. Such dividend income was also to be excluded while computing the MAT liability u/s. 115JB where the recipient is a company. With effect from FY 2020-21, Dividend income from equity shares has been made taxable in the hands of shareholders at the applicable tax rates and the domestic company declaring/distributing/paying such dividends is no longer required to pay any DDT u/s 115-O. Deduction of expenses u/s 57 of the Act shall be allowed against such dividend income only in respect of interest expense up to a maximum of 20% of such dividend. Section 115BBDA, providing for taxation of dividend income of more than Rs.10 lakhs for specified assessee, has been omitted. The domestic company declaring/distributing/paying dividends shall be liable to deducttaxes @ 10% on dividend income paid to resident shareholders. The aggregate threshold of Rs.5,000 in a financial year applies in case of dividend income payable to a resident individual shareholder.

3.1.2 If the resident shareholder is a domestic company and its gross total income in any tax year includes any income by way of dividends from any other domestic company (which includes the Bank) or foreign company or a business trust, it shall be allowed a deduction u/s 80M of the Act in computation of its total income, of an amount equal to so much of the amount of income by way of dividends received from domestic/foreign companies or business trust as does not exceed the amount of dividend distributed by it up to a date not exceeding one month prior to the due date of filing its return of income. This benefit would be available even if such resident shareholder being a domestic company opts for the benefit of lower rate of income-tax u/s. 115BAA of the Act.

3.1.3 Income arising from transfer of shares held for more than 12 months and subject to Securities Transaction Tax (STT), shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes (CBDT) has clarified in a circular that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as “Capital Gains” unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

3.1.4 Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains exceeding Rs.1,00,000 arising on transfer of equity shares, if STT has been paid on both acquisition and transfer in case of equity shares. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency. As per section 112A(4) of the Act read with Notification No 60/2018 dated October 1, 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:

a) share acquisitions undertaken prior to October 1, 2004
b) share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions.
The benefit of indexation under the second proviso to Section 48 of the Act shall not be applicable for computing long term capital gains taxable u/s. 112A of the Act. As per section 55(2)(ac) of the Act cost of acquisition of equity shares (referred in aforesaid Section 112A of the Act) acquired prior to February 1, 2018, shall be higher of –
a) Cost of acquisition of asset; and
b) Lower of –
(i) the fair market value of the asset (as defined in Explanation to Section 55(2)(ac)); and
(ii) the full value of consideration received or accruing as a result of transfer of the capital asset.
For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognised stock exchange on January 31, 2018.

3.1.5 As per Section 112 of the Act the long-term capital gains arising to the shareholders from the transfer of shares held as investments, not covered under point 3.1.3 above, shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed without indexing the cost of acquisition, whichever is lower.

3.1.6 In case of an individual or Hindu Undivided Family (HUF), being a resident, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, such long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be subjected to such tax in accordance with the proviso to Section 112A(1) or proviso to Section 112(1) of the Act as the case may be.

3.1.7 Short-term capital gains arising on transfer of the shares will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of Section 111A of the Act if such transaction is chargeable to STT. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre and where the consideration for such transactions is payable in foreign currency. In case of an individual or HUF, being a resident, where the total taxable income as reduced by short term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to Section 111A(1) of the Act.

3.1.8 The rate of surcharge on capital gains u/s. 111A and u/s. 112A arising on sale of equity shares for all taxpayers will not exceed 15% on the income-tax.

3.1.9 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in

Section 54F of the Act long term capital gains arising on transfer of the shares shall be exempt from capital gains u/s 54F, if the net sale consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sale consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.1.10 As per Section 70 read with Section 74 of the Act short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains (short term capital gains or long-term capital gains) arising during subsequent eight assessment years. As per Section 70 read with Section 74 of the Act, long term capital lossarising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years. As per Section 71 of the Act short term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

3.1.11 Where the gains arising on the transfer of shares are included in the business income of an assessee assessable under the head “Profits and Gains from Business or Profession” and on which STT has been charged, such STT shall be a deductible expense from the business income as per the provisions of Section 36(1)(xv) of the Act.

3.1.12 Section 56(2)(x) of the Act provides that, subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:
(i) where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs.50,000/-, the whole FMV;
(ii) where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid. Rule 11UA of the Income-tax Rules, 1962 (“the Rules”) provides for the method for determination of the FMV of various properties.

3.1.13 In case of income arising to a shareholder on account of buyback of shares (listed or unlisted) by a company will be exempt u/s. 10(34A) of the Act if the company buying back the shares has paid additional income-tax at the rate of 20% (plus applicable surcharge and cess) on distributed income u/s. 115QA of the Act.

3.2 For non-resident shareholders including Foreign Portfolio Investors (‘FPIs’) / Foreign Institutional Investors (‘FIIs’):

3.2.1 Under the provisions of Section 90(2) of the Act a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement (“DTAA”) between India and the country of tax residence of the non-resident (as modified by the Multilateral convention to implement Tax treaty related measures to prevent Base Erosion and Profit Shifting (MLI)) or the provisions of the Act to the extent they are more beneficial to the non-resident.

3.2.2 Up to and including FY 2019-20, dividend income earned on shares of a domestic company (which includes the Bank) was exempt in the hands of shareholders u/s. 10(34) of the Act. With effect from FY 2020-21:
a) Dividend income from equity shares has been made taxable in the hands of shareholders at the applicable tax rates and the domestic company declaring/distributing/paying such dividends is no longer required to pay any DDT u/s. 115-O.
b) A deduction of expenses u/s. 57 of the Act shall be allowed against such dividend income only in respect of interest expense up to a maximum of 20% of such dividend.
c) The domestic company declaring/distributing/paying dividends shall be liable to withhold taxes at the rates in force on dividend income paid to non-resident shareholders. Thus, the non-resident shareholders are liable to tax on dividend income received from domestic company u/s. 115A at 20% of gross dividend income (plus applicable surcharge and cess) subject to the provisions of the relevant DTAA read with the MLI (wherever applicable).

3.2.3 Income arising from transfer of shares held for more than 12 months and subject to STT, shall be considered as long-term capital assets. Assets not considered as long-term capital assets shall be considered as short-term capital assets. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes (CBDT) in a circular has clarified that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in trade and income arising from transfer thereof as its business income.

3.2.4 Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs.1,00,000) arising on transfer of equity shares, if STT has been paid on both acquisition and transfer in case of equity shares. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency. As per section 112A(4) of the Act read with Notification No 60/2018 dated October 1, 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:
a) share acquisitionsundertaken prior to October 1, 2004
b) share acquisitions undertaken on or after October 1, 2004, subject to certainspecified exceptions. The benefit of indexation under the second proviso to Section 48 of the Act shall not be applicable for 203 computing long term capital gains taxable u/s. 112A of the Act. As per section 55(2)(ac) of the Act cost of acquisition of equity shares (referred in aforesaid Section 112A of the Act) acquired prior to February 1, 2018, shall be higher of – a) Cost of acquisition of asset; and b) Lower of –
I. the fair market value of the asset (as defined in Explanation to Section 55(2)(ac)); and
II. the full value of consideration received or accruing as a result of transfer of the capital asset. For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognised stock exchange on January 31, 2018.

3.2.5 The long-term capital gains arising to the shareholders from the transfer of equity shares held as investments, not covered under point 3.2.4 above shall be taxable as follows: Where the equity shares are acquired in convertible foreign exchange, the same shall be taxable at the rate of 10% on the amount of capital gains computed as per point 3.2.6 below; Where the equity shares are acquired in INR, the same shall be taxable at the rate of 20% (plus applicable surcharge and cess) on the amount of capital gains computed after considering the indexation benefit provided under second proviso to Section 48 or at the rate of 10% on the amount of capital gains computed without indexing the cost of acquisition, whichever is lower.

3.2.6 In accordance with, and subject to Section 48 of the Act read with Rule 115A of the Rules, capital gains arising on transfer of shares which are acquired in convertible foreign exchange and not covered under point 3.2.4 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.

3.2.7 Short-term capital gains arising on transfer of the shares will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of Section 111A of the Act if such transaction is chargeable to STT. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions ispayable in foreign currency.

3.2.8 The rate of surcharge on capital gains u/s. 111A and u/s. 112A arising on sale of equity shares for all taxpayers and capital gains on securities u/s. 115AD(1)(b) for FIIs will not exceed 15% on the income tax.

3.2.9 As per Section 70 read with Section 74 of the Act short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains (short term capital gains or long-term capital gains) arising during subsequent eight assessment years. As per Section 70 read with Section 74 of the Act long term capital loss arising during a year is allowed to be set- off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years. As per Section 71 of the Act short term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

3.2.10 Where the gains arising on the transfer of shares are included in the business income of an assesse assessable under the head "Profits and Gains from Business or Profession" and on which STT has been charged, such STT shall be a deductible expense from business income as per the provisions of Section 36(1)(xv) of the Act.

3.2.11 Section 56(2)(x) of the Act provides that, subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:
I. where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds ₹50,000/-, the whole FMV;
II. where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid. Rule 11UA of the Rules provides for the method for determination of the FMV of various properties.

3.2.12 As per Explanation 4 to Section 115JB(2), the provisions of Section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a Permanent Establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration u/s. 592 of the Companies Act 1956 or u/s. 380 of the Companies Act 2013.

3.2.13 In respect of foreign companies which are not exempt from MAT provisions as per point 3.2.10 above, capital gains (whether long term or short term) arising on transactions in securities will need to be adjusted /reduced (if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 15%) from the book profits while computing MAT u/s. 115JB of the Act. Consequently, corresponding expenses shall also be excluded while computing MAT.

3.3 Specific Provisions Applicable to FPIs and FIIs:

3.3.1 As per Section 2(14) of the Act transfer of any shares/securities by FPIs/FIIs being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be treated as Capital Assets.

3.3.2 As per the amended provisions of Section 115AD of the Act.
I. Income by way of short-term capital gains arising to a FPI/FII on transfer of shares shall be chargeable at a rate of 30% (plus applicable surcharge and cess) where such transactions are not subjected to STT and at the rate of 15% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT;
II. Income by way of long-term capital gains arising to a FPI/FII from transfer of long term capital asset referred to in Section 112A of the Act shall be liable to tax at the rate of 10% (plus applicable surcharge and cess) on such income exceeding Rs.1,00,000;
III. Income by way of long-term capital gains arising to a FPI/FII from the transfer of shares held in the Company (other than those taxable u/s.112A of the Act) shall be taxable at the rate of 10% (plus applicable surcharge and cess). The benefits of foreign currency fluctuations and of indexation of cost as per first and second proviso to Section 48 of the Act are not available to FPIs/FIIs.

3.3.3 As per Section 196D(2) of the Act no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares, payable to FIIs. Further, TDS on dividend shall be withheld at the rate of 20% u/s 196D. There is no provision u/s. 196D to apply the rates as per DTAA at the time of withholding tax on dividend income payable to FIIs.

3.4Specific provisions applicable to non-resident shareholders being Non-Resident Indians (NRIs):

3.4.1 Besides the above benefits available to non-residents, NRIs have the option of being governed by the provisions of Chapter XII-A of the Act which, inter alia, entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:
I. Section 115E of the Act provides that NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange.
II. Section 115F of the Act provides that, subject to the conditions and to the extent specified therein, long term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in Section 10(4B) of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.
III. In accordance with the provisions of Section 115G of the Act, NRIs are not obliged to file a return of income u/s. 139(1) of the Act if their only source of income is income from investments or long term capital gains earned

on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

IV. In accordance with the provisions of Section 115H of the Act when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year u/s. 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

V. As per the provisions of Section 115-I of the Act NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year u/s. 139 of the Act declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly, their total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.5 Specific provisions applicable to Mutual Funds:

3.5.1 Section 10(23D) of the Act provides that any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf. As per Section 196 of the Act no tax is to be deducted from any income payable to a Mutual Fund specified u/s 10(23D) of the Act.

3.6 Specific provisions applicable to Venture Capital Companies/Funds:

3.6.1 Section 10(23FB) of the Act provides that any income of Venture Capital Company or Venture Capital Fund, to whom the certificate of registration is granted under SEBI (Venture Capital Funds) Regulations, 1996 before May 21, 2012 or has been granted a certificate of registration as Venture Capital Fund as a sub-category I Alternative Investment Fund and is regulated under SEBI (Alternative Investment Funds Regulations) 2012, under the SEBI Act, 1992, from a Venture Capital Undertaking would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the Act any income derived by a person from his investment in Venture Capital Company/Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the Venture Capital Undertaking.

3.7 Specific provisions applicable to Investment Funds:

3.7.1 Income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration and is regulated under SEBI (Alternative Investment Funds) Regulations, 2012 as Category I or Category II Alternate Investment Fund, other than the income chargeable under the head ‘profits and gains of business and profession’, shall be exempt from tax u/s. 10(23FBA) of the Act.

3.7.2 The income chargeable under the head ‘profits and gains of business and profession’ shall be taxed in the hands of the Investment Fund depending on the legal status (i.e. a company, a limited liability partnership, body corporate or a Trust) of the Fund and at the rate or rates as specified in the Finance Act of the relevant year.
However, income (other than income chargeable under the head “Profits and gains of business or profession) of the unit holder out of the investment made in such investment fund is chargeable to income-tax in the same manner as if it were income accruing or arising to, or received by, such unit holder had the investments, made by the Investment Fund, been made directly by him. Further, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

3.7.3 As regards income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration as Category III Alternate Investment Fund and is regulated under SEBI (Alternative Investment Funds) Regulations, 2012 will be taxed in India depending on the legal status of the Fund. In case the Fund is set-up as a ‘Trust’, the principles of trust taxation should apply.

4. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS UNDER THE ACT

4.1 No Special Tax benefits are available to the shareholders.

Note: This Statement is prepared on the basis of information available with the management of the Bank and there is no assurance that:

I. the Bank or its shareholders or material subsidiaries will continue to obtain these benefits in future;
II. the conditions prescribed for availing the benefits have been/ would be met with; and
III. the revenue authorities/courts will concur with the view expressed herein. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of the Act and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement. This statement has been prepared solely in connection with the Issue under the Regulations as amended.

For and on behalf of Union Bank of India,

Avinash Vasant Prabhu
Chief Financial Officer

Place: Mumbai
Date: Feburary 20, 2024

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general description of certain material United States federal income tax consequences to U.S. Holders (as defined below) under present law of an investment in the Equity Shares. This summary applies only to investors that hold the Equity Shares as capital assets (generally, property held for investment). This discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Equity Shares by particular investors, and does not address state, local, foreign or other tax laws. This discussion is based on the tax laws of the United States as in effect on the date of this Placement Document and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this Placement Document , as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address alternative minimum tax considerations or state, local, non-United States or other tax laws, or the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- dealers in stocks, securities, currencies or notional principal contracts;
- U.S. expatriates and former long-term residents of the United States;
- regulated investment companies and real estate investment trusts;
- tax-exempt entities;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- persons holding Equity Shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of (1) our Bank's voting stock or (2) the total value of all classes of stock of our Bank;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as consideration; or
- persons holding Equity Shares through partnerships or other pass-through entities.

Treasury Regulations may in some circumstances prohibit a U.S. Holder from claiming a foreign tax credit with respect to certain non-U.S. taxes that are not creditable under applicable income tax treaties (the "**Foreign Tax Credit Regulations**"). Accordingly, if you are not eligible for benefits under the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**U.S.-India Treaty**"), you should consult your tax advisor regarding the credibility or deductibility of any Indian taxes imposed on dividends on, or disposition of, the Equity Shares. The discussions below regarding the credibility of Indian taxes do not address the foreign tax credit consequences to you if you are not eligible for the benefits of the U.S.-India Treaty.

INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO THEM RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE RIGHTS AND EQUITY SHARES, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS OR NON-U.S. TAX LAWS, ANY CHANGES IN APPLICABLE TAX LAWS AND ANY PENDING OR PROPOSED LEGISLATION OR REGULATIONS.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Equity Shares that is for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation organised under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or

- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) holds Equity Shares, the U.S. tax treatment of a partner in the partnership generally will depend on the partner's status and the activities of the partnership. Prospective purchasers that are partnerships or partners in such a partnership should consult their own tax advisers concerning the U.S. federal income tax consequences of the acquisition, ownership and disposition of Equity Shares by the partnership.

Taxation of Distributions on the Equity Shares

Subject to the Passive Foreign Investment Company Rules discussed below, the gross amount of distributions to you with respect to the Equity Shares generally will be included in your gross income in the year received as foreign source ordinary dividend income, but only to the extent that the distribution is paid out of our Bank's current or accumulated earnings and profits (as determined under United States federal income tax principles). To the extent that the amount of the distribution exceeds our Bank's current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, our Bank does not intend to calculate its earnings and profits under United States federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be taxed as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders), dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that (1) our Bank is not a PFIC (as discussed above) for either the taxable year in which the dividend is paid or the preceding taxable year, (2) such dividend is paid on Equity Shares that have been held by you for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (3) our Bank is eligible for the benefits of the U.S.-India Treaty.

The amount of any distribution paid by our Bank in a currency other than U.S. dollars (a "**foreign currency**") will be equal to the U.S. dollar value of such foreign currency on the date such distribution is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency so received is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not recognise foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss, if any, realised on the subsequent sale or other disposition of such foreign currency will generally be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

For foreign tax credit purposes, dividends received with respect to the Equity Shares generally will be treated as foreign source income. A U.S. Holder will be entitled, subject to generally applicable limitations and conditions, to claim a U.S. foreign tax credit in respect of any Indian taxes withheld on dividends received on the Equity Shares. U.S. Holders who do not elect to claim a credit for any foreign income taxes paid or accrued during the taxable year may instead claim a deduction of such taxes. If a U.S. Holder is eligible for benefits under the U.S.-India Treaty or otherwise is entitled to a refund for the taxes withheld, such holder will not be entitled to a foreign tax credit or deduction for the amount of any non-U.S. taxes withheld in excess of the maximum rate under the U.S.-India Treaty or for the taxes with respect to which such holder can obtain a refund from the Indian taxing authorities. The rules relating to computing foreign tax credits or deducting foreign taxes are complex, and U.S. Holders are urged to consult their own tax advisers regarding the availability of foreign tax credits in their particular situation.

Taxation of a Disposition of Equity Shares

Subject to the Passive Foreign Investment Company rules discussed below, you generally will recognise capital gain or loss on any sale or other taxable disposition of Equity Shares purchased in the Issue equal to the difference between the U.S. dollar value of the amount realised for the Equity Shares and your tax basis (in U.S. dollars) in the Equity Shares. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Shares for more than one year, capital gain on a disposition of the Equity Shares generally will be eligible for reduced federal income tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognise generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Under the U.S.-India Treaty, India may generally tax capital gains in accordance with the provisions of its domestic law. U.S. Holders should consult their Indian tax advisors concerning the Indian tax consequences of capital gains arising from the sale or other disposition of their Equity Shares. If Indian tax is imposed on a U.S. Holder's capital gain on the sale or other disposition of Equity Shares, the amount of any tax collected through withholding will be included in the amount realized and a foreign tax credit may be available for U.S. federal income tax purposes with respect to such Indian tax. U.S. Holders should consult their U.S. tax advisors concerning the U.S. tax treatment of any such Indian tax.

A U.S. Holder that receives foreign currency from the sale or disposition of Equity Shares generally will realise an amount equal to the U.S. dollar value of such foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Equity Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. If the Equity Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognise foreign currency gain or loss on the conversion. If the foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the settlement date. Gain or loss, if any, realised on the subsequent conversion or other disposition of such foreign currency will generally be U.S. source ordinary income or loss.

Passive Foreign Investment Company Rules

A non-U.S. corporation is a PFIC in any taxable year in which, after taking into account certain look-through rules, either (i) at least 75 percent of its gross income is passive income or (ii) at least 50 percent of the average value (determined on a quarterly basis) of its assets is attributable to assets that produce or are held to produce passive income. In general, a non-U.S. corporation is considered to be a passive foreign investment company, or a PFIC, for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions, and gains from assets that produce passive income. Cash is generally a passive asset. However, under proposed U.S. Treasury regulations, on which taxpayers may rely, an amount of cash held in a non-interest bearing financial account that is held for the present needs of an active trade or business and is no greater than the amount necessary to cover operating expenses incurred in the ordinary course of the trade or business and reasonably expected to be paid within 90 days is generally not treated as a passive asset. Goodwill is active to the extent attributable to activities that produce or are intended to produce active income. In general, income earned in the active conduct of a banking business by a non-U.S. corporation is not passive income. To qualify as a foreign bank that is engaged in the active conduct of a banking business, a bank must satisfy certain requirements regarding its licensing and activities. For the purposes of determining whether a company is a PFIC, a company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Based on the preceding taxable year and the expected composition of our Bank's income and assets, our Bank expects that it will not be treated as a PFIC in the preceding taxable year, the current taxable year and the foreseeable future taxable years, However, our Bank's possible status as a PFIC must be determined for each year and cannot be determined until the end of each taxable year. Because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our Bank's control, including the amount and nature of our Bank's income, as well as on the market valuation of our Bank's assets, including Equity Shares, and because certain aspects of the PFIC rules are not entirely certain, there can be no assurance that our Bank will not be a PFIC in its current taxable year or in future taxable years or that the IRS will agree with our conclusion regarding our Bank's PFIC status.

If our Bank is a PFIC at any time during a U.S. Holder's holding period of the Equity Shares, such U.S. Holder will be subject to either the regular PFIC rules (the "**Regular PFIC Rules**") or, if a "mark-to-market" election is available and made, the special mark-to-market PFIC rules (the "**Mark-To-Market Rules**"), both of which are described below. U.S. Holders cannot make a "qualified electing fund" election (which is a special election applicable to certain PFICs) because our Bank does not intend to provide the information required under the qualified electing fund rules.

If a corporation is a PFIC for any taxable year during which a U.S. Holder holds shares in the corporation, then the corporation generally will continue to be treated as a PFIC with respect to the holder's shares, even if the corporation no longer satisfies either the passive income or passive asset tests described above, unless the U.S. Holder terminates this deemed PFIC status by electing to recognize gain, which will be taxed under the Regular PFIC Rules described below as if such shares had been sold on the last day of the last taxable year for which the corporation was a PFIC.

Regular PFIC Rules

Under the Regular PFIC Rules, U.S. Holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the Internal Revenue Code of 1986, as amended. Under those rules, (a) any gain realised on a sale or other disposition of the Equity Shares and any "excess distribution" (generally the excess amount of any distribution during a taxable year in which distributions to the U.S. Holder on the Equity Shares exceed 125% of the average annual distributions the U.S. Holder received on the Equity Shares during the preceding three taxable years or, if shorter, the U.S. Holder's holding period for the Equity Shares) would be treated as realised rateably over the U.S. Holder's holding period for the Equity Shares, (b) the amount allocated to the taxable year in which the gain or excess distribution is realised and to taxable years before the first day on which our Bank became a PFIC would be treated as ordinary income (and not as capital gain), (c) the amount allocated to each prior year in which our Bank was a PFIC would be subject to U.S. federal income tax at the highest rate in effect for that year and (d) the interest charge generally applicable to underpayments of U.S. federal income tax would be imposed in respect of the tax attributable to each prior year in which our Bank was a PFIC. If, at any time, our Bank had non-U.S. subsidiaries that were classified as PFICs, the U.S. Holder could incur liability for the deferred tax and interest charge described above if either (1) our Bank received a distribution from, or disposed of all or part of our Bank's interest in, a lower-tier PFIC or (2) the U.S. Holder disposed of all or part of its Equity Shares.

Mark-to-Market Rules

Under the Mark-to-Market Rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the Regular PFIC Rules discussed above. If you make a valid mark-to-market election for the Equity Shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the Equity Shares, as well as to any loss realised on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by our Bank, except that the lower applicable capital gains rate with respect to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. Under applicable U.S. Treasury regulations, a "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. If either of the Stock Exchanges is a qualified exchange and the Equity Shares are considered to be regularly traded on such stock exchange, U.S. Holders should be eligible to make a mark-to-market election with respect to the Equity Shares.

Prospective U.S. Holders are urged to consult their own tax advisers about the consequences of holding the Equity Shares if we are considered a PFIC in any taxable year, including the availability of the mark -to-market election, and whether making the election would be advisable in their particular circumstances.

Medicare Tax

A United States person that is an individual, estate or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% surtax on the lesser of (1) such person's "net investment income" for the relevant taxable year and (2) the excess of such person's modified adjusted gross income for the taxable year over a certain threshold (which in the case of an individual will be between US$125,000 and US$250,000, depending on the individual's circumstances). A United States person's net investment income will generally include its dividend income and its net gains from the disposition of Equity Shares, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities).

Information Reporting and Backup Withholding

Dividend payments with respect to Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your United States federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

U.S. Holders that hold Equity Shares in any year in which our Bank is a PFIC may be required to file Internal Revenue Service Form 8621 regarding distributions received on the Equity Shares and any gain realised on the disposition of the Equity Shares. In addition, U.S. Holders may be required to file additional information with respect to their ownership of Equity Shares.

Foreign Account Tax Compliance Act ("FATCA")

U.S. return disclosure obligations (and related penalties) apply to U.S. Holders that hold certain specified foreign financial assets in excess of US$50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their Equity Shares are held in an account at a U.S. domestic financial institution. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult their own tax advisors regarding the potential application of the FATCA rules to their Equity Shares.

STATUTORY AUDITORS

As on the date of this Placement Document , M/s N B S & Co., Chartered Accountants, M/s P Chandrasekar LLP, Chartered Accountants, M/s G S Mathur & Co., Chartered Accountants, M/s V K Ladha & Associates, Chartered Accountants and M/s Chhajed & Doshi Chartered Accountants are the statutory central auditors of the Bank (the "**Statutory Central Auditors**"). The Bank's financial statements included in this Placement Document were audited or reviewed, as the case may be, by a rotation of auditors appointed by RBI.

Our Limited Review Unaudited Consolidated Financial Results and Limited Review Unaudited Standalone Financial Results as at and for the quarter and nine months period ended December 31, 2023 included in this Placement Document were jointly reviewed by M/s N B S & Co., Chartered Accountants, M/s P Chandrasekar LLP, Chartered Accountants, M/s G S Mathur & Co., Chartered Accountants, M/s V K Ladha & Associates, Chartered Accountants and M/s Chhajed & Doshi Chartered Accountants.

Our Audited Consolidated Financial Statements and Audited Standalone Financial Statements as at and for the year ended March 31, 2023 included in this Placement Document were jointly audited by M/s R G N Price & Co., Chartered Accountants, M/s Sarda & Pareek LLP, Chartered Accountants, M/s C R Sagdeo & Co., Chartered Accountants, M/s P V A R & Associates, Chartered Accountants, M/s Gopal Sharma & Co., Chartered Accountants and M/s N B S & Co., Chartered Accountants.

Our Audited Consolidated Financial Statements and Audited Standalone Financial Statements as at and for the year ended March 31, 2022 included in this Placement Document were jointly audited by M/s R G N Price & Co., Chartered Accountants, M/s Sarda & Pareek LLP, Chartered Accountants, M/s C R Sagdeo & Co., Chartered Accountants, M/s P V A R & Associates, Chartered Accountants, M/s Gopal Sharma & Co., Chartered Accountants and M/s N B S & Co., Chartered Accountants.

Our Audited Consolidated Financial Statements and Audited Standalone Financial Statements as at and for the year ended March 31, 2021 included in this Placement Document were jointly audited by M/s B M Chatrath & Co. LLP, Chartered Accoutants, M/s R G N Price & Co., Chartered Accountants, M/s Sarda & Pareek LLP, Chartered Accountants, M/s C R Sagdeo & Co., Chartered Accountants, M/s P V A R & Associates, Chartered Accountants and M/s Gopal Sharma & Co., Chartered Accountants.

LEGAL PROCEEDINGS

The Bank and its Subsidiaries are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. The Bank believes that the number of proceedings and disputes in which the Bank or its Subsidiaries are involved is not unusual for a bank of our size doing business in India and in international markets. These legal proceedings are primarily in the nature of tax proceedings, recovery proceedings, consumer disputes, regulatory and statutory proceedings, criminal complaints and other civil proceedings, pending before various adjudicating forums. Further, certain regulatory and statutory authorities such as the Reserve Bank of India, the banking ombudsman, various tax authorities and other authorities have, in the past, taken action and/or imposed penalties against our Bank and its Subsidiaries, including those during routine inspections undertaken in the ordinary course of business.

*Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with our Bank's Policy for Determination of Materiality of Events and Information framed in accordance with Regulation 30 of the SEBI Listing Regulations ("**Policy of Materiality**").*

*Additionally, solely for the purpose of the Issue, the Bank has also disclosed in this section, to the extent applicable, (i) all outstanding criminal proceedings involving the Bank, its Directors and its Subsidiaries; (ii) all outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against our Bank, its Directors and its Subsidiaries; (iii) any other outstanding civil litigation involving the Bank, its Directors and its Subsidiaries, where the amount involved in such proceeding is exceeding ₹277.34 crores ("**Materiality Threshold**") or above; and (iv) any other outstanding litigation involving the Bank, its Directors and its Subsidiaries wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect the reputation, operations or financial position of the Bank, as on the date of this Placement Document . Additionally, the total number of outstanding direct and indirect taxes proceeding (including show cause notices) involving the Bank, its Subsidiaries and its Directors, and the aggregate amount involved in such proceedings is disclosed. Further, the number of direct and indirect tax proceedings (including show cause notices) that are above the Materiality Threshold along with the aggregate amount involved in such proceedings is disclosed. The banking ombudsman has imposed certain penalties on the Bank and the cumulative amounts of the penalties imposed on our Bank during the Financial Years ended March 31, 2021, March 31, 2022 and March 31, 2023 and till the date of this Placement Document have been disclosed.*

It is clarified that for the purposes of the above, pre-litigation notices received by the Bank, its Directors and its Subsidiaries from third parties (excluding those notices issued by statutory/regulatory authorities) have not been disclosed in this Placement Document unless the above-mentioned entities have been impleaded as a defendant or respondent in a litigation proceeding before any judicial forum or arbitral tribunal. In the ordinary course of business, especially in relation to recovery of loans, the Bank initiates criminal proceedings under applicable laws, which have not been disclosed in this Placement Document separately unless the amount involved therein is more than the Materiality Threshold. A consolidated disclosure for dishonour of cheques (under Section 138 of the Negotiable Instruments Act, 1881), cases under the Banking Ombudsman Scheme and fraud reporting has been made in this Placement Document . In the ordinary course of business, our Bank is also involved in litigation instituted by its employees, including in relation to retrenchment, gratuity etc. and cases instituted by its customers before the designated banking ombudsman.

I. Litigation against the Bank

A. Criminal proceedings against the Bank

As on the date of this Placement Document , there are no criminal cases against the Bank.

B. Outstanding action against the Bank by statutory or regulatory authorities

As on the date of this Placement Document , there are no outstanding proceedings against the Bank by statutory or regulatory authorities.

C. Civil proceedings against the Bank above the Materiality Threshold

1. Consortium of Union Bank of India, Punjab National Bank and Indian Bank ("**Consortium**") sanctioned bank guarantee of ₹ 2,000.00 crores favouring the Board of Control for Cricket in India ("**BCCI**") on behalf of Nimbus Communications Limited. BCCI invoked the bank guarantee for ₹ 750.00 crores granted by our

Bank to secure the payment of media rights fee of ₹ 31.25 crore per match to be conducted by BCCI for a period of five years from 2010 to 2014. After refusal by the Consortium to honour the guarantee, BCCI filed summary suit against all three banks of the consortium claiming ₹ 597.98 crore against our Bank bearing Summary Suit No. 3133 of 2011 before the Bombay High Court. An order dated December 20, 2012 was passed by the Bombay High Court inter alia stating that (a) the BCCI is entitled to invoke/ encash the entire amount guaranteed; (b) the claims of the Consortium have been dismissed and granted conditional leave to the Consortium to defend such claim on deposit of amount of ₹149.50 crore with the Bombay High Court ("**Order**"). BCCI further challenged the said Order by filing petition to special leave to appeal ("**SLP**") no. 4832-4834 of 2013 before the Supreme Court of India. The Supreme Court vide order dated April 15, 2013 directed all the three Banks to deposit ₹ 400.00 crore before the Bombay High Court. The matter is now pending before the Bombay High Court as a regular suit in Commercial Summary Suit No. COMSS/11/2011. Our Bank filed a liquidation application before the Bombay High Court and the liquidation order dated March 1, 2018 was granted against Nimbus Communications Limited ("**Nimbus**"). The matter is posted for further orders on the Bank's application to take official liquidator on record as Nimbus went in liquidation. Against the liquidation order, Nimbus had filed an appeal which has been dismissed by order dated January 8, 2019. The dispute between BCCI and Nimbus was referred to arbitration and accordingly, an arbitration award dated March 30, 2017 was passed in the matter with a direction entitling BCCI to receive ₹ 328.41 crores from Nimbus. Our Bank had filed an interim application bearing I.A. No. 1 of 2020 for dismissal of the summary suit which has subsequently been withdrawn by order dated October 21, 2020. The matter is currently pending.

2. Zoom Developers Private Limited ("**Zoom Developers**") (Directors, Vijay Choudhary, Manjri Choudhary, B.L. Kejriwal) had availed ₹ 2,510.00 crores from a consortium of banks led by Punjab National Bank including ₹358.00 crore from our Bank. The account became NPA and the consortium banks commenced recovery proceedings against Zoom Developers and the Directors/ Guarantors. Zoom Developers has filed a suit on July 14, 2011 before the Bombay High Court (Suit No. 2001/2011) claiming damages on account of alleged loss suffered on several grounds such as ₹ 2,411.11 crore being claimed for work done but not billed, ₹ 772.07 crore claiming profits on non-executed contracts, ₹ 580.89 crore for exchange rate fluctuations, ₹ 200.00 crore as manpower charges, ₹ 136.45 crore as interest on invocation of Bank Guarantee, ₹ 318.00 crore as interest on outstanding loan of consortium banks, ₹ 519.80 crore as liquidated damages due to non-completion of the contracts, etc. Reply on behalf of the entire consortium has been filed by the lead bank on October 9, 2012 denying the charges levelled by Zoom Developers as devoid of merit. The suit is filed by Zoom Developers as a counter claim to defend the suit for recovery filed by the consortium of banks. The matter is currently pending.

3. National Agricultural Co-operative Marketing Federation of India Limited ("**Plaintiff**") entered into a mechanting trade transaction (MTT) with Earthtech Enterprises Limited ("**EEL**") for export and import of petroleum products. The transaction had an import leg and an export leg. In terms of the agreement, whenever the Plaintiff identified foreign buyers for sale, it had to furnish letter of credit for export. A suit has been filed by the Plaintiff before the Bombay High Court against EEL, Directors of EEL and our Bank (Suit No. 2538 of 2009) alleging that our Bank has violated RBI guidelines in executing merchanting trade transactions. The Plaintiff has sought a decree for credit of ₹ 465.64 crore with interest @ 18% from August 18, 2005 to July 6, 2009. We have filed a reply stating that our Bank has not violated the RBI guidelines and made payment of the import letter of credits in accordance with the RBI guidelines on Merchanting Trade Transactions. RBI has also observed in their report that our Bank has not violated such guidelines. The Plaintiff had already paid the dues of the Bank made under the devolved letter of credits and is now demanding back the said amount. The matter is pending for final hearing.

D. Tax Proceedings

1. As on the date of this Placement Document , the Bank is involved in 69 direct tax proceedings with the aggregate amount involved being ₹ 20,247.76 crore, of which there are 23 cases which meet the Materiality Threshold aggregating to ₹ 17,119.63 crore which are currently pending before various income tax authorities and High Courts.

2. As on the date of this Placement Document , the Bank is involved in 13 indirect tax proceedings with the aggregate amount involved being ₹ 712.15 crore, of which there is no case in which the pecuniary amount involved exceeds the Materiality Threshold.

E. Cases filed against the Bank for SARFAESI action taken by our Bank

As on the date of this Placement Document , the borrowers have challenged the Bank's SARFAESI action whose accounts have been declared NPA, under the SARFAESI Act for recovery of dues in 1,926 cases.

F. Banking Ombudsman Complaints

The Banking Ombudsman has imposed fines and penalties on our Bank based on complaints received from our customers alleging, inter alia, failure by our Bank to dispense amount from ATMs, fraudulent debit of accounts, failure to provide interest subsidy loan facilities availed of by persons belonging to economically weaker sections and discrepancies in remittances. The amount of penalties imposed by the banking ombudsman for Fiscals 2021, 2022 and 2023 are ₹ 26,73,156.25, ₹ 85,00,000.00 and ₹ 20,050.00, respectively. Further, the amount of penalties imposed by the Banking Ombudsman, for the period from April 1, 2023 till the date of this Placement Document is ₹ Nil.

II. Litigation by the Bank

A. Details of fraud cases filed by our Bank

Pursuant to the Fraud Risk Management Policy of our Bank for the year 2022-23 ("**Fraud Risk Management Policy**"), our Bank categorizes cases of fraud into two broad categories viz. external frauds and internal frauds. However, frauds in banks arising out of both system and human failures are grouped into four categories on the basis of perpetrator of fraud viz. (i) Fraud committed by employees; (ii) Fraud committed by employees in collusion with outsiders who may or may not be customers of the Bank; (iii) Frauds committed by outsiders/ customers with insider support/ involvement and (iv) Frauds committed exclusively by outsider who may or may not be the customer of the Bank. The Fraud Risk Management Policy covers a proactive framework addressing the risk of frauds on the Bank covering prevention, early detection, reporting, monitoring, recovery and follow-up of frauds, pertaining to domestic and foreign branches/ offices of the Bank. The Bank has a Fraud Review Council, Operational Risk Management Committee, Credit Risk Management Committee, Audit Committee of the Board and Special Committee of Board for Monitoring of fraud cases to examine the cases of frauds/ attempted frauds and to put in place systems and procedures for prevention of frauds. Apart from reporting all the fraud cases of ₹ 0.01 crore and above to the Board, the Bank also reports all the fraud cases of ₹1.00 crore and above to the Special Committee of the Board for Monitoring of Fraud. The Bank has implemented an Enterprise-wide Fraud Risk Management Solution ("**EFRMS**") for proactive fraud detection in transactions through various digital channels. In terms of the Master Directions on frauds – Classification and reporting by commercial banks and select FIs issued by RBI dated July 1, 2016, our Bank files the complaint in respect of fraud cases, with the respective authority assigned as follows:

Amount involved in the fraud	Agency to whom complaint should be lodged
₹ 10,000 - ₹ 0.01 crore	State Police (if fraud committed by staff)
₹ 0.01 crore - ₹ 3.00 crore	State CID or Economic Offences Wing of the State concerned (To be reported by the Regional Head)
₹ 3.00 crore - ₹ 50.00 crore	Central Bureau of Investigation
₹ 50.00 crore and above	Central Bureau of Investigation

All fraud cases of value below ₹ 10,000 involving Bank officials, shall be referred to the Regional Head of the branch, who would scrutinize each case and direct the Bank branch concerned on whether it should be reported to the local police station for further legal action.

Details of aggregate outstanding cases reported to the RBI by our Bank on account of fraud in the Financial Years ended March 31, 2021, March 31, 2022 and March 31, 2023 and nine months period ended December 31, 2023:

Period	**Number of Cases**	**Amount involved (₹ in Crores)**	**Number of Cases above Materiality Threshold**	**Amount involved in Cases above the Materiality Threshold (₹ in Crores)**
Financial year ended March 31, 2021	649[(1)]	9,593.90	6	4,008.98

Period	**Number of Cases**	**Amount involved (₹ in Crores)**	**Number of Cases above Materiality Threshold**	**Amount involved in Cases above the Materiality Threshold (₹ in Crores)**
Financial year ended March 31, 2022	623(2)	2,826.35	1	342.08
Financial year ended March 31, 2023	374	5,512.57	3	3,874.77
Nine months' period ended on December 31, 2023	3,102(3)	991.45	1	371.14

Notes:

(1) A total of 660 cases were reported, of which 11 cases have been deactivated by the RBI.

(2) A total of 627 cases were reported, of which 4 have been deactivated by the RBI.

(3) In accordance with applicable RBI advisories, this number includes 3,031 cases of shared credentials (where there is no loss to bank) which were reported individually; previously, group reporting was conducted in the financial years 2021, 2022 and 2023.

Such cases have been instituted by our Bank under various legislations, including under the Indian Penal Code, 1860 and the Prevention of Corruption Act, 1988. Please note that the amounts considered for consolidated disclosure of fraud cases above are the amounts that were disclosed by our Bank to the RBI under Master Directions on frauds – Classification and reporting by commercial banks and select FIs issued by RBI dated July 1, 2016.

There are a total of 819 complaints filed with amount involved ₹ 15,613.76 crores by the Bank in relation to fraud matters which are before various police stations and the CBI (Central Bureau of Investigation), in accordance with the RBI circulars and guidelines on fraud classification and reporting in the financial years ended March 31, 2021, March 31, 2022 and March 31, 2023 and nine months ended December 31, 2023, out of which there are 8 complaints filed with amount involved ₹ 5,444.11 crores above the Materiality Threshold. These complaints are pending at various stages of adjudication.

B. Debt Recovery Proceedings

As on date of this Placement Document , the Bank is involved in 22,950 debt recovery proceedings with the aggregate amount involved being ₹ 1,27,230.44 crore, of which there are 70 cases which meet the Materiality Threshold aggregating to ₹ 49,204.01 crore which are currently pending before the debt recovery tribunal, state high courts and the Supreme Court of India.

C. Insolvency Proceedings

As on date of this Placement Document , the Bank is involved in 561 insolvency proceedings with the aggregate amount involved being ₹ 52,538.02 crore, of which there are 38 cases which meet the Materiality Threshold aggregating to ₹ 26,676.40 crore which are currently pending before the National Company Law Tribunal.

D. Cases filed under Section 138 of Negotiable Instruments Act, 1881

As on date of this Placement Document , a total of 881 legal proceedings filed by our Bank are pending, against accused persons under section 138 of the Negotiable Instruments Act, 1881 and the amount involved in such cases aggregates to a sum of ₹ 973.67 crore.

III. Litigation involving the Subsidiaries

A. Criminal proceedings involving the Subsidiaries

As on the date of this Placement Document , there are no criminal cases involving any of our Subsidiaries.

B. Outstanding action against the Subsidiaries by statutory or regulatory authorities

As on the date of this Placement Document , there are no outstanding proceedings against the Subsidiaries by statutory or regulatory authorities.

C. Civil proceedings involving the Subsidiaries above the Materiality Threshold

As on the date of this Placement Document , there are no civil cases above the Materiality Threshold, involving any of our Subsidiaries.

D. Tax Proceedings

As on the date of this Placement Document , our Subsidiary, Andhra Bank Financial Services Limited is involved in 7 Income Tax Appeals against Income Tax Department with an aggregate amount involved being ₹ 63.28 crore, before the High Court of Telangana, Hyderabad, none of which exceeds the Materiality Threshold.

As on the date of this Placement Document , our Subsidiary, Union Asset Management Company Private Limited is involved in an Income Tax Appeal against Income Tax Department with an aggregate amount involved being ₹ 1.56 crore, before the Commissioner of Income Tax (Appeal), which does not exceed the Materiality Threshold.

IV. Litigation involving the Directors

A. Criminal proceedings involving the Directors

As on the date of this Placement Document , there are no criminal cases involving any of our Directors.

B. Outstanding action against the Directors by statutory or regulatory authorities

As on the date of this Placement Document , there are no outstanding proceedings against the Directors by statutory or regulatory authorities.

C. Civil proceedings involving the Directors above the Materiality Threshold

As on the date of this Placement Document , there are no civil cases above the Materiality Threshold, involving any of our Directors.

GENERAL INFORMATION

1. The Bank was constituted under the Banking Companies Act on July 19, 1969. Pursuant to the Banking Companies Act, the undertaking of the Union Bank of India Limited (a company incorporated under the Companies Act, 1913) was transferred to, and vested in the Bank with effect from July 19, 1969.

2. The head office of the Bank is located at Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai – 400 021 Maharashtra, India.

3. The Equity Shares are listed on the BSE and NSE since September 24, 2002.

4. The Issue has been authorised and approved by the Board through its resolution dated April 26, 2023 and the Shareholders through a special resolution passed at the AGM held on August 4, 2023.

5. The Bank has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations from both NSE and BSE on August 21, 2023 and February 20, 2024, respectively. We will apply for final listing and trading approvals of the Equity Shares on the Stock Exchanges.

6. Our Bank has also obtained the necessary consents, approvals and authorizations required in connection with the Issue, including the approval from RBI *vide* letter DOR.CAP.S113/21.01.002/2023-24 dated April 10, 2023 and approval from the Ministry of Finance, GoI dated July 13, 2023.

7. As on the date of this Placement Document , M/s N B S & Co., Chartered Accountants, M/s P Chandrasekar LLP, Chartered Accountants, M/s G S Mathur & Co., Chartered Accountants, M/s V K Ladha & Associates, Chartered Accountants and M/s Chhajed & Doshi Chartered Accountants are the Statutory Auditors of our Bank.

8. Except as disclosed in this Placement Document , there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue.

9. The Floor Price for the Equity Shares under the Issue is ₹142.78 per Equity Share which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Bank has offered a discount of ₹ 7.13 i.e 4.99% on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations.

10. Our Bank and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

FINANCIAL STATEMENTS

M/s N B S & Co.
Chartered Accountants
14/2, Western India House,
Sir P. M. Road, Fort,
Mumbai – 400001

M/s Chhajed & Doshi
Chartered Accountants
101, Hubtown Solaris,
N S Phadke Marg, Andheri (E)
Mumbai-400069.

M/s G S Mathur & Co.
Chartered Accountants
A-160, Ground Floor,
Defence Colony,
New Delhi-110024

M/s P Chandrasekar LLP
Chartered Accountants
S-512-514, Manipal Centre,
No. 47, Dikenson Road,
Bengaluru-560042

M/s V K Ladha & Associates
Chartered Accountants
Floor 36, Dravid Marg,
Kshirsagar Colony,
Ujjain - 456006

Independent Auditors' Limited Review Report on Unaudited Consolidated financial results of Union Bank of India for the quarter and nine months ended 31st December 2023 pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (As amended)

To
The Board of Directors
Union Bank of India
Mumbai

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Union Bank of India ("the Parent or the Bank") and its subsidiaries, jointly controlled entity (together referred to as "the Group") and the Parent's share of the net profit/loss after tax of its associate for the quarter and nine months ended 31st December 2023 ("the Statement") attached herewith, being submitted by the Parent pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. We have not reviewed the disclosures relating to consolidated "Pillar 3 under Basel III Capital Regulations", "Leverage ratio" , "Liquidity Coverage Ratio" and "Net Stable Funding Ratio" disclosed on Bank's Website and in respect of which a link has been provided in the statement.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ("AS- 25"), prescribed by the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the ICAI.

   A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement also includes the results of the following entities:

- **Subsidiaries:**
  1. Union Asset Management Company Private Limited
  2. Union Trustee Company Private Limited
  3. Union Bank of India (UK) Limited
  4. Andhra Bank Financial Services Limited
  5. UBI Services Limited

- **Jointly controlled entities:**
  1. Star Union Dai-ichi Life Insurance Company Limited
  2. ASREC (India) Limited
  3. India International Bank (Malaysia) Berhad

- **Associate:**
  1. Chaitanya Godavari Grameena Bank

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditor including those referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed or that it contains any material misstatement or that it has not been prepared in accordance with the relevant guidelines/guidelines/directions/prudential norms issued by the RBI in respect of income recognition, asset classification, provisioning other related matters.

6. We did not review the interim financial information of 247 branches and 2 foreign branches included in the standalone unaudited interim financial results of the Parent included in the Group, whose results reflect total assets of ₹ 1,35,279.89 crores as at 31st December 2023 and total revenues of ₹ 8,556.55 crores for nine months ended 31st December 2023 respectively, as considered in the respective standalone unaudited interim financial results of the entities included in the Group. The interim financial results of these branches have been reviewed by the concurrent auditors and other auditors whose reports/ certificates have been furnished to us, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such concurrent auditors and other auditors and the procedures performed by us as stated in paragraph 3 above.

We did not review the interim financial information of the associate included in the consolidated unaudited financial results which has been reviewed by their auditor, whose interim financial information reflect total assets of ₹ 15,588.74 crores as at 31st December 2023 and total revenues of ₹ 1,117.31 crores for the nine months ended 31st December 2023 and total net profit after tax of ₹ 199.28 crores for the nine months ended 31st December 2023, as considered in the consolidated unaudited financial results, in respect of the associate, based on their interim financial information which has been reviewed by their auditor.

This interim financial information has been reviewed by their auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the said associate is based solely on the reports of their auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.

7. The consolidated unaudited financial results include the interim financial results which have not been reviewed of 8210 branches included in the standalone unaudited interim financial results of the parent included in the Group, whose results reflect total assets of ₹ 4,34,396.15 crores as at 31st December 2023 and total revenues of ₹ 28,469.63 crores for the nine months ended 31st December 2023 as considered in the standalone unaudited financial information of the parent included in the Group.

   The consolidated unaudited financial results also include the interim financial information of four subsidiaries and three jointly controlled entities which have not been reviewed by their auditors, whose interim financial information reflect total assets of ₹ 6,814.11 crores as at 31st December 2023 and total revenue of ₹ 1,742.45 crores for the nine months ended 31st December 2023 and total net profit after tax of ₹ 34.62 crores for the nine months ended 31st December 2023 as considered in the consolidated unaudited financial results. However, the financial results of the above entities are certified by their respective management.

   Financial results of one subsidiary is reviewed by its auditor whose interim financial information reflect total assets of ₹ 4,500.47 crores as at 31st December 2023 and total revenue of ₹ 199.80 crores for the nine months ended 31st December 2023 and total net profit after tax of ₹ 26.72 crores for the nine months ended 31st December 2023 as considered in the consolidated unaudited financial results.

   According to the information and explanations given to us by the Management, interim financial information of these entities are not material to the Group.

   Our conclusion on the Statement is not modified in respect of the above matters.

8. The unaudited consolidated financial results of the bank for the corresponding nine months ended 31st December, 2022 were reviewed by six joint auditors of the bank, five of whom were predecessor audit firms, and they had expressed an unmodified conclusion vide their reports dated January 20, 2023 on such financial results.

   The consolidated financial information of the bank for the year ended 31st March 2023, included in this statement, were audited by six joint auditors of the bank, five of whom were predecessors audit firms, and they had expressed an unmodified opinion on consolidated financial statements vide their report dated May 06, 2023.

M/s N B S & Co.
Chartered Accountants

M/s Chhajed & Doshi
Chartered Accountants

M/s G S Mathur & Co.
Chartered Accountants

M/s P Chandrasekar LLP
Chartered Accountants

M/s V K Ladha & Associates
Chartered Accountants

Our conclusion on the Statement is not modified in respect of the above matter.

For N B S & Co.
Chartered Accountants
FRN 110100W

CA Sharath Shetty
Partner
Membership No. 132775
UDIN: 24132775BKCYCH9976

For Chhajed and Doshi
Chartered Accountants
FRN 101794W

CA Kiran Daftary
Partner
Membership No. 010279
UDIN: 24010279BKFXVK9968

For G S Mathur & Co
Chartered Accountants
FRN 008744N

CA Rajiv Kumar Wadhawan
Partner
Membership No. 091007
UDIN: 24091007BKCFAO3212

For P Chandrasekar LLP
Chartered Accountants
FRN 000580S/S200066

CA P. Chandrasekaran
Partner
Membership No. 026037
UDIN: 24026037BKAQYR5841

For V K Ladha & Associates
Chartered Accountants
FRN 002301C

Pandeya

CA Sunita Pandeya
Partner
Membership No. 076989
UDIN: 24076989BKFCMB7450

Place: Mumbai
Date: 20th January, 2024

MUMBAI FRN 110100W

MUMBAI 400 069

FRN 008744N

FRN 000580S/S200066

Mumbai

M/s N B S & Co.
Chartered Accountants
14/2, Western India House,
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M/s Chhajed & Doshi
Chartered Accountants
101, Hubtown Solaris,
N S Phadke Marg, Andheri(E)
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S-512-514, Manipal Centre,
No. 47, Dikenson Road,
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M/s V K Ladha & Associates
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Floor 36, Dravid Marg,
Kshirsagar Colony,
Ujjain - 456006

Independent Auditors' Limited Review Report on Unaudited Standalone Financial Results of Union Bank of India for the quarter and nine months ended 31st December 2023 pursuant to the regulation 33 and 52 of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 (As amended)

To
The Board of Directors
Union Bank of India
Mumbai

1. We have reviewed the accompanying statement of unaudited standalone financial results of **Union Bank of India** ("The Bank") for the quarter and nine months ended 31st December 2023 ("the Statement") attached herewith, being submitted by the Bank pursuant to the requirement of regulation 33 and 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulations"). This statement is the responsibility of the Bank's Management and has been reviewed by the Audit committee of the Board and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review. We have not reviewed the disclosures relating to "Pillar 3 under Basel III Capital Regulations", "Leverage ratio" , "Liquidity Coverage Ratio" and "Net Stability Funding Ratio" disclosed on Bank's Website and in respect of which a link has been provided in the statement.

2. This Statement, which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ("AS 25"), prescribed by the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the ICAI. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to making inquiries of bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. The financial results include the relevant returns of 20 branches and 1 treasury branch reviewed by us. We have relied on review reports/certificates received from concurrent auditors and other auditors for 247 branches and returns of 2 foreign branches reviewed by an overseas audit firm specifically appointed for this purpose. These review reports cover 52.69% of the advance's portfolio (excluding outstanding of asset recovery branches and food credit advance) and 51.96 % of non-performing assets of the Bank. The financial results also incorporate the relevant returns of various head office departments reviewed by us. The financial results also include un-reviewed returns in respect of 8210 branches. We have also relied upon various information and returns of these un-reviewed branches generated through the centralized data base at Bank's Head Office.

MUMBAI FRN 110100W

MUMBAI 400069.

5. Based on our review conducted as above, subject to limitation in scope as mentioned in Para 4 above and read with notes to the Financial Results, nothing further has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with Accounting Standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligation and Disclosure Requirements) regulations, 2015 as amended including in the manner in which it is to be disclosed, or that it contains any material misstatements or that it has not been prepared in accordance with the relevant prudential norms issued by the RBI in respect of the income recognition, asset classification, provisioning and other related matters.

6. The unaudited standalone financial results of the bank for the corresponding nine months ended 31st December, 2022 were reviewed by six joint auditors of the bank, five of whom were predecessor audit firms, and they had expressed an unmodified conclusion vide their reports January 20, 2023 on such financial results.

   The standalone financial results of the bank for the year ended 31st March 2023, included in this statement, were audited by six joint auditors of the bank, five of whom were predecessors audit firms, and they had expressed an unmodified opinion on standalone financial results vide their report dated May 06, 2023.

   Our conclusion is not modified in respect of this matter.

For N B S & Co.
Chartered Accountants
FRN 110100W

CA Sharath Shetty
Partner
Membership No. 132775
UDIN:24132775BKCYCG4339

For Chhajed and Doshi
Chartered Accountants
FRN 101794W

CA Kiran Daftary
Partner
Membership No. 010279
UDIN:24010279BKFXVJ4098

For G S Mathur & Co
Chartered Accountants
FRN 008744N

CA Rajiv Kumar Wadhawan
Partner
Membership No. 091007
UDIN:24091007BKCFAN5596

For P Chandrasekar LLP
Chartered Accountants
FRN 000580S/S200066

CA P. Chandrasekaran
Partner
Membership No. 026037
UDIN:24026037BKAQYQ8825

For V K Ladha & Associates
Chartered Accountants
FRN 002301C

CA Sunita Pandeya
Partner
Membership No. 076989
UDIN:24076989BKFCMA3292

Place: Mumbai
Date: 20th January, 2024

यूनियन बैंक ऑफ इंडिया
भारत सरकार का उपक्रम

Union Bank of India
A Government of India Undertaking

Unaudited Consolidated Financial Results for the Quarter & Nine Months ended 31st December 2023

(₹ In Lakh)

		Particulars	Consolidated					
			Quarter Ended			Nine Months Ended		Year Ended
			31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned							
	(a) + (b) + (c) + (d)		**2,552,092**	**2,473,159**	**2,096,605**	**7,386,569**	**5,900,018**	**8,116,318**
	(a)	Interest/Discount on Advances/Bills	1,842,838	1,754,901	1,506,156	5,265,714	4,117,343	5,687,457
	(b)	Income on Investments	575,125	570,599	539,337	1,712,469	1,607,638	2,163,565
	(c)	Interest on Balances with Reserve Bank of India and other Inter Bank Funds	121,925	134,338	37,794	368,154	137,429	213,179
	(d)	Others	12,204	13,321	13,318	40,232	37,608	52,117
2	Other Income		428,106	422,091	366,939	1,271,108	1,031,484	1,591,535
A.	**TOTAL INCOME (1+2)**		**2,980,198**	**2,895,250**	**2,463,544**	**8,657,677**	**6,931,502**	**9,707,853**
3	Interest Expended		1,623,551	1,549,818	1,224,168	4,639,788	3,422,279	4,803,284
4	Operating Expenses (a) + (b)		623,158	618,928	574,633	1,839,392	1,640,262	2,348,730
	(a)	Employees Cost	337,709	316,469	290,599	980,196	840,046	1,252,400
	(b)	Other operating expenses	285,449	302,459	284,034	859,196	800,216	1,096,330
B.	**TOTAL EXPENDITURE (3)+(4)**		**2,246,709**	**2,168,746**	**1,798,801**	**6,479,180**	**5,062,541**	**7,152,014**
	(Excluding Provisions and Contingencies)							
C.	**OPERATING PROFIT (A-B)**		**733,489**	**726,504**	**664,743**	**2,178,497**	**1,868,961**	**2,555,839**
	(Profit before Provisions & Contingencies)							
D.	**Provisions and Contingencies (Other than Tax)**		178,056	177,277	307,104	555,795	1,045,542	1,341,192
	Of which provisions for Non-Performing Assets		124,325	169,085	249,221	491,921	896,076	1,250,677
E.	**Exceptional Items**		-	-	-	-	-	-
F.	**Profit/(Loss) from Oridnary Activities before Tax (C-D-E)**		**555,433**	**549,227**	**357,639**	**1,622,702**	**823,419**	**1,214,647**
G.	**Tax Expenses**		**194,393**	**194,402**	**134,017**	**582,793**	**260,243**	**371,612**
H.	**Net Profit/(Loss) from Ordinary activitiy after tax (F-G)**		**361,040**	**354,825**	**223,622**	**1,039,909**	**563,176**	**843,035**
I.	**Extraordinary items (net of tax expense)**		-	-	-	-	-	-
J.	**Less: Minority Interest**		-	-	-		-	-
K.	**Add: Share of Profit in Associate**		1,499	2,355	2,744	6,975	6,813	8,132
J.	**Net Profit/(Loss) for the period (H-I)**		**362,539**	**357,180**	**226,366**	**1,046,884**	**569,989**	**851,167**
5	Paid-up Equity Share Capital (F.V. of each share Rs. 10)		741,245	741,245	683,475	741,245	683,475	683,475
6	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)		-	-	-	-	-	6,573,234
7	Analytical Ratios							
	(i)	Percentage of Shares held by Government of India	76.99%	76.99%	83.49%	76.99%	83.49%	83.49%
	(ii)	Capital Adequacy Ratio (Basel III) %	15.01%	16.66%	14.41%	15.01%	14.41%	16.01%
		(a) CET 1 Ratio	11.71%	13.04%	10.69%	11.71%	10.69%	12.35%
		(b) Additional Tier 1 Ratio	1.34%	1.51%	1.55%	1.34%	1.55%	1.54%
	(iii)	Basic and Diluted Earning Per Share						
		(a) Before Extraordinary Items	*4.89	*5.14	*3.31	*14.75	*8.34	12.45
		(b) After Extraordinary Items	*4.89	*5.14	*3.31	*14.75	*8.34	12.45
	(iv)	NPA Ratios						
		(a) Amount of Gross Non-Performing Assets	Not applicable					
		(b) Amount of Net Non-Performing Assets						
		(c) % of Gross NPAs						
		(d) % of Net NPAs						
	(v)	Return on Assets (Annualised) (Average)(%)						
	(vi)	Outstanding Redeemable Preference Shares (Quantity and Value)	-	-	-	-	-	-
	(vii)	Capital Redemption Reserve						
	(viii)	Debenture Redemption Reserve						

Union Bank of India, Finance & Accounts Dept.

N B S & Co., Mumbai, 110100W, Chartered Accountants

Chhajed & Doshi, Mumbai 400069, Chartered Accountants

G.S. Mathur & Co., FRN 008744N, Chartered Accountants

P. Chandrasekar LLP, FRN 000580S/S200066, Chartered Accountants

V. K. Ladha & Associates

		Particulars	Consolidated					
			Quarter Ended			Nine Months Ended		Year Ended
			31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	(ix)	Net Worth	Not applicable					
	(x)	Debt-Equity Ratio (Total Borrowings/ Net Worth)						
	(xi)	Total Debts to Total Assets (Borrowings/ Total Assets) (%)						
	(xii)	Operationg Margin (%) (Operating Profit/ Total Income)						
	(xiii)	Net Profit Margin (%) (Net Profit after Tax/ Total Income)						
		*Not Annualised						

(SANJAY RUDRA)
Executive Director

(RAMASUBRAMANIAN S)
Executive Director

(NIDHU SAXENA)
Executive Director

(NITESH RANJAN)
Executive Director

Finance & Accounts Dept.
UNION BANK OF INDIA

(A.MANIMEKHALAI)
Managing Director & CEO

Place: Mumbai
Date: January 20, 2024

N B S & CO.
MUMBAI
FRN 110100W
CHARTERED ACCOUNTANTS

CHHAJED & DOSHI
MUMBAI 400 069.
CHARTERED ACCOUNTANTS

G.S. MATHUR & CO.
FRN 008744N
Chartered Accountants

P.CHANDRASEKAR LLP
FRN 000580S/S200066
Chartered Accountants

V.K. Ladha & Associates
Mumbai

CONSOLIDATED SEGMENT REPORT FOR THE QUARTER & NINE MONTHS ENDED 31st December, 2023

(₹ in lakh)

		QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
(a)	Segment Revenue						
1	Treasury Operations	7,79,726	8,00,829	6,48,111	23,65,778	19,25,562	26,44,290
2	Retail Banking Operations	13,08,452	10,29,151	8,12,589	32,28,657	22,60,136	31,07,866
	(a) Digital Banking Operations	22,999	27,141	NA	69,556	NA	56,938
	(b) Other Retail Banking Operations	12,85,453	10,02,010	NA	31,59,101	NA	30,50,928
3	Corporate /Wholesale Banking	7,81,204	9,46,292	9,20,699	26,95,490	24,70,674	35,94,171
4	Other Banking Operations	69,310	49,572	52,207	2,06,637	1,39,386	1,97,937
5	Unallocated	67,065	92,545	48,176	2,34,030	1,70,071	2,19,875
	Total Segment Revenue	**30,05,757**	**29,18,389**	**24,81,782**	**87,30,592**	**69,65,829**	**97,64,139**
	Less Inter-segment Revenue	(25,559)	(23,139)	(18,238)	(72,915)	(34,327)	(56,286)
	Income from operations	**29,80,198**	**28,95,250**	**24,63,544**	**86,57,677**	**69,31,502**	**97,07,853**
(b)	Segment Results						
1	Treasury Operations	84,842	1,14,565	44,688	3,25,631	1,76,232	2,42,680
2	Retail Banking Operations	3,52,976	2,27,602	1,74,376	7,42,837	4,92,924	5,05,925
	(a) Digital Banking Operations	1,368	(5,581)	NA	(25)	NA	(4,307)
	(b) Other Retail Banking Operations	3,51,608	2,33,183	NA	7,42,862	NA	5,10,232
3	Corporate Banking	75,585	1,49,707	1,10,250	3,74,481	30,293	3,09,144
4	Other Banking Operations	38,981	27,916	29,010	1,16,337	76,704	1,06,352
5	Unallocated	3,049	29,437	(685)	63,416	47,266	50,546
	Total Profit/(Loss) Before Tax	**5,55,433**	**5,49,227**	**3,57,639**	**16,22,702**	**8,23,419**	**12,14,647**
(c)	**Provision for Tax**	1,94,393	1,94,402	1,34,017	5,82,793	2,60,243	3,71,612
(d)	**Net Profit/(Loss) after Tax**	**3,61,040**	**3,54,825**	**2,23,622**	**10,39,909**	**5,63,176**	**8,43,035**
	Add: Share of Profit in Associate	1,499	2,355	2,744	6,975	6,813	8,132
(e)	**Consolidated Net Profit/(Loss)**	**3,62,539**	**3,57,180**	**2,26,366**	**10,46,884**	**5,69,988**	**8,51,167**
(f)	Segment Assets						
1	Treasury Operations	4,36,10,549	4,64,75,114	4,33,34,464	4,36,10,549	4,33,34,464	4,64,78,870
2	Retail Banking Operations	3,87,56,262	3,87,69,284	3,55,07,795	3,87,56,262	3,55,07,795	3,59,68,033
	(a) Digital Banking Operations	1,05,82,153	85,07,154	NA	1,05,82,153	NA	42,26,305
	(b) Other Retail Banking Operations	2,81,74,109	3,02,62,130	NA	2,81,74,109	NA	3,17,41,728
3	Corporate/Wholesale Banking	4,95,91,917	4,37,30,665	4,25,55,296	4,95,91,917	4,25,55,296	4,26,01,176
4	Other Banking Operations	-	-	-	-	-	-
5	Unallocated	39,85,818	33,29,644	31,04,632	39,85,818	31,04,632	37,87,632
	Total	13,59,44,546	13,23,04,707	12,45,02,187	13,59,44,546	12,45,02,187	12,88,35,711
(g)	Segment Liabilities						
1	Treasury Operations	4,26,64,270	4,54,76,236	4,25,53,465	4,26,64,270	4,25,53,465	4,56,70,484
2	Retail Banking Operations	3,48,50,997	3,50,78,583	3,24,39,548	3,48,50,997	3,24,39,548	3,28,81,217
	(a) Digital Banking Operations	95,39,990	77,18,160	NA	95,39,990	NA	38,72,427
	(b) Other Retail Banking Operations	2,53,11,007	2,73,60,423	NA	2,53,11,007	NA	2,90,08,790
3	Corporate/Wholesale Banking	4,52,74,543	3,95,28,661	3,88,25,262	4,52,74,543	3,88,25,262	3,88,19,019
4	Other Banking Operations	-	-	-	-	-	-
5	Unallocated	37,47,634	31,76,922	30,05,463	37,47,634	30,05,463	35,84,640
	Total	12,65,37,444	12,32,60,402	11,68,23,738	12,65,37,444	11,68,23,738	12,09,55,360
(h)	Capital Employed						
1	Treasury Operations	9,46,279	9,98,878	7,80,999	9,46,279	7,80,999	8,08,386
2	Retail Banking Operations	39,05,265	36,90,702	30,68,247	39,05,265	30,68,247	30,86,816
	(a) Digital Banking Operations	10,42,162	7,88,995	NA	10,42,162	NA	3,53,878
	(b) Other Retail Banking Operations	28,63,103	29,01,707	NA	28,63,103	NA	27,32,938
3	Corporate/Wholesale Banking	43,17,375	42,02,003	37,30,034	43,17,375	37,30,034	37,82,157
4	Other Banking Operations	-	-	-	-	-	-
5	Unallocated	2,38,184	1,52,721	99,169	2,38,184	99,169	2,02,992
	Total	94,07,103	90,44,304	76,78,449	94,07,103	76,78,449	78,80,351

1 The Bank operates in four segments viz., Treasury, Retail, Corporate / Wholesale and Other Banking Operations. These segments have been identified in line with AS-17 on segment reporting issued by the Institute of Chartered Accountants of India (ICAI) after considering the nature and risk profile of the products and services, the target customer profiles, the organizational structure and the internal reporting system of the bank. The bank has disclosed the business segment as primary segment. The revenue and other parameters of foreign branch for the period are within the threshold limits stipulated as per AS-17 and hence the bank has only one reportable segment. The Bank has disclosed 'Digital Banking' as a sub-segment of the Retail Banking segment as required by RBI guidelines. The corresponding figure for the previous period is not furnished for Digital banking since the same was disclosed for the first time in the Quarter ended 31st March' 2023.

2 Segment wise income, expenditure, Capital employed which are not directly allocable have been allocated to the reportable segments based on assumptions as considered appropriate by the management.

3 Figure of previous period have been regrouped/reclassified wherever necessary.

Union Bank of India
Finance & Accounts Dept.

(SANJAY RUDRA)
EXECUTIVE DIRECTOR

(RAMASUBRAMANIAN S)
EXECUTIVE DIRECTOR

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

N B S & CO.
MUMBAI
FRN 110100W
CHARTERED ACCOUNTANTS

CHHAJED & DOSHI
MUMBAI 400 069.
CHARTERED ACCOUNTANTS

G.S. MATHUR & CO.
Chartered Accountants

(A. MANIMEKHALAI)
MANAGING DIRECTOR & CEO

P. CHANDRASEKAR LLP
FRN 000580S/S200066
Chartered Accountants

V.K. Ladha & Associates

यूनियन बैंक
ऑफ इंडिया
भारत सरकार का उपक्रम

Union Bank
of India
A Government of India Undertaking

Unaudited Standalone Financial Results for the Quarter & Nine Months ended 31st December 2023

(₹ In Lakh)

		Particulars	Standalone					
			Quarter Ended			Nine Months Ended		Year Ended
			31.12.2023	**30.09.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**	**31.03.2023**
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned							
	(a) + (b) + (c) + (d)		**25,36,296**	**24,58,698**	**20,88,286**	**73,42,786**	**58,73,880**	**80,74,334**
	(a)	Interest/Discount on Advances/Bills	18,37,663	17,50,414	15,03,134	52,51,968	41,10,133	56,76,014
	(b)	Income on Investments	5,65,819	5,61,626	5,34,813	16,85,916	15,90,140	21,35,504
	(c)	Interest on Balances with Reserve Bank of India and other Inter Bank Funds	1,20,905	1,33,674	37,288	3,65,597	1,36,682	2,11,684
	(d)	Others	11,909	12,984	13,051	39,305	36,925	51,132
2	Other Income		3,77,430	3,69,515	3,27,082	11,37,277	9,36,392	14,63,315
A.	**TOTAL INCOME (1+2)**		**29,13,726**	**28,28,213**	**24,15,368**	**84,80,063**	**68,10,272**	**95,37,649**
3	Interest Expended		16,19,495	15,46,091	12,25,478	46,29,409	34,22,401	47,97,800
4	Operating Expenses (a) + (b)		5,66,476	5,60,038	5,27,975	16,82,884	15,23,491	21,93,133
	(a)	Employees Cost	3,27,947	3,08,533	2,84,830	9,54,806	8,24,748	12,38,971
	(b)	Other operating expenses	2,38,529	2,51,505	2,43,145	7,28,078	6,98,743	9,54,162
B.	**TOTAL EXPENDITURE (3)+(4)**		**21,85,971**	**21,06,129**	**17,53,453**	**63,12,293**	**49,45,892**	**69,90,933**
	(Excluding Provisions and Contingencies)							
C.	**OPERATING PROFIT (A-B)**		**7,27,755**	**7,22,084**	**6,61,915**	**21,67,770**	**18,64,380**	**25,46,716**
	(Profit before Provisions & Contingencies)							
D.	**Provisions and Contingencies (Other than Tax)**		1,74,779	**1,76,787**	**3,03,591**	**5,52,069**	**10,39,386**	**13,32,944**
	Of which provisions for Non-Performing Assets		1,22,631	1,69,141	2,44,311	4,90,214	8,91,166	12,47,897
E.	**Exceptional Items**		-	-	-	-	-	-
F.	**Profit/(Loss) from Oridnary Activities before Tax (C-D-E)**		**5,52,976**	**5,45,297**	**3,58,324**	**16,15,701**	**8,24,994**	**12,13,772**
G.	**Tax Expenses**		**1,93,985**	**1,94,155**	**1,33,844**	**5,81,925**	**2,59,898**	**3,70,445**
H.	**Net Profit/(Loss) from Ordinary activitiy after tax (F-G)**		**3,58,991**	**3,51,142**	**2,24,480**	**10,33,776**	**5,65,096**	**8,43,327**
I.	**Extraordinary items (net of tax expense)**		-	-	-	-	-	-
J.	**Net Profit/(Loss) for the period (H-I)**		**3,58,991**	**3,51,142**	**2,24,480**	**10,33,776**	**5,65,096**	**8,43,327**
5	Paid-up Equity Share Capital (F.V. of each share Rs. 10)		7,41,245	7,41,245	6,83,475	7,41,245	6,83,475	6,83,475
6	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)		-	-	-	-	-	65,36,704
7	Analytical Ratios							
	(i)	Percentage of Shares held by Government of India	76.99%	76.99%	83.49%	76.99%	83.49%	83.49%
	(ii)	Capital Adequacy Ratio (Basel III) %	15.03%	16.69%	14.45%	15.03%	14.45%	16.04%
		(a) CET 1 Ratio	11.71%	13.05%	10.71%	11.71%	10.71%	12.36%
		(b) Additional Tier 1 Ratio	1.35%	1.52%	1.56%	1.35%	1.56%	1.55%
	(iii)	Basic and Diluted Earning Per Share						
		(a) Before Extraordinary Items	*4.84	*5.06	*3.28	*14.56	*8.27	12.34
		(b) After Extraordinary Items	*4.84	*5.06	*3.28	*14.56	*8.27	12.34
	(iv)	NPA Ratios						
		(a) Amount of Gross Non-Performing Assets	43,26,188	54,01,226	63,77,016	43,26,188	63,77,016	60,98,729
		(b) Amount of Net Non-Performing Assets	9,35,123	10,42,101	16,19,511	9,35,123	16,19,511	12,92,744
		(c) % of Gross NPAs	4.83%	6.38%	7.93%	4.83%	7.93%	7.53%
		(d) % of Net NPAs	1.08%	1.30%	2.14%	1.08%	2.14%	1.70%
	(v)	Return on Assets (Annualised) (Average)(%)	1.07%	1.07%	0.73%	1.05%	0.62%	0.69%
	(vi)	Outstanding Redeemable Preference Shares (Quantity and Value)	-	-	-	-	-	-
	(vii)	Capital Redemption Reserve	-	-	-	-		
	(viii)	Debenture Redemption Reserve	-	-	-	-	-	-

N B S & CO. Mumbai FRN 110100W

Chhajed & Doshi Mumbai 400 069

G.S. Mathur & Co. FRN 008744N

P. Chandrasekar LLP FRN 000580S/S200066

V. K. Ladha & Associates Mumbai

Particulars		Standalone					
		Quarter Ended			Nine Months Ended		Year Ended
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(ix)	Net Worth	83,24,364	78,17,722	61,22,818	83,24,364	61,22,818	63,59,934
(x)	Debt-Equity Ratio (Total Borrowings/ Net Worth)	0.45	0.67	0.94	0.45	0.94	0.68
(xi)	Total Debts to Total Assets (Borrowings/ Total Assets) (%)	2.77%	3.99%	4.66%	2.77%	4.66%	3.37%
(xii)	Operationg Margin (%) (Operating Profit/ Total Income)	24.98%	25.53%	27.40%	25.56%	27.38%	26.70%
(xiii)	Net Profit Margin (%) (Net Profit after Tax/ Total Income)	12.32%	12.42%	9.29%	12.19%	8.30%	8.84%
	*Not Annualised						

(SANJAY RUDRA)
Executive Director

(RAMASUBRAMANIAN S)
Executive Director

(NIDHU SAXENA)
Executive Director

(NITESH RANJAN)
Executive Director

Union Bank of India Finance & Accounts Dept.

(A.MANIMEKHALAI)
Managing Director & CEO

Place: Mumbai
Date: January 20, 2024

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

G.S. MATHUR & CO. FRN : 008744N Chartered Accountants

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भारत सरकार का उपक्रम
Union Bank of India
A Government of India Undertaking

STANDALONE SEGMENT REPORT FOR THE QUARTER & NINE MONTHS ENDED 31st December, 2023

(₹ in lakh)

		QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
(a)	**Segment Revenue**						
1	Treasury Operations	7,79,726	8,00,829	6,48,111	23,65,778	19,25,562	26,44,290
2	Retail Banking Operations	13,08,452	10,29,151	8,12,589	32,28,657	22,60,136	31,07,866
	(a) Digital Banking Operations	22,999	27,141	NA	69,556	NA	56,938
	(b) Other Retail Banking Operations	12,85,453	10,02,010	NA	31,59,101	NA	30,50,928
3	Corporate /Wholesale Banking	7,81,204	9,46,292	9,20,699	26,95,490	24,70,674	35,94,171
4	Other Banking Operations	69,310	49,572	52,207	2,06,637	1,39,386	1,97,937
5	Unallocated	593	25,508	0	56,416	48,841	49,671
	Total Segment Revenue	**29,39,285**	**28,51,352**	**24,33,606**	**85,52,978**	**68,44,599**	**95,93,935**
	Less Inter-segment Revenue	(25,559)	(23,139)	(18,238)	(72,915)	(34,327)	(56,286)
	Income from operations	**29,13,726**	**28,28,213**	**24,15,368**	**84,80,063**	**68,10,272**	**95,37,649**
(b)	**Segment Results**						
1	Treasury Operations	84,842	1,14,565	44,688	3,25,631	1,76,232	2,42,680
2	Retail Banking Operations	3,52,976	2,27,602	1,74,376	7,42,837	4,92,924	5,05,925
	(a) Digital Banking Operations	1,368	(5,581)	NA	(25)	NA	(4,307)
	(b) Other Retail Banking Operations	3,51,608	2,33,183	NA	7,42,862	NA	5,10,232
3	Corporate Banking	75,585	1,49,707	1,10,250	3,74,481	30,293	3,09,144
4	Other Banking Operations	38,981	27,915	29,010	1,16,337	76,704	1,06,352
5	Unallocated	592	25,508	0	56,415	48,841	49,671
	Total Profit/(Loss) Before Tax	**5,52,976**	**5,45,297**	**3,58,324**	**16,15,701**	**8,24,994**	**12,13,772**
(c)	Provision for Tax	1,93,985	1,94,155	1,33,844	5,81,925	2,59,898	3,70,445
(d)	**Net Profit/(Loss) after Tax**	**3,58,991**	**3,51,142**	**2,24,480**	**10,33,776**	**5,65,096**	**8,43,327**
(e)	**Segment Assets**						
1	Treasury Operations	4,36,10,549	4,64,75,114	4,33,34,464	4,36,10,549	4,33,34,464	4,64,78,870
2	Retail Banking Operations	3,87,56,262	3,87,69,284	3,55,07,795	3,87,56,262	3,55,07,795	3,59,68,033
	(a) Digital Banking Operations	1,05,82,153	85,07,154	NA	1,05,82,153	NA	42,26,305
	(b) Other Retail Banking Operations	2,81,74,109	3,02,62,130	NA	2,81,74,109	NA	3,17,41,728
3	Corporate/Wholesale Banking	4,95,91,917	4,37,30,665	4,25,55,296	4,95,91,917	4,25,55,296	4,26,01,176
4	Other Banking Operations	-	-	-	-	-	-
5	Unallocated	30,19,874	24,62,252	22,67,857	30,19,874	22,67,857	30,27,166
	Total	**13,49,78,602**	**13,14,37,315**	**12,36,65,412**	**13,49,78,602**	**12,36,65,412**	**12,80,75,245**
(f)	**Segment Liabilities**						
1	Treasury Operations	4,26,64,270	4,54,76,236	4,25,53,465	4,26,64,270	4,25,53,465	4,56,70,484
2	Retail Banking Operations	3,48,50,997	3,50,78,583	3,24,39,548	3,48,50,997	3,24,39,548	3,28,81,217
	(a) Digital Banking Operations	95,39,990	77,18,160	NA	95,39,990	NA	38,72,427
	(b) Other Retail Banking Operations	2,53,11,007	2,73,60,423	NA	2,53,11,007	NA	2,90,08,790
3	Corporate/Wholesale Banking	4,52,74,542	3,95,28,661	3,88,25,262	4,52,74,542	3,88,25,262	3,88,19,019
4	Other Banking Operations	-	-	-	-	-	-
5	Unallocated	28,42,261	23,66,277	22,12,167	28,42,261	22,12,167	28,71,104
	Total	**12,56,32,071**	**12,24,49,757**	**11,60,30,442**	**12,56,32,071**	**11,60,30,442**	**12,02,41,824**
(g)	**Capital Employed**						
1	Treasury Operations	9,46,279	9,98,878	7,80,999	9,46,279	7,80,999	8,08,386
2	Retail Banking Operations	39,05,265	36,90,702	30,68,247	39,05,265	30,68,247	30,86,816
	(a) Digital Banking Operations	10,42,162	7,88,995	NA	10,42,162	NA	3,53,878
	(b) Other Retail Banking Operations	28,63,103	29,01,707	NA	28,63,103	NA	27,32,938
3	Corporate/Wholesale Banking	43,17,375	42,02,003	37,30,034	43,17,375	37,30,034	37,82,157
4	Other Banking Operations	-	-	-	-	-	-
5	Unallocated	1,77,613	95,975	55,690	1,77,613	55,690	1,56,062
	Total	**93,46,532**	**89,87,558**	**76,34,970**	**93,46,532**	**76,34,970**	**78,33,421**

1 The Bank operates in four segments viz., Treasury, Retail, Corporate / Wholesale and Other Banking Operations. These segments have been identified in line with AS-17 on segment reporting issued by the Institute of Chartered Accountants of India (ICAI) after considering the nature and risk profile of the products and services, the target customer profiles, the organizational structure and the internal reporting system of the bank. The bank has disclosed the business segment as primary segment. The revenue and other parameters of foreign branch for the period are within the threshold limits stipulated as per AS-17 and hence the bank has only one reportable segment. The Bank has disclosed 'Digital Banking' as a sub-segment of the Retail Banking segment as required by RBI guidelines. The corresponding figure for the previous period is not furnished for Digital banking since the same was disclosed for the first time in the Quarter ended 31st March' 2023.

2 Segment wise income, expenditure, Capital employed which are not directly allocable have been allocated to the reportable segments based on assumptions as considered appropriate by the management.

3 Figure of previous period have been regrouped/reclassified wherever necessary.

Union Bank of India, Finance & Accounts Dept.

(SANJAY RUDRA)	(RAMASUBRAMANIAN S)	(NIDHU SAXENA)	(NITESH RANJAN)
EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR

(A. MANIMEKHALAI)
MANAGING DIRECTOR & CEO

N B S & CO. MUMBAI FRN 110100W

CHHAJED & DOSHI MUMBAI 400 069.

G.S. MATHUR & CO. FRN 008744N

P. CHANDRASEKAR LLP FRN 000580S/S200066

V. K. Ladha & Associates Mumbai

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भारत सरकार का उपक्रम
Union Bank of India
A Government of India Undertaking

Statement of Assets and Liabilities

(₹ in Lakh)

PARTICULARS	Standalone			Consolidated		
CAPITAL AND LIABILITIES	31.12.2023 (Unaudited)	31.12.2022 (Unaudited)	31.03.2023 (Audited)	31.12.2023 (Unaudited)	31.12.2022 (Unaudited)	31.03.2023 (Audited)
Capital	7,41,245	6,83,475	6,83,475	7,41,245	6,83,475	6,83,475
Preference share capital issued by subsidiary company	---	---	---	10,400	10,400	10,400
Reserves and Surplus	86,05,287	69,51,494	71,49,946	86,55,457	69,84,574	71,86,476
Deposits	11,72,45,534	10,65,02,708	11,17,71,632	11,75,63,005	10,67,79,786	11,20,32,192
Borrowings	37,42,397	57,59,596	43,13,747	37,26,044	58,05,453	42,73,660
Other Liabilities and Provisions	46,44,139	37,68,139	41,56,445	52,48,395	42,38,499	46,49,508
Total	**13,49,78,602**	**12,36,65,412**	**12,80,75,245**	**13,59,44,546**	**12,45,02,187**	**12,88,35,711**
ASSETS						
Cash and Balances with Reserve Bank of India	54,54,823	55,76,855	50,25,427	54,54,912	55,76,991	50,25,811
Balances with Banks and Money at Call and Short Notice	34,36,632	30,15,825	61,89,618	34,72,129	31,32,169	62,34,076
Investments	3,35,39,755	3,35,16,518	3,39,29,905	3,40,99,864	3,39,40,496	3,43,72,696
Advances	8,62,06,344	7,56,44,043	7,61,84,546	8,65,46,703	7,59,13,218	7,64,27,668
Fixed Assets	8,67,945	7,11,788	8,82,561	8,71,525	7,13,763	8,84,797
Other Assets	54,73,103	52,00,383	58,63,188	54,99,413	52,25,550	58,90,663
Total	**13,49,78,602**	**12,36,65,412**	**12,80,75,245**	**13,59,44,546**	**12,45,02,187**	**12,88,35,711**

(Sanjay Rudra)
Executive Director

(Ramasubramanian S)
Executive Director

(Nidhu Saxena)
Executive Director

(Nitesh Ranjan)
Executive Director

(A. Manimekhalai)
Managing Director & CEO

N B S & CO. MUMBAI FRN. 110100W CHARTERED ACCOUNTANTS

CHHAJED & DOSHI MUMBAI 400 069. CHARTERED ACCOUNTANTS

G.S. MATHUR & CO. FRN 008744N Chartered Accountants

P. CHANDRASEKAR LLP FRN 000580S/S200066 Chartered Accountants

V. K. Ladha & Associates Mumbai

Notes forming part of Standalone and Consolidated (Reviewed) Financial Results for the Quarter and Nine months ended 31st December 2023

1. The financial results of the Bank for the quarter and Nine months ended 31st December 2023 have been prepared in accordance with Accounting Standard-25 "Interim Financial Reporting" issued by the Institute of Chartered Accountants of India (ICAI).

2. The financial results of the Bank for the quarter and Nine months ended 31st December 2023 have been reviewed and recommended by Audit Committee of the Board and approved by the Board of Directors in their meeting held on 20th January 2024. The same has been subjected to limited review by the Statutory Central Auditors of the Bank in line with the guidelines issued by the Reserve Bank of India (RBI) and as per the Securities and Exchange Board of India (SEBI) (Listing Obligations & Disclosure Requirements) Regulation, 2015.

3. The financial results for the quarter and Nine months ended 31st December 2023 have been arrived at after considering extant guidelines of Reserve Bank of India on Prudential Norms of Income Recognition, Asset Classification and provisioning pertaining to advances & investments and necessary provisions including Employee Benefits, Unhedged Foreign Currency Exposures. Further, there has been no material change in the accounting policies adopted during the Nine months ended 31st December 2023 as those followed in the preceding financial year ended 31st March 2023.

4. Provision for employee benefits and other usual necessary provisions including income tax and Deferred Tax have been made on estimated basis. Tax expenses are estimated & provided on a proportionate basis and are subject to adjustments at the year end.

5. In terms of RBI circular, Banks are required to make Pillar 3 disclosures including Leverage Ratio, Liquidity Coverage Ratio & Net Stable Funding Ratio under Basel III capital regulations. These details are made available on Bank's website with link: https://www.unionbankofindia.co.in/basel-disclosures-iii.aspx. These disclosures are not subjected to review by the Statutory Central Auditors.

6. During the Nine months ended 31st December 2023, the Bank has issued additional 57,77,00,751 number of equity shares of face value ₹ 10 each at issue price of ₹ 86.55 under Qualified Institutional Placement (QIP) on 25th August 2023 and raised an amount of ₹ 5,000 crore. Accordingly, the shareholding of the Government of India in the Bank has reduced to 76.99% as on 31st December 2023.

   Further, the Bank has repaid ₹ 2,000 crore of Basel III Compliant Tier II Bonds during the quarter ended 31st December 2023.

7. The Consolidated Financial Statements (CFS) of group companies comprises the results of Union Bank of India and entities as detailed hereunder:

Type of Association	Name of Entity	Proportion of Ownership of Bank
Subsidiaries	Union Asset Management Co. Pvt. Ltd.	100%
	Union Trustee Company Pvt. Ltd.	100%
	Union Bank of India (UK) Ltd.	100%
	Andhra Bank Financial Services Ltd.	100%
	UBI Services Ltd.	100%
Jointly Controlled	Star Union Dai-Ichi Life Insurance Company Ltd.	25.10%

Type of Association	Name of Entity	Proportion of Ownership of Bank
Entity	ASREC (India) Ltd.	26.02%
	India International Bank (Malaysia) Berhad	25.00%
Associate	Chaitanya Godavari Grameena Bank	35.00%

8. The consolidated financial results have been prepared in accordance with the Accounting Standard - 21 "Consolidated Financial Statements", Accounting Standard - 23 "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard - 27 "Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India and the guidelines issued by the Reserve Bank of India.

9. In accordance with SEBI regulations, for the purpose of consolidated financial results for the quarter and Nine months period ended 31st December 2023, minimum eighty percent of each of consolidated revenue, assets and profits have been subject to review.

10. During the Nine months period ended 31st December 2023, Bank has reported 3102 number of frauds. The amount involved is ₹ 991.45 crore with balance outstanding of ₹ 888.92 crore as on 31st December 2023 which is fully provided.

11. In terms of RBI circular RBI/2022-23/131 DOR.MRG.REC.76/00-00-007/2022-23 dated October 11, 2022 on Reserve Bank of India (Unhedged Foreign Currency Exposure) Directions, 2022, the Bank holds provision of ₹ 20.28 crore as on 31st December 2023.

12. As per RBI circular No. DBR No. BP. 15199/21.04.048/2016-17 and DBR No. BP. 1906/21.04.048/2016-17 dated June 23, 2017 and August 28, 2017 respectively, for the accounts covered under the provisions of the Insolvency and Bankruptcy Code (IBC), the Bank has made a total provision of ₹ 10,162.98 crore covering 100% of the total outstanding as on 31st December, 2023.

13. In terms of RBI Circular No. DBR.BP.BC.18/21.04.048/2018-19 dated 1st January, 2019, DOR.No. BP.BC.34/21.04.048/2019-20 dated 11th February, 2020, DOR.No.BP.BC/4/21.04.048/2020-21 dated 6th August, 2020 and DOR.STR.REC.12/21.04.048/2021-22 dated 5th May, 2021 on "Restructuring of Advances - Micro, Small & Medium Enterprises (MSME) Sector (One Time Restructuring)", the Bank has restructured the MSME borrower accounts as under:

No of Borrowers Accounts restructured	Amount (₹ in crore)
1,08,642	4,085.35

14. In terms of RBI Circular DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019 on Prudential Framework for Resolution of Stressed Assets, the bank is holding provision as on 31st December 2023 in 11 accounts as detailed below:

(₹ in crore)

Amount of loans impacted by RBI circular	Amount of loans to be classified as NPA	Amount of loans as on 31.12.2023 out of (B) classified as NPA	Provisions required for loans covered under RBI circular out of (A)	Provision held as on 31.12.2023
(A)	(B)	(C)	(D)	(E)
2,292.49	1,859.96	1,859.96	481.99	481.99

15. In accordance with RBI circular no. DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 and as updated from time to time, the details of loans transferred/acquired during the nine months period ended 31st December 2023 is as under:

a. The Bank has neither transferred any Special Mention Accounts & loans not in default nor acquired any non-performing assets.

b. Details of loans not in default acquired through Pool Buy-out under direct assignment are given below:

Particulars	Figures
Aggregate Amount of Loans acquired (₹ in Crores)	195.60
Weighted average residual maturity (in months)	104.60
Weighted average holding period by originator (in months)	10.62
Retention of beneficial economic interest by the originator	10.00%
Tangible Security Coverage	299.54%

The loans acquired are not rated as these are to Non-corporate Borrowers.

c. Details of stressed loans transferred are given below:

(Amount in ₹ Crore)

Particulars	To ARCs	To permitted transferees	To other transferees
No. of accounts	6	1	Nil
Aggregate principal outstanding of loans transferred	685.53	37.24	
Weighted average residual tenor of the loans transferred (years)	-	-	
Net book value of loans transferred (at the time of transfer)	8.16	0.00	
Aggregate consideration	221.96	23.00	
Additional consideration realized in respect of accounts transferred in earlier years	30.55	-	

d. Distribution of the SRs held across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies as on 31st December 2023 are as under:

Recovery Rating Band	Book Value (₹ in crore)
RR1+	205.03
RR1	635.95
RR2	153.27
RR3	41.35
RR4	25.52
RR5	395.62
Unrated	836.63
Total	**2,293.37**

Four new Security Receipts are added in the SR portfolio during the period April 2023 to December 2023. 100% provision has been made on the Book Value of Security Receipts.

16. Pursuant to the introduction of Section 115BAA of the Income Tax Act, 1961 vide Taxation Laws (Amendment) Ordinance, 2019, the Bank has an option to pay corporate income tax at the rate of 22% plus applicable surcharge and cess (lower rate) as against the earlier rate of 30% plus applicable surcharge and cess, subject to certain conditions.

    Considering all the provisions under said section 115BAA of the Income Tax Act, 1961, the Bank has decided to avail the lower rate from FY 2022-23. Hence, the Bank has recognized Provision for Income tax for the quarter and nine months period ended 31st December 2023 to the extent of ₹ 5,777.33 crore, out of which Deferred Tax is ₹4,128.75 crore and current tax is ₹ 1,648.58 crore.

    Accordingly, one-time impact on Deferred Tax due to change to lower tax rate is ₹2,422.66 Crores, pertaining to previous years which is included in tax expenses.

17. Pursuant to the RBI circular dated 19th December 2023, bank has made a provision of ₹ 12.17 crore in respect of investments in Alternate Investment Funds (AIF) during the quarter ended December 31, 2023.

18. During the period ended nine months, the Bank has done following PSLC transactions in e-Kuber portal of RBI: (₹ in Crore)

PSLC Category	Amount sold/ purchased	Commission earned/ paid
PSLC - SFMF-Sold	30,000	581.88
PSLC - Agriculture Purchased	9,270	29.87

19. Provision coverage ratio of the Bank as on 31st December 2023 is 92.54% (as on 31st December 2022: 88.50%).

20. Penalty of ₹ 1 crore has been imposed by RBI during the quarter/nine months period ended December 2023.

21. In terms of RBI circular no. RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30,2021 (Updated as on February 20,2023), miscellaneous income under the head other income exceeding 1% of the total income is furnished hereunder:

Item under the Sub Head	₹ in Crore	% of Total Income
Processing Charges for Advances	1,055.25	1.24
Recovery in Write-Off	2,548.03	3.00

22. Pursuant to pending settlement of Bipartite agreement on wage revision (with effect from November 01, 2022), an amount of ₹ 1,067.85 crore has been provided for on estimation basis during the nine months period ended 31st December 2023 (cumulative provision held as on December 31, 2023 for wage arrears is ₹ 1,763.72 crore).

23. The status of Investor's Complaint for the quarter ended 31st December 2023 is as under:

Particulars	No. of Investor Complaints
Pending at the beginning of the quarter (01.10.2023)	0
Received during the quarter	4
Disposed-off during the quarter	4
Remaining unresolved at the end of the quarter (31.12.2023)	0

24. In terms of RBI circular no. DOR.AUT.REC.12/22.01.001/2022-23 dated April 7, 2022 on establishment of Digital Banking Units (DBUs) and reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment under Accounting Standard - 17 "Segment Reporting", bank has reported Digital Banking Segment as a sub-segment of Retail Banking Segment.

25. Figures of previous period(s) have been rearranged/reclassified/regrouped wherever necessary.

(Sanjay Rudra) Executive Director	(Ramasubramanian S) Executive Director	(Nidhu Saxena) Executive Director	(Nitesh Ranjan) Executive Director

(A. Manimekhalai)
Managing Director & CEO

Place: Mumbai
Date: 20th January 2024

NBS & Co.
Chhajed & Doshi
G.S. Mathur & Co.
P. Chandrasekar LLP
V.K. Ladha & Associates

M/s R G N Price & Co.
Chartered Accountants
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Anna Salai,
Chennai – 600002,

M/s SARDA & PAREEK LLP
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M/s N B S & Co.
Chartered Accountants
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Independent Auditor's Report

To
The President of India /
The Members of Union Bank of India
Mumbai

Report on Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of Union Bank of India (the "Bank") which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and Notes to the Consolidated Financial Statements including Significant Accounting Policies and other explanatory information, in which following are incorporated –
   a. Audited Standalone Financial Statements of the Bank;
   b. Audited Financial Statements of 2 Domestic Subsidiaries, 1 Regional Rural Banks (Associate) 1 Foreign Subsidiary Entity and 1 Foreign Jointly Controlled Entity.
   c. Unaudited financial statements of 2 domestic Subsidiaries and 2 Domestic Jointly Controlled Entities

   The above entities together with the Bank are referred to as the "Group".

   In our opinion and to the best of our information and according to explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements, the unaudited financial statements and the other financial information of the subsidiaries, Jointly controlled entities and associates as furnished by the management, the aforesaid Consolidated Financial Statements are in conformity with accounting principles generally accepted in India and give:
   a. true and fair view in case of the Consolidated Balance Sheet, of the state of affairs of the Bank as at March 31, 2023;
   b. true balance of Profit in case of Consolidated Profit & Loss account for the year ended on that date; and
   c. true and fair view of the cash flows in case of Consolidated Cash Flows Statement for the year ended on that date.

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Basis of Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group Bank in accordance with the Code of Ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw your attention to Note No. 8(c)(ii)(a) of schedule 18 – Notes to Accounts to the standalone financial statements regarding unamortised part of additional liability on account of revision in family pension carried forward from last year amounting to ₹ 1521.62 crores, has been fully charged to profit and loss account during the year ended March 31, 2023. There is no unamortised expenditure in the Balance Sheet on account of additional family pension.

   Our opinion is not modified in respect of this matter.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters to be communicated in our report.

Sr.	Key Audit Matter	How it was dealt with in our report
1	**Income Recognition, Asset Classification (IRAC) and provisioning on Loans & Advances and Investments as per the regulatory requirements**	
	Loans & Advances and Investments are the largest class of assets forming 85.98% of the total assets as on March 31, 2023. Classification, income recognition and loss provisioning on the same are based on objective parameters as prescribed by the regulations (Reserve Bank of India's prudential norms and other guidelines). The management of the Bank relies heavily on its IT systems (including Core Banking Solution), exercise significant estimates and judgement, manual interventions, and uses services of experts (like	Our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances and associated impairment provisions. Our audit procedures included the assessment of controls over the approval, disbursements and monitoring of loans, and reviewing the logic and assumptions used in the CBS and other related IT systems for compliance of the IRAC and provisioning norms and its operating effectiveness. These included evaluation and understanding of following: • Bank's internal control system in adhering to

	independent valuers, Lawyers, legal experts and other professional) to determine asset classification, income recognition and provisioning for losses. The Bank has system based identification of non-performing assets in accordance with IRAC Norms	the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances/investments; • System controls and manual controls over the timely recognition of non-performing assets (NPA/NPI); • Operational existence and effectiveness of controls over provisioning calculation models from the IT systems; • Overall Controls on the loan approval, disbursement and monitoring process in case of advances and controls over the purchase, sale and hold decisions making system in case of investments • We tested sample of loans/investments (in cases of branches visited by us) to assess whether they had been identified as non performing on a timely manner, income recognized and provisioning made as per IRAC norms. • We have also reviewed the reliability, effectiveness and accuracy of manual interventions, wherever it has come to our notice, on test check basis. • We have relied on the reports/returns and work done by other Statutory Branch Auditors (SBA) in cases of branches not visited by us to get an overall comfort with respect to overall compliance in accordance with SA 600 - Using the Work of Another Auditor. • We have reviewed the work done by other experts like Independent valuers, Lawyers, Legal Experts and other such professionals who have rendered services to the Bank, in accordance with SA 620 Using the Work of an Auditor's Expert. • Further we have also reviewed the Bank's system of monitoring potentially weak and sensitive accounts which show a sign of stress. • We have also reviewed the reports and observations of the Bank's internal audit/inspection reports and observations of the concurrent auditors for the same. • Verification of valuation, classification, provisioning and income recognition of investments by carrying out substantive test including arithmetic accuracy, data accuracy,

		and control over the financial reporting system. We have test checked and assessed the efficacy of the system based identification of NPA
2	**Information Technology (IT) and controls impacting financial reporting**	
	In the normal course of its business, the Bank's financial accounting and reporting systems are highly dependent on the effective working of the Core Banking Solution (CBS) and other IT systems linked to the CBS or working independently. Extensive volume, variety and complexity of transactions are processed daily and there is a risk that automated accounting procedures and related internal controls may not be accurately designed and operating effectively. Particular areas of focus relate to the logic that is fed into the system, sanctity and reliability of the data, access management and segregation of duties. These underlying principles are important because they ensure that changes to applications and data are appropriate, authorized, cleansed and monitored, so that the system generates accurate and reliable reports/ returns and other financial and non-financial information that is used for the preparation and presentation of the financial statements. We have relied on the consistent and accurate functioning of CBS and other IT systems for the following: • Asset Classification and Income recognition as per the Reserve Bank of India guidelines; • Provisioning on the advance portfolio; • Identification of advances and liability items and its maturity pattern in various brackets; • Reconciliation and ageing of various suspense and sundry accounts, impersonal accounts, inter-branch balances and other such accounts; • Recording Investment transactions • Interest expense on deposits and other liabilities;	Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the IT system by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included: • Ensuring that deficiencies noticed in our verification on test check basis were informed to the management for corrective action; • Carrying out independent alternative audit procedures like substantive testing in areas where deficiencies were noticed; • Analytical procedures like ratio analysis, trend analysis, reasonable tests, comparative analysis; • Reliance on the work performed by the statutory branch auditors and the rectification entries (MOCs) passed based on branch audits; • Reliance on external vendor inspection reports wherever made available. • Reviewed the IS Audit Reports and discussed with IT Department on compliance with key IT controls.

