



यूनियन बैंक
ऑफ इंडिया
Union Bank
of India

Presentation

Financial Results

30th Sept., 2010

HIGHLIGHTS OF BUSINESS GROWTH

Q2 11 over Q2 10

Total Business increased from ₹ 248496 cr. to ₹ 304203 cr.
an increase of 22.42%

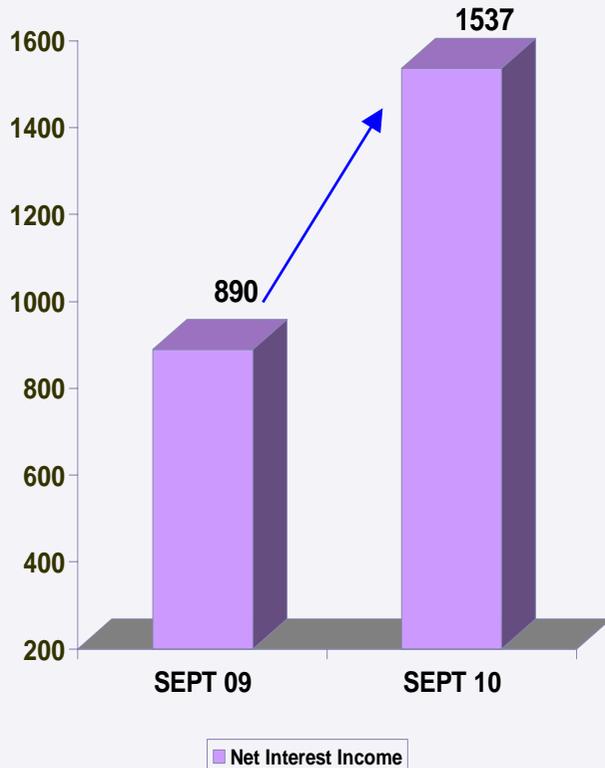
Total Deposits registered impressive growth of 19.26 % and progressed from ₹ 149066 Cr . to ₹ 177780 cr.

Savings Deposits grew from ₹ 32554 crs to ₹ 42038 crs., an impressive growth of 29.13%

Gross Advances have increased from ₹ 99430 Cr. to ₹ 126423 Cr. an increase of 27.15%

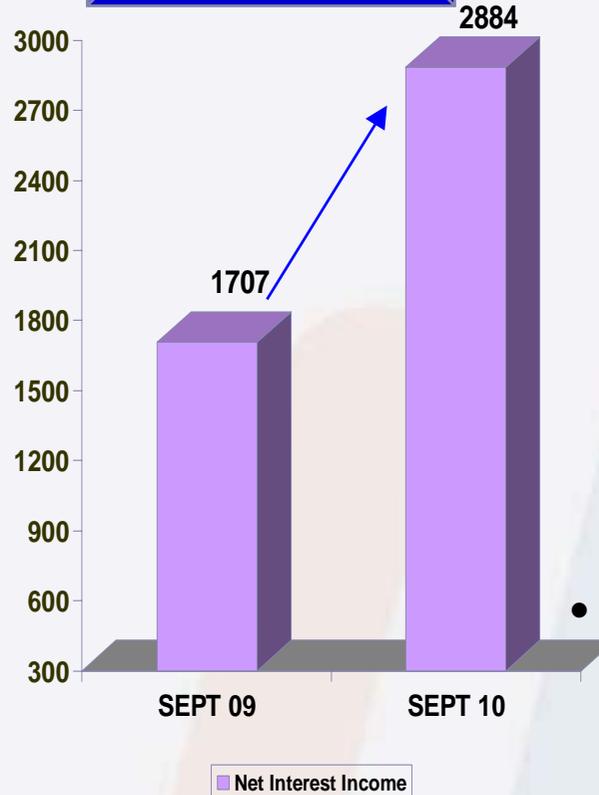
Net Interest Income(NII) (Qty / Half Yearly)

Growth (72.70%)



Quarterly

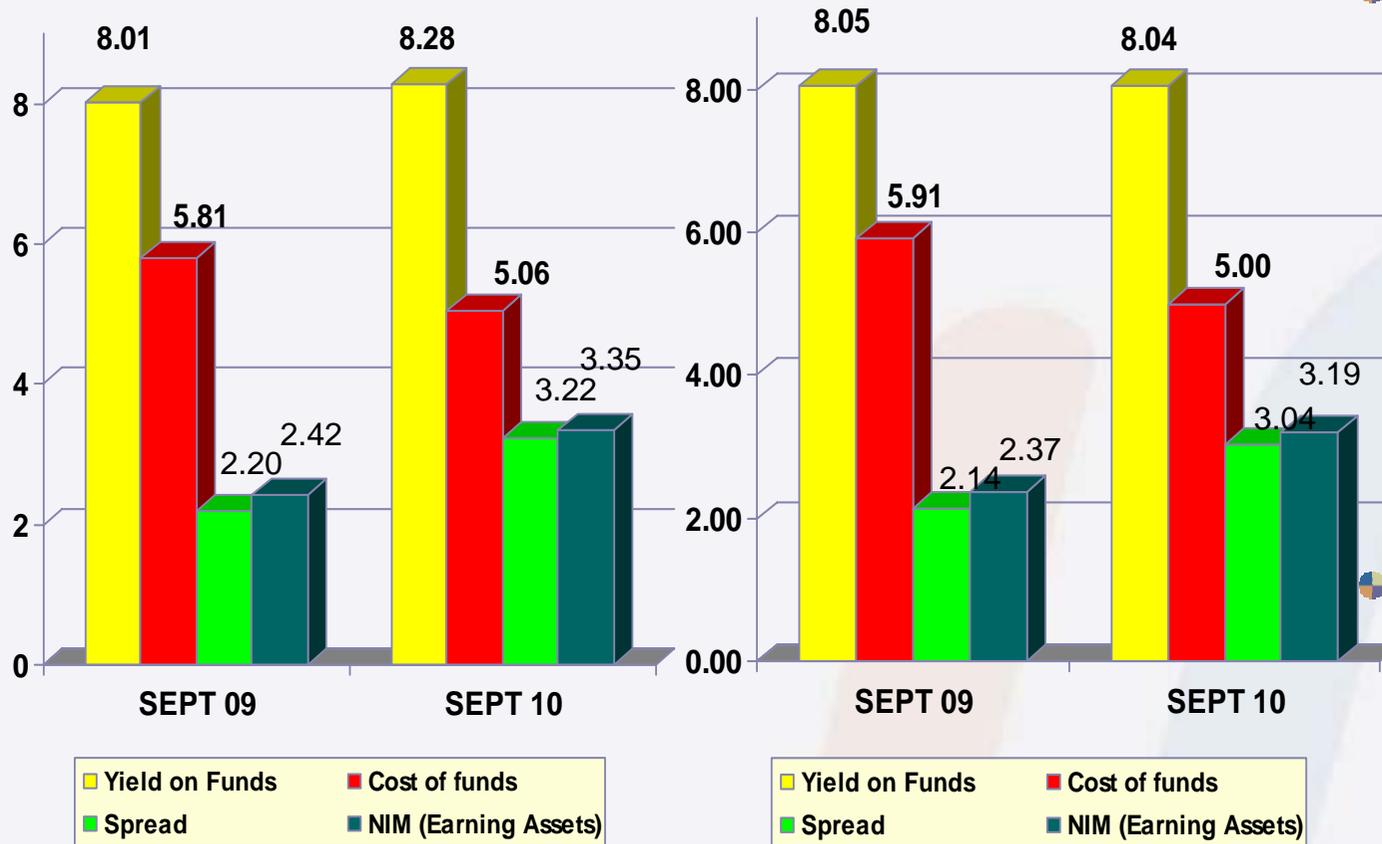
Growth (68.95%)



