

Management Discussion And Analysis

1 Global Economy

- 1.1 Global economy remained resilient despite repeated and overlapping shocks and unprecedented monetary tightening. Growth in the US and several major emerging market economies (EMEs) has held up better than expected. Sectorally, manufacturing activity remained subdued, but services exhibited strength. Headline inflation came down across countries although the decline in core and services inflation has been slow amidst continuing tightness in labour markets. Major central banks in advanced economies (AEs) have kept policy rates on hold to ensure the aligning of inflation with targets. Global financial markets remain volatile in response to fluctuating perceptions on the monetary policy trajectory. Global equity markets corrected in October 2023 over expectations of 'higher for longer' monetary policy paths but rallied subsequently as prospects of reversal of monetary policy cycles appeared brighter.
- 1.2 Global commodity prices declined by 4.2% (q-o-q) in Q2:2023 in terms of the Bloomberg commodity price index before rising from July 2023 onwards on higher energy prices and the collapse of the Black Sea grain deal. It was at 5.9% during Q4:2023. Global food prices, according to the Food and Agriculture Organization (FAO), eased by 3.2% (q-o-q) in Q2:2023 and edged down further by 1.6% in Q1:2024 (up to February), primarily driven by correction in the prices of sugar, cereals and meat.
- 1.3 Crude oil prices initially softened during Q2, largely reflecting weak global economic demand. However, prices rose sharply in Q3 in response to cuts in oil supplies by Saudi Arabia and Russia that were extended through the rest of 2023. After staying elevated at USD 90 per barrel in Sep-Oct due to output cuts by the OPEC+ and onset of the Israel-Hamas war, crude oil prices declined in Q4:2023 largely reflecting increase in non-OPEC supply, deteriorating demand prospects, and a seasonal moderation in demand. Oil prices ticked up in Q1:2024 in response to the Red Sea crisis, risk of conflagration of geopolitical tensions in the Middle East and the OPEC+ announcement of extension of voluntary cut for Q2:2024.
- 1.4 Metal prices have generally remained stable since April 2023 in view of weak economic activity in China and sustained monetary tightening worldwide. Gold price rebounded in the first half of Q2 on safe haven demand amidst bank failures in the US and Europe. In September, most base metals prices hardened on Chinese stimulus measures to support the housing market through relaxation in requirements for mortgage down payments and interest rates. Gold prices rallied in Q4 as financial markets priced in deeper policy rate cuts for 2024. The hardening of gold prices continued in Q1:2024 due to risk aversion on persistent inflation concerns with global central banks especially US Fed asserting higher for longer rates theme.
- 1.5 Driven by sharp rise in prices of food, metals and essential commodities, consumer price inflation remained elevated across the globe during 2023. Inflation rules above target in most inflation-targeting AEs and about half of inflation-targeting EMDEs. Core inflation in both AEs and EMEs also remained elevated. Goods inflation in major AEs has exhibited a notable decline while services inflation has remained relatively sticky. On the whole, near-term inflation expectations have fallen in major economies, with long-term expectations remaining anchored. According to the IMF's WEO update of January 2024, global inflation is projected to fall from 6.8% in 2023 to 5.8% in 2024 and further to 4.4% in 2025.
- 1.6 Global financial markets exhibited high fluctuation during Q2 and Q3, responding to changing expectations on the monetary policy trajectory. Markets turned buoyant during April-July 2023 as prospects of hard landing receded and hopes of an end to the monetary tightening cycle in the US, earlier than expected, gained ground. Financial markets corrected in Q3 on stronger data and 'higher for longer' monetary policy stances.
- 1.7 Global financial markets witnessed large swings during FY2023-24 in response to fluctuating perceptions on monetary policy trajectories, stickiness of inflation and strength of economic activity. Global equity markets corrected in October over anticipation of 'higher for longer' monetary



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policy stances but rallied afterwards as a few systemic central banks signaled interest rate cuts in the near future. In terms of MSCI world index, equity markets gained 19.3% since end-September, reflecting gains in both AEs and EMEs.

- 1.8 Sovereign bond yields across major AEs hardened in Q2:2023 and Q3, reflecting ongoing monetary tightening and the slow pace of disinflation. Bond yields in several EMEs exhibited a hardening bias, driven by domestic monetary tightening as well as global cues. In Q4:2023, sovereign bond yields softened across major AEs, as markets started pricing start of rate cut cycle by global central banks in early 2024. However, yields hardened in Q1:2024 as the likelihood of early rate cuts receded due to the sluggish pace of disinflation and with the Fed asserting higher for longer rates theme.
- 1.9 Projections for global growth have been revised by various international agencies. In its latest World Economic Outlook report, the International Monetary Fund (IMF) has estimated global growth at 3.2% in 2023, and is projected to continue at the same pace in 2024 and 2025. The projection is higher by 0.1 percentage point for 2024 from January publication. New commodity price spikes amid regional conflicts, persistent inflation and financial stress, faltering China's recovery, debt distress, and intensifying geo-economic fragmentation are the down-side risks to global growth.
- 1.10 Inflation is projected to decline in most regions in 2024 – more rapidly in AEs vis-à-vis EMEs – amidst unwinding of supply-side pressures, restrictive monetary policy, easing labour markets and the pass-through of earlier declines in energy prices. Global inflation is forecast to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. Core inflation is generally projected to decline more gradually. World trade growth is projected at 3.0% in 2024 and 3.3% in 2025, with revisions of a 0.3 percentage point decrease for 2024 and 2025 compared with January 2024 projections. Trade growth is expected to remain below its historical (2000–19) annual average growth rate of 4.9% over the medium term, at 3.2% in 2029.

2 Domestic Economy

- 2.1 As per the provisional estimates released by National Statistics Office (NSO) of National Income, Indian economy is estimated to grow by 8.2% in FY

2023-24 compared to growth of 7.0% in FY 2022-23. The GDP at constant (2011-12) prices in FY 2023-24 is estimated to attain a level of ₹ 173.82 lakh crore, as against ₹160.71 lakh crore in FY 2022-23. From supply side, agriculture, industry and services sector are expected to grow by 1.4%, 9.5%, and 7.6% respectively in FY 2023-24 compared to 4.7%, 2.1% and 10.0% respectively in same period previous year. While industrial growth improved compared to previous year, agriculture and services sector growth was seen on a lower trajectory.

- 2.2 The IMF has revised upwards India's real GDP growth forecast for 2024 by 30 basis points to 6.8% in its April outlook from January outlook. The Reserve Bank of India (RBI) in its latest recent monetary policy, projected real GDP growth for FY 2024-25 at 7.2% with Q1 at 7.3%; Q2 at 7.2%; Q3 at 7.3%; and Q4 also at 7.2%. Strengthening of rural demand, improving employment conditions and informal sector activity, moderating inflationary pressures and sustained momentum in manufacturing and services sector should boost private consumption. The prospects of investment activity remain bright owing to upturn in the private capex cycle becoming steadily broad-based; persisting and robust government capital expenditure; healthy balance sheets of banks and corporates; rising capacity utilization; and strengthening business optimism. Improving global growth and trade prospects, coupled with India's rising integration in global supply chains, are expected to propel external demand for goods and services. However, the headwinds from protracted geopolitical tensions and increasing disruptions in trade routes, global financial market volatility, EL Nino impact on agriculture, oil shocks, etc. pose risks to the outlook.

3 Price scenario:

- 3.1 Headline CPI inflation had moderated from an average of 6.7% in 2022-23 to 5.4% in 2023-24 in response to monetary policy actions and supply side measures. Headline CPI inflation moderated to 5.2% in H2:2023-24 from an average of 5.5% in H1:2023-24. Sporadic food price shocks continued to impart significant volatility to the inflation trajectory, with headline inflation rising sharply in November and December 2023 due to a spike in vegetable prices. Core inflation has, however, been on a steadily declining path. In March 2024, it fell to 3.2%, among the lowest prints in the current CPI series (2012=100), driven by both core goods and services components.

3.2 During H1:2023-24, headline inflation movements benefited from strong favorable base effects averaging one percentage point during March-May 2023, which pulled down headline inflation from 6.4% in February to 4.3% in May. In July, an all-time high momentum in food prices (5.7%) and strong momentum in fuel (1.8%) led to a record monthly momentum of 290 bps in headline inflation, pushing the y-o-y inflation to 7.4%. In August, a decline in momentum, along with favorable base effects helped soften inflation to 6.8%. Headline inflation dynamics in H2:2023-24 were broadly shaped by the interplay between volatile food price momentum and base effects. In March 2024, the decline in momentum, driven by correction in food prices along with favorable base effects from fuel and core groups, led to a softening of headline inflation to 4.9%.

3.3 Headline inflation is expected to moderate and enter the RBI's target range. Inflation trajectory for FY 2024-25 would be shaped by both domestic and global factors and expectations remain largely range bound with gradual cooling. The RBI projects CPI inflation at 4.5% for FY 2024-25, with Q1 at 4.9%, Q2 at 3.8%, Q3 at 4.6% and Q4 at 4.5%.

4. Stock market performance

4.1 Domestic equity markets remained buoyant in H1:2023-24 due to strong buying support from foreign portfolio investors (FPIs), positive Q1 corporate earnings and a stable domestic economic outlook. The markets showed upward momentum in September amidst optimism over moderating domestic inflation and positive industrial production data. The BSE Sensex gained 11.6% during H1 to close at 65,828. Indian equity markets outperformed most EMEs and advanced economies (AEs) in H1.

4.2 Domestic equity markets continued their upward trajectory in H2:2023-24, with the total market capitalization of the Bombay Stock Exchange (BSE) listed firms crossing the historic USD 4 trillion mark and making India the fifth largest market in the world. Overall, the BSE Sensex gained 11.9% during H2:2023-24 to close at 73,651 while the BSE MidCap and BSE SmallCap indices rose by 21.6% and 14.9%, respectively, during H2. Indian equity markets kept pace with major emerging market (EM) economies in H2.

5 Yield Movement:

5.1 During H1:2023-24, the 10-year G-sec yield softened by 9 bps reflecting domestic as well as global factors.

The 10-year benchmark yield fell by 21 bps in Q1 to close at 7.10% and yields rose by 12 bps to 7.22% in Q2.

5.2 During H2:2023-24, G-sec yields softened, reflecting both domestic and global factors. In Q3:2023-24, the yields initially firmed up but softened thereafter tracking lower than expected domestic CPI prints for October and November, decline in crude oil prices, proposed inclusion of Indian Government bonds in a major global emerging market index and decline in US yields. Overall, the 10-year G-sec yield softened by 2 bps in Q3 to close at 7.20%. Domestic yields eased further in February 2024 following the announcement of lower gross market borrowings in the Interim Budget 2024-25. Overall, the 10-year G-sec yield fell by 13 bps in Q4 to 7.07% and cumulatively, yield declined by 15 bps in H2:2023-24.

5.3 Yields on T-bills softened across tenors between end-March and end-September 2023, with market expectations remaining anchored on unchanged policy rates. During H2:2023-24, yields on T-bills ended flat with upward pressure initially on rise in liquidity deficit while yields shifted higher in March as liquidity situation improved on government spending.

6 External Sector

6.1 Amidst slowing global economy, persisting geopolitical tensions, and geo-economic fragmentation, exports of goods and services contracted by 7.7% in real terms, while imports of goods and services grew by 10.1%, resulting in a sharp jump in the drag from net exports to (-) 6.4% of GDP in Q1:2023-24 from (-) 0.1% in Q4:2022-23 and (-) 2.3% a year ago. Merchandise exports (USD terms) fell by 11.9% y-o-y during April-August 2023, and merchandise imports by 12.1%. The merchandise trade deficit moderated to USD 98.9 billion in April-August 2023 from USD 112.9 billion a year ago as the decline in imports outpaced that in exports. India's external demand exhibited signs of recovery in H2:2023-24 (October-February) despite protracted geopolitical tensions. Merchandise exports (USD terms) expanded by 3.7% during H2 (October-February), while merchandise imports inched up by 2.5% during this period. The merchandise trade deficit at USD 105.7 billion widened marginally during H2 (October-February) from USD 105.1 billion during the corresponding period of last year.



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6.2 The current account deficit (CAD) narrowed to 1.1% of GDP in Q1:2023-24 from 2.1% of GDP in the corresponding period of the previous year on the back of lower merchandise trade deficit, higher net surplus in services exports and robust inward remittances. The C/A deficit narrowed marginally to 1.2% of GDP in Q3:2023-24 from 1.3% in Q2 with an improvement in net services trade and an increase in net transfer receipts.

6.3 Net Foreign Direct Investments (FDI) flows moderated to USD 5.8 billion during April-July 2023 amidst a broader fall in global FDI flows. Foreign portfolio investment (FPI) rebounded mainly through the equity route in response to investors' positive outlook on domestic growth and corporate earnings. FPI inflows of USD 20.5 billion were recorded in H1:2023-24 as against an outflow of USD 8.1 billion during the same period last year. Net FDI flows jumped to USD 9.9 billion in H2 (October-January) from USD 5.4 billion a year ago (inflows of USD 4.2 billion in Q3:2023-24). Net FPI equity flows increased to USD 8.0 billion during H2:2023-24 from USD 3.1 billion in the same period of the preceding year.

6.4 In the currency market, in 2023-24 the Indian rupee (INR) largely remained range-bound due to strong macroeconomic fundamentals and improvements in India's external position with the moderation in the current account deficit (CAD), revival of capital flows, and rising foreign exchange reserves. In H2:2023-24, the Indian rupee depreciated by 0.4% against the US dollar. The INR traded with a depreciating bias during October-December 2023 with the strengthening of the US dollar on rising US treasury yields and on safe haven demand due to geopolitical tensions in the Middle East. Between end-March 2023 and end-March 2024, the INR depreciated by 1.4% against the US dollar although it outperformed other EME currencies. In H2:2023-24, exchange rate volatility across EME currencies abated. The Indian rupee remained among the least volatile EME currencies.

6.5 As on March 29, 2024, India's foreign exchange reserves stood at USD 645.6 billion, equivalent to 11.3 months of projected merchandise imports in 2023-24 and 99.6% of outstanding external debt at end-December 2023.

7 Liquidity conditions:

7.1 In consonance with the monetary policy stance, the increase in surplus liquidity and the risks to price and financial stability from excess liquidity, the

Reserve Bank imposed an incremental cash reserve ratio (I-CRR) of 10%, effective from the fortnight beginning August 12, 2023, on the increase in NDTL of all scheduled banks between May 19 and July 28, 2023. It was indicated that the I-CRR would be reviewed on or before September 8, 2023 with a view to return the impounded funds to the banking system ahead of the festival season. On a review on September 8, the I-CRR was discontinued in a phased manner so that system liquidity is not subjected to sudden shocks and money markets function in an orderly manner.

7.1 Currency in circulation (CiC) drained liquidity from the banking system in H2 as it expanded by ₹ 2.26 lakh crore due to festival demand and state elections. This was more than offset by the drawdown of government cash balances (₹ 1.43 lakh crore) and net forex purchases by the Reserve Bank (₹ 1.95 lakh crore). OMO sales withdrew liquidity from the banking system while the phased unwinding of the incremental cash reserve ratio (I-CRR) augmented liquidity. Overall, net injection under the LAF narrowed to ₹ 0.53 lakh crore as on March 29, 2024, from ₹ 0.97 lakh crore on September 29, 2023 and a high of ₹ 3.46 lakh crore on January 24, 2024.

7.2 The RBI's liquidity management encompassed two-way operations during 2023-24. System liquidity turned into deficit mode for the first time in mid-September 2023 after a gap of nearly four and a half years and the deficit persisted in the wake of elevated government cash balances during H2. The Reserve Bank injected liquidity through twenty-nine variable rate repo (VRR) operations to ease liquidity tightness in H2. During H2, six fine tuning VRRR auctions were conducted between February 2-7, 2024, to absorb surplus liquidity engendered by the pick-up in government spending, followed by eight more in the remaining part of February and March. On a net basis, average daily injection amounted to ₹ 1.06 lakh crore in H2 as against net absorption of ₹ 1.07 lakh crore in H1. Adjusted for government cash balances, however, average potential liquidity in the banking system remained in surplus (₹ 2.34 lakh crore) during H2.

8 RBI's policy decisions:

8.1 During FY 2023-24, the Monetary Policy Committee (MPC) kept the policy repo rate unchanged at 6.50% and remained resolute in its commitment to align inflation with the target, keeping in mind the objective of growth.

8.2 During H1:2023-24, money market rates oscillated within the policy corridor in tune with evolving liquidity conditions and market operations of the Reserve Bank. On an average basis, the weighted average call money rate (WACR), was 5 bps above the repo rate, due to frictional liquidity tightness caused by advance tax payments, goods and services tax (GST) outflows and the incremental CRR (I-CRR) prescribed for all scheduled banks in August 2023.

8.3 During H2:2023-24, the WACR was 21 basis points (bps) above the policy repo rate, up from 5 bps in H1:2023-24. Other overnight rates moved in tandem with the WACR. The elevated level of the WACR during H2:2023-24 was largely on account of primary dealers (PDs). Recognising the liquidity stress faced by PDs, the Reserve Bank enhanced the limit for Standalone Primary Dealers (SPDs) under the Standing Liquidity Facility (SLF) in January 2024 and made special provision under the LAF in March 2024.

9 Banking environment:

9.1 India's banking sector remained sound and resilient, underpinned by ongoing improvement in asset quality, enhanced provisioning for bad loans, sustained capital adequacy and rise in profitability.

