



UCO BANK

BASEL III PILLAR 3 DISCLOSURE AS ON 30.09.2016

TABLE DF-2: Capital Adequacy

Qualitative Disclosures

(a)	<p>The bank is carrying out quarterly risk assessment for Credit, Market and Operational Risks and computing CRAR as well as also providing a comfortable cushion against the risk of losses against any unforeseen events. Bank is monitoring regularly and comprehensively the capital requirement through Capital Planning and Budgeting for current as well as future business operations. Moreover bank is addressing all risks through precise Internal Capital Adequacy Assessment Process (ICAAP) annually and maintaining necessary additional capital for additional risks.</p> <p>The Bank has following Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardized Duration Approach for Market Risk for computing CRAR, as per the regulatory guidelines.</p>	
Quantitative Disclosures		(` in crore)
(b)	<p>Capital requirements for Credit Risk : Portfolio subject to Standardized Approach</p> <p>Securitization Exposures</p>	<p>9232.63 Nil</p>
(c)	<p>Capital requirements for Market Risk :</p> <p>Standardized Duration Approach</p> <p>Interest Rate Risk</p> <p>Foreign Exchange Risk (including Gold)</p> <p>Equity Risk</p>	<p>1180.52 1091.26 2.25 87.01</p>
(d)	<p>Capital requirements for Operational Risk : Basic Indicator Approach • The Standardised Approach (if applicable)</p>	<p>1195.18</p>
(e)	<p>Common Equity Tier 1, Tier 1 and Total Capital ratios: Common Equity Tier I</p>	<p>7.68%</p>

Tier I	7.68%
Total Capital ratios	9.68%
For the top consolidated group	Not Applicable
For significant bank subsidiaries(stand alone or sub-consolidated depending on how the Framework is applied)	Not Applicable

Table DF-3: Credit Risk: General Disclosures for All Banks

Qualitative Disclosure

a) Past Due and Impaired Accounts (for accounting purpose):

In terms of Bank's NPA Management Policy duly approved by the Board of Directors, an asset is treated as Past due/impaired asset where –

- i. Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
- ii. The account remains 'out of order' for a period of more than 90 days as given in para below, in respect of an overdraft/cash credit (OD/CC).
- iii. The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- iv. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- v. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.

An account is considered out of order when

- i. The outstanding balance remains continuously in excess of the sanctioned limit/drawing power; the account is treated as out of order.
- ii. The balance outstanding is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days or the credits are not sufficient to cover the interest debited.

b) Bank's Credit Risk Management Policy:

Bank's Credit Risk Management practices are based on policy directives duly approved by the Board which, inter-alia, encompasses the following:

- i. Credit Risk acquisition – strategies & policies,
- ii. Credit approval processes.
- iii. Credit Risk monitoring processes.
- iv. Credit Risk control processes.

Board of Directors has over all responsibility for management of Credit risk and Risk Management Committee of the Board is responsible for setting up guidelines for Credit Risk Management and reporting, ensuring that Credit Risk Management processes conform to the policy, setting up prudential limit and its periodical review and ensuring robustness of risk modules. Credit Risk Management Committee is responsible to deal with issues relating to Credit policy and procedures and to analyze monitoring and control credit risk on bank wide basis.

Credit Risk Management Department of the Bank enforces and monitors compliance of the risk parameters and prudential limits set by the Bank. They also lay down risk assessment system, monitor quality of loan portfolio, identify problems and correct deficiencies, develop MIS for the purpose including portfolio evaluation. Credit Risk Management Department is independent of Credit Processing & Credit Monitoring Departments.

Assessment of Credit Risk is done through rating of credit accounts. The bank has a system of rating all accounts (excepting those under schematic lending) having exposure of above Rs 25 lacs. Bank tracks rating migration and has developed internal default rates across rating. The mapping of default rates is also carried out with default rate of established rating agencies.

The bank makes all possible efforts to mitigate risks associated with credit accounts through suitable collaterals or guarantors wherever it is considered feasible and desirable. In addition to that, terms and conditions under which credit is sanctioned also go a long way to mitigate risks associated with credit. Regular monitoring and control of accounts also add to the risk mitigation. In order to mitigate risk, the Bank has taken necessary cover for eligible accounts from Export Credit Guarantee Corporation and Credit Guarantee Fund Trust for Micro and Small Enterprises.