Half Yearly

- Due to increase in interest on advances and investments, as also in other interest coupled with comparatively lower increase in interest expenditure has resulted in robust growth in Net Interest Income from Rs. 890 crore to ₹ 1537 crore registering a growth of 72.70% during the quarter and 68.95% during the half year
- The NII for Q2-11 has factored in an amount of ₹ 62 crs, which pertains to interest on Income Tax refunds (₹ 124 crs) net of reversal of interest income on account of Agriculture Debt Relief Waiver Scheme(₹ 62 crs).

Net Interest Margin (Qty / Half Yearly)



Net Interest Margin (on earning assets) is 3.35% for quarter Sept-10 from 2.42% in the previous year. The higher NIM factors in extraordinary one time interest on IT returns of Rs 62 crs (net of reversal of int. income due to ADWRS). Without these NIM would have been 3.21%

NIM For half year ended Sept-10 improved to 3.19 from 2.37 for the half year ended Sept-09. Without the exceptional items, NIM for HY would have been 3.03%.

Quarterly

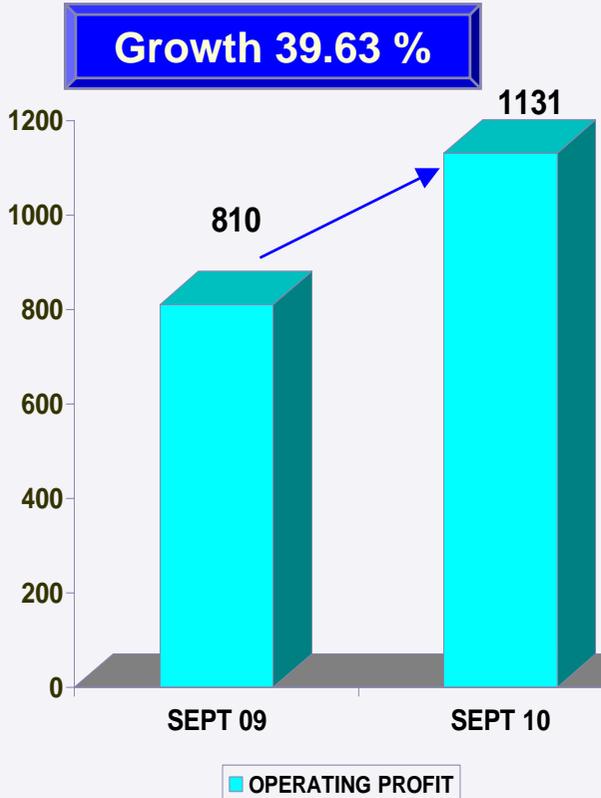
Half Yearly

Non-Interest Income- (Qty / Half Yearly)

(₹ in crore)

	SEPT 09 (Q2)	SEPT 10 (Q2)	Growth %	SEPT 09 (H1)	SEPT 10 (H1)	Growth %
Core Fee Based Income	217	236	8.76	399	436	9.27
Treasury Income	230	187	-18.70	482	333	-30.91
W/w Profit on Sale of Investments	192	131	-31.77	386	244	-36.79
Income from Forex Transactions	40	43	7.5	73	94	28.77
Recovery in Written off Accounts	42	44	4.76	88	82	-6.82
Total	529	510	-3.59	1042	945	-9.31

Operating Profits (Quarterly/ Half Yearly)



Quarterly



Half Yearly

- Operating Profit of the Bank grew by ₹321 cr. from ₹.810 crs. to ₹.1131 crs, (QoQ), a growth of 39.63%
- On Half yearly basis It has increased by 36.13% from ₹.1597 Cr. To ₹.2174 crore.

₹ in crs

	SEP 07	SEP 08	SEP 09	SEP 10	CAGR %
OPERATING PROFIT	1054	1316	1597	2174	27.29

Operating Profit has doubled during the last 3 years

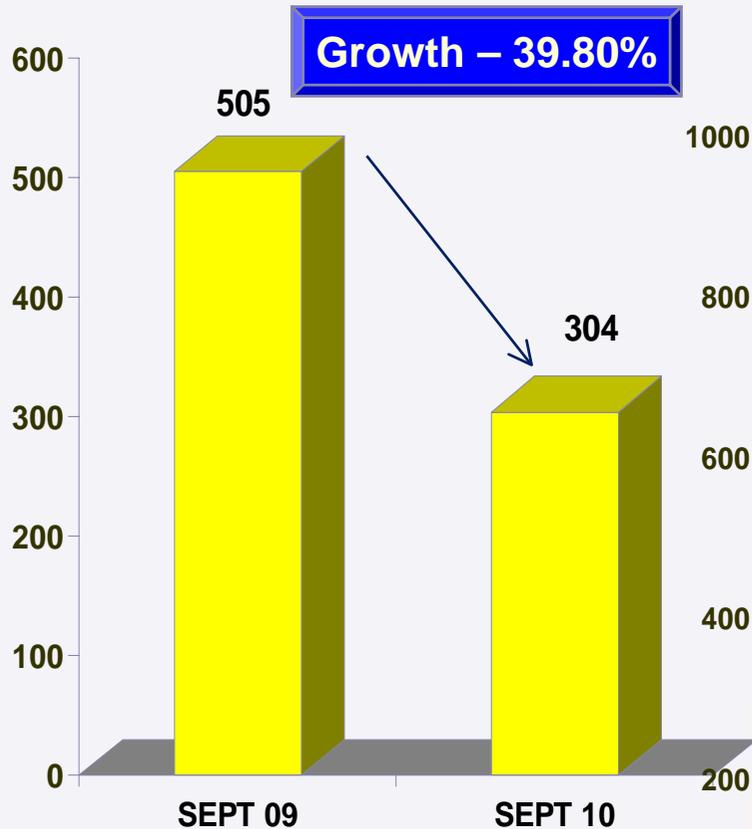
Provisions (Quarterly / Half Yearly)

(₹ in crore)

