

Financial Results for the quarter ended June 30, 2016

The Board of Directors of Union Bank of India today approved the accounts of the Bank for the quarter ended June 30, 2016.

Performance Highlights

- ☞ Operating Profit for Apr-Jun 2016 increased by 9.3% on annual basis (over Apr-Jun 2015) & by 15.3% on sequential basis (over Jan-Mar 2016). Net Profit continued its uptrend and increased by 72.2% on sequential basis to Rs. 167 crore.
- ☞ Uptrend in the profit was supported by decline in Cost to income Ratio by 597 bps to 48.28% in Q1/FY17 from 54.25% in Q4/FY16.
- ☞ Return on average assets for Q1/FY17 sequentially improved to 0.17%, up by 7 bps over 0.10% in Q4/FY16.
- ☞ Return on Equity for Q1/FY17 sequentially improved to 3.36%, up by 141 bps over 1.95% in Q4/FY16.
- ☞ Slippages have come down by 41.6% to Rs. 3603 crore in Q1/FY17 from Rs. 6170 crore in Q4/FY 16.
- ☞ Cash Recovery also improved by 71.6% to Rs 350 crore Q1/FY17 from Rs. 204 crore in Q4/FY 16. It was Rs 160 crore in Q1/FY16.
- ☞ Gross NPAs as percent to gross advances stood at 10.16%.
- ☞ Global Business up 4.2% (y-o-y) to Rs. 607280 crore as on June 30, 2016.
- ☞ Savings deposit grew by 15.3% (y-o-y) while share of high cost deposits declined to 2.6% (Jun 2016) from 5.4% (Jun 2015)
- ☞ CASA ratio remained steady at 31.5%. Average CASA ratio improved to 29.5% from 27.0% in Jun 2015. Consequently, cost of deposits reduced to 6.46% in June 2016
- ☞ Advances to productive sectors of economy, i.e. Retail, Agriculture, and MSMEs, which we together call as 'RAM' sectors, grew by 14.3% (y-o-y), now contributing 54% of the domestic loan book.
- ☞ Capital Adequacy Ratio (Basel III) stood at 10.75% (excluding quarterly profit). Tier I CRAR is 8.39%, within which CET1 is 8.24%. The ratios do not include net profit of Q1/FY17.
- ☞ The share of "transactions through digital channels" in "overall transactions" has increased to 66.6% as on June 30, 2016 from 60.0% as on June 30, 2015. This was possible by 2.1X increase in mobile banking user base while transactions increased by 2.4X. Card user base also increased by 48% over Jun 2015.

Business

- ✚ Global Business grew by 4.2% from Rs. 582817 crore as on June 30, 2015 to Rs. 607280 crore as on June 30, 2016.
- ✚ Global Deposits increased from Rs. 327264 crore as on June 30, 2015 to Rs. 338727 crore as on June 30, 2016, registering a growth of 3.5%. Domestic Deposits increased by 3.9% from Rs. 322026 crore as on June 30, 2015 to Rs. 334538 crore as on June 30, 2016.
- ✚ CASA deposits grew by 15.1% to Rs.106604 crore as on June 30, 2016 from Rs. 92612 crore in the previous year. CASA share in total deposits improved to 31.5% from 28.3% noted as on June 30, 2015. Average CASA ratio also improved to 29.5% from 29.2% noted in March 2016 and 27.0% a year ago. Savings bank deposits increased by 15.3% over a year ago. A total of 9.5 lakh CASA accounts were opened during the quarter.
- ✚ Share of high cost deposits in total deposits declined to 2.6% in Jun 2016 from 5.4% noted in Jun 2015.
- ✚ Global Advances increased from Rs. 255553 crore as on June 30, 2015 to Rs. 268553 crore as on June 30, 2016 recording a growth rate of 5.1%. Domestic Advances increased by 4.7% from Rs. 232072 crore as on June 30, 2015 to Rs. 242935 crore as on June 30, 2016.
- ✚ Advances to productive sectors of economy, i.e. retail, agriculture, and MSMEs, which we together call as 'RAM' sectors, grew by 14.3%, from Rs. 115293 crore as on June 30, 2015 to Rs. 131763 crore as on June 30, 2016.
- ✚ Overseas Business grew by 3.8% from Rs. 28719 crore as on June 30, 2015 to Rs. 29807 crore as on June 30, 2016.

Financial Performance for the quarter ended June 2016

- ✚ Domestic Net Interest Margin (NIM) stood at 2.36% for April-June 2016 as compared to 2.46% for April-June 2015. Global NIM for April-June 2016 stood at 2.28% as against 2.32% for January-March 2016 quarter. It was 2.39% a year ago.
- ✚ Net Interest Income for April-June 2016 was sequentially up by 0.9% to Rs. 2103 crore from Rs. 2085 crore in January-March 2016. It was Rs. 2130 crore in April-June 2015.
- ✚ Non Interest Income for April-June 2016 stood at Rs. 1040 crore, up 32.8% over a year ago.
- ✚ Operating expenses during Q1/FY17 sequentially reduced by 9.3% from Q4/FY16 to Rs. 1517 crore.