9.2 Bank credit growth remained strong in H1:2023-24 in tandem with economic activity. Non-food bank credit extended by scheduled commercial banks (SCBs) rose by 15.3% (y-o-y) as on September 22, 2023 over and above a growth of 16.9% a year ago. In H2:2023-24 also, bank credit growth remained robust with improving economic activity. Growth in non-food bank credit increased to 16.3% (y-o-y) as at end-March 2024 (excluding the impact of the merger of a non-bank with a bank) from 15.4% as at end-March 2023. Growth was driven by services and retail sectors. Industrial credit growth, which was tepid during the first half of 2023-24, improved in the third quarter. Credit growth to the services sector remained resilient during 2023-24, while personal loans growth moderated, especially after the regulatory measures taken by the RBI on November 16, 2023. Unsecured personal loans growth decelerated after the increase in risk weights on select segments in November 2023. Vehicle loans growth moderated in the third quarter of the year while that for housing loans remained range bound.

9.3 During H2:2023-24, the incremental credit-deposit ratio remained below 100% as against ruling above 100% for the corresponding period a year

ago. This reflected a surge in deposit mobilisation, particularly in the wake of withdrawal of ₹ 2,000 notes. Consequently, the wedge between credit and deposit growth has reduced. As at end-March 2024, the incremental credit-deposit ratio stood at 95.9%.

9.4 Aggregate deposits of SCBs registered a faster growth during FY 2023-24, due to considerable increase in interest rates. Aggregate deposits expanded by 12.9% (y-o-y) as on March 22, 2024, suggesting continued buoyancy in financial services. The combination of tight liquidity conditions and robust credit demand prompted banks to increase their term deposit rates in order to raise fresh deposits. However, deposit growth remained below the credit growth in FY 2023-24.

9.5 Asset quality of SCBs improved during 2023-24 (up to December 2023), with the overall gross non-performing assets (NPA) ratio declining to 3.0% in December 2023 from 4.5% a year ago. Asset quality improved across all the major sectors.

9.6 Bank lending and deposit rates rose further in H1:2023-24, reflecting the lagged impact of the policy rate hikes during May 2022-February 2023, the external benchmark-based lending rate (EBLR) system of loans pricing and the moderation of surplus liquidity. The transmission to banks' lending and deposit rates continued in H2:2023-24, with banks increasing rates on the back of persistent credit demand. In response to the cumulative increase of 250 bps in the policy repo rate since May 2022, the WALRs on fresh and outstanding rupee loans of SCBs increased by 185 bps and 111 bps, respectively, during May 2022 to February 2024. The WADTDRs on fresh and outstanding rupee deposits of SCBs increased by 241 bps and 183 bps, respectively, during May 2022 to February 2024.

10 Resources Mobilisation

Total deposits of the Bank stood at ₹ 12,21,528 crore. CASA deposits stood at 33.58% of total deposits.

Composition of Deposits:

Particulars	₹ in crore)	
	31.03.2023	31.03.2024
Total Deposits	11,17,716	12,21,528
CASA Deposits	3,94,055	4,10,134
Saving Deposits	3,20,075	3,36,349
Current Deposits	73,980	73,785

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Initiatives taken during the year:

FY2024 saw the introduction of several tailored products aimed at specific customer segments:

- **Union Samman:** Tailored for pensioners with benefits suited to their financial needs.
- **Union Samridhi:** A savings account for women offering lifestyle benefits and exclusive debit cards.
- **Union Udaan:** For young professionals, combining savings and current account features to support their career and financial growth. These products align with responsible banking by addressing the unique needs of these groups, thereby enhancing financial inclusion and customer satisfaction.
- **Union Muskaan:** Designed exclusively for minors, this specialized savings account facilitates a strong foundation for smart money management under the guidance of parents or guardians. With features like a low quarterly balance, insurance benefits, and tailored investment options such as Sukanya Samridhi and systematic investment plans, Union Muskaan is not just a bank account—it's a crucial first step towards financial empowerment for our young customers. This initiative underscores our dedication to inclusive banking and community support, ensuring a brighter future for the next generation.

We also launched new Debit Cards for HNIs, pensioners and Women- "HNI Emperio Metal Card" for HNIs, "Samman Debit Card" for pensioners and "Empower Her Debit Card" for women.

Looking ahead to next year, Union Bank of India is placing more focus on Retail Term Deposits with exciting launches tailored specifically for senior citizens. We are committed to offering the best-in-market rates and benefits, including a customized recurring deposit scheme designed to meet the unique financial needs of our customers.

11.2 Mid Corporate:

MCV have registered growth of 25.26 % on YOY basis in Mid Corporate Vertical Controlled accounts

Total 193 New Business Proposals amounting to ₹ 20,530 Cr has been approved during FY 2023-24, out of which final sanction has been accorded in 69 accounts amounting ₹ 7,003 Cr.

MCV have accorded enhancement in 178 accounts amounting to ₹ 7,029 Cr. during the FY 2023-24.

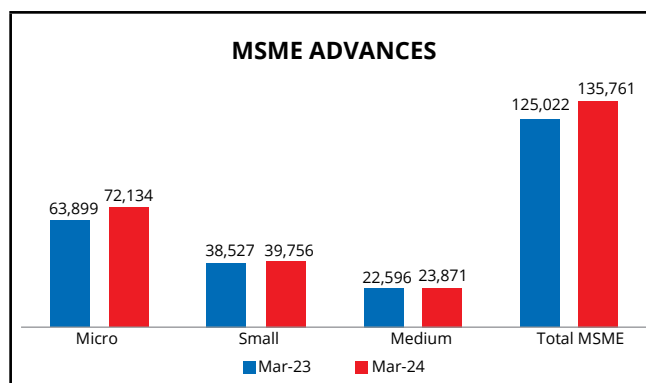
Non-Interest Income of MCV registered a growth of 84.47 % on YOY basis, by New sanctions / enhancement / utilisation of Non Fund base limits (Off Balance sheet exposure)

11.3 MSME:

Business Growth:

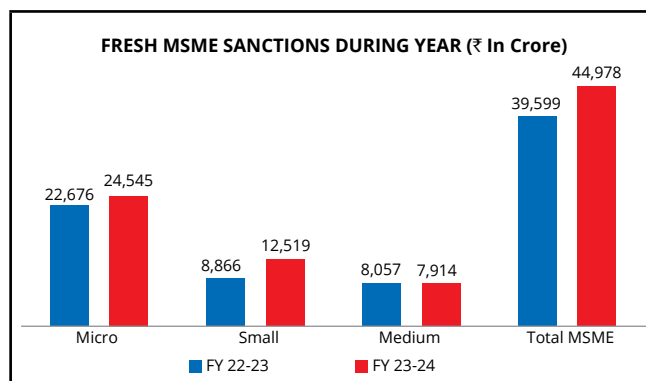
(₹ in crore)

Particulars	31.03.2023	31.03.2024	YoY Growth (%)
Total MSME Advances	125022	135761	8.59



MSME advances have registered YoY growth of 8.59% during the FY 2023-24.

Fresh sanctions increased by 13.58 % on y-o-y basis during the FY2023-24.



11 Credit Management

11.1 Overall Credit:

The Bank's total advance was ₹ 9,04,884 as of 31.03.2024, the corporate & others advance stood at ₹ 4,07,815 Crore. 19 Large Corporate Branches (LCB) and 40 Mid Corporate Branches (MCBs) across the country are catering to the needs of corporate clientele. Your Bank has made judicious disbursements to investment-grade projects of the large corporate, thus participating in the growth opportunities in the Indian economy.

Performance under identified MSME Schemes: Bank has formulated specific schemes for targeted MSME segment. Detailed below are the performance of the bank under the identified MSME Schemes during the year.

Name of the scheme	Sanctioned A/c (Number)	Sanctioned Amt. (₹ In Crore)
Union MSME Suvridha	5607	4930
Union Nari Shakti	22676	2555
Union Equipment Finance	922	580
Union Ayushman Plus	582	387
Union Solar	186	156
Union Contractor	541	736
Union Textile	265	185

MSME Loan Points: During the financial year our 135 MSME processing centers have sanctioned/appraised credit proposals (including Agri and corporate) of ₹ 39,228 Crore out of which ₹ 19,693 Crore was within their own delegation.

Outreach Camps: Executives from the Central Office have regularly visited their assigned regions to drive the growth under the MSME business. This has resulted in increased monitoring of their regions with improved MSME business numbers.

Branch Manager Delegation Power Campaign: To achieve sustainable business under MSME, Vertical has launched the drive for usage of branch manager delegation for MSME loans throughout FY23-24. The drive received excellent response from the field with total 7,94,720 loan accounts sanctioned amounting to ₹ 17,824 Crore

Cluster Schemes: Bank has 27 approved cluster specific schemes across Pan India. During the financial year the total sanctions under these schemes was ₹ 3,607 Crore.

Union MSME First Branches: For catering MSME Client Base and timely address their credit requirements, Bank has 105 UMFBS across the country with total MSME portfolio of ₹ 10,189 Crore. During the FY 23-24, 3578 sanctions amounting to ₹ 3,959 Crore were made through these UMFBS.

PMEGP (Prime Minister's Employment Generation Programme): Vertical is playing an instrumental role for implementation of PMEGP Scheme across all the regions with regular monitoring at all levels. During the FY 2023-24 bank has enabled 14,714 Individuals for embarking the entrepreneurship journey with total sanctions of ₹ 1,501 Crore & Margin Money claimed of ₹ 345 Crore.

PMMY (Pradhan Mantri Mudra Yojna): To promote entrepreneurship and to enable the micro credit to the aspiring youth, Bank has been at forefront in implementing the Pradhan Mantri Mudra Yojna by sanctioning 10,32,375 applications with total sanction of ₹ 15,448 Crore during the FY 2023-24.

PMSVANidhi (PM Street Vendor's Atma Nirbhar Nidhi): To implement the financial inclusion of Street Vendors by providing them with micro credit and inculcating the habit of financial discipline among them, bank has assisted 2,94,661 street vendors with ₹ 475 Crores under PMSVANidhi scheme during the FY 2023-24.

Standup India: To promote the entrepreneurship among SC/ST/Women, bank has sanctioned 2603 applications with cumulative sanction of ₹ 503 Crore understand up India Scheme.

Initiatives to reduce environmental footprint as a part of ESG initiatives:

Digital Transformations: MSME Customers can now apply loans digitally for their business requirements. In this front, Bank has digital journeys through which loans up to ₹ 25.00 Lacs can be sanctioned digitally.

Performance of the Bank during FY under each digital product is as below

Digital journey	Accounts	Amt ₹ In Crore Sanctioned Amount
STP Shishu Mudra	55,365	267
STP Kishore Mudra	4,365	117
STP Tarun Mudra	1,991	173
Nari Shakti STP	519	30
GST Gain	522	110
Total	62,762	698

Digi Renewal of the MSME accounts up to ₹ 10.00 Lacs: During FY23-24, 7.33 MSME accounts were digitally reviewed which forms 98% of the total account under the slab.

Sanctions under the PMSVANidhi were digitally enabled during the FY23-24, thereby reducing the TAT and faster dispensation of Micro Credit.

Digital sanction is enabled for the PMSVANidhi Scheme for faster disposal of applications and improve TAT.

Union Solar (New Product): Vertical has revamped this product to finance the borrowers for installing Solar Power Plants for their captive use and help in moving towards usage of non-conventional sources of energy. In

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order to make the scheme attractive and cost effective, waiver of collateral requirements and concessional rate of interest is approved.

Bank has done Tie up with TAT Power Solar Systems Ltd for financing the units for Solar power generation for captive use.

To encourage entrepreneurship among the Women, Bank has launched a dedicated campaign "Ab Naari ki Baari" from 04.05.2023 to 31.07.2023 with a target of sanctioning loans to 1,25,000 Women Entrepreneurs. During the campaign, 46,775 loan applications of Women Entrepreneurs were sanctioned.

12 Retail:

The Total Retail Advances reached ₹ 1,77,488 crores registering overall Y-o-Y growth in retail loans outstanding is 11.14%.

Product wise Y-o-Y growth under Retail Lending is as under:

Scheme	Actual March' 23	Actual March' 24	(Amount in crore)	
			Growth over March' 23	% Growth Over March 23
Home	79374	86079	6704	8.45
Miles	16509	20340	3831	23.21
Education	9210	14068	4857	52.73
Mortgage	14190	15043	853	6.01
Personal	11664	11450	-214	-1.83
Others	28754	30508	1754	6.10
Total	159702	177488	17786	11.14
Retail Advance				

- Total Retail growth of ₹ 17,786 Crore over March' 23.
- Growth on YOY basis is at 11.14 %.
- PAN India basis, RLPs (CPCs) sanctioned Retail loans of ₹ 40,017 Cr during FY 2023-24.

Initiatives Taken:

- Setting up a Centralized Retail Loan Cell at Central Office to process/sanction Retail loans with an objective of improving the TAT and underwriting standards
- Setting up of Centralized builder tie-up, dealer tie-up and DSA/CSA empanelment cell at Central Office with an objective of providing a disciplined environment leading to quick approval.

- Revamping of RLP Structure to provide operational convenience and ease to Retail Borrowers.
- Digi Review Renewal process has now been made mandatory for all retail loans up to ₹ 50.00 lacs.
- Introduction of URTS-PM SURYA GHAR: MUFT BIJLI YOJNA UNDER URTS Scheme, Collateral free loan, Quantum of loan up to ₹ 15 lakhs.

Strategies:

- Allotment of Retail business target to Zone/Region based on their potential and growth opportunities.
- Implementation of Digital Journey for Housing Loan/ Mortgage Loan/Vehicle Loan.
- Tie up with NBFCs/HFC for Co-lending models of Housing loans and pool buyout.
- Organizing Credit Outreach Drives.
- Special drive to increase builder tie up's on upcoming projects in Tier II, III cities.

12.1 Agriculture: Agriculture lending has always been the priority area for your bank. Agriculture advances constituted 21.04% of Gross advances of the bank as on 31.03.2024.

Bank achieved an 18.97% to ANBC, against statutory target of 18% to Adjusted Net Bank Credit (ANBC) under Agriculture Priority as on 31st March 2024. The bank registered a Y-o-Y growth of 20.95% in Agriculture during FY 2023-24 with outstanding of ₹ 1,83,833 Cr as on 31.03.2024.

Credit to small and marginal farmers stood at ₹ 1,05,242 Cr, which constitutes 13.24 % to ANBC against the benchmark of 10% of ANBC as of 31st March 2024. Bank could also sell surplus of ₹ 30,000 Cr under PSLC-Small & Marginal Farmer. Bank has issued 5.47 lakh fresh Kisan Credit Cards amounting to ₹ 10,568 Cr during FY:2023-24.

12.2 Priority Sector Advances:

Bank remains committed towards extending credit facility to the needy segments of the society. Bank's priority sector advance stood at ₹ 3,27,728 Cr as on March 31, 2024, with 41.32% to ANBC against the statutory target of 40% to ANBC, after excluding the PSLC sales and including the investments in RIDF/ SIDBI/MUDRA/NHB.

(₹ in crore)

Table 5: Priority Sector Advances (₹ in Cr)

Particulars*	31.03.24	31.03.23	Y-o-Y (%)	% to ANBC	Benchmark
FY 2023-24 (% of ANBC)					
Priority Sector Credit	3,27,728	3,02,006	9%	41.32	40%
Agriculture	1,57,248	1,35,430	16%	19.83	18%
Priority Sector					
Small & Marginal Farmers	1,05,042	95,171	10%	13.24	9.50%
Micro Enterprises	63,897	72,136	13%	9.10	7.50%

(*Post PSLC sale/ purchase & Including RIDF)

Specific Lending for Social Upliftment

Your Bank has continued to keep its focus on social development and equal opportunities for all segments of the society. Accordingly, the Bank extended credit facilities to various weak and unserved sections of the society specifically women, minority community and self-help group.

- **Women Beneficiaries:** With a view to promote entrepreneurs among the women and to make them self-reliant, bank encourages credit to women entrepreneurs. During FY 2023-24, Total outstanding loans to women beneficiaries has increased from ₹ 1,05,954 crore as of 31st March 2023 to ₹ 1,29,304 Crore in March 2024, with a growth of 22%.
- **Minority Communities:** Bank is extending finance to the minority communities' viz. Muslims, Christians, Sikhs, Buddhists, Zoroastrians, and Jains in line with Government of India directives on welfare of minority communities. As on March 31,2024 the outstanding credit to minority stood at ₹ 44,734 crore, which constitutes 13.17% of Priority sector advances.
- **Weaker Section:** Your Bank has been actively participating in financing for weaker sections of society. Finances to weaker section net sale of PSLC-SF/MF stood at ₹ 1,12,990 Cr with 14.25% of ANBC against the benchmark of 12 % to ANBC.
- **Rural Self Employment Training Institute (RSETI):** With the aim of mitigating the employment problem among the rural youth, the Bank has established 30 RSETIs out of which 24 RSETIs in the in districts

where the bank has "Lead Bank Responsibility". As of March 31, 2024, total number of candidates trained in our RSETIs are 3,48,157, out of which 2,54,155 candidates have been settled with a settlement ratio of 73%.

