

Financial Results for the quarter and year ended March 31, 2016

The Board of Directors of Union Bank of India today approved the accounts of the Bank for the quarter and the financial year ended March 31, 2016.

Highlights

- ☞ Global Business up 7.0% (y-o-y) to Rs. 620445 crore as on March 31, 2016.
- ☞ Share of CASA deposits improved by 310 bps to 32.3% from 29.2% in March 31, 2015.
- ☞ Savings deposit grew at 13.4%, while share of high cost deposits declined to 2.1% (Mar 2016) from 3.0% (Mar 2015). In advances, RAM sectors grew at 11.7% (y-o-y), now contributing more than 52% of domestic loan book.
- ☞ The focus on CASA facilitated in sequential improvement in NIM by 10 bps to 2.32%.
- ☞ Non-interest Income for FY 2015-16 up 3.1% compared to a year ago.
- ☞ Increase in Operating expenses during FY 2015-16 contained at 1.30%.
- ☞ Net Profit for FY 2015-16 stood at Rs. 1352 crore. Net Profit for January-March 2016 stood at Rs. 97 crore compared to Rs. 78 crore for October - December 2015.
- ☞ Gross NPAs as percent to gross advances stood at 8.70%. Recovery and upgradation significantly improved to Rs. 395 crore in January-March 2016 from Rs.196 crore in October - December 2015.
- ☞ Return on average assets for FY 2015-16 stood at 0.35%. Return on average assets (annualised) sequentially improved to 0.10% for January-March 2016 from 0.08% for October-December 2015.
- ☞ Return on equity stood at 6.84% for FY 2015-16. Return on equity (annualised) too sequentially improved to 1.95% in January-March 2016 from 1.53% in October-December 2015
- ☞ Capital Adequacy Ratio (Basel III) improved both sequentially and on annual basis to 10.56%. Tier I CRAR is 8.14%, within which CET1 is 7.95%.
- ☞ Union Bank of India won all the Six Banking Technology Awards from IBA (Indian Bank's Association) in Best Technology Bank of year, Best use of Digital & Channels Technologies, Best use of Technology to enhance Customer Experience, Best Risk Management, Fraud, Cyber Security, Best Financial Inclusion Technology Initiatives and Best Payment Initiatives.

Business

- ✚ Global Business grew by 7.0% from Rs. 579627 crore as on March 31, 2015 to Rs. 620445 crore as on March 31, 2016.
- ✚ Global Deposits increased from Rs. 316870 crore as on March 31, 2015 to Rs. 342720 crore as on March 31, 2016, registering a growth of 8.2%. Domestic Deposits increased by 7.6% from Rs. 312230 crore as on March 31, 2015 to Rs. 336086 crore as on March 31, 2016.
- ✚ CASA deposits grew by 19.7% to Rs. 110869 crore as on March 31, 2016 from Rs. 92650 crore in the previous year. CASA share in total deposits improved to 32.3% as on March 31, 2016 from 29.2% noted in previous year. Domestic CASA ratio stood at 32.9%. Savings bank deposits increased by 13.4% over a year ago and by 8.1% over December 2015. A total of 45 lakh CASA accounts were opened during the year.
- ✚ Share of high cost deposits in total deposits declined from 3.0% in March 2015 to 2.1% in March 2016.
- ✚ Global Advances increased from Rs. 252757 crore as on March 31, 2015 to Rs. 277725 crore as on March 31, 2016 recording a growth rate of 5.7%. Domestic Advances increased by 4.3% from Rs. 241323 crore as on March 31, 2015 to Rs. 251653 crore as on March 31, 2016.
- ✚ Advances to productive sectors of economy, i.e. retail, agriculture, and MSMEs, which we together call as 'RAM' sectors, grew by 11.7%, from Rs. 117987 crore as on March 31, 2015 to Rs. 131800 crore as on March 31, 2016.
- ✚ Overseas Business grew by 25.4% from Rs. 26074 crore as on March 31, 2015 to Rs. 32706 crore as on March 31, 2016. The Bank opened its 4th overseas branch in Sydney, Australia.