- ✚ Net Profit for April-June 2016 stood at Rs. 167 crore, which is 72.2% higher over January-March 2016. It was Rs. 519 crore a year ago.
- ✚ Return on average assets (annualised) sequentially improved to 0.17% for April-June 2016 from 0.10% for January-March 2016. It was 0.55% for April-June 2015.
- ✚ Yield on funds stood at 7.94% for April-June 2016 as against 8.13% for January-March 2016 and 8.70% for April-June 2015.
- ✚ Yield on investments stood 7.55% for April-June 2016 as against 7.77% for January-March 2016 and 7.78% for April-June 2015.
- ✚ Return on equity (annualised) sequentially improved to 3.36% in April-June 2016 from 1.95% in January-March 2016. It was 11.02% in April-June 2015.
- ✚ Earnings per share (annualised) stood at Rs. 9.69 in April-June 2016 as against Rs. 5.62 in January-March 2016 and Rs. 32.64 in April-June 2015.

Asset Quality

- ✚ Slippages have come down by 41.6% to Rs. 3603 crore in Q1/FY17 from Rs. 6170 crore in Q4/FY 16.
- ✚ Cash Recovery also improved by 71.6% to Rs. 350 crore Q1/FY17 from Rs. 204 crore in Q4/FY 16. It was Rs. 160 crore in Q1/FY16.
- ✚ Gross NPAs stood at 10.16% as on June 30, 2016 as against 8.70% as on March 31, 2016 and 5.53% as on June 30, 2015.
- ✚ Net NPA ratio is at 6.16% as on June 30, 2016 as against 5.25% as on March 31, 2016 and 3.08% as on June 30, 2015.
- ✚ Provision Coverage ratio stood at 50.0% as on June 30, 2016 as against 51.0% as on March 31, 2016. It was 58.0% as on June 30, 2015.
- ✚ Standard restructured advances reduced to 2.70% as of June 30, 2016 from 3.10% as on March 31, 2016 and 5.50% as of June 30, 2015.

Capital Adequacy

- ✚ Capital Adequacy ratio of the Bank under Basel III is 10.75% as on June 30, 2016, increase over 10.56% in March 2016 and 10.14% in June 2015.
- ✚ Tier I CRAR is 8.39% (March 16: 8.14%) within which Common Equity Tier 1 is 8.24% (March 16: 7.95%). CET 1 is 200 bps higher than regulatory minimum of 6.25%.
- ✚ Government of India has announced capital infusion of Rs. 721 crore during the current financial year.

Network

- ✚ The Bank has 4203 branches as of June 30, 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 the UK through its wholly owned subsidiary, Union Bank of India (UK) Ltd.
- ✚ Total ATMs stood at 6893 as of June 30, 2016 within which talking ATMs stood at 1641. ATM to branch ratio at 1.64.

Digitization

- ✚ The Bank has 101 digital branches (Union 24x7 comfort lobbies) as of June 30, 2016. The Bank is planning to add another 100 Union 24x7 comfort lobbies in the current financial year. Comfort lobby has digital channels like ATM, cash deposit machine, pass-book printer and cheque deposit machine;
- ✚ The share of “transactions through digital channels” in “overall transactions” has increased to 66.6% as on June 30, 2016 from 60.0% as on June 30, 2015. This was possible by 2.1X increase in mobile banking user base while transactions increased by 2.4X. Cards user base also increased by 48% over Jun 2015.
- ✚ The Bank also has mobile wallet, named, *DigiPurse* and initiated app-based account opening facility through *Union Selfie*.

Financial Inclusion

- ✚ Under the Pradhan Mantri Jan Dhan Yojana (**PMJDY**), the Bank has opened more than 58 lakh accounts having balance of Rs. 892 crore upto June 30, 2016.
- ✚ 54.5 lakh Rupay Card has been issued under PMJDY upto June 30, 2016.
- ✚ Under the DBT/ DBTL scheme, over 3.28 crore transactions with benefit amounting to Rs. 849 crore has been credited to beneficiaries' upto June 30, 2016.
- ✚ 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, 12.2 lakh and 0.57 lakh respectively.

Awards & Accolades

- ✚ Best Bank Award for Use of Technology for Financial Inclusion among Large Banks by Institute for Development & Research in Banking Technology (IDRBT). The IDRBT Banking Technology Excellence Awards is synonymous with excellence in technology adoption, upgradation, absorption and innovation.
- ✚ Skoch order of merit on for Financial Inclusion.
- ✚ Skoch order of merit on Digital Inclusion.
- ✚ Golden Peacock award for Innovation Product / Services.
- ✚ Reserve Bank Rajbhasha Shield: The Bank bagged Prize under Reserve Bank Rajbhasha Shield for the year 2014-15 in 'B' Linguistic Region for excellent implementation of Official Language.

----- X -----

Date: 06th August, 2016
Place: Mumbai

PRESS RELEASE