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3	**Recognition and measurement of Deferred tax**	
	The Bank has recognised a net deferred tax asset of ₹ 8,65,97,447 (in '000) as on March 31, 2023. Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgment and numerous estimates regarding the availability and visibility of profits in the future. The recent decrease in the amount of deferred tax assets presumes availability and forecasting of profits over an extended period of time thus decreasing uncertainty and the inherent risk of inappropriate recognition of the said asset.	Our audit procedures included the risk assessment to gain an understanding of the applicable tax laws and relevant regulations applicable to the Bank. Based on our understanding, we performed both tests of related internal key controls and substantive audit procedures with the assistance of tax specialists. We performed the following audit procedures as part of our controls testing including, but not limited to: • Evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with AS 22 Accounting for Taxes on Income; • Assessed the method, assumptions and other parameters used with reference to uniformity, management representations, consistency and continuity like budget and midterm projections prepared by the management including earning growth and applicable tax rates and tested the arithmetical accuracy • Assessed the probability of the availability and visibility of profits against which the bank will be able to use this deferred tax asset in the future.

Information Other than the Consolidated Financial Statements and Auditors' Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Highlights for the year, Directors' Report including annexures to Directors' Report, key financial ratios, Business responsibility Report and Corporate Governance report in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this Auditors' Report.

   Our opinion on the consolidated financial statements does not cover the Other Information and Pillar 3 disclosures under the Basel III Disclosure and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information that we obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Bank's Board of Directors are responsible for preparation and presentation of these consolidated Financial Results that give a true and fair view of the consolidated financial position, financial performance and consolidated cash flows and other financial information of the Group including its associate and jointly controlled entity in accordance with the Accounting Standard 21- "Consolidated Financial Statements", Accounting Standards 23- "Accounting for Investments in Consolidated Financial Statements" and Accounting Standards 27 – Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India.

   The respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act/ Banking Regulations Act, 1949 for safeguarding the assets of the Group and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

   In preparing the consolidated Financial statements, the respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for assessing the ability of the group and of its associate and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

   The respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associate and jointly controlled entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Other Matters

8. We did not audit the financial statements of 3 subsidiaries and 1 Jointly controlled entity included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 4,47,55,068 (in thousand) as at March 31, 2023 and total revenues of ₹ 22,11,654 (in thousand) for the year ended on that date net Loss after tax amounting to ₹ 4,33,866 (in thousand) for the year ended on that date, as considered in the consolidated financial statements. The Consolidated Financial Statements also include the Group's share of Net Profit after tax amounting to ₹. 8,13,202 (in thousand) for the year ended 31st March, 2023 as considered in the Consolidated Financial Statements, in respect of one associate, whose Financial Statements / financial information have not been audited by us. These financial statements have been audited by other auditors whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, are based solely on the reports of the other auditors.

   The consolidated financial statements also include the unaudited Financial Results of 2 subsidiaries and 2 jointly controlled entities whose Financial Statements/Financial Results/ Financial information reflect Group's share of total assets of ₹ 5,20,44,943 (in thousands) as at 31st March 2023, Group's share of total revenue of ₹ 1,77,52,017 (in thousands) and Group's share of total net profit after tax of ₹ 4,04,522 (in thousands) for the year ended 31st March 2023, as considered in the consolidated Financial Results. These unaudited Financial Statements/Financial Results/ financial information has been furnished to us duly certified by the Bank's management and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities are based solely on such reviewed/unaudited Financial Statements/Financial Results/Financial information. In our opinion and according to the information and explanations given to us by Bank's management, these Financial Statements/Financial Results / Financial information are not material to the Group.

   The entities of the Group whose financial statements are included in the Consolidated Financial Statements are listed in Schedule 18 of Notes to Accounts which forms part of the Consolidated Financial Statements of the Group.

   Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

9. The Consolidated Balance Sheet and the Profit & Loss Account have been drawn up in accordance with section 29 of the Banking Regulation Act, 1949.

10. Subject to limitation of the audit indicated in paragraph 5 and 8 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and jointly controlled entities, as noted in the 'other matter' paragraphs to the extent applicable and also subject to the limitations of disclosure required therein and we report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
b) The transactions of Bank, which have come to our notice, have been within the power of Bank; and
c) The returns received from the offices and branches of the bank have been found adequate for the purpose of our audit.

11. We further report that:

a) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

b) The Consolidated Balance Sheet, Consolidated Profit and Loss account and Consolidated Cash flow statement dealt with by this report are in agreement with the books of account and with the returns received from branches not visited by us;

c) The reports on the accounts of the branches and offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report;

d) in our opinion, the Consolidated Balance Sheet, Consolidated Profit and Loss account and Consolidated Cash flow statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P. M. Veeramani
Partner
Membership No.023933
UDIN: 23023933BGVFVC3602

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 23102789BGWREC1919

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V. Luthra
Partner
Membership No. 109127
UDIN: 23109127BGQVHS4391

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Ruchi Agarwal
Partner
Membership No. 504134
UDIN: 23504134BGWTPQ8986

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Abhishek Sharma
Partner
Membership No. 079224
UDIN: 23079224BGTKQP5499

For M/s N B S & Co.
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN: 23046940BGPTTT2512

Place of Signature: Mumbai
Date of Report: 06.05.2023

MUMBAI FRN 109262W / W100673
FRN 108959W NAGPUR
FRN : 005223C
FRN-002803C JAIPUR
MUMBAI FRN 110100W

यूनियन बैंक ऑफ इंडिया Union Bank of India
A Government of India Undertaking

CONSOLIDATED BALANCE SHEET
AS ON 31st MARCH, 2023

[illegible]	[illegible]	[illegible]	[illegible]
Capital	1	68,347,475	68,347,475
Preference Share Capital Issued by Subsidiary Company	1A	1,040,035	1,040,035
Reserves and Surplus	2	718,647,629	639,223,739
Minority Interest	2A	-	-
Deposits	3	11,203,219,225	10,343,677,535
Borrowings	4	427,365,947	512,451,999
Other Liabilities and Provisions	5	464,950,783	372,915,316
TOTAL		[illegible]	[illegible]
ASSETS			
Cash and Balances with Reserve Bank of India	6	502,581,072	461,158,920
Balances with Banks and Money at Call and Short Notice	7	623,407,568	736,423,289
Investments	8	3,437,269,559	3,518,390,437
Advances	9	7,642,766,793	6,633,556,506
Fixed Assets	10	88,479,756	72,083,095
Other Assets	11	589,066,347	516,043,852
Goodwill on Consolidation		-	-
TOTAL		[illegible]	[illegible]
Contingent Liabilities	12	6,080,992,755	6,511,468,340
Bills for Collection		435,667,177	660,894,128
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

([illegible] KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

For and on behalf of the Board of Directors

(RAMASUBRAMANIAN S)
EXECUTIVE DIRECTOR

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(SURAJ SRIVASTAVA)
DIRECTOR

(LAXMAN S UPPAR)
DIRECTOR

(JAYADEV MADUGULA)
DIRECTOR

(PRITI JAY RAO)
DIRECTOR

(A. MANIMEKHALAI)
MANAGING DIRECTOR & CEO

(SRINIVASAN VARADARAJAN)
CHAIRMAN

Finance & Accounts Dept. Union Bank of India

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Mumbai FRN : 109262W / W100673

C.R. Sagdeo & Co. FRN 108959W Nagpur

PVAR & Associates FRN : 005223C

M/s Gopal Sharma & Co. FRN-002803C Jaipur

N B S & Co. Mumbai FRN 110100W

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN:23023933BGVFVC3602

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 23102789BGWREZ1919

For M/s C R Sagdeo & Co
Chartered Accountants
FRN 108959W

CA Sachin V. Luthra
Partner
Membership No. 109127
UDIN:23109127BGQVHS4991

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA. Ruchi Agarwal
Partner
Membership No.504134
UDIN: 23504134BGWTPQ8986

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Abhishek Sharma
Partner
Membership No.079224
UDIN: 23079224BGTKQP5499

For M/s N B S & Co
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN:23046940BGPTTT8572

Finance & Accounts Dept., Union Bank of India

Place : Mumbai
Date : May 06, 2023

FRN 109262W / W100673

FRN 108959W NAGPUR

FRN : 005223C

FRN 002803C JAIPUR

MUMBAI FRN 110100W

यूनियन बैंक ऑफ इंडिया Union Bank of India

A Government of India Undertaking

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE PERIOD ENDED 31st MARCH, 2023

[illegible]	[illegible]	[illegible]	[illegible]
Interest Earned	13	811,631,823	682,296,573
Other Income	14	159,153,525	135,244,131
TOTAL		**970,785,348**	**817,540,704**
II. EXPENDITURE			
Interest Expended	15	480,328,447	401,784,651
Operating Expenses	16	234,873,032	197,026,117
Provision And Contingencies		171,280,436	166,644,918
TOTAL		**886,481,915**	**765,455,686**
III. Consolidated Net Profit/(Loss) before Minority Interest and Share of Earnings in Associate		**84,303,433**	**52,085,018**
Add:-Share of profit in Associate		813,202	568,187
Consolidated Net Profit/(Loss) for the year before deducting Minority Interest		85,116,635	52,653,205
(Less):-Minority Interest		-	-
Consolidated Net Profit/(Net Loss) for the year attributable to the group		**85,116,600**	**52,653,205**
Transfer from Investment Fluctuation Reserve		**5,832,008**	**0,000,000**
Add : Profit/(Loss) Brought Forward		35	35
Amount Available for Appropriation		**90,948,643**	**52,653,240**
IV. Appropriation			
Transfer To Statutory Reserve		21,083,194	13,193,989
Transfer To Capital Reserve		945,461	12,212,675
Transfer To Investment fluctuation Risk Reserve		-	6,568,682
Transer To Revenue And Other Reserves		34,814,630	2,471,838
Transfer To Special Reserve [Sec36(i)(viii)]of the Income Tax Act,1961]		6,000,000	5,220,000
Transfer to Investment Reserve Account		1,769,006	
Proposed Dividend		20,504,309	12,986,021
Balance in Profit and Loss Account		5,832,043	35
TOTAL		**90,948,643**	**52,653,240**
Earnings per share (Basic and Diluted in Rs.) of FV of Rs.10/- each	18(13)	**12.45**	**7.77**
Significant Accounting Policies	17		
Notes To Accounts	18		
The Schedules referred to above form an integral part of the Consolidated Profit & Loss A/c			

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

For and on behalf of the Board of Directors

(RAMASUBRAMANIAN S)
EXECUTIVE DIRECTOR

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(SURAJ SRIVASTAVA)
DIRECTOR

(LAXMAN S UPPAR)
DIRECTOR

(JAYADEV MADUGULA)
DIRECTOR

(PRITI JAY RAO)
DIRECTOR

(A. MANIMEKHALAI)
MANAGING DIRECTOR & CEO

(SRINIVASAN VARADARAJAN)
CHAIRMAN

Finance & Accounts Dept.

R.G.N. Price & Co. Chartered Accountants

SARDA & PAREEK LLP MUMBAI FRN : 109262W / W100673 CHARTERED ACCOUNTANTS

C. R. SAGDEO & CO. FRN 108959W NAGPUR CHARTERED ACCOUNTANTS

PVAR & ASSOCIATES FRN : 005223C CHARTERED ACCOUNTANTS

M/S Gopal Sharma & Co. FRN-002803C JAIPUR Chartered Accountants

N B S & CO MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 23023933BGVFVC3602

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 23102789BGWRF1919

For M/s C R Sagdeo & Co
Chartered Accountants
FRN 108959W

CA Sachin V. Luthra
Partner
Membership No. 109127
UDIN: 23109127BGQVHS4391

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA. Ruchi Agarwal
Partner
Membership No.504134
UDIN: 23504134BGWTP08986

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Abhishek Sharma
Partner
Membership No.079224
UDIN: 23079224BGTKQP5499

For M/s N B S & Co
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN: 23046940BGPTTT2572

UNION BANK OF INDIA
Finance & Accounts Dept.

Place : **Mumbai**
Date : **May 06, 2023**

CONSOLIDATED CASH FLOW STATEMENT FOR THE ENDED YEAR 31ST MARCH, 2023

(₹ in Lakh)

S.No.	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit Before Tax	12,14,647	8,56,634
	Adjustments for:		
	Depreciation on Fixed Assets	74,457	73,809
	Provision for Investments	1,67,478	20,048
	Provision for Non Performing Assets (Net)	12,50,677	11,62,524
	Provision for Standard Asset	(1,15,806)	1,36,754
	Provision for other items (Net)	14,760	11,339
	(Profit)/Loss on Sale or Disposal of Fixed Assets	(149)	35
	Interest on Borrowings : Capital Instruments	1,58,601	1,55,133
	Share of Profit in Associate	8,132	5,682
	Transfer to/from reserve	(56,928)	63,465
	Sub Total	27,15,870	24,85,426
	Adjustments for:		
	Increase / (Decrease) in Deposits	86,00,976	1,08,71,383
	Increase / (Decrease) in Other Liabilities and Provisions	11,51,603	(5,55,146)
	(Increase) / Decrease in Investments	6,61,560	(12,92,420)
	(Increase) / Decrease in Advances	(1,14,16,687)	(81,66,081)
	(Increase) / Decrease in Other Assets	(7,74,427)	3,45,116
	Direct taxes paid (Net of Refund)	(3,27,752)	(54,388)
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	6,11,143	36,33,890
B	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of Fixed Assets	(3,06,555)	(74,953)
	Proceeds from Sale/Adjustment of Fixed asset	68,280	30,788
	(Increase)/ Decrease in Investment in Subsidiary	(17,830)	(11,606)
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(2,56,105)	(55,771)
C	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from Issue of Preference Share Capital Issued by Subsidiary	-	-
	Proceeds from issue of Equity Share Capital Including Share Premium (Net)	-	1,44,208
	Proceeds from issue of Capital Instruments	98,300	7,00,000
	Repayments of Capital Instruments	(10,000)	(5,40,000)
	(Decrease)/Increase Borrowings other than Capital Instruments	(8,65,254)	(2,27,704)
	Interest Paid on Borrowings : Capital Instruments	(1,58,601)	(1,55,133)
	Dividend paid during the year	(1,29,861)	-
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(10,65,416)	(78,629)
	Net Increase (Decrease) in Cash & Cash Equivalent (A)+(B)+(C)	(7,10,377)	34,99,488
	Cash and Cash Equivalents as at the beginning of the year	1,19,75,822	84,76,334
	Cash and Cash Equivalents as at the end of the year	1,12,65,445	1,19,75,822
	Components of Cash and Cash equivalents		
D	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR**		
	Cash and Balances with RBI (including FC notes)	46,11,589	37,88,571
	Balances with Banks and Money at call	73,64,233	46,87,762
	Net cash and cash equivalents at the beginning of the year	1,19,75,822	84,76,334
E	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**		
	Cash and Balance with RBI (including FC notes)	50,25,811	46,11,589
	Balances with Banks and Money at call	62,39,634	73,64,233
	Net cash and cash equivalents at the end of the year	1,12,65,445	1,19,75,822

Previous Year's figures have been regrouped/recasted wherever considered necessary to correspond with the year ended classification/ presentation.

Finance & Accounts Dept.
UNION BANK OF INDIA

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

(RAMASUBRAMANIAN S.)
EXECUTIVE DIRECTOR

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

R.G.N. Price & Co. Chartered Accountants

SARDA & PAREEK LLP MUMBAI FRN 109262W / W100673 CHARTERED ACCOUNTANTS

FRN 108[illegible] NAGPUR CHARTERED ACCOUNTANTS

P V A R & ASSOCIATES FRN : 0[illegible]C CHARTERED ACCOUNTANTS

M/S Gopal Sharma & Co. FRN 002803C JAIPUR Chartered Accountants

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

(ARUN KUMAR SINGH)
DIRECTOR

(SURAJ SRIVASTAVA)
DIRECTOR

(LAXMAN S UPPAR)
DIRECTOR

(JAYADEV MADUGULA)
DIRECTOR

(PRITI JAY RAO)
DIRECTOR

(A. MANIMEKHALAI)
MANAGING DIRECTOR & CEO

(SRINIVASAN VARADARAJAN)
(CHAIRMAN)

Auditors Certificate :

We, the undersigned Statutory Auditors of the Union Bank of India, have verified the above consolidated Cash Flow Statement of the Bank for the year ended 31.03.2023. The statement has been prepared in Indirect Method in accordance with the AS-3. "Cash Flow Statement" issued by The Institute of Charterted Accountants of India and with the requirments of the SEBI (Listing Obligations & Disclosure Requirements), 2015 and is based on and in agreement with the corresponding Consolidated Profit & Loss Account and the Consolidated Balance Sheet of the Bank covered by our report of the May 06, 2023 to the members.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN:23023933BGVFVC3602

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN:23102789BGWRFC1919

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Chartered Accountants
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CA Sachin V. Luthra
Partner
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UDIN: 23109127BGQVHS4391

For M/s P V A R & Associates
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FRN 005223C

CA. Ruchi Agarwal
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For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Abhishek Sharma
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Membership No.079224
UDIN:23079224BGTKQB3499

For M/s N B S & Co
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN:23046940BGPTTT2512

Place : Mumbai
Date : May 06, 2023

UNION BANK OF INDIA

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st MARCH, 2023

		(Rs in 000')
SCHEDULE 1 - CAPITAL :	**As on 31st Mar, 2023**	**As on 31st Mar , 2022**
I. Authorised :		
1000,00,00,000 Equity Shares of Rs.10 each	100,000,000	100,000,000
II Issued, Subscribed & Paid up :		
I. 570,66,60,850 Equity Shares of Rs.10 each, held by Central Government	57,066,609	57,066,609
II. 11280866110 Equity Shares of Rs.10 each, held by Public	11,280,866	11,280,866
	68,347,475	**68,347,475**
SCHEDULE 1A - PREFERENCE SHARE CAPITAL ISSUED BY SUBSIDIARY COMPANY :	**As on 31st Mar, 2023**	**As on 31st Mar , 2022**
10,40,03,544 Participatory Non-Redemable Compulsorily convertible Preference Shares of Rs. 10 Each (Issued by Union Asset Management Company Private Limited, a subsidiary company) to Dai Ichi Life Holdings Inc on May 17 2018 for a tenure of 20 years)	1,040,035	1,040,035
TOTAL	1,040,035	1,040,035

R.G.N. Price & Co.

Sarda & Pareek LLP, Mumbai, FRN : 109262W / W100673

C. R. Sagdeo & Co., FRN 108959W, Nagpur

PVAR & Associates, FRN : 005223C

M/S Gopal Sharma & Co., FRN-002803C, Jaipur

N B S & Co., Mumbai, FRN 110100W

UNION BANK OF INDIA

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st MARCH, 2023

				(Rs in 000')
SCHEDULE 2 - RESERVES & SURPLUS :	As on 31st Mar, 2023		As on 31st Mar , 2022	
I. Statutory Reserve :				
As per last Balance Sheet	146,821,655		133,627,665	
Addition during the year	21,083,194	167,904,849	13,193,989	146,821,655
II. Capital Reserve :				
A) Capital Reserve :				
As per last Balance Sheet	58,933,239		46,720,564	
Addition during the year	945,461		12,212,675	
Deduction during the year	-		-	
	59,878,700		58,933,239	
B)Revaluation Reserve :				
As per last Balance Sheet	47,570,740		48,984,778	
Addition during the year	15,192,863		79,201	
Deduction during the year	1,439,378		1,493,238	
	61,324,225		47,570,741	
C) Amalgamation Reserve				
As per last Balance Sheet	13,095,979		13,095,979	
Addition during the year	-		-	
Deduction during the year	-		-	
	13,095,979	134,298,904	13,095,979	119,599,958
III Capital Reserve on Consolidation				
As per last Balance Sheet	421,351		663,498	
Addition during the year	-		-	
Deduction during the year	301,200		242,147	
		120,151		421,351
IV. Share Premium :				
As per last Balance Sheet	183,926,860		173,785,077	
Addition during the year	301,198		10,192,652	
Deduction during the year	-	184,228,058	50,870	183,926,860
V. Revenue Reserves :				
i) Revenue and other Reserves :				
As per last Balance Sheet	107,430,020		95,358,032	
Addition during the year	37,580,223		13,644,810	
Deduction during the year	25,786		1,572,823	
	144,984,457		107,430,020	
Less:- Minority Interest			-	
	144,984,457		107,430,020	
ii) Special Reserve Sec 36(1)(viii)				
As per last Balance Sheet	60,298,789		55,078,789	
Addition during the year	6,000,000		5,220,000	
	66,298,789		60,298,789	
iii) Special Reserve profit on Fx Swap				
As per last Balance Sheet	58,485		58,485	
Addition during the year	843		-	
Deduction during the year	-		-	
	59,328		58,485	

Finance & Accounts Dept. Union Bank of India

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Chartered Accountants MUMBAI FRN. 109262W / W100673

C.R. Sagdeo & Co. Chartered Accountants FRN 108959W NAGPUR

PVAR & Associates Chartered Accountants FRN : 005223C

M/S Gopal Sharma & Co. Chartered Accountants FRN-002803C JAIPUR

UNION BANK OF INDIA

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st MARCH, 2023

(Rs In 000')

SCHEDULE 2 - RESERVES & SURPLUS :	As on 31st Mar, 2023		As on 31st Mar , 2022	
iv) Investment fluction reserve				
As per last Balance Sheet	19,361,583		12,792,901	
Addition during the year	-		6,568,682	
Deduction during the year	5,832,008			
	13,529,575		19,361,583	
v) Foreign Currency Translation Reserve				
As per last Balance Sheet	1,273,628		2,015,886	
Addition during the year	811,962		295,338	
Deduction during the year	2,494,495		1,037,597	
	-0,408,905		1,273,628	
VI))Debenture Redembtion reserve				
As per last Balance Sheet	31,375			
Addition during the year			31,375	
Deduction during the year	-			
	31,375		31,375	
VII. Investment Reserve Account				
As per last balance sheet	-			
Addition during the year	1,769,006			
Deduction During The year	-			
	1,769,006			
Total		226,263,624		188,453,980
VII. Balance in Profit and Loss Account				
Balance in Profit and Loss Account		5,832,043		35
TOTAL		718,647,629		639,223,739

SCHEDULE 2 A Minority Interest		
Opening Balance	-	-
Add/(Less):- Increase/(Decrease) during the year	-	-
Total Minority Interest	-	-

UNION BANK OF INDIA

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st MARCH, 2023

				(Rs in 000')
SCHEDULE 3 - DEPOSITS :	**As on 31st Mar, 2023**		**As on 31st Mar , 2022**	
I. Demand Deposits				
i) From Banks	17,566,930		8,132,959	
ii) From Others	722,422,466	739,989,396	719,031,755	727,164,713
II. Savings Bank Deposits		3,201,049,443		3,045,769,582
III. Term Deposits				
i) From Banks	176,432,725		22,787,325	
ii) From Others	7,085,747,660	7,262,180,385	6,547,955,915	6,570,743,240
TOTAL		**11,203,219,225**		**10,343,677,535**
Deposits of branches in India		11,059,429,728		10,319,669,265
Deposits of branches outside India		143,789,497		24,008,270
TOTAL		**11,203,219,225**		**10,343,677,535**
SCHEDULE 4 - BORROWINGS :				
A. Borrowings in India				
i. Reserve Bank of India	133,820,000		142,090,000	
ii. Other Banks	0,075,821		19,828,213	
iii. Other Institutions and Agencies	23,463,987		30,220,231	
ivPerpetual Bonds	96,880,000		87,050,000	
v Subordinated Bonds	99,500,000		100,500,000	
vi 7 years infra bonds	-	353,739,808		379,688,444
B. Borrowings Outside India		73,626,139		132,763,555
TOTAL		**427,365,947**		**512,451,999**
Secured Borrowings included in (B) I above I & II above		**139,047,858**		**147,029,470**

UNION BANK OF INDIA

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st MARCH, 2023

		(Rs in 000')
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS :	**As on 31st Mar, 2023**	**As on 31st Mar , 2022**
I. Bills Payable	26,497,502	26,890,202
II. Interest Accrued	60,343,341	45,494,112
III. Others (including provisions)	378,109,940	300,531,002
TOTAL	**464,950,783**	**372,915,316**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA :		
I. Cash in Hand	28,416,340	37,848,706
(Including foreign currency notes and Gold)		
II. Balances with Reserve Bank of India in Current Account		
In current accounts	474,154,986	423,309,768
In other accounts	9747	446
TOTAL	**502,581,072**	**461,158,920**

UNION BANK OF INDIA

CONSOLIDATED FINANCIAL STATEMENTS

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		(Rs in 000')
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE :	**As on 31st Mar, 2023**	**As on 31st Mar, 2022**
I) In India		
i) Balances with Banks		
a) In Current Accounts	6,155,270	2,407,403
b) In Other Deposit Accounts	58,595,898	61,583,178
II) Money at Call & Short notice		
a) With Banks	500,000	-
b) With Other Institutions	312,303,614	554,114,877
	377,554,782	618,105,458
II. Outside India		
i) In Current Accounts	5,481,900	3,372,152
ii) In other Deposit Accounts	238,870,885	113,693,769
iii) Money at call & short notice	1,500,001	1,251,910
	245,852,785	118,317,831
TOTAL	**623,407,568**	**736,423,289**
SCHEDULE 8 - INVESTMENTS :		
I. Investments in India		
i) Government Securities	2,622,587,764	2,658,289,693
ii) Other Approved Securities	9,111,365	5,864,924
iii) Shares	24,533,686	26,242,463
iv) Debentures and Bonds	643,393,358	703,490,650
v) Subsidiaries and Joint Ventures/Associate	3,502,148	2,688,946
vi) Others (Commercial Paper,Mutual Funds, Venture Capital,Security Receipt, Etc.)	111,088,502	100,544,011
Total	**3,414,216,823**	**3,497,120,687**
II. Investments outside India		
i) Govt Securities (including Local Authorities)	18,690,375	18,557,542
ii) Shares	335,490	6,810
iii)Other Investments (Bonds)	4,026,870	2,705,398
iv) Subsidiaries and Joint Ventures	0	1
Total	**23,052,736**	**21,269,750**
TOTAL	**3,437,269,559**	**3,518,390,437**
III. Investments in India		
Gross Value	3,492,511,153	3,558,612,295
Less: Provision for Depreciation	78,294,330	61,491,607
Net Value of Investment in India	**3,414,216,823**	**3,497,120,688**
IV) Investments outside India		
Gross Value	23,314,075	21,585,972
Less: Provision for Depreciation	261,339	316,223
Net Value of Investment outside India	**23,052,736**	**21,269,749**
TOTAL	**3,437,269,559**	**3,518,390,437**

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		(Rs in 000')
SCHEDULE 9 - ADVANCES (Net)	**As on 31st Mar, 2023**	**As on 31st Mar, 2022**
I i) Bills Purchased and Discounted	32,974,692	38,731,665
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	3,486,171,808	2,879,584,813
iii) Term Loans	4,123,620,293	3,715,240,028
TOTAL	**7,642,766,793**	**6,633,556,506**
II i) Secured by Tangible Assets		
(includes Advance against Book Debts)	6,258,098,735	5,364,478,377
ii) Covered by Bank/Government Guarantees	122,693,689	130,752,505
iii) Unsecured	1,261,974,369	1,138,325,624
TOTAL	**7,642,766,793**	**6,633,556,506**
A. Advances in India		
i) Priority Sector	2,858,594,969	2,595,239,457
ii) Public Sector	817,380,496	727,296,155
iii) Banks	633,569	222,975
iv) Others	3,719,211,698	3,138,322,359
TOTAL	**7,395,820,732**	**6,461,080,946**
B. Advances Outside India		
i) Due From Banks	53,913,567	54,565,135
ii) Due from Others	-	-
a) Bills Purchased and Discounted	408,197	1,232,802
b) Syndicated Loans	-	547,141
c) Others	192,624,296	116,130,482
	246,946,060	**172,475,560**
TOTAL	**7,642,766,793**	**6,633,556,506**

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SCHEDULE 10 - FIXED ASSETS	As on 31st Mar, 2023		As on 31st Mar, 2022	
A. TANGIBLE ASSETS				
I. Premises				
At cost/valuation as per last balance sheet	80,982,724		81,649,772	
Additions during the year	21,626,582		612,275	
Deductions during the year	6,717,063		1,279,323	
	95,892,243		80,982,724	
Less: Depreciation till Date	27,606,610	68,285,633	26,408,228	54,574,496
II. Capital Work-in-Progress				
At cost as per last balance sheet	370,133		630,768	
Additions during the year	325,262		187,638	
Deductions during the year	473,766	221,629	448,273	370,133
III. Land				
At cost as per last balance sheet	2,498,636		1,245,683	
Additions during the year	1,233,904		1,308,678	
Deductions during the year	97,572		55,725	
	3,634,968		2,498,636	
Less: Depreciation till Date	702,457	2,932,511	452,022	2,046,614
IV. Other Fixed Assets				
(including Furniture and Fixtures)				
a) Assets given on lease				
At cost as per last balance sheet	268,478		268,478	
Addition during the year	45,920		-	
Deductions during the year	-		-	
	314,398		268,478	
Less: Depreciation till Date	312,863	1,536	268,478	-
b) Others				
At cost/valuation as per last balance sheet	69,059,835		64,959,025	
Additions during the year	7,001,866		4,920,419	
Deductions during the year	1,254,203		819,609	
	74,807,497		69,059,835	
Less: Depreciation till Date	59,687,939	15,119,558	56,382,534	12,677,301
B. INTANGIBLE ASSETS				
(i) Computer Software				
At cost as per last balance sheet	12,374,205		11,493,797	
Additions during the year	941,715		910,278	
Deductions during the year	1,151,692		29,870	
	12,164,227		12,374,205	
Amortisation till Date	10,245,338	1,918,889	9,959,654	2,414,551
TOTAL		88,479,756		72,083,095

R.G.N. Price & Co. Chartered Accountants

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C. R. SAGDEO & CO. FRN 108959W NAGPUR CHARTERED ACCOUNTANTS

PVAR & ASSOCIATES FRN : 005223C CHARTERED ACCOUNTANTS

M/S Gopal Sharma & Co. FRN-002803C JAIPUR Chartered Accountants

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

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		(Rs In 000')
SCHEDULE 11 - OTHER ASSETS :	**As on 31st Mar, 2023**	**As on 31st Mar , 2022**
I. Inter-Office Adjustments (net)	22,020,700	17,997,046
II. Interest Accrued	91,916,723	77,768,178
III. Deferred Tax Assets (Net)	86,627,845	122,953,434
IV. Stationery and Stamps	62,780	63,349
V. Non-Banking Assets acquired in satisfaction of claims	1,334	1,334
VI. Others	275,745,972	213,452,492
VII. Tax paid/Tax deducted at source (Net of Provisions)	67,566,225	54,113,751
VIII. MAT Credit	45,124,768	29,694,268
TOTAL	**589,066,347**	**516,043,852**
SCHEDULE 12 - CONTINGENT LIABILITIES :		
I. Claims against the Bank not acknowledged as debts	30,243,174	33,270,455
II. Liability for partly paid Investments	-	-
III. Liability on account of outstanding forward exchange contracts	4,133,763,836	4,371,208,481
IV. Guarantees given on behalf of Constituents		
i) In India	664,064,012	653,508,697
ii) Outside India	14,233,661	16,587,098
V. Acceptances, Endorsements and Other Obligations	996,420,847	1,269,957,903
VI. Other items of Contingent Liability	-	-
VII.) Disputed Tax demands under Appeals	210,278,944	138,164,819
VIII.) Amount transfered to DEAF Scheme 2014	31,988,282	28,770,887
TOTAL	6,080,992,755	6,511,468,340

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UNION BANK OF INDIA

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
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		(Rs in 000')
SCHEDULE 13 - INTEREST EARNED :	**As on 31st Mar, 2023**	**As on 31st Mar , 2022**
I. Interest/Discount on Advances/Bills	568,745,745	452,933,293
II. Income on Investments	216,356,463	201,594,684
III. Interest on Balances with RBI & Other Inter Bank Funds	21,317,912	21,439,537
IV. Others	5,211,704	6,329,059
TOTAL	**811,631,823**	**682,296,573**

SCHEDULE 14 - OTHER INCOME :		
I. Commission, Exchange and Brokerage	21,870,990	17,190,485
II. Profit on Sale of Investments - (Net)	8,624,178	35,244,503
III. Profit on Revaluation of Investment (Net)	2,573,612	(1,343,760)
IV Profit/ (Loss) on Fixed Asset - (Net)	(14,860)	(3,489)
V. Profit on Exchange Transactions - (Net)	8,133,570	6,083,678
VI. a)Lease Finance Income	-	-
b)Lease Management Fee		-
c)Overdue Charges		-
d)Interest on Lease Rent Receivables		-
Vii. Miscellaneous Income	117,966,035	78,072,713
TOTAL	**159,153,525**	**135,244,131**

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UNION BANK OF INDIA

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		(Rs in 000')
SCHEDULE 15 - INTEREST EXPENDED :	**As on 31st Mar, 2023**	**As on 31st Mar , 2022**
I. Interest on Deposits	443,831,965	374,718,766
II. Interest on Reserve Bank of India/Inter Bank Borrowing	18,504,007	10,560,975
III. Others	17,992,476	16,504,910
TOTAL	**480,328,447**	**401,784,651**
SCHEDULE 16 - OPERATING EXPENSES :		
I. Payments to and Provisions for Employees	125,240,040	102,636,661
II. Rent, Taxes and Lighting	10,823,277	10,829,331
III. Printing and Stationery	1,155,291	975,942
IV. Advertisement and Publicity	1,334,511	694,846
V. A) Depreciation on Bank's Property other than leased assets	7,445,671	7,448,149
B) Depreciation on Bank's Property on leased assets	-	-
VI. Directors' Fees, Allowances and Expenses	61,641	48,609
VII. Auditors' Fees and Expenses (including Branch Auditors)	744,948	670,847
VIII. Law Charges	1,737,120	1,525,868
IX. Postage, Telegrams, Telephones, etc.	3,223,483	3,125,474
X. Repairs and Maintenance	3,733,263	3,375,669
XI. Insurance	13,750,448	11,658,849
XII. Amortization of Goodwill, if any	-	-
XIII. Other Expenditure	65,623,339	54,035,874
TOTAL	**234,873,032**	**197,026,117**

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SINGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED) : SCHEDULE 17

1. Basis of Preparation

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated. These are prepared following the Going Concern concept, in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable and practices generally prevalent in the banking industry in India. In respect of foreign offices, statutory provisions and practices prevailing in foreign countries are complied with.

2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amount of Assets and Liabilities (including Contingent Liabilities) as of the date of the financial statements and the reported Income and the Expenses during the reporting period. Management believes that the estimates wherever used in the preparation of the financial statements are prudent and reasonable. Actual results can differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future period.

3. Basis of consolidation

a) Bank is having 5 subsidiaries, 3 JVs and 1 associate. The details are as under:-

S. No.	Nature	Entities	Stake
1	Subsidiary	Union Asset Management Company Pvt Ltd	100%
2	Subsidiary	Union Trustee Co Pvt Ltd	100%
3	Subsidiary	Union Bank of India (UK) Ltd	100%
4	Subsidiary	Andhra Bank Financial Services Ltd	100%
5	Subsidiary	UBI Services Ltd.	100%
6	JV	Star Union Dai-Ichi Life Insurance Co Ltd.	25.10%
7	JV	ASREC (India) Ltd	26.02%
8	JV	India International Bank (Malaysia) BHD	25.00%
9	Associate	Chaitanya Godavari Grameena Bank	35%

The consolidated financial statements are prepared on the basis of:

1) Audited Accounts of the parent bank (Union Bank of India)

2) **Consolidation of Subsidiaries:** Line by Line aggregation of the Income/Expenditure/Assets/Liabilities of the subsidiaries with the respective line item of the parent bank, after eliminating all intra-group transactions, unrealized profits/loss in terms of AS 21 on Consolidated Financial Statements issued by Institute of Chartered Accountants of India (ICAI).

3) **Consolidation of Associates:** The Investment in Associate is accounted for consolidation as per Equity Method in terms of AS 23 on Accounting for Investments in Associates in Consolidated Financial Statement issued by Institute of Chartered Accountants of India (ICAI).

4) **Consolidation of Joint Ventures:** Line by Line consolidation is done with proportionate share in Joint Venture in terms of AS-27 on Financials Reporting in Interest of Joint Venture issued by Institute of Chartered Accountants of India (ICAI).

b) In case of Domestic Associate/Subsidiaries and Joint Venture, accounting adjustments arising due to different accounting policies followed by parent bank and associate/subsidiaries and Joint Venture have not been carried out due to practical difficulties on the basis of data provided by associates/ subsidiaries and Joint Venture as the amounts are not material.

c) The difference between cost to the Group of its investment in the subsidiaries and the Parent's portion of the equity of the subsidiaries is recognized in the CFS as Goodwill / Capital Reserve, as the case may be.

d) Minority interest in the net assets of the consolidated subsidiaries consists of:
   i) The amount of equity attributable to the minority at the date on which investment in a subsidiary is made and
   ii) The minority share of movements in revenue reserves / loss and equity since the date the parent subsidiary relationship came into existence.
   iii) The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses

4. Revenue Recognition

a) Banking entities

i) Income and Expenditure have been accounted for on accrual basis unless otherwise stated.

ii) Income on Non-Performing Assets (NPAs) is recognized to the extent realized as per the prudential norms prescribed by the RBI. Income accounted for in the preceding year and remaining unrealized is derecognized in respect of assets classified as NPAs during the year.

iii) Commission on Letter of Guarantee/Letter of Credit is accounted on accrual basis.

iv) Exchange and brokerage earned, rent on Safe Deposit Lockers, income from Aadhaar cards Minimum balance charges etc. are accounted for on realization basis.

v) Income (Other than interest) on investments in "Held to Maturity" (HTM) category acquired at discount to the face value is recognized as follows:

a) On interest bearing securities, it is recognized only at the time of sale/ redemption.

b) On Zero- coupon securities, it is accounted for over the balance tenor of the securities on a constant yield basis.

vi) Dividend is accounted on an accrual basis where the right to receive the dividend is established.

vii) Sale of NPAs accounted in terms of extant RBI guidelines.

viii)Interest on Income-tax refunds is accounted for on receipt of Intimation order from the Income Tax Department.

b) Non-Banking entities

Life Insurance

i. Premium Income

Premium (net of GST) is recognized as income when due. For linked business, premium is recognized when the associated units are created. Top up premiums are considered as single premium. Premium on lapsed policies is recognized as income when such policies are reinstated. Commission received on reinsurance ceded is recognized as income in the period in which reinsurance premium is ceded.

ii. Income from linked funds

Income from linked funds which includes premium allocation charges, policy administrative charges, mortality charges, fund management charges etc. are recovered from the linked funds in accordance with the terms and conditions of policies issued.

iii. Reinsurance Premium

Cost of reinsurance ceded is accounted for at the time of recognition of premium income in accordance with the treaty or in principle arrangement with the reinsurer. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

iv. Benefits paid (including claims)

Benefits paid comprise of policy benefits & claim settlement costs, if any. Death, rider & surrender claims are accounted for on receipt of intimation. Survival benefit claims and maturity claims are accounted for when due. Withdrawals & surrenders under linked policies are accounted for in the respective schemes when the associated units are cancelled. Reinsurance recoveries on claims are accounted for in the same period as the related claims.

v. Acquisition Costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts and are expensed in the period in which they are incurred.

vi. Liability for life policies

Actuarial liability for life policies in force and for policies in respect of which premium has been discontinued but a liability exists, is determined by the Appointed Actuary using the gross premium method and in case of group business, unearned premium reserve method, in accordance with accepted actuarial practice, requirements of Insurance Act, 1938, IRDA regulations and the stipulations of Institute of Actuaries of India.

Asset Management

i. Investment management fees are recognized net of tax on an accrual basis as a percentage of the average daily net assets of the mutual fund schemes (excluding the investments made by the company in the schemes) such that it does not exceed the limit prescribed by the SEBI (Mutual Funds) Regulations, 1996 and any further amendments.

ii. Investment advisory fees are recognized on accrual basis in accordance with the terms of contract with the customers.

iii. Interest income is recognized using the time proportion method, based on the rates implicit in the transaction.

iv. Dividend income is recognized when right to receive is established.

5. Investments

i) Classification

In conformity of the requirements in form A of the Third Schedule to the Banking Regulations Act, 1949, Investments are classified as under:

a) Government Securities
b) Other Approved Securities
c) Shares
d) Debentures & Bonds
e) Investments in Subsidiaries & Joint Ventures, and
f) Other Investments

The Investment portfolio of the Bank is further classified in accordance with the RBI guidelines contained in Master Circular DoR.MRG.42/21.04.141 /201-22 dated August 25, 2021 (updated March 23,2022, March 31, 2022, April 08, 2022 and December 08, 2022) into three categories viz.,

a) Held to Maturity (HTM)
b) Available for Sale (AFS)
c) Held for Trading (HFT)

ii) Basis of Valuation

As per RBI guidelines, the following principles have been adopted for the purpose of valuation:

a) **Securities held in "HTM"** - at acquisition cost: The excess of acquisition cost over the face value is amortized over the remaining period of maturity and in case of discount; it is not recognized as income.
b) Investment in Regional Rural Banks is valued at carrying cost.
c) Investments in Subsidiaries and Joint Ventures are valued at carrying cost
d) Diminution other than temporary, if any, in valuation of such investments is provided for.
e) Securities held in "AFS" and "HFT" categories are valued classification wise and scrip-wise and net depreciation, if any, in each classification is charged to Profit & Loss account while net appreciation, if any, is ignored.
f) Valuation of other securities is arrived at as follows:

A	Govt. of India Securities (Central Govt. Securities)	As per Quotation put out by Financial Benchmarks India Pvt Ltd (FBIL)
B	State Development Loans, State Govt. Securities, Securities guaranteed by Central/ State Government, PSU Bonds	On appropriate yield to maturity basis as per FIMMDA Guidelines
C	Equity Shares	As per Market rates, if quoted, otherwise at break-up value, as per latest audited balance sheet (not more than 18 months old). In absence of both, at ₹ 1/- per company. The break-up value is computed excluding revaluation reserve.
D	Preference Shares	As per Market rates, if quoted, or on appropriate yield to maturity basis not

		exceeding redemption value as per FIMMDA guidelines.
E	Debentures/Bonds	As per Market rates, if quoted, otherwise on appropriate yield to maturity basis as per FIMMDA guidelines.
F	Mutual Funds (MF)	As per stock exchange quotations, if quoted. In case of unquoted units, as per latest Repurchase price declared by concerned MF. In cases where latest repurchase price is not available, as per Net Asset Value (NAV)
G	Treasury Bills / Certificate of Deposits / Commercial Papers	At carrying cost
H	Venture Capital Funds (VCF)	At declared NAV or Breakup NAV as per audited Balance Sheet which is not more than 18 months old. If NAV / audited financial statements are not available for more than 18 months continuously, at ₹ 1/- per VCF
I	Security Receipts	Valuation of the same will be done as per RBI Guidelines on classification, valuation and operation of Investment portfolio of commercial Banks (RBI/DOR/2021-22/81 DOR.MGR.42/21.04.141/2021-22) dated Aug 25, 2021 and as amended from time to time.

iii) Interbank REPO / Reverse REPO transactions are accounted for in accordance with extant RBI guidelines.

iv) As per the extant RBI guidelines, the shifting of securities from one category to another is accounted for as follows:
  a) From AFS / HFT categories to HTM category, at lower of book value or market value as on the date of shifting. Depreciation, if any, is fully provided for.
  b) From HTM category to AFS / HFT category,
    - If the security is originally placed at discount in HTM category, at acquisition cost/ book value
    - If the security is originally placed at a premium, at an amortized cost.
  c) From AFS to HFT category and vice versa, at book value.
  d) The securities so shifted are revalued immediately and resultant depreciation is fully provided for.

v) The non-performing investments are identified and provision is made as per the extant RBI guideline.

vi) Profit / Loss on sale of investments & net depreciation on investment in any category are taken to the profit & loss account (net appreciation is ignored). However, in case of profit on sale of investments in "HTM" category, an equivalent amount (net of taxes and net of transfer to Statutory Reserves) is appropriated to the Capital Reserve account.

vii) Commission, brokerage, broken period interest etc. on securities is debited / credited to Profit & Loss account.

viii) Brokerage and STT paid on purchase and sale of Equity is accounted to price of the deal.

ix) The Amortization of premium on HTM Securities is computed using Straight-line Method.

x) The Bank is following weighted average Price (WAP) for accounting of investment portfolio.

xi) As per the extant RBI guidelines, the Bank follows 'Settlement Date' for accounting of investments transactions.

xii) Income from the units of Mutual Fund, Venture Capital & Security Receipt shall be recognized on Cash Basis.

6. Derivative Contracts:

a) The Interest Rate Swap which hedges interest bearing Asset or Liability are accounted for in the financial statements on accrual basis except the swap designated with an Asset or Liability that is carried at market value or lower of cost or market value. Gains or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the Asset / Liability.

b) Trading swap transactions are marked to market with changes recorded in the financial statements. (profit if any, is ignored)

c) In the case of option contracts, guidelines issued by Foreign Exchange Dealers Association of India (FEDAI) from time to time for recognition of income, premium and discount are being followed.

d) Arbitrage Income earned on forex swap transactions is accounted in Profit / Loss on Exchange Transactions category.

7. Advances

i) Advances in India, are classified under four categories, i.e.
   (a) Standard,
   (b) Sub-standard,
   (c) Doubtful and
   (d) Loss assets.

Provisions required on such advances are made as per the extant prudential norms issued by the RBI in terms of Master Circular RBI/2022-2023/15 DOR.STR.REC.4/21.04.048/2022-23 dated April 01,2022. In respect of foreign offices, Advances are classified in accordance with Prudential Norms prescribed by the RBI or local laws of the host country in which advances are made, whichever is more stringent.

ii) Advances are stated net of specific loan loss provisions, counter cyclical provisioning buffer and unrecovered interest held in sundry / claims received from Credit Guarantee Trust for Micro & Small Enterprises (CGTMSE)/Export Credit Guarantee Corporation (ECGC) relating to non-performing assets.

iii) The general provision on Standard Advances is held in "Other Liabilities and Provisions" reflected in schedule 5 of the Balance Sheet and is not considered for arriving at both net NPAs and net advances. Standard Assets provision to be made as per IRAC RBI/2022-2023/15 DOR.STR.REC.4/21.04.048/2022-23 dated April 01,2022 and any subsequent circular issued from time to time.

iv) Amounts recovered against debts written off are recognized as revenue in the year of recovery.

v) Provision on Suspense accounts entries outstanding for more than six months are made at 100% except the claim receivable from Govt./Govt. Bodies like Interest Subsidy on crop loan/export advance, Pension receivable etc.

8. Property, Plant and Equipment

i) Premises and Other Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, eligible borrowing costs and directly attributable costs of bringing the Asset to its working condition for the intended use less trade discounts and rebates. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefits from such assets or their functional capability. Land and Buildings, if revalued are stated at revalued amount. The appreciation on revaluation is credited to Revaluation Reserve and the depreciation provided thereon is deducted there from and shall be credited to Revenue Reserves in terms of revised AS-10 on "Property, Plant and Equipment".

ii) Depreciation on Fixed Assets is provided for on the Straight-Line Method at the rates prescribed in Expenditure Policy of the Bank from time to time. The applicable rates of depreciation are as under:

S.No.	Capital Asset	Useful Life (Years)	Rate in percentage
1	Immovable Property- Land	Not stipulated; accordingly, no depreciation	NIL
2	Building with RCC frame structure (Both Residential & Non-residential)	60	1.67
3	Furniture	10	10.00
4	Fixtures	10	10.00
5	Air-conditioning plants (Package & water/air cooled ductable)	10	10.00
6	Split & Window Air conditioners	5	20.00
7	Electrical installation and equipments	5	20.00
8	Solar Power Equipment	15	6.67
9	Elevators & Lifts	15	6.67
10	Civil & Flooring work in leased Premises	5	20.00
11	Telephone Equipment	5	20.00
12	Motorcycles, Scooters & other mopeds	10	10.00
13	Motor Cars, Motor Lorries and Electrically operated vehicles including	8	12.50

S.No.	Capital Asset	Useful Life (Years)	Rate in percentage
	battery powered or fuel cell powered vehicles		
14	Mobile Phones	3	33.33
15	Generators	15	6.67
16	Office Equipment/Appliances,	5	20.00
17	Computers & computer software forming integral part of hardware	3	33.33
18	ATM & allied items	5	20.00
19	UPS & allied items	5	20.00
20	Servers & Networks	6	16.66
21	End user devices such as desktops, laptops, i-pads, tablets, printer & Scanner, digital watches etc.	3	33.33
22.	SDV lockers, Strong Room door, Cash Safe etc. (Along with Fixtures).	20	5.00
23.	Items provided to staff (Furniture/Electrical and etc.)	5	20.00

iii) Depreciation on premises is provided on composite cost, wherever the value of Land and Buildings is not separately identifiable.

iv) Depreciation on Leased assets and Leasehold improvements is recognized on a straight-line basis using rates determined with reference to the primary period of lease.

v) Depreciation on fixed assets outside India and fixed assets of subsidiaries / associates is provided as per regulatory requirements / or prevailing practices of respective country / industry.

9. Impairment of Assets

The carrying costs of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

10. Counter Cyclical Provisioning Buffer

The Bank has a policy for creation and utilization of Counter Cyclical Provisioning Buffer separately for advances and investments. The quantum of provision to be created is assessed at the end of each financial year. The counter cyclical provisions are utilized only for contingencies under extra ordinary circumstances specified in the policy with prior permission of the RBI.

11. Transactions involving Foreign Exchange

Accounting for transactions involving foreign exchange is done in accordance with AS 11, (The Effects of Changes in Foreign Exchange Rates), issued by the ICAI. As stipulated in AS 11, the foreign currency operations of the Bank are classified as under

a) Integral Operations and
b) Non Integral Operations.

All Overseas Branches, Offshore Banking Units, Overseas Subsidiaries are treated as Non-Integral Operations and domestic operations in foreign exchange and Representative Offices are treated as Integral Operations.

a) Translation in respect of Integral Operations

i.) Income and Expenditure items are recognized at the exchange rates prevailing on the date of the transaction.

ii.) Foreign Currency Monetary and Non-Monetary Assets and Liabilities are translated at the closing spot rates notified by FEDAI at the end of each quarter.

iii.) Contingent liabilities on account of guarantees, acceptances, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the close of the year

iv.) The resulting exchange differences are recognized as income or expenses and are accounted through Profit and Loss Account.

v.) Forward exchange contracts are recorded at the exchange rate prevailing on the date of commitment. Outstanding forward exchange contracts are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of 'in-between' maturities. The resultant gains or losses are recognized in the Profit and Loss account.

b) Translation in respect of Non Integral Operations

i) Assets and Liabilities (including contingent liabilities) are translated at the closing spot rates notified by FEDAI at the end of each quarter

ii) Foreign Exchange Spot and Forwards contingent liabilities outstanding as at the balance sheet date are translated at the closing spot and forward rates respectively notified by FEDAI and at interpolated rates for contracts of interim maturities.

iii) Income and Expense are translated at quarterly average rate notified by FEDAI at the end of each quarter.

iv) The resulting exchange differences are not recognized as income or expense for the period but accumulated in a separate account "Foreign Currency Translation Reserve" till the disposal of the net investment.

12. Employee Benefits

A. Short Term Employment Benefits:

The undiscounted amounts of short term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the service are treated as short term and recognized during the period in which the employee rendered the service.

B. Long Term Employee Benefits:

i. Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/employees joining the Bank on or after 1st April,2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with 14% of their basic pay plus dearness allowance as contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS trust.

ii. Defined Benefit Plan:

Gratuity, Pension and Leave Encashment are defined benefit plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

13. Segment Reporting

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in the compliances with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. Business segments are classified into

13.1. Treasury Operations,
13.2. Corporate and Wholesale Banking,
13.3. Retail Banking Operations and
(w/w Digital Banking Segment as and when applicable)
13.4. Other Banking Operations.

14. Lease Transactions

Lease payments for assets taken on operating lease are amortized over the lease term. The properties taken on lease / rental basis are renewable / cancellable at the option of the Bank. The Bank's liabilities in respect of disputes pertaining to additional rent / lease rent are recognized on settlement or on renewal.

15. Earnings Per Share

Earnings per share are calculated by dividing the net profit or loss (after tax) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share are calculated by using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

16. Taxation

This comprises of provision for Income tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) as determined in accordance with AS-22 on "Accounting for taxes on Income" issued by the ICAI. Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rate. Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'reasonable certainty' that sufficient future taxable income will be available against which such Deferred Tax Assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, Deferred Tax Assets are recognized only if there is "virtual certainty".

17. Provisions, Contingent Liabilities and Contingent Assets

As per AS 29 (Provisions, Contingent Liabilities and Contingent Assets) issued by the ICAI, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

18. Share Issue Expenses:

Share issue expenses are charged to the Share Premium account in terms of Section 52 of the Companies Act, 2013.

SCHEDULE 18 - NOTES TO ACCOUNTS (CONSOLIDATED)

1 The particulars of the subsidiaries whose financial statements are consolidated with the standalone financial statement of the Bank (the Parent) are as under:

Names of Subsidiaries	Country of Incorporation	Proportion of Ownership by the parent as on 31.03.2023
Union Asset Management Company Private Limited	India	100%
Union Trustee Company Private Limited	India	100%
Union Bank of India UK Limited	United Kingdom	100%
Andhra Bank Financial Services Limited	India	100%
UBI Services ltd	India	100%

2 The particulars of Joint Venture considered in the Consolidated Financial Statements are as under :

Names of Joint Venture	Country of Incorporation	Proportion of Ownership
Star Union Dai-ichi Life Insurance Company Limited (Non- Banking)	India	25.10%
ASREC (India) Ltd	India	26.02%
India international bank (MALAYSIA) BHD	India	25.00%

3 The particulars of Associate considered in the Consolidated Financial Statements are as under:

Names of Associates	Country of Incorporation	Proportion of Ownership
Chaitanya Godavari Grameena Bank	India	35%

The value of the investment made by the Bank is Rs 1,542.52 Crore as on 31st March 2023 which is treated as long term investment.

4 The financial statements of the subsidiaries, joint venture and associate which are used in the consolidation have been drawn up to the same reporting date as that of the Parent i.e. 31st March 2023 except for India International Bank (Malaysia) BHD for 31st December, 2022.

5 The Consolidated Financial Statements have been prepared on the basis of audited financial statements of Union Asset Management Company Private Limited, Union Trustee Company Private Limited, Union Bank of India (UK) Limited, Chaitanya Godavari Grameena Bank for the financial year ended 31.03.2023, India International Bank (Malaysia) BHD for the period ended 31.12.2022 and unaudited financials of Star Union Dai-ichi Life Insurance Company Limited, UBI Services LTD, ASREC(INDIA) Limited and Andhra Bank Financial Services Limited for the financial year ended 31.03.2023.

6 Adjustment of outstanding entries in Suspense Accounts, Sundry Deposits, Clearing Adjustments, Bank Reconciliation Statements and various inter-branch/office accounts is in progress on an ongoing basis. Pending final clearance of the same, the overall impact, if any, on the accounts, in the opinion of the management will not be significant.

7 DISCLOSURES IN TERMS OF THE RESERVE BANK OF INDIA GUIDELINES

8.1. A. Capital

The Bank is subjected to Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till Oct. 1, 2021. As per RBI Guidelines, Basel III has been completely implemented from Oct. 1, 2021. As per guidelines, the Tier I capital is made up of Common Equity Tier I (CET I) and Additional Tier I Capital (AT 1).

Basel III guidelines require the Bank to maintain minimum capital to Risk Weighted Assets ratio (CRAR) of 11.50% with minimum CET I of 8.00% (inclusive of Capital Conservation Buffer of 2.50%) and minimum Tier I CRAR of 9.50% as at March 31, 2023.

During the year, the Bank has issued Basel III compliant Tier-2 bonds of Rs. 2,200 Crore & additional Tier-1 Bonds of Rs. 1,983 crore in tranches and exercised call option for redemption of Basel III compliant Tier-2 bonds of Rs. 2,300.00 crore & additional Tier-1 Bonds of Rs. 1,000.00 crore.

The computation of Capital Adequacy as per the framework is indicated below:

(Amount in Rs crore)

Sr. No	Particulars	31.03.2023	31.03.2022
i.	Common Equity Tier 1 capital (CET 1) / Paid-up share capital and reserves (net of deductions, if any)	71,879.53	58,205.98
ii.	Additional Tier 1 capital / Other Tier 1 capital	8,985.99	8,539.83
iii.	Tier 1 capital (i + ii)	80,865.52	66,745.81
iv.	Tier 2 capital	12,299.90	12,692.32
v.	Total capital (Tier 1+Tier 2)	93,165.42	79,438.12
vi.	Total Risk Weighted Assets (RWAs)	5,82,024.83	5,48,469.51
vii.	CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share capital and reserves as percentage of RWAs	12.35	10.61
viii.	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	13.89	12.17
ix.	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.11	2.31
x.	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	16.01	14.48
xi.	Leverage Ratio	5.74	5.17
xii.	Percentage of the shareholding of a) Government of India b) State Government (specify name) c) Sponsor Bank	83.49 --	83.49 --
xiii.	Amount of paid-up equity capital raised during the year	--	1,447.17
xiv.	Amount of non-equity Tier 1 capital raised during the year, of which:		

	a) Basel III compliant Perpetual Non-Cumulative Preference Shares b) Basel III compliant Perpetual Debt Instruments	-- 1,983.00	-- 5,000.00
xv.	Amount of Tier 2 capital raised during the year, of which a) Perpetual Cumulative Preference Shares b) Redeemable Non-Cumulative Preference Shares c) Basel III compliant Redeemable Non-convertible Tier 2 Bonds	-- -- 2,200.00	-- -- 2,000.00

8.2 Provisions and Contingencies

(Rs in crore)

Break up of Provision & Contingencies. shown under the head in Profit & Loss:	31.03.2023	31.03.2022
Provision / (Reversal) for Depreciation on Investment	1,915.53	200.48
Provision towards NPA	12,506.77	11931.44
Provision/(Reversal) towards Standard Assets	(988.37)	1451.35
Net Provision made towards Income Tax/Deferred tax	3,716.20	3357.84
Other Provision and Contingencies:	(22.08)	(276.62)
TOTAL	**17,128.04**	**16664.49**

8.3 Counter Cyclical Provisioning Buffer / Floating Provision:

(Rs in crore)

Sr. No	Particulars	31.03.2023	31.03.2022
i)	Opening Balance	Nil	306.20
ii)	Additional provisions made during the accounting year	Nil	Nil
iii)	Amount of drawdown made during the accounting year	Nil	306.20
iv)	Closing balance	Nil	Nil

8 EMPLOYEE BENEFITS (AS 15 - REVISED) (Parent Bank)

i) Short Term Employment Benefits:

The undiscounted amounts of short-term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the service are treated as short term and recognized during the period in which the employee rendered the service.

ii) Long Term Employee Benefits:

a) Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/employees joining the Bank on or after 1st April,2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with 14% contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent

Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS trust.

The Bank has Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after April 1, 2010. The scheme is managed by National Pension Scheme (NPS) Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2022-2023, the Bank has contributed Rs 525.36 crores including arrears of Rs. 0.12 crores (Previous Year Rs.501.51 crore) to NPS.

b) **Defined Benefit Plan:**

Gratuity, Pension and Leave Encashment are defined benefit plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

c) **Defined Benefit Plans - Employee's Pension plan and Gratuity plan:**

The Bank has accounted for employee benefits as per Accounting Standards issued by the Institute of Chartered Accountants of India, as per actuarial valuation report for the year ended March 31, 2023. **(Rs in crore)**

S.no.	Particulars	31.03.2023		31.03.2022	
		Gratuity	Pension	Gratuity	Pension
i)					
	Table showing change in Defined Benefit Obligation:				
	Liability at the beginning of the year	3,197.81	28,650.99	3,355.82	26,011.41
	Interest Cost	233.76	2,120.17	232.56	1,797.39
	Current Service Cost	163	184.38	161.12	212.30
	Past Service Cost (Vested Benefit Amortized)	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit)	NIL	NIL	NIL	1902.02
	Liability Transfer in	NIL	NIL	NIL	NIL
	Liability Transfer out	NIL	NIL	NIL	NIL
	(Benefit paid)	(334.38)	(2,120.73)	(465.84)	(2,341.52)
	Actuarial (Gain)/loss on obligation -due to change				
	In the financial assumption	(63.88)	(278.47)	(119.57)	(1,446.34)
	in demographic assumption	NIL	NIL	2.86	63.46
	Actuarial (Gain) / Loss on obligations	29.55	614.25	30.86	2,452.27
	Liability at the end of the year	3,225.86	29,170.59	3,197.81	28,650.99
ii)					
	Table of Fair value of Plan Assets:				
	Fair value of Plan Assets at the beginning of the year	3,367.60	27,043.50	2,746.43	26,720.88
	Expected return on Plan Assets	246.17	2,001.22	190.33	1,846.41
	Contributions	NIL	1,780.29	843.37	551.42
	Transfer from Other Company	0.29	NIL	NIL	NIL
	Transfer to Other Company	NIL	NIL	NIL	NIL
	(Benefit paid)	(334.38)	(2,120.73)	(465.84)	(2,341.52)

	Actuarial (Gain)/loss on Plan Assets	(17.33)	49.96	(53.31)	(266.31)
	Fair Value of Plan Assets at the end of the year	3,262.35	28,754.24	3,367.60	27,043.50
	Actuarial (Gain)/loss on obligation for the period	(34.33)	335.78	(85.85)	1,069.39
	Actuarial (Gain)/loss on Plan Assets	17.33	(49.96)	(53.31)	(266.31)
	Total Actuarial (Gain)/loss to be recognized	(17.00)	285.82	(139.16)	803.08
iii)	**Recognition of Transitional Liability:**				
	Transitional Liability at start	NIL	NIL	NIL	NIL
	Transitional Liability recognized during the year	NIL	NIL	NIL	NIL
	Transitional Liability at end	NIL	NIL	NIL	NIL
iv)	**Actual return on Plan Assets :**				
	Expected Return on Plan Assets	246.17	2,001.22	190.33	1,846.41
	Actuarial Gain/(Loss) on Plan Assets	(17.33)	49.96	53.31	266.31
	Actual return on Plan Assets	228.84	2,051.18	243.64	2,112.72
v)	**Expenses recognized in the Income Statement:**				
	Current Service Cost	163	184.38	161.12	212.30
	Interest Cost	(12.41)	118.95	42.23	(49.02)
	Expected Return on Plan Assets	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit Amortized) recognized	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit) recognized(1/5 of enhanced family pension)	NIL	1,521.62	NIL	380.40
	Recognition of Transition Liability	NIL	NIL	NIL	NIL
	Actuarial (Gain) or Loss	(17.00)	285.82	(139.16)	803.08
	Expenses Recognized in P & L	133.59	2,110.77	64.19	1346.76
vi)	**Balance Sheet Reconciliation:**				
	Opening Net Liability (Last year net amount recognized in the balance sheet)	(169.79)	85.87	609.39	(709.47)
	Expenses as above	133.59	2,110.77	64.19	1,346.76
	Transfer from other Company (Net)	(0.29)	NIL	NIL	NIL
	Transfer to other Company (Net)	NIL	NIL	NIL	NIL
	(Employer Contribution)	NIL	(1,780.29)	(843.37)	(551.42)
	Net (Asset)/Liability Amount recognized in Balance Sheet	(36.49)	416.35	(169.79)	85.87
vii)	**Other Details:**				
	Pension is payable at the rate of 1/66 Salary for Each Year of Service Subject to Maximum of 50%.				
	Gratuity is payable at the rate of 15 days salary for each year of service subject to maximum of Rs 20,00,000 or as per the Bank scheme.				
	Actuarial gain / loss is accounted for in the year of occurrence.				
	Salary escalation is considered as advised by the company which is in line with the industry practice considering promotion and demand and supply of the employees.				
	No. of Members	75,618	21,138	75,201	23,216
	Salary Per Month	513.88	513.88	354.44	182.95
	Contribution for next year	139.74	587.94	-	592.76
viii)	**Category of assets:**				
	Government of India Assets	61.47	565.13	63.45	585.14

	Corporate Bonds/FDR	25.75	720.80	36.15	721.81
	Special Deposits Scheme	-	-	-	-
	State Govt.	82.81	1,379.39	101.17	1,185.78
	Property	NIL	NIL	NIL	NIL
	Other	64.13	454.17	244.10	1,733.36
	Insurer Managed Funds	3,028.18	25,634.75	2,897.20	22,492.80
	Mutual Fund	NIL	NIL	25.53	324.61
	Total	3,262.34	28,754.24	3,367.60*	27,043.50*

**Note: Return on investments in LIC & other insurance companies is expected at 7.50% while arriving Pension liability and Gratuity liability at the Fair Value of Plan Assets for the FY2022-23 as against the 7.25% considered for arriving Pension and Gratuity liability for the FY2021-22.*

(Rs in crore)

Surplus/Deficit in the Plan:	**Gratuity Plan**				
Amount recognized in the Balance-Sheet	**31.03.23**	**31.03.22**	**31.03.21**	**31.03.20***	**31.03.19***
Liability at the end of the year	3,225.86	3,197.81	3,355.82	1,291.94	1,222.64
Fair value of Plan Assets at the end of the year	3,262.35	3,367.60	2,746.43	1,219.01	1,202.14
Difference	36.49	169.79	(609.39)	(72.93)	(20.50)
Unrecognized Past Service Cost	Nil	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	36.49	169.79	(609.39)	(72.93)	(20.50)

* Amount mentioned for Union Bank (Standalone) only.

Amount recognized in the Balance-Sheet	**Gratuity Plan**				
Experience Adjustment	**31.03.23**	**31.03.22**	**31.03.21**	**31.03.20***	**31.03.19***
On plan liability (Gain) / Loss	29.55	30.86	752.31	25.87	7.91
On plan Assets (Loss) / Gain	(17.33)	53.31	34.41	7.20	(13.03)

* Amount mentioned for Union Bank (Standalone) only.

Surplus/Deficit in the Plan:	**Pension Plan**				
Amount recognized in the Balance-Sheet	**31.03.23**	**31.03.22**	**31.03.21**	**31.03.20***	**31.03.19***
Liability at the end of the year	29,170.59	28,650.99	26,011.41	12,746.69	12,158.43
Fair value of Plan Assets at the end of the year	28,754.24	27,043.50	26,720.88	12,607.16	12,308.84
Difference	(416.35)	(1,607.49)	709.47	(139.53)	150.41
Unrecognized Past Service Cost	Nil	1,521.62	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	(416.35)	(85.87)	709.47	(139.53)	150.41

* Amount mentioned for Union Bank (Standalone) only.

Amount recognized in the Balance-Sheet	**Pension Plan**				
	31.03.23	**31.03.22**	**31.03.21**	**31.03.20***	**31.03.19***
Experience Adjustment					
On plan liability (Gain) / Loss	614.25	2,452.27	1,456.27	938.90	125.22
On plan Assets (Loss) / Gain	49.96	266.31	81.65	75.23	7.18

* Amount mentioned for Union Bank (Standalone) only.

Principal actuarial assumption used (%)	2022-23		2021-22	
	Gratuity	Pension	Gratuity	Pension
Discount Rate Prev.	7.31	7.40	6.93	6.91
Rate of return on Plan Assets Prev.	7.31	7.40	6.93	6.91
Salary Escalation Prev.	5.00	5.00	5.00	5.00
Attrition Rate Prev.	2.00	2.00	2.00	2.00
Discount Rate Current	7.49	7.53	7.31	7.40
Rate of Return on Plan Assets Current	7.49	7.53	7.31	7.40
Salary Escalation Current	5.00	5.00	5.00	5.00
Attrition Rate Current	2.00	2.00	2.00	2.00

i) Other Long Term Employee Benefits:

Details of Provisions made for various Long-Term Employees Benefits during the year are as follows:

(Rs in crore)

Sr. No.	Other Long Term Benefits	31.03.2023	31.03.2022
1.	Pension	2,110.77	1,346.76
2.	Leave Travel Concession	3.66	13.41
3.	Leave Encashment	149.30	48.70

Bank is having provision of Rs 268.76 Crore towards Sick Leave on prudential basis though there is no payout.

ii) **Unamortized Family pension & Gratuity Liabilities:** (₹ in crore)

Particulars	31.03.2023	31.03.2022
Pension		
a) Balance brought forward	1,521.62	NIL
b) Gross Liability	NIL	1,902.02
c) Charged to Profit & Loss account	1,521.62	380.40
d) Balance Carried forward	NIL	1,521.62
Gratuity		
a) Charged to Profit & Loss account	NIL	NIL
b) Carried forward	NIL	NIL

a. Pursuant to the revision in family pension payable to the employees of the Bank, covered under 11th Bi- Partite Settlement and joint note dated November 11, 2020, the Bank had arrived additional liability at ₹ 1,902.02 Crore as per Actuarial valuation, of which a sum of ₹ 380.40 Crore was amortized during the FY 2021-22, in terms of RBI Circular no. RBI/2021-22/105. DOR.ACC.REC.57/21.04.018/2021-22 dated October 04, 2021 and unamortized part of ₹ 1,521.62 Crore has been fully charged to the Profit & Loss Account during the year ended March 31, 2023. There is no unamortized expenditure in the Balance Sheet on account of additional family pension.

b. In terms of RBI circular no. RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021 (Updated as on February 20, 2023), the following disclosures are required **(Parent Bank):**

a. In case of Other Liabilities and Provisions, any item under the head "Others (including provisions)" exceeds one per cent of the total assets,
b. In case of Other Assets, any item under the head "Others" exceeds one per cent of the total assets,
c. In case of Other Income, any item under the head "Miscellaneous Income" exceeds one per cent of the total income,
d. In case of Operating Expenses, any item under the head "Other expenditure" exceeds one per cent of the total income,

(₹ in Crore)

Statement Showing item in Sch. 14- Other Income Sub Head - Miscellaneous income		
Item under the Sub Head	**(₹ in Crore)**	% of Total Income
Processing Charges for Advances	1,178.18	1.24
Miscellaneous Earning	1,004.21	1.05
Recovery In Write Off	5,549.49	5.82

There is no other disclosure related to other heads as mentioned above.

10. SEGMENT REPORTING (AS-17)

10.1. Business Segments:

(Rs in Crore)

Business Segment		**Consolidated**	
		Year Ended	
		(Audited)	**(Audited)**
		31.03.2023	**31.03.2022**
(a)	**Segment Revenue**		
1	Treasury Operations	26,442.90	26,815.66
2	Retail Banking Operations	31,078.66	26,198.04
	(a) Digital Banking Operations	569.38	NA
	(b) Other Retail Banking Operations	30,509.28	NA
3	Corporate /Wholesale Banking	35,941.71	25,776.79
4	Other Banking Operations	1,979.37	1,397.64
5	Unallocated	2,198.75	1,688.64
	Total Segment Revenue	97,641.39	81,876.77
	Less Inter-segment Revenue	(562.86)	(122.70)
	Income from operations	97,078.53	81,754.07
		-	-
(b)	**Segment Results**	-	-
1	Treasury Operations	2,426.80	6,002.74
2	Retail Banking Operations	5,059.25	4,508.68
	(a) Digital Banking Operations	(43.07)	NA
	(b) Other Retail Banking Operations	5,102.32	NA
3	Corporate Banking	3,091.44	(3,093.72)
4	Other Banking Operations	1,063.52	758.37
5	Unallocated	505.46	390.27
	Total Profit/(Loss) Before Tax	12,146.47	8,566.34
(c)	**Provision for Tax**	3,716.12	3,357.84
(d)	**Net Profit/(Loss) after Tax**	8,430.35	5,208.50
	Add: Share of Profit in Associate	81.32	56.82
(e)	**Consolidated Net Profit/(Loss)**	8,511.67	5,265.32

Business Segment		Consolidated	
		Year Ended	
		(Audited)	(Audited)
		31.03.2023	31.03.2022
		-	-
(f)	**Segment Assets**	-	-
1	Treasury Operations	4,64,788.70	4,78,735.97
2	Retail Banking Operations	3,59,680.33	3,18,913.60
	(a) Digital Banking Operations	42,263.05	NA
	(b) Other Retail Banking Operations	3,17,417.28	NA
3	Corporate/Wholesale Banking	4,26,011.76	3,68,181.73
4	Other Banking Operations	-	-
5	Unallocated	37,876.32	27,934.31
	Total	12,88,357.11	11,93,765.61
		-	-
(g)	**Segment Liabilities**	-	-
1	Treasury Operations	4,56,704.84	4,70,252.54
2	Retail Banking Operations	3,28,812.17	2,90,449.81
	(a) Digital Banking Operations	38,724.27	NA
	(b) Other Retail Banking Operations	2,90,087.90	NA
3	Corporate/Wholesale Banking	3,88,190.19	3,35,313.11
4	Other Banking Operations	-	-
5	Unallocated	35,846.39	26,889.03
	Total	12,09,553.60	11,22,904.49
(h)	**Capital Employed**	-	-
1	Treasury Operations	8,083.86	8,483.43
2	Retail Banking Operations	30,868.16	28,463.79
	(a) Digital Banking Operations	3,538.78	NA
	(b) Other Retail Banking Operations	27,329.38	NA
3	Corporate/Wholesale Banking	37,821.57	32,868.62
4	Other Banking Operations	-	-
5	Unallocated	2,029.92	1,045.28
	Total	78,803.51	70,861.12

Notes:

1. The Bank operates in four segments viz., Treasury, Retail, Corporate / Wholesale and Other Banking Operations. These segments have been identified in line with AS-17 on segment reporting issued by the Institute of Chartered Accountants of India (ICAI) after considering the nature and risk profile of the products and services, the target customer profiles, the organizational structure and the internal reporting system of the bank. The bank has disclosed the business segment as primary segment. The revenue and other parameters of foreign branch for the period are within the threshold limits stipulated as per AS-17 and hence the bank has only one reportable segment.
2. Segment wise income, expenditure, Capital employed which are not directly allocable have been allocated to the reportable segments based on assumptions as considered appropriate by the management.
3. Figure of previous period have been regrouped/reclassified wherever necessary.
4. In accordance with RBI circular DOR.AUT.REC.12/22.01.001/2022-23 dated April 7, 2022 on Establishment of Digital Banking Units, the Bank has for the first time disclosed 'Digital Banking' as a sub-segment of the Retail Banking segment.

11. RELATED PARTY DISCLOSURES (AS-18) (Parent Bank)

11.1 List of Related Parties

a) Subsidiaries

- Union Asset Management Co. Pvt. Ltd.
- Union Trustee Company Pvt. Ltd.
- Union Bank of India (UK) Ltd.
- Andhra Bank Financial Services Ltd.
- UBI Services Ltd.

b) Joint Venture

- Star Union Dai-Ichi Life Insurance Co. Ltd.
- ASREC (India) Ltd.
- India International Bank (Malaysia) Berhad

c) Associate

- Chaitanya Godavari Grameena Bank

d) Key Management Personnel (Rs in Crore)

Name	Designation	Remuneration paid for the Year ended 31st March 2023
Shri Rajkiran Rai G. @	Managing Director & CEO	0.19
Ms. A Manimekhalai #	Managing Director & CEO	0.30
Shri Manas Ranjan Biswal ##	Executive Director	0.11
Shri Nitesh Ranjan	Executive Director	0.39
Shri Rajneesh Karnatak	Executive Director	0.34
Shri Nidhu Saxena	Executive Director	0.32
Shri Ramasubramanian S	Executive Director	0.12

@ Till 31.05.2022
# From 03.06.2022
Till 30.04.2022
^ From 21.11.2022

Parties with whom transactions were entered into during the year
No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 6 of AS 18, transactions in the nature of Banker - Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.
As per the RBI Master Direction, KMPs are construed to be the Whole Time Directors of the Bank.

e) Key Management Personnel - Remuneration paid.

(Rs in crore)

Particulars	31.03.2023	31.03.2022
CEO and Managing Director	0.49	0.37
Executive Directors	1.28	1.21
Total	1.77	1.58

Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker - Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

12. EARNING PER SHARE (AS-20)

Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of diluted potential equity shares outstanding during the year.

The computation of earnings per share is given below:

Particulars	31.03.2023	31.03.2022
Number of Equity shares at the beginning of the year	6,83,47,47,466	640,68,44,355
Number of Equity shares issued during the year	Nil	42,79,03,111
Number of Equity shares outstanding at the end of the year	6,83,47,47,466	6,83,47,47,466
Weighted Average Number of Equity Shares used in computing Basic Earnings per share	6,83,47,47,466	6,77,26,13,590
Weighted Average Number of Shares used in computing diluted Earnings per share	6,83,47,47,466	6,77,26,13,590
Net Profit/(Loss) Rs in Crore	8,511.67	5,265.32
Basic Earnings per share (Rs)	12.45	7.77
Diluted Earnings per share (Rs)	12.45	7.77
Nominal Value per share (Rs)	10	10

13. PROVISION FOR TAXES:

Deferred Tax (AS-22)

(Rs in crore)

Sr. No.	Particulars	31.03.2023	31.03.2022
	Deferred Tax Assets		
1	Employee Benefits (Leave Encashment)	534.18	474.78
2	Depreciation on Fixed Assets	395.67	358.12
3	On account of other provisions	11,408.93	14,072.58
4	Foreign Currency Translation Reserve	-84.48	1.14
5	Standard Asset	0.00	588.37
6	Others	-0.01	0.07
	Total	12,254.30	**15,495.05**
	Deferred Tax Liabilities		
1	Accrued interest on securities	1,274.79	1,092.63
2	Special Reserves u/s 36(i)(viii)	2,316.74	2,107.08
3	Depreciation on Investment	--	--
	Total	3,591.53	**3,199.71**
	Net Deferred Tax Asset	**8,662.77**	**12,295.34**
	Net Deferred Tax Liability	**Nil**	**Nil**

14. IMPAIRMENT OF ASSET (AS-28)

In the opinion of the Management, there is no indication for Impairment during the year with regard to the asset to which Accounting Standards 28 applies.

15. Additional information disclosed in the separate financial statements of the parent and the subsidiaries have no bearing on the true and fair view of the Consolidated Financial Statements (CFS) and also the information pertaining the items which are not material, have not been disclosed in the CFS.

16. The Management believes that there would not be any significant impact on Bank's performance in future and going concern assumptions.

17. The figures of the previous year have been regrouped / rearranged wherever considered necessary.

Signatories to Schedules 1 to 18

(Ramasubramanian S)
Executive Director

(Nidhu Saxena)
Executive Director

(Nitesh Ranjan)
Executive Director

(Suraj Srivastava)
Director

(Arun Kumar Singh)
Director

(Priti Jay Rao)
Director

(Jayadev Madugula)
Director

(Laxman S Uppar)
Director

(A. Manimekhalai)
Managing Director & CEO

(Srinivasan Varadarajan)
Chairman

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P. M. Veeramani
Partner
Membership No.023933
UDIN: 23023933BGVFVC3602

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 23102789BGWREC1919

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V. Luthra
Partner
Membership No. 109127
UDIN: 23109127BGQVHS4391

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Ruchi Agarwal
Partner
Membership No. 504134
UDIN: 23504134BGWTPQ8986

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Abhishek Sharma
Partner
Membership No. 079224
UDIN: 23079224BGTKQP5499

For M/s N B S & Co.
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN: 23046940BGPTTT2512

Place: Mumbai
Date: May 06, 2023

UNION BANK OF INDIA
FRN : 109262W / W100673
FRN 108959W
FRN 002803C
FRN 110100W

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Anna Salai,
Chennai – 600002,

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L-2-A, Krishna Marg, C-Scheme,
Jaipur – 302001

M/s N B S & Co.
Chartered Accountants
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Sir P. M. Road, Fort,
Mumbai – 400001

Independent Auditors' Report

To
The President of India /
The Members of Union Bank of India
Mumbai

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of **Union Bank of India** ('the Bank'), which comprise the Balance Sheet as at 31st March 2023, the Profit and Loss Account and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date of
   i) Head Office, 20 branches, 1 Treasury Branch, 18 FGM Offices audited by us
   ii) 2691 branches audited by statutory branch auditors and
   iii) 3 overseas branches audited by local auditors.

   The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India (the RBI). Also incorporated in the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows are the returns from 6406 branches and offices which have not been subjected to audit. These unaudited branches account for 23.82 % of advances, 37.81% of deposits, 17.01 % of interest income and 33.86 % of interest expenses.

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India and:
   a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2023;
   b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit for the year ended on that date; and
   c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

MUMBAI FRN : 109262W / W100673
FRN 108959W NAGPUR
FRN-002803C JAIPUR
MUMBAI FRN 110100W

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the financial statements in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India ('RBI") from time to time and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

3. We draw your attention to Note No. 15(b)(ii)(b)(iv)(a) of schedule 18 – Notes to Accounts to the standalone financial statements regarding unamortised part of additional liability on account of revision in family pension carried forward from last year amounting to ₹ 1521.62 crores, has been fully charged to profit and loss account during the year ended March 31, 2023. There is no unamortised expenditure in the Balance Sheet on account of additional family pension.

   Our opinion is not modified in respect of these matters.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters to be communicated in our report.

Sr.	Key Audit Matter	How it was dealt with in our report
1	**Income Recognition, Asset Classification (IRAC) and provisioning on Loans & Advances and Investments as per the regulatory requirements**	
	Loans & Advances and Investments are the largest class of assets forming 85.98% of the total assets as on March 31, 2023. Classification, income recognition and loss provisioning on the same are based on objective parameters as prescribed by the regulations (Reserve Bank of India's prudential norms and other guidelines). The management of the Bank relies heavily on its IT systems (including Core Banking Solution), exercise significant estimates and	Our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances and associated impairment provisions. Our audit procedures included the assessment of controls over the approval, disbursements and monitoring of loans, and reviewing the logic and assumptions used in the CBS and other related IT systems for compliance of the IRAC and provisioning norms and its operating effectiveness. These included evaluation and understanding of

	judgement, manual interventions, and uses services of experts (like independent valuers, Lawyers, legal experts and other professional) to determine asset classification, income recognition and provisioning for losses. The Bank has system based identification of non-performing assets in accordance with IRAC Norms	following: • Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances/investments; • System controls and manual controls over the timely recognition of non-performing assets (NPA/NPI); • Operational existence and effectiveness of controls over provisioning calculation models from the IT systems; • Overall Controls on the loan approval, disbursement and monitoring process in case of advances and controls over the purchase, sale and hold decisions making system in case of investments • We tested sample of loans/investments (in cases of branches visited by us) to assess whether they had been identified as non performing on a timely manner, income recognized and provisioning made as per IRAC norms. • We have also reviewed the reliability, effectiveness and accuracy of manual interventions, wherever it has come to our notice, on test check basis. • We have relied on the reports/returns and work done by other Statutory Branch Auditors (SBA) in cases of branches not visited by us to get an overall comfort with respect to overall compliance in accordance with SA 600 - Using the Work of Another Auditor. • We have reviewed the work done by other experts like Independent valuers, Lawyers, Legal Experts and other such professionals who have rendered services to the Bank, in accordance with SA 620 Using the Work of an Auditor's Expert. • Further we have also reviewed the Bank's system of monitoring potentially weak and sensitive accounts which show a sign of stress. • We have also reviewed the reports and observations of the Bank's internal audit/inspection reports and observations of the concurrent auditors for the same. • Verification of valuation, classification, provisioning and income recognition of investments by carrying out substantive test

		including arithmetic accuracy, data accuracy and control over the financial reporting system. We have test checked and assessed the efficacy of the system based identification of NPA
2	**Information Technology (IT) and controls impacting financial reporting**	
	In the normal course of its business, the Bank's financial accounting and reporting systems are highly dependent on the effective working of the Core Banking Solution (CBS) and other IT systems linked to the CBS or working independently. Extensive volume, variety and complexity of transactions are processed daily and there is a risk that automated accounting procedures and related internal controls may not be accurately designed and operating effectively. Particular areas of focus relate to the logic that is fed into the system, sanctity and reliability of the data, access management and segregation of duties. These underlying principles are important because they ensure that changes to applications and data are appropriate, authorized, cleansed and monitored, so that the system generates accurate and reliable reports/ returns and other financial and non-financial information that is used for the preparation and presentation of the financial statements. We have relied on the consistent and accurate functioning of CBS and other IT systems for the following: • Asset Classification and Income recognition as per the Reserve Bank of India guidelines; • Provisioning on the advance portfolio; • Identification of advances and liability items and its maturity pattern in various brackets; • Reconciliation and ageing of various suspense and sundry accounts, impersonal accounts, inter-branch balances and other such accounts; • Recording investment transactions • Interest expense on deposits and other liabilities;	Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the IT system by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included: • Ensuring that deficiencies noticed in our verification on test check basis were informed to the management for corrective action; • Carrying out independent alternative audit procedures like substantive testing in areas where deficiencies were noticed; • Analytical procedures like ratio analysis, trend analysis, reasonable tests, comparative analysis; • Reliance on the work performed by the statutory branch auditors and the rectification entries (MOCs) passed based on branch audits; • Reliance on external vendor inspection reports wherever made available. • Reviewed the IS Audit Reports and discussed with IT Department on compliance with key IT controls.

3	**Recognition and measurement of Deferred tax**	
	The Bank has recognised a net deferred tax asset of ₹ 8,65,97,447 (in '000) as on March 31, 2023. Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgment and numerous estimates regarding the availability and visibility of profits in the future. The recent decrease in the amount of deferred tax assets presumes availability and forecasting of profits over an extended period of time thus decreasing uncertainty and the inherent risk of inappropriate recognition of the said asset.	Our audit procedures included the risk assessment to gain an understanding of the applicable tax laws and relevant regulations applicable to the Bank. Based on our understanding, we performed both tests of related internal key controls and substantive audit procedures with the assistance of tax specialists. We performed the following audit procedures as part of our controls testing including, but not limited to: • Evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with AS 22 Accounting for Taxes on Income; • Assessed the method, assumptions and other parameters used with reference to uniformity, management representations, consistency and continuity like budget and midterm projections prepared by the management including earning growth and applicable tax rates and tested the arithmetical accuracy • Assessed the probability of the availability and visibility of profits against which the bank will be able to use this deferred tax asset in the future.

Information Other than the Standalone Financial Statements and Auditors' Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Highlights for the year, Directors' Report including annexures to Directors' Report, key financial ratios, Business responsibility Report and Corporate Governance report in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this Auditors' Report.

   Our opinion on the standalone financial statements does not cover the Other Information and Pillar 3 disclosures under the Basel III Disclosure and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the Standalone Financial Statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information that we obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI to the extent applicable, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the standalone financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

   The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. We did not audit the financial statements / information of 2694 domestic branches and offices including 3 foreign branches included in Standalone Financial Results of the Bank whose financial statements/ information reflects total assets of ₹ 2,66,41,76,397.19 (in thousand) at March 31, 2023 and total revenue of ₹ 25,17,25,101.73 (in thousand) for the year ended on that date, as considered in the Standalone Financial Results. These branches and offices cover 36.86% of advances, 58.04% of deposits and 48.89% of Non – *performing* assets as on 31st March 2023 and 26.39% of revenue for the year ended 31st March 2023. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches are based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;

   Subject to the limitations of the audit indicated in paragraphs 5 and 8 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:
   a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
   b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
   c) The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.

10. As required by letter No. DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:
    (a) In our opinion, the aforesaid standalone financial statements comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.
    (b) In our opinion there are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the bank.
    (c) As the bank is not registered under the Companies Act, 2013 the disqualifications from being a director of the bank under sub-section (2) of Section 164 of the Companies Act, 2013 do not apply to the bank.
    (d) There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.
    (e) Our audit report on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting is given in **Annexure A** to this report. Our report expresses an unmodified opinion on the Bank's internal financial controls over financial reporting with reference to the Standalone Financial Statements as at 31st March 2023.

11. We further report that:
    a) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
    b) the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

c) the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and

d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P. M. Veeramani
Partner
Membership No.023933
UDIN: 23023933BGVFVB8763

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 23102789BGWREB5291

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V. Luthra
Partner
Membership No. 109127
UDIN: 23109127BGQVHR6655

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Ruchi Agarwal
Partner
Membership No. 504134
UDIN:23504134BGWTPP4106

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

Abhishek

CA Abhishek Sharma
Partner
Membership No. 079224
UDIN: 23079224BGTKQO2274

For M/s N B S & Co.
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN: 230469408GPTTS7892

Place of Signature: Mumbai
Date of Report: 06.05.2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (Referred to in paragraph 10(a) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) Report on the Internal Financial Controls Over Financial Reporting as required by the Reserve Bank of India (the "RBI") Letter DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 (as amended) (the "RBI communication")

We have audited the internal financial controls over financial reporting of Union Bank of India ("the Bank") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date which includes internal financial controls over financial reporting of the Bank's branches.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI") and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors referred to in the Other Matters paragraph below, the Bank has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

M/s R G N Price & Co.
Chartered Accountants

M/s SARDA & PAREEK LLP
Chartered Accountants

M/s C R Sagdeo & Co.
Chartered Accountants

M/s P V A R & Associates
Chartered Accountants

M/s Gopal Sharma & Co.
Chartered Accountants

M/s N B S & Co.
Chartered Accountants

Other Matters

Our aforesaid report insofar as it relates to the operating effectiveness of internal financial controls over financial reporting of 2691 branches and offices is based on the corresponding reports of the respective branch auditors of those branches.

Our opinion is not modified in respect of this matter.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P. M. Veeramani
Partner
Membership No.023933
UDIN: 23023933BGVFVB8763

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 23102789BGWREB5291

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V. Luthra
Partner
Membership No. 109127
UDIN: 23109127BGQVHR6655

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Ruchi Agarwal
Partner
Membership No. 504134
UDIN:23504134BGWTPP4106

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Abhishek Sharma
Partner
Membership No. 079224
UDIN: 23079224BGTKQO2274

For M/s N B S & Co.
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN: 23046940BGPTTS7892

Place of Signature: Mumbai
Date of Report: 06.05.2023

यूनियन बैंक ऑफ इंडिया
भारत सरकार का उपक्रम

Union Bank of India
A Government of India Undertaking

STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2023

(₹ in 000')

Particulars	Schedule Number	As on 31st March 2023	As on 31st March 2022
CAPITAL AND LIABILITIES			
Capital	1	68,347,475	68,347,475
Reserves and Surplus	2	714,994,658	637,413,875
Share Application Money		0,000,000	0,000,000
Deposits	3	11,177,163,220	10,323,926,349
Borrowings	4	431,374,686	511,790,975
Other Liabilities and Provisions	5	415,644,474	334,431,936
TOTAL		12,807,524,513	11,875,910,609
ASSETS			
Cash and Balances with Reserve Bank of India	6	502,542,741	461,125,911
Balances with Banks and Money at Call and Short Notice	7	618,961,793	733,877,672
Investments	8	3,392,990,482	3,485,073,915
Advances	9	7,618,454,577	6,610,046,627
Fixed Assets	10	88,256,071	71,913,038
Other Assets	11	586,318,849	513,873,446
		12,807,524,513	11,875,910,609
Contingent Liabilities	12	6,078,094,194	6,502,477,545
Bills for Collection		435,667,177	660,894,129
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Standalone Balance Sheet

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

For and on behalf of the Board of Directors

(RAMASUBRAMANIAN S)
EXECUTIVE DIRECTOR

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(SURAJ SRIVASTAVA)
DIRECTOR

(LAXMAN S UPPAR)
DIRECTOR

(JAYADEV MADUGULA)
DIRECTOR

(PRITI JAY RAO)
DIRECTOR

(A. MANIMEKHALAI)
MANAGING DIRECTOR & CEO

(SRINIVASAN VARADARAJAN)
CHAIRMAN

R.G.N. Price & Co.

SARDA & PAREEK LLP
MUMBAI
FRN : 109262W / W100673

C. R. SAGDEO & CO.
FRN 108959W
NAGPUR

PYAR & ASSOCIATES
FRN : 005223C

M/S Gopal Sharma & Co.
FRN 002803C
JAIPUR

N B S & CO.
MUMBAI
FRN
110100W

AS PER OUR REPORT OF EVEN DATE ATTACHED.

For M/s R G N Price & Co. Chartered Accountants FRN 002785S	For M/s SARDA & PAREEK LLP Chartered Accountants FRN 109262W/W100673	For M/s C R Sagdeo & Co. Chartered Accountants FRN 108959W
CA P M Veeramani Partner Membership No.023933 UDIN:23023933BGVFVB8763	CA Niranjan Joshi Partner Membership No.102789 UDIN:23102789BGWREB5291	CA Sachin V Luthra Partner Membership No. 109127 UDIN:23109127BGQVHR6655
For M/s P V A R & Associates Chartered Accountants FRN 005223C	For M/s Gopal Sharma & Co. Chartered Accountants FRN 002803C	For M/s NBS & Co. Chartered Accountants FRN 110100W
CA Ruchi Agarwal Partner Membership No.504134 UDIN:23504134BGWTPPH06	CA Abhishek Sharma Partner Membership No.079224 UDIN:23079224BGTK002274	CA Pradeep J. Shetty Partner Membership No. 046940 UDIN:23046940BGPTTS7892

Place : MUMBAI
Date : 6th May, 2023

यूनियन बैंक ऑफ इंडिया **Union Bank of India**
A Government of India Undertaking

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in 000)

Particulars		Schedule Number	For the Year Ended 31st March 2023	For the Year Ended 31st March 2022
I. INCOME				
Interest Earned		13	807,433,386	679,439,508
Other Income		14	146,331,530	125,248,172
	TOTAL		953,764,916	804,687,680
II. EXPENDITURE				
Interest Expended		15	479,779,957	401,574,864
Operating Expenses		16	219,313,319	184,380,735
Provision And Contingencies			170,338,863	166,411,123
	TOTAL		869,432,139	752,366,722
III. Profit/ (Loss) for the year			84,332,777	52,320,958
Transfer from Investment Fluctuation Reserve			5,832,008	
ADD : PROFIT/(LOSS) BROUGHT FORWARD			0,000	0,000
	TOTAL		90,164,785	52,320,958
IV. APPROPRIATIONS				
Transfer To Statutory Reserve			21,083,194	13,080,240
Transfer To Capital Reserve			945,461	12,212,675
Transer To Investment Fluctuation Reserve			0,000	6,568,682
Transer To Revenue and Other Reserves			14,010,807	2,253,341
Transfer To Special Reserve u/s Sec 36(1)(viii)			6,000,000	5,220,000
Investment Reserve Account			1,769,006	0,000
Proposed Dividend			20,904,309	12,986,020
Balance in Profit and Loss Account			5,832,008	0,000
	TOTAL		90,164,785	52,320,958
EARNINGS PER SHARE (BASIC AND DILUTED) (FV ₹ 10)			12.34	7.73
Significant Accounting Policies		17		
Notes To Accounts		18		

The Schedules referred to above form an integral part of the Standalone Profit and Loss Account

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

For and on behalf of the Board of Directors

(RAMASUBRAMANIAN S)
EXECUTIVE DIRECTOR

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(SURAJ SRIVASTAVA)
DIRECTOR

(LAXMAN S UPPAR)
DIRECTOR

(JAYADEV MADUGULA)
DIRECTOR

(PRITI JAY RAO)
DIRECTOR

(A. MANIMEKHALAI)
MANAGING DIRECTOR & CEO

(SRINIVASAN VARADARAJAN)
CHAIRMAN

Finance & Accounts Dept.

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Chartered Accountants Mumbai FRN : 109262W / W100673

C.R. Sagdeo & Co. Chartered Accountants FRN 108959W Nagpur

PVAR & Associates Chartered Accountants FRN : 005223C

M/S Gopal Sharma & Co. Chartered Accountants FRN 002803C Jaipur

N B S & Co. Chartered Accountants Mumbai FRN 110100W

AS PER OUR REPORT OF EVEN DATE ATTACHED.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN:23023933BGVFVB8763

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN:23102789BGWREB5291

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 23109127BGQVHR6665

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Ruchi Agarwal
Partner
Membership No.504134
UDIN:23504134BGWTPP4106

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Abhishek Sharma
Partner
Membership No.079224
UDIN:23079224BGTKQ02274

For M/s NBS & Co.
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN:23046940BGPTTS7892

Place : MUMBAI
Date : 6th May, 2023

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakh)

S.No.	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit Before Tax	12,13,772	8,57,941
	Adjustments for:		
	Depreciation on Fixed Assets	73,715	73,809
	Provision for Investments	1,67,478	21,461
	Provision for Non Performing Assets (Net)	12,47,897	11,61,326
	Provision for Standard Asset	(1,16,241)	1,36,521
	Provision for other items (Net)	9,770	10,072
	(Profit)/Loss on Sale or Disposal of Fixed Assets	149	35
	Interest on Borrowings : Capital Instruments	1,58,601	1,55,133
	Dividend received from Investments	(6,968)	(3,019)
	Transfer to/from reserves	(67,520)	72,382
	Sub Total	26,80,653	24,85,662
	Adjustments for:		
	Increase / (Decrease) in Deposits	85,32,369	1,08,58,729
	Increase / (Decrease) in Other Liabilities and Provisions	10,48,458	(90,800)
	(Increase) / Decrease in Investments	7,63,829	(17,40,928)
	(Increase) / Decrease in Advances	(1,13,31,977)	(81,63,505)
	(Increase) / Decrease in Other Assets	(7,67,147)	4,45,843
	Direct taxes paid (Net of Refund)	(3,27,752)	(1,73,612)
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	5,98,433	36,21,389
B	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of Fixed Assets	(3,05,524)	(73,970)
	Proceeds from Sale/Adjustment of Fixed asset	68,230	15,382
	(Increase)/Decrease in investment in Subsidiary	(10,473)	19,907
	Dividend received from Investment	6,968	3,019
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(2,40,799)	(35,662)
C	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from issue of Equity Share Capital Including Share Premium (Net)	-	1,44,208
	Proceeds from issue of Capital Instruments	98,300	7,00,000
	Repayments of Capital Instruments	(10,000)	(5,40,000)
	(Decrease)/Increase Borrowings other than Capital Instruments	(8,92,463)	(2,25,801)
	Interest Paid on Borrowings : Capital Instruments	(1,58,601)	(1,55,133)
	Dividend paid during the year	(1,29,861)	-
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(10,92,624)	(76,726)
	Net Increase (Decrease) in Cash & Cash Equivalent (A)+(B)+(C)	(7,34,990)	35,09,001
	Cash and Cash Equivalents as at the beginning of the year	1,19,50,036	84,41,035
	Net cash and cash equivalents at the end of the year	1,12,15,045	1,19,50,036
	Components of Cash and Cash equivalents		
D	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR**		
	Cash and Balances with RBI (including FC notes)	46,11,259	37,88,046
	Balances with Banks and Money at call	73,38,777	46,52,989
	Net cash and cash equivalents at the beginning of the year	1,19,50,036	84,41,035
E	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**		
	Cash and Balance with RBI (including FC notes)	50,25,427	46,11,259
	Balances with Banks and Money at call	61,89,618	73,38,777
	Net cash and cash equivalents at the end of the year	1,12,15,045	1,19,50,036

Previous Year's figures have been regrouped/recasted wherever considered necessary to correspond with the year ended classification/ presentation.

