90 वर्षों से कर रहे सपने साकार

यूनियन बैंक ऑफ इंडिया
Union Bank of India

90 Years of fulfilling Dreams

# Financial Results
# Q1 – 2011

## Analyst Presentation

26th July, 2010

Union Bank of India

**Q1 FY 11**

# Performance Highlights

| Head | | %Increase YoY |
|---|---|---|
| Total Business | ↑ | 23.47 |
| Total Deposits | ↑ | 19.18 |
| CASA | ↑ | 27.67 |
| Total Advances | ↑ | 29.90 |
| Operating Profit | ↑ | 32.53 |
| Net Profit | ↑ | 35.97 |

Union Bank of India

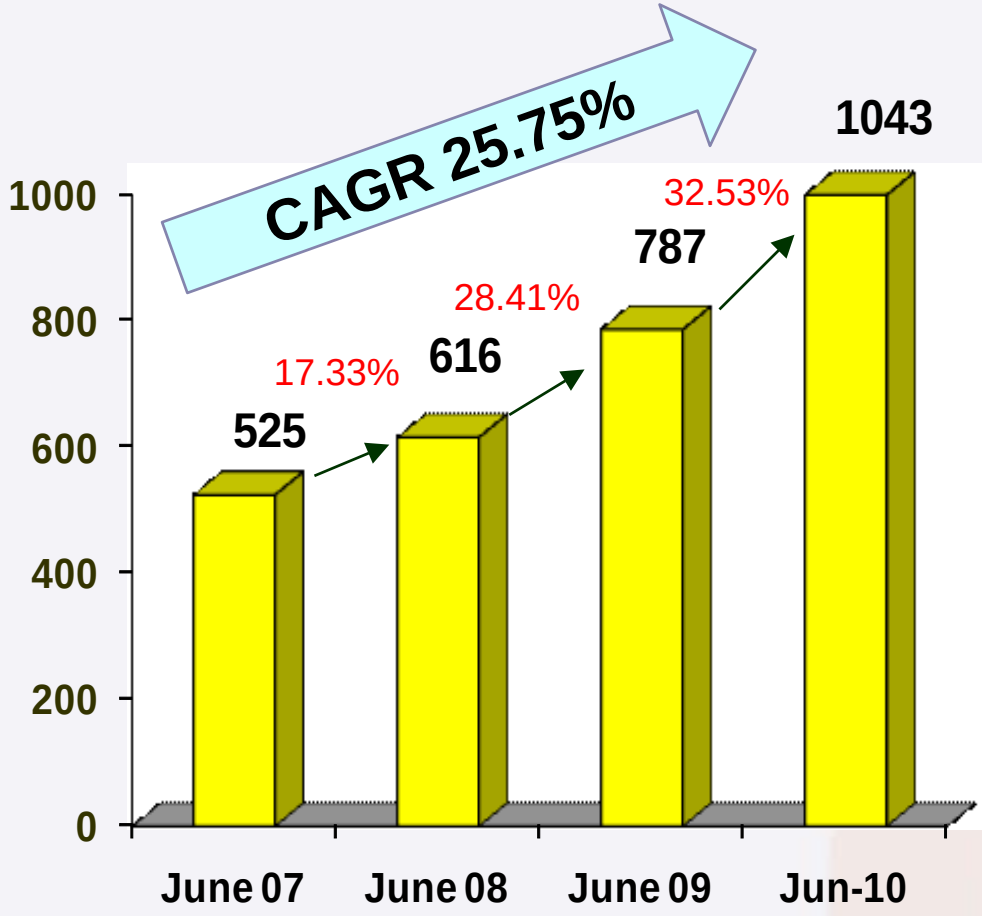
# MARKET SHARE

| | AS ON June 08 | AS ON June 09 | AS ON 18 June 10* |
|---|---|---|---|
| OUR MARKET SHARE IN DEPOSITS | 3.13 | 3.37 | 3.49 |
| OUR MARKET SHARE IN CREDIT | 3.11 | 3.27 | 3.42 |

**based on RBI fortnightly data on SCBs*

The Bank has been consistently outperforming the industry growth by more than 5% in the past 3 years.

# Operating Profits (Q1)




- **Operating Profits for the quarter ended Jun'10 improved by 32.53% to Rs. 1043 crs from Rs. 787 crs in the previous year.**

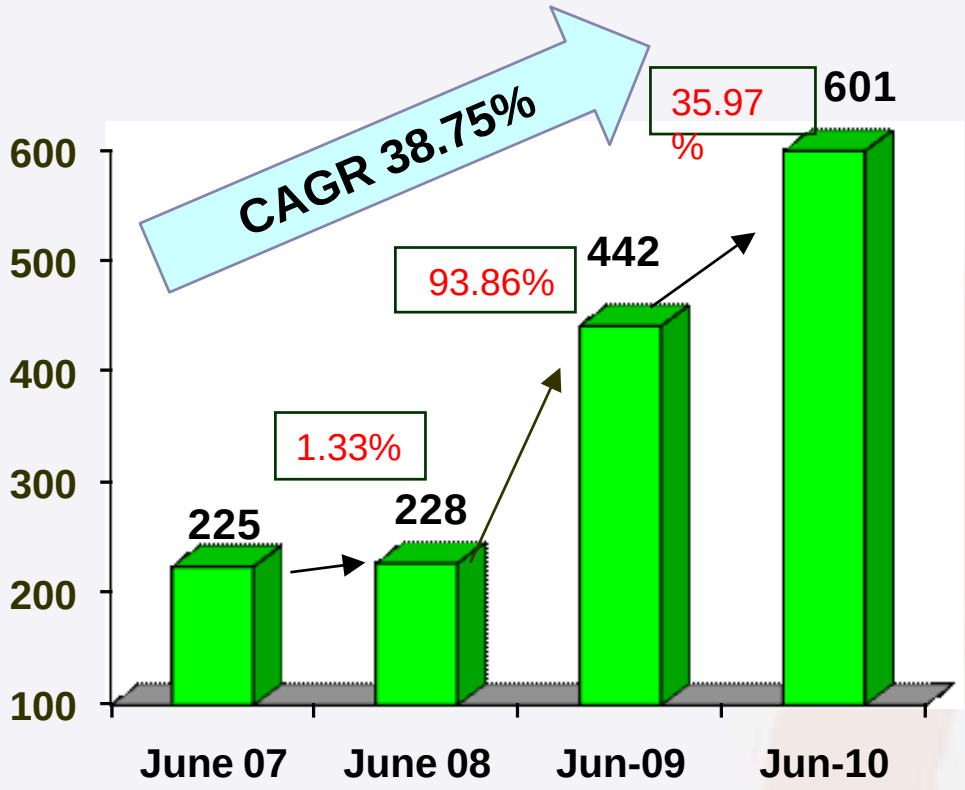
Union Bank of India

# PROVISIONS

(Rs.in crore)

| | June'09 (Q1) | June'10 (Q1) |
|---|---|---|
| Taxation | 155 | 245 |
| NPAs | 241 | 100 |
| Standard Assets | 15 | 9 |
| Depreciation on Investment | -135 | 21 |
| Shifting Loss | 28 | 83 |
| Others (Frauds / Suspense Etc.) | 11 | 3 |
| Restructured Advances | 30 | -19 |
| Total | 345 | 442 |

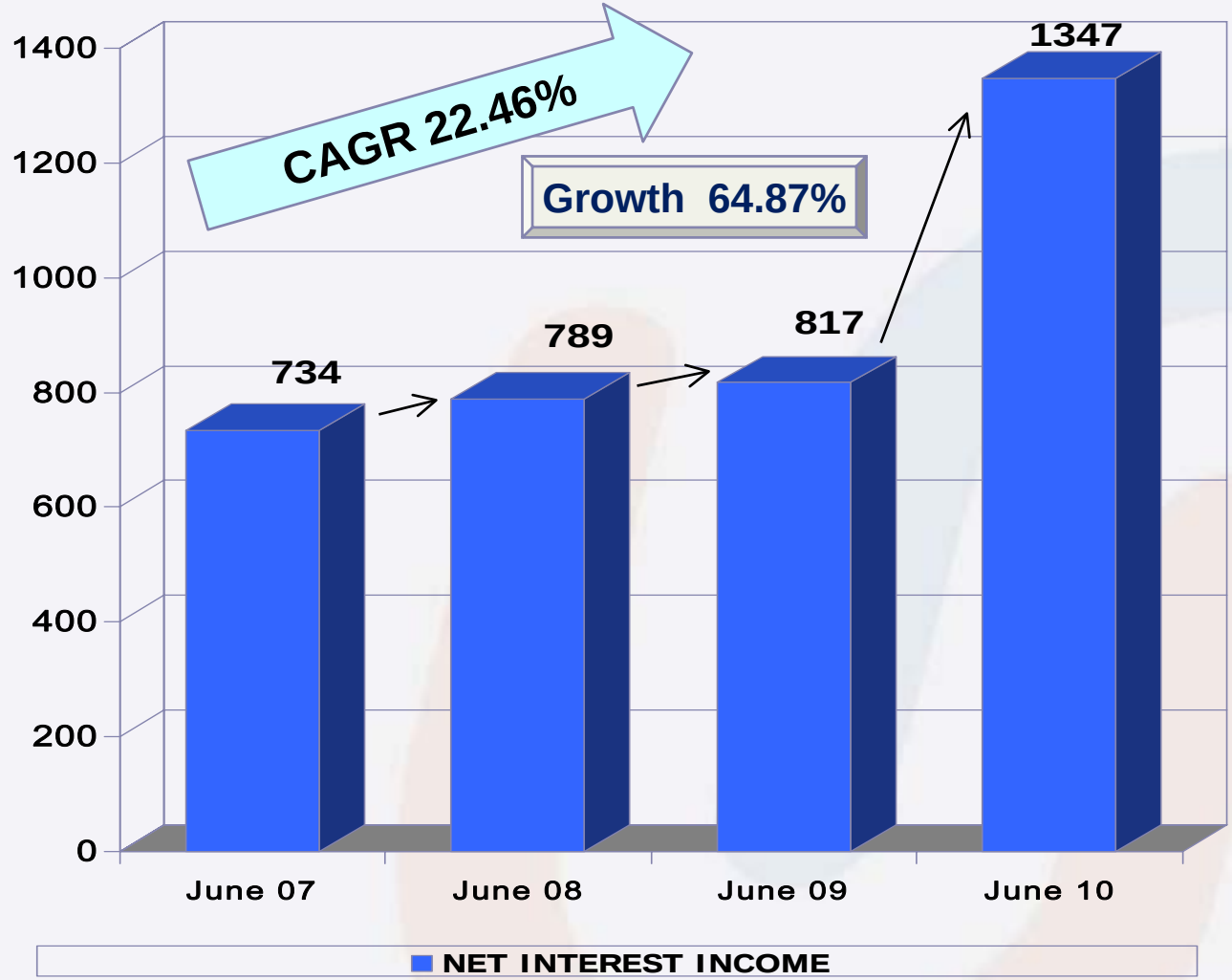
# Net Profits (Q1)