	SEPT 09 (Q2)	SEPT 10 (Q2)	SEPT 09 (H1)	SEPT 10 (H1)
Taxation	170	228	325	473
NPA	102	629	343	729
Standard Assets	2	13	17	22
Depreciation on Investment	- 4	-34	-139	-13
Others (Frauds / Restructured Adv.Etc.)	35	-8	104	59
Total	305	828	650	1270

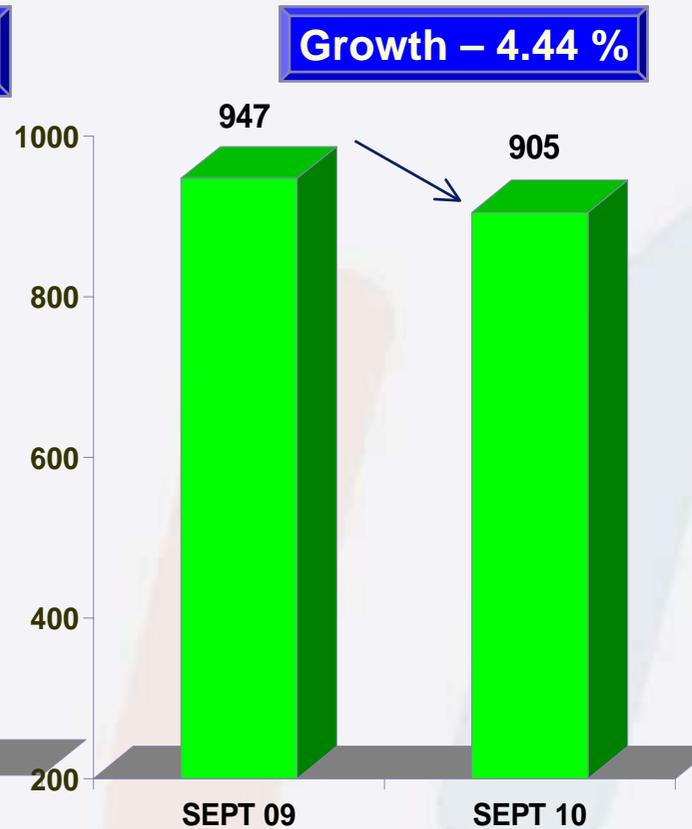
Due to substantial slippages on account of Agriculture Debt Relief Waiver scheme and global economic downturn, provision on NPAs has increased to Rs 629 crs from Rs 102 crs in the previous year.

Net Profits (Quarterly / Half Yearly)



■ NET PROFIT

Quarterly

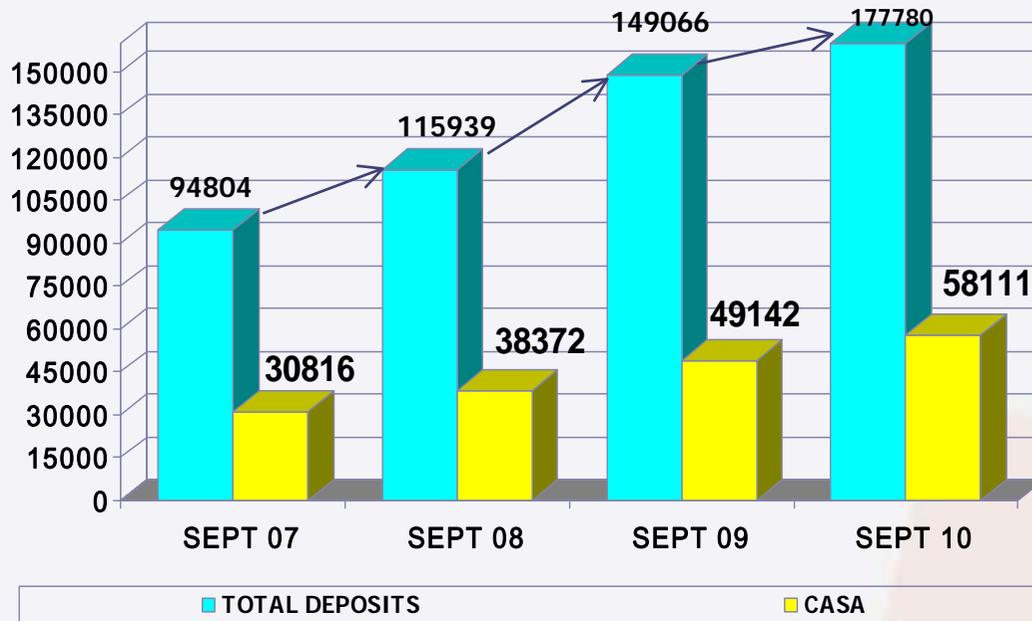


■ NET PROFIT

Half Yearly

- The Net Profit of Rs 304 crs for Q2-11 has been impacted mainly due to higher NPA provision of ₹ 629 crs as against ₹ 102 crs in the previous year.
- However, Net profit for HY11 has marginally reduced by 4.44% from ₹ 947 crore to ₹905 crore.

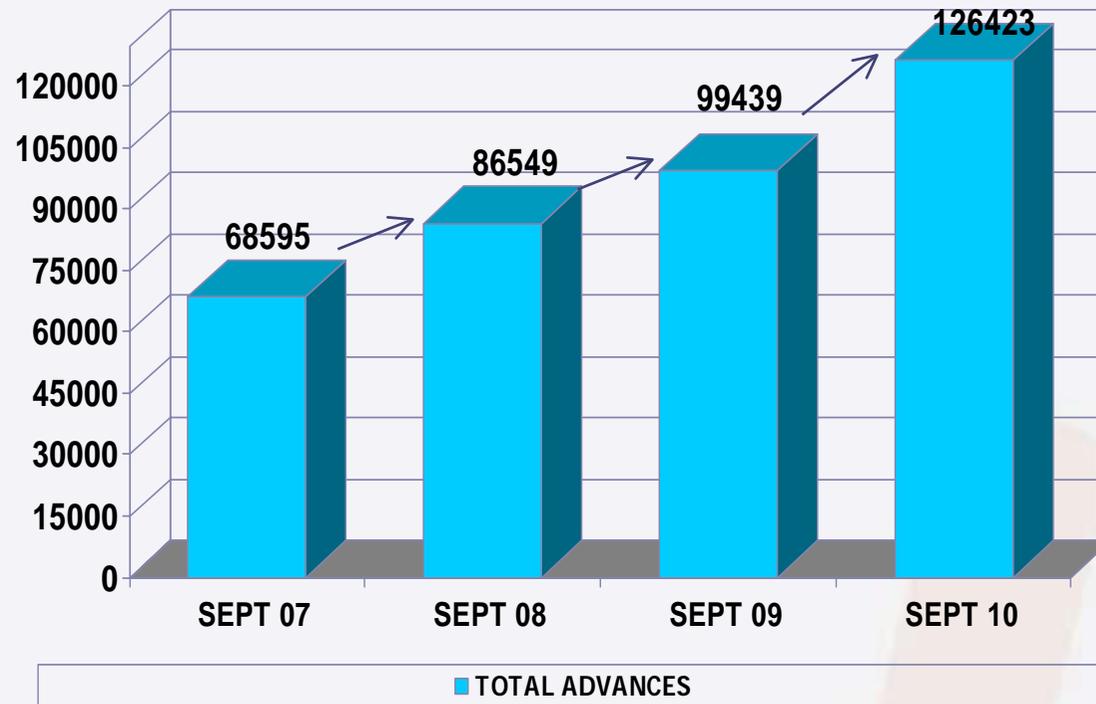
Deposits



- Total Deposits grew by 19.26 % to ₹ 177780 Cr.
- CASA Deposits have increased by 18.25% to ₹ 58111 Cr.
- CASA share to Total Deposits is at 32.69%.