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

(RAMASUBRAMANIAN S.)
EXECUTIVE DIRECTOR

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

R.G.N. Price & Co.

Sarda & Pareek LLP MUMBAI FRN : 109262W / W100673

C.R. Sagdeo & Co. FRN 108959W NAGPUR

N B S & Co. MUMBAI FRN 110100W

M/S Gopal Sharma & Co. FRN 002803C JAIPUR

(ARUN KUMAR SINGH)
DIRECTOR

(SURAJ SRIVASTAVA)
DIRECTOR

(LAXMAN S UPPAR)
DIRECTOR

(JAYADEV MADUGULA)
DIRECTOR

(PRITI JAY RAO)
DIRECTOR

(A. MANIMEKHALAI)
MANAGING DIRECTOR & CEO

(SRINIVASAN VARADARAJAN)
(CHAIRMAN)

Auditors Certificate :

We, the undersigned Statutory Auditors of the Union Bank of India, have verified the above Standalone Cash Flow Statement of the Bank for the year ended 31.03.2023. The statement has been prepared in Indirect Method in accordance with the AS-3, "Cash Flow Statement" Issued by The Institute of Charterted Accountants of India and with the requirments of the SEBI (Listing Obligations & Disclosure Requirements), 2015 and is based on and in agreement with the corresponding Standalone Profit & Loss Account and the Standalone Balance Sheet of the Bank covered by our report of the May 06, 2023 to the members.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 23023933BGVFVB8763

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 23102789BGWREB5291

For M/s C R Sagdeo & Co
Chartered Accountants
FRN 108959W

CA Sachin V. Luthra
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Membership No. 109127
UDIN: 23109127BGQVHR6656

For M/s P V A R & Associates
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CA. Ruchi Agarwal
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Membership No.504134
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For M/s Gopal Sharma & Co.
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CA Abhishek Sharma
Partner
Membership No.079224
UDIN: 23079224BGTKQ02274

For M/s N B S & Co
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN: 23046940BGPTTS7892

Place : Mumbai
Date : May 06, 2023

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2023

(₹ in 000')

	As on 31st March 2023	As on 31st March 2022
SCHEDULE 1 - CAPITAL :		
I. Authorised :		
10,00,00,00,000 Equity Shares of ₹10 each (Previous Year 10,00,00,00,000 Equity Shares of ₹ 10 each)	10,00,00,000	10,00,00,000
II. Issued, Subscribed, called up & Paid up :		
i. 570,66,60,850 Equity Shares of ₹ 10 each, held by Central Government (Previous Year 570,66,60,850 Equity Shares)	5,70,66,609	5,70,66,609
ii. 112,80,86,616 Equity Shares of ₹ 10 each, held by Public (Previous Year 112,80,86,616 Equity Shares)	1,12,80,866	1,12,80,866
Less: Calls unpaid	0,000	0,000
Add: Forfeited shares	0,000	0,000
TOTAL	6,83,47,475	6,83,47,475

R.G.N. Price & Co. Chartered Accountants

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FRN : 000223C Chartered Accountants

M/S Gopal Sharma & Co. FRN 002803C Jaipur Chartered Accountants

N B S & Co. Mumbai FRN 110100W Chartered Accountants

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2023

(₹ in 000')

		As on 31st March 2023		As on 31st March 2022
SCHEDULE 2 - RESERVES & SURPLUS :				
I. Statutory Reserve :				
As per last balance sheet	14,62,88,901		13,32,08,662	
Addition during the year	2,10,83,194	16,73,72,095	1,30,80,239	14,62,88,901
II. Capital Reserve :				
i) Revaluation Reserve :				
As per last balance sheet	4,75,70,741		4,89,84,778	
Addition during the year	1,51,92,862		79,201	
Deduction during the year	14,39,378		14,93,238	
	6,13,24,225		4,75,70,741	
ii) Capital Reserve				
As per last balance sheet	5,89,24,839		4,67,12,164	
Addition during the year	9,45,461		1,22,12,675	
	5,98,70,300		5,89,24,839	
iii) Amalgamation Adjustment Reserve	1,30,95,979	13,42,90,504	1,30,95,979	11,95,91,559
III. Share Premium :				
As per last balance sheet	18,34,11,800		17,32,70,019	
Addition during the year	-		1,01,92,652	
Deduction during the year	-	18,34,11,800	50,871	18,34,11,800
IV. Revenue and Other Reserves :				
i) Revenue Reserves :				
As per last balance sheet	10,83,72,439		9,64,54,761	
Addition during the year	3,64,81,537		1,31,16,426	
Deduction during the year	-		11,98,748	
Total	14,48,53,976		10,83,72,439	
ii) Special Reserve u/s Sec 36(1)(viii) of the Income Tax Act, 1961				
As per last balance sheet	6,02,98,789		5,50,78,789	
Addition during the year	60,00,000		52,20,000	
Total	6,62,98,789		6,02,98,789	
iii) Foreign Currency Translation Reserve				
As per last balance sheet	30,319		10,42,370	
Addition during the year	40,439		23,859	
Deduction during the year	24,92,338		10,35,910	
Total	-24,21,580		30,319	
iv) Investment Fluctuation Reserve				
As per last balance sheet	1,93,61,583		1,27,92,901	
Addition during the year	-		65,68,682	
Deduction During The year	58,32,008		0,000	
	1,35,29,575		1,93,61,583	
v) Investment Reserve Account				
As per last balance sheet	0,000		0,000	
Addition during the year	17,69,006		0,000	
Deduction During The year	0,000		0,000	
	17,69,006		0,000	
v) Special Reserve Profit on FX Swap	58,485	22,40,88,251	58,485	18,61,21,615
VI. Balance in Profit and Loss Account		58,32,008		(0)
TOTAL		71,49,94,658		63,74,13,875

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N B S & Co. Mumbai FRN 110100W Chartered Accountants

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2023

(₹ in 000')

		As on 31st March 2023		As on 31st March 2022
SCHEDULE 3 - DEPOSITS :				
A.				
I. Demand Deposits				
i) From Banks	1,75,66,930		81,32,959	
ii) From Others	72,22,34,695	73,98,01,625	71,83,91,699	72,65,24,658
II. Savings Bank Deposits		3,20,07,52,745		3,04,54,07,826
III. Term Deposits				
i) From Banks	17,64,32,725		2,27,87,325	
ii) From Others	7,06,01,76,125	7,23,66,08,850	6,52,92,06,540	6,55,19,93,865
TOTAL		11,17,71,63,220		10,32,39,26,349
B.				
i). Deposits of branches in India		11,06,08,94,903		10,32,10,23,919
ii). Deposits of branches outside India		11,62,68,317		29,02,430
TOTAL		11,17,71,63,220		10,32,39,26,349
SCHEDULE 4 - BORROWINGS :				
I) Borrowings in India				
a. Reserve Bank of India	13,38,20,000		14,20,90,000	
b. Other Banks	-		1,99,29,833	
c. Other Institutions and Agencies	2,30,94,294		2,98,96,073	
d. Perpetual Bonds- Tier I	9,68,80,000		8,70,50,000	
e. Subordinated Bonds - Tier II	9,95,00,000	35,32,94,294	10,05,00,000	37,94,65,906
II) Borrowings Outside India		7,80,80,392		13,23,25,069
TOTAL		43,13,74,686		51,17,90,975
Secured Borrowings included in I and II above		13,90,42,858		14,70,29,470
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS :				
I. Bills Payable		2,64,97,502		2,68,90,202
II. Interest Accrued		5,97,92,681		4,52,33,997
III. Others* (including Provisions)		32,93,54,291		26,23,07,737
TOTAL		41,56,44,474		33,44,31,936

*includes provision for Standard Assets ₹ 5,57,95,524 (Previous Year ₹ 6,56,67,690)

		As on 31st March 2023		As on 31st March 2022
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA:				
I. Cash in hand (including Foreign Currency Notes and Gold)		2,83,88,225		3,78,19,394
II. Balances with Reserve Bank of India				
(a) in Current Account		47,41,54,516		42,33,06,517
(b) in Other Accounts		0,000		0,000
TOTAL		50,25,42,741		46,11,25,911

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2023

(₹ in 000')

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE :

		As on 31st March 2023		As on 31st March 2022
I. Balances with banks in India				
i) Balances with Banks				
a) In Current Accounts	56,30,727		22,24,274	
b) In Other Deposit Accounts	5,77,33,962		6,08,75,196	
ii) Money at Call and short notice				
a) with Banks	5,00,000		0,000	
b) with Other Institutions	31,23,03,614	37,61,68,303	55,41,14,877	61,72,14,347
II. Outside India				
i) In Current Accounts	39,25,300		29,80,253	
ii) In other Deposit Accounts	23,88,68,190		11,36,83,072	
iii) Money at call & Short Notice	0,000	24,27,93,490	0,000	11,66,63,325
TOTAL		61,89,61,793		73,38,77,672

SCHEDULE 8 - INVESTMENTS :

	As on 31st March 2023	As on 31st March 2022
I. Investments in India		
i) Government Securities	2,60,25,15,576	2,64,16,37,956
ii) Other Approved Securities	0,000	0,000
iii) Shares	2,04,13,250	2,30,53,036
iv) Debentures and Bonds	63,15,34,188	69,38,31,055
v) Subsidiaries and joint ventures	38,88,095	33,86,095
vi) Others (Commercial Paper, Mutual Funds, Venture Capital, Security Receipt etc.)	10,55,57,112	9,51,30,775
Total	3,36,39,08,221	3,45,70,38,917
II. Investments outside India		
i) Govt. Securities (Including Local Authority)	1,72,90,809	1,61,01,880
ii) Other Investments (Bonds)	3,35,490	4,60,268
iii) Subsidiaries and Joint Ventures	1,14,55,962	1,14,72,850
Total	2,90,82,261	2,80,34,998
TOTAL	3,39,29,90,482	3,48,50,73,915
III. i) Investments in India		
Gross Value	3,44,22,02,551	3,51,85,30,523
Provision for Depreciation	7,82,94,330	6,14,91,606
Net Value	3,36,39,08,221	3,45,70,38,917
ii) Investments outside India		
Gross Value	2,93,43,600	2,83,51,221
Provision for Depreciation	2,61,339	3,16,223
Net Value	2,90,82,261	2,80,34,998
TOTAL	3,39,29,90,482	3,48,50,73,915

Union Bank of India, Finance & Accounts Dept.

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Avar & Associates, Chartered Accountants

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N B S & Co., Mumbai, FRN 110100W

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2023

(₹ in 000')

	As on 31st March 2023	As on 31st March 2022
SCHEDULE 9 - ADVANCES (Net)		
A.		
i) Bills purchased and discounted	3,29,53,001	3,87,09,874
ii) Cash Credits, Overdrafts and Loans repayable on demand	3,48,54,48,344	2,87,88,96,001
iii) Term Loans	4,10,00,53,232	3,69,24,40,752
TOTAL	7,61,84,54,577	6,61,00,46,627
B.		
i) Secured by tangible assets*	6,23,77,30,877	5,34,44,92,520
ii) Covered by Bank/Government Guarantees	12,26,93,689	13,06,61,251
iii) Unsecured	1,25,80,30,011	1,13,48,92,856
TOTAL	7,61,84,54,577	6,61,00,46,627

*Includes advances against book debt ₹ 88,79,31,907 (previous year ₹ 61,83.30,066)

	As on 31st March 2023	As on 31st March 2022
C. Sectorial Classification of Advances		
I. Advances in India:		
i) Priority Sector	2,85,85,94,969	2,59,52,39,457
ii) Public Sector	81,73,80,496	72,72,96,155
iii) Banks	6,33,569	2,22,975
iv) Others	3,71,91,49,598	3,13,82,79,933
TOTAL	7,39,57,58,632	6,46,10,38,520
II. Advances Outside India:		
i) Due From Banks	4,91,50,582	5,31,10,677
ii) Due from Others		
a) Bills Purchased and Discounted	3,86,506	12,11,011
b) Syndicated loans	0,000	5,47,141
c) Others	17,31,58,857	9,41,39,278
TOTAL	22,26,95,945	14,90,08,107
TOTAL	7,61,84,54,577	6,61,00,46,627

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2023

(₹ in 000')

		As on 31st March 2023		As on 31st March 2022
SCHEDULE 10 - FIXED ASSETS :				
A. TANGIBLE ASSETS				
I. Premises				
At cost/valuation as per last balance sheet	8,08,71,144		8,15,36,732	
Additions during the year	2,16,56,329		6,10,204	
Deduction during the year	67,16,482		12,75,792	
	9,58,10,991		8,08,71,144	
Less: Depreciation till date	2,75,63,468	6,82,47,523	2,63,31,743	5,45,39,401
II. Capital Work-in-Progress				
At cost as per last balance sheet	3,60,997		6,22,879	
Additions during the year	1,08,106		1,26,601	
Deductions during the year	2,63,665	2,05,438	3,88,483	3,60,997
III. Land				
At cost as per last balance sheet	24,98,636		12,45,683	
Additions during the year	12,33,904		13,08,678	
Deductions during the year	97,572		55,725	
	36,34,968		24,98,636	
Less: Amortisation till date	7,02,457	29,32,511	4,52,022	20,46,614
IV. Other Fixed Assets (Including Furniture and Fixtures)				
a) Assets given on lease				
At cost as per last balance sheet	2,65,352		2,65,352	
Less: Depreciation till date	2,65,352	-	2,65,352	-
b) Others				
At cost/valuation as per last balance sheet	6,86,74,933		6,46,03,010	
Additions during the year	69,39,880		48,67,443	
Deductions during the year	12,39,295		7,95,520	
	7,43,75,518		6,86,74,933	
Less: Depreciation till date	5,93,53,695	1,50,21,823	5,60,79,797	1,25,95,136
B. INTANGIBLE ASSETS				
Computer Software				
At cost as per last balance sheet	1,20,83,338		1,12,22,581	
Additions during the year	8,77,862		8,72,637	
Deduction during the Year	11,50,741		11,880	
	1,18,10,459		1,20,83,338	
Less: Amortisation till date	99,61,683	18,48,776	97,12,448	23,70,890
TOTAL		8,82,56,071		7,19,13,038

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2023

(₹ in 000')

		As on 31st March 2023		As on 31st March 2022
SCHEDULE 11 - OTHER ASSETS :				
I. Inter-Office Adjustments (Net)		2,20,20,700		1,79,97,045
II. Interest Accrued		9,08,48,858		7,68,96,049
III. Tax Paid/ Tax deducted at source (Net of provision)		6,73,41,164		5,39,12,604
IV. Stationery and stamps		62,780		63,349
V. Non-Banking assets acquired in satisfaction of claims		1,334		1,334
VI. Others*		27,43,38,697		21,24,01,949
VII. Deferred Tax Assets (Net)		8,65,97,447		12,29,23,747
VIII. MAT Credit Entitlement		4,51,07,869		2,96,77,369
TOTAL		58,63,18,849		51,38,73,446

*Includes Deposit placed with NABARD/SIDBI/NHB amounting to ₹ 10,61,55,991 (Previous Year ₹ 9,64,56,088)

		As on 31st March 2023		As on 31st March 2022
SCHEDULE 12 - CONTINGENT LIABILITIES :				
I. Claims against the bank not acknowledged as debts		3,02,01,462		3,31,30,212
II. Liability for partly paid investments		0,000		0,000
III. Liability on account of outstanding Forward Exchange Contracts		4,13,13,28,582		4,36,34,96,833
IV. Guarantees given on behalf of Constituents				
a) In India	66,40,64,012		65,35,08,697	
b) Outside India	1,42,21,966	67,82,85,978	1,65,75,655	67,00,84,352
V. Acceptances, endorsements and other obligations		99,64,00,071		1,26,92,16,524
VI. Disputed Tax demands under appeals		20,98,89,819		13,77,78,737
VII. Amout transferred to DEAF Scheme 2014		3,19,88,282		2,87,70,887
TOTAL		6,07,80,94,194		6,50,24,77,545
Bills for Collection		43,56,67,177		66,08,94,129

Union Bank of India
Finance & Accounts Dept.

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SCHEDULES FORMING PART OF THE STANDALONE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in 000')

	For the Year Ended 31st March 2023	For the Year Ended 31st March 2022
SCHEDULE 13 - INTEREST EARNED :		
I. Interest/Discount on advances/bills	56,76,01,357	45,23,55,006
II. Income on Investments	21,35,50,354	19,94,28,382
III. Interest on balances with Reserve Bank of India & other Inter Bank Funds	2,11,68,449	2,14,08,267
IV. Others	51,13,226	62,47,853
TOTAL	80,74,33,386	67,94,39,508
SCHEDULE 14 - OTHER INCOME :		
I. Commission, Exchange and Brokerage	2,15,14,101	1,73,98,170
II. Profit on sale of investments (Net)	79,80,536	3,41,11,874
III. Profit on revaluation of investments (Net)	28,51,483	-10,70,995
IV. Profit / (Loss) on sale of land, buildings & other assets (Net)	-14,860	(3,489)
V. Profit on exchange transactions (Net)	81,30,829	60,80,630
VI. Income earned by way of Dividends, etc from subsidiaries and/or joint ventures abroad/ in India	3,250	24,700
VII. Miscellaneous Income	10,58,66,191	6,87,07,282
TOTAL	14,63,31,530	12,52,48,172
SCHEDULE 15 - INTEREST EXPENDED :		
I. Interest on Deposits	44,34,00,344	37,45,42,117
II. Interest on Reserve Bank of India/Inter-Bank Borrowings	1,84,28,879	1,05,59,953
III. Others	1,79,50,734	1,64,72,794
TOTAL	47,97,79,957	40,15,74,864
SCHEDULE 16 - OPERATING EXPENSES :		
I. Payments to and provisions for employees	12,38,97,058	10,11,46,061
II. Rent, Taxes and Lighting	1,06,77,413	1,07,06,732
III. Printing and Stationery	11,38,303	9,67,655
IV. Advertisement and Publicity	11,70,445	6,13,743
V. Depreciation on Bank's property	73,71,511	73,81,013
VI. Directors' fees, allowances and expenses	14,278	8,287
VII. Auditors' fees and expenses(including branch auditors)	6,89,129	6,30,321
VIII. Law Charges	16,29,256	14,08,632
IX. Postage, Telegrams, Telephones, etc.	32,04,977	31,10,629
X. Repairs and maintenance	36,09,658	32,71,779
XI. Insurance	1,53,61,120	1,28,77,009
XII. Other expenditure	5,05,50,171	4,22,58,874
TOTAL	21,93,13,319	18,43,80,735

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N B S & Co. MUMBAI FRN 110100W

SIGNIFICANT ACCOUNTING POLICIES (STANDALONE) : SCHEDULE 17

1. Basis of Preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable and practices generally prevalent in the banking industry in India.

2. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of Assets and Liabilities (including Contingent Liabilities) as of the date of the financial statements and the reported Income and Expenses during the reporting period. Management believes that the estimates wherever used in the preparation of the financial statements are prudent and reasonable. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

3. Revenue Recognition

3.1. Income and Expenditure have been accounted for on accrual basis unless otherwise stated.

3.2. Income on Non-Performing Assets (NPAs) is recognized to the extent realized as per the prudential norms prescribed by the RBI. Income accounted for in the preceding year and remaining unrealized is derecognized in respect of assets classified as NPAs during the year.

3.3. Commission on Letter of Guarantee/Letter of Credit is accounted on accrual basis.

3.4. Exchange and brokerage earned, rent on Safe Deposit Lockers, income from Aadhaar cards, Minimum balance charges etc. are accounted for on realization basis.

3.5. Income (Other than interest) on investments in “Held to Maturity” (HTM) category acquired at discount to the face value is recognized as follows:

3.5.1. On interest bearing securities, it is recognized only at the time of sale/ redemption.

3.5.2. On Zero- coupon securities, it is accounted for over the balance tenor of the securities on a constant yield basis.

3.6. Dividend is accounted on an accrual basis where the right to receive the dividend is established.

3.7. Sale of NPAs accounted in terms of extant RBI guidelines.

3.8. Interest on Income-tax refunds is accounted for on receipt of Intimation order from the Income Tax Department.

4. Appropriation of Recovery:

Recoveries other than by way of OTS/NCLT shall be appropriated as under:

4.1. When there is no agreement between the debtor and creditor as to how monies paid by the debtor are required to be appropriated by the creditor, the order of appropriation is as under:

For Term Loans:

- Towards expenses & costs etc.
- Towards unrecovered interest reversed on the date of NPA.
- Interest held in dummy ledger (unapplied interest).
- Towards arrears of principal/EMI till the date of recovery.
- Towards running ledger balance.

For Running Accounts:

- Towards expenses & costs etc.
- Towards interest held in dummy ledger (unapplied interest) including unrecovered interest reversed at the time of NPA.
- Towards principal.

4.2. In case borrower stipulates terms of appropriation differently than above and if such different terms of appropriation is accepted by Bank then appropriation of recoveries will be as per the sanction terms.

4.3. In case of OTS & all NCLT accounts, recovery either through resolution/liquidation:
Appropriation of recovery to be done as discussed here under or as per the sanction stipulations

- Towards principal.
- Towards interest held in dummy ledger (unapplied interest) including
- unrecovered interest reversed at the time of NPA.
- Towards expenses & costs etc.

4.4. In case of Non-Performing Investment recovery will be apportioned as mentioned below:

a. Towards expenses & costs etc.
b. Towards unrecovered interest reversed on the date of NPI.
c. Interest held in dummy ledger (unapplied interest).
d. Towards arrears of principal/EMI till the date of recovery.
e. Towards running ledger balance

5. **Cash Flow Statements:**

Cash Flow statement of the Bank is prepared as per AS-3. Cash Flow statement is mainly classified as:

5.1. Cash flow from Operating Activities: This activity includes cash flow generated from Operational activities.

5.2. Cash Flow from Investing Activities: This activity includes cash flow generated from investments.

5.3. Cash Flow from Financials Activities: This activity includes the cash flow generated from financial instruments.

6. <u>Investments</u>

6.1. In conformity with the requirements of Form A of the Third Schedule to the Banking Regulations Act, 1949, Investments are classified as under:

- 6.1.1. Government Securities
- 6.1.2. Other Approved Securities
- 6.1.3. Shares
- 6.1.4. Debentures & Bonds
- 6.1.5. Investments in Subsidiaries & Joint Ventures and
- 6.1.6. Other Investments

The Investment portfolio of the Bank is further classified in accordance with the RBI guidelines contained in Master Circular DoR.MRG.42/21.04.141 /201-22 dated August 25, 2021 (updated March 23,2022, March 31, 2022, April 08, 2022 and December 08, 2022) into three categories viz.,

- a) Held to Maturity (HTM)
- b) Available for Sale (AFS)
- c) Held for Trading (HFT)

6.2. As per RBI guidelines, the following principles have been adopted for the purpose of valuation

6.2.1. Securities held in "HTM" - at acquisition cost.

6.2.1.1. The excess of acquisition cost over the face value is amortized over the remaining period of maturity and in case of discount; it is not recognized as income.

6.2.1.2. Investments in Regional Rural Banks are valued at carrying cost.

6.2.1.3. Investments in Subsidiaries and Joint Ventures are valued at carrying cost.

6.2.1.4. Diminution, other than temporary, in the value of its investment in subsidiaries/joint ventures, which are included in HTM shall be provided for.

6.2.2. Securities held in "AFS" and "HFT" categories

6.2.2.1. Securities held in "AFS" and "HFT" categories are valued classification wise and scrip-wise and net depreciation, if any, in each classification is charged to Profit & Loss account while net appreciation, if any, is ignored.

6.2.2.2. Valuation of securities is arrived at as follows:

A	Govt. of India Securities (Central Govt. Securities)	As per Quotation put out by Financial Benchmarks India Pvt Ltd (FBIL)
B	State Development Loans, State Govt. Securities, Securities guaranteed by Central/ State Government, PSU Bonds	On appropriate yield to maturity basis as per FIMMDA Guidelines
C	Equity Shares	As per Market rates, if quoted, otherwise at break-up value, as per latest audited balance sheet (not more than 18 months

		old). In absence of both, at ₹ 1/- per company. The break-up value is computed excluding revaluation reserve.
D	Preference Shares	As per Market rates, if quoted, or on appropriate yield to maturity basis not exceeding redemption value as per FIMMDA guidelines.
E	Debentures/Bonds	As per Market rates, if quoted, otherwise on appropriate yield to maturity basis as per FIMMDA guidelines.
F	Mutual Funds (MF)	As per stock exchange quotations, if quoted. In case of unquoted units, as per latest Repurchase price declared by concerned MF. In cases where latest repurchase price is not available, as per Net Asset Value (NAV)
G	Treasury Bills / Certificate of Deposits / Commercial Papers	At carrying cost
H	Venture Capital Funds (VCF)	At declared NAV or Breakup NAV as per audited Balance Sheet which is not more than 18 months old. If NAV / audited financial statements are not available for more than 18 months continuously, at ₹ 1/- per VCF
I	Security Receipts	Valuation of the same will be done as per RBI Guidelines on classification, valuation and operation of Investment portfolio of commercial Banks (RBI/DOR/2021-22/81 DOR.MGR.42/21.04.141/2021-22) dated Aug 25, 2021 and as amended from time to time.

6.3. Interbank/RBI Repo and Interbank/ RBI Reverse Repo transactions are accounted for in accordance with extant RBI guidelines.

6.4. As per the extant RBI guidelines, the shifting of securities from one category to another is accounted for as follows:

- 6.4.1. From AFS/HFT categories to HTM category, at lower of book value or market value as on the date of shifting. Depreciation, if any, is fully provided for.
- 6.4.2. From HTM category to AFS/HFT category,
  - 6.4.2.1. If the security is originally placed at discount in HTM category, at acquisition cost / book value.
  - 6.4.2.2. If the security is originally placed at a premium, at amortized cost.

  The securities so shifted are revalued immediately and resultant depreciation is fully provided for.
- 6.4.3. From AFS to HFT category and vice versa, at book value.

6.5. The non-performing investments are identified and depreciation / provision is made as per the extant RBI guidelines.

6.6. Profit / Loss on sale of investments & net depreciation on investment in any category are taken to the profit & loss account (net appreciation is ignored). However, in case of profit on sale of investments in "HTM" category, an equivalent amount (net of taxes and net of transfer to Statutory Reserves) is appropriated to the Capital Reserve account.

6.7. Commission, brokerage, broken period interest etc. on securities is debited / credited to Profit & Loss Account.

6.8. Brokerage and STT paid on purchase and sale of Equity is accounted to price of the deal.

6.9. The Amortization of premium on HTM Securities is computed using Straight-line Method.

6.10. The Bank is following weighted average Price (WAP) for accounting of investment portfolio.

6.11. As per the extant RBI guidelines, the Bank follows 'Settlement Date' for accounting of investments transactions.

6.12. Income from the units of Mutual Fund, Venture Capital & Security Receipt shall be recognized on Cash Basis.

6.13. Derivative Contracts

6.13.1. The Interest Rate Swap which hedges interest bearing Asset or Liability are accounted for in the financial statements on accrual basis except the swap designated with an Asset or Liability that is carried at market value or lower of cost or market value. Gains or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the Asset / Liability.

6.13.2. Trading swap transactions are marked to market with changes recorded in the financial statements. (profit if any, is ignored)

6.13.3. In the case of option contracts, guidelines issued by Foreign Exchange Dealers Association of India (FEDAI) from time to time for recognition of income, premium and discount are being followed.

6.13.4. Arbitrage Income earned on forex swap transactions is accounted in Profit / Loss on Exchange Transactions category.

7. Advances

7.1. All advances are classified under four categories:

7.1.1. Standard,
7.1.2. Sub-standard,
7.1.3. Doubtful and
7.1.4. Loss assets.

Provisions required on such advances are made as per the extant prudential norms issued by the RBI in terms of Master Circular RBI/2022-2023/15 DOR.STR.REC.4/21.04.048/2022-23 dated April 01,2022 as under:

7.2. Loans and Advances are classified as performing and non-performing, based on the guidelines issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

7.2.1. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;

7.2.2. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e.

7.2.2.1. the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days.

7.2.2.2. The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or

7.2.2.3. the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

7.2.3. In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;

7.2.4. In respect of agricultural advances for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons.

7.2.5. In respect of agricultural advances for long duration crops, where the principal or interest remains overdue for one crop season.

7.2.6. A working capital borrower account will become NPA 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 borrower's financial position is satisfactory.

7.2.7. An account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

7.2.8. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of the Reserve Bank of India (Securitization of Standard Assets) Directions, 2021

7.2.9. 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.

7.2.10. Accounts where there is erosion in the value of security/frauds committed by borrowers

7.2.10.1. In respect of accounts where there are potential threats for recovery on account of erosion in the value of security or non-availability of security and existence of other factors such as frauds committed by borrowers it will not be prudent that such accounts should go through various stages of asset classification. In cases of such serious credit impairment, the asset should be straightaway classified as doubtful or loss asset as appropriate.

7.2.10.2. Erosion in the value of security can be reckoned as significant when the realizable value of the security is less than 50 per cent of the value assessed by the bank or accepted by RBI at the time of last inspection, as the case may be. Such NPAs may be straightaway classified under doubtful category.

7.2.10.3. If the realizable value of the security, as assessed by the bank/ approved valuers/RBI is less than 10 per cent of the outstanding in the borrowal accounts, the existence of security should be ignored and the asset should be straightaway classified as loss asset

7.2.11. In respect of MSME accounts which will be restructured in terms of RBI Circular No DOR.No.BP.BC.34/21.04.048/2019-20 February 11, 2020 with reference to Circular No DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January, 2019 and kept in standard category, the Bank shall maintain a provision of 5% in addition to the provision already held. Reversal of said provision shall be made in accordance with the said circular.

7.2.12. In terms of RBI guidelines relating to 'Covid 19 Regulatory Package' on Asset Classification and Provisioning RBI has issued circular no.DOR.No.BP.BC/3/21.04.048/2020-21 & circular no. DOR.No.BP.BC/4/21.04.048/2020-21 dated 06th August, 2020, DoR.STR.REC.12/21.04.048/2021-22 & DoR.STR.REC.11/21.04.048/2021-22 dated May 05th, 2021 with reference to restructuring of Corporate & Retail Loan, Bank shall maintain necessary provision in this regard.

7.3. NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

7.3.1. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months,

7.3.2. Doubtful: A loan asset that has remained in the sub-standard category for a period exceeding 12 months,

7.3.3. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

7.4. Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Sub-Standard Assets:	i. A general of 15% of the total outstanding ii. Additional provision of 10% for exposures which are unsecured ab-initio; iii. However, Unsecured Exposure, ab-initio, in respect of infrastructure loan accounts where certain safeguards such as escrow accounts are available - 20% (instead of 25% as stated above)
Doubtful-Secured Portion	i. Up to one year - 25% ii. One to three years - 40% iii. More than three years - 100%
Doubtful Unsecured Portion	100%
Loss Asset	100%

7.5. Advances are stated net of specific loan loss provisions, Counter cyclical provisioning buffer and unrecovered interest held in Sundry /claims received from Credit Guarantee Trust Fund (CGTF) / Export Credit Guarantee Corporation (ECGC) relating to non-performing assets.

7.6. In respect of foreign offices, classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

7.7. For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loan before and after restructuring is provided for, in addition to provision for NPAs.

7.8. In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

7.9. Amounts recovered against debts written off are recognized as revenue in the year of recovery.

7.10. The general provision on Standard Advances is held in "Other Liabilities and Provisions" reflected in schedule 5 of the Balance Sheet and is not considered for arriving at both net NPAs and net advances. Standard Assets provision to be made as per IRAC RBI/2022-2023/15 DOR.STR.REC.4/21.04.048/2022-23 dated April 01,2022 and any subsequent circular issued from time to time.

7.11. Provision on Suspense accounts entries outstanding for more than six months are made at 100% except the claim receivable from Govt./Govt. Bodies like Interest Subsidy on crop loan/export advance, Pension receivable etc.

8. Property, Plant and Equipment

8.1. Premises and Other Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, eligible borrowing costs and directly attributable costs of bringing the Asset to its working condition for the intended use less trade discounts and rebates. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefits from such assets or their functional capability. Land and Buildings, if revalued are stated at revalued amount. The appreciation on revaluation is credited to Revaluation Reserve and the depreciation provided thereon is deducted there from and shall be credited to Revenue Reserves in terms of revised AS-10 on "Property, Plant and Equipment".

8.2. Depreciation on Fixed Assets is provided for on the Straight-Line Method at the rates prescribed in Expenditure Policy of the Bank from time to time. The applicable rates of depreciation are as under:

S.No.	Capital Asset	Useful Life (Years)	Rate in percentage
1	Immovable Property- Land	Not stipulated; accordingly, no depreciation	NIL
2	Building with RCC frame structure (Both Residential & Non-residential)	60	1.67
3	Furniture	10	10.00
4	Fixtures	10	10.00
5	Air-conditioning plants (Package & water/air cooled ductable)	10	10.00
6	Split & Window Air conditioners	5	20.00
7	Electrical installation and equipments	5	20.00
8	Solar Power Equipment	15	6.67
9	Elevators & Lifts	15	6.67
10	Civil & Flooring work in leased Premises	5	20.00
11	Telephone Equipment	5	20.00
12	Motorcycles, Scooters & other mopeds	10	10.00
13	Motor Cars, Motor Lorries and Electrically operated vehicles including battery powered or fuel cell powered vehicles	8	12.50
14	Mobile Phones	3	33.33
15	Generators	15	6.67
16	Office Equipment/Appliances,	5	20.00
17	Computers & computer software forming integral part of hardware	3	33.33
18	ATM & allied items	5	20.00
19	UPS & allied items	5	20.00
20	Servers & Networks	6	16.66
21	End user devices such as desktops, laptops, i-pads, tablets, printer & Scanner, digital watches etc.	3	33.33
22.	SDV lockers, Strong Room door, Cash Safe etc. (Along with Fixtures).	20	5.00
23.	Items provided to staff (Furniture/Electrical and etc.)	5	20.00

8.3. Depreciation on premises is provided on composite cost, wherever the value of Land and Buildings is not separately identifiable.

8.4. Depreciation on Leased assets and Leasehold improvements is recognized on a straight-line basis using rates determined with reference to the primary period of lease.

9. **Impairment of Assets**

Impairment losses (if any) on Fixed Assets (including revalued assets) are recognised in accordance with AS-28 on "Impairment of Assets" issued by the ICAI and charged off to Profit and Loss Account. The carrying costs of assets are reviewed at each Balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

10. **Counter Cyclical Provisioning Buffer**

The Bank has a policy of creation and utilization of Counter Cyclical Provisioning Buffer separately for Advances and Investments. The quantum of provision to be created is assessed at the end of each financial year. The counter Cyclical Provisions are utilized only for contingencies under extra ordinary circumstances specified in the policy with prior permission of the RBI.

11. **Transactions involving Foreign Exchange**

Accounting for transactions involving foreign exchange is done in accordance with AS-11 on "The Effects of Changes in Foreign Exchange Rates", issued by the ICAI. In terms of AS-11, the foreign currency operations of the Bank are classified as a) Integral Operations and b) Non Integral Operations.

All overseas branches, offshore banking units, overseas subsidiaries are treated as non-integral operations and domestic operations in foreign exchange and representative offices are treated as integral operations.

Accounting for Integral operations:

11.1. Monetary and Non- Monetary Assets and Liabilities are revalued at the exchange rates notified by FEDAI at the close of the year and resultant gain / loss is recognized in the Profit & Loss Account.

11.2. Income & Expenditure items are recognized at the exchange rates prevailing on the date of the transaction.

11.3. Forward exchange contracts are recorded at the exchange rate prevailing on the date of commitment. Outstanding forward exchange contracts are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of 'in-between' maturities. The resultant gains or losses are recognized in the Profit & Loss account.

11.4. Contingent liabilities on account of guarantees, acceptances, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the close of the year.

12. Accounting for Non-Integral operations

12.1. Revenue Recognition

Income and Expenditure are recognized / accounted for as per the local laws of the respective countries.

12.2. Asset Classification and Loan Loss Provisioning

Asset classification and loan loss provisioning are made as per the local laws of the respective countries or as per RBI guidelines whichever is higher.

12.3. Fixed Assets and Depreciation

12.3.1. Fixed Assets are accounted for at historical cost.

12.3.2. Depreciation on Fixed Assets is provided as per the applicable laws of the respective countries.

12.4. Assets and Liabilities (monetary and non-monetary as well as Contingent Liabilities) are translated at the closing rates notified by FEDAI at the close of the year.

12.5. Income & Expenditure are translated at the quarterly average closing rates notified by FEDAI at the end of respective quarters.

12.6. All resulting exchange differences are accumulated in 'Foreign Currency Translation Reserve'.

13. Employee Benefits:

13.1. Short Term Employment Benefits:

The undiscounted amounts of short-term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the services are treated as short term and recognized during the period in which the employee rendered the service.

13.2. Long term Employee Benefits:

13.2.1. Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/employees joining the Bank on or after 1st April,2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with 14% of their basic pay plus dearness allowance as contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS trust.

13.2.2. Defined Benefit Plan:

Gratuity, Pension and Leave Encashment are defined benefits plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

14. Segment Reporting

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in the compliances with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. Business segments are classified into

14.1. Treasury Operations,
14.2. Corporate and Wholesale Banking,
14.3. Retail Banking Operations and
(w/w Digital Banking Segment as and when applicable)
14.4. Other Banking Operations.

15. Lease Transactions

Lease payments for Assets taken on operating lease recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

16. Earnings per Share

The Bank reports the basic and diluted Earnings per Share in accordance with AS 20. Earnings per Share is calculated by dividing the net Profit or Loss (after tax) for the year attributable to the Equity shareholders by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if contracts to issue Equity shares were exercised or converted during the year. Diluted earnings per Equity share is calculated by using the weighted average number of Equity shares and dilutive potential Equity shares outstanding as at the year-end.

17. Taxation:

This comprises of provision for Income tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) as determined in accordance with AS-22 on "Accounting for taxes on Income" issued by the ICAI. Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rate. Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'reasonable certainty' that sufficient future taxable income will be available against which such

Deferred Tax Assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, Deferred Tax Assets are recognized only if there is "virtual certainty".

18. Provisions, Contingent Liabilities and Contingent Assets

In terms of AS 29-Provisions, Contingent Liabilities and Contingent Assets issued by the ICAI, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may not be realized.

19. Share Issue Expenses:

Share Issue expenses are charged to the Share Premium account in terms of Section 52 of the Companies Act, 2013.

20. Consolidation of the Accounts:

Bank is having five subsidiaries i.e. Union Asset Management Company Private Limited, Union Trustee Company Private Limited, Union Bank of India (UK) Limited, Andhra Bank Financial Services Limited and UBI Services Ltd.

Bank is having three Joint Ventures i.e. Star Union Dai-Ichi Life Insurance Company Ltd., ASREC (India) Ltd. and India International Bank (Malaysia) Berhad.

Bank is having one associate Chaitanya Godavari Grameen Bank.

The consolidated financial statements are prepared on the basis of:

20.1. Audited Accounts of the parent bank (Union Bank of India)

20.2. Consolidation of Subsidiaries: Line by Line aggregation of the Income/Expenditure/Assets/Liabilities of the subsidiaries with the respective line item of the parent bank, after eliminating all intra-group transactions, unrealized profits/loss in terms of AS 21 on Consolidated Financial Statements issued by Institute of Chartered Accountants of India (ICAI).

20.3. Consolidation of Associates: The Investment in Associate is accounted for consolidation as per Equity Method in terms of AS 23 on Accounting for Investments in Associates in Consolidated Financial Statement issued by Institute of Chartered Accountants of India (ICAI).

20.4. Consolidation of Joint Ventures: Line by Line consolidation is done with proportionate share in Joint Venture in terms of AS-27 on Financials Reporting in Interest of Joint Venture issued by Institute of Chartered Accountants of India (ICAI).

SCHEDULE 18 - NOTES TO ACCOUNTS (STANDALONE):

DISCLOSURES IN TERMS OF THE RESERVE BANK OF INDIA GUIDELINES

1. REGULATORY CAPITAL

The Bank is subjected to Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till Oct. 1, 2021. As per RBI Guidelines, Basel III has been completely implemented from Oct. 1, 2021. As per guidelines, the Tier I capital is made up of Common Equity Tier I (CET I) and Additional Tier I Capital (AT 1).

Basel III guidelines require the Bank to maintain minimum capital to Risk Weighted Assets ratio (CRAR) of 11.50% with minimum CET I of 8.00% and minimum Tier I CRAR of 9.50% (both inclusive of Capital Conservation Buffer of 2.50%) as at March 31, 2023.

During the year, the Bank has issued Basel III compliant Tier-2 bonds of ₹ 2,200 Crore & additional Tier-1 Bonds of ₹ 1,983 crore in tranches and exercised call option for redemption of Basel III compliant Tier-2 bonds of ₹ 2,300.00 crore & additional Tier-1 Bonds of ₹ 1,000.00 crore.

a) Composition of Regulatory Capital: (₹ in Crore)

Sr. No	Particulars	31.03.2023	31.03.2022
i.	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	71,491.90	58,048.85
ii.	Additional Tier 1 capital	8,985.99	8,539.83
iii.	Tier 1 capital (i + ii)	80,477.89	66,588.68
iv.	Tier 2 capital	12,300.56	12,692.32
v.	Total capital (Tier 1+Tier 2)	92,778.45	79,281.00
vi.	Total Risk Weighted Assets (RWAs)	5,78,454.82	5,45,922.81
vii.	CET 1 Ratio (CET 1 as a percentage of RWAs)	12.36	10.63
viii.	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	13.91	12:20
ix.	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.13	2.32
x.	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	16.04	14.52
xi.	Leverage Ratio	5.73	5.17
xii.	Percentage of the shareholding of a) Government of India b) State Government c) Sponsor Bank	 83.49 -- --	 83.49 -- --
xiii.	Amount of paid-up equity capital raised during the year	--	1,447.17
xiv.	Amount of non-equity Tier 1 capital raised during the year, *of which*: a) Basel III compliant Perpetual Non-Cumulative Preference Shares b) Basel III compliant Perpetual Debt Instruments	 -- 1,983.00	 -- 5,000.00
xv.	Amount of Tier 2 capital raised during the year, *of which* a) Perpetual Cumulative Preference Shares b) Redeemable Non-Cumulative Preference Shares c) Basel III compliant Redeemable Non-convertible Tier 2 Bonds	 -- -- 2,200.00	 -- -- 2,000.00

b) Draw down from Reserves:

During the year 2022-23, the Bank has not drawn any amount from other reserves towards unamortized of Frauds. However, Bank has drawn ₹ 583.20 Crore from Investment Fluctuation Reserve.

2. Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities

Current Year 2022-23

(₹ in crore)

	Day 1	2-7 DAYS	8-14 DAYS	15-30 DAYS	31 days-2 months	>2-3 months	>3-6 months	>6 months-1 year	>1-3 years	>3-5 years	> 5 years	TOTAL
Deposits	16,719.54	24,897.19	17,582.29	15,386.37	27,291.25	46,680.66	82,771.68	1,63,434.74	1,61,274.09	80,204.10	4,81,474.41	1117716.32
Advances	19,713.45	31,128.05	23,916.23	49,224.70	18,235.92	31,896.75	50,852.13	54,002.81	3,36,508.35	47,328.90	99,038.17	7,61,845.46
Investments	87,469.35	10,712.95	888.30	2,993.82	5,506.13	17,324.42	5,710.88	8,220.90	68,822.45	17,556.16	1,14,093.69	3,39,299.05
Borrowings	963.24	8,333.29	4,085.78	1,996.21	572.85	254.44	2,123.29	3,610.00	2,310.97	1,996.06	16,891.33	43,137.47
Foreign Currency assets	5,317.26	5,843.41	1,016.52	10,915.50	3,748.05	3,259.63	13,035.32	5,403.49	11,913.15	9,366.84	187.01	70,006.19
Foreign Currency liabilities	4,984.28	1,553.01	998.49	2,717.99	2,947.61	4,647.05	3,478.54	3,586.05	8,792.19	6,039.50	315.07	40,059.79

Previous year 2021-22

(₹ in crore)

	Day 1	2-7 DAYS	8-14 DAYS	15-30 DAYS	31 days-2 months	>2-3 months	>3-6 months	>6 months-1 year	>1-3 years	>3-5 years	> 5 years	TOTAL
Deposits	12,750.62	22,568.14	15,505.37	24,224.17	31,592.76	34,111.25	77,995.40	1,47,057.37	1,20,848.10	86,172.71	4,59,566.76	1032392.63
Advances	6,038.86	11,250.55	9,483.94	21,912.53	4,709.33	17,723.78	34,326.71	62,738.47	2,98,295.75	71,329.79	1,23,194.95	6,61,004.66
Investments	1,44,407.71	18,199.02	1,748.39	5,135.88	1,441.91	22,859.62	26,503.85	25,831.24	13,504.34	20,494.70	68,380.73	3,48,507.39
Borrowings	803.30	778.30	602.84	1,132.91	831.74	1,104.87	1,713.57	5,643.17	19,676.78	3,676.24	15,215.38	51,179.10
Foreign currency assets	4,900.56	2,797.74	2,961.84	2,339.01	3,635.01	5,975.17	4,771.74	5,434.65	10,170.15	7,449.49	27.23	50,462.59
Foreign currency liabilities	2,921.98	927.90	1,638.95	1,650.41	1,661.87	3,276.05	3,395.36	5,638.17	6,322.48	6,492.50	265.12	34,190.79

b) Liquidity Coverage Ratio (LCR)

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.

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

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.

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.

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 Ltd. And Union Bank of India UK Ltd. The Bank during the three months ended 31st March 2023 maintained average HQLA of ₹ 2,70,381 crores. Level 1 assets are the main drivers of HQLA for the bank. They contribute to 97% of the total stock of HQLA. Based on daily averages for the quarter ended 31st March 2023, Facility to avail Liquidity for Liquidity Coverage Ratio constitutes the highest portion to HQLA i.e. around 64% of the total HQLA. Level 2 assets which are lower in quality as compared to Level 1 assets, constitute 3% 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 4% of the total weighted cash outflows, respectively. Deposits from non-financial corporates contributed around 43% 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 77% of the total weighted cash inflows.

Bank has calculated LCR for all working days over the March 2023 quarter. The average of the daily observation of 66 data points is calculated. The average LCR for the quarter ended 31st March 2023 is 167.42% as against 157.20% for the quarter ended December 2022, and is well above the present minimum requirement prescribed by RBI of 100% for the calendar year 2023.

Movement of Average LCR during Financial Year 2022-23

Quarter	June 2022	September 2022	December 2022	March 2023	FY 2022-23
LCR Ratio	177.23	176.29	157.20	167.42	169.45

Quantitative Disclosure (Quarter wise)

(₹ in crore)

		March 2022 Quarter		June 2022 Quarter		September 2022 quarter		December 2022 quarter		March 2023 quarter	
		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	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)	2,80,230.24	2,77,655.44	2,85,874.82	2,83,471.76	2,72,796.14	2,70,526.80	2,54,845.43	2,52,755.92	2,72,365.27	2,70,381.26
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	6,14,334.98	47,119.13	6,25,940.05	48,160.84	6,31,943.26	48,711.45	6,36,133.95	49,080.23	6,46,869.46	49,883.30
(i)	Stable deposits	2,86,287.44	14,314.37	2,88,663.30	14,433.17	2,89,657.58	14,482.88	2,90,663.22	14,533.16	2,96,072.85	14,803.64
(ii)	Less stable deposits	3,28,047.54	32,804.75	3,37,276.75	33,727.67	3,42,285.68	34,228.57	3,45,470.73	34,547.07	3,50,796.61	35,079.66
3	Unsecured wholesale funding, of which:	2,00,598.22	1,01,620.62	2,06,251.79	1,03,380.30	2,00,358.09	1,01,590.06	2,15,331.51	1,10,366.55	2,43,570.32	1,20,721.42
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	2,00,598.22	1,01,620.62	2,06,251.79	1,03,380.30	2,00,358.09	1,01,590.06	2,15,331.51	1,10,366.55	2,43,570.32	1,20,721.42
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
4	Secured wholesale funding	422.26	7.72	3,620.07	9.50	1,260.89	1.93	3,979.56	-	3,663.14	-
5	Additional requirements, of which	1,32,737.42	21,653.42	1,43,767.95	22,850.08	1,37,798.14	20,531.91	1,35,207.29	18,972.06	1,31,809.13	15,033.14
(i)	Outflows related to derivative exposures and other collateral requirements	27.26	27.26	20.31	20.31	44.51	44.51	75.97	75.97	79.02	79.02
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-		
(iii)	Credit and liquidity facilities	1,32,710.16	21,626.16	1,43,747.64	22,829.76	1,37,753.63	20,487.40	1,35,131.32	18,896.09	1,31,730.11	14,954.11
6	Other contractual funding obligations	3,201.84	3,201.84	3,710.09	3,710.09	3,620.63	3,620.63	2,971.14	2,971.14	3,609.33	3,609.33
7	Other contingent funding obligations	90,030.40	2,700.94	86,943.70	2,608.34	88,357.30	2,650.75	88,203.10	2,646.10	91,305.09	2,739.15
8	TOTAL CASH OUTFLOWS	10,41,325.12	1,76,303.67	10,70,233.64	1,80,719.15	10,63,338.31	1,77,106.72	10,81,826.55	1,84,036.09	11,20,826.48	1,91,986.34
Cash Inflows											
9	Secured lending (e.g reverse repos)	36,175.58	0.02	18,836.01	0.00	2,302.80	-	1,217.00	-	4,103.18	-
10	Inflows from fully performing exposures	18,458.03	13,489.62	21,684.25	16,347.74	24,872.09	17,871.82	25,867.34	18,316.49	32,328.30	23,567.09
11	Other cash inflows	4,499.09	4,499.09	4,427.01	4,427.01	5,782.78	5,782.78	4,938.06	4,938.06	6,917.47	6,917.47
	TOTAL CASH INFLOWS	59,132.70	17,988.73	44,947.27	20,774.75	32,957.67	23,654.60	32,022.40	23,254.54	43,348.96	30,484.56
13	TOTAL HQLA		2,77,655.44		2,83,471.76		2,70,526.80		2,52,755.92		2,70,381.26
14	TOTAL NET CASH OUTFLOWS		1,58,314.93		1,59,944.41		1,53,452.12		1,60,781.54		1,61,501.78
15	LIQUIDITY COVERAGE RATIO (%)		175.38%		177.23%		176.29%		157.20%		167.42%

c) Net Stable Funding ratio (NSFR)

i) 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 entities covered are Union Bank of India Ltd. And Union Bank of India UK Ltd. 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 69% and wholesale funding formed 21% 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 13% of the Required Stable Funding.

Bank has maintained comfortable stable funding buffers with Available Stable Funding at consolidated level of Rs.9,42,399 Crores against Rs.6,76,671 Crores of Required Stable Funding, resulting in a consolidated NSFR of 139.27% as on 31st March, 2023.

ii) Quantitative Disclosure:

(Rs in crore)

NSFR Disclosure Template-Consolidated,March,2023						
Sr.No	Details	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2	*Regulatory capital*	73472.52	0.00	0.00	927.48	74400.00
3	*Other capital instruments*	0.00	0.00	2000.00	17638.00	17638.00
4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
5	*Stable deposits*	40994.80	29833.11	202307.84	1869.82	261348.79
6	*Less stable deposits*	285167.66	83944.83	58314.64	669.69	385354.02
7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
8	*Operational deposits*	0.00	0.00	0.00	0.00	0.00
9	*Other wholesale funding*	74748.93	154529.84	173378.83	14931.52	200097.63
10	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
11	*NSFR derivative liabilities*	32.74	0.00	0.00	0.00	0.00
12	*All other liabilities and equity not included in the above categories*	46993.27	18329.10	1610.00	3560.37	3560.37
13	Total ASF (1+4+7+10)					942399.71
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
14	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
15	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
16	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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	81215.04	15206.23	19712.90	34141.10
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	67617.10	39686.95	506522.55	458900.37
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	0.00	0.00	0.00	0.00
21	Performing residential mortgages, of which:	0.00	62.09	186.77	80496.34	52447.05
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	62.09	186.77	80496.34	52447.05
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	1330.58	5199.67	6745.54	29183.29	30625.23
24	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
25	Physical traded commodities, including gold	0.00				[redacted]
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		3040.96	0.00	0.00	2584.82
27	NSFR derivative assets		0.00	0.00	0.00	0.00
28	NSFR derivative liabilities before deduction of variation margin posted		80.96	0.00	0.00	80.96
29	All other assets not included in the above categories	65903.32	11286.96	0.00	1261.18	72807.56
30	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
31	Total RSF (14+15+16+24+30)					[redacted]
32	Net Stable Funding Ratio (%)					139.27%

Finance & Accounts Dept., UNION BANK OF INDIA

R.G.N. Price & Co. Chartered Accountants

SARDA & PAREEK LLP MUMBAI FRN 109262W / W100673 CHARTERED ACCOUNTANTS

C. R. SAGDEO & CO. FRN 108959W NAGPUR CHARTERED ACCOUNTANTS

PVAR & ASSOCIATES FRN : 005223C CHARTERED ACCOUNTANTS

M/S Gopal Sharma & Co. FRN 002803C JAIPUR Chartered Accountants

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

(Rs in crore)

NSFR Disclosure Consolidated, March, 2022						
Sr.No	Details	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	*Regulatory capital*	65,865.83	0.00	0.00	862.85	66,728.68
3	*Other capital instruments*	0.00	500.00	2800.00	15,455.00	15,455.00
4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
5	*Stable deposits*	1,57,204.34	16,642.91	16,092.51	19,955.67	2,00,398.44
6	*Less stable deposits*	1,48,810.80	1,06,734.52	96,136.52	98,992.63	4,15,506.28
7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	*Operational deposits*	0.00	0.00	0.00	0.00	0.00
9	*Other wholesale funding*	71,238.13	1,52,239.14	1,04,620.69	45,879.68	1,88,062.72
10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	*NSFR derivative liabilities*	0.00	0.00	0.00	0.00	0.00
12	*All other liabilities and equity not included in the above categories*	38,317.01	6,967.54	4,843.17	20,613.39	20,613.39
13	Total ASF (1+4+7+10)					9,06,764.50
14	[illegible]					[illegible]
15	[illegible]			[illegible]	[illegible]	
16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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	97,166.19	1,253.47	24,561.57	28,446.79
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	70,851.92	28,600.27	4,25,903.02	3,89,150.15
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	40,631.05	3,716.58	1,12,683.89	95,418.35
21	Performing residential mortgages, of which:	0.00	53.30	127.95	59,707.96	38,900.80
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	53.30	127.95	59,707.96	38,900.80
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,238.58	3,567.75	6,554.07	48,261.04	49,495.90
24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Physical traded commodities, including gold	0.00				[illegible]
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		2,012.38	0.00	0.00	1,710.52
27	NSFR derivative assets		173.75	0.00	0.00	173.75
28	NSFR derivative liabilities before deduction of variation margin posted		87.04	0.00	0.00	87.04
29	All other assets not included in the above categories	78,600.04	9,555.37	0.00	1,996.47	85,407.22
30	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
31	Total RSF (14+15+16+24+30)					[illegible]
32	Net Stable Funding Ratio (%)					147.41%

3. Investments

a) Composition of Investment portfolio

R.G.N. Price & Co.

Sarda & Pareek LLP MUMBAI FRN : 109262W / W100673

NAGPUR

PVAR & ASSOCIATES FRN : 005223C

M/s Gopal Sharma & Co. FRN 002803C JAIPUR

N B S & Co. MUMBAI FRN 110100W

As at 31.03.2023

(Rs in Crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	2,22,125.35	-	-	52,161.68	393.80	3,998.21	2,78,679.04	-	1,148.71	0.40	1,149.11	**2,79,828.15**
Less: Provision for non-performing investments (NPI)	-	-	-	(200.00)	(5.00)	-	(205.00)	-	(3.11)		(3.11)	**(208.11)**
Net	2,22,125.35	-	-	51,961.68	388.80	3,998.21	2,78,474.04	-	1,145.60	0.40	1,146.00	**2,79,620.04**
Available for Sale												
Gross	37,798.39	-	5,007.44	13,388.83	-	8,994.58	65,189.24	1,739.88	-	45.37	1,785.25	**66,974.49**
Less: Provision for depreciation & NPI	-	-	(2,966.26)	(2,221.01)	-	(2,437.08)	(7,624.35)	(10.80)	-	(12.21)	(23.01)	**(7,647.36)**
Net	37,798.39	-	2,041.18	11,167.82	-	6,557.50	57,564.89	1,729.08	-	33.16	1,762.24	**59,327.13**
Held for Trading												
Gross	327.82	-	0.15	24.00	-	-	351.97	-	-	-	-	**351.97**
Less: Provision for depreciation & NPI	-	-	-	(0.08)	-	-	(0.08)	-	-	-	-	**(0.08)**
Net	327.82	-	0.15	23.92	-	-	351.89	-	-	-	-	**351.89**
Total Investments	2,60,251.56	-	5,007.59	65,574.51	393.80	12,992.79	3,44,220.25	1,739.88	1,148.71	45.77	2,934.36	3,47,154.61
Less: Provision for NPI	-	-	-	(200.00)	(5.00)	-	(205.00)	-	(3.11)	-	(3.11)	(208.11)
Less: Provision for depreciation & NPI	-	-	(2,966.26)	(2,221.09)	-	(2,437.08)	(7,624.43)	(10.80)	-	(12.21)	(23.01)	(7,647.44)
Net	2,60,251.56	0.00	2,041.33	63,153.42	388.80	10,555.71	3,36,390.82	1,729.08	1,145.60	33.56	2,908.24	3,39,299.06

Note: 1. Provision provided in Subsidiaries and/or Joint Venture (in India & outside India) is on account of Standard MTM and not NPI.

2. Provision for Non-performing Investments includes only Held to Maturity Category.

3. Provision for depreciation and NPI includes Available for sale and Held for Trading Category.

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Mumbai FRN: 109262W / W100673

C. R. Sagdeo & Co. FRN 108959W Nagpur

Pyar & Associates

M/s Gopal Sharma & Co. FRN-002803C Jaipur

N B S & Co. Mumbai FRN 110100W

As at 31.03.2022

(Rs in Crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total investments outside India	
Held to maturity												
Gross	1,99,238.04	-	59.71	56,762.49	343.61	346.90	2,56,750.75	--	1,148.71	0.40	1,149.11	2,57,899.86
Less: Provision for non-performing investments (NPI)	-	-	-	(80.00)	(5.00)	-	(85.00)	--	(1.43)	-	(1.43)	(86.43)
Net	1,99,238.04	-	59.71	56,682.49	338.61	346.90	2,56,665.75	--	1,147.28	0.40	1,147.68	2,57,813.43
Available for sale												
Gross	65,341.29	-	5,085.76	14,182.17	-	10,908.61	95,517.83	1,640.39	-	45.62	1,686.01	97,203.84
Less: Provision for depreciation & NPI	-	-	(2,840.17)	(1,481.55)	-	(1,742.43)	(6,064.15)	(30.20)	-	-	(30.20)	(6,094.35)
Net	65,341.29	-	2,245.59	12,700.62	-	9,166.18	89,453.68	1,610.19	-	45.62	1,655.81	91,109.49
Held for trading												
Gross	(415.53)	-	-	-	-	-	(415.53)	--	-	-	-	(415.53)
Less: Provision for depreciation & NPI	-	-	-	-	-	-	0.00	--	-	-	-	-
Net	(415.53)	-	-	-	-	-	(415.53)	--	-	-	-	(415.53)
Total Investments	2,64,163.80	-	5,145.47	70,944.66	343.61	11,255.51	3,51,853.04	1,640.39	1,148.71	46.02	2,835.12	3,54,688.16
Less: Provision for NPI	-	-	-	(80.00)	(5.00)	-	(85.00)	-	(1.43)	-	(1.43)	(86.43)
Less: Provision for depreciation & NPI	-	-	(2,840.17)	(1,481.55)	-	(1,742.43)	(6,064.15)	(30.20)	-	-	(30.20)	(6,094.35)
Net	2,64,163.80	0.00	2,305.30	69,383.11	338.61	9,513.08	3,45,703.90	1,610.19	1,147.28	46.02	2,803.49	3,48,507.39

Note: 1. Provision provided in Subsidiaries and/or Joint Venture (in India & outside India) is on account of Standard MTM and not NPI.
2. Provision for Non-performing investments includes only Held to Maturity Category.
3. Provision for depreciation and NPI includes Available for sale and Held for Trading Category.

b) Movements of Provisions for Depreciation and Investment Fluctuation Reserve

(Rs in crore)

Particulars	2022-23	2021-22
i) Movement of provisions held towards depreciation on investments		
a) Opening Balance	6,180.78	6,227.42
b) Add: Provisions made during the year	2,119.77	631.43
c) Less: Write off / Write back of excess provisions during the year	444.98	678.07
d) Closing Balance	**7,855.57**	**6,180.78**
ii) Movement of Investment Fluctuation Reserve		
a) Opening Balance	1,936.16	1,279.29
b) Add: Amount transferred during the year	--	656.87
c) Less: Drawdown	583.20	0.00
d) Closing Balance	**1,352.96**	**1,936.16**
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2.00	2.00
iv) Movement of Investment Reserve		
a) Opening Balance	--	--
b) Add: Amount transferred during the year	176.90	--
c) Less: Drawdown	--	--
d) Closing Balance	**176.90**	--

During the FY 2022-23, Investment Reserve has been created since the bank is currently maintaining excess provision in AFs and HFT categories to the tune of ₹ 362.56 Crore and the amount has been transferred net of taxes & transfer to Statutory Reserve.

c) Sale and transfers to/from HTM category

The Bank has not made sales and transfers to/from HTM category during the financial year 2022 - 23 exceeding 5 per cent of the book value of investments held in HTM category at the beginning of the year. The 5 per cent threshold to above will exclude:

i. The one-time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginnihg of the accounting year.
ii. Direst sale from HTM for bringing down SLR holding in HTM category consequent to a downward revision in SLR requirements by RBI.
iii. Sale to Reserve Bank of India under liquidity management operations of RBI like Open Market Operations (OMO) and the Government securities acquisition programme (GSAP).
iv. Repurchase of Government Securities by Government of India from banks under buyback / switch operations.
v. Repurchase of State Development Loans by respective state governments under buyback / switch operations.
vi. Additional shifting of securities explicitly permitted by the Reserve Bank of India

d) Non-SLR investment portfolio

i) Non-performing non-SLR investments

(Rs in crore)

S.no.	Particulars	2022-23	2021-22
a)	Opening Balance	4,431.69	4,811.06
b)	Additions during the year since 1st April	1,910.06	566.54
c)	Reductions during the above period	416.15	945.91
d)	Closing balance	5,925.60	4,431.69
e)	Total provisions held	5,737.00	4,036.84

ii) Issuer composition of non-SLR investments

The issuer composition of investments in securities, other than Government and other approved securities is given below: (Rs in crore)

S.no.	Issuer	Amount		Extent of Private Placement		Extent of 'Below Investment Grade' Securities		Extent of 'Unrated' Securities		Extent of 'Unlisted' Securities	
		2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
a)	PSUs	4,193.09	4,087.05	1,418.66	1,170.10	--	--	3,080.52	3,197.29	0.58	22.83
b)	FIs	4,046.13	2,680.13	1,765.47	595.68	--	--	--	--	--	--
c)	Banks	2,816.78	2,057.83	2,177.16	1,850.15	--	--	5.00	--	--	--
d)	Private Corporates	24,269.13	29,301.27	20,609.27	24,005.23	20.00	456.28	448.37	413.54	126.16	138.94
e)	Subsidiaries/ Joint Ventures	1,542.52	1,492.32	1,542.52	1,492.32	--	--	--	--	--	--
f)	Others	50,035.42	50,905.77	46,481.31	47,310.71	--	--	--	--	--	--
g)	Provision held towards depreciation	(7,855.57)	(6,180.78)	--	--	--	--	--	--	--	--
	TOTAL	79,047.49	84,343.59	73,994.39	76,424.19	20.00	456.28	3,533.89	3,610.83	126.74	161.77

e) Repo Transactions (in face value terms)

The following tables set forth for the periods indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

(Rs in crore)

	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2023
i)	**Securities sold under Repo**				
a)	Government securities	14,129.54	21,902.81	15,874.76	14,509.54
b)	Corporate debt securities	--	--	--	--
c)	Any other securities	10.33	10.33	10.33	10.33
ii)	**Securities purchased under Reverse Repo**				
a)	Government securities	255.00	60,605.07	6,067.94	763.49
b)	Corporate debt securities	--	--	--	--
c)	Any other securities	--	--	--	--

f) Profit of ₹ 193.77 Crore (previous year ₹ 2,120.13 crore) on sale of "Held to Maturity" category securities have been taken to profit and loss account initially.

g) In respect of "Held to Maturity" category, the excess of acquisition cost over face value of the securities amortized during the year amounted to ₹ 723.50 crore (previous year ₹ 719.79 Crore).

h) Total investments made in shares, convertible debentures and units of equity linked mutual funds / venture capital funds and also advances against shares aggregate to Rs 2,353.41 crore (previous year Rs 2,523.77 crore).

4. Asset Quality

a) Classification of advances and provisions held

(Rs in crore)

FY 2022-23	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	6,36,820.81	11,040.55	49,449.47	19,097.04	79,587.07	7,16,407.87
Add: Additions during the year					12,518.60	12,518.60
Less: Reductions during the year*					31,118.38	31,118.38
Closing balance	7,48,918.02	7,118.16	34,950.72	18,918.41	60,987.29	8,09,905.31
*Reductions in Gross NPAs due to:					31,118.38	31,118.38
i. Upgradation					4,666.03	4,666.03
ii) Recoveries (excluding recoveries from upgraded accounts)					7,277.35	7,277.35
iii) Technical/ Prudential Write-offs					16,805.74	16,805.74
iv) Write-offs other than those under (iii) above					2,369.26	2,369.26
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	6,566.77	2,377.63	33,650.81	18,628.10	54,656.53	61,223.30
Add: Fresh provisions made during the year					12,478.97	12,478.97
Less: Excess provision reversed/ Write-off loans	987.21				19,506.32	20,493.53
Closing balance of provisions held	5,579.56	1,892.61	27,035.25	18,701.32	47,629.18	53,208.74
Amount kept in Sundry Deposits-ECGC Claim received/Recovery in suit filed accounts/sacrifice in restructured NPA accounts					430.68	430.68
Net NPAs						
Opening Balance		8,659.30	15,524.13	119.87	24,303.30	24,303.30
Add: Fresh additions during the year					12,048.29	
Less: Reductions during the year					23,424.15	
Closing Balance		5,199.52	7,727.92	0.00	12,927.44	12,927.44
Floating Provisions						
Opening Balance						Nil
Add: Additional provisions made during the year						Nil
Less: Amount drawn down during the year						Nil
Closing balance of floating provisions						Nil
Technical write-offs and the recoveries made thereon						
Opening Balance of Technical/Prudential						68,680.43

FY 2022-23	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
written off accounts						
Add: Technical/Prudential write-off during the year						16,805.73
Less: Recoveries made from previously Technical/Prudential written-off accounts during the year						12,693.64
Closing Balance						72,792.52

(Rs in crore)

FY 2021-22	Standard	Non-performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	5,63,896.13	13,489.56	50,540.50	25,758.14	89,788.20	6,53,684.33
Add: Additions during the year					22,877.39	22,877.39
Less: Reductions during the year*					33,078.53	33,078.53
Closing balance	6,36,820.81	11,040.55	49,449.47	19,097.04	79,587.07	7,16,407.87
*Reductions in Gross NPAs due to:					33,078.53	33,078.53
i) Upgradation					7,742.82	7,742.82
ii) Recoveries (excluding recoveries from upgraded accounts)					5,851.28	5,851.28
iii) Technical/ Prudential Write-offs					18,025.70	18,025.70
iv) Write-offs other than those under (iii) above					1,458.73	1,458.73
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	5,112.97	2,272.67	34,896.24	24,679.04	61,847.95	66,960.92
Add: Fresh provisions made during the year					11,919.46	11,919.46
Less: Excess provision reversed/ Write-off loans					19,110.88	19,110.88
Closing balance of provisions held	6,566.77	2,377.63	33,650.81	18,628.10	54,656.53	61,223.30
Amount kept in Sundry Deposits-ECGC Claim received/Recovery in suit filed accounts/sacrifice in restructured NPA accounts/floating provision					522.65	522.65
Net NPAs						
Opening Balance		11,197.34	15,165.99	917.19	27,280.52	27,280.52
Add: Fresh additions during the year					10,986.46	10,986.46
Less: Reductions during the year					13,963.68	13,963.68
Closing Balance		8,659.30	15,524.13	119.87	24,303.30	24,303.30

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FY 2021-22	Standard	Non-performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Opening balance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	306.20
Add: Additional provisions made during the year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	--
Less: Amount drawn down during the year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	306.20
Closing balance of floating provisions	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Nil
Technical write-offs and the recoveries made thereon						
Opening Balance of Technical/Prudential written off accounts	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	55,877.88
Add: Technical / Prudential write-offs during the year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	17,611.07
Less: Recoveries made from previously Technical / Prudential written-off accounts during the year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	4,808.52
Closing Balance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	68,680.43

Ratios (in per cent)	2022-23	2021-22
Gross NPA to Gross Advances	7.53	11.11
Net NPA to Net Advances	1.70	3.68
Provision coverage ratio	90.34	83.61

b) Sector-wise Advances and Gross NPAs (Rs in crore)

Sr. No.	Sector	2022-23			2021-22		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to total Advances in that sector
i)	**Priority Sector**						
a)	Agriculture and allied activities	1,43,493.24	13,691.94	9.54	1,24,395.26	13,543.61	10.89
b)	Advances to industries sector eligible as priority sector lending	39,428.37	5,576.86	14.14	39,765.31	8,167.11	20.54
c)	Services	85,855.21	10,104.78	11.77	75,149.63	13,349.25	17.76
d)	Personal loans	38,088.39	2,808.90	7.37	39,275.53	2,098.46	5.34
	Sub-total (i)	3,06,865.21	32,182.48	10.49	**2,78,585.73**	**37,158.43**	**13.34**
ii)	**Non Priority Sector**						
a)	Agriculture and allied activities	7,736.63	1,117.94	14.45	8,696.56	1,863.22	21.42
b)	Industry	1,08,328.10	10,001.65	9.23	1,43,378.04	20,574.40	14.35
c)	Services	1,89,560.91	9,178.30	4.84	1,65,324.21	13,950.23	8.44
d)	Personal loans	1,97,414.46	8,506.92	4.31	1,20,423.35	6,040.79	5.02
	Sub-total (ii)	5,03,040.10	28,804.81	5.73	4,37,822.16	**4,24,28.64**	**9.69**
	Total (i+ii)	**8,09,905.31**	**60,987.29**	**7.53**	**7,16,407.88**	**79,587.07**	**11.11**

R.G.N. Price & Co. Chartered Accountants

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Details of industry wherein Sub-sector advances is more than 10% of the total advances of industry sector:

Sr. No.	Sector	2022-23		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to total Advances in that sector
I	Basic Metals AND Metal Products	25,124.64	1,689.75	6.73%
II	Infra	94,202.45	7,569.17	8.04%

Sr. No.	Sector	2021-22		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to total Advances in that sector
I	Basic Metals & Metal products	16,014	4,557	28.46
II	Construction	40,734	8,898	21.84
III	Food manufacturing & processing	18,758	5,101	27.19

c) OVERSEAS ASSETS, NPAs AND REVENUE

(Rs in crore)

Particulars	31.03.2023	31.03.2022
Total Assets	31,540.79	26,418.31
Total NPAs	2,357.98	2,265.25
Total Revenue	1,096.75	426.24

d) Particulars of resolution plan and restructuring under RBI circular DBR.No..BP.BC.45/21.04.048/2018-19 dated June 7, 2019: (Rs in crore)

Particulars	No. of accounts	Investment value	Provision Held
Debt converted into Equity Based on RBI June 2019 Circular	6	104.77	54.25

ii) Details of accounts subjected to restructuring

(Rs in Crore)

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22
Standard	Number of borrowers	3,108	6,883	26	32	46,871	1,05,979	56,303	70,032	1,06,308	1,82,926
	Gross Amount	223.74	332.44	6,638.44	9,246.36	3,335.35	5,707.11	8,185.46	9,533.55	18,383.00	24,819.45
	Provision held	21.29	32.64	397.38	673.44	290.72	435.10	786.35	949.69	1,495.75	2,090.87
Substandard	Number of borrowers	1,308	579	--	2	23,973	34,772	3,802	3,088	29,083	38,441
	Gross Amount	38.46	14.45	--	72.94	639.22	1,008.81	359.88	298.33	1,037.56	1,394.52
	Provision held	5.86	2.24	--	13.15	100.31	160.32	55.12	46.61	161.28	222.32
Doubtful	Number of borrowers	1,479	1,224	17	67	47,300	21,852	2,718	1,202	51,514	24,345
	Gross Amount	92.52	207.61	1,787.82	10,144.05	1,748.85	[illegible]	230.10	153.34	3,859.30	12,537.77

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
	Provision held	78.07	172.95	985.82	8,817.41	873.33	1,349.91	117.60	88.94	2,054.82	10,429.20
Loss	Number of borrowers	101	54	13	59	3,449	2,144	4,588	1814	8,151	4071
	Gross Amount	49.00	171.34	2,149.74	6,972.99	184.16	564.96	146.99	89.14	2,529.88	7,798.43
	Provision held	49.00	171.31	2,149.74	6,968.74	182.01	567.01	146.99	89.00	2,527.73	7,796.06
Total	Number of borrowers	5,996	8,740	56	160	1,21,593	1,64,747	67,411	76,136	1,95,056	2,49,783
	Gross Amount	403.72	725.83	10,576.00	26,436.34	5,907.58	9,313.65	8,922.44	10,074.36	25,809.74	46,550.18
	Provision held	154.22	379.13	3,532.94	16,472.75	1,446.37	2,512.33	1,106.06	1,174.23	6,239.58	20,538.45

e) **Divergence in asset classification & provisioning**

No disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for the year ended March 31, 2022, based on the conditions mentioned in RBI circular No. RBI/2022-23/130 DOR.ACC.REC.No.74/21.04.018/2022-23 dated October 11, 2022.

f) **Disclosure of transfer of loan exposure:**

i) The Bank has not transferred any loans not in default during FY 2022-23.

ii) Details of loans not in default acquired through assignment are given below:

(Rs in crore)

Particulars	2022-23	2021-22
Aggregate Amount of Loans acquired	2772.99	1,962.42
Weighted average residual maturity (in months)	74.59	144.00
Weighted average holding period by originator (in months)	12.47	20.42
Retention of beneficial economic interest by the originator	10.00%	10.00%
Tangible Security Coverage	72.13%	273.96%

The loans acquired are not rated as these are to Non-corporate Borrowers.

iii) The Bank has not acquired any non-performing assets during FY 2022-23.

iv) Details of non-performing loans transferred are given below:

(Amount in Rs crore)

FY 2022-23 **Particulars**	**To ARCs**	**To permitted transferees**	**To other transferees (please specify)**
No. of accounts	10	Nil	Nil
Aggregate principal outstanding of loans transferred	3,248.82		
Weighted average residual tenor of the loans transferred (months)	119.42		
Net book value of loans transferred (at the time of transfer)	Nil		
Aggregate consideration	1,472.76		
Additional consideration realized in respect of accounts transferred in earlier years	45.09		

(Amount in Rs crore)

FY 2021-22 Particulars	To ARCs	To permitted transferees	To other transferees (please specify)
No. of accounts	8	Nil	Nil
Aggregate principal outstanding of loans transferred	1,181.38		
Weighted average residual tenor of the loans transferred	Nil		
Net book value of loans transferred (at the time of transfer)	108.59		
Aggregate consideration	623.60		
Additional consideration realized in respect of accounts transferred in earlier years	28.52		

v) Distribution of the SRs held across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies as on 31st March, 2023 are as under:

Recovery Rating Band	Book Value	(Rs in crore)
	As on 31.03.2023	As on 31.03.2022
RR1+	222.25	12.33
RR1	384.06	878.44
RR2	186.16	303.07
RR3	53.27	148.63
RR4	181.07	382.41
RR5	391.09	376.79
RR6	--	25.30
Unrated	815.86	78.23
Total	**2,233.76**	**2,205.20**

During the FY ending 31st March, 2023, two new SRs to the tune of ₹ 342.68 Crore have been added in the portfolio and 100% provision has been made on the book value of the Security Receipts.

g) Fraud Accounts (Amount in ₹ crore)

Particulars	31.03.2023	31.03.2022
Number of frauds reported	366	638
Amount involved in fraud	5,504.38	3,942.37
Amount outstanding in fraud	5,418.30	3,674.70
Amount of Provision made for such frauds	5,418.30	3,554.83
Amount of Unamortized Provision debited from "other reserve" as at the end of Year	0.00	119.87

h) Details of resolution plan implemented under Resolution framework for Covid 19 related stress as per RBI circular dtd. 6th August 2020 and 5th May, 2021 are as below: (Rs in crore)

Type of borrower	(A) Exposure to accounts classified as standard consequent to implementation of resolution plan- position as at 30.09.2022	(B) of (A) aggregate debt that slipped into NPA during the half-year	(C) Of (A), Amount written off during the half year	(D) Of (A) amount paid by the borrower during the half year	(E) Exposure to accounts classified as standard consequent to implementation of resolution plan- position as at 31.03.2023
Personal	8467.55	248.64	0.00	504.10	7714.81

Loans					
Corporate persons	3924.88	30.93	0.00	157.85	3736.10
Of which, MSMEs	270.18	30.93	0.00	20.76	218.49
Others	251.17	27.47	0.00	16.36	207.34
Total	12,643.60	307.04	-	678.31	11,658.25

i) In terms of RBI Circular No. DBR.BP.BC.18/21.04.048/2018-19 dated 1st January, 2019, DOR.No. BP.BC.34/21.04.048/2019-20 dated 11th February, 2020, DOR.No.BP.BC/4/21.04.048/2020-21 dated 6th August, 2020 and DOR.STR.REC.12/21.04.048/2021-22 dated 5th May, 2021 on "Restructuring of Advances - Micro, Small & Medium Enterprises (MSME) Sector (One Time Restructuring)", the Bank has restructured the MSME borrower accounts as under:

No of Accounts restructured	Rs in Crore
1,21,122	5,052.85

j) In terms of RBI circular no. DOR.STR.REC.11/21.04.048/2021-22 dated 05.05.2021 under Resolution Framework 2.0 for Individuals & Small Business, the details are as under:

Sector	Position as of 31.03.2023	
	No. of borrowers	Amount in Rs crore
Personal & Small Business	42,860	5,914.65
Agri/Allied	4,997	269.71
Total	47,857	6,184.36

k) In terms of RBI Circular DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 on Prudential Framework for Resolution of Stressed Assets, the bank is holding provision as on 31st March, 2023 in 16 accounts as detailed below:

(Rs in crore)

Amount of loans impacted by RBI circular	Amount of loans to be classified as NPA	Amount of loans as on 31.03.2023 out of (B) classified as NPA	Provisions required for loans covered under RBI circular out of (A)	Provision held on 31.03.2023
(A)	(B)	(C)	(D)	(E)
4,003.90	2,588.58	2,588.58	678.09	678.09

l) As per RBI circular No. DBR No. BP. 15199/21.04.048/2016-17 and DBR No. BP. 1906/21.04.048/2016-17 dated June 23, 2017 and August 28, 2017 respectively, for the accounts covered under the provisions of the Insolvency and Bankruptcy Code (IBC), the Bank has made a total provision of ₹ 10,568.54 Crore (including Technically Written Off accounts of ₹ 10,510.66 crore) covering 100% of the total outstanding as on 31st March, 2023.

5. EXPOSURES

a) Exposure to Real Estate Sector

(Rs in crore)

Sr. No.	Category	31.03.2023	31.03.2022
i)	Direct exposure	99,387.40	91,038.56
a)	Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	84,322.00	76,189.00

Sr. No.	Category	31.03.2023	31.03.2022
	-Out of the above, individual housing loan eligible for inclusion in Priority Sector Advances	32,831.00	34,702.00
b)	Commercial Real Estate - lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits.	15,065.40	14,849.56
c)	Investments in Mortgage-Backed Securities (MBS) and other securitized exposures - i. Residential, ii. Commercial Real Estate.	Nil Nil	Nil Nil
ii)	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	46,693.51	44,862.16
	Total Exposure to Real Estate Sector	**1,46,080.91**	**1,35,900.72**

b) Exposure to Capital Market (Rs in crore)

Sr. No	Particulars	31.03.2023	31.03.2022
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	1,208.79	1,364.85
ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds	1.35	1.32
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	299.20	319.28
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances	1,198.71	825.61
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	1,058.30	393.50
vi)	Loans sanctioned to corporate against the security of shares /bonds/debentures or other securities or on clean basis for meeting promoter contribution to the equity of new companies in anticipation of raising resources	--	--
vii)	Bridge loans to companies against expected equity flows /issues.	--	--
viii)	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures and units of equity oriented mutual funds	--	--
ix)	Financing to stockbrokers for margin trading	--	--

Union Bank of India Finance & Accounts Dept.

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Mumbai FRN : 109262W / W100673 Chartered Accountants

C. R. Sagdeo & Co. FRN 108959W Nagpur Chartered Accountants

PSAR & Associates FRN : 005223C Chartered Accountants

M/S Gopal Sharma & Co. FRN 002803C Jaipur Chartered Accountants

N B S & Co. Mumbai FRN 110100W Chartered Accountants

Sr. No	Particulars	31.03.2023	31.03.2022
x)	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will reckon for compliance with the capital market exposure.	1,144.62	1,158.92
	Total exposure to Capital Market	**4,910.97**	**4,063.48**

c) **Risk Category -wise Country Exposure** (Rs in crore)

Risk Category	Net Exposure 31.03.2023	Provision held 31.03.2023	Net Exposure 31.03.2022	Provision held 31.03.2022
Insignificant	31,603.27	Nil	16,345.90	Nil
Low	22,760.29	Nil	13,396.01	Nil
Moderately Low	513.30	Nil	74.41	Nil
Moderate	227.78	Nil	181.59	Nil
Moderately High	670.21	Nil	134.84	Nil
High	101.17	Nil	1.18	Nil
Very High	0.00	Nil	5.28	Nil
Total	**55,876.02**	**Nil**	**30,139.21**	**Nil**

As per Country Risk Policy 2022-23, Bank has used ECGC country risk classification for the Trade Exposure and other than Trade exposure in India both for branches in India and for overseas branches.

Bank will make provision for country risk exposure only in respect of a country where the net funded exposure is 1% or more of its total assets.

d) Unsecured advances (Rs in crore)

Particulars	31.03.2023	31.03.2022
Total unsecured advances of the bank	1,25,803.00	1,13,489.29
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. have been taken	Nil	Nil
Estimated value of such intangible collateral securities	Nil	Nil

Advances backed by Annuity under Build Operate Transfer (BOT) model in respect of Road / Highway / Projects and toll collection rights have been considered secured as per RBI Circular No. OD.BP.BC.No. 83/08.12.014/2012-13 dated 18th March 2013.

e) Factoring exposure

(Rs in crore)

Particulars	As on 31.03.2023	As on 31.03.2022
TReDS Exposure in terms of DBR.No.FSD.BC.32/24.01.007/2015-16 dated 30th July 2015 (Para 8).	523.83	543.54

f) Intra Group Exposure

(Rs in crore)

Particulars	31.03.2023	31.03.2022
Total amount of Intra group exposure	539.98	490.44
Total amount of Top 20 Intra group exposure	539.98	490.44
Percentage of Intra group exposure to total exposure of the Bank on borrowers/customers	0.05	0.05
Details of breach of limits on Intra group exposure and regulatory action thereon, if any	NIL	NIL

g) Un-Hedged Foreign Currency Exposures

In terms of guidelines issued by Reserve Bank of India with regard to UFCE, Bank has approved Policy on Unhedged Foreign Currency Exposure of Clients 2022-23. While framing the policy, bank has taken into consideration the exchange risks arising out of volatility in the forex market and accordingly has made suitable provisions to reduce the risks. Bank has also taken into consideration credit risks arising out of unhedged foreign currency exposure and accordingly Bank has put in place risk mitigation measures by incorporating additional loan pricing framework. Total provision made for exposures to entities with UFCE for the year ended March 2023 is ₹16.83 Crore.

6. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs:

a) Concentration of Deposits

(Rs in crore)

Particulars	31.03.2023	31.03.2022
Total Deposits of twenty largest depositors	89,178.87	97,755.30
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank.	7.98	9.47

b) Concentration of Advances

(Rs in crore)

Particulars	31.03.2023	31.03.2022
Total Advances of twenty largest borrowers/customers	1,35,080.37	1,04,418.65
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	16.46	14.35

c) Concentration of Exposures

(Rs in crore)

Particulars	31.03.2023	31.03.2022
Total Exposures of twenty largest borrowers/customers	1,43,096.26	1,39,132.22
Percentage of Exposures of twenty largest borrowers/customers to Total Exposures of the Bank on borrowers / customers	13.41	14.57

d) Concentration of NPAs

(Rs in crore)

Particulars	31.03.2023	31.03.2022
Total Exposures to top twenty NPA accounts	10,510.60	11,098.86
Percentage of Exposures to the twenty largest NPA Exposures to total Gross NPAs	17.23	13.95

7. DERIVATIVES

a) Forward Rate Agreement/Interest Rate Swap

(Rs in crore)

Sr. No.	Particulars	31.03.2023	31.03.2022
i)	The notional principal of swap agreements	42,093.16	17,840.00
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	136.65	110.71

iii)	Collateral required by the Bank upon entering into swaps	Nil	Nil
iv)	Concentration of credit risk arising from the Swaps	Banking Industry	Banking Industry
v)	The fair value of the swap book	4.65	4.96

Note:

I. Interest rate swaps in Indian Rupees were undertaken for hedging Reciprocal Loan Arrangements.

II. The Bank has entered into Floating to Fixed or Fixed to Floating Interest Rate Swap transactions for trading during the year.

III. All underlying for hedge transactions are on accrual basis.

b) Exchange Traded Interest Rate Derivatives

(Rs in crore)

Sr. No	Particulars	31.03.2023		31.03.2022	
		Buy	Sell	Buy	Sell
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) Interest Rate Future				
	a) 577GS2030	--	--	70.00	70.00
	b) 585GS2030	--	--	1,963.00	1,963.00
	c) 664GS2035	--	--	428.00	428.00
	d) 610GS2031	1,215.04	1,215.04	3,035.02	3,035.02
	e) 654GS2032	1,074.28	1,074.28	--	--
	f) 726GS2032	1,180.76	1,180.74	--	--
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2023 (instrument-wise) a) 726GS2032	0.02		Nil	
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil		Nil	
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)	Nil		Nil	

c) Disclosures on Risk Exposures in Derivatives

i) Qualitative disclosure:

a) The Bank deals in two groups of derivative transactions within the framework of RBI guidelines.

i) Over the Counter Derivatives

ii) Exchange Traded Derivatives

The Bank deals in Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swap and Currency Options in Over the Counter Derivatives group.

In Exchange Traded Derivatives Group, the Bank trades in Currency Futures and Interest Rate Futures. The Bank is Trading & clearing member with three Exchanges viz. National Stock Exchange (NSE), Bombay Stock Exchange (BSE) & Metropolitan Stock Exchange (MSEIL), on their Currency Derivative segment, as permitted by Reserve Bank of India. The Bank carries out proprietary trading in currency futures on these exchanges. The Bank has set up the necessary infrastructure for Front, Mid and Back office operations. Daily Mark to Market (MTM) and Margin obligations are settled with the exchanges as per guidelines issued by the Regulators.

The Bank trades in Interest Rate Futures on National Stock Exchange. The bank has necessary infrastructure for Front, Mid and Back office operations in place. Daily Mark to Market (MTM) and Margin obligations are settled with the exchanges as per guidelines issued by the Regulators.

The Bank undertakes derivative transactions for proprietary trading/market making, hedging own balance sheet and for offering to customers, who use them for hedging their risks within the prevalent regulations. Proprietary trading/market making positions are taken in Rupee Interest Rate Swap, Currency Futures and Interest Rate Futures. While derivative instruments present immense opportunity for making a quantum leap in non-interest income and also for hedging market risk, it exposes the Bank to various risks. The Bank has adopted the following mechanism for managing different risks arising out of derivative transactions.

a) In terms of the structure, operations in the Treasury Branch are segregated into following three functional areas, which are provided with trained officers with necessary systems support and their responsibilities are clearly defined.

   I) Front Office (Dealing Room) - Ensures Compliance with trade origination requirements as per Bank's policy and RBI guidelines.
   II) Mid-Office - Risk Management, Accounting Policies and Management
   III) Back Office - Settlement, Reconciliation, Accounting.

Mid Office monitors transactions in the trading book and excesses, if any, are reported to Risk management Department for necessary action. Mid Office also measures the financial risk for transactions in the trading book on a daily basis, by way of Mark to Market. Daily Mark to Market position is reported to Risk Management Department, for onward reporting of the risk profile to the Directors' Committee on the Assets and Liability Management.

In case of corporate clients transactions are concluded only after the inherent credit exposures are quantified and approved in terms of approval process laid down in the Treasury Policy for customer appropriateness and suitability. The necessary documents like ISDA agreements are duly executed. The bank has adopted Current Exposure Method for monitoring credit exposures.

Bank has entered into Credit Support Annex (CSA) with few banks. CSA is a legal document regulating the terms and conditions under which collateral is posted to mitigate counterparty credit risk in bilateral derivative transactions.

b) Treasury Policy of the Bank lays down the types of financial derivative instruments, scope of usages, and approval process as also the limits like the open position limits, deal size limits, stop loss limits and counterpart exposure limit for trading in approved instruments.

Various Risk Limits are set up and actual exposures are monitored vis-à-vis the limits.
These limits are set up taking in to account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, stop loss, counterparty credit exposure. Actual positions are measured against these limits periodically and breaches if any are reported promptly. The Bank ensures that the Gross PV01 position arising out of all non option derivative contracts is within the 0.25% of net worth of the Bank.

c) The Bank also uses financial derivative transactions for hedging its own Balance Sheet Exposures. Treasury Policy of the Bank spells out approval process for hedging the exposures. The hedge transactions are monitored on a regular basis. The notional profit or loss calculated on Mark to Market basis, PV01 and VaR on these deals are reported to the Assets Liability Committee (ALCO) every month. Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged items that are attributed to a hedged risk are offset by changes in the fair value or cash flows of the hedging instruments. This exercise is carried out periodically to ensure hedge effectiveness.

d) The hedged/un-hedged transactions are recorded separately. The hedged transactions are accounted for on accrual basis. All trading contracts are mark-to-market and resultant gross gain or loss is recorded in income statement.

In case of Option contracts, guidelines issued by FEDAI from time to time for recognition of income, premium, and discount are being followed.

To mitigate the credit risk, the Bank has policy in place to sanction limits to the counterparty Banks and Counterparty clients. The Bank adopts Current Exposure method for monitoring counterparty exposure periodically. While sanctioning derivative limit, the competent authority may stipulate condition of obtaining collaterals/margin as deemed appropriate. The derivative limit is reviewed periodically along with other credit limits.

. The customer related derivative transactions are covered with counterparty banks, on back-to-back basis for identical amount and tenure and the bank does not carry any market risk.

ii) Quantitative disclosure:

(Rs in crore)

Quantitative Disclosures					
S No	Particular	31-03-2023		31-03-2022	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(a)	**Derivatives (Notional Principal Amount)**				
	(i) For Hedging	3,994.00	3,165.00	370.64	2,180.00
	(ii) For Trading	4,13,578.41	38,928.18	4,44,008.28	15,660.00
(b)	**Marked to Market Position**				
	(i) Asset (+)	1,430.12	135.51	1,818.71	88.38
	(ii) Liability (-)	-1,326.16	-130.46	-1,683.63	-88.67
(c)	Credit Exposure (*)	10,364.27	493.24	11,041.95	267.08
(d)	**Likely impact of one percentage change in interest rate (100*PV01)**				**(₹ in Lacs)**
	(i) On Hedging Derivatives	-20,888.16	3,686.11	0.00	4,392.29
	(ii) On Trading Derivatives	-16.62	47.77	0.00	134.01
(e)	**Maximum and Minimum of 100*PV01 observed during the year**				**(₹ in Lacs)**
	I. Maximum				
	(i) On Hedging	-10,744.86	4,652.40	0.00	5,454.20
	(ii) On Trading	1,023.14	2,548.55	0.00	2,345.28
	II. Minimum				
	(i) On Hedging	-23,138.00	3,686.11	0.00	1,407.51
	(ii) On Trading	-25.97	14.82	0.00	22.40

*Note:

1. Credit Exposure of Interest Rate Derivatives also includes the exposure on Hedging deals.
2. Credit Exposure of Currency Derivatives also includes the exposure on Hedging deals

d) CREDIT DEFAULT SWAPS:

The Bank has not entered into any Credit Default Swap transactions during the FY 22-23.

8. Disclosures relating to securitisation: Nil

9. Off - Balance Sheet SPVs sponsored by the Bank: Nil

10. TRANSFERS TO DEPOSITOR EDUCATION AND AWARENESS FUND (DEAF)

(Rs in crore)

Particulars	31.03.2023	31.03.2022
Opening balance amounts transferred to DEAF	2,877.09	2,375.24
Add: Amounts transferred to DEAF during the Year	387.59	545.18
Less: Amount reimbursed by DEAF towards claims	65.85	43.33
Closing balance of Amount transferred to DEAF	**3,198.83**	**2,877.09**

11. DISCLOSURE OF COMPLAINTS:

Summary information on complaints received by the bank from customers and from the Offices of Ombudsman (OBOs)

Sr.No.		Particulars	2022-23	2021-22
		Complaints received by the Bank from its customers		
1.		Number of complaints pending at beginning of the year (Including BO Complaints)	1,395	10,780
2.		Number of complaints received during the year (Including BO Complaints)	2,52,086	3,28,216
3.		Number of complaints disposed during the year (Including BO Complaints)	2,52,954	3,37,601
	3.1	Of which, number of complaints rejected by the bank	610	415
4.		Number of complaints pending at the end of the year (Including BO Complaints)	527	1,395
		Maintainable complaints received by the bank from OBOs		
5.		Number of maintainable complaints received by the bank from OBOs	6,167	7,971
	5.1	Of 5, number of complaints resolved in favour of the bank by BOs	2,241	7,229
	5.2	Of 5, Number of complaints resolved through conciliation/ mediation/ advisories issued by BOs	3,924	740
	5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank.	2	2
6.		Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme. However, the above data collated from CMS site also includes those complaints settled by agreement per Clause 11 as well as Rejected Complaints as per Clause 13 of Ombudsman Scheme 2006 which is under correspondence.

Top five grounds of complaints received by the Bank from customers (Including BO Complaints)					
Grounds of complaints (i.e. Complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year (2022-23)					
	01.04.2022	2022-23	31.03.2023	31.03.2023	
ATM/Debit Cards	324	203453	-4.91%	98	0
Internet/Mobile/Electronic Banking	213	23432	-62.25%	50	0
Levy of Charges Without prior Notice/Excessive Charges/Foreclosure Charges	47	3860	-62.72%	1	0
Cheques/Drafts/Bills	11	765	-77.56%	8	0
Credit Cards	32	1892	-40.76%	0	0
Others	768	18684	- 46.97%	370	2
Total	1395	252086	-23.19%	527	2
Previous Year (2021-22)					
	01.04.2021	2021-22	31.03.2022	31.03.2022	
ATM/Debit Cards	4,583	2,13,956	-26.73%	324	50
Internet/Mobile/Electronic Banking	344	62,068	1.61%	213	-
Levy of Charges Without prior Notice/Excessive Charges/Foreclosure Charges	2,389	10,355	23.19%	47	71
Cheques/Drafts/Bills	52	3,410	-36.03%	11	-
Credit Cards	27	3,194	-17.10%	32	17
Others	3,385	35,233	-20.51%	768	60
Total	10,780	3,28,216	-20.92%	1,395	198

12. DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATOR:

(Rs in Crore)

Name of Regulator	Year ended 31st March 2023		Year ended 31st March 2022	
	No. of Cases	Amount	No. of Cases	Amount
Banking Regulation Act, 1949	0	0.00	1	1.00
Other Regulators	0	0.00	1	0.46

13. Key Management Personnel - Remuneration paid

(Rs in crore)

Particulars	31.03.2023	31.03.2022
CEO and Managing Director	0.49	0.37
Executive Directors	1.28	1.21
Total	1.77	1.58

14. Other Disclosures

a) BUSINESS RATIOS

Sr. No.	Particulars	31.03.2023	31.03.2022
i)	Interest Income as a percentage to Working Funds	6.60	6.11
ii)	Non-interest income as a percentage to Working Funds	1.20	1.13
iii)	Cost of Deposit	4.37	4.12
iv)	Net Interest Margin	2.90	2.71
v)	Operating Profit as a percentage to Working Funds	2.08	1.97
vi)	Return on Assets	0.69	0.47
vii)	Average Business (Deposits plus advances) per employee (**₹ in crore**)	23.14	20.48
vi)	Net Profit per employee (**₹ in crore**)	0.11	0.07

b) BANCASSURANCE BUSINESS:

The breakup of income derived from bancassurance business is given here below: (Rs in crore)

Sr. No.	Nature of Income	31.03.2023	31.03.2022
1.	Life Insurance Policies	233.39	170.24
2.	Non Life Insurance Policies	50.76	48.14
3.	Health Insurance	49.13	38.03

c) Marketing and distribution

Details of fees / remuneration received in respect of the marketing and distribution function (excluding bancassurance business):

(Rs in crore)

Sr. No.	Nature of Income	31.03.2023	31.03.2022
1.	Distributing Mutual Fund Business	19.76	17.66

d) Priority Sector Lending Certificate

Other income of the Bank inter alia includes commission income of Rs 167.16 Crore from sale of Priority Sector Lending Certificate. Traded value of PSCL certificate are given below: (Rs in Crore)

Category	Traded Value
PSLC-General	--
PSLC-Small & Marginal Farmer	15,450.00
TOTAL	**15,450.00**

e) Provision & Contingencies

(Rs in crore)

Break up of Provision & Contingencies. debited to Profit & Loss Account:	**31.03.2023**	**31.03.2022**
Provision / (Reversal) for NPI on Investment	1,915.18	214.61
Provision towards NPA	12,478.98	11,613.25
Provision/(Reversal) towards Standard Assets	(992.73)	1,449.02
Net Provision made towards Income Tax (IT)/ Deferred tax assets (DTA)	3,704.45	3,347.31
Other Provision and Contingencies:		
- Shifting Loss	--	--
- Restructured Advances	(96.98)	(32.94)
- Others	24.98	49.83
TOTAL	**17,033.88**	**16,641.08**

f) Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The RBI vide DBR.BP.BC.No. 76/21.07.001/2015-16 dated 11th February 2016, has prescribed the roadmap for implementation of Indian Accounting Standards (Ind-AS) in the Banks and the Banks needs to disclose the strategy for Ind-AS implementation, including the progress made in this regard. The Bank accordingly, has appointed a Consultant to assist in implementation of the Ind-AS. Further, the Bank has procured the required softwares and onboarded the vendor for software implementation of Indian Accounting Standards (Ind-AS). The Bank has also constituted a Steering Committee to oversee the progress made and the Audit Committee of the Board is being apprised of the same from time to time. Further, in terms of DO.DBR.BP.No.2535/21.07.001/2017-18 dated 13th September 2017, the Bank had been submitting Proforma Ind AS financial statements to the RBI on quarterly basis till 31st March 2021. Thereafter, in term of RBI's (Department of Regulation) mail dated 8th August 2021, bank has been advised to submit Proforma Ind AS financial statements on half yearly basis. Last proforma financials for the half year ended 30th September 2022 was submitted to RBI vide letter dated 22nd November 2022.

g) Payment of DICGC Insurance Premium

(Amount in Rs crore)

Sr No.	Particulars	31.03.2023	31.03.2022
i)	Payment of DICGC Insurance Premium (Inclusive of GST)	1,448.90	1,278.48
ii)	Arrears in payment of DICGC premium (Inclusive of GST)	--	--

15. DISCLOSURES AS PER ACCOUNTING STANDARDS ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

a. REVENUE RECOGNITION (AS 9)

Income and Expenditure have been accounted for on accrual basis except certain items of income are recognized on realization basis as per Accounting Policy no.3.4 of Schedule 17 of Significant Accounting Policies which however, is not considered to be material.

b. EMPLOYEE BENEFITS (AS 15 - REVISED)

i) Short Term Employment Benefits:

The undiscounted amounts of short-term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the service are treated as short term and recognized during the period in which the employee rendered the service.

ii) Long Term Employee Benefits:

a) <u>Defined Contribution Plans:</u>

The Bank operates a new pension scheme (NPS) for all officers/employees joining the Bank on or after 1st April,2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with 14% contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS trust.