- **Net Profit for Q1-11 has grown by 35.97% on YoY basis from Rs. 442 crore to Rs. 601 crore.**
- **The growth is over a growth of 93.86% recorded last year. Net Interest income growth of 64.87% is the main component of improving Net Profit growth.**

Union Bank of India

# NET INTEREST INCOME (Q1)



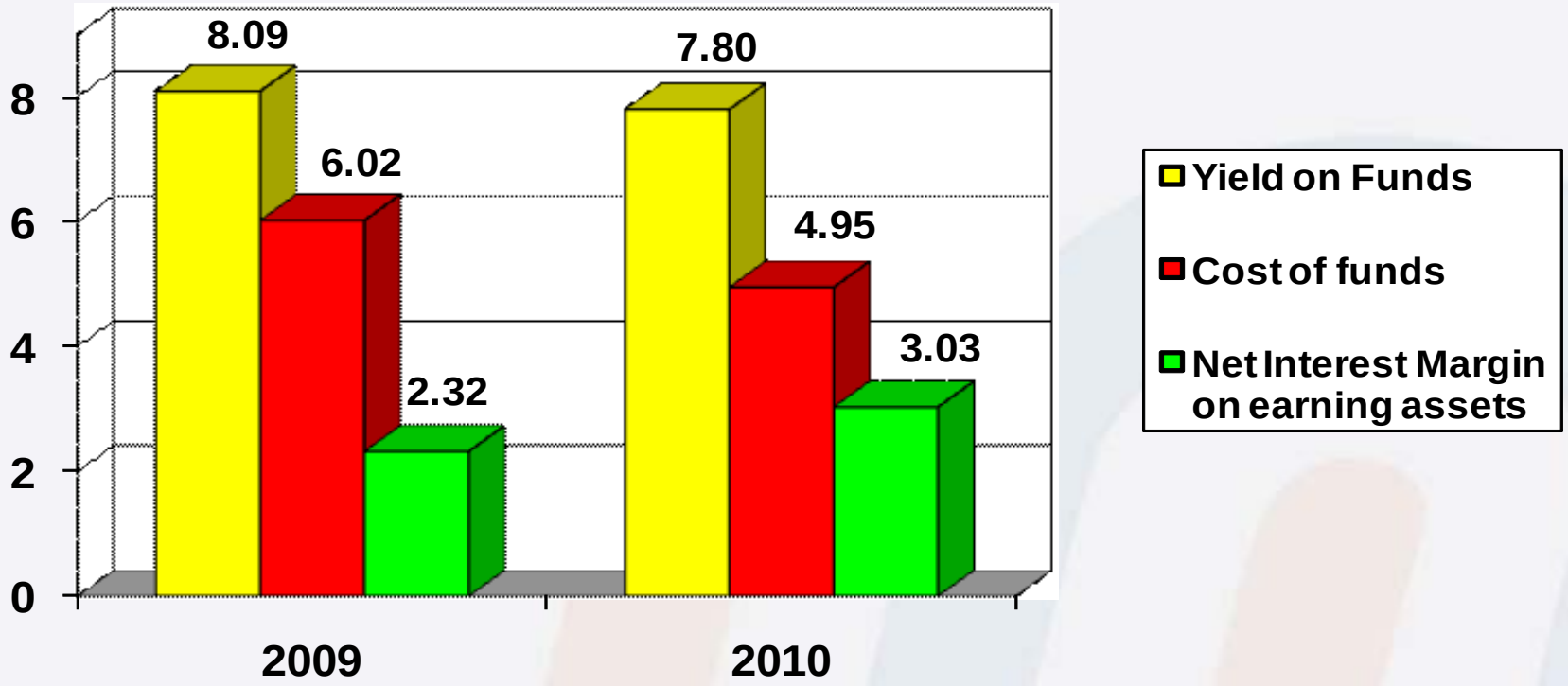
Union Bank of India

# Non-Interest Income- Q1 Comparison

(Rs.in crore)

| | Jun'08 | Jun'09 | Jun'10 | % Growth | CAGR % |
|---|---|---|---|---|---|
| Core Fee based Income | 133 | 182 | 200 | 9.89 | 22.63 |
| Treasury Income | 56 | 251 | 155 | -38.25 | 66.37 |
| W/w Profit on Sale of Investment | 29 | 194 | 113 | -41.75 | 97.40 |
| Exchange on Foreign Currencies | 27 | 57 | 42 | -26.32 | 24.72 |
| Income from Forex Tran. | 32 | 34 | 42 | 23.53 | 14.56 |
| Recovery in Written-Off accounts | 22 | 46 | 38 | -17.39 | 31.43 |
| TOTAL | 243 | 513 | 435 | -15.20 | 33.80 |

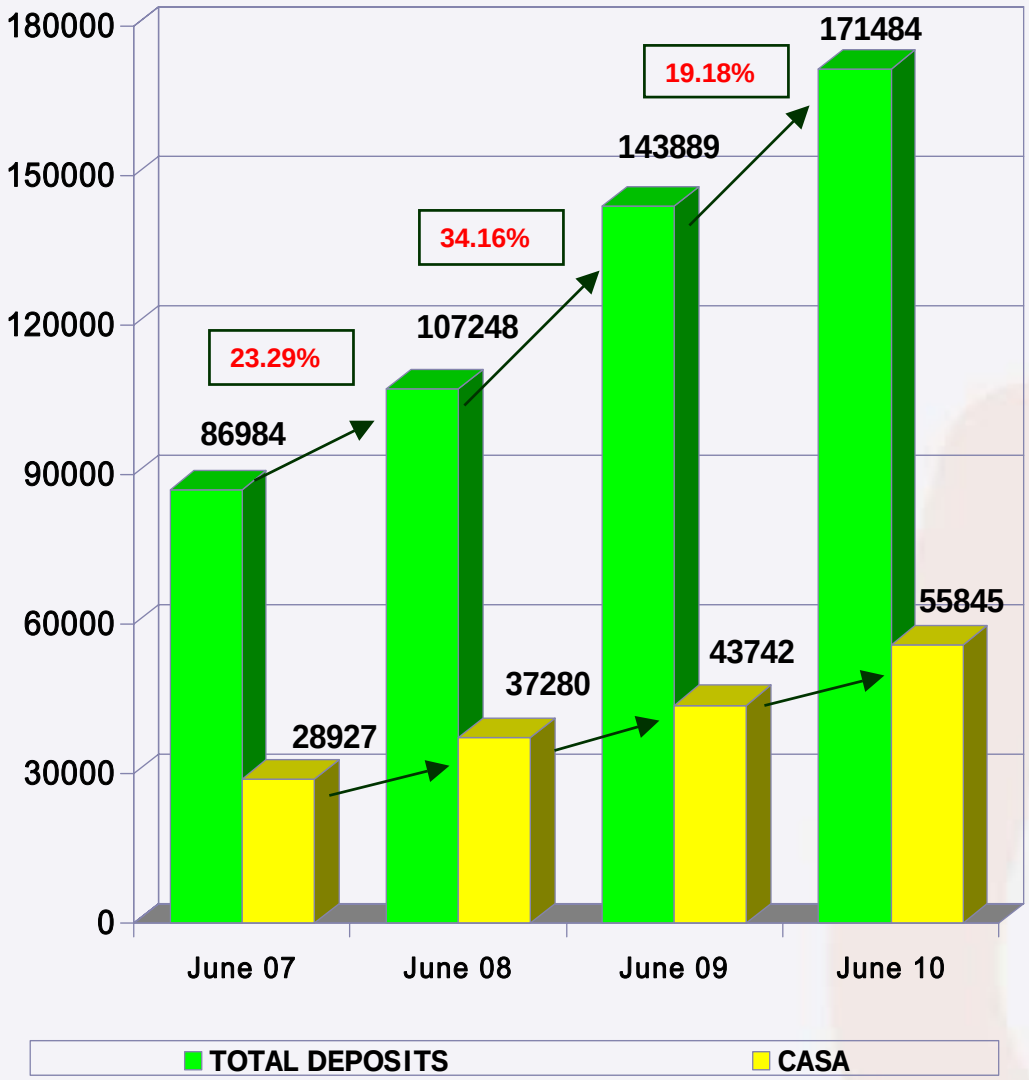
# Net Interest Margin (NIM)




## Observations:

- The cost of Funds has come down from 6.02 in June 09 to 4.95 in June 2010 reduction of 107 bps
- Yield on Funds has come down from 8.09 in June 2010 to 7.80 in June 2010 reduction of 29 bps
- As a result NIM on Earning Assets has improved from 2.32 to 3.03, an increase of 71 bps.