Quantitative disclosures

(All figures in ` in Crores)

Quantitative Disclosures(all amount in Rs. Cr)		
	Fund Based	Non Fund Based

a) Total Gross Credit Exposure	134942.66	18018.25
b) Geographical Distribution of Exposure		
Domestic	116047.04	10308.60
Overseas	18895.62	7709.65

(C) Industry Type Distribution of Exposures		(Amount in Rs. Cr)	
Industry Name	Exposure		
	Funded	Non-Funded	
A. Mining and Quarrying (A.1 + A.2)	528.37	57.22	
A.1 Coal	100.15	24.27	
A.2 Others	428.22	32.95	
B. Food Processing (B.1 to B.5)	2982.07	210.52	
B.1 Sugar	532.24	77.14	
B.2 Edible Oils and Vanaspati	153.93	100.63	
B.3 Tea	507.13	6.03	
B.4 Coffee	0.00	0.00	
B.5 Others	1788.77	26.72	
C. Beverages (excluding Tea & Coffee) and Tobacco	6.32	21.21	
Of which Tobacco and tobacco products	6.32	21.21	
D. Textiles (a to f)	2100.86	51.74	
a. Cotton	1317.92	21.08	
b. Jute	12.41	3.60	
c. Handicraft/Khadi (Non Priority)	0.00	0.00	
d. Silk	0.00	0.00	
e. Woolen	0.00	0.00	
f. Others	770.53	27.06	
Out of D (i.e., Total Textiles) to Spinning Mills	0.00	0.00	
E. Leather and Leather products	67.86	1.38	
F. Wood and Wood Products	18.69	0.00	
G. Paper and Paper Products	424.70	23.64	
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1239.35	1111.70	
I. Chemicals and Chemical Products (Dyes, Paints, etc.) (I.1 to I.4)	1317.53	118.97	
I.1 Fertilizers	251.64	19.81	
I.2 Drugs and Pharmaceuticals	464.43	20.87	
I.3 Petro-chemicals (excluding under	69.51	0.66	

Infrastructure)		
I.4 Others	531.95	77.63
J. Rubber, Plastic and their Products	167.82	28.06
K. Glass & Glassware	185.04	2.86
L. Cement and Cement Products	312.23	66.73
M. Basic Metal and Metal Products (M.1 + M.2)	10380.61	262.99
M.1 Iron and Steel	9287.65	206.52
M.2 Other Metal and Metal Products	1092.96	56.47
N. All Engineering (N.1 + N.2)	2447.87	890.48
N.1 Electronics	1090.34	40.37
N.2 Others	1357.53	849.81
O. Vehicles, Vehicle Parts and Transport Equipments	782.80	13.37
P. Gems and Jewellery	723.14	0.86
Q. Construction	2192.18	649.28
S. Infrastructure (a to d)	22553.53	1503.59
a. Transport (a.1 to a.6)	4595.60	344.09
a.1 Roads and Bridges	4326.97	343.92
a.2 Ports	0.00	0.00
a.3 Inland Waterways	0.00	0.00
a.4 Airport	0.00	0.00
a.5 Railway Track, tunnels, viaducts, bridges	216	0.00
a.6 Urban Public Transport (except rolling stock in case of urban road transport)	52.63	0.17
b. Energy (b.1 to b.6)	13550.54	746.68
b.1 Electricity (Generation)	11484.46	231.70
b.1.1 Central Govt PSUs	2212.75	96.28
b.1.2 State Govt PSUs (incl. SEBs)	3324.31	135.42
b.1.3 Private Sector	5947.40	0.00
b.2 Electricity (Transmission)	278.40	1.14
b.2.1 Central Govt PSUs	0.00	0.00
b.2.2 State Govt PSUs (incl. SEBs)	278.40	1.14
b.2.3 Private Sector	0.00	0.00
b.3 Electricity (Distribution)	1787.51	513.84
b.3.1 Central Govt PSUs	0.00	0.00
b.3.2 State Govt PSUs (incl. SEBs)	1787.51	513.84
b.3.3 Private Sector	0.00	0.00
b.4 Oil pipelines	0.00	0.00

b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility	0.00	0.00
b.6 Gas pipelines	0.00	0.00
c. Water and Sanitation (c.1 to c.6)	612.35	0.00
c.1 Solid Waste Management	611.45	0.00
c.2 Water supply pipelines	0.00	0.00
c.3 Water treatment plants	0.90	0.00
c.4 Sewage collection, treatment and disposal system	0.00	0.00
c.5 Irrigation (dams, channels, embankments etc)	0.00	0.00
c.6 Storm Water Drainage System	0.00	0.00
d. Communication (d.1 to d.2)	1738.34	228.26
d.1 Telecommunication (Fixed network)	36.81	0.00
d.2 Telecommunication towers	1701.53	228.26
e. Social and Commercial Infrastructure (e.1 to e.9)	2056.70	184.56
e.1 Education Institutions (capital stock)	162.39	0.50
e.2 Hospitals (capital stock)	52.06	0.15
e.3 Three-star or higher category classified hotels located outside cities with population of more than 1 million	1514.00	94.07
e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets	184.00	72.00
e.5 Fertilizer (Capital investment)	0.00	0.00
e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	126.05	17.84
e.7 Terminal markets	18.20	0.00
e.8 Soil-testing laboratories	0.00	0.00
e.9 Cold Chain	0.00	0.00
T. Other Industries	37761.57	1545.30
All Industries (A to T)	86192.54	6559.90

