



यूनियन बैंक  
ऑफ इंडिया  
**Union Bank**  
of India

*Presentation*

*Q3-11*

*Financial Results*

*31<sup>st</sup> Dec., 2010*

## PERFORMANCE HIGHLIGHTS

	Q3 FY 11		9M FY11	
OPERATING PROFIT	37.96%		36.80%	
NET INTEREST INCOME	48.30%		60.91%	
NET INTEREST MARGIN	3.44%	 67bps	3.29%	 83bps

## HIGHLIGHTS OF BUSINESS GROWTH

Q3 11 over Q3 10

Global Business of the Bank increased from ₹. 257619 cr. to ₹ 320442 cr. an increase of 24.39%

Global Deposits grew by 23.54% to ₹ 186655 crs from ₹ 151085 crs in the previous year.

CASA Deposits grew by an impressive 27.11% to ₹ 62106 crs from ₹ 48861 crs in the previous year.

Global Advances increased to ₹ 133787 crs from ₹ 106534 cr. in the previous year, a growth of 25.58%.

## MARKET SHARE

	27.03.09*	26.03.10*	31.12.10*
<b>DEPOSITS</b>	<b>3.44</b>	<b>3.53</b>	<b>3.64</b>
<b>CREDIT</b>	<b>3.32</b>	<b>3.34</b>	<b>3.41</b>
<b>TOTAL BUSINESS</b>	<b>3.39</b>	<b>3.45</b>	<b>3.54</b>

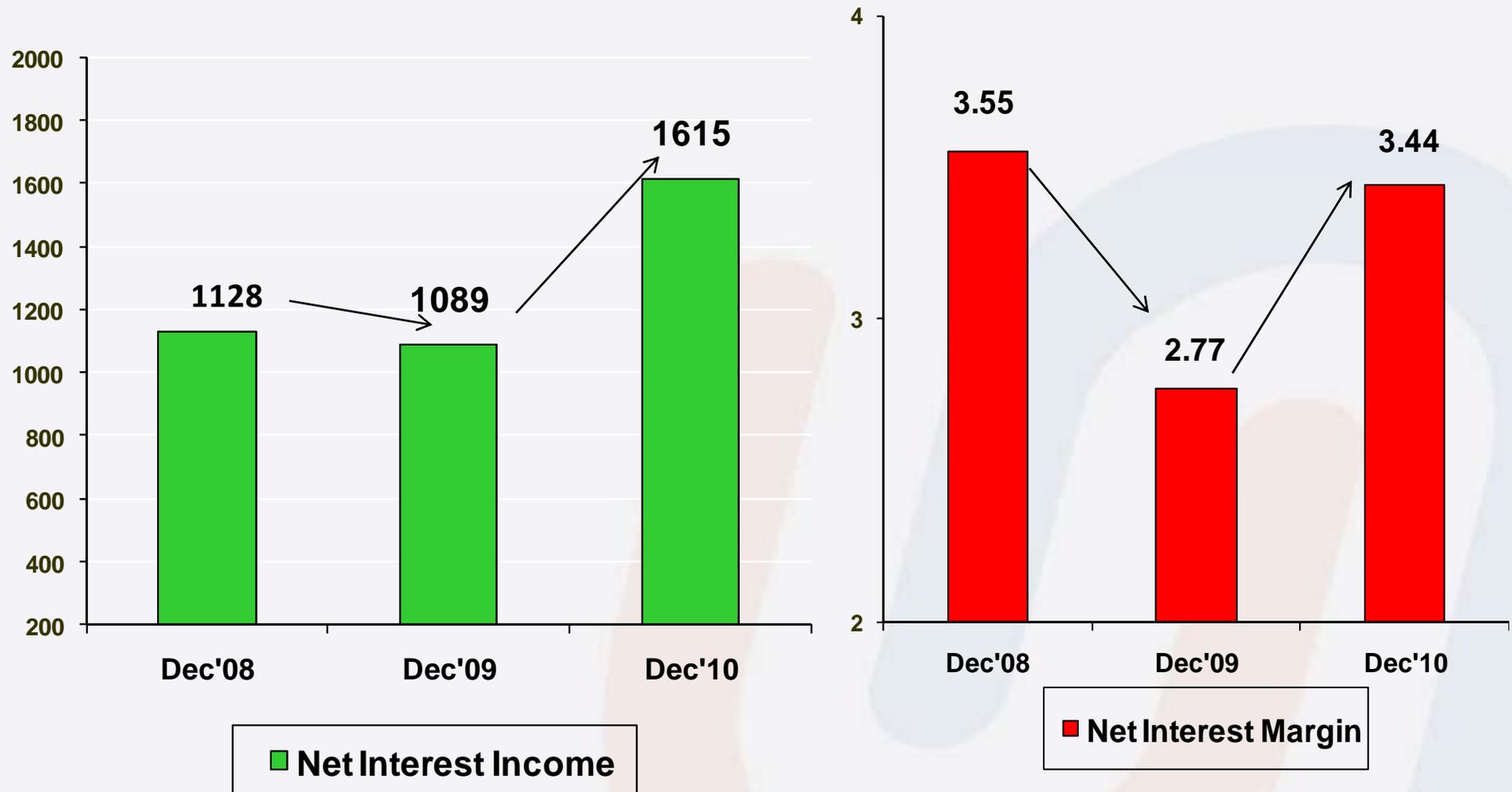
## GROWTH OF UNION BANK AND SCBs (YoY) (DEC 2010)

	DEPOSITS	ADVANCES
<b>UNION BANK</b>	<b>25.20</b>	<b>24.70</b>
<b>SCBs</b>	<b>16.50</b>	<b>24.04</b>