- **Regional Rural Banks (RRBs):** Bank sponsors Chaitanya Godavari Grameen Bank (CGGB), Guntur, Andhra Pradesh state. It has a network of 265 CBS Branches, spread over 8 districts of Andhra Pradesh. Business of CGGB has increased to ₹ 21,444 Cr with a growth of 22% during FY 2023-24. Total Deposits stood at ₹ 10,029 Cr and Advances at ₹ 12,415 Cr with Net profit of ₹ 251.91Cr. The Gross NPA is 0.68% and Net NPA is 0% as on 31.03.2024.
- **Pradhan Mantri Fasal Bima Yojana (PMFBY):** Your Bank is implementing PMFBY for the benefit of farmers who faced climatic adversities very often and suffer a lot. All farmers including share cropper and tenant farmers growing the notified crops in the notified areas covered under PMFBY.
- **Area Specific Schemes**
The bank has formulated 21 Area Specific Schemes, based on the available potential for the benefit of the farmers in the respective areas to augment lending under agriculture.
- **Atmanirbhar Bharat Schemes/Emerging Renewable Sectors:**
Bank has started capitalizing on huge investment taking place in Agri Infra Structure, Animal Husbandry and Food Processing through various Atmanirbhar Bharat Schemes like Agri Infrastructure Fund, Animal Husbandry Infrastructure Development Fund and Pradhan Mantri Formalization of Micro Food Processing Enterprises.
Bank is also leveraging other schemes under renewable energy like Compressed bio gas schemes, solar power plant , solarization of pump sets under PM KUSUM Scheme to help in achieving the sustainable development goals and improving the Green Financing.
- **Digitization:**
Digital KCC
Bank has rolled out Kisan Credit Card Auto Renewal STP (Straight Through Processing) in entire Karnataka on 29.11.2022 & in entire Madhya Pradesh state on 30.11.2022. Fintech has been onboarded and will be scaled up gradually to Pan



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India (In all remaining states where land records are digitized). Kisan Credit Card STP for Fresh sanctions up to ₹ 1.60 lakhs have been rolled out in entire Madhya Pradesh State, Karnataka state and part of Uttar Pradesh state. Fintech has been onboarded and will be scaled up gradually to Pan India (In all remaining states where land records are digitized).

Digital Kisan Tatkal:

To augment digital lending business and to cater the immediate need of the farming community, Bank has introduced "Digital Union Kisan Tatkal Loan" Scheme through STP (end to end) journey on 24.12.2023 throughout country.

12.3 Financial Inclusion:

Summary of performance during the FY 2023-24:

S. No	Parameters	₹ in lacs	
		March 2023	March 2024
1	No. of PMJDY A/cs	280	295
2	Balances in PMJDY A/cs (₹ in Crores)	9046	10918
3	RuPay Cards issued A/cs	120	127
4	Aadhaar Seeded A/cs	229	246
5	Overdraft Sanctioned	2.41	1.13
6	APY (cumulative)	33.77	42.23
7	PMJJBY in PMJDY A/cs	8.39	10.68
8	PMSBY in PMJDY A/cs	36.57	50.09
9	No of Transactions at BC Point	1110	1505
10	Amount of Transactions at BC Point (₹ in Crores)	71618	98738
11	Average Enrolment Per Day Per Branch at Aadhar Enrolment Centres (Nos)	14	10
12	Financial Literacy Camps	4128	8428

- 26.54 lakhs PMJDY accounts are opened during FY 2023-24, PMJDY Saturation Drive Campaign target achievement with 99%.
- Total Deposit balances in PMJDY accounts has increased by ₹ 1,872 crores over previous year average balances per Account.
- Cumulative enrolments under APY increased by 8.46 lakhs during the year. As of 31.03.2023, Your Bank has achieved 99% of the Target of 8.53 lakhs allocated by the Dept.of Financial Services for FY 2023-24 for APY enrolments.
- No of BCs increased to 19603 from 16806.
- BCs can do transactions using Android devices

New initiatives taken:

- Implemented Instant Account Opening at BC Points.
- Concept of alternate BC and sub-BC have been introduced in the Bank.

Strategies for FY 24-25:

- No of BCs to be increased to 30000.
- Real-time enrolment of APY planned.
- Complete automation of BC Payment
- Intelligence Dashboard on BC Performance
- Facility of passbook printing at BC point.

13 International Banking

Overseas business of your Bank stood at ₹ 53,583 Crore as on March 31, 2024, compared to ₹ 36,229 Cr as on March 31, 2023. Your Bank has two overseas branches in DIFC (Dubai) and Sydney (Australia) and operates in London, United Kingdom, through its wholly owned subsidiary, Union Bank of India (UK) Ltd, and in Kuala Lumpur (Malaysia) through its Joint Venture - India International Bank (Malaysia) Berhad, which is a Joint Venture with Bank of Baroda and Indian Overseas Bank. The Gross Advance portfolio of the foreign branches stood at INR 31,252 Cr as on 31st March 2024 and Net Profit of the foreign branches stood at ₹ 109.76 Cr as on 31st March 2024.

Trade Finance

Your Bank offers a bouquet of Trade Finance products and services to exporters and importers through an extensive, well equipped branch network that operates in India and abroad. There are 133 Authorized Dealing branches spread across the length & breadth of the country, Centralized Trade Finance Back offices and Centralized SWIFT Back Office, for orderly growth of the Trade Finance portfolio, formulate policies and innovate new products as per the market demands and changing regulatory norms.

Your bank improves synergies and trade flow between Domestic Offices and Foreign Offices/ Correspondent Banks and the trading community by forming a strong link between them.

Your bank facilitates the growth of Export Credit by actively involving branches, trade bodies & other stakeholders.

Global Payments & Services

International Exchange Vostro Branch-Our International Exchange Vostro Branch (IEVB) facilitates Inward Remittances from Overseas locations to India. Your Bank is maintaining 8 Accounts of Foreign Banks under Vostro mechanism, 3 accounts of Exchange Houses under Rupee Drawing Arrangement & 3 accounts of foreign banks under Special Rupee Vostro mechanism.

Correspondent Banking Relations – To facilitate international trade & transactions, your Bank is maintaining RMA relationships in 94 countries with 520 banks and Nostro accounts with 33 Banks, in 15 different currencies.

“Trade Finance Set Up”

In the direction of digitalizing the Forex transactions, your bank has digital platform- “Trade Nxt”. For processing of these transactions, Centralized Forex back offices at Mumbai & Mangalore were operationalized.

Transactions are being processed with strict compliance with the prevailing guidelines by following standardized approach.

Over time, the forex back offices have garnered a significant portion of trade finance transactions, with customers migrating to the ‘Trade Nxt’ digital platform, thereby fortifying the forex back office operations.

Additionally, your bank is a member of the SWIFT network, a secure and fastest mode of communication within the global financial network.

Furthermore, your bank is overseeing MQ series within the SWIFT infrastructure. The MQ series serves as a robust messaging backbone, ensuring reliable and real-time communication between financial institutions, thereby supporting seamless information exchange.

In line with commitment to continual improvement and innovation, your bank has implemented numerous system enhancements and updates within the SWIFT system. These enhancements are aimed at optimizing operational processes, enhancing security measures, and providing our customers with a superior banking experience.

Your bank is committed for ensuring FEMA and complying with other regulations.

Exporters/Importers meet

Various Exporters’ / Importer’s meets were conducted across India to increase awareness of the banking facilities offered by your Bank. New products like Union

Trade Current Account (UTCA), Union Exports has been made more attractive.

Market Share

Your bank’s Market Share in Export Credit has increased from 7.20% (as on Mar 2023) to 8.05% (as on Dec 2023).

TRRACS Software, EDPMS / IDMPMS

Your Bank has in place the Trade Regulatory Reporting and Compliance Solution (TRRACS) software, that is continuously leading to a reduction in pending EDPMS / IRMs / Export advances entries over a period of time and we could succeed in the removal of these entries substantially, enhancing customer satisfaction.

LIBOR to ARR (Alternate Reference Rate) / RFR (Risk-Free Rate) Transition

With the introduction of ARR to replace LIBOR, there is a major transition in the Global Trade Ecosystem. Your bank has implemented & Automated the ARR regime in its Trade Finance operations.

Centralized SWIFT Back Office (CSBO)

SWIFT is an integrated web enabled messaging software that runs centrally and is accessed by the interface channels and branches, facilitating the electronic exchange of financial and non – financial messages.

Centralized SWIFT office has been set up at Mumbai for handling cross border transactions over the SWIFT network and for ensuring smooth & full secured transmission of messages.

Trade Finance Solution – Trade Nxt



As part of digitization and redesigning of trade finance processes, your bank has in place Trade Finance Solution i.e Trade Nxt.

Trade Nxt is a Unique Digital Trade Services Platform for our customers to transact Foreign exchange transactions, efficiently & as per their convenience. The platform supports all type of trade transactions including for Exports, Imports, Guarantees and Remittances.

Key Features:

- ❖ **Convenience** - Avail service from your home or office, No need to visit branches.
- ❖ **24x7 Availability** - Trade related transaction can be initiated round the clock.
- ❖ **Customization** - Personalized dashboards, customized templates.



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- ❖ **Paperless Banking via Digitization** - Dedicated portal for managing all trade transactions, Auto mailer intimations of advices and SWIFT messages.
- ❖ **Process Improvement** - Driven by AI and OCR Technologies to initiate and process transactions (Implementation under progress)
- ❖ **Efficiency** - Substantial improvement in TAT due to Digitization and Centralization
- ❖ **Relationship Manager** - Improved Customer service through dedicated Relationship Managers
- ❖ **Compliance** - Complying with Regulatory norms & Procedures along with International Best Practices.

FEMA Audit

The branches that are authorized to deal (Authorised Dealers) in Foreign Exchange Transactions, including CSBO, Trade Finance Processing Back Offices are subjected to FEMA compliance audits.

KYC / AML-CFT Measures

Your Bank has been taking comprehensive steps to implement KYC norms / guidelines across the Bank. Bank has a board approved policy on Know Your Customer (KYC) standards, Anti-Money laundering (AML) and Combating of Financing of Terrorism (CFT) measures, in line with the extant RBI Master Direction on KYC.

Workshops / Events held by Bank

- Federation of Industrial and Commercial Organization (FICO) organized Exporters awareness camp with the assistance of Our Bank.
- FIEO has conferred the Bank with "Export Excellence Gold Award" for 2 consecutive years for its contribution to promote Export growth in country.

Digitization Initiatives

Your Bank continues to innovate and collaborate, providing efficient and secure financial solutions to meet the evolving needs of our valued customers.

Initiatives and Benefits in Focus:

Outward & Inward Remittance via Vyom Mobile App:

- Facilitates retail cross border remittances through Mobile App/Internet banking.
- Significantly reduces Turnaround Time (TAT) through streamlined digital processes.

14 Treasury operations

- To act as a prudent liquidity manager in line with Bank's corporate goal. Treasury aims at generating

optimum profit while managing the credit, market and liquidity risks as per policy guidelines. Better cash management by different short term money market instruments and forex market. Maintaining a optimum SLR & Non-SLR investment book with appropriate M-duration which will help us to enhance our profitability.

- Conserve the Bank's capital by reducing high capital intensive instruments and increase the NIM and ROCE by leveraging the less capital intensive instruments.

14.1 Treasury Strategy:

- Create a large investment book during an appropriate / conducive interest rate period and maintain M-duration as per approved policy. This will be a source of treasury profit.
- Explore all available arbitrage opportunities in the financial market, such as forex Vs money market, dated securities Vs interest rate future (IRF), dated securities Vs overnight index swap (OIS), long term treasury liabilities Vs structured derivatives etc.
- Strengthening manpower through various in-house and external training like ACI dealing certification, mastering the trading game etc, for improving overall efficiency at every stage.
- To strengthen the Treasury sales team for effective utilization in onboarding new customers and provide seamless experience to old and new customers of the Bank. We are also expanding the sales team for mobilizing PD business.

14.2 Summary of performance during 2023 - 24: Treasury performance target v/s achievement on major parameters during the FY 2023 - 24 are as under:

Particulars	₹ in Cr)	
	Actual for FY 2022 -23	Actual for FY 2023 -24
Interest income	24,438.39	28,406.49
Profit on sale of Investment including MTM Gain	1083.00	1,940.02
Exchange profit (Forex)	813.00	963.79
Total Treasury Income	26,334.39	31,310.30

14.3 New Initiatives during the Year:

Debt syndication:

Treasury Branch advises the Corporates/NBFCs on their Bond issuance and also undertaking Debt Syndication activity by participating in the Bonds/ Debentures of Public Sector Undertakings/ Financial Institutions/NBFCs/Corporates.

During the FY 2023-24, your Bank has earned a total arranger fee of ₹ 4.56 Crore. As per Prime Database (The Primary Market Monitor) for the period from 01st Apr'23 to 31st Mar'24, your Bank has been ranked at 16th position with 12.4% share of the total issuances. Your Bank's rankings has improved from 29th position with 1.3% share of the total issuances, as per Prime Database, during the previous year ended 31st March 2023.

14.4 New Initiatives planned in FY 2024-25:

Up gradation of Dealing Room trading systems:

Process of Vendor identification for upgradation of dealing room systems is completed, terms & conditions with the vendors will be finalized soon. This will result in smooth functioning of the dealing room with advanced systems to improve the efficiency of Treasury.

Set up of Bond FRA/Future Desk:

Bank has planned to set up a dedicated structured derivative desk which will help customers to hedge their risks more efficiently and on a real time basis. This has also been helping your credit vertical to reduce the cost of borrowing of customers by structured loan products with the help of structured derivatives.

Increasing existing customer business share and on boarding new customers:

Treasury Relationship group will drive FX business from existing as well as acquisition of new customers; White label screen to customer can increase FX volume; Trade Finance solution (Finstra) will provide more FX Business due to flexibility to customers for documents handling.

14.5 Awards / Accolades:

1. For being Top Performing member Bank in FY 2023-24 by 360T(Forex Deutsche Borse Group)
2. For being Top Performing member Bank in FY 2023-24 by NSE.

3. For being Top Performing member Bank in FY 2023-24 by BSE.
4. Active Participation in Currency Derivative and Interest Rate Derivative by NSE for FY 2023-24.

15 Asset Quality

Summary of Performance:

Asset quality of the Bank has improved substantially and GNPA level of the Bank stood at 4.76% as of March 2024 which has reduced from 7.53% as of March 2023. Bank's cash recovery & upgradation, details of other recoveries during financial year 2023-24 is as under:

The details of NPA movement are as follows :

Particulars	(₹ in crore) FY 2023-24
GNPA as of 31.03.2023	60987
GNPA as of 31.03.2024	43098
Cash Recovery	7289
Recovery of unrecovered interest	3065
Rec. in written off a/cs	3988
Gross Cash Recovery	14342
Upgradation	4213
Gross cash recovery + Upgradation	18555
% Gross NPAs	4.76

Digital Initiatives Taken during the FY 2023-24:

UNION SARAS:

- Showcasing properties on the common auction platform i.e. eBkay under Indian Banks Auctions Mortgaged Properties Information (IBAPI) portal launched by IBA at monthly prefixed dates for entire financial year to enable the filed functionaries to showcase all the eligible properties for auction.
- Recall Notice, DRT Module, SARFAESI Module, Valuation of Securities, Civil Suit, Vehicle Loan NPA, Declaration of Wilful Defaulter & Non-Wilful Defaulter, Lok Adalat modules are live.
- Appeal Module, Review of performance of Recovery Agents / Enforcement Agents, Revenue Recovery Act modules are under Development.

ONLINE ONE TIME SETTLEMENT (e-OTS):

- Unsecured NPA upto ₹ 25 lakhs are eligible for Online OTS sanction and closure.

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Recovery Strategies initiated during FY 2023-24 :

- Close follow up of all NCLT cases / Providing quicker solution / advice to the field on NCLT Matters.
- To boost the recovery in 100% provided Accounts, list of 100% provided accounts are shared to the field with specific target. Also, daily recovery in these accounts are shared with field for monitoring purpose.
- Ensuring 100% filing of suits in all eligible accounts. A campaign titled “Legal Muscles – 2.0” has been launched to Intensify Legal Actions for enhanced recovery. It will be driven by Law Officers, Authorised Officers, Advocates & Enforcement Agents.
- Continued focus on SARFAESI actions especially ensuring auction sale of all eligible properties.
- Weekly Mega recovery camps continued to be organised on Pan India basis.
- Regular field visits of Executives are planned to resolve / regularise big ticket NPA.
- Follow up with ZO / RO/ Branch for recovery of overdue OTS amount.
- To assist and become enabler for Branches/ Regions, ownership of each Region has been assigned to individual officer of the vertical.
- To enable field to submit complete and error free OTS proposals, a checklist has been circulated. It will reduce the OTS approval time.
- Bank will continue emphasis on guarding against fresh slippages and focus on recovery/ Upgradation vigorously to contain slippage within the ceiling and bring down level of NPA consistently.
- Bank will intensify its effort to Sale NPA accounts to ARCs/NBFCs/BANKs/FIs.
- Vertical is in continuous touch with other lenders for quicker transfer of High level NPA to NARCL
- Intensifying use of Recovery Agent/ BCs/BFs in recovery related work
- Regular review of SAMBs & ARBs performance by GM/DGM/AGM

16 Relationship Banking

Your Bank earned an income of ₹ 388.50 crore through the distribution of third-party products during the year 2023-24.

Business Parameter	(₹ in crore)		%
	ACTUALS FY 2022-23	ACTUALS FY 2023-24	
Life Insurance	233.69	278.40	63.13%
Non-Life Insurance	50.76	29.76	33.82%
Health Insurance	49.13	54.49	57.35%
Mutual Fund	19.77	20.80	54.74%
Merchant Banking Department	6.93	5.06	-
Total Income	360.29	388.50	58.69%

INITIATIVES DURING THE YEAR

- Process initiated to hire Wealth Managers for HNI customers of the Bank to cater to their investment needs.
- Commission structures were revised upwards by the Life Insurance and Health Insurance channel partners.
- Corporate agreements were renewed with all the existing channel partners.
- Entry of India First Life Insurance Company in sourcing Credit Life insurance business.
- Process initiated for publishing in-house magazine for Insurance and Mutual Fund products and related market developments.
- Insurance products from SUD Life, India First Life Insurance Company, Care Health, Manipal Cigna, Bajaj Allianz, Chola MS and United India Ins Co. were onboarded on VYOM app for purchase through digital channels.
- Mutual Fund investments through branch portal (Union Invest) was made live.
- Insurance product purchases through branch portal (Unisure) was made live
- Onboarding of Sovereign Gold Bonds on VYOM app under process.
- Development requested for change in Sovereign Gold Bonds debit process of subscription amount from direct debit to lien-based debit in compliance with the RBI guidelines. The development is in process and will be made live soon.
- An option to update account details for Sovereign Gold Bonds has been developed in Finacle, doing away with the manual process of sending physical applications.

