

UNION BANK OF INDIA LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.66.85 (As on 24th Feb 2023)

TARGET PRICE : Rs.84.00

FACE VALUE : Rs.10

BSE CODE : 532477

NSE CODE : UNIONBANK





Union Bank of India Ltd. is one of the leading public sector banks of the Country. The Bank, having its headquarters at Mumbai (India), was registered on November 11, 1919 as a limited company. Recently, Andhra Bank and Corporation Bank were amalgamated into Union Bank of India with effect from April'20. Currently, it has a network of 8,700+ domestic branches, 10,900+ ATMs, 16,200+ BC Points serving over 153+ million customers with 76,000+ employees.

ABOUT THE COMPANY

The Bank's total business as on Dec'22 stood at Rs.18,69,042 crore, comprising Rs. 10,65,027 crore of deposits and Rs. 8,04,015 crore of advances as on Dec'22. The Bank also has 3 branches overseas at Hong Kong, Dubai International Financial Centre (UAE) & Sydney (Australia); 1 representative office in Abu Dhabi (UAE); 1 banking subsidiary at London (UK); 1 banking joint venture in Malaysia; 4 para-banking subsidiaries (domestic); 2 joint ventures and 1 associate - Chaitanya Godavari Gramin Bank. Union Bank of India is the first large public sector bank in the country to have implemented 100% core banking solution.



Global Business mix - INR 18.69 Trillion

- Advances: INR 8.04 Trillion
- Deposits : INR 10.65 Trillion



8710 Branches & 10,953 ATMs

Branches Share

- Rural (29%)
- Semi-urban (29%)
- Urban (21%)
- Metro (21%)



- Overseas Branches in Hong Kong, Dubai & Sydney
- Banking subsidiary in London, United Kingdom
- JV in India International Bank (Malaysia)



16,200+ Business Correspondents



153+ Million Customers



150+ Million Accounts

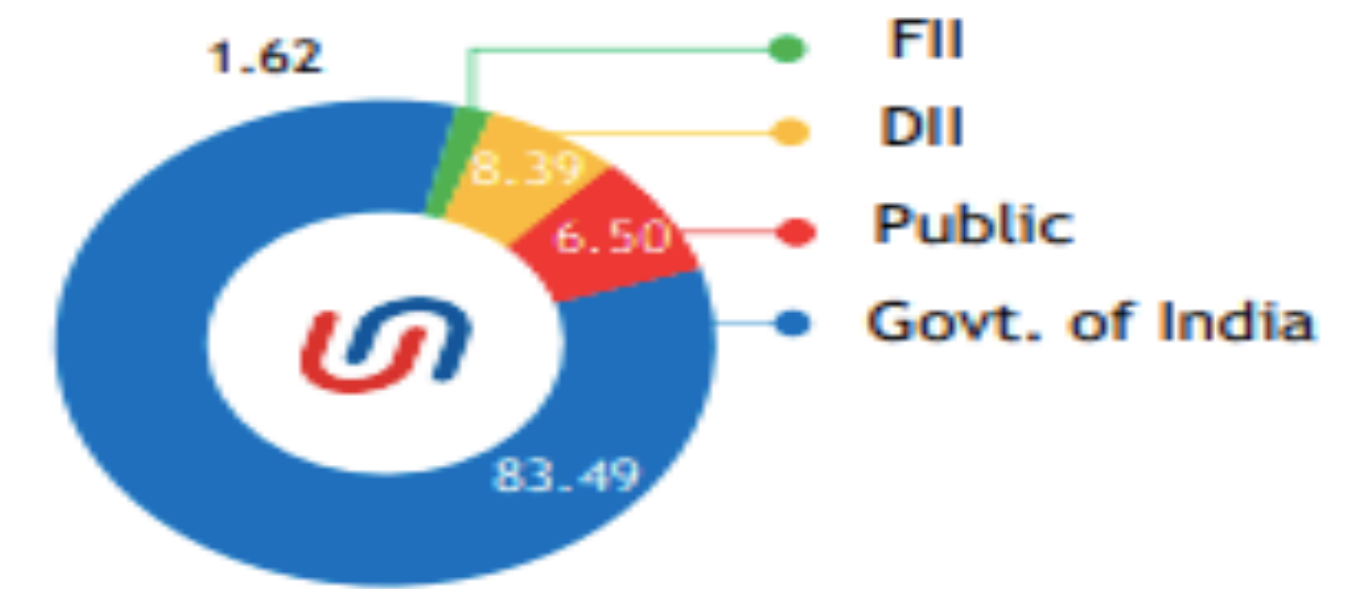


76,000 + Employees

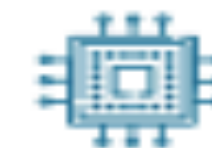
5th Largest PSB in Business Mix

9.5% Share among PSBs in Business

Shareholding (%)



Centralized Processing Centres



126 MSME Loan Points



105 Union MSME First Branches



217 Retail Loan Points



1,331 Gold Loan Points

Advances



20.1% YoY

Robust Credit
Growth

Deposits



13.6% YoY

Steady Deposit
growth

RAM



17.8% YoY

Sustained &
consistent growth

Operating Profit



Rs. 6,619 Cr

Increased by 29.8% YoY

Net Profit



Rs. 2,245 Cr

Increased by 106.8% YoY

GNPA



7.93%

Declined by 369 bps
YoY

NNPA



2.14%

Declined by 195 bps
YoY

CRAR



14.45%

295 bps higher than
Min. Requirement

PCR



88.50%









Improved by 570 bps
YoY

NIM



3.21%

Increased by 21 bps
YoY

Key Parameters		Mar-23 (Guidance)	Dec-22(9M) (Actual)
	Advances Growth (YoY)	10 - 12%	20.09%
	Deposits Growth (YoY)	~ 10.00%	13.61%
	CASA %	~ 37.00%	35.30%
	NIM %	~ 3.00%	3.11%
	GNPA %	< 9.00%	7.93%
	NNPA %	< 2.90%	2.14%
	Credit Cost %	< 1.70%	1.56%
	Delinquency Ratio %	~ 2.00%	2.04%

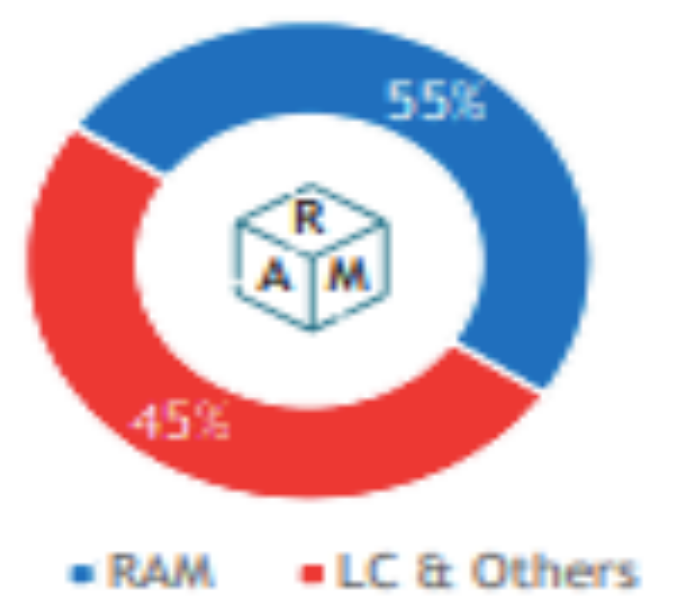
₹ in crore

Robust & diversified Credit Growth

Particulars	Dec-21	Mar-22	Dec-22	YoY
Gross Advances	669,531	7,16,408	8,04,015	20.1
- Domestic	653,709	6,99,269	7,83,008	19.8
- Overseas	15,822	17,139	21,007	32.8

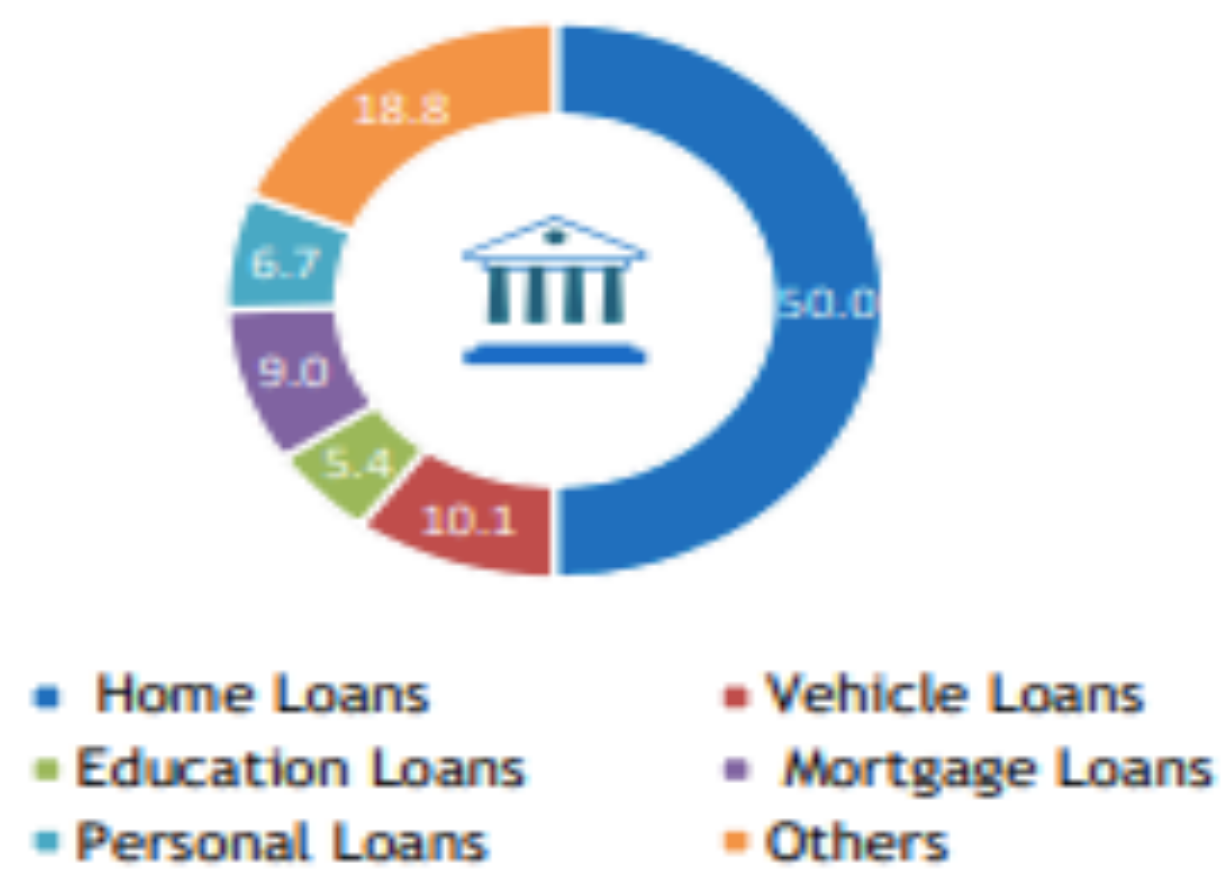
Particulars	Dec-21	Mar-22	Dec-22	YoY
Retail	1,32,164	1,36,273	1,54,037	16.6
Agriculture	1,28,152	1,33,092	1,50,652	17.6
MSME	1,03,500	1,10,577	1,23,737	19.6
LC & Others	3,05,715	3,36,466	3,75,589	22.9