# Deposits




- Total Deposits grew by 19.18% to Rs. 171484 crs.
- CASA Deposits have increased by 27.67% to Rs 55845 crs.
- CASA as % of Total Deposits has improved from 30.40% to 32.57%

(Rs. in Crore)

| | Jun'09 | Jun'10 | YoY Growth% |
|---|---|---|---|
| Current Dep. | 14334 | 16116 | 12.43% |
| Savings Dep. | 29408 | 39729 | 35.10% |
| CASA | 43742 | 55845 | 27.67% |
| CASA % to Dep | 30.40% | 32.57% | |

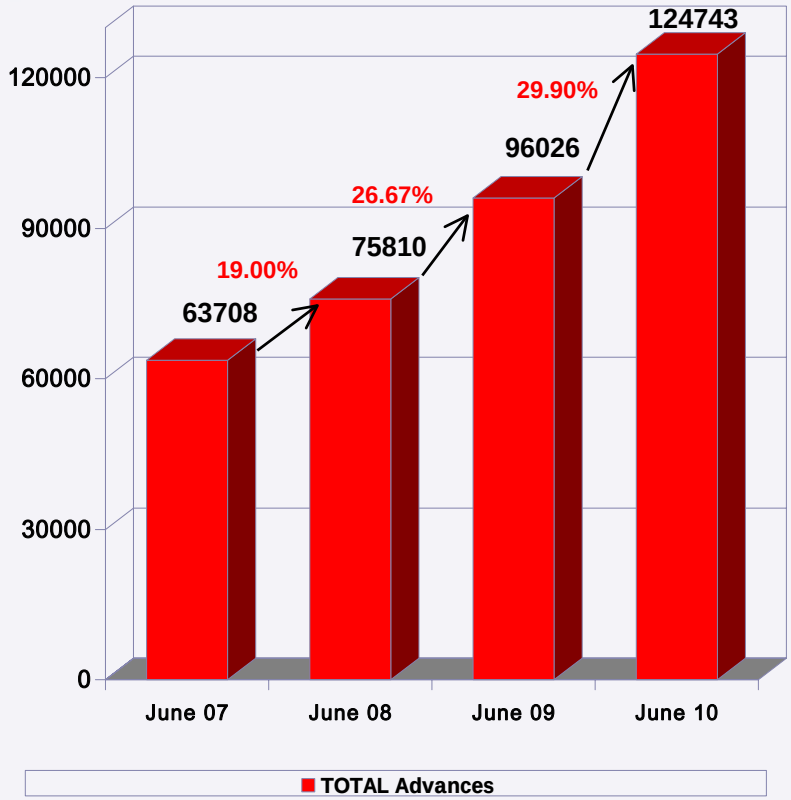
# Liability Management-CASA

## CASA Share (%)

| | Mar 2006 | Mar 2009 | Mar 2010 |
|---|---|---|---|
| PSBs | 39.95 | 32.66 | 33.96 |
| Union Bank of India | 32.36 | 30.07 | 31.73 |
| Peer (Nat'l Group) | 39.15 | 31.34 | 32.11 |

- ✓ While CASA % of PSBs have declined by 599 bps, CASA % share of the Bank has declined marginally by 63 bps as of Mar'10 vis-à-vis Mar'06.
- ✓ Bank was able to bring down the gap between PSBs and ours from 759 bps to 223 bps in 3 years.
- ✓ New customers added – 0.64 million (Q1-11) – Total – 27.57 million as of June 10

# Advances




- Global advances of the Bank registered growth of 29.90% YoY to Rs. 124743 crs. Bank's advances grew by 30.72% YoY as against Industry (SCBs) growth of 21.7%* as on 2.07.2010.
- Retail advances grew at 36.05% and forms 11.51% of gross advances. MSMEs, forming 17.80% of gross advances, have recorded an impressive growth of 42.94% to Rs 22203 crs.

(Rs. in Crore)

| | June'07 | June'08 | June'09 | June'10 | YoY Growth% |
|---|---|---|---|---|---|
| AGRICULTURE | 10929 | 10798 | 14919 | 18605 | 24.71 |
| RETAIL | 6867 | 8191 | 10554 | 14359 | 36.05 |
| MSME | 8962 | 12630 | 15533 | 22203 | 42.94 |
| Total Advances | 63708 | 75810 | 96026 | 124743 | 29.90 |

Union Bank of India

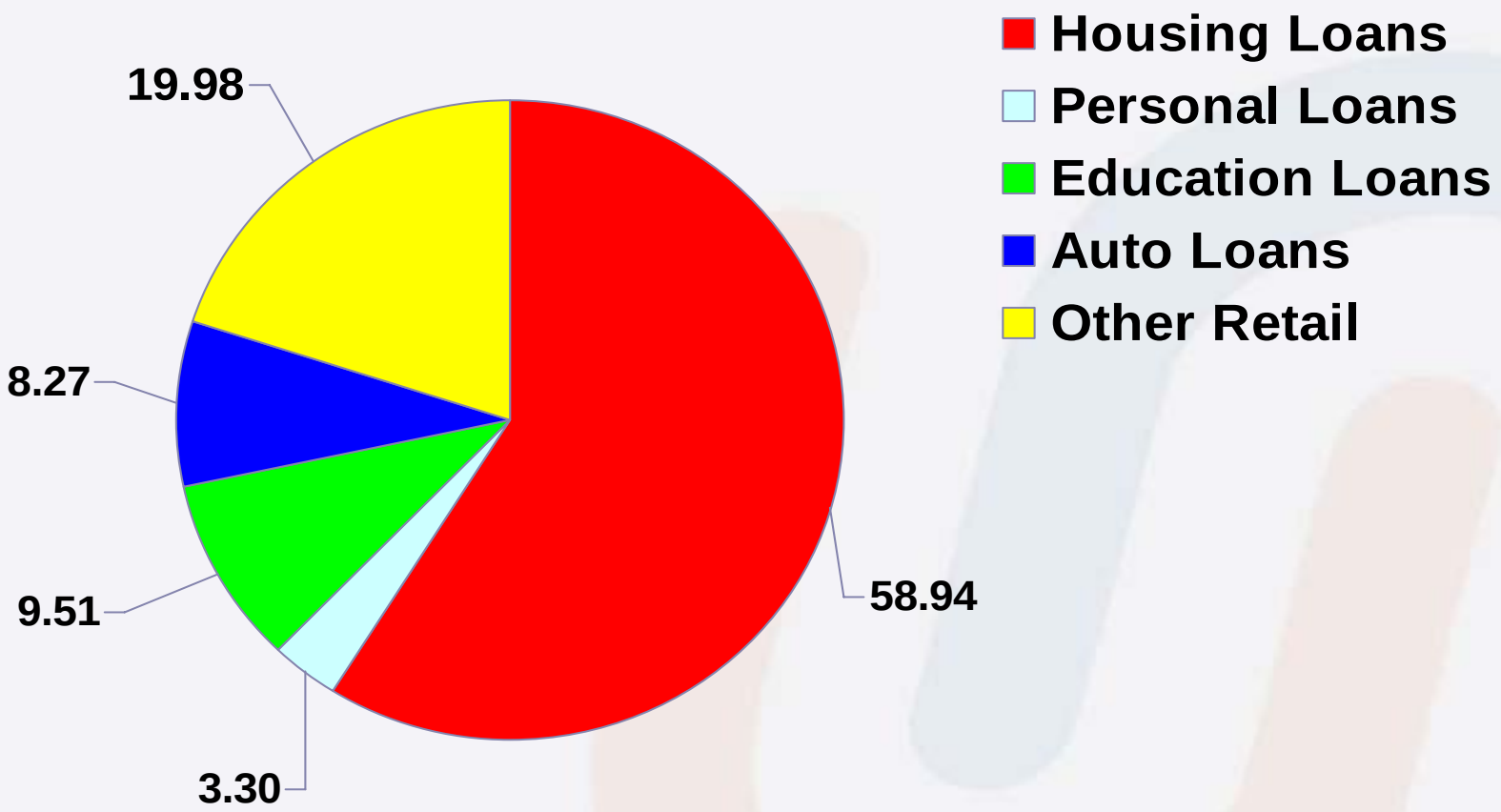
# SECTOR-WISE ADVANCES

## Across Large & Mid Corporates, SME and Corporate Agri Business

| Rank | Sectors | Outstanding (As on 30TH JUNE 2010) | |
|---|---|---|---|
| | | % | Amount (Rs. in Crore) |
| 1 | Retail Advances | 11.51 | 14359 |
| 2 | Infrastructure | 10.11 | 12606 |
| 3 | Trade | 6.50 | 8103 |
| 4 | Iron & Steel | 3.72 | 4635 |
| 5 | Textile | 3.16 | 3939 |
| 6 | Commercial Real Estate | 2.11 | 2637 |
| 7 | Petroleum | 2.11 | 2636 |
| 8 | Chemical & Chemical Products | 1.84 | 2297 |
| 9 | Gems & Jewellery | 1.40 | 1743 |
| 10 | Food Processing | 1.29 | 1608 |