NEW PRODUCTS LAUNCHED:

- **Union Super Top Up Health Insurance:** Union Super Top Up Health Insurance policy from Manipal Cigna Health Insurance Company launched for Corporate salary account holders & Pensioners drawing salary/Pension through your Bank and Employees of Union Bank of India.
- **Union PINK 2.0:** Manipal Cigna's Cancer plan for women launched with enhanced features.
- **WAP Insurance 2.0:** Special Motor Insurance Scheme launched by Bajaj Allianz for Vehicles Owned by the Bank's Staff & their Family Members.
- **NFOs launched:** Three NFOs (Union Business Cycle Fund, Union Children's Fund and Union Innovation & Opportunities Fund) were launched.

DIGITAL INITIATIVES:

1. M/s. Fintech Blue Solutions Pvt Ltd has developed digital platform on mobile app and branch portal. Out of a total of 50 products to be onboarded, 34 Insurance products from SUD Life, India First Life Insurance Company, Care Health, Manipal Cigna, Bajaj Allianz, Chola MS and United India Ins Co. were made live as on 31.03.2024.
2. Onboarding of Sovereign Gold Bonds on VYOM app under process.
3. Branch portal (Union Invest) made live for Mutual Fund investments from 17 AMCs.

17 Government Business

- Union Bank of India has emerged as "STAR PERFORMER-RANK 1" in the PFRDA-THE GAME CHANGERS Award and Recognition across all financial institutions and qualified as Winner in Category 1 with reward and recognition to Executive Director, 5 Zonal Heads, 5 Regional Heads, Nodal Officer, 10 Branches and 15 other staff by PFRDA, Ministry of Finance.
- Mobilised 5,82,383 Small Savings Accounts achieving a 102% growth YOY and contributed in the Govt initiative under the Social Security Schemes.
- Onboarded Kendriya Vidyalaya on BBPS platform for fee collection. This will reduce our cost, which we are paying to payment aggregator for providing PG facility.
- Implemented National Common Mobility card facility through debit cards and prepaid cards in close coordination with the respective departments. To ensure easy and hassle-free customer journey for NCMC, enabled various NCMC services through our digital banking channels-Internet Banking and Vyom.

- Signed MoU for Salary, Pension and other retail loans with Indian Airforce - Airforce Warriors and Agniveers', Indian Army and Coast Guard Employees.
- Successfully Integrated with NLP Marine Portal for Port Dues collection and signed MoU for online fees / duty collection for 8 ports out of 13 ports.
- Enabled Payment Gateway in various institutions viz: National Eligibility cum Entrance Test (NEET), Netaji Subhash University of Technology, DMRC, NIFT Bhubaneshwar & Shillong, Odisha Labour Commission, Odisha Mining Corporation, Kerala State Beverages, Central Pollution Control Board, Etawah Safari Parks Samiti, Karnataka Housing Board, Panvel Municipal Corporation, Hindustan Life Care Limited etc.
- Enabled Senior Citizen Savings Scheme Accounts opening through Internet Banking.
- Signed MoU and integrated with Employees State Insurance Corporation under Ministry of Labour and Employment for collection of Employees Insurance Contribution.
- Development of dedicated web portal for our Bank pensioners.

18 Human Resources Management

Your Bank prioritizes providing an exceptional employment experience by investing in its most valuable asset i.e. its human capital. Continuously evolving its people processes, the Bank strives to offer industry-leading experiences. Throughout FY 2023-24, emphasis has been placed on stabilizing automation and digitization efforts to ensure seamless functionality alongside fostering workforce empowerment and achieving corporate objectives.

Union Prerna Project (EKAM):

EKAM Mobile App: The EKAM Mobile application has been launched for all employees of the bank catering to the HR needs and performance view of all the employees of the bank 24*7 anytime anywhere. EKAM Mobile App has been developed with many built in features like performance reviews of employees, performance review of team members, rewards points for employees and access to relevant training for upskilling of employees.

Community Connect: The Community Connect Tool, which is a community engagement platform has been launched to drive active discussions between employees on a diverse set of topics – be it office -wide events, work anniversaries, employee promotions or anything else.



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The Community Connect tool aims to:

1. Strengthen the culture of gratification among employees as it will be a bank-wide single platform for employees to appreciate and celebrate the achievements of colleagues.
2. Drive continuous employee engagement and provide an avenue to network through system-generated as well as user-generated posts.

Reward & Recognition

Union Bank of India has been able to set the benchmarks for digital HR solutions, automation and enhanced employee experience, over the past few years with the significant changes that have been brought about to the cultural and HR fabric of the Bank. This transformation has led to industry wide recognition.

Our Reward and Recognition program is a strategic initiative designed to acknowledge and celebrate the efforts, achievements, and contributions of employees within an organization. It serves as a means of appreciating and motivating individuals and teams for their outstanding performance, dedication, and commitment to the organization's mission and vision. Our Rewards & Recognition structure is objective, inclusive and performance linked with an aim to attract and retain the best talent. In this framework, all officers notwithstanding scale and role shall be eligible for being rewarded based on the objective appraisal scores generated in the Performance Management System.

The R&R cultivate a culture of appreciation, respect, and excellence where employees are encouraged to excel and support one another. Also, these initiatives increase employee retention rates by creating a positive and fulfilling work environment where employees feel valued and appreciated.

In the new R&R structure, there are three rewards:

- The **Ace Performer Reward** is a performance-based reward which is provided for achievement of business excellence. It is measured based on the objective PMS scores for measurable performance KRAs. This reward aims to focus on growing the business by linking it with outcome-oriented roles and KRAs.
- The **Pinnacle Performer** of the Quarter is a nomination-based reward. The Vertical/Zonal/Regional/Branch Heads can nominate the employees of their Vertical/Zone/Region/Branch respectively. This reward will be given to employees based on various factors, including but not limited to fraud detection, loss minimization, living the competency, exhibiting extraordinary collaboration, exceptional achievement in the quarter, etc.

- **Spotlight Shining Star** is a unit-based reward given to the entire unit. This reward is based on the campaign which focuses on achievement of particular parameter for a given period of time.

The aim of the new digital R&R framework is to put in place a holistic system that encourages transparency, flexibility, and avoid favouritism at workplace. The new R&R program has been implemented via a digital tool. This digital tool allows employees to check in on bank-wide Leader boards, download certificates, collect points and redeem rewards etc. A Reward Aggregator viz. M/s Loyalty Solutions and Research Pvt Ltd (Brand Name: Zillion) has been engaged for end-to end redemption reward ecosystem.

DEI initiatives: Bank is committed to workforce diversity, creating equity across various regions and zones, cultivating and preserving a culture of diversity, equity and inclusion. Bank has placed various escalation mechanisms/policies in regard to reporting matters by its employees such as HR Apke Dwar portal, Whistle blower policy, reporting mechanism laid down policy on prevention, prohibition and redressal of sexual harassment at workplace, equal opportunity policy etc to encourage employees to raise their concerns/grievances/raise alarm against any kind of discrimination or malpractices taking place within the bank.

Empower Her & Power Him: The Power Him and Empower Her committees have been created with a focus on gender centric issues of males and females in their career trajectory. The members of these committees are reaching out to employees grouped with specific issues like employees not appearing for promotion, employees facing career progression problems, constraints etc. Various CSR initiatives and camps have also been undertaken by these committees which has helped bank in garnering business opportunities as well.

Promoting wellness through Employee Assistance Programs

The Bank's well-being and Engagement Strategy addresses a spectrum of holistic enablers across physical, mental, emotional, and spiritual well-being. The Bank has launched an "Employee Assistance Program (EAP) – Union SWAR (Supporting Wellness and Resilience)" in partnership with M/s. 1to1help.net Pvt Ltd in November 2023. Through this program the Bank is able to provide avenues to its employees to get help and support for physical and mental wellness as and when required not just by them but also by their dependants.

Through this program the employees and their dependent family members were benefitted through counselling assistance which helped the employees who experienced issues like financial instability, improving work relationships, performance improvement, mental health, occupational stress, coping with major life events etc. Through these interactions we have been able to identify some of the major issues faced by the employees which are anxiety, interpersonal & relationship conflict, work-life balance, confused thinking, negative thoughts, marital conflicts. With regular counselling of employees, the bank will benefit for improved mental health of employees, reduced absenteeism, increased productivity at work, reduced stress levels in employees. Desk yoga for central office employees, yoga sessions for employees by various regional offices were also conducted. Special yoga drive for employees and their family members is being conducted every Sunday.

A series of wellness webinars programs – “journaling with an expert”, “sustaining resilience at workplace”, “beyond work life balance-moving into work life integration” has also been conducted for employees which saw overwhelming participation across the country. Our L&D department has also organised a series of webinars on wellbeing. Also conducted webinar on Stress Management. ULA People Excellence has rolled-out classroom training program “Welcoming Wellness” with encouraging participation of employees. The various L&D initiative on wellbeing and stress management has helped employees to overcome burnout and manage work-life balance.

Learning & Development: (L&D)

Bank continued the journey of revamping its Learning & Development function during the last financial year with the aim to build a future-ready talent pool with skill sets that complement the vision of the Bank and promote a culture of continuous learning.

The Bank continues to invest significantly to ensure that each Unionite has access to best-in-class faculty network, new-age content, external collaborations and innovative training design.

The L&D unit launched “Union Vidya”, the new Learning Management System to enhance learning experience. Various technologies such as e-books, podcasts & audiobooks, social learning platforms, microlearning modules, virtual workshops etc. are integrated in Union Vidya for the best learning outcomes.

The L&D unit also launched Immersive Edge – a Virtual Reality (VR) based experiential training module. Union

Bank of India is the first Indian bank to foray into the Metaverse platform to provide banking through the Virtual Lounge “Uni-verse” to its customers.

Bank partnered with leading digital learning platform provider “Coursera” for subscription of licenses for advanced digital learning courses, which will give our executives the opportunity to enrol for courses from 275+ universities across the globe. In addition to this, Bank partnered with Economic Times Grandmasters for providing our executives exclusive access to leadership talks & lessons from various corporate leaders. Further, Bank also partnered with IIBF for e-learning modules covering the curriculum of JAIIB & CAIIB for a period of 1 year.

In order to keep the learning journey of the workforce uninterrupted, various webinars & short duration/long duration programs were conducted. External trainings were imparted to 1793 employees including overseas training exposure to 327 officials. 14+ Leadership Development Programs were attended by 480+ executives in Scale IV to Scale VIII cadre.

The ULAs conducted total 249 training programs covering over 6700 employees in FY 2023-24. The ULAs also conducted 324 virtual programs / webinars covering 56000+ employees. More than 80 lakhs Learning Hours were imparted by the training system to improve the proficiency level of the participants in various new-age skills. There was a significant improvement in average learning hours per employee per quarter from 24 hours in FY 22-23 to 33 hours in Q3 FY 2023-24. The ULAs also rolled out domain specific advanced training programs in collaboration with MDI & ISB.

The Zonal Learning Centres (ZLCs) conducted 1249 classroom training programs covering 50,536 employees; 716 locational programs covering 29,800+ employees and 19 workshops covering 3369 employees.

The L&D unit carried out Post Course Evaluation (PCE) Qualitative Assessment and identified Quantitative Business Parameters for selected programs to conduct Training Impact Assessment. The average ratings of classroom training programs on a scale of 1 to 5 (1 being the lowest and 5 being the highest) were 4.69 for ULA & 4.75 for ZLC.

Our research officers completed 63 research projects. Also, 130+ case studies were developed by the faculty members. Total 118 faculty members attended Faculty Development Programs in premium external institutes. Faculty members also completed 316 external certification courses, published 173 articles in external



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magazines of repute & reviewed one book. They also conducted 33 sessions in external institutions like NAMCABS, BIRD, Visakhapatnam Co-operative Bank, etc.

Total 5336 employees completed 6762 external certification courses while 2550 employees completed internal certification courses developed by ULAs.

The L&D unit also conducted an exclusive learning series viz. 'Union Learnathon' to supplement the training and developmental needs of staff members for career development. Further, 280+ e-learning modules were launched/updated during the financial year and the e-learnathon campaigns conducted to promote e-learning saw participation from 30800+ employees. The META (Mega Experiential Training Action) Learning initiatives like Query Based Training Sessions (QBTS), UBIQUE (brainstorming) sessions, Staggered Training Programs (STPs) and sharing of success stories/ideas through Union Manch also saw growing participation from employees. META Learning has truly become the Most Effective Training Approach, garnering more active participation, suggestions from the field, etc.

The L&D unit deployed a host of digital learning channels including hosting of inspiring Leadership Talks on the L&D YouTube channel, launching of 200+ podcasts, 135+ radio broadcasts, "Learncast" educative series as well as the "University" portal which is a one-stop solution to access all L&D resources developed & hosted on Bank's intranet. The L&D unit also launched Union Studio which is a state-of-the-art facility at Bengaluru for recording podcasts / leadership talks, etc.

The L&D unit released a special magazine named "LUMINA"- Leading Unionites, Motivating Individuals, Notable Achievements, on the occasion of International Women's Day 2024, to express gratitude towards the role & contribution of women in the growth of the Bank as well as overall evolution & development of society at large. A special leadership program for women employees is conducted regularly to promote gender diversity.

Bank received the prestigious IAC Corporate Awards 2023, BML Munjal Award for Business Excellence through L&D & the Golden Peacock National Training Award 2024. Bank was also ranked no. 1 in EASE 5.0 agenda item "Employee Development & Governance".

Official Language: (RAJBHASHA)

Bank received 7 prestigious Kshetriya Rajbhasha Puraskars from the Department of Official Language, Ministry of Home Affairs, Gol in different Regions/Zones.

Bank has also won 'Dushyant Samman, Paswan-e-Adab' under the aegis of Ministry of Culture, GOI & 'Utkrishit Rajbhasha Samman' and 'Rajbhasha Gourav Puraskar' from Ashirwad. Under Maulik Pustak Lekhan Yojna bank has published Hindi book with title 'Digital banking @ Digital India'. Bank has also published book 'Anupalan Ke Vividh Aayam', in Hindi which focuses on compliance culture & its importance in Banks.

In order to propagate Hindi among banks, insurance companies & FIs an All India Hindi Essay writing competition 2023-24 was conducted. As part of outreach initiatives Bank has conducted street plays highlighting bank's CASA products & recovery measures in rural areas in Telugu, Tamil, Odiya and Kannada languages. Total 4,489 audience attended these street plays performed in 45 rural branches. On the occasion of International women's day-2024, Bank's OL department conducted a workshop on theme 'Mahilaon ka Samman-Rashtra Ke Vikas me Yogdaan'

During the Financial year 2023-24, Bank received 90 Shields/Awards for outstanding performance in Official Language Implementation from different TOLICs (Town Official Language Implementation Committees) set up by the Govt. of India, Ministry of Home Affairs, Rajbhasha Vibhag, across the country. Total 359 individual prizes were won by the staff members of your bank in various Hindi Competitions across the country. Digital KCC STP is available in Hindi and Kannada Languages. SMS facility for all customers is available in 13 languages. Call Centre facility is also available in 11 Indian languages. Mobile Banking application - 'YOM' is available in 12 Indian languages. During the year, Bank also published Cartoon Books 'Chalu Khata- Ham sabko Bhata', 'Union Muskaan' highlighting Bank's products.

'Union Dhara', your Bank's quarterly bilingual corporate in-House Journal and 'Union Srijan' Hindi Magazine of the Bank received prestigious Public Relation Council of India (PRCI) and Gold award in 'Best In-House Magazine' Bronze Award in 'Best English in-house magazine' categories respectively. 'Union Srijan' Hindi Magazine of the bank has also won prestigious Ashirwad Award. 'Union Dhara' has published special issues on 'Amritkaal & Banking', 'MSME' and 'Marketing'. Union Srijan also published special issues on 'Bhasha' & 'Mahila Udyamita'. E-copies of the both the house magazines are hosted on Bank's website & UBINET and link of the same is sent through SMS to all existing and retired staff members.

Manpower Strength:

The total manpower of your Bank as of 31.03.2024 stood at 75866 .

YEAR	OFFICERS		CLERKS		SUB-STAFF		TOTAL		TOTAL STRENGTH
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
2021-22	31326	11469	16389	7705	5979	2333	53694	21507	75201
2022-23	31814	11734	16774	7886	2170	5216	53804	21790	75594
2023-24	32446	12213	16767	7861	4547	2032	53760	22106	75866

An essential objective of Human Resource Management (HRM) is to ensure that employees are motivated to contribute effectively towards organizational goals while also facilitating their personal growth. The efficacy and efficiency of a bank's human resources significantly influence its growth trajectory. To this end, we have continually focused on maintaining an adequate workforce across all fields and functional channels of the bank, thereby ensuring a high standard of service delivery to our clients. The bank conducts regular reviews to assess staffing requirements across various job categories. These reviews consider factors such as business growth, future branch expansions or rationalizations, as well as attrition due to resignations, retirements, or voluntary retirement schemes (VRS). By conducting thorough analyses of vacancies in different cadres, we strive to maintain an optimal staffing level aligned with the bank's evolving needs. In adherence to government policies on reservations, the bank meticulously follows guidelines for the reservation of employment opportunities for specified categories. This commitment extends to placing indents with the Institute of Banking Personnel Selection (IBPS), Mumbai, to ensure fair and transparent recruitment processes. The bank has diligently maintained representation from all reserved categories within its overall staff strength. This commitment to diversity and inclusion underscores our dedication to fostering an inclusive work environment where every employee has equal opportunities for growth and development.