Composition%

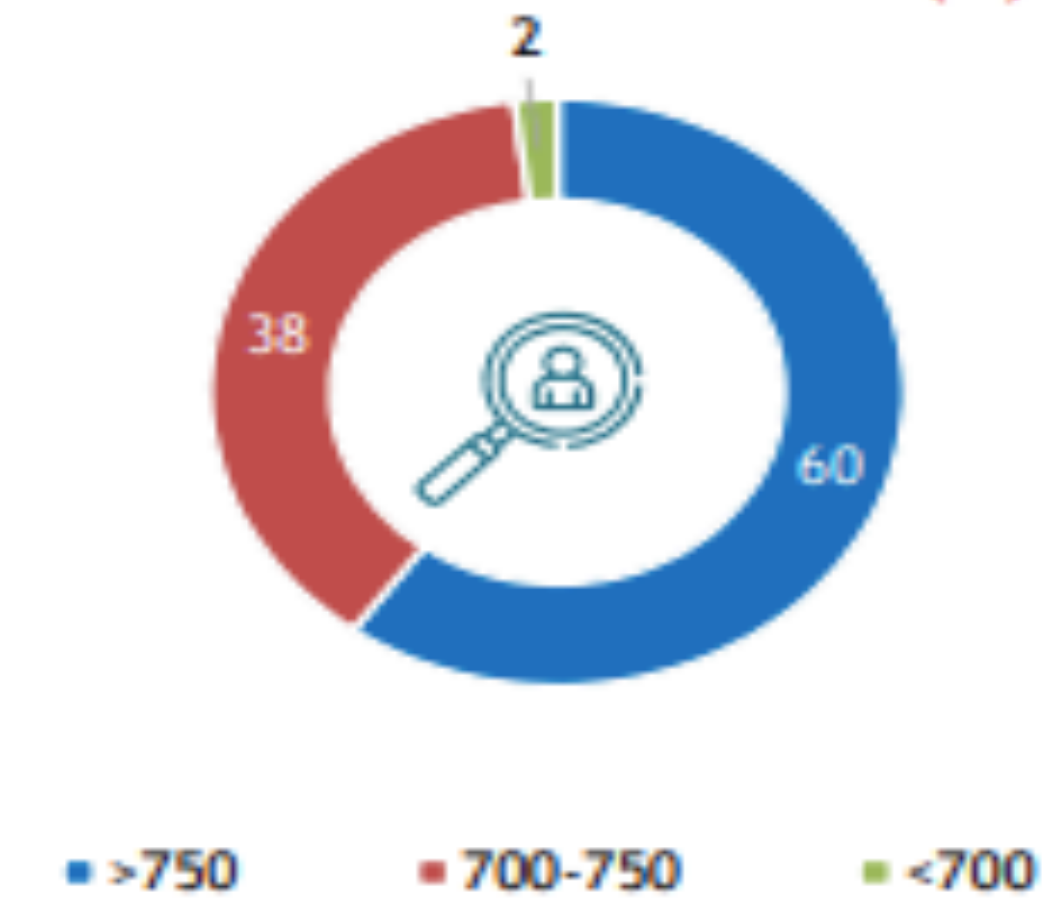


Retail & Agriculture credit surpasses INR 1.5 Trillion

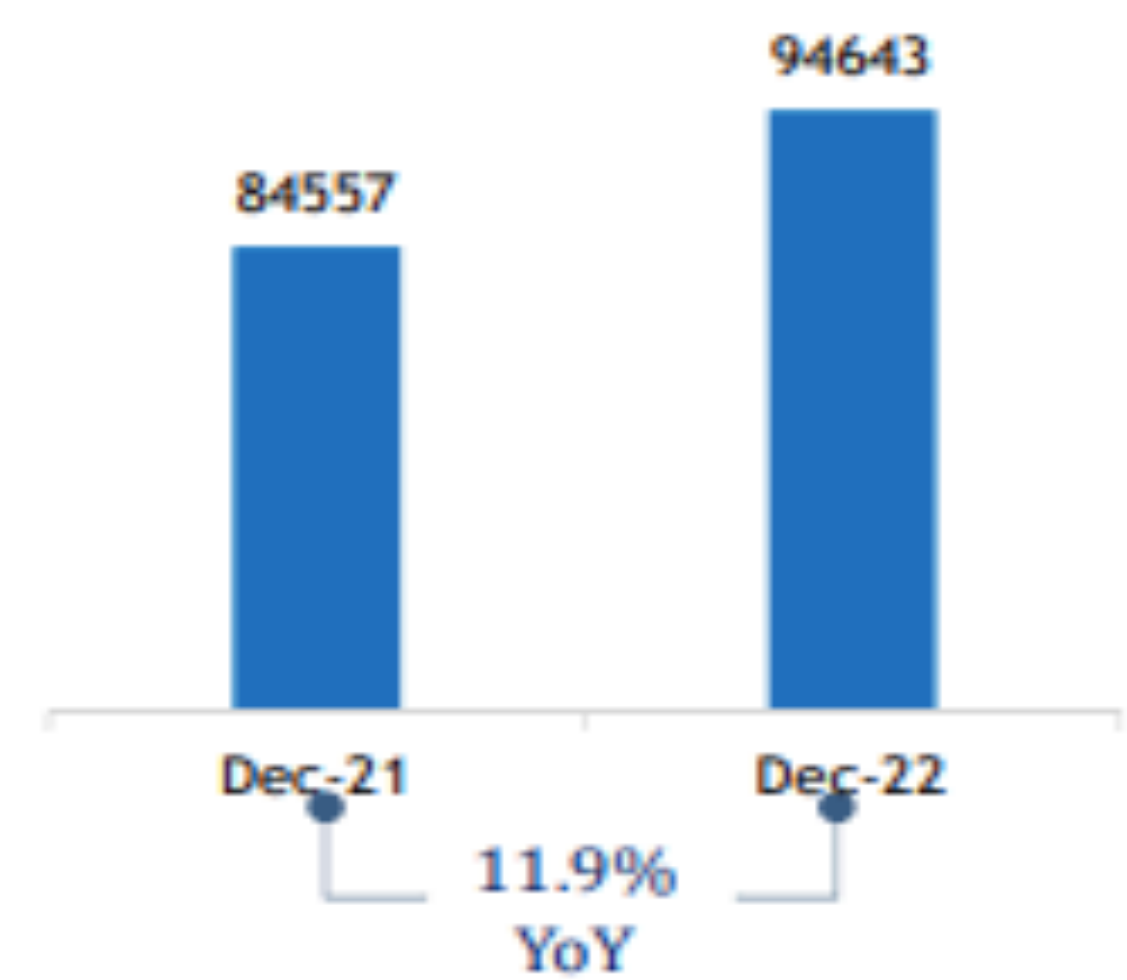
Retail %



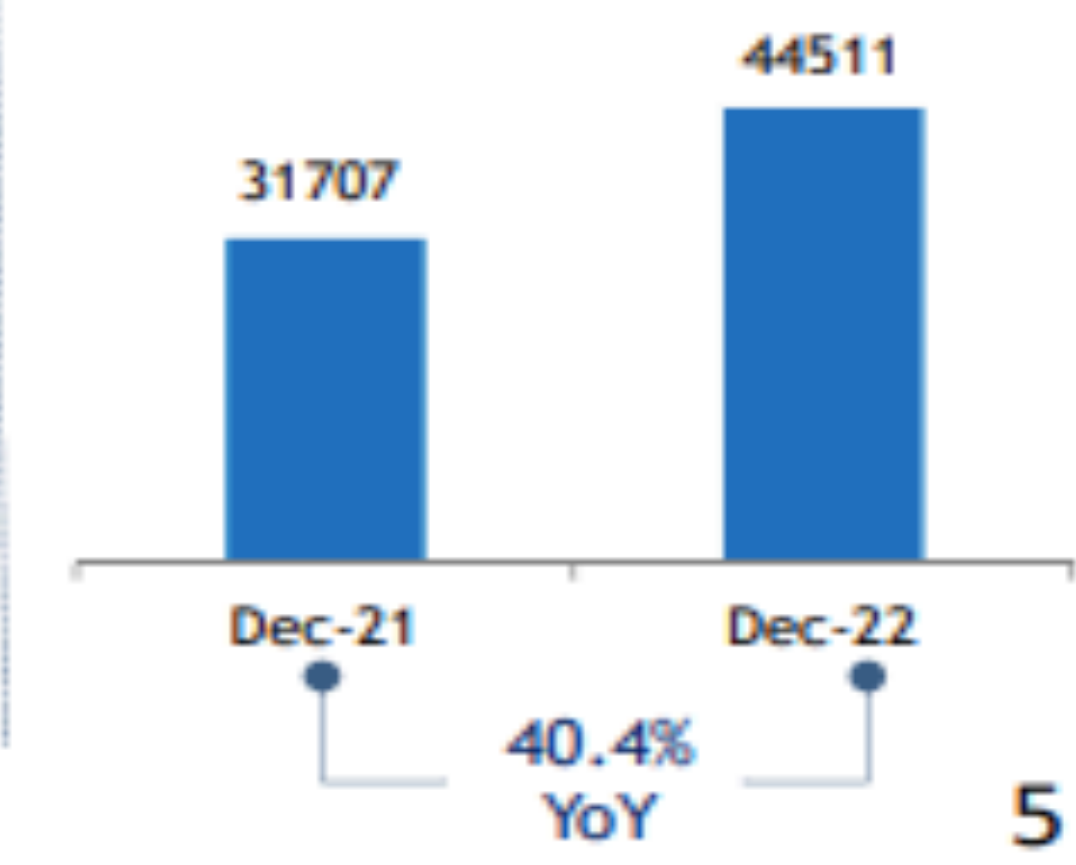
Retail-Bureau Scores (%)



