

Press Release

Financial Results for the quarter and 9 months ended December 31, 2016

The Board of Directors of Union Bank of India, today, approved the accounts of the Bank for the quarter and 9 months ended December 31, 2016.

Key Highlights

- Slippages continue to decline for 3rd straight quarter.
- Excluding one large account, slippages for the quarter was at Rs.1915 crore i.e. about 44% lower than September 2016 quarter.

CASA ↑ 40% YoY

Non Interest Income ↑ ₹ 1340 crore (50% YoY)

Savings Deposit ↑ 47% YoY

Operating Profit ↑ ₹ 1851 crore (39% YoY)

CASA Share (%) ↑ 37%

Net Profit ↑ ₹ 104 crore (34% YoY)

RAM Sector ↑ 13% YoY

CRAR ↑ 11.36%

RAM Share (%) ↑ 55%
(%age of domestic advances)

Tier I ↑ 8.51%

- The growth in Deposits was driven by Savings Deposits, which grew by 46.8% against the total Deposits growth of 16.0% on YoY basis.
- The share of high cost Deposits declined to 0.9% (Dec 2016) from 1.3% (Dec 2015).
- Non-interest Income for the 9M/FY17 increased by 33.6% on YoY basis.
- Operating profit grew by 22.8% (9M/FY17) on YoY basis.
- Cost to income ratio improved to 47.2% (9M/FY17) against 51.3% (9M/FY16).
- Gross NPAs stood at 11.70% as on December 31, 2016, while Net NPA stood at 6.95% as on December 31, 2016.
- Provision Coverage Ratio stood at 50.6%.
- Capital Adequacy Ratio (Basel III) improved to 11.36% (excluding Nine-monthly profit).



Business

- ✚ Global Business grew by 11.4% to ₹656819 crore as on December 31, 2016 from ₹ 589889 crore as on December 31, 2015.
- ✚ The quarter witnessed healthy trend in CASA, which grew by 39.5% to ₹139708 crore as on December 31, 2016 from ₹100173 crore in the previous year.
- ✚ CASA share in total deposits improved to 36.8% as on December 31, 2016 compared to 30.6% as on December 31, 2015. Average CASA ratio stood at 30.7%.
- ✚ Savings Deposit registered a robust growth of 46.8% YoY as on December 31, 2016.
- ✚ A total of 39.5 lakh CASA accounts were opened during the current Financial Year so far. Out of 39.5 lakh CASA accounts, 29.28 lakh were Savings Bank Accounts.
- ✚ The Bank's Global Advances grew by 5.5% YoY to ₹277012 crore as on December 31, 2016 from ₹262477 crore as on December 31, 2015.
- ✚ Due to strong growth of 13.5% in RAM sector, Domestic Advances increased by 5.9% from ₹235948 crore as on December 31, 2015 to ₹249930 crore as on December 31, 2016.
- ✚ Overseas Business stood at ₹30902 crore as on December 31, 2016.

Financial Performance for the quarter ended December 2016

- ✚ Domestic Net Interest Margin (NIM) stood at 2.04% for October-December 2016 as against 2.31% for October-December 2015. Global NIM for October-December 2016 stood at 2.01% compared to 2.30% for July-September 2016 quarter. It was 2.22% a year ago.
- ✚ Net Interest Income for October-December 2016 was ₹2136 crore compared to ₹2277 crore in July-September 2016. It was ₹1997 crore a year ago.
- ✚ Non Interest Income for October-December 2016 stood at ₹1340 crore, up 50% over a year ago.
- ✚ Operating profit increased to ₹ 1851 crore during October-December 2016 over ₹1820 crore during July-September 2016.
- ✚ Net Profit for October-December 2016 was at ₹104 crore against ₹176 crore in July-September 2016.
- ✚ Cost to income ratio improved to 46.75% for October-December 2016 from 53.82% for October-December 2015. It is stable over July-September 2016.
- ✚ Return on average assets (annualised) stood at 0.09% for October-December 2016 as against 0.08 % for October-December 2015 and 0.17% for July-September 2016.
- ✚ Yield on funds stood at 7.60% for October-December 2016 as against 8.21% for October-December 2015 and 7.72% for July-September 2016.
- ✚ Yield on investments stood 7.14% for October-December 2016 as against 7.29% for October-December 2015 and 7.26% for July-September 2016.

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- Return on equity (annualised) stood at 2.17% in October-December 2016 as against 1.53% in October-December 2015 and 3.56% in July-September 2016.
- Earnings per share (annualised) stood at ₹6.06 in October-December 2016 as against ₹ 4.57 in October-December 2015 and ₹ 10.27 in July-September 2016.