	SEPT 09	MAR 10	SEPT 10	(₹ in crore) Growth%Yo
Total Deposits	149066	170040	177780	19.26
Demand Deposits (CASA)	49142	53957	58111	18.25
W/w Saving Deposits	32554	37728	42038	29.13
CASA SHARE %	32.97	31.73	32.69	

No. of Customers as of 30th Sept'10 – 28.20 mln – Added 1.27 mln customers-last 6 mths



Advances

Bank registered YoY growth of 27.15% in advances. Yield on advances is at 9.49 %.

(₹ in Crore)

	SEPT 09	SEPT 10	YoY Growth%
GROSS ADVANCES	99439	126423	27.15
RETAIL ADVANCES	10891	14563	33.72
AGRICULTURE	15599	17905	14.78
MSME	19726	22770	15.43

BUSINESS OF HONG KONG BRANCH

₹ in Crs

Business	March 10	Sep 09	Sep 10	(Growth) %
DEPOSITS	370	380	458	20.53
ADVANCES	2977	2300	4739	106.04
TOTAL BUSINESS	3347	2680	5197	93.92
PROFIT	58	32	37	15.63

MARKET SHARE

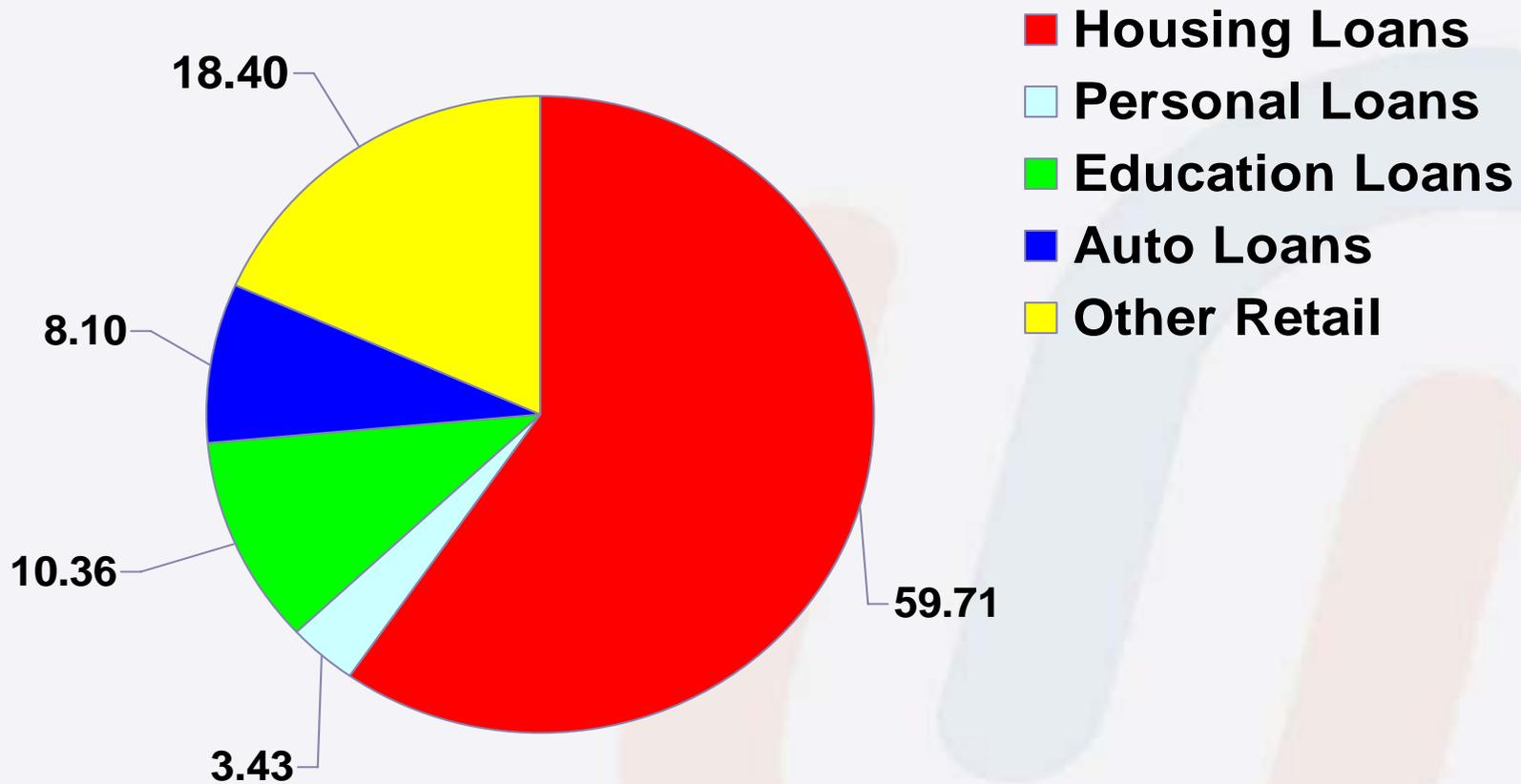
	AS ON 26.09.08	AS ON 25.09.09	AS ON 18.06.10	AS ON 24.09.10*
OUR MARKET SHARE IN DEPOSITS	3.21	3.29	3.49	3.53
OUR MARKET SHARE IN CREDIT	3.23	3.26	3.27	3.28

**based on RBI fortnightly data on SCBs*

The Bank has been consistently outperforming the industry growth.