Financial Performance for FY 2015-16

- ✚ Domestic Net Interest Margin (NIM) stood at 2.39% in FY 2015-16 compared to 2.58% in FY 2014-15. Global NIM for FY 2015-16 was 2.32% as against 2.48% for FY 2014-15.

- ✚ Net Interest Income for FY 2015-16 stood at Rs. 8314 crore compared to Rs. 8444 crore in FY 2014-15.
- ✚ Non Interest Income for FY 2015-16 stood at Rs. 3632 crore, up by 3.1%.
- ✚ Increase in Operating expenses during FY 2015-16 contained at 1.30%.
- ✚ Operating profit for FY 2015-16 stood at Rs. 5722 crore compared to Rs. 5823 crore for FY 2014-15. Provisions for the year stood at Rs. 4291 crore, showing a growth of 6.2%.
- ✚ Net Profit for FY 2015-16 stood at Rs. 1352 crore compared to Rs. 1782 crore in FY 2014-15.
- ✚ Return on average assets stood at 0.35% for FY 2015-16 as against 0.49% for FY 2014-15.
- ✚ Cost of funds declined to 6.2% for FY 2015-16 as against 6.5% for FY 2014-15.
- ✚ Yield on funds declined to 8.4% for FY 2015-16 from 8.9% for FY 2014-15.
- ✚ Return on equity stood at 6.84% in FY 2015-16 as against 9.73% FY 2014-15.
- ✚ Earnings per share (annualised) stood at Rs. 20.42 in FY 2015-16 as against Rs. 28.05 in FY 2014-15.

Financial Performance for the quarter ended March 2016

- ✚ Domestic Net Interest Margin (NIM) stood at 2.46% for January-March 2016 as against 2.31% for October-December 2015. It was 2.43% a year ago. Global NIM for January-March 2016 was 2.32% as against 2.22% for October-December 2015 quarter. It was 2.37% a year ago.
- ✚ Net Interest Income for January-March 2016 stood at Rs. 2085 crore compared to Rs. 2122 crore in January-March 2015.
- ✚ Non Interest Income for January-March 2016 stood at Rs. 997 crore compared to Rs. 892 crore for October-December 2015 and Rs. 1143 crore for January-March 2015.
- ✚ Increase in Operating expenses during FY 2015-16 contained at 3.7%.
- ✚ Net Profit for January-March 2016 stood at Rs. 97 crore, which is 24.4% higher over October-December 2015.

- ✚ Return on average assets (annualised) stood at 0.10% for January-March 2016 as against 0.08% for October-December 2015 and 0.47% for January-March 2015.
- ✚ Yield on funds stood at 8.13% for January-March 2016 as against 8.21% for October-December 2015 and 8.68% for January-March 2015.
- ✚ Cost of Funds stood at 5.98% for January-March 2016 as against 6.14% for October-December 2015 and 6.44% for January-March 2015.
- ✚ Return on equity (annualised) stood at 1.95% in January-March 2016 as against 1.53% in October-December 2015 and 9.70% in January-March 2015.
- ✚ Earnings per share (annualised) stood at Rs. 5.62 in January-March 2016 as against Rs. 4.57 in October-December 2015 and Rs. 27.92 in January-March 2015.

Asset Quality

- ✚ Gross NPAs stood at 8.70% as on March 31, 2016 as against 7.05% as on December 31, 2015 and 4.96% as on March 31, 2015.
- ✚ Recovery and upgradation significantly improved to Rs. 395 crore in January-March 2016 from Rs. 196 crore in October - December 2015.
- ✚ Net NPA ratio is at 5.25% as on March 31, 2016 as against 4.07% as on December 31, 2015 and 2.71% as on March 31, 2015.
- ✚ Provision Coverage stood at 50.98% as on March 31, 2016 compared to 55.00% as on December 31, 2015. It was 59.23% as on March 31, 2015.

Capital Adequacy

- ✚ Capital Adequacy ratio of the Bank under Basel III improved to 10.56% as on March 31, 2016 compared to 10.30% as on December 31, 2015 and 10.22% as on March 31, 2015.
- ✚ The Tier I CRAR is 8.14%, within which Common Equity Tier 1 is 7.95%.
- ✚ During the year, 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%.