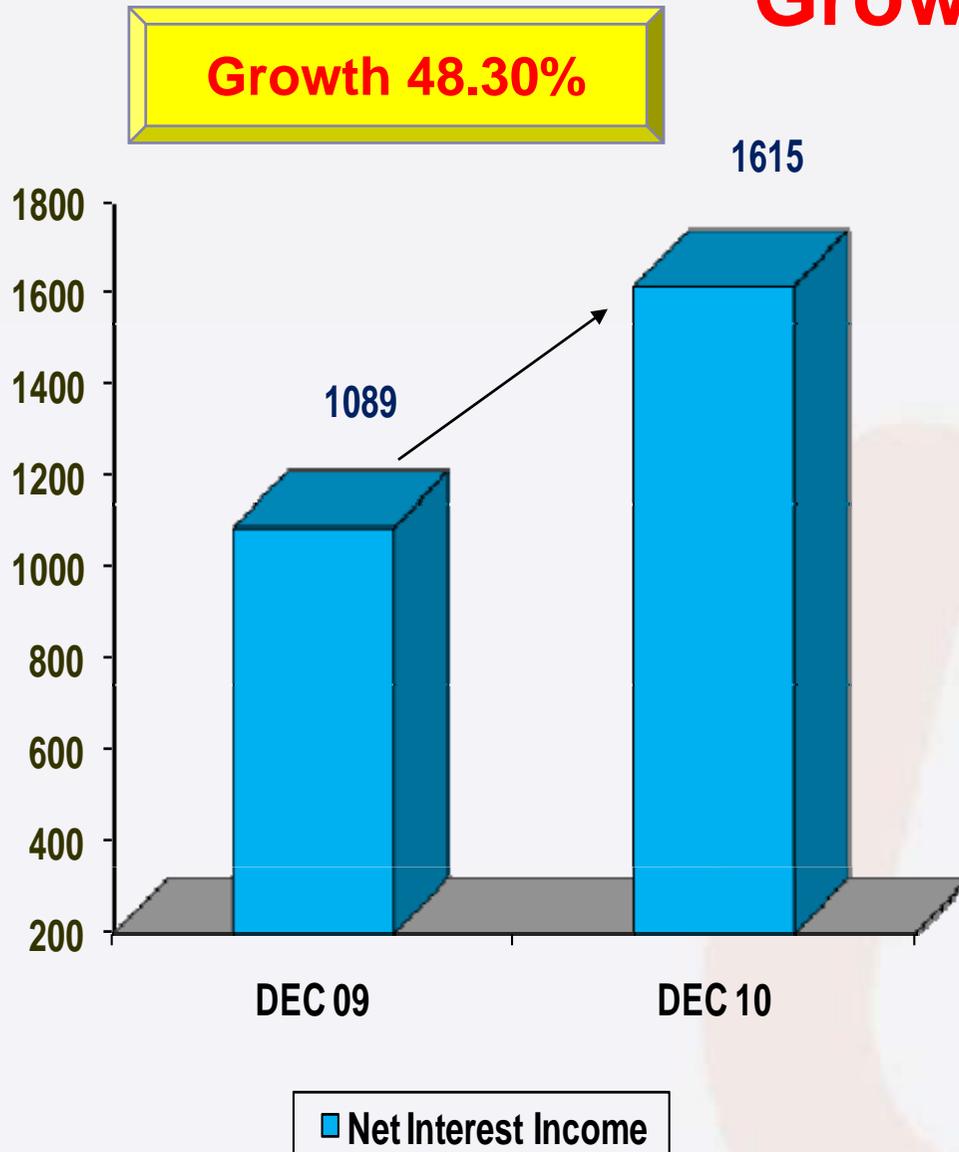
*\*based on RBI fortnightly data on SCBs*

The Bank has been consistently outperforming the industry growth.

## Net Interest Income and NIM (Quarterly)



## Growing Net Interest Income



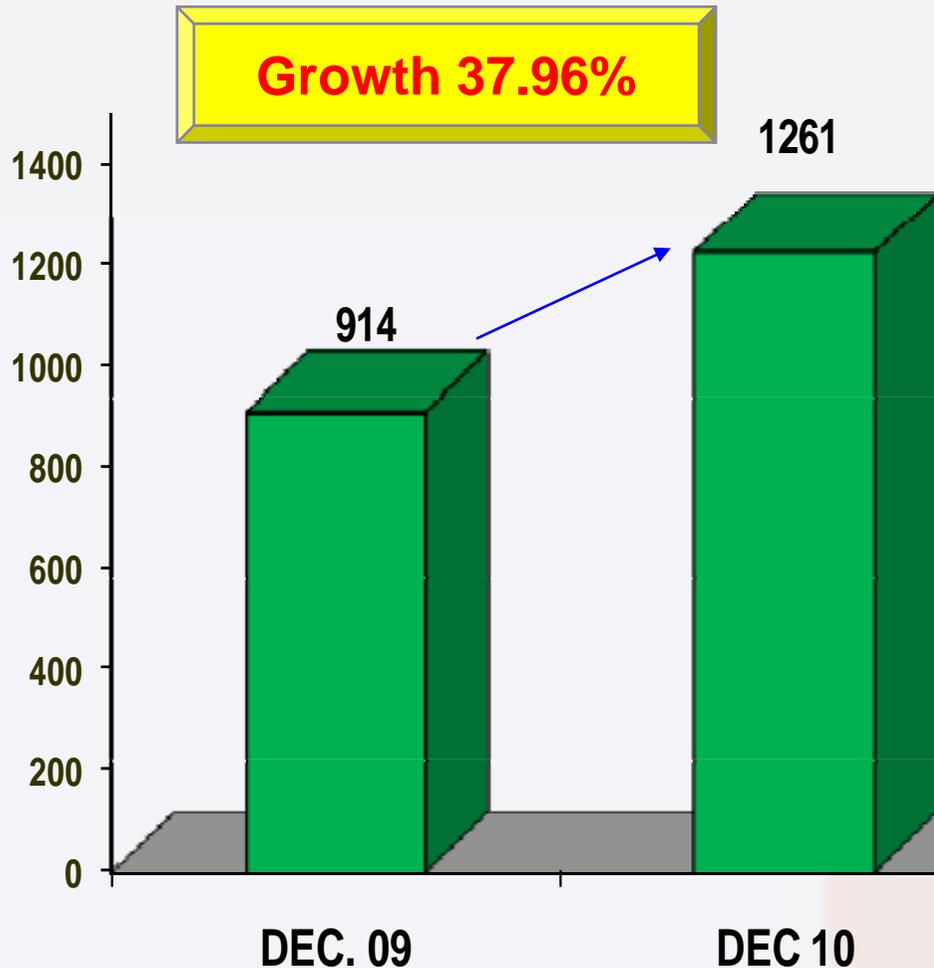
**Net Interest Income grew by 48.30% to ₹ 1615 crs as of Dec'10 from ₹ 1089 crs in the previous year mainly due to increase in interest income.**

## Non-Interest Income- (Qty)

(₹ in crore)

	<b>DEC 09 (Q3)</b>	<b>DEC 10 (Q3)</b>	<b>Growth %</b>
<b>Profit on Sale of Investments</b>	<b>105</b>	<b>108</b>	<b>2.86</b>
<b>Exchange on Forex Transactions</b>	<b>83</b>	<b>124</b>	<b>49.40</b>
<b>Recovery in Write off Accounts</b>	<b>37</b>	<b>31</b>	<b>-16.22</b>
<b>Core Income</b>	<b>215</b>	<b>230</b>	<b>6.98</b>
<b>Total</b>	<b>440</b>	<b>493</b>	<b>12.05</b>

## Operating Profits (Quarterly)



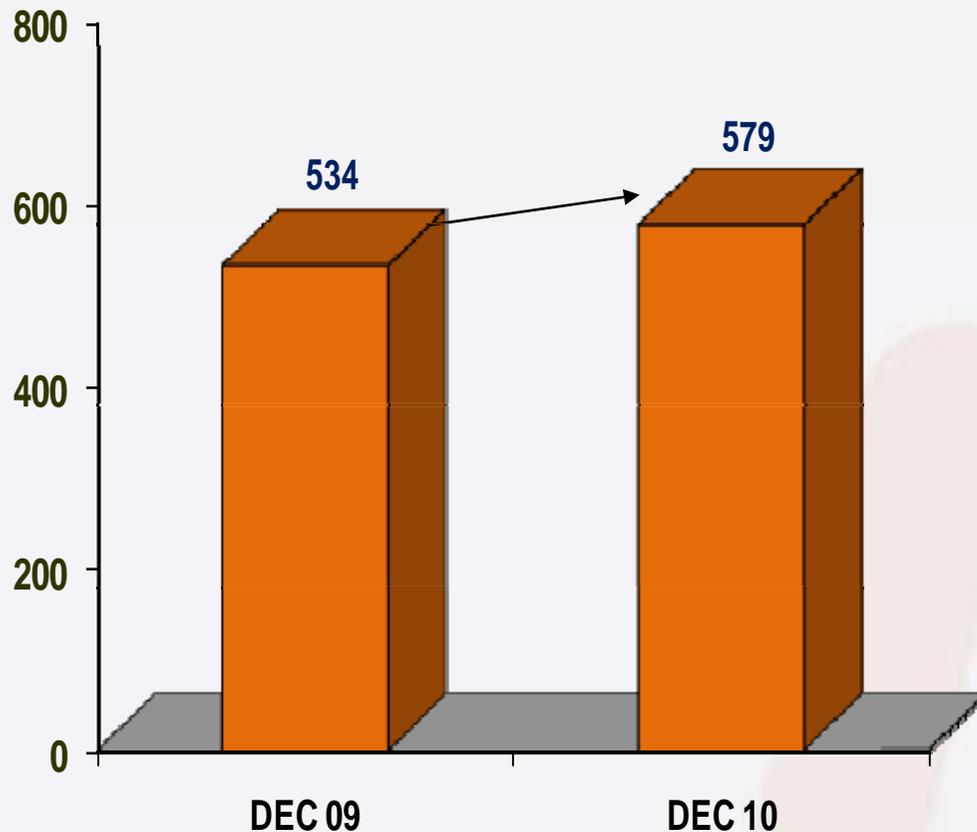
- Operating Profit of the Bank grew by 37.96% to ₹ 1261 crs as of Dec'10 from ₹ 914 Crs in the previous year.