COMPOSITION OF RETAIL ASSETS

Product-wise composition of Retail assets Portfolio SEP 10



Distribution of Ratings Large & Mid Corporates

The Bank is having a portfolio of ₹ 102487 crore (No. of Accounts 2854) of more than ₹ 5 crore, out of which 723 accounts with exposure of ₹ 48554 crore are rated. Rating of the accounts is as under:

Rating	No of Borrowers	Exposure (₹ in Cr.)	% OF RATED EXPOSURE
AAA	54	12994	26.76
AA	60	8375	17.25
A	114	11224	23.12
BBB	222	9677	19.93
BB& BELOW	273	6284	12.94
Total	723	48554	100.00

SECTOR-WISE ADVANCES

Across Large & Mid Corporates, SME and Corporate Agri Business

Rank	Sectors	Outstanding (As on 30 th Sept'10)	
		%	Amount (₹. in Crore)
1	Retail Advances	11.51	14563
2	Infrastructure	9.52	12052
3	Trade	6.68	8456
4	Iron & Steel	4.25	5373
5	Textile	2.68	3392
6	Commercial Real Estate	2.22	2810
7	Petroleum	1.24	1573
8	Chemical & Chemical Products	1.88	2380
9	Gems & Jewellery	1.44	1819
10	Food Processing	1.22	1543

Assets Restructured during H1-FY 11

Nature of Advance	UPTO MAR 10		UPTO JUNE 10		DURING SEPT 10 QTR.	
	No of Accts	Amt.	No of Accts	Amt.	No of Accts	Amt.
		(₹ in Crs)		(₹ in Crs)		(₹ in Crs)
MSME W/w	30008	833.96	30015	841.24	48	28.79
Micro Enterprises	21210	267.40	21213	267.45	36	1.92
Small Enterprises	8703	371.01	8706	372.64	10	21.29
Medium Ent.	95	195.55	96	201.15	2	5.58
Large Ent.	74	1852.44	75	1864.44	9	98.73
Others	34165	1368.51	34167	1369.58	1	1.40
Agriculture	15997	131.35	16008	131.46	79	3.35
Retail Loans	38998	768.98	39031	770.07	150	7.38
Total	119242	4955.24	119296	4976.79	287	139.65

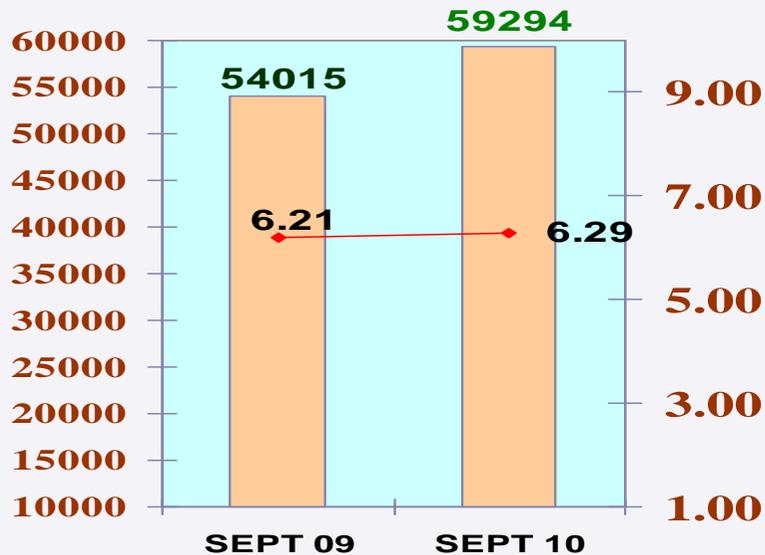
Of the assets restructured upto Sept'10, 11.34% have slipped to NPAs.

Assets Restructured during Q-2 / H1-FY 11

Restructured Accounts Closed / Fully Adjusted (More than Rs. 1.00 crore)			
Sr. No.	Details of Restructured Accounts	Accounts	Amount (₹ in cr.)
1	April – June 2010	3	32.53
2	July – Sept. 10	5	71.22
	Total	8	103.75

Restructured Accounts turned to NPAs (for more than Rs. 1.00 crore)			
Sr. No.	Details of Restructured Accounts	Accounts	Amount (₹. in cr.)
1	April – June 2010	6	193.16
2	July – Sept. 10	4	35.87
	Total	10	229.03

Investments



- Growth in investments and yield on investments were in line with market trends.
- Out of Total AFS portfolio of ₹ 16059 cr. ₹ 8124 cr (50.59%) only is interest sensitive.

Investments — Yield on Inv

	SEPT 09 (₹ in crs)	%	Duration	SEPT 10 (₹ in crs)	%	Duration
Held to Maturity	36822	68.17	5.73	43050	72.60	5.48
Held for Trading	448	0.83	5.38	185	0.31	6.72
Available for Sale	16745	31.00	2.63	16059	27.09	2.58
Total	54015	100.00	4.95	59294	100.00	4.68

NPA Management

(₹.in crore)

	SEPT 09	MARCH 10	JUNE 10	SEPT 10
Gross NPAs – Opening on 1 st April	1923	1923	2671	2671
Add : Additions	496	1785	623	1753
Less : Deductions	500	1037	558	900
1. Due to Write Off	246	513	261	414
2. Due to upgradation	82	123	137	203
3. Due to Recoveries	172	401	160	283
Gross NPAs	1919	2671	2736	3524
Gross Credit	99430	121249	124743	126423
Gross NPA as a % age of GBC	1.93	2.20	2.19	2.79
Net NPA	223	965	1150	1462
Net Advances	97554	119315	122933	124142
Net NPA as a % age of Net Advances	0.23	0.81	0.94	1.18
NPA Coverage %	88.38	74.02	71.12	70.00

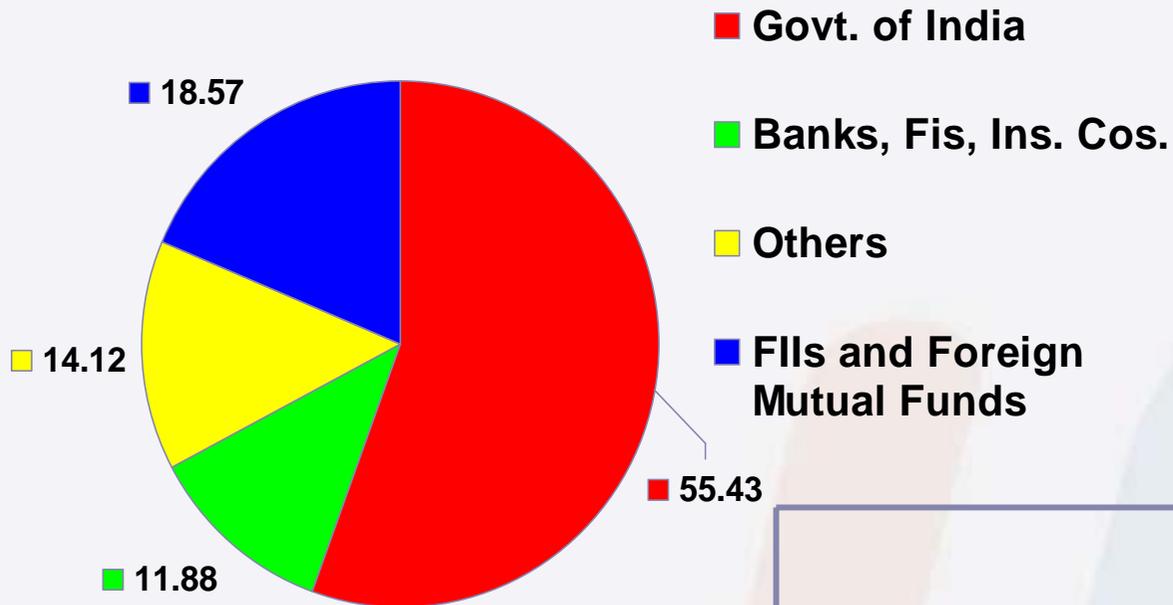
Cost of Credit

(₹ in Crs)

Particulars	SEP 09	MAR 10	SEPT 10
Gross Advances	99430	121249	126423
Average Advances	98848	109757	123836
NPA Provision	343	699	729
Credit Cost %	0.69	0.64	1.18

Note : Sept. Credit Cost % Annualised.