# COMPOSITION OF RETAIL ASSETS

## Product-wise composition of Retail assets Portfolio JUNE 10



Union Bank of India

# Assets Restructured

Rs. in Crs.

| Nature of Advance | Total Upto March 2010 | | During June – 10 Quarter | | Total | |
|---|---|---|---|---|---|---|
| | No of Accts | Amt. | No of Accts | Amt. | No of Accts | Amt. |
| **MSME W/w** | **30008** | **833.96** | **7** | **7.28** | **30015** | **841.24** |
| Micro Enterprises | 21210 | 267.40 | 3 | 0.05 | 21213 | 267.45 |
| Small Enterprises | 8703 | 371.01 | 3 | 1.63 | 8706 | 372.64 |
| Medium Ent. | 95 | 195.55 | 1 | 5.60 | 96 | 201.15 |
| **Large Ent.** | **74** | **1852.44** | **1** | **12.00** | **75** | **1864.44** |
| **Others** | **34165** | **1368.51** | **2** | **1.07** | **34167** | **1369.58** |
| **Agriculture** | **15997** | **131.35** | **11** | **0.11** | **16008** | **131.46** |
| **Retail Loans** | **38998** | **768.98** | **33** | **1.09** | **39031** | **770.07** |
| **Total** | **119242** | **4955.24** | **54** | **21.55** | **119296** | **4976.79** |

Union Bank of India

# Assets Restructured

| Restructured Accounts Closed / Fully Adjusted (More than Rs. 1.00 crore) | | |
|---|---|---|
| Details of Restructured Accounts | Accounts | Amount (Rs. in cr.) |
| April 09 –March 10 | 20 | 237.90 |
| April 10 - June 10 | 3 | 32.53 |

| Restructured Accounts turned to NPAs (for more than Rs. 1.00 crore) | | |
|---|---|---|
| Details of Restructured Accounts | Accounts | Amount (Rs. in cr.) |
| April 09 – March 10 | 39 | 481.39 |
| April 10 - June 10 | 6 | 193.16 |

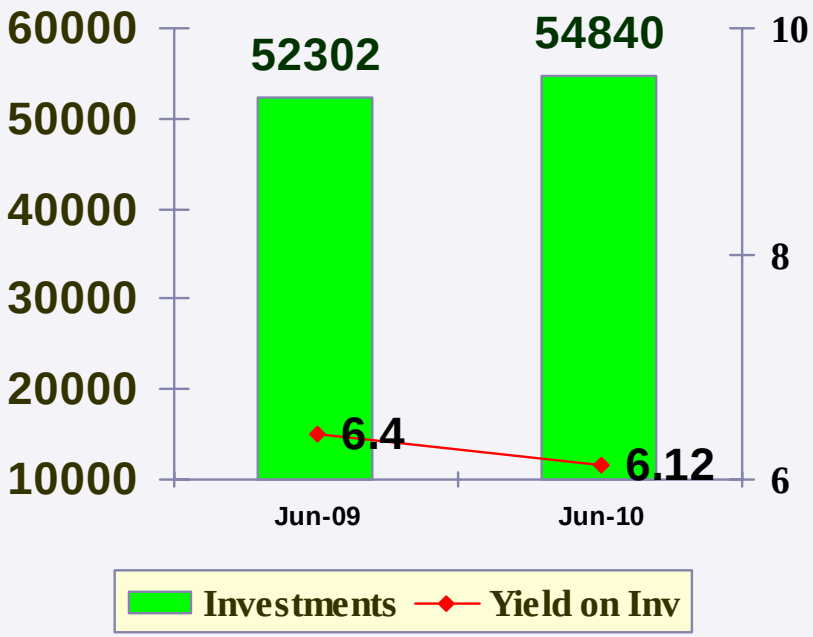
Union Bank of India

# Distribution of Ratings
# Large & Mid Corporates

The Bank is having a portfolio of Rs.90227 crore (No. of Accounts 2492) of more than Rs. 5 crore, out of which 496 Accounts with exposure of Rs. 38146 crore are rated. Rating of the Accounts is as under:

| Rating | No of Borrowers | Exposure (Rs. in Cr.) | % OF RATED EXPOSURE |
|---|---|---|---|
| AAA | 37 | 10977 | 28.78 |
| AA | 58 | 7762 | 20.35 |
| A | 82 | 6780 | 17.77 |
| BBB | 157 | 8122 | 21.29 |
| BB& BELOW | 162 | 4505 | 11.81 |
| Total | 496 | 38146 | 100.00 |

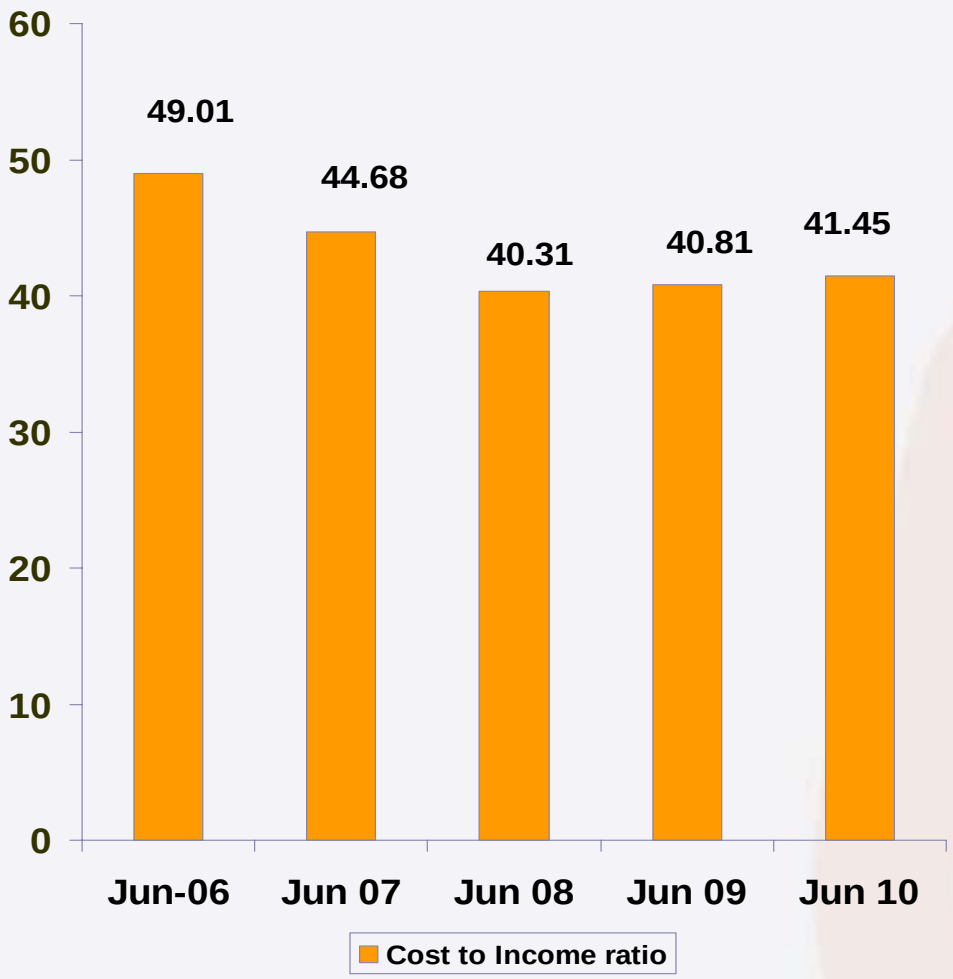
# Investments




- Growth in investments and yield on investments were in line with market trends.
- Out of Total AFS portfolio of Rs. 13511 Cr. Rs. 5585 Cr (41.33%) is interest sensitive.

| | JUN 09 | % | Duration | MAR 10 | % | Duration | JUN 10 | % | Duration |
|---|---|---|---|---|---|---|---|---|---|
| Held to Maturity | 36169 | 69.16 | 5.53 | 37404 | 68.65 | 5.58 | 40974 | 74.72 | 5.53 |
| Held for Trading | 13 | 0.02 | 4.00 | 14 | 0.03 | - | 355 | 0.65 | 5.27 |
| Available for Sale | 16120 | 30.82 | 2.70 | 17065 | 31.32 | 1.70 | 13511 | 24.63 | 1.79 |
| Total | 52302 | 100.00 | 4.86 | 54483 | 100.00 | 4.40 | 54840 | 100.00 | 4.60 |

# COST TO INCOME RATIO




- Cost to Income ratio had moderated upto 40.31% as of June 2008 from peak of 49.01% on implementation of operational efficiency measures.
- The ratio was among the best in Industry as also among peer banks
- The ratio of 41.45% as of June'10 is marginally reflecting an upward bias mainly on account of the Bank gathering pace in capacity creation as part of its business plan. The Bank has created a visibility in market through marketing in print and electronic media which though added to its cost will generate income in the near term.