## Provisions (Quarterly)

(₹ in crore)

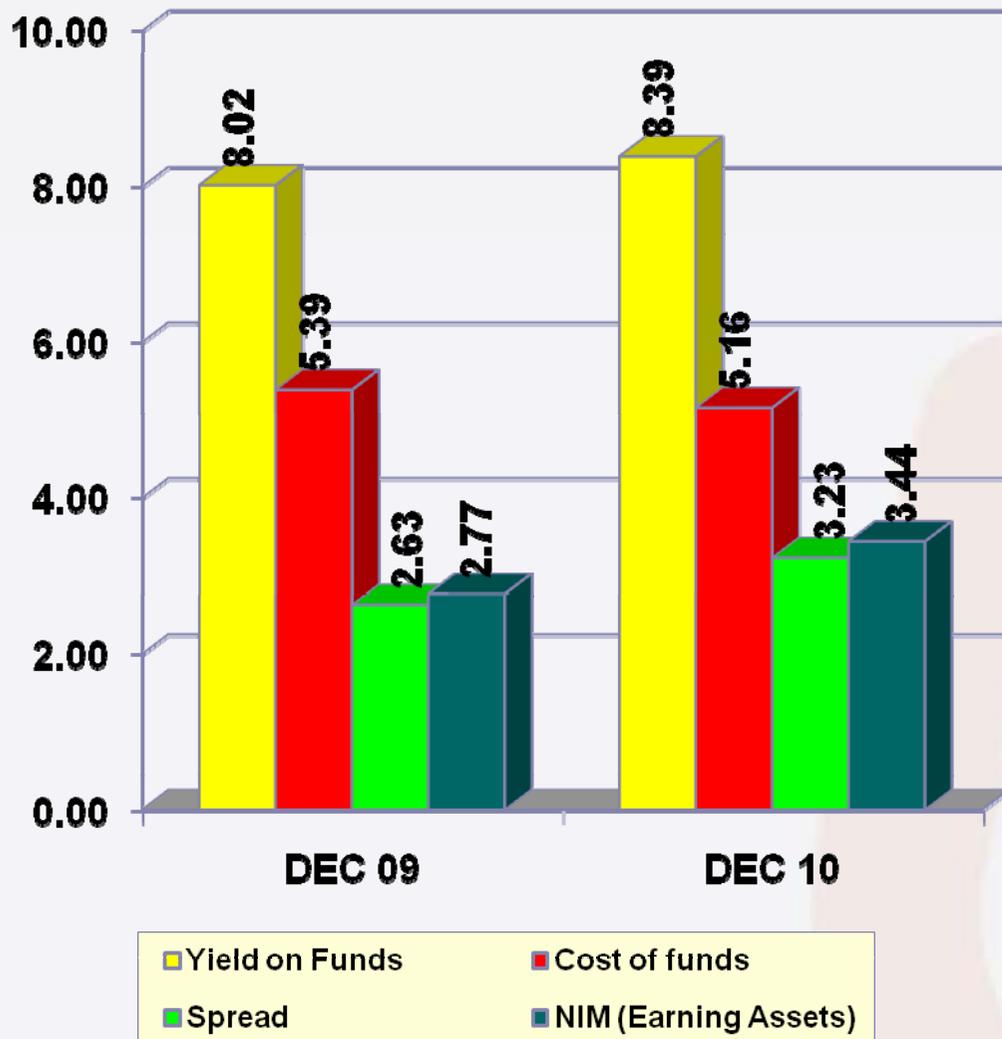
	DEC 09 (Q3)	DEC 10 (Q3)
Taxation	219	282
NPA (excluding adhoc provision for Standard Assets)	43	361
Standard Assets	7	35
Shifting Loss	-	14
Depreciation on Investment	40	6
Others (Frauds / Restructured Adv.Etc.)	71	-16
<b>Total</b>	<b>380</b>	<b>682</b>

## Net Profits (Quarterly)



Despite higher provisions by 79.47%, Net Profit grew by 8.43% to ₹ 579 crore. Sequentially the Net Profit has risen by 90.46% from Q2-11.

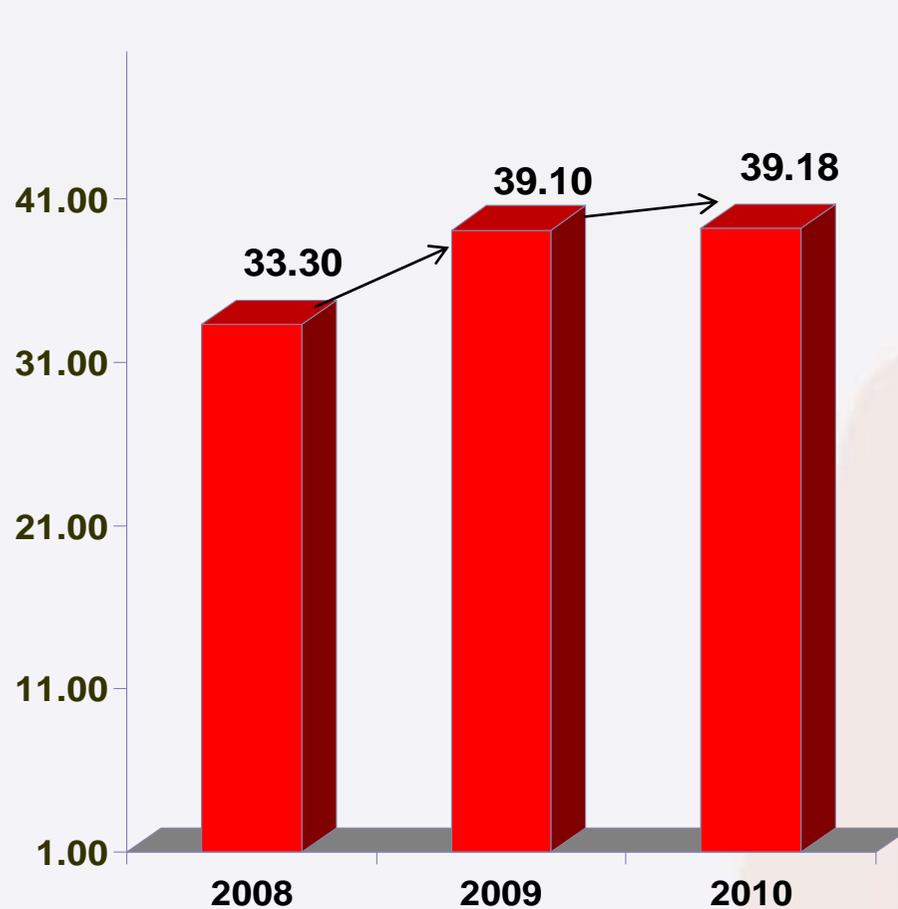
## Net Interest Margin (Qty)