The representation of all reserved categories of employees within the overall staff strength as on 31.03.2024 is detailed below:

Particulars	Officers		Clerks		Sub-staffs		Total	
Total Employees	44659		24628		6579		75866	
Within which								
Scheduled Castes (SCs)	7737	17.32%	4658	18.91%	2408	36.60%	14803	19.51%
Scheduled Tribes (STs)	3494	7.82%	1943	7.89%	532	8.09%	5969	7.87%
Other Backward Classes (OBCs)	13476	30.18%	7766	31.53%	2142	32.56%	23384	30.82%
Ex-Servicemen	864	1.93%	3271	13.28%	506	7.69%	4641	6.11%
General	19952	44.68%	10261	41.66%	1497	22.75%	31710	41.80%
Women	12213	27.35%	7861	31.99%	2032	30.89%	22106	29.14%
Minority Communities	3241	7.26%	1728	7.02%	472	7.17%	5441	7.17%

19 Network

The branch network of your Bank is widely spread across the country with 8464 branches and 2 overseas branches (Sydney and Dubai DIFC) as on March 31, 2024 out of these 58 percent of the branches are in rural and semi-urban centers.

Table 11: Branches Network As on 31.03.2024

	Rural	Semi-Urban	Urban	Metro	Foreign	Total
No. Of Branches	2540	2436	1728	1760	2	8466
Branches (%)	30	29	20	21	--	100

Your Bank also has total 19603 Business Correspondents, 8982 ATMs, 7 Digital Banking Units (DBU), 5 Owned Subsidiaries, 3 Joint Ventures and 1 Associate Organisation.

20 Information Technology

Your Bank is a leading public sector Bank with latest technology based robust IT systems. Bank takes pleasure in providing I.T. driven convenient and adaptable banking products and services where IT plays a key role in establishing them. In the current business environment, organizations are reinventing themselves and emerging stronger by becoming more data-driven, digitizing their operations for cost reduction and greater efficiency, cloud adoption for greater flexibility and delivering greater experiences for employees and customers. To support Business and in view of the changing



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business landscape and in order to grab the emerging opportunities for growth, Bank had devised Information Technology Strategy for FY 2023-24.

IT Strategy of the Bank has been aligned with overall Digital and Analytics strategies to achieve overall Business objective of Bank. IT Strategy for FY 2023-24 was broadly categorized in two major themes i.e. Run the Bank and Change the Bank. Run the bank focussed on the Resilient Infrastructure, Governance, Risk & Cyber Security and Upskilling, New Ways of Working & HR Transformation, Whereas Change the Bank focussed on Digital Transformation, Modern Infrastructure & Agile Technology, Data Insights and Innovation & New Age Banking.

In the fiscal year 2023-24, the organization achieved significant milestones across various domains, demonstrating its commitment to excellence and innovation. The infrastructure was bolstered, ensuring its resilience to meet the evolving demands of operations. The major milestones achieved in FY 2023-24 under various categories are as follows:

1. Innovative Banking Solutions:

Bank has distinguished itself through its proactive adoption of emerging technologies, aimed at enriching the customer journey and overall experience. Bank has demonstrated unwavering commitment to prioritizing customer convenience and experience.

Various innovative Banking solutions/initiatives are as follows:

For Improved Customer Experience

Union Virtual Connect (UVConn) – WhatsApp Banking Bank had launched UVConn -WhatsApp banking initiative as a conversational banking platform for its customers with 6 Enquiry/Service features such as: Balance Enquiry, Cheque Book Request, Cheque Status, Mini Statement, Doorstep Banking, EMI Calculator, Apply for a loan, Account Opening, ATM Search, Branch Search etc.

UVConn has now been enhanced to provide approximately 65 services including Account Statement, Interest Certificate generation, Debit Card Green Pin, form 15 G/H, Form 16/16A, Loan Details, Credit Card Statement, Credit Card Green Pin etc. Customers can access UVConn by sending “Hi” to 9666606060. Over 25 lakh customers are registered on UVConn(WhatsApp banking). UVConn has till date serviced over 1 crore customer enquiries/requests resulting in better customer service experience.

Google Business Messages (GBM): Your Bank is the first Public Sector Bank to be live on GBM platform. GBM is a chat platform available on Google's webpages, which allows Bank's customers to directly communicate with Banks Virtual Assistant “UVA”. Customers can also opt for the facility of chatting with a live agent for resolution of their queries. Bank can also engage with customers through GBM. GBM can be accessed by searching for UBI or Union bank or Union Bank of India etc. on Google through Android devices. GBM is currently being used to generate leads and also to enable customers to reach out to live agents through a chat conversation directly. Through GBM, bank has the opportunity of cross-selling and upselling the bank's products.

- Total Users till date – 1.6 lac approximately
- Users Availd live Agent services – approx. 0.50 lac

GBM Chat option is enabled for Bank's Customer care end point along with 169 Branch profiles uploaded so far.

Business Benefits:

- GBM offers the unique advantage of cross-selling/upselling to customers including NTB (New to Bank) customers through different Google end points such as Google Search, Google Maps etc.
- GBM will help drive sales, improve customer satisfaction and loyalty through assistive experience and rich features.

Metaverse: Leading the way in innovation, Your Bank is making use of emerging technologies to transform both its internal operations and customers experience in Banking. Your Bank is the first Indian bank to foray onto the Metaverse platform by launching Metaverse Virtual lounge, “Uni-verse” thus enabling an immersive way for the customers to use Banking Services. Total Hits in Metaverse are approx. 3.66 lakhs (as on 31st March, 2024).

VR based immersive training modules: Your Bank has also developed **VR based immersive training modules** to resolve various concerns such as tackling workplace challenges, maintaining secure social media presence etc. to enhance customer service. All the training modules have been inculcated with assessment through Q&A/ feedback pertaining to specific modules for evaluation. The training modules are a testament to bank's commitment

to continuous learning and improvement of staff members by leveraging emerging technologies to provide an immersive and interactive training sessions to the employees focusing on real world applications. The VR based immersive training modules were launched at the Learning Advisory Council event conducted on 19th March 2024.

Union Voice Assistant: The bank has implemented Union Voice Assistant - voice banking through Alexa channel powered by AI and Natural Language Processing (NLP). This allows customers to access account related information through simple voice commands, offering a convenient and hands-free banking experience. Total transactions in UVA are approx.30,000 as on 31st March,2024.

Hyperautomation: Bank has also Implemented **Hyperautomation project** under which 3 processes were automated namely- Office 365 report Generation, CTS Image purging process and Internet Banking Report Generation process.

Integration of Kendriya Vidyalaya Fees collection through BBPS

Bank has integrated Kendriya Vidyalaya Sangathan (KVS) Fee Collection on BBPS Platform which is the biggest in educational history. KVS fee Collection on BBPS benefitted students from 1250+ KV schools for convenient fee payment on BBPS.

Total successful transactions – 1,52,314 (as on 31st March,2024) amounting ₹ 30.06 Cr

Business Benefits:

- Reduces the cost per transaction.
- Help in Increasing CASA of the Bank.

Uni Pay Plus

Uni Pay Plus is designed to integrate with Corporate Systems for Automatic Payment Processing. Uni Pay Plus portal is developed to provide payment services to Corporate Clients, CRCs are making use of this portal to get business from several Corporate Clients. 150+ Corporates have been onboarded with Uni Pay Plus, prominent ones are:

- MVRPL (Maharashtra Vikrikar Rokhe Pradhikaran Limited)
- Tirumala Tirupati Devasthanam (TTD)
- Odisha State Police Housing & Welfare Corporation (OPHWC)
- GIC Housing Finance Limited
- UBI Employee Cooperative Credit Society

- TP Central Odisha Distribution Limited
- Shakambhari ISPAT And Power Limited
- Railtel Corporaton Of India Ltd
- Konkan Fincap Co Operative Bank
- Megha Engineering & Infrastructure
- National Informatics Centre Services Inc
- West Bengal Housing Infrastructure Development Corporation WBHIDCO

Business Benefits:

Total 150+ Corporates are on-boarded on Uni Pay Plus till 31-03-2024 having 282 Accounts.

- Current & Saving Accounts – 207 (In Numbers) with Balance of ₹ 1,145.5 crores.
- Cash Credit & Overdraft Accounts – 75 (In Numbers) with balance of ₹ -1,208.5 crores.

Enablement of Debit Card Tokenisation in Internet Banking

In line with RBI guidelines, Card on File Tokenisation (CoFT), option has been provided to customers in Internet Banking. Tokenisation terminates the need for storing customers card details in online transaction at merchant website. CoFT in Internet Banking facilitates customers to view the debit card token details pertaining to all the merchants in a single platform, earlier it was done by visiting individual merchant website. Using this facility customer can enable/disable the token. This is enabled for RUPAY cards only.

Business Benefits:

- One stop solution is provided to customers to view / manage their token details instead of visiting multiple merchant websites, which further helps to reduce cyber frauds.

NCMC Wallet

Under the initiative of Ministry of Urban Development (MoUD), a National Common Mobility Card (NCMC) model was framed to enable seamless travel by different metros, toll plaza and other transport systems across the country. Facility is enabled for recharging National Common Mobility Card (NCMC R-wallet) accounts through Net Banking. Customer can also add money to their wallet account from POS terminal either by cash or account debit. It is a NPCI Initiative which is only for Rupay NCMC Debit Card.



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Business Benefits:

- Rupay Debit Card issuance can be increased as customers can use the same card as pre-paid wallet.
- Customers can recharge the wallet upto maximum of ₹ 2,000/- through Internet Banking which in turn facilitates offline payments by customers at various POS points for example: metro stations, toll plaza etc.

Interoperable Card-less Cash Withdrawal (ICCW):

In line with digital revolution and to enable customers for more secure & seamless transactions on ATM terminals, Cash withdrawal through UPI is enabled which displays a dynamically generated QR code which can be scanned & authorized through major UPI supported apps. Post successful authorization of transaction in UPI APP by using UPI PIN, withdrawal can be triggered at the ATM terminal by selecting the appropriate Option/ Button assigned.

Business Benefits:

- Prevents Card Cloning to offer secure and seamless transactions.
- No need to carry cards to access the accounts through ATMs.
- ICCW is enabled in 1,388 NCR ATMs all over India.

Submission of Form 15G/H through Bank's Website

This facility will help the customers to submit FORM 15G/H without visiting the branches and after successful submission of FORM 15G/H, customer will receive the acknowledgement Receipt and generated FORM 15G/H on their Registered Email ID.

Business Benefits:

- This facility will help to speed up the process of submission of FORM 15G/H and reduce the workload at branches.
- Total 900 registrations till date.

Financial Information User

Account Aggregator:

Your Bank has become the first public sector lender to go live on the account aggregator ecosystem as Financial Information User (FIU) & Financial

Information Providers (FIP) both, a part of the government's digital initiatives to improve credit delivery.

The account aggregator ecosystem helps lenders leverage digital data acquired with the customer's consent to provide seamless service without physical documentation.

Financial Information User

Any Financial Information User (FIU) can request data based on a consent given by the customer on their account aggregator handle. Bank has implemented the technology stack as per the Reserve Bank Information Technology (ReBIT) guidelines.

Presently Bank has integrated with 11 Account Aggregator and FIU solution is integrated with Software AA portal and MSME Journey. 11 Account Aggregator are:

- NESL Asset Data Limited (NADL)
- Perfios Account Aggregator Services Pvt Ltd (Anumati)
- Cookiejar Technologies Pvt Ltd (Finvu)
- Finsec AA Solutions Pvt Ltd (One Money)
- CAMSFinServe
- Saafe
- Protean SurakshAA
- Phonepe
- Yodlee Finsoft Pvt Ltd
- TallyEdge
- Crif Connect

SCSS (Senior Citizen Savings Scheme) Account Opening through Internet Banking

Earlier senior citizens can have only one SCSS account. Now a facility has been enabled to open multiple SCSS accounts under the same holder ID. Maximum deposit limit per customer is also increased to ₹ 30 lakhs.

Fully revamped module which allows customers to open Holder ID and account without visiting branch.

Online account opening of SCSS Account was made live w.e.f. 26.12.2023 and 223 accounts were opened in FY 23-24.

Inclusive and Accessible Banking

In FY 2023-2024, the Bank made significant strides in promoting inclusive and accessible banking. The introduction of the “Union Sparsh Braille Debit Card” provided visually impaired customers with barrier-free access to Talking ATMs and other card services. The “Union Access Project,” led by a dedicated team of employees with disabilities, further enhanced digital banking accessibility. In May 2023, the Bank launched an “Accessible Banking” webpage, featuring user guides in braille, large font, and audio formats. The digital banking channels, including internet banking, mobile apps, online forms, and websites, were designed to be divyang-friendly. Additionally, we introduced a dedicated accessibility support through WhatsApp, UVConn 3.0 with ‘Disability Support,’ and disability-sensitized customer care. These pioneering efforts were recognized with four prestigious awards, underscoring the Bank’s leadership and impact in fostering inclusion and accessibility.

For Improved Governance

DIT is Establishing comprehensive governance frameworks and practices to facilitate effective decision-making, risk management, and compliance with regulatory requirements, ensuring transparency and accountability across all levels of the organization.

Bank is having strong data governance and privacy practices in place which are defined in the IT Policy & Data Governance policy of the Bank. Additionally, Bank is also certified with Privacy Information Management System (PIMS) ISO 27701:2019, ISO 27701 which outlines framework for PII (Personally Identifiable Information) Controllers & PII Processors to manage data privacy. This reduces risk to the privacy rights of the individual and to the organization by enhancing the existing ISMS (Information Security Management System). ISO 27701 certification also enhances the trust with stakeholders/customers by demonstrating a commitment to privacy, mitigating privacy risks, ensuring legal compliance by prioritizing the protection of personal information. It also ensures Data integrity, accuracy and reliability of data, which is crucial for decision-making and maintaining trust with users and customers. Combining ISO 27701 and robust data integrity practices reinforces a comprehensive approach to safeguarding sensitive information.

Enterprise Architecture (EA): EA helps to align the Business Strategy with IT Strategy. Enterprise architecture is a strategic approach that enables organizations to design, plan, and manage their business processes, information systems, and technology infrastructure in a coordinated and integrated manner. It provides a holistic view of the enterprise, encompassing its goals, strategies, operations, and IT infrastructure. Setup of EA office AGB (Architecture Governance Board) has been completed.

Data Privacy Framework: It includes DPDP Organization Structure and Data Privacy Impact Analysis. Bank’s IT systems at Data Centre, Powai and DR site, Bengaluru are compliant to the requirements of ISO 27701:2019 certification (PIMS-Privacy Information Management System). Your Bank is the first Financial Institution in the country to achieve ISO Certification in data privacy to meet the regulatory requirements and manage privacy risks.

ITSM/ITAM/ITOM: As IT functions become increasingly critical part in the day-to-day operations of Bank it is imperative to adopt ITSM and ITAM best practices to meet the rapidly changing needs of the business. It deals with the areas like Service Request Management, Change & Release Management, Incident Management, Workflow & orchestration.

PCI PIN Certification: Payment Card Industry Personal Identification Number Certification is a set of Security Requirements for the secure management, processing, and transmission of Personal Identification Number (PIN) data during online and offline payment card transaction processing at ATMs and POS point-of-sale Terminal. Your Bank is the second PSB in the country to achieve PCI PIN certification.

PCI DSS Certification: The Payment Card Industry Data Security Standard (PCI DSS) is a globally acclaimed standard with internationally accepted set of policies and procedures intended to optimize the security of card-based transactions and protect card holder information against the misuse and breaches. Your Bank is the second PSB after SBI to achieve this milestone in a record time span of 9 months.

For Resilient Infrastructure

Building a solid foundation of infrastructure that is robust, adaptable, and resilient, ensuring uninterrupted operations and continuity even in the face of unforeseen challenges and disruptions.



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Data Centre Modernization:

Co-Location: Process of co-location Data Centre for primary site with capacity of 250 + 50 rack space is initiated. Benefits of Data centre Co-location:

- Governed by Service Level Agreements (SLAs)
- Lowest Possible Downtime During power outages or Delays
- Easily Scalable, Flexible & Cost Effective
- No Capital Investment
- Better Latency & Connectivity.

Co-located Data Centre has been made available and Digital Platform infrastructure has been installed.

Finacle Alert Solution:

All SMS being generated from Finacle are moved to Finacle Alert to reduce the load from CBS. Project is made live for Internet Banking, IMPS, ATM, POS, UPI & Branch Transactions.

Finacle Core Version Upgradation from 10.2.18 to 10.2.25 for overseas branches – Sydney, Dubai and UK Subsidiary: CBS version upgradation from 10.2.18 to 10.2.25 has successfully completed for Sydney branch, Dubai branch and UK branch.

Augmentation of CBS Infra for supporting 9 Crore transactions

Robust CBS & Cloud Infrastructure

Automated DR Switching Operations for secured BCP.

