90 वर्षों से कर रहे सपने साकार

यूनियन बैंक ऑफ इंडिया
Union Bank of India

90 Years of fulfilling Dreams

Financial Results
Q4 - 10 & FY 2010

Analyst Presentation

6th May, 2010

Union Bank of India

HIGHLIGHTS OF BUSINESS GROWTH

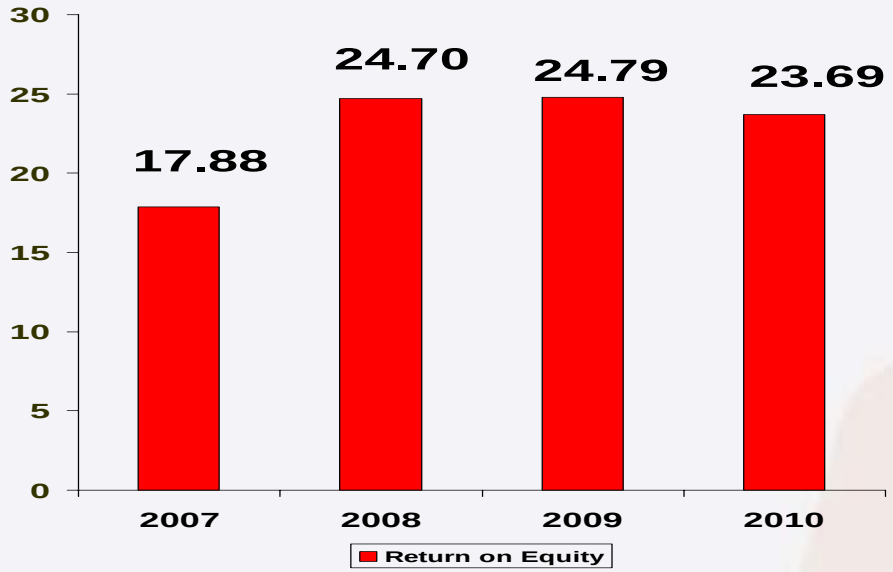
Total Business increased from Rs.236968 Cr. to Rs .291289 Cr. an increase of 22.92%

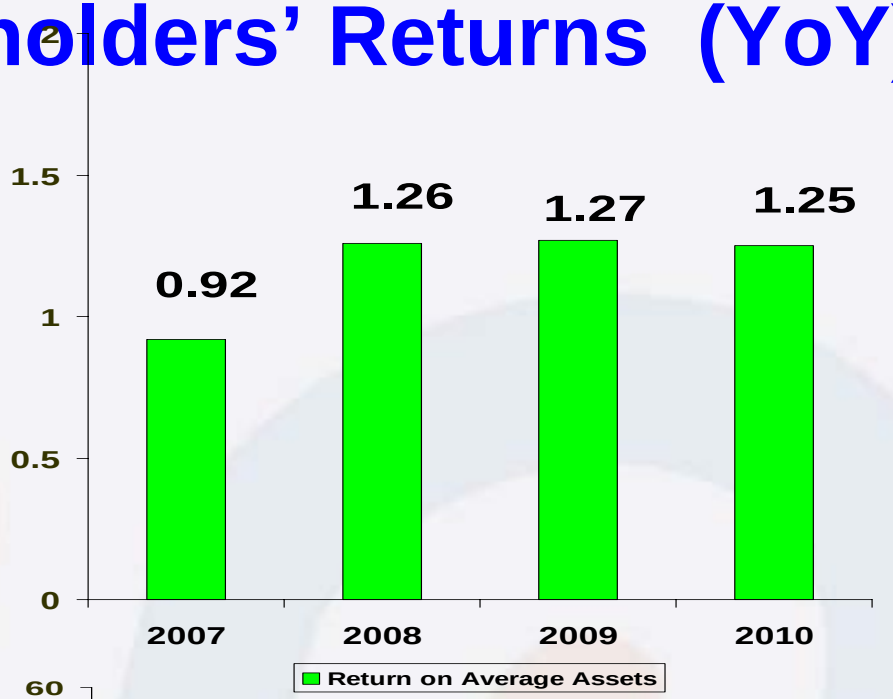
Total Deposits registered impressive growth of 22.59 % and progressed from Rs.138703 Cr . to Rs.170040 cr.

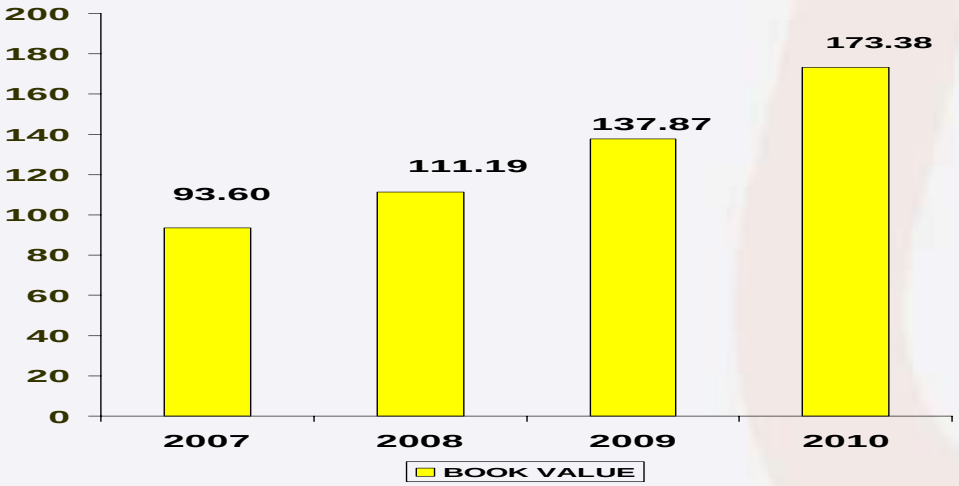
CASA Deposits have increased substantially from Rs. 41711 Cr. To Rs. 53957 Cr. growth of 29.36 %

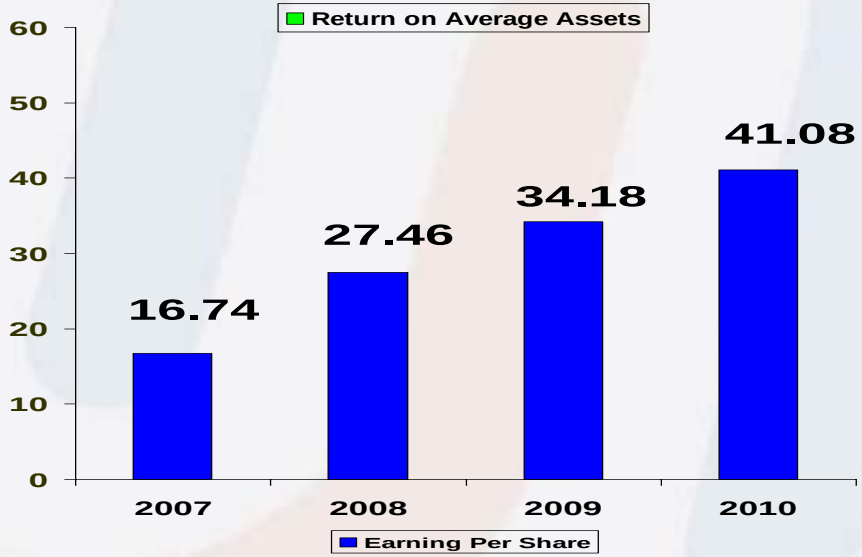
Gross Advances have increased from Rs.98265 Cr. to Rs. 121249 Cr. an increase of 23.39%

Increasing Shareholders' Returns (YoY)