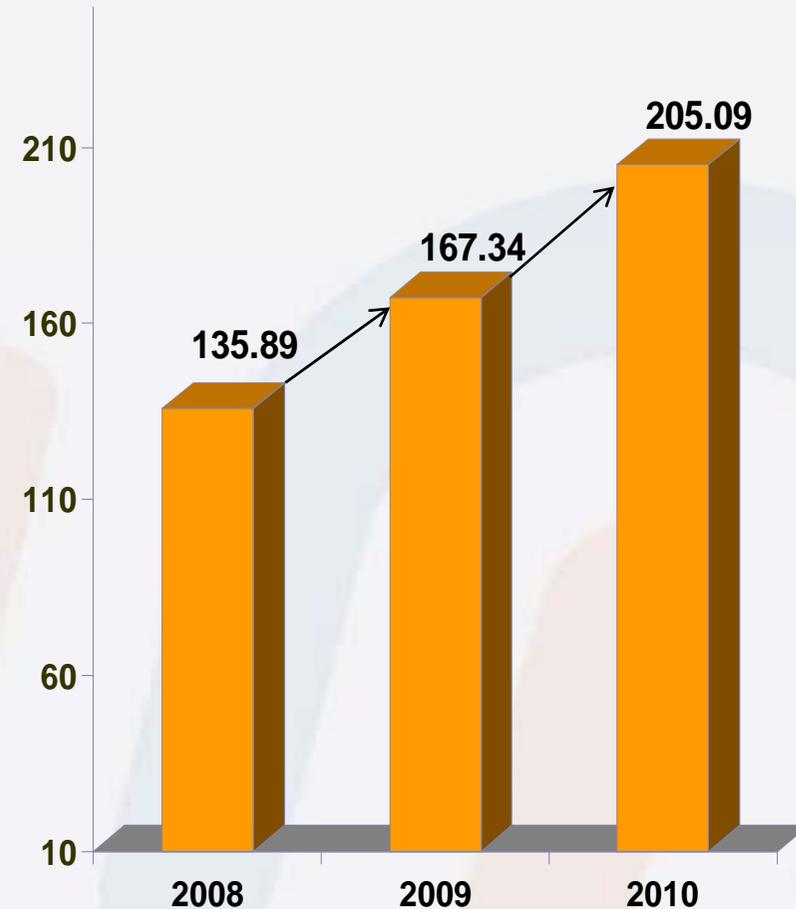
- Yield on funds has increased from 8.02% as on Dec'09 to 8.39% as on Dec'10.
- Cost of Funds has reduced from 5.39% in Dec'09 to 5.16% in Dec'10
- Net Interest Margin (on Earning Assets) has improved from 2.77% IN Dec 09 to 3.44% in Dec'10.