Real Time performance Monitoring through APM Tool:

Bank has set up Application Performance Monitoring Centre (HEAL) for Real time monitoring of the applications and its infrastructure. 21 critical applications such as Internet Banking, Mobile Banking, IMPS, CBS Domestic, CBS Overseas, FI Gateway, UPI, NEFT, RTGS, SWIFT, Lending Automation System, SMS Gateway, Credit Card Host System, ATM Switch, E2FA (2nd Factor Authentication System), API (Application Programming Interface) Middleware, BBPS, DEMAT, UVConn, Metaverse and Union Ekam are live on the HEAL APM platform.

Software Defined Network:

To have better Resilient Infrastructure, DIT is working on the SDN project for centralizing the configuration management and maintaining the

ultra-low and predictable latency which ensures optimal performance even under demanding conditions.

Other Major Initiatives for Improved Performance

CMMI Maturity Level 3 Certification

Your Bank's In-house software development facility has been appraised at ISACA's CMMI Maturity Level 3. The major objectives of CMMI includes- Process Improvement, Performance Management, Quality Assurance, Resource Optimization and Customer Satisfaction. It also consists of best practices and models for enhancing product development, service delivery, and overall organizational performance.

Key benefits of CMMI Maturity Level 3 appraisal include:

- Provide high quality solutions.
- Standardization of process across different teams leading to consistency in deliverables.
- Predictable and timely delivery of products and Services.
- Streamline processes and reducing rework leads to effort and cost savings in the long run.
- Predefined process for risk handling leads to identification and addressing the weaknesses in a timely manner.
- Brand image and goodwill.

Kubernetes and DevSecOps

In order to achieve Agile Methodology and keeping security in focus, Bank has setup End-to-End DevSecOps Platform along with Container Orchestration Layer (Kubernetes Platform) on Bank's on-premises private cloud. Bank has adopted App Modernization platform (Kubernetes) based on DevSecOps for development of Micro Services based Bank's applications. Micro-services (or micro-service architecture) are a cloud native architectural approach in which a single application is composed of many loosely coupled and independently deployable smaller components, or services. It is useful for modernizing existing monolithic applications and harnessing the power of cloud and to develop market standard applications as per latest software development methodology. As of now, applications like Online Account Opening, CBDC etc. are running on Level 3 (Advanced) of cloud.

CRM (ZOHO) Integration with LAS

CRM (ZOHO) is integrated with LAS in which Processing Officer can view Lead generated through CRM in LAS Application which simplifies the processing of the leads generated through CRM application.

Bank is receiving leads from various sources like Corporate Website, ACOE, ATM, Internet Banking, Vyom, Social Media, Fintech partners, BC Agents, Call Centre, DBU etc. It is often observed that these leads are unattended and are not monitored. Hence, bank has introduced CRM Edge Application which channelizes leads from various sources. This integration enables to process these leads from various sources at LAS and the status of processing of these leads is updated back to CRM from LAS.

Progress on Digital Channels

Growth on Digital Channels (Figures in Crs)			
Channels	31.03.2024	31.03.2023	Annual Growth%
Mobile Banking Users	2.68	2.13	25.82
Internet Banking Users	0.86	0.74	16.21

21 Transaction Monitoring & Fraud Management

Transaction Monitoring and Fraud Management Vertical has been formed with the vision to have better monitoring of fraud cases happening in the bank and early detection of the modus operandi used in perpetrating the fraud so as to prevent the same based on the various tools such as OTMS alerts, EFRMS alerts, Early Warning Signals to name a few.

Your Bank is 1st in the banking industry which has started Real Time Monitoring System (RTMS) to detect & arrest transaction related frauds, in originating system (Finacle) on real time basis. Bank has implemented real time monitoring system w.e.f. 27.01.2023.

This is a unique concept wherein newly opened Saving and Current accounts are being monitored (24/7) for one year and have facility to record Enhanced due diligence (EDD) in Finacle-CBS.

Newly opened CASA accounts are being monitoring based on velocity checks on outlier basis. Such velocity checks included no. of transactions, transaction amount as per customer profile etc.

The present mechanism in bank generates alerts on T+1 (next day of transaction) basis after the transaction/event/activity occurs.

The rt360 Near Real Time Monitoring System (N-RTMS Module) seeks to address this gap by providing a comprehensive surveillance mechanism for monitoring the transactions and events on a continuous basis in originating system (Finacle) and in near real time basis from the conclusion of transaction/event/activity; alerting designated users instantly via SMS & e-mail. Thus, any damage can be immediately arrested.

This initiative, positions your bank as a pioneer in the Indian Banking Industry, enhancing fraud detection and mitigation capabilities.

22 Risk Management

Your Bank has a proactive approach towards risk management. Its risk philosophy involves developing and maintaining a healthy portfolio within its risk appetite and regulatory framework. Your Bank constantly endeavors to ensure that business function partners with the risk management function to enhance shareholder value and to ensure judicious use of available capital.

Risk Management is a Board driven function in the bank with the Risk Management Committee (RMC) at the apex level supported by operational level committees of top executives for managing various risks. The Board of Directors of the Bank approves the Risk appetite and Risk policies of the Bank. The RMC supervises implementation of the risk strategy and policies, reviews the level and direction of risk, prudential ceilings, portfolio diversification and monitors the risk reporting. The risk strategy and policies are effectively communicated to all branches and offices of the Bank.

Your Bank addresses Credit, Market and Operational risk through appropriate policies, organization structure, risk management techniques, adequate systems and procedures, monitoring and reporting mechanisms. Risk management activity has been extended to field level units by posting Risk Officers at Zonal Offices and Regional Offices. Primary responsibility of these Risk Officers is to identify, assess, monitor, report and suggest mitigants.

Your Bank has a well-defined risk appetite statement and an independent risk function to ensure that the Bank operates within its risk appetite.

Credit Risk Management

Your Bank has well-defined credit appraisal mechanisms and risk management frameworks in place for identification, measurement, monitoring and control of the risks in credit exposures.

Your Bank has various instruments like Credit Risk Management Policies, Prudential Exposure Limits, Risk



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Rating system, Risk based review of credit appraisal for big ticket advances and Risk-based pricing for Credit Risk/Portfolio Management.

Your Bank has a standardised and well-defined approval process for all advances. It adopts a committee approach for credit sanctions and has credit approval committees at various levels.

The business environment is analysed and researched in a structured manner by a dedicated team of experts to decide Bank's outlook and growth appetite in the identified industries/sectors/segments. Your bank has also subscribed to industry research/analysis reports from top research companies for internal consumption. Risky sectors are monitored continuously and wherever warranted; exposure concerned is reviewed immediately.

Your Bank also conducts Stress Tests every quarter on its Credit portfolio. Stress Scenarios are regularly updated in line with RBI guidelines, industry best practices and changes in macroeconomic variables.

Your Bank has put in place an Early Warning Signal (EWS) system based on a predictive analytical approach, which helps to identify the stress signals well in advance and helps to take appropriate mitigation measures to maintain the desired credit quality of borrowers on a regular basis.

Your Bank uses various Credit Risk Assessment Models and scorecards for assessing borrower-wise credit risk. Your Bank also has in place a 'Dynamic Rating framework', which facilitates early identification of stress and triggers and adoption of appropriate mitigation mechanisms. Bank has also introduced the 'Risk Based Review of Credit Appraisal Framework' for large value accounts to strengthen the loan underwriting.

Your Bank has adopted an IT platform for credit appraisal processes through Lending Automation Solutions (LAS). Internal Rating models are hosted on these platforms, which are interfaced with CIBIL, RBI defaulters' lists etc.

While arriving at Bank's CRAR, capital charge on credit risk is computed based on Standardized approach.

Your Bank has adopted the RAROC Framework for optimal risk-reward considerations, wherein RAROC computation for all fresh sanctions/reviews/renewals of Agriculture, MSME and Corporate proposals above a certain cut-off limit is mandatory. Credit decisions related to the concession in Rate of Interest (ROI) are linked to the RAROC of the borrower, which will help in maintaining the profitability of the bank and value creation for the stakeholders.

Your Bank also conducts a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) wherein the material risks faced by the Bank are listed, and their measurement and management methodologies are enumerated. Besides the Pillar-I risks, the Pillar-II risks are also assessed. The adequacy of the capital under normal & stressed conditions to meet future business requirements are also assessed.

Asset Liability and Market Risk Management

In your Bank, overall responsibility of managing Asset Liability and market risk lies with the Asset Liability Committee (ALCO). The Asset Liability Committee meets regularly to review and decide on the size, mix, tenor and composition of various assets and liabilities. It primarily does identification, measurement, monitoring and management of liquidity and interest rate risk. Pricing of asset and liability products is also decided by ALCO. The fundamental focus is to add value both from the earnings perspective and the economic value perspective. Your Bank is constantly striving to ensure transmission of RBI policy rates through its benchmark lending rates.

Your Bank is having Asset Liability Management Policy, Treasury Policy and Market Risk Policy which aid in management and mitigation of interest rate risk, liquidity risk and market risk in the banking and trading books.

Your Bank ensures proactive liquidity management, develops stress scenarios, conducts behavioural studies and also has a contingency funding plan in place. Bank has adopted the liquidity risk management guidelines issued by RBI pursuant to the Basel III framework on liquidity standards. These include the intraday liquidity management, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Monitoring of liquidity is proactively done both through the stock approach and flow approach. The ALM Desk and Mid-Office measure and monitor the market risk in the Banking and Trading books respectively.

Market Risk stems from the Trading positions assumed by the Bank in debt/equity instruments, forex transactions and Derivatives. The key drivers of Market Risk are Interest Rate Risk, Equity Risk, and Forex Risk. Some of the key risk measures include position limits, tenor limits, price sensitivity measurement tools such as PV01 and Modified Duration (MD), Value At Risk (VaR), Net Overnight Open Position Limit (NOOPL), Daylight Limits, and Stop loss limits at both dealer and security level is being monitored on a daily basis.

The Risk measures are further supplemented by a Board-approved 'Stress Testing Policy', which guides the Bank in assessing the potential impact of adverse scenarios on

the Bank's Investment book, including forex exposures and their impact on the Bank's Profit & Loss. The Stress Testing results are being submitted to the Board on a periodic basis.

The Market Risk capital charge of the Bank is being computed using the Standardized Measurement Method (SMM) by applying the regulatory factors.

Operational Risk Management

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. To manage Operational Risks, your Bank has in place a comprehensive Operational Risk Management Framework, whose implementation is supervised by the Operational Risk Management Committee (ORMC) and reviewed by the Risk Management Committee of the Board.

An independent Operational Risk Management Cell implements the framework. Under the framework, the Bank has three lines of defence. The first line of defence is the business unit (including support and operations) which is primarily responsible for managing Operational Risk on a day to day basis. The second line of defence is the Risk Management Department, which develops policies, procedures and techniques to assess the risk and monitor the effectiveness of your Bank's internal controls. Internal Audit is the third line of defence. The team reviews the effectiveness of governance, risk management and internal controls within your Bank.

The comprehensive systems and procedures, internal control system and audit are used as primary means for managing Operational risk. The bank has in place a Board approved Operational Risk Management Policy based on Reserve Bank of India guidelines. All new products/processes introduced by the Bank pass through a Product & Process Risk Evaluation process to identify and address the operational risk issues. Variations in existing products, as well as risks in outsourcing activities, are also reviewed. The Bank has compiled data relating to operational losses incurred during the last eighteen years, and it is analyzed for taking corrective measures so that these losses do not recur. The process has also been put in place to conduct Risk and Control Self-Assessment (RCSA) for assessing the residual risks in the products/processes of the Bank. Key Risk Indicators (KRIs) have been identified for various processes, and the threshold limits have been fixed.

Your Bank is currently following the Basic Indicator Approach (BIA) for capital computation under Operational Risk.

Your Bank is also creating a risk awareness culture by embedding it through the existing training system at all levels. Risk culture survey is conducted to imbibe the importance of risk at all levels. Internal as well as external training is conducted in the Bank for the Risk Officers. To imbibe the risk culture in the Bank across various functions and field functionaries, e-learning modules on Risk Management have been made mandatory.

Your Bank has a robust Business Continuity Plan and Disaster Recovery Plan that is periodically tested to ensure that it can meet any operational contingencies. A well-documented Board approved Business Continuity plan is in place to minimize business disruptions and system failure, and potential impact on its business, employees and customers during any unforeseen adverse event or circumstances. The plan is designed in accordance with the regulatory guidelines and is reviewed regularly. Further, Bank has also constituted a BCP Quick Response Team (QRT) for IT and Non IT related Disruptions. QRT monitors the disruption and gives necessary directions to various Verticals/fields and also monitors the situation till normalcy is restored.

Your Bank has in place a Centralised Vendor Risk Management System for capturing vendor risk management data of outsourced vendors and to have an effective oversight. It is a form of risk management that focuses on identifying and reducing risk related to the outsourcing activities related to vendors.

Group Risk Management

Group Risk entails the risks faced by any of the group entities that have a common resonance across the group, which may have a group-wide impact.

Your Bank, through its group entities, participates in diversified financial services like banking, securities and capital markets, insurance, mutual fund and retail asset businesses. Bank has put in place a framework/ policy for the assessment of risks for its Group entities, internal controls, mitigants and capital assessment under normal and stressed conditions.

Environment, Social, Governance (ESG) & Climate Risk Management

Your Bank's Board has acknowledged the need to address the impact of ESG & Climate change risk. The Bank is committed to address the challenges to the environment by creating a positive impact through its businesses and addressing the challenges to the environment.

RMC, which is a sub-committee of the Board looks into all the ESG & Climate Risk related matters of the Bank. The Bank has formed ESG Steering Committee (ESGSC)



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which comprises of EDs and Heads of business & control verticals for ESG transition in the Bank. The Bank has formulated a Board approved ESG Risk Framework & Climate Risk Policy. The Bank has also prepared a Board approved sustainable financing framework (which has been validated by CRISIL through its Second Party Opinion) to cover resource mobilisation & financing framework and aspects related to assurance.

Your Bank has formed a separate ESG Cell to look into the risk & opportunities related activities. The Bank has identified vertical wise ESG related action points and timelines. A Sub-committee has been formed comprising of verticals looking after the premises of the Bank, Information Technology & Operations to formulate action points to achieve net zero emission in the Bank's own operations. Further, another Sub-committee has been formed under the credit verticals of the Bank which will be the driving force behind transition of the credit portfolio of the Bank towards sustainable/green finance. The Committee is working on finding out new avenues and opportunities for sustainable finance by measuring & reducing the percentage of credit exposure to polluting industries, in the loan portfolio of the Bank. The Bank has started assessment of physical and transition risk in credit underwriting, identified physical risk of collaterals at district level of granularity and has also evaluated physical and transition risk for corporates at customer level under different climate scenarios.

The Bank has started incorporating ESG & Climate Risk in its ICAAP. The Bank has also started integration of ESG related topics in all its training programmes.

Your Bank is working towards setting a time-bound quantitative target for reduction in emissions/reduction in emissions intensity/carbon neutrality. Your Bank will be aligned to national goals and targets in the nation's collective transition to a low carbon economy.

Enterprise Risk Management (ERM)

Banks, being a financial intermediary are confronted with various kinds of financial and non-financial risks such as Credit, Market, Operational, Reputational, etc. These risks are highly interdependent and events that affect one risk can have ramifications for a range of other risk categories. ERM is a process of addressing these risks on a bank-wide level instead of managing in silos.

ERM framework enables a firm to gain a clear view of its overall risk level. It encompasses, among others, a Risk Appetite framework and the establishment of consistent Risk culture in the Bank. ERM includes methods and processes used by organizations to manage risks and seize opportunities related to achievement of its objectives.

ERM function shall empower the Bank to accomplish needed changes, complementing and working with groups focused on specific risk types and business groups. ERM function can lead a bank in developing new and more proactive capabilities across traditional risk management activities, including delimiting the appetite for risk taking, detecting new risks and potential control weaknesses, and dynamically deciding how to adjust the risk management approach.

Your Bank has a Board approved Enterprise Risk Management policy in place.

23 Compliance

Your Bank has implemented a robust compliance system along with a well-documented Compliance Policy. The focus of compliance function is to ensure adherence to the regulatory and statutory guidelines, fair practice codes and other prescribed codes, government policies, the Bank's internal policies and prevention of money laundering and funding of illegal activities.

Your bank has dedicated teams in the Compliance Department for different compliance areas viz. regulatory compliance, risk-based supervision, operations, compliance test check and review of policies. These teams work with business departments and other assurance functions to ensure compliance risk management and monitoring. The team having responsibility of regulatory compliance also provides advisory services to internal stakeholders on regulatory matters.

Your bank continues to make advances in leveraging technology to reduce manual intervention, enhance collaboration with regulators, increase monitoring for achieving operational efficiency.

Your bank has processes for identifying, assessing, monitoring and managing compliance risk and escalate issues of non-compliance, if any. Your bank assesses regulatory/internal requirements in products and processes.

Your bank continuously strives to strengthen human capital by educating and training the staff members with regard to regulatory/internal guidelines and the latest developments in the area of compliance risk.

Your Bank conducts regular Compliance Test Checks of various banking functions including Central Office Departments, field level controlling offices and branches.

Your Bank has an in-house Compliance package to monitor & manage responses to communications received from Regulators (RBI, SEBI, etc.) / Government of India (MoF) and IBA. Periodic compliance test checks are

put in place for effective implementation of mandatory guidelines. The role & responsibility of Compliance Function is clearly defined for every tier in the Bank. Your Bank has a well-established reporting system to ensure regulatory and statutory compliance through self-certification process. Compliance certificate is submitted by branches to the respective ROs & from ROs to Zonal Offices. Zonal Offices & Central Office verticals submit the Compliance Certificate to the Compliance Department every quarter. A field level structure of compliance has been established through Zonal Compliance Officers and Zonal Compliance Monitoring Committee.