Financial Performance for nine month ended FY 2016-17

- Domestic Net Interest Margin (NIM) stood at 2.27% in 9M/FY17 compared to 2.40% in 9M/FY16. Global NIM for 9M/FY17 was 2.19% as against 2.32% for 9M/FY16.
- Net Interest Income for 9M/FY17 up by 4.61% to ₹6516 crore from ₹6229 crore in 9M/FY16.
- Non Interest Income for 9M/FY17 increased to ₹3519 crore, up by 33.6% on YoY basis.
- Net Profit for 9M/FY17 stood at ₹447 crore.
- Cost to Income ratio improved to 47.23% during 9M/FY17 from 51.35% during 9M/FY16.
- Return on average assets (annualised) stood at 0.14% for 9M/FY17 as against 0.44% for 9M/FY16.
- Yield on funds stood at 7.60% for 9M/FY17 as against 8.45% for 9M/FY16.
- Yield on investments stood at 7.34% for 9M/FY17 as against 7.48% for 9M/FY16.
- Return on equity (annualised) stood at 3.05% in 9M/FY17 as against 8.13% 9M/FY16.
- Earnings per share (annualised) stood at ₹8.67 in 9M/FY17 as against ₹ 25.63 in 9M/FY16.

Asset Quality

- The slippages during the quarter came down sequentially from previous quarter.
- Gross NPAs stood at 11.70% as on December 31, 2016 as against 10.73% as on September 30, 2016 and 7.05% as on December 31, 2015.
- Net NPA ratio stood at 6.95% as on December 31, 2016 as against 6.39% as on September 30, 2016 and 4.07% as on December 31, 2015.
- Provision Coverage Ratio stood at 50.62% as on December 31, 2016 as against 50.45% as on September 30, 2016. It was 55.00% as on December 31, 2015.

Capital Adequacy

- Capital Adequacy ratio of the Bank under Basel III is 11.36% as on December 31, 2016. It does not include net profit of 9M/FY17.
- The Tier I CRAR is 8.51% higher than regulatory minimum of 7.625%.

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Digital Initiatives

In the present era of Digitization and initiatives of Government of India towards Digital India, there is a paradigm shift in the channel choice for availing Banking facilities. The Bank is striving to provide a uniform and superior experience across all channels by taking various digital initiatives and continuously launching various digital products for enhancing the customer services. Following are some of key initiatives during the year:

- ✚ Rupay Credit Card - Union bank is the first Bank to launch Rupay Credit Card. The card will be offered in two variants namely SELECT (Super Premium) and PLATINUM (Premium).
- ✚ Green ATM Pin solution for Debit cards - It's a green initiative (Paperless & Digital) and value added service that offers an effortless and hassle free ATM Pin generation.
- ✚ "U-Connect" - On the foundation day of the Bank i.e. 11/11/2016, Bank has launched its official page on Facebook and Twitter. The Bank has also marked its presence on Instagram and You Tube during the quarter ended December 31, 2016.

Mobile Banking Transaction almost doubled Y-o-Y. The user base also increased by 65% during the period.

Financial Inclusion:

- ✚ Under the Pradhan Mantri Jan Dhan Yojana (PMJDY), the Bank has opened more than 64 lakh accounts having a balance of ₹1565 crore upto December 31, 2016.
- ✚ The Bank has opened 3.25 lac PMJDY accounts during the quarter since demonetization.
- ✚ ₹ 584 crore has been deposited in 7.26 lac PMJDY accounts during the quarter since demonetization.
- ✚ 53.37 lakh Rupay Card has been issued under PMJDY as on December 31, 2016.
- ✚ Total enrollment under Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APJ) increased to 29.4 lakh, 12.4 lakh and 1.21 lakh respectively.

Network

- ✚ The Bank has 4237 branches as of December 31, 2016 including 4 overseas branches at Hong Kong, DIFC (Dubai), Antwerp (Belgium) and Sydney (Australia). In addition, the Bank has representative offices at Shanghai, Beijing and Abu Dhabi. The Bank also operates in United Kingdom through its wholly owned subsidiary, Union Bank of India (UK) Ltd.
- ✚ Total number of ATMs stood at 7496 including 1554 talking ATMs as of December 31, 2016. ATM to branch ratio stood at 1.77.

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Awards & Accolades

- ✚ Golden Peacock HR Excellence Award.
- ✚ Skoch order of merit on Digital Inclusion.
- ✚ FIS award for long lasting relationship.
- ✚ Top Performer Financial institution (MSME) (FECO).

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Date: 8th February, 2017
Place: Mumbai

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