The Bank has Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after April 1, 2010. The scheme is managed by National Pension Scheme (NPS) Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2022-2023, the Bank has contributed Rs 525.36 crores including arrears of Rs. 0.12 crores (Previous Year Rs.501.51 crore) to NPS.

b) **Defined Benefit Plan:**

Gratuity, Pension and Leave Encashment are defined benefit plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

Defined Benefit Plans - Employee's Pension plan and Gratuity plan:

The Bank has accounted for employee benefits as per Accounting Standards issued by the Institute of Chartered Accountants of India, as per actuarial valuation report for the year ended March 31, 2023.

(Rs in crore)

S.no.	Particulars	31.03.2023		31.03.2022	
		Gratuity	Pension	Gratuity	Pension
i)	**Table showing change in Defined Benefit Obligation:**				
	Liability at the beginning of the year	3,197.81	28,650.99	3,355.82	26,011.41
	Interest Cost	233.76	2,120.17	232.56	1,797.39
	Current Service Cost	163	184.38	161.12	212.30
	Past Service Cost (Vested Benefit Amortized)	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit)	NIL	NIL	NIL	1902.02
	Liability Transfer in	NIL	NIL	NIL	NIL
	Liability Transfer out	NIL	NIL	NIL	NIL
	(Benefit paid)	(334.38)	(2,120.73)	(465.84)	(2,341.52)
	Actuarial (Gain)/loss on obligation -due to change				
	In the financial assumption	(63.88)	(278.47)	(119.57)	(1,446.34)
	in demographic assumption	NIL	NIL	2.86	63.46
	Actuarial (Gain) / Loss on obligations	29.55	614.25	30.86	2,452.27
	Liability at the end of the year	3,225.86	29,170.59	3,197.81	28,650.99
ii)	**Table of Fair value of Plan Assets:**				
	Fair value of Plan Assets at the beginning of the year	3,367.60	27,043.50	2,746.43	26,720.88
	Expected return on Plan Assets	246.17	2,001.22	190.33	1,846.41
	Contributions	NIL	1,780.29	843.37	551.42
	Transfer from Other Company	0.29	NIL	NIL	NIL
	Transfer to Other Company	NIL	NIL	NIL	NIL
	(Benefit paid)	(334.38)	(2,120.73)	(465.84)	(2,341.52)
	Actuarial (Gain)/loss on Plan Assets	(17.33)	49.96	(53.31)	(266.31)
	Fair Value of Plan Assets at the end of the year	3,262.35	28,754.24	3,367.60	27,043.50
	Actuarial (Gain)/loss on obligation for the period	(34.33)	335.78	(85.85)	1,069.39
	Actuarial (Gain)/loss on Plan Assets	17.33	(49.96)	(53.31)	(266.31)
	Total Actuarial (Gain)/loss to be recognized	(17.00)	285.82	(139.16)	803.08

iii)	**Recognition of Transitional Liability:**				
	Transitional Liability at start	NIL	NIL	NIL	NIL
	Transitional Liability recognized during the year	NIL	NIL	NIL	NIL
	Transitional Liability at end	NIL	NIL	NIL	NIL
iv)	**Actual return on Plan Assets :**				
	Expected Return on Plan Assets	246.17	2,001.22	190.33	1,846.41
	Actuarial Gain/(Loss) on Plan Assets	(17.33)	49.96	53.31	266.31
	Actual return on Plan Assets	228.84	2,051.18	243.64	2,112.72
v)	**Expenses recognized in the Income Statement:**				
	Current Service Cost	163	184.38	161.12	212.30
	Interest Cost	(12.41)	118.95	42.23	(49.02)
	Expected Return on Plan Assets	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit Amortized) recognized	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit) recognized(1/5 of enhanced family pension)	NIL	1,521.62	NIL	380.40
	Recognition of Transition Liability	NIL	NIL	NIL	NIL
	Actuarial (Gain) or Loss	(17.00)	285.82	(139.16)	803.08
	Expenses Recognized in P & L	133.59	2,110.77	64.19	1346.76
vi)	**Balance Sheet Reconciliation:**				
	Opening Net Liability (Last year net amount recognized in the balance sheet)	(169.79)	85.87	609.39	(709.47)
	Expenses as above	133.59	2,110.77	64.19	1,346.76
	Transfer from other Company (Net)	(0.29)	NIL	NIL	NIL
	Transfer to other Company (Net)	NIL	NIL	NIL	NIL
	(Employer Contribution)	NIL	(1,780.29)	(843.37)	(551.42)
	Net (Asset)/Liability Amount recognized in Balance Sheet	(36.49)	416.35	(169.79)	85.87
vii)	**Other Details:**				
	Pension is payable at the rate of 1/66 Salary for Each Year of Service Subject to Maximum of 50%.				
	Gratuity is payable at the rate of 15 days salary for each year of service subject to maximum of Rs 20,00,000 or as per the Bank scheme.				
	Actuarial gain / loss is accounted for in the year of occurrence.				
	Salary escalation is considered as advised by the company which is in line with the industry practice considering promotion and demand and supply of the employees.				
	No. of Members	75,618	21,138	75,201	23,216
	Salary Per Month	513.88	513.88	354.44	182.95
	Contribution for next year	139.74	587.94	-	592.76
viii)	**Category of assets:**				
	Government of India Assets	61.47	565.13	63.45	585.14
	Corporate Bonds/FDR	25.75	720.80	36.15	721.81
	Special Deposits Scheme	-	-	-	-
	State Govt.	82.81	1,379.39	101.17	1,185.78
	Property	NIL	NIL	NIL	NIL
	Other	64.13	454.17	244.10	1,733.36
	Insurer Managed Funds	3,028.18	25,634.75	2,897.20	22,492.80
	Mutual Fund	NIL	NIL	25.53	324.61
	Total	3,262.34	28,754.24	3,367.60*	27,043.50*

**Note: Return on investments in LIC & other insurance companies is expected at 7.50% while arriving Pension liability and Gratuity liability at the Fair Value of Plan Assets for the FY2022-23 as against the 7.25% considered for arriving Pension and Gratuity liability for the FY2021-22.*

(Rs in crore)

Surplus/Deficit in the Plan:	Gratuity Plan				
Amount recognized in the Balance-Sheet	31.03.23	31.03.22	31.03.21	31.03.20*	31.03.19*
Liability at the end of the year	3,225.86	3,197.81	3,355.82	1,291.94	1,222.64
Fair value of Plan Assets at the end of the year	3,262.35	3,367.60	2,746.43	1,219.01	1,202.14
Difference	36.49	169.79	(609.39)	(72.93)	(20.50)
Unrecognized Past Service Cost	Nil	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	36.49	169.79	(609.39)	(72.93)	(20.50)

* Amount mentioned for Union Bank (Standalone) only.

Amount recognized in the Balance-Sheet	Gratuity Plan				
Experience Adjustment	31.03.23	31.03.22	31.03.21	31.03.20*	31.03.19*
On plan liability (Gain) / Loss	29.55	30.86	752.31	25.87	7.91
On plan Assets (Loss) / Gain	(17.33)	53.31	34.41	7.20	(13.03)

* Amount mentioned for Union Bank (Standalone) only.

Surplus/Deficit in the Plan:	Pension Plan				
Amount recognized in the Balance-Sheet	31.03.23	31.03.22	31.03.21	31.03.20*	31.03.19*
Liability at the end of the year	29,170.59	28,650.99	26,011.41	12,746.69	12,158.43
Fair value of Plan Assets at the end of the year	28,754.24	27,043.50	26,720.88	12,607.16	12,308.84
Difference	(416.35)	(1,607.49)	709.47	(139.53)	150.41
Unrecognized Past Service Cost	Nil	1,521.62	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	(416.35)	(85.87)	709.47	(139.53)	150.41

* Amount mentioned for Union Bank (Standalone) only.

Amount recognized in the Balance-Sheet	Pension Plan				
	31.03.23	31.03.22	31.03.21	31.03.20*	31.03.19*
Experience Adjustment					
On plan liability (Gain) / Loss	614.25	2,452.27	1,456.27	938.90	125.22
On plan Assets (Loss) / Gain	49.96	266.31	81.65	75.23	7.18

* Amount mentioned for Union Bank (Standalone) only.

Principal actuarial assumption used (%)	2022-23		2021-22	
	Gratuity	Pension	Gratuity	Pension
Discount Rate Prev.	7.31	7.40	6.93	6.91
Rate of return on Plan Assets Prev.	7.31	7.40	6.93	6.91
Salary Escalation Prev.	5.00	5.00	5.00	5.00
Attrition Rate Prev.	2.00	2.00	2.00	2.00
Discount Rate Current	7.49	7.53	7.31	7.40
Rate of Return on Plan Assets Current	7.49	7.53	7.31	7.40
Salary Escalation Current	5.00	5.00	5.00	5.00
Attrition Rate Current	2.00	2.00	2.00	2.00

iii) Other Long Term Employee Benefits:

Details of Provisions made for various Long-Term Employees Benefits during the year are as follows:

(Rs in crore)

Sr. No.	Other Long Term Benefits	31.03.2023	31.03.2022
1.	Pension	2,110.77	1,346.76
2.	Leave Travel Concession	3.66	13.41
3.	Leave Encashment	149.30	48.70

Bank is having provision of Rs 268.76 Crore towards Sick Leave on prudential basis though there is no payout.

iv) Unamortized Family pension & Gratuity Liabilities:

(₹ in crore)

Particulars	31.03.2023	31.03.2022
Pension		
a) Balance brought forward	1,521.62	NIL
b) Gross Liability	NIL	1,902.02
c) Charged to Profit & Loss account	1,521.62	380.40
d) Balance Carried forward	NIL	1,521.62
Gratuity		
a) Charged to Profit & Loss account	NIL	NIL
b) Carried forward	NIL	NIL

a. Pursuant to the revision in family pension payable to the employees of the Bank, covered under 11th Bi- Partite Settlement and joint note dated November 11, 2020, the Bank had arrived additional liability at ₹ 1,902.02 Crore as per Actuarial valuation, of which a sum of ₹ 380.40 Crore was amortized during the FY 2021-22, in terms of RBI Circular no. RBI/2021-22/105 DOR.ACC.REC.57/21.04.018/2021-22 dated October 04, 2021 and unamortized part of ₹ 1,521.62 Crore has been fully charged to the Profit & Loss Account during the year ended March 31, 2023. There is no unamortized expenditure in the Balance Sheet on account of additional family pension.

v) SEGMENT REPORTING (AS-17)

(Rs in Crore)

Business Segment	Standalone	
	Year Ended	
	(Audited)	(Audited)
	31.03.2023	31.03.2022
Segment Revenue		
Treasury Operations	26,442.90	26,815.66
Retail Banking Operations	31,078.66	26,198.04
(a) Digital Banking Operations	569.38	NA
(b) Other Retail Banking Operations	30,509.28	NA
Corporate /Wholesale Banking	35,941.71	25,776.79
Other Banking Operations	1,979.37	1,397.64
Unallocated	496.71	403.35
Total Segment Revenue	95,939.35	80,591.48
Less Inter-segment Revenue	-562.86	-122.70
Income from operations	95,376.49	80,468.78
	-	-

Business Segment	Standalone	
	Year Ended	
	(Audited)	(Audited)
	31.03.2023	31.03.2022
Segment Results	-	-
Treasury Operations	2,426.80	6,002.74
Retail Banking Operations	5,059.25	4,508.68
(a) Digital Banking Operations	-43.07	NA
(b) Other Retail Banking Operations	5,102.32	NA
Corporate Banking	3,091.44	-3,093.72
Other Banking Operations	1,063.52	758.37
Unallocated	496.71	403.35
Total Profit/(Loss) Before Tax	12,137.72	8,579.42
Provision for Tax	3,704.45	3,347.31
Net Profit/(Loss) after Tax	8,433.27	5,232.11
	-	-
Segment Assets	-	-
Treasury Operations	4,64,788.70	4,78,735.97
Retail Banking Operations	3,59,680.33	3,18,913.60
(a) Digital Banking Operations	42,263.05	NA
(b) Other Retail Banking Operations	3,17,417.28	NA
Corporate/Wholesale Banking	4,26,011.76	3,68,181.73
Other Banking Operations	-	-
Unallocated	30,271.66	21,759.76
Total	12,80,752.45	11,87,591.06
	-	-
Segment Liabilities	-	-
Treasury Operations	4,56,704.84	4,70,252.54
Retail Banking Operations	3,28,812.17	2,90,449.81
(a) Digital Banking Operations	38,724.27	NA
(b) Other Retail Banking Operations	2,90,087.90	NA
Corporate/Wholesale Banking	3,88,190.19	3,35,313.11
Other Banking Operations	-	-
Unallocated	28,711.04	20,999.47
Total	12,02,418.24	11,17,014.93
	-	-
Capital Employed	-	-
Treasury Operations	8,083.86	8,483.43
Retail Banking Operations	30,868.16	28,463.79
(a) Digital Banking Operations	3,538.78	NA
(b) Other Retail Banking Operations	27,329.38	NA
Corporate/Wholesale Banking	37,821.57	32,868.62
Other Banking Operations	-	-
Unallocated	1,560.62	760.29
Total	78,334.21	70,576.13

Notes:

1. The Bank operates in four segments viz., Treasury, Retail, Corporate / Wholesale and Other Banking Operations. These segments have been identified in line with AS-17 on segment reporting issued by the Institute of Chartered Accountants of India (ICAI) after considering the nature and risk profile of the products and services, the target customer profiles, the organizational structure and the internal reporting system of the bank. The bank has disclosed the business segment as primary segment. The revenue and other parameters of foreign branch for the period are within the threshold limits stipulated as per AS-17 and hence the bank has only one reportable segment.

2. Segment wise income, expenditure, Capital employed which are not directly allocable have been allocated to the reportable segments based on assumptions as considered appropriate by the management.
3. Figure of previous period have been regrouped/reclassified wherever necessary.
4. In accordance with RBI circular DOR.AUT.REC.12/22.01.001/2022-23 dated April 7, 2022 on Establishment of Digital Banking Units, the Bank has for the first time disclosed 'Digital Banking' as a sub-segment of the Retail Banking segment.

vi) In terms of RBI circular no. RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021 (Updated as on February 20, 2023), the following disclosures are required:

a. In case of Other Liabilities and Provisions, any item under the head "Others (including provisions)" exceeds one per cent of the total assets,
b. In case of Other Assets, any item under the head "Others" exceeds one per cent of the total assets,
c. In case of Other Income, any item under the head "Miscellaneous Income" exceeds one per cent of the total income,
d. In case of Operating Expenses, any item under the head "Other expenditure" exceeds one per cent of the total income,

(₹ in Crore)

Statement Showing item in Sch. 14- Other income Sub Head - Miscellaneous Income

Item under the Sub Head	(₹ in Crore)	% of Total Income
Processing Charges for Advances	1,178.18	1.24
Miscellaneous Earning	1,004.21	1.05
Recovery In Write Off	5,549.49	5.82

There is no other disclosure related to other heads as mentioned above.

RELATED PARTY DISCLOSURES (AS-18)

i. **List of Related Parties**

a) **Subsidiaries**

- Union Asset Management Co. Pvt. Ltd.
- Union Trustee Company Pvt. Ltd.
- Union Bank of India (UK) Ltd.
- Andhra Bank Financial Services Ltd.
- UBI Services Ltd.

b) **Joint Venture**

- Star Union Dai-Ichi Life Insurance Co. Ltd.
- ASREC (India) Ltd.
- India International Bank (Malaysia) Berhad

c) **Associate**

- Chaitanya Godavari Grameena Bank

d) **Key Management Personnel** (Rs in Crore)

Name	Designation	Remuneration paid for the Year ended 31st March 2023
Shri Rajkiran Rai G. @	Managing Director & CEO	0.19
Ms. A Manimekhalai #	Managing Director & CEO	0.30
Shri Manas Ranjan Biswal ##	Executive Director	0.11
Shri Nitesh Ranjan	Executive Director	0.39

Shri Rajneesh Karnatak	Executive Director	0.34
Shri Nidhu Saxena	Executive Director	0.32
Shri Ramasubramanian S	Executive Director	0.12

@ Till 31.05.2022
# From 03.06.2022
Till 30.04.2022
^ From 21.11.2022

Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 6 of AS 18, transactions in the nature of Banker - Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

As per the RBI Master Direction, KMPs are construed to be the Whole Time Directors of the Bank.

b. "Leases" - Premises taken on Operating Lease (AS 19):

The Bank has no non-cancellable operating lease during the FY 2022-23. Hence, additional disclosure under AS-19 is not applicable. However, the amount of lease payment recognized in the profit & loss account for operating lease is Rs 801.99 crore (PY Rs 816.15 crore)

c. EARNING PER SHARE (AS-20)

Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of diluted potential equity shares outstanding during the year.

The computation of earnings per share is given below:

Particulars	31.03.2023	31.03.2022
Number of Equity shares at the beginning of the year	6,83,47,47,466	6,40,68,44,355
Number of Equity shares issued during the year	Nil	42,79,03,111
Number of Equity shares outstanding at the end of the year	6,83,47,47,466	6,83,47,47,466
Weighted Average Number of Equity Shares used in computing Basic Earnings per share	6,83,47,47,466	6,77,26,13,590
Weighted Average Number of Shares used in computing diluted Earnings per share	6,83,47,47,466	6,77,26,13,590
Net Profit/(Loss) Rs in Crore	8,433.28	5,232.11
Basic Earnings per share (Rs)	12.34	7.73
Diluted Earnings per share (Rs)	12.34	7.73
Nominal Value per share (Rs)	10.00	10.00

d. PROVISION FOR TAXES:

ii. Deferred Tax (AS-22)

(Rs in crore)

Sr. No.	Particulars	31.03.2023	31.03.2022
	Deferred Tax Assets		
1	Employee Benefits (Leave Encashment)	534.18	474.78

Sr. No.	Particulars	31.03.2023	31.03.2022
2	Depreciation on Fixed Assets	395.89	358.42
3	On account of other provisions	11405.67	14,069.38
4	Foreign Currency Translation Reserve	-84.48	1.14
5	Standard Asset	0.00	588.37
	Total	**12251.26**	**15,492.08**
	Deferred Tax Liabilities		
1	Accrued interest on securities	1274.79	1,092.63
2	Special Reserves u/s 36(i)(viii)	2316.74	2,107.08
3	Depreciation on Investment		--
	Total	**3,591.53**	**3,199.71**
	Net Deferred Tax Asset	8,659.73	**12,292.37**
	Net Deferred Tax Liability		Nil

iii. **Direct Tax** (Rs in crore)

Particulars	31.03.2023	31.03.2022
Provision for Income Tax (Including Deferred tax)	3,704.45	3,347.31

CORPORATE TAXATION:

Provision for tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rates and tax laws. Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet.

Deferred Tax Assets are recognized only if there is virtual certainty of realization of such assets in future. Deferred Tax Assets/Liabilities are reviewed at each Balance Sheet date based on developments during the year.

e. INVESTMENT IN JOINT VENTURES (AS - 27)

Investments include Rs 286.88 Crores (Previous year Rs 236.68 Crores) representing Bank's interest in Star Union Dai-ichi Life Insurance Co., ASREC(India) Limited, and India International Bank (Malaysia) BHD.

f. Revaluation of Property

Land and Building of the bank were revalued as on 31.12.2019 at Fair Market Value as determined by approved valuer have further been revalued as on 31.12.2022 at Fair Market Value by approved valuer. The resultant increase in value thereof on such revaluations amounting to ₹ 1,418.26 crore for Premises and ₹ 101.02 crore for Vacant Land as on 31.12.2022 have been credited to Revaluation Reserve. As AS-10 (Revised), the depreciation of revalued portion is recouped from Revaluation Reserve resulting in decrease in Revaluation Reserve by ₹ 125.20 crore for the year ended 31st March, 2023.

g. IMPAIRMENT OF ASSET (AS-28)

In the opinion of the Management, there is no indication for Impairment during the year with regard to the asset to which Accounting Standards 28 applies.

h. CONTINGENT LIABILITIES (AS - 29)

Contingent liabilities referred to in Schedule-12 at S. No.(I) & (VI) are dependent upon the outcome of court/arbitration/out of court settlement, the amount being called up, terms of contractual obligations, devolvement and raising of demand by parties concerned, disposal of appeals respectively.

i. During the current year, there is no material prior period item (as per AS 5) and no discontinued operations (as per AS 24).

j. Climate Control

Union Bank of India has a policy in place in name of "Sustainable Development and Business Responsibility Policy" which is reviewed every year and last reviewed by the Board on 02.03.2023. Through this policy, the Bank is committed to make effort to protect and restore the environment. Bank has taken various initiatives like Electricity Conservations, avoid usage of plastic bottles for packaged drinking water etc. To manage Environmental, Social and Governance (ESG) and climate risk, the Bank's Board has put in place "ESG Risk Framework and Climate Risk Policy". The Bank has formed ESG Steering Committee to formulate and implement ESG strategy and transition in the Bank.

k. BALANCING OF BOOKS, RECONCILIATION OF INTER BRANCH / BANK TRANSACTIONS

(i) Confirmation/ Reconciliation of balance with foreign banks and other banks has been obtained/carried out.

(ii) Adjustment of outstanding entries in Suspense Accounts, Sundry Deposits, Clearing Adjustments, Bank Reconciliation Statements and various inter-branch/office accounts is in progress.

(iii) Pending final clearance of the (i) and (ii), the overall impact, if any, on the accounts, in the opinion of the management will not be significant.

l. Compliance to the Provision of MSME Development Act, 2006

Bank is complying with the extant provisions of MSME Development Act, 2006 and there has been no reported cases of any delayed payments of the principal amount or interest due thereon to Micro, Small and Medium Enterprises.

The figures of the previous year have been regrouped/rearranged wherever considered necessary.

Signatories to Schedules 1 to 18

(Ramasubramanian S)
Executive Director

(Nidhu Saxena)
Executive Director

(Nitesh Ranjan)
Executive Director

(Suraj Srivastava)
Director

(Arun Kumar Singh)
Director

(Priti Jay Rao)
Director

(Jayadev Madugula)
Director

(Laxman S Uppar)
Director

(A. Manimekhalai)
Managing Director & CEO

(Srinivasan Varadarajan)
Chairman

Union Bank of India Finance & Accounts Dept.

R.G.N. Price & Co. Chartered Accountants

Sagda & Pareek LLP Chartered Accountants Mumbai FRN: 109262W / W100673

C.R. Sagdeo & Co. Chartered Accountants Nagpur

PVAR & Associates Chartered Accountants FRN : 005223C

M/s Gopal Sharma & Co. Chartered Accountants 002803C Jaipur

N B S & Co. Chartered Accountants Mumbai FRN 110100W

For M/s R G N Price & Co.
Chartered Accountants
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CA P M Veeramani
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CA Niranjan Joshi
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For M/s C R Sagdeo & Co.
Chartered Accountants
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CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 23109127BGQVHR6653

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Ruchi Agarwal
Partner
Membership No.504134
UDIN: 23504134BGWTPPH106

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Abhishek Sharma
Partner
Membership No.079224
UDIN: 23079224BGTK002274

For M/s N B S & Co.
Chartered Accountants
FRN 110100W

CA Pradeep Shetty
Partner
Membership No. 046940
UDIN: 23046940BGPTTS7892

Place: Mumbai

Date: May 06, 2023

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Jaipur – 302001

M/s N B S & Co.
Chartered Accountants
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Mumbai – 400001

Independent Auditor's Report

To
The President of India /
The Members of Union Bank of India
Mumbai

Report on Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of Union Bank of India (the "Bank") which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and Notes to the Consolidated Financial Statements including Significant Accounting Policies and other explanatory information, in which following are incorporated –
   a. Audited Standalone Financial Statements of the Bank;
   b. Audited Financial Statements of 2 domestic Subsidiaries, 1 domestic Jointly controlled Entities, 1 Regional Rural Banks (Associate) 1 foreign subsidiary and 1 foreign jointly controlled entity.
   c. Unaudited financial statements of 2 Subsidiaries and 1 Jointly controlled Entity

   The above entities together with the Bank are referred to as the "Group".

   In our opinion and to the best of our information and according to explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements, the unaudited financial statements and the other financial information of the subsidiaries, Jointly controlled entities and associates as furnished by the management, the aforesaid Consolidated Financial Statements are in conformity with accounting principles generally accepted in India and give:
   a. true and fair view in case of the Consolidated Balance Sheet, of the state of affairs of the Bank as at March 31, 2022;
   b. true balance of Profit in case of Consolidated Profit & Loss account for the year ended on that date; and
   c. true and fair view of the cash flows in case of Consolidated Cash Flows Statement for the year ended on that date.

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Basis of Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group Bank in accordance with the Code of Ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw your attention to Note No. 17 of schedule 18 – Notes to Accounts to the consolidated financial statements which describes that there is change in the accounting policies/estimates followed during the year ended 31st March, 2022 as compared to those followed in the preceding financial year ended 31st March, 2021 with effect from 1st April, 2021, in respect of appropriation of recovery in non performing accounts first towards interest unrealised and then towards principal outstanding as against towards principal first and then towards interest unrealised in earlier periods. Impact due to the change in accounting policy has resulted increase in income for the quarter by ₹ 495.26 crores and for the year by ₹ 1081.77 crores and consequential non-reduction in gross non performing assets by equivalent amount.

   We draw your attention to Note No. 9 of schedule 18 – Notes to Accounts to the consolidated financial statements which describes amortization of additional liability on account of revision in family pension amounting to ₹ 1902.02 crores. The bank has charged an amount of ₹380.40 crore to the profit and loss account during the year ended March 31, 2022, and the balance unamortized expenses of ₹ 1521.62 crore has been carried forward.

   We draw your attention to Note No. 16 of schedule 18 – Notes to Accounts to the consolidated financial statements which describes uncertainties due to outbreak of COVID-19 pandemic. In view of these circumstances, the impact on the Banks operations and financial results is dependent on future developments including actions being taken to mitigate the same and other regulatory measures.

Our opinion is not modified in respect of this matter.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters to be communicated in our report.

Sr.	Key Audit Matter	How it was dealt with in our report
1	**Income Recognition, Asset Classification (IRAC) and provisioning on Loans & Advances and Investments as per the regulatory requirements**	
	Loans & Advances and Investments are the largest class of assets forming 85.01% of the total assets as on March 31, 2022. Classification, income recognition and loss provisioning on the same are based on objective parameters as prescribed by the regulations (Reserve Bank of India's prudential norms and other guidelines). The management of the Bank relies heavily on its IT systems (including Core Banking Solution), exercise significant estimates and judgement, manual interventions, and uses services of experts (like independent valuers, Lawyers, legal experts and other professional) to determine asset classification, income recognition and provisioning for losses. The Bank has system based identification of non-performing assets in accordance with IRAC Norms	Our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances and associated impairment provisions. Our audit procedures included the assessment of controls over the approval, disbursements and monitoring of loans, and reviewing the logic and assumptions used in the CBS and other related IT systems for compliance of the IRAC and provisioning norms and its operating effectiveness. These included evaluation and understanding of following: • Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances/investments; • System controls and manual controls over the timely recognition of non-performing assets (NPA/NPI); • Operational existence and effectiveness of controls over provisioning calculation models from the IT systems; • Overall Controls on the loan approval, disbursement and monitoring process in case of advances and controls over the purchase, sale and hold decisions making system in case of investments • We tested sample of loans/investments (in cases of branches visited by us) to assess whether they had been identified as non performing on a timely manner, income recognized and provisioning made as per IRAC norms. • We have also reviewed the reliability, effectiveness and accuracy of manual interventions, wherever it has come to our notice, on test check basis. • We have relied on the reports/returns and work done by other Statutory Branch Auditors (SBA) in cases of branches not visited by us to get an overall comfort with respect to overall compliance in accordance with SA 600 - Using the Work of Another Auditor.

		• We have reviewed the work done by other experts like Independent valuers, Lawyers, Legal Experts and other such professionals who have rendered services to the Bank, in accordance with SA 620 Using the Work of an Auditor's Expert. • Further we have also reviewed the Bank's system of monitoring potentially weak and sensitive accounts which show a sign of stress. • We have also reviewed the reports and observations of the Bank's internal audit/inspection reports and observations of the concurrent auditors for the same. • Verification of valuation, classification, provisioning and income recognition of investments by carrying out substantive test including arithmetic accuracy, data accuracy and control over the financial reporting system. We have test checked and assessed the efficacy of the system based identification of NPA
3	**Information Technology (IT) and controls impacting financial reporting**	
	In the normal course of its business, the Bank's financial accounting and reporting systems are highly dependent on the effective working of the Core Banking Solution (CBS) and other IT systems linked to the CBS or working independently. Extensive volume, variety and complexity of transactions are processed daily and there is a risk that automated accounting procedures and related internal controls may not be accurately designed and operating effectively. Particular areas of focus relate to the logic that is fed into the system, sanctity and reliability of the data, access management and segregation of duties. These underlying principles are important because they ensure that changes to applications and data are appropriate, authorized, cleansed and monitored, so that the system generates accurate and reliable reports/ returns and other financial and non-financial information that is used for the preparation and presentation of the financial statements.	Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the IT system by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included: • Ensuring that deficiencies noticed in our verification on test check basis were informed to the management for corrective action; • Carrying out independent alternative audit procedures like substantive testing in areas where deficiencies were noticed; • Analytical procedures like ratio analysis, trend analysis, reasonable tests, comparative analysis; • Reliance on the work performed by the statutory branch auditors and the rectification entries (MOCs) passed based on branch audits; • Reliance on external vendor inspection reports wherever made available. • Reviewed the IS Audit Reports and discussed with IT Department on compliance with key IT controls.

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	We have relied on the consistent and accurate functioning of CBS and other IT systems for the following: • Asset Classification and Income recognition as per the Reserve Bank of India guidelines; • Provisioning on the advance portfolio; • Identification of advances and liability items and its maturity pattern in various brackets; • Reconciliation and ageing of various suspense and sundry accounts, impersonal accounts, inter-branch balances and other such accounts; • Recording Investment transactions • Interest expense on deposits and other liabilities;	
4	**Recognition and measurement of Deferred tax**	
	The Bank has recognised a net deferred tax asset of ₹ 12,29,23,747 (in '000) as on March 31, 2022. Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgment and numerous estimates regarding the availability and visibility of profits in the future. The recent decrease in the amount of deferred tax assets presumes availability and forecasting of profits over an extended period of time thus decreasing uncertainty and the inherent risk of inappropriate recognition of the said asset.	Our audit procedures included the risk assessment to gain an understanding of the applicable tax laws and relevant regulations applicable to the Bank. Based on our understanding, we performed both tests of related internal key controls and substantive audit procedures with the assistance of tax specialists. We performed the following audit procedures as part of our controls testing including, but not limited to: • Evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with AS 22 Accounting for Taxes on Income; • Assessed the method, assumptions and other parameters used with reference to uniformity, management representations, consistency and continuity like budget and midterm projections prepared by the management including earning growth and applicable tax rates and tested the arithmetical accuracy • Assessed the probability of the availability and visibility of profits against which the bank will be able to use this deferred tax asset in the future.

5	**COVID-19 Pandemic**	
	COVID–19 Pandemic has adversely impacted the economic activity across the country and the Government of India had announced series of lock down since March 2020 onwards, which were lifted & reimposed at various point of time in regionalized manner across the country based on the prevailing situation in the respective State. Correspondingly and in tune with the partial and complete lock downs, we experienced travel restrictions for some part of the year and the Bank facilitated carrying out audit remotely wherever physical access was not possible. This situation eased out considerably by the end of the year and therefore physical audit was most prevalent at the year end. Therefore wherever we could not gather audit evidence in person/physically/ through discussions and personal interactions with the officials at the Branches /Regions & Zones/ Verticals / Corporate Offices, we have identified such modified audit procedures as a Key Audit Matter. Accordingly, our audit procedures were modified to carry out the audit remotely	Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium including the designated audit portal of the bank, emails and remote access to CBS and closing package. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. Accordingly, we modified our audit procedures (based on regulatory and ICAI advisories) as follows: • Conducted verification of necessary records/ documents/CBS/closing package and other application software electronically through remote access/emails/in respect of some of the Branches/Regions/Zones/Verticals/Corporate Offices and other offices of the Bank wherever physical access was not possible. • Carried out verification of scanned copies of the documents, deeds, certificates, returns from branches and the related records made available to us through emails and remote access over secure network of the Bank • Making enquires and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. • Resolution of our audit observations telephonically/ through email instead of a face to-face interaction with the designated officials.

Information Other than the Consolidated Financial Statements and Auditors' Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Highlights for the year, Directors' Report including annexures to Directors' Report, key financial ratios, Business responsibility Report and Corporate Governance report in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this Auditors' Report.

   Our opinion on the consolidated financial statements does not cover the Other Information and Pillar 3 disclosures under the Basel III Disclosure and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information that we obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Bank's Board of Directors are responsible for preparation and presentation of these consolidated Financial Results that give a true and fair view of the consolidated financial position, financial performance and consolidated cash flows and other financial information of the Group including its associate and jointly controlled entity in accordance with the Accounting Standard 21- "Consolidated Financial Statements", Accounting Standards 23- "Accounting for Investments in Consolidated Financial Statements" and Accounting Standards 27 – Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India.

   The respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act/ Banking Regulations Act, 1949 for safeguarding the assets of the Group and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

   In preparing the consolidated Financial statements, the respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for assessing the ability of the group and of its associate and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

   The respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associate and jointly controlled entity.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

   Materiality in the magnitude of the misstatements in the Consolidated financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

   We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

   We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

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relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. We did not audit the financial statements of 3 subsidiaries and 2 Jointly controlled entities and one associate included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 7,38,99,114 (in thousand) as at March 31, 2022 and total revenues of ₹.1,42,06,742 (in thousand) for the year ended on that date net profit after tax amounting to ₹. 3,20,963 (in thousand) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, are based solely on the reports of the other auditors.

   The consolidated financial statements also include the unaudited Financial Results of 2 subsidiaries and 1 jointly controlled entity whose Financial Statements/Financial Results/ Financial information reflect Group's share of total assets of ₹. 23,61,162 (In thousands) as at 31st March 2022, Group's share of total revenue of ₹. 5,66,826 (in thousands) and Group's share of total net profit after tax of ₹. 3,22,462 (in thousands) for the year ended 31st March 2022, as considered in the consolidated Financial Results. These unaudited Financial Statements/Financial Results/ financial Information has been furnished to us duly certified by the Bank's management and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled is based solely on such reviewed/unaudited Financial Statements/Financial Results/Financial information. In our opinion and according to the information and explanations given to us by Bank's management, these Financial Statements/Financial Results / Financial Information are not material to the Group.

   The entities of the Group whose financial statements are included in the Consolidated Financial Statements are listed in Schedule 18 Notes to Accounts which forms part of the Consolidated Financial Statements of the Group

   Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

9. The Consolidated Balance Sheet and the Profit & Loss Account have been drawn up in accordance with section 29 of the Banking Regulation Act, 1949.

10. Subject to limitation of the audit indicated in paragraph 5 and 8 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and jointly controlled entities, as noted in the 'other matter' paragraphs to the extent applicable and also subject to the limitations of disclosure required therein and we report that:

    a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

    b) The transactions of Bank, which have come to our notice, have been within the power of Bank; and

    c) The returns received from the offices and branches of the bank have been found adequate for the purpose of our audit.

11. We further report that:

    a) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

    b) The Consolidated Balance Sheet, Consolidated Profit and Loss account and Consolidated Cash flow statement dealt with by this report are in agreement with the books of account and with the returns received from branches not visited by us;

    c) The reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report;

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d) in our opinion, the Consolidated Balance Sheet, Consolidated Profit and Loss account and Consolidated Cash flow statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S
Pmveeramani
CA P. M. Veeramani
Partner
Membership No.023933
UDIN: 22023933AIXFNV8228

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673
CA Giriraj Soni
Partner
Membership No.109738
UDIN: 22109738AIXFFR2991

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W
CA Sachin V. Luthra
Partner
Membership No. 109127
UDIN: 22109127AIXFLG9220

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C
CA Sharad Bansal
Partner
Membership No. 423507
UDIN: 22423507AIXFXC6066

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C
Gautam Sharma
CA Gautam Sharma
Partner
Membership No. 79225
UDIN: 22079225AIXFID6253

For M/s N B S & Co.
Chartered Accountants
FRN 110100W
CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN: 22046940AIXFCS3650

Place of Signature: Mumbai
Date of Report: 13.05.2022

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FRN 108959W NAGPUR
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JAIPUR
MUMBAI FRN 110100W

UNION BANK OF INDIA

CONSOLIDATED BALANCE SHEET AS ON 31st MARCH, 2022

			₹ in 000's
CAPITAL AND LIABILITIES	Schedule Number	As on 31st March, 2022	As on 31st March, 2021
Capital	1	6,93,87,510	6,51,08,479
Reserves and Surplus	2	63,92,23,739	58,22,69,299
Minority Interest	2A	-	-
Deposits	3	10,34,36,77,535	9,25,65,39,262
Borrowings	4	51,24,51,999	51,92,22,312
Other Liabilities and Provisions	5	37,29,15,315	40,06,34,595
TOTAL		[illegible]	[illegible]
ASSETS			
Cash and Balances with Reserve Bank of India	6	46,11,58,920	37,88,57,135
Balances with Banks and Money at Call and Short Notice	7	73,64,23,289	46,87,76,239
Investments	8	3,51,83,90,437	3,39,05,85,059
Advances	9	6,63,35,56,506	5,93,32,00,827
Fixed Assets	10	7,20,83,095	7,36,64,201
Other Assets	11	51,60,43,852	57,86,90,486
Goodwill on Consolidation		-	-
TOTAL		11,93,76,56,099	10,82,37,73,947
Contingent Liabilities	12	6,51,14,68,340	3,71,78,14,658
Bills for Collection		66,08,94,128	34,69,48,137
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FIANANCIAL OFFICER

For and on behalf of the Board of Directors

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(RAJNEESH KARNATAK)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(RAJKIRAN RAI G.)
MANAGING DIRECTOR & CEO

(SAMEER SHUKLA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(SURAJ SRIVASTAVA)
DIRECTOR

(LAXMAN S UPPAR)
DIRECTOR

(DR. JAYADEV MADUGULA)
DIRECTOR

(PRITI JAY RAO)
DIRECTOR

AS PER OUR REPORT OF EVEN DATE ATTACHED

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 22023933AIXFMV8228

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Giriraj Soni
Partner
Membership No.109738
UDIN: 22109738AIXFFR2951

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 22109127AIXFLG9220

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Sharad Bansal
Partner
Membership No.423507
UDIN: 22423507AIXFXC6066

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

Gautam Sharma

CA Gautam Sharma
Partner
Membership No.079225
UDIN: 22079225AIXFID6253

For M/s NBS & Co.
Chartered Accountants
FRN 110100W

CA Pradeep Shetty
Partner
Membership No. 46940
UDIN: 22046940AIXFCS3650

Place : MUMBAI
Date : 13th May, 2022

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UNION BANK OF INDIA

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2022

(₹ in 000)

I. INCOME	Schedule Number	For the Year Ended 31st March 2022	For the Year Ended 31st March 2021
Interest Earned	13	68,22,96,573	69,31,14,562
Other Income	14	13,52,44,131	14,30,67,228
TOTAL		**81,75,40,704**	**83,61,81,790**
II. EXPENDITURE			
Interest Expended	15	40,17,84,651	44,11,23,938
Operating Expenses	16	19,70,26,117	19,75,15,212
Provision And Contingencies		16,66,44,918	16,92,62,404
TOTAL		**76,54,55,686**	**80,79,01,605**
III. Consolidated Net Profit/(Loss) before Minority Interest and Share of Earnings in Associate		**5,20,85,018**	**2,82,80,185**
Add:-Share of profit in Associate		5,68,187	3,53,803
Consolidated Net Profit/(Loss) for the year before deducting Minority Interest		5,26,53,205	2,86,33,988
(Less):-Minority Interest		-	-
Consolidated Net Profit/(Net Loss) for the year attributable to the group		5,26,53,205	2,86,33,988
Add : Profit/(Loss) Brought Forward		35	35
Amount Available for Appropriation		**5,26,53,240**	**2,86,34,023**
IV. Appropriation			
Transfer To Statutory Reserve		1,31,93,989	73,35,683
Transfer To Capital Reserve		1,22,12,675	90,01,837
Transfer To Investment Fluctuatuion Risk Reserve		65,68,682	1,27,92,901
Transer To Revenue And Other Reserves		24,71,838	(4,96,433)
Proposed Dividend		1,29,86,021	-
Transfer To Special Reserve [Sec36(i)(viii)]of the Income Tax Act,1961]		52,20,000	-
Balance in Profit and Loss Account		35	35
TOTAL		**5,26,53,240**	**2,86,34,023**
Earnings per share (Basic and Diluted in Rs.) of FV of Rs.10/- each	18(13)	7.77	4.47
Significant Accounting Policies	17		
Notes To Accounts	18		

The Schedules referred to above form an integral part of the Consolidated Profit & Loss A/c

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(RAJNEESH KARNATAK)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(RAJKIRAN RAI G.)
MANAGING DIRECTOR & CEO

(SAMEER SHUKLA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

Suraj Srivastava.
(SURAJ SRIVASTAVA)
DIRECTOR

(LAXMAN S UPPAR)
DIRECTOR

(DR JAYADEV MADUGULA)
DIRECTOR

(PRITI JAY RAO)
DIRECTOR

AS PER OUR REPORT OF EVEN DATE ATTACHED

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN:22023933AIXFNV8228

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Giriraj Soni
Partner
Membership No.109738
UDIN: 22109738AIXFFR2391

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 22109127AIXFLG9220

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Sharad Bansal
Partner
Membership No.423507
UDIN:22423507AIXFXC6066

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

Gautam Sharma

CA Gautam Sharma
Partner
Membership No.079225
UDIN:22079225AIXFID6253

For M/s NBS & Co.
Chartered Accountants
FRN 110100W

CA Pradeep Shetty
Partner
Membership No. 46940
UDIN: 22046940AIXFCS3650

Place : MUMBAI
Date : 13th May, 2022

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lacs)

S.No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit Before Tax	8,56,634	2,32,677
	Adjustments for:		
	Depreciation on Fixed Assets	73,809	90,815
	Provision for Investments	20,048	55,624
	Provision for Non Performing Assets (Net)	11,62,524	14,05,760
	Provision for Standard Asset	1,36,754	1,37,588
	Provision for Staff Related Expenditures	-	86,605
	Provision for other items (Net)	11,339	16,367
	(Profit)/Loss on Sale or Disposal of Fixed Assets	35	(2,059)
	Interest on Borrowings : Capital Instruments	1,55,133	1,59,660
	Share of Profit in Associate	5,682	3,538
	Sub Total	24,21,959	21,86,576
	Adjustments for:		
	Increase / (Decrease) in Deposits	1,08,71,383	55,20,773
	Increase / (Decrease) in Other Liabilities and Provisions	(5,55,146)	6,26,592
	(Increase) / Decrease in Investments	(12,92,420)	(53,44,849)
	(Increase) / Decrease in Advances	(81,66,081)	(4,89,586)
	(Increase) / Decrease in Other Assets	3,45,116	(5,84,957)
	Direct taxes paid (Net of Refund)	(54,388)	(22,864)
	Transfer to/from reserve	63,465	1,61,050
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	36,33,888	20,52,734
B	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of Fixed Assets	(74,953)	(71,898)
	Proceeds from Sale/Adjustment of Fixed asset	30,788	11,789
	(Increase)/ Decrease in Investment in Subsidiary	(11,606)	
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(55,771)	(60,109)

R.G.N. Price & Co. Chartered Accountants

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C.R. Sagdeo & Co. FRN 108959W Nagpur Chartered Accountants

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Gopal Sharma & Co. Jaipur Chartered Accountants

N B S & Co. Mumbai FRN 110100W Chartered Accountants

C	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from Issue of Preference Share Capital Issued by Subsidiary Company Including Share Premium (Net)	0	-
	Proceeds from issue of Equity Share Capital Including Share Premium (Net)	1,44,209	3,70,500
	Proceeds from issue of Capital Instruments	7,00,000	
	Repayments of Capital Instruments	(5,40,000)	(3,85,000)
	(Decrease)/Increase Borrowings other than Capital Instruments	(2,27,704)	(17,11,906)
	Interest Paid on Borrowings : Capital Instruments	(1,55,133)	(1,59,660)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(78,628)	(18,86,066)
	Net Increase (Decrease) in Cash & Cash Equivalent (A)+(B)+(C)	34,99,488	1,06,559
	Cash and Cash Equivalents as at the beginning of the year	84,76,334	55,57,753
	Cash and Cash equivalent received on account of amalgamation	-	28,12,022
	Cash and Cash Equivalents as at the end of the year	1,19,75,822	84,76,334
	Components of Cash and Cash equivalents		
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	01.04.2021	01.04.2020
	Cash and Balances with RBI (including FC notes)	37,88,571	20,11,892
	Balances with Banks and Money at call	46,87,762	35,12,987
	Net cash and cash equivalents at the beginning of the year	84,76,334	55,24,879
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31.03.2022	31.03.2021
	Cash and Balance with RBI (including FC notes)	46,11,589	37,88,571
	Balances with Banks and Money at call	73,64,233	46,87,762
	Net cash and cash equivalents at the end of the year	1,19,75,822	84,76,334

Previous Year's figures have been regrouped/recasted wherever considered necessary to correspond with the year ended classification/ presentation.

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

(Nidhu Saxena)
Executive Director

(Rajneesh Karnatak)
Executive Director

(Nitesh Ranjan)
Executive Director

(Rajkiran Rai G.)
Managing Director & CEO

(Sameer Shukla)
Director

(Arun Kumar Singh)
Director

(Suraj Srivastava)
Director

(Laxman S Uppar)
Director

(Dr. Jayadev Madugula)
Director

(Priti Jay Rao)
Director

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31St March, 2022

		(₹ in 000')
SCHEDULE 1 - CAPITAL :	**As on 31st March, 2022**	**As on 31st March, 2021**
I. Authorised :		
10,00,00,00,000 Equity Shares of Rs.10 each	10,00,00,000	10,00,00,000
(Previous Year 10,00,00,00,000 Equity Shares of Rs.10 each)		
II Issued, Subscribed & Paid up :		
i. 570,66,60,850 Equity Shares of Rs.10	5,70,66,609	5,70,66,609
each, held by Central Government		
(Previous Year 570,66,60,850 Equity Shares)		
ii. 112,80,86,616 Equity Shares of Rs.10	1,12,80,866	70,01,835
each, held by Public		
(Previous Year 70,01,83,505 Equity Shares)		
	6,83,47,475	**6,40,68,444**
SCHEDULE 1A - PREFERENCE SHARE CAPITAL ISSUED BY SUBSIDIARY COMPANY :	**As on 31st March, 2022**	**As on 31st March, 2021**
10,40,03,544 Participatory Non-Redemable Compulsorily convertible Preference Shares of Rs. 10 Each (Issued by Union Asset Management Company Private Limited, a subsidiary company) to Dai Ichi Life Holdings Inc on May 17 2018 for a tenure of 20 years)	10,40,035	10,40,035
TOTAL	**10,40,035**	**10,40,035**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2022

				(₹ in 000)
SCHEDULE 2 - RESERVES & SURPLUS :	As on 31st March, 2022		As on 31st March, 2021	
I. Statutory Reserve :				
As per last Balance Sheet	13,36,27,665		12,62,91,983	
Addition during the year	1,31,93,989		73,35,682	
Deductions during the year	-	14,68,21,655	-	13,36,27,665
II. Capital Reserve :				
A) Capital Reserve				
As per last Balance Sheet	4,67,20,564		3,77,18,727	
Addition during the year	1,22,12,675		90,01,837	
Deductions during the year	-		-	
	5,89,33,239		4,67,20,564	
B). Revaluation Reserve :				
As per last Balance Sheet	4,89,84,778		4,99,77,701	
Addition during the year	79,200		40,444	
Deduction during the year	14,93,238		10,33,368	
	4,75,70,740		4,89,84,777.33	
C) Amalgamation Reserves				
As per last Balance Sheet	1,30,95,979		1,30,95,979	
Addition during the year	-		-	
Deduction during the year	-			
	1,30,95,979	11,95,99,958	13095979	10,88,01,321
III) Capital Reserve on Consolidation				
As per last Balance Sheet	6,63,498		6,63,498	
Addition during the year	-		-	
Deduction during the year.	2,41,147	4,22,351	-	6,63,498
IV. Share Premium :				
As per last Balance Sheet	17,37,85,077		50,13,70,025	
Addition during the year	1,01,92,653		-	
Deduction during the year	50,870	18,39,26,860	32,75,84,947	17,37,85,077
V. Revenue and Other Reserves :				
i) Revenue Reserves :				
As per last Balance Sheet	9,53,58,032		8,20,08,797	
Addition during the year	1,36,44,810		2,60,02,442	
Deduction during the year	15,72,823		1,26,05,877	
	10,74,30,020		9,54,05,362	
Less- Minority interest			-	
	10,74,30,020		9,54,05,362	
ii) Special Reserve Sec 36(1)(viii)				
As per last Balance Sheet	5,50,78,789		5,50,78,789	
Addition during the year	52,20,000		-	
	6,02,98,789		5,50,78,789	
iii) Foreign Currency Translation Reserve				
As per last Balance Sheet	20,15,866		35,93,516	
Addition during the year	2,95,359		4,28,740	
Deduction during the year	10,37,597		9,044	
	12,73,628		20,14,212	
iv) Special Profit Reserve/ Cash Flow Hedge Reserve				
As per last Balance Sheet	58,485		58,485	
Addition during the year	-		454	
Deduction during the year	-			
	58,485		58,939	
v) Investment Fluctuation Reserves				
As per last Balance Sheet	1,27,92,903		41,300	
Addition during the year	65,83,682		1,27,92,901	
Deduction during the year	-		-	
	1,93,83,583		1,28,34,201	
vi) Debenture Redemption reserve				
As per last Balance Sheet	-		-	
Addition during the year	31,375		-	
Deduction during the year	-		-	
	31,375	18,84,53,880	-	18,55,91,703
VI. Balance in Profit and Loss Account				
Balance in Profit and Loss Account		55		35
TOTAL		63,82,23,739		54,22,69,299
SCHEDULE 2 A Minority Interest				
Opening Balance		-		-
Add/(Less):- Increase/(Decrease) during the year		-		-
Total Minority Interest		-		-

R.G.N. Price & Co. Chartered Accountants

SARDA & PAREEK LLP MUMBAI FRN: 109262W/W100673 CHARTERED ACCOUNTANTS

C.R. SAGDEO & CO. FRN 108959W NAGPUR CHARTERED ACCOUNTANTS

P V A R & ASSOCIATES FRN-005223C CHARTERED ACCOUNTANTS

Gopal Sharma & Co. JAIPUR CHARTERED ACCOUNTANTS

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2022

				(₹ in 000')
SCHEDULE 3 - DEPOSITS :	**As on 31st March, 2022**		**As on 31st March, 2021**	
I. Demand Deposits				
i) From Banks	81,32,959		76,23,510	
ii) From Others	71,90,31,754	72,71,64,713	62,94,60,721	63,70,84,231
II. Savings Bank Deposits		3,04,57,69,582		2,71,99,65,042
III. Term Deposits				
i) From Banks	2,27,87,325		3,16,45,104	
ii) From Others	6,54,79,55,915	6,57,07,43,240	5,86,78,44,885	5,89,94,89,989
TOTAL		**10,34,36,77,535**		**9,25,65,39,262**
Deposits of branches in India		10,31,96,69,265		9,21,47,62,722
Deposits of branches outside India		2,40,08,270		4,17,76,540
TOTAL		**10,34,36,77,535**		**9,25,65,39,262**
SCHEDULE 4 - BORROWINGS :				
A. Borrowings in India				
i. Reserve Bank of India	14,20,90,000		14,20,90,000	
ii. Other Banks	1,98,28,213		1,40,33,310	
iii. Other Institutions and Agencies	3,02,20,231		2,78,19,964	
iv. Perpetual Bonds	8,70,50,000		7,10,50,000	
v. Subordinated Bonds	10,05,00,000		10,05,00,000	
vi. 7 years infra bonds	-	37,96,88,444	50,01,000	36,04,94,274
B. Borrowings Outside India		13,27,63,555		15,87,28,038
TOTAL		**51,24,51,999**		**51,92,22,312**
Secured Borrowings included in (B) I above I & II above		**14,70,29,470**		**14,20,90,000**

R.G.N. Price & Co. Chartered Accountants

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Gopal Sharma & Co. CA Jaipur Chartered Accountants

N B S & Co. Mumbai FRN 110100W Chartered Accountants

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2022

		(₹ In 000')
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS :	**As on 31st March, 2022**	**As on 31st March, 2021**
I. Bills Payable	2,68,90,202	2,30,30,334
II. Interest Accrued	4,54,94,112	3,18,07,505
III. Others (including provisions)	30,05,31,002	34,57,96,756
TOTAL	**37,29,15,316**	**40,06,34,595**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA :		
I. Cash in Hand	3,78,48,706	3,78,64,974
(including foreign currency notes and Gold)		
II. Balances with Reserve Bank of India		
Balances with Reserve Bank of India In Current Account	42,33,09,768	34,09,87,188
Balances with Reserve Bank of India In Other Account	446	4973
TOTAL	**46,11,58,920**	**37,88,57,135**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2022

(₹ in 000')

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE :	As on 31st March, 2022	As on 31st March, 2021
I) In India		
i) Balances with Banks		
a) In Current Accounts	24,07,403	58,71,512
b) In Other Deposit Accounts	6,15,83,178	7,11,41,687
ii) Money at Call & Short notice		
a) With Banks	-	-
b) With Other Institutions	55,41,14,877	29,55,40,000
	61,81,05,458	37,25,53,199
II. Outside India		
i) In Current Accounts	33,72,152	27,17,626
ii) In other Deposit Accounts	11,36,93,769	9,20,46,674
iii) Money at call & short notice	12,51,910	14,58,740
	11,83,17,831	9,62,23,040
TOTAL	**73,64,23,289**	**46,87,76,239**
SCHEDULE 8 - INVESTMENTS :		
I. Investments in India		
i) Government Securities	2,65,82,89,693	2,42,56,14,461
ii) Other Approved Securities	58,64,924	1,60,14,875
iii) Shares	2,62,42,463	3,27,94,407
iv) Debentures and Bonds	70,34,90,650	75,85,84,336
v) Subsidiaries and Joint Ventures/Associate	26,88,946	21,20,760
vi) Others (Commercial Paper,Mutual Funds, Venture Capital,Security Receipt, Etc.)	10,05,44,011	13,41,76,368
Total	**3,49,71,20,687**	**3,36,93,05,207**
II. Investments outside India		
i) Govt Securities (including Local Authorities)	1,85,57,542	1,87,83,099
ii) Shares	6,810	9,450
iii)Other Investments (Bonds)	27,05,397	24,87,303
iv) Subsidiaries and Joint Ventures	1	-
Total	**2,12,69,750**	**2,12,79,852**
TOTAL	**3,51,83,90,438**	**3,39,05,85,059**
III. Investments in India		
Gross Value	3,55,86,12,295	3,43,15,59,994
Less: Provision for Depreciation	6,14,91,607	6,22,54,787
Net Value of Investment in India	**3,49,71,20,688**	**3,36,93,05,207**
IV) Investments outside India		
Gross Value	2,15,85,972	2,12,99,300
Less: Provision for Depreciation	3,16,223	19,448
Net Value of Investment outside India	**2,12,69,749**	**2,12,79,852**
TOTAL	**3,51,83,90,437**	**3,39,05,85,059**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2022

		(₹ in 000')
SCHEDULE 9 - ADVANCES (Net)	**As on 31st March, 2022**	**As on 31st March, 2021**
I i) Bills Purchased and Discounted	3,87,31,665	4,11,53,857
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	2,87,95,84,813	2,66,27,05,495
iii) Term Loans	3,71,52,40,028	3,22,93,41,475
TOTAL	**6,63,35,56,506**	**5,93,32,00,827**
II i) Secured by Tangible Assets*	5,36,44,78,377	5,09,22,54,335
ii) Covered by Bank/Government Guarantees	13,07,52,505	16,55,89,292
iii) Unsecured	1,13,83,25,624	67,53,57,201
TOTAL	**6,63,35,56,506**	**5,93,32,00,828**
(* includes advances against Book Debt Rs. 61,83,30,066 (previous year Rs. 59,90,84,207))		
A. Advances in India		
i) Priority Sector	2,59,52,39,457	2,52,92,91,622
ii) Public Sector	72,72,96,155	61,06,29,459
iii) Banks	2,22,975	3,07,310
iv) Others	3,13,83,22,359	2,62,94,41,664
TOTAL	**6,46,10,80,946**	**5,76,96,70,055**
B. Advances Outside India		
i) Due From Banks	5,45,65,135	3,47,68,977
ii) Due from Others		
a) Bills Purchased and Discounted	12,32,802	36,979
b) Syndicated Loans	5,47,141	11,83,093
c) Others	11,61,30,482	12,75,41,723
	17,24,75,560	**16,35,30,772**
TOTAL	**6,63,35,56,506**	**5,93,32,00,827**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2022

(₹ in 000')

SCHEDULE 10 - FIXED ASSETS	As on 31st March, 2022		As on 31st March, 2021	
A. TANGIBLE ASSETS				
I. Premises				
At cost/valuation as per last balance sheet	8,16,49,772		8,09,95,477	
Additions during the year	6,12,275		7,17,393	
Deductions during the year	12,79,323		4,738	
	8,09,82,724		8,17,08,132	
Less: Depreciation till Date	2,64,08,228	5,45,74,496	2,49,42,252	5,67,65,880
II. Capital Work-In-Progress				
At cost as per last balance sheet	6,30,768		5,96,816	
Additions during the year	1,87,638		2,18,977	
Deductions during the year	4,48,273	3,70,133	1,82,517	6,33,276
III. Land				
At cost as per last balance sheet	12,45,683		12,45,683	
Additions during the year	13,08,678		-	
Deductions during the year	55,725		-	
	24,98,636		12,45,683	
Less: Depreciation till Date	4,52,022	20,46,614	78,385	11,67,298
IV. Other Fixed Assets				
(including Furniture and Fixtures)				
a) Assets given on lease				
At cost as per last balance sheet	2,68,478		2,68,478	
Addition during the year	-		-	
Deductions during the year	-		-	
	2,68,478		2,68,478	
Less: Depreciation till Date	2,68,478	0	2,68,478	0
b) Others				
At cost/valuation as per last balance sheet	6,49,59,025		6,25,93,795	
Additions during the year	49,20,419		35,32,456	
Deductions during the year	8,19,609		9,93,375	
	6,90,59,835		6,51,32,876	
Less: Depreciation till Date	5,63,82,534	1,26,77,301	5,30,38,569	1,20,94,307
D. INTANGIBLE ASSETS				
(I) Computer Software				
At cost as per last balance sheet	1,14,93,797		89,51,793	
Additions during the year	9,10,278		27,20,989	
Deductions during the year	29,870		9,256	
	1,23,74,205		1,16,63,526	
Amortisation till Date	99,59,654	24,14,551	86,60,085	30,03,441
TOTAL		7,20,83,095		7,36,64,201

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Mumbai FRN: 109262W / W100673 Chartered Accountants

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Gopal Sharma & Co. Jaipur Chartered Accountants

N B S & Co. Mumbai FRN 110100W Chartered Accountants

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2022

		(₹ in 000')
SCHEDULE 11 - OTHER ASSETS :	**As on 31st March, 2022**	**As on 31st March, 2021**
I. Inter-Office Adjustments (net)	1,79,97,046	7,34,01,772
II. Interest Accrued	7,77,68,178	6,16,79,664
III. Tax paid/Tax deducted at source (Net of Provisions)	5,41,13,751	6,63,96,665
IV. Stationery and Stamps	63,349	68,176
V. Non-Banking Assets acquired in satisfaction of claims	1,334	1,238
VI.Deferred Tax Assets (Net)	12,29,53,434	15,67,50,030
VII. MAT Credit	2,96,94,268	1,19,72,569
VIII. Others	21,34,52,492	20,84,20,372
TOTAL	**51,60,43,852**	**57,86,90,486**
SCHEDULE 12 - CONTINGENT LIABILITIES :		
I. Claims against the Bank not acknowledged as debts	3,32,70,455	3,73,28,046
II. Liability for partly paid Investments	-	41,578
III. Liability on account of outstanding forward exchange contracts	4,37,12,08,481	2,30,09,22,075
IV. Guarantees given on behalf of Constituents		
i) In India	65,35,08,697	66,32,75,681
ii) Outside India	1,65,87,098	1,35,04,434
V. Acceptances, Endorsements and Other Obligations	1,26,99,57,903	52,14,77,693
VI. Other items of Contingent Liability	-	3,95,261
VII.) Disputed Tax demands under Appeals	13,81,64,819	15,71,17,481
VIII.) Amount transfered to DEAF Scheme 2014	2,87,70,887	2,37,52,409
TOTAL	**6,51,14,68,340**	**3,71,78,14,658**

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Mumbai FRN: 109262W/W100673 Chartered Accountants

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P V A R & Associates FRN - 005223C Chartered Accountants

Gopal Sharma & Co. Jaipur Chartered Accountants

N B S & Co. Mumbai FRN 110100W Chartered Accountants

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st March, 2022

		(₹ In 000')
SCHEDULE 13 - INTEREST EARNED :	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
I. Interest/Discount on Advances/Bills	45,29,33,293	45,83,44,668
II. Income on Investments	20,15,94,684	21,03,54,155
III. Interest on Balances with RBI & Other Inter Bank Funds	2,14,39,537	1,61,06,390
IV. Others	63,29,059	83,09,349
TOTAL	**68,22,96,573**	**69,31,14,562**
SCHEDULE 14 - OTHER INCOME :		
I. Commission, Exchange and Brokerage	1,71,90,485	1,21,60,225
II. Profit on Sale of Investments - (Net)	3,52,44,503	4,32,96,427
III. Profit on revaluation of Investments (Net)	- 13,43,760	40,76,402
IV. Profit/ (Loss) on Fixed Asset - (Net)	(3,489)	2,05,851
V. Profit on Exchange Transactions - (Net)	60,83,678	43,40,878
VI. a)Lease Finance Income	-	-
b)Lease Management Fee	-	-
c)Overdue Charges	-	-
d)Interest on Lease Rent Receivables	-	-
VII. Miscellaneous Income	7,80,72,713	7,89,87,445
TOTAL	**13,52,44,131**	**14,30,67,228**

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st March, 2022

		(₹ in 000')
SCHEDULE 15 - INTEREST EXPENDED :	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
I. Interest on Deposits	37,47,18,766	40,83,59,049
II. Interest on Reserve Bank of India/Inter Bank Borrowing	1,05,60,975	1,49,23,543
III. Others	1,65,04,910	1,78,41,396
TOTAL	**40,17,84,651**	**44,11,23,988**
SCHEDULE 16 - OPERATING EXPENSES :		
I. Payments to and Provisions for Employees	10,26,36,661	9,49,10,217
II. Rent, Taxes and Lighting	1,08,29,331	1,12,06,349
III. Printing and Stationery	9,75,941	9,30,033
IV. Advertisement and Publicity	6,94,846	7,18,677
V. a) Depreciation on Bank's Property other than Leased Assets	74,48,149	90,81,502
b) Depreciation on Leased Assets	-	-
VI. Directors' Fees, Allowances and Expenses	48,608	59,706
VII. Auditors' Fees and Expenses (including Branch Auditors)	6,70,847	10,94,891
VIII. Law Charges	15,25,868	13,66,141
IX. Postage, Telegrams, Telephones, etc.	31,25,474	23,36,294
X. Repairs and Maintenance	33,75,669	36,62,617
XI. Insurance	1,16,58,849	1,20,98,687
XII. Amortization of Goodwill, if any	-	-
XIII. Other Expenditure	5,40,35,874	6,00,50,099
TOTAL	**19,70,26,117**	**19,75,15,212**

SINGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED) : SCHEDULE 17

1. Basis of Preparation

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated. These are prepared following the Going Concern concept, in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable and practices generally prevalent in the banking industry in India. In respect of foreign offices, statutory provisions and practices prevailing in foreign countries are complied with.

2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amount of Assets and Liabilities (including Contingent Liabilities) as of the date of the financial statements and the reported Income and the Expenses during the reporting period. Management believes that the estimates wherever used in the preparation of the financial statements are prudent and reasonable. Actual results can differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future period.

3. Basis of consolidation

a) Bank is having 5 subsidiaries, 3 JVs and 1 associate. The details are as under:-

S. No.	Nature	Entities	Stake
1	Subsidiary	UBI AMC Co Pvt Ltd	100%
2	Subsidiary	Union Trustee Co Pvt Ltd	100%
3	Subsidiary	Union Bank of India (UK) Ltd	100%
4	Subsidiary	Andhra Bank Financial Services Ltd	100%
5	Subsidiary	UBI Services Ltd.	100%
6	JV	Star Union Dai-Ichi Life Insurance Co Ltd.	25.10%
7	JV	ASREC (India) Ltd	26.02%
8	JV	India International Bank (Malaysia) BHD	25.00%
9	Associate	Chaitanya Godavari Grameena Bank	35%

The consolidated financial statements are prepared on the basis of:

1) Audited Accounts of the parent bank (Union Bank of India)

2) **Consolidation of Subsidiaries:** Line by Line aggregation of the Income/Expenditure/Assets/Liabilities of the subsidiaries with the respective line item of the parent bank, after eliminating all intra-group transactions, unrealized profits/loss in terms of AS 21 on Consolidated Financial Statements issued by Institute of Chartered Accountants of India (ICAI).

3) **Consolidation of Associates:** The Investment in Associate is accounted for consolidation as per Equity Method in terms of AS 23 on Accounting for Investments in Associates in Consolidated Financial Statement issued by Institute of Chartered Accountants of India (ICAI).

4) **Consolidation of Joint Ventures:** Line by Line consolidation is done with proportionate share in Joint Venture in terms of AS-27 on Financials Reporting in Interest of Joint Venture issued by Institute of Chartered Accountants of India (ICAI).

b) In case of Domestic Associate/Subsidiaries and Joint Venture, accounting adjustments arising due to different accounting policies followed by parent bank and associate/subsidiaries and Joint Venture have not been carried out due to practical difficulties on the basis of data provided by associates/ subsidiaries and Joint Venture as the amounts are not material.

c) The difference between cost to the Group of its investment in the subsidiaries and the Parent's portion of the equity of the subsidiaries is recognized in the CFS as Goodwill / Capital Reserve, as the case may be.

d) Minority interest in the net assets of the consolidated subsidiaries consists of:
   i) The amount of equity attributable to the minority at the date on which investment in a subsidiary is made and
   ii) The minority share of movements in revenue reserves / loss and equity since the date the parent subsidiary relationship came into existence.
   iii) The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses

4. Revenue Recognition

a) Banking entities

i) Income and Expenditure have been accounted for on accrual basis unless otherwise stated.
ii) Income on Non-Performing Assets (NPAs) is recognized to the extent realized as per the prudential norms prescribed by the RBI. Income accounted for in the preceding year and remaining unrealized is derecognized in respect of assets classified as NPAs during the year.
iii) Commission on Letter of Guarantee/Letter of Credit is accounted on accrual basis.
iv) Exchange and brokerage earned, rent on Safe Deposit Lockers, income from Aadhaar cards Minimum balance charges etc. are accounted for on realization basis.
v) Income (Other than interest) on investments in "Held to Maturity" (HTM) category acquired at discount to the face value is recognized as follows:
   a) On interest bearing securities, it is recognized only at the time of sale/ redemption.
   b) On Zero- coupon securities, it is accounted for over the balance tenor of the securities on a constant yield basis.
vi) Dividend is accounted on an accrual basis where the right to receive the dividend is established.
vii) Sale of NPAs accounted in terms of extant RBI guidelines.

viii)Interest on income-tax refunds is accounted for on receipt of intimation order from the Income Tax Department.

b) Non-Banking entities

Life Insurance

i. Premium Income

Premium (net of GST) is recognized as income when due. For linked business, premium is recognized when the associated units are created. Top up premiums are considered as single premium. Premium on lapsed policies is recognized as income when such policies are reinstated. Commission received on reinsurance ceded is recognized as income in the period in which reinsurance premium is ceded.

ii. Income from linked funds

Income from linked funds which includes premium allocation charges, policy administrative charges, mortality charges, fund management charges etc. are recovered from the linked funds in accordance with the terms and conditions of policies issued.

iii. Reinsurance Premium

Cost of reinsurance ceded is accounted for at the time of recognition of premium income in accordance with the treaty or in principle arrangement with the reinsurer. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

iv. Benefits paid (including claims)

Benefits paid comprise of policy benefits & claim settlement costs, if any. Death, rider & surrender claims are accounted for on receipt of intimation. Survival benefit claims and maturity claims are accounted for when due. Withdrawals & surrenders under linked policies are accounted for in the respective schemes when the associated units are cancelled. Reinsurance recoveries on claims are accounted for in the same period as the related claims.

v. Acquisition Costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts and are expensed in the period in which they are incurred.

vi. Liability for life policies

Actuarial liability for life policies in force and for policies in respect of which premium has been discontinued but a liability exists, is determined by the Appointed Actuary using the gross premium method and in case of group business, unearned premium reserve method, in accordance with accepted actuarial practice, requirements of Insurance Act, 1938, IRDA regulations and the stipulations of Institute of Actuaries of India.

Asset Management

i. Investment management fees are recognized net of tax on an accrual basis as a percentage of the average daily net assets of the mutual fund schemes (excluding the investments made by the company in the schemes) such that it does not exceed the limit prescribed by the SEBI (Mutual Funds) Regulations, 1996 and any further amendments.

ii. Investment advisory fees are recognized on accrual basis in accordance with the terms of contract with the customers.

iii. Interest income is recognized using the time proportion method, based on the rates implicit in the transaction.

iv. Dividend income is recognized when right to receive is established.

5. Investments

i) Classification

In conformity of the requirements in form A of the Third Schedule to the Banking Regulations Act, 1949, Investments are classified as under:

a) Government Securities
b) Other Approved Securities
c) Shares
d) Debentures & Bonds
e) Investments in Subsidiaries & Joint Ventures, and
f) Other Investments

The investment portfolio of the Bank is further classified in accordance with the RBI guidelines contained in Master Circular Master Circular DoR.MRG.42/21.04.141 /201-22 dated August 25, 2021 into three categories viz.,

a) Held to Maturity (HTM)
b) Available for Sale (AFS)
c) Held for Trading (HFT)

ii) Basis of Valuation

As per RBI guidelines, the following principles have been adopted for the purpose of valuation:

a) **Securities held in "HTM"** - at acquisition cost: The excess of acquisition cost over the face value is amortized over the remaining period of maturity and in case of discount; it is not recognized as income.
b) Investment in Regional Rural Banks is valued at carrying cost.
c) Investments in Subsidiaries and Joint Ventures are valued at carrying cost
d) Diminution other than temporary, if any, in valuation of such investments is provided for.
e) Securities held in "AFS" and "HFT" categories are valued classification wise and scrip wise and net depreciation, if any, in each classification is charged to Profit and Loss account while net appreciation, if any, is ignored.
f) Valuation of other securities is arrived at as follows:

A	Govt. of India Securities (Central Govt. Securities)	As per quotations put out by Fixed Income Money Market and Derivatives Association (FIMMDA/FBIL)
B	State Development Loans, State Govt. Securities, Securities guaranteed by Central/ State Government, PSU Bonds	On appropriate yield to maturity basis as per FIMMDA/FBIL guidelines

C	Equity Shares	As per market rates, if quoted, otherwise at Break-up Value, as per latest Audited Balance Sheet (not more than 1 year old). In the absence of both, at ₹ 1/- per Company. The break-up Value is computed excluding revaluation reserve.
D	Preference Shares	As per market rates, if quoted, or on appropriate yield to maturity basis not exceeding redemption value as per FIMMDA/FBIL guidelines
E	Debentures/Bonds	As per market rates, if quoted, otherwise on appropriate yield to maturity basis as per FIMMDA/FBIL guidelines.
F	Mutual Funds(MF)	As per stock exchange quotations, if quoted. In case of unquoted units, as per latest Repurchase price declared by concerned MF. In cases where latest repurchase price is not available, as per Net Asset Value (NAV)
G	Treasury Bills / Certificate of Deposits / Commercial Papers	At carrying cost
H	Venture Capital Funds (VCF)	At declared NAV or Breakup NAV as per audited Balance Sheet which is not more than 18 months old. If NAV / audited financial statements are not available for more than 18 months continuously, at ₹ 1/- per VCF
I	Security Receipts	At NAV as declared by Securitization Companies

iii) Interbank REPO / Reverse REPO transactions are accounted for in accordance with extant RBI guidelines.

iv) As per the extant RBI guidelines, the shifting of securities from one category to another is accounted for as follows:

  a) From AFS / HFT categories to HTM category, at lower of book value or market value as on the date of shifting. Depreciation, if any, is fully provided for.
  b) From HTM category to AFS / HFT category,
    - If the security is originally placed at discount in HTM category, at acquisition cost/ book value
    - If the security is originally placed at a premium, at an amortized cost.
  c) From AFS to HFT category and vice versa, at book value.
  d) The securities so shifted are revalued immediately and resultant depreciation is fully provided for.

v) The non-performing investments are identified and provision is made as per the extant RBI guideline.

vi) Profit / Loss on sale of investments & appreciation/depreciation of investment in any category is taken to the Profit and Loss account. However, in case of profit on sale of investments in "HTM" category, an equivalent amount (net of taxes and net of transfer to Statutory Reserves) is appropriated to the Capital Reserve account.

vii) Commission, brokerage, broken period interest etc. on securities is debited / credited to Profit & Loss account.

viii) Income from the units of Mutual Fund, Venture Capital & Security Receipt is recognized on Cash Basis.

ix) As per the extant RBI guidelines, the Bank follows 'Settlement Date' for accounting of investments transactions.

6. Derivative Contracts:

a) The Interest Rate Swap which hedges interest bearing Asset or Liability are accounted for in the financial statements on accrual basis except the swap designated with an Asset or Liability that is carried at market value or lower of cost or market value. Gains or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the Asset / Liability.
b) Trading swap transactions are marked to market with changes recorded in the financial statements.(profit if any, is ignored)
c) In the case of option contracts, guidelines issued by Foreign Exchange Dealers Association of India (FEDAI) from time to time for recognition of income, premium and discount are being followed.

7. Advances

i) Advances in India, are classified under four categories, i.e. (a) Standard, (b) Sub-standard, (c) Doubtful and (d) Loss assets. Provisions required on such advances are made as per the extant prudential norms issued by the RBI in terms of Master Circular DOR.No.STR.REC.55/21.04.048/2021-22 dated October 01, 2021. In respect of foreign offices, Advances are classified in accordance with Prudential Norms prescribed by the RBI or local laws of the host country in which advances are made, whichever is more stringent.
ii) Advances are stated net of specific loan loss provisions, counter cyclical provisioning buffer and provision for diminution in fair value of restructured advances and unrecovered interest held in sundry / claims received from Credit Guarantee Trust for Micro & Small Enterprises (CGTMSE)/Export Credit Guarantee Corporation (ECGC) relating to non-performing assets.
iii) The general provision on standard advances is held in "Other Liabilities and Provisions" reflected in Schedule 5 of the balance sheet and is not considered for arriving at both net NPAs and net advances.
iv) Amounts recovered against debts written off are recognized as revenue in the year of recovery.
v) Provision on Suspense accounts entries outstanding for more than six months are made at 100% except the claim receivable from Govt./Govt. Bodies like Interest Subsidy on crop loan/export advance, Pension receivable etc.

8. Property, Plant and Equipment

i) Premises and Other Fixed Assets are stated at cost less accumulated depreciation as adjusted for impairment, if any The cost comprises of purchase price, eligible borrowing costs and directly attributable costs of bringing the Asset to its working condition for the intended use less trade discounts and rebates. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefits from such assets or their functional capability. Land and Buildings, if revalued are stated at revalued amount. The appreciation on revaluation is credited to Revaluation Reserve and the depreciation provided thereon is deducted there from and shall be credited to Revenue Reserves in terms of revised AS-10 on "Property, Plant and Equipment"..

ii) Depreciation on Fixed Assets is provided for on the Straight Line Method at the rates prescribed in Expenditure Policy of the Bank from time to time. The applicable rates of depreciation are as under:

Sr. No.	Capital Asset	Useful Life (Years)	Rate in percentage
1	Immovable Property- Land	Not stipulated; accordingly, no depreciation	NIL
2	Building with RCC frame structure (Both Residential & Non-residential)	60	1.67
3	Furniture	10	10.00
4	Fixtures	10	10.00
5	Air-conditioning plants (Package & water/air cooled ductable)	10	10.00
6	Split & Window Air conditioners	5	20.00
7	Electrical installments and equipment	5	20.00
8	Solar Power Equipment	15	6.67
9	Elevators & Lifts	15	6.67
10	Civil & Flooring work in leased Premises	5	20.00
11	Telephone Equipment	5	20.00
12	Motor Cycles, Scooters & other mopeds	10	10.00
13	Motor Cars, Motor Lorries and Electrically operated vehicles including battery powered or fuel cell powered vehicles	8	12.50
14	Mobile Phones	3	33.33
15	Generators	15	6.67
16	Office Equipment	5	20.00
17	Computers & computer software forming integral part of hardware	3	33.33
18	ATM & allied items	3	33.33
19	UPS & allied items	5	20.00
20	Servers & Networks	6	16.66

Sr. No.	Capital Asset	Useful Life (Years)	Rate in percentage
21	End user devices such as desktops, laptops, i-pads, tablets, printer & Scanner, digital watches etc.	3	33.33

iii) Depreciation on premises is provided on composite cost, wherever the value of Land and Buildings is not separately identifiable.

iv) Depreciation on Leased assets and Leasehold improvements is recognized on a straight-line basis using rates determined with reference to the primary period of lease.

v) Depreciation on fixed assets outside India and fixed assets of subsidiaries / associates is provided as per regulatory requirements / or prevailing practices of respective country / industry.

9. Impairment of Assets

The carrying costs of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

10. Counter Cyclical Provisioning Buffer

The Bank has a policy for creation and utilization of Counter Cyclical Provisioning Buffer separately for advances and investments. The quantum of provision to be created is assessed at the end of each financial year. The counter cyclical provisions are utilized only for contingencies under extra ordinary circumstances specified in the policy with prior permission of the RBI.

11. Transactions involving Foreign Exchange

Accounting for transactions involving foreign exchange is done in accordance with AS 11, (The Effects of Changes in Foreign Exchange Rates), issued by the ICAI. As stipulated in AS 11, the foreign currency operations of the Bank are classified as under

a) Integral Operations and
b) Non Integral Operations.

All Overseas Branches, Offshore Banking Units, Overseas Subsidiaries are treated as Non Integral Operations and domestic operations in foreign exchange and Representative Offices are treated as Integral Operations.

a) **Translation in respect of Integral Operations**

   i.) Income and Expenditure items are recognized at the exchange rates prevailing on the date of the transaction.

   ii.) Foreign Currency Monetary and Non-Monetary Assets and Liabilities are translated at the closing spot rates notified by FEDAI at the end of each quarter.

   iii.) Contingent liabilities on account of guarantees, acceptances, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the close of the year

   iv.) The resulting exchange differences are recognized as income or expenses and are accounted through Profit and Loss Account.

   v.) Forward exchange contracts are recorded at the exchange rate prevailing on the date of commitment. Outstanding forward exchange contracts are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of 'in-between' maturities. The resultant gains or losses are recognized in the Profit and Loss account.

b) **Translation in respect of Non Integral Operations**

   i) Assets and Liabilities (including contingent liabilities) are translated at the closing spot rates notified by FEDAI at the end of each quarter

   ii) Foreign Exchange Spot and Forwards contingent liabilities outstanding as at the balance sheet date are translated at the closing spot and forward rates respectively notified by FEDAI and at interpolated rates for contracts of interim maturities.

   iii) Income and Expense are translated at quarterly average rate notified by FEDAI at the end of each quarter.

   iv) The resulting exchange differences are not recognized as income or expense for the period but accumulated in a separate account "Foreign Currency Translation Reserve" till the disposal of the net investment.

12. Employee Benefits

A. Short Term Employment Benefits:

The undiscounted amounts of short term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the service are treated as short term and recognized during the period in which the employee rendered the service.

B. Long Term Employee Benefits:

i. Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/ employees joining the Bank on or after 1st April, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with 14% contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

ii. Defined Benefit Plan:

Gratuity, Pension and Leave Encashment are defined benefit plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

13. Segment Reporting

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in the compliances with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. Business segments are classified into:

13.1 Treasury Operations,
13.2 Corporate and Wholesale Banking,
13.3 Retail Banking Operations and
13.4 Other Banking Operations

14. Lease Transactions

Lease payments for assets taken on operating lease are amortized over the lease term. The properties taken on lease / rental basis are renewable / cancellable at the option of the Bank. The Bank's liabilities in respect of disputes pertaining to additional rent / lease rent are recognized on settlement or on renewal.

15. Earnings Per Share

Earnings per share are calculated by dividing the net profit or loss (after tax) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share are calculated by using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

16. Taxation

This comprises of provision for income tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) as determined in accordance with AS-22 on "Accounting for taxes on Income" issued by ICAI. Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rate. Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'reasonable certainty' that sufficient future taxable income will be available against which such Deferred Tax Assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, Deferred Tax Assets are recognized only if there is "virtual certainty".

17. Provisions, Contingent Liabilities and Contingent Assets

As per AS 29 (Provisions, Contingent Liabilities and Contingent Assets) issued by the ICAI, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

18. Share Issue Expenses:

Share Issue expenses are charged to the Share Premium account in terms of Section 52 of the Companies Act, 2013.

SCHEDULE 18 - NOTES TO ACCOUNTS (CONSOLIDATED)

1 The particulars of the subsidiaries whose financial statements are consolidated with the standalone financial statement of the Bank (the Parent) are as under:

Names of Subsidiaries	Country of Incorporation	Proportion of Ownership by the parent as on 31.03.2022
Union Asset Management Company Private Limited	India	100%
Union Trustee Company Private Limited	India	100%
Union Bank of India UK Limited	United Kingdom	100%
Andhra Bank Financial Services Limited	India	100%
UBI Services ltd	India	100%

2 The particulars of Joint Venture considered in the Consolidated Financial Statements are as under :

Names of Joint Venture	Country of Incorporation	Proportion of Ownership
Star Union Dai-Ichi Life Insurance Company Limited (Non- Banking)	India	25.10%
ASREC (India) Ltd	India	26.02%
India international bank (MALAYSIA) BHD	India	25.00%

3 The particulars of Associate considered in the Consolidated Financial Statements are as under:

Names of Associates	Country of Incorporation	Proportion of Ownership
Chaitanya Godavari Grameena Bank	India	35%

The value of the investment made by the Bank is Rs 1,492.32 Crore as on 31st March 2022 which is treated as long term investment.

4 The financial statements of the subsidiaries, joint venture and associate which are used in the consolidation have been drawn up to the same reporting date as that of the Parent i.e. 31st March 2022.

5 The Consolidated Financial Statements have been prepared on the basis of audited financial statements of Star Union Dai-ichi Life Insurance Company Limited, Union Asset Management Company Private Limited, Union Trustee Company Private Limited, Union Bank of India (UK) Limited, Chaitanya Godavari Grameena Bank, India International Bank (Malaysia) BHD, UBI Services LTD. and financials of Andhra Bank Financial Services Limited and ASREC(INDIA) Limited for the financial year ended 31.03.2022.

6 During the year, the Bank has divested 21% of its investment in IndiaFirst Life Insurance Co. Ltd. to Bank of Baroda. Consequently, the Bank's shareholding has been reduced from 30% to 9% and accordingly the financials of IndiaFirst Life Insurance Co. Ltd. has not been considered in CFS of the Bank as on 31.03.2022

7 Adjustment of outstanding entries in Suspense Accounts, Sundry Deposits, Clearing Adjustments, Bank Reconciliation Statements and various inter-branch/office accounts is in progress on an ongoing basis. Pending final clearance of the same, the overall impact, if any, on the accounts, in the opinion of the management will not be significant.

8 DISCLOSURES IN TERMS OF THE RESERVE BANK OF INDIA GUIDELINES

8.1. A. Capital

The Bank is subjected to Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till Oct. 1, 2021. As per RBI Guidelines, Basel III has been completely implemented from Oct. 1, 2021. As per guidelines, the Tier I capital is made up of Common Equity Tier I (CET I) and Additional Tier I Capital (AT 1).

Basel III guidelines require the Bank to maintain minimum capital to Risk Weighted Assets ratio (CRAR) of 11.50% with minimum CET I of 8.00% (inclusive of Capital Conservation Buffer of 2.50%) and minimum Tier I CRAR of 9.50% as at March 31, 2022.

During the year, the Bank has issued additional 42,79,03,111 number of equity shares under Qualified Institutions Placement (QIP) on 21st May, 2021 and raised an amount of Rs.1,447.17 crore. Accordingly, the shareholding of Government of India in the Bank has reduced to 83.49% as compared to the shareholding of 89.07% as on 31st March, 2021. Further, the Bank has also issued Basel III compliant Tier-2 bonds of Rs. 2,000 Crore & additional Tier-1 Bonds of Rs. 5,000 crore in tranches and exercised call option for redemption of Basel III compliant Tier-2 bonds of Rs. 2,000.00 crore & additional Tier-1 Bonds of Rs. 3,400.00 crore.

The computation of Capital Adequacy as per the framework is indicated below:

(Amount in ₹ crore)

Sr. No	Particulars	31.03.2022	31.03.2021
i.	Common Equity Tier 1 capital (CET 1) / Paid up share capital and reserves (net of deductions, if any)	58,205.98	50,133.85
ii.	Additional Tier 1 capital / Other Tier 1 capital	8,539.83	7,105.00
iii.	Tier 1 capital (i + ii)	66,745.81	57,238.85
iv.	Tier 2 capital	12,692.32	12,185.77
v.	Total capital (Tier 1+Tier 2)	79,438.12	69,424.62
vi.	Total Risk Weighted Assets (RWAs)	5,48,469.51	5,54,434.89
vii.	CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share capital and reserves as percentage of RWAs	10.61	9.04
viii.	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	12.17	10.32
ix.	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.31	2.20
x.	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	14.48	12.52
xi.	Leverage Ratio	5.17	4.82

xii.	Percentage of the shareholding of a) Government of India b) State Government (specify name) c) Sponsor Bank	83.49 --	89.07 --
xiii.	Amount of paid-up equity capital raised during the year	1,447.17	--
xiv.	Amount of non-equity Tier 1 capital raised during the year, of which: a) Basel III compliant Perpetual Non-Cumulative Preference Shares b) Basel III compliant Perpetual Debt Instruments	-- 5,000.00	-- 1,705.00
xv.	Amount of Tier 2 capital raised during the year, of which a) Perpetual Cumulative Preference Shares b) Redeemable Non-Cumulative Preference Shares c) Basel III compliant Redeemable Non-convertible Tier 2 Bonds	-- -- 2,000.00	-- -- 2,000.00

8.2 Provisions and Contingencies

(₹ in crore)

Break up of Provision & Contingencies. shown under the head in Profit & Loss:	31.03.2022	31.03.2021
Provision / (Reversal) for Depreciation on Investment	200.48	839.74
Provision towards NPA	11,931.44	13,733.74
Provision towards Harmonization (refer note below)	--	323.86
Provision(Reversal) towards Standard Assets	1,451.35	1,246.34
Net Provision made towards Income Tax/Deferred tax	3,357.84	(500.84)
Other Provision and Contingencies:	-276.62	1,283.40
TOTAL	16,664.49	16,926.24

8.3 Counter Cyclical Provisioning Buffer / Floating Provision:

(Rs in crore)

Sr. No	Particulars	31.03.2022	31.03.2021
i)	Opening Balance	306.20	306.20
ii)	Additional provisions made during the accounting year	Nil	Nil
iii)	Amount of drawdown made during the accounting year	306.20	Nil
iv)	**Closing balance**	Nil	306.20

9 EMPLOYEE BENEFITS (AS 15 - REVISED) (Parent Bank)

i) **Short Term Employment Benefits:**

The undiscounted amounts of short-term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the service are treated as short term and recognized during the period in which the employee rendered the service.

ii) **Long Term Employee Benefits:**

a) **Defined Contribution Plans:**

The Bank operates a new pension scheme (NPS) for all officers/ employees joining the Bank on or after 1st April, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a 14% contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

The Bank has Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after April 1, 2010. The scheme is managed by National Pension Scheme (NPS) Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2021-2022, the Bank has contributed Rs 501.51 crores including arrears of Rs120.35 crores (Previous Year ₹ 297.92 crore) to NPS.

b) **Defined Benefit Plan:**

Gratuity, Pension and Leave Encashment are defined benefit plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

Defined Benefit Plans - Employee's Pension plan and Gratuity plan:

The Bank has accounted for employee benefits as per Accounting Standards issued by the Institute of Chartered Accountants of India, as per actuarial valuation report for the year ended March 31, 2022.

(₹ in crore)

S.no.	Particulars	31.03.2022		31.03.2021	
		Gratuity	Pension	Gratuity	Pension
i)					
	Table showing change in Defined Benefit Obligation:				
	Liability at the beginning of the year	3,355.82	26,011.41	2,738.03	24,553.31
	Interest Cost	232.56	1,797.39	187.28	1,667.17
	Current Service Cost	161.12	212.30	137.71	265.17
	Past Service Cost (Vested Benefit Amortized)	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit)	NIL	1902.02	NIL	NIL
	Liability Transfer in	NIL	NIL	NIL	NIL
	Liability Transfer out	NIL	NIL	NIL	NIL
	(Benefit paid)	(465.84)	(2,341.52)	(433.15)	(1,682.84)
	Actuarial (Gain)/loss on obligation -due to change				
	In the financial assumption	(119.57)	(1,446.34)	--	--
	in demographic assumption	2.86	63.46	(26.36)	(247.67)
	Actuarial (Gain) / Loss on obligations	30.86	2,452.27	752.31	1,456.27
	Liability at the end of the year	3,197.81	28,650.99	3,355.82	26,011.41

	Table of Fair value of Plan Assets:				
ii)	Fair value of Plan Assets at the beginning of the year	2,746.43	26,720.88	2,671.12	23,145.31
	Expected return on Plan Assets	190.33	1846.41	182.70	1,571.57
	Contributions	843.37	551.42	291.35	3,605.19
	Transfer from Other Company	NIL	NIL	NIL	NIL
	Transfer to Other Company	NIL	NIL	NIL	NIL
	(Benefit paid)	(465.84)	(2,341.52)	(433.15)	(1,682.84)
	Actuarial (Gain)/loss on Plan Assets	(53.31)	(266.31)	(34.41)	(81.65)
	Fair Value of Plan Assets at the end of the year	3,367.60	27,043.50	2,746.43	26,720.88
	Actuarial (Gain)/loss on obligation for the period	(85.85)	1,069.39	725.95	1,208.60
	Actuarial (Gain)/loss on Plan Assets	(53.31)	(266.31)	(34.41)	(81.65)
	Total Actuarial (Gain)/loss to be recognized	(139.16)	803.08	691.54	1,126.95
iii)	**Recognition of Transitional Liability:**				
	Transitional Liability at start	NIL	NIL	NIL	NIL
	Transitional Liability recognized during the year	NIL	NIL	NIL	NIL
	Transitional Liability at end	NIL	NIL	NIL	NIL
iv)	**Actual return on Plan Assets:**				
	Expected Return on Plan Assets	190.33	1,846.41	182.70	1,571.57
	Actuarial Gain/(Loss) on Plan Assets	53.31	266.31	34.41	81.65
	Actual return on Plan Assets	243.64	2112.72	217.11	1,653.22
v)	**Expenses recognized in the Income Statement:**				
	Current Service Cost	161.12	212.30	137.71	265.17
	Interest Cost	42.23	(49.02)	4.58	95.60
	Expected Return on Plan Assets	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit Amortized) recognized	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit) recognized (1/5 of enhanced family pension)	NIL	380.40	NIL	NIL
	Recognition of Transition Liability	NIL	NIL	NIL	NIL
	Actuarial (Gain) or Loss	(139.16)	803.08	691.54	1,126.95
	Expenses Recognized in P & L	64.19	1346.76	833.83	1,487.72
vi)	**Balance Sheet Reconciliation:**				
	Opening Net Liability (Last year net amount recognized in the balance sheet)	609.39	(709.47)	66.91	1,408.00

	Expenses as above	64.19	1346.76	833.83	1,487.72
	Transfer from other Company (Net)	NIL	NIL	NIL	NIL
	Transfer to other Company (Net)	NIL	NIL	NIL	NIL
	(Employer Contribution)	(843.37)	(551.42)	(291.35)	(3,605.19)
	Net (Asset)/Liability Amount recognized in Balance Sheet	(169.79)	85.87	609.39	(709.47)
vii)	**Other Details:**				
	Pension is payable at the rate of 1/66 Salary for Each Year of Service Subject to Maximum of 50%.				
	Gratuity is payable at the rate of 15 days salary for each year of service subject to maximum of Rs 20, 00,000 or as per the Bank scheme.				
	Actuarial gain / loss is accounted for in the year of occurrence.				
	Salary escalation is considered as advised by the company which is in line with the industry practice considering promotion and demand and supply of the employees.				
	No. of Members	75,201	23,216	78203	28235
	Salary Per Month	354.44	182.95	354.09	210.64
	Contribution for next year	--	592.76	354.09	--
viii)	**Category of assets:**				
	Government of India Assets	63.45	585.14	64.56	601.59
	Corporate Bonds/FDR	36.15	721.81	96.29	1029.07
	Special Deposits Scheme	--	--	--	--
	State Govt.	101.17	1185.78	125.89	1150.74
	Property	NIL	NIL	NIL	NIL
	Other	244.10	1733.36	185.67	1,426.35
	Insurer Managed Funds	2897.20	22,492.80	2,252.98	22,235.49
	Mutual Fund	25.53	324.61	21.04	277.64
	Total	3,367.60*	27,043.50*	2746.43	26,720.88

**Note: Return on investments in LIC & other insurance companies is considered as 7.25% while arriving Pension liability and as 7.00% while arriving Gratuity liability at the Fair Value of Plan Assets for the FY2021-22 as against the 7.00% considered for arriving Pension and Gratuity liability for the FY2020-21.*

(₹ in crore)

Surplus/Deficit in the Plan:	**Gratuity Plan**				
Amount recognized in the Balance-Sheet	**31.03.22**	**31.03.21**	**31.03.20***	**31.03.19***	**31.03.18***
Liability at the end of the year	3,197.81	3,355.82	1291.94	1,222.64	1,244.88
Fair value of Plan Assets at the end of the year	3,367.60	2,746.43	1219.01	1,202.14	1,302.00
Difference	169.79	(609.39)	(72.93)	(20.50)	57.12
Unrecognized Past Service Cost	Nil	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	169.79	(609.39)	(72.93)	(20.50)	57.12

Amount recognized in the Balance-Sheet	Gratuity Plan				
Experience Adjustment	**31.03.22**	**31.03.21**	**31.03.20***	**31.03.19***	**31.03.18***
On plan liability (Gain) / Loss	30.86	752.31	25.87	7.91	(142.26)
On plan Assets (Loss) / Gain	53.31	34.41	7.20	(13.03)	10.64

Surplus/Deficit in the Plan:	Pension Plan				
Amount recognized in the Balance-Sheet	**31.03.22**	**31.03.21**	**31.03.20***	**31.03.19***	**31.03.18***
Liability at the end of the year	28,650.99	26,011.41	12,746.69	12,158.43	11,803.32
Fair value of Plan Assets at the end of the year	27,043.50	26,720.88	12,607.16	12,308.84	12,115.00
Difference	(1,607.49)	709.47	(139.53)	150.41	311.68
Unrecognized Past Service Cost	1521.62	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	(85.87)	709.47	(139.53)	150.41	311.68

Amount recognized in the Balance-Sheet	Pension Plan				
	31.03.22	**31.03.21**	**31.03.20***	**31.03.19***	**31.03.18***
Experience Adjustment					
On plan liability (Gain) / Loss	2,452.27	1,456.27	938.90	125.22	(37.82)
On plan Assets (Loss) / Gain	266.31	81.65	75.23	7.18	(21.39)

* Amount mentioned for Union Bank (Standalone) only.

Principal actuarial assumption used (%)	2021-2022		2020-2021	
	Gratuity	**Pension**	**Gratuity**	**Pension**
Discount Rate Prev.	6.93	6.91	6.84	6.79
Rate of return on Plan Assets Prev.	6.93	6.91	6.84	6.79
Salary Escalation Prev.	5.00	5.00	5.00	5.00
Attrition Rate Prev.	2.00	2.00	2.00	2.00
Discount Rate Current	7.31	7.40	6.93	6.91
Rate of Return on Plan Assets Current	7.31	7.40	6.93	6.91
Salary Escalation Current	5.00	5.00	5.00	5.00
Attrition Rate Current	2.00	2.00	2.00	2.00

i) **Other long term Employee Benefits:**

Details of Provisions made for various Long-Term Employees Benefits during the year are as follows:

(₹ in crore)

Sr. No.	Other Long Term Benefits	31.03.2022	31.03.2021
1.	Pension	1,346.76	1,487.72
2.	Leave Travel Concession	13.41	27.45
3.	Leave Encashment	48.70	102.29

Bank is having provision of ₹ 236.12 Crore towards Sick Leave on prudential basis though there is no payout.

ii) **Unamortized Family pension & Gratuity Liabilities:**

Particulars	31.03.2022	31.03.2021
Pension		
a) Balance brought forward	NIL	NIL
b) Gross Liability	1,902.02	NIL
c) Charged to Profit & Loss account	380.40	NIL
d) Balance Carried forward	1,521.62	NIL
Gratuity		
a) Charged to Profit & Loss account	NIL	NIL
b) Carried forward	NIL	NIL

e) The additional liability on account on enhancement in family pension for employees covered under XI Bi-partite settlement and Joint note dated 11th November, 2020 is arrived at Rs.1902.02 Crores as per Actuarial valuation. Further, in terms of RBI circular RBI/2021-22/105 DOR.ACC.REC.57/21.04.018/2021-22 dated October 4, 2021, Banks are permitted to amortize the said liability over a period of not exceeding 5 years beginning with FY ending 31.03.2022. Accordingly, Bank has opted to amortize the said liability over a period, of 5 years and charged an amount of Rs 380.40 crore to the profit/loss account for year ended March 31, 2022 and the balance unamortized expense of Rs.1521.62 crore has been carried forward to be amortized in next 4 years. If the unamortized expenditure has been fully recognized in the profit or loss account, the net profit would be Rs.3710.48 Crore for the year ended 31st March 2022.