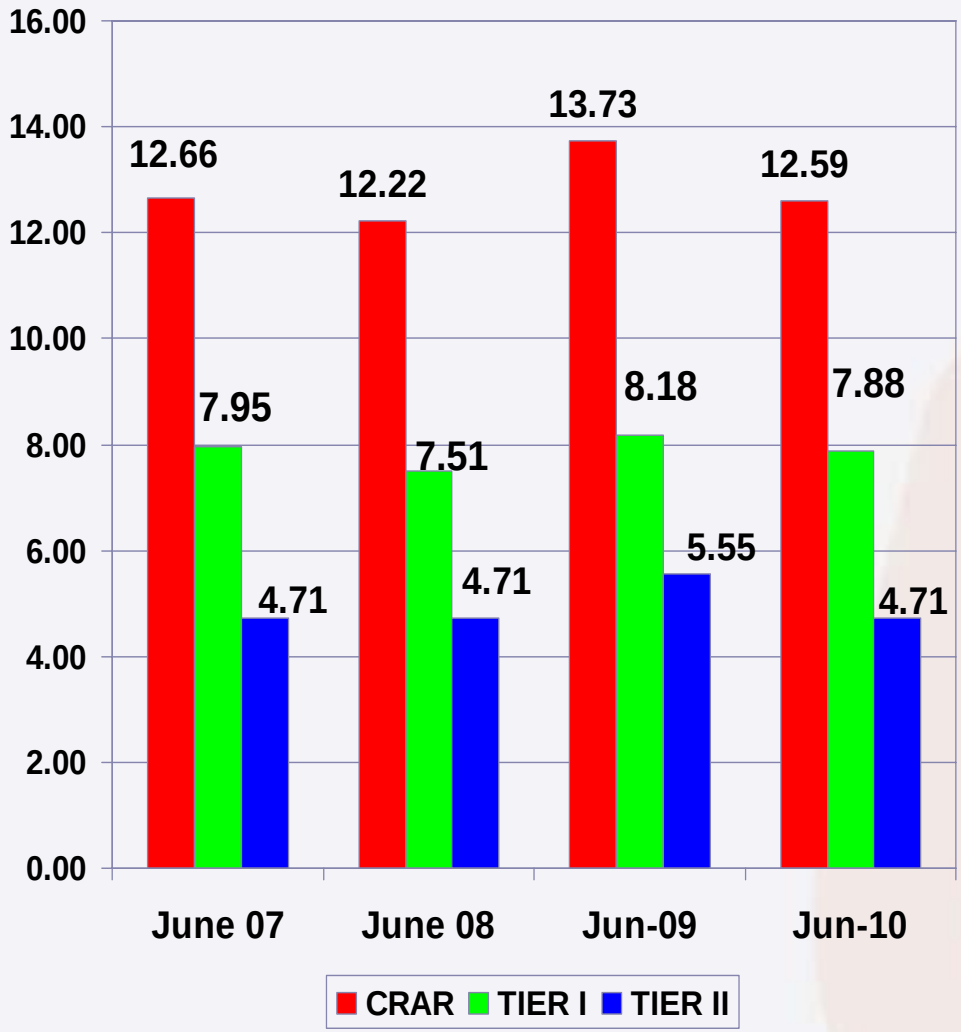
Union Bank of India

# Movement of NPAs

(Rs.in crore)

| | June 09 | Mar 10 | June 10 |
|---|---|---|---|
| Gross NPAs – Opening | 1923 | 1923 | 2671 |
| Add : Additions | 189 | 1785 | 623 |
| Less : Deductions | 238 | 1037 | 558 |
| 1. Due to Write Off | 97 | 513 | 261 |
| 2. Due to upgradation/ Recoveries | 141 | 524 | 297 |
| Gross NPAs | 1874 | 2671 | 2736 |
| Gross Credit | 96026 | 121249 | 124743 |
| Gross NPA as a % age of GBC | 1.95 | 2.20 | 2.19 |
| Net NPA | 677 | 965 | 1150 |
| Net Advances | 94668 | 119315 | 122933 |
| Net NPA as a % age of Net Advances | 0.72 | 0.81 | 0.94 |
| Coverage % | 92.67 | 74.02 | 71.12 |

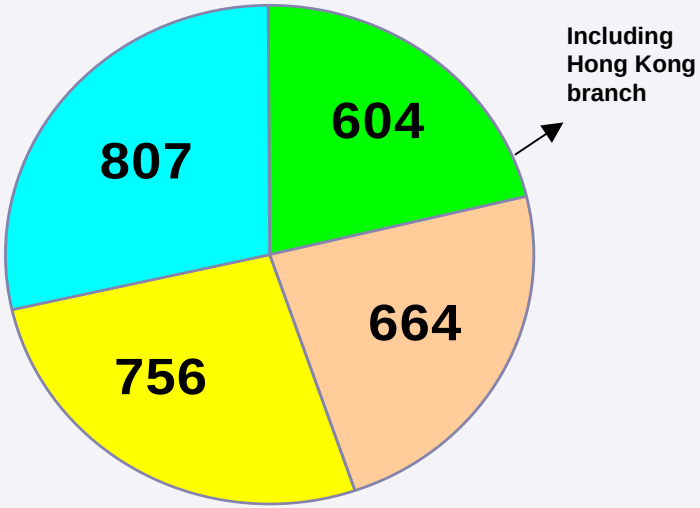
# Capital Adequacy




- As per Basel II Capital Adequacy Ratio is at 12.59% as of 30th June, 2010 as against 13.73% as of June 2009.
- Tier-I Core Capital Ratio is at 7.88 % as of June 2010
- The Bank has received an amount of Rs 111 crs from Govt. in July'10 to shore up its Tier-I capital above 8%.
- The Bank has also raised Rs 500 crs as Tier-II Capital in June'10.

# DISTRIBUTION CHANNELS

## BRANCH MIX




| Metro | Urban | Semi-Urban | Rural |
|---|---|---|---|

| South | North | West | East |
|---|---|---|---|
| 663 | 1145 | 618 | 404 |

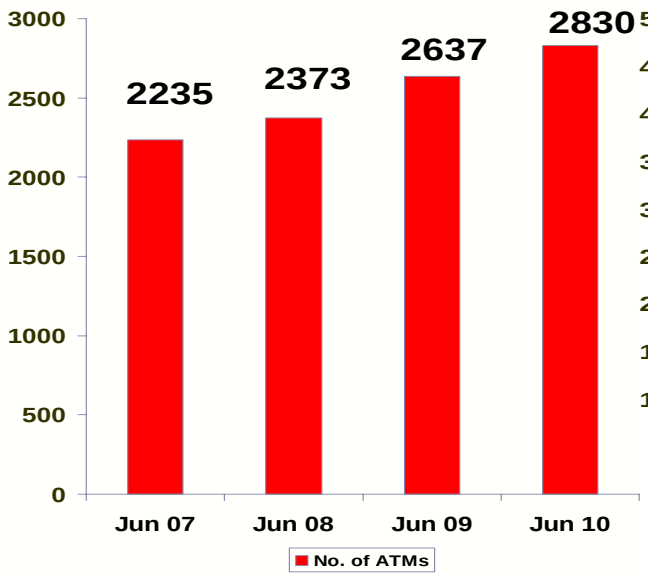
- The Bank added 26 branches and 42 ATMs during Q1-11.