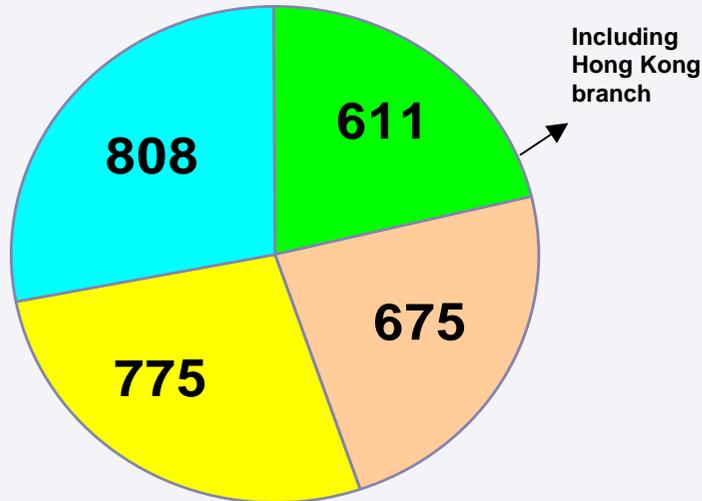
Shareholding Pattern (30th Sept'2010)



	SEPT 09 %	SEPT 10 %
GOVT.	55.43	55.43
FII & FMFs	17.03	18.57
BANKS, INST./ MUTUAL FUNDS	12.76	11.88
OTHERS	14.78	14.12

DISTRIBUTION CHANNELS

BRANCH MIX



Metro	Urban	Semi-Urban	Rural
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South	North	West	East
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675	1160	628	405
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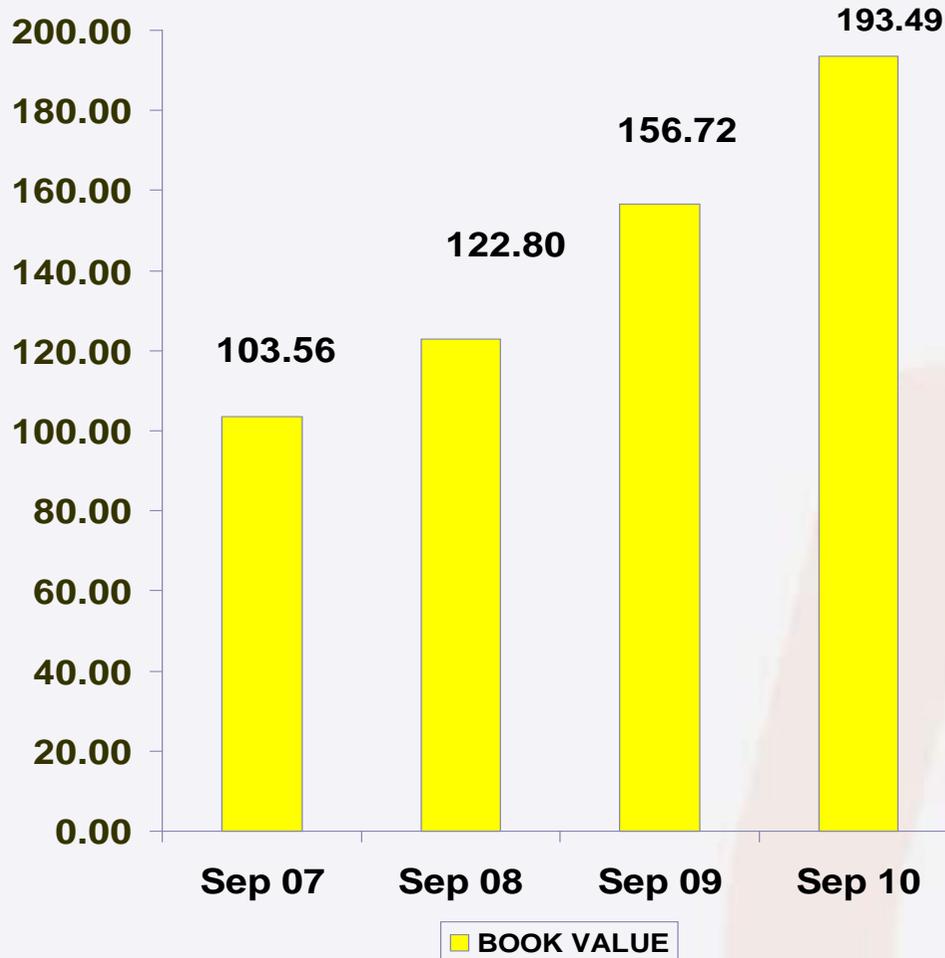
□ The Bank added 38 branches and 50 ATMs during Q2-11.

SERVICE OUTLETS

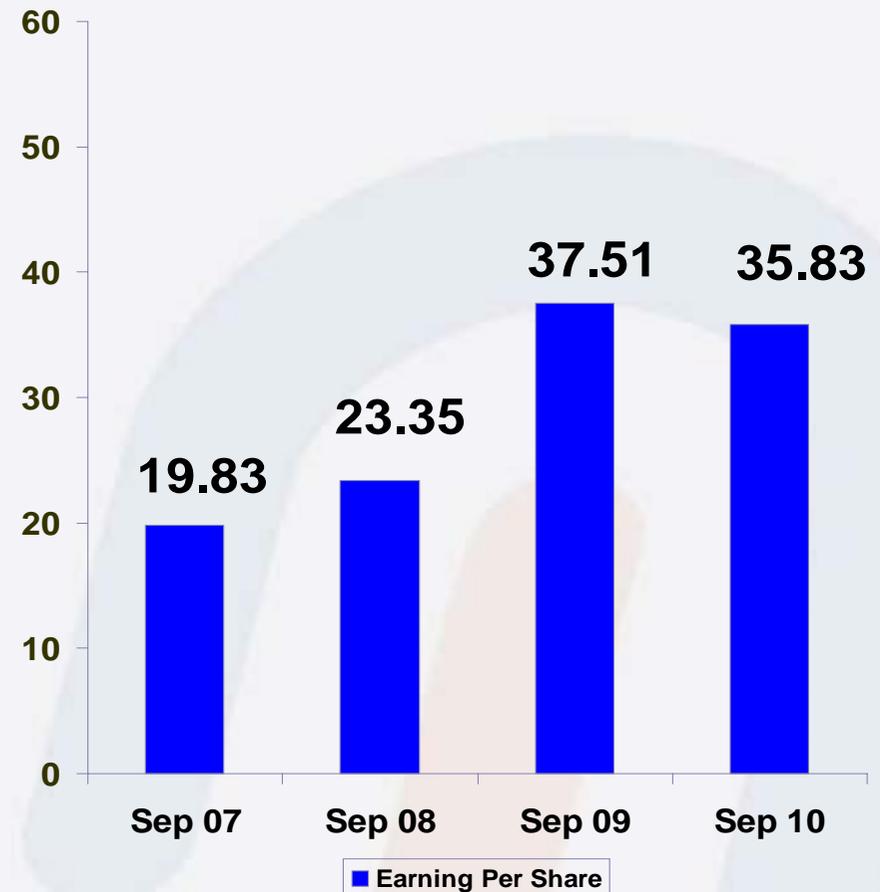
	Sep'08	Sep'09	Sep'10
Branches	2432	2713	2869
Ext. Counters	117	66	49
Service branches	35	43	46
Total	2584	2822	2964
ATMs	1402	2130	2420