10. SEGMENT REPORTING (AS-17)

10.1. Business Segments:

(₹ in Crore)

Business Segment		Consolidated	
		Year Ended	
		(Audited)	(Audited)
		31.03.2022	31.03.2021
(a)	**Segment Revenue**		
1	Treasury Operations	26,815.66	27,789.92
2	Retail Banking Operations	26,198.04	24,817.48
3	Corporate /Wholesale Banking	25,776.79	26,541.51
4	Other Banking Operations	1,397.64	1,371.55
5	Unallocated	1,688.64	3,240.26

Business Segment		Consolidated	
		Year Ended	
		(Audited)	(Audited)
		31.03.2022	31.03.2021
	Total Segment Revenue	81,876.77	83,760.72
	Less Inter-segment Revenue	-122.70	-142.54
	Income from operations	81,754.07	83,618.18
(b)	**Segment Results**		
1	Treasury Operations	6,002.74	6,157.83
2	Retail Banking Operations	4,508.68	4,197.57
3	Corporate Banking	-3,093.72	-8,823.12
4	Other Banking Operations	758.37	733.23
5	Unallocated	390.27	61.67
	Total Profit/(Loss) Before Tax	8,566.34	2,327.18
(c)	Provision for Tax	3,357.84	-500.84
(d)	**Net Profit/(Loss) after Tax**	5,208.50	2,828.02
	Add: Share of Profit in Associate	56.82	35.38
(e)	**Consolidated Net Profit/(Loss)**	5,265.32	2,863.40
(f)	**Segment Assets**		
1	Treasury Operations	4,78,735.97	4,27,941.43
2	Retail Banking Operations	3,18,913.60	2,77,171.79
3	Corporate/Wholesale Banking	3,68,181.73	3,41,941.30
4	Other Banking Operations	--	--
5	Unallocated	27,934.31	35,322.87
	Total	11,93,765.61	10,82,377.39
(g)	**Segment Liabilities**		
1	Treasury Operations	4,70,252.54	4,19,807.14
2	Retail Banking Operations	2,90,449.81	2,53,344.66
3	Corporate/Wholesale Banking	3,35,313.11	3,10,531.92
4	Other Banking Operations	--	--
5	Unallocated	26,889.03	33,955.90
	Total	11,22,904.49	10,17,639.62
(h)	**Capital Employed**		
1	Treasury Operations	8,483.43	8,134.29
2	Retail Banking Operations	28,463.79	23,827.13
3	Corporate/Wholesale Banking	32,868.62	31,409.38
4	Other Banking Operations	--	--
5	Unallocated liabilities	1,045.28	1,366.97
	Total	70,861.12	64,737.77

Notes:

1. The Bank operates in four segments viz., Treasury, Retail, Corporate / Wholesale and Other Banking Operations. These segments have been identified in line with AS-17 on segment reporting issued by the Institute of Chartered Accountants of India (ICAI) after considering

the nature and risk profile of the products and services, the target customer profiles, the organizational structure and the internal reporting system of the bank. The bank has disclosed the business segment as primary segment. The revenue and other parameters of foreign branch for the period are within the threshold limits stipulated as per AS-17 and hence the bank has only one reportable segment.

2. Segment wise income, expenditure, Capital employed which are not directly allocable have been allocated to the reportable segments based on assumptions as considered appropriate by the management.
3. Bank has divested its stake in one of its joint venture entity during the quarter (Please refer Notes No 6 mentioned above). Hence the figures are not comparable to that extent.
4. Figure of previous period have been regrouped/reclassified wherever necessary.

11. RELATED PARTY DISCLOSURES (AS-18)

11.1 List of Related Parties

a) Subsidiaries

- Union Asset Management Co. Pvt. Ltd.
- Union Trustee Company Pvt. Ltd.
- Union Bank of India (UK) Ltd.
- Andhra Bank Financial Services Ltd.
- UBI Services Ltd.

b) Joint Venture

- Star Union Dai-Ichi Life Insurance Co. Ltd.
- ASREC (India) Ltd.
- India International Bank (Malaysia) Berhad

c) Associate

- Chaitanya Godavari Grameena Bank

d) Key Management Personnel

Name	Designation	Remuneration paid for the Year ended 31st March 2022
Shri Rajkiran Rai G.	Managing Director & CEO	0.37
Shri Gopal Singh Gusain @	Executive Director	0.26
Shri Dinesh Kumar Garg*	Executive Director	0.15
Shri Manas Ranjan Biswal	Executive Director	0.31
Shri Nitesh Ranjan	Executive Director	0.30
Shri Rajneesh Karnatak#	Executive Director	0.14
Shri Nodhu Saxena^	Executive Director	0.05

@ Till 31.01.2022

*Till 30.09.2021

From 21.10.2021

^ From 01.02.2022

e) **Key Management Personnel - Remuneration paid.**

(₹ in crore)

Particulars	31.03.2022	31.03.2021
CEO and Managing Director	0.37	0.34
Executive Directors	1.21	1.11
Total	1.58	1.45

Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker - Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

12. EARNING PER SHARE (AS-20)

Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of diluted potential equity shares outstanding during the year.

The computation of earnings per share is given below:

Particulars	31.03.2022	31.03.2021
Number of Equity shares at the beginning of the year	640,68,44,355	640,68,44,355
Number of Equity shares issued during the year	42,79,03,111	Nil
Number of Equity shares outstanding at the end of the year	6,83,47,47,466	640,68,44,355
Weighted Average Number of Equity Shares used in computing Basic Earnings per share	6,77,26,13,590	640,68,44,355
Weighted Average Number of Shares used in computing diluted Earnings per share	6,77,26,13,590	640,68,44,355
Net Profit/(Loss) Rs in Crore	5,265.32	2,863.40
Basic Earnings per share (Rs)	7.77	4.47
Diluted Earnings per share (Rs)	7.77	4.47
Nominal Value per share (Rs)	10	10

13. PROVISION FOR TAXES:

Deferred Tax (AS-22)

(₹ in crore)

Sr. No.	Particulars	31.03.2022	31.03.2021
	Deferred Tax Assets		
1	Employee Benefits (Leave Encashment)	474.78	457.76

Sr. No.	Particulars	31.03.2022	31.03.2021
2	Depreciation on Fixed Assets	358.12	298.39
3	On account of other provisions	14,072.58	18,156.51
4	Foreign Currency Translation Reserve	1.14	36.50
5	Standard Asset	588.37	--
6	Others	0.07	
	Total	**15,495.05**	**18,949.17**
	Deferred Tax Liabilities		
1	Accrued interest on securities	1,092.63	1,104.51
2	Special Reserves u/s 36(i)(viii)	2,107.08	1,924.67
3	Depreciation on Investment	--	237.86
	Total	**3,199.71**	**3,267.04**
	Net Deferred Tax Asset	**12,295.34**	**15,682.12**
	Net Deferred Tax Liability	**Nil**	**Nil**

14. IMPAIRMENT OF ASSET (AS-28)

In the opinion of the Management, there is no indication for Impairment during the year with regard to the asset to which Accounting Standards 28 applies.

15. Additional information disclosed in the separate financial statements of the parent and the subsidiaries have no bearing on the true and fair view of the Consolidated Financial Statements (CFS) and also the information pertaining the items which are not material, have not been disclosed in the CFS.

16. COVID-19 Pandemic has adversely impacted the economic activity across the globe including the Indian economy. During last Financial year also, India witnessed two more waves of COVID -19 pandemic and the re-imposition of the localized/regional lockdown measures in certain parts of the country. The Bank is continuously monitoring the situation and taking all possible measures including various digital initiatives to ensure continuance of customer outreach & full-fledged banking operations. Keeping in view of the various initiatives and steps taken by the Bank, Government & Reserve Bank of India and with the progress of vaccination program, the Management believes that there would not be any significant impact on Bank's performance in future and going concern assumptions.

17. The bank has changed the method of appropriation of recovery in NPA accounts (other than the accounts where method of appropriation has been specifically agreed upon between borrower and the Bank) w.e.f. 1st April 2021. Accordingly, the recoveries in such NPA accounts are now first appropriated towards interest and then towards principal as contrary to the reverse process followed in the earlier periods. The change in accounting policy has resulted in increase in interest income for the quarter by ₹ 495.26 crore & for the year by ₹ 1081.77 crore and consequential non-reduction in Gross NPA by equivalent amount

Auditors Certificate:

We, the undersigned Statutory Auditors of the Union Bank of India, have verified the above Consolidated Cash Flow Statement of the Bank for the year ended 31.03.2022. The statement has been prepared in Indirect Method in accordance with the AS-3, "Cash Flow Statement" issued by The Institute of Chartered Accountants of India and with the requirements of the SEBI (Listing Obligations & Disclosure Requirements), 2015 and is based on and in agreement with the corresponding Consolidated Profit & Loss Account and the Consolidated Balance Sheet of the Bank covered by our report of the May 13, 2022 to the members.

For M/s NBS & Co.
Chartered Accountants
FRN 110100W

CA Pradeep Shetty
Partner
Membership No. 046940
UDIN: 22046940AIXFCS3650

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 22023933AIXFNV8228

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Giriraj Soni
Partner
Membership No.109738
UDIN: 22109738AIXFFR2951

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 22109127AIXFLG9220

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Sharad Bansal
Partner
Membership No.423507
UDIN: 22423507AIXFKL6066

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

Gautam Sharma

CA Gautam Sharma
Partner
Membership No.079225
UDIN: 22079225AIXFID6253

Place: Mumbai

Date: May 13, 2022

MUMBAI FRN: 109262W/W100673

FRN 108959W NAGPUR

FRN-005223C

JAIPUR

MUMBAI FRN 110100W

M/s R G N Price & Co.
Chartered Accountants
Simpson Buildings, 861,
Anna Salai,
Chennai – 600002,

M/s SARDA & PAREEK LLP
Chartered Accountants
Mahavir Apartment, 3rd floor,
59B, M G Road, Near Suncity
Cinema Ville Parle East,
Mumbai – 400057

M/s C R Sagdeo & Co.
Chartered Accountants
Prabha Niwas, Rahate Colony,
Wardha Road,
Nagpur – 440022

M/s P V A R & Associates
Chartered Accountants
WZ-248, Plot no. 7 Inderpuri,
New Delhi – 110012

M/s Gopal Sharma & Co.
Chartered Accountants
G-2, Golden Palace, Plot no.
L-2-A, Krishna Marg, C-Scheme,
Jaipur – 302001

M/s N B S & Co.
Chartered Accountants
14/2, Western India House,
Sir P. M. Road, Fort,
Mumbai – 400001

Independent Auditors' Report

To
The President of India /
The Members of Union Bank of India
Mumbai

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of **Union Bank of India** ('the Bank'), which comprise the Balance Sheet as at 31 March 2022, the Profit and Loss Account and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date of
   i) 20 branches, 1 Treasury Branch audited by us, 18 FGMO Offices audited by us
   ii) 3413 branches audited by statutory branch auditors and
   iii) 3 overseas branches audited by local auditors.

   The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India (the RBI). Also incorporated in the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows are the returns from 5931 branches which have not been subjected to audit. These unaudited branches account for 16.36 percent of advances, 33.74 per cent of deposits, 37.35 per cent of interest income and 37.64 per cent of interest expenses.

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India and:
   a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2022;
   b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit for the year ended on that date; and
   c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

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Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the financial statements in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India ('RBI") from time to time and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

3. We draw your attention to Note No. 15.k of schedule 18 – Notes to Accounts to the standalone financial statements regarding change in the accounting policies/estimates followed during the year ended 31st March, 2022 as compared to those followed in the preceding financial year ended 31st March, 2021 with effect from 1st April, 2021, in respect of appropriation of recovery in non performing accounts first towards interest unrealised and then towards principal outstanding as against towards principal first and then towards interest unrealised in earlier periods. Impact due to the change in accounting policy has resulted increase in income for the quarter by ₹ 495.26 crores and for the year by ₹ 1081.77 crores and consequential non-reduction in gross non performing assets by equivalent amount.

   We draw your attention to Note No. 15.c of schedule 18 – Notes to Accounts to the standalone financial statements regarding amortization of additional liability on account of revision in family pension amounting to ₹ 1902.02 crores. The bank has charged an amount of ₹380.40 crore to the profit and loss account during the year ended March 31, 2022, and the balance unamortized expenses of ₹ 1521.62 crore has been carried forward.

   We draw your attention to Note No. 15.n of schedule 18 – Notes to Accounts to the standalone financial statements regarding uncertainties due to outbreak of COVID-19 pandemic. In view of these circumstances, the impact on the Banks operations and financial results is dependent on future developments including actions being taken to mitigate the same and other regulatory measures.

Our opinion is not modified in respect of these matters.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters to be communicated in our report.

		• We have reviewed the work done by other experts like Independent valuers, Lawyers, Legal Experts and other such professionals who have rendered services to the Bank, in accordance with SA 620 Using the Work of an Auditor's Expert. • Further we have also reviewed the Bank's system of monitoring potentially weak and sensitive accounts which show a sign of stress. • We have also reviewed the reports and observations of the Bank's internal audit/inspection reports and observations of the concurrent auditors for the same. • Verification of valuation, classification, provisioning and income recognition of investments by carrying out substantive test including arithmetic accuracy, data accuracy and control over the financial reporting system. We have test checked and assessed the efficacy of the system based identification of NPA
3.	**Information Technology (IT) and controls impacting financial reporting**	
	In the normal course of its business, the Bank's financial accounting and reporting systems are highly dependent on the effective working of the Core Banking Solution (CBS) and other IT systems linked to the CBS or working independently. Extensive volume, variety and complexity of transactions are processed daily and there is a risk that automated accounting procedures and related internal controls may not be accurately designed and operating effectively. Particular areas of focus relate to the logic that is fed into the system, sanctity and reliability of the data, access management and segregation of duties. These underlying principles are important because they ensure that changes to applications and data are appropriate, authorized, cleansed and monitored, so that the system generates accurate and reliable reports/ returns and other financial and non-financial information that is used for the preparation and presentation of the	Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the IT system by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included: • Ensuring that deficiencies noticed in our verification on test check basis were informed to the management for corrective action; • Carrying out independent alternative audit procedures like substantive testing in areas where deficiencies were noticed; • Analytical procedures like ratio analysis, trend analysis, reasonable tests, comparative analysis; • Reliance on the work performed by the statutory branch auditors and the rectification entries (MOCs) passed based on branch audits; • Reliance on external vendor inspection reports wherever made available. • Reviewed the IS Audit Reports and discussed with IT Department on compliance with key IT controls.

Sr.	Key Audit Matter	How it was dealt with in our report
1	**Income Recognition, Asset Classification (IRAC) and provisioning on Loans & Advances and Investments as per the regulatory requirements**	
	Loans & Advances and Investments are the largest class of assets forming 85.01% of the total assets as on March 31, 2022. Classification, income recognition and loss provisioning on the same are based on objective parameters as prescribed by the regulations (Reserve Bank of India's prudential norms and other guidelines). The management of the Bank relies heavily on its IT systems (including Core Banking Solution), exercise significant estimates and judgement, manual interventions, and uses services of experts (like independent valuers, Lawyers, legal experts and other professional) to determine asset classification, income recognition and provisioning for losses. The Bank has system based identification of non-performing assets in accordance with IRAC Norms	Our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances and associated impairment provisions. Our audit procedures included the assessment of controls over the approval, disbursements and monitoring of loans, and reviewing the logic and assumptions used in the CBS and other related IT systems for compliance of the IRAC and provisioning norms and its operating effectiveness. These included evaluation and understanding of following: • Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances/investments; • System controls and manual controls over the timely recognition of non-performing assets (NPA/NPI); • Operational existence and effectiveness of controls over provisioning calculation models from the IT systems; • Overall Controls on the loan approval, disbursement and monitoring process in case of advances and controls over the purchase, sale and hold decisions making system in case of investments • We tested sample of loans/investments (in cases of branches visited by us) to assess whether they had been identified as non performing on a timely manner, income recognized and provisioning made as per IRAC norms. • We have also reviewed the reliability, effectiveness and accuracy of manual interventions, wherever it has come to our notice, on test check basis. • We have relied on the reports/returns and work done by other Statutory Branch Auditors (SBA) in cases of branches not visited by us to get an overall comfort with respect to overall compliance in accordance with SA 600 - Using the Work of Another Auditor.

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	financial statements. We have relied on the consistent and accurate functioning of CBS and other IT systems for the following: • Asset Classification and Income recognition as per the Reserve Bank of India guidelines; • Provisioning on the advance portfolio; • identification of advances and liability items and its maturity pattern in various brackets; • Reconciliation and ageing of various suspense and sundry accounts, impersonal accounts, inter-branch balances and other such accounts; • Recording Investment transactions • Interest expense on deposits and other liabilities;	
3	**Recognition and measurement of Deferred tax**	
	The Bank has recognised a net deferred tax asset of ₹ 12,29,23,747 (in '000) as on March 31, 2022. Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgment and numerous estimates regarding the availability and visibility of profits in the future. The recent decrease in the amount of deferred tax assets presumes availability and forecasting of profits over an extended period of time thus decreasing uncertainty and the inherent risk of inappropriate recognition of the said asset.	Our audit procedures included the risk assessment to gain an understanding of the applicable tax laws and relevant regulations applicable to the Bank. Based on our understanding, we performed both tests of related internal key controls and substantive audit procedures with the assistance of tax specialists. We performed the following audit procedures as part of our controls testing including, but not limited to: • Evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with AS 22 Accounting for Taxes on Income; • Assessed the method, assumptions and other parameters used with reference to uniformity, management representations, consistency and continuity like budget and midterm projections prepared by the management including earning growth and applicable tax rates and tested the arithmetical accuracy • Assessed the probability of the availability and visibility of profits against which the bank will be able to use this deferred tax asset in the future.

4	**COVID-19 Pandemic**

	COVID–19 Pandemic has adversely impacted the economic activity across the country and the Government of India had announced series of lock down since March 2020 onwards, which were lifted & reimposed at various point of time in regionalized manner across the country based on the prevailing situation in the respective State. Correspondingly and in tune with the partial and complete lock downs, we experienced travel restrictions for some part of the year and the Bank facilitated carrying out audit remotely wherever physical access was not possible. This situation eased out considerably by the end of the year and therefore physical audit was most prevalent at the year end. Therefore wherever we could not gather audit evidence in person/physically/ through discussions and personal interactions with the officials at the Branches /Regions & Zones/ Verticals / Corporate Offices, we have identified such modified audit procedures as a Key Audit Matter. Accordingly, our audit procedures were modified to carry out the audit remotely	Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium including the designated audit portal of the bank, emails and remote access to CBS and closing package. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. Accordingly, we modified our audit procedures (based on regulatory and ICAI advisories) as follows: • Conducted verification of necessary records/ documents/CBS/closing package and other application software electronically through remote access/emails/in respect of some of the Branches/Regions/Zones/Verticals/Corporate Offices and other offices of the Bank wherever physical access was not possible. • Carried out verification of scanned copies of the documents, deeds, certificates, returns from branches and the related records made available to us through emails and remote access over secure network of the Bank • Making enquires and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. • Resolution of our audit observations telephonically/ through email instead of a face to-face interaction with the designated officials.

Information Other than the Standalone Financial Statements and Auditors' Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Highlights for the year, Directors' Report including annexures to Directors' Report, key financial ratios, Business responsibility Report and Corporate Governance report in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this Auditors' Report.

   Our opinion on the standalone financial statements does not cover the Other Information and Pillar 3 disclosures under the Basel III Disclosure and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information that we obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI to the extent applicable, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the standalone financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

   The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality in the magnitude of the misstatements in the standalone financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. We did not audit the financial statements / information of 3416 domestic branches and processing centers including 3 foreign branches included in Standalone Financial Results of the Bank whose financial statements/ financial information reflects total assets of ₹.3443521247.98 (in thousand) at March 31, 2022 and total revenue of ₹. 247892046.15 (in thousand) for the year ended on that date, as considered in the Standalone Financial Results. These branches and processing centers cover 41.73 % of advances, 63.26% of deposits and 30.58 % of Non-performing assets as on 31st March 2022 and 31.63% of revenue for the year ended 31st March 2022. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, are based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;

   Subject to the limitations of the audit indicated in paragraphs 5 and 8 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

   a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
   b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
   c) The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.

10. As required by letter No. DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:

    (a) In our opinion, the aforesaid standalone financial statements comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.
    (b) In our opinion there are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the bank.
    (c) As the bank is not registered under the Companies Act, 2013 the disqualifications from being a director of the bank under sub-section (2) of Section 164 of the Companies Act, 2013 do not apply to the bank.
    (d) There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.

(e) Our audit report on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting is given in **Annexure A** to this report. Our report expresses an unmodified opinion on the Bank's internal financial controls over financial reporting with reference to the Standalone Financial Statements as at 31 March 2022.

11. We further report that:
    a) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
    b) the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
    c) the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
    d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P. M. Veeramani
Partner
Membership No.023933
UDIN: 22023933AIXFGY6267

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Giriraj Soni
Partner
Membership No.109738
UDIN: 22109738AIXFAO2016

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V. Luthra
Partner
Membership No. 109127
UDIN: 22109127AIXFDY8530

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Sharad Bansal
Partner
Membership No. 423507
UDIN: 22423507AIXFRK9410

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

Gautam Sharma

CA Gautam Sharma
Partner
Membership No. 79225
UDIN: 22079225AIXFAB5594

For M/s N B S & Co.
Chartered Accountants
FRN 110100W

CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN: 22046940AIXEXO8437

Place of Signature: Mumbai
Date of Report: 13.05.2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (Referred to in paragraph 10(a) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) Report on the Internal Financial Controls Over Financial Reporting as required by the Reserve Bank of India (the "RBI") Letter DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 (as amended) (the "RBI communication")

We have audited the internal financial controls over financial reporting of Union Bank of India ("the Bank") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date which includes internal financial controls over financial reporting of the Bank's branches.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI") and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors referred to in the Othar Matters paragraph below, the Bank has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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JAIPUR

M/s R G N Price & Co.
Chartered Accountants

M/s SARDA & PAREEK LLP
Chartered Accountants

M/s C R Sagdeo & Co.
Chartered Accountants

M/s P V A R & Associates
Chartered Accountants

M/s Gopal Sharma & Co.
Chartered Accountants

M/s N B S & Co.
Chartered Accountants

Other Matters

Our aforesaid report insofar as it relates to the operating effectiveness of internal financial controls over financial reporting of 3413 branches is based on the corresponding reports of the respective branch auditors of those branches.

Our opinion is not modified in respect of this matter.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S
CA P. M. Veeramani
Partner
Membership No.023933
UDIN: 22023933AIXFGY6267

For M/s SARDA & PAREEK LLP
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For M/s P V A R & Associates
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CA Sharad Bansal
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For M/s Gopal Sharma & Co.
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FRN 002803C
Gautam Sharma
CA Gautam Sharma
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Membership No. 79225
UDIN: 22079225AIXFAB5594

For M/s N B S & Co.
Chartered Accountants
FRN 110100W
CA Pradeep J. Shetty
Partner
Membership No. 046940
UDIN: 22046940AIXEXO8437

Place of Signature: Mumbai
Date of Report: 13.05.2022

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UNION BANK OF INDIA

STANDALONE BALANCE SHEET AS ON 31st MARCH, 2022

(₹ In 000')

Particulars	Schedule Number	As on 31st March 2022	As on 31st March 2021
CAPITAL AND LIABILITIES			
Capital	1	6,83,47,475	6,40,68,444
Reserves and Surplus	2	63,74,13,875	58,05,98,908
Share Application Money		00,00,000	00,00,000
Deposits	3	10,32,39,26,349	9,23,80,53,402
Borrowings	4	51,17,80,975	51,83,71,092
Other Liabilities and Provisions	5	33,44,31,835	31,58,66,602
TOTAL		11,87,59,10,609	10,71,70,58,448
ASSETS			
Cash and Balances with Reserve Bank of India	6	46,11,25,911	37,88,04,613
Balances with Banks and Money at Call and Short Notice	7	73,38,77,672	46,52,98,860
Investments	8	3,48,50,73,915	3,31,51,17,896
Advances	9	6,61,00,46,627	5,90,98,28,759
Fixed Assets	10	7,19,13,038	7,34,38,719
Other Assets	11	51,38,73,446	57,45,69,601
		11,87,59,10,609	10,71,70,58,448
Contingent Liabilities	12	6,50,24,77,545	3,70,52,79,658
Bills for Collection		66,08,94,129	34,69,48,137
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Standalone Balance Sheet

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

For and on behalf of the Board of Directors

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(RAJNEESH KARNATAK)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(RAJKIRAN RAI G.)
MANAGING DIRECTOR & CEO

(SAMEER SHUKLA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(SURAJ SRIVASTAVA)
DIRECTOR

(LAXMAN S UPPAR)
DIRECTOR

(DR. JAYADEV MADUGULA)
DIRECTOR

(PRITI JAY RAO)
DIRECTOR

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Chartered Accountants Mumbai FRN: 109262W / W100673

C. R. Sagdeo & Co. Chartered Accountants FRN 108959W Nagpur

P V A R & Associates Chartered Accountants FRN 005223C

Gopal Sharma & Co. Chartered Accountants Jaipur

N B S & Co. Chartered Accountants Mumbai FRN 110100W

AS PER OUR REPORT OF EVEN DATE ATTACHED.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 22023933AIKFGY6267

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Giriraj Soni
Partner
Membership No.109738
UDIN: 22109738AIKFAD2016

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 22109127AIKFDY8520

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Sharad Bansal
Partner
Membership No.423507
UDIN: 22423507AIKFRK9410

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

Gautam Sharma

CA Gautam Sharma
Partner
Membership No.079225
UDIN: 22079225AIKFAG5594

For M/s NBS & Co.
Chartered Accountants
FRN 110100W

CA Pradeep Shetty
Partner
Membership No. 046940
UDIN: 22046940AIXEXO8437

Place : MUMBAI
Date : 13th May, 2022

MUMBAI FRN : 109262W / W100673

FRN 108959W NAGPUR

FRN 005223C

JAIPUR

MUMBAI FRN 110100W

UNION BANK OF INDIA

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2022

(₹ In 000')

Particulars		Schedule Number	For the Year Ended 31st March 2022	For the Year Ended 31st March 2021
I. INCOME				
Interest Earned		13	67,94,39,508	68,76,73,349
Other Income		14	12,52,48,172	11,74,44,937
	TOTAL		80,46,87,680	80,51,18,286
II. EXPENDITURE				
Interest Expended		15	40,15,74,864	44,07,89,085
Operating Expenses		16	18,43,80,735	16,76,59,928
Provision And Contingencies			16,64,11,123	16,76,09,622
	TOTAL		75,23,66,722	77,60,58,635
III. PROFIT/(LOSS) FOR THE YEAR			5,23,20,958	2,90,59,651
ADD : PROFIT/(LOSS) BROUGHT FORWARD			0	0
	TOTAL		5,23,20,958	2,90,59,651
IV. APPROPRIATIONS				
Transfer To Statutory Reserve			1,30,80,240	72,64,913
Transfer To Capital Reserve			1,22,12,675	90,01,837
Transer To Investment Fluctuation Reserve			65,68,682	1,27,92,901
Transer To Revenue and Other Reserves			22,53,341	-
Transfer To Special Reserve u/s Sec 36(1)(viii)			52,20,000	
Proposed Dividend			1,19,86,020	-
Provision for Div On PNCPS			-	-
Dividend Tax			-	-
Balance In Profit and Loss Account			0	0
Dividend				0
	TOTAL		5,23,20,958	2,90,59,651
EARNINGS PER SHARE (BASIC AND DILUTED) (FV Rs. 10)		18	7.73	4.54
Significant Accounting Policies		17		
Notes To Accounts		18		

The Schedules referred to above form an integral part of the Standalone Profit and Loss Account

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

For and on behalf of the Board of Directors

(NIDHU SAXENA)
EXECUTIVE DIRECTOR

(RAJNEESH KARNATAK)
EXECUTIVE DIRECTOR

(NITESH RANJAN)
EXECUTIVE DIRECTOR

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Gopal Sharma & Co. Chartered Accountants Jaipur

N B S & Co. Chartered Accountants Mumbai FRN 110100W

AS PER OUR REPORT OF EVEN DATE ATTACHED.

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 22023933AIXFGY6267

For M/s SARDA & PAREEK LLP
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CA Giriraj Soni
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Membership No.109738
UDIN: 22109738AIXFAD2016

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 22109127AIXFDY8530

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Sharad Bansal
Partner
Membership No.423507
UDIN: 22423507AIXFRK9410

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

Gautam Sharma

CA Gautam Sharma
Partner
Membership No.079225
UDIN: 22079225AIXFAB5594

For M/s NBS & Co.
Chartered Accountants
FRN 110100W

CA Pradeep Shetty
Partner
Membership No. 046940
UDIN: 22046940AIXEXO8437

Place : MUMBAI
Date : 13th May, 2022

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022			
			(₹ In Lacs)
S.No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit Before Tax	8,57,941	2,39,941
	Adjustments for:		
	Depreciation on Fixed Assets	73,809	89,523
	Provision for Investments	21,461	55,922
	Provision for Non Performing Assets (Net)	11,61,326	13,91,961
	Provision for Standard Asset	1,36,521	1,37,517
	Provision for Staff Related Expenditures	-	86,605
	Provision for other items (Net)	10,072	13,983
	(Profit)/Loss on Sale or Disposal of Fixed Assets	35	(761)
	Interest on Borrowings : Capital Instruments	1,55,133	1,59,660
	Dividend received from Investments	3,019	(2,016)
	Sub Total	24,19,317	23,35,972
	Adjustments for:		
	Increase / (Decrease) in Deposits	1,08,58,729	55,17,273
	Increase / (Decrease) in Other Liabilities and Provisions	(90,800)	4,81,492
	(Increase) / Decrease in Investments	(17,40,928)	(51,75,058)
	(Increase) / Decrease in Advances	(81,63,505)	(5,07,273)
	(Increase) / Decrease in Other Assets	4,45,843	(7,04,838)
	Direct taxes paid (Net of Refund)	(1,73,612)	96,730
	Transfer to/from reserve	72,382	1,63,638
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	36,27,427	20,44,299
B	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets	(73,970)	(70,444)
	Proceeds from Sale/Adjustment of Fixed asset	15,382	9,739
	(Increase)/Decrease in Investment in Subsidiary	19,907	421
	Sale of stake in Subsidiary		-
	Dividend received from Investment	(3,019)	2,016
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(41,700)	(58,268)

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C	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from issue of Equity Share Capital Including Share Premium (Net)	1,44,208	-
	Proceeds from issue of Capital Instruments	7,00,000	3,70,500
	Repayments of Capital Instruments	(5,40,000)	(3,85,000)
	(Decrease)/Increase Borrowings other than Capital Instruments	(2,25,801)	(16,93,479)
	Interest Paid on Borrowings : Capital Instruments	(1,55,133)	(1,59,660)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(76,726)	(18,67,639)
	Cash and Cash equivalent received on account of amalgamation [D]	-	28,12,022
	Net Increase (Decrease) in Cash & Cash Equivalent (A)+(B)+(C)	35,09,001	29,30,413
	Cash and Cash Equivalents as at the beginning of the year	84,41,035	55,10,622
	Cash and Cash Equivalents as at the end of the year	1,19,50,036	84,41,035
	Components of Cash and Cash equivalents		
D	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR**	**01.04.2021**	**31.03.2020**
	Cash and Balances with RBI (including FC notes)	37,88,046	20,11,830
	Balances with Banks and Money at call	46,52,989	34,98,792
	Net cash and cash equivalents at the beginning of the year	84,41,035	55,10,622
E	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**	**31.03.2022**	**31.03.2021**
	Cash and Balance with RBI (including FC notes)	46,11,259	37,88,046
	Balances with Banks and Money at call	73,38,777	46,52,989
	Net cash and cash equivalents at the end of the year	1,19,50,036	84,41,035

Previous Year's figures have been regrouped/recasted wherever considered necessary to correspond with the year ended classification/ presentation.

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SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2022

(₹ In 000')

	As on 31st March 2022	As on 31st March 2021
SCHEDULE 1 - CAPITAL :		
I. Authorised :		
10,00,00,00,000 Equity Shares of Rs.10 each (Previous Year 10,00,00,00,000 Equity Shares of Rs.10 each)	10,00,00,000	10,00,00,000
II. Issued, Subscribed, called up & Paid up :		
I. 570,66,60,850 Equity Shares of Rs.10 each, held by Central Government (Previous Year 570,66,60,850 Equity Shares)	5,70,66,609	5,70,66,609
II. 112,80,86,616 Equity Shares of Rs.10 each, held by Public (Previous Year 70,01,83,505 Equity Shares)	1,12,80,866	70,01,835
Less: Calls unpaid	0,000	0,000
Add: Forfeited shares	0,000	0,000
TOTAL	6,83,47,475	6,40,68,444

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SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2022

(₹ in 000')

	As on 31st March 2022		As on 31st March 2021	
SCHEDULE 2 - RESERVES & SURPLUS :				
I. Statutory Reserve :				
As per last balance sheet	13,32,08,662		12,59,43,749	
Addition during the year	1,30,80,239	14,62,88,901	72,64,913	13,32,08,662
II. Capital Reserve :				
i) Revaluation Reserve :				
As per last balance sheet	4,89,84,778		4,99,77,701	
Addition during the year	79,201		40,444	
Deduction during the year	14,93,238		10,33,367	
	4,75,70,741		4,89,84,778	
ii) Capital Reserve				
As per last balance sheet	4,67,12,164		3,77,10,327	
Addition during the year	1,22,12,675		90,01,837	
	5,89,24,839		4,67,12,164	
iii) Amalgamation Adjustment Reserve	1,30,95,979	11,95,91,559	1,30,95,979	10,87,92,921
III. Share Premium :				
As per last balance sheet	17,32,70,019		50,08,54,966	
Addition during the year	1,01,92,652		0,000	
Deduction during the year	50,871	18,34,11,800	32,75,84,947	17,32,70,019
IV. Revenue and Other Reserves :				
i) Revenue Reserves :				
As per last balance sheet	9,64,54,761		8,25,61,562	
Addition during the year	1,31,16,426		2,64,98,876	
Deduction during the year	11,98,748		1,26,05,677	
Total	10,83,72,439		9,64,54,761	
ii) Special Reserve u/s Sec 36(1)(viii) of the Income Tax Act, 1961				
As per last balance sheet	5,50,78,789		5,50,78,789	
Addition during the year	52,20,000		-	
Total	6,02,98,789		5,50,78,789	
iii) Foreign Currency Translation Reserve				
As per last balance sheet	10,42,370		3,63,866	
Addition during the year	23,859		6,85,434	
Deduction during the year	10,35,910		6,930	
Total	30,319		10,42,370	
iv) Investment Fluctuation Reserve				
As per last balance sheet	1,27,92,901		0,000	
Addition during the year	65,68,682		1,27,92,901	
	1,93,61,583		1,27,92,901	
v) Special Reserve Profit on FX Swap	58,485	18,81,21,615	58,485	16,54,27,306
VI. Balance in Profit and Loss Account		(0)		(0)
TOTAL		63,74,13,875		58,06,98,908

R.G.N. Price & Co. Chartered Accountants

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Gopal Sharma & Co. Jaipur Chartered Accountants

N B S & Co. Mumbai FRN 110100W Chartered Accountants

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2022

(Rs in 000')

		As on 31st March 2022		As on 31st March 2021
SCHEDULE 3 - DEPOSITS :				
A.				
I. Demand Deposits				
i) From Banks	81,32,959		76,23,510	
ii) From Others	71,83,91,699	72,65,24,658	62,86,14,209	63,62,37,719
II. Savings Bank Deposits		3,04,54,07,826		2,71,96,80,826
III. Term Deposits				
i) From Banks	2,27,87,325		3,16,45,103	
II) From Others	6,52,92,06,540	6,55,19,93,865	5,85,04,89,754	5,88,21,34,857
TOTAL		10,32,39,26,349		9,23,80,53,402
B.				
i). Deposits of branches in India		10,32,10,23,919		9,21,62,71,426
ii). Deposits of branches outside India		29,02,430		2,17,81,976
TOTAL		10,32,39,26,349		9,23,80,53,402
SCHEDULE 4 - BORROWINGS :				
A) Borrowings in India				
I. Reserve Bank of India	14,20,90,000		14,20,90,000	
II. Other Banks	1,99,29,833		1,40,00,565	
III. Other Institutions and Agencies	2,98,96,073		2,74,54,914	
IV. Perpetual Bonds- Tier I	8,70,50,000		7,10,50,000	
V. Subordinated Bonds - Tier II	10,05,00,000		10,05,00,000	
VI. 7 Years Infra Bonds	-	37,94,65,906	50,01,000	36,00,96,479
B) Borrowings Outside India		13,23,25,069		15,82,74,613
TOTAL		51,17,90,975		51,83,71,092
Secured Borrowings included in (B) I above		14,70,29,470		14,20,90,000
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS :				
I. Bills Payable		2,68,90,202		2,30,30,334
II. Interest Accrued		4,52,33,997		3,13,98,586
III. Others* (Including Provisions)		26,23,07,736		26,14,37,682
TOTAL		33,44,31,935		31,58,66,602

*includes provision for Standard Assets Rs. 6,56,67,690 (Previous Year Rs.5,11,29,666)

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA:				
I. Cash in hand (Including Foreign Currency Notes and Gold)		3,78,19,394		3,76,17,879
II. Balances with Reserve Bank of India				
(a) in Current Account		42,33,06,517		34,09,86,734
(b) in Other Accounts		0,000		0,000
TOTAL		46,11,25,911		37,88,04,613

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N B S & Co., Mumbai, FRN 110100W

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2022

(Rs in 000')

	As on 31st March 2022		As on 31st March 2021	
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE :				
I. Balances with banks in India				
i) Balances with Banks				
a) In Current Accounts	22,24,274		52,33,575	
b) In Other Deposit Accounts	6,08,75,196		7,02,13,074	
ii) Money at Call and short notice				
a) with Banks	0,000		0,000	
b) with Other Institutions	55,41,14,877	61,72,14,347	29,55,40,000	37,09,86,649
II. Outside India				
i) In Current Accounts	29,80,253		22,66,568	
ii) In other Deposit Accounts	11,36,83,072		9,20,45,643	
iii) Money at call & Short Notice	0,000	11,66,63,325	0,000	9,43,12,211
TOTAL		73,38,77,672		46,52,98,860
SCHEDULE 8 - INVESTMENTS :				
I. Investments in India				
i) Government Securities		2,64,16,97,956		2,40,25,37,531
ii) Other Approved Securities		0,000		0,000
iii) Shares		2,30,53,036		2,01,62,150
iv) Debentures and Bonds		69,38,31,055		74,40,56,416
v) Subsidiaries and joint ventures		33,86,095		53,76,479
vi) Others (Commercial Paper, Mutual Funds, Venture Capital, Security Receipt etc.)		9,51,30,775		11,59,47,026
Total		3,45,70,38,917		3,28,80,79,602
II. Investments outside India				
i) Govt. Securities (including Local Authority)		1,61,01,880		1,48,25,814
ii) Other Investments (Bonds)		4,60,268		7,39,320
iii) Subsidiaries and Joint Ventures		1,14,72,850		1,14,73,160
Total		2,80,34,998		2,70,38,294
TOTAL		3,48,50,73,915		3,31,51,17,896
III. i) Investments in India				
Gross Value		3,51,85,30,523		3,35,03,34,391
Provision for Depreciation		6,14,91,606		6,22,54,789
Net Value		3,45,70,38,917		3,28,80,79,602
ii) Investments outside India				
Gross Value		2,83,51,221		2,70,57,741
Provision for Depreciation		3,16,223		19,447
Net Value		2,80,34,998		2,70,38,294
TOTAL		3,48,50,73,915		3,31,51,17,896

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N B S & Co. Mumbai FRN 110100W Chartered Accountants

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2022

(Rs in 000')

	As on 31st March 2022	As on 31st March 2021
SCHEDULE 9 - ADVANCES (Net)		
A.		
i) Bills purchased and discounted	3,87,09,874	4,11,16,878
ii) Cash Credits, Overdrafts and Loans repayable on demand	2,87,88,96,001	2,66,12,08,397
iii) Term Loans	3,69,24,40,752	3,20,75,03,484
TOTAL	6,61,00,46,627	5,90,98,28,759
B.		
i) Secured by tangible assets*	5,34,44,92,520	5,07,39,93,631
ii) Covered by Bank/Government Guarantees	13,06,61,251	16,51,79,860
iii) Unsecured	1,13,48,92,856	67,06,55,268
TOTAL	6,61,00,46,627	5,90,98,28,759
(* includes advances against Book Debt Rs. 61,83,30,066 (previous year Rs. 59,90,84,207))		
C. Sectorial Classification of Advances		
I. Advances in India:		
i) Priority Sector	2,59,52,39,457	2,52,92,91,622
ii) Public Sector	72,72,96,155	61,06,29,459
iii) Banks	2,22,975	3,07,310
iv) Others	3,13,82,79,933	2,62,93,66,222
TOTAL	6,46,10,38,520	5,76,95,94,613
II. Advances Outside India:		
i) Due From Banks	5,31,10,677	3,41,84,098
ii) Due from Others		
a) Bills Purchased and Discounted	12,11,011	0,000
b) Syndicated loans	5,47,141	11,83,093
c) Others	9,41,39,278	10,48,66,955
TOTAL	14,90,08,107	14,02,34,146
TOTAL	6,61,00,46,627	5,90,98,28,759

R.G.N. Price & Co. Chartered Accountants

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Gopal Sharma & Co. Chartered Accountants Jaipur

N B S & Co. Chartered Accountants Mumbai FRN 110100W

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2022

(Rs in 000')

		As on 31st March 2022		As on 31st March 2021
SCHEDULE 10 - FIXED ASSETS :				
A. TANGIBLE ASSETS				
I. Premises				
At cost/valuation as per last balance sheet	8,15,36,732		8,08,23,818	
Additions during the year	6,10,204		7,16,224	
Deduction during the year	12,75,792		3,310	
	8,08,71,144		8,15,36,732	
Less: Depreciation till date	2,63,31,743	5,45,39,401	2,48,41,708	5,66,95,024
II. Capital Work-In-Progress				
At cost as per last balance sheet	6,22,879		5,79,704	
Additions during the year	1,26,601		1,57,093	
Deductions during the year	3,88,483	3,60,997	1,13,918	6,22,879
III. Land				
At cost as per last balance sheet	12,45,683		12,45,683	
Additions during the year	13,08,678		-	
Deductions during the year	55,725		-	
	24,98,636		12,45,683	
Less: Depreciation till date	4,52,022	20,46,614	78,385	11,67,298
IV. Other Fixed Assets (including Furniture and Fixtures)				
a) Assets given on lease				
At cost as per last balance sheet	2,65,352		2,65,352	
Less: Depreciation till date	2,65,352	-	2,65,352	-
b) Others				
At cost/valuation as per last balance sheet	6,46,03,010		6,20,76,819	
Additions during the year	48,67,443		34,97,487	
Deductions during the year	7,95,520		9,71,296	
	6,86,74,933		6,46,03,010	
Less: Depreciation till date	5,60,79,797	1,25,95,136	5,25,98,644	1,20,04,366
B. INTANGIBLE ASSETS				
Computer Software				
At cost as per last balance sheet	1,12,22,581		85,50,124	
Additions during the year	8,72,637		26,73,629	
Deduction during the Year	11,880		1,172	
	1,20,83,338		1,12,22,581	
Less: Amortisation till date	97,12,448	23,70,890	82,73,429	29,49,152
TOTAL		7,19,13,038		7,34,38,719

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2022

(Rs in 000')

	As on 31st March 2022	As on 31st March 2021
SCHEDULE 11 - OTHER ASSETS :		
I. Inter-Office Adjustments (Net)	1,79,87,045	7,34,01,772
II. Interest Accrued	7,68,96,049	6,00,37,714
III. Tax Paid/ Tax deducted at source (Net of provision)	5,39,12,604	6,62,28,752
IV. Stationery and stamps	63,349	68,176
V. Non-Banking assets acquired in satisfaction of claims	1,334	1,238
VI. Others*	21,24,01,949	20,61,34,433
VII. Deferred Tax Assets (Net)	12,29,23,747	15,67,24,947
VIII. MAT Credit Entitlement	2,96,77,369	1,19,72,569
TOTAL	51,38,73,446	57,45,69,601

*Includes Deposit placed with NABARD/SIDBI/NHB amounting to Rs. 9,64,56,088 (Previous Year Rs. 11,12,93,710)

SCHEDULE 12 - CONTINGENT LIABILITIES :				
I. Claims against the bank not acknowledged as debts		3,31,30,212		3,73,07,180
II. Liability for partly paid Investments		0,000		5,920
III. Liability on account of outstanding Forward Exchange Contracts		4,36,34,96,833		2,28,99,08,209
IV. Guarantees given on behalf of Constituents				
a) In India	65,35,08,697		66,32,75,681	
b) Outside India	1,65,75,655	67,00,84,352	1,34,92,045	67,67,67,726
V. Acceptances, endorsements and other obligations		1,26,92,16,524		52,07,37,119
VI. Disputed Tax demands under appeals		13,77,78,737		15,68,01,095
VII. Amout transferred to DEAF Scheme 2014		2,87,70,887		2,37,32,409
TOTAL		6,50,24,77,545		3,70,52,79,658
Bills for Collection		66,08,94,129		34,69,48,137

SCHEDULES FORMING PART OF THE STANDALONE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2022

(Rs in 000')

	For the Year Ended 31st March 2022	For the Year Ended 31st March 2021
SCHEDULE 13 - INTEREST EARNED :		
I. Interest/Discount on advances/bills	45,23,55,006	45,76,58,380
II. Income on Investments	19,94,28,382	20,57,37,022
III. Interest on balances with Reserve Bank of India & other Inter Bank Funds	2,14,08,267	1,60,48,797
IV. Others	62,47,853	82,29,149
TOTAL	67,94,39,508	68,76,73,349
SCHEDULE 14 - OTHER INCOME :		
I. Commission, Exchange and Brokerage	1,73,98,170	1,24,19,145
II. Profit on sale of investments (Net)	3,41,11,874	3,65,13,065
III. Profit on revaluation of investments (Net)	-10,70,995	40,76,402
IV. Profit / (Loss) on sale of land, buildings & other assets (Net)	-3,489	76,136
V. Profit on exchange transactions (Net)	60,80,630	43,36,222
VI. Income earned by way of Dividends, etc from subsidiaries and/or joint ventures abroad/ in India	24,700	0,000
VII. Miscellaneous Income	6,87,07,282	6,00,23,967
TOTAL	12,52,48,172	11,74,44,937
SCHEDULE 15 - INTEREST EXPENDED :		
I. Interest on Deposits	37,45,42,117	40,80,68,450
II. Interest on Reserve Bank of India/Inter-Bank Borrowings	1,05,59,953	1,49,02,542
III. Others	1,64,72,794	1,78,18,093
TOTAL	40,15,74,864	44,07,89,085
SCHEDULE 16 - OPERATING EXPENSES :		
I. Payments to and provisions for employees	10,11,46,061	9,28,36,117
II. Rent, Taxes and Lighting	1,07,06,732	1,10,38,072
III. Printing and Stationery	9,67,655	9,22,049
IV. Advertisement and Publicity	6,13,743	3,11,524
V. Depreciation on Bank's property	73,81,013	89,52,298
VI. Directors' fees, allowances and expenses	8,287	13,326
VII. Auditors' fees and expenses(including branch auditors)	6,30,321	10,55,638
VIII. Law Charges	14,08,632	12,47,733
IX. Postage, Telegrams, Telephones, etc.	31,10,629	23,31,123
X. Repairs and maintenance	32,71,779	35,60,302
XI. Insurance	1,28,77,009	1,26,65,917
XII. Other expenditure	4,22,58,874	3,27,25,828
TOTAL	18,43,80,735	16,76,59,928

R.G.N. Price & Co.

SARDA & PAREEK LLP MUMBAI FRN 109262W / W100673

C.R. SAGDEO & CO. FRN 108959W NAGPUR

P V A R & ASSOCIATES FRN 005223C

Gopal Sharma & Co. JAIPUR

N B S & CO. MUMBAI FRN 110100W

SIGNIFICANT ACCOUNTING POLICIES (STANDALONE) : SCHEDULE 17

1. Basis of Preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable and practices generally prevalent in the banking industry in India.

2. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of Assets and Liabilities (including Contingent Liabilities) as of the date of the financial statements and the reported Income and Expenses during the reporting period. Management believes that the estimates wherever used in the preparation of the financial statements are prudent and reasonable. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

3. Revenue Recognition

3.1. Income and Expenditure have been accounted for on accrual basis unless otherwise stated.

3.2. Income on Non-Performing Assets (NPAs) is recognized to the extent realized as per the prudential norms prescribed by the RBI. Income accounted for in the preceding year and remaining unrealized is derecognized in respect of assets classified as NPAs during the year.

3.3. Commission on Letter of Guarantee/Letter of Credit is accounted on accrual basis.

3.4. Exchange and brokerage earned, rent on Safe Deposit Lockers, income from Aadhaar cards, Minimum balance charges etc. are accounted for on realization basis.

3.5. Income (Other than interest) on investments in "Held to Maturity" (HTM) category acquired at discount to the face value is recognized as follows:

  3.5.1. On interest bearing securities, it is recognized only at the time of sale/ redemption.

  3.5.2. On Zero- coupon securities, it is accounted for over the balance tenor of the securities on a constant yield basis.

3.6. Dividend is accounted on an accrual basis where the right to receive the dividend is established.

3.7. Sale of NPAs accounted in terms of extant RBI guidelines.

3.8. Interest on Income-tax refunds is accounted for on receipt of intimation order from the Income Tax Department.

4. Appropriation of Recovery :

Appropriation of recoveries from one time settlement & NCLT Resolutions shall be as per terms of sanction. Recoveries other than by way of OTS/NCLT shall be appropriated as under:

4.1. When there is no agreement between the debtor and creditor as to how monies paid by the debtor are required to be appropriated by the creditor, the order of appropriation is as under :

For Term Loans:

- Towards expenses & costs etc.
- Towards unrecovered interest reversed on the date of NPA.
- Interest held in dummy ledger (unapplied interest).
- Towards arrears of principal/EMI till the date of recovery.
- Towards running ledger balance.

For Running Accounts:

- Towards expenses & costs etc.
- Towards interest held in dummy ledger (unapplied interest) including unrecovered interest reversed at the time of NPA.
- Towards principal.

4.2. In case borrower stipulates terms of appropriation differently than above and if such different terms of appropriation is accepted by Bank then appropriation of recoveries will be as per the accepted terms.

4.3. In case of Non Performing Investment recovery will be apportioned as mentioned below:

a. Towards expenses & costs etc.
b. Towards unrecovered interest reversed on the date of NPI.
c. Interest held in dummy ledger (unapplied interest).
d. Towards arrears of principal/EMI till the date of recovery.
e. Towards running ledger balance

5. Cash Flow Statements:

Cash Flow statement of the Bank is prepared as per AS-3. Cash Flow statement is mainly classified as:

5.1. Cash flow from Operating Activities: This activity includes cash flow generated from Operational activities.

5.2. Cash Flow from Investing Activities: This activity includes cash flow generated by investments.

5.3. Cash Flow from Financials Activities: This activity includes the cash flow generated from financial instruments.

6. Investments

6.1. In conformity with the requirements of Form A of the Third Schedule to the Banking Regulations Act, 1949, Investments are classified as under:

6.1.1. Government Securities
6.1.2. Other Approved Securities
6.1.3. Shares
6.1.4. Debentures & Bonds
6.1.5. Investments in Subsidiaries & Joint Ventures and
6.1.6. Other Investments

The Investment portfolio of the Bank is further classified in accordance with the RBI guidelines contained in Master Circular DoR.MRG.42/21.04.141 /201-22 dated August 25, 2021 into three categories viz.,

a) Held to Maturity (HTM)
b) Available for Sale (AFS)
c) Held for Trading (HFT)

6.2. As per RBI guidelines, the following principles have been adopted for the purpose of valuation

6.2.1. Securities held in "HTM" - at acquisition cost.

6.2.1.1. The excess of acquisition cost over the face value is amortized over the remaining period of maturity and in case of discount; it is not recognized as income.

6.2.1.2. Investments in Regional Rural Banks are valued at carrying cost.

6.2.1.3. Investments in Subsidiaries and Joint Ventures are valued at carrying cost.

6.2.1.4. Diminution, other than temporary, in the value of its investment in subsidiaries/joint ventures, which are included in HTM shall be provided for.

6.2.2. Securities held in "AFS" and "HFT" categories

6.2.2.1. Securities held in "AFS" and "HFT" categories are valued classification wise and scrip-wise and net depreciation, if any, in each classification is charged to Profit & Loss account while net appreciation, if any, is ignored.

6.2.2.2. Valuation of securities is arrived at as follows:

A	Govt. of India Securities (Central Govt. Securities)	As per quotations put out by Fixed Income Money Market and Derivatives Association (FIMMDA/FBIL)
B	State Development Loans, State Govt. Securities, Securities guaranteed by Central/ State Government, PSU Bonds	On appropriate yield to maturity basis as per FIMMDA/FBIL guidelines
C	Equity Shares	As per market rates, if quoted, otherwise at Break-up Value, as per latest Audited Balance Sheet (not more than 1 year old). In the absence of both, at ₹ 1/- per Company. The break-up Value is computed excluding revaluation reserve.
D	Preference Shares	As per market rates, if quoted, or on appropriate yield to maturity basis not exceeding redemption value as per FIMMDA/FBIL guidelines
E	Debentures/Bonds	As per market rates, if quoted, otherwise on appropriate yield to maturity basis as per FIMMDA/FBIL guidelines.

F	Mutual Funds(MF)	As per stock exchange quotations, if quoted. In case of unquoted units, as per latest Repurchase price declared by concerned MF. In cases where latest repurchase price is not available, as per Net Asset Value (NAV)
G	Treasury Bills / Certificate of Deposits / Commercial Papers	At carrying cost
H	Venture Capital Funds (VCF)	At declared NAV or Breakup NAV as per audited Balance Sheet which is not more than 18 months old. If NAV / audited financial statements are not available for more than 18 months continuously, at ₹ 1/- per VCF
I	Security Receipts	At NAV as declared by Securitization Companies

6.3. Interbank/RBI Repo and Interbank/ RBI Reverse Repo transactions are accounted for in accordance with extant RBI guidelines.

6.4. As per the extant RBI guidelines, the shifting of securities from one category to another is accounted for as follows:

6.4.1. From AFS/HFT categories to HTM category, at lower of book value or market value as on the date of shifting. Depreciation, if any, is fully provided for.

6.4.2. From HTM category to AFS/HFT category,

6.4.2.1. If the security is originally placed at discount in HTM category, at acquisition cost / book value.

6.4.2.2. If the security is originally placed at a premium, at amortized cost.

The securities so shifted are revalued immediately and resultant depreciation is fully provided for.

6.4.3. From AFS to HFT category and vice versa, at book value.

6.5. The non-performing investments are identified and depreciation / provision is made as per the extant RBI guidelines.

6.6. Profit / Loss on sale of investments & appreciation/depreciation of investment in any category are taken to the Profit & Loss account. However, in case of profit on sale of investments in "HTM" category, an equivalent amount (net of taxes and net of transfer to Statutory Reserves) is appropriated to the Capital Reserve account.

6.7. Commission, brokerage, broken period interest etc on securities is debited / credited to Profit & Loss Account.

6.8. Brokerage and STT paid on purchase and sale of Equity is accounted to price of the deal.

6.9. The Amortization of premium on HTM Securities is computed using Straight-line Method.

6.10. The Bank is following weighted average Price (WAP) for accounting of investment portfolio.

6.11. As per the extant RBI guidelines, the Bank follows 'Settlement Date' for accounting of investments transactions.

6.12. Income from the units of Mutual Fund, Venture Capital & Security Receipt is recognized on Cash Basis.

6.13. **Derivative Contracts**

6.13.1. The Interest Rate Swap which hedges interest bearing Asset or Liability are accounted for in the financial statements on accrual basis except the swap designated with an Asset or Liability that is carried at market value or lower of cost or market value. Gains or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the Asset / Liability.

6.13.2. Trading swap transactions are marked to market with changes recorded in the financial statements. (profit if any, is ignored)

6.13.3. In the case of option contracts, guidelines issued by Foreign Exchange Dealers Association of India (FEDAI) from time to time for recognition of income, premium and discount are being followed.

7. Advances

7.1. All advances are classified under four categories:

7.1.1. Standard,
7.1.2. Sub-standard,
7.1.3. Doubtful and
7.1.4. Loss assets.

Provisions required on such advances are made as per the extant prudential norms issued by the RBI in terms of Master Circular DoR No.STR.REC.55/21.04.048/2021-22 dated October 01, 2021 as under:

7.2. Loans and Advances are classified as performing and non-performing, based on the guidelines issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

7.2.1. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;

7.2.2. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e.

7.2.2.1. the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or

7.2.2.2. the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

7.2.3. In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;

7.2.4. In respect of agricultural advances for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons.

7.2.5. In respect of agricultural advances for long duration crops, where the principal or interest remains overdue for one crop season.

7.2.6. A working capital borrowal account will become NPA 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 borrower's financial position is satisfactory.

7.2.7. In respect of MSME accounts where RBI dispensation benefit is passed on the Bank will adhere to Income Recognition, Asset Classification and Provisioning norms as spelt out RBI circular DBR.No.BP.BC.100/21.04.048/2017-18 dated 7th February, 2018 and DBR.No.BP.BC.108/21.04.048/2017/18 dated 6th June, 2018.

7.2.8. In respect of MSME accounts which will be restructured in terms of RBI Circular No DOR.No.BP.BC.34/21.04.048/2019-20 February 11, 2020 with reference to Circular No DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January, 2019 and kept in standard category, the Bank shall maintain a provision of 5% in addition to the provision already held. Reversal of said provision shall be made in accordance with the said circular.

7.2.9. In terms of RBI guidelines relating to 'Covid 19 Regulatory Package' on Asset Classification and Provisioning dated 27th March, 2020, 17th April 2020 and 23rd May, 2020, the Bank has extended moratorium on payment of instalment and/or interest as applicable, falling due between 1st March, 2020 to 31st August, 2020 to eligible borrowers classified as standard, even if overdue, as on 29th February, 2020 without considering the same as restructuring. Further as per RBI circular no.DOR.No.BP.BC/3/21.04.048/2020-21 & circular no. DOR.No.BP.BC/4/21.04.048/2020-21 dated 06th August, 2020, DoR.STR.REC.12/21.04.048/2021-22 & DoR.STR.REC.11/21.04.048/2021-22 dated May 05th, 2021 with reference to restructuring of Corporate & Retail Loan, Bank shall maintain necessary provision in this regard.

7.3. NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

7.3.1. Sub-standard: A loan asset that has remained non performing for a period less than or equal to 12 months,

7.3.2. Doubtful: A loan asset that has remained in the sub-standard category for a period exceeding 12 months,

7.3.3. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

7.4. Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Sub-Standard Assets:	i. A general of 15% of the total outstanding ii. Additional provision of 10% for exposures which are unsecured ab-initio; iii. However, Unsecured Exposure, ab-initio, in respect of infrastructure loan accounts where certain safeguards such as escrow accounts are available - 20% (instead of 25% as stated above)
Doubtful-Secured Portion	i. Up to one year - 25% ii. One to three years - 40% iii. More than three years - 100%
Doubtful Unsecured Portion	100%
Loss Asset	100%

7.5. Advances are stated net of specific loan loss provisions, Counter cyclical provisioning buffer, Provision for diminution in fair value of restructured advances and unrecovered interest held in Sundry /claims received from Credit Guarantee Trust Fund (CGTF) / Export Credit Guarantee Corporation (ECGC) relating to non-performing assets.

7.6. In respect of foreign offices, classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

7.7. For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loan before and after restructuring is provided for, in addition to provision for NPAs.

7.8. In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

7.9. Amounts recovered against debts written off are recognized as revenue in the year of recovery.

7.10. The general provision on Standard Advances is held in "Other Liabilities and Provisions" reflected in schedule 5 of the Balance Sheet and is not considered for arriving at both net NPAs and net advances. Standard Assets provision to be made as per IRAC RBI Master Circular RBI/2021-2022/104 DOR.No.STR.REC.55/21.04.048/2021-22 dated October 01, 2021 and any subsequent circular issued from time to time.

7.11. Provision on Suspense accounts entries outstanding for more than six months are made at 100% except the claim receivable from Govt./Govt. Bodies like Interest Subsidy on crop loan/export advance, Pension receivable etc.

8. **Property, Plant and Equipment**

8.1. Premises and Other Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, eligible borrowing costs and directly attributable costs of bringing the Asset to its working condition for the intended use less trade discounts and rebates. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefits from such assets or their functional capability. Land and Buildings, if revalued are stated at revalued amount. The appreciation on revaluation is credited to Revaluation Reserve and the depreciation provided thereon is deducted there from and shall be credited to Revenue Reserves in terms of revised AS-10 on "Property, Plant and Equipment".

8.2. Depreciation on Fixed Assets is provided for on the Straight Line Method at the rates prescribed in Expenditure Policy of the Bank from time to time. The applicable rates of depreciation are as under:

S.No.	Capital Asset	Useful Life (Years)	Rate in percentage
1	Immovable Property- Land	Not stipulated; accordingly, no depreciation	NIL
2	Building with RCC frame structure (Both Residential & Non residential)	60	1.67
3	Furniture	10	10.00
4	Fixtures	10	10.00
5	Air-conditioning plants (Package & water/air cooled ductable)	10	10.00
6	Split & Window Air conditioners	5	20.00
7	Electrical installation and equipments	5	20.00
8	Solar Power Equipment	15	6.67
9	Elevators & Lifts	15	6.67
10	Civil & Flooring work in leased Premises	5	20.00
11	Telephone Equipment	5	20.00
12	Motor Cycles, Scooters & other mopeds	10	10.00
13	Motor Cars, Motor Lorries and Electrically operated vehicles including battery powered or fuel cell powered vehicles	8	12.50
14	Mobile Phones	3	33.33
15	Generators	15	6.67
16	Office Equipment/Appliances, SDV lockers, Strong Room door, Cash Safe etc.	5	20.00
17	Computers & computer software forming integral part of hardware	3	33.33
18	ATM & allied items	3	33.33
19	UPS & allied items	5	20.00
20	Servers & Networks	6	16.66

S.No.	Capital Asset	Useful Life (Years)	Rate in percentage
21	End user devices such as desktops, laptops, i-pads, tablets, printer & Scanner, digital watches etc.	3	33.33

8.3. Depreciation on premises is provided on composite cost, wherever the value of Land and Buildings is not separately identifiable.

8.4. Depreciation on Leased assets and Leasehold improvements is recognized on a straight-line basis using rates determined with reference to the primary period of lease.

9. Impairment of Assets

Impairment losses (if any) on Fixed Assets (including revalued assets) are recognised in accordance with AS-28 on "Impairment of Assets" issued by the ICAI and charged off to Profit and Loss Account. The carrying costs of assets are reviewed at each Balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

10. Counter Cyclical Provisioning Buffer

The Bank has a policy of creation and utilization of Counter Cyclical Provisioning Buffer separately for Advances and Investments. The quantum of provision to be created is assessed at the end of each financial year. The counter Cyclical Provisions are utilized only for contingencies under extra ordinary circumstances specified in the policy with prior permission of the RBI.

11. Transactions involving Foreign Exchange

Accounting for transactions involving foreign exchange is done in accordance with AS-11 on "The Effects of Changes in Foreign Exchange Rates", issued by the ICAI. In terms of AS-11, the foreign currency operations of the Bank are classified as a) Integral Operations and b) Non Integral Operations.

All overseas branches, offshore banking units, overseas subsidiaries are treated as non-integral operations and domestic operations in foreign exchange and representative offices are treated as integral operations.

Accounting for Integral operations:

11.1. Monetary and Non- Monetary Assets and Liabilities are revalued at the exchange rates notified by FEDAI at the close of the year and resultant gain / loss is recognized in the Profit & Loss Account.

11.2. Income & Expenditure items are recognized at the exchange rates prevailing on the date of the transaction.

11.3. Forward exchange contracts are recorded at the exchange rate prevailing on the date of commitment. Outstanding forward exchange contracts are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of 'in-between' maturities. The resultant gains or losses are recognized in the Profit & Loss account.

11.4. Contingent liabilities on account of guarantees, acceptances, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the close of the year.

12. Accounting for Non-Integral operations

12.1. Revenue Recognition

Income and Expenditure are recognized / accounted for as per the local laws of the respective countries.

12.2. Asset Classification and Loan Loss Provisioning

Asset classification and loan loss provisioning are made as per the local laws of the respective countries or as per RBI guidelines whichever is higher.

12.3. Fixed Assets and Depreciation

12.3.1. Fixed Assets are accounted for at historical cost.

12.3.2. Depreciation on Fixed Assets is provided as per the applicable laws of the respective countries.

12.4. Assets and Liabilities (monetary and non-monetary as well as Contingent Liabilities) are translated at the closing rates notified by FEDAI at the close of the year.

12.5. Income & Expenditure are translated at the quarterly average closing rates notified by FEDAI at the end of respective quarters.

12.6. All resulting exchange differences are accumulated in 'Foreign Currency Translation Reserve'.

13. Employee Benefits:

13.1. Short Term Employment Benefits:

The undiscounted amounts of short term employee benefits (eg medical benefits) payable wholly within twelve months of rendering the services are treated as short term and recognized during the period in which the employee rendered the service.

13.2. Long term Employee Benefits:

13.2.1. Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/employees joining the Bank on or after 1st April,2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with 14% contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS trust.

13.2.2. Defined Benefit Plan:

Gratuity, Pension and Leave Encashment are defined benefits plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

14. Segment Reporting

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in the compliances with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. Business segments are classified into

14.1. Treasury Operations,
14.2. Corporate and Wholesale Banking,
14.3. Retail Banking Operations and
14.4. Other Banking Operations.

15. Lease Transactions

Lease payments for Assets taken on operating lease recognized as an expenses in the profit and loss account on a straight-line basis over the lease term.

16. Earnings per Share

The Bank reports the basic and diluted Earnings per Share in accordance with AS 20. Earnings per Share is calculated by dividing the net Profit or Loss (after tax) for the year attributable to the Equity shareholders by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if contracts to issue Equity shares were exercised or converted during the year. Diluted earnings per Equity share is calculated by using the weighted average number of Equity shares and dilutive potential Equity shares outstanding as at the year-end.

17. Taxation:

This comprises of provision for Income tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) as determined in accordance with AS-22 on "Accounting for taxes on Income" issued by the ICAI. Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rate. Deferred

Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'reasonable certainty' that sufficient future taxable income will be available against which such Deferred Tax Assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, Deferred Tax Assets are recognized only if there is "virtual certainty".

18. Provisions, Contingent Liabilities and Contingent Assets

In terms of AS 29-Provisions, Contingent Liabilities and Contingent Assets issued by the ICAI, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may not be realized.

19. Share Issue Expenses:

Share issue expenses are charged to the Share Premium account in terms of Section 52 of the Companies Act, 2013.

20. Consolidation of the Accounts:

Bank is having five subsidiaries i.e. Union Asset Management Company Private Limited, Union Trustee Company Private Limited, Union Bank of India (UK) Limited, Andhra Bank Financial Services Limited and UBI Services Ltd.

Bank is having three Joint Ventures i.e. Star Union Dai-Ichi Life Insurance Company Ltd., ASREC (India) Ltd. and India International Bank (Malaysia) Berhad.

Bank is having one associate Chaitanya Godavari Grameen Bank.

The consolidated financial statements are prepared on the basis of:

20.1. Audited Accounts of the parent bank (Union Bank of India)

20.2. <u>Consolidation of Subsidiaries:</u> Line by Line aggregation of the Income/Expenditure/Assets/Liabilities of the subsidiaries with the respective line item of the parent bank, after eliminating all intra-group transactions, unrealized profits/loss in terms of AS 21 on Consolidated Financial Statements issued by Institute of Chartered Accountants of India (ICAI).

20.3. <u>Consolidation of Associates:</u> The Investment in Associate is accounted for consolidation as per Equity Method in terms of AS 23 on Accounting for Investments in Associates in Consolidated Financial Statement issued by Institute of Chartered Accountants of India (ICAI).

20.4. <u>Consolidation of Joint Ventures:</u> Line by Line consolidation is done with proportionate share in Joint Venture in terms of AS-27 on Financials Reporting in Interest of Joint Venture issued by Institute of Chartered Accountants of India (ICAI).

SCHEDULE 18 - NOTES TO ACCOUNTS (STANDALONE):

DISCLOSURES IN TERMS OF THE RESERVE BANK OF INDIA GUIDELINES

1. REGULATORY CAPITAL

The Bank is subjected to Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till Oct. 1, 2021. As per RBI Guidelines, Basel III has been completely implemented from Oct. 1, 2021. As per guidelines, the Tier I capital is made up of Common Equity Tier I (CET I) and Additional Tier I Capital (AT 1).

Basel III guidelines require the Bank to maintain minimum capital to Risk Weighted Assets ratio (CRAR) of 11.50% with minimum CET I of 8.00% (inclusive of Capital Conservation Buffer of 2.50%) and minimum Tier I CRAR of 9.50% as at March 31, 2022.

During the year, the Bank has issued additional 42,79,03,111 number of equity shares under Qualified Institutions Placement (QIP) on 21st May, 2021 and raised an amount of ₹ 1,447.17 crore. Accordingly, the shareholding of Government of India in the Bank has reduced to 83.49% as compared to the shareholding of 89.07% as on 31st March, 2021. Further, the Bank has also issued Basel III compliant Tier-2 bonds of ₹ 2,000 Crore & additional Tier-1 Bonds of ₹ 5,000 crore in tranches and exercised call option for redemption of Basel III compliant Tier-2 bonds of ₹ 2,000.00 crore & additional Tier-1 Bonds of ₹ 3,400.00 crore.

a) Composition of Regulatory Capital:

(₹ in Crore)

Sr. No	Particulars	31.03.2022	31.03.2021
i.	Common Equity Tier 1 capital (CET 1) / Paid up share capital and reserves@ (net of deductions, if any)	58,048.85	50,000.86
ii.	Additional Tier 1 capital/ Other Tier 1 capital	8,539.83	7,089.64
iii.	Tier 1 capital (i + ii)	66,588.68	57,090.50
iv.	Tier 2 capital	12,692.32	12,172.01
v.	Total capital (Tier 1+Tier 2)	79,281.00	69,262.51
vi.	Total Risk Weighted Assets (RWAs)	5,45,922.81	5,51,520.67
vii.	CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share capital and reserves as percentage of RWAs	10.63	9.07
viii.	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	12.20	10.35
ix.	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.32	2.21
x.	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	14.52	12.56
xi.	Leverage Ratio	5.17	4.82
xii.	Percentage of the shareholding of a) Government of India b) State Government (specify name) c) Sponsor Bank	 83.49 -- --	 89.07 -- --
xiii.	Amount of paid-up equity capital raised during the year	1,447.17	--
xiv.	Amount of non-equity Tier 1 capital raised during the year, of which: a) Basel III compliant Perpetual Non-Cumulative Preference Shares b) Basel III compliant Perpetual Debt Instruments	 -- 5,000.00	 -- 1,705.00
xv.	Amount of Tier 2 capital raised during the year, of which		

Sr. No	Particulars	31.03.2022	31.03.2021
	a) Perpetual Cumulative Preference Shares b) Redeemable Non-Cumulative Preference Shares c) Basel III compliant Redeemable Non-convertible Tier 2 Bonds	-- -- 2,000.00	-- -- 2,000.00

b) Draw down from Reserves:

During the year 2021-22, the Bank has drawn ₹ 119.87 crore from other reserves towards unamortized portion of Frauds.

2. Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities

Current Year 2021-22

(₹ in crore)

	Day 1	2-7 DAYS	8-14 DAYS	15-30 DAYS	31 days-2 months	>2-3 months	>3-6 months	>6 months-1 year	>1-3 years	>3-5 years	> 5 years	TOTAL
Deposits	12,750.62	22,568.14	15,505.37	24,224.17	31,592.76	34,111.25	77,995.40	1,47,057.37	1,20,848.10	86,172.71	4,59,566.76	1032392.63
Advances	6,038.86	11,250.55	9,483.94	21,912.53	4,709.33	17,723.78	34,326.71	62,738.47	2,98,295.75	71,329.79	1,23,194.95	661004.66
Investments	1,44,407.71	18,199.02	1,748.39	5,135.88	1,441.91	22,859.62	26,503.85	25,831.24	13,504.34	20,494.70	68,380.73	348507.39
Borrowings	803.30	778.30	602.84	1,132.91	831.74	1,104.87	1,713.57	5,643.17	19,676.78	3,676.24	15,215.38	51179.10
Foreign currency assets	4,900.56	2,797.74	2,961.84	2,339.01	3,635.01	5,975.17	4,771.74	5,434.65	10,170.15	7,449.49	27.23	50462.59
Foreign currency liabilities	2,921.98	927.90	1,638.95	1,650.41	1,661.87	3,276.05	3,395.36	5,638.17	6,322.48	6,492.50	265.12	34190.79

Previous year 2020-21

(₹ in crore)

	Day 1	2-7 DAYS	8-14 DAYS	15-30 DAYS	31 days-2 months	>2-3 months	>3-6 months	>6 months-1 year	>1-3 years	>3-5 years	> 5 years	TOTAL
Deposits	11,694.42	18,607.02	13,760.66	23,523.19	37,021.49	31,306.22	68,591.32	1,07,186.17	1,08,382.66	73,551.34	4,30,180.85	9,23,805.34
Advances	7,173.12	11,484.58	6,734.08	16,592.79	6,417.73	18,817.87	26,682.54	48,794.25	2,77,422.49	68,391.66	1,02,47.75	5,90,982.88
Investments	1,00,670.43	11,906.20	1,008.94	2,560.90	1,178.82	3,305.04	18,365.60	18,003.07	36,339.39	26,551.54	1,11,621.87	3,31,511.79
Borrowings	802.64	636.06	-	1,146.47	1,932.10	868.80	10,393.24	1,283.94	18,242.36	2,176.49	14,355.00	51,837.11
Foreign currency assets	3,540.66	1,084.56	560.53	2,674.13	2,100.73	1,704.15	2,690.29	9,436.09	9,264.62	5,197.94	3,034.17	41,287.87
Foreign currency liabilities	2,193.50	748.75	85.33	1,707.52	2,406.03	1,013.28	10,709.85	5,877.58	3,320.28	3,688.13	785.01	32,535.26

b) Liquidity Coverage Ratio

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.

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

Where Net Cash Outflow = Max ((Cash Outflows-Cash Inflows), 25% of Cash Outflow)

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 (15.00% 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 ₹ 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 March 2022 maintained average HQLA of ₹ 2,80,230 crore. Level 1 assets are the main drivers of HQLA for the bank. They contribute to 96% of the total stock of HQLA. Based on daily averages for the quarter ended 31st March 2022, Facility to avail Liquidity for Liquidity Coverage Ratio constitutes the highest portion to HQLA i.e. around 52% 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 75% of the total weighted cash inflows.

Bank has calculated LCR for all working days over the March 2022 quarter. The average of the daily observation of 67 data points is calculated. The average LCR for the quarter ended 31st March 2022 is 175.38% as against 184.89% for the quarter ended December 2021, and is well above the present minimum requirement prescribed by RBI of 100% for the calendar year 2022.

Movement of Average LCR during the F.Y 2021-22:

Quarter	June 2021	Sept. 2021	Dec. 2021	March 2022	FY 2021-22
LCR Ratio:	168.64	174.79	184.89	175.38	175.79

Quantitative Disclosure (Quarter wise)

(₹ in crore)

		March 2021 Quarter		June 2021 Quarter		September 2021 quarter		December 2021 quarter		March 2022 quarter	
		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	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)	2,64,062.48	2,60,800.07	2,75,196.22	2,71,883.86	2,65,905.75	2,62,849.21	2,80,876.87	2,78,152.33	2,80,230.24	2,77,655.44
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	5,85,947.32	44,529.63	5,94,625.89	45,368.06	5,99,048.06	45,787.48	6,04,295.74	46,290.18	6,14,334.98	47,119.13
(i)	Stable deposits	2,81,301.96	14,065.10	2,81,890.54	14,094.53	2,82,346.59	14,117.33	2,82,787.93	14,139.40	2,86,287.44	14,314.37
(ii)	Less stable deposits	3,04,645.36	30,464.54	3,12,735.36	31,273.54	3,16,701.48	31,670.15	3,21,507.81	32,150.78	3,28,047.54	32,804.75
3	Unsecured wholesale funding, of which:	1,80,334.04	89,557.36	2,04,357.24	1,01,394.39	1,91,527.79	96,086.03	1,96,801.51	99,535.59	2,00,598.22	1,01,620.62
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	1,80,334.04	89,557.36	2,04,357.24	1,01,394.39	1,91,527.79	96,086.03	1,96,801.51	99,535.59	2,00,598.22	1,01,620.62
(iii)	Unsecured debt										
4	Secured wholesale funding	328.26	-	193.83	0.50	72.81	0.95	711.59	-	422.26	7.72
5	Additional requirements, of which	1,47,079.47	18,817.13	1,71,242.05	24,952.04	1,34,084.61	19,434.41	1,19,680.83	17,766.57	1,32,737.42	21,653.42
(i)	Outflows related to derivative exposures and other collateral requirements	3.26	3.26	4.29	4.29	1.29	1.29	3.96	3.96	27.26	27.26
(ii)	Outflows related to loss of funding on debt products										
(iii)	Credit and liquidity facilities	1,47,076.22	18,813.87	1,71,237.76	24,947.75	1,34,083.32	19,433.12	1,19,676.87	17,762.61	1,32,710.16	21,626.16
6	Other contractual funding obligations	2,403.02	2,403.02	2,811.65	2,811.65	2,902.89	2,902.89	3,309.78	3,309.78	3,201.84	3,201.84
7	Other contingent funding obligations	70,781.69	2,123.52	68,839.14	2,065.72	89,814.09	2,694.72	89,807.54	2,694.65	90,030.40	2,700.94
8	TOTAL CASH OUTFLOWS	9,86,874.20	1,57,431.05	10,42,096.85	1,76,619.41	10,17,476.69	1,66,932.92	10,14,634.53	1,69,624.32	10,41,325.12	1,76,303.66
Cash Inflows											
9	Secured lending (e.g reverse repos)	22,092.64	0.00	23,562.42	0.00	19,302.56	-	32,741.96	-	36,175.58	0.02
10	Inflows from fully performing exposures	2,837.61	2,837.61	4,388.82	4,388.82	17,405.96	12,274.18	19,553.39	14,539.73	18,458.03	13,489.62
11	Other cash inflows	14,986.30	10,513.76	15,775.61	11,006.78	4,278.02	4,278.02	4,644.91	4,644.91	4,499.09	4,499.09
12	TOTAL CASH INFLOWS	39,916.56	13,351.37	43,726.85	15,395.60	40,986.54	16,552.21	56,940.26	19,184.64	59,132.70	17,988.73
13	TOTAL HQLA		2,60,800.07		2,71,883.86		2,62,849.21		2,78,152.33		2,77,655.44
14	TOTAL NET CASH OUTFLOWS		1,44,079.68		1,61,223.81		1,50,380.71		1,50,439.67		1,58,314.93
15	LIQUIDITY COVERAGE RATIO (%)		181.01%		168.64%		174.79%		184.89%		175.38%

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Mumbai FRN 109262W / W100673 Chartered Accountants

C. R. Sagdeo & Co. FRN 108959W Nagpur Chartered Accountants

P V A R & Associates FRN-005223C Chartered Accountants

Gopal Sharma & Co. Jaipur Chartered Accountants

N B S & Co. Mumbai FRN 110100W Chartered Accountants

c) Net Stable Funding ratio

i) 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 68% and wholesale funding formed 21% 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 82% 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 3% 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 15% of the Required Stable Funding.

Bank has maintained comfortable stable funding buffers with Available Stable Funding at consolidated level of ₹ 90,67,645 Mio against ₹ 61,51,200 Mio of Required Stable Funding, resulting in a consolidated NSFR of 147.41% as on 31st March, 2022.

ii) Quantitative Disclosure:

(₹ in crore)

NSFR Disclosure Consolidated, March, 2022						
Sr.No	Details	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
1						
2	*Regulatory capital*	65,865.83	0.00	0.00	862.85	66,728.68
3	*Other capital instruments*	0.00	500.00	2800.00	15,455.00	15,455.00
4						
5	*Stable deposits*	1,57,204.34	16,642.91	16,092.51	19,955.67	2,00,398.44
6	*Less stable deposits*	1,48,810.80	1,06,734.52	96,136.52	98,992.63	4,15,506.28
7						
8	*Operational deposits*	0.00	0.00	0.00	0.00	0.00
9	*Other wholesale funding*	71,238.13	1,52,239.14	1,04,620.69	45,875.68	1,88,062.72
10						
11	*NSFR derivative liabilities*	0.00	0.00	0.00	0.00	0.00
12	*All other liabilities and equity not included in the above categories*	38,317.01	6,967.54	4,843.17	20,613.39	20,613.39
13	Total ASF (1+4+7+10)					9,06,764.50
14						
15						
16						
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	97,166.19	1,253.47	24,561.57	28,446.79
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	70,851.92	28,600.27	4,25,903.02	3,89,150.15
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	40,631.05	3,716.58	1,12,683.89	95,418.35
21	Performing residential mortgages, of which:	0.00	53.30	127.95	59,707.96	38,900.80
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	53.30	127.95	59,707.96	38,900.80
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,238.58	3,567.75	6,554.07	48,261.04	49,495.90
24						
25	Physical traded commodities, including gold	0.00				
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		2,012.38	0.00	0.00	1,710.52
27	NSFR derivative assets		173.75	0.00	0.00	173.75
28	NSFR derivative liabilities before deduction of variation margin posted		87.04	0.00	0.00	87.04
29	All other assets not included in the above categories	78,600.04	9,555.37	0.00	1,996.47	85,407.22
30						
31	Total RSF (14+15+16+24+30)					
32	Net Stable Funding Ratio (%)					147.41%

(₹ in crore)

NSFR Disclosure - Consolidated, December 2021						
Sr.No	Details	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2	*Regulatory capital*	62,753.57	0.00	0.00	831.49	63,585.06
3	*Other capital instruments*	0.00	2,000.00	2,800.00	13,955.00	13,955.00
4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
5	*Stable deposits*	1,52,617.66	16,759.49	16,320.58	20,360.22	1,96,773.06
6	*Less stable deposits*	1,38,645.73	1,01,708.06	93,395.08	90,819.10	3,91,193.08
7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
8	*Operational deposits*	0.00	0.00	0.00	0.00	0.00
9	*Other wholesale funding*	55,629.90	1,33,710.15	76,178.98	43,332.48	1,56,424.56
10	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
11	*NSFR derivative liabilities*	0.00	0.00	0.00	0.00	0.00
12	*All other liabilities and equity not included in the above categories*	41,872.99	11,593.17	3,758.01	19,924.50	19,924.50
13	Total ASF (1+4+7+10)	[redacted]	[redacted]	[redacted]	[redacted]	8,41,855.26
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
14	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
15	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
16	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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	55,981.66	2,680.71	18,102.89	23,076.16
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	57,154.35	27,380.93	3,81,801.94	3,52,760.45
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	26,427.64	1,452.57	69,858.67	59,348.24
21	Performing residential mortgages, of which:	0.00	444.73	38.28	76,338.52	49,861.54
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	444.73	38.28	76,338.52	49,861.54
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,687.83	2,478.84	4,983.02	51,462.66	51,661.21
24	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
25	Physical traded commodities, including gold	0.00	[redacted]	[redacted]	[redacted]	[redacted]
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	[redacted]	1,849.64	0.00	0.00	1,572.19
27	NSFR derivative assets	[redacted]	214.76	0.00	0.00	214.76
28	NSFR derivative liabilities before deduction of variation margin posted	[redacted]	132.32	0.00	0.00	132.32
29	All other assets not included in the above categories	81,378.60	13,210.06	0.00	2,294.83	90,331.03
30	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
31	Total RSF (14+15+16+24+30)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
32	Net Stable Funding Ratio (%)	[redacted]	[redacted]	[redacted]	[redacted]	141.71%

3. Investments

a) Composition of investment portfolio

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P V A R & Associates FRN - 005223C Chartered Accountants

Gopal Sharma & Co. Jaipur Chartered Accountants

N B S & Co. Mumbai FRN 110100W Chartered Accountants

As at 31.03.2022

(₹ in crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total investments outside India	
Held to maturity												
Gross	1,99,238.04	-	59.71	56,762.49	343.61	346.90	2,56,750.75	--	1,148.71	0.40	1,149.11	2,57,899.86
Less: Provision for non-performing investments (NPI)	-	-	-	(80.00)	(5.00)	-	(85.00)	--	(1.43)	-	(1.43)	(86.43)
Net	1,99,238.04	-	59.71	56,682.49	338.61	346.90	2,56,665.75	--	1,147.28	0.40	1,147.68	2,57,813.43
Available for sale												
Gross	65,341.29	-	5,085.76	14,182.17	-	10,908.61	95,517.83	1640.39	-	45.62	1,686.01	97,203.84
Less: Provision for depreciation & NPI	-	-	(2,840.17)	(1,481.55)	-	(1,742.43)	(6,064.15)	(30.20)	-	-	(30.20)	(6,094.35)
Net	65,341.29	-	2,245.59	12,700.62	-	9,166.18	89,453.68	1610.19	-	45.62	1,655.81	91,109.49
Held for trading												
Gross	(415.53)	-	-	-	-	-	(415.53)	--	-	-	-	(415.53)
Less: Provision for depreciation & NPI	-	-	-	-	-	-	0.00	--	-	-	-	-
Net	(415.53)	-	-	-	-	-	(415.53)	--	-	-	-	(415.53)
Total Investments	2,64,163.80	-	5,145.47	70,944.66	343.61	11,255.51	3,51,853.04	1,640.39	1,148.71	46.02	2,835.12	3,54,688.16
Less: Provision for NPI	-	-	-	(80.00)	(5.00)	-	(85.00)	-	(1.43)	-	(1.43)	(86.43)
Less: Provision for depreciation & NPI	-	-	(2,840.17)	(1,481.55)	-	(1,742.43)	(6,064.15)	(30.20)	-	-	(30.20)	(6,094.35)
Net	2,64,163.80	0.00	2,305.30	69,383.11	338.61	9,513.08	3,45,703.90	1610.19	1,147.28	46.02	2,803.49	3,48,507.39

Note: 1. Provision provided in Subsidiaries and/or Joint Venture (in India & outside India) is on account of Standard MTM and not NPI.

2. Provision for Non-performing investments includes only Held to Maturity Category.

3. Provision for depreciation and NPI includes Available for sale and Held for Trading Category.

4. After selling 21% stake in IndiaFirst Life Insurance Co. Ltd, our holding has come down to 9%. Hence, the same is classified in Equity Private (HTM) instead of Subidiary & JV (HTM). Further, permission has been sought from RBI regarding shifting of the same from HTM to AFS Category.

R.G.N. Price & Co.

109262W / W100673

C.R. Sagdeo & Co. FRN 108959W NAGPUR

P V A R & ASSOCIATES FRN-005223C

Gopal Sharma & Co. JAIPUR

N B S & CO MUMBAI FRN 110100W

As at 31.03.2021

(₹ in crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total investments outside India	
Held to maturity												
Gross	1,90,986.93	-	-	58,926.19	542.65	231.72	2,50,687.49	--	1,148.71	0.40	1,149.11	2,51,836.60
Less: Provision for non-performing investments (NPI)	-	-	-	(30.00)	(5.00)	-	(35.00)	-	(1.39)		(1.39)	(36.39)
Net	1,90,986.93	-	-	58,896.19	537.65	231.72	2,50,652.49	--	1,147.32	0.40	1,147.72	2,51,800.21
Available for sale												
Gross	49,202.14	-	5,103.61	16,927.41	-	12,953.94	84,187.10	1,483.13	-	73.53	1,556.67	85,743.77
Less: Provision for depreciation & NPI	(44.16)	-	(3,087.40)	(1,467.95)	-	(1,590.96)	(6,190.47)	(0.55)	-	-	(0.55)	(6,191.02)
Net	49,157.98	-	2,016.21	15,459.46	-	11,362.98	77,996.63	1,482.58	-	73.53	1,556.12	79,552.75
Held for trading												
Gross	108.84	-	-	50.00	-	-	158.84	-	-	-	-	158.84
Less: Provision for depreciation & NPI	-	-	-	(0.01)	-	-	(0.01)	-	-	-	0.00	0.01
Net	108.84	-	-	49.99	-	-	158.83	-	-	-	-	158.83
Total Investments	2,40,297.91	-	5,103.61	75,903.60	542.65	13,185.66	3,35,033.44	1,483.13	1,148.71	73.93	2,705.78	3,37,739.22
Less: Provision for NPI	-	-	-	(30.00)	(5.00)	-	(35.00)	-	(1.39)	-	(1.39)	(36.39)
Less: Provision for depreciation & NPI	(44.16)	-	(3,087.40)	(1,467.96)	-	(1,590.96)	(6,190.48)	(0.55)	-	-	(0.55)	(6,191.03)
Net	2,40,253.75	0.00	2,016.21	74,405.64	537.65	11,594.70	3,28,807.96	1482.58	1,147.32	73.93	2,703.84	3,31,511.80

Note: 1. Provision provided in Subsidiaries and/or Joint Venture (in India & outside India) is on account of Standard MTM and not NPI.

2. Provision for Non-performing investments includes only Held to Maturity Category.

3. Provision for depreciation and NPI includes Available for sale and Held for Trading Category.

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N B S & Co. 110100W

b) Movements of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in crore)

Particulars	2021-22	2020-21
i) Movement of provisions held towards depreciation on investments		
a) Opening Balance	6,227.42	6,316.07
b) Add: Provisions made during the year	631.98	762.72
c) Less: Write off / Write back of excess provisions during the year	678.07	851.37
d) Closing Balance	**6,181.33**	**6,227.42**
ii) Movement of Investment Fluctuation Reserve		
a) Opening Balance	1,279.29	0.00
b) Add: Amount transferred during the year	656.87	1,279.29
c) Less: Drawdown	0.00	0.00
d) Closing Balance	**1,936.16**	**1,279.29**
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	**2.00**	**1.64**

c) Sale and transfers to/from HTM category

The Bank has not made sales and transfers to/from HTM category during the financial year 2021 - 22 exceeding 5 per cent of the book value of investments held in HTM category at the beginning of the year. The 5 per cent threshold to above will exclude:

i. The one-time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year.
ii. Direct sale from HTM for bringing down SLR holding in HTM category consequent to a downward revision in SLR requirements by RBI.
iii. Sale to Reserve Bank of India under liquidity management operations of RBI like Open Market Operations (OMO) and the Government securities acquisition program (GSAP).
iv. Repurchase of Government Securities by Government of India from banks under buyback / switch operations.
v. Repurchase of State Development Loans by respective state governments under buyback / switch operations.
vi. Additional shifting of securities explicitly permitted by the Reserve Bank of India.

d) Non-SLR investment portfolio

i) Non-performing non-SLR investments

(₹ in crore)

S.no.	Particulars	2021-22	2020-21
a)	Opening Balance	4,811.06	4,637.92
b)	Additions during the year since 1st April	566.54	932.60
c)	Reductions during the above period	945.91	759.46
d)	Closing balance	4,431.69	4,811.06
e)	Total provisions held	**4,036.84**	**4,091.41**

ii) Issuer composition of non-SLR investments

The issuer composition of investments in securities, other than government and other approved securities is given below:

(₹ in crore)

S.no.	Issuer	Amount		Extent of Private Placement		Extent of Below Investment Grade Securities		Extent of Unrated Securities		Extent of Unlisted Securities	
		2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
a)	PSUs	4,071.94	5,611.24	1,170.10	1,135.01		-	3,197.29	3,392.83	22.83	22.83
b)	FIs	2,695.24	5,283.22	595.68	214.36		-		-		-

S.no.	Issuer	Amount		Extent of Private Placement		Extent of Below Investment Grade Securities		Extent of Unrated Securities		Extent of Unlisted Securities	
		2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
c)	Banks	2,057.83	1,938.63	1,850.15	598.43		-		-		-
d)	Private Corporate	29,301.27	29,878.49	24,005.23	19,378.01	456.28	944.62	413.54	216.39	138.94	33.75
e)	Subsidiaries/ Joint Ventures	1,492.32	1,691.36	1,492.32	1,691.36						
f)	Others	50,905.77	53,038.37	47,310.71	47,277.50		-		-		-
g)	Provision held towards depreciation	(6,150.58)	(6,182.71)								
	TOTAL	84,373.79	91,258.60	76,424.19	70,294.67	456.28	944.62	3610.83	3609.22	161.77	56.58

e) Repo Transactions (in face value terms)

The following tables set forth for the periods indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

(₹ in crore)

	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2022
i)	**Securities sold under Repo**				
a)	Government securities	14,387.54	15,973.43	14,893.63	15,365.43
b)	Corporate debt securities	--	--	--	--
c)	Any other securities	0.00	10.33	8.15	10.33
ii)	**Securities purchased under Reverse Repo**				
a)	Government securities	1,010.00	59,931.00	27,275.09	52,245.60
b)	Corporate debt securities	--	--	--	--
c)	Any other securities	--	--	--	--

f) Profit of ₹ 2,120.13 Crore (previous year ₹ 1,844.94 crore) on sale of "Held to Maturity" category securities has been taken to profit and loss account initially.

g) In respect of "Held to Maturity" category, the excess of acquisition cost over face value of the securities amortized during the year amounted to ₹ 719.79 crore (previous year ₹ 703.10 Crore).

h) Total investments made in shares, convertible debentures and units of equity linked mutual funds / venture capital funds and also advances against shares aggregate to ₹ 2,523.77 crore (previous year ₹ 2,387.17 crore).

4. Asset Quality

a) Classification of advances and provisions held

(₹ in crore)

FY 2021-22	Standard	Non-performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	5,63,896.13	13,489.56	50,540.50	25,758.14	89,788.20	6,53,684.33
Add: Additions during the year					22,877.39	22,877.39
Less: Reductions during the year*					33,078.53	33,078.53
Closing balance	6,36,820.81	11,040.55	49,449.47	19,097.04	79,587.07	7,16,407.87
*Reductions in Gross NPAs due to:					33,078.53	33,078.53
i. Upgradation					7,742.82	7,742.82
ii) Recoveries (excluding recoveries from upgraded accounts)					5,851.28	5,851.28
iii) Technical/ Prudential Write-offs					18,025.70	18,025.70
iv) Write-offs other than those under (iii) above					1,458.73	1,458.73
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	5,112.97	2,272.67	34,896.24	24,679.04	61847.95	66,960.92
Add: Fresh provisions made during the year					11919.46	11919.46
Less: Excess provision reversed/ Write-off loans					19110.88	19110.88
Closing balance of provisions held	6,566.77	2,377.63	33,650.81	18,628.10	54,656.53	61,223.30
Amount kept in Sundry Deposits-ECGC Claim received/Recovery in suit filed accounts/sacrifice in restructured NPA accounts					627.24	627.24
Net NPAs						
Opening Balance		11,197.34	15,165.99	917.19	27,280.52	27,280.52
Add: Fresh additions during the year					10,986.46	10,986.46
Less: Reductions during the year					13,963.68	13,963.68
Closing Balance		8,659.30	15,524.13	119.87	24,303.30	24,303.30
Floating Provisions						
Opening balance						306.20
Add: Fresh provisions made during the year						--
Less: Amount draw down during the year						306.20
Closing balance of floating provisions						Nil
Technical write-offs and the recoveries made thereon						
Opening Balance of Technical write-offs/Prudential written off accounts						55,877.88
Add: Technical/Prudential write-off during the year						17,611.07

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FY 2021-22	Standard	Non-performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Less: Recoveries made from previously Technical/Prudential written-off accounts during the year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	4,808.52
Closing Balance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	68,680.43

(₹ in crore)

FY 2020-21	Standard	Non-performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	5,68,924.76	16,188.46	60,352.10	20,651.98	97,192.54	6,66,117.30
Add: Additions during the year	[redacted]	[redacted]	[redacted]	[redacted]	17,442.68	17,442.68
Less: Reductions during the year*	[redacted]	[redacted]	[redacted]	[redacted]	24,847.02	24,847.02
Closing balance	[redacted]	[redacted]	[redacted]	[redacted]	89,788.20	6,53,684.33
*Reductions in Gross NPAs due to:	[redacted]	[redacted]	[redacted]	[redacted]	24,847.02	24,847.02
i) Upgradation	[redacted]	[redacted]	[redacted]	[redacted]	2,674.49	2,674.49
ii) Recoveries (excluding recoveries from upgraded accounts)	[redacted]	[redacted]	[redacted]	[redacted]	5,189.88	5,189.88
iii) Technical/ Prudential Write-offs	[redacted]	[redacted]	[redacted]	[redacted]	14,746.88	14,746.88
iv) Write-offs other than those under (iii) above	[redacted]	[redacted]	[redacted]	[redacted]	2,235.77	2,235.77
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	[redacted]	[redacted]	[redacted]	[redacted]	65,229.57	65,229.57
Add: Fresh provisions made during the year	[redacted]	[redacted]	[redacted]	[redacted]	13,912.19	13,912.19
Less: Excess provision reversed/ Write-off loans	[redacted]	[redacted]	[redacted]	[redacted]	17,293.81	17,293.81
Closing balance of provisions held	5,112.97	2,272.67	34,896.24	24,679.04	61,847.95	66,960.92
Amount kept in Sundry Deposits-ECGC Claim received/Recovery in suit filed accounts/sacrifice in restructured NPA accounts/floating provision					659.73	659.73
Net NPAs						
Opening Balance	[redacted]	[redacted]	[redacted]	[redacted]	31,324.63	31,324.63
Add: Fresh additions during the year	[redacted]	[redacted]	[redacted]	[redacted]	14,406.62	14,406.62
Less: Reductions during the year	[redacted]	[redacted]	[redacted]	[redacted]	18,450.73	18,450.73
Closing Balance	[redacted]	11,197.34	15,165.99	917.19	27,280.52	27,280.52
Floating Provisions						
Opening balance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	306.20

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FY 2020-21	Standard	Non-performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Add: Fresh provisions made during the year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	--
Less: Amount draw down during the year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	--
Closing balance of floating provisions	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	306.20
Technical write-offs and the recoveries made thereon						
Opening Balance of Technical write-offs/Prudential written off accounts	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	46,139.52
Add: Technical / Prudential write-off during the year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	14,746.88
Less: Recoveries made from previously Technical / Prudential written-off accounts during the year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	5,008.52
Closing Balance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	55,877.88

Ratios (in per cent)	2021-22	2020-21
Gross NPA to Gross Advances	11.11	13.74
Net NPA to Net Advances	3.68	4.62
Provision coverage ratio	83.61	81.27

Note: As per RBI notification RBI/2021-22/28 DOR.STR.REC.10/21.04.048/2021-22 dated May 5, 2021, Banks are permitted to utilize 100% of floating provision/countercyclical provisioning buffer held by them as on December 31, 2020 for making specific provisions for NPAs with the prior approval of their respective Boards. The Bank has obtained requisite prior approval from its Board of Directors and has utilized floating provision amounting to ₹ 306.20 Crore towards making specific NPA provision during the quarter/year ended March 31, 2022.

b) Sector-wise Advances and Gross NPAs

(₹ in crore)

Sr. No.	Sector	2021-22			2020-21		
		Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to total Advances in that sector
i)	**Priority Sector**						
a)	Agriculture and allied activities	1,24,395.26	13,543.61	10.89	116,944.15	14,379.97	12.30
b)	Advances to industries sector eligible as priority sector lending	39,765.31	8,167.11	20.54	42,785.42	10,124.17	23.66
c)	Services	75,149.63	13,349.25	17.76	79,639.65	14,899.51	18.71
d)	Personal loans	39,275.53	2,098.46	5.34	40,258.40	2,389.44	5.94
	Sub-total (i)	**2,78,585.73**	**37,158.43**	**13.34**	**2,79,627.62**	**41,793.09**	**14.95**

R.G.N. Price & Co.