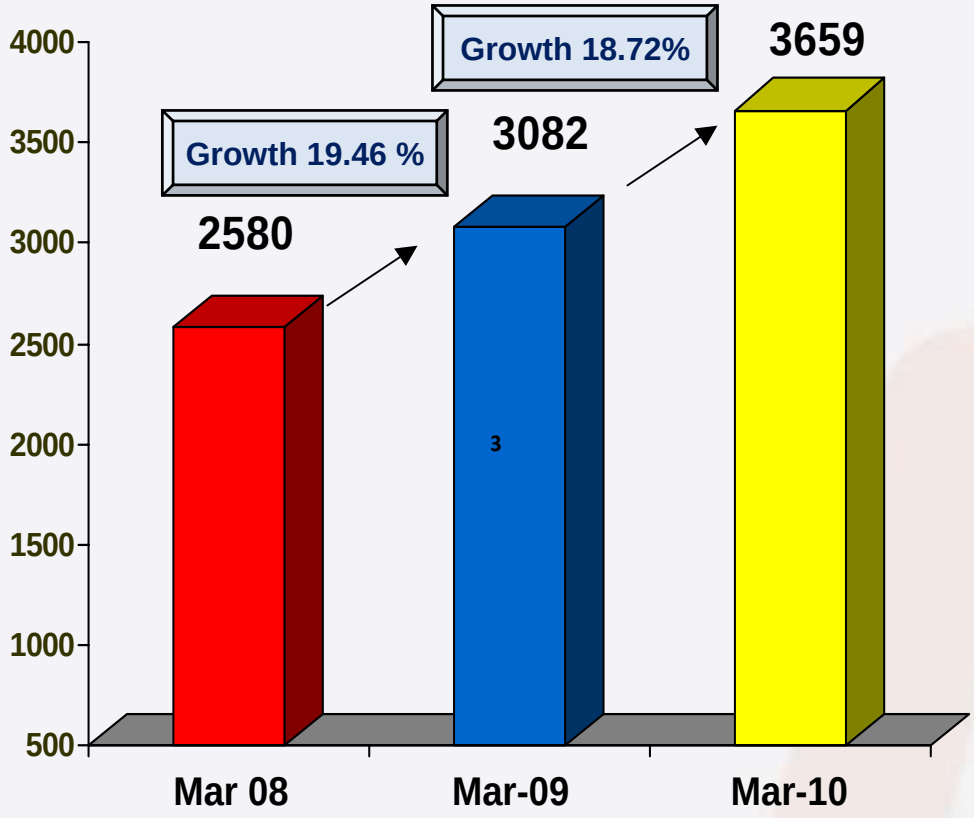


Financial Results – FY 2010

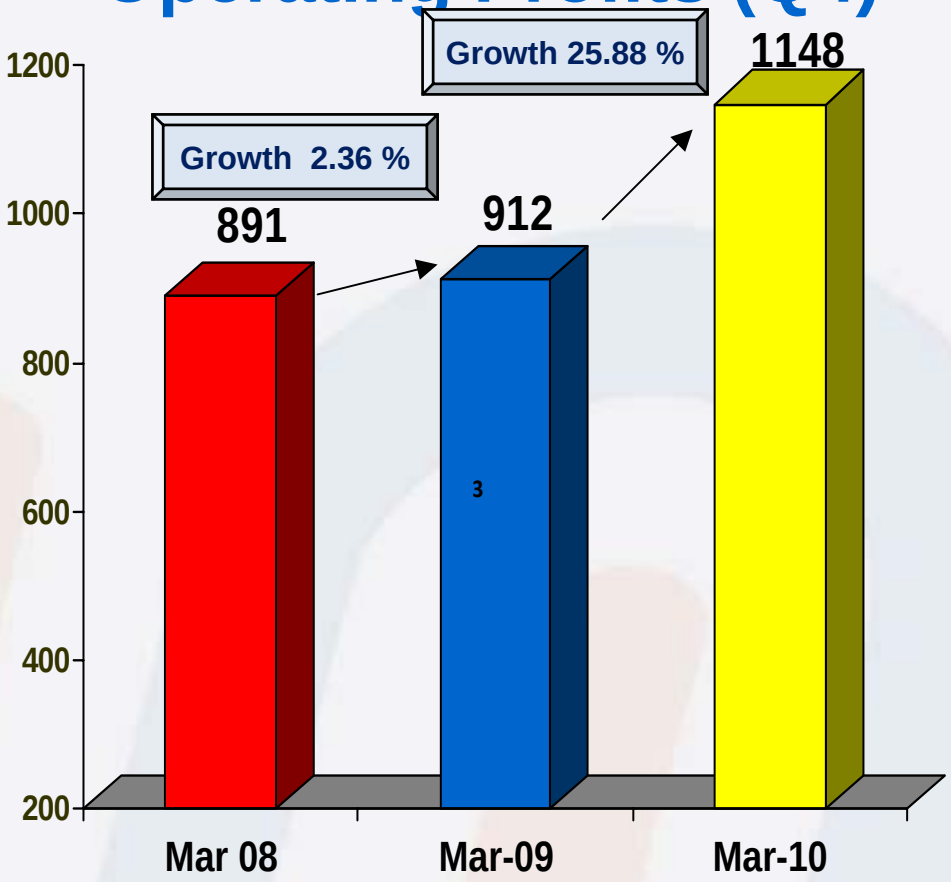
Yearly and Quarterly Results

Union Bank of India

Operating Profits (YoY)



Operating Profits (Q4)



- **Bank is showing continuous growth year after year and on quarterly comparison also.**

Union Bank of India

Provisions as on 31.3.10 (YoY)

(Rs.in crore)

	Mar'09	Mar'10
Taxation	618	758
NPA (excluding adhoc provision for Standard Assets)	546	699
Standard Assets	80	21
Depreciation on Investment	-39	-117
Shifting Loss	14	47
Others (Provisions for Restructured Adv., Gtees. Invoked, FITL, Suspense Etc.)	136	176
Total	1355	1584