## SERVICE OUTLETS

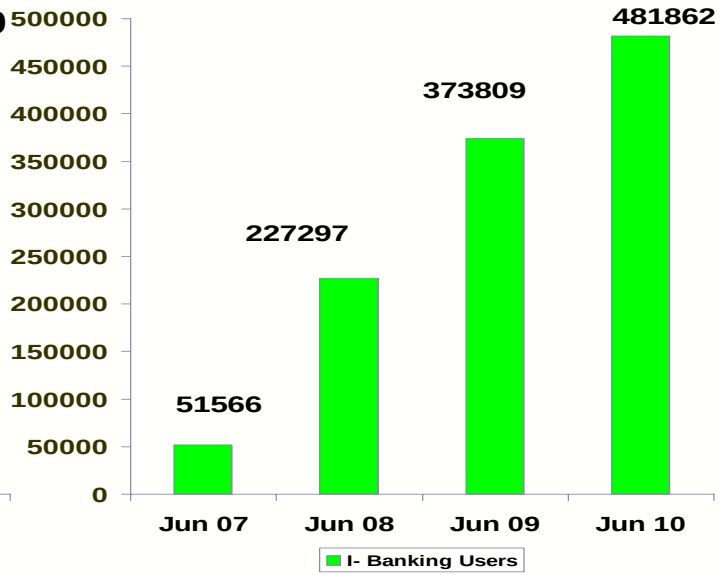
| | Jun'07 | Jun'08 | Jun'09 | Jun'10 |
|---|---|---|---|---|
| Branches | 2235 | 2373 | 2638 | 2831 |
| Ext. Counters | 135 | 118 | 110 | 56 |
| Service branches | 31 | 35 | 43 | 46 |
| Total | 2401 | 2526 | 2791 | 2933 |
| ATMs | 831 | 1273 | 1995 | 2369 |

# Reach & Alternate Channel

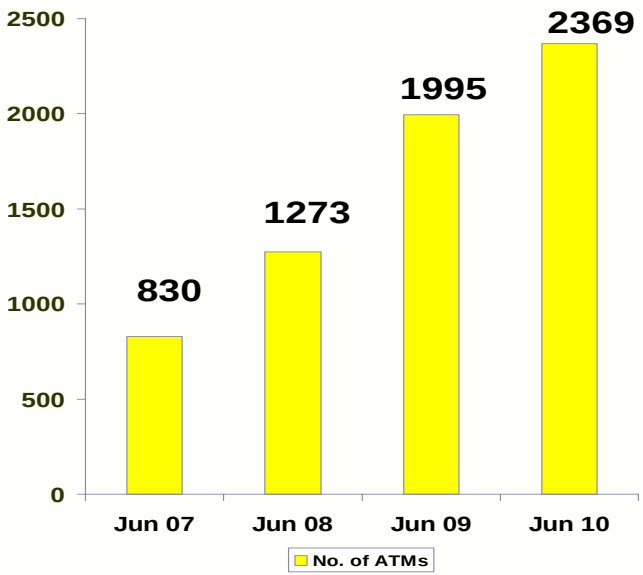
## Branch




## I- Banking User



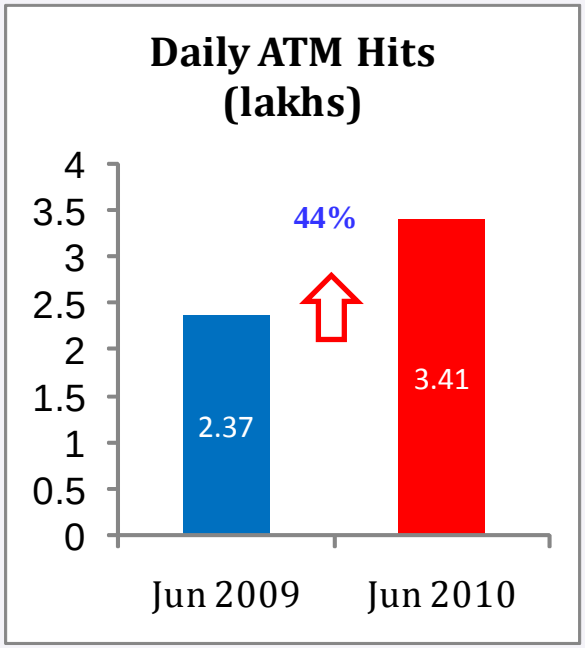

## No. of ATMs

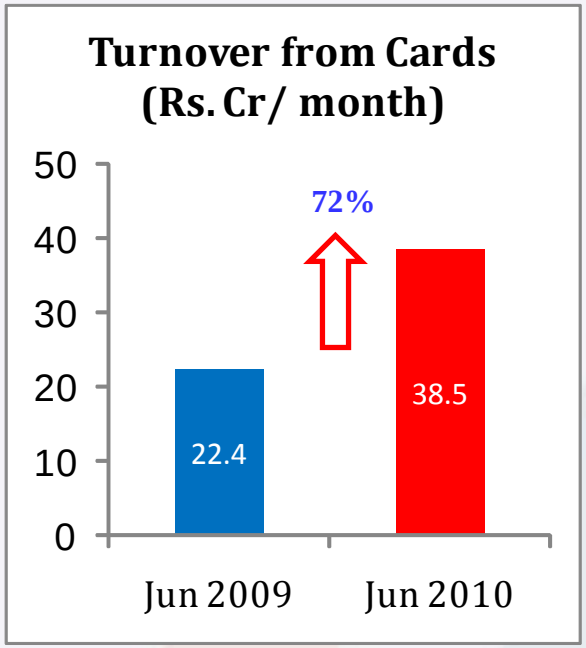


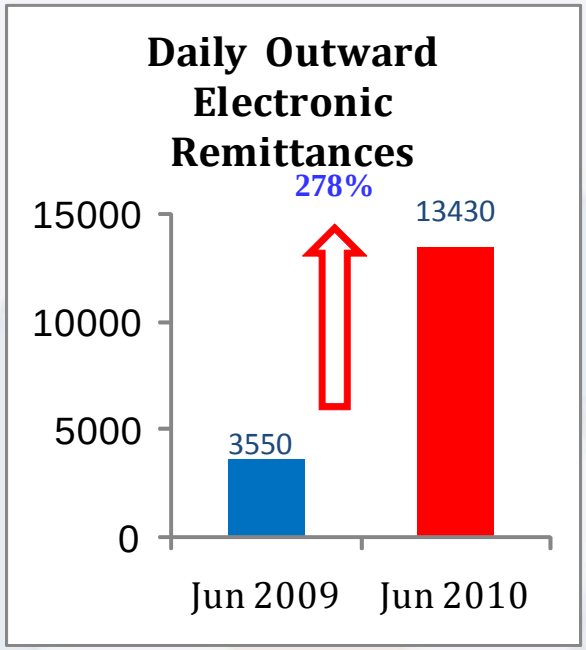

**+595 in 3 Yrs** **+4.30 lac New User in 3 Yrs** **+1539 New ATM in 3Yrs**

Union Bank of India

# GROWTH ACROSS KEY PARAMETERS




**In the past one year,**

- Added 374 ATMs to the network
- Issued 1.8 million debit cards (From 3.3mn – 5.1mn)
- Added over 1 lakh customers on internet banking facility
- Added over 8.5 lakh customers on SMS banking facility

Union Bank of India

# 3 KEY INITIATIVES IN LAST ONE YEAR

## MERCHANT ACQUIRING

**Launched PoS terminals and installed more than 2000 terminals all over the country**

## MOBILE BANKING

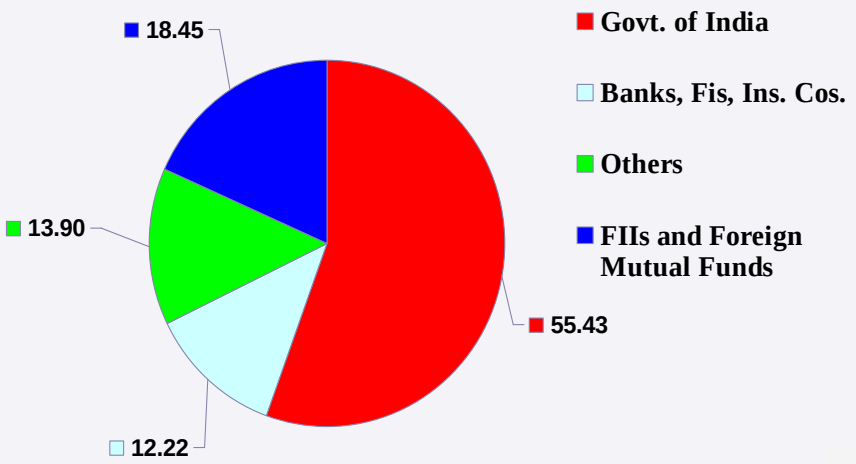
**Over 6000 active Mobile Banking Users performing about 1000 transactions per day**

**Launched SMS based mobile banking to cater to the needs of customers with low end handsets**

## Cash @ PoS – STEP TOWARDS FINANCIAL INCLUSION

**First Bank to introduce "Cash @ PoS" facility to allow cash withdrawals at PoS terminals in rural areas without banking facilities**