Sarda & Pareek LLP FRN: 109262W/W100673

C. R. Sagdeo & Co. FRN 108959W NAGPUR

P V A R & Associates FRN - 005223C

Gopal Sharma & Co. JAIPUR

N B S & Co. MUMBAI FRN 110100W

ii)	**Non Priority Sector**						
a)	Agriculture and allied activities	8,696.56	1,863.22	21.42	3193.75	126.81	3.97
b)	Industry	1,43,378.04	20,574.40	14.35	1,26,763.50	26,357.31	20.79
c)	Services	1,65,324.21	13,950.23	8.44	1,14,066.55	13,757.81	12.06
d)	Personal loans	1,20,423.35	6,040.79	5.02	1,30,032.91	7,753.18	5.96
	Sub-total (ii)	**4,37,822.16**	**4,24,28.64**	**9.69**	**3,74,056.71**	**47,995.11**	**12.83**
	Total (i+ii)	**7,16,407.88**	**79,587.07**	**11.11**	**6,53,684.33**	**89,788.20**	**13.74**

Details of industry wherein Sub-sector advances is more than 10% of the total advances of industry sector:

Sr. No.	Sector	2021-22			2020-21		
		Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to total Advances in that sector
I	Basic Metals & Metal products	16,014	4,557	28.46	23,567	3,376	14.33
II	Construction	40,734	8,898	21.84	49,592	8,415	16.97
III	Food manufacturing & processing	18,758	5,101	27.19	20,479	4,439	21.68

c) OVERSEAS ASSETS, NPAs AND REVENUE

(₹ in crore)

Particulars	**31.03.2022**	**31.03.2021**
Total Assets	26,418.31	23,148.91
Total NPAs	2,265.25	2,545.74
Total Revenue	426.24	564.94

d) Particulars of resolution plan and restructuring under RBI circular DBR.No..BP.BC.45/31.04.048/2018-19 dated June 7, 2019: (₹ in crore)

Particulars	No. of accounts	Investment value	Provision Held
Debt converted into Equity Based on RBI June 2019 Circular	4	36.31	30.01

ii) Details of accounts subjected to restructuring

(₹ in Crore)

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
Standard		Mar-21	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22
	Number of borrowers	455	6,683	11	32	1,25,209	1,05,979	31,416	70,032	1,57,091	1,82,926
	Gross Amount	20.00	332.44	2,346.09	9,246.36	4,971.50	5,707.11	3,824.40	9,533.55	11,161.98	24,819.45
	Provision held	0.52	32.64	148.98	673.44	186.68	435.10	317.83	949.69	654.01	2,090.87
Substandard	Number of borrowers	70	579	0.00	2	16,383	34,772	532	3,088	16,985	38,441
	Gross Amount	4.92	14.45	0.00	72.94	799.37	1,008.81	129.27	298.33	933.56	1,394.52
	Provision held	0.75	2.24	0.00	13.15	120.98	160.32	19.60	46.61	141.33	222.32
Doubtful	Number of	1368	1224	87	67	8,784	21,852	863	1,202	11102	24,345

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
	borrowers										
	Gross Amount	220.96	207.61	11,300.20	10,144.05	1,653.15	2,032.77	30.02	153.34	13,204.34	12,537.77
	Provision held	190.63	172.95	10,847.35	8,817.41	1,208.40	1,349.91	20.87	88.94	12,267.25	10,429.20
Loss	Number of borrowers	27	54	66	59	241	2,144	158	1814	492	4071
	Gross Amount	99.11	171.34	5,966.81	6,972.99	452	564.96	8.38	89.14	6,526.29	7,798.43
	Provision held	99.11	171.31	5,676.18	6,968.74	451.36	567.01	7.73	89.00	6,234.38	7,796.06
Total	Number of borrowers	1920	8740	164	160	1,50,617	1,64,747	32,969	76,136	1,85,670	2,49,783
	Gross Amount	344.99	725.83	19,613.10	26,436.34	7,876.02	9,313.65	3,992.07	10,074.36	31,826.18	46,550.18
	Provision held	291.01	379.13	16,672.51	16,472.75	1,967.42	2,512.33	366.03	1,174.23	19,296.97	20,538.45

e) Divergence in asset classification & provisioning

In terms of RBI circular DBR.BP.BC.No. 32/21.04.018/2018-19 dated 1st April, 2019, the Bank should disclose the divergence, resulting due to RBI's Supervisory Program for Assessment of Risk and Capital, wherever either or both of the following conditions are satisfied:

i) The additional provisioning for NPAs assessed by RBI exceeds 10 percent of the reported profit before provisions and contingencies for the reference period, and;

ii) The additional Gross NPAs identified by RBI exceeds 15 percent of the published incremental Gross NPAs for the reference period.

As the divergence are within the prescribed threshold limit, hence no disclosure is required with respect to RBI's annual supervisory process for the FY 2020-21.

f) Disclosure of transfer of loan exposure:

i) The Bank has not transferred any loans not in default during FY 2021-22.

ii) Details of loans not in default acquired through assignment are given below:

(₹ in crore)

Particulars	2020-21	2021-22
Aggregate Amount of Loans acquired	--	1,962.42
Weighted average residual maturity (in months)	--	144.00
Weighted average holding period by originator (in months)	--	20.42
Retention of beneficial economic interest by the originator	--	10.00%
Tangible Security Coverage	--	273.96%

The loans acquired are not rated as these are to Non-corporate Borrowers.

iii) The Bank has not acquired any non-performing assets during FY 2021-22.

iv) Details of non-performing loans transferred are given below:

(Amount in ₹ crore)

FY 2021-22 Particulars	To ARCs	To permitted transferees	To other transferees (please specify)
No. of accounts	8		
Aggregate principal outstanding of loans transferred	1,181.38		

FY 2021-22 Particulars	To ARCs	To permitted transferees	To other transferees (please specify)
Weighted average residual tenor of the loans transferred	Nil	Nil	Nil
Net book value of loans transferred (at the time of transfer)	108.59		
Aggregate consideration	623.60		
Additional consideration realized in respect of accounts transferred in earlier years	28.52		

(Amount in ₹ crore)

FY 2020-21 Particulars	To ARCs	To permitted transferees	To other transferees (please specify)
No. of accounts	3	Nil	Nil
Aggregate principal outstanding of loans transferred	365.62		
Weighted average residual tenor of the loans transferred	Nil		
Net book value of loans transferred (at the time of transfer)	46.22		
Aggregate consideration	188.46		
Additional consideration realized in respect of accounts transferred in earlier years	Nil		

Note: During the year, excess provision of ₹ 511.10 crore (PY ₹ 163.12 crore) was reversed to profit & loss account on account of sale of stressed asset.

v) Distribution of the SRs held across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies as on 31st March, 2022 are as under:

Recovery Rating Band	Book Value (₹ in crore)	
	As on 31.03.2021	As on 31.03.2022
RR1+	14.58	12.33
RR1	824.04	878.44
RR2	534.67	303.07
RR3	254.89	148.63
RR4	331.60	382.41
RR5	261.89	376.79
RR6	17.49	25.30
Unrated	79.39	78.23
Total	**2318.55**	**2,205.20**

No new SR is added in the SR portfolio during the FY ending 31st March, 2022.

g) Fraud Accounts

(Amount in ₹ crore)

Particulars	31.03.2022	31.03.2021
Number of frauds reported	638	579
Amount involved in fraud	3,942.37	12,791.43
Amount of Provision made for such frauds	3,554.83	9,830.78
Amount of Unamortized Provision debited from "other reserve" as at the end of Year	119.87	937.89

h) Details of resolution plan implemented under Resolution framework for Covid 19 related stress as per RBI circular dtd. 6th August 2020 and 5th May, 2021 are as below:

(₹ in crore)

Type of borrower	(A) Exposure to accounts classified as standard consequent to implementation of resolution plan- position as at 30.09.21 (A)	(B) of (A) aggregate debt that slipped into NPA during the half-year	(C) Of (A), Amount written off during the half year	(D) Of (A) amount paid by the borrower during the half year	(E) Exposure to accounts classified as standard consequent to implementation of resolution plan- position as at 31.03.2022
Personal Loans	9,689.80	223.77	-	222.72	9,243.31
Corporate persons	8,188.63	2,036.67	-	429.90	5,659.06
Of which, MSMEs	302.85	0.00	-	9.92	292.93
Others	340.51	11.68	-	2.24	326.59
Total	**18,218.94**	**2,272.12**	-	717.86	15,228.96

i) In terms of RBI Circular No. DBR.BP.BC.18/21.04.048/2018-19 dated 1st January, 2019, DOR.No. BP.BC.34/21.04.048/2019-20 dated 11th February, 2020, DOR.No.BP.BC/4/21.04.048/2020-21 dated 6th August, 2020 and DOR.STR.REC.12/21.04.048/2021-22 dated 5th May, 2021 on "Restructuring of Advances - Micro, Small & Medium Enterprises (MSME) Sector (One Time Restructuring)", the Bank has restructured the MSME borrower accounts as under:

No of Accounts restructured	**₹ in Crore**
1,65,685	7,356.71

j) In terms of RBI circular no. DOR.STR.REC.11/21.04.048/2021-22 dated 05.05.2021 under Resolution Framework 2.0 for individuals & Small Business, the details are as under:

Sector	**Position as of 31.03.2022**	
	No. of borrowers	**Amount in ₹ crore**
Personal & Small Business	47810	6371.65
Agri/Allied	7465	372.84
Total	55275	6744.49

k) In terms of RBI Circular DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 on Prudential Framework for Resolution of Stressed Assets, the bank is holding provision as on 31st March, 2022 in 12 accounts as detailed below:

(₹ in crore)

Amount of loans impacted by RBI circular	Amount of loans to be classified as NPA	Amount of loans as on 31.03.2022 out of (B) to be classified as NPA	Provisions required for loans covered under RBI circular out of (A)	Provision held on 31.03.2022
(A)	(B)	(C)	(D)	(E)
3,893.04	2,665.83	2,665.83	1,219.13	1,219.13

l) As per RBI circular No. DBR No. BP. 15199/21.04.048/2016-17 and DBR No. BP. 1906/21.04.048/2016-17 dated June 23, 2017 and August 28, 2017 respectively, for the accounts covered under the provisions of the Insolvency and Bankruptcy Code (IBC), the Bank has made a total provision of ₹ 13,756 Crore covering 100% of the total outstanding as on 31st March, 2022.

5. EXPOSURES

a) Exposure to Real Estate Sector

(₹ in crore)

Sr. No.	Category	31.03.2022	31.03.2021
i)	Direct exposure	91,038.56	92,742.69
a)	Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; -Out of the above, individual housing loan eligible for inclusion in Priority Sector Advances	76,189.00 34,702.00	78,513.68 38,020.20
b)	Commercial Real Estate - lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits.	14,849.56	14,229.01
c)	Investments in Mortgage-Backed Securities (MBS) and other securitized exposures - i. Residential, ii. Commercial Real Estate.	Nil Nil	Nil Nil
ii)	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	44,862.16	35,195.26
	Total Exposure to Real Estate Sector	**1,35,900.72**	**1,27,937.95**

b) Exposure to Capital Market

(₹ in crore)

Sr. No	Particulars	31.03.2022	31.03.2021
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity - oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	1,364.85	1,284.63
ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds	1.32	6.45
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	319.28	372.31
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity	825.61	1,264.64

Sr. No	Particulars	31.03.2022	31.03.2021
	oriented mutual funds does not fully cover the advances		
v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	393.50	452.23
vi)	Loans sanctioned to corporate against the security of shares /bonds/debentures or other securities or on clean basis for meeting promoter contribution to the equity of new companies in anticipation of raising resources	--	25.00
vii)	Bridge loans to companies against expected equity flows /issues.	--	--
viii)	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures and units of equity oriented mutual funds	--	--
ix)	Financing to stock brokers for margin trading	--	--
x)	All exposures to venture capital funds (both registered and unregistered) will be deemed to be on par with equity and hence will reckon for compliance with the capital market exposure.	1,158.92	1,102.54
	Total exposure to Capital Market	**4,063.48**	**4,507.80**

c) Risk Category -wise Country Exposure

(₹ in crore)

Risk Category	Net Exposure 31.03.2022	Provision held 31.03.2022	Net Exposure 31.03.2021	Provision held 31.03.2021
Insignificant	16,345.90	Nil	16,661.26	Nil
Low	13,396.01	Nil	9,989.26	Nil
Moderate	390.84	Nil	286.23	Nil
High	1.18	Nil	0.65	Nil
Very High	5.28	Nil	0.00	Nil
Restricted	0.00	Nil	0.00	Nil
Off-credit	0.00	Nil	0.00	Nil
Total	30,139.21	Nil	26,937.40	Nil

As per Country Risk Policy 2021-22, Bank has used ECGC country risk classification for the Trade Exposure and other than Trade exposure in India both for branches in India and for overseas branches.

Bank will make provision for country risk exposure only in respect of a country where the net funded exposure is 1% or more of its total assets.

d) Unsecured advances

(₹ in crore)

Particulars	31.03.2022	31.03.2021
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	Nil	Nil
Estimated value of such intangible collateral securities	Nil	Nil

e) Factoring exposure

(₹ in crore)

Particulars	31.03.2022	31.03.2021
TReDS Exposure in terms of DBR.No.FSD.BC.32/24.01.007/2015-16 dated 30th July 2015 (Para 8)	543.54	391.80

f) Intra Group Exposure

(₹ in crore)

Particulars	31.03.2022	31.03.2021
Total amount of Intra group exposure	490.44	399.99
Total amount of Top 20 Intra group exposure	490.44	399.99
Percentage of Intra group exposure to Total exposure of the Bank on borrowers/customers	0.05	0.05
Details of breach of limits on Intra group exposure and regulatory action thereon	NIL	NIL

g) Un-Hedged Foreign Currency Exposures

In terms of guidelines issued by Reserve Bank of India with regard to UFCE, Bank has approved Policy on Unhedged Foreign Currency Exposure of Clients 2021-22. While framing the policy, bank has taken into consideration the exchange risks arising out of volatility in the forex market and accordingly has made suitable provisions to reduce the risks. Bank has also taken into consideration credit risks arising out of unhedged foreign currency exposure and accordingly Bank has put in place risk mitigation measures by incorporating additional loan pricing framework. Total provision made for exposures to entities with UFCE for the year ended March 2022 is ₹ 30.49 Crores.

6. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs:

a) Concentration of Deposits

(₹ in crore)

Particulars	31.03.2022	31.03.2021
Total Deposits of twenty largest depositors	97,755.30	73,698.36
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank.	9.47	7.99%

b) Concentration of Advances

(₹ in crore)

Particulars	31.03.2022	31.03.2021
Total Advances of twenty largest borrowers/customers	1,04,418.65	71,722.59
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	14.35	10.83%

c) Concentration of Exposures

(₹ in crore)

Particulars	31.03.2022	31.03.2021
Total Exposures of twenty largest borrowers/customers	1,39,132.22	1,11,126.87
Percentage of Exposures of twenty largest borrowers/customers to Total Exposures of the Bank on borrowers / customers	14.57	13.09%

d) Concentration of NPAs

(₹ in crore)

Particulars	31.03.2022	31.03.2021
Total Exposures to top twenty NPA accounts	11,098.86	16,716.74
Percentage of Exposures to the twenty largest NPA Exposures to total Gross NPAs	13.95	18.62

7. DERIVATIVES

a) Forward Rate Agreement/Interest Rate Swap

(₹ in crore)

Sr. No.	Particulars	31.03.2022	31.03.2021
i)	The notional principal of swap agreements	17,840.00	10,690.00
ii)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	110.71	239.17
iii)	Collateral required by the Bank upon entering into swaps	Nil	Nil
iv)	Concentration of credit risk arising from the Swaps	Banking Industry	Banking Industry
v)	The fair value of the swap book*	4.96	20.04

Note:

I. Interest rate swaps in Indian Rupees were undertaken for hedging Reciprocal Loan Arrangements.

II. The Bank has entered into Floating to Fixed or Fixed to Floating Interest Rate Swap transactions for trading during the year.

III. All underlying for hedge transactions are on accrual basis.

b) Exchange Traded Interest Rate Derivatives

(₹ in crore)

Sr. No	Particulars	31.03.2022		31.03.2021	
		Buy	Sell	Buy	Sell
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)				
	a) 577GS2030	70.00	70.00	129.98	130.03
	b) 585GS2030	1,963.00	1,963.00	--	--
	c) 664GS2035	428.00	428.00	--	--
	d) 610GS2031	3,035.02	3,035.02	--	--
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2022 (instrument-wise)	Nil		Nil	
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil		Nil	
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)*	Nil		Nil	

c) Disclosures on Risk Exposures in Derivatives

i) Qualitative disclosure:

The Bank deals in two groups of derivative transactions within the framework of RBI guidelines.

i) Over the Counter Derivatives

ii) Exchange Traded Derivatives

The Bank deals in Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swap and Currency Options in Over the Counter Derivatives group.

In Exchange Traded Derivatives Group, the Bank trades in Currency Futures and Interest Rate Futures. The Bank is Trading & clearing member with three Exchanges viz. National Stock

Exchange (NSE), Bombay Stock Exchange (BSE) & Metropolitan Stock Exchange (MSEIL), on their Currency Derivative segment, as permitted by Reserve Bank of India. The Bank carries out proprietary trading in currency futures on these exchanges. The Bank has set up the necessary infrastructure for Front, Mid and Back office operations. Daily Mark to Market (MTM) and Margin obligations are settled with the exchanges as per guidelines issued by the Regulators.

The Bank trades in Interest Rate Futures on National Stock Exchange. The bank has necessary infrastructure for Front, Mid and Back office operations in place. Daily Mark to Market (MTM) and Margin obligations are settled with the exchanges as per guidelines issued by the Regulators.

The Bank undertakes derivative transactions for proprietary trading/market making, hedging own balance sheet and for offering to customers, who use them for hedging their risks within the prevalent regulations. Proprietary trading/market making positions are taken in Rupee Interest Rate Swap, Currency Futures and Interest Rate Futures. While derivative instruments present immense opportunity for making a quantum leap in non-interest income and also for hedging market risk, it exposes the Bank to various risks. The Bank has adopted the following mechanism for managing different risks arising out of derivative transactions.

a) In terms of the structure, operations in the Treasury Branch are segregated into following three functional areas, which are provided with trained officers with necessary systems support and their responsibilities are clearly defined.

I) Front Office (Dealing Room) - Ensures Compliance with trade origination requirements as per Bank's policy and RBI guidelines.
II) Mid-Office - Risk Management, Accounting Policies and Management
III) Back Office - Settlement, Reconciliation, Accounting.

Mid Office monitors transactions in the trading book and excesses, if any, are reported to Risk management Department for necessary action. Mid Office also measures the financial risk for transactions in the trading book on a daily basis, by way of Mark to Market. Daily Mark to Market position is reported to Risk Management Department, for onward reporting of the risk profile to the Directors' Committee on the Assets and Liability Management.

In case of corporate clients transactions are concluded only after the inherent credit exposures are quantified and approved in terms of approval process laid down in the Treasury Policy for customer appropriateness and suitability. The necessary documents like ISDA agreements are duly executed. The bank has adopted Current Exposure Method for monitoring credit exposures.

Bank has entered into Credit Support Annex (CSA) with few banks. CSA is a legal document regulating the term and condition under which collateral of posted to mitigate counterparty credit risk in bilateral credit transactions.

b) Treasury Policy of the Bank lays down the types of financial derivative instruments, scope of usages, and approval process as also the limits like the open position limits, deal size limits, stop loss limits and counterpart exposure limit for trading in approved instruments.

Various Risk Limits are set up and actual exposures are monitored vis-à-vis the limits. These limits are set up taking in to account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, stop loss, counterparty credit exposure. Actual positions are measured against these limits periodically and breaches if any are reported promptly. The Bank ensures that the Gross PV01 position arising out of all non option derivative contracts is within the 0.25% of net worth of the Bank.

c) The Bank also uses financial derivative transactions for hedging its own Balance Sheet Exposures. Treasury Policy of the Bank spells out approval process for hedging the exposures.

The hedge transactions are monitored on a regular basis. The notional profit or loss calculated on Mark to Market basis, PV01 and VaR on these deals are reported to the Assets Liability Committee (ALCO) every month. Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged items that are attributed to a hedged risk are offset by changes in the fair value or cash flows of the hedging instruments. This exercise is carried out periodically to ensure hedge effectiveness.

d) The hedged/un-hedged transactions are recorded separately. The hedged transactions are accounted for on accrual basis. All trading contracts are mark-to-market and resultant gross gain or loss is recorded in income statement.

In case of Option contracts, guidelines issued by FEDAI from time to time for recognition of income, premium, and discount are being followed.

To mitigate the credit risk, the Bank has policy in place to sanction limits to the counterparty Banks and Counterparty clients. The Bank adopts Current Exposure method for monitoring counterparty exposure periodically. While sanctioning derivative limit, the competent authority may stipulate condition of obtaining collaterals/margin as deemed appropriate. The derivative limit is reviewed periodically along with other credit limits.

The customer related derivative transactions are covered with counterparty banks, on back-to-back basis for identical amount and tenure and the bank does not carry any market risk.

ii) Quantitative disclosure:

(₹ in crore)

Quantitative Disclosures					
S No	Particular	31-03-2022		31-03-2021	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(a)	**Derivatives (Notional Principal Amount)**				
	(i) For Hedging	370.64	2180.00	741.97	4,550.00
	(ii) For Trading	4,44,008.28	15,660.00	2,30,474.78	6,140.00
(b)	**Marked to Market Position**				
	(i) Asset (+)	1,818.71	88.38	1,306.63	104.25
	(ii) Liability (-)	-1,683.63	-88.67	-1,181.82	-109.74
(c)	Credit Exposure (*)	11,041.95	267.08	8,365.85	325.92
(d)	**Likely impact of one percentage change in interest rate (100*PV01) (in Lacs)**				
	(i) On Hedging Derivatives	0.00	4,392.29	0.00	5,421.60
	(ii) On Trading Derivatives	0.00	134.01	0.00	385.98
(e)	**Maximum and minimum of 100*PV01 observed during the year (in Lacs)**				
	I. Maximum				
	(i) On Hedging	0.00	5,454.20	0.00	10,201.70
	(ii)On Trading	0.00	2,345.28	0.00	581.71
	II. Minimum				
	(i) On Hedging	0.00	1,407.51	0.00	5,409.62
	(ii)On Trading	0.00	22.40	0.00	3.84

d) CREDIT DEFAULT SWAPS:

The Bank has not entered into any Credit Default Swap transactions during the FY 21-22.

8. **Disclosures relating to securitisation:** Nil

9. **Off - Balance Sheet SPVs sponsored by the Bank:** Nil

10. TRANSFERS TO DEPOSITOR EDUCATION AND AWARENESS FUND (DEAF)

(₹ in crore)

Particulars	31.03.2022	31.03.2021
Opening balance amounts transferred to DEAF	2,375.24	1,914.71
Add: Amount transferred to DEAF during the Year	545.18	490.35
Less: Amount reimbursed by DEAF towards claims	43.33	29.82
Closing balance of Amount transferred to DEAF	**2,877.09**	**2,375.24**

11. DISCLOSURE OF COMPLAINTS:

Summary information on complaints received by the bank from customers and from the OBOs

		Complaints received by the Bank from its customers		
Sr.No.		**Particulars**	**2021-22**	**2020-21**
1.		Number of complaints pending at beginning of the year (Including BO Complaints)	10,780	2,872
2.		Number of complaints received during the year (Including BO Complaints)	3,28,216	4,15,035
3.		Number of complaints disposed during the year (Including BO Complaints)	3,37,601	4,07,127
	3.1	Of which, number of complaints rejected by the bank	415	1131
4.		Number of complaints pending at the end of the year (Including BO Complaints)	1,395	10,780
		Maintainable complaints received by the bank from OBOs		
5.		Number of maintainable complaints received by the bank from OBOs	7,971	8,544
	5.1	Of 5, number of complaints resolved in favour of the bank by BOs	7,229	6,446
	5.2	Of 5, Number of complaints resolved through conciliation/ mediation/ advisories issued by BOs	740	1182
	5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank.	2	8
6.		Number of Awards unimplemented within the stipulated time (Other than those appealed)	0	0

Note:-

1) Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006. However, the above data collated from CMS site also includes those complaints settled by agreement per Clause 11 as well as Rejected Complaints as per Clause 13 of Ombudsman Scheme 2006 which is under correspondence.

Top five grounds of complaints received by the Bank from customers (Including BO Complaints)					
Grounds of complaints (i.e. Complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year (2021-22)					
ATM/Debit Cards	4,583	2,13,956	-26.73	324	50
Internet/Mobile/Electronic Banking	344	62,068	1.61	213	-
Levy of Charges Without prior Notice/Excessive Charges/Foreclosure Charges	2,389	10,355	23.19	47	71
Cheques/Drafts/Bills	52	3410	-36.03	11	-
Credit Cards	27	3194	-17.10	32	17
Others	3,385	35,233	-20.51	768	60
Total	10,780	3,28,216	-20.92	1395	198
Previous Year (2020-21)					
ATM/Debit Cards	1,250	2,92,035	3.30%	4,583	2,342
Internet/Mobile/Electronic Banking	214	61,087	44.16%	344	205
Levy of Charges Without prior Notice/Excessive Charges/Foreclosure Charges	171	8,406	37.51%	2,389	1,746
Cheques/Drafts/Bills	20	5331	129.48%	52	24
Loans & Advances	16	3853	146.04%	27	8
Others	1,201	44,323	146.48%	3,385	1,847
Total	2,872	4,15,035	17.39%	10,780	6,172

12. DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATOR:

(₹ in Crore)

Name of Regulator	Year ended 31st March 2022		Year ended 31st March 2021	
	No. of Cases	Amount	No. of Cases	Amount
Banking Regulation Act, 1949	1	1.00	-	-
Other Regulators	1	0.46	-	-

13. Key Management Personnel - Remuneration paid.

(₹ in crore)

Particulars	31.03.2022	31.03.2021
CEO and Managing Director	0.37	0.34
Executive Directors	1.21	1.11
Total	1.58	1.45

14. Other Disclosures

a) **BUSINESS RATIOS**

Sr. No.	Particulars	31.03.2022	31.03.2021
i)	Interest Income as a percentage to Working Funds	6.11	6.34
ii)	Non-interest income as a percentage to Working Funds	1.13	1.08
iii)	Cost of Deposit	4.12	4.66
iv)	Net Interest Margin	2.71	2.47
v)	Operating Profit as a percentage to Working Funds	1.97	1.81
vi)	Return on Assets	0.47	0.27
vii)	Average Business (Deposits plus advances) per employee **(Rs in crore)**	20.48	19.23
vi)	Net Profit per employee **(Rs in crore)**	0.07	0.04

b) **BANCASSURANCE BUSINESS:**

The breakup of income derived from bancassurance business is given here below

(₹ in crore)

Sr. No.	Nature of Income	31.03.2022	31.03.2021
1.	Life Insurance Policies	170.24	142.13
2.	Non Life Insurance Policies	48.14	48.72
3.	Health Insurance	38.03	32.37

c) **Marketing and distribution**

Details of fees / remuneration received in respect of the marketing and distribution function (excluding bancassurance business):

(₹ in crore)

Sr. No.	Nature of Income	31.03.2022	31.03.2021
1.	Distributing Mutual Fund Business	17.66	17.34

d) **Priority Sector Lending Certificate**

Other income of the Bank inter alia includes commission income of ₹ 143.26 Crore from sale of Priority Sector Lending Certificate. Traded value of PSCL certificate are given below:

(₹ in Crore)

Category	Traded Value
PSLC-General	5,157
PSLC-Small & Marginal Farmer	3,700
TOTAL	**8,857**

e) **Provision & Contingencies**

(₹ in crore)

Break up of Provision & Contingencies. shown under the head in Profit & Loss:	31.03.2022	31.03.2021
Provision / (Reversal) for NPI on Investment	214.61	966.86
Provision towards NPA	11,613.25	13,595.75
Provision towards Harmonization (refer note below)	--	323.86*
Provision/(Reversal) towards Standard Assets	1,449.02	1,245.63
Net Provision made towards Income Tax (IT)/ Deferred tax assets (DTA)	3,347.31	(506.55)
Other Provision and Contingencies:		
- Shifting Loss	--	--
- Restructured Advances	(32.94)	81.87
- Others	49.83	1,053.54
TOTAL	16,641.08	16,760.96

* On account of amalgamation of Andhra Bank and Corporation Bank with Union Bank of India, the Bank had made additional harmonization provision of ₹ 323.86 Crore during the FY 2020-21.

f) ROADMAP FOR IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (Ind-AS)

The RBI vide DBR.BP.BC.No. 76/21.07.001/2015-16 dated 11th February 2016, has prescribed the roadmap for implementation of Indian Accounting Standards (Ind-AS) in the Banks and the Banks needs to disclose the strategy for Ind-AS implementation, including the progress made in this regard. The Bank accordingly, has appointed a Consultant to assist in implementation of the Ind-AS. The Bank has also constituted a Steering Committee to oversee the progress made and the Audit Committee of the Board is being apprised of the same from time to time. Further, in terms of DO.DBR.BP.No.2535/21.07.001/2017-18 dated 13th September 2017, the Bank had been submitting Proforma Ind AS financial statements to the RBI on quarterly basis till 31st March 2021. Thereafter, in term of RBI's (Department of Regulation) mail dated 8th August 2021, bank has been advised to submit Proforma Ind AS financial statements on half yearly basis. Last proforma financials for the half year ended 30th September 2021 was submitted to RBI vide letter dated 25th November 2021.

g) Payment of DICGC insurance premium

Sr No.	Particulars	31.03.2022	31.03.2021
i)	Payment of DICGC Insurance Premium	1,083.45	1,000.28
ii)	Arrears in payment of DICGC premium	--	--

15. DISCLOSURES AS PER ACCOUNTING STANDARDS ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

a. REVENUE RECOGNITION (AS 9)

Income and Expenditure have been accounted for on accrual basis except certain items of income are recognized on realization basis as per Accounting Policy no.3.4 of Schedule 17 of Significant Accounting Policies which however, is not considered to be material.

b. EMPLOYEE BENEFITS (AS 15 - REVISED)

i) Short Term Employment Benefits:

The undiscounted amounts of short-term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the service are treated as short term and recognized during the period in which the employee rendered the service.

ii) Long Term Employee Benefits:

a) Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/ employees joining the Bank on or after 1st April, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with 14% contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

The Bank has Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after April 1, 2010. The scheme is managed by National Pension Scheme (NPS) Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2021-2022, the Bank has contributed Rs 501.51 crores including arrears of Rs120.35 crores (Previous Year Rs.297.92 crore) to NPS.

b) **Defined Benefit Plan:**

Gratuity, Pension and Leave Encashment are defined benefit plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

Defined Benefit Plans - Employee's Pension plan and Gratuity plan:

The Bank has accounted for employee benefits as per Accounting Standards issued by the Institute of Chartered Accountants of India, as per actuarial valuation report for the year ended March 31, 2022.

(₹ in crore)

S.no.	Particulars	31.03.2022		31.03.2021	
		Gratuity	Pension	Gratuity	Pension
i)	**Table showing change in Defined Benefit Obligation:**				
	Liability at the beginning of the year	3,355.82	26,011.41	2,738.03	24,553.31
	Interest Cost	232.56	1,797.39	187.28	1,667.17
	Current Service Cost	161.12	212.30	137.71	265.17
	Past Service Cost (Vested Benefit Amortized)	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit)	NIL	1902.02	NIL	NIL
	Liability Transfer in	NIL	NIL	NIL	NIL
	Liability Transfer out	NIL	NIL	NIL	NIL
	(Benefit paid)	(465.84)	(2,341.52)	(433.15)	(1,682.84)
	Actuarial (Gain)/loss on obligation -due to change				
	In the financial assumption	(119.57)	(1,446.34)		
	in demographic assumption	2.86	63.46	(26.36)	(247.67)
	Actuarial (Gain) / Loss on obligations	30.86	2,452.27	752.31	1,456.27
	Liability at the end of the year	3,197.81	28,650.99	3,355.82	26,011.41
ii)	**Table of Fair value of Plan Assets:**				
	Fair value of Plan Assets at the beginning of the year	2,746.43	26,720.88	2,671.12	23,145.31
	Expected return on Plan Assets	190.33	1846.41	182.70	1,571.57
	Contributions	843.37	551.42	291.35	3,605.19
	Transfer from Other Company	NIL	NIL	NIL	NIL
	Transfer to Other Company	NIL	NIL	NIL	NIL
	(Benefit paid)	(465.84)	(2,341.52)	(433.15)	(1,682.84)
	Actuarial (Gain)/loss on Plan Assets	(53.31)	(266.31)	(34.41)	(81.65)
	Fair Value of Plan Assets at the end of the year	3,367.60	27,043.50	2,746.43	26,720.88
	Actuarial (Gain)/loss on obligation for the period	(85.85)	1,069.39	725.95	1,208.60
	Actuarial (Gain)/loss on Plan Assets	(53.31)	(266.31)	(34.41)	(81.65)
	Total Actuarial (Gain)/loss to be recognized	(139.16)	803.08	691.54	1,126.95
iii)	**Recognition of Transitional Liability :**				

	Transitional Liability at start	NIL	NIL	NIL	NIL
	Transitional Liability recognized during the year	NIL	NIL	NIL	NIL
	Transitional Liability at end	NIL	NIL	NIL	NIL
iv)	**Actual return on Plan Assets :**				
	Expected Return on Plan Assets	190.33	1,846.41	182.70	1,571.57
	Actuarial Gain/(Loss) on Plan Assets	53.31	266.31	34.41	81.65
	Actual return on Plan Assets	243.64	2112.72	217.11	1,653.22
v)	**Expenses recognized in the Income Statement:**				
	Current Service Cost	161.12	212.30	137.71	265.17
	Interest Cost	42.23	(49.02)	4.58	95.60
	Expected Return on Plan Assets	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit Amortized) recognized	NIL	NIL	NIL	NIL
	Past Service Cost (Vested Benefit) recognized(1/5 of enhanced family pension)	NIL	380.40	NIL	NIL
	Recognition of Transition Liability	NIL	NIL	NIL	NIL
	Actuarial (Gain) or Loss	(139.16)	803.08	691.54	1,126.95
	Expenses Recognized in P & L	64.19	1346.76	833.83	1,487.72
vi)	**Balance Sheet Reconciliation:**				
	Opening Net Liability (Last year net amount recognized in the balance sheet)	609.39	(709.47)	66.91	1,408.00
	Expenses as above	64.19	1346.76	833.83	1,487.72
	Transfer from other Company (Net)	NIL	NIL	NIL	NIL
	Transfer to other Company (Net)	NIL	NIL	NIL	NIL
	(Employer Contribution)	(843.37)	(551.42)	(291.35)	(3,605.19)
	Net (Asset)/Liability Amount recognized in Balance Sheet	(169.79)	85.87	609.39	(709.47)
vii)	**Other Details:**				
	Pension is payable at the rate of 1/66 Salary for Each Year of Service Subject to Maximum of 50%.				
	Gratuity is payable at the rate of 15 days salary for each year of service subject to maximum of Rs 20, 00,000 or as per the Bank scheme.				
	Actuarial gain / loss is accounted for in the year of occurrence.				
	Salary escalation is considered as advised by the company which is in line with the industry practice considering promotion and demand and supply of the employees.				
	No. of Members	75,201	23,216	78203	28235
	Salary Per Month	354.44	182.95	354.09	210.64
	Contribution for next year	-	592.76	354.09	-
viii)	**Category of assets:**				
	Government of India Assets	63.45	585.14	64.56	601.59
	Corporate Bonds/FDR	36.15	721.81	96.29	1029.07
	Special Deposits Scheme	-	-	-	-
	State Govt.	101.17	1185.78	125.89	1150.74
	Property	NIL	NIL	NIL	NIL
	Other	244.10	1733.36	185.67	1,426.35
	Insurer Managed Funds	2897.20	22,492.80	2,252.98	22,235.49
	Mutual Fund	25.53	324.61	21.04	277.64
	Total	3,367.60*	27,043.50*	2746.43	26,720.88

**Note: Return on investments in LIC & other insurance companies is considered as 7.25% while arriving Pension liability and as 7.00% while arriving Gratuity liability at the Fair Value of Plan Assets for the FY2021-22 as against the 7.00% considered for arriving Pension and Gratuity liability for the FY2020-21.*

(₹ in crore)

Surplus/Deficit in the Plan:	Gratuity Plan				
Amount recognized in the Balance-Sheet	31.03.22	31.03.21	31.03.20*	31.03.19*	31.03.18*
Liability at the end of the year	3,197.81	3,355.82	1291.94	1,222.64	1,244.88
Fair value of Plan Assets at the end of the year	3,367.60	2,746.43	1219.01	1,202.14	1,302.00
Difference	169.79	(609.39)	(72.93)	(20.50)	57.12
Unrecognized Past Service Cost	Nil	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	169.79	(609.39)	(72.93)	(20.50)	57.12

Amount recognized in the Balance-Sheet	Gratuity Plan				
Experience Adjustment	31.03.22	31.03.21	31.03.20*	31.03.19*	31.03.18*
On plan liability (Gain) / Loss	30.86	752.31	25.87	7.91	(142.26)
On plan Assets (Loss) / Gain	53.31	34.41	7.20	(13.03)	10.64

Surplus/Deficit in the Plan:	Pension Plan				
Amount recognized in the Balance-Sheet	31.03.22	31.03.21	31.03.20*	31.03.19*	31.03.18*
Liability at the end of the year	28,650.99	26,011.41	12,746.69	12,158.43	11,803.32
Fair value of Plan Assets at the end of the year	27,043.50	26,720.88	12,607.16	12,308.84	12,115.00
Difference	(1,607.49)	709.47	(139.53)	150.41	311.68
Unrecognized Past Service Cost	1521.62	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	(85.87)	709.47	(139.53)	150.41	311.68

Amount recognized in the Balance-Sheet	Pension Plan				
	31.03.22	31.03.21	31.03.20*	31.03.19*	31.03.18*
Experience Adjustment					
On plan liability (Gain) / Loss	2,452.27	1,456.27	938.90	125.22	(37.82)
On plan Assets (Loss) / Gain	266.31	81.65	75.23	7.18	(21.39)

* Amount mentioned for Union Bank (Standalone) only.

Principal actuarial assumption used (%)	2021-2022		2020-2021	
	Gratuity	Pension	Gratuity	Pension
Discount Rate Prev.	6.93	6.91	6.84	6.79
Rate of return on Plan Assets Prev.	6.93	6.91	6.84	6.79
Salary Escalation Prev.	5.00	5.00	5.00	5.00
Attrition Rate Prev.	2.00	2.00	2.00	2.00
Discount Rate Current	7.31	7.40	6.93	6.91
Rate of Return on Plan Assets Current	7.31	7.40	6.93	6.91
Salary Escalation Current	5.00	5.00	5.00	5.00
Attrition Rate Current	2.00	2.00	2.00	2.00

iii) Other long term Employee Benefits:

Details of Provisions made for various Long-Term Employees Benefits during the year are as follows:

(₹ in crore)

Sr. No.	Other Long Term Benefits	31.03.2022	31.03.2021
1.	Pension	1,346.76	1,487.72
2.	Leave Travel Concession	13.41	27.45
3.	Leave Encashment	48.70	102.29

Bank is having provision of ₹ 236.12 Crore towards Sick Leave on prudential basis though there is no payout.

iv) Unamortized Family pension & Gratuity Liabilities:

Particulars	31.03.2022	31.03.2021
Pension		
a) Balance brought forward	NIL	NIL
b) Gross Liability	1,902.02	NIL
c) Charged to Profit & Loss account	380.40	NIL
d) Balance Carried forward	1,521.62	NIL
Gratuity		
a) Charged to Profit & Loss account	NIL	NIL
b) Carried forward	NIL	NIL

c. The additional liability on account on enhancement in family pension for employees covered under XI Bi-partite settlement and Joint note dated 11th November, 2020 is arrived at Rs.1902.02 Crores as per Acturial valuation. Further, in terms of RBI circular RBI/2021-22/105 DOR.ACC.REC.57/21.04.018/2021-22 dated October 4, 2021, Banks are permitted to amortize the said liability over a period of not exceeding 5 years beginning with FY ending 31.03.2022. Accordingly, Bank has opted to amortize the said liability over a period, of 5 years and charged an amount of Rs 380.40 crore to the profit/loss account for year ended March 31, 2022 and the balance unamortized expense of Rs.1521.62 crore has been carried forward to be amortized in next 4 years. If the unamortized expenditure has been fully recognized in the profit or loss account, the net profit would be Rs.3710.48 Crore for the year ended 31st March 2022.

v) SEGMENT REPORTING (AS-17)

(₹ in Crore)

Business Segment		Standalone	
		Year Ended	
		(Audited)	(Audited)
		31.03.2022	31.03.2021
(a)	**Segment Revenue**		
1	Treasury Operations	26,815.66	27,789.92
2	Retail Banking Operations	26,198.04	24,817.48
3	Corporate /Wholesale Banking	25,776.79	26,541.51
4	Other Banking Operations	1,397.64	1,371.55
5	Unallocated	403.35	133.91
	Total Segment Revenue	80,591.48	80,654.37
	Less Inter-segment Revenue	-122.7	-142.54
	Income from operations	80,468.78	80,511.83
(b)	**Segment Results**		
1	Treasury Operations	6,002.74	6,157.83
2	Retail Banking Operations	4,508.68	4,197.57

Business Segment		Standalone	
		Year Ended	
		(Audited)	(Audited)
		31.03.2022	31.03.2021
3	Corporate Banking	-3,093.72	-8,823.12
4	Other Banking Operations	758.37	733.23
5	Unallocated	403.35	133.91
	Total Profit/(Loss) Before Tax	8,579.42	2,399.42
(c)	Provision for Tax	3,347.31	-506.55
(d)	**Net Profit/(Loss) after Tax**	5,232.11	2,905.97
(e)	**Segment Assets**		
1	Treasury Operations	4,78,735.97	4,27,941.43
2	Retail Banking Operations	3,18,913.6	2,77,171.79
3	Corporate/Wholesale Banking	3,68,181.73	3,41,941.30
4	Other Banking Operations	--	--
5	Unallocated	21,759.76	24,651.32
	Total	11,87,591.06	10,71,705.84
(f)	**Segment Liabilities**		
1	Treasury Operations	4,70,252.54	4,19,807.14
2	Retail Banking Operations	2,90,449.81	2,53,344.66
3	Corporate/Wholesale Banking	3,35,313.11	3,10,531.92
4	Other Banking Operations	--	--
5	Unallocated	20,999.47	23,545.40
	Total	11,17,014.93	10,07,229.12
(g)	**Capital Employed**		
1	Treasury Operations	8,483.43	8,134.29
2	Retail Banking Operations	28,463.79	23,827.13
3	Corporate/Wholesale Banking	32,868.62	31,409.38
4	Other Banking Operations	--	--
5	Unallocated liabilities	760.29	1,105.92
	Total	70,576.13	64,476.72

Notes:

1. The Bank operates in four segments viz., Treasury, Retail, Corporate / Wholesale and Other Banking Operations. These segments have been identified in line with AS-17 on segment reporting after considering the nature and risk profile of the products and services, the target customer profiles, the organizational structure and the internal reporting system of the bank. The bank has disclosed the business segment as primary segment. The revenue and other parameters prescribed in AS-17 of foreign branch for the period are within the threshold limits as stipulated under AS-17 and hence the bank has only one reportable geographical segment.
2. Segment wise income, expenditure, Capital employed which are not directly allocable have been allocated to the reportable segments based on assumptions as considered appropriate by the management.
3. Figure of previous period have been regrouped/reclassified wherever necessary.

d. RELATED PARTY DISCLOSURES (AS-18)

i. List of Related Parties

a) Subsidiaries

- Union Asset Management Co. Pvt. Ltd.
- Union Trustee Company Pvt. Ltd.
- Union Bank of India (UK) Ltd.
- Andhra Bank Financial Services Ltd.
- UBI Services Ltd.

b) **Joint Venture**
- Star Union Dai-Ichi Life Insurance Co. Ltd.
- ASREC (India) Ltd.
- India International Bank (Malaysia) Berhad

c) **Associate**
- Chaitanya Godavari Grameena Bank

d) **Key Management Personnel** **(₹ in Crore)**

Name	Designation	Remuneration paid for the Year ended 31st March 2022
Shri Rajkiran Rai G.	Managing Director & CEO	0.37
Shri Gopal Singh Gusain @	Executive Director	0.26
Shri Dinesh Kumar Garg*	Executive Director	0.15
Shri Manas Ranjan Biswal	Executive Director	0.31
Shri Nitesh Ranjan	Executive Director	0.30
Shri Rajneesh Karnatak#	Executive Director	0.14
Shri Nidhu Saxena^	Executive Director	0.05

@ Till 31.01.2022
*Till 30.09.2021
From 21.10.2021
^ From 01.02.2022

Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 6 of AS 18, transactions in the nature of Banker - Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

e. **"Leases" - Premises taken on Operating Lease (AS 19):**
The Bank has no non-cancellable operating lease during the FY 2021-22. Hence, additional disclosure under AS-19 is not applicable. However, the amount of lease payment recognized in the profit & loss account for operating lease is ₹ 816.15 crore (PY ₹ 835.15 crore)

f. **EARNING PER SHARE (AS-20)**
Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of diluted potential equity shares outstanding during the year.

The computation of earnings per share is given below:

Particulars	31.03.2022	31.03.2021
Number of Equity shares at the beginning of the year	6,40,68,44,355	6,40,68,44,355
Number of Equity shares issued during the year	42,79,03,111	Nil
Number of Equity shares outstanding at the end of the year	6,83,47,47,466	6,40,68,44,355

Particulars	31.03.2022	31.03.2021
Weighted Average Number of Equity Shares used in computing Basic Earnings per share	6,77,26,13,590	6,40,68,44,355
Weighted Average Number of Shares used in computing diluted Earnings per share	6,77,26,13,590	6,40,68,44,355
Net Profit/(Loss) ₹ in Crore	5,232.11	2,905.98
Basic Earnings per share (₹)	7.73	4.54
Diluted Earnings per share (₹)	7.73	4.54
Nominal Value per share (₹)	10.00	10.00

g. PROVISION FOR TAXES:

i. Deferred Tax (AS-22)

(₹ in crore)

Sr. No.	Particulars	31.03.2022	31.03.2021
	Deferred Tax Assets		
1	Employee Benefits (Leave Encashment)	474.78	457.76
2	Depreciation on Fixed Assets	358.42	299.18
3	On account of other provisions	14,069.38	18,182.58
4	Foreign Currency Translation Reserve	1.14	--
5	Standard Asset	588.37	--
	Total	**15,492.08**	**18,939.52**
	Deferred Tax Liabilities		
1	Accrued interest on securities	1,092.63	1,104.51
2	Special Reserves u/s 36(i)(viii)	2,107.08	1,924.67
3	Depreciation on Investment	--	237.86
	Total	**3,199.71**	**3,267.04**
	Net Deferred Tax Asset	**12,292.37**	**15,672.48**
	Net Deferred Tax Liability	**Nil**	**Nil**

ii. Direct Tax

(₹ in crore)

Particulars	31.03.2022	31.03.2021
Provision for Income Tax (including Deferred tax)	3,347.31	(506.55)

CORPORATE TAXATION:

Provision for tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rates and tax laws. Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet.

Deferred Tax Assets are recognized only if there is virtual certainty of realization of such assets in future. Deferred Tax Assets/Liabilities are reviewed at each Balance Sheet date based on developments during the year.

h. INVESTMENT IN JOINT VENTURES (AS - 27)

Investments include ₹ 236.68 Crores (Previous year ₹ 435.72 Crores) representing Bank's interest in Star Union Dai-ichi Life Insurance Co., ASREC(India) Limited, and India International Bank (Malaysia) BHD.

i. IMPAIRMENT OF ASSET (AS-28)

In the opinion of the Management, there is no indication for Impairment during the year with regard to the asset to which Accounting Standards 28 applies.

j. CONTINGENT LIABILITIES (AS - 29)

Contingent liabilities referred to in Schedule-12 at S. No.(i) & (VI) are dependent upon the outcome of court/arbitration/out of court settlement, the amount being called up, terms of contractual obligations, devolvement and raising of demand by parties concerned, disposal of appeals respectively.

k. The bank has changed the method of appropriation of recovery in NPA accounts (other than the accounts where method of appropriation has been specifically agreed upon between borrower and the Bank) w.e.f. 1st April 2021. Accordingly, the recoveries in such NPA accounts are now first appropriated towards interest and then towards principal as contrary to the reverse process followed in the earlier periods. The change in accounting policy has resulted in increase in interest income for the quarter by ₹ 495.26 crore & for the year by ₹ 1081.77 crore and consequential non-reduction in Gross NPA by equivalent amount

l. During the current year, there is no material prior period item (as per AS 5) and no discontinued operations (as per AS 24).

m. Climate Control

Union Bank of India has a policy in place in name of "Sustainable Development and Business Responsibility Policy" which is reviewed every year and last reviewed by the Board on 30.03.2022. Through this policy, the Bank is committed to make effort to protect and restore the environment. Bank has taken various initiatives like Electricity Conservations, avoid usage of plastic bottles for packaged drinking water etc.

n. COVID-19 Pandemic has adversely impacted the economic activity across the globe including the Indian economy. During last Financial year also, India witnessed two more waves of COVID -19 pandemic and the re-imposition of the localized/regional lockdown measures in certain parts of the country. The Bank is continuously monitoring the situation and taking all possible measures including various digital initiatives to ensure continuance of customer outreach & full-fledged banking operations. Keeping in view of the various initiatives and steps taken by the Bank, Government & Reserve Bank of India and with the progress of vaccination program, the Management believes that there would not be any significant impact on Bank's performance in future and going concern assumptions.

o. BALANCING OF BOOKS, RECONCILIATION OF INTER BRANCH / BANK TRANSACTIONS

(i) Confirmation/ Reconciliation of balance with foreign banks and other banks has been obtained/carried out.

(ii) Adjustment of outstanding entries in Suspense Accounts, Sundry Deposits, Clearing Adjustments, Bank Reconciliation Statements and various inter-branch/office accounts is in progress.

(iii) Pending final clearance of the (i) and (ii), the overall impact, if any, on the accounts, in the opinion of the management will not be significant.

p. Compliance to the Provision of MSME Development Act, 2006

Bank is complying with the extant provisions of MSME Development Act, 2006 and there has been no reported cases of any delayed payments of the principal amount or interest due thereon to Micro, Small and Medium Enterprises.

(PANKAJ KUMAR)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

(Nidhu Saxena)
Executive Director

(Rajneesh Karnatak)
Executive Director

(Nitesh Ranjan)
Executive Director

(Rajkiran Rai G.)
Managing Director & CEO

(Sameer Shukla)
Director

(Arun Kumar Singh)
Director

(Suraj Srivastava)
Director

(Laxman S Uppar)
Director

(Dr. Jayadev Madugula)
Director

(Priti Jay Rao)
Director

Auditors Certificate:

We, the undersigned Statutory Auditors of the Union Bank of India, have verified the above Standalone Cash Flow Statement of the Bank for the year ended 31.03.2022. The statement has been prepared in Indirect Method in accordance with the AS-3, "Cash Flow Statement" issued by The Institute of Chartered Accountants of India and with the requirements of the SEBI (Listing Obligations & Disclosure Requirements), 2015 and is based on and in agreement with the corresponding Standalone Profit & Loss Account and the Standalone Balance Sheet of the Bank covered by our report of the May 13, 2022 to the members.

R.G.N. Price & Co. Chartered Accountants

SARDA & PAREEK LLP MUMBAI FRN : 109262W/ W100 3 CHARTERED ACCOUNTANTS

C.R. SAGDEO & CO. FRN 108959W NAGPUR CHARTERED ACCOUNTANTS

P V A R & ASSOCIATES FRN 005223C CHARTERED ACCOUNTANTS

Sharma JAIPUR CHARTERED ACCOUNTANTS

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

For M/s R G N Price & Co. Chartered Accountants FRN 002785S Veeramani CA P M Veeramani Partner Membership No.023933 UDIN:22023933AIXFGY6067	For M/s SARDA & PAREEK LLP Chartered Accountants FRN 109262W/W100673 CA Giriraj Soni Partner Membership No.109738 UDIN: 22109738AIXFAO2016	For M/s C R Sagdeo & Co. Chartered Accountants FRN 108959W CA Sachin V Luthra Partner Membership No. 109127 UDIN: 22109127AIXFDY2530
For M/s P V A R & Associates Chartered Accountants FRN 005223C CA Sharad Bansal Partner Membership No.423507 UDIN:22423507AIXFRK9410	For M/s Gopal Sharma & Co. Chartered Accountants FRN 002803C Gautam Sharma CA Gautam Sharma Partner Membership No.079225 UDIN:22079225AIXFAB5594	For M/s N B S & Co. Chartered Accountants FRN 110100W CA Pradeep Shetty Partner Membership No. 046940 UDIN:22046940AIXEXO8437

Place: Mumbai

Date: May 13, 2022

M/s B M Chatrath & Co. LLP
Chartered Accountants
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Kolkata – 700001

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Nagpur – 440022

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New Delhi – 110012

M/s Gopal Sharma & Co.
Chartered Accountants
G-2, Golden Palace, Plot no. L-2-A,Krishna Marg, C-Scheme,
Jaipur – 302001

Independent Auditor's Report

To
The President of India /
The Members of Union Bank of India
Mumbai

Report on Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of Union Bank of India (the "Bank") which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and Notes to the Consolidated Financial Statements including Significant Accounting Policies and other explanatory information, in which following are incorporated –
   a. Audited Standalone Financial Statements of the Bank;
   b. Audited Financial Statements of 4 domestic Subsidiaries, 3 domestic Jointly controlled Entities, 1 Regional Rural Banks (Associate) and1 foreign subsidiary
   c. Unaudited financial statements of 1 Subsidiary and 1 Jointly controlled Entity

   The above entities together with the Bank are referred to as the "Group".

2. In our opinion and to the best of our information and according to explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements, the unaudited financial statements and the other financial information of the subsidiaries, jointly controlled entities and associates as furnished by the management, the aforesaid Consolidated Financial Statements are in conformity with accounting principles generally accepted in India and give:
   a. true and fair view in case of the Consolidated Balance Sheet, of the state of affairs of the Bank as at March 31, 2021;
   b. true balance of Profit in case of Consolidated Profit & Loss account for the year ended on that date; and
   c. true and fair view of the cash flows in case of Consolidated Cash Flows Statement for the year ended on that date.

Basis of Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are

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further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group Bank in accordance with the Code of Ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note No. 7.1.A of schedule 18 – Notes to Accounts to the consolidated financial statements which describes Government approved scheme of amalgamation and basis for preparation of these financial results adopting "Pooling of Interest" method as prescribed under the Accounting Standard – 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India (ICAI), to record amalgamation of erstwhile Andhra Bank and erstwhile Corporation Bank (amalgamating banks) with the bank with effect from 1st April 2020. The financial results for the current quarter and year are not comparable with corresponding previous period.

   We draw your attention to Note No.7.1.A of schedule 18 – Notes to Accounts to the consolidated financial statements which describes consideration of amalgamation reserve amounting to ₹.1309.60 crores as a part of CET I Capital for the purpose of calculation of Capital Adequacy Ratio for the quarter / year ended 31st March 2021.

   We draw your attention to Note No. 7.1.A of schedule 18 – Notes to Accounts to the consolidated financial statements which describes that during the quarter and year the bank has set off entire accumulated loss amounting to ₹.32,758.49 crore (as at 1st April 2020) against securities premium account as per the approval received from RBI dated 29th October 2020.

   We draw your attention to Note No. 15 of schedule 18 – Notes to Accounts to the consolidated financial statements which describes uncertainties due to outbreak of COVID-19 pandemic. The situation continues to be uncertain and the management of the bank is evaluating the situation and impact on its business operations.

   We draw your attention to Note No. 16 of schedule 18 – Notes to Accounts to the consolidated financial statements which describes that there is change in the accounting policies/estimates followed during the year ended 31st March, 2021 as compared to those followed in the preceding financial year ended 31st March, 2020 with effect from 1st April, 2020,

   a) the income on account of LC/BG commission is recognized as revenue on accrual basis as against receipt basis followed in earlier periods. Impact due to the change in accounting policy has resulted in decrease in other income and net profit (before tax) for the year by ₹.441.06 Crores.
   b) Pursuant to amalgamation of erstwhile Andhra Bank and erstwhile Corporation Bank into Union Bank of India, there is a change in method of depreciation on Fixed Assets from Written Down Value to Straight Line Method and change in estimated useful life with respect to some categories of assets. Impact due to the said changes has resulted in increase

in depreciation and decrease in net profit (before tax) for the quarter by ₹. 3.24 Crore for the year ended 31st March 2021 and due to harmonization, one time impact on the depreciation amounting to ₹.180.16 Crore for the year ended 31st March, 2021).

Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters to be communicated in our report.

Sr.	**Key Area Matter**	**How it was dealt with in our report**
	Key Audit Matters reported in Standalone Financial Statements of the Bank	
1	**Accounting for Amalgamation of e-Andhra Bank and e-Corporation Bank**	
	The Government of India (GOI), Ministry of Finance, Department of Financial Services vide Gazette Notification CG-DL-E-04032020-216535 dated 4th March, 2020 approved the scheme of amalgamation of Andhra Bank and Corporation Bank (Amalgamating Banks) into Union Bank of India effective from 1st April, 2020 The Bank has adopted "Pooling of Interest" method as prescribed under the Accounting Standard 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India (ICAI), to record amalgamation of Andhra Bank and Corporation Bank (the amalgamating banks) with the Bank with effect from 1st April, 2020. Accordingly, the difference of ₹. 1309.60 Crore between the net assets of amalgamating banks and the amount of shares issued to shareholders of the amalgamating banks has been recognized as Amalgamation Reserve in the opening balance sheet as on 1st April, 2020.	Our audit approach for testing of accounting of amalgamation included in particular: • we evaluated the Scheme of Amalgamation approved by The Government of India (GOI), Ministry of Finance, Department of Financial Services vide Gazette Notification CG-DL-E-04032020-216535 dated 4th March, 2020 • we evaluated appropriateness of the Bank's selection of amalgamation accounting by Pooling of Interest method against the compliance with each of the conditions stipulated in AS 14 - Accounting for Amalgamation; • we evaluated the residual useful life of the acquired assets, focusing on the valuation methodologies and key assumptions applied; • we evaluated the reasonableness of key assumptions based on our knowledge of the business and industry; • we evaluated the basis determined by the Management for accounting of Amalgamation Reserve representing difference between value of net assets of amalgamating banks and the number of shares issued to shareholders of the amalgamating banks.

	Due to the complexity of the transaction and the associated significant risk of misstatement involved due to • Divergence in accounting policies followed by the amalgamating banks with respect of accounting of certain items of income, providing for depreciation of fixed assets • Application of tax laws especially carry forward and set off of loss of the merging entities. • Ownership and rights over immovable and movable assets of the transferor banks, properties held by the amalgamating banks under lease, assets, guarantees and other assurances offered as security for the advances made by the amalgamating banks, cause of action, suits, decrees, recovery certificates, appeal and other proceedings in favour of transferor banks and all other acts carried out by the amalgamating banks in the normal course of its banking business The accounting of amalgamation of banks is considered as a key audit matter	• we performed evaluation of tax laws applicable to the Bank and verification of the management's assessment with respect to eligibility of carry forward and set off of losses of the amalgamating banks • we evaluated the terms of amalgamation as approved by the Government of India vide its notification dated 04.03.2020 titled "Amalgamation of Andhra Bank and Corporation Bank into Union Bank of India Scheme 2020" with reference to the Ownership and rights over immovable and movable assets of the amalgamating banks, properties held by the amalgamating banks under lease, assets, guarantees and other assurances offered as security for the advances made by the amalgamating banks, cause of action, suits, decrees, recovery certificates, appeal and other proceedings in favour of amalgamating banks and all other acts carried out by the amalgamating banks in the normal course of its banking business
2	**Income Recognition, Asset Classification (IRAC) and provisioning on Loans & Advances and Investments as per the regulatory requirements**	
	Loans & Advances and Investments are the largest class of assets forming 86.08% of the total assets as on March 31, 2021. Classification, income recognition and loss provisioning on the same are based on objective parameters as prescribed by the regulations (Reserve Bank of India's prudential norms and other guidelines). The management of the Bank relies heavily on its IT systems (including Core Banking Solution), exercise significant estimates and judgement, manual interventions, and	Our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances and associated impairment provisions. Our audit procedures included the assessment of controls over the approval, disbursements and monitoring of loans, and reviewing the logic and assumptions used in the CBS and other related IT systems for compliance of the IRAC and provisioning norms and its operating effectiveness. These included evaluation and understanding of following:

	uses services of experts (like independent valuers, Lawyers, legal experts and other professional) to determine asset classification, income recognition and provisioning for losses. The Bank has system based identification of non-performing assets in accordance with IRAC Norms	• Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances/investments; • System controls and manual controls over the timely recognition of non-performing assets (NPA/NPI); • Operational existence and effectiveness of controls over provisioning calculation models from the IT systems; • Overall Controls on the loan approval, disbursement and monitoring process in case of advances and controls over the purchase, sale and hold decisions making system in case of investments • We tested sample of loans/investments (in cases of branches visited by us) to assess whether they had been identified as non performing on a timely manner, income recognized and provisioning made as per IRAC norms. • We have also reviewed the reliability, effectiveness and accuracy of manual interventions, wherever it has come to our notice, on test check basis. • We have relied on the reports/returns and work done by other Statutory Branch Auditors (SBA) in cases of branches not visited by us to get an overall comfort with respect to overall compliance in accordance with SA 600 - Using the Work of Another Auditor. • We have reviewed the work done by other experts like Independent valuers, Lawyers, Legal Experts and other such professionals who have rendered services to the Bank, in accordance with SA 620 Using the Work of an Auditor's Expert. • Further we have also reviewed the Bank's system of monitoring potentially weak and sensitive accounts which show a sign of stress. • We have also reviewed the reports and observations of the Bank's internal audit/inspection reports and observations of the concurrent auditors for the same. • Verification of valuation, classification, provisioning and income recognition of investments by carrying out substantive te

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		including arithmetic accuracy, data accuracy and control over the financial reporting system. We have test checked and assessed the efficacy of the system based identification of NPA and we recommend that the system to be calibrated further to enhance the vigorousness
3	**Information Technology (IT) and controls impacting financial reporting**	
	A. On account of amalgamation During the year, in view of the amalgamation of erstwhile Andhra Bank (eAB) and erstwhile Corporation Bank (eCB) with Union Bank of India, with effect from April 1, 2020, as stated in note 1 of Schedule 18 of the Financial Statements and until integration into the Union Bank of India platform, the banking operations were carried out in three different software for the respective verticals namely eAB branches, eCB branches and other branches, during the year. In view of the above, the IT environment had become complex and pervasive to the operations of the Bank with regards to the financial reporting process since the same was highly dependent on information technology including automated and manual controls and availability of complete and accurate electronic data due to the size and complexity of the operations. Pending the systems integration / migration of the three software, the process of consolidated of data to be reported was manual. Unauthorized or extensive access rights, changes in IT environment, operational controls, lack of segregation of duties which may cause a risk of misstatement of financial information and could have a material consequence on the completeness and accuracy of the financial statements. Due to high level of automation, number of integrated / non – integrated systems used, the manual process used for the consolidation of the	We have obtained understanding of the IT related environment of all the three verticals of the Bank, and had accordingly identified IT applications, databases and operating systems to conduct risk assessment which may impact on the financial reporting. Our audit procedures, with respect to all three verticals in this area included, among others: • Testing IT general controls related to User and Application controls, Change Management Controls and Data backup. • Assessing whether appropriate restrictions were placed on access to core systems through reviewing the permissions and responsibilities of authorised personnel. • Where we identified the need to perform additional procedures, we placed reliance on manual compensating controls; such as reconciliations between systems and other information sources or performing additional testing; extended our sample sizes, to obtain adequate and appropriate audit evidences. • Reviewed the controls with respect to manual processes consolidation of data of all verticals and ensured data integrity with respect to such consolidation.

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three verticals, this is considered a significant matter for our audit.	
B. On normal financial reporting Apart from amalgamation which is an exceptional business during the year, in the normal course of its business, the Bank's financial accounting and reporting systems are highly dependent on the effective working of the Core Banking Solution (CBS) and other IT systems linked to the CBS or working independently. Extensive volume, variety and complexity of transactions are processed daily and there is a risk that automated accounting procedures and related internal controls may not be accurately designed and operating effectively. Particular areas of focus relate to the logic that is fed into the system, sanctity and reliability of the data, access management and segregation of duties. These underlying principles are important because they ensure that changes to applications and data are appropriate, authorized, cleansed and monitored, so that the system generates accurate and reliable reports/ returns and other financial and non-financial information that is used for the preparation and presentation of the financial statements. We have relied on the consistent and accurate functioning of CBS and other IT systems for the following: • Asset Classification and Income recognition as per the Reserve Bank of India guidelines; • Provisioning on the advance portfolio; • Identification of advances and liability items and its maturity pattern in various brackets; • Reconciliation and ageing of various suspense and sundry accounts, impersonal accounts, inter-branch balances and other such accounts;	Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the IT system by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included: • Ensuring that deficiencies noticed in our verification on test check basis were informed to the management for corrective action; • Carrying out independent alternative audit procedures like substantive testing in areas where deficiencies were noticed; • Analytical procedures like ratio analysis, trend analysis, reasonable tests, comparative analysis; • Reliance on the work performed by the statutory branch auditors and the rectification entries (MOCs) passed based on branch audits; • Reliance on external vendor inspection reports wherever made available. • Reviewed the IS Audit Reports and discussed with IT Department on compliance with key IT controls.

	• Recording Investment transactions • Interest expense on deposits and other liabilities;	
4	**Recognition and measurement of Deferred tax**	
	The Bank has recognised a net deferred tax asset of ₹ 15,67,24,947 (in '000) as on March 31, 2020. Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgment and numerous estimates regarding the availability and visibility of profits in the future. The recent increase in the amount of deferred tax assets recognised presumes availability and forecasting of profits over an extended period of time thus increasing uncertainty and the inherent risk of inappropriate recognition of the said asset.	Our audit procedures included the risk assessment to gain an understanding of the applicable tax laws and relevant regulations applicable to the Bank. Based on our understanding, we performed both tests of related internal key controls and substantive audit procedures with the assistance of tax specialists. We performed the following audit procedures as part of our controls testing including, but not limited to: • Evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with AS 22 Accounting for Taxes on Income; • Assessed the method, assumptions and other parameters used with reference to uniformity, management representations, consistency and continuity like budget and midterm projections prepared by the management including earning growth and applicable tax rates and tested the arithmetical accuracy • Assessed the probability of the availability and visibility of profits against which the bank will be able to use this deferred tax asset in the future.

Other Information

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Highlights for the year, Directors' Report including annexures to Directors' Report, key financial ratios, Business responsibility Report and Corporate Governance report in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this Auditors" Report.

Our opinion on the consolidated financial statements does not cover the Other Information and Pillar 3 disclosures under the Basel III Disclosure and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information that we obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors are responsible for preparation and presentation of these consolidated Financial Results that give a true and fair view of the consolidated financial position, financial performance and consolidated cash flows and other financial information of the Group including its associate and jointly controlled entity in accordance with the Accounting Standard 21- "Consolidated Financial Statements", Accounting Standards 23- "Accounting for Investments in Consolidated Financial Statements" and Accounting Standards 27 – Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India.

The respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act/ Banking Regulations Act, 1949 for safeguarding the assets of the Group and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

In preparing the consolidated Financial statements, the respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for assessing the ability of the group and of its associate and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associate and jointly controlled entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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7. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality in the magnitude of the misstatements in the Consolidated financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. We did not audit the financial statements of five subsidiaries and four Jointly controlled entities and one associate included in the consolidated financial statements, whose financial statements reflect total assets of ₹. 12,31,13,800 (in thousand) as at March 31, 2021 and total revenues of ₹. 3,20,21,369 (in thousand) for the year ended on that date net Loss after tax amounting to ₹. 4,25,663 (in thousand) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, are based solely on the reports of the other auditors.

The consolidated financial statements also include the unaudited Financial Results of 1 subsidiary and 1 jointly controlled entity whose Financial Statements/Financial Results/ Financial information reflect Group's share of total assets of ₹.1154776.91 (in thousands) as at 31st March 2021, Group's share of total revenue of ₹.161101.89 (in thousands) and Group's share of total net profit after tax of ₹.56731.85 (in thousands) for the year ended 31st March 2021, as considered in the consolidated Financial Results. These unaudited Financial Statements/Financial Results/ financial information has been furnished to us duly certified by the Bank's management and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based solely on such reviewed/unaudited Financial Statements/Financial Results/Financial information. In our opinion and according to the information and explanations given to us by Bank's management, these Financial Statements/Financial Results / Financial information are not material to the Group.
The entities of the Group whose financial statements are included in the Consolidated Financial Statements are listed in Schedule 18 Notes to Accounts which forms part of the Consolidated Financial Statements of the Group
Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

9. The Consolidated Balance Sheet and the Profit & Loss Account have been drawn up in accordance with section 29 of the Banking Regulation Act, 1949.

KOLKATA
MUMBAI FRN : 109262W
FRN 108959W NAGPUR
FRN-005223C
JAIPUR

M/s B M Chatrath & Co. LLP Chartered Accountants	M/s R G N Price & Co. Chartered Accountants	M/s SARDA & PAREEK LLP Chartered Accountants
M/s C R Sagdeo & Co. Chartered Accountants	M/s P V A R & Associates Chartered Accountants	M/s Gopal Sharma & Co. Chartered Accountants

Subject to limitation of the audit indicated in paragraph 7 and 8 above and also subject to the limitations of disclosure required therein and we report that:

a) We have obtained all the information and explanation which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory

b) The transactions of Bank, which have come to our notice, have been within the power of Bank, and

c) The returns received from the offices and branches of the bank have been found adequate for the purpose of our audit.

For M/s B M Chatrath & Co. LLP **Chartered Accountants** **FRN 301011E/E300025**	**For M/s R G N Price & Co.** **Chartered Accountants** **FRN 002785S**	**For M/s SARDA & PAREEK LLP** **Chartered Accountants** **FRN 109262W/W100673**
CA Arindam Ray **Partner** **Membership No.058713** **UDIN: 21058713AAABR5499**	**CA P M Veeram** **Partner** **Membership No.023933** **UDIN: 21023933AAAAJR1873**	**CA Niranjan Jos** **Partner** **Membership No.102789** **UDIN: 21102789AAAAAR7423**
For M/s C R Sagdeo & Co. **Chartered Accountants** **FRN 10885**	**For M/s P V A R & Associates** **Chartered Accountants** **FRN 0052**	**For M/s Gopal Sharma & Co.** **Chartered Accountants** **FRN 002803C**
CA Sachin V Luthra **Partner** **Membership No.109127** **UDIN: 21109127AAAADM7127**	**CA Pradeep** **Partner** **Membership No.072933** **UDIN:21072933AAAABQ1754**	**CA Vijay Garg** **Partner** **Membership No.07638** **UDIN:21076387AAAAAF5420**

Place of Signature: Mumbai / Virtual
Date of Report: 07.06.2021

UNION BANK OF INDIA
CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2021

(Rs in 000')

CAPITAL AND LIABILITIES	Schedule Number	As on 31st March, 2021.	As on 31st March, 2020
Capital	1	6,40,68,444	3,42,28,189
Preference Share Capital Issued by Subsidiary Company	1A	10,40,035	10,40,035
Share Application Money	1B	-	-
Reserves and Surplus	2	58,22,69,299	30,46,25,800
Minority Interest	2A	-	-
Deposits	3	9,25,65,39,262	4,52,43,61,458
Borrowings	4	51,92,22,312	52,71,40,581
Other Liabilities and Provisions	5	40,06,34,595	16,36,94,456
TOTAL		**10,82,37,73,947**	**5,55,50,90,519**
ASSETS			
Cash and Balances with Reserve Bank of India	6	37,88,57,135	20,11,89,238
Balances with Banks and Money at Call and Short Notice	7	46,87,76,239	35,12,98,743
Investments	8	3,39,05,85,059	1,54,25,14,860
Advances	9	5,93,32,00,827	3,17,67,74,302
Fixed Assets	10	7,36,64,201	4,77,54,993
Other Assets	11	57,86,90,486	23,55,58,383
TOTAL		**10,82,37,73,947**	**5,55,50,90,519**
Contingent Liabilities	12	3,71,78,14,658	1,89,11,29,374
Bills for Collection		34,69,48,137	21,68,26,909
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

(DHIRENDRA JAIN)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
GENERAL MANAGER & CFO

For and on behalf of the Board of Directors

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(MANAS RANJAN BISWAL)
EXECUTIVE DIRECTOR

(DINESH KUMAR GARG)
EXECUTIVE DIRECTOR

(GOPAL SINGH GUSAIN)
EXECUTIVE DIRECTOR

(RAJKIRAN RAI G.)
MANAGING DIRECTOR & CEO

(Dr. MADNESH KUMAR MISHRA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(DR. UTTAM KUMAR SARKAR)
DIRECTOR

(K. KADIRESAN)
DIRECTOR

(JAYADEV M.)
DIRECTOR

S.K. CHATRATH & CO LLP KOLKATA CHARTERED ACCOUNTANTS

R.G.N. Price & Co. Chartered Accountants

Gopal Sharma & Co. JAIPUR CHARTERED ACCOUNTANTS

C.R. SAGDEO & CO. FRN 108959W NAGPUR

P V A R ASSOCIATES FRN 005223C CHARTERED ACCOUNTANTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

For M/s B M Chatrath & Co. LLP
Chartered Accountants
FRN 301011E/E300025

CA Arindam Ray
Partner
Membership No.058713
UDIN:21058713AAABR5499

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN:21023933AAAAJR1873

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN:21102789AAAAAR7423

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN:21109127AAAADM7127

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Pradeep Kumar Gupta
Partner
Membership No.072933
UDIN:21072933AAAABQ1754

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Vijay Garg
Partner
Membership No.076387
UDIN:21076387AAAAAF5420

Place : MUMBAI
Date : 7th June, 2021

UNION BANK OF INDIA
CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH, 2021

			(Rs in 000')
I. INCOME	Schedule Number	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Interest Earned	13	69,31,14,562	37,47,92,188
Other Income	14	13,89,90,826	5,78,92,725
TOTAL		83,21,05,388	43,26,84,913
II. EXPENDITURE			
Interest Expended	15	44,11,23,988	25,83,68,112
Operating Expenses	16	19,75,15,213	8,18,78,753
Provision And Contingencies		16,51,86,002	12,28,46,343
TOTAL		80,38,25,203	46,30,93,208
III. Consolidated Net Profit/(Loss) before Minority Interest and Share of Earnings in Associate		2,82,80,185	(3,04,08,295)
Add:-Share of profit in Associate		3,53,803	(8,00,591)
Consolidated Net Profit/(Loss) for the year before deducting Minority Interest		2,86,33,987	(3,12,08,886)
(Less):-Minority Interest		-	-
Consolidated Net Profit/(Net Loss) for the year attributable to the group		2,86,33,987	(3,12,08,886)
Add : Profit/(Loss) Brought Forward		35	(8,40,02,080)
Amount Available for Appropriation		2,86,34,022	(11,52,10,966)
IV. Appropriation			
Transfer To Statutory Reserve		73,35,683	-
Transfer To Capital Reserve		90,01,837	37,46,900
Transfer To Capital(Investment Fluctuatuion Risk) Reserve		1,27,92,901	
Transer To Revenue And Other Reserves		(4,96,433)	(22,22,996)
Dividend Tax		-	-
Transfer To Special Reserve (Sec36(I)(viii))of the Income Tax Act,1961)		-	-
Balance In Profit and Loss Account		35	(11,67,34,870)
TOTAL		2,86,34,022	(11,52,10,966)
Earnings per share (Basic and Diluted in Rs.) of FV of Rs.10/- each	18(13)	4.47	(13.45)

Significant Accounting Policies	17
Notes To Accounts	18

The Schedules referred to above form an Integral part of the Consolidated Profit & Loss A/c

(DHIRENDRA JAIN)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
GENERAL MANAGER & CFO

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(MANAS RANJAN BISWAL)
EXECUTIVE DIRECTOR

(DINESH KUMAR GARG)
EXECUTIVE DIRECTOR

(GOPAL SINGH GUSAIN)
EXECUTIVE DIRECTOR

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MANAGING DIRECTOR & CEO

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DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(DR. UTTAM KUMAR SARKAR)
DIRECTOR

(K. KADIRESAN)
DIRECTOR

(JAYADEV M.)
DIRECTOR

AS PER OUR REPORT OF EVEN DATE ATTACHED

For M/s B M Chatrath & Co. LLP
Chartered Accountants
FRN 301011E/E300025

CA Arindam Ray
Partner
Membership No.058713
UDIN:21058713AAABR5499

For M/s R G N Price & Co.
Chartered Accountants
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CA P M Veeramani
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For M/s SARDA & PAREEK LLP
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CA Niranjan Joshi
Partner
Membership No.102789
UDIN:21102789AAAAAR7423

For M/s CR Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN:21109127AAAADM7127

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Pradeep Kumar Gupta
Partner
Membership No.072933
UDIN:21072933AAAABQ1754

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Vijay Garg
Partner
Membership No.076387
UDIN:21076387AAAAAF5420

Place : MUMBAI
Date : 7th June, 2021

यूनियन बैंक ऑफ इंडिया Union Bank of India

आन्ध्रा Andhra

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2021

(₹ in Lacs)

S.No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit Before Tax	2,32,676.72	(4,23,128)
	Adjustments for:		
	Depreciation on Fixed Assets	90,815	41,720
	Provision for Investments	55,624	37,653
	Provision for Non Performing Assets (Net)	14,05,760	11,97,237
	Provision for Standard Asset	1,37,588	48,735
	Provision for Staff Related Expenditures	86,605	90,261
	Provision for other items (Net)	16,367	8,379
	(Profit)/Loss on Sale or Disposal of Fixed Assets	(2,059)	394
	Interest on Borrowings : Capital Instruments	1,59,660	58,220
	Share of Profit in Associate	3,538	8,006
	Sub Total	21,86,576	10,67,475
	Adjustments for:		
	Increase / (Decrease) in Deposits	55,20,773	34,93,134
	Increase / (Decrease) in Other Liabilities and Provisions	6,26,592	97,640
	(Increase) / Decrease in Investments	(53,44,849)	(26,23,681)
	(Increase) / Decrease in Advances	(4,89,586)	(30,69,474)
	(Increase) / Decrease in Other Assets	(5,84,957)	1,34,887
	Direct taxes paid (Net of Refund)	(22,864)	1,31,890
	Transfer to/from reserve	1,61,050	0
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	20,52,734	(7,68,129)
B	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of Fixed Assets	(71,898)	(39,384)
	Proceeds from Sale/Adjustment of Fixed asset	11,789	1,663
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(60,109)	(37,721)
C	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds from Issue of Preference Share Capital Issued by Subsidiary Company Including Share Premium (Net)	0	0
	Proceeds from issue of Equity Share Capital Including Share Premium (Net)		11,75,601
	Proceeds from issue of Capital Instruments	3,70,500	0
	Repayments of Capital Instruments	(3,85,000)	(1,19,962)
	(Decrease)/Increase Borrowings other than Capital Instruments	(17,11,906)	10,63,809
	Interest Paid on Borrowings : Capital Instruments	(1,59,660)	(1,05,025)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(18,86,066)	20,14,423
	Net Increase (Decrease) in Cash & Cash Equivalent (A)+(B)+(C)	1,06,559	12,08,572
	Cash and Cash Equivalents as at the beginning of the year	55,57,753	43,16,308
	Cash and Cash equivalent received on account of amalgamation	28,12,022	0
	Cash and Cash Equivalents as at the end of the year	84,76,334	55,24,880

B M Chatrath & Co LLP, Kolkata, Chartered Accountants

R.G.N. Price & Co., Chartered Accountants

Sarda & Pareek LLP, Mumbai, FRN : 109262W / W100673, Chartered Accountants

C. R. Sagdeo & Co., FRN 108959W, Nagpur, Chartered Accountants

Gopal Sharma & Co., Jaipur, Chartered Accountants

P V A R & Associates, FRN-005223C, Chartered Accountants

यूनियन बैंक ऑफ इंडिया, वित्त एवं लेखा विभाग, Finance & Accounts Dept.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2021

(₹ in Lacs)

S.No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	Components of Cash and Cash equivalents		
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	01.04.2020	01.04.2019
	Cash and Balances with RBI (including FC notes)	20,11,892	20,80,040
	Balances with Banks and Money at call	35,12,987	22,36,268
	Net cash and cash equivalents at the beginning of the year	55,24,880	43,16,308
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31.03.2021	31.03.2020
	Cash and Balance with RBI (including FC notes)	37,88,571	20,11,892
	Balances with Banks and Money at call	46,87,762	35,12,987
	Net cash and cash equivalents at the end of the year	84,76,334	55,24,880

Previous Year's figures have been regrouped/recasted wherever considered necessary to correspond with the year ended classification/ presentation.

(DHIRENDRA JAIN)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(MANAS RANJAN BISWAL)
EXECUTIVE DIRECTOR

(DINESH KUMAR GARG)
EXECUTIVE DIRECTOR

(GOPAL SINGH GUSAIN)
EXECUTIVE DIRECTOR

(RAJKIRAN RAI G.)
MANAGING DIRECTOR & CEO

(Dr. MADNESH KUMAR MISHRA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(DR. UTTAM KUMAR SARKAR)
DIRECTOR

(K. KADIRESAN)
DIRECTOR

(JAYADEV M.)
DIRECTOR

Auditors Certificate :

We, the undersigned Statutory Auditors of the Union Bank of India, have verified the above Consolidated Cash Flow Statement of the Bank for the year ended 31.03.2021. The statement has been prepared in Indirect Method in accordance with the AS-3, "Cash Flow Statement" issued by The Institute of Charterted Accountants of India and with the requirments of the SEBI (Listing Obligations & Disclosure Requirements), 2015 and is based on and in agreement with the corresponding Consolidated Profit & Loss Account and the Consolidated Balance Sheet of the Bank covered by our report of the 7th June, 2021 to the members.

For M/s B M Chatrath & Co. LLP
Chartered Accountants
FRN 301011E/E300025

CA Arindam Ray
Partner
Membership No.058713
UDIN: 21058713AAABR5499

For M/s R G N Price & Co.
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CA P M Veeramani
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For M/s C R Sagdeo & Co.
Chartered Accountants
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CA Sachin V Luthra
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For M/s P V A R & Associates
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CA Pradeep Kumar Gupta
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Membership No.072933
UDIN: 21072933AAAABQ1754

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Vijay Garg
Partner
Membership No.076387
UDIN: 21076387AAAAAF5420

Place : Mumbai
Date : 7th June 2021

UNION BANK OF INDIA

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31St March, 2021

('Rs in 000')

SCHEDULE 1 - CAPITAL :	As on 31st March, 2021	As on 31st March, 2020
I. Authorised :		
10,00,00,00,000 Equity Shares of Rs.10 each (Previous Year 10,00,00,00,000 Equity Shares of Rs.10 each)	10,00,00,000	10,00,00,000
II Issued, Subscribed & Paid up :		
i. 570,66,60,850 Equity Shares of Rs.10 each, held by Central Government (Previous Year 2,96,92,79,777 Equity Shares)	5,70,66,609	2,96,92,798
ii. 70,01,83,505 Equity Shares of Rs.10 each, held by Public (Previous Year 4,53,53,90,75 Equity Shares)	70,01,835	45,35,391
	6,40,68,444	3,42,28,189

SCHEDULE 1A - PREFERENCE SHARE CAPITAL ISSUED BY SUBSIDIARY COMPANY :	As on 31st March, 2021	As on 31st March, 2020
10,40,03,544 Participatory Non-Redemable Compulsorily convertible Preference Shares of Rs. 10 Each (Issued by Union Asset Management Company Private Limited, a subsidiary company) to Dai Ichi Life Holdings Inc on May 17 2018 for a tenure of 20 years)	10,40,035	10,40,035
TOTAL	10,40,035	10,40,035

UNION BANK OF INDIA
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2021

(Rs in 000')

SCHEDULE 2 - RESERVES & SURPLUS :	As on 31st March, 2021		As on 31st March, 2020	
I. Statutory Reserve :				
As per last Balance Sheet	12,82,91,933		6,67,06,110	
Addition during the year	73,35,632	13,56,27,665	-	6,67,06,110
II. A) Capital Reserve :				
As per last Balance Sheet	3,77,18,727		1,28,49,561	
Addition during the year	90,01,837	4,67,20,564	37,46,900	1,65,96,461
II. B) Capital Reserve on Consolidation				
As per last Balance Sheet	-		-	
Capital Reserve on Consolidation				
Addition during the year	6,63,498	6,63,498	-	
II. C) Amalgamation Reserves				
As per last Balance Sheet	-		-	
Addition during the year	1,30,95,979			
Deduction during the year		1,30,95,979		
III. Revaluation Reserve :				
As per last Balance Sheet	4,99,77,701		2,23,48,099	
Addition during the year	40,444		1,04,48,077	
Deduction during the year	10,33,368	4,89,84,777	10,54,713	3,17,41,463
IV. Share Premium :				
As per last Balance Sheet	50,13,70,025		15,18,14,744	
Addition during the year	-		10,10,81,975	
Deduction during the year	32,75,94,947	17,37,65,078	1,19,871	25,27,76,848
V. Revenue Reserves :				
i) Revenue and other Reserves :				
As per last Balance Sheet	8,20,08,797		4,98,62,378	
Addition during the year	2,50,02,442		65,913	
Deduction during the year	1,26,05,677		2,64,07,223	
	9,34,05,562		2,32,21,068	
ii) Special Reserve Sec 36(1)(viii)				
As per last Balance Sheet	5,50,78,789		2,87,50,000	
Addition during the year	-		-	
	5,50,78,789		2,87,50,000	
iii) Foreign Currency Translation Reserve				
As per last Balance Sheet	15,91,516		16,57,508	
Addition during the year	4,29,740		7,88,869	
Deduction during the year	7,044		8,77,657	
	20,14,212		15,68,720	5,35,39,788
iv) Special Profit Reserve/ Cash Flow Hedge Reserve				
As per last Balance Sheet	58,485		-	
Addition during the year	454		-	
	58,939	15,25,57,502	-	
v) Investment Fluctuation Reserves				
As per last Balance Sheet	41,300		-	
Addition during the year	1,27,92,901		-	
Deduction during the year	-			
		1,28,34,201	-	
VI. Balance in Profit and Loss Account				
Balance in Profit and Loss Account		35		(11,67,34,870)
TOTAL		58,22,69,299		30,46,25,800

SCHEDULE 2A Minority Interest				
Opening Balance				
Add/(Less): Increase/(Decrease) during the year				
Closing Minority Interest				

KOLKATA

G.N. Price & Co.

MUMBAI FRN : 109232W / W100673

Gopal Sharma

FRN 106959W NAGPUR

FRN-005223C

UNION BANK OF INDIA
CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS ON 31st March, 2021

(Rs in 000')

SCHEDULE 3 - DEPOSITS :	As on 31st March, 2021		As on 31st March, 2020	
I. Demand Deposits				
i) From Banks	76,23,510		40,29,164	
ii) From Others	62,94,60,721	63,70,84,231	26,08,99,292	26,49,28,456
II. Savings Bank Deposits		2,71,99,65,042		1,33,97,54,268
III. Term Deposits				
i) From Banks	3,16,45,104		5,50,64,197	
ii) From Others	5,86,78,44,885	5,89,94,89,989	2,86,46,14,537	2,91,96,78,734
TOTAL		9,25,65,39,262		4,52,43,61,458
Deposits of branches in India		9,21,47,62,722		4,46.98,15,910
Deposits of branches outside India		4,17,76,540		5.45,45,548
TOTAL		9,25,65,39,262		4,52,43,61,458
SCHEDULE 4 - BORROWINGS :				
A. Borrowings: Capital Instruments				
I. Perpetual Bonds	7,10,50,000		4,00,00,000	
II. Upper Tier II Bonds	50,01,000		50,00,000	
III. Tier II Bonds	10,05,00,000	17,65,51,000	5,55,00,000	10,05,00,000
B. Borrowings in India				
i. Reserve Bank of India	14,20,90,000			
ii. Other Banks	1,40,33,310		2,01,26,890	
iii. Other Institutions and Agencies	2,78,19,964	18,39,43,274	20,25,29,807	22.26,56,697
C. Borrowings Outside India		15,87,28,038		20.39,83,884
TOTAL		51,92,22,312		52,71,40,581
Secured Borrowings included in (B) I above		14,20,90,000		16.98,30,000

KOLKATA

R.G.N. Price & Co.

Gopal Sharma & Co. JAIPUR

C.R. Sagdeo & Co. FRN 108959W NAGPUR

UNION BANK OF INDIA
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(Rs in 000')

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS :	As on 31st March, 2021	As on 31st March, 2020
I. Bills Payable	2,30,30,334	90,91,800
II. Interest Accrued	3,18,07,505	1,87,68,476
III. Others (including provisions)	34,57,96,756	13,58,34,180
TOTAL	40,06,34,595	16,36,94,456

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA :		
I. Cash in Hand (including foreign currency notes and Gold)	3,78,64,974	2,00,49,833
II. Balances with Reserve Bank of India		
Balances with Reserve Bank of India in Current Account	34,09,87,188	18,11,39,405
Balances with Reserve Bank of India in Other Account	4,973	0
TOTAL	37,88,57,135	20,11,89,238

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SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE :	As on 31st March, 2021	As on 31st March, 2020
I) In India		
i) Balances with Banks		
a) In Current Accounts	58,71,512	18,05,138
b) In Other Deposit Accounts	7,11,41,687	8,18,56,025
ii) Money at Call & Short notice		
a) With Banks	-	30,00,000
b) With Other Institutions	29,55,40,000	20,00,00,000
	37,25,53,199	28,66,61,163
II. Outside India		
i) In Current Accounts	27,17,626	32,71,268
ii) In other Deposit Accounts	9,20,46,674	6,13,66,312
iii) Money at call & short notice	14,58,740	
	9,62,23,040	6,46,37,580
TOTAL	46,87,76,239	35,12,98,743
SCHEDULE 8 - INVESTMENTS :		
I. Investments In India		
i) Government Securities	2,42,56,14,461	1,06,39,73,894
ii) Other Approved Securities	1,60,14,875	33,24,311
iii) Shares	3,27,94,407	1,50,40,400
iv) Debentures and Bonds	75,85,84,336	34,96,85,608
v) Subsidiaries and Joint Ventures/Associate	21,20,760	13,33,044
vi) Others (Commercial Paper,Mutual Funds, Venture Capital,Security Receipt, Etc.)	13,41,76,368	8,66,98,812
Total	3,36,93,05,207	1,52,00,56,069
II. Investments outside India		
i) Govt Securities (including Local Authorities)	1,87,83,099	1,97,96,374
ii) Shares	9,450	4,032
iii)Other Investments (Bonds)	24,87,303	26,58,385
iv) Subsidiaries and Joint Ventures		
Total	2,12,79,852	2,24,58,791
TOTAL	3,39,05,85,059	1,54,25,14,860
III. Investments in India		
Gross Value	3,43,15,59,994	1,54,45,60,320
Less: Provision for Depreciation	6,22,54,788	2,45,04,251
Net Value of Investment in India	3,36,93,05,206	1,52,00,56,069
IV) Investments outside India		
Gross Value	2,12,99,300	2,24,72,971
Less: Provision for Depreciation	19,447	14,180
Net Value of Investment outside India	2,12,79,853	2,24,58,791
TOTAL	3,39,05,85,059	1,54,25,14,860

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SCHEDULE 9 - ADVANCES (Net)	As on 31st March, 2021	As on 31st March, 2020
I i) Bills Purchased and Discounted	4,11,53,857	2,77,71,181
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	2,66,27,05,495	1,43,15,38,030
iii) Term Loans	3,22,93,41,475	1,71,74,65,091
TOTAL	5,93,32,00,827	3,17,67,74,302
II i) Secured by Tangible Assets		
(includes Advance against Book Debts)	5,09,22,54,335	2,66,12,07,087
ii) Covered by Bank/Government Guarantees	16,55,89,292	10,79,52,661
iii) Unsecured	67,53,57,201	40,76,14,554
TOTAL	5,93,32,00,828	3,17,67,74,302
A. Advances in India		
i) Priority Sector	2,52,92,91,622	1,14,41,37,430
ii) Public Sector	61,06,29,459	46,20,71,183
iii) Banks	3,07,310	36,40,361
iv) Others	2,62,94,41,664	1,34,72,57,818
TOTAL	5,76,96,70,055	2,95,71,06,792
B. Advances Outside India		
i) Due From Banks	3,47,68,977	5,02,64,366
ii) Due from Others		
a) Bills Purchased and Discounted	36,979	30,46,970
b) Syndicated Loans	11,83,093	1,78,35,410
c) Others	12,75,41,723	14,85,20,764
	16,35,30,772	21,96,67,510
TOTAL	5,93,32,00,827	3,17,67,74,302

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SCHEDULE 10 - FIXED ASSETS	As on 31st March, 2021		As on 31st March, 2020	
A. TANGIBLE ASSETS				
I. Premises				
At cost/valuation as per last balance sheet	8,09,95,477		3,87,33,046	
Additions during the year	7,17,393		1,05,09,663	
Deductions during the year	4,738		54,782	
	8,17,08,132		4,91,87,927	
Less: Depreciation till Date	2,49,42,252	5,67,65,880	1,25,38,799	3,66,49,128
II. Capital Work-in-Progress				
At cost as per last balance sheet	5,96,816		4,41,727	
Additions during the year	2,18,977		1,73,445	
Deductions during the year	1,82,517	6,33,276	72,057	5,43,115
III. Land				
At cost as per last balance sheet	12,45,683		6,95,419	
Additions during the year	-		72,931	
Deductions during the year	-		26,092	
	12,45,683		7,42,258	
Less: Depreciation till Date	78,385	11,67,298	69,969	6,72,289
IV. Other Fixed Assets				
(including Furniture and Fixtures)				
a) Assets given on lease				
At cost as per last balance sheet	2,68,478		2,65,352	
Addition during the year	-		-	
Deductions during the year	-		-	
	2,68,478		2,65,352	
Less: Depreciation till Date	2,68,478	0	2,65,352	-
b) Others				
At cost/valuation as per last balance sheet	6,25,93,795		2,81,49,974	
Additions during the year	35,32,456		28,94,675	
Deductions during the year	9,93,375		4,12,490	
	6,51,32,876		3,06,32,159	
Less: Depreciation till Date	5,30,38,569	1,20,94,307	2,14,26,833	92,05,326
B. INTANGIBLE ASSETS				
(i) Computer Software				
At cost as per last balance sheet	89,51,793		27,87,339	
Additions during the year	27,10,989		8,07,761	
Deductions during the year	9,256		5,312	
	1,16,63,526		35,89,789	
Amortisation till Date	86,60,085	30,03,441	29,04,654	6,85,135
TOTAL		7,36,64,201		4,77,54,993

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Sarda & Pareek LLP, Mumbai, FRN: 109262W / W100673

Gopal Sharma & Co., Jaipur

FRN 108959W, Nagpur

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SCHEDULE 11 - OTHER ASSETS :	As on 31st March, 2021	As on 31st March, 2020
I. Inter-Office Adjustments (net)	7,34,01,772	1,51,98,653
II. Interest Accrued	6,16,79,664	2,60,94,473
III. Deferred Tax Assets (Net)	15,67,50,030	7,35,68,800
IV. Stationery and Stamps	68,176	37,137
V. Non-Banking Assets acquired in satisfaction of claims	1,238	390
VI. Others	20,84,20,372	10,54,20,089
VII. Tax paid/Tax deducted at source (Net of Provisions)	6,63,96,665	1,51,13,899
VIII. Goodwill on account of consolidation	-	1,24,942
IX. MAT Credit	1,19,72,569	-
TOTAL	**57,86,90,486**	**23,55,58,383**
SCHEDULE 12 - CONTINGENT LIABILITIES :		
I. Claims against the Bank not acknowledged as debts	3,73,28,046	3,27,51,216
II. Liability for partly paid Investments	41,578	5,920
III. Liability on account of outstanding forward exchange contracts	2,30,09,22,075	1,07,31,67,076
IV. Guarantees given on behalf of Constituents		
i) In India	66,32,75,681	40,28,26,884
ii) Outside India	1,35,04,434	85,05,897
V. Acceptances, Endorsements and Other Obligations	52,14,77,693	32,11,51,391
VI. Other items of Contingent Liability	3,95,261	20,550
VII.) Disputed Tax demands under Appeals	15,71,17,481	3,93,03,240
VIII.) Amount transfered to DEAF Scheme 2014	2,37,52,409	1,33,97,200
TOTAL	3,71,78,14,658	1,89,11,29,374

UNION BANK OF INDIA

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2021

(Rs In 000')

SCHEDULE 13 - INTEREST EARNED :	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
I. Interest/Discount on Advances/Bills	45,83,44,668	25,15,29,336
II. Income on Investments	21,03,54,155	10,73,57,712
III. Interest on Balances with RBI & Other Inter Bank Funds	2,11,89,777	1,20,56,370
IV. Others	32,25,962	38,48,770
TOTAL	69,31,14,562	37,47,92,188
SCHEDULE 14 - OTHER INCOME :		
I. Commission, Exchange and Brokerage	71,37,775	54,57,357
II. Profit on Sale of Investments - (Net)	4,32,96,427	1,42,00,368
III. Profit/ (Loss) on Fixed Asset - (Net)	2,05,851	(39,448)
IV. Profit on Exchange Transactions - (Net)	65,86,479	55,70,186
V. Miscellaneous Income	8,17,64,294	3,27,04,262
TOTAL	13,89,90,826	5,78,92,725

UNION BANK OF INDIA

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2021

(Rs in 000')

SCHEDULE 15 - INTEREST EXPENDED :	For the Year Ended 31St March, 2021	For the Year Ended 31St March, 2020
I. Interest on Deposits	40,83,59,049	24,04,91,500
II. Interest on Reserve Bank of India/Inter Bank Borrowing	1,49,23,543	84,40,287
III. Others	1,78,41,396	94,36,325
TOTAL	44,11,23,988	25,83,68,112

SCHEDULE 16 - OPERATING EXPENSES :		
I. Payments to and Provisions for Employees	9,23,07,898	3,46,38,509
II. Rent, Taxes and Lighting	1,37,79,004	62,89,256
III. Printing and Stationery	9,30,033	5,11,944
IV. Advertisement and Publicity	7,18,677	6,68,012
V. Depreciation on Bank's Property	90,81,502	41,71,977
VI. Directors' Fees, Allowances and Expenses	59,706	46,646
VII. Remuneration to Managing / Executive Director	29,664	11,410
VIII. Auditors' Fees and Expenses (including Branch Auditors)	10,94,891	4,11,311
IX. Law Charges	13,66,141	6,90,230
X. Postage, Telegrams, Telephones, etc.	23,36,294	15,76,962
XI. Repairs and Maintenance	36,62,617	12,68,087
XII. Insurance	1,20,98,687	56,09,563
XIII. Other Expenditure	6,00,50,099	2,59,84,846
TOTAL	19,75,15,213	8,18,78,753

SCHEDULES FORMING PART OF THE ACCOUNTS FOR 2020-21 (CONSOLIDATED)

SINGNIFICANT ACCOUNTING POLICIES : SCHEDULE 17

POLICIES:

1. Basis of Preparation

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated. These are prepared following the Going Concern concept, in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable and practices generally prevalent in the banking industry in India. In respect of foreign offices, statutory provisions and practices prevailing in foreign countries are complied with.