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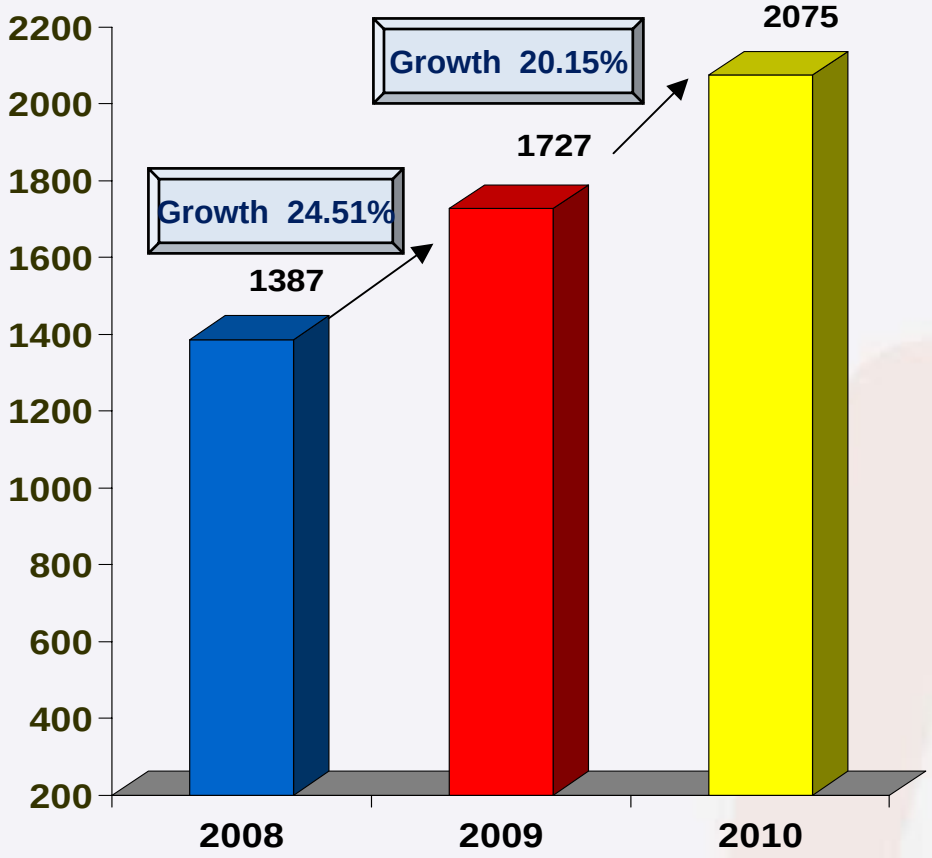
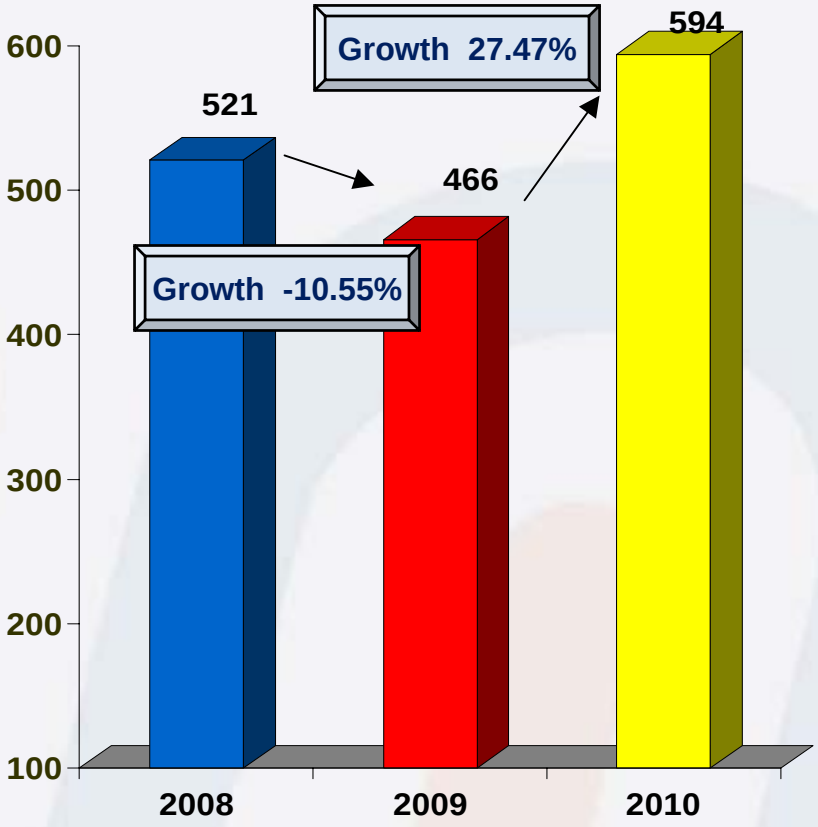
Net Profits (YoY)



Net Profits (Q4)



- **The bank has been making continuous steady growth under Net Profit.**

NET INTEREST INCOME

YoY Comparison

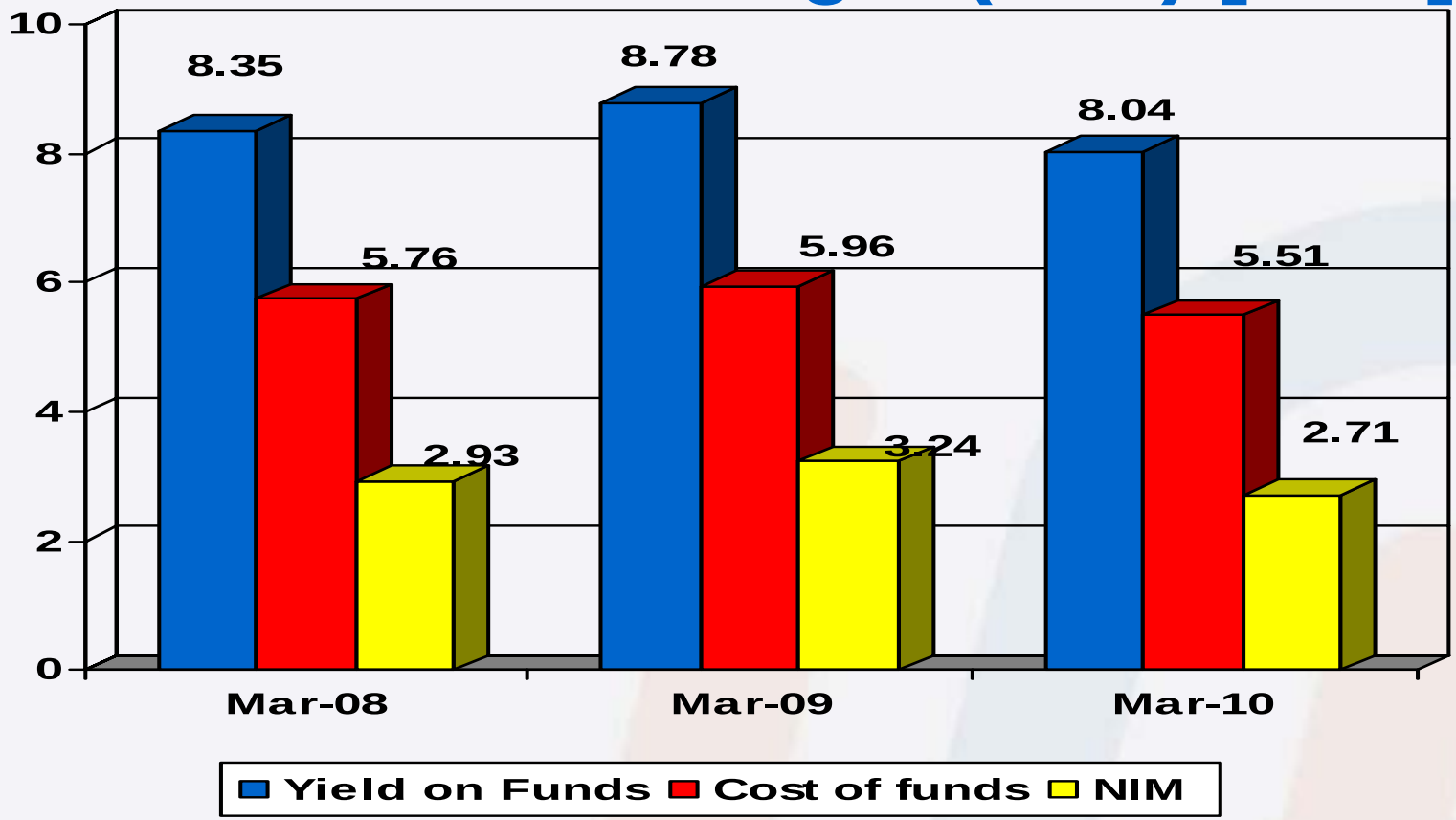
Quarterly (Sequential) Comparison

Improving NIM

- Due to reduction in cost of Term Deposits coupled with higher growth in CASA. cost of Deposits has gone down sequentially during the last 4 quarters as under:

Q4 Mar 09	**6.87%**
Q1 June 09	**6.47%**
Q2 Sep 09	**6.29%**
Q3 Dec. 09	**5.77%**
Q4 Mar 10	**5.32%**

Net Interest Margin (NIM) [YoY]



- Cost of Funds stood at 5.51%. Yield on funds is at 8.04% Increase in CASA has allowed positive leverage to rising rates and Bank has been able to contain cost of funds considerably.
- Net Interest Margin (NIM) on earning assets is at 2.71%.