Mortgage Backed Retail Loans



Gold Loans

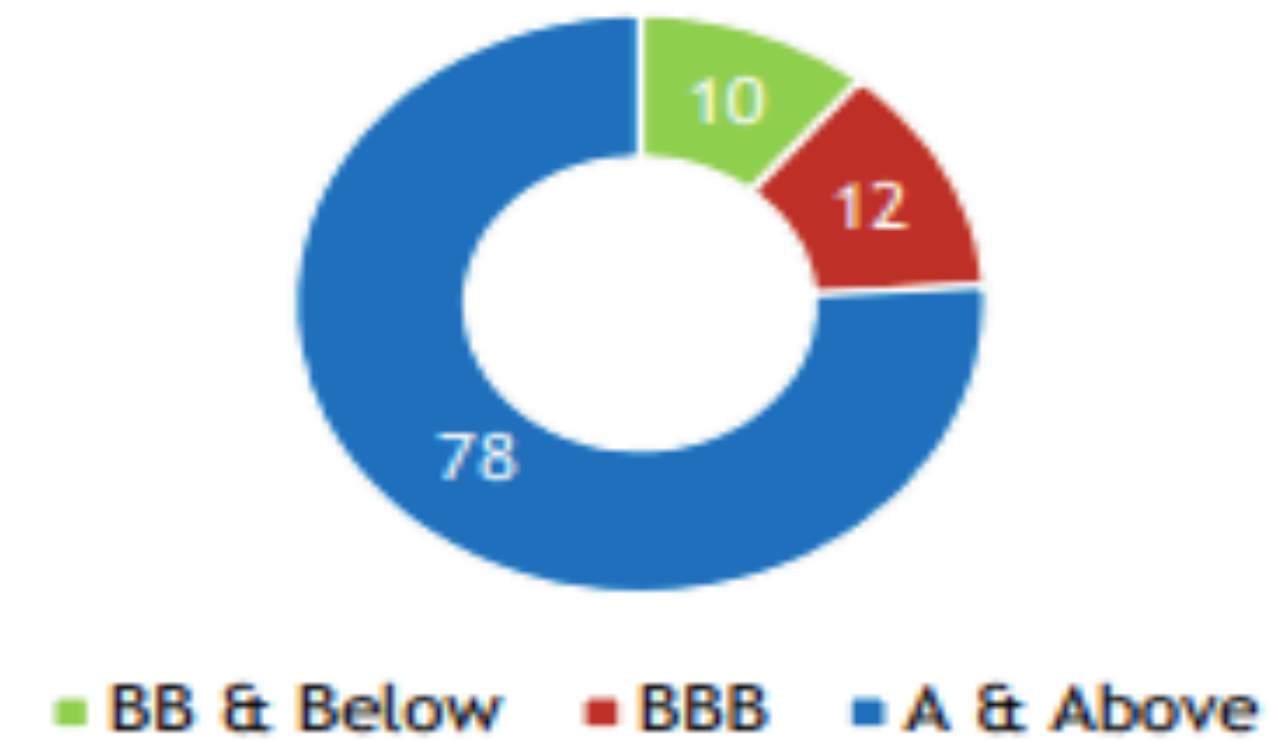


Credit to Industries

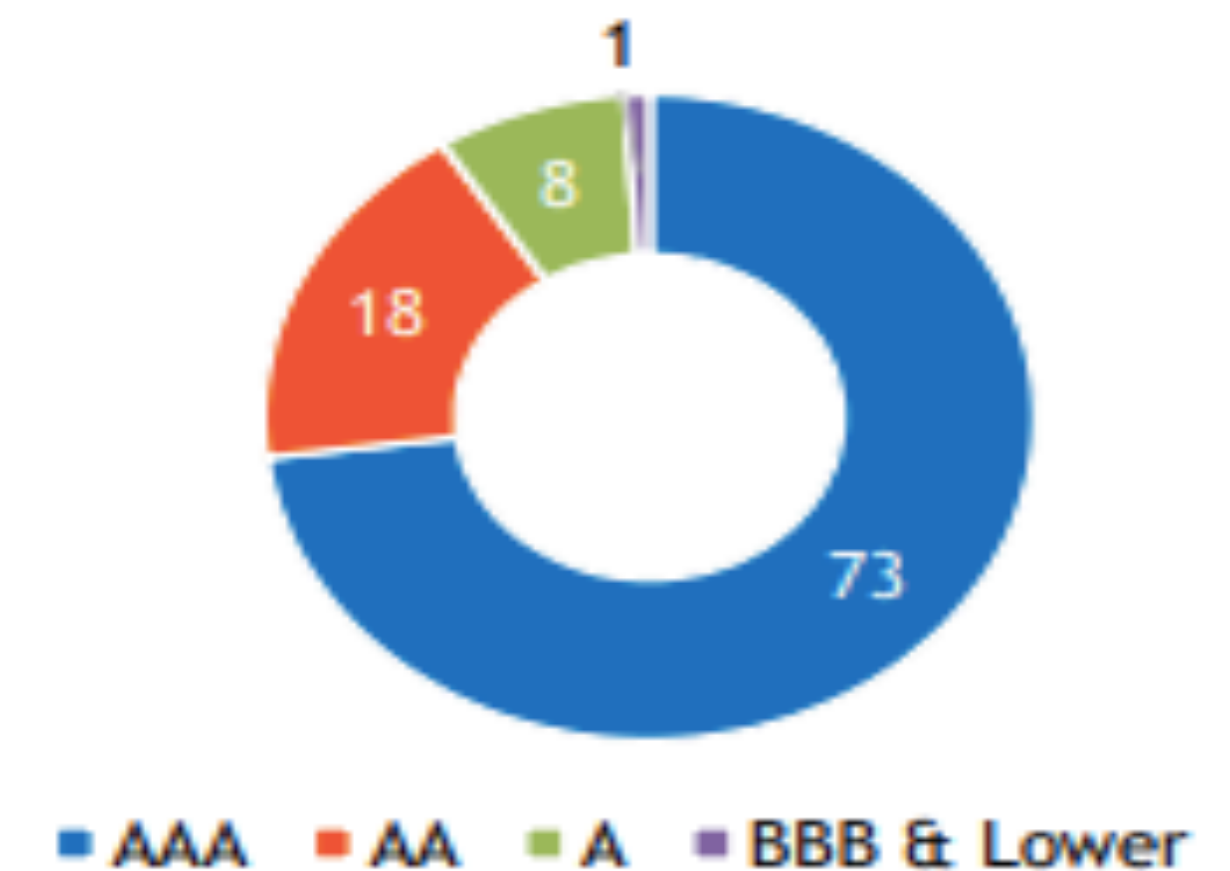
S No	Sectors	(% Share in Domestic Advances)			
		Dec-21		Dec-22	
		Rs. In Crore	% Share	Rs. In Crore	% Share
1	Infrastructure	1,10,598	16.92	1,16,437	14.87
	-Power	48,518	-	43,710	-
	-Govt. PSU	22,369	-	20,725	-
	-Non-PSU	26,149	-	22,986	-
	-Road	20,758	-	21,557	-
	-HAM	2,873	-	3,762	-
2	NBFCs and HFCs	70,218	10.74	1,06,400	13.59
	-HFCs	23,170	-	35,467	-
	-PSU & PSU Backed NBFCs	17,498	-	32,659	-
	-Pvt. NBFCs	29,550	-	38,273	-
3	Basic Metals	22,904	3.50	23,403	2.99
4	Petroleum/Coal/Nuclear	6,637	1.02	22,845	2.92
5	Food Processing	18,423	2.82	21,898	2.80
	Total	2,28,780	35.00	2,90,983	37.16

NBFC-Segment Wise Exposure	Central & State PSUs	Backed by PSUs	Backed by Large Pvt. Companies	Pvt. Others
Dec-22	35%	14%	44%	7%

Rating-Corporate Loans (>5 Cr)