2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amount of Assets and Liabilities (including Contingent Liabilities) as of the date of the financial statements and the reported Income and the Expenses during the reporting period. Management believes that the estimates wherever used in the preparation of the financial statements are prudent and reasonable. Actual results can differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future period.

Significant Accounting Policies

3. Basis of consolidation

a) Bank is having 5 subsidiaries, 4 JVs and 1 associate. The details are as under:-

S. No.	Nature	Entities	Stake
1	Subsidiary	UBI AMC Co Pvt Ltd	100%
2	Subsidiary	Union Trustee Co Pvt Ltd	100%
3	Subsidiary	UBI UK Ltd	100%
4	Subsidiary	ABSFL	100%
5	Subsidiary	UBI Services Ltd.	100%
6	JV	SUD Life	25.10%
7	JV	ASREC (India) Ltd	26.02%
8	JV	Indiafirst Life Insurance Co Pvt. Ltd.	30.00%
9	JV	India International Bank (Malaysia) BHD	25.00%
10	Associate	Chaitanya Godavari Grameena Bank	35%

The consolidated financial statements are prepared on the basis of:

1) Audited Accounts of the parent bank (Union Bank of India)

2) **Consolidation of Subsidiaries:** Line by Line aggregation of the Income/Expenditure/Assets/Liabilities of the subsidiaries with the respective line item of the parent bank, after eliminating all intra-group transactions, unrealized profits/loss in terms of AS 21 on Consolidated Financial Statements issued by Institute of Chartered Accountants of India (ICAI).

3) **Consolidation of Associates:** The Investment in Associate is accounted for consolidation as per Equity Method in terms of AS 23 on Accounting for Investments in Associates in Consolidated Financial Statement issued by Institute of Chartered Accountants of India (ICAI).

4) **Consolidation of Joint Ventures:** Line by Line consolidation is done with proportionate share in Joint Venture in terms of AS-27 on Financials Reporting in Interest of Joint Venture issued by Institute of Chartered Accountants of India (ICAI).

b) In case of Domestic Associate/Subsidiaries and Joint Venture, accounting adjustments arising due to different accounting policies followed by parent bank and associate/subsidiaries and Joint Venture have not been carried out due to practical difficulties on the basis of data provided by associates/ subsidiaries and Joint Venture as the amounts are not material.

c) The difference between cost to the Group of its investment in the subsidiaries and the Parent's portion of the equity of the subsidiaries is recognized in the CFS as Goodwill / Capital Reserve, as the case may be.

d) Minority interest in the net assets of the consolidated subsidiaries consists of:
   - i) The amount of equity attributable to the minority at the date on which investment in a subsidiary is made and
   - ii) The minority share of movements in revenue reserves / loss and equity since the date the parent subsidiary relationship came into existence.
   - iii) The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses

4. **Revenue Recognition**
   - a) **Banking entities**
     - i) Income and Expenditure is generally accounted for on accrual basis unless otherwise stated.
     - ii) Income from Non-Performing Assets (NPAs) is recognized to the extent realized as per the prudential norms prescribed by RBI.
     - iii) Exchange and Brokerage earned, rent on Safe Deposit Lockers, income from Aadhaar Cards etc. are Accounted for on realization basis.
     - iv) Income (other than interest) on investments in "Held to Maturity" (HTM) category acquired at discount to the face value is recognized as follows:
       - a) On interest bearing securities, it is recognized only at the time of sale / redemption.
       - b) On zero coupon securities, it is accounted for over the balance tenor of the securities on a constant yield basis.

v) Dividend is accounted on an accrual basis where the right to receive the same is established.

vi) Sale of NPAs accounted in terms of extant RBI guidelines.

b) Non-Banking entities

Life Insurance

i. Premium Income

Premium (net of Service Tax/GST) is recognized as income when due. For linked business, premium is recognized when the associated units are created. Top up premiums are considered as single premium. Premium on lapsed policies is recognized as income when such policies are reinstated. Commission received on reinsurance ceded is recognized as income in the period in which reinsurance premium is ceded.

ii. Income from linked funds

Income from linked funds which includes premium allocation charges, policy administrative charges, mortality charges, fund management charges etc. are recovered from the linked funds in accordance with the terms and conditions of policies issued.

iii. Reinsurance Premium

Cost of reinsurance ceded is accounted for at the time of recognition of premium income in accordance with the treaty or in principle arrangement with the reinsurer. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

iv. Benefits paid (including claims)

Benefits paid comprise of policy benefits & claim settlement costs, if any. Death, rider & surrender claims are accounted for on receipt of intimation. Survival benefit claims and maturity claims are accounted for when due. Withdrawals & surrenders under linked policies are accounted for in the respective schemes when the associated units are cancelled. Reinsurance recoveries on claims are accounted for in the same period as the related claims.

v. Acquisition Costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts and are expensed in the period in which they are incurred.

vi. Liability for life policies

Actuarial liability for life policies in force and for policies in respect of which premium has been discontinued but a liability exists, is determined by the Appointed Actuary using the gross premium method and in case of group business, unearned premium reserve method, in accordance with accepted actuarial practice, requirements of Insurance Act, 1938, IRDA regulations and the stipulations of Institute of Actuaries of India.

Asset Management

i. Investment management fees are recognized net of service tax on an accrual basis as a percentage of the average daily net assets of the mutual fund schemes (excluding the investments made by the company in the schemes) such that it does not exceed the limit prescribed by the SEBI (Mutual Funds) Regulations, 1996 and any further amendments.

ii. Investment advisory fees are recognized on accrual basis in accordance with the terms of contract with the customers.

iii. Interest income is recognized using the time proportion method, based on the rates implicit in the transaction.

iv. Dividend income is recognized when right to receive is established.

5. Investments

i) Classification

In conformity of the requirements in form A of the Third Schedule to the Banking Regulations Act, 1949, investments are classified as under:

a) Government Securities
b) Other Approved Securities
c) Shares
d) Debentures & Bonds
e) Investments in Subsidiaries & Joint Ventures, and
f) Other Investments

The investment portfolio of the Bank is further categorized in accordance with the RBI guidelines into:

a) Held to Maturity (HTM)
b) Available for Sale (AFS)
c) Held for Trading (HFT)

ii) Basis of Valuation

As per RBI guidelines, the following principles have been adopted for the purpose of valuation:

a) Securities held in "HTM" - at acquisition cost: The excess of acquisition cost over the face value is amortized over the remaining period of maturity and in case of discount; it is not recognized as income.
b) Investment in Regional Rural Banks is valued at carrying cost.
c) Investments in Subsidiaries and Joint Ventures are valued at carrying cost
d) Diminution other than temporary, if any, in valuation of such investments is provided for.
e) Securities held in "AFS" and "HFT" categories are valued classification wise and scrip wise and net depreciation, if any, in each classification is charged to Profit and Loss account while net appreciation, if any, is ignored.
f) Valuation of other securities is arrived at as follows:

a	Govt. of India Securities	As per quotations put out by Fixed Income Money Market and Derivatives Association (FIMMDA)
b	State Development Loans, Securities guaranteed by Central / State Government, PSU Bonds	On appropriate yield to maturity basis as per FIMMDA guidelines
c	Equity Shares	As per market rates, if quoted, otherwise at Book value, as per latest Audited Balance Sheet (not more than 1 year old). In the absence of both, at Rs 1/- per Company.
d	Preference Shares	As per market rates, if quoted, or on appropriate yield to maturity basis not exceeding redemption value as per FIMMDA Guidelines

e	Debentures/Bonds	As per market rates, if quoted, otherwise on appropriate yield to maturity basis as per FIMMDA guidelines.
f	Mutual Funds(MF)	As per stock exchange quotations, if quoted. In case of unquoted units, as per latest Repurchase price declared by concerned MF. In cases where latest repurchase price is not available, as per Net Asset Value (NAV)
g	Treasury Bills / Certificate of Deposits / Commercial Papers	At carrying cost
h	Venture Capital Funds (VCF)	At declared NAV or Breakup NAV as per audited Balance Sheet which is not more than 18 months old. If NAV / audited financial statements are not available for more than 18 months continuously, at Rs.1/- per VCF
i	Security Receipts	At NAV as declared by Securitization Companies

iii) Interbank REPO / Reverse REPO transactions are accounted for in accordance with extant RBI guidelines.

iv) As per the extant RBI guidelines, the shifting of securities from one category to another is accounted for as follows:
   a) From AFS / HFT categories to HTM category, at lower of book value or market value as on the date of shifting. Depreciation, if any, is fully provided for.
   b) From HTM category to AFS / HFT category,
      - If the security is originally placed at discount in HTM category, at acquisition cost/ book value
      - If the security is originally placed at a premium, at an amortized cost.
   c) From AFS to HFT category and vice versa, at book value.
   d) The securities so shifted are revalued immediately and resultant depreciation is fully provided for.

v) The non-performing investments are identified and depreciation/ provision is made as per the extant RBI guideline.

vi) Profit / Loss on sale of investments in any category is taken to the Profit and Loss account. However, in case of profit on sale of investments in "HTM" category, an equivalent amount (net of taxes and net of transfer to Statutory Reserves) is appropriated to the Capital Reserve account.

vii) Commission, brokerage, broken period interest etc. on securities is debited / credited to Profit & Loss account.

viii) As per the extant RBI guidelines, the Bank follows 'Settlement Date' for accounting of investments transactions.

6. **Derivative Contracts:**

The Interest Rate Swap (IRS) which hedges interest bearing asset or liability are accounted for in the financial statements on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost or market value. Gains or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset / liability.

(i) Trading swap transactions are marked to market with changes recorded in the financial statements.

(ii) In the case of option contracts, guidelines issued by Foreign Exchange Dealers Association of India (FEDAI) from time to time for recognition of income, premium and discount are being followed.

7. Advances

i) Advances in India, are classified under four categories, i.e. (a) Standard, (b) Sub-standard, (c) Doubtful and (d) Loss assets. Provisions required on such advances are made as per the extant prudential norms issued by the RBI. In respect of Advances made in overseas branches, Advances are classified in accordance with Prudential Norms prescribed by the RBI or local laws of the host country in which advances are made, whichever is more stringent.

ii) Advances are stated net of specific loan loss provisions, counter cyclical provisioning buffer and provision for diminution in fair value of restructured advances and unrecovered interest held in sundry / claims received from Credit Guarantee Trust for Micro & Small Enterprises (CGTMSE)/Export Credit Guarantee Corporation (ECGC) relating to non-performing assets.

iii) The general provision on standard advances is held in "Other Liabilities and Provisions" reflected in Schedule 5 of the balance sheet and is not considered for arriving at both net NPAs and net advances.

8. **Fixed Assets and Depreciation**

i) Fixed Assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit/functioning capability from/of such assets. Land and Buildings, if revalued are stated at revalued amount. The appreciation on revaluation is credited to Revaluation Reserve and the depreciation provided thereon is deducted there from.

Pursuant to revised Accounting Standard 10- Property Plant and Equipment effective from 01.04.2017, depreciation on revalued portion of the fixed assets is transferred from Revaluation Reserve to Revenue Reserve and not through Profit & Loss Account.

ii) Depreciation on Fixed Assets is provided for on the Straight Line Method at the rates prescribed in Expenditure Policy of the Bank from time to time. The applicable rates of depreciation are as under:

S. No	Capital Asset	Useful Life (Years)	Rate in percentage
1	Immovable Property- Land	Not stipulated; accordingly, no depreciation	NIL
2	Building with RCC frame structure (Both Residential & Non residential)	60	1.67
3	Furniture	10	10.00
4	Fixtures	10	10.00
5	Air-conditioning plants (Package & water/air cooled ductable)	10	10.00
6	Split & Window Air conditioners	5	20.00
7	Electrical installments and equipments	5	20.00
8	Solar Power Equipment	15	6.67
9	Elevators & Lifts	15	6.67
10	Civil & Flooring work in leased Premises	5	20.00
11	Telephone Equipment	5	20.00
12	Motor Cycles, Scooters & other mopeds	10	10.00
13	Motor Cars, Motor Lorries and Electrically operated vehicles including battery powered or fuel cell powered vehicles	8	12.50
14	Mobile Phones	3	33.33
15	Generators	15	6.67
16	Office Equipment	5	20.00
17	Computers & computer software forming integral part of hardware	3	33.33
18	ATM & allied items	3	33.33
19	UPS & allied items	5	20.00
20	Servers & Networks	6	16.66
21	Computers-End user devices such as desktops, laptops, printer & Scanner etc.	3	33.33

iii) Depreciation on premises is provided on composite cost, wherever the value of Land and Buildings is not separately identifiable.

iv) Depreciation on Leased assets and Leasehold improvements is recognized on a straight-line basis using rates determined with reference to the primary period of lease.

v) Depreciation on fixed assets outside India and fixed assets of subsidiaries / associates is provided as per regulatory requirements / or prevailing practices of respective country / industry.

9. Impairment of Assets

The carrying costs of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

10. Counter Cyclical Provisioning Buffer

The Bank has a policy for creation and utilization of Counter Cyclical Provisioning Buffer separately for advances and investments. The quantum of provision to be created is assessed at the end of each financial year. The counter cyclical provisions are utilized only for contingencies under extra ordinary circumstances specified in the policy with prior permission of the RBI.

11. Transactions involving Foreign Exchange

Accounting for transactions involving foreign exchange is done in accordance with AS 11, (The Effects of Changes in Foreign Exchange Rates), issued by the ICAI. As stipulated in AS 11, the foreign currency operations of the Bank are classified as under

b) Integral Operations and
c) Non Integral Operations.

All Overseas Branches, Offshore Banking Units, Overseas Subsidiaries are treated as Non Integral Operations and domestic operations in foreign exchange and Representative Offices are treated as Integral Operations.

a) **Translation in respect of Integral Operations**
   i) Income and Expenditure items are recognized at the exchange rates prevailing on the date of the transaction.
   ii) Foreign Currency Monetary and Non-Monetary Assets and Liabilities are translated at the closing spot rates notified by FEDAI at the end of each quarter.
   iii) Contingent liabilities on account of guarantees, acceptances, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the close of the year
   iv) The resulting exchange differences are recognized as income or expenses and are accounted through Profit and Loss Account.
   v) Forward exchange contracts are recorded at the exchange rate prevailing on the date of commitment. Outstanding forward exchange contracts are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of 'in-between' maturities. The resultant gains or losses are recognized in the Profit and Loss account.

b) **Translation in respect of Non Integral Operations**
   i) Assets and Liabilities (including contingent liabilities) are translated at the closing spot rates notified by FEDAI at the end of each quarter
   ii) Foreign Exchange Spot and Forwards contingent liabilities outstanding as at the balance sheet date are translated at the closing spot and forward rates

respectively notified by FEDAI and at interpolated rates for contracts of interim maturities.

iii) Income and Expense are translated at quarterly average rate notified by FEDAI at the end of each quarter.

iv) The resulting exchange differences are not recognized as income or expense for the period but accumulated in a separate account "Foreign Currency Translation Reserve" till the disposal of the net investment.

12. Employee Benefits

A. Short Term Employment Benefits:

The undiscounted amounts of short term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the service are treated as short term and recognized during the period in which the employee rendered the service.

B. Long Term Employee Benefits:

i. Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/ employees joining the Bank on or after 1st April, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

ii. Defined Benefit Plan:

Gratuity, Pension and Leave Encashment are defined benefit plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

13. Segment Reporting

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in the compliances with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. Business segments are classified into:

13.1 Treasury Operations,
13.2 Corporate and Wholesale Banking,
13.3 Retail Banking Operations and
13.4 Other Banking Operations

14. Lease Transactions

Lease payments for assets taken on operating lease are amortized over the lease term. The properties taken on lease / rental basis are renewable / cancellable at the option of the Bank. The Bank's liabilities in respect of disputes pertaining to additional rent / lease rent are recognized on settlement or on renewal.

15. Earnings Per Share

Earnings per share are calculated by dividing the net profit or loss (after tax) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share are calculated by using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

16. Taxation

This comprises of provision for Income tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) as determined in accordance with AS-22 on "Accounting for taxes on Income" issued by ICAI. Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rate. Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'reasonable certainty' that sufficient future taxable income will be available against which such Deferred Tax Assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, Deferred Tax Assets are recognized only if there is "virtual certainty".

17. Provisions, Contingent Liabilities and Contingent Assets

As per AS 29 (Provisions, Contingent Liabilities and Contingent Assets) issued by the ICAI, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of Income that may never be realized.

18. Share Issue Expenses:

Share Issue expenses are charged to the Share Premium account.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR 2020-21 (CONSOLIDATED)

SCHEDULE 18 - NOTES TO ACCOUNTS

1 The particulars of the subsidiaries whose financial statements are consolidated with the standalone financial statement of the Bank (the Parent) are as under:

Names of Subsidiaries	Country of Incorporation	Proportion of Ownership by the parent as on 31.03.2021
Union Asset Management Company Private Limited	India	100%
Union Trustee Company Private Limited	India	100%
Union Bank of India UK Limited	United Kingdom	100%
ABSFL	India	100%
UBI Services ltd	India	100%

2 The particulars of Joint Venture considered in the Consolidated Financial Statements are as under :

Names of Joint Venture	Country of Incorporation	Proportion of Ownership
Star Union Dai-Ichi Life Insurance Company Limited (Non- Banking)	India	25.10%
ASREC (India) Ltd	India	26.02%
India first life insurance co Pvt ltd	India	30.00%
India international bank (MALAYSIA) BHD	India	25.00%

3 The particulars of Associate considered in the Consolidated Financial Statements are as under:

Names of Associates	Country of Incorporation	Proportion of Ownership
Chaitanya Godavari Grameena Bank	India	35%

The Value of the investment made by the Bank is Rs 1684.96 Crore as on 31st March 2021 which is treated as long term investment.

4 The financial statements of the subsidiaries, joint venture and associate which are used in the consolidation have been drawn up to the same reporting date as that of the Parent i.e. 31st March 2021.

5 The Consolidated Financial Statements have been prepared on the basis of audited financial statements of Star Union Dai-ichi Life Insurance Company Limited, Union Asset Management Company Private Limited, Union Trustee Company Private Limited, Union Bank of India (UK) Limited, Chaitanya Godavari Grameena Bank, India First Life Insurance Co., India International Bank (Malaysia) BHD, UBI Services LTD. and unaudited financials of Andhra Bank Fin Services and ASREC(INDIA) Limited for the financial year ended 31.03.2021.

6 Adjustment of outstanding entries in Suspense Accounts, Sundry Deposits, Clearing Adjustments, Bank Reconciliation Statements and various Inter-branch/office accounts is in progress on an ongoing basis.

Pending final clearance of the same, the overall impact, if any, on the accounts, in the opinion of the management will not be significant.

7 DISCLOSURES IN TERMS OF THE RESERVE BANK OF INDIA GUIDELINES

7.1. A. Capital

The Bank is subjected to Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2020. As per guidelines, the Tier I capital is made up of Common Equity Tier I (CET I) and Additional Tier I.

Basel III guidelines require the Bank to maintain minimum capital to Risk Weighted Assets ratio (CRAR) of 10.875% with minimum CET I of 7.375% (inclusive of Capital Conservation Buffer of 1.875%) and minimum Tier I CRAR of 9.50% as at March 31, 2021.

However, RBI vide its circular No. DOR.CAP.BC.No.34/21.06.201/2020-21 dated February 5, 2021, has extended deferment of last tranche of Capital Conservation Buffer i.e, deferment of implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2020 to September 2020. Further, the RBI vide its circular no. DOR.BP.BC.No.15/21.06.201/2020-21 dated Sep 29, 2020 has extended till March 2021 for achievement of ratios as mentioned above due to deferment of implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from September 30, 2020 to March 2021.

The Government of India (GOI), Ministry of Finance, Department of Financial Services vide Gazette Notification CG-DL-E-04032020-216535 dated 4th March, 2020 approved the scheme of amalgamation of Andhra Bank and Corporation Bank (Amalgamating Banks) into Union Bank of India effective from 1st April, 2020.

a) The working results for the year ended 31st March, 2021 include operations of erstwhile Andhra Bank and erstwhile Corporation Bank. Hence the results for the current year are not comparable with corresponding periods of previous year.

b) The Bank has adopted "Pooling of Interest" method as prescribed under the Accounting Standard - 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India (ICAI), to record amalgamation of Andhra Bank and Corporation Bank (the amalgamating banks) with the Bank with effect from 1st April, 2020.

Accordingly, the difference of Rs.1309.60 Crore between the net assets of amalgamating banks and the amount of shares issued to shareholders of the amalgamating banks has been recognized as Amalgamation Reserve in the opening balance sheet as on 1st April, 2020. The Bank has considered this amount under CET I for the purpose of calculation of CRAR.

The computation of Capital Adequacy as per the framework is indicated below:

Sr. No	Particulars	31.03.2021	31.03.2020
i)	Common Equity Tier 1 Capital ratio (CET 1) (%) Basel III	9.04	9.33
ii)	Tier I Capital ratio (%) Basel III	10.32	10.67
iii)	Tier II Capital ratio (%) Basel III	2.20	2.04
iv)	Total Capital ratio (CRAR) (%) Basel III	12.52	12.71
v)	Percentage of the shareholding of the Government of India (%)	89.07	86.75
vi)	Amount of Equity Capital raised : (Rs in crore)	Nil	11767.99
vii)	Amount of Additional Tier I capital raised : (Rs in crore)	1705.00	Nil
Viii	Amount of Tier II Capital raised : (Rs in crore)	2000.00	Nil
	of which Debt capital instruments : (Rs in crore)	2000.00	Nil

During the year the Bank has raised Basel III compliant AT-1 and Tier-2 bonds of Rs.1705 Crore and Rs.2000 Crore respectively. Also the Bank has exercised call option and has redeemed AT-1 and Tier-2 bonds of Rs. 800 and Rs.3050 Crore (of which Rs.1050 is Basel II compliant).

In terms of notification no. CG-DL-E-23032020-218862 dated 23rd March, 2020, issued by Ministry of Finance, Department of Financial Services, Government of India containing amendment in Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, after obtaining approval of Shareholders in Annual General Meeting held on 4th August, 2020 and also after the approval of RBI, the Bank has set off accumulated losses of Rs.32,758.49 Crore against securities premium account as it stood on 1st April, 2020.

7.2 Provisions and Contingencies

(Rs in crore)

Break up of Provision & Contingencies shown under the head in Profit & Loss:	31.03.2021	31.03.2020
Provision / (Reversal) for Depreciation on Investment	432.09	372.37
Provision towards NPA	13733.74	9462.39
Provision towards Harmonization (refer note below)	323.86	2509.98
Provision(Reversal) towards Standard Assets	1246.34	508.09
Net Provision made towards Income Tax/Deferred tax	(500.84)	(1110.39)
Other Provision and Contingencies;	1283.40	542.19
TOTAL	16518.60	12284.63

Note - The amalgamation of Andhra Bank and Corporation Bank with Union Bank of India has been effected w.e.f. April 1, 2020 in terms of GOI Notification CG-DL-E-04032020-216535 G.S.R.154 (E) dated March 4, 2020. Accordingly, the Bank, as a prudential measure, has made harmonization provisioning in its Books of Accounts for the position as on 31st March, 2020 with regard to impact of divergence in Asset Classification across Union Bank of India, Andhra Bank and Corporation Bank as per extant IRACP norms. The Bank on standalone basis had made an additional harmonization provision amounting to Rs 2509.98 Crore and the same is included in the total NPA provision. Further, the Bank had made additional harmonization provision of Rs.323.86 Crore during the FY 2020.21.

7.3 Counter Cyclical Provisioning Buffer / Floating Provision:

(Rs in crore)

Sr. No	Particulars	31.03.2021	31.03.2020
i)	Opening Balance	306.20	293.20
ii)	Additional provisions made during the accounting year	Nil	Nil
iii)	Amount of drawdown made during the accounting year	Nil	Nil
iv)	Closing balance	306.20	293.20

8 EMPLOYEE BENEFITS (AS 15 - REVISED) (Parent Bank)

(A) Short Term Employment Benefits:

The undiscounted amounts of short term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the service are treated as short term and recognized during the period in which the employee rendered the service.

(B) **Long Term Employee Benefits:**

i. **Defined Contribution Plans:**
The Bank operates a new pension scheme (NPS) for all officers/ employees joining the Bank on or after 1st April, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust,

The Bank has Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after April 1, 2010. The scheme is managed by National Pension Scheme (NPS) Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2020-21, the Bank has contributed Rs 297.92 crore (Previous Year Rs 120.24 crore) to NPS.

ii. **Defined Benefit Plan:**
Gratuity, Pension and Leave Encashment are defined benefit plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

The Bank has accounted for employee benefits as per Accounting Standards issued by the Institute of Chartered Accountants of India, as per actuarial valuation report for the year ended March 31, 2021.

	Particulars	31.03.2021		31.03.2020	
		Gratuity	Pension	Gratuity	Pension
i)	**Table showing change in Defined Benefit Obligation ;**				
	Liability at the beginning of the year	2,738.03	24,553.31	1,222.64	12,158.43
	Interest Cost	187.28	1,667.17	95.24	945.93
	Current Service Cost	137.71	265.17	59.54	90.78
	Past Service Cost (Vested Benefit Amortized)	Nil	Nil	Nil	Nil
	Past Service Cost (Vested Benefit)	Nil	Nil	Nil	Nil
	Liability Transfer in	Nil	Nil	Nil	Nil
	Liability Transfer out	Nil	Nil	Nil	Nil
	(Benefit paid)	(433.15)	(1,682.84)	(198.23)	(809.13)
	Actuarial (Gain)/loss on obligation -due change In the financial assumption	(26.36)	(247.67)	86.88	(578.22)
	Actuarial (Gain) / Loss on obligations	752.31	1,456.27	25.87	938.90
	Liability at the end of the year	3,355.82	26,011.41	1,291.94	12,746.69

	Particulars	31.03.2021		31.03.2020	
		Gratuity	Pension	Gratuity	Pension
ii)	Table of Fair value of Plan Assets:				
	Fair value of Plan Assets at the beginning of the year	2,671.12	23,145.31	1,202.14	12,308.84
	Expected return on Plan Assets	182.70*	1,571.57*	93.65*	957.63*
	Contributions	291.35	3,605.19	114.25	74.59
	Transfer from Other Company	Nil	Nil	Nil	Nil
	Transfer to Other Company	Nil	Nil	Nil	Nil
	(Benefit paid)	(433.15)	(1,682.84)	(198.23)	(809.13)
	Actuarial (Gain)/loss on Plan Assets	(34.41)	(81.65)	(7.20)	(75.23)
	Fair Value of Plan Assets at the end of the year	2,746.43*	26,720.88*	1,219.01*	12,607.16*
	Actuarial (Gain)/loss on obligation for the period	725.95	1,208.60	112.75	360.68
	Actuarial (Gain)/loss on Plan Assets	(34.41)	(81.65)	(7.20)	(75.23)
	Total Actuarial (Gain)/loss to be recognized	691.54	1,126.95	105.55	285.45
iii)	**Recognition of Transitional Liability :**				
	Transitional Liability at start	Nil	Nil	Nil	Nil
	Transitional Liability recognized during the year	Nil	Nil	Nil	Nil
	Transitional Liability at end	Nil	Nil	Nil	Nil
iv)	**Actual return on Plan Assets :**				
	Expected Return on Plan Assets	182.70	1,571.57	93.65	957.63
	Actuarial Gain/(Loss) on Plan Assets	34.41	81.65	7.20	75.23
	Actual return on Plan Assets	217.11	1,653.22	100.85	1,032.86
v)	Expenses recognized in the Income Statement:				
	Current Service Cost	137.71	265.17	59.54	90.78
	Interest Cost	4.58	95.60	1.59	(11.70)
	Expected Return on Plan Assets				
	Past Service Cost (Vested Benefit Amortized) recognized	Nil	Nil	Nil	Nil
	Past Service Cost (Vested Benefit)	Nil	Nil	Nil	Nil
	recognized	Nil	Nil	Nil	Nil
	Recognition of Transition Liability	Nil	Nil	Nil	Nil
	Actuarial (Gain) or Loss	691.54	1,126.95	105.55	285.45
	Expenses Recognized in P & L	833.83	1,487.72	166.68	364.53
vi)	Balance Sheet Reconciliation:				
	Opening Net Liability (Last year net amount recognized in the balance sheet)	66.91	1,408.00	20.50	(150.41)
	Expenses as above	833.83	1,487.72	166.68	364.53
	Transfer from other Company (Net)	Nil	Nil	Nil	Nil
	Transfer to other Company (Net)	Nil	Nil	Nil	Nil
	(Employer Contribution)	(291.35)	(3,605.19)	(114.25)	(74.59)
	Net (Asset)/Liability Amount recognized in Balance Sheet	609.39	(709.47)	72.93	139.53

	Particulars	31.03.2021		31.03.2020	
		Gratuity	Pension	Gratuity	Pension
vii)	Other Details: Pension is payable at the rate of 1/66 Salary for Each Year of Service Subject to Maximum of 50%. Gratuity is payable at the rate of 15 days salary for each year of service subject to maximum of `20, 00,000 or as per the Bank scheme. Actuarial gain / loss is accounted for in the year of occurrence. Salary escalation is considered as advised by the company which is in line with the industry practice considering promotion and demand and supply of the employees.				
	No. of Members	78,203	28,235	37,323	13,839
	Salary Per Month	354.09	210.64	193.54	89.29
	Contribution for next year	354.09	-	144.39	213.65
viii)	Category of assets:				
	Government of India Assets	64.56	601.59	64.14	198.34
	Corporate Bonds/FDR	96.29	1029.07	88.78	1,004.11
	Special Deposits Scheme	-	-	-	-
	State Govt.	125.89	1150.74	161.47	995.87
	Property	Nil	Nil	Nil	Nil
	Other	185.67	1,426.35	35.33	322.26
	Insurer Managed Funds	2,252.98	22,235.49	869.29	10,086.58
	Mutual Fund	21.04	277.64	-	-
	Total	2,746.43	26,720.88	1,219.01	12,607.16

**Note: Return on investments in LIC & other insurance companies is considered as 7.00% while arriving at the Fair Value of Plan Assets, due to Covid-19 crisis the same is yet to be declared by the Insurance companies for the FY2020-21.*

(Rs in crore)

Surplus/Deficit in the Plan:	Gratuity Plan				
Amount recognized in the Balance-Sheet	**31.03.21**	**31.03.20**	**31.03.19**	**31.03.18**	**31.03.17**
Liability at the end of the year	3,355.82	1291.94	1,222.64	1,244.88	1,114.72
Fair value of Plan Assets at the end of the year	2,746.43	1219.01	1,202.14	1,302.00	1,333.03
Difference	(609.39)	(72.93)	(20.50)	57.12	218.31
Unrecognized Past Service Cost	Nil	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	(609.39)	(72.93)	(20.50)	57.12	218.31

Amount recognized in the Balance-Sheet	Gratuity Plan				
Experience Adjustment	31.03.21	31.03.20	31.03.19	31.03.18	31.03.17
On plan liability (Gain) / Loss	752.31	25.87	7.91	(142.26)	(13.96)
On plan Assets (Loss) / Gain	34.41	7.20	(13.03)	10.64	42.42

Surplus/Deficit in the Plan:	Pension Plan				
Amount recognized in the Balance-Sheet	31.03.21	31.03.20	31.03.19	31.03.18	31.03.17
Liability at the end of the year	26,011.41	12,746.69	12,158.43	11,803.32	11,231.15
Fair value of Plan Assets at the end of the year	26,720.88	12,607.16	12,308.84	12,115.00	11,214.89
Difference	709.47	(139.53)	150.41	311.68	(16.26)
Unrecognized Past Service Cost	Nil	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	709.47	(139.53)	150.41	311.68	(16.26)

Amount recognized in the Balance-Sheet	Pension Plan				
Experience Adjustment	31.03.21	31.03.20	31.03.19	31.03.18	31.03.17
On plan liability (Gain) / Loss	1,456.27	938.90	125.22	(37.82)	793.17
On plan Assets (Loss) / Gain	81.65	75.23	7.18	(21.39)	526.25

	Principal actuarial assumption used (%)	2020-2021		2019-2020	
		Gratuity	Pension	Gratuity	Pension
	Discount Rate Prev.	6.84	6.79	7.79	7.78
	Rate of return on Plan Assets Prev.	6.84	6.79	7.79	7.78
	Salary Escalation Prev.	5.00	5.00	5.00	5.00
	Attrition Rate Prev.	2.00	2.00	2.00	2.00
	Discount Rate Current	6.93	6.91	6.84	6.79
	Rate of Return on Plan Assets Current	6.93	6.91	6.84	6.79
	Salary Escalation Current	5.00	5.00	5.00	5.00
	Attrition Rate Current	2.00	2.00	2.00	2.00

(C) Other long term Employee Benefits:

Details of Provisions made for various Long Term Employees Benefits during the year are as follows:

(Rs in crore)

Sr. No.	Other Long Term Benefits	31.03.2021	31.03.2020

1.	Pension	1,487.72	364.53
2.	Leave Travel Concession	27.45	(3.44)
3.	Leave Encashment	102.29	116.76
4.	Sick Leave	Nil	Nil

9 SEGMENT REPORTING (AS-17)

10.1. Business Segments: (Rs in Crore)

Business Segment		Consolidated	
		Year Ended	
		(Audited)	(Audited)
		31.03.2021	31.03.2020
(a)	Segment Revenue		
1	Treasury Operations	27,382.29	11,440.18
2	Retail Banking Operations	24,817.48	11,128.91
3	Corporate /Wholesale Banking	26,541.51	15,401.50
4	Other Banking Operations	1,371.54	646.77
5	Unallocated	3,240.26	1002.26
	Total Segment Revenue	83,353.08	39,619.62
	Less Inter-segment Revenue	(142.54)	(264.24)
	Income from operations	83,210.54	39,355.38
(b)	Segment Results (i.e. Profit/(Loss) before Tax)		
1	Treasury Operations	6,157.83	2,767.14
2	Retail Banking Operations	4,197.57	947.37
3	Corporate /Wholesale Banking (Before Exceptional Item)	(8,823.12)	(8,114.53)
	Add: Exceptional item	-	-
	Corporate /Wholesale Banking (After Exceptional Item)	(8,823.12)	-
4	Other Banking Operations	733.23	285.87
5	Unallocated	61.67	180.99
	Total Profit/(Loss) Before Tax	2,327.18	(3,933.16)
(c)	Provision for Tax	(500.84)	(999.75)
(d)	Net Profit/(Loss) After Tax	2,828.02	(2933.41)
	Add: Share of profit in Associate	35.38	11.06
	Consolidated Net Profit/(Loss)	2,863.40	(2922.35)
(e)	Segment Assets		
1	Treasury Operations	427,941.43	1,75,059.13
2	Retail Banking Operations	277,171.79	1,27,310.28
3	Corporate/Wholesale Banking	341,941.30	1,78,851.72
4	Other Banking Operations	-	0.00
5	Unallocated Assets	35,322.87	17,359.41
	Total Assets	1,082,377.39	4,98,580.54
(f)	Segment Liabilities		
1	Treasury Operations	419,807.14	1,68,754.95
2	Retail Banking Operations	253,344.66	1,23,368.05
3	Corporate /Wholesale Banking	310,531.92	1,73,313.47
4	Other Banking Operations	-	0.00
5	Unallocated Liabilities	33,955.90	5,308.42

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	Total Liabilities	1,017,639.62	4,71,744.89
(g)	**Capital Employed (Segment Assets-Segment Liabilities)**		
1	Treasury Operations	8,134.29	6,304.18
2	Retail Banking Operations	23,827.13	3,942.23
3	Corporate /Wholesale Banking	31,409.38	5,538.25
4	Other Banking Operations	-	0.00
5	Unallocated Liabilities	1,366.97	11,050.99
	Total Capital Employed	64,737.77	26,835.65

Notes:

1. The Bank operates in four segments viz., Treasury, Retail, Corporate / Wholesale and Other Banking Operations. These segments have been identified in line with AS-17 on segment reporting issued by Institute of Chartered Accountants of India (ICAI) after considering the nature and risk profile of the products and services, the target customer profiles, the organizational structure and the internal reporting system of the bank. The bank has disclosed the business segment as primary segment. The revenue and other parameters prescribed in AS-17 of foreign branch for the period are within the threshold limits as stipulated under AS-17 and hence the bank has only one reportable geographical segment.
2. Segment wise income, expenditure, Capital employed which are not directly allocable have been allocated to the reportable segments based on assumptions as considered appropriate by the management.
3. There has been change in the methodology of allocation of various items in reportable segments due to which previous periods figures have been regrouped/recasted.

10 RELATED PARTY DISCLOSURES (AS-18)

10.1 List of Related Parties

a) Subsidiaries

- Union Asset Management Co. Pvt. Ltd.
- Union Trustee Company Pvt. Ltd.
- Union Bank of India (UK) Ltd.
- Andhra Bank Financial Services Ltd.
- UBI Services Ltd.

b) Joint Venture

- Star Union Dai-Ichi Life Insurance Co. Ltd.
- ASREC (India) Ltd.
- India International Bank (Malaysia) Berhad
- IndiaFirst Life Insurance Co. Ltd.

c) Associate

- Chaitanya Godavari Grameena Bank

d) Key Management Personnel

Name	Designation	Joining/Cessation during the year 2020-21
Shri Rajkiran Rai G.	Managing Director & CEO	N.A.
Shri Gopal Singh Gusain	Executive Director	N.A.

Shri Dinesh Kumar Garg	Executive Director	N.A.
Shri Shri Birupaksha Mishra	Executive Director	Joining on 01.04.2020 (consequent to amalgamation of Corporation Bank into Union Bank of India), Cessation on 31.01.2021
Shri Manas Ranjan Biswal	Executive Director	N.A.
Shri Nitesh Ranjan	Executive Director	Joining on 10.03.2021

Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker - Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

10.2 Key Management Personnel - Remuneration paid.

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Chairman and Managing Director	0.34	0.30
Executive Directors	1.11	0.81
Total	1.45	1.14

11 EARNING PER SHARE (AS-20)

Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of diluted potential equity shares outstanding during the year.

The computation of earnings per share is given below:

Particulars	31.03.2021	31.03.2020
Number of Equity shares at the beginning of the year	640,68,44,355	1,76,30,16,314
Number of Equity shares issued during the year	Nil	1,65,98,02,538
Number of Equity shares outstanding at the end of the year	640,68,44,355	3,42,28,18,852
Weighted Average Number of Equity Shares used in computing Basic Earnings per share	640,68,44,355	2,32,08,18,806
Weighted Average Number of Shares used in computing diluted Earnings per share	640,68,44,355	2,32,08,18,806
Net Profit/(Loss) Rs in Crore	2863.40	(3120.88)
Basic Earnings per share (Rs)	4.47	(13.45)
Diluted Earnings per share (Rs)	4.47	(13.45)
Nominal Value per share (Rs)	4.47	10

12 PROVISION FOR TAXES:

Deferred Tax (as-22)

(Rs in crore)

Sr. No.	Particulars	31.03.2021	31.03.2020
	Deferred Tax Assets		
1	Employee Benefits (Leave Encashment)	457.76	294.57

Sr. No.	Particulars	31.03.2021	31.03.2020
2	Depreciation on Fixed Assets	298.39	112.05
3	On account of other provisions	18,193.01	9,239.00
4	On account of unabsorbed losses and Tax Credits	0.00	0.00
	Total	1,8949.17	9,645.63
	Deferred Tax Liabilities		
1	Accrued interest on securities	1,104.51	806.32
2	Special Reserves u/s 36(i)(viii)	1,924.67	1,004.64
3	Depreciation on Investment	237.86	477.79
	Total	3,267.04	2,288.75
	Net Deferred Tax Asset	15,682.13	7,356.88
	Net Deferred Tax Liability	Nil	Nil

13 **IMPAIRMENT OF ASSET (AS-28)**

In the opinion of the Management, there is no indication for Impairment during the year with regard to the asset to which Accounting Standards 28 applies.

14 Additional information disclosed in the separate financial statements of the parent and the subsidiaries have no bearing on the true and fair view of the Consolidated Financial Statements (CFS) and also the information pertaining the items which are not material, have not been disclosed in the CFS.

15 Outbreak of COVID-19 Pandemic has adversely impacted the economic activity across the globe including the Indian economy. To tide over the pandemic, the Government of India has announced series of lock down since March 2020 and subsequent phased unlocking as well. However, the current second wave of Covid-19 pandemic, with increased number of cases, has resulted in re-imposition of lockdown in regionalized manner across the country. Though the situation continues to remain uncertain the Bank is continuously monitoring the situation and taking all possible measures to ensure continuance of full-fledged banking operations. The management believes that there would not be any significant impact on Bank's performance in future and going concern assumptions.

16 There is change in the accounting policies/estimates followed (with effect from 1st April, 2020) during the year ended 31st March, 2021 as compared to those followed in the preceding financial year ended 31st March, 2020:

a) With effect from 1st April, 2020, the income on account of LC/BG commission is recognized as revenue on accrual basis as against receipt basis followed in earlier periods. Impact due to the change in accounting policy has resulted in decrease in other income and net profit (before tax) for the year by Rs. 441.06 Crore.

b) Pursuant to amalgamation of Andhra Bank and Corporation Bank into Union Bank of India, there is a change in method of depreciation on Fixed Assets from Written Down Value to Straight Line Method and change in estimated useful life with respect to some categories of assets. Impact due to the said changes has resulted in increase in depreciation and decrease in net profit (before tax) of Rs. 3.24 Crore for the year ended 31st March, 2021. However, due to harmonisation, one time impact on the depreciation during the year amounting to Rs.180.16 Crore.

17 The figures of the previous year have been regrouped / rearranged wherever considered necessary.

Signatories to Schedules 1 to 18

(DHIRENDRA JAIN)
DEPUTY GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCE OFFICER

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(MANAS RANJAN BISWAL)
EXECUTIVE DIRECTOR

(DINESH KUMAR GARG)
EXECUTIVE DIRECTOR

(GOPAL SINGH GUSAIN)
EXECUTIVE DIRECTOR

(RAJ KIRAN RAI G.)
MANAGING DIRECTOR & CEO

(DR. MADNESH KUMAR MISHRA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(DR. UTTAM KUMAR SARKAR)
DIRECTOR

(K. KADIRESAN)
DIRECTOR

(JAYADEV M.)
DIRECTOR

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Chartered Accountants
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Partner
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CA P M Veeramani
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For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Pradeep Kumar Gupta
Partner
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For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA. Vijay Garg
Partner
Membership No.: 076387
UDIN: 21076387AAAAAF6420

Place: Mumbai
Date: 07th June, 2021

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M/s Gopal Sharma & Co.
Chartered Accountants
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Jaipur – 302001

Independent Auditors' Report

To
The President of India /
The Members of Union Bank of India
Mumbai

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of Union Bank of India ('the Bank'), which comprise the Balance Sheet as at 31 March 2021, the Profit and Loss Account and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date of
    - i) 20 branches, 1 Treasury Branch audited by us, 18 FGMO Offices audited by us
    - ii) 5650 branches audited by statutory branch auditors and
    - iii) 3 overseas branches audited by local auditors.

    The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India (the RBI). Also incorporated in the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows are the returns from 4042 branches which have not been subjected to audit. These unaudited branches account for 7.60 percent of advances, 19.67 per cent of deposits, 6.14 per cent of interest income and 18.37 per cent of interest expenses.

    In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India and:

    a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2021;
    b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit for the year ended on that date; and
    c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the financial statements in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India ('RBI") from time to time and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

3. We draw your attention to Note No.1.1 of schedule 18 – Notes to Accounts to the standalone financial statements which describes Government approved scheme of amalgamation and basis for preparation of these financial results adopting "Pooling of Interest" method as prescribed under the Accounting Standard – 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India (ICAI), to record amalgamation of erstwhile Andhra Bank and erstwhile Corporation Bank (amalgamating banks) with the bank with effect from 1st April 2020. The financial results for the year are not comparable with corresponding previous period.

   We draw your attention to Note No. 1.1 of schedule 18 – Notes to Accounts to the standalone financial statements which describes consideration of amalgamation reserve amounting to ₹. 1309.60 crores as a part of CET I Capital for the purpose of calculation of Capital Adequacy Ratio for the quarter / year ended 31st March 2021.

   We draw your attention to Note No. 1.1 of schedule 18 – Notes to Accounts to the standalone financial statements which describes that during the year the bank has set off entire accumulated loss amounting to ₹. 32,758.49 crore (as at 1st April 2020) against securities premium account as per the approval received from RBI dated 29th October 2020.

   We draw your attention to Note No. 1.4.5 of schedule 18 – Notes to Accounts to the standalone financial statements which describes uncertainties due to outbreak of COVID-19 pandemic. The situation continues to be uncertain and the management of the bank is evaluating the situation and impact on its business operations.

   We draw your attention to Note No. 13 of schedule 18 – Notes to Accounts to the standalone financial statements which describes that there is change in the accounting policies/estimates followed during the year ended 31st March, 2021 as compared to those followed in the preceding financial year ended 31st March, 2020 with effect from 1st April, 2020,

a) the income on account of LC/BG commission is recognized as revenue on accrual basis as against receipt basis followed in earlier periods. Impact due to the change in accounting policy has resulted in decrease in other income and net profit (before tax) for the year by ₹. 441.06 Crore.

b) Pursuant to amalgamation of erstwhile Andhra Bank and erstwhile Corporation Bank into Union Bank of India, there is a change in method of depreciation on Fixed Assets from Written Down Value to Straight Line Method and change in estimated useful life with respect to some categories of assets. Impact due to the said changes has resulted in increase in depreciation and decrease in net profit (before tax) for the quarter by ₹. 3.24 Crores for the year ended 31st March 2021 and due to harmonization, one time impact on the depreciation amounting to ₹.180.16 Crores for the year ended 31st March, 2021.

Our opinion is not modified in respect of this matter.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters to be communicated in our report.

Sr.	Key Audit Matter	How it was dealt with in our report
1	**Accounting for Amalgamation of e-Andhra Bank and e-Corporation Bank**	
	The Government of India (GOI), Ministry of Finance, Department of Financial Services vide Gazette Notification CG-DL-E-04032020-216535 dated 4th March, 2020 approved the scheme of amalgamation of Andhra Bank and Corporation Bank (Amalgamating Banks) into Union Bank of India effective from 1st April, 2020 The Bank has adopted "Pooling of Interest" method as prescribed under the Accounting Standard 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India (ICAI), to record amalgamation of Andhra Bank and Corporation Bank (the amalgamating banks) with the Bank with effect from 1st April, 2020.	Our audit approach for testing of accounting of amalgamation included in particular: • we evaluated the Scheme of Amalgamation approved by The Government of India (GOI), Ministry of Finance, Department of Financial Services vide Gazette Notification CG-DL-E-04032020-216535 dated 4th March, 2020 • we evaluated appropriateness of the Bank's selection of amalgamation accounting by Pooling of Interest methodincompliance with each of the conditions stipulated in AS 14 • we have considered audited balance sheet of amalgamated entity as on 01.04.2020 - Accounting for Amalgamation; • we evaluated the residual useful life of the acquired assets, focusing on the valuation methodologies and key assumptions

	Accordingly, the difference of Rs. 1309.60 Crore between the net assets of amalgamating banks and the amount of shares issued to shareholders of the amalgamating banks has been recognized as Amalgamation Reserve in the opening balance sheet as on 1st April, 2020. Due to the complexity of the transaction and the associated significant risk of misstatement involved due to • Divergence in accounting policies followed by the amalgamating banks with respect of accounting of certain items of income, providing for depreciation of fixed assets • Application of tax laws especially carry forward and set off of loss of the merging entities. • Ownership and rights over immovable and movable assets of the amalgamating banks, properties held by the amalgamating banks under lease, assets, guarantees and other assurances offered as security for the advances made by the amalgamating banks, cause of action, suits, decrees, recovery certificates, appeal and other proceedings in favour of amalgamating banks and all other acts carried out by the amalgamating banks in the normal course of its banking business The accounting of amalgamation of banks is considered as a key audit matter	applied; • we evaluated the reasonableness of key assumptions based on our knowledge of the business and industry; • we evaluated the basis determined by the Management for accounting of Amalgamation Reserve representing difference between value of net assets of amalgamating banks and the number of shares issued to shareholders of the amalgamating banks. • we performed evaluation of tax laws applicable to the Bank and verification of the management's assessment with respect to eligibility of carry forward and set off of losses of the amalgamating banks • we evaluated the terms of amalgamation as approved by the Government of India vide its notification dated 04.03.2020 titled "Amalgamation of Andhra Bank and Corporation Bank into Union Bank of India Scheme 2020" with reference to the Ownership and rights over immovable and movable assets of the amalgamating banks, properties held by the amalgamating banks under lease, assets, guarantees and other assurances offered as security for the advances made by the amalgamating banks, cause of action, suits, decrees, recovery certificates, appeal and other proceedings in favour of amalgamating banks and all other acts carried out by the amalgamating banks in the normal course of its banking business
2	**Income Recognition, Asset Classification (IRAC) and provisioning on Loans & Advances and Investments as per the regulatory requirements**	
	Loans & Advances and Investments are the largest class of assets forming 84.88% of the total assets as on March 31, 2021 Classification, income recognition and loss provisioning on the	Our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances and associated impairment provisions. Our audit procedures included the assessment

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	same are based on objective parameters as prescribed by the regulations (Reserve Bank of India's prudential norms and other guidelines). The management of the Bank relies heavily on its IT systems (including Core Banking Solution), exercise significant estimates and judgement, manual interventions, and uses services of experts (like independent valuers, Lawyers, legal experts and other professional) to determine asset classification, income recognition and provisioning for losses. The Bank has system based identification of non-performing assets in accordance with IRAC Norms	of controls over the approval, disbursements and monitoring of loans, and reviewing the logic and assumptions used in the CBS and other related IT systems for compliance of the IRAC and provisioning norms and its operating effectiveness. These included evaluation and understanding of following: • Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances/investments; • System controls and manual controls over the timely recognition of non-performing assets (NPA/NPI); • Operational existence and effectiveness of controls over provisioning calculation models from the IT systems; • Overall Controls on the loan approval, disbursement and monitoring process in case of advances and controls over the purchase, sale and hold decisions making system in case of investments • We tested sample of loans/investments (in cases of branches visited by us) to assess whether they had been identified as non performing on a timely manner, income recognized and provisioning made as per IRAC norms. • We have also reviewed the reliability, effectiveness and accuracy of manual interventions, wherever it has come to our notice, on test check basis. • We have relied on the reports/returns and work done by other Statutory Branch Auditors (SBA) in cases of branches not visited by us to get an overall comfort with respect to overall compliance in accordance with SA 600 - Using the Work of Another Auditor. • We have reviewed the work done by other experts like Independent valuers, Lawyers, Legal Experts and other such professionals who have rendered services to the Bank, in accordance with SA 620 Using the Work of an Auditor's Expert. • Further we have also reviewed the Bank's

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		system of monitoring potentially weak and sensitive accounts which show a sign of stress. • We have also reviewed the reports and observations of the Bank's internal audit/inspection reports and observations of the concurrent auditors for the same. • Verification of valuation, classification, provisioning and income recognition of investments by carrying out substantive test including arithmetic accuracy, data accuracy and control over the financial reporting system. We have test checked and assessed the efficacy of the system based identification of NPA
3	**Information Technology (IT) and controls impacting financial reporting**	
	A. On account of amalgamation During the year, in view of the amalgamation of erstwhile Andhra Bank (eAB) and erstwhile Corporation Bank (eCB) with Union Bank of India, with effect from April 1, 2020, as stated in note 1 of Schedule 18 of the Financial Statements and until integration into the Union Bank of India platform, the banking operations were carried out in three different software for the respective verticals namely eAB branches, eCB branches and other branches, during the year. In respect of some specific department or specialized software's for business processes the integration process is underway and was not be completed during the year. In view of the above, the IT environment had become complex and pervasive to the operations of the Bank with regards to the financial reporting process since the same was highly dependent on information technology including automated and manual controls and availability of complete and accurate electronic data due to the size and complexity of the operations. Pending the systems integration / migration of the three software, the process of consolidated of data to be reported was	We have obtained understanding of the IT related environment of all the three verticals of the Bank, and had accordingly identified IT applications, databases and operating systems to conduct risk assessment which may impact on the financial reporting. Our audit procedures, with respect to all three verticals in this area included, among others: • Testing IT general controls related to User and Application controls, Change Management Controls and Data backup. • Assessing whether appropriate restrictions were placed on access to core systems through reviewing the permissions and responsibilities of authorised personnel. • Where we identified the need to perform additional procedures, we placed reliance on manual compensating controls; such as reconciliations between systems and other information sources or performing additional testing; extended our sample sizes, to obtain adequate and appropriate audit evidences. • Reviewed the controls with respect to manual processes consolidation of data of all verticals and ensured data integrity with respect to such consolidation.

	manual. Unauthorized or extensive access rights, changes in IT environment, operational controls, lack of segregation of duties which may cause a risk of misstatement of financial information and could have a material consequence on the completeness and accuracy of the financial statements. Due to high level of automation, number of integrated / non – integrated systems used, the manual process used for the consolidation of the three verticals, this is considered a significant matter for our audit.	
	B. **On normal financial reporting** Apart from amalgamation which is an exceptional business during the year, in the normal course of its business, the Bank's financial accounting and reporting systems are highly dependent on the effective working of the Core Banking Solution (CBS) and other IT systems linked to the CBS or working independently. Extensive volume, variety and complexity of transactions are processed daily and there is a risk that automated accounting procedures and related internal controls may not be accurately designed and operating effectively. Particular areas of focus relate to the logic that is fed into the system, sanctity and reliability of the data, access management and segregation of duties. These underlying principles are important because they ensure that changes to applications and data are appropriate, authorized, cleansed and monitored, so that the system generates accurate and reliable reports/ returns and other financial and non-financial information that is used for the preparation and presentation of the financial statements. We have relied on the consistent and accurate functioning of CBS and other IT systems for the following: • Asset Classification and Income	Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the IT system by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included: • Ensuring that deficiencies noticed in our verification on test check basis were informed to the management for corrective action; • Carrying out independent alternative audit procedures like substantive testing in areas where deficiencies were noticed; • Analytical procedures like ratio analysis, trend analysis, reasonable tests, comparative analysis; • Reliance on the work performed by the statutory branch auditors and the rectification entries (MOCs) passed based on branch audits; • Reliance on external vendor inspection reports wherever made available. • Reviewed the IS Audit Reports and discussed with IT Department on compliance with key IT controls.

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	recognition as per the Reserve Bank of India guidelines; • Provisioning on the advance portfolio; • Identification of advances and liability items and its maturity pattern in various brackets; • Reconciliation and ageing of various suspense and sundry accounts, impersonal accounts, inter-branch balances and other such accounts; • Recording Investment transactions • Interest expense on deposits and other liabilities;	
4	**Recognition and measurement of Deferred tax**	
	The Bank has recognised a net deferred tax asset of ₹ 15,67,24,947 (in '000) as on March 31, 2021. Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgment and numerous estimates regarding the availability and visibility of profits in the future. The recent increase in the amount of deferred tax assets recognised presumes availability and forecasting of profits over an, extended period of time thus increasing uncertainty and the inherent risk of inappropriate recognition of the said asset.	Our audit procedures included the risk assessment to gain an understanding of the applicable tax laws and relevant regulations applicable to the Bank. Based on our understanding, we performed both tests of related internal key controls and substantive audit procedures with the assistance of tax specialists. We performed the following audit procedures as part of our controls testing including, but not limited to: • Evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with AS 22 Accounting for Taxes on Income; • Assessed the method, assumptions and other parameters used with reference to uniformity, management representations, consistency and continuity like budget and midterm projections prepared by the management including earning growth and applicable tax rates and tested the arithmetical accuracy • Assessed the probability of the availability and visibility of profits against which the bank will be able to use this deferred tax asset in the future. • Evaluation of recognition and measurement of deferred tax assets on accumulated losses of erstwhile Andhra Bank (eAB) and erstwhile Corporation Bank (eCB) on amalgamation with Union Bank of India, with effect from April 1, 2020.

5	COVID-19 Pandemic	
	Modified Audit Procedures carried out in light of COVID-19 outbreak Due to the continuing COVID-19 pandemic, lockdown declared by some of the state governments and travel restrictions imposed by Central / State Government / Local authorities during the period of our audit and the RBI directions to Bank to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of certain Branches / Regional & Zonal Offices/ Verticals at the Corporate Office of the bank. As we could not gather audit evidence in person/physically/ through discussions and personal interactions with the officials at the Branches /Regions & Zones/ Verticals / Corporate Offices, we have identified such modified audit procedures as a Key Audit Matter. Accordingly, our audit procedures were modified to carry out the audit remotely	Due to the continuing COVID-19 pandemic followed by lockdown declared by some of the state governments and other travel restrictions imposed by the Central and State Governments/ Local administration during the period of our audit, we could not travel to the Branches/Regions/Zones/ Verticals/ Corporate Offices and carry out the audit processes physically at the respective offices. Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium including the designated audit portal of the bank, emails and remote access to CBS and closing package. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. Accordingly, we modified our audit procedures (based on regulatory and ICAI advisories) as follows: • Conducted verification of necessary records/ documents/CBS/closing package and other application software electronically through remote access/emails/in respect of some of the Branches/Regions/Zones/Verticals/Corporate Offices and other offices of the Bank wherever physical access was not possible. • Carried out verification of scanned copies of the documents, deeds, certificates, returns from branches and the related records made available to us through emails and remote access over secure network of the Bank • Making enquires and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. • Resolution of our audit observations telephonically/ through email instead of a face to-face interaction with the designated officials.

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Information Other than the Standalone Financial Statements and Auditors' Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Highlights for the year, Directors' Report including annexures to Directors' Report, key financial ratios, Business responsibility Report and Corporate Governance report in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this Auditors' Report.

   Our opinion on the standalone financial statements does not cover the Other Information and Pillar 3 disclosures under the Basel III Disclosure and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the Standalone Financial Statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   If, based on the work we have performed on the Other Information that we obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

   When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI to the extent applicable, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Materiality in the magnitude of the misstatements in the standalone financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. We did not audit the financial statements / information of 5653 domestic branches and processing centers including 3 foreign branches included in Standalone Financial Results of the Bank whose financial statements/ financial information reflects total assets of ₹.1671929083.49 (in thousand) at March 31, 2021 and total revenue of ₹. 525733043.46 (in thousand) for the year ended on that date, as considered in the Standalone Financial Results. These branches and processing centers cover 55.91% of advances, 96.80% of deposits and 45.33% of Non-performing assets as on 31st March 2021 and 73.10% of revenue for the year ended 31st March 2021. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, are based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

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Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;

   Subject to the limitations of the audit indicated in paragraphs 6 and 7above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:
   a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
   b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
   c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

10. As required by letter No. DOS.ARG.No.6270/08.91.001/2019- 20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:
    (a) In our opinion, the aforesaid standalone financial statements comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.
    (b) In our opinion there are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the bank.
    (c) As the bank is notregistered under the Companies Act, 2013 the disqualifications from being a director of the bank under sub-section (2) of Section 164 of the Companies Act, 2013 do not apply to the bank.
    (d) There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.
    (e) Our audit report on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting is given in Annexure A to this report. Our report expresses an unmodified opinion on the Bank's internal financial controls over financial reporting with reference to the Standalone Financail Statements as at 31 March 2021.

11. We further report that:
    a) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
    b) the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
    c) the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and

d) In our opinion, the Balance Sheet, the Statement of Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For M/s B M Chatrath & Co. LLP
Chartered Accountants
FRN 301011E/E300025

CA Arindam Ray
Partner
Membership No.058713
UDIN: 21058713AAAABQ2179

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 21023933AAAAIQ1386

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 21102789AAAAAQ1134

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 21109127AAAADL7290

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Pradeep Kumar Gupta
Partner
Membership No.072933
UDIN: 21072933AAAABP4872

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Vijay Garg
Partner
Membership No.076387
UDIN: 21076387AAAAAE3168

Place of Signature: Mumbai / Virtual
Date of Report: 07.06.2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (Referred to in paragraph 10(a) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) Report on the Internal Financial Controls Over Financial Reporting as required by the Reserve Bank of India (the "RBI") Letter DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 (as amended) (the "RBI communication")

We have audited the internal financial controls over financial reporting of Union Bank of India ("the Bank") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date which includes internal financial controls over financial reporting of the Bank's branches.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI") and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors referred to in the Other Matters paragraph below, the Bank has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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MUMBAI FRN : 109262W / W100673

FRN 108953W NAGPUR

FRN-005223C

JAIPUR

M/s B M Chatrath & Co. LLP
Chartered Accountants

M/s R G N Price & Co.
Chartered Accountants

M/s SARDA & PAREEK LLP
Chartered Accountants

M/s C R Sagdeo & Co.
Chartered Accountants

M/s P V A R & Associates
Chartered Accountants

M/s Gopal Sharma & Co.
Chartered Accountants

Other Matters

Our aforesaid report insofar as it relates to the operating effectiveness of internal financial controls over financial reporting of 5674 branches is based on the corresponding reports of the respective branch auditors of those branches.

Our opinion is not modified in respect of this matter.

For M/s B M Chatrath & Co. LLP
Chartered Accountants
FRN 301011E/E300025

CA Arindam Ray
Partner
Membership No.058713
UDIN: 21058713AAAABQ2179

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeraman
Partner
Membership No.023933
UDIN: 21023933AAAAJQ1386

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CA Niranjan Joshi
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For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 21109127AAAADL7290

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Pradeep Kumar G
Partner
Membership No.072933
UDIN: 21072933AAAABP4872

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Vijay Garg
Partner
Membership No.076387
UDIN: 21076387AAAAAE3168

Place of Signature: Mumbai / Virtual
Date of Report: 07.06.2021

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UNION BANK OF INDIA

STANDALONE BALANCE SHEET AS ON 31st MARCH, 2021

(Rs in 000')

Particulars	Schedule Number	As on 31st March 2021	As on 31st March 2020
CAPITAL AND LIABILITIES			
Capital	1	6,40,68,444	3,42,28,189
Reserves and Surplus	2	58,06,98,908	30,36,24,257
Share Application Money		00,00,000	0
Deposits	3	9,23,80,53,402	4,50,66,84,524
Borrowings	4	51,83,71,092	52,48,62,533
Other Liabilities and Provisions	5	31,58,66,602	13,74,29,182
TOTAL		10,71,70,58,448	5,50,68,32,685
ASSETS			
Cash and Balances with Reserve Bank of India	6	37,88,04,613	20,11,82,983
Balances with Banks and Money at Call and Short Notice	7	46,52,98,860	34,98,79,210
Investments	8	3,31,51,17,896	1,52,41,38,968
Advances	9	5,90,98,28,759	3,15,04,94,069
Fixed Assets	10	7,34,38,719	4,76,25,172
Other Assets	11	57,45,69,601	23,35,12,183
TOTAL		10,71,70,58,448	5,50,68,32,685
Contingent Liabilities	12	3,70,52,79,658	1,88,20,23,590
Bills for Collection		34,69,48,137	21,68,26,909
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Standalone Balance Sheet

(DHIRENDRA JAIN)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

For and on behalf of the Board of Directors

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(MANAS RANJAN BISWAL)
EXECUTIVE DIRECTOR

(DINESH KUMAR GARG)
EXECUTIVE DIRECTOR

(GOPAL SINGH GUSAIN)
EXECUTIVE DIRECTOR

(RAJKIRAN RAI G.)
MANAGING DIRECTOR & CEO

(Dr. MADNESH KUMAR MISHRA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(DR. UTTAM KUMAR SARKAR)
DIRECTOR

KADIRESAN
DIRECTOR

DEV M.)
DIRECTOR

R.G.N. Price & Co. Chartered Accountants

Sarda & Pareek LLP Mumbai FRN : 109262W / W100673 Chartered Accountants

Gopal Sharma & Co. Chartered Accountants

C.R. Sagdeo & Co. FRN 108959W Nagpur Chartered Accountants

P V A R & Associates FRN-005223C Chartered Accountants

AS PER OUR REPORT OF EVEN DATE ATTACHED.

For M/s B M Chatrath & Co. LLP
Chartered Accountants
FRN 301011E/E300025

CA Arindam Ray
Partner
Membership No.058713
UDIN: 21058713AAAABQ2179

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 21023933AAAAJQ1386

For M/s SARDA & PAREEK LLP
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CA Niranjan Joshi
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For M/s C R Sagdeo& Co.
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CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 21109127AAAADL7290

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Pradeep Kumar Gupta
Partner
Membership No.072933
UDIN: 21072933AAAABP4872

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Vijay Garg
Partner
Membership No.076387
UDIN: 21076387AAAAAE3168

Place: Mumbai
Date: 07th June, 2021

UNION BANK OF INDIA

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2021

(Rs in 000')

Particulars		Schedule Number	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
I. INCOME				
Interest Earned		13	68,76,73,349	37,23,11,238
Other Income		14	11,33,68,535	5,26,07,868
	TOTAL		80,10,41,884	42,49,19,106
II. EXPENDITURE				
Interest Expended		15	44,07,89,085	25,79,43,716
Operating Expenses		16	16,76,59,928	7,51,64,147
Provision And Contingencies			16,35,33,220	12,07,89,008
	TOTAL		77,19,82,233	45,38,96,871
III. PROFIT/(LOSS) FOR THE YEAR			2,90,59,651	(2,89,77,765)
ADD : PROFIT/(LOSS) BROUGHT FORWARD			0	(8,40,02,080)
	TOTAL		2,90,59,651	(11,29,79,845)
IV. APPROPRIATIONS				
Transfer To Statutory Reserve			72,64,913	-
Transfer To Capital Reserve			90,01,837	37,46,900
Transer To Investment Fluctuation Reserve			1,27,92,901	-
Balance in Profit and Loss Account			0	(11,67,26,745)
	TOTAL		2,90,59,651	(11,29,79,845)
EARNINGS PER SHARE (BASIC AND DILUTED) (FV Rs. 10)		18	4.54	(12.49)
Significant Accounting Policies		17		
Notes To Accounts		18		

The Schedules refered to above form an integral part of the Standalone Profit and Loss Account

(DHIRENDRA JAIN)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

For and on behalf of the Board of Directors

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(MANAS RANJAN BISWAL)
EXECUTIVE DIRECTOR

(DINESH KUMAR GARG)
EXECUTIVE DIRECTOR

(GOPAL SINGH GUSAIN)
EXECUTIVE DIRECTOR

(RAJKIRAN RAI G.)
MANAGING DIRECTOR & CEO

(Dr. MADNESH KUMAR MISHRA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(DR. UTTAM KUMAR SARKAR)
DIRECTOR

(K. KADIRESAN)
DIRECTOR

(JAYADEV M.)
DIRECTOR

AS PER OUR REPORT OF EVEN DATE ATTACHED.

For M/s B M Chatrath & Co. LLP
Chartered Accountants
FRN 301011E/E300025

CA Arindam Ray
Partner
Membership No.058713
UDIN: 21058713AAAABQ2175

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 21023933AAAAJQ1386

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan [illegible]
Partner
Membership No.102789
UDIN: 21102789AAAAAQ1134

For M/s C R Sagdeo& Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 21109127AAAADL7290

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Pradeep Kumar Gupta
Partner
Membership No.072933
UDIN: 21072933AAAABP4872

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Vijay Garg
Partner
Membership No.076387
UDIN: 21076387AAAAAE3168

Place: Mumbai
Date: 07th June, 2021

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2021

(₹ in Lacs)

S.No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit Before Tax	2,39,941	(4,02,762)
	Adjustments for:		
	Depreciation on Fixed Assets	89,523	41,126
	Provision for Investments	55,922	37,653
	Provision for Non Performing Assets (Net)	13,91,961	11,81,418
	Provision for Standard Asset	1,37,517	48,499
	Provision for Staff Related Expenditures	86,605	90,261
	Provision for other items (Net)	13,983	5,805
	(Profit)/Loss on Sale or Disposal of Fixed Assets	(761)	394
	Interest on Borrowings : Capital Instruments	1,59,660	58,220
	Dividend received from Investments	(2,016)	-81
	Sub Total	23,35,972	10,60,532
	Adjustments for:		
	Increase / (Decrease) in Deposits	55,17,273	34,75,318
	Increase / (Decrease) in Other Liabilities and Provisions	4,81,492	73,449
	(Increase) / Decrease in Investments	(51,75,058)	(26,38,769)
	(Increase) / Decrease in Advances	(5,07,273)	(29,91,467)
	(Increase) / Decrease in Other Assets	(7,04,838)	1,34,860
	Direct taxes paid (Net of Refund)	96,730	1,31,890
	Transfer to/from reserve	1,63,638	0
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	20,44,299	(7,54,186)
B	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of Fixed Assets	(70,444)	(38,587)
	Proceeds from Sale/Adjustment of Fixed asset	9,739	1,507
	(Increase)/Decrease in Investment in Subsidiary	421	(35,610)
	Dividend received from Investment	2,016	81
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(58,268)	(72,609)
C	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds from issue of Equity Share Capital Including Share Premium (Net)	-	11,75,601
	Proceeds from issue of Capital Instruments	3,70,500	0
	Repayments of Capital Instruments	(3,85,000)	(1,20,000)
	(Decrease)/Increase Borrowings other than Capital Instruments	(16,93,479)	10,82,243
	Interest Paid on Borrowings : Capital Instruments	(1,59,660)	(1,05,025)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(18,67,639)	20,32,819
	Cash and Cash equivalent received on account of amalgamation [D]	28,12,022	0
	Net Increase (Decrease) in Cash & Cash Equivalent (A)+(B)+(C)	29,30,413	12,06,025
	Cash and Cash Equivalents as at the beginning of the year	55,10,622	43,04,597
	Cash and Cash Equivalents as at the end of the year	84,41,035	55,10,622

B M Chatrath & Co LLP, Kolkata

R.G.N. Price & Co.

Sarda & Pareek LLP, Mumbai, FRN : 109262W / W100673

C. R. Sagdeo & Co., FRN 108959W, Nagpur

Gopal Sharma & Co., Jaipur

P V A R & Associates, FRN-005223C

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2021

(₹ in Lacs)

S.No.	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	Components of Cash and Cash equivalents		
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	31.03.2020	31.03.2019
	Cash and Balances with RBI (including FC notes)	20,11,830	20,79,646
	Balances with Banks and Money at call	34,98,792	22,24,951
	Net cash and cash equivalents at the beginning of the year	55,10,622	43,04,597
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31.03.2021	31.03.2020
	Cash and Balance with RBI (including FC notes)	37,88,046	20,11,830
	Balances with Banks and Money at call	46,52,989	34,98,792
	Net cash and cash equivalents at the end of the year	84,41,035	55,10,622

Previous Year's figures have been regrouped/recasted wherever considered necessary to correspond with the year ended classification/ presentation.

(DHIRENDRA JAIN)
DY. GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCIAL OFFICER

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(MANAS RANJAN BISWAL)
EXECUTIVE DIRECTOR

(DINESH KUMAR GARG)
EXECUTIVE DIRECTOR

(GOPAL SINGH GUSAIN)
EXECUTIVE DIRECTOR

(RAJKIRAN RAI G.)
MANAGING DIRECTOR & CEO

(Dr. MADNESH KUMAR MISHRA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(DR. UTTAM KUMAR SARKAR)
DIRECTOR

(K. KADIRESAN)
DIRECTOR

(JAYADEV M.)
DIRECTOR

Auditors Certificate :

We, the undersigned Statutory Auditors of the Union Bank of India, have verified the above Consolidated Cash Flow Statement of the Bank for

For M/s B M Chatrath & Co. LLP
Chartered Accountants
FRN 301011E/E300025

CA Arindam Ray
Partner
Membership No.058713
UDIN: 21058713AAAABQ2179

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 21023933AAAAJQ1386

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 21102789AAAAAQ1134

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

CA Sachin V Luthra
Partner
Membership No. 109127
UDIN: 21109127AAAADL7290

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Pradeep Kumar Gupta
Partner
Membership No.072933
UDIN: 21072933AAAABP4872

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

CA Vijay Garg
Partner
Membership No.076387
UDIN: 21076387AAAAAE3168

Place : Mumbai

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2021

(Rs in 000')

	As on 31st March 2021	As on 31st March 2020
SCHEDULE 1 - CAPITAL :		
I. Authorised :		
1000,00,00,000 Equity Shares of Rs.10 each (Previous Year 10,00,00,00,000 Equity Shares of Rs.10 each)	10,00,00,000	10,00,00,000
II. Issued, Subscribed & Paid up :		
i. 570,66,60,850 Equity Shares of Rs.10 each, held by Central Government (Previous Year 296,92,79,777 Equity Shares)	5,70,66,609	2,96,92,798
ii. 70,01,83,505 Equity Shares of Rs.10 each, held by Public (Previous Year 45,35,39,075 Equity Shares)	70,01,835	45,35,391
TOTAL	6,40,68,444	3,42,28,189

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2021

(Rs in 000')

		As on 31st March 2021		As on 31st March 2020
SCHEDULE 7 - RESERVES & SURPLUS :				
I. Statutory Reserve :				
As per last balance sheet	12,59,43,749		6,67,06,110	
Addition during the year	72,64,913	13,32,08,662	-	6,67,06,110
II. Capital Reserve :				
As per last balance sheet	3,77,10,327		1,28,49,561	
Addition during the year	90,01,837	4,67,12,164	37,46,900	1,65,96,461
III. Investment Fluctuation Reserve				
As per last balance sheet	0,000		0,000	
Addition during the year	1,27,92,901	1,27,92,901	0,000	0,000
IV. Revaluation Reserve .				
As per last balance sheet	4,99,77,701		2,23,48,100	
Addition during the year	40,444		1,04,48,077	
Deduction during the year	10,33,367	4,89,84,778	10,54,713	3,17,41,464
V. Share Premium :				
As per last balance sheet	50,08,54,966		15,12,99,685	
Addition during the year	-		10,10,81,975	
Deduction during the year	32,75,84,947	17,32,70,019	1,19,871	25,22,61,789
VI. Revenue Reserves .				
i) Revenue and other Reserves :				
As per last balance sheet	8,25,61,562		4,80,51,955	
Addition during the year	2,64,98,876		22,88,911	
Deduction during the year	1,26,05,677		2,64,05,552	
Total	9,64,54,761		2,39,35,314	
ii) Special Reserve u/s Sec 36(1)(viii) of the Income Tax Act, 1961				
As per last balance sheet	5,90,78,789		2,87,50,000	
Addition during the year	-		-	
Total	5,90,78,789		2,87,50,000	
iii) Foreign Currency Translation Reserve				
As per last balance sheet	3,63,866		12,36,580	
Addition during the year	6,85,434		4,941	
Deduction during the year	6,930		8,77,657	
Total	10,42,370	15,25,75,920	3,63,864	5,30,49,178
VII. Special Reserve Profit on FX Swap		58,485		0,000
VIII. Amalgamation Adjustment Reserve		1,30,95,979		0,000
VI. Balance in Profit and Loss Account		(0)		(11,67,26,745)
TOTAL		58,06,98,908		30,36,28,257

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2021

(Rs in 000')

		As on 31st March 2021		As on 31st March 2020
SCHEDULE 3 - DEPOSITS :				
A.				
I. Demand Deposits				
i) From Banks	76,29,510		40,29,165	
ii) From Others	62,86,14,209	63,62,37,719	26,01,20,865	26,41,50,030
II. Savings Bank Deposits		2,71,96,80,826		1,33,95,82,532
III. Term Deposits				
i) From Banks	3,16,45,103		5,50,64,197	
ii) From Others	5,85,04,89,754	5,88,21,34,857	2,84,78,87,765	2,90,29,51,962
TOTAL		9,23,80,53,402		4,50,66,84,524
B.				
i]. Deposits of branches in India		9,21,62,71,426		4,47,01,90,636
ii). Deposits of branches outside India		2,17,81,976		3,64,93,888
TOTAL		9,23,80,53,402		4,50,66,84,524
SCHEDULE 4 - BORROWINGS :				
A) Borrowings : Capital Instruments				
I. Perpetual Bonds		7,10,50,000		4,00,00,000
II. Upper Tier II Capital		0,000		50,00,000
III. Lower Tier II Capital		10,05,00,000		5,55,00,000
IV. 7 Years Infra Bonds		50,01,000		
B) Borrowings in India				
I. Reserve Bank of India	14,20,90,000		0,000	
II. Other Banks	1,40,00,565		2,01,26,890	
III. Other Institutions and Agencies	2,74,54,914	18.35.45,479	20,15,29,807	22,26,56,697
C) Borrowings Outside India		15,82,74,613		20,17,05,836
TOTAL		51,83,71,092		52,48,62,533
Secured Borrowings included in (B) I above		14,20,90,000		16,98,30,000
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS :				
I. Bills Payable		2,30,30,334		90,91,800
II. Interest Accrued		3,13,98,586		1,85,18,721
III. Others (Including Provisions)		26,14,37,682		10,98,18,661
TOTAL		31,58,66,602		13,74,29,182
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA:				
I. Cash in hand (Including Foreign Currency Notes and Gold)		3,78,17,879		2,00,43,578
II. Balances with Reserve Bank of India in Current Account		34,09,86,734		18,11,39,405
TOTAL		37,88,04,613		20,11,82,983

KOLKATA

R.G.N. Price & Co.

SARDA & PAREEK LLP MUMBAI FRN : 109262W / W100673

Gopal Sharma JAIPUR

C.R. SAGDEO & CO. FRN 108959W NAGPUR

P V FRN-00527

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2021

(Rs in 000')

		As on 31st March 2021		As on 31st March 2020
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE :				
I. Balances with banks in India				
a) In Current Accounts	52,33,575		17,58,362	
b) In Other Deposit Accounts	7,02,13,074		8,09,64,725	
ii) Money at Call and short notice				
a) with Banks	0,000		30,00,000	
b) with Other Institutions	29,55,40,000	37,09,86,649	20,00,00,000	28,57,23,087
II. Outside India				
i) In Current Accounts	22,66,568		27,89,811	
ii) In other Deposit Accounts	9,20,45,643		6,13,66,312	
iii) Money at call & Short Notice	-	9,43,12,211		6,41,56,123
TOTAL		46,52,98,860		34,98,79,210
SCHEDULE 8 - INVESTMENTS :				
I. Investments in India				
i) Government Securities		2,40,25,37,531		1,05,63,08,142
ii) Shares		2,01,62,150		1,11,28,494
iii) Debentures and Bonds		74,40,56,416		34,03,94,372
iv) Subsidiaries and joint ventures		53,76,479		26,73,168
v) Others (Commercial Paper, Mutual Funds, Venture Capital, Security Receipt etc.)		11,59,47,026		8,44,29,894
Total		3,28,80,79,602		1,49,49,34,020
II. Investments outside India				
i) Govt. Securities (including Local Authority)		1,48,25,814		1,65,79,156
ii) Shares		9,450		4,032
iii) Other Investments (Bonds)		7,29,870		25,67,460
iv) Subsidiaries and Joint Ventures		1,14,73,160		1,00,54,300
Total		2,70,38,294		2,92,04,948
TOTAL		3,31,51,17,896		1,52,41,38,968
III. i) Investments in India				
Gross Value		3,35,03,34,391		1,51,94,38,271
Provision for Depreciation		6,22,54,789		2,45,04,251
Net Value		3,28,80,79,602		1,49,49,34,020
ii) Investments outside India				
Gross Value		2,70,57,741		2,92,19,128
Provision for Depreciation		19,447		14,180
Net Value		2,70,38,294		2,92,04,948
TOTAL		3,31,51,17,896		1,52,41,38,968

S M Chatrath & Co. LLP, Kolkata

R.G.N. Price & Co.

Sarda & Pareek, Mumbai

Gopal Sharma & Co., Jaipur

C. R. Sagdeo & Co., FRN 108959W, Nagpur

P V ... FRN 003223C

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2021

(Rs in 000')

	As on 31st March 2021	As on 31st March 2020
SCHEDULE 9 - ADVANCES (Net)		
A.		
i) Bills purchased and discounted	4,11,16,878	2,77,71,181
ii) Cash Credits, Overdrafts and Loans repayable on demand	2,66,12,08,397	1,42,93,65,230
iii) Term Loans	3,20,75,03,484	1,69,33,57,658
TOTAL	5,90,98,28,759	3,15,04,94,069
B.		
i) Secured by tangible assets (includes Advance against Book Debts)	5,07,39,93,631	1,64,30,42,762
ii) Covered by Bank/Government Guarantees	16,51,79,860	10,75,94,618
iii) Unsecured	67,06,55,266	39,98,56,693
TOTAL	5,90,98,28,759	3,15,04,94,069
C. Sectorial Classification of Advances		
I. Advances in India:		
i) Priority Sector	2,52,92,91,622	1,14,41,37,429
ii) Public Sector	61,06,29,459	46,20,71,183
iii) Banks	3,07,310	3,11,101
iv) Others	2,61,93,66,222	1,34,72,31,537
TOTAL	5,76,95,94,613	2,95,37,51,250
II. Advances Outside India:		
i) Due From Banks	3,41,84,098	5,02,64,366
ii) Due from Others		
a) Bills Purchased and Discounted	0,000	30,46,970
b) Syndicated loans	11,83,093	1,78,35,409
c) Others	10,48,66,955	12,55,96,074
TOTAL	14,02,34,146	19,67,42,819
TOTAL	5,90,98,28,759	3,15,04,94,069

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2021

(Rs in 000')

		As on 31st March 2021		As on 31st March 2020
SCHEDULE 10 - FIXED ASSETS :				
A. TANGIBLE ASSETS				
I. Premises				
At cost/valuation as per last balance sheet	8,08,25,818		3,86,62,060	
Additions during the year	7,16,224		1,04,97,364	
Deduction during the year	3,310		54,782	
	8,15,36,732		4,91,04,642	
Less: Depreciation till date	2,48,41,708	5,66,95,024	1,24,83,397	3,66,21,245
II. Capital Work-in-Progress				
At cost as per last balance sheet	5,79,704		4,35,688	
Additions during the year	1,57,093		1,93,300	
Deductions during the year	1,13,918	6,22,879	35,058	5,33,930
III. Land				
At cost as per last balance sheet	12,45,683		6,95,420	
Additions during the year	0,000		72,931	
Deductions during the year	0,000		26,092	
	12,45,683		7,42,259	
Less: Depreciation till date	78,385	11,67,298	69,969	6,72,290
IV. Other Fixed Assets (including Furniture and Fixtures)				
a) Assets given on lease				
At cost as per last balance sheet	2,65,352		2,65,352	
Less: Depreciation till date	2,65,352	-	2,65,352	-
b) Others				
At cost/valuation as per last balance sheet	6,20,76,819		2,79,07,556	
Additions during the year	34,97,487		28,86,289	
Deductions during the year	9,71,296		4,02,191	
	6,46,03,010		3,03,71,654	
Less: Depreciation till date	5,25,98,644	1,20,04,366	2,12,21,816	91,49,818
B. INTANGIBLE ASSETS				
Computer Software				
At cost as per last balance sheet	85,50,124		25,73,008	
Additions during the year	26,73,629		7,71,877	
Deduction during the Year	1,172		0,000	
	1,12,22,581		33,44,885	
Less: Amortisation till date	82,73,429	29,49,152	26,96,996	6,47,889
TOTAL		7,34,38,719		4,76,25,172

SCHEDULES FORMING PART OF THE STANDALONE BALANCE SHEET AS ON 31st MARCH, 2021

(Rs in'000')

		As on 31st March 2021		As on 31st March 2020
SCHEDULE 11 - OTHER ASSETS :				
I. Inter-Office Adjustments (Net)		7,34,01,772		1,51,98,653
II. Interest Accrued		6,00,37,714		2,54,32,328
III. Deferred Tax Assets (Net)		15,67,24,947		7,35,68,800
IV. Stationery and stamps		68,176		37,137
V. Non-Banking assets acquired in satisfaction of claims		1238		390
VI. Others		20,61,34,433		10,42,25,545
VII. Tax Paid/ Tax deducted at source (Net of provision)		6,62,28,752		1,50,49,430
VIII. MAT Credit Entitlement		1,19,72,569		0.000
TOTAL		57,45,69,601		23,35,12,183
SCHEDULE 12 CONTINGENT LIABILITIES :				
I. Claims against the bank not acknowledged as debts		3,73,07,180		3,27,49,359
II. Liability for partly paid Investments		5,920		5,920
III. Liability on account of outstanding Forward Exchange Contracts		2,28,99,08,209		1,06,54,22,734
IV. Guarantees given on behalf of Constituents				
a) In India	66,32,75,681		40,28,26,884	
b) Outside India	1,34,92,045	67,67,67,726	84,97,644	41,13,24,528
V. Acceptances, endorsements and other obligations		52,07,37,119		31,99,80,156
VI. Disputed Tax demands under appeals	15,68,01,095		3,91,43,693	
VII. Amout transferred to DEAF Scheme 2014	2,37,52,409	18,05,53,504	1,33,97,200	5,25,40,893
TOTAL		3,70,52,79,658		1,88,20,23,590

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JAIPUR

FRN 108959W NAGPUR

FRN-003223C

SCHEDULES FORMING PART OF THE STANDALONE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2021

(Rs in 000')

	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
SCHEDULE 13 - INTEREST EARNED :		
I. Interest/Discount on advances/bills	45,76,58,380	25,07,86,979
II. Income on Investments	20,57,37,022	10,57,28,598
III. Interest on balances with Reserve Bank of India & other Inter Bank Funds	2,11,32,164	1,20,02,836
IV. Others	31,45,763	37,92,825
TOTAL	68,76,73,349	37,23,11,238
SCHEDULE 14 - OTHER INCOME :		
I. Commission, Exchange and Brokerage	73,96,694	56,33,245
II. Profit on sale of Investments (Net)	3,65,13,065	1,46,32,588
III. Profit / (Loss) on sale of Fixed Assets (Net)	76,136	(39,448)
IV. Profit on exchange transactions (Net)	65,81,823	55,70,186
V. Miscellaneous Income	6,28,00,817	2,58,11,297
TOTAL	11,33,68,535	5,26,07,868
SCHEDULE 15 - INTEREST EXPENDED :		
I. Interest on Deposits	40,80,68,450	24,02,69,067
II. Interest on Reserve Bank of India/Inter-Bank Borrowings	1,49,02,542	83,87,571
III. Others	1,78,18,093	92,87,078
TOTAL	44,07,89,085	25,79,43,716
SCHEDULE 16 - OPERATING EXPENSES :		
I. Payments to and provisions for employees	9,02,48,999	3,35,86,186
II. Rent, Taxes and Lighting	1,36,10,728	61,87,457
III. Printing and Stationery	9,22,049	5,05,737
IV. Advertisement and Publicity	3,11,524	5,86,817
V. Depreciation on Bank's property	89,52,298	41,12,569
VI. Directors' fees, allowances and expenses	13,326	14,204
VII. Remuneration to Managing/Executive Director	14,463	11,410
VIII. Auditors' fees and expenses(including branch auditors)	10,55,638	3,98,656
IX. Law Charges	12,47,733	6,05,738
X. Postage, Telegrams, Telephones, etc.	23,31,123	15,60,186
XI. Repairs and maintenance	35,60,302	11,94,863
XII. Insurance	1,26,65,917	57,92,455
XIII. Other expenditure	3,27,25,828	2,06,07,869
TOTAL	16,76,59,928	7,51,64,147

KOLKATA

R.G.N. Price & Co.

SARDA & PAREEK LLP MUMBAI FRN : 109262W / W100673

Gopal Sharma JAIPUR

NAGPUR

FRN-005223C

SCHEDULES FORMING PART OF THE ACCOUNTS FOR 2020-21 (STANDALONE)

SINGNIFICANT ACCOUNTING POLICIES : SCHEDULE 17

1. **Basis of Preparation**

The financial statements are prepared following the Going Concern Concept, in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable and practices generally prevalent in the banking industry in India.

2. **Use of Estimates**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of Assets and Liabilities (including Contingent Liabilities) as of the date of the financial statements and the reported Income and the Expenses during the reporting period. Management believes that the estimates wherever used in the preparation of the financial statements are prudent and reasonable. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

3. **Revenue Recognition**

3.1 Income and Expenditure have been accounted for on accrual basis unless otherwise stated.

3.2 Income on Non-Performing Assets (NPAs) is recognized to the extent realized as per the prudential norms prescribed by the RBI. Income accounted for in the preceding year and remaining unrealized is derecognized in respect of assets classified as NPAs during the year.

3.3 Exchange and Brokerage earned, rent on Safe Deposit Lockers, income from Aadhaar Cards etc. are Accounted for on realization basis.

3.4 Income (Other than interest) on investments in "Held to Maturity" (HTM) category acquired at discount to the face value is recognized as follows:

3.4.1 On interest bearing securities, it is recognized only at the time of sale/ redemption.

3.4.2 On Zero- coupon securities, it is accounted for over the balance tenor of the securities on a constant yield basis.

3.5 Dividend is accounted on an accrual basis where the right to receive the dividend is established.

3.6 Sale of NPAs accounted in terms of extant RBI guidelines.

4. **Cash Flow Statements:**

Cash Flow statement of the Bank is prepared as per AS-3. Cash Flow statement is mainly classified as:

4.1 Cash flow from Operating Activities: This activity includes cash flow generated from Operational activities.

4.2 Cash Flow from Investing Activities: This activity includes cash flow generated by investments.

4.3 Cash Flow from Financials Activities: This activity includes the cash flow generated from financial instruments.

5. **Investments**

5.1. In conformity with the requirements in form A of the Third Schedule to the Banking Regulations Act, 1949, Investments are classified as under:

i. Government Securities
ii. Other Approved Securities
iii. Shares
iv. Debentures & Bonds
v. Investments in Subsidiaries & Joint Ventures and
vi. Other Investments

The Investment portfolio of the Bank is further classified in accordance with the RBI guidelines contained in Master Circular DBR.No.BP.BC.6/21.04.141 /2015-16 dated 1st July 2015 into three categories viz.,

a) Held to Maturity (HTM)
b) Available for Sale (AFS)
c) Held for Trading (HFT)

5.2. As per RBI guidelines, the following principles have been adopted for the purpose of valuation

i. Securities held in "HTM" - at acquisition cost.
  5.2.1.1. The excess of acquisition cost over the face value is amortized over the remaining period of maturity and in case of discount; it is not recognized as income.
  5.2.1.2. Investments in Regional Rural Banks are valued at carrying cost.
  5.2.1.3. Investments in Subsidiaries and Joint Ventures are valued at carrying cost.
  5.2.1.4. Diminution, other than temporary, in the value of its investment in subsidiaries/joint ventures, which are included in HTM shall be provided for.

ii. Securities held in "AFS" and "HFT" categories
  5.2.2.1. Securities held in "AFS" and "HFT" categories are valued classification wise and scrip-wise and net depreciation, if any, in each classification is charged to Profit & Loss account while net appreciation, if any, is ignored.
  5.2.2.2. Valuation of securities is arrived at as follows:

A	Govt. of India Securities	As per quotations put out by Fixed Income Money Market and Derivatives Association (FIMMDA)
B	State Development Loans, Securities guaranteed by Central / State Government, PSU Bonds	On appropriate yield to maturity basis as per FIMMDA guidelines
C	Equity Shares	As per market rates, if quoted, otherwise at Book value, as per latest Audited Balance Sheet (not more than 1 year old). In the absence of both, At ` 1/- per Company.
D	Preference Shares	As per market rates, if quoted, or on appropriate yield to maturity basis not exceeding redemption value as per FIMMDA guidelines

E	Debentures/Bonds	As per market rates, if quoted, otherwise on appropriate yield to maturity basis as per FIMMDA guidelines.
F	Mutual Funds(MF)	As per stock exchange quotations, if quoted. In case of unquoted units, as per latest Repurchase price declared by concerned MF. In cases where latest repurchase price is not available, as per Net Asset Value (NAV)
G	Treasury Bills / Certificate of Deposits / Commercial Papers	At carrying cost
H	Venture Capital Funds (VCF)	At declared NAV or Breakup NAV as per audited Balance Sheet which is not more than 18 months old. If NAV / audited financial statements are not available for more than 18 months continuously, at ₹1/- per VCF
I	Security Receipts	At NAV as declared by Securitization Companies

5.3. Interbank/RBI Repo and Interbank/ RBI Reverse Repo transactions are accounted for in accordance with extant RBI guidelines.

5.4. As per the extant RBI guidelines, the shifting of securities from one category to another is accounted for as follows:

i. From AFS/HFT categories to HTM category, at lower of book value or market value as on the date of shifting. Depreciation, if any, is fully provided for.

ii. From HTM category to AFS/HFT category,

5.4.2.1. If the security is originally placed at discount in HTM category, at acquisition cost / book value.

5.4.2.2. If the security is originally placed at a premium, at amortized cost.

The securities so shifted are revalued immediately and resultant depreciation is fully provided for.

iii. From AFS to HFT category and vice versa, at book value.

5.5. The non-performing investments are identified and depreciation / provision is made as per the extant RBI guidelines.

5.6. Profit / Loss on sale of investments in any category are taken to the Profit & Loss account. However, in case of profit on sale of investments in "HTM" category, an equivalent amount (net of taxes and net of transfer to Statutory Reserves) is appropriated to the Capital Reserve account.

5.7. Commission, brokerage, broken period interest etc on securities is debited / credited to Profit & Loss Account.

5.8. As per the extant RBI guidelines, the Bank follows 'Settlement Date' for accounting of investments transactions.

5.9. **Derivative Contracts**

i. The Interest Rate Swap which hedges interest bearing Asset or Liability are accounted for in the financial statements on accrual basis except the swap designated with an Asset or Liability that is carried at lower of cost or market value. Gains or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the Asset / Liability.

ii. Trading swap transactions are marked to market with changes recorded in the financial statements. Profit if any, is ignored.

iii. In the case of option contracts, guidelines issued by Foreign Exchange Dealers Association of India (FEDAI) from time to time for recognition of income, premium and discount are being followed.

6. Advances

6.1. All advances are classified under four categories:

i. Standard,
ii. Sub-standard,
iii. Doubtful and
iv. Loss assets.

Provisions required on such advances are made as per the extant prudential norms issued by the RBI in terms of Master Circular DBR.BP.BCNo.2/21.04.048/2015-16 dated 01st July 2015.

6.2. Loans and Advances are classified as performing and non-performing, based on the guidelines issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest due during the same period.

iii. In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons.

v. In respect of agricultural advances for long duration crops, where the principal or interest remains overdue for one crop season.

vi. In respect of MSME accounts which restructured in terms of RBI Circular No DOR.No.BP.BC.4/21.04.048/2020-21 dated August 6, 2020 with reference to circular DOR.No.BP.BC.34/21.04.048/2019-20 February 11, 2020 and Circular No DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January, 2019 and kept in standard category, the Bank shall maintain a provision of 5% in addition to the provision already held. Reversal of said provision shall be made in accordance with the said circular.

6.3. NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non performing for a period less than or equal to 12 months,

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months,

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

6.4. Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Sub-Standard Assets:	i. A general of 15% of the total outstanding ii. Additional provision of 10% for exposures which are unsecured ab-initio; However, iii. Unsecured Exposure, ab-initio, in respect of infrastructure loan accounts where certain safeguards such as escrow accounts are available - 20% (instead of 25% as stated above)
Doubtful-Secured Portion	i. Upto one year - 25% ii. One to three years - 40% iii. More than three years - 100%
Doubtful-Unsecured Portion	100%
Loss Asset	100%

6.5. Advances are stated net of specific loan loss provisions, Counter cyclical provisioning buffer, Provision for diminution in fair value of restructured advances and unrecovered interest held in Sundry /claims received from Credit Guarantee Trust Fund (CGTF) / Export Credit Guarantee Corporation (ECGC) relating to non-performing assets.

6.6. In respect of foreign offices, classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

6.7. For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loan before and after restructuring is provided for, in addition to provision for NPAs.

6.8. In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

6.9. Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

6.10. The general provision on Standard Advances is held in "Other Liabilities and Provisions" reflected in schedule 5 of the Balance Sheet and is not considered for arriving at both net NPAs and net advances.

7. Property, Plant and Equipment

7.1. Premises and Other Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, eligible borrowing costs and directly attributable costs of bringing the Asset to its working condition for the intended use less trade discounts and rebates. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefits from such assets or their functional capability. Land and Buildings, if revalued are stated at revalued amount. The appreciation on revaluation is credited to Revaluation Reserve and the depreciation provided thereon is deducted there from and shall be credited to Revenue Reserves in terms of revised AS 10 on "Property, Plant and Equipment".

7.2. Depreciation on Fixed Assets is provided for on the Straight Line Method at the rates prescribed in Expenditure Policy of the Bank from time to time. The applicable rates of depreciation are as under:

S. No	Capital Asset	Useful Life (Years)	Rate in percentage
1	Immovable Property- Land	Not stipulated; accordingly, no depreciation	NIL
2	Building with RCC frame structure (Both Residential & Non residential)	60	1.67
3	Furniture	10	10.00
4	Fixtures	10	10.00
5	Air-conditioning plants (Package & water/air cooled ductable)	10	10.00
6	Split & Window Air conditioners	5	20.00
7	Electrical installments and equipments	5	20.00
8	Solar Power Equipment	15	6.67
9	Elevators & Lifts	15	6.67
10	Civil & Flooring work in leased Premises	5	20.00
11	Telephone Equipment	5	20.00
12	Motor Cycles, Scooters & other mopeds	10	10.00
13	Motor Cars, Motor Lorries and Electrically operated vehicles including battery powered or fuel cell powered vehicles	8	12.50
14	Mobile Phones	3	33.33
15	Generators	15	6.67
16	Office Equipment	5	20.00
17	Computers & computer software forming integral part of hardware	3	33.33
18	ATM & allied items	3	33.33
19	UPS & allied items	5	20.00
20	Servers & Networks	6	16.66
21	Computers-End user devices such as desktops, laptops, printer & Scanner etc.	3	33.33

7.3. Depreciation on premises is provided on composite cost, wherever the value of Land and Buildings is not separately identifiable.

7.4. Depreciation on Leased assets and Leasehold improvements is recognized on a straight-line basis using rates determined with reference to the primary period of lease.

8. Impairment of Assets

Impairment losses (if any) on Fixed Assets (including revalued assets) are recognised in accordance with AS-28 on "Impairment of Assets" issued by the ICAI and charged off to Profit and Loss Account. The carrying costs of assets are reviewed at each Balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

9. Counter Cyclical Provisioning Buffer

The Bank has a policy of creation and utilization of Counter Cyclical Provisioning Buffer separately for Advances and Investments. The quantum of provision to be created is assessed at the end of each financial year. The counter Cyclical Provisions are utilized only for contingencies under extra ordinary circumstances specified in the policy with prior permission of the RBI.

10. Transactions involving Foreign Exchange

Revaluation of Foreign Currency position and booking Profits / Losses:

10.1. Monetary and Non Monetary Assets and Liabilities are revalued at the exchange rates notified by FEDAI at the close of the year and resultant gain / loss is recognized in the Profit & Loss Account.

10.2. Income & Expenditure items are recognized at the exchange rates prevailing on the date of the transaction.

10.3. Forward exchange contracts are recorded at the exchange rate prevailing on the date of commitment. Outstanding forward exchange contracts are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of 'in-between' maturities. The resultant gains or losses are recognized in the Profit & Loss account.

10.4. Contingent liabilities on account of guarantees, acceptances, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the close of the year.

