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Press Release

Financial Results for the quarter and half year ended September 30, 2015

The Board of Directors of Union Bank of India, today, approved the accounts of the Bank for the quarter and half year ended September 30, 2015.

**Key Highlights**

- ☞ Global Business up 7.4% (y-o-y) to Rs. 584687 crore as on September 30, 2015
- ☞ Savings deposit grew at 8.9% while share of high cost deposits declined to 2.2% (Sept 2015) from 10.1% (Sept 2014).
- ☞ Advances to productive sectors of economy, i.e. retail, agriculture, and MSMEs, which we together call as 'RAM' sectors, grew by 10.2%. RAM sectors now contribute more than 51% of domestic loan book
- ☞ Non-interest Income for the quarter (Q2/FY16) up 18.2% compared to a year ago.
- ☞ Operating expenses growth during Q2/FY16 contained at 0.6%
- ☞ Net Profit for Q2/ FY16 increased to Rs. 658 crore from Rs. 371 crore in Q2/FY15.
- ☞ Return on average assets for Q2/FY16 increased to 0.68%, up by 13 bps over 0.55% in Q1/FY16. Return on Equity for Q2/FY16 also increased to 12.80% from 11.02% in Q1/FY16.
- ☞ Capital Adequacy Ratio (Basel III) stood at 10.26%(excluding quarterly/half yearly profit). Tier I CRAR is 7.67%, within which CET1 is 7.42%.



## Business

- ✚ Global Business grew by 7.4% from Rs. 544576 crore as on September 30, 2014 to Rs. 584687 crore as on September 30, 2015.
- ✚ Global Deposits increased from Rs. 300165 crore as on September 30, 2014 to Rs. 330665 crore as September 30, 2015, registering a growth of 10.2%. Domestic Deposits increased by 10.0% from Rs. 295361 crore as on September 30, 2014 to Rs. 324966 crore as on September 30, 2015.
- ✚ CASA deposits grew by 9.5% to Rs. 94413 crore as on September 30, 2015 from Rs. 86189 crore in the previous year. CASA share in total deposits stands at 28.6%. Domestic CASA ratio stood at 29.0%. Savings bank deposits increased by 8.9% over a year ago. A total of 32.3 lakh CASA accounts were opened during the year. During the quarter, 7.7 lakh dormant SB accounts were activated.
- ✚ Share of high cost deposits in total deposits declined from 10.1% in September 2014 to 5.4% in June 2015 and further to 2.2% in September 2015
- ✚ Global Advances increased from Rs. 244411 crore as on September 30, 2014 to Rs. 254022 crore as on September 30, 2015 recording a growth rate of 3.9%. Domestic Advances increased by 1.4% from Rs. 226011 crore as on September 30, 2014 to Rs. 229226 crore as on September 30, 2015.
- ✚ Advances to productive sectors of economy, i.e. retail, agriculture, and MSMEs, which we together call as 'RAM' sectors, grew by 10.2%, from Rs. 106459 crore as on September 30, 2014 to Rs. 117336 crore as on September 30, 2015.
- ✚ Overseas Business grew by 30.9% from Rs. 23204 crore as on September 30, 2014 to Rs. 30382 crore as on September 30, 2015.

## Financial Performance for the quarter ended September 2015

- ✚ Domestic Net Interest Margin (NIM) stood at 2.42% for July-September 2015 as against 2.60% for July-September 2014. Global NIM for July-September 2015 noted at 2.34% as against 2.53% for July-September 2014 quarter.
- ✚ Net Interest Income for July-September 2015 up by 0.8% to Rs. 2102 crore from Rs. 2085 crore in July-September 2014.



- ✚ Non Interest Income for July-September 2015 stood at Rs. 960 crore, up 18.2% over a year ago.
- ✚ Growth in Operating expenses during July-September 2015 was contained at 0.6%. Within overall opex, non-employee expenses declined by 2.0%.
- ✚ Net Profit for July-September 2015 increased to Rs. 658 crore from Rs 371 crore in July-September 2014.
- ✚ Return on average assets (annualised) stood at 0.68% for July-September 2015 as against 0.42% for July-September 2014 and 0.55% for April-June 2015.
- ✚ Yield on funds stood at 8.43% for July-September 2015 as against 9.09% for July-September 2014 and 8.70% for April-June 2015.
- ✚ Yield on investments stood 7.33% for July-September 2015 as against 7.68% for July-September 2014 and 7.78% for April-June 2015.
- ✚ Return on equity (annualised) stood at 12.80% in July-September 2015 as against 8.25% in July-September 2014 and 11.02% in April-June 2015.
- ✚ Earnings per share (annualised) stood at Rs. 41.37 in July-September 2015 as against Rs. 23.52 in July-September 2014 and Rs. 32.64 in April-June 2015.

#### **Financial Performance for half Year ended FY 2015-16**

- ✚ Domestic Net Interest Margin (NIM) stood at 2.44% in H1 FY 2015-16 compared to 2.64% in H1 FY 2014-15. Global NIM for H1 FY 2015-16 was 2.36% as against 2.56% for H1 FY 2014-15.
- ✚ Net Interest Income for H1 FY 2015-16 up by 0.7% to Rs.4232 crore from Rs. 4202 crore in H1 FY 2014-15.
- ✚ Non Interest Income for H1 FY 2015-16 stood at Rs. 1743 crore, up by 16.0%.
- ✚ Operating expenses declined by 0.1% in H1 FY 2015-16.
- ✚ Net Profit for H1 FY 2015-16 stood at Rs. 1177 crore, up 13.6% from Rs. 1036 crore in H1 FY 2014-15.
- ✚ Return on average assets (annualised) stood at 0.61% for H1 FY 2015-16 as against 0.60% for H1 FY 2014-15.
- ✚ Yield on funds stood at 8.57% for H1 FY 2015-16 as against 9.10% for H1 FY 2014-15.