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Non-Interest Income- YoY Comparison

(Rs.in crore)

	Mar'07	Mar'08	Mar'09	Mar'10	% Growth	CAGR %
Core Fee based Income	279	505	675	896	32.74	46.80
Treasury Income	199	510	517	730	41.20	53.56
W/w Profit on Sale of Investment	109	377	321	573	78.50	72.92
Exchange on Foreign Currencies	90	133	196	157	-19.90	20.16
Income from Forex Tran.	108	128	143	166	16.08	15.92
Recovery in Written-Off accounts	101	177	148	183	23.65	21.01
TOTAL	687	1320	1483	1975	33.18	41.62

Core Fee income has grown by 32.74% mainly due to new stream of income from Loan Syndication, Transaction Banking etc.

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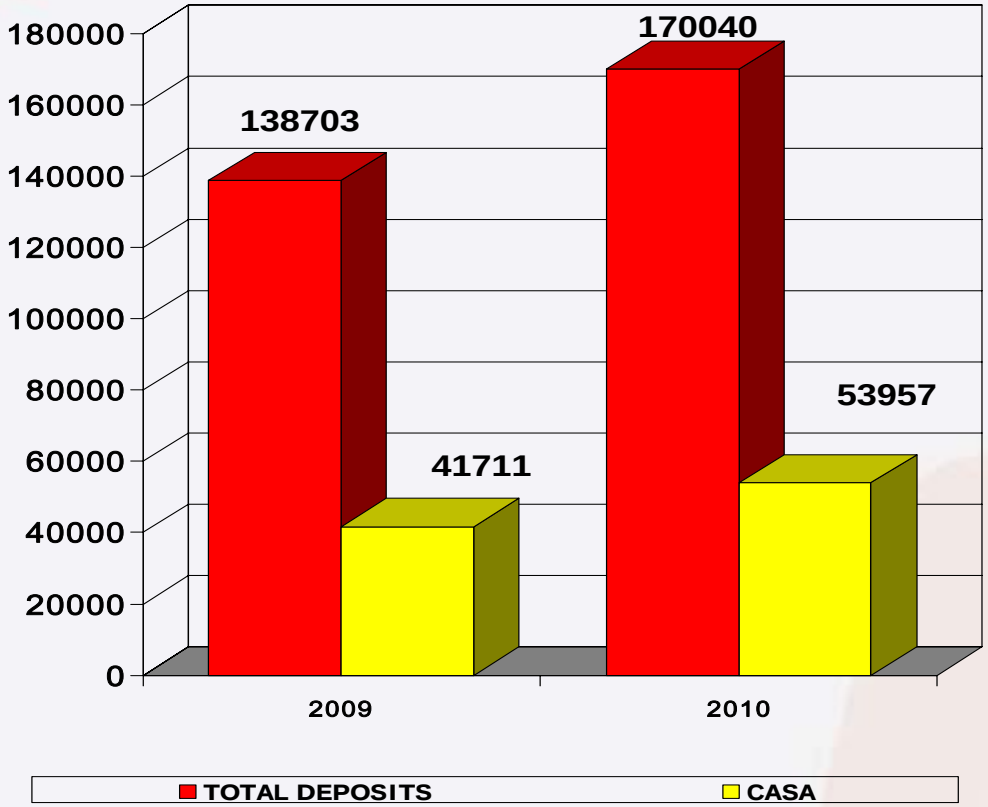
Major Components – Core Non Interest Income

YoY Comparison

(Rs.in crore)

	Mar'09	Mar'10	Growth %
Credit Related	393	556	41.4
Payment System Related	94	148	57.45
Others	188	192	2.12
Total	675	896	32.74

Deposits



- Total Deposits grew at 22.59% YoY.
- Demand Deposits(CASA) grew by 29.36%. CASA share increased by 166 bps YoY.

(Rs.in crore)

	MAR 09	MAR 10	Growth% YoY
Total Deposits	138703	170040	22.59
Demand Deposits (CASA)	41711	53957	29.36
CASA SHARE %	30.07	31.73	

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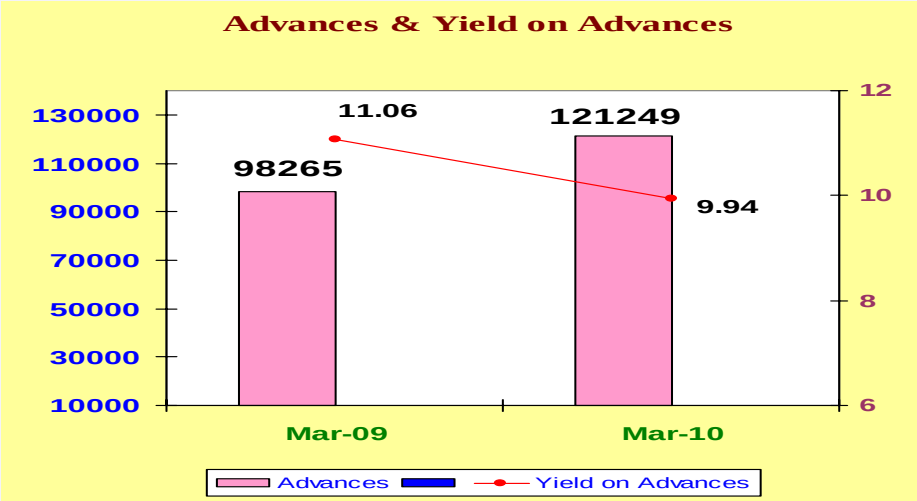
CASA Deposits

(Rs.in crore)

	MAR 09	MAR 10	% Growth Over MAR 09
Current Deposits	13166	16229	23.26
Savings Deposits	28545	37728	32.17
Demand Deposits (CASA)	41711	53957	29.36
Total Deposits	138703	170040	22.59
CASA % to total deposits	30.07	31.73	-
Cost of Deposits(%)	6.50	5.94	-

- CASA accounted for 39.08% of the incremental deposits amount since MAR.09.
- SB grew at an impressive growth rate of 32.17%
- New CD/SB Accounts added during the Year are :30.89 Lacs.

Advances

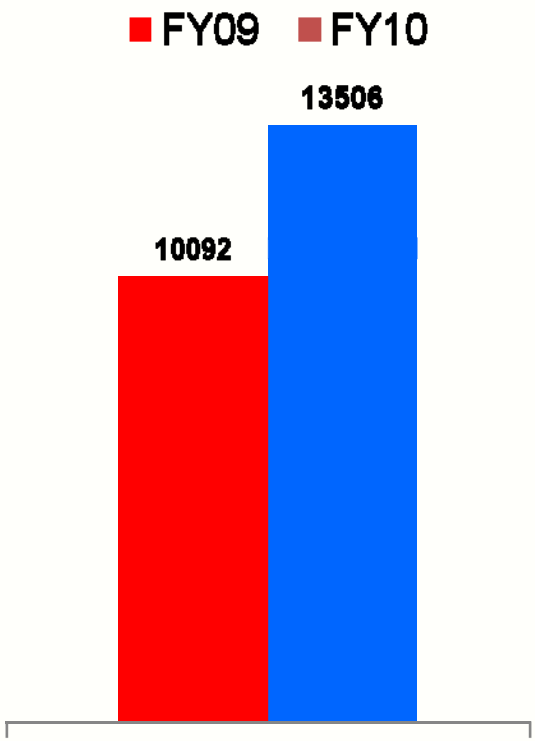


- Bank registered growth of 23.39% YoY in advances. Yield on advances is at 9.94 %.