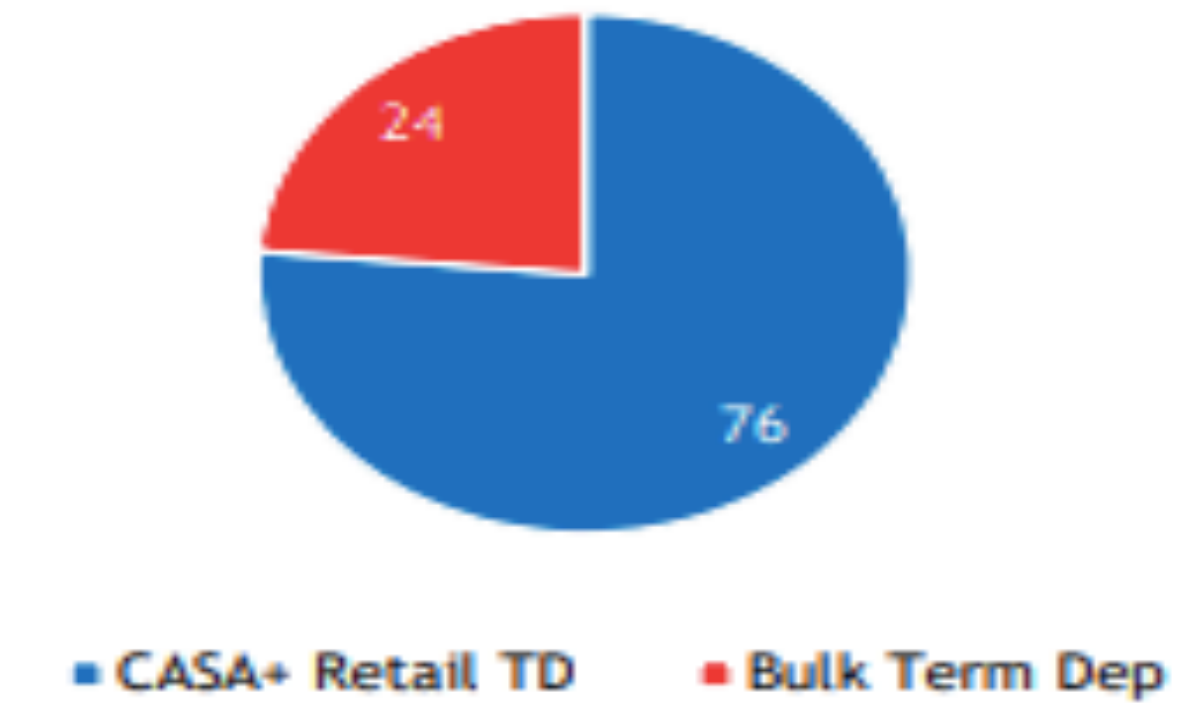
NBFC -Rating



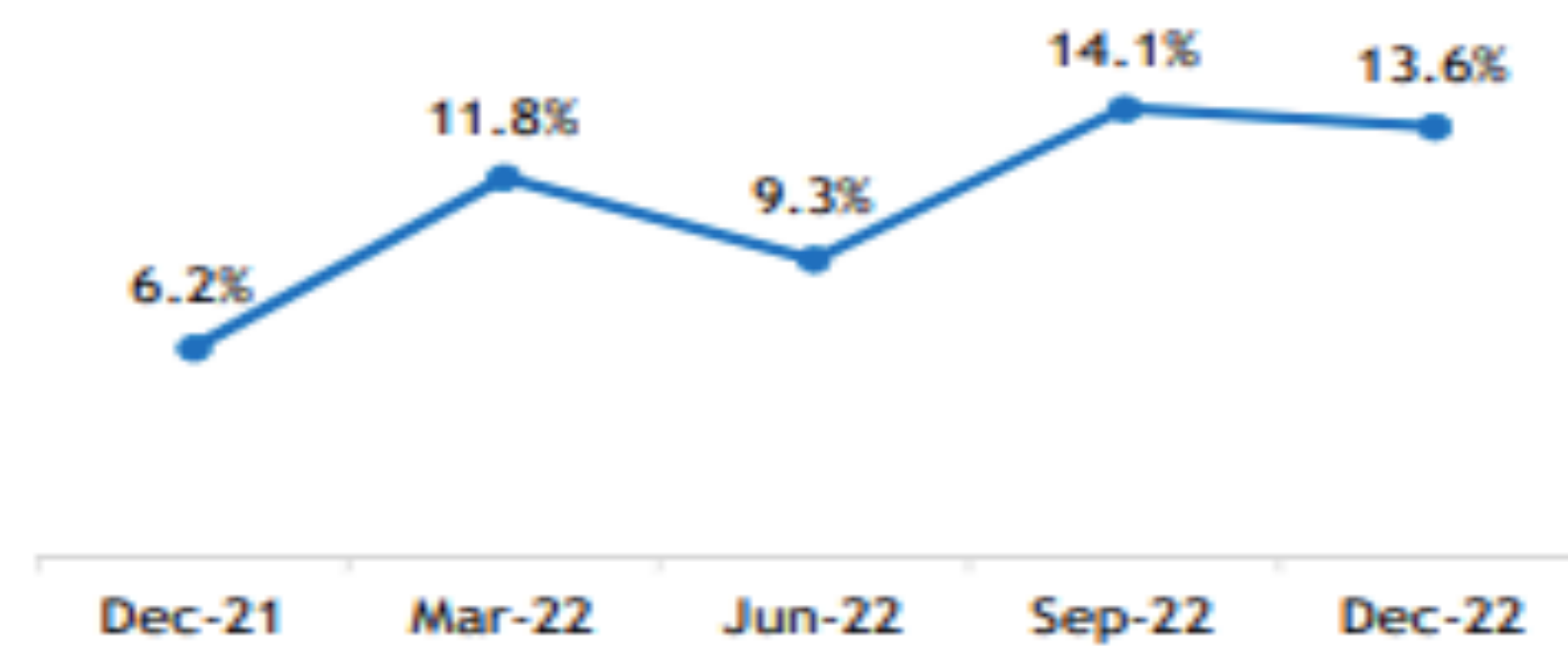
Steady deposit growth

Particulars	Dec-21	Mar-22	Dec-22	YoY(%)
Total Deposits	9,37,455	10,32,392	10,65,027	13.61
- Domestic	9,37,189	10,32,102	10,63,509	13.48
- Overseas	266	290	1,518	470.68
CASA(%)	36.99	36.54	35.30	-169 bps