# Nine Monthly Comparisons

## SHAREHOLDERS' RETURNS



**Earning per Share**



**Book Value**

## Growing Operating Profit (9 Months)

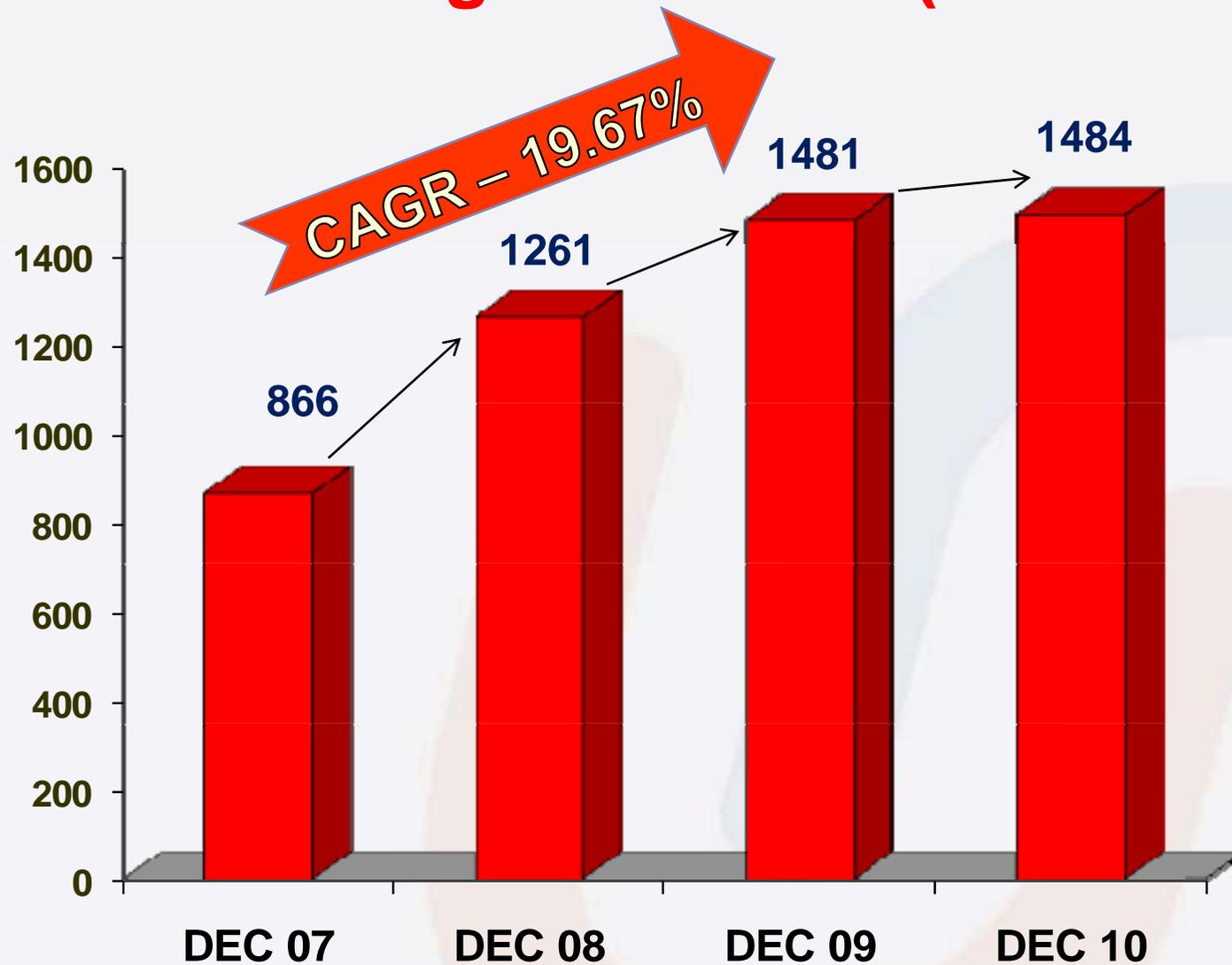


## Provisions (9 Months)

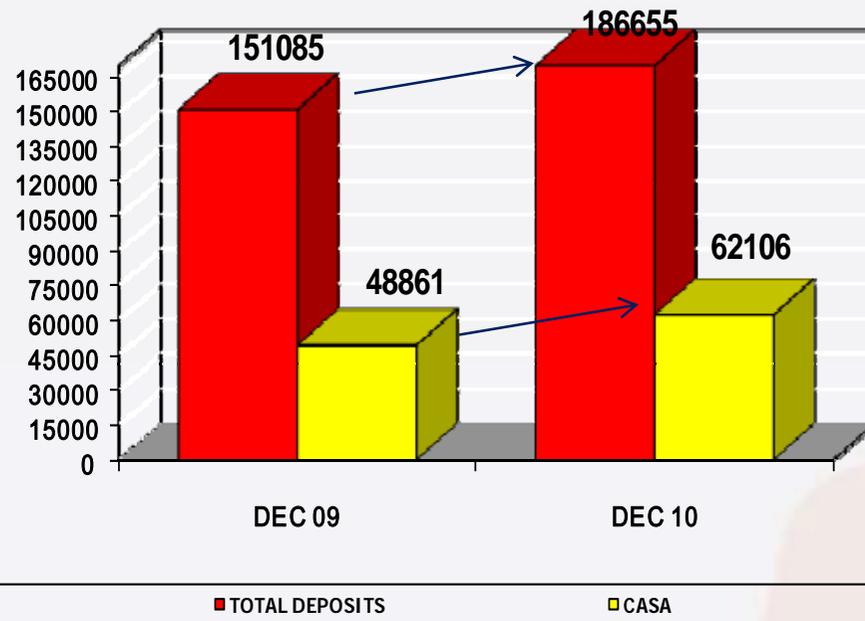
(₹ in crore)

	DEC 09 (9M)	DEC 10 (9M)
Taxation	544	755
NPA (excluding adhoc provision for Standard Assets)	386	1090
Standard Assets	24	57
Shifting Loss	47	103
Depreciation on Investment	-99	-7
Others (Frauds / Restructured Adv.Etc.)	128	-47
<b>Total</b>	<b>1030</b>	<b>1951</b>

## Growing Net Profits (9 Months)



## Deposits



- Total Deposits grew at 23.54% YoY.
- CASA deposits have increased by 27.11% YoY to ₹ 62106 crs.
- CASA share has improved by 93 bps to 33.27% (₹.in crore)

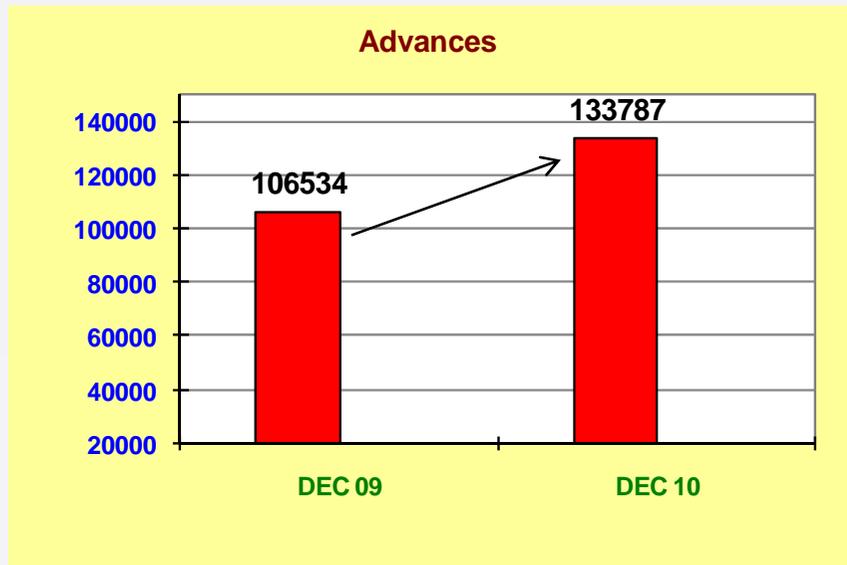
	DEC 09	MAR 10	DEC 10	Growth%YoY
Total Deposits	151085	170040	186655	23.54
Demand Deposits (CASA)	48861	53957	62106	27.11
CASA SHARE %	32.34	31.73	33.27	

CASA accounted for 49.05% of the incremental deposits amount since 31.03.10.  
Number of CASA Accounts Opened in Nine Months= 2.09 Mn.

## CASA Deposits

(₹ in crore)

	DEC 07	DEC 08	DEC 09	DEC 10	% Growth YoY
Current Deposits	8623	11968	14073	15690	11.49
Savings Deposits	20763	27410	34788	46416	33.43
Demand Deposits (CASA)	29386	39378	48861	62106	27.11
Total Deposits	85180	129647	151085	186655	23.54
Cost of Deposits(%)	6.15	6.34	6.17	5.39	



## Advances

- Bank registered growth of 25.58% YoY in advances. Yield on advances is at 9.63% (₹ in Crore)

	DEC 09	DEC 10	YoY Growth%
<b>TOTAL ADVANCES</b>	106534	133787	25.58
<b>RETAIL ADVANCES w/w</b>	11843	15219	28.51
<b>Union Home</b>	7642	8938	16.96
<b>Union Education</b>	1256	1557	23.96
<b>Other Retail Loans</b>	2945	4724	60.41
<b>MSME</b>	20630	23705	14.91
<b>AGRICULTURE</b>	17535	19252	9.79

## TOP SECTOR EXPOSURES

Across Large & Mid Corporates, SME and Corporate Agri Business

Rank	Sectors	Exposures (As on 31 <sup>st</sup> December 2010)	
		Amount (₹. in Crore)	%
1	Trade	16565	12.38
2	Retail Advances	15219	11.37
3	Infrastructure	14515	10.84
4	Electricity	8237	6.15
5	Iron & Steel	6055	4.52
6	Textile	4514	3.37
7	Chemical & Chemical Products	2554	1.91
8	Commercial Real Estate	2308	1.72
9	Construction	2254	1.68
10	Gems & Jewellery	1410	1.05

## Assets Restructured during 9M-FY 10-11

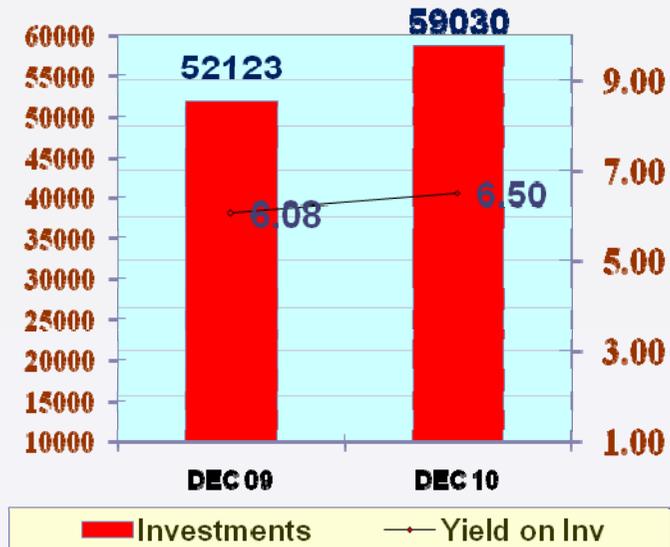
Nature of Advance	UPTO MAR 10		UPTO SEP 10		DURING DEC 10 QTR.	
	No of Accts	Amt.	No of Accts	Amt.	No of Accts	Amt.
		(₹ in Crs)		(₹ in Crs)		(₹ in Crs)
<b>MSME W/w</b>	<b>30008</b>	<b>833.96</b>	<b>30063</b>	<b>870.03</b>	<b>51</b>	<b>28.12</b>
Micro Enterprises	21210	267.40	21249	269.37	39	3.53
Small Enterprises	8703	371.01	8716	393.93	11	3.63
Medium Ent.	95	195.55	98	206.73	1	20.97
Large Ent.	74	1852.44	84	1963.17	8	97.37
Others	34165	1368.51	34168	1370.98	3	8.56
Agriculture	15997	131.35	16087	134.81	34	1.49
Retail Loans	38998	768.98	39181	777.45	91	5.13
<b>Total</b>	<b>119242</b>	<b>4955.24</b>	<b>119583</b>	<b>5116.44</b>	<b>187</b>	<b>140.68</b>