(Rs. in Crore)

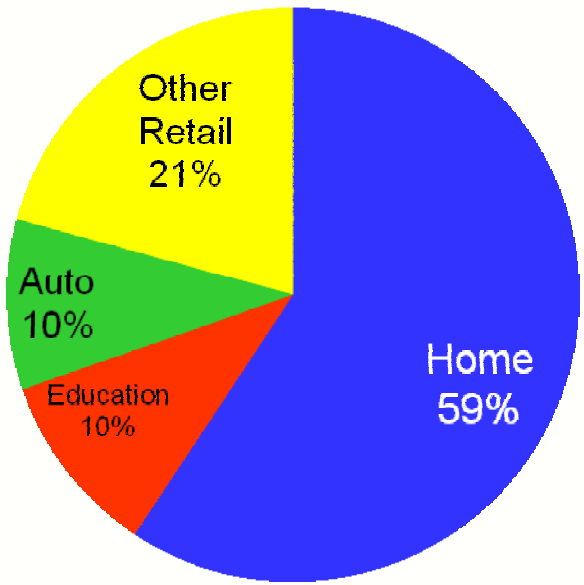
	MAR 09	MAR 10	YoY Growth%
Agriculture	13519	18069	33.66
MSME	16149	22685	40.47
Retail Advances	10092	13506	33.83
W/w			
Union Home	6621	8115	22.56
Union Miles	1011	1189	17.61
Union Education	982	1301	32.48

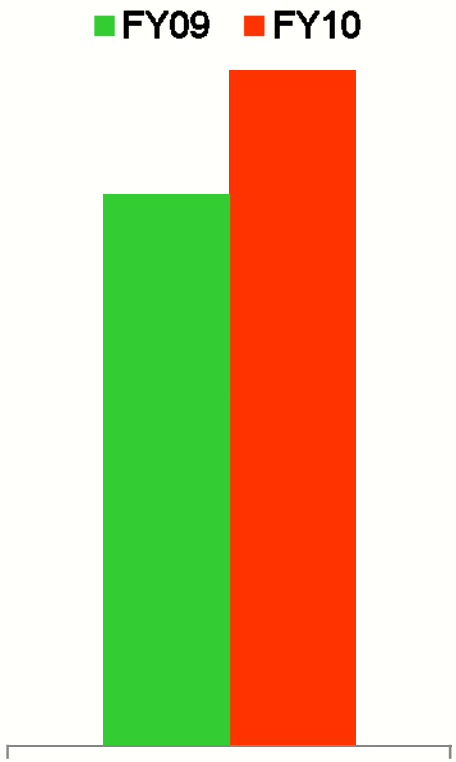
Robust – Retail Growth



Retail Advance

+ 34%YOY





Housing Loan

+23% YOY

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MARKET SHARE : BUSINESS PERFORMANCE (%)

- Bank has increased market share during the FY 2009-10 in terms of overall business performance indicators i.e., deposits, credit and total business.

Market Share	27-Mar-08	27-Mar-09	26-Mar-10
Aggregate Deposit	3.12	3.44	3.53
Credit	3.12	3.32	3.34
Business	3.12	3.39	3.45

Source:Based on the Last Friday Data given by RBI in Weekly Statistical Supplement

Union Bank of India

BUSINESS OF HONG KONG BRANCH

Rs in Crs

Business	March 09	March 10	(Growth) %
DEPOSITS	287	370	28.92
ADVANCES	1305	2977	128.12
TOTAL BUSINESS	1592	3347	110.24
PROFIT	**23**	**58**	**152.17**

Union Bank of India

Assets Restructured during FY 10

Rs. in Crs.

Nature of Advance	UPTO MAR 09		DURING MAR 10 QTR.		During FY 10		Total Upto March 2010	
	No of Accts.	Amt.	No of Accts.	Amt.	No of Accts	Amt.	No of Accts	Amt.
MSME W/w	**28272**	**647.42**	**1557**	**29.58**	**1736**	**186.54**	**30008**	**833.96**
Micro Enterprises	20620	249.18	480	8.30	590	18.22	21210	267.40
Small Enterprises	7571	242.91	1071	15.61	1132	128.10	8703	371.01
Medium Ent.	81	155.33	6	5.67	14	40.22	95	195.55
Large Ent.	**39**	**680.25**	**5**	**126.17**	**35**	**1172.19**	**74**	**1852.44**
Others	**30808**	**796.71**	**3239**	**56.77**	**3357**	**571.80**	**34165**	**1368.51**
Agriculture	**15987**	**113.71**	**1**	**1.75**	**10**	**17.64**	**15997**	**131.35**
Retail Loans	**38162**	**721.25**	**28**	**1.31**	**836**	**47.73**	**38998**	**768.98**
Total	**113268**	**2959.34**	**4830**	**215.58**	**5974**	**1995.90**	**119242**	**4955.24**

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Assets Restructured during FY 10

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

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

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TOP SECTOR EXPOSURES

Across Large & Mid Corporates, SME and Corporate Agri Business

Rank	Sectors	Exposures (As on 31st March 2010)	
		%	Amount (Rs. in Crore)
1	Retail Advances	11.14	13506
2	Trade	7.10	8612
3	Infrastructure	9.94	12052
4	Metal & Metal Products	3.85	4664
5	Electricity	1.51	1832
6	Commercial Real Estate	2.34	2839
7	Textile	2.69	3261
8	Chemical & Chemical Products	1.87	2262
9	Gems & Jewellery	1.50	1810
10	Other Industries	4.98	6033

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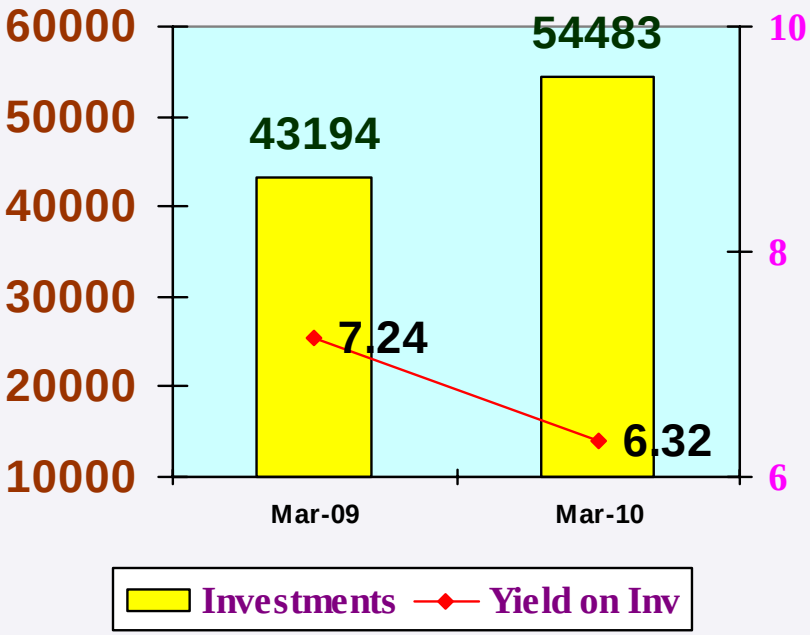
DISTRIBUTION OF RATINGS LARGE & MID CORPORATES

The Bank is having a portfolio of Rs.81129 crore of more than Rs. 5 crore, out of which 416 Accounts with exposure of Rs. 32509 Crore are rated. Rating of the Accounts is as under:

Rating	No of Borrowers	Exposure	% OF RATED EXPOSURE
AAA	47	9871	30.36
AA	52	6479	19.93
A	81	5914	18.19
BBB	136	7352	22.62
BB& BELOW	100	2892	8.90
TOTAL	416	32509	100.00

Investments



- Growth in investments and yield on investments were in line with market trends.
- Out of Total AFS portfolio of Rs.17065 Cr. Rs. 7903 Cr (46.31%) is interest sensitive.