10.5. Representative Offices of the Bank outside India are treated as Integral Operation Unit as per RBI guidelines.

11. Accounting for Non-Integral Foreign operations

Accounting for transactions involving foreign exchange is done in accordance with AS-11 on "The Effects of Changes in Foreign Exchange Rates", issued by the ICAI. In terms of AS-11, the foreign currency operations of the Bank are classified as a) Integral Operations and b) Non Integral Operations. Foreign branches are classified as non-integral foreign operations by:

11.1. Revenue Recognition

Income and Expenditure are recognized / accounted for as per the local laws of the respective countries.

11.2. **Asset Classification and Loan Loss Provisioning**
Asset classification and loan loss provisioning are made as per the local laws of the respective countries or as per RBI guidelines whichever is higher.

11.3. **Fixed Assets and Depreciation**

- i. Fixed Assets are accounted for at historical cost.
- ii. Depreciation on Fixed Assets is provided as per the applicable laws of the respective countries.

11.4. Assets and Liabilities (monetary and non-monetary as well as Contingent Liabilities) are translated at the closing rates notified by FEDAI at the close of the year.

11.5. Income & Expenditure are translated at the quarterly average closing rates notified by FEDAI at the end of respective quarters.

11.6. All resulting exchange differences are accumulated in 'Foreign Currency Translation Reserve'.

12. Employee Benefits

A. Short Term Employment Benefits:

The undiscounted amounts of short term employee benefits (eg medical benefits) payable wholly within twelve months of rendering the services are treated as short term and recognized during the period in which the employee rendered the service.

B. Long term Employee Benefits:

i. Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/employees joining the Bank on or after 1st April,2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS trust.

ii. Defined Benefit Plan:

Gratuity, Pension and Leave Encashment are defined benefits plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

13. Segment Reporting

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in the compliances with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. Business segments are classified into

13.1. Treasury Operations,
13.2. Corporate and Wholesale Banking,
13.3. Retail Banking Operations and
13.4. Other Banking Operations.

14. **Lease Transactions**

Lease payments for Assets taken on operating lease are recognized as an expense in the profit and loss account on a straight line basis over the lease term.

15. **Earnings per Share**

The Bank reports the basic and diluted Earnings per Share in accordance with AS 20. Earnings per Share is calculated by dividing the net Profit or Loss (after tax) for the year attributable to the Equity shareholders by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if contracts to issue Equity shares were exercised or converted during the year. Diluted earnings per Equity share is calculated by using the weighted average number of Equity shares and dilutive potential Equity shares outstanding as at the year-end.

16. **Taxation:**

This comprises of provision for Income tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) as determined in accordance with AS-22 on "Accounting for taxes on Income" issued by the ICAI. Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rate. Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'reasonable certainty' that sufficient future taxable income will be available against which such Deferred Tax Assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, Deferred Tax Assets are recognized only if there is "virtual certainty".

17. **Provisions, Contingent Liabilities and Contingent Assets**

In terms of AS 29-Provisions, Contingent Liabilities and Contingent Assets issued by the ICAI, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may not be realized.

18. **Share Issue Expenses:**

Share Issue expenses are charged to the Share Premium account in terms of Section 52 of the Companies Act, 2013.

19. Consolidation of the Accounts:

Bank is having 5 subsidiaries, 4 JVs and 1 associate. The details are as under:-

S. No.	Nature	Entities	Stake
1	Subsidiary	UBI AMC Co Pvt Ltd	100%
2	Subsidiary	Union Trustee Co Pvt Ltd	100%
3	Subsidiary	UBI UK Ltd	100%
4	Subsidiary	ABSFL	100%
5	Subsidiary	UBI Services Ltd.	100%
6	JV	SUD Life	25.10%
7	JV	ASREC (India) Ltd	26.02%
8	JV	Indiafirst Life Insurance Co Pvt. Ltd.	30.00%
9	JV	India International Bank (Malaysia) BHD	25.00%
10	Associate	Chaitanya Godavari Grameena Bank	35%

The consolidated financial statements are prepared on the basis of:

19.1. Audited Accounts of the parent bank (Union Bank of India)

19.2. **Consolidation of Subsidiaries:** Line by Line aggregation of the Income/Expenditure/Assets/Liabilities of the subsidiaries with the respective line item of the parent bank, after eliminating all intra-group transactions, unrealised profits/loss in terms of AS 21 on Consolidated Financial Statements issued by Institute of Chartered Accountants of India (ICAI).

19.3. **Consolidation of Associates:** The Investment in Associate is accounted for consolidation as per Equity Method in terms of AS 23 on Accounting for Investments in Associates in Consolidated Financial Statement issued by Institute of Chartered Accountants of India (ICAI).

19.4. **Consolidation of Joint Ventures:** Line by Line consolidation is done with proportionate share in Joint Venture in terms of AS-27 on Financials Reporting in Interest of Joint Venture issued by Institute of Chartered Accountants of India.(ICAI).

SCHEDULES FORMING PART OF THE ACCOUNTS FOR 2020-21 (STANDALONE)

SCHEDULE 18 - NOTES TO ACCOUNTS:

1. DISCLOSURES IN TERMS OF THE RESERVE BANK OF INDIA GUIDELINES

1.1 CAPITAL

The Bank is subjected to Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2020. As per guidelines, the Tier I capital is made up of Common Equity Tier I (CET I) and Additional Tier I.

Basel III guidelines require the Bank to maintain minimum capital to Risk Weighted Assets ratio (CRAR) of 10.875% with minimum CET I of 7.375% (inclusive of Capital Conservation Buffer of 1.875%) and minimum Tier I CRAR of 9.50% as at March 31, 2021.

However, RBI vide its circular No. DOR.CAP.BC.No.34/21.06.201/2020-21 dated February 5, 2021, has extended deferment of last tranche of Capital Conservation Buffer i.e. deferment of implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2020 to September 2020. Further, the RBI vide its circular no. DOR.BP.BC.No.15/21.06.201/2020-21 dated Sep 29, 2020 has extended till March 2021 for achievement of ratios as mentioned above due to deferment of implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from September 30, 2020 to March 2021.

The Government of India (GOI), Ministry of Finance, Department of Financial Services vide Gazette Notification CG-DL-E-04032020-216535 dated 4th March, 2020 approved the scheme of amalgamation of Andhra Bank and Corporation Bank (Amalgamating Banks) into Union Bank of India effective from 1st April, 2020.

a) The working results for the year ended 31st March, 2021 include operations of erstwhile Andhra Bank and erstwhile Corporation Bank. Hence the results for the current year are not comparable with corresponding periods of previous year.
b) The Bank has adopted "Pooling of Interest" method as prescribed under the Accounting Standard - 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India (ICAI), to record amalgamation of Andhra Bank and Corporation Bank (the amalgamating banks) with the Bank with effect from 1st April, 2020.

Accordingly, the difference of Rs.1309.60 Crore between the net assets of amalgamating banks and the amount of shares issued to shareholders of the amalgamating banks has been recognized as Amalgamation Reserve in the opening balance sheet as on 1st April, 2020. The Bank has considered this amount under CET I for the purpose of calculation of CRAR.

The computation of Capital Adequacy as per the framework is indicated below:

Sr. No	Particulars	31.03.2021	31.03.2020
i)	Common Equity Tier 1 Capital ratio (CET 1) (%) Basel III	9.07	9.40
ii)	Tier I Capital ratio (%) Basel III	10.35	10.75
iii)	Tier II Capital ratio (%) Basel III	2.21	2.06
iv)	Total Capital ratio (CRAR) (%) Basel III	12.56	12.81
v)	Percentage of the shareholding of the Government of India (%)	89.07	86.75
vi)	Amount of Equity Capital raised : (Rs in crore)	Nil	11767.99
vii	Amount of Additional Tier I capital raised : (Rs in crore)	1705.00	Nil
Vii	Amount of Tier II Capital raised : (Rs in crore)	2000.00	Nil
	of which Debt capital instruments : (Rs in crore)	2000.00	Nil

During the year the Bank has raised Basel III compliant AT-1 and Tier-2 bonds of Rs.1705 Crore and Rs. 2000 Crore respectively. Also the Bank has exercised call option and has redeemed AT-1 and Tier-2 bonds of Rs. 800 and Rs.3050 Crore (of which Rs.1050 is Basel II compliant).

In terms of notification no. CG-DL-E-23032020-218862 dated 23rd March, 2020, issued by Ministry of Finance, Department of Financial Services, Government of India containing amendment in Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, after obtaining approval of Shareholders in Annual General Meeting held on 4th August, 2020 and also after the approval of RBI, the Bank has set off accumulated losses of Rs.32,758.49 Crore against securities premium account as it stood on 1st April, 2020.

1.2 INVESTMENTS

The detail of Investments and the Movement of provision held towards depreciation on investments of the Bank is given below:

(Rs in crore)

Sr. No	Particulars	31.03.2021	31.03.2020
1	**Value of Investments**		
i)	**Gross Value of Investments**	**3,37,739.21**	**1,54,865.74**
	(a) In India	3,35,033.44	1,51,943.83
	(b) Outside India	2,705.77	2,921.91
ii)	**Provisions for Depreciation**	6,227.42	**2,451.85**
	(a) In India	6,225.48	2,450.43
	(b) Outside India	1.94	1.42
iii)	**Net Value of Investments**	3,31,511.79	**1,52,413.89**
	(a) In India	3,28,807.96	1,49,493.40
	(b) Outside India	2,703.83	2,920.49
2	Movement of provisions held towards depreciation on investments	-	
i)	Opening balance	6316.07	2,368.21
ii)	Add: Provisions made during the year	762.72	474.16
iii)	Less: Write-off/write-back of excess provisions during the year	851.37	390.52
iv)	Closing balance	**6227.42**	2,451.85

1.2 (A) REPO Transactions (in face value terms)

The following tables set forth for the periods indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

(Rs in crore)

	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2021
A	Securities sold under Repo				
i)	Government securities	13,874.50	33,559.73	23,798.91	14,209.00
ii)	Corporate debt securities	-	-	-	-
B	Securities purchased under Reverse Repo				
i)	Government securities	8,358.11	60,800.00	29,904.90	29,554.00
ii)	Corporate debt securities	-	-	-	-

1.2 (B) Non-SLR investment Portfolio

(i) Issuer composition of Non SLR Investments

The issuer composition of investments in securities, other than government and other approved securities is given below:

(Rs in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unrated Securities	Extent of Unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i)	PSUs	5,611.24	1,135.01	-	3,392.83	22.83
ii)	FIs	5,283.23	214.36	-	-	-
iii)	Banks	1,938.63	598.43	-	-	-
iv)	Private Corporate	29,878.49	19,378.01	944.62	216.39	33.75
v)	Subsidiaries/ Joint Ventures	1,691.36	1,691.36	-	-	-
vi)	Others	51,899.18	47,277.50	-	-	-
vii)	Provision held towards depreciation	(6,182.71)		-	-	-
	Total	90,119.42	70,294.67	944.62	3,609.22	56.58

Note: Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

Particulars	31.03.2021	31.03.2020
Shares	2,016.22	1,112.85
Debentures and Bonds	74,822.59	34,039.43
Subsidiaries and Joint Ventures	1,684.96	1,272.74
Others	11,595.65	9,024.64
TOTAL	90,119.42	45,449.66

ii. Non performing Non-SLR Investments

The movement in gross non performing investments in securities other than government and other approved securities is given below:

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Opening balance	4637.92	2234.04
Additions during the year	932.60	425.62
Reductions during the year	759.46	432.60
Closing balance	4,811.06	2227.06
Total provisions held	4,091.41	1858.95

1.2 (C) Sale and transfers to/from HTM Category

The Bank has made sales and transfers to/from HTM category during the financial year 2020 - 21 exceeding 5 per cent of the book value of investments held in HTM category at the beginning of the year. The Market Value of Investment held in HTM category as at March 31, 2021 was Rs. 2,53,814.41 Crore (excluding investment in Subsidiaries / Joint venture). The excess of Book value (excluding investment in Subsidiaries / Joint venture) over market value for which provision was not made was Nil. The 5 per cent threshold to above will exclude:

a) The one-time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year.
b) Sale to the Reserve Bank of India under pre-announced OMO auctions.
c) Repurchase of Government Securities by Government of India from banks.

1.3 DERIVATIVES

1.3.1 Forward Rate Agreement/Interest Rate Swap

(Rs in crore)

Sr. No.	Particulars	31.03.2021	31.03.2020
i)	The notional principal of swap agreements	10,690.00	14190.00
ii)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	239.17	352.76
iii)	Collateral required by the Bank upon entering into swaps	Nil	Nil
iv)	Concentration of credit risk arising from the Swaps	Banking Industry	Banking Industry
v)	The fair value of the swap book*	20.04	8.56

Note:

I. Interest rate swaps in Indian Rupees were undertaken for hedging Reciprocal Loan Arrangements.

II. The Bank has entered into Floating to Fixed or Fixed to Floating Interest Rate Swap transactions for trading during the year.

III. All underlying for hedge transactions are on accrual basis.

1.3.2 Exchange Traded Interest Rate Derivatives

(Rs in crore)

Sr. No	Particulars	31.03.2021	31.03.2020
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) A) Interest Rate Futures Buy Sell	 129.98 130.03	 670.93 660.50
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2021 (instrument-wise)	Nil	Nil
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)*	Nil	Nil

*MTM of IRS deals plus interest accrued on hedging deals.

1.3.3 Disclosures on Risk Exposures in Derivatives

a) Qualitative disclosure:

The Bank deals in two groups of derivative transactions within the framework of RBI guidelines.

i) Over the Counter Derivatives
ii) Exchange Traded Derivatives

The Bank deals in Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swap and Currency Options in Over the Counter Derivatives group.

In Exchange Traded Derivatives Group, the Bank trades in Currency Futures and Interest Rate Futures. The Bank is Trading & clearing member with three Exchanges viz. National Stock Exchange (NSE), Bombay Stock Exchange (BSE) & Metropolitan Stock Exchange (MSEIL), on their Currency Derivative segment, as permitted by Reserve Bank of India. The Bank carries out proprietary trading in currency futures on these exchanges. The Bank has set up the necessary infrastructure for Front, Mid and Back office operations. Daily Mark to Market (MTM) and Margin obligations are settled with the exchanges as per guidelines issued by the Regulators.

The Bank trades in Interest Rate Futures on National Stock Exchange. The bank has necessary infrastructure for Front, Mid and Back office operations in place. Daily Mark to Market (MTM) and Margin obligations are settled with the exchanges as per guidelines issued by the Regulators.

The Bank undertakes derivative transactions for proprietary trading/market making, hedging own balance sheet and for offering to customers, who use them for hedging their risks within the prevalent regulations. Proprietary trading/market making positions are taken in Rupee Interest Rate Swap, Currency Futures and Interest Rate Futures. While derivative instruments present immense opportunity for making a quantum leap in non-interest income and also for hedging market risk, it exposes the Bank to various risks. The Bank has adopted the following mechanism for managing different risks arising out of derivative transactions.

a) In terms of the structure, operations in the Treasury Branch are segregated into following three functional areas, which are provided with trained officers with necessary systems support and their responsibilities are clearly defined.

   I) Front Office (Dealing Room) - Ensures Compliance with trade origination requirements as per Bank's policy and RBI guidelines.
   II) Mid-Office - Risk Management, Accounting Policies and Management
   III) Back Office - Settlement, Reconciliation, Accounting.

   Mid Office monitors transactions in the trading book and excesses, if any, are reported to Risk management Department for necessary action. Mid Office also measures the financial risk for transactions in the trading book on a daily basis, by way of Mark to Market. Daily Mark to Market position is reported to Risk Management Department, for onward reporting of the risk profile to the Directors' Committee on the Assets and Liability Management.

   In case of corporate clients transactions are concluded only after the inherent credit exposures are quantified and approved in terms of approval process laid down in the Treasury Policy for customer appropriateness and suitability. The necessary documents like ISDA agreements are duly executed. The bank has adopted Current Exposure Method for monitoring credit exposures.

b) Treasury Policy of the Bank lays down the types of financial derivative instruments, scope of usages, and approval process as also the limits like the open position limits, deal size limits, stop loss limits and counterpart exposure limit for trading in approved instruments.

   Various Risk Limits are set up and actual exposures are monitored vis-à-vis the limits.
   These limits are set up taking in to account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, stop loss, counterparty credit exposure. Actual positions are measured against these limits periodically and breaches if any are reported promptly. The Bank ensures that the Gross PV01 position arising out of all non option derivative contracts is within the 0.25% of net worth of the Bank.

c) The Bank also uses financial derivative transactions for hedging its own Balance Sheet Exposures. Treasury Policy of the Bank spells out approval process for hedging the exposures. The hedge transactions are monitored on a regular basis. The notional profit or loss calculated on Mark to Market basis, PV01 and VaR on these deals are reported to the Assets Liability Committee (ALCO) every month. Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged items that are attributed to a hedged risk are offset by changes in the fair value or cash flows of the hedging instruments. This exercise is carried out periodically to ensure hedge effectiveness.

d) The hedged/un-hedged transactions are recorded separately. The hedged transactions are accounted for on accrual basis. All trading contracts are mark-to-market and resultant gross gain or loss is recorded in income statement.

In case of Option contracts, guidelines issued by FEDAI from time to time for recognition of income, premium, and discount are being followed.

To mitigate the credit risk, the Bank has policy in place to sanction limits to the counterparty Banks and Counterparty clients. The Bank adopts Current Exposure method for monitoring counterparty exposure periodically. While sanctioning derivative limit, the competent authority may stipulate condition of obtaining collaterals/margin as deemed appropriate. The derivative limit is reviewed periodically along with other credit limits.

The customer related derivative transactions are covered with counterparty banks, on back-to-back basis for identical amount and tenure and the bank does not carry any market risk.

b) **Quantitative disclosure:**

(Rs in crore)

Quantitative Disclosures					
S No	Particular	31-03-2021		31-03-2020	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	(a) For Hedging	741.97	4,550.00	515.60	5450.00
	(b) For Trading	3,651.69	6,140.00	1063.28	8,740.00
(ii)					
	(a) Asset (+)	24.84	104.25	44.16	154.95
	(b) Liability (-)	-14.90	-109.74	-37.60	-159.30
(iii)	Credit Exposure (*)	162.16	325.92	145.87	473.81
(iv)	Likely impact of one percentage change in interest rate (100*PV01) (in Lacs)				
	(a) On Hedging Derivatives	0.00	5,421.60	0.00	10,075.10
	(b) On Trading Derivatives	0.00	385.98	0.00	297.00
(v)	Maximum and minimum of 100*PV01 observed during the year (in Lacs)				
	I. Maximum				
	(a) On Hedging	0.00	10,201.70	0.00	13,595.57
	(b)On Trading	0.00	581.71	10.56	1,124.30
	II. Minimum				
	(a) On Hedging	0.00	5,409.62	0.00	10,011.88
	(b)On Trading	0.00	3.84	0.00	1.08

*Credit exposure of interest rate derivative also includes the exposure on Hedging deals.

1.4 ASSETS QUALITY

1.4.1 Non Performing Assets

The details of movement of gross non performing assets (NPAs), net NPAs and provisions are given below:

(Rs in crore)

S.No.	Particulars	31.03.2021	31.03.2020
i)	Net NPAs to Net Advances (%)	4.62	5.49
ii)	Movement of NPAs (Gross)		
	(a)Opening balance	97,192.54	48,729.15
	(b)Additions(Fresh NPAs) during the year	16,948.97	14,021.70
	(c)Increase in balance of existing NPA	493.71	889.74
	Sub-total (A)	114,635.22	63,640.59
	(b) Less:-		
	(i) Up-gradations	2,674.49	1,870.54
	(ii)Recoveries (excluding recoveries made from upgraded accounts)	5,189.88	4,267.27
	(iii) Technical/Prudential Write-offs	14,746.88	7,019.94
	(iv) Write-offs other than (iii) above	2,235.77	1,397.54
	Sub-total (B)	24,847.02	14,555.29
	Closing balance (A-B)	89,788.20	49,085.30
iii)	Movement of NPAs (Net)		
	(a)Opening Balance	31,324.63	20,332.42
	(b) Additions during the year	14,406.62	3,097.26
	(c)Reduction during the year	18,450.73	6,126.54
	(d) Closing Balance	27,280.52	17,303.14
iv)	Movement of provisions for NPAs (Excluding provisions on Standard Assets)		
	(a) Opening balance	65,535.77	28,396.73
	(b) Provisions made during the year	13,912.19	11,814.18
	(c) Provision increased in restructured accounts	(-) 5.41	(-)30.86
	(d) Write-off/write-back of excess Provisions	17,288.40	8,397.88
	(e) Closing balance	62,154.15	31,782.17

1.4.2 Particulars Of Accounts Restructured

(Rs in Crore)

	Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructructured Accounts as on 01.04.2020	No.of Borrowers	2	0	48	27	77	65303	7324	370	58	73055
		Amount Outstanding	314.50	0.00	4690.67	3350.03	8355.20	3203.88	218.67	767.72	383.63	4573.90
		Provision thereon	3.69	0.00	0.08	0.00	3.77	39.80	7.77	7.49	0.05	55.12
2	Fresh Restructuring during the FY-2020-21	No.of Borrowers	0	0	0	0	0	88507	4051	117	19	92694
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	2,422.90	112.47	3.42	0.63	2539.42
		Provision thereon	0.00	0.00	0.00	0.00	0.00	8.57	0.38	0.00	0.00	8.95
3	Upgradations to restructured standard category during the FY-2020-21	No.of Borrowers	0				0	270				270
		Amount Outstanding	0.00				0.00	59.43				59.43
		Provision thereon	0.00				0.00	0.67				0.67
4	Restructured standard advances which cease to attract higher provisioning and /or additional risk weight at the end	No.of Borrowers	0				0	3279				3279
		Amount Outstanding	0.00				0.00	251.27				251.27

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	Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	of the FY-2020-21 and hence need not be shown as restrucutred standard advances at the beginning of the next FY-2021-22	Provision thereon	0.00				0.00	0.00				0.00
5	Downgradations of restructured accounts during the FY-2020-21	No.of Borrowers		0	0	0	0		12325	1057	14	13396
		Amount Outstanding		0.00	0.00	0.00	0.00		657.99	210.69	0.26	868.94
		Provision thereon		0.00	0.00	0.00	0.00		18.75	1.84	0.00	20.59
6	Write-offs of restructured accounts during the FY-2020-21	No.of Borrowers	0	0	5	6	11	0	0	0	1	1
		Amount Outstanding	0.00	0.00	559.76	2,693.52	3253.28	0.00	0.00	0.00	51.09	51.09
7	Restructured Accounts as on 31.03.2021	No.of Borrowers	1	0	28	28	57	125725	16410	8225	103	150463
		Amount Outstanding	40.33	0.00	3711.84	2674.82	6426.99	4535.78	773.31	1153.31	334.32	6796.72
		Provision thereon	3.69	0.00	0.00	0.00	3.69	64.25	19.21	12.78	0.00	96.24

	Asset Classification		Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructructured Accounts as on 01.04.2020	No.of Borrowers	487	338	2984	368	4177	65,792	7,662	3,402	453	77309
		Amount Outstanding	1516.38	418.09	11668.55	3125.67	16728.69	5,034.76	636.76	17,126.94	6,859.33	29657.79
		Provision thereon	11.74	0.66	36.35	0.00	48.76	55.23	8.43	43.92	0.05	107.64
2	Fresh Restructuring during the FY-2020-21	No.of Borrowers	31587	517	69	6	32179	120094	4568	186	25	124873
		Amount Outstanding	5,178.38	125.58	80.72	1.08	5385.76	7601.28	238.05	84.14	1.71	7925.18
		Provision thereon	50.70	0.00	0.00	0.00	50.70	59.27	0.38	0.00	0.00	59.65
3	Upgradations to restructured standard category during the FY-2020-21	No.of Borrowers	11				11	281				281
		Amount Outstanding	397.42				397.42	456.85				456.85
		Provision thereon	0.00				0.00	0.67				0.67
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end	No.of Borrowers	76				76	3,355				3,355
		Amount Outstanding	727.38				727.38	978.65				978.65

	Asset Classification		Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	of the FY-2020-21 and hence need not be shown as restrucutred standard advances at the beginning of the next FY-2021-22	Provision thereon	0.00				0.00	0.00				0.00
5	Downgradations of restructured accounts during the FY-2020-21	No.of Borrowers		57	12	0	69		12,382	1,069	14	13465
		Amount Outstanding		34.43	0.55	0.00	34.98		692.42	211.24	0.26	903.92
		Provision thereon		0.05	0.01	0.00	0.05		18.80	1.85	0.00	20.64
6	Write-offs of restructured accounts during the FY-2020-21	No.of Borrowers	0	0	14	13	27	0	0	19	20	39
		Amount Outstanding	0.00	0.00	860.46	1,125.68	1986.14	0.00	0.00	1420.22	3870.29	5290.51
7	Restructured Accounts as on 31.03.2021	No.of Borrowers	31365	575	2849	361	35150	1,57,091	16,985	11,102	492	1,85,670
		Amount Outstanding	6585.87	160.25	8339.18	3517.15	18602.45	11161.98	933.56	13204.33	6526.29	31826.16
		Provision thereon	54.16	0.06	6.26	0.00	60.48	122.10	19.27	19.04	0.00	160.41

1.4.3 As per RBI Circular No RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 January 1, 2019, Banks and NBFCs shall make appropriate disclosures relating to the MSME accounts restructured:

(₹ in crore)

No. of Accounts restructured	Amount	Provision Held (@5%)
52104	2876.04	58.67

1.4.4 As per RBI Circular No RBI/2018-19/100 DBR.No.BP.BC.34/21.04.048/2019-20 dated 11/02/2020 & DOR.No.BP.BC.34/21.04.048/2020-21 dated 06/08/2020 actual position of accounts restructured in terms of One time policy on Restructuring of MSME Sector Advance:

(Rs in crore)

No. of Accounts restructured	Amount	Provision Held (@5%)
98019	2810.18	93.17

1.4.5 Outbreak of COVID-19 Pandemic has adversely impacted the economic activity across the globe including the Indian economy. To tide over the pandemic, the Government of India has announced series of lock down since March 2020 and subsequent phased unlocking as well. However, the current second wave of Covid-19 pandemic, with increased number of cases, has resulted in re-imposition of lockdown in regionalized manner across the country. Though the situation continues to remain uncertain the Bank is continuously monitoring the situation and taking all possible measures to ensure continuance of full-fledged banking operations. The management believes that there would not be any significant impact on Bank's performance in future and going concern assumptions.

As per RBI Circular No RBI/2018-19/100 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and 23rd May 2020, actual position of relief extended under COVID19 Regulatory Package is as under:

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(Rs in crore)

Amount Outstanding in SMA/Overdue Category where Moratorium / Deferment extended	No. of Account	Amount Outstanding in Accounts where Asset classification benefit Extended	Provision Made Q4 FY19-20	Additional Provisions made during the Q1 FY20-21	Total Provision held as on 30th June, 2020	Provision held as on 31st Dec, 2020	Provision Required @ 10% of Total Outstanding (C)	Provision to be reversed as on 31.03.2021
A	B	C	D	E	F	G	H	I
47762.59	4	177.11	339.42	339.42	682.78	587.94	17.71	570.23

1.4.6 The Bank has made an additional provision in terms of RBI circular DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 on Prudential Framework for Resolution of Stressed Assets amounting to Rs 749.94 Crore (PY Rs.386.97 Crore) consisting of 9 NPA accounts..

1.4.7 Details of financial assets sold to Securitization/Reconstruction Company for Asset Reconstruction

A) Details of Sales

(Rs in crore)

Sr. No.	Particulars	31.03.2021	31.03.2020
i)	No. of Accounts	3	4
ii)	Aggregate value (net of provisions) of accounts sold to SC/RC		
	a) NPA Accounts	46.22	37.04
	b) Written-off accounts	0.00	0.00
	c) SMA accounts	Nil	Nil
iii)	Aggregate consideration		
	a) NPA Accounts	153.00	117.29
	b) Written-off accounts	35.46	4.20
	c) SMA accounts	Nil	Nil
iv)	Additional consideration realized in respect of accounts transferred in earlier year.	Nil	Nil
v)	Aggregate gain / (loss) over net book value.		
	a) NPA Accounts	106.78	80.25
	b) Written-off accounts	35.46	4.20
	c) SMA accounts	Nil	Nil

1.4.8 1- Book Value of Investments in Security Receipts backed by NPA

(Rs in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/financial institutions/non banking financial companies as underlying		Total	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Security Receipts issued within past 5 years	1,916.68	308.21	0.00	0.00	1,916.68	308.21
Security Receipts issued more than 5 years ago but	238.91	242.77	0.00	0.00	238.91	242.77

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/financial institutions/non banking financial companies as underlying		Total	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
within past 8 years						
Security Receipts issued more than 8 years ago	3.23	0	4.85	10.60	8.08	10.60
Total	2,158.82	550.98	4.85	10.60	2,163.67	561.58

2- Book Value of Investments in Security Receipts backed by SMA

(Rs in crore)

Particulars	Backed SMAs sold by the bank as underlying		Backed by SMAs sold by other banks/financial institutions/non banking financial companies as underlying		Total	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Book Value of Investment in Security Receipts	154.78	155.56	0.00	Nil	154.78	155.56

1.4.9 Details of non performing financial assets purchased /sold

(a) Details of non performing financial assets purchased

(Rs in crore)

Sr. No.	Particulars	31.03.2021	31.03.2020
1	a. No. of accounts purchased during the year b. Aggregate outstanding	Nil Nil	Nil Nil
2	a. Of these, number of accounts restructured during the year b. Aggregate outstanding	Nil Nil	Nil Nil

(b) Details of non performing financial assets sold (Other than ARC's)

(Rs in crore)

Sr. No.	Particulars	31.03.2021	31.03.2020
1	No. of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

1.4.10 Provision on Standard Assets

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Provision towards Standard Assets	5119.13	1943.69

1.4.11 Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(Rs in Crore)

No of Accounts where SDR has been invoked	Amount outstanding as on 31.03.2021		Amount outstanding as on 31st March 2021 with respect to accounts where conversion of debt to equity is pending.		Amount outstanding as on 31st March 2021 with respect to accounts where conversion of debt to equity has taken place.	
Classified as	Standard	NPA	Standard	NPA	Standard	NPA
	Nil	Nil	Nil	Nil	Nil	Nil

1.4.12 Disclosures on Flexible Structuring of Existing Loans

(Rs. in Crore)

Period	No of Borrowers taken up for flexibly Structuring	Amount of Loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring (Yrs)	After applying flexible structuring (Yrs)
2019-20	Nil	Nil	-	Nil	Nil
2020-21	Nil	Nil	-	Nil	Nil

1.4.13 Disclosures on Change in Ownership outstanding SDR Scheme (accounts which are currently under the stand-still period)

(Rs in Crore)

No of Accounts where banks have decided to effect change in ownership	Outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / Invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sales of promoters equity	
Classified as	Standard	NPA	Standard	NPA	Standard	NPA	Standard	NPA
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

1.4.14 Disclosures on Change in Ownership of Projects under Implementation (accounts which are currently under the stand-still period)

(Rs in Crore)

No of project loan accounts where Banks have decided to effect change in ownership	Amount outstanding as on 31st March 2021		
	Classified as Standard	Classified as Standard Restructured	Classified as NPA
Nil	Nil	Nil	Nil

1.4.15 Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) as on 31.03.2021

(Rs in Crores)

Accounts where S4A has been applied		Aggregate Amount outstanding	Amount outstanding		Provision held
Asset Classification	Number of Accounts		In Part A	In Part B	
Standard Accounts	1	59.37	56.16	77.99	31.20
NPAs	0	0	0	0	0

1.4.16 As per RBI Circular No RBI/2020-21 DOR.No.BP.BC.03/21.04.048/2020-21 dated 06/08/2020, Restructuring of Retail and Corporate Loans:

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	33927	3394.55	-	-	317.30
Corporate persons*	32	605.08	-	-	89.53
Of which, MSMEs	21	203.16	-	-	19.71
Others	-	-	-	-	-
Total	33980	4202.80	-	-	426.54

*As defined in Section 3(7) of the insolvency and Bankruptcy Code, 2016.

1.4.17 FITL accounts opened as per RBI Circular No RBI/2020-21 DOR.No.BP.BC.71/21.04.048/2019-220 dated 6/08/2020:

No. of accounts	Outstanding as on 31.03.2021(Rs in crore)
5540	314.39

1.4.18 As per RBI circular No. DBR No. BP. 15199/21.04.048/2016-17 and DBR No. BP. 1906/21.04.048/2016-17 dated June 23, 2017 and August 28, 2017 respectively, for the accounts covered under the provisions of the Insolvency and Bankruptcy Code (IBC), the Bank has made a total provision of Rs.14724 (PY Rs.6940 Crore) Crore (covering 99.82% of the total outstanding) as on the Balance Sheet date.

1.5 BUSINESS RATIOS

Sr. No.	Particulars	31.03.2021	31.03.2020
i)	Interest Income as a percentage to Working Funds	6.34	6.82
ii)	Non-interest income as a percentage to Working Funds	1.05	0.96
iii)	Operating Profit as a percentage to Working Funds	1.78	1.68
iv)	Return on Assets	0.27	(0.53)
v)	Average Business (Deposits plus advances) per employee (Rs in crore)	19.23	20.06
vi)	NetProfit per employee (Rs in crore)	0.04	(0.08)

1.6 ASSET LIABILITY MANAGEMENT

The maturity pattern of Deposits, Borrowings, Advances and Investment as of 31st March 2021 is based on the following:

- RBI Guidelines on ALM
- Behavioral studies of Assets & Liabilities which do not have definite maturity and for embedded optionality
- Foreign Currency On-balance sheet Assets & Liabilities

Current Year 2020-21

(Rs in crore)

MATURITY PATTERN	DEPOSITS	ADVANCES	INVESTMENT/ SECURITIES	BORROWING	FOREIGN CURRENCY ASSESTS	FOREIGN CURRENCY LIABILITIES
NEXT DAY	11,694.42	7,173.12	100,670.43	802.64	3,540.66	2,193.50
2-7 DAYS	18,607.02	11,484.58	11,906.20	636.06	1,084.56	748.75
8-14 DAYS	13,760.66	6,734.08	1,008.94	-	560.53	85.33
15-30 DAYS	23,523.19	16,592.79	2,560.90	1,146.47	2,674.13	1,707.52
31 DAYS - 2 MONTHS	37,021.49	6,417.73	1,178.82	1,932.10	2,100.73	2,406.03
>2 MONTHS - 3 MONTHS	31,306.22	18,817.87	3,305.04	868.80	1,704.15	1,013.28
> 3 MTHS - 6 MONTHS	68,591.32	26,682.54	18,365.60	10,393.24	2,690.29	10,709.85
> 6 MTHS - 1 YEAR	107,186.17	48,794.25	18,003.07	1,283.94	9,436.09	5,877.58
> 1 YEAR - 3 YEARS	108,382.66	277,422.49	36,339.39	18,242.36	9,264.62	3,320.28
> 3 YEARS - 5 YEARS	73,551.34	68,391.66	26,551.54	2,176.49	5,197.94	3,688.13
> 5- YEARS	430,180.85	102,471.75	111,621.87	14,355.00	3,034.17	785.01
TOTAL	**923,805.34**	**590,982.88**	**331,511.79**	**51,837.11**	**41,287.87**	**32,535.26**

Previous Year 2019-20

(Rs in crore)

MATURITY PATTERN	DEPOSITS	ADVANCES	INVESTMENT / SECURITIES	BORROWING	FOREIGN CURRENCY ASSESTS	FOREIGN CURRENCY LIABILITIES
NEXT DAY	2,684.77	5,206.85	29,337.34	351.85	3,471.89	1,760.66
2-7 DAYS	11,862.50	6,232.11	3,630.41	448.24	987.99	481.01
8-14 DAYS	9,490.51	4,535.93	393.70	1,016.45	1,126.78	377.90
15-30 DAYS	12,365.95	7,424.37	1,367.17	720.67	3,257.45	1,814.17
31 DAYS - 2 MONTHS	13,481.26	2,304.49	4,461.56	688.06	3,469.33	1,773.43
>2 MONTHS - 3 MONTHS	15,861.28	8,525.10	17,458.76	557.47	2,353.64	1,240.03
> 3 MTHS - 6 MONTHS	42,821.54	36,556.79	5,029.33	2,662.39	5,324.97	4,395.36
> 6 MTHS - 1 YEAR	51,922.11	21,829.25	4,365.40	8,664.92	6,006.15	8,669.47
> 1 YEAR - 3 YEARS	55,805.55	1,36,492.92	14,065.90	22,865.18	13,220.98	14,643.41
> 3 YEARS - 5 YEARS	39,816.16	40,058.36	9,328.59	7,261.02	6,704.37	8,239.02
> 5- YEARS	1,94,556.81	45,883.26	62,975.74	7,250.00	2,826.81	259.78
TOTAL	**4,50,668.45**	**3,15,049.41**	**1,52,413.90**	**52,486.25**	**48,750.36**	**43,654.24**

1.7 EXPOSURES

1.7.1 Exposure to Real Estate Sector

(Rs in crore)

Sr. No.	Category	31.03.2021	31.03.2020
a)	Direct exposure	92,742.69	39,297.40
i)	Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; -Out of the above individual housing loans up to Rs.20 lakh	78,513.68 38,020.20	29,441.16 12,589.00
ii)	Commercial Real Estate - lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure includes non-fund based (NFB) limits: (W/w LRD)	12,250.56 (2109.33)	8,153.42 (1,817.94)
iii)	CRE RH	1,978.45	1,702.83
iv)	LRD (Lease Rental Discounting) w/w CRE w/w Other than CRE	3,227.29 (2,109.33) (1117.96)	2,438.95 (1,817.94) (621.01)
v)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures - a. Residential, b. Commercial Real Estate.	Nil Nil	Nil Nil
b)	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	35195.26	16,866.09
	Total Exposure to Real Estate Sector	**127937.95**	**56,163.50**

1.7.2 Exposure to Capital Market

(Rs in crore)

Sr. No	Particulars	31.03.2021	31.03.2020
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity - oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	1,284.63	1,028.85
ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds	6.45	2.90
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	372.31	293.13
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances	0.95	0.55

Sr. No	Particulars	31.03.2021	31.03.2020
v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	452.23	594.73
vi)	Loans sanctioned to corporate against the security of shares /bonds/debentures or other securities or on clean basis for meeting promoter contribution to the equity of new companies in anticipation of raising resources	1,288.69	310.98
vii)	Bridge loans to companies against expected equity flows /issues.	-	Nil
viii)	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures and units of equity oriented mutual funds	-	Nil
ix)	Financing to stock brokers for margin trading	-	Nil
x)	All exposures to venture capital funds (both registered and unregistered) will be deemed to be on par with equity and hence will reckon for compliance with the capital market exposure.	1,102.54	840.23
	Total exposure to Capital Market	**4,507.80**	**3,071.23**

1.7.3 Risk Category wise Country Exposure

(Rs in crore)

Risk Category	Net Exposure 31.03.2021	Provision held 31.03.2021	Net Exposure 31.03.2020	Provision held 31.03.2020
Insignificant	16,661.26	Nil	12463.67	Nil
Low	9,989.26	Nil	7570.31	Nil
Moderate	286.23	Nil	220.16	Nil
High	0.65	Nil	9.79	Nil
Very High	0.00	Nil	Nil	Nil
Restricted	0.00	Nil	Nil	Nil
Off-credit	0.00	Nil	1.05	Nil
Total	26,937.40	Nil	20264.98	Nil

As per Country Risk Policy 2020-21, Bank has used ECGC country risk classification for the Trade Exposure and other than Trade exposure in India both for branches in India and for overseas branches.

Bank will make provision for country risk exposure only in respect of a country where the net funded exposure is 1% or more of its total assets.

1.7.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank. (Capital fund Rs. 55009.39 crore)

(Rs in crore)

Sr. No		Name of the Borrower	Exposure Ceiling (Rs)	Total Exposure (Rs)	Exposure as % of Capital Fund	Position as on 31.03.21	Position as % of Capital Fund
1.	Single Borrower	Nil	Nil	Nil	Nil	Nil	Nil
2.	Group Borrower	Nil	Nil	Nil	Nil	Nil	Nil

- Individual borrower exposure limit is 20% of Tier-I Capital Fund. However, 5% additional exposure taken with the approval of the Board as permitted by Reserve Bank of India.
- One single borrower i.e. M/s Food Corporation of India has exceeded the threshold limit of 20% as of March 2021 but the Bank has taken Board approval vide agenda no. A-09 dated 22.10.2020 for the same.
- Group Exposure Limit - 25% however, RBI has permitted exposure ceiling limit of 30% due to COVID outbreak upto June 2021.

1.7.5 Unsecured Advances:

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	Nil	Nil
Estimated value of such intangible collateral securities	Nil	Nil

Advances backed by Annuity under Build Operate Transfer (BOT) model in respect of Road/Highway Projects and toll collection rights have been considered secured as per RBI circular No. OD. BP. BC. No. 83/08.12. 014 / 2012-13 dated 18 March 2013.

1.8 DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATOR:

(Rs in Crore)

Name of Regulator	Year ended 31st March 2021		Year ended 31st March 2020	
	No. of Cases	Amount	No. of Cases	Amount
Reserve Bank of India	NIL	NIL	2	1.60
Other Regulators	NIL	NIL	NIL	NIL

2. DISCLOSURES AS PER ACCOUNTING STANDARDS ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

2.1 REVENUE RECOGNITION (AS 9)

Income and Expenditure have been accounted for on accrual basis except certain items of income are recognized on realization basis as per Accounting Policy no.3.3 of Schedule 17 of Significant Accounting Policies which however, is not considered to be material.

2.2 EMPLOYEE BENEFITS (AS 15 - REVISED)

(i) Short Term Employment Benefits:

The undiscounted amounts of short term employee benefits (e.g. medical benefits) payable wholly within twelve months of rendering the service are treated as short term and recognized during the period in which the employee rendered the service.

(ii) Long Term Employee Benefits:

i. Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers/ employees joining the Bank on or after 1st April, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions retained with the Bank. The Bank recognizes such annual contributions in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

The Bank has Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after April 1, 2010. The scheme is managed by National Pension Scheme (NPS) Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2020-21, the Bank has contributed Rs 297.92 crore (Previous Year Rs 120.24 crore) to NPS.

H. Defined Benefit Plan:

Gratuity, Pension and Leave Encashment are defined benefit plans. These are provided for on the basis of an actuarial valuation as per Accounting Standard-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India, made at the end of each financial year, based on the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit & Loss account.

Defined Benefit Plans - Employee's Pension plan and Gratuity plan:

The Bank has accounted for employee benefits as per Accounting Standards issued by the Institute of Chartered Accountants of India, as per actuarial valuation report for the year ended March 31, 2021.

(Rs in crore)

	Particulars	31.03.2021		31.03.2020	
		Gratuity	Pension	Gratuity	Pension
i)	**Table showing change in Defined Benefit Obligation :**				
	Liability at the beginning of the year	2,738.03	24,553.31	1,222.64	12,158.43
	Interest Cost	187.28	1,667.17	95.24	945.93
	Current Service Cost	137.71	265.17	59.54	90.78
	Past Service Cost (Vested Benefit Amortized)	Nil	Nil	Nil	Nil
	Past Service Cost (Vested Benefit)	Nil	Nil	Nil	Nil
	Liability Transfer in	Nil	Nil	Nil	Nil
	Liability Transfer out	Nil	Nil	Nil	Nil
	(Benefit paid)	(433.15)	(1,682.84)	(198.23)	(809.13)
	Actuarial (Gain)/loss on obligation -due change In the financial assumption	(26.36)	(247.67)	86.88	(578.22)
	Actuarial (Gain) / Loss on obligations	752.31	1,456.27	25.87	938.90
	Liability at the end of the year	3,355.82	26,011.41	1,291.94	12,746.69
ii)	**Table of Fair value of Plan Assets:**				
	Fair value of Plan Assets at the beginning of the year	2,671.12	23,145.31	1,202.14	12,308.84
	Expected return on Plan Assets	182.70*	1,571.57*	93.65*	957.63*
	Contributions	291.35	3,605.19	114.25	74.59
	Transfer from Other Company	Nil	Nil	Nil	Nil
	Transfer to Other Company	Nil	Nil	Nil	Nil
	(Benefit paid)	(433.15)	(1,682.84)	(198.23)	(809.13)
	Actuarial (Gain)/loss on Plan Assets	(34.41)	(81.65)	(7.20)	(75.23)
	Fair Value of Plan Assets at the end of the year	2,746.43*	26,720.88*	1,219.01*	12,607.16*
	Actuarial (Gain)/loss on obligation for the period	725.95	1,208.60	112.75	360.68
	Actuarial (Gain)/loss on Plan Assets	(34.41)	(81.65)	(7.20)	(75.23)
	Total Actuarial (Gain)/loss to be recognized	691.54	1,126.95	105.55	285.45

	Particulars	31.03.2021		31.03.2020	
		Gratuity	Pension	Gratuity	Pension
iii)	Recognition of Transitional Liability :				
	Transitional Liability at start	Nil	Nil	Nil	Nil
	Transitional Liability recognized during the year	Nil	Nil	Nil	Nil
	Transitional Liability at end	Nil	Nil	Nil	Nil
iv)	Actual return on Plan Assets :				
	Expected Return on Plan Assets	182.70	1,571.57	93.65	957.63
	Actuarial Gain/(Loss) on Plan Assets	34.41	81.65	7.20	75.23
	Actual return on Plan Assets	217.11	1,653.22	100.85	1,032.86
v)	Expenses recognized in the Income Statement:				
	Current Service Cost	137.71	265.17	59.54	90.78
	Interest Cost	4.58	95.60	1.59	(11.70)
	Expected Return on Plan Assets				
	Past Service Cost (Vested Benefit Amortized) recognized	Nil	Nil	Nil	Nil
	Past Service Cost (Vested Benefit) recognized	Nil Nil	Nil Nil	Nil Nil	Nil Nil
	Recognition of Transition Liability	Nil	Nil	Nil	Nil
	Actuarial (Gain) or Loss	691.54	1,126.95	105.55	285.45
	Expenses Recognized in P & L	833.83	1,487.72	166.68	364.53
vi)	Balance Sheet Reconciliation:				
	Opening Net Liability (Last year net amount recognized in the balance sheet)	66.91	1,408.00	20.50	(150.41)
	Expenses as above	833.83	1,487.72	166.68	364.53
	Transfer from other Company (Net)	Nil	Nil	Nil	Nil
	Transfer to other Company (Net)	Nil	Nil	Nil	Nil
	(Employer Contribution)	(291.35)	(3,605.19)	(114.25)	(74.59)
	Net (Asset)/Liability Amount recognized in Balance Sheet	609.39	(709.47)	72.93	139.53
vii)	Other Details : Pension is payable at the rate of 1/66 Salary for Each Year of Service Subject to Maximum of 50%. Gratuity is payable at the rate of 15 days salary for each year of service subject to maximum of `20, 00,000 or as per the Bank scheme. Actuarial gain / loss is accounted for in the year of occurrence. Salary escalation is considered as advised by the company which is in line with the industry practice considering promotion and demand and supply of the employees.				
	No. of Members	78,203	28,235	37,323	13,839
	Salary Per Month	354.09	210.64	193.54	89.29
	Contribution for next year	354.09		44.39	213.65
viii)	Category of assets				
	Government of India Assets	64.56	601.59	64.14	198.34
	Corporate Bonds/FDR	96.29	1029.67	88.71	1,004.47

	Particulars	31.03.2021		31.03.2020	
		Gratuity	Pension	Gratuity	Pension
	Special Deposits Scheme	-	-	-	-
	State Govt.	125.89	1150.74	161.47	995.87
	Property	Nil	Nil	Nil	Nil
	Other	185.67	1,426.35	35.33	322.26
	Insurer Managed Funds	2,252.98	22,235.49	869.29	10,086.58
	Mutual Fund	21.04	277.64	-	-
	Total	2,746.43	26,720.88	1,219.01	12,607.16

**Note: Return on investments in LIC & other insurance companies is considered as 7.00% while arriving at the Fair Value of Plan Assets, due to Covid-19 crisis the same is yet to be declared by the insurance companies for the FY2020-21.*

(Rs in crore)

Surplus/Deficit in the Plan:	Gratuity Plan				
Amount recognized in the Balance-Sheet	31.03.21	31.03.20	31.03.19	31.03.18	31.03.17
Liability at the end of the year	3,355.82	1291.94	1,222.64	1,244.88	1,114.72
Fair value of Plan Assets at the end of the year	2,746.43	1219.01	1,202.14	1,302.00	1,333.03
Difference	(609.39)	(72.93)	(20.50)	57.12	218.31
Unrecognized Past Service Cost	Nil	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	(609.39)	(72.93)	(20.50)	57.12	218.31

Amount recognized in the Balance-Sheet	Gratuity Plan				
Experience Adjustment	31.03.21	31.03.20	31.03.19	31.03.18	31.03.17
On plan liability (Gain) / Loss	752.31	25.87	7.91	(142.26)	(13.96)
On plan Assets (Loss) / Gain	34.41	7.20	(13.03)	10.64	42.42

Surplus/Deficit in the Plan:	Pension Plan				
Amount recognized in the Balance-Sheet	31.03.21	31.03.20	31.03.19	31.03.18	31.03.17
Liability at the end of the year	26,011.41	12,746.69	12,158.43	11,803.32	11,231.15
Fair value of Plan Assets at the end of the year	26,720.88	12,607.16	12,308.84	12,115.00	11,214.89
Difference	709.47	(139.53)	150.41	311.68	(16.26)
Unrecognized Past Service Cost	Nil	Nil	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil	Nil	Nil
Amount Recognized in the Balance Sheet	709.47	(139.53)	150.41	311.68	(16.26)

Amount recognized in the Balance-Sheet	Pension Plan				
Experience Adjustment	31.03.21	31.03.20	31.03.19	31.03.18	31.03.17
On plan liability (Gain) / Loss	1,456.27	938.90	125.22	(37.82)	793.17
On plan Assets (Loss) / Gain	81.65	75.23	7.18	(31.39)	526.25

	Principal actuarial assumption used (%)	2020-2021		2019-2020	
		Gratuity	Pension	Gratuity	Pension
	Discount Rate Prev.	6.84	6.79	7.79	7.78
	Rate of return on Plan Assets Prev.	6.84	6.79	7.79	7.78
	Salary Escalation Prev.	5.00	5.00	5.00	5.00
	Attrition Rate Prev.	2.00	2.00	2.00	2.00
	Discount Rate Current	6.93	6.91	6.84	6.79
	Rate of Return on Plan Assets Current	6.93	6.91	6.84	6.79
	Salary Escalation Current	5.00	5.00	5.00	5.00
	Attrition Rate Current	2.00	2.00	2.00	2.00

(C) Other long term Employee Benefits:

Details of Provisions made for various Long Term Employees Benefits during the year are as follows:

(Rs in crore)

Sr. No.	Other Long Term Benefits	31.03.2021	31.03.2020
1.	Pension	1,487.72	364.53
2.	Leave Travel Concession	27.45	(3.44)
3.	Leave Encashment	102.29	116.76
4.	Sick Leave	Nil	Nil

2.3 SEGMENT REPORTING (AS-17)

(Rs in Crore)

	Business Segment	Standalone	
		Year Ended	
		(Audited)	(Audited)
		31.03.2021	31.03.2020
(a)	**Segment Revenue**		
1	Treasury Operations	27,382.29	14,211.20
2	Retail Banking Operations	24,817.48	11,272.83
3	Corporate /Wholesale Banking	26,541.51	16,628.94
4	Other Banking Operations	1,371.55	688.87
5	Unallocated	133.91	18.15
	Total Segment Revenue	**80,246.74**	**42,819.99**
	Less Inter-segment Revenue	(142.54)	(328.08)
	Income from operations	**80,104.20**	**42,491.91**
(b)	**Segment Results (i.e. Profit/ (Loss) Before Tax)**		
1	Treasury Operations	6,157.83	3,666.03
2	Retail Banking Operations	4,197.57	823.26
3	Corporate /Wholesale Banking (before exceptional item)	(8,823.12)	(6,403.83)
4	Add Exceptional Item	-	(2509.98)
	Corporate /Wholesale Banking (after exceptional item)	(8,823.12)	(8913.81)
5	Other Banking Operations	733.23	378.74
6	Unallocated	133.91	18.15
	Total Profit Before Tax	**2,399.42**	(4,027.63)
(c)	Provision for Tax	(506.55)	(1129.85)
(d)	**Net Profit/(Loss) After Tax**	**2,905.97**	**(2,897.78)**
(e)	**Segment Assets**		
1	Treasury Operations	4,27,941.43	2,81,741.01
2	Retail Banking Operations	2,77,191.79	1,24,530.01

3	Corporate/Wholesale Banking	341,941.30	2,00,931.74
4	Other Banking Operations	-	0.00
5	Unallocated Assets	24,651.32	13,480.51
	Total Assets	**1,071,705.84**	**5,50,683.27**
(f)	**Segment Liabilities**		
1	Treasury Operations	419,807.14	2,01,928.03
2	Retail Banking Operations	253,344.66	1,19,538.72
3	Corporate /Wholesale Banking	310,531.92	1,92,878.19
4	Other Banking Operations	-	0.00
5	Unallocated Liabilities	23,545.40	2,552.68
	Total Liabilities	**1,007,229.12**	**5,16,897.62**
1	Treasury Operations	8,134.29	9,812.98
2	Retail Banking Operations	23,827.13	4,991.29
3	Corporate/Wholesale Banking	31,409.38	8,053.55
4	Other Banking Operations	-	0.00
5	Unallocated	1,105.92	10,927.83
	Total Capital Employed	**64,476.72**	**33,785.65**

Notes:

1. The Bank operates in four segments viz., Treasury, Retail, Corporate / Wholesale and Other Banking Operations. These segments have been identified in line with AS-17 on segment reporting after considering the nature and risk profile of the products and services, the target customer profiles, the organizational structure and the internal reporting system of the bank. The bank has disclosed the business segment as primary segment. The revenue and other parameters prescribed in AS-17 of foreign branch for the period are within the threshold limits as stipulated under AS-17 and hence the bank has only one reportable geographical segment.
2. Segment wise income, expenditure, Capital employed which are not directly allocable have been allocated to the reportable segments based on assumptions as considered appropriate by the management.
3. There has been change in the methodology of allocation of various items in reportable segments due to which previous periods figures have been regrouped/recasted.

2.4 RELATED PARTY DISCLOSURES (AS-18)

2.4.1 List of Related Parties

a) Subsidiaries

- Union Asset Management Co. Pvt. Ltd.
- Union Trustee Company Pvt. Ltd.
- Union Bank of India (UK) Ltd.
- Andhra Bank Financial Services Ltd.
- UBI Services Ltd.

b) Joint Venture

- Star Union Dai-Ichi Life Insurance Co. Ltd.
- ASREC (India) Ltd.
- India International Bank (Malaysia) Berhad
- IndiaFirst Life Insurance Co. Ltd.

c) Associate

- Chaitanya Godavari Grameena Bank

d) **Key Management Personnel**

Name	Designation	Joining/Cessation during the year 2020-21
Shri Rajkiran Rai G.	Managing Director & CEO	N.A.
Shri Gopal Singh Gusain	Executive Director	N.A.
Shri Dinesh Kumar Garg	Executive Director	N.A.
Shri Shri Birupaksha Mishra	Executive Director	Joining on 01.04.2020 (consequent to amalgamation of Corporation Bank into Union Bank of India), Cessation on 31.01.2021
Shri Manas Ranjan Biswal	Executive Director	N.A.
Shri Nitesh Ranjan	Executive Director	Joining on 10.03.2021

Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 6 of AS 18, transactions in the nature of Banker - Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

2.4.2 Key Management Personnel - Remuneration paid.

(Rs in crore)

Particulars	31.03.2021	31.03.2020
CEO and Managing Director	0.34	0.33
Executive Directors	1.11	0.81
Total	1.45	1.14

2.5 "Leases" - Premises taken on Operating Lease (AS 19)

The data of Liability of Premises taken on Non-Cancellable operating lease is as under:

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Not later than 1 year	28.63	14.87
Later than 1 year and not later than 5 year	234.44	84.59
Later than 5 years	241.70	127.20
Total	504.77	226.66

2.6 EARNING PER SHARE (AS-20)

Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of diluted potential equity shares outstanding during the year.

The computation of earnings per share is given below:

Particulars	31.03.2021	31.03.2020
Number of Equity shares at the beginning of the year	640,68,44,355	1,76,30,16,314
Number of Equity shares issued during the year	Nil	1,65,98,02,538
Number of Equity shares outstanding at the end of the year	640,68,44,355	3,42,28,18,852
Weighted Average Number of Equity Shares used in computing Basic Earnings per share	640,68,44,355	2,32,08,18,806

Particulars	31.03.2021	31.03.2020
Weighted Average Number of Shares used in computing diluted Earnings per share	640,68,44,355	2,32,08,18,806
Net Profit/(Loss) Rs in Crore	2905.98	(2897.77)
Basic Earnings per share (Rs)	4.54	(12.49)
Diluted Earnings per share (Rs)	4.54	(12.49)
Nominal Value per share (Rs)	10.00	10

2.7 PROVISION FOR TAXES:

2.7.1 Deferred Tax (AS-22)

(Rs in crore)

Sr. No.	Particulars	31.03.2021	31.03.2020
	Deferred Tax Assets		
1	Employee Benefits (Leave Encashment)	457.76	294.57
2	Depreciation on Fixed Assets	299.18	112.05
3	On account of other provisions	18,182.58	9,239.00
4	On account of unabsorbed losses	0.00	0.00
	Total	**18,939.52**	**9,645.63**
	Deferred Tax Liabilities		
1	Accrued interest on securities	1,104.51	806.32
2	Special Reserves u/s 36(i)(viii)	1,924.67	1,004.64
3	Depreciation on Investment	237.86	477.79
	Total	**3267.04**	**2,288.75**
	Net Deferred Tax Asset	**15,672.48**	**7,356.88**
	Net Deferred Tax Liability	**Nil**	**Nil**

2.7.2 Direct Tax

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Provision for Income Tax (Including Deferred tax)	(506.55)	(1129.85)

2.8 INVESTMENT IN JOINT VENTURES (AS - 27)

Investments include Rs.435.72 Crores (Previous year Rs. 65 Crores) representing Bank's interest in Star Union Dai-ichi Life Insurance Co., ASREC(India) Limited, India First Life Insurance Co., and India International Bank (Malaysia) BHD.

2.9 IMPAIRMENT OF ASSET (AS-28)

In the opinion of the Management, there is no indication for Impairment during the year with regard to the asset to which Accounting Standards 28 applies.

2.10 CONTIGENT LIABILITIES (AS - 29)

Contingent liabilities referred to in Schedule-12 at S. No.(I) & (VI) are dependent upon the outcome of court/arbitration/out of court settlement, the amount being called up, terms of contractual obligations, devolvement and raising of demand by parties concerned, disposal of appeals respectively.

3. ADDITIONAL DISCLOSURE

3.1 Provisions and Contingencies

(Rs In crore)

Break up of Provision & Contingencies, shown under the head in Profit & Loss:	31.03.2021	31.03.2020
Provision / (Reversal) for Depreciation on Investment	435.08	372.37
Provision towards NPA	13595.75	9304.20
Provision towards Harmonization (refer note below)	323.86	2509.98
Provision/(Reversal) towards Standard Assets	1245.63	505.74
Net Provision made towards Income Tax (IT)/ Deferred tax assets (DTA)	(506.55)	(1129.85)
Other Provision and Contingencies:		
- Shifting Loss	124.14	4.16
- Restructured Advances	81.87	(16.76)
- Others	1053.54	529.05
TOTAL	16353.32	12078.89

Note - The amalgamation of Andhra Bank and Corporation Bank with Union Bank of India has been effected w.e.f. April 1, 2020 in terms of GOI Notification CG-DL-E-04032020-216535 G.S.R.154 (E) dated March 4, 2020. Accordingly, the Bank, as a prudential measure, has made harmonization provisioning in its Books of Accounts for the position as on 31st March, 2020 with regard to impact of divergence in Asset Classification across Union Bank of India, Andhra Bank and Corporation Bank as per extant IRACP norms. The Bank on standalone basis had made an additional harmonization provision amounting to Rs 2509.98 Crore and the same is included in the total NPA provision. Further, the Bank had made additional harmonization provision of Rs.323.86 Crore during the FY 2020-21.

3.2 Counter Cyclical Provisioning Buffer / Floating Provision:

(Rs In crore)

Sr. No	Particulars	31.03.2021	31.03.2020
i)	Opening Balance	306.20	293.20
ii)	Additional provisions made during the accounting year	Nil	Nil
iii)	Amount of drawdown made during the accounting year	Nil	Nil
iv)	**Closing balance**	**306.20**	**293.20**

3.3 DRAW DOWN FROM RESERVES:

During the year 2020-21, bank has drawn Rs937.89 crore form other reserves & Rs 21.37 Crore from share premium account. The detail is as under:

1- Unamortized portion of Frauds amounting to Rs.937.89 Crore debited to other reserves.
2- Rs. 21.37 Crore for expenditure towards allotment of shares to shareholders of e-AB & e-CB was debited from share premium account.

3.4 DISCLOSURE OF COMPLAINTS:

Summary information on complaints received by the bank from customers and from the OBOs				
	Complaints received by the Bank from its customers			
Sr.No.		Particulars	2020-21	2019-20
1.		Number of complaints pending at beginning of the year (Including BO Complaints)	2872	9713
2.		Number of complaints received during the year (Including BO Complaints)	415035	353549
		Number of complaints disposed during the year (Including BO Complaints)	[illegible]	360390
	3.1	Of which, number of complaints rejected by		

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		the bank		
4.		Number of complaints pending at the end of the year (Including BO Complaints)	10780	2872
		Maintainable complaints received by the bank from OBOs		
5.		Number of maintainable complaints received by the bank from OBOs	8544	3575
	5.1	Of 5, number of complaints resolved in favour of the bank by BOs	6446	3187
	5.2	Of 5, Number of complaints resolved through conciliation/ mediation/ advisories issued by BOs	1182	388
	5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank.	8	1
6.		Number of Awards unimplemented within the stipulated time (Other than those appealed)	0	0

Note:-

1) Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006. However, the above data collated from CMS site also includes those complaints settled by agreement per Clause 11 as well as Rejected Complaints as per Clause 13 of Ombudsman Scheme 2006 which is under correspondence.

Top five grounds of complaints received by the Bank from customers (Including BO Complaints)

Grounds of complaints,(i.e. Complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year (2020-21)					
	01.04.2020	2020-21		31.03.2021	
ATM/Debit Cards	1250	292035	3.30%	4583	2342
Internet/Mobile/Electronic Banking	214	61087	44.16%	344	205
Levy of Charges Without prior Notice/Excessive Charges/Foreclosure Charges	171	8406	37.51%	2389	1746
Cheques/Drafts/Bills	20	5331	129.48%	52	24
Credit Cards	16	3853	146.04%	27	8
Others	1201	44323	146.48%	3385	1847
Total	2872	415035	17.39%	10780	6172
Previous Year (2019-20)					
	01.04.2019	2019-20		31.03.2020	
ATM/Debit Cards	9160	282682	-20.91%	1250	868
Internet/Mobile/Electronic Banking	17	42374	-24.80%	214	54
Levy of Charges Without prior Notice/Excessive Charges/Foreclosure Charges	19	6113	566.63%	171	3

Cheques/Drafts/Bills	11	2323	97.36%	20	0
Loans & Advances	76	2075	35.50%	187	149
Others	430	17982	57.25%	1030	525
Total	9713	353549	-22.17%	2872	1599

D Complaints pertaining to Third Party Products/Business

Sr. No	Particulars	31.03.2021	31.03.2020
(a)	No. of complaints pending at the beginning of the year	2	2
(b)	No. of complaints received during the year	45	29
(c)	No. of complaints redressed during the year	36	29
(d)	No. of complaints pending at the end of the year	11	2

3.5 Disclosure of Letter of Comfort (LoC's) issued

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Letter of Comfort outstanding at beginning of the year	0.00	0.00
Add : Issued during the year	0.00	0.00
Less: Expired during the year.	0.00	0.00
Outstanding at the end of the year	0.00	0.00

In terms of RBI/2017-18/139 A.P. (DIR Series) Circular No. 20 dated March 13, 2018, issuance of Letter of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits for imports into India has been discontinued.

3.6 Provision Coverage Ratio (PCR)

Particulars	31.03.2021	31.03.2020
Provision Coverage ratio (%)	81.27	73.64

3.7 DISCLOSURE OF - BANCASSURANCE BUSINESS:

The breakup of income derived from bancassurance business is given here below

(Rs in crore)

Sr. No.	Nature of Income	31.03.2021	31.03.2020
1.	Life Insurance Policies	142.13	89.95
2.	Non Life Insurance Policies	48.72	14.43
3.	Health Insurance	32.37	11.79

3.8 CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs:

3.8.1 Concentration of Deposits

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Total Deposits of twenty largest depositors	73,698.36	45,012.97
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	[illegible]	9.99%

3.8.2 Concentration of Advances

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Total Advances of twenty largest borrowers/customers	71,722.59	30,224.02
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	10.83%	9.26%

3.8.3 Concentration of Exposures

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Total Exposures of twenty largest borrowers/customers	1,11,126.87	56,458.23
Percentage of Exposures of twenty largest borrowers/customers to Total Exposures of the Bank on borrowers / customers	13.09%	9.90%

3.8.4 Concentration of NPAs

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Total Exposures to top four NPA accounts	7,864.59	6,522.21

3.9 SECTOR-WISE ADVANCES

(Rs in crore)

Sr. No.	Sector	Current Year (FY 2020-21)			Previous Year (FY 2019-20)		
		Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	116,944.15	14,379.97	12.30	49,609.81	5,880.39	11.85
2	Advances to industries sector eligible as priority sector lending	42,785.42	10,124.17	23.66	20,480.16	4,429.81	21.63
3	Services	79,639.65	14,899.51	18.71	49,937.32	8,066.84	16.15
4	Personal loans	40,258.40	2,389.44	5.94	16,848.64	723.53	4.29
	Sub-total (A)	279,627.62	41,793.09	14.95	1,36,875.93	19,100.57	13.95
B	Non Priority Sector						
1	Agriculture and allied activities	3193.75	126.81	3.97	0.00	0.00	0.00
2	Industry	126,763.50	26,357.31	20.79	58,979.67	15,904.60	26.97
3	Services	114,066.55	13,757.81	12.06	99,677.26	12,515.69	12.56
4	Personal loans	130,032.91	7,753.18	5.96	51,388.33	1,564.44	3.04
	Sub-total (B)	374,056.71	47,995.11	12.83	2,10,045.26	29,984.73	14.28
	Total (A+B)	653,684.33	89,788.20	13.74	3,46,921.19	49,085.30	14.15

Note - Previous year figures are regrouped wherever necessary.

3.10 TReDS Exposure

(Rs in crore)

Particulars	31.03.2021
TReDS Exposures in terms of DBR.No.FSD.BC.32/24.01.007/2015-16 dated 30th July 2015 (Para 8)	391.80

3.11 MOVEMENT OF NPA

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Gross NPA (Opening Balance)	97192.54	48,729.15
Additions (Fresh NPAs) during the year	16,948.97	14,021.70
Increase in balance of existing NPA	493.71	889.74
Sub-total (A)	**114,635.22**	**63,640.59**
Less:-		
(i) Up-gradations	2,674.49	1,870.54
(ii)Recoveries (excluding recoveries made from upgraded accounts)	5,189.88	4,267.27
(iii) Write-Offs	16,982.65	8,417.48
Sub-total (B)	**24,847.02**	**14,555.29**
Gross NPA (closing balance) (A-B)	**89,788.20**	**49,085.30**

3.12 In terms of RBI circular DBR.BP.BC.No. 32/21.04.018/2018-19 dated 1st April, 2019, the Bank should disclose the divergence, resulting due to RBI's Supervisory Program for Assessment of Risk and Capital, wherever either or both of the following conditions are satisfied:

i) The additional provisioning for NPAs assessed by RBI exceeds 10 percent of the reported profit before provisions and contingencies for the reference period, and;

ii) The additional Gross NPAs identified by RBI exceeds 15 percent of the published incremental Gross NPAs for the reference period.

As the divergence are within the prescribed threshold limit, hence no disclosure is required with respect to RBI's annual supervisory process for the FY 2019-20.

3.13 STOCK OF TECHNICAL WRITE-OFFS

(Rs in crore)

Sr. No.	Particulars	31.03.2021	31.03.2020
i)	Opening balance of Technical/ Prudential written-off accounts	46,139.52	11,496.15
ii)	Add: Technical/ Prudential write-offs during the year	14746.88	6,760.22
iii)	Sub-total (A)	60886.40	18,256.37
iv)	Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	5008.52	1,705.93
v)	Closing balance (A-B)	55877.88	16,550.44

3.14 In term In terms of RBI Circular DOR.No.BP.BC.62/21.04.048/2019-20 dated 17th April, 2020 on Covid-19 Regulatory Package - Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets the Bank has extended Resolution Period in respect of NIL accounts having aggregate exposure NIL.

3.15 OVERSEAS ASSETS, NPAS AND REVENUE

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Total Assets	21,541.36	27,867.10
Total NPAs	2,545.74	2,221.59
Total Revenue	571.47	853.72

3.16 There is no Off - Balance Sheet SPVs sponsored by the Bank.

3.17 UNAMORTIZED PENSION AND GRATUITY LIABILITIES

(Rs. in crore)

Particulars	31.03.2021	31.03.2020
Pension		
a) Charged to Profit & Loss account	Nil	Nil
b) Carried forward	Nil	Nil
Gratuity		
a) Charged to Profit & Loss account	Nil	Nil
b) Carried forward	Nil	Nil

3.18 DISCLOSURES RELATING TO SECURITISATION

As on March 31, 2021 Bank does not have any Special Purpose Vehicles (SPVs) sponsored for securitization transactions.

3.19 CREDIT DEFAULT SWAPS:

The Bank has not entered into any Credit Default Swap transactions during the FY 20-21.

3.20 INTRA GROUP EXPOSURES

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Total amount of Intra group exposure	Nil	Nil
Total amount of Top 20 Intra group exposure	Nil	Nil
Percentage of Intra group exposure to Total exposure of the Bank on borrowers/customers	Nil	Nil
Details of breach of limits on Intra group exposure and regulatory action thereon	Nil	Nil

3.21 TRANSFERS TO DEPOSITOR EDUCATION AND AWARENESS FUND (DEAF)

(Rs in crore)

Particulars	31.03.2021	31.03.2020
Opening balance amounts transferred to DEAF	1914.71	1146.21
Add: Amount transferred to DEAF during the Year	490.35	224.70
Less: Amount reimbursed by DEAF towards claims	29.82	31.19
Closing balance of Amount transferred to DEAF	2375.24	1339.72

3.22 UN-HEDGED FOREIGN CURRENCY EXPOSURES

In terms of guidelines issued by Reserve Bank of India with regard to UFCE, Bank has approved Policy on Unhedged Foreign Currency Exposure of Clients 2020-21. While framing the policy, Bank has taken into consideration the exchange risks arising out of volatility in the forex market and accordingly has made suitable provisions to reduce the risks. Bank has also taken into consideration credit risks arising out of unhedged foreign currency exposure and accordingly Bank has put in place risk mitigation measures by incorporating additional loan pricing framework. Total provision made for exposures to entities with UFCE for the year ended March 2021 is Rs. 19.09 Crores.

3.23 Compliance to the Provision of MSME Development Act, 2006

Bank is complying with the extant provisions of MSME Development Act, 2006 and there has been no reported cases of any delayed payments of the principal amount or interest due thereon to Micro, Small and Medium Enterprises.

4. LIQUIDITY COVERAGE RATIOS (LCR)

The 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.

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

Where Net Cash Outflow = Max ((Cash Outflows-Cash Inflows), 25% of Cash Outflow)

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.

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 (Cash Reserve Ratio), Excess SLR (Statutory Liquidity Ratio) securities, Marginal Standing Facility (3 % of Net demand & time liability) & FALLCR (15.00 % of Net demand & time liability). On account of the ongoing pandemic situation and resultant adverse impact on economic activity, RBI on 17th April 2020 has brought down the LCR minimum requirement to 80% till 31st December 2020, which is to be gradually restored to 90% from 1st October 2020 and 100% from 1st April 2021. Other relaxation extended are as under:

- Enhanced Marginal Standing Facility (MSF) from 2% to 3% of NDTL till 31st March 2021.
- Reduced CRR limit from 4% to 3% for 1 year (till 26th March 2021) and restored in phased manner to 3.5% from 27th March, 2021 & 4% with effective from 22nd May,2021.

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 up to 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

As per the Government of India order dated 4th March 2020 Andhra Bank and Corporation Bank have been merged with Union Bank of India. Since 1st April 2020, Liquidity Coverage Ratio (LCR) is being computed on daily basis as per RBI guidelines for amalgamated entity (including UBI, e-Corporation Bank, e-Andhra Bank, Overseas branches located in Dubai, Hong-Kong and Sydney and Subsidiary-Union Bank of India (UK) Limited).

The Bank during the three months ended March 31st, 2021 maintained average HQLA of Rs. 2,60,800 crores. Level 1 assets are the main drivers of HQLA for the bank. They contribute to 94% of the total stock of HQLA. Based on daily averages for the quarter ended 31st March 2021, Facility to avail Liquidity for Liquidity Coverage Ratio (FALLCR) constitutes the highest portion to HQLA i.e. around 53% of the total HQLA. Level 2 assets which are lower in quality as compared to Level 1 assets, constitute 6% of the total stock of HQLA against maximum permissible level of 40%.

Bank's exposure is mainly in Indian Rupees. Unsecured wholesale funding constitute major portion of total funding sources. Retail deposits and deposits from small business customers contributed around 23% 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 to around 78% of the total weighted cash inflows.

Bank has calculated LCR for all working days over the March 2021 quarter. The average of the daily observation of 69 data points is calculated. The average LCR for the quarter ended 31st March, 2021 is 181.01%, and is well above the present minimum requirement prescribed by RBI of 90% for the Quarter ended March 2021.

Movement of Average LCR during the F.Y 2020-21:

Quarter	June-2020	Sep-2020	Dec-2020	March-21	F.Y 2020-21
LCR Ratio:	163.84	178.69	183.99	181.01	176.70

4.2 Quantitative Disclosure

(Rs in Crore)

Yearly LCR Disclosure - Audited					
		FY 2020-21		FY 2019-20	
	Particulars	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)	256,813.63	253,354.91	118142.43	116567.89
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	581,259.28	44,262.31	271641.75	23490.24
(i)	Stable deposits	277,272.39	13,863.62	73478.75	3673.94
(ii)	Less stable deposits	303,986.89	30,398.69	198163.00	19816.30
3	Unsecured wholesale funding, of which:	181,425.26	86,783.76	77683.92	39110.65
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	181,425.26	86,783.76	77683.92	39110.65
(iii)	Unsecured debt				
4	Secured wholesale funding	2,688.14	2.47	2053.63	18.28
5	Additional requirements, of which	129,317.22	17,949.89	35949.66	6187.03
(i)	Outflows related to derivative exposures and other collateral requirements	44.26	44.26	0.07	0.07
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	129,272.96	17,905.63	35949.59	6186.96
6	Other contractual funding obligations	2,763.28	2,763.28	2302.24	2302.24
7	Other contingent funding obligations	72,934.32	2,234.88	36172.42	1085.32
8	TOTAL CASH OUTFLOWS	970,387.59	153,996.68	425803.61	72193.76
Cash Inflows					
9	Secured lending (e.g. reverse repos)	28,397.91	0.00	5434.75	0.00
10	Inflows from fully performing exposures	2,971.28	2,971.28	2731.18	2731.18
11	Other cash inflows	10,397.38	7,648.06	9257.43	6595.25
12	TOTAL CASH INFLOWS	41,766.57	10,619.34	17423.36	9326.43
		Total Adjusted Value		Total Adjusted Value	
13	TOTAL HQLA	253,354.9[illegible]		81945.45	
14	TOTAL NET CASH OUTFLOWS	143,[illegible]33		63643.71	
15	LIQUIDITY COVERAGE RATIO (%)	17[illegible]70%		128.76%	

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5. FIXED ASSETS

Documentation formalities are yet to be completed in respect of one(P.Y. two) immovable properties held by the Bank at written down value of Rs 1.82 crore (P.Y. Rs. 1.98 crore.) in respect of which steps have already been initiated.

6. FRAUD CASES DETECTED/REPORTED

(Rs. in crore)

Frauds Detected during the Year	No. of cases of Frauds detected	Amount involved in such frauds	Amount outstanding as on 31/03/2021	Provision made as of 31/03/2021	Unamortized provision as of 31/03/2021
Total	579	12791.43	10768.67	9830.78	937.89

7. BALANCING OF BOOKS, RECONCILIATION OF INTER BRANCH / BANK TRANSACTIONS

(i) Confirmation/ Reconciliation of balance with foreign banks and other banks has been obtained/ carried out.

(ii) Adjustment of outstanding entries in Suspense Accounts, Sundry Deposits, Clearing Adjustments, Bank Reconciliation Statements and various inter-branch/office accounts is in progress.

(iii) Pending final clearance of the (i) and (ii), the overall impact, if any, on the accounts, in the opinion of the management will not be significant.

8. ROADMAP FOR IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (Ind-AS)

The RBI vide DBR.BP.BC.No. 76/21.07.001/2015-16 dated 11th February 2016, has prescribed the roadmap for implementation of Indian Accounting Standards (Ind-AS) in the Banks and the Banks needs to disclose the strategy for Ind-AS implementation, including the progress made in this regard. The Bank accordingly, has appointed a Consultant to assist in implementation of the Ind-AS. The Bank has also constituted a Steering Committee to oversee the progress made and the Audit Committee of the Board is being apprised of the same from time to time. Further, in terms of DO.DBR.BP.No.2535 /21.07.001/2017-18 dated 13th September 2017, the Bank is submitting Proforma Ind-AS financial statements to the RBI on quarterly basis. Latest Proforma financials for the quarter ended 31st December 2020 was submitted to RBI on 26th February 2021. However, vide Circular No RBI/2018-19/146 DBR.BP.BC.No.29/21.07.001/2018-19 dated 22nd March, 2019, RBI has deferred Ind-AS implementation till further notice.

9. CORPORATE TAXATION:

Provision for tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rates and tax laws. Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted till the date of the Balance Sheet.

Deferred Tax Assets are recognized only if there is virtual certainty of realization of such assets in future. Deferred Tax Assets/Liabilities are reviewed at each Balance Sheet date based on developments during the year.

10. INVESTMENTS

i) Profit of Rs. 1,844.94 crore (previous year Rs. 575.95 crore) on sale of "Held to Maturity" Category securities has been taken to profit and loss account initially.

ii) In respect of "Held to Maturity" category, as stated in Significant Accounting Policy No.4 (ii)(a), the excess of acquisition cost over face value of the securities amortized during the year amounted to Rs. 703.10 crore (previous year Rs. 291.33 crore).

iii) Total investments made in shares, convertible debentures and units of equity linked mutual funds / venture capital funds and also advances against shares aggregate to Rs. 2,387.16 crore (previous year Rs. 1869.08 crore).

11. Climate Control

Union Bank of India has a policy in place in name of "Sustainable Development and Business Responsibility Policy" which is reviewed every year and last reviewed by the Board on 25.03.2021. Through this policy, the Bank is committed to make effort to protect and restore the environment. Bank has taken various initiatives like Electricity Conservations, avoid usage of plastic bottles for packaged drinking water etc.

12. During the current year, there is no material prior period item (as per AS 5) and no discontinued operations (as per AS 24).

13. There is change in the accounting policies/estimates followed (with effect from 1st April, 2020) during the year ended 31st March, 2021 as compared to those followed in the preceding financial year ended 31st March, 2020:

a) With effect from 1st April, 2020, the income on account of LC/BG commission is recognized as revenue on accrual basis as against receipt basis followed in earlier periods. Impact due to the change in accounting policy has resulted in decrease in other income and net profit (before tax) for the year by Rs. 441.06 Crore.

b) Pursuant to amalgamation of Andhra Bank and Corporation Bank into Union Bank of India, there is a change in method of depreciation on Fixed Assets from Written Down Value to Straight Line Method and change in estimated useful life with respect to some categories of assets. Impact due to the said changes has resulted in increase in depreciation and decrease in net profit (before tax) of Rs. 3.24 Crore for the year ended 31st March, 2021. However, due to harmonisation, one time impact on the depreciation during the year amounting to Rs.180.16 Crore.

14. Other income of the Bank inter alia includes commission income of Rs. 24.38 Crore from sale of Priority Sector Lending Certificate. Traded value of PSCL certificate are given below:

Category	Traded Value (Rs. In Crore)
PSLC-General	15000.00
PSLC-Small & Marginal Farmer	3500.00

15. In terms of RBI instructions contained in DOR.STR.REC.4/21.04.048/2021-22 dtd. 7th April, 2021 the Bank shall refund/adjust interest on interest charged to all borrowers during the moratorium period i.e. 1st March, 2020 to 31st August, 2020. Pursuant to these instructions, the methodology for calculation of the amount to be refunded/adjusted shall be finalised by the Indian Bank Association (IBA) in consultation with other industry participants/bodies, which shall be adopted by the lending institutions. The IBA vide its letter dtd. 19th April, 2021 has informed the methodology as per Supreme Court Judgement. Accordingly, the Bank has estimated the liability of Rs.127.30 Crore and recognised a charge in its Profit and Loss Account for the year ended March 31, 2021.

16. The figures of the previous year have been regrouped/rearranged wherever considered necessary.

Signatories to Schedules 1 to 18

(DHIRENDRA JAIN)
DEPUTY GENERAL MANAGER

(PRAFULLA KUMAR SAMAL)
CHIEF FINANCE OFFICER

(NITESH RANJAN)
EXECUTIVE DIRECTOR

(MANAS RANJAN BISWAL)
EXECUTIVE DIRECTOR

(DINESH KUMAR GARG)
EXECUTIVE DIRECTOR

(GOPAL SINGH GUSAIN)
EXECUTIVE DIRECTOR

(RAJ KIRAN RAI G.)
MANAGING DIRECTOR & CEO

(DR. MADHESH KUMAR MISHRA)
DIRECTOR

(ARUN KUMAR SINGH)
DIRECTOR

(DR. UTTAM KUMAR SARKAR)
DIRECTOR

(K.KADIRESAN)
DIRECTOR

(JAYADEV M.)
DIRECTOR

For M/s S M Chatrath & Co. LLP
Chartered Accountants
FRN 301011E/E300025

KOLKATA

CA Arindam Ray
Partner
Membership No.058713
UDIN: 21058713AAAABQ2179

For M/s R G N Price & Co.
Chartered Accountants
FRN 002785S

CA P M Veeramani
Partner
Membership No.023933
UDIN: 21023933AAAAJQ1386

For M/s SARDA & PAREEK LLP
Chartered Accountants
FRN 109262W/W100673

MUMBAI

CA Niranjan Joshi
Partner
Membership No.102789
UDIN: 21102789AAAAAQ1134

For M/s C R Sagdeo & Co.
Chartered Accountants
FRN 108959W

NAGPUR

Sachin V. Luthra
Partner
Membership No 109127
UDIN: 21109127AAAADL7290

For M/s P V A R & Associates
Chartered Accountants
FRN 005223C

CA Pradeep Kumar Gupta
Partner
Membership No.: 072933
UDIN: 21072933AAAABP4672

For M/s Gopal Sharma & Co.
Chartered Accountants
FRN 002803C

JAIPUR

CA. Vijay Garg
Partner
Membership No.: 076387
UDIN: 21076387AAAAAE3168

Place: Mumbai
Date: 07th June, 2021

DECLARATION

The Bank certifies that all relevant provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Bank's business have been obtained, are currently valid and have been complied with.

The Bank further certifies that all the statements in this Placement Document are true and correct.

Signed by:

______________________	______________________
A. Manimekhalai	**Mr. Avinash Vasant Prabhu**
Managing Director and Chief Executive Officer	Chief Financial Officer

Place: Mumbai

Date: February 23, 2024

UNION BANK OF INDIA

Head Office

Union Bank Bhavan, 239, Vidhan Bhavan Marg,
Nariman Point, Mumbai – 400 021, Maharashtra, India
Website: www.unionbankofindia.co.in; **Telephone No.:** +91 22 2289 2400; +91 22 2289 2401

Compliance Officer

Santanu Kumar Dash, Company Secretary
Union Bank Bhavan, 239, Vidhan Bhavan Marg,
Nariman Point, Mumbai – 400 021, Maharashtra, India
Telephone No.: +91 22 2283 1506; **Email**: skdash@unionbankofindia.bank

BOOK RUNNING LEAD MANAGERS

IIFL Securities Limited
24th Floor, One Lodha Place, Senpati Bapat Marg,
Lower Parel (West), Mumbai – 400 013,
Maharashtra, India

BNP Paribas
1 North Avenue, Maker Maxity, Bandra-Kurla
Complex, Bandra (East), Mumbai – 400 051,
Maharashtra, India

HDFC Bank Limited
Investment Banking Group, Unit no. 701, 702 and
702-A, 7th floor, Tower 2 and 3, One International
Centre, Senapati Bapat Marg , Prabhadevi, Mumbai
400013, Maharashtra, India

JM Financial Limited
7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400 025, Maharashtra, India

IDBI Capital Markets &
Securities Limited
6th Floor, B-Wing, IDBI Towers, WTC Complex,
Mumbai – 400 005, Maharashtra, India

LEGAL ADVISORS TO THE ISSUE

Legal advisor to the Bank as to Indian law

Luthra and Luthra Law Offices
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24, Barakhamba Road,
New Delhi – 110 001
Delhi, India

Legal advisors to the Book Running Lead Managers as to Indian law

Saraf and Partners
Tower 2, Unit No. 2402, 24th Floor, One
International Center, Senapati Bapat
Marg, Prabhadevi West, Mumbai – 400
013, India

Legal advisors as to international law

Duane Morris & Selvam LLP
16 Collyer Quay, Singapore
049318

STATUTORY AUDITORS OF THE BANK

M/s N B S & Co.
Chartered Accountants
14/2, WesternIndia House,
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Mumbai – 400001

M/s Chhajed & Doshi
Chartered Accountants
101, Hubtown Solaris,
N S Phadke Marg, Andheri(E)
Mumbai-400069

M/s G S Mathur & Co.
Chartered Accountants
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Defence Colony,
New Delhi-110024

M/s P Chandrasekar LLP
Chartered Accountants
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No. 47, Dikenson Road,
Bengaluru-560042

M/s V K Ladha & Associates
Chartered Accountants
I Floor 36, Dravid Marg,
Kshirsagar Colony,
Ujjain – 456006

SAMPLE APPLICATION FORM

Following is the indicative Application Form that formed part of the Preliminary Placement Document

APPLICATION FORM

a. **Name of the Bidder____________**
b. **Form No_____________________**
c. **Date__________________________**

UNION BANK OF INDIA
Head Office: Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai – 400 021, Maharashtra,India.
Website: www.unionbankofindia.co.in**,**
Tel: +91 22 2289 6636/+91 2222896643
Email: investorservices@unionbankofindia.bank
LEI: 5493000P4HD6132SQ711, **ISIN:** INE692A01016

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹ 10 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE, AGGREGATING UP TO ₹[●] CRORES IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1970, AS AMENDED ("THE BANKING COMPANIES ACT"), THE BANKING REGULATION ACT, 1949,AS AMENDED (THE "BANKING REGULATION ACT"), THE RELEVANT PROVISIONS OF THE UNION BANK OF INDIA (SHARES & MEETINGS) REGULATIONS, 1998 (THE "UBI REGULATIONS") AND THE NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970, AS AMENDED (THE "NATIONALISED BANKS SCHEME"), BY UNION BANK OF INDIA (THE "BANK") (AND SUCH ISSUE, THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 142.78 PER EQUITY SHARE AND OUR BANK MAY OFFER A DISCOUNT OF NOT MORE THAN 5%, OR SUCH PERCENTAGE AS PERMITTED BY THE SEBI ICDR REGULATIONS ON THE FLOOR PRICE.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or other applicable laws, including foreign exchange related laws; or (b) prohibited or debarred by any regulatory authority from buying, selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and are eligible to invest in this Issue can submit the Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs participating through Schedule II of the FEMA Rules. Further, except as provided in (ii) above,other nonresident QIBs including foreign venture capital investors and multilateral and bilateral development financial institutions are not permitted to participate in the Issue. Also, please note that AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules are not permitted to participate in this Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933,as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The EquityShares offered in the Issue are being offered and sold (a) in the United States only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A") and referred to herein as "U.S. QIBs") pursuant to Section 4(a)(2) of the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the PPD (as defined hereinafter) as "QIBs"; and (b)outside the United States in "*offshore transactions*" as defined in, and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. For the selling restrictions in certain other jurisdictions, please see "*Selling Restrictions*" on page 285 of the accompanying preliminary placement document dated February 20, 2024 (the "PPD"). Also see, "*Transfer Restrictions and Purchaser Representations*" on page 295 of the PPD for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

ONLY ELIGIBLE QIBs ARE PERMITTED TO PARTICIPATE IN THE ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE THROUGH SCHEDULE II OF THE FEMA RULES, IN THIS ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS, INCLUDING THE BANKING COMPANIES ACT, IN THIS REGARD. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY. AIFs AND VCFs WHOSE SPONSOR AND MANAGER ARE NOT INDIAN OWNED AND CONTROLLED IN TERMS OF THE FEMA RULES, OR FVCIs, MULTILATERAL OR BILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
Union Bank of India
Head Office: Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai – 400 021, Maharashtra, India.

Dear Sir/ Madam,

On the basis of the serially numbered PPD of the Bank and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179 of the SEBI ICDR Regulations or other applicable laws, including foreign exchange related laws; or (b) been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue. We are not a promoter of the Bank (as defined in the SEBI ICDR Regulations) or any person related to the promoter of the Bank, directly or indirectly.

STATUS (Please tick for applicable category)			
FI	Scheduled Commercial Bank and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Eligible Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Funds**
SI-NBFC	Systematically Important Non - Banking Financial Companies	**OTH**	Others ________________ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes “same group” or “common control”, see “Application Form” under Issue Procedure section of the Preliminary Placement Document.

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*

*** Sponsor and Manager should be Indian owned and controlled.*

Further, we confirm that we do not have any right under a shareholder’s’ agreement, veto rights or right to appoint any nominee director on the Board. We confirm that we are either an Eligible QIB resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules nor a FVCI or a multilateral or bilateral development financial institution participating in this Issue. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation of the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020 and that we are neither an entity of a country which shares a land border with India nor is the beneficial owner of our investment situated in or a citizen of such country and that our investment is in accordance with Consolidated Foreign Direct Investment Policy effective from October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry and Government of India and therelated amendment to FEMA Non-Debt Instrument Rules. We confirm that the bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (SubstantialAcquisition of Shares and Takeovers) Regulations, 2011, as amended (the “**Takeover Regulations**”). We further understandand agree that our names, address, contact details, PAN number and bank account details will be recorded by the Bank and thepercentage of our post-Issue shareholding in the Bank will be disclosed in the Placement Document pursuant and, the Bank will place our name in the register of members of the Bank or the relevant depository will record our name in the beneficial owner records maintained by the respective depositories, as a holder of such Equity Shares that may be Allotted to us. Further,we are aware and agree that if we together with any other QIBs belonging to the same group or under common control are Allotted more than 5% of the Equity Shares in the Issue, the Bank will disclose our name along with the name of such other Allottees and the number of Equity Shares Allotted to us and such other Allottees on the websites of National Stock Exchange of India Limited and BSE Limited (together referred to as the “**Stock Exchanges**”), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations and other applicable laws. We are aware that, in accordance with Section 12B of the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 issued by the RBI on January 16, 2023 read together with the Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies issued by the Reserve Bank of India on January 16, 2023, no person (along with his relatives, associate enterprises or persons acting in concert with) can acquire or hold 5% or more of the total paid-up share capital of our Bank, orbe entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, a Bidder’s aggregate holding in the paid-up share capital of our Bank, whether beneficial or otherwise: after subscription to theEquity Shares in the Issue by such Bidder, his or her relatives, associate enterprises or persons acting in concert with such Bidder, aggregated with any pre-Issue shareholding in the Bank of such Bidder, his or her relatives, associate enterprises or persons acting in concert; or after subscription to the Equity Shares in the Issue aggregated with any pre-Issue shareholding inour Bank of such Bidder, his or her relatives, associate enterprises or persons acting in concert; shall not amount to 5% or moreof the total paid-up share capital of our Bank or would not entitle such Bidder to exercise 5% or more of the total voting rightsof our Bank, except with the prior approval of the RBI. Accordingly, we hereby represent that our (direct or indirect) aggregateholding in the paid-up share capital of the Issuer, whether beneficial or otherwise: (i) after subscription to the Equity Shares in the Issue by us, our relatives, our associate enterprises or persons acting in concert with us, aggregated with any pre-Issue shareholding in the Bank of us, our relatives, our associate enterprises or persons acting in concert; or (ii) after subscription tothe Equity Shares in the Issue by us aggregated with any pre-Issue shareholding in the Bank of us, our relatives, our associateenterprises or persons acting in concert with us shall not amount to 5% or more of the total paid-up share capital of the Bank or would not entitle us to exercise 5% or more of the total voting rights of the Bank, except with the prior approval of the RBI.In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations and other applicablelaws. We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertaketo acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. and the terms and conditions mentioned in the Preliminary Placement Document and this Application Form. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted separate Application Form, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the price and amount of Equity Shares to be Allottedunder each such scheme. We undertake that we will sign and submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allottedto us. We confirm that the undersigned is duly authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue. We note that the Board of Directors of the Bank, or any duly authorized committee thereofis entitled, in consultation with the BRLMs (as defined hereunder) in its absolute discretion, to accept or reject this ApplicationForm without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the CAN and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of this Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to or on Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole and absolute discretion of the Bank, in consultation with the IIFL Securities Limited, BNP Paribas, HDFC Bank Limited, IDBI Capital Markets and Securities Limited, and JM Financial Limited (collectively, the "**BRLMs**"); and (ii) in the event that Equity Shares that we have applied for are not Allotted to usin full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Bank is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicableto us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Bank to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

By signing and submitting this Application Form, we hereby (i) make the representations, warranties, acknowledgements and agreements set forth in the sections "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" of the PPD and (ii) confirm and agree that the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that the representations and warranties given by us in this Application Form are for the benefit of the Bank and the BRLMs, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By signing and submitting this Application Form, we also hereby represent, warrant, acknowledge and agree as follows:

(1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "*Risk Factors*" therein and we have relied only on the information containedin the PPD and not on any other information obtained by us either from the Bank, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN and the terms, conditions and agreements contained therein; (3) that if Equity Shares areAllotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment and in compliance with the restrictions included in the section titled "*Transfer Restrictions and Purchaser Representations*" in the PPD; (4) we will not have theright to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that thefinal listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall beAllocated and Allotted at the sole and absolute discretion of the Bank in consultation with the BRLMs and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) upon Allocation, the Bank shall disclose names and percentages of the post-Issue shareholding of the proposed Allottees in the Placement Document, however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the absolute discretion of the Bank, in

consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue together with other Allottees that belong to the same group or are under common control , as us, shall not exceed 50% of the Issue. For the purposes of this representation: The expression Eligible QIBs 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls,directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others;or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations; (9) we agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the Banking Companies Act, the Banking Regulation Act and the Nationalised Banks Scheme, other applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditionsand agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below; and (10) we acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws and we represent that we are either (i) a U.S. QIB, or (ii) located outside the United States and purchasing the Equity Shares in an "*offshore transaction*" as defined in, and in reliance on, Regulation S and in accordance with the laws applicable to us.

We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannotbe withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of an Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
MOBILE NO.			
EMAIL ID			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO.		
FOR MF	SEBI MF REGISTRATION NO		
FOR AIFs***	SEBI AIF REGISTRATION NO.		
FOR VCFs***	SEBI VCF REGISTRATION NO.		
FOR SI-NBFC	RBI REGISTRATION DETAILS		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS		
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS		

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Bank and the BRLMs.*

*** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares held by us in the Bank, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Bank in the Placement Document. For such information, the BRLMs have relied on the information provided by the Bank for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**	
(In Figures)	(In Words)	(In Figures)	(In Words)

BID AMOUNT (RUPEES)	
(In Figures)	(In Words)

<table>
<tr><th colspan="26">DEPOSITORY ACCOUNT DETAILS</th></tr>
<tr><td>Depository Name</td><td colspan="8">National Securities Depository Limited</td><td rowspan="4"></td><td colspan="16">Central Depository Services (India) Limited</td></tr>
<tr><td>Depository Participant Name</td><td colspan="8"></td><td colspan="16"></td></tr>
<tr><td>DP – ID</td><td>I</td><td>N</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Beneficiary Account Number</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td colspan="16">(16-digit beneficiary A/c. No. to be mentioned above)</td></tr>
</table>

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Bid Amount has been remitted for the Equity Shares applied for in the Issue will be considered.**

PAYMENT DETAILS
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 3:30 P.M. (IST), [●], ("Issue Closing Date")

<table>
<tr><th colspan="4">ESCROW BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER</th></tr>
<tr><td>Name of the Account</td><td>UNION BANK OF INDIA EQUITY II</td><td>Account Type</td><td>Escrow Account</td></tr>
<tr><td>Name of Bank</td><td>Union Bank of India</td><td>Address of the Branch of the Bank</td><td>Nariman Point Branch Office located at 4C Ground Floor, Mittal Court, Opposite Vidhan Bhavan, Nariman Point Mumbai 400 021, Maharashtra</td></tr>
<tr><td>Account No.</td><td>022121010000134</td><td>IFSC</td><td>UBIN0902217</td></tr>
<tr><td>LEI Number</td><td>5493000P4HD6132SQ711</td><td>Email</td><td>ubin0902217@unionbankofindia.bank</td></tr>
<tr><td>Tel. No.</td><td colspan="3">+919324747136</td></tr>
</table>

The Bid Amount should be transferred pursuant to this Application Form only by way of electronic fund transfers, towards the Escrow Account. Payment of the entire Bid Amount should be made along with this Application Form on or before the closure of the Issue Period i.e., prior to or on the Bid/Issue Closing Date. All payments must be made in favor of "**UNION BANK OF INDIA EQUITY II**". **The payment for subscription to the Equity Shares to be allotted in the Issue shall be made onlyfrom the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in this Application Form.**

You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank details provided by you. The Bank and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

<table>
<tr><th colspan="4">RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)</th></tr>
<tr><td>Bank Account Number</td><td></td><td>IFSC Code</td><td></td></tr>
<tr><td>Bank Name</td><td></td><td>Bank Branch Address</td><td></td></tr>
</table>

DETAILS OF CONTACT PERSON

Name: ____________________

Address: ____________________

Tel. No: ____________________ Fax No: ____________________

Mobile No: ____________________ Email:

OTHER DETAILS	
PAN**	
Legal Entity Identifier Code	
Date of Application	
Signature of Authorised Signatory (may be signed either physically or digitally)	

ENCLOSURES ATTACHED
☐ Copy of PAN Card or PAN allotment letter**
☐ FIRC
☐ Copy of the SEBI registration certificate as a Mutual Fund
☐ Copy of the SEBI registration certificate as an Eligible FPI
☐ Copy of the SEBI registration certificate as an AIF
☐ Copy of the SEBI registration certificate as a VCF
☐ Certified copy of certificate of registration issued bythe RBI as an SI-NBFC/ a scheduled commercial bank
☐ Copy of the IRDA registration certificate
☐ Intimation of being part of the same group
☐ Certified true copy of the power of attorney

		☐ Other, please specify:

**A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.*

***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

Note 2: The Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Bank in consultation with the BRLMs.

The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in PPD.

The Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.

(Note: The format of the Application Form included herein above is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Bank, in consultation with the BRLMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.)