Your Bank has implemented a Compliance Monitoring Tool, an application built in-house, to enable individual level compliance monitoring, certification and verification in line with the EASE 4.0 deliverables.

24 Internal Audit

Following key activities are carried out by the Audit & Inspection vertical:

1. Risk based Internal Audit of Branches and other units
2. Concurrent Audit of select Branches and other units
3. Management audit of controlling offices and CO Verticals
4. IS Audit
5. Foreign Branches' Audits
6. Special Audits and Special Reports
7. ACB, ACE
8. Data Dump Analysis
9. Providing data for examination of Staff Accountability-DFS Guidelines

Risk based Internal Audit of Branches and other units:

During FY 2023-24 total audits commencement of 6419 branches, out of which Wrap up completed in 6189 branches and rating of 6184 Branches is finalized as on 31.03.2024. The number of branches under Low Risk are 5154 (83.35%), Medium Risk are 984 (15.91%), High Risk are 46(0.74%) & Extremely High Risk are Nil. Further,737 other units audit commenced, out of which 714 Audit wrapped up during FY 2023-24. Forex Audit of 150 'B' category branches done during the period.

Concurrent Audit of select Branches and other units:

Department has appointed (Fresh/Renewal)1984 concurrent auditors for FY 2023-24. The Business Coverage under Concurrent Audit is well above the mandatory stipulated coverage. The concurrent audit for Central Office verticals and other units is also taken care.

Revenue Audit (leakage of Income)

Leakage of income has direct effect on the profits. With a view to curb the tendency of negligence on the part of the staff, a format has been devised wherein the names of the officials are required to be mentioned against the leakage in each case to enable the Bank to take suitable corrective action. Three (3) Revenue Audit (leakage of Income) Special Campaigns conducted during FY 2023-24. Total amount detected ₹ 549.98 crore and recovered ₹ 509.46 crore as on 31-03-2024.

Management audit of controlling offices and CO Verticals

Management audit involves the review of managerial aspects like organizational objective, policies, procedures, structure, control and system in order to check the efficiency or performance of the management over the activities of the Bank. Management Audit is to assess effectiveness of management in accomplishing tasks and in achieving overall corporate objectives. It would strive to help the auditee unit to accomplish its objectives by bringing a systemic and disciplined approach to evaluate the effectiveness of management procedures, control and governance processes, for better results and quality. 134 Regional Offices,18 Zonal Offices ,18 Zonal Audit Offices, 34 Central Office Verticals, 7 Other offices are covered under Management Audit.

IS Audit:

Information Systems audit is an examination of controls within Information Technology (IT) infrastructure. Bank has adopted hybrid model for conducting IS Audit of IT assets wherein by Bank's internal IS Audit team along with selected CERT-in empaneled IS Audit service provider is undertaking the IS Audit, as per the approved annual IS Audit Plan.

100% Target achieved during the period as IS Audit has been undertaken for 278 IT applications / processes and 65 Administrative offices & 3 foreign instances. Along with these regular IS audit, 25 pre-implementations IS audit were undertaken to provide IT control status to CISO & owner auditee team to decide go live. 25 special focus IS audits were also undertaken as per regulatory / Internal guidelines like SWIFT CSCF, comprehensive SWIFT, RBI KRI data, UIDAI compliance, RA audit etc.

Foreign Branches' Audits:

The Bank is having branches at Dubai, Sydney and subsidiary at UK. The annual audit of all the three places is completed as per time schedule. The periodic audit is also completed at Dubai and Sydney branches.



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Special Audits and Special Reports:

Special Audit: It is being conducted on receipt of specific requests from controlling offices like ZAO/RO/ZO and/or the respective Functional Department of Central Office Including Audit & Inspection vertical. Such request for conduct of Special Audit shall invariably contain specific reasons for the recommendations, nature and seriousness of the issues and specific area where the audit is to be focused. During FY 2023-24, 94 special audits approved, out of which 75 special audits completed.

Special Report: The purpose of submission of Special Report is to draw the immediate attention of the Management / Controlling Offices to the irregularities in branch/account further to initiate corrective steps for rectification/regularization of such irregularities and to safeguard the interest of the Bank. During FY 2023-24, 74 special reports issued.

Audit committee of the Board (ACB) & Audit committee of Executives (ACE):

- ACB shall meet at least once in a quarter and at least six time in a year, during the FY 2023-24, 11 ACB (w/w 4 for working result) meetings conducted.
- ACE shall meet at least once in a quarter and at least six time in a year, during the FY 2023-24, 7 ACE meetings conducted

Data Dump Analysis

Data Dump Analysis is an important in-house activity to analyse the data available in the system to identify the data gaps, deviations from policies / guidelines of products/ processes defined by the bank and regulator (RBI). This activity is put in place to help the field functionaries to maintain the accuracy & completeness of data captured in line with the policies. Data analysis team (DAT) at Audit & Inspection Co, undertakes analysis on various scenarios for identifying the control gaps. Since the beginning of Data Dump Analysis i.e. December, 2021, A & I vertical conducted analysis of 125 scenarios. Data Dump Analysis conducted on 54 new scenarios in FY 2023-24 (Till March, 2024) and their observations/ findings were placed before ACE.

Providing data for examination of Staff Accountability-DFS Guidelines:

Revised guidelines on Staff Accountability framework for NPA accounts up to ₹ 50.00 crore (other than fraud cases) was issued by Department of Financial Services. Accordingly, a system is placed at Zonal Audit Offices to provide Audit Reports for accounts above ₹ 0.10 crore to ₹ 1.00 crore to Staff Accountability Committee within 7 working days and similarly for accounts above ₹ 1.00 crore to ₹ 50.00 crore by A&ID, CO within 15 working days.

Future Outlook:

Remote audit:

First phase Implementation of remote audit for branches is completed. 341 Audit points constituting 13% of 2573 RBIA Master checklist points in eTHIC module have been brought under first phase of implementation.

Remote Audit integration with Finastra:

Creation of interface with Finastra is under process. Under this phase, another 388 checklist points (15%) will be brought under the scope of remote audit.

Remote Audit integration with DMS:

The remaining master checklist points will be implemented under remote audit once DMS module is fully functional and integrated with eTHIC.

With implementation of the Remote Audit module, Vertical envisages the following benefits:

- Saving in cost and effort.
- Reduction in Manpower deployment.
- Improvement in the quality of the Audit.

25 Cyber Security

Union Bank of India puts cybersecurity front and center to safeguard bank's stakeholder interests while growing its digital business with omnichannel presence. Bank has cultivated a strong cybersecurity culture to increase the digital trust among its stakeholders. Bank has established Cybersecurity Centre of Excellence (CCoE) at its premises at Hyderabad, tasked with learning, imbibing, and implementing industry-leading new generation cybersecurity technologies that will not only protect the Bank's cybersecurity assets but also focus on a comprehensive awareness and education program for its employees and customers. CCoE has signed MoU with external institutes such as the Centre for Development of Advance Computing (CDAC), Hyderabad and Cyber Security Centre of Excellence, Department of IT & Electronics, Government of West Bengal (WB-CS-CoE) for using their expertise in conducting cybersecurity awareness webinars/training for stakeholders.

The Bank has also developed a Comprehensive Cybersecurity Awareness Programme (CCSAP) for customers and employees. The Bank reaches out to customers with awareness campaigns across multiple channels, such as SMS, Multilingual emails, ATMs, display units in branches, social media and the Bank website. Cybersecurity awareness webinars for customers are being conducted pan India at Bank's all zonal office locations. A unique, first of its kind initiative has been the introduction of cybersecurity mascots "U SuṛKsha"

and “U ₹Kshak” to personalize and promote educational cybersecurity safety tips to its people.

In addition, the Bank drives initiatives to further the Ministry of Home Affairs, Government of India's Cyber Jaagrookta Diwas (CJD), which is observed on the first Wednesday of every month. On this day, Union Bank sends e-mails on cybersecurity topics to customers, posts creatives on social media, and invites eminent speakers from the cybersecurity domain to conduct engaging webinars. In sync with international practice, annual National Cybersecurity Awareness Month (NCSAM) is celebrated throughout the month of October with a daily webinar on different cybersecurity topics. Bank during its training programs is also disseminating the information regarding reporting of Cybercrime in National Cyber Crime portal of Govt of India by visiting <https://cybercrime.gov.in> or dialling 1930.

Bank is strengthening and promoting cybersecurity culture amongst its staff members by implementing an annual action plan for various cybersecurity activities which includes conducting townhall meetings pan India, daily mail with cybersecurity tips, interactive puzzles, and crosswords.

Bank regularly publishes internal booklets and news snippets to update staff members on the latest cybersecurity news and trends. A monthly phishing simulation exercise for all employees creates awareness and identifies vulnerabilities among the staff that can be addressed with additional training and handholding. Union Bank has also formulated the Cybersecurity Executive Development Program (CSEDP) to offer in-house certification for senior management in IT and Cybersecurity. The Bank has also created a robust cybersecurity governance structure comprising policies, procedures, guidelines and committees at the executive and Board levels.

26 State of the Art technologies

Union Bank has harmonized its policies and action plans in line with Digital Payment Security Controls for internet banking, mobile banking applications, ATM operations and other generic security controls. The Bank's Data Centre (DC) & Disaster Recovery (DR) site has ISO certifications for Information Security Management Systems (27001) and Business Continuity Management System (22301). The Bank's Enterprise Risk Management System is ISO 31000 certified. The Bank has PCI-DSS certification for all card payment systems and ATM Switch operations. Multiple measures are in place to protect systems and confidential Bank/customer data, such as

a defence in-depth architecture with layered defensive mechanisms and a data loss or leakage prevention strategy. This includes protecting data processed on end-point devices, data in transmission as well as data stored on systems. Data security and protection is also mandated at the Bank's vendor-managed facilities.

Union Bank of India has also implemented a cybersecurity framework and established a 24x7 Cyber Security Operation Centre (C-SOC) with a dedicated, skilled team that works around the clock. The C-SOC helps to identify, detect and prevent cyber threats. It is tightly integrated with critical business applications to monitor attack vectors at various layers. Bank has adopted the 'Security by design' approach to strengthen the cybersecurity posture of the Bank by automating its data security controls and developing a robust IT infrastructure.

To provide holistic protection for its cyber infrastructure, Bank has adopted 'Defence in depth' strategy with a comprehensive, multi-layered security architecture in place. The Bank has also implemented cybersecurity solutions at each level, like perimeter security, network security, application security, end point security, identity and access management, threat Intelligence and data security to protect its IT assets. The Ethical Hacking Lab, set up by the Bank under its CCoE, is tasked with identifying the gaps in perimeter or internet-facing application/assets of Bank on daily basis.

The Vulnerability Assessment /Penetration Testing Lab (VA/PT) is also under CCoE, and it conducts periodic VA and PT of applications. With the help of external vendors, the Bank also conducts red-teaming exercises to identify the vulnerabilities, business risk, efficacy of the defences, etc. in its IT infrastructure. These simulate the actions of an attacker and test the mitigating controls that are already in place.

Your Bank is having presence across different countries, and this global presence also increases the attack surface of the bank and the impact a cyber threat can weigh upon the operations of the bank. To manage the cyber risk with respect to both domestic and global entities of the bank including subsidiaries Under CCoE, Bank has put in place Attack Surface Management Solution, with Continuous Automated Red Team Exercise Platform, Breach attack Simulation and Digital Risk Monitoring. This project also enables Bank's Digital Journey to bring down risk to minimal level, Continuous monitoring of perimeter, Enhancement in threat detection and incident response & Identify Bank's sensitive information such as card data, customer credentials exposed in the public domain.



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Your Bank onboarded knowledge partners to conduct the training programs on cyber security for the entire ecosystem of Bank Staff, vendors, customers, and other stake holders. They provide end to end delivery and management of Banks Information Security/ Cyber Security Awareness initiatives including strategizing, creating, designing and delivery of awareness initiatives.

Your bank has achieved best-in-class Cybersecurity maturity Score of Level – 4 pertaining to Cybersecurity (AP-18) defined in EASE 6.0 reforms agenda.

RBI Cyber Security Framework

Bank has put in place Board approved Cybersecurity policy, duly incorporating robust cybersecurity governance structure, with clear roles & responsibilities for managing cybersecurity risks. Regular risk assessments and vulnerability assessments are essential to identify and mitigate potential cyber threats, your bank is conducting regular cyber security risk assessments to identify and mitigate potential cyber threats.

Bank has formulated and implemented Information Security, Cyber Security and Digital Payment Security policies & procedures covering various aspects of cybersecurity, including data protection, access controls, and incident response. We have clearly defined and documented Incident response & reporting mechanism under cyber security policy.

Bank is undertaking periodic security audits and assessments of cyber security solutions/processes through External/ Third party auditors to assess the effectiveness of cybersecurity measures.

Group CISO

Bank has introduced the concept of Group CISO for all the Subsidiaries/Joint venture/Associates of the Bank. Group CISO oversees cyber security risk of the group entities, takes part in risk management committee meetings of the entities & Acts an advisor to the management of entities for their cyber security related functions

27 Operations

INITIATIVES TAKEN

Video KYC has been made live for all DBUs, 3 FGMO (Ahmedabad, Mumbai, Pune) & 5 regions (Ludhiana, Lucknow, Mumbai South, Thane & Kanpur). Around 4000+ accounts have been opened through V-KYC. Video KYC Cell has been set up in Lucknow.

UVConn 3.0:

UVConn is an innovative 24X7 digital Banking tool available on WhatsApp Messenger Chat service on number 9666606060. UVConn 3.0 leverages WhatsApp communication platform to connect with customer for enquiries related to their accounts. UVConn is currently Live in 7 languages (English, Hindi, Kannada, Telugu, Tamil, Bangla and Marathi) and is available with 60 Non-financial services making Banking seamless to the customer. Further Welcome Message is being sent to all newly onboarded customers through WhatsApp with a creative of all services. Currently, 25 Lakhs+ users are on boarded over UVConn and 118 Lakhs+ enquiries are triggered by customers over UVConn 3.0.

Projects implemented:

E-nomination : Nomination through Mobile banking, Internet banking, branch banking, WhatsApp banking and Corporate website.

Positive Pay : Reconfirmation of Cheque. Presently it is made mandatory in cheques of ₹ 5.00 lacs and above. However, positive pay can be used by the customers drawing cheque of ₹ 50,000.00 and above. The facility is available through Branch, SMS, Mobile, UVConn, Internet banking and corporate website. Limit option also made available to the customers for their protection. Wherever, the limit option is used, a reconfirmation is invariable taken over and above the limit.

- There are more than 1,000 reconfirmations daily above ₹ 5.00 lakhs.
- Now report on Positive can be generated by any branch to facilitate the customer. First such facility in the PSUs.
- Bulk uploading of cheques for reconfirmation in internet banking -First in PSUs.

The positive pay has been found very successful in prevention of fraud. Not even a single incident of Fraud reported in Positive Pay uses.

The chatbot is implemented in Internet Banking & Mobile Banking. New features have been added. Now chatbot is made available in Hindi, English & 7 Regional Languages. Only few banks have Hindi version & Regional Language option. Chatbot in UVCONN under development. There are more than 10000 hits and resolution over chatbot.

Fund Transfer up to ₹ 5000/- is made available through IVR. This facility can be availed through basic/ features phones as well.

Google Business Message : Any enquiry on Bank's service and product is made available through Google Business Message service for android phone users. It provides solution through live Chat as well as take care of business lead given by the customer.

GRIEVANCE REDRESSAL MECHANISM

The Grievance Redressal Mechanism has been strengthened to cater to the need of the customers. The roles and responsibilities at each level of the Grievance Redressal Mechanism have been clearly identified and defined. Mechanism to resolve the complaints and Standard Operating Practices has been defined at all levels to speed up the process of grievance redressal.

Grievance Redressal Policy:- The revised policy outlines the framework for addressing customer grievances; it aims at minimizing instances of customer complaints and grievances through a well-structured escalation matrix and pre-defined TAT / Timeline depending on the nature of the complaint. The purpose is to ensure prompt as well as effective redressal of customer complaints.

Up-dation of Grievance Redressal Officer Details on Bank's Website: The Bank has now uploaded the contact and other details of Zonal & Regional Grievance Redressal Officers on the Bank's website to enable ease to the customer in quick resolution of complaints. Now the website contains the structured Grievance Redressal Mechanism from the Chief Grievance Officer level to ZO and RO levels.

Handling of Customer Grievances: Bank have the Online Grievance Redressal mechanism through Corporate Website, IVR, Call Centre, Mobile Banking, WhatsApp Banking, Emails etc. On lodgement of the complaint by the customer ticket number of the complaint is invariably provided to the customers. Further Cyber Fraud related complaints are handled 24X7. Branches/ customers are made available with QR Codes for lodgement of complaint & capturing feedback.

The details of customer complaints received during the financial year 2023-24 are given below.

Particulars	Count
Complaints outstanding as of 01 st April 2023 (including BO Complaints)	527
Complaints received during the year (including BO Complaints)	3,20,495
Complaints resolved during the year (including BO Complaints)	3,14,691
Complaints outstanding as of 31 st March 2024 (including BO Complaints)	6331

28 Analytics Capabilities

After establishment of Analytics Center of Excellence (ACoE), Bank has strengthened its analytics team by inducting the right talent and upskilling them through internal and external trainings to harness the power of data.

Bank is in the process of setting up a next-gen state of the art data infrastructure – Data Lake - for driving advanced analytics using structured and unstructured data from both internal and external sources. This will enable the bank to make more informed decisions and improve customer experiences.

Further, your Bank is currently leveraging data analytics for enhancing customer engagement, supporting informed decision making and lowering risks within the Bank by way of descriptive analysis and various machine learning based use cases built using statistical/analytical algorithms across categories (Retail, MSME, Agri etc.).