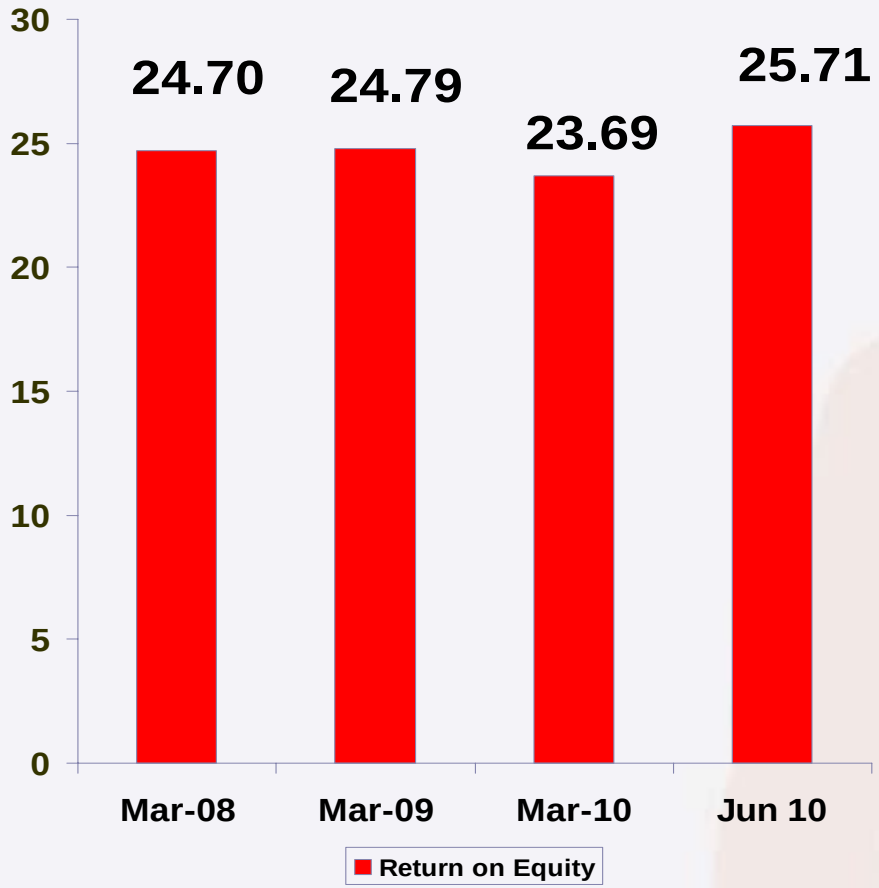
# Shareholding Pattern (30th June, 2010)



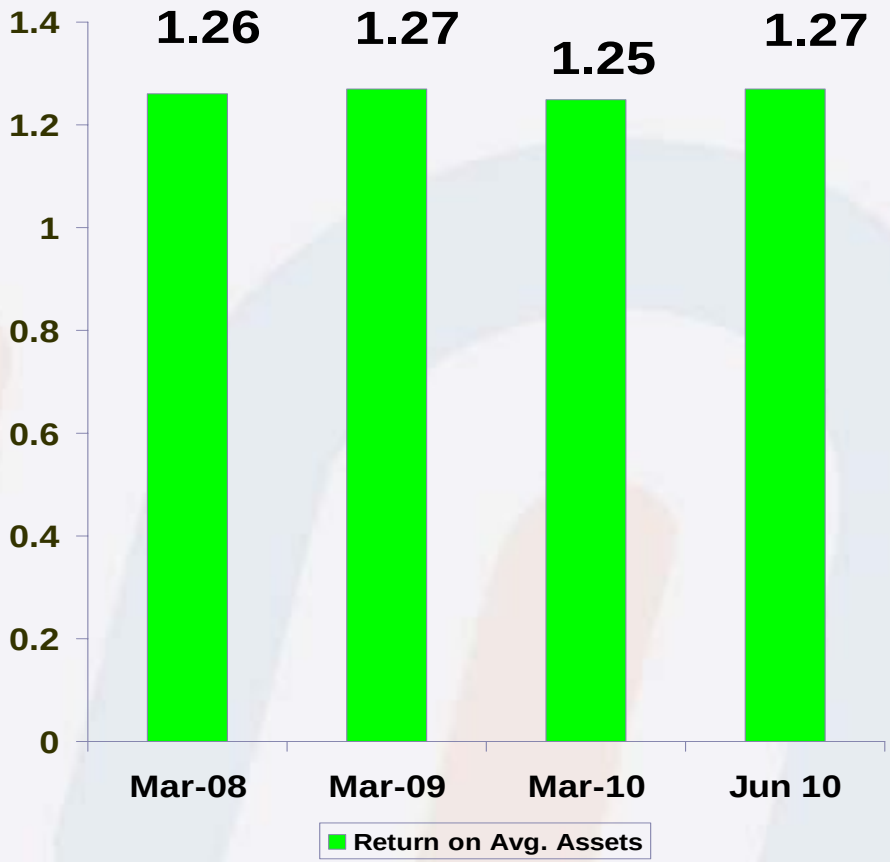

- Share Capital Rs 505 crore
- No. of Shares 505.12 million
- Net worth Rs 9358 crore
- B. V. per share Rs 185.25
- Return on Equity: 25.71%
- Market Cap (30.06.2010) : Rs 15709 crs

| | JUNE 07 | JUNE 08 | JUNE 09 | JUNE 10 |
|---|---|---|---|---|
| GOVT. | 55.43% | 55.43% | 55.43% | 55.43% |
| FIIs & FMFs | 19.72% | 18.69% | 17.33% | 18.45% |
| BANKS, INST./ MUTUAL FUNDS | 8.95% | 11.35% | 13.10% | 12.22% |
| OTHERS | 15.90% | 14.53% | 14.14% | 13.90% |