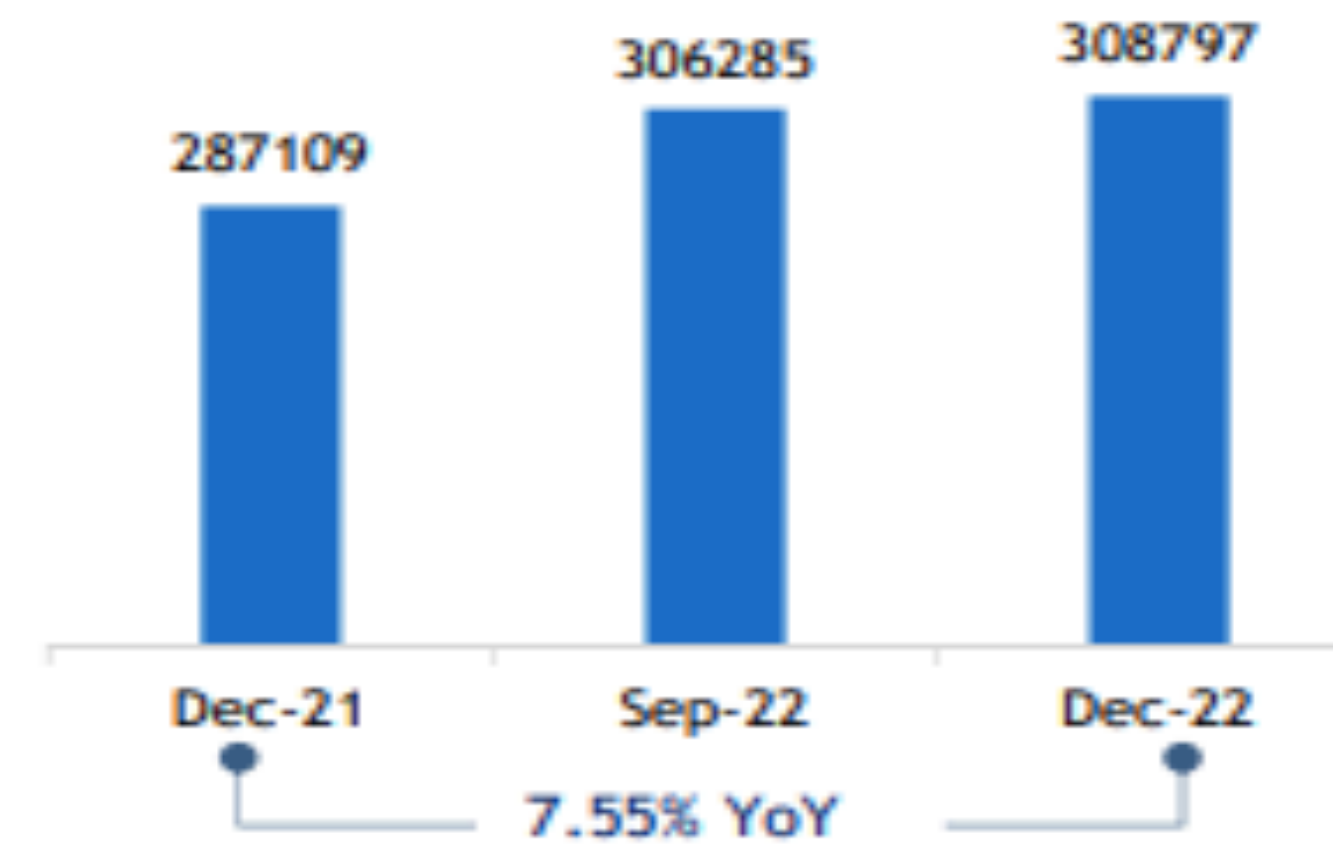
Composition of Deposits



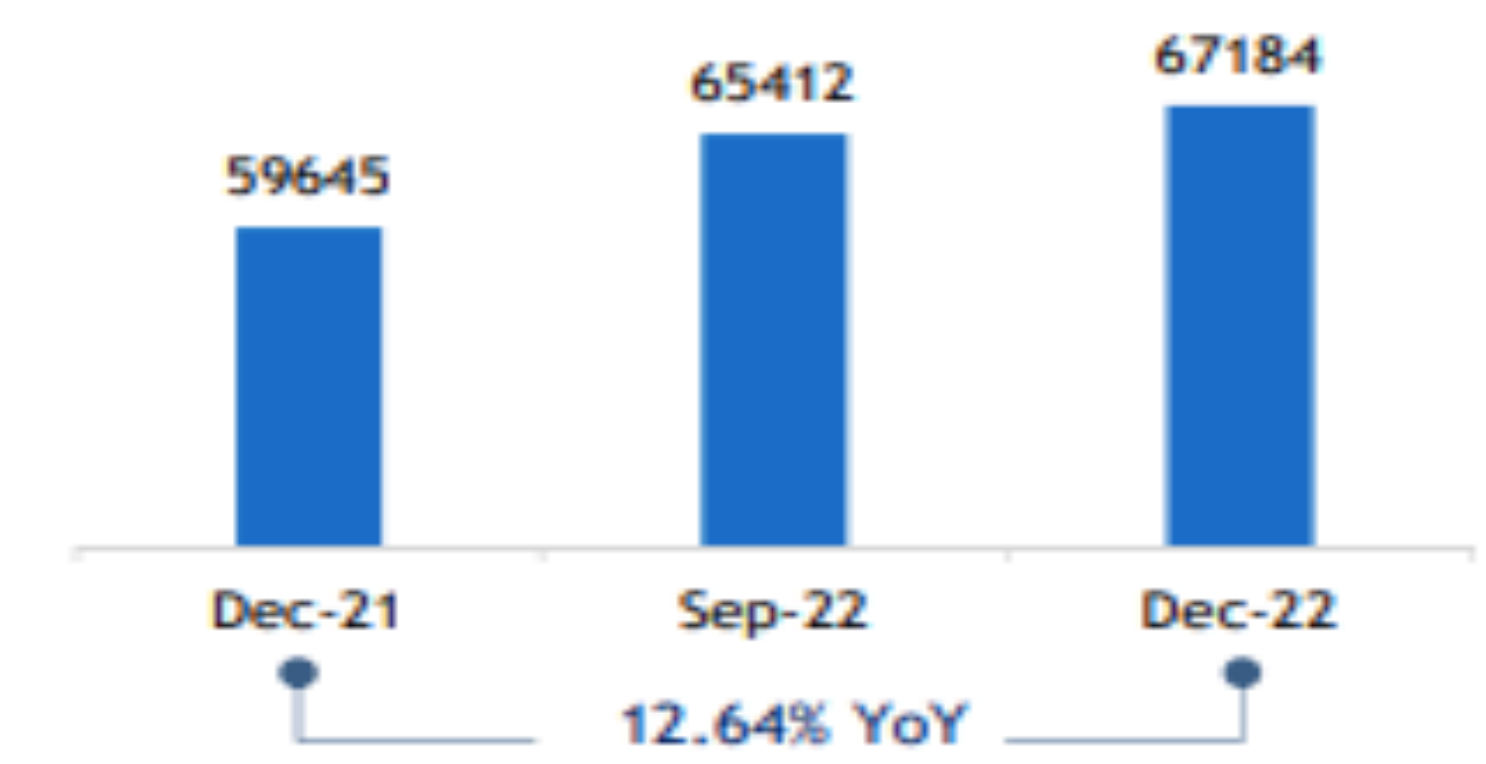
Deposits Quarterly YoY Growth



Savings Deposits

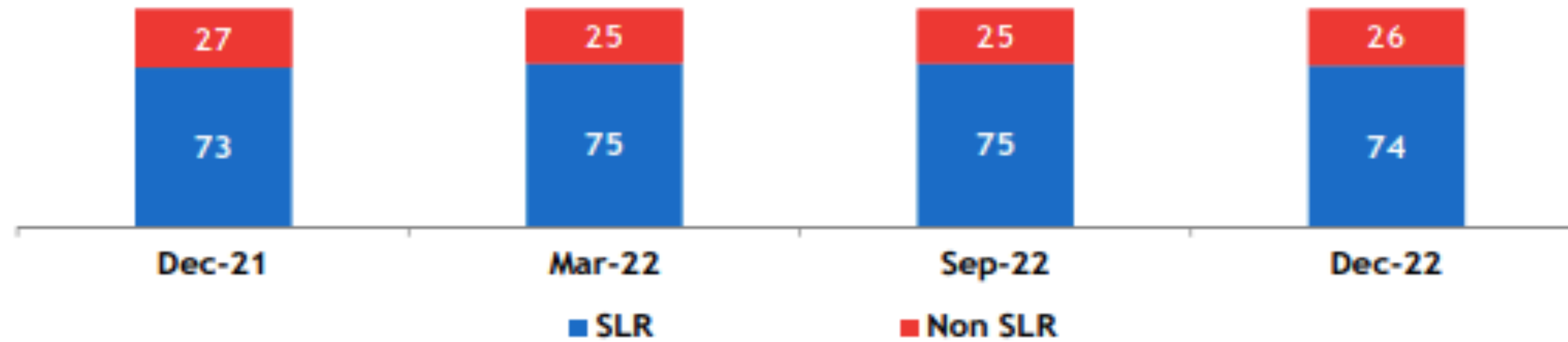


Current Deposits



Investment Portfolio

Domestic Investments → 3,36,146 3,53,002 3,47,175 3,40,828



Excess SLR
₹ 50,700 Cr

Particulars (Domestic)	Dec-21	Mar-22	Sep-22	Dec-22	Dec-21	Mar-22	Sep-22	Dec-22
	₹ in crore				M-Duration (%)			
Available for Sale	82,215	95,518	74,209	65,086	1.34	1.20	1.14	1.34
-SLR	53,306	65,341	44,811	34,963	0.77	0.73	0.55	0.67
-NON SLR	28,909	30,177	29,397	30,123	2.88	2.66	2.50	2.53

Movement of NPA

Parameter	Dec-21	Mar-22	Sep-22	Dec-22	9M FY22	9M FY23
Gross NPA - Opening	80,211	77,787	74,500	65,391	89,788	79,587
Add : Additions	3,411	5,672	2,913	2,567	17,205	9,724
-Balance increase in existing NPA	292	409	211	262	1,104	1,132
-Fresh slippages	3,119	5,263	2,702	2,305	16,101	8,592
Less : Reductions	5,836	3,872	12,022	4,188	29,207	25,541
-Cash Recovery	1,343	1,896	2,160	1,702	3,956	5,343
-Up-gradation	1,269	1,164	1,263	1,237	6,579	3,702
-Write Off	3,224	812	8,599	1,249	18,672	16,496
Gross NPAs- Closing	77,787	79,587	65,391	63,770	77,787	63,770
Gross NPA (%)	11.62	11.11	8.45	7.93	11.62	7.93
Net NPA	25,258	24,303	19,193	16,195	25,258	16,195
Net NPA (%)	4.09	3.68	2.64	2.14	4.09	2.14
Recovery in TWO & D/L	831	1,040	1,719	1,725	3,732	4,564
Total Recovery(incl. TWO)	3,443	4,100	5,142	4,664	14,267	13,609
Credit Cost(%)	1.40	2.00	1.50	1.24	1.70	1.56
Delinquency Ratio(%)	2.46	3.83	1.80	1.45	4.07	2.04
PCR%	82.80	83.61	86.61	88.50	82.80	88.50

₹ in crore

Sectoral Asset Quality				
Segment	Slippages During Q3 FY 23	O/s NPA as on Dec 2022	Sectoral NPA (%)	
			Dec-21	Dec-22
Retail Loans	450	4,848	3.78	3.15
Agriculture	819	16,192	12.27	10.75
MSME	791	16,604	18.96	13.42
Large Corporate & Others	507	26,126	12.04	7.50
Total	2,567	63,770	11.62	7.93

Restructuring		
Segment	RF1.0	RF2.0
MSME	1,399	2,921
Personal Loans	3,127	6,049
Agriculture Allied	--	311
Corporate Loans	5,309	--
Total	9,835	9,281

SMA Position (Rs. 5 crs & above)				
Category	Dec-21		Dec-22	
	O/s Amount	% to Gross advances	O/s Amount	% to Gross advances
SMA-0	2,448	0.37	2,480	0.31
SMA-1	2,111	0.31	1,061	0.13
SMA-2	2,388	0.36	2,252	0.28
Total	6,947	1.04	5,793	0.72