	MAR 09	%	Duration	MAR 10	%	Duration
Held to Maturity	33310	77.12	5.27	37404	68.65	5.58
Held for Trading	6	0.02	6.28	14	0.03	-
Available for Sale	9878	22.86	3.11	17065	31.32	1.70
Total	43194	100.00	4.80	54483	100.00	4.40

Union Bank of India

Movement of NPAs

(Rs.in crore)

	Mar'09	Mar'10
Gross NPAs - Opening	1657	1923
Add : Additions	1177	1785
Less : Deductions	911	1037
1. Due to Write Off	366	513
2. Due to upgradation/ Recoveries	545	524
Gross NPAs	1923	2671
Gross Credit	98265	121249
Gross NPA as a %age of GBC	1.96	2.20
Net NPA	326	965
Net Advances	96534	119315
Net NPA as %age of Net Advances	0.34	0.81

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Improved Productivity

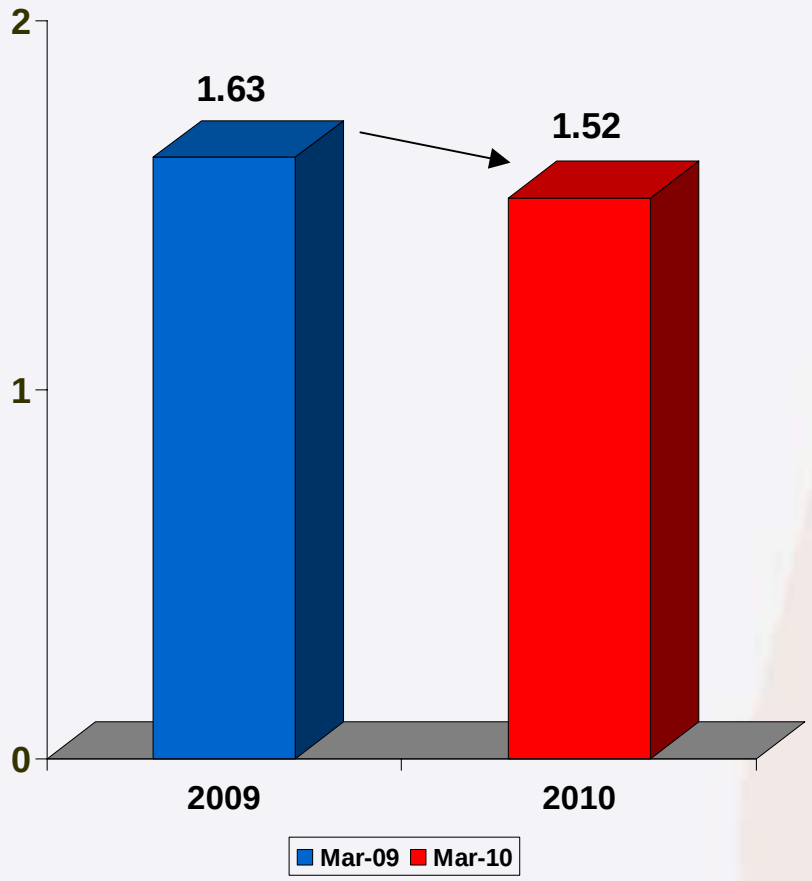
(Rs. In lacs)

Ratios*	MAR 09 (12 M)	MAR10 (12 M)
Productivity Ratios		
Business per Employee	861	1049
Business per Branch	9264	10385
Net Profit per Employee	6.28	7.47
Net Profit per Branch	67.50	73.97
Gross Profit per Employee	11.20	13.18
Gross Profit per Branch	120.48	130.46

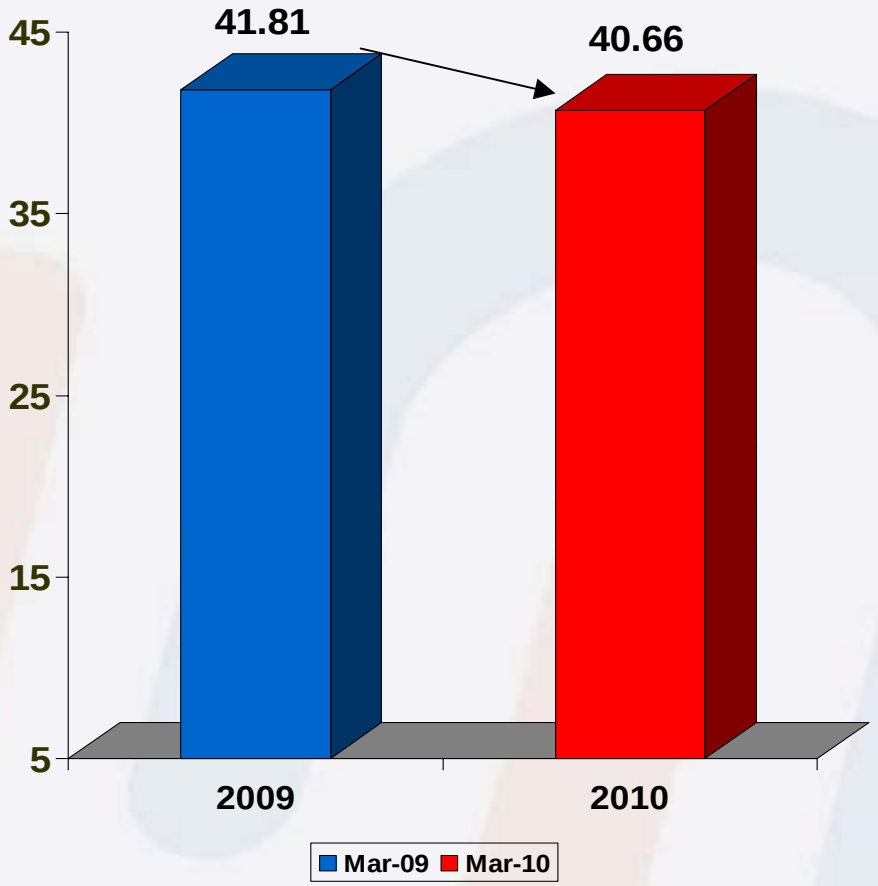
Business and profit per employee increased