- ✚ The Bank has raised Rs. 1000 crore of Tier 2 capital by way of issuing of 10,000 Basel III compliant Tier 2 bonds of face value of Rs. 10,00,000/- each at par, with 10 year tenure, bearing 8.61% p.a. coupon payable annually and with call option after 5 years on private placement basis on March 29, 2016.

Dividend

- ✚ The Board of Directors recommended a dividend of 19.5% i.e. Rs 1.95 per equity share for the year ended March 31, 2016. This would be subject to approval by the shareholders.

Financial Inclusion

- ✚ Under the Pradhan Mantri Jan Dhan Yojana (PMJDY), the Bank has opened more than 58 lakh accounts having a balance of Rs. 858 crore upto March 31, 2016.
- ✚ 55.3 lakh Rupay Card has been issued under PMJDY as at March 31, 2016.
- ✚ Under the DBTL scheme, over 60.30 lakh transactions with benefit amounting to Rs. 151.2 crore has been credited to beneficiaries' accounts during Q4/FY16.
- ✚ Total enrolment under Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APJ) increased to 29.0 lakh, 11.7 lakh and 0.46 lakh respectively.

Digital Initiatives during the Year

The Bank has been pioneer in taking various digital initiatives which are recognized by banking industry. The Bank launched various digital products for enhancing the customer services. Following are some of key initiatives during the year:

- ✚ IMPS through branches for Retail and Corporate customers

- ✚ Mobile Passbook (M Passbook)
- ✚ Missed call facility for Mobile Banking & Account balance
- ✚ SMS based value added services
- ✚ “UNION 24x7 COMFORT Lobby”.
- ✚ DigiPurse
- ✚ Union Selfie
- ✚ Online Account Opening
- ✚ Digital channels presently account for 67% of overall transactions, which is one of the best among Public Sector Banks. The Bank has a strong digital proposition with about 6900 ATMs, Call Centre working in 9 languages 24x7, Internet Banking, Mobile Banking, POS Terminals, Debit, Credit Cards and also Tabulous banking facility.

Awards/Accolades during the Year

- ✚ Union Bank of India won all the Six Banking Technology Awards from IBA (Indian Bank’s Association) in Best Technology Bank of year, Best use of Digital & Channels Technologies, Best use of Technology to enhance Customer Experience, Best Risk Management, Fraud, Cyber Security, Best Financial Inclusion Technology Initiatives and Best Payment Initiatives.
- ✚ Golden Peacock Award for excellence in HR practice in 10th International Conference on Corporate Social Responsibility.
- ✚ Skoch Financial Inclusion and Deepening Award 2015
- ✚ NBC TV 18 Financial Advisors Awards 2014 -15 in Best PSU Banks
- ✚ MSME Banking Excellence Awards 2015 from Chamber of Indian Micro Small & Medium Enterprises (CIMSME)
 1. Best Bank Award for Promotional Schemes - Winner
 2. Best Bank Award for Mudra Yojna - Runner Up
- ✚ National Award for Innovative Training Practices" (Second Prize for 2014-15) by Indian Society for Training & Development (ISTD)
- ✚ Excellence in Innovation’ Award 2015 for implementation of M Passbook from Financial Insights, International Data Corporation (IDC)
- ✚ “ICT4 Development Awards 2015” from ASSOCHAM in the areas of Green IT (Tabulous Banking, eKYC application, and M Passbook application)

- ✚ “elets Awards 2015” for “Multi Channel Payment Solution (IMPS)” from elets Technomedia Pvt. Ltd.
- ✚ SKOCH order of Merit Awards 2015 for:
 1. eKYC implementation
 2. Financial Inclusion Technology
 3. Kendriya Vidyalaya Fee Collection
- ✚ NPCI Award 2015 under:
 1. Special category for implementation of IMPS through branches
 2. Recognition Award 2015 in issuance of RuPay cards
- ✚ 1st Best Corporate Vigilance Excellence Award (2015-16) in corporate category in 7th Conclave of Vigilance Officers

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