NCLT A/Cs
 ₹ 61,233 Cr (584 A/c)
 PCR: 98.31%

Putting **Digital at the Core** of Bank's Strategy

Rapidly expanding Digital Ecosystem


One **Super-App** for all Financial Needs

No. of Digital Journeys Live

 **20+ STP**

No. of A/Cs Renewed Digitally during 9M

 **₹1600+Cr**

 **5.91+ Lakhs**

 **79%**

Digital Disbursements during 9M

% of MSME Loans <10 lacs Renewed Digitally during 9M

1st

To launch Digital KCC STP Journey

1st

Bank to launch Metaverse platform

3rd

Highest Debit Cards

4th

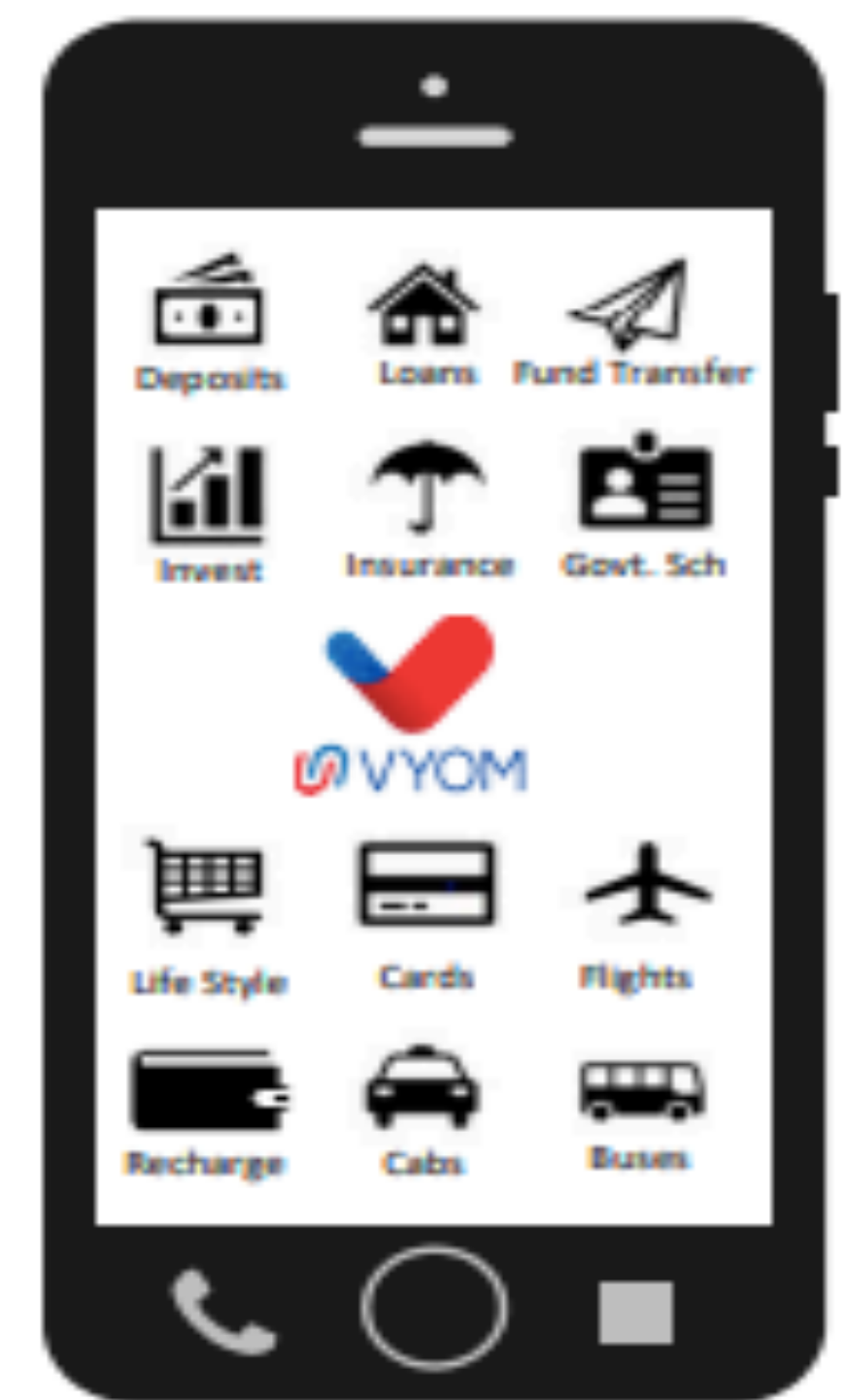
Highest Volume of UPI Remittances

78%

Transactions done through Digital

150+

FinTechs Engaged



350+ Features



20 Million+ Registered Users

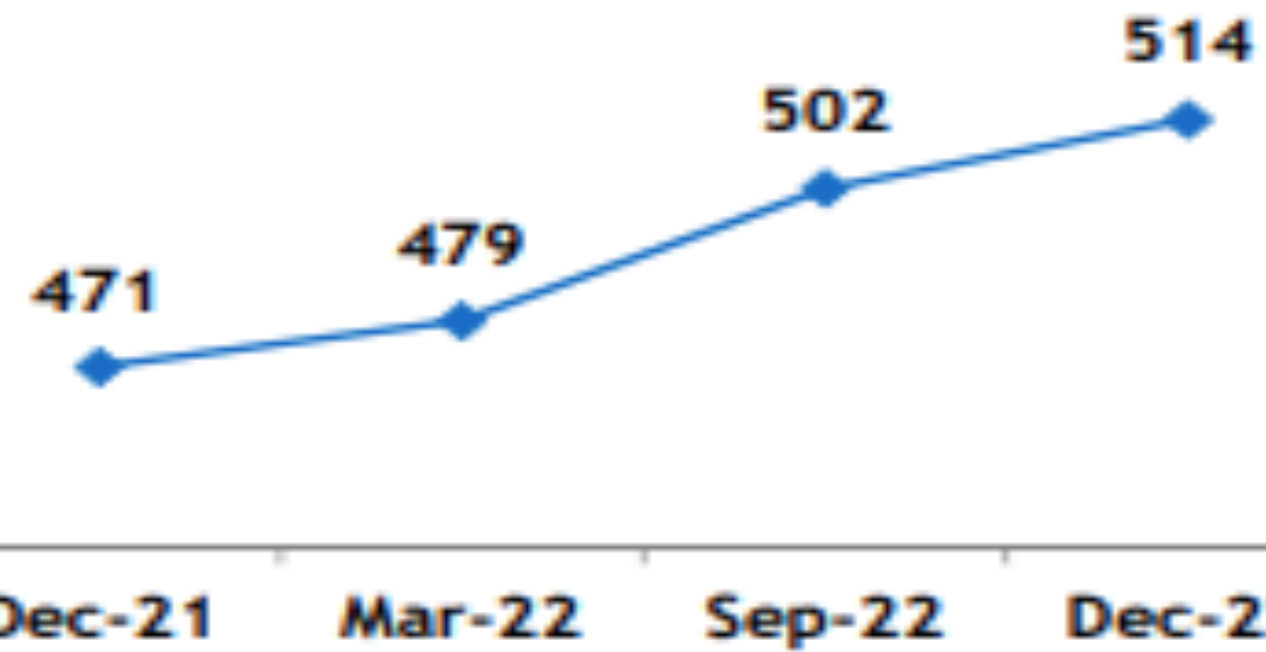


2.2 Million+ Daily Logins

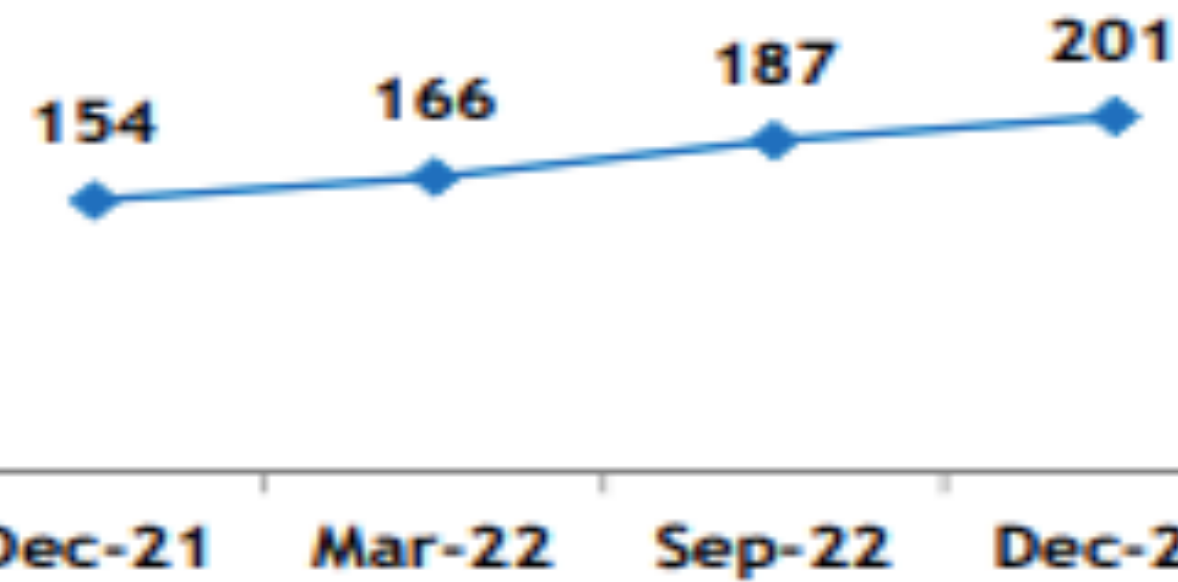
Digital Footprints

(No. in Lakhs)

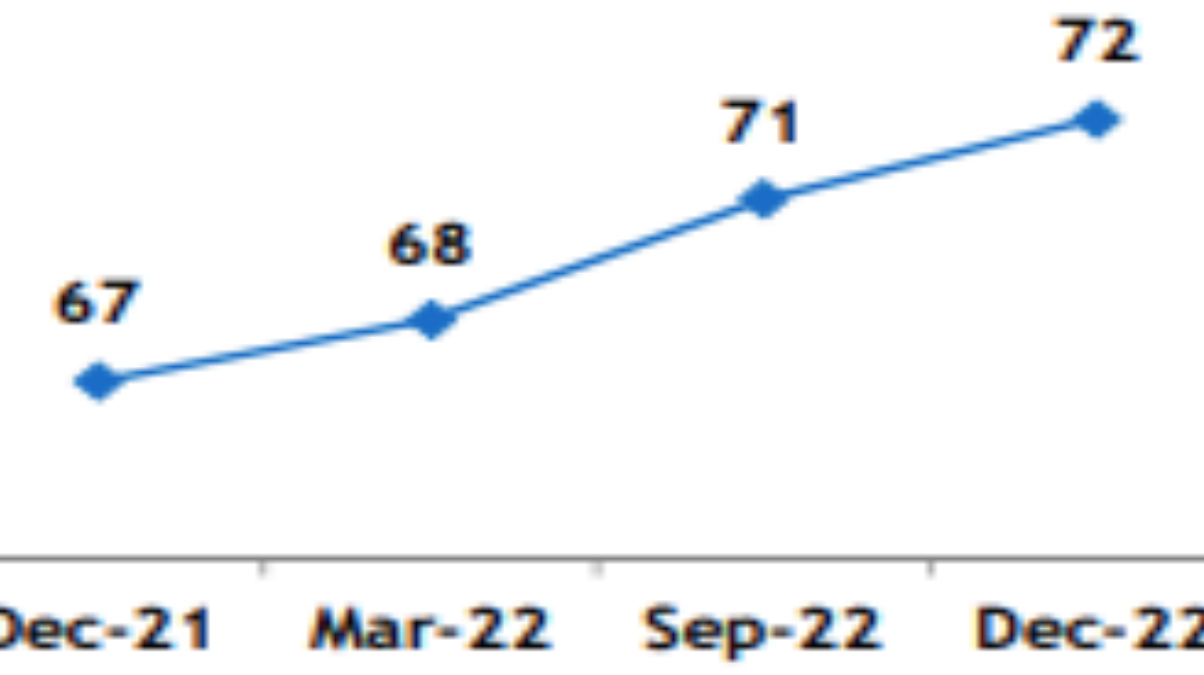
Debit Card Users



Mobile Banking Users



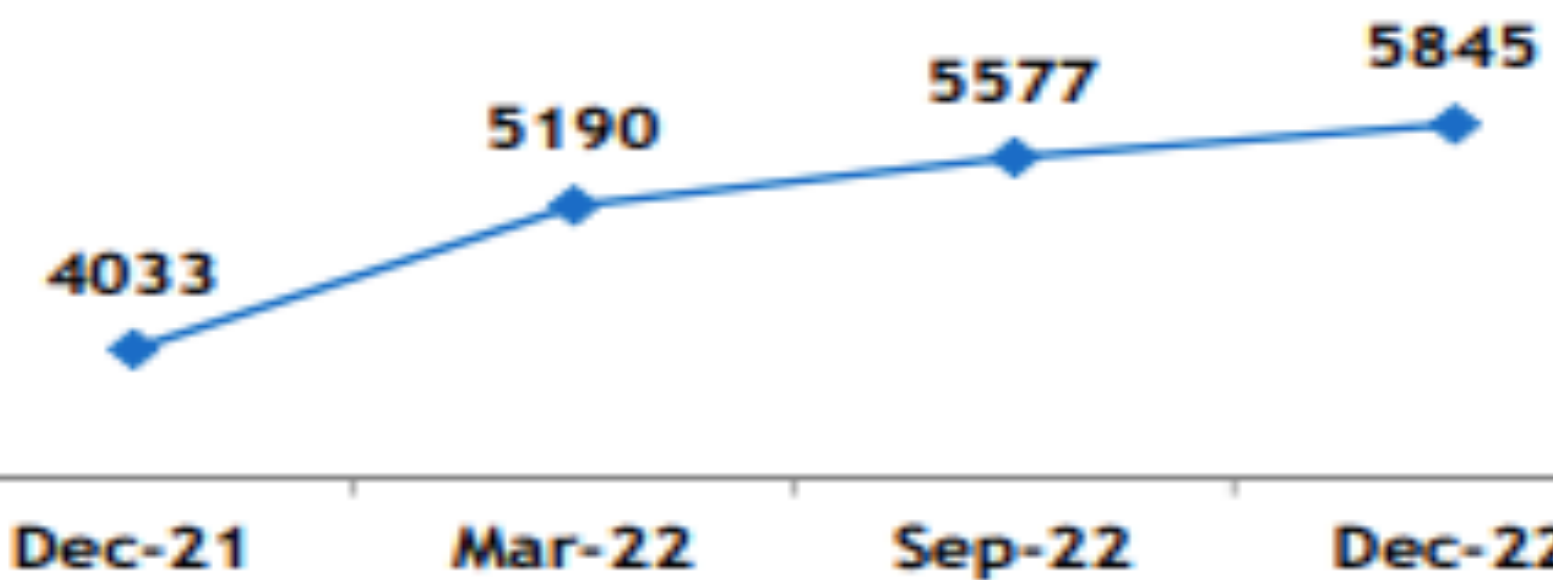
Net Banking Users(Retail)