Union Bank of India

OPERATING EXPENSES TO AVERAGE WORKING FUNDS

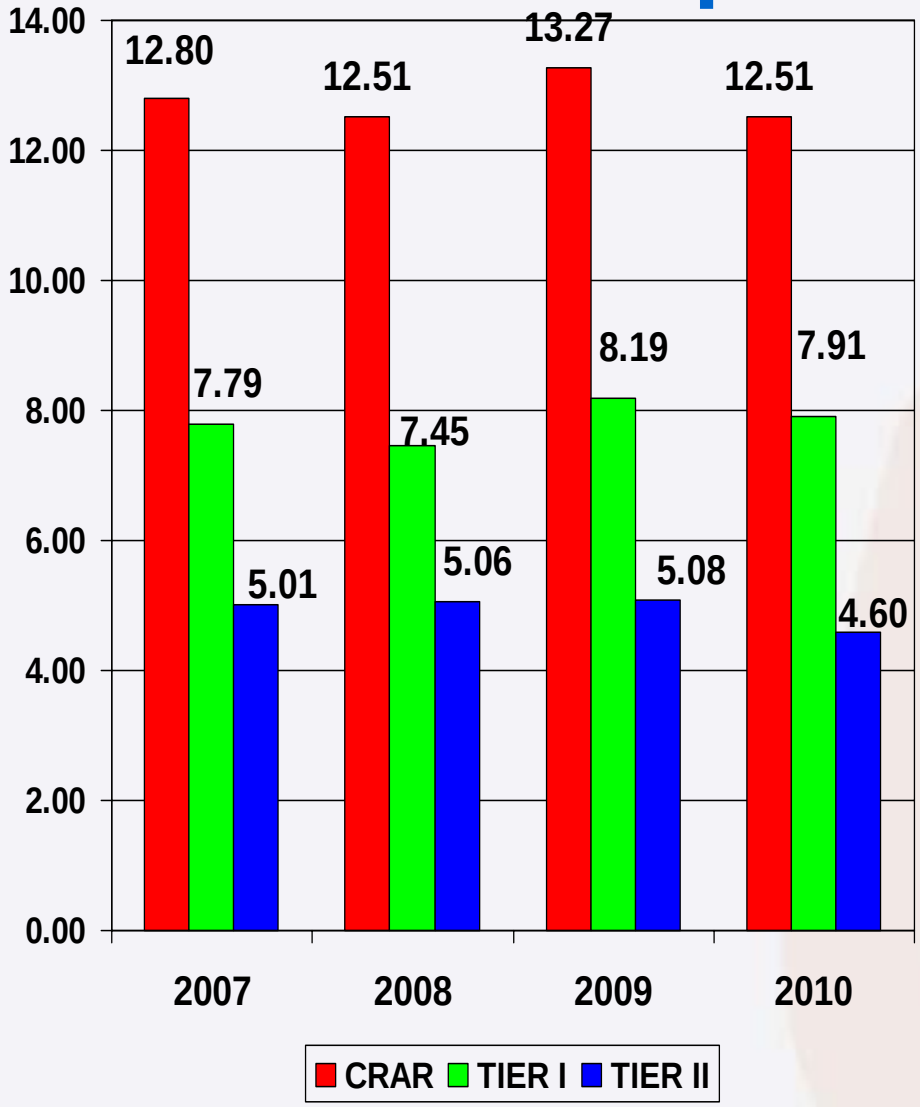


COST TO INCOME RATIO



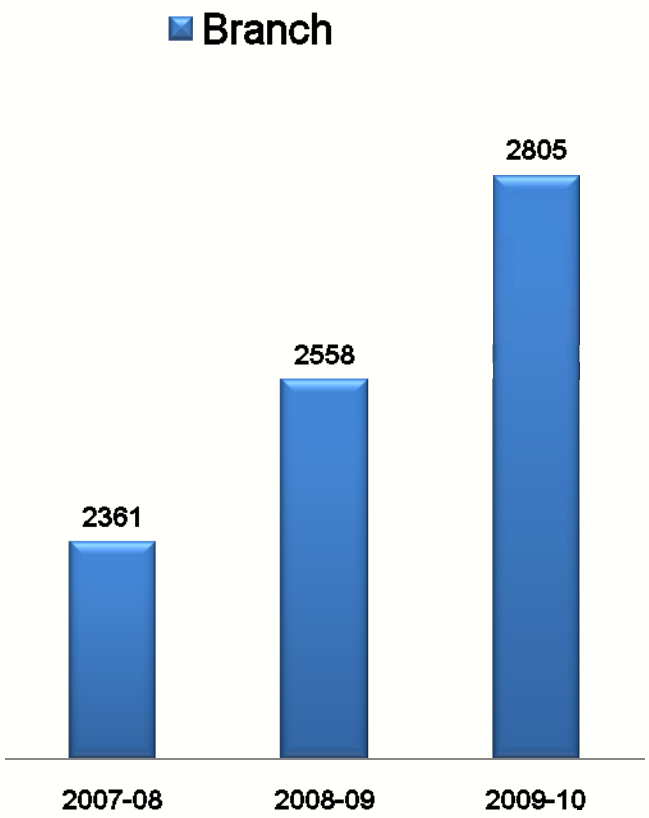
CONTROLLED EXPENDITURE

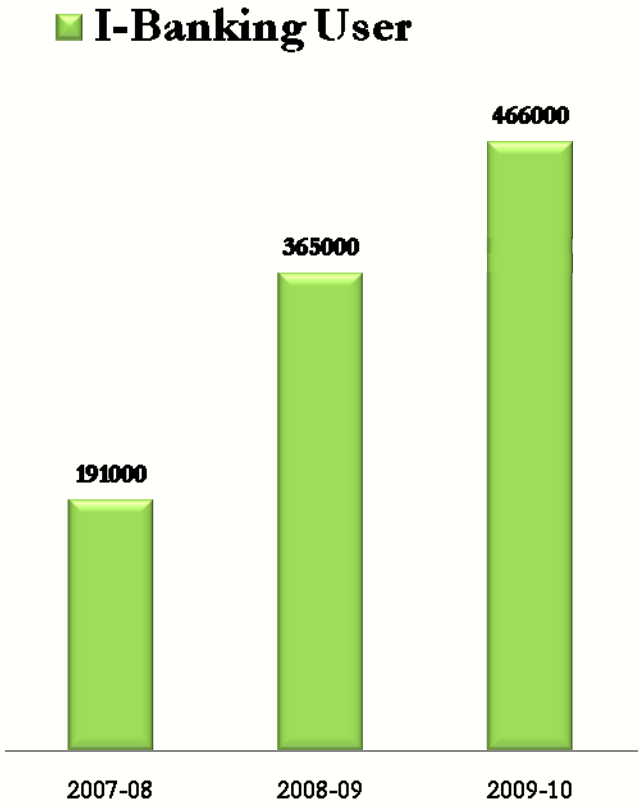
Capital Adequacy

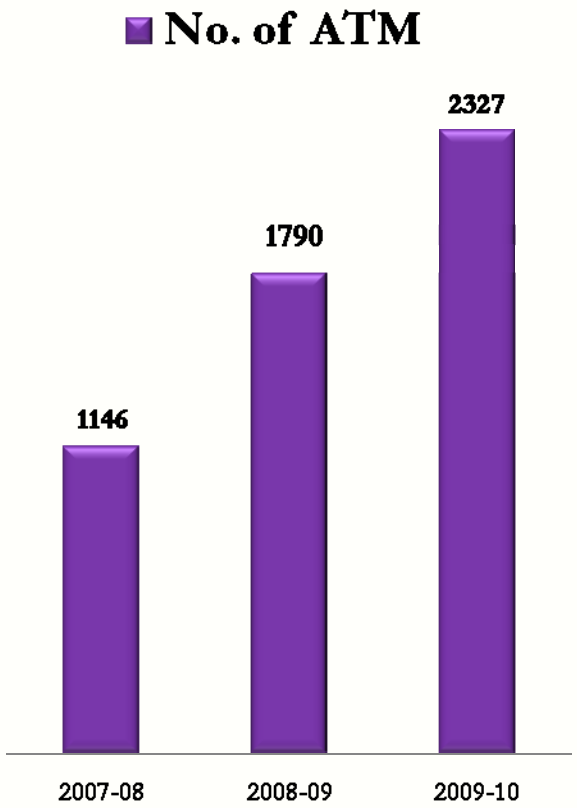


- **Capital Adequacy Ratio is at 12.51% as of 31.03.2010 as per Basel II.**
- **Tier-I capital funds have increased by 24.41% from Rs.7794 crore as on March, 2009 to Rs.9697 crore mainly due to plough back of profits and also raising of funds by way of issue of Perpetual Bonds of Rs.200 crore ranking as Tier I Capital.**

