



## **ALL INDIA UNION BANK EMPLOYEES' ASSOCIATION**

**CENTRAL OFFICE**

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To All units and Members,

Dear Comrades,

Sub: **Bank's financial Results for the year ended 2015-16**

Bank declared its audited financials for the year 2015-16 after the same was duly approved by its board. The figures under important parameters are as under

Item	2014-15	2015-16
Deposits	316870	342720
Advances	252757	277725
Total Business	579627	620445
CASA Share in Total Deposits	92650 ( 29.2%)	110869 (32.3%)
RAM Share in Total Advances	117897	131800
Net Interest Income	8444	8314
Non Interest Income	3522	3632
Operating profit	5823	5722
Net Profit	1782	1352
Return on Assets	0.49%	0.35%
Return on equity	9.73%	6.84%
Gross NPA	4.96%	8.70%
Net NPA	2.71%	5.25%
Provision Coverage Ratio	59.23%	50.98%
CAR	10.22%	10.56%

The above results and the numbers indicate following qualitative points;

- 1) The total business increased by 7 % compare to previous year. The growth rate is less than the average growth achieved by the commercial banks as a whole for the year. While deposits grew by 8.2 % the advances grew by 5.7%.. But the domestic deposits grew by 23856 Cr out of which CASA increased by 18219 cr. Bank has chosen to go for moderate growth but to ensure quality.

- 2) By increasing CASA deposits, reducing high cost deposits and containing the operating expenses Bank managed to keep its net interest margin around 2.39%. However the Net Interest Income coming down is a matter of concern and the same is due to lower growth in advances coupled with increase in NPA.
- 3) For Asset building and increasing loan book the Bank concentrated on RAM sector and increased the business under the category by 13813 cr. This enabled the Bank to diversify its risk weighed assets and conserve capital to maintain adequate Capital Adequacy Ratio.
- 4) Bank's gross NPA and Net NPA as percent to gross and net advances are high with lower provision coverage ratio at 51%. But the same is due to Bank Credit not picking up in the wake of slow economy.
- 5) Bank maintained its position of "profit making Bank" in the industry with the net profit of Rs 1352 cr after making all statutory provisions including that prescribed by RBI.
- 6) The Return on Assets, Return on Equity and Earnings per Share have come down mainly due to net profit coming down by Rs 430 Cr compare to the previous year.

Thus the Bank under the most difficult situations has been able to show the best possible results. Considering the position of the other peer banks in the industry and the results declared by other Public Sector Banks so far, our Bank's results are worth commendable. Hence the Bank management and its workforce deserve compliments. With such results the Bank has positioned itself as one of the competent able leader in the Banking Industry and our Bank's business models and strategies may be the trend setters for the others in the industry to follow.

However the results also indicate certain vital concerns that have to be addressed suitably to enable the Bank to register better results in the next fiscal. They are as below:

- 7) The quality of Assets is an area of concern and the same has to be improved with adequate needed measures like effective monitoring and recovery. With the total advances not growing substantially the increase in NPA is adversely affecting the yield on funds and other key financial indicators on which the market and analysts are reacting. This need to be corrected.
- 8) The non interest income grew only by 3.1% and the same indicates that Bank has to review its efforts in cross selling of third party products through its workforce since it is not cost worthy.

- 9) Bank could contain its operating expenses sizably since it rose only by 1.30% for the whole year. Such trend whether can be maintained in the environment of Bank expanding its business around 10 to 12% is a question. At the same time the cost study indicates that Bank has to review its outsourcing business models to bring in more efficiency.
- 10) Bank has increased its CASA share in total deposits by 3.1 % and RAM sector saw a growth of 11.7%. But for the year 2016-17 Bank estimates a growth of 17.83% in SB deposits and 20.27 % in RAM sector. For this Bank has to augment its man power requirement particularly in Rural & semi urban branches through adequate requirement.

For employees and officers the result will mean that they are capable of adapting to the changes to meet the need of the situation and deliver effectively to make the Bank perform in best ways. The result also enabled the Bank to make full provision towards staff welfare allocation besides making adequate provision towards Pension and Gratuity funds. We have demanded payment of Bonus to eligible employees as per Bonus Act and that too on the allocable surplus generated by the Bank. We vide our letter GS-12416 dated 11<sup>th</sup> May submitted our views and suggestion over the Bank's business Strategy for 2016-17 & Utkarsh project and the same is circulated among the units. We also have raised certain IR and HR issues in addition to issues relating to man power and incentivisation. We hope that Bank will address them shortly.

While the Bank will continue with its business strategy of "Growth with quality" to march ahead as front runner in the industry in the coming days, we shall also emerge as leader by shaping the Bank's journey with appropriate policies to ensure that our employees have all round progresses.

With warm Regards,

Yours Comradely,



(N. Shankar)  
General Secretary



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