Decision Making: Bank is utilizing Descriptive Analytics and Visual Dashboards for providing insights to Top Management and Verticals to enable data driven decision making.

Customer Retention: Bank is harnessing predictive modelling to identify potential instances of customer attrition by analysing historical data and reaching out to identified customers improving customer retention.

Personalised offers: Bank is generating personalized offers for customers through analytics-based use cases using predictive modelling leveraging customer data to identify potential leads supporting various functions of the bank such as Retail, MSME, Agri etc. and subsequently contributing to business enhancement.

Risk Management through stress identification: Bank has put in place various potential stress accounts models leveraging historical data of customers (repayment behaviour, account utilization, transaction behaviour & account maintenance etc.) to detect patterns and make predictions on early signs of stress in the regular accounts.

Major Focus Areas

- **Generative AI:** Generative AI is harnessed across diverse domains, including Human Resource Management Systems (HRMS), Relationship Management, Data Visualization, Contact Center Assistance, and even Code Generation, enhancing efficiency and accuracy in these areas.
- **RPACoE:** Robotic Process Automation (RPA) takes center stage, optimizing and customizing specific



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operations such as ZOHO CRM processes, Bulk SMS distribution for REKYC reminders, management of Loyalty rewards points, and meticulous handling of CERSAI Rejected data reporting.

- **Green Office Automation:** Bank prioritizes office automation, focusing on the meticulous preparation, escalation, and digital signing of documents, Inter Office Letters, and Proposals.
- **Digital Business Platform:** Bank is implementing a comprehensive digital business platform to enable seamless interactions and transactions across various channels, fostering agility and adaptability in the digital landscape. The total Number of Digital Journeys will be 94 by March 2025 which includes lending journeys like CASA & Deposit (10), MSME (12), Retail (23), Agri (6), Gold (02) and others (41).
- **Data Lake:** Data Lake is the Next-Generation Data Repository solution to meet Analytical and Reporting requirements.
- **BCP Strengthening:** Implementing DR automation across critical applications, streamlining recovery processes and bolstering readiness. Conducting planned and unplanned DR drills, fostering a culture of preparedness and responsiveness.
- **NDR for Bangalore DR Site:** Establishing a robust four-way Disaster Recovery (DR) site setup for Bangalore, elevating resilience to unprecedented levels. Striving for zero data loss, even amidst rigorous DR drills, ensuring data integrity remains paramount.

29 Credit Compliance and Monitoring

Web & Mobile based Digital Debt Collection Management Solution:

Bank has on boarded M/s SPOCTO Solutions Pvt. Ltd. for development of inhouse Web & Mobile based Digital Debt Collection Management Solution. Solution have predictive analysis based on AI/ML using financial indicators, customer behaviour through data engineering of demographics, payment & transactions, prior performances, segmentation, etc. & formation of archetypes of customized journey for collection in loan accounts. Proposed solution has predictive analysis model to analyze the loan data and develop a suitable risk categorization model. Proposed solution will suggest the campaign planning of all accounts for contacting borrowers through various channels. Entire loan book of Bank shall be monitored through proposed solution. Focus shall be given to Stress accounts and probable stress accounts. The solution will be ready to go live in FY 2024-25.

Digitization of staff Accountability Process:

Earlier, Staff Accountability Examination position for NPA cases upto ₹ 10.00 cr was reported by Regional Office to their Zonal Office and the consolidated position of Regional Office, Zonal Office submitted to Central Office through a Fortnightly Progress Report in excel format. Based on the above report Staff Accountability examination pendency was monitored.

Now, The Bank has developed Staff Accountability Module in Stressed Assets Recovery Automation Solution (SARAS) package and made it live from October 01, 2023 at all levels for better monitoring and control at each level and for faster disposal of the pending cases as per delegation vested within the Policy on Staff Accountability. Regional Office/Zonal Office /Central Office to process and update the information and documents as per policy. This helps to extract accurate MIS on staff accountability. Accordingly, Regional Office/Zonal Office /Central Office will maintain the MIS on staff accountability at the respective level for effective monitoring and control.

30 Vigilance

The Vigilance Department of the Bank functions under the supervision of Chief Vigilance Officer (CVO), and Additional Chief Vigilance Officer (ACVO), who act as extended arms of Central Vigilance Commission. The CVO & ACVO are assisted by a team of 38 functional vigilance officers stationed at Central Office and 134 Field Vigilance Officers, mapped to Regional/Zonal Offices PAN India. The team is managed by 02 DGMs and 06AGMs at Administration Office, along with 02 AGMs stationed at Delhi and Mumbai, each. Vigilance functionaries, at each level, act as a preventive task force, ensuring sustainable business growth and profitability of the Bank. It is one of the defence pillars of the Bank, promulgating the environment of integrity, and accountability with transparency at all stages. The department has 03 major functional areas- preventive, participative, and punitive. It furthers aims at introducing systemic improvements for reformation of systems and procedures, strengthening the fundamentals of the organization. By proactively identifying and addressing potential risks, the Vigilance Department helps in mitigating financial, legal, and reputational risks associated with corruption and fraud, protecting the interests of the organization and its stakeholders.

Whistle blower mechanism is considered as a potent medium for organizations to ensure participative vigilance, wherein each employee has an access and avenue to safeguard the Bank against internal/ external threats like frauds, bribery, corruption, abuse of authority,

non-compliance of laid down systems & procedures, through reporting such incidences to Top Management. This is under the purview of Executive Director heading Human Resource Department. In order to sensitize the staff members and citizens about the perils of corruption and to bring in awareness modalities available to fight corruption, Short Video Film on evils of Corruption & PIDPI, each are prepared in house by Bank staff for circulation on all Social Media handles of the Bank such as Facebook, Youtube, X etc. Wide publicity of the same is done through all the social media handles of the Bank.

Total 03 In-House films & 01 Radio Jingles for creating awareness about perils of corruption and promoting culture of venerability, were launched during Vigilance Awareness Week, 2023. In addition to this, 12 short videos were prepared with the concept of "Say No To Corruption; Commit To The Nation" by CGGB (sponsored RRB). Wide publicity of the same was done through all the social media handles of the Bank and this resulted in approximately 43K+ views & impressions till date.

To create awareness, participative vigilance drive is undertaken at all level by conducting periodic preventive vigilance visits at all units of the organisation. This is also a prime objective of observing Vigilance Awareness Campaign every year.

A total of 8820 Preventive vigilance visits were undertaken, covering all the functional units of the Bank, to create awareness, especially about fraud prone areas and advise Functional Heads to ensure appropriate systems and procedures are put in place. Preventive Vigilance visit is basically conducted with a view to find out areas of concern where Bank's financial and reputational risk is involved and to devise adequate methods of control over exercise of discretion so as to ensure that discretionary powers are not exercised arbitrarily but in a transparent and fair manner.

In the endeavour to leverage IT platforms to strengthen the preventive measures various initiatives were taken in this financial year aimed at making a robust offsite surveillance system. Dedicated algorithm is designed by Transaction Monitoring and Fraud Management Department, inclusive of suggestions provided by Vigilance Department to monitor the transactions in staff accounts. These are integrated in the system to throw alerts in area which has vigilance connotation, thereby, enabling corrective/preventive action timely. In addition to these, CBI Complaint Management Portal is also made live to create a data repository and to ensure effective monitoring and coordination with Law Enforcing Agencies.

During the year various Systemic Improvements were introduced in three major categories to check & deter actionable occurrences in the organization:

- Preventive Measures
- Deterrence Measures
- Awareness Measures

A concept of Digital Vigilance Dashboard was devised which comprises of details of the different sections of Vigilance such as Preventive, Punitive, CBI, ABBFF, Complaints, etc. with updated status. It is presented to Top Management on fortnightly basis.

As per advisory of Central Vigilance Commission, Preventive Vigilance campaign was observed/undertaken, as a precursor to Vigilance Awareness Week, 2023, from 16th August, 2023 to 15th November, 2023 and Vigilance Awareness Week 2023 envisaging the theme "Say No To Corruption; Commit to the Nation भ्रष्टाचार का वरीध करे; राष्ट्र के प्रति समर्पित रहे" was observed in a befitting manner from 31st October to 5th November, 2023 in, across all branches/offices PAN-India.

As a part of the celebrations, various Vigilance Awareness Programmes were conducted within the organization and outreach activities on PAN India basis, to spread awareness among the general public and youth of India on eradicating corruption and remedial measures available to them. Wide publicity through resolution by way of display of banners & posters at bus stops, railway stations, roads and residential complexes, was done. A Total of 9,070 events were conducted under Vigilance Awareness Week 2023, which included activities in many branches/ offices with a wide participation of 5,31,782 people. Some of the prominent activities undertaken were publishing a Cartoon Book focussed on PIDPI, sponsoring various competitions in schools and colleges across the country, Gram sabha and other awareness programmes in rural areas, Customer/vendors meet etc. 75,000+ staff members and 10,50,950 citizens had taken Integrity Pledge during the Vigilance Awareness Week 2023.

With an aim of capacity building and creation of awareness, compendium comprising snippets on PIDPI, procurement, Ethics & Governance, Systems and Procedures (Credit & Non-Credit Areas) and Cyber Hygiene with during the campaign period. It was released via digital mode, during the Vigilance Awareness Week celebrations. The series are converted in Digital format and circulated across the Bank. A comprehensive magazine highlighting 20 intricate case studies related to financial and banking frauds was unveiled and made available. This publication delves deeply into real world



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scenarios, offering in depth analysis and insights into various types of frauds within the financial and banking sectors, providing valuable lessons and cautionary tales for industry professionals and stakeholders.

Union Bank of India and Bank of India, in convergence, organized series of events including a Walkathon & Bike Rally covering a distance of 148 kms starting from Nadiad, the birthplace of Shri Sardar Vallabh Bhai Patel to the Statue of Unity at Kevadia, place commemorating the theme of Run for Ekta. To create widespread awareness against corruption GRAM SABHAs and NUKKAD NATAKS were conducted in various villages along the journey.

Under Punitive mechanism against the total staff strength of 75866 as of 31.03.2024, the numbers of pending vigilance cases are 200, i.e. 0.26%. During the year a total of 1394 complaints were received by the department & 1383 complaints are disposed off within the TAT. Total 59 investigations were ordered in FY 2023-24, of which reports have been received in 53 cases. Investigation reports pending in 6 cases are awaited, which are less than 3 months old. TAT for completing investigation and submission of Investigation report to Vigilance Department has stood at 81 days as against benchmark of 90 days.

In compliance with CVC instructions, quarterly structured meetings are regularly held with MD & CEO. Four quarterly structured meetings have been conducted between the period from 01.04.2023 to 31.03.2024, on 26.06.2023, 29-09-2023, 19-12-2023 and 18.03.2024 for the respective quarters. Apart from reviewing the position of vigilance cases, pendency in staff accountability examination in NPA accounts & scrutiny of audit reports, many important issues of immediate concern to the bank were taken up in the meeting for discussion. Based on the observations, MD & CEO has given directions to amend or improve systems and procedures, duly emphasizing on compliant business growth. All the statutory and regulatory returns to CVC, MOF, DFS, etc have been submitted periodically for review and monitoring of activities of Vigilance Department.

Concept of VAD (Vigilance Awareness Day) is introduced to strengthen the preventive approach in the Bank. On Vigilance Awareness Day, meetings are held at all Branches and offices where Branch Head/ Office Head and all staff members including marketing officers participate every month. Vigilance Officer (VO) mapped to Regional Office is the convener of this meeting. Main agenda of monthly staff VAD meeting is creating awareness among staff on latest incidences of frauds and modus operandi adopted at various Branches/Banks, developments in the industries, latest guidelines of the Bank & RBI, CVC initiatives, initiatives of the Bank on vigilance front etc. Irregularities observed during Vigilance Visits, Monitoring Visits, Audits, Scrutiny of BMDP statements, CPA etc.

Care is being exercised that the disciplinary process does not result in any demoralization. A reasonable degree of tolerance and understanding is being exhibited to condone the bonafide errors of judgment and other commercial decisions, which may occur in course of day-to-day functioning. A rational approach by the Top Management, the disciplinary authorities as well as the vigilance machinery is being adopted so as to ensure uniformity, fairness and transparency in functioning and to uphold the principles of natural justice. Additional efforts are being taken to impart the decision within prescribed timelines, and to avoid inordinate delays.

31 Opportunities

31.1 Economic momentum: India's gross domestic product (GDP) growth estimate for FY24 has been revised upwards to 7.6%, showcasing the enduring strength of the economy. There is a steady consumption demand which is backed by resilient urban demand and anticipated rural consumption growth due to a normal monsoon forecast in FY25. Despite geopolitical risks and volatile commodity prices, Indian capital markets remained one of the best performing among emerging markets in FY24. While robust investment activity is underway, strengthening private consumption demand is evident from indicators like rising air passenger traffic and sale of passenger vehicles, digital payments, improved consumer confidence and expectations of a normal monsoon. All this bodes well for the banking sector and would present immense lending opportunities.

31.2 Strong banking sector fundamentals: Bank credit booming at above 20% in FY11 showed a consistent drop to sub 10% in FY16 and broadly stayed at similar levels till FY22. This was aligned with a sharp rise in NPAs which peaked at 11.2% in FY18 though started trending lower to hit 3.2% in H1-FY24. This helped in pickup in credit growth to 16% (post HDFC merger effect) in FY24, highest in more than a decade. Implementation of Insolvency and Bankruptcy Code (IBC) and various measures by the RBI and the government have strengthened the balance sheets of the banking sector (such as the Asset Quality Review, Prompt Corrective Action Framework, Amalgamation and recapitalization of banks). This boosted banking sector soundness indicators. Return on Asset for PSBs increased from 0.50% in 2013-14 to 0.79% in 2022-23, and the Return on Equity increased to 12.35% from 8.48% in 2013-14. Provision coverage ratio at decade highs 75.3% in Sep'23.

31.3 Sunrise sectors: As has stated by the Prime Minister in RBI@90 speech, growth in the coming years would be driven by strong investment intent in emerging sectors and PLI scheme implementation. PLI and emerging sectors accounted for 5% of the capex between fiscals 2019 and 2023. This is set to rise to 27% between fiscals 2024 and 2028. CRISIL Ratings estimates ₹ 30-35 lakh crore of debt will be needed to fund capex by the private sector alone. Their scaling would require large capex, and hence they are likely to have a crucial role in boosting share of manufacturing in GDP to 25% after being stuck at close to 17-18% over last decade.

31.4 Government initiatives: The government's focus on capital expenditure (capex) has spurred private investments, with effective capex expected to reach 4.6% of GDP in FY25, as per the Interim Budget. This is a substantial 200 basis point increase from 2.6% of GDP in FY20.

32 THREATS

32.1 Stiff Competition: Deposit growth for the banking system is expected to moderate to 12-13 per cent in FY25 from 13.8% in FY24, further intensifying the competition for deposit accretion, especially for low-cost current account savings account (CASA) deposits. Interest rate could remain higher during FY 2024-25 and the competition for liabilities will be tough. All the major banks focus will be on getting higher share of incremental deposit mobilised by banking industry. The Government has also raised interest on small savings to attract higher flow of savings from households. Volatility in global financial markets could affect capital flow in India and other emerging markets. This could potentially have a negative impact on the Indian economy, as well as on other economies that rely on capital inflows.

32.2 Global uncertainty in Business Environment: Globally, the worry is that the core inflation could remain sticky and price rises could become entrenched due to the relatively tight economic environment facing several territories, is placing unprecedented pressure on central banks. Banks in India have performed considerably well in FY2023-24. Be it in terms of recovering bad loans, generating better profits, having higher provisions, both the public and private sector banks have witnessed positive traits. Going forward, the impact of high inflation on household savings/consumption and the effect of the high interest rates and servicing costs on vulnerable borrowers will remain risks.

32.3 Cyber security: Over the years there has been a surge in cyber security breaches in the financial sector. Government data shows that there were 248 successful data breaches in India's banking sector between June 2018 and March 2022. These breaches primarily involved card details leakage and information theft, prompting heightened vigilance. Going forward, banks will have to revamp their encrypted systems to counter artificial intelligence (AI) abuses. Banks have to strengthen their IT risk governance frameworks.

33 Outlook

- a. During FY 2023-24, Indian economy recorded robust growth amidst external headwinds in the form of supply chain disruptions. Economic activity gained momentum and the provisional estimates of national income released by the NSO placed India's real GDP growth at 8.2% in 2023-24 – an upward revision of 60 bps from the second advance estimates (SAE). The CPI inflation is projected to average 4.5% during 2024-25, lower than 5.4% for 2023-24 with most of the decline occurring in H1:2024-25. Improved macroeconomic stability as seen in the moderate current account deficit, easing inflation pressure, and resilience in banking system is expected to strengthen the outlook further. Growth numbers would be further supported by improving consumption demand, the Government's thrust on infrastructure spending, revival in corporate investment, healthy bank credit, and moderating commodity prices. Downside risks to growth include headwinds of prolonged geopolitical tensions, tight global financial conditions, global financial market volatility and slowing external demand.
- b. Bank credit offtake remained buoyant on resilient economic activity. Though some corrections in peak growth numbers are expected, credit growth is expected to remain double digit in FY 2024-25 followed by sustained deposit inflow. With inflation seen softening below target level, the RBI is expected to resort to shallow rate cuts in the second half of FY 2024-25. Going forward, the RBI has reiterated that it will remain vigilant, agile, and nimble in policy actions so as to support the economic growth while mitigating the impact of global spill overs on domestic financial markets.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 11.06.2024



(Srinivasan Varadarajan)
Chairman