Reach & Alternate Channel



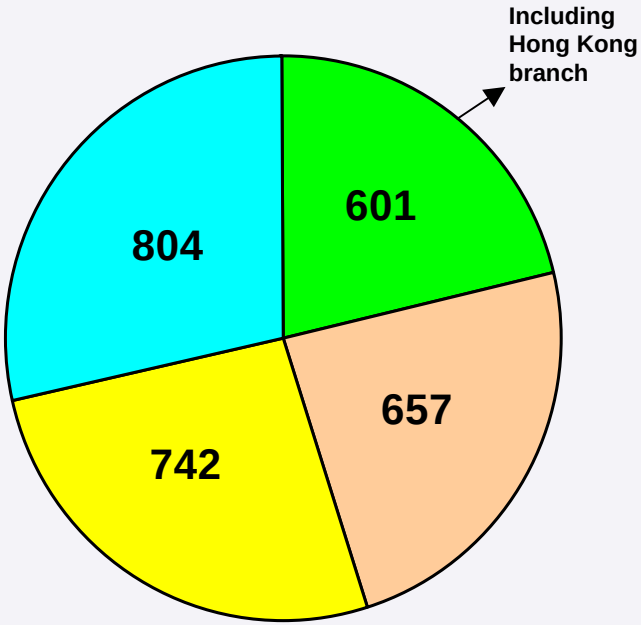




+444 in 2 Yrs +2.75lac New User in 2 Yrs +1181 New ATM in 2Yrs

DISTRIBUTION CHANNELS

BRANCH MIX



Metro	Urban	Semi-Urban	Rural

Transactions through electronic mode have increased to 35.01% from 21% in March 09

SERVICE OUTLETS

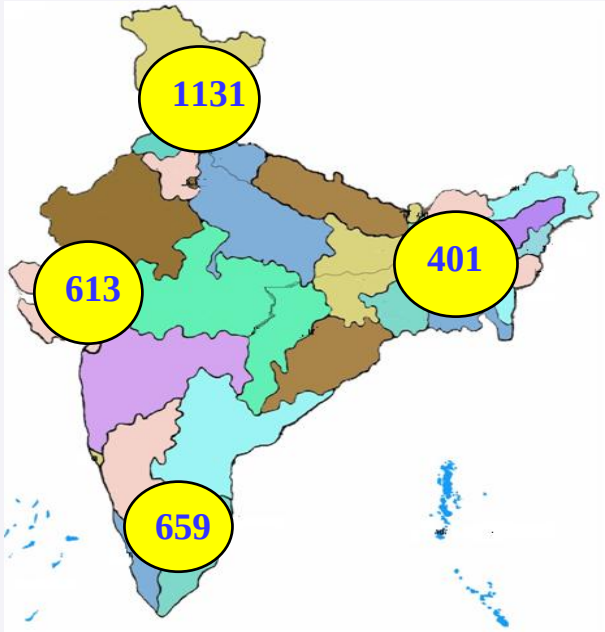
	Mar'07	Mar'08	Mar'09	Mar'10
Branches / EC / Service Brs	2373	2514	2661	2910
ATMs	769	1146	1790	2327
Total Outlets	3142	3660	4451	5237

Union Bank of India

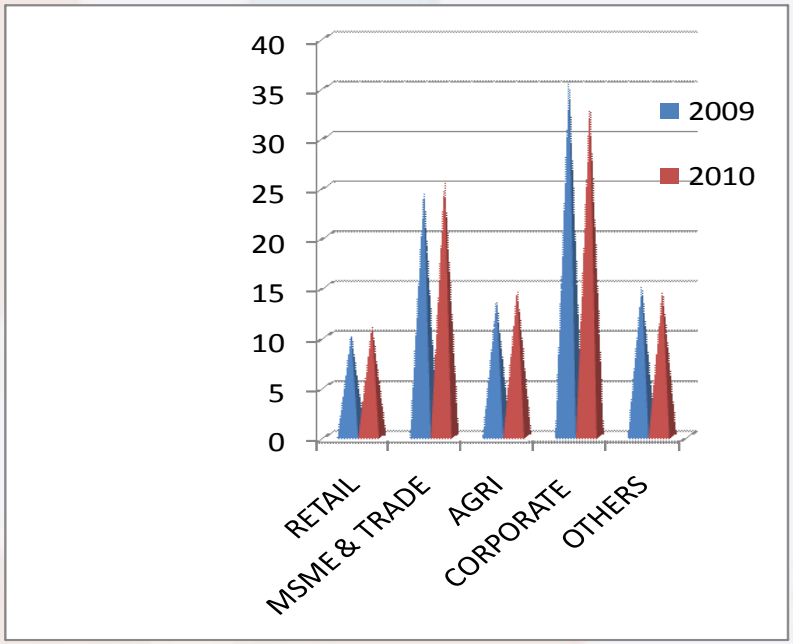
WHAT MAKES UNION BANK DIFFERENT

- First major bank to complete 100% Core Baking Solution
- Offer all five channels for Banking Transactions i.e. Branch ,ATM, Internet , Phone and Mobile Banking
- Continuous Profit making Bank.
- Introduction of "Nav Nirman" transformation process which could enable the Bank to grow higher than banking Industry with greater efficiency

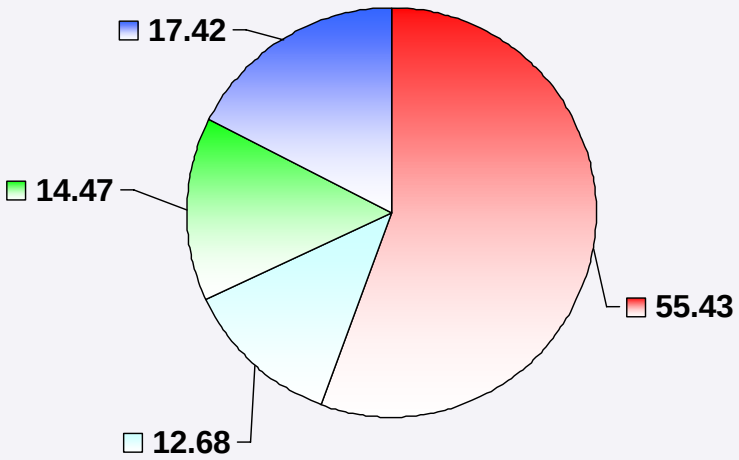
Pan India Presence



Well Diversified Portfolio



Shareholding Pattern (31st March,2010)



Govt. of India
Banks, Fis, Ins. Cos.
Others
FIIs and Foreign Mutual Funds

- Share Capital Rs 550 crore
- No. of Shares 505.12 million
- Net worth Rs 8758 crore
- B. V. per share Rs 173.38
- Return on Equity: 23.69%
- Market Cap (3rd May'10) : Rs 15355 crs

	MAR-08	MAR-09	MAR-10
GOVT.	55.43%	55.43%	55.43%
FIIs & FMFs	19.48%	14.12%	17.42%
BANKS, INST./ MUTUAL FUNDS	11.95%	15.92%	12.68%
OTHERS	13.14%	14.53%	14.47%

Union Bank of India

WHY INVESTING IN UNION BANK SHARE IS GOOD INVESTMENT

	MAR 2007	MAR 2010	Growth over 2007 %
SHARE PRICE UNION BANK	104	292	180.76
BANKEX	6542	10652	62.82
SENSEX	13072	17528	34.09

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

Major highlights of last quarter

Major Highlights Q4-10

Awards & Accolades

- The Bank was awarded the Gold Trophy and a certificate in the Elite Class for Excellence in Marketing & Brand Communication by Association of Business Communicators of India (ABCI) in March 2010. The award was given away by the Hon'ble Governor of Maharastra, Shri K.Sankaranarayan.

- The Bank was awarded the prestigious "Skoch Challenger Award" 2009 for excellence in capacity building through innovative concept of "Village Knowledge Centre" as part of financial inclusion initiatives. The award was given away by Dr. C Rangarajan, Economic advisor to the Prime Minister

Major Highlights Q4-10

- As part of its global expansion initiatives, the Bank opened its 5th overseas representative office in London, U.K. in April 2010.
- The Bank already has 4 representative Offices in Shanghai, Beijing in PRC, Abu Dhabi in UAE and Sydney, Australia. Besides the Bank has a full fledged overseas branch in Hong Kong.
- The Bank is the process of setting up a Rep Office in Toronto, Canada.

Going Forward: Key Initiatives

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 2.10% 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.

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