# Increasing Shareholders' Returns (in %)



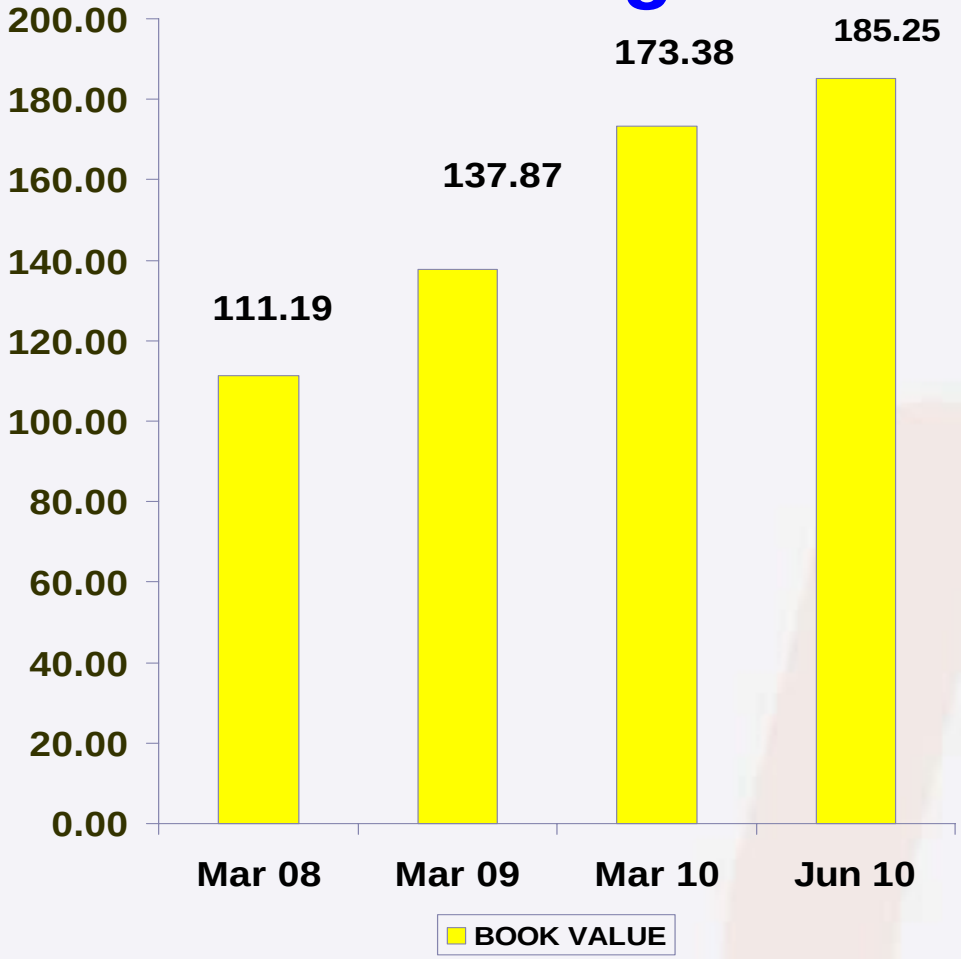

**Return on Equity**



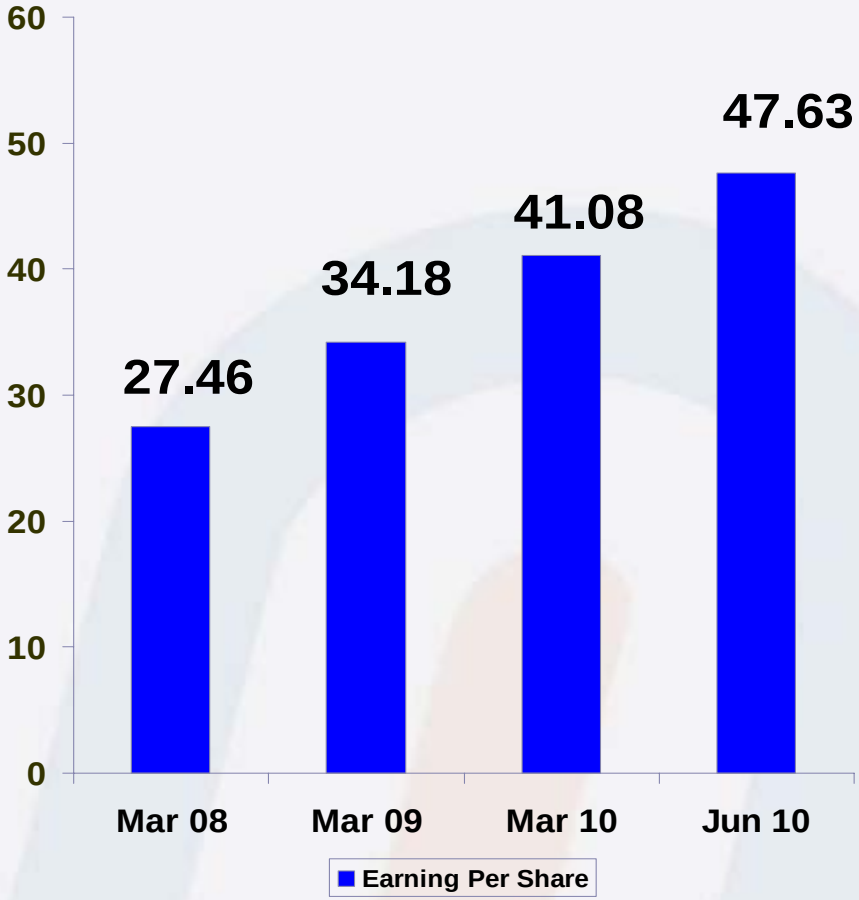

**Return on Avg. Assets**

Bank has been consistent in maintaining its RoE and RoAA numbers

# Increasing Shareholders' Returns (YoY)

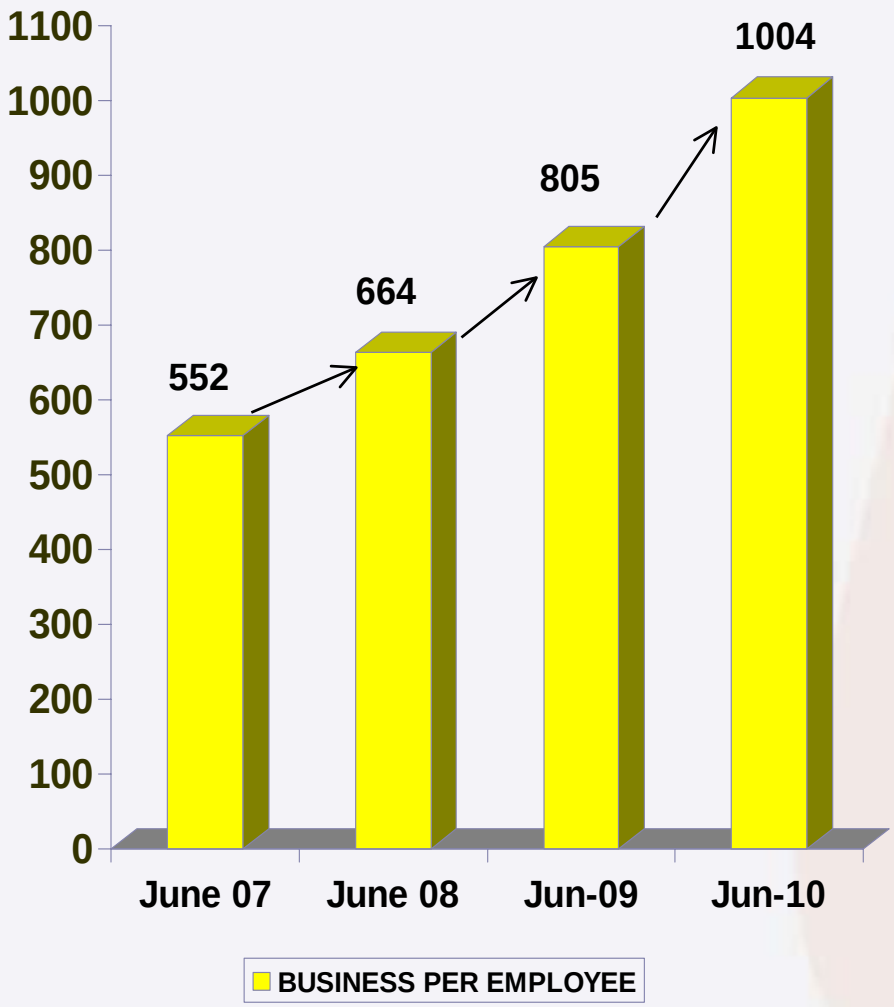



**Book Value**




**Earning per Share**

# IMPROVED EFFICIENCY




- Productivity measured by Business per employee increased from Rs. 805 lacs to Rs. 1004 lacs.
- Gross Profit per employee has increased from Rs. 11.31 lacs to Rs.15.12 lacs.

Union Bank of India

# BUSINESS OF HONG KONG BRANCH

Rs in Crs

| Business | March 10 | June 09 | June 10 | (Growth) % |
|---|---|---|---|---|
| DEPOSITS | 370 | 391 | 404 | 3.32 |
| ADVANCES | 2977 | 2018 | 3885 | 92.52 |
| TOTAL BUSINESS | 3347 | 2409 | 4289 | 78.04 |
| **PROFIT** | **58** | **16.14** | **18.19** | **12.70** |

Union Bank of India

# WHY INVESTING IN UNION BANK SHARE IS GOOD INVESTMENT

| | MAR 2007 | MAR 2010 | %Growth over 2007 | JUNE 2010 | %Growth over Mar 2010 |
|---|---|---|---|---|---|
| SHARE PRICE UNION BANK | 104 | 292 | 180.76 | 311 | 6.50 |
| BANKEX | 6542 | 10652 | 62.82 | 10765 | 1.06 |
| SENSEX | 13072 | 17528 | 34.09 | 17701 | 0.10 |

**Bank's share price has outperformed the Bankex & Sensex during FY07 & FY10**

# *Major highlights of last quarter*

# Major Highlights Q1-11

- The Bank was awarded special prize in Banking Technology Awards 2009, instituted by Institute for Development and Research in Banking Technology (IDRBT) for excellence in Banking Technology implementations. The award was given away by Dr. K.C.Chakrabarty, Deputy Governor, Reserve Bank of India.

- Due to adoption of technology, transactions through electronic mode moved up from 24.08% of the total transactions of the bank as of June'09 to 36.02% as of June'10 and is expected to touch 50% by March 2011. This will significantly bring down the transaction costs.

Union Bank of India

# Major Highlights Q1-11

- The Bank under tie-up with BSNL launched Bill Payments and Mobile Recharge facilities for BSNL mobile subscribers through Union Bank ATMs and UMobile service. The tie-up was formalised on 22nd July, 2010.

- The Bank was awarded two first prizes under Reserve Bank Rajbhasha Shield Competition 2008-09, for its excellent performance in the linguistic regions "A" and "B". Dr D. Subbarao, Governor RBI awarded the Shields on 26th May'10.

# Major Highlights Q1-11

**Bank is the only Bank in India to implement Cash@PoS since 31st March'10**. 10 such units are installed in Indore and Agra regions.

Cash@PoS facilitates cash withdrawals through PoS machines without the need to accompany a purchase transaction. Cash @ Pos or scheme "Union Instant Cash" is to facilitate cash withdrawal upto Rs.1000/- through point of sale terminals with merchants. This facility is available for customers who are cardholders of the Bank. Bank has partnered with M/s Atom Technologies Ltd. for this project. This facility is available only against debit cards and all debit card holders of the Bank are eligible under the scheme. Maximum amount that can be withdrawn will be Rs.1000/- per day.

# ROAD AHEAD

Union Bank of India

# Bank proposes differentiation through following strategies

1. Customer service excellence: Unique and a standardized customer experience across all channels
2. Wealth management: Offer the best in class wealth management products and services to HNI customers
3. Financial inclusion: Use of innovative technologies to aggressively reach out to the unbanked population, pursue financial inclusion as one of the key businesses
4. Rapid branch expansion: Open large number of low cost, technology enabled branches to expand retail deposit and loan franchise
5. HR transformation: Undertake a comprehensive HR transformation exercise to overhaul all aspects of HR including performance management system, incentive system, manpower planning and training and development
6. Robust risk management:  Implement systems and processes for adopting best in class risk management policies

# Guidance 2010-11

Union Bank of India

# Guidance 2010-11

| |
|---|
| The Bank aims for a deposits growth of approx. 22% and advances growth of 25% for 2010-11. |
| Bank targets CASA Ratio of 35% by March 2012. |
| Return on Equity to be 25.00% and Return on Average Assets to be 1.25% by March 2011. |
| Transaction through electronic mode to reach 50% of total transactions by March 2011. |
| Bank will endeavour to reign in Gross NPAs below 2.20% by Mar'11 |

# Disclaimer

Except for the historical information contained herein, statements in this presentation which contain words or phrases such as “is”, “aims”, ‘will’, ‘would’, ‘indicating’, ‘expected to’ etc., and similar expressions or variations of such expressions may constitute ‘forward-looking statements’. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion in business, the impact of any acquisitions, the adequacy of our allowance for credit losses, technological implementation and changes, the actual growth in demand for banking products and services, investment income, cash flow projections, our exposure to market risks as well as other risks. Union Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Union Bank of India

यूनियन बैंक ऑफ इंडिया

Union Bank of India

*Aim, Act and Achieve*

Your dreams are not yours alone

www.unionbankofindia.co.in