## Assets Restructured during 9M-FY 10-11

<b>Restructured Accounts Closed / Fully Adjusted</b>		
<b>Details of Restructured Accounts</b>	<b>Accounts</b>	<b>Amount (₹. in cr.)</b>
April 10 – Sep. 10	8	103.75
Oct-10 – Dec-10	20	192.19

<b>Restructured Accounts turned to NPAs (for more than Rs. 1.00 crore)</b>		
<b>Details of Restructured Accounts</b>	<b>Accounts</b>	<b>Amount (₹. in cr.)</b>
April 10 – Sep. 10	10	229.03
Oct-10 – Dec-10	6	224.18

## Investments



- Investments has increased from ₹ 52123 crore to ₹ 59030 cr. i.e. increase of 13.25%.
- Yield on Investments has shown improvement from 6.08% to 6.50%
- Out of Total AFS portfolio of ₹ 15125.77 cr. ₹ 8223.61 cr (54.36%) is interest sensitive.

	DEC 09 (₹ in crs)	%	Duration	DEC 10 (₹ in crs)	%	Duration
Held to Maturity	37269	71.50	5.58	43716	74.05	5.32
Held for Trading	176	0.34	5.86	188	0.32	4.99
Available for Sale	14678	28.16	1.91	15126	25.63	2.02
<b>Total</b>	<b>52123</b>	<b>100.00</b>	<b>4.54</b>	<b>59030</b>	<b>100.00</b>	<b>4.45</b>

# NPA Management

(₹.in crore)

	DEC 09	SEP 10	DEC 10
Gross NPAs – Opening on 1 <sup>st</sup> April	1923	2671	2671
Add : Additions	968	1753	2518
Less : Deductions	799	900	1608
1. Due to Write Off	414	414	866
2. Due to upgradation / Recovery	385	486	742
Gross NPAs	2092	3524	3581
Gross Credit	106534	126423	133787
Gross NPA as a % age of GBC	1.96	2.79	2.68
Net NPA	613	1462	1597
Net Advances	104838	124142	131624
Net NPA as a % age of Net Advances	0.58	1.18	1.21
Loan Loss Coverage Ratio	80.04*	70.00	70.20

\* As per revised norms

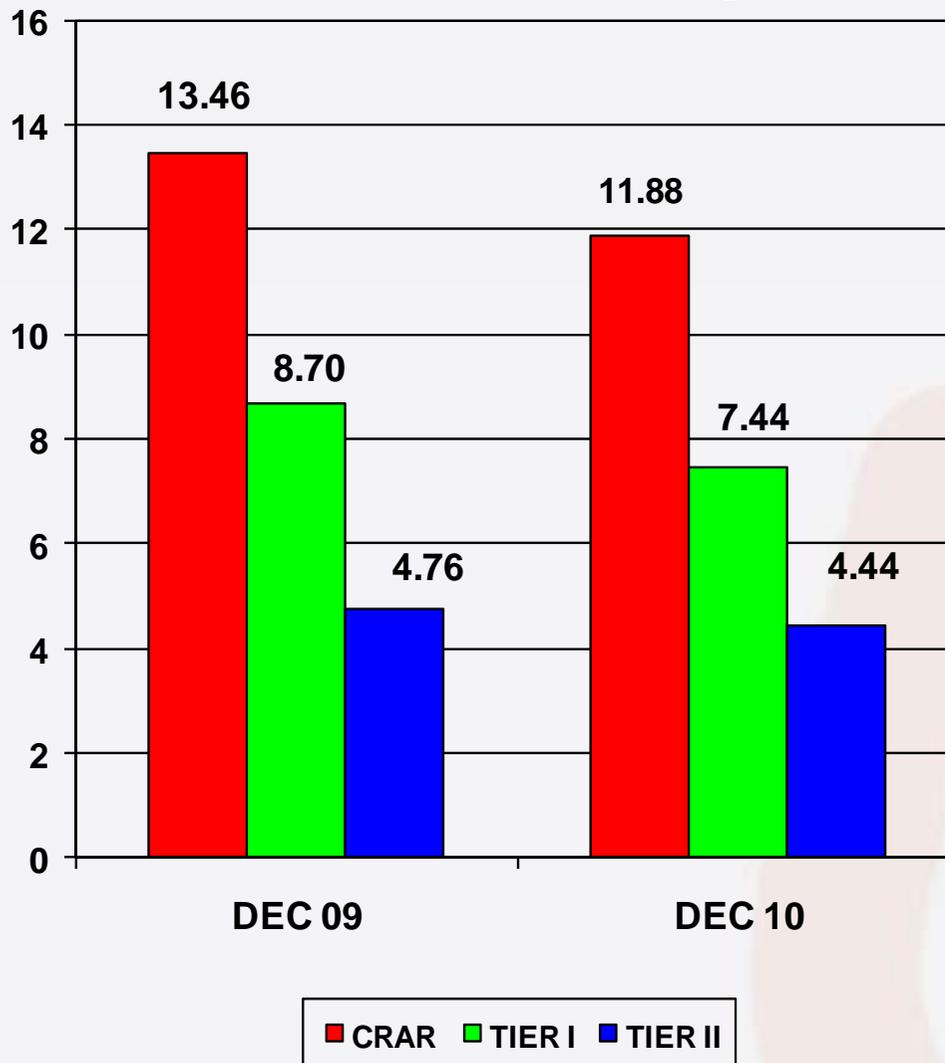
## Cost of Credit

(₹ in Crs)

Particulars	FY MAR 09	FY MAR 10	DEC 10 (9 M)
Gross Advances	98265	121249	133787
Average Advances (Opening + Closing / 2 )	87072	109757	127518
NPA Provision	546	699	1090
Credit Cost %	0.63	0.64	1.14