Volume of Transactions (QoQ)

(No. in Lakhs)

Mobile Banking



UPI



₹ in crore

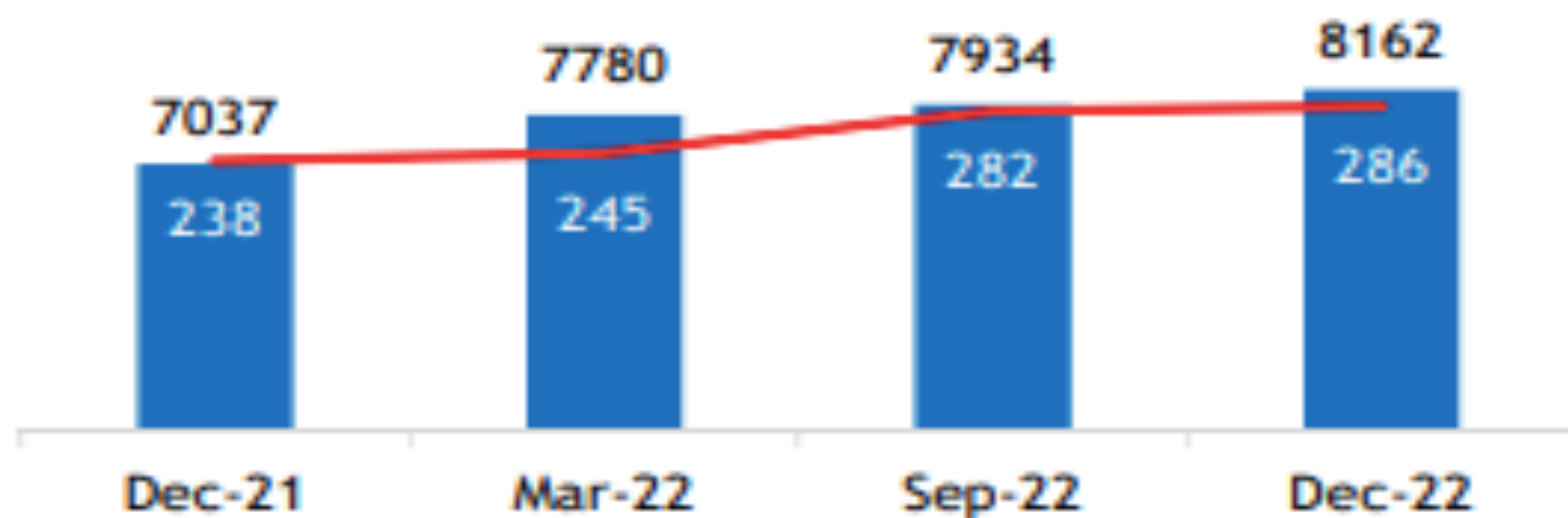
Priority Sector Lending

Particulars	RBI Benchmark (as % of ANBC)	Achieved (as % of ANBC)
Agriculture	18.00	20.96
Small and Marginal Farmers	9.50	14.23
Micro Enterprises	7.50	8.92
Weaker Section	11.50	17.46
Women Beneficiaries	5.00	15.51
Total Priority	40.00	45.43

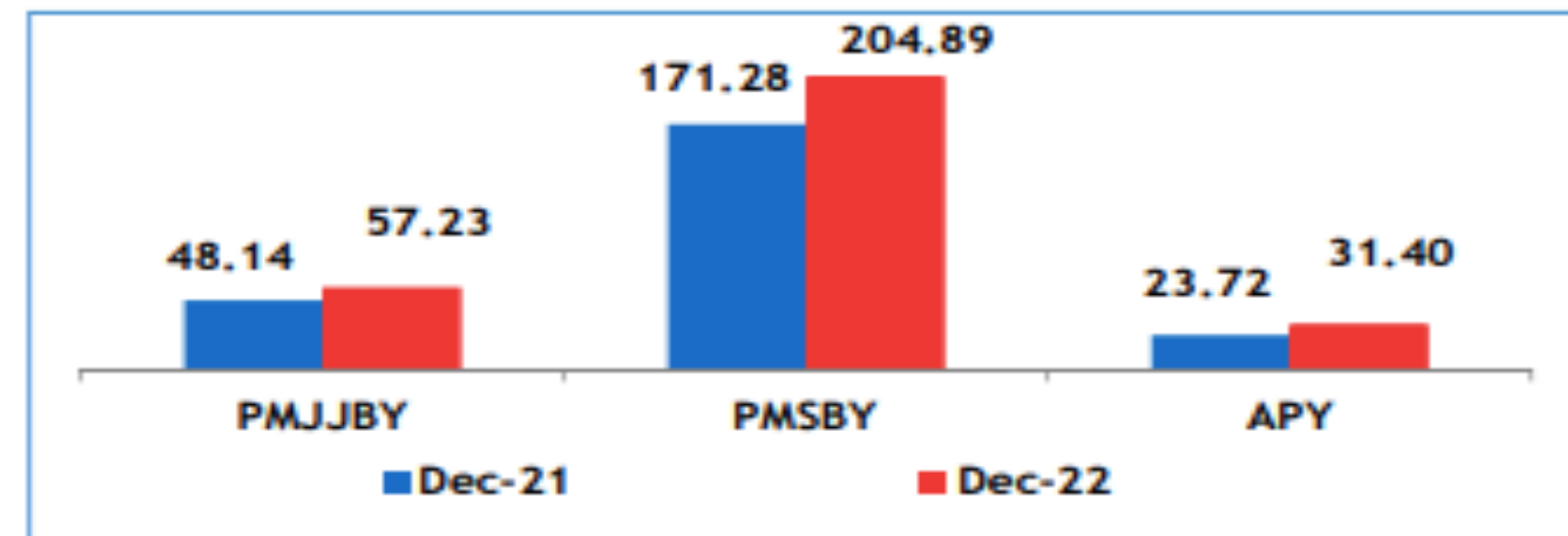
Govt. Schemes

Scheme	No. of Accounts	Amount Sanctioned
PMSVANidhi	4,67,641	572
Union Guaranteed Emergency Credit Line	3,91,627	16,516
Union Personal Loan for COVID Treatment (UPLCT)	1,319	52
Pradhan Mantri Mudra Yojana (during 9M FY23)	6,84,279	12,317

■ Total PMJDY Accounts (No. in Lakhs)
— Balance in PMJDY A/c (Rs. in Cr)



Performance under Social Security Schemes(# Lakhs)



Environmental



- * Credit facility to Renewable Energy Sector - ₹11,031 Crores as on 31.12.2022
- * ₹ 164 Crore Sanctioned as on 31.12.2022 under Union Green Miles
- * Finance to MSME under TReDS :No. of Bills discounted 59,366 of ₹7536 Crores
- * Sustainable Development And Business Responsibility Policy 2022-23
- * Founding member of Indian Green Building Council (IGBC)

Social



- * 30 RSETI Centres, trained 2.73 lakh people with Settlement Ratio of 73%
- * Under PMSvanidhi, sanctioned total 75,517 applications of ₹ 124 Crs in 9MFY23
- * Women entrepreneurs :Sanctioned 11,526 applications of ₹1,408 Crs 9MFY23
- * CSR: ₹4.67 Crs was donated during Q3FY23 through Union Bank Social Foundation

Governance



- * Customer Rights Policy
- * Related Party Transactions Policy
- * Whistle Blower policy
- * Gender diversity
- * Maiden Policy On Sexual Harassment Of Male/ Transgender