d) Residual contractual maturity breakdown of assets (Rs in Cr) as on 30.09.2016											
Particulars	1 Day	2 to 7 Days	8 to 14 Days	15 to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	833	4,198	3,698	7,562	30350	27,779	43,767	38,453	11,800	41,046	209,486
Advance Gross	1,155	2,749	1,818	3,432	15141	12,758	10,594	10,435	15,366	61,493	134,943
Investment	31	208	374	316	1402	164	3,162	7,328	7,965	52,251	73,200
Borrowing	169	333	167	333	1832	1,269	67	1,018	1,566	1,000	7,754
Foreign Currency - Asset	2,853	1,259	907	4,609	10895	1,623	1,020	1,968	2,989	4,373	32,495
Foreign Currency - Liability	1,630	1,578	1,236	1,951	14146	4,955	5,132	2,592	1,240	2,325	36,788

e) Amount of NPAs (Gross):- 22275.51 Cr

- Substandard :- 5681.48 Cr
- Doubtful 1 :- 5419.98 Cr
- Doubtful 2 :- 7193.11 Cr
- Doubtful 3 :- 2721.29 Cr
- Loss :- 1259.65 Cr

f) Net NPAs :- 10890.43 Cr

g) NPA Ratios: -

- Gross NPAs to gross advances: - 16.51%
- Net NPAs to net advances :- 8.83%

h) Movement of NPAs (Gross)

- Opening balance: - 20907.73 Cr
- Additions :- 5149.67 Cr
- Reductions :- 3781.89 Cr
- Closing balance :- 22275.51 Cr

i) Movement of Specific & General Provision (Amount in Rs. in Crore)

Movement of provisions	Specific Provisions #	General Provisions@
Opening balance	8002.07	681.50
Provisions made during the period	1922.76	168.10
Write-off	105.36	NIL
Write-back of excess provisions	NIL	60.30
Exchange Diff	-2.18	-0.10
Closing balance	9817.29	789.20

#Represents provisions for NPA, @Represents provisions for Standard Advances

j. Details of write offs and recoveries that have been booked directly to the income statement

Write offs that have been booked directly to the income statement	--
Recoveries (in written-off) that have been booked directly to the income statement	Rs.62.88 crore

k) Amount of Non-Performing Investments: 271.83 Cr

l) Amount of provisions held for non-performing investments: - 22.69 Cr

m) Movement of provisions for depreciation on investments

- Opening balance : 521.85 Cr
- Provisions made during the period : 142.13 Cr
- Write-off : NIL
- Exchange Difference : 0.03 Cr
- Write-back of excess provisions : 28.38 Cr
- Closing balance : 635.57 Cr

n) Geography Wise NPA & Provisions (Amount in Rs. in Crore)

Particulars	Domestic	Overseas	Total
Gross NPA	21424.20	851.31	22275.51
Provisions for NPA	9234.50	582.79	9817.29
Provisions for Standard Advances	760.51	28.68	789.19

Table DF-4 - Credit Risk: Disclosures for Portfolios Subject to the Standardised Approach

Qualitative disclosure:

Credit rating accorded by the following credit rating agencies has been used in assigning risk weights to our credit accounts under standardized approach:

- 1) CARE
- 2) CRISIL
- 3) FITCH
- 4) ICRA
- 5) Brickwork
- 6) SMERA

- Rating agencies have rated corporate exposures.
- In assigning rating to accounts based on public issue rating given by the above mentioned rating agencies, bank has followed the guidelines of Reserve Bank of India.

Quantitative disclosure:

Exposure after risk mitigation in standardized approach:

1) Below 100% risk weight	-	141945.49 Cr.
2) 100% risk weight	-	29360.00 Cr.
3) More than 100% risk weight	-	21835.28 Cr.
4) Deduction	-	0.00 Cr
		Total
	-	<u>193140.78 Cr.</u>

Leverage Ratio

The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk based capital framework) divided by the exposure measure, with this ratio expressed as a percentage. As per RBI guidelines, the Basel III leverage for the Bank as at Sept 30, 2016 is as follows

S No	Particulars	Amount 30.09.16	Amount 30.06.16	Amount 31.03.16	Amount 31.12.15	Amount 30.09.15
1	Tier-1 Capital (A)	9706.20	9347.07	9915.83	10347.48	11431.59
2	Exposure Measure (B)	248464.55	241687.65	254369.00	262582.76	263042.60
3	Leverage Ratio (A/B)	3.91%	3.87%	3.90%	3.94%	4.35%