Transaction through Electronic mode has increased from 35% of total transactions as of March 2010 to 40.79% as of Sept.'10

Shareholders' Returns (YoY)



Book Value



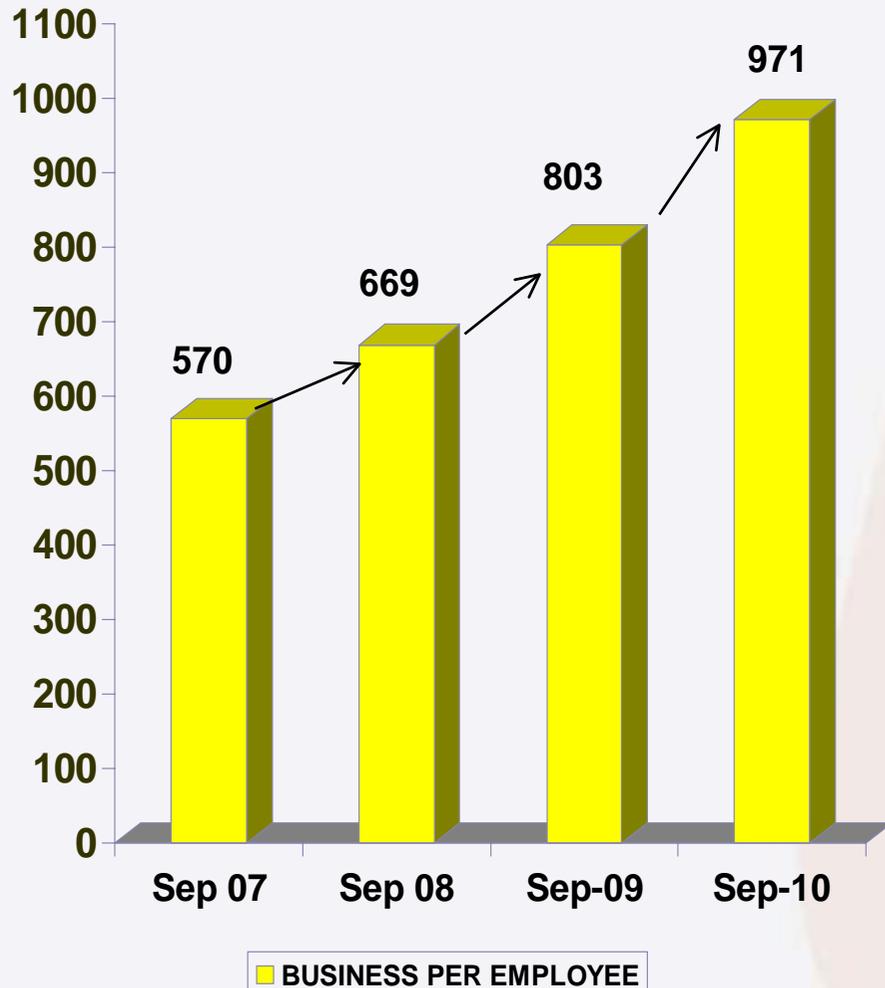
Earning per Share

COST TO INCOME RATIO



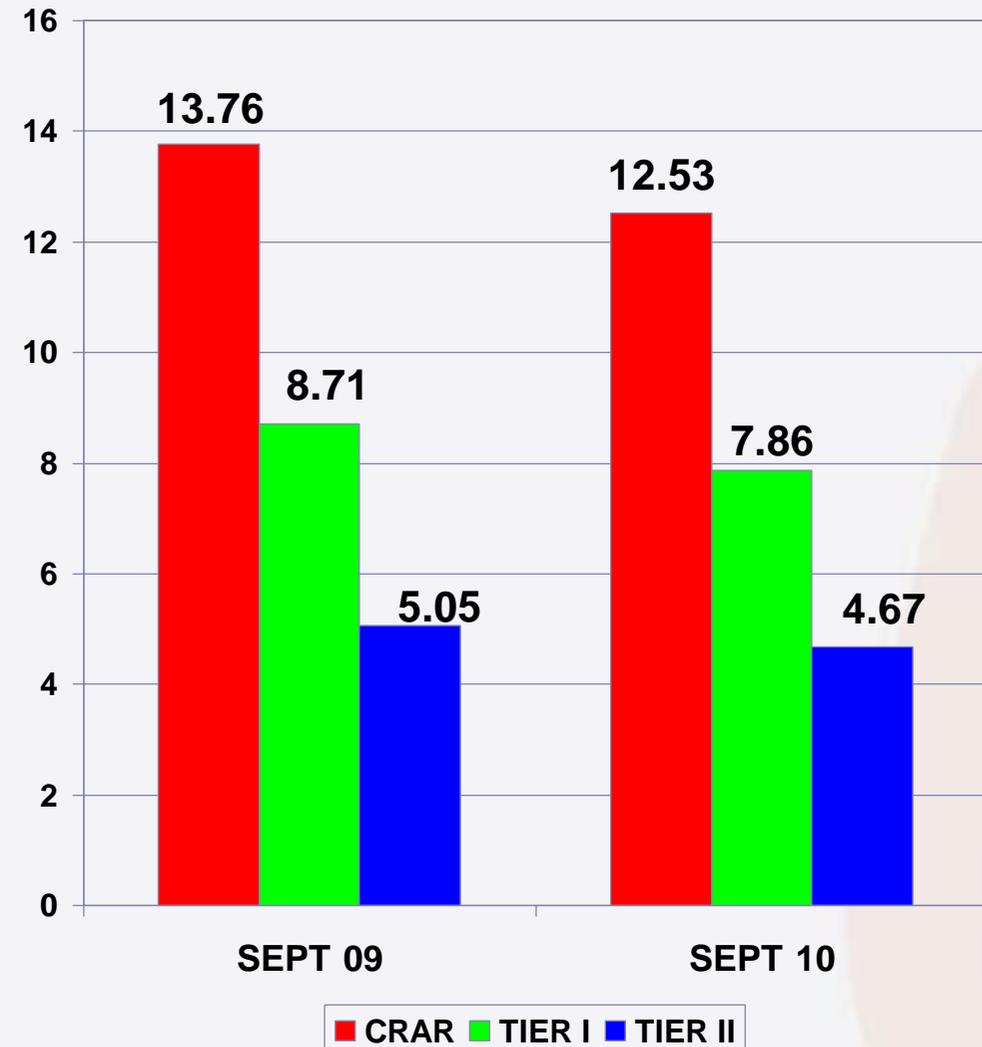
- **Cost to Income ratio had moderated upto 41.89% as of Sept. 2009 from peak of 49.58 as of Sept'06 on implementation of operational efficiency measures.**
- **The ratio of 43.21% as of Sep'10 is higher mainly on account of higher provision towards liability for Gratuity due to change in Gratuity act and 2nd option for pension consequent to wage revision.**