**Note :** Dec.2010 Credit Cost % Annualised.

## Capital Adequacy Ratio (Basel II)



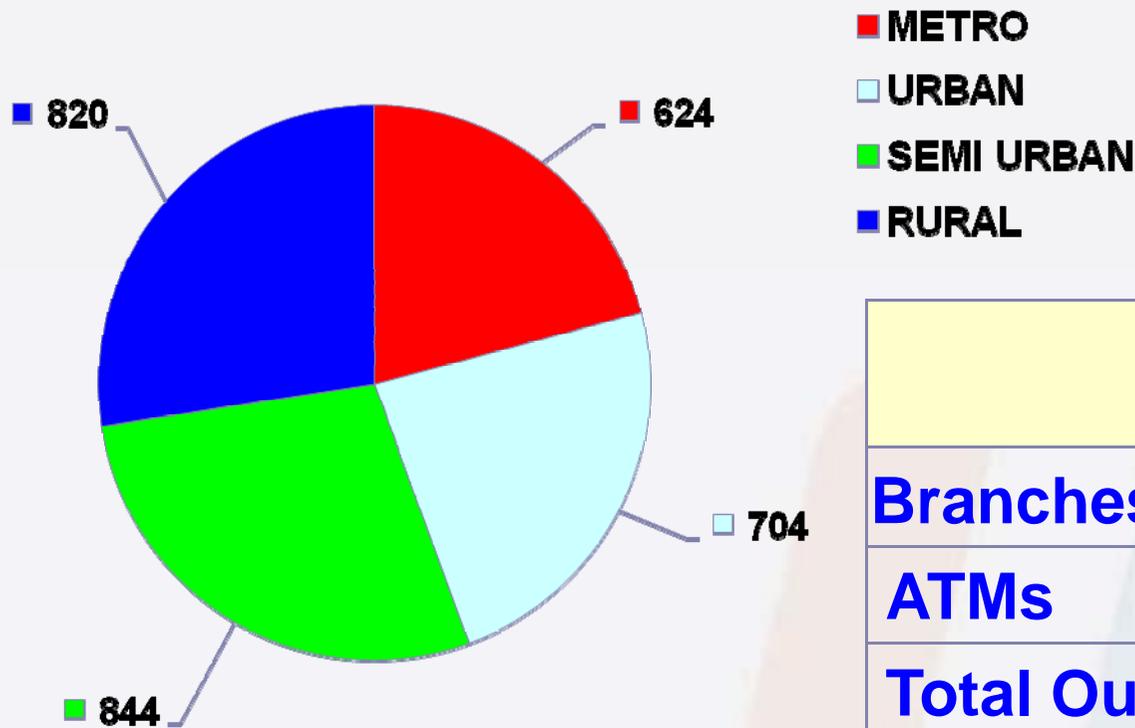
□ Capital Adequacy Ratio is at 11.88% as on 31<sup>st</sup> Dec. 2010 against 13.46% as on 31<sup>st</sup> Dec. 2009 due to increase in volume of business.

□ Tier-I capital funds have increased by 4.18% from ₹ 9483 crore in Dec, 2009 to ₹ 9877\*

□ Tier-I CAR is at 7.44% as on 31<sup>st</sup> Dec. 10 as against 8.70% as on Dec'09

\* This do not include 9 months Profit of ₹ 1484 crore

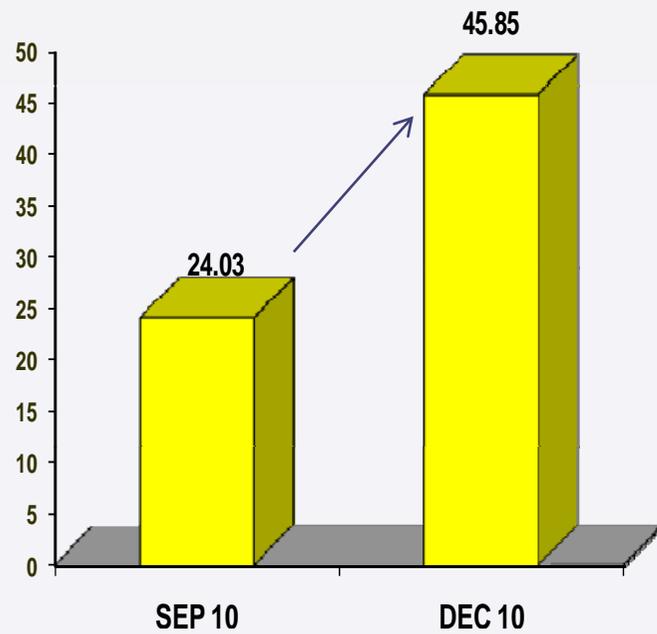
## Distribution Channels



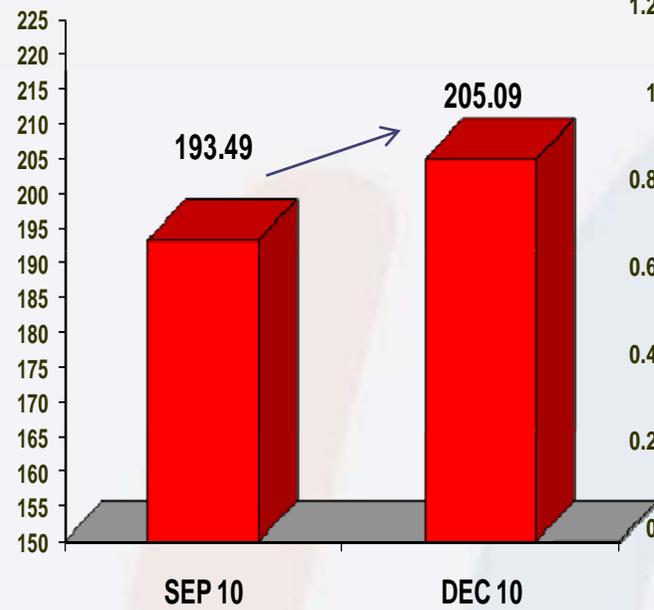
	DEC. 09	DEC 10	Add- ition
<b>Branches</b>	<b>2768</b>	<b>2993</b>	<b>225</b>
<b>ATMs</b>	<b>2249</b>	<b>2516</b>	<b>267</b>
<b>Total Outlets</b>	<b>5017</b>	<b>5509</b>	<b>492</b>

- Transactions through Electronic mode has increased from 31.71% of total transactions as of Dec'09 to 45.49% as of Dec.'10.

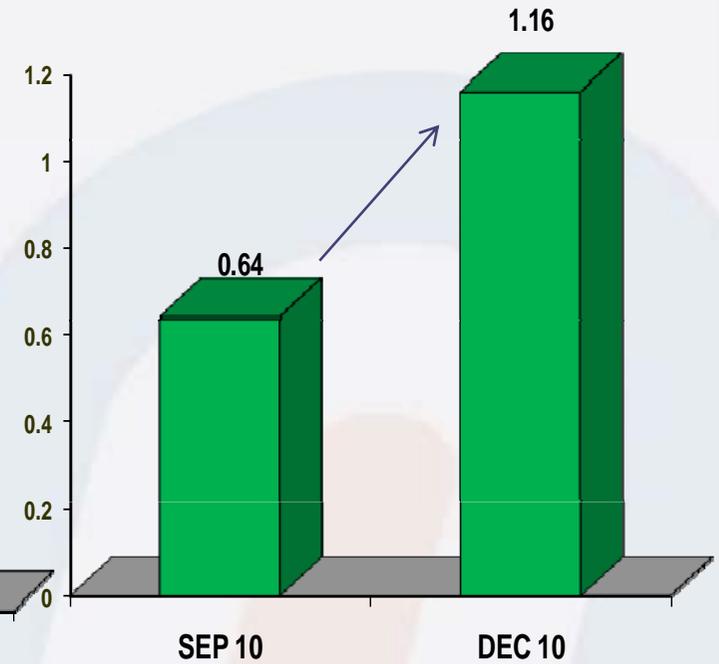
## SHAREHOLDERS' RETURNS (Sequential)