Subsidiaries, Joint Ventures, Associates

₹ in crore

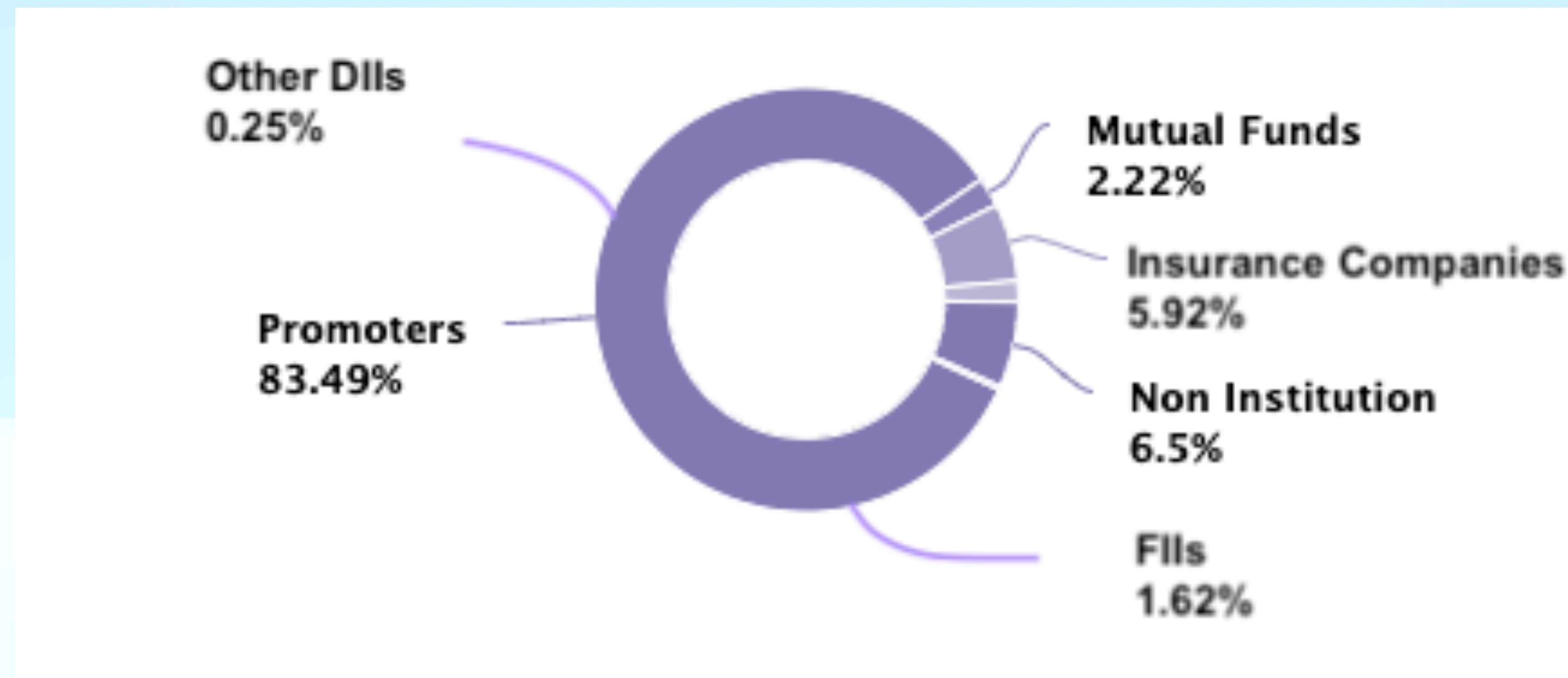
Name of the Entity	Holding(%)	Profit After Tax	
		Q3FY22	Q3FY23
Subsidiaries			
Union Bank of India (UK) Limited	100.00%	0.55	1.83
Union Asset Management Co. Private Limited	100.00%	6.04	3.83
UBI Services Ltd.	100.00%	(0.32)	0.54
Andhra Bank Financial Services Limited	100.00%	0.19	0.21
Union Trustee Co. Pvt. Limited	100.00%	0.03	0.04
Joint Ventures			
Star Union Dai-ichi Life Insurance Co. Limited	25.10%	(54.47)	(0.56)
India International Bank (Malaysia) BHD	25.00%	(1.50)	(1.51)
ASREC India limited	26.02%	4.33	1.83
Associate			
Chaitanya Godavari Gramin Bank	35.00%	43.00	78.38

Yearly Results

YEARLY RESULTS OF UNION BANK OF INDIA (in Rs. Cr.)	MAR '22	MAR '21	MAR '20	MAR '19	MAR '18
INTEREST EARNED					
(a) Int. /Disc. on Adv/Bills	45,293.33	45,834.46	25,152.93	23,868.57	22,856.98
(b) Income on Investment	20,159.47	21,035.42	10,735.77	9,148.77	8,898.35
(c) Int. on balances With RBI	2,143.95	2,118.98	1,205.64	1,206.21	1,140.55
(d) Others	632.91	322.60	384.88	90.12	55.69
Other Income	13,524.41	13,899.08	5,789.27	5,041.71	5,462.08
EXPENDITURE					
Interest Expended	40,178.47	44,112.40	25,836.81	23,896.09	23,470.90
Employees Cost	10,263.67	9,230.79	3,463.85	3,237.23	3,332.17
Other Expenses	9,438.94	10,520.73	4,724.02	4,618.95	4,018.65
Operating Profit before Provisions and contingencies	21,872.99	19,346.62	9,243.81	7,603.11	7,591.93
Provisions And Contingencies	13,306.65	17,019.44	10,885.05	11,536.27	14,198.50
Exceptional Items	--	--	-2,509.98	--	--
P/L Before Tax	8,566.34	2,327.18	-4,151.22	-3,933.16	-6,606.57
Tax	3,357.84	-500.84	-1,110.39	-999.75	-1,385.93
P/L After Tax from Ordinary Activities	5,208.50	2,828.02	-3,040.83	-2,933.41	-5,220.64
Net Profit/(Loss) For the Period	5,208.50	2,828.02	-3,040.83	-2,933.41	-5,220.64
Share Of P/L Of Associates	56.82	35.38	-80.06	11.06	8.17
Net P/L After M.I & Associates	5,265.32	2,863.40	-3,120.89	-2,922.35	-5,212.47
Equity Share Capital	6,834.75	6,406.84	3,422.82	1,763.02	1,168.57
Reserves Excluding Revaluation Reserves	59,165.30	53,328.45	27,288.43	22,733.82	21,741.36
ANALYTICAL RATIOS					
a) % of Share by Govt.	83.49	89.07	86.75	74.27	67.43
EPS BEFORE EXTRA ORDINARY					
Basic EPS	7.77	4.47	-13.45	-24.87	-68.98
Diluted EPS	7.77	4.47	-13.45	-24.87	-68.98
EPS AFTER EXTRA ORDINARY					
Basic EPS.	7.77	4.47	-13.45	-24.87	-68.98
Diluted EPS.	7.77	4.47	-13.45	-24.87	-68.98
NPA RATIOS :					
i) Gross NPA	--	--	--	49,171.46	49,369.93
ii) Net NPA	--	--	--	20,587.88	24,326.31
i) % of Gross NPA	--	--	--	15.01	15.73
ii) % of Net NPA	--	--	--	6.89	8.42
Return on Assets %	--	--	--	-0.59	-1.07

<div> <div>  Amiteshwar.in </div> <div> <div>Key Financial Ratios</div> </div> </div>	KEY FINANCIAL RATIOS OF UNION BANK OF INDIA (in Rs. Cr.)		MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
	PER SHARE RATIOS						
	Basic EPS (Rs.)		7.77	4.47	-13.45	-24.87	-68.98
	Diluted EPS (Rs.)		7.77	4.47	-13.45	-24.87	-68.98
	Cash EPS (Rs.)		8.71	5.83	-7.67	-14.52	-41.52
	Book Value [ExclRevalReserve]/Share (Rs.)		96.57	93.24	89.73	138.95	196.05
	Book Value [InclRevalReserve]/Share (Rs.)		103.53	100.88	99.00	151.62	216.09
	Operating Revenue Per Share		99.83	108.18	109.50	194.63	281.98
	Net Profit/Share (Rs.)		7.62	4.41	-8.88	-16.64	-44.68
	NP After MI And SOA / Share (Rs.)		7.70	4.47	-9.12	-16.58	-44.61
	KEY PERFORMANCE RATIOS						
	ROCE (%)		1.89	1.85	1.71	1.55	1.57
	CASA (%)		36.47	36.26	35.46	35.97	33.94
	Net Profit Margin (%)		7.63	4.08	-8.11	-8.54	-15.84
	Net Profit After MI And SOA Margin (%)		7.71	4.13	-8.32	-8.51	-15.81
	Operating Profit Margin (%)		-12.18	-15.97	-23.55	-23.24	-32.41
	Return On Assets (%)		0.44	0.26	-0.56	-0.58	-1.06
	Return On Equity/Networth (%)		7.97	4.79	-10.16	-11.92	-22.75
	Net Interest Margin (%)		2.34	2.32	2.09	2.08	1.93
	Cost To Income (%)		44.48	43.58	47.31	46.73	52.49
	Interest Income/Total Assets (%)		5.71	6.40	6.74	6.88	6.70
	Non-Interest Income/Total Assets (%)		1.13	1.28	1.04	1.01	1.11
	Operating Profit/Total Assets (%)		-0.69	-1.02	-1.58	-1.59	-2.17
	Operating Expenses/Total Assets (%)		1.65	1.82	1.47	1.57	1.49
	Interest Expenses/Total Assets (%)		3.36	4.07	4.65	4.79	4.77
	VALUATION RATIOS						
	Enterprise Value (Rs.Cr)		10,66,085.71	9,61,609.75	4,94,975.89	4,56,920.82	4,45,947.75
	EV Per Net Sales (X)		15.62	13.87	13.21	13.32	13.53
	Price To Book Value (X)		0.40	0.37	0.32	0.69	0.48
	Price To Sales (X)		0.39	0.31	0.26	0.49	0.33
	Retention Ratios (%)		75.33	100.00	100.00	100.00	100.00
	Earnings Yield (X)		0.20	0.13	-0.32	-0.17	-0.47

Shareholding Pattern an on Dec'22



Summary

- ❖ With deliverance of stellar performance in Q3 of FY'23, the Company's Interest Earned grew up by 33.47% i.e. Rs.15061.56 crs in Dec'22 as compared to Rs.11284.21 crs in Dec'21. However, the Net Profits rose up by 110.10% i.e. Rs.2263.66 crs in Dec'22 versus Rs.1077.40 crs in Dec'21.
- ❖ Considering sound financials and fine valuations, the Company is available at a good price of Rs.66.85 with its 52 week low at Rs.33.50 and 52 week high at Rs.96.40.
- ❖ In view of the Promoters holding majority stake around 83.49% as well as its healthy valuations, indicates that the Management is growth oriented.
- ❖ In Public Shareholding as on Dec'22, the FIIs and the Other DIIs collectively stood with 1.87% stake. Whilst, the Mutual Fund Houses own 2.22% holdings.
- ❖ It is reassuring to see that Union Bank of India Ltd. is held by HDFC MF, NIPPON INDIA MF, KOTAK MF, QUANT MF, BANK OF INDIA MF, HSBC MF, INVESCO MF, MOSL MF, TAURUS MF, MIRAE MF, TATA MF, ICICI PRU MF and a few more.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE), Return on Capital Employed (ROCE) and Current Account & Savings Account (CASA) around 7.97%, 1.89% & 36.47 respectively as on Mar'22.
- ❖ For the year ending Mar'22, Union Bank of India Ltd. has declared an equity dividend of 19.00% i.e. Rs.1.90 per equity share.

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