- ✚ Yield on investments stood at 7.58% for H1 FY 2015-16 as against 7.76% for H1 FY 2014-15.
- ✚ Return on equity (annualised) stood at 11.44% in H1 FY 2015-16 as against 11.50% H1 FY 2014-15.
- ✚ Earnings per share (annualised) stood at Rs. 37.00 in H1 FY 2015-16 as against Rs. 32.83 in H1 FY 2014-15.

### Asset Quality

- ✚ Slippages have come down to Rs. 1931 crore in Q2/F16 from Rs. 1968 crore in Q2/FY15.
- ✚ Gross NPAs stood at 6.12% as on September 30, 2015 as against 5.53% as on June 30, 2015 and 4.69% as on September 30, 2014.
- ✚ Net NPA ratio stood at 3.39% as on September 30, 2015 as against 3.08% as on June 30, 2015 and 2.71% as on September 30, 2014.
- ✚ Provision Coverage Ratio stood at 57.85% as on September 30, 2015 as against 58.05% as on June 30, 2015. It was 57.97% as on September 30, 2014.

### Capital Adequacy

- ✚ Capital Adequacy ratio of the Bank under Basel III is 10.26% as on September 30, 2015. It does not include net profit of H1/FY 2016.
- ✚ The Tier I CRAR is 7.67% within which Common Equity Tier 1 is 7.42% compared to regulatory minimum of 5.50%.
- ✚ The Bank has allotted, on preferential basis, 5,56,62,281 equity shares to the Government of India at an issue price of Rs 209.05 per share. On account of this preferential issue to the Government of India, the Bank's equity capital increased by Rs. 1080 crore. Consequently, the Government's shareholding in the Bank increased from 60.47% to 63.44%.



## Digital Initiatives

- ✚ Digital channels presently account for 63% of overall transactions, which is one of the best among Public Sector Banks. The Bank has a strong digital proposition with about 7000 ATMs, Call Centre working in 9 languages 24x7, Internet Banking, Mobile Banking, POS Terminals, Debit, Credit Cards and also Tabulous banking facility.
- ✚ Our aim is to scale-up transactions through digital channels to 75% over couple of years. We are taking several initiatives with this vision.
- ✚ For example, Bank recently launched fully self-service digital branches, namely “UNION 24x7 COMFORT Lobby”. Presently, we have 44 such digital branches in 17 cities and this will be scaled up to 100 by the end of this financial year.
- ✚ Other digital initiatives launched during the quarter include:
  - IMPS through branches for Retail and Corporate customers - first Bank to do so.
  - Mobile Passbook (M Passbook)
  - Missed call facility for Mobile Banking and Account balance
  - SMS based value added services
  - Business Debit Card
  - U-Secure Credit Card
  - Signature Credit Card
- ✚ Online fee collection for 11 lakh students of 1104 Kendriya Vidyalaya schools pan India, which was started on a pilot basis at specific centers, has now been rolled out this quarter for all Kendriya Vidyalaya schools. This facility enables the students/parents to pay fees online on 24x7 basis with the comfort of anytime, anywhere, without visiting Bank branches.



## Financial Inclusion:

- Under the Pradhan Mantri Jan Dhan Yojana (**PMJDY**), the Bank has opened more than 55 lakh accounts having a balance of Rs. 584 crore upto September 30, 2015.
- 53.0 lakh Rupay Card has been issued under PMJDY as at September 30, 2015.
- Under the DBTL scheme, over 91 lakh transactions with benefit amounting to Rs. 245 crore has been credited to beneficiaries' accounts during Q2 FY 2015-16.
- Total enrolment under Pradhan Mantri Suraksha Bima Yojana (**PMSBY**), Pradhan Mantri Jeevan Jyoti Bima Yojana (**PMJJBY**) and Atal Pension Yojana (**APJ**) increased to 25.8 lakh, 11.0 lakh and 0.25 lakh respectively.

## Awards during quarter

- The Bank won ACI innovation award for Implementation of UIDAI Aadhaar Enabled Payment System (AEPS) transactions on ATMs
- The Bank was adjudged first rank in maximum coverage of sub service areas. Certificate was issued by Mission Director, Department of Financial Services, Ministry of Finance, Government of India.
- The Bank bagged 2<sup>nd</sup> prize under prestigious Rajbhasha Kirti Puraskar Yojana 2014-15 of Official Language Department, Ministry of Home Affairs, Govt. of India for excellent publication of Hindi House journal 'UNION SRIJAN'.

## Brand Value

- Brand value of the Bank rises by 72% in 2015 on accelerated digitalization efforts (Source: BrandZ™ / Millward Brown). The overall ranking also improved to 46. These initiatives reflect a brand building focus on customer centricity.

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Date: 6<sup>th</sup> November, 2015

Place: Mumbai