**Earning per Share**



**Book Value**



**Return on Average Assets**

## Key Ratios – Efficiency

Ratios (in %age)	DEC09 (Q3)	DEC10 (Q3)
<b><u>Efficiency Ratios</u></b>		
<b>Cost to Income Ratio</b>	<b>40.23</b>	<b>40.21</b>
<b>Operating Exp. To AWF</b>	<b>1.49</b>	<b>1.69</b>

## Improved Productivity

(₹. In lacs)

Ratios*	DEC 09 (9 M)	DEC 10 (9 M)
<u>Productivity Ratios</u>		
Business per Employee	923	1139
Business per Branch	9307	10706
Gross Profit per Employee	12.00	16.28
Gross Profit per Branch	120.99	153.04
Net Profit per Employee	7.08	7.04
Net Profit per Branch	71.36	66.13

\* Annualised

Business and Profit per Employee increased

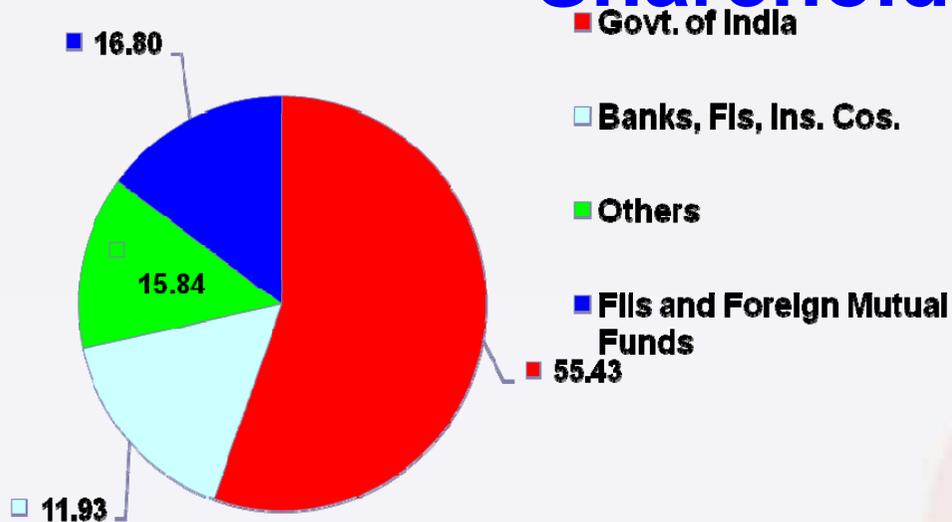
## GLOBAL PRESENCE BUSINESS OF HONG KONG BRANCH

(₹. in Cr)

<b>Business</b>	<b>Dec., 09</b>	<b>March 10</b>	<b>Dec., 10</b>	<b>YOY (Growth) %</b>
<b>DEPOSITS</b>	321	370	431	34.27
<b>ADVANCES</b>	2310	2977	5223	126.10
<b>TOTAL BUSINESS</b>	2631	3347	5654	114.90
<b>PROFIT</b>	<b>30.71</b>	<b>29.74</b>	<b>61.04</b>	<b>98.76</b>

Bank is having Representative Offices at Abu Dhabi, Shanghai, Beijing, Sydney and London

## Shareholding Pattern (31<sup>st</sup> DEC 2010)



- **Share Capital** ₹ 550 crore
- **No. of Shares** 505.12 million
- **Net worth** ₹ 10359 crore
- **B. V. per share** ₹ 205.09
- **Return on Equity: 19.11%**
- **Market Cap (21<sup>st</sup> Jan'11) : ₹ 16497 crs**

	DEC 09 %	DEC 10 %
<b>GOVT.</b>	<b>55.43</b>	<b>55.43</b>
<b>FIIs &amp; FMFs</b>	<b>16.16</b>	<b>16.80</b>
<b>BANKS, INST./ MUTUAL FUNDS</b>	<b>13.51</b>	<b>11.93</b>
<b>OTHERS</b>	<b>14.90</b>	<b>15.84</b>

*Major highlights  
of last quarter*

## Award For Corporate Governance

The Bank was bestowed with Certificate of recognition by ICSI (Institute of Company Secretaries of India) as National Award for excellence in Corporate Governance for adopting good Corporate Governance practices. This award was instituted by the ICSI in the year 2001 and so far no Bank has been the recipient of the award. The award function was held on December 16, 2010 at Vigyan Bhavan, Delhi and the Hon'ble Finance Minister gave away the award. Prior to this, the Bank has been short listed amongst the top 25 companies by ICSI in the years 2008 and 2009.



## Award for Human Resources Developments

- The Dale Carnegie Leadership Award was conferred on the Bank by Dale Carnegie Training for the Bank's transformation initiatives undertaken through project Nav Nirman. The award was received by Mr M V Nair, CMD, Union Bank from Shri Mahan Tavakoli, Regional Vice President, Dale Carnegie, USA in a function held at the Bank's Head office in Mumbai.
- The Dale Carnegie Leadership Award is presented to a company who is a major contributor to its country's economy and society through a special emphasis on the development of its human resources, innovation, and organizational creativity. The first Dale Carnegie Leadership Award was presented in 1985 to The Ford Motor Company. Other past winners include: Coca-Cola, Adidas, The Boeing Company, State Farm Insurance, Stop & Shop, Wal-Mart, Campbell Soup and The Four Seasons Hotel. Wipro Technologies was the first Indian recipient of this award in 2007.



## Award for Corporate Communications

“**Union Dhara**” the Bank’s House Journal bagged the prestigious **Magazine of the year Award** at the ABCI Annual Awards 2010. It also won 7 trophies for its internal communication viz. 1 gold, 4 silver and 2 bronze under various categories like Special Column (Language), Internal Magazine, Features (English), Special Column (English), Photo Features and illustration.

The CMD was also honoured with the “Excellence in Communication from A Non-communication Professional Award” and “Financial Marketing Communication Award at the glittering function held at the prestigious 50<sup>th</sup> Association of Business Communicators of India (ABCI) Annual Awards 2010, held at Taj President, Mumbai.



## Documenting the Glorious History of The Bank



The 92<sup>nd</sup> foundation day celebrations of Bank was held at the Talkatora Indoor stadium, Delhi on 11<sup>th</sup> November, 2010. The Hon'ble Finance Minister, Shri Pranab Mukherjee released the History book of the Bank as also announced two financial inclusion initiatives – the scaling up of the PACS – Cooption project and handing over of financial assistance to BPL families as part of “Union Adarsh Gram” initiative.

## New Products and Services

The Bank together with Nokia and Obopay have partnered to launch mobile financial services across India on 24<sup>th</sup> Nov'10. This partnership will make mobile payment services called **'Union Bank Money'** available to consumers across India. The Union Bank Money service will provide those who do not have a bank account today, access to financial services through their mobile phones, thus empowering people and their businesses. It creates a financial ecosystem which is inclusive, sustainable and scalable.



*Guidance 2010-11*

The Bank aims for a deposits growth of approx. 20% and advances growth of 25% for 2010-11.

Bank targets CASA Ratio of 35% by March 2012.

Return on Equity to be 22.00% and Return on Average Assets to be 1.17% 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 2.40% 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.



**यूनियन बैंक**  
ऑफ इंडिया

**Union Bank**  
of India

*Thank you*

Your dreams are not yours alone

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