IMPROVED EFFICIENCY



- Productivity measured by Business per employee increased from ₹ 803 lacs to ₹ 971 lacs.
- Gross Profit Per Employee has increased from ₹ 11.36 lac to ₹ 15.21 lacs

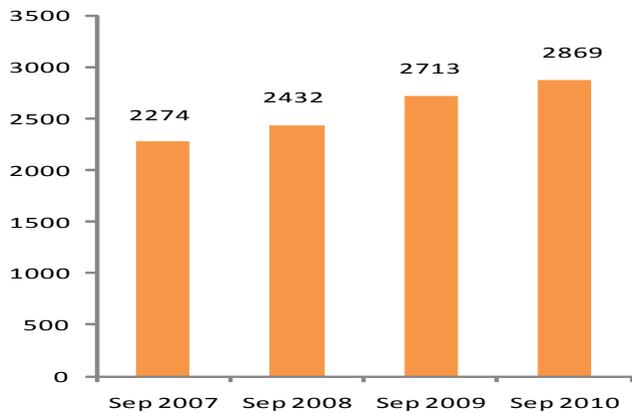
Capital Adequacy Ratio (Basel II)



- Capital Adequacy Ratio reduced from 13.76% as on 30th Sept, 2009 to 12.53% as on 30th Sept, 2010 due increase in volume of business.
- Tier-I capital funds have increased by 11.17% from ₹.8956 crore as on Sept, 2009 to ₹. 9875 crore as on Sept, 2010
- Tier-I CAR has reduced from 8.71% as on Sept'09 to 7.86% as on Sept'10.

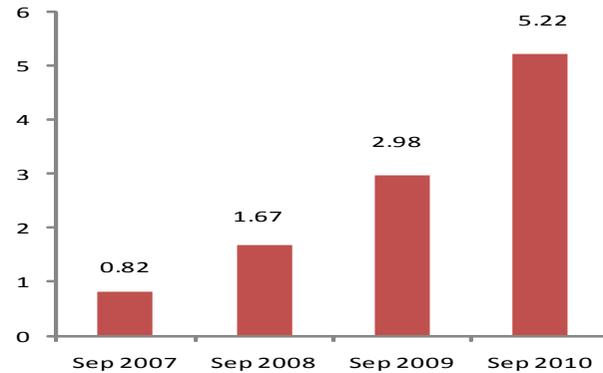
Delivery - Reach & Alternate Channel

Branch



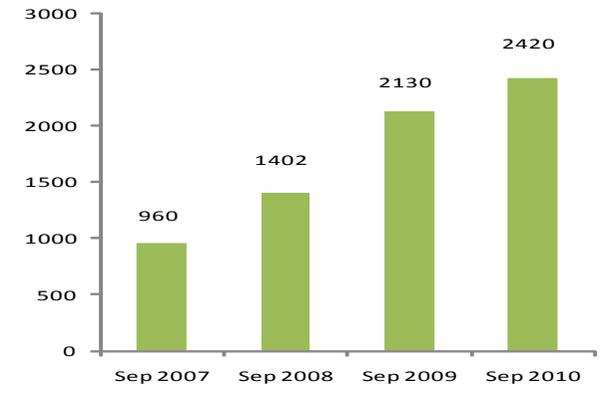
+595 in 3 Yrs

I Banking Users (lakhs)



+4.40 lac New Users in 3 Yrs

No of ATMs



+1460 New ATMs in 3 Yrs

In the past one year,

- Added 290 ATMs to the network
- Issued 1.67 million debit cards (From 3.85mn – 5.52mn)
- Added over 2.24 lakh customers on internet banking facility
- Added over 9.7 lakh customers on SMS banking facility

WHY INVESTING IN UNION BANK SHARE IS GOOD INVESTMENT

	MAR 2007	MAR 2010	%Growth over 2007	SEP 2010	%Growth over Mar 2010
SHARE PRICE					
UNION BANK	104	292	180.76	388	32.88
BANKEX	6542	10652	62.82	14025	31.67
SENSEX	13072	17528	34.09	20069	14.50

Bank's share price has outperformed the Bankex & Sensex during FY07 & FY10 Even During the current year also growth is above sensex and Bankex

*Major highlights
of last quarter*

Major Highlights Q2-11

The Bank was amongst the first to enter into agreement with IIFCL for take-out financing. A total of 7 projects amounting to ₹ 1500 crs have been approved by IIFCL for take-out financing.

The Bank entered into a Memorandum of Understanding (MoU) with Unique Identification Authority of India (UIDAI) to work as Registrars for UID Programme. The MoU was signed by Shri Vivek Mhatre, General Manager of the Bank and Shri Rajesh Bansal, Asst. Director General of UIDAI in Delhi on 15th July, 2010 in the presence of Shri S. Raman, Executive Director, Union Bank of India and Shri R.S. Sharma, Director General, UIDAI.



Major Highlights Q2-11

Cashless Campus Project – Mobile PoT.

The Bank successfully implemented Cashless Campus Project at RGPV, Bhopal by Introducing Payment Gateway & Mobile POT facilitating Electronic / Mobile Banking transactions. The Bank mobilised about 80,000 student accounts, 200 accounts of colleges/institutes and 2.25 lac PG transactions in 8 weeks time.

Two factor authentication - To make internet banking transactions more secure bank has introduced Two Factor Authentication for E-banking users (Retail & Corporate). Retail users can avail software tokens and Corporate Users can avail hardware tokens for 2FA.



Guidance 2010-11

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 2.30% 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.

You moved to another city.
She understood.
You were too busy to call everyday.
She didn't mind.
When she cried, she cried alone.
Whenever you cried, she cried with you.
When you said 'Ma, this is important',
she prayed for you.

Your dreams are not yours alone  **Union Bank**
of India
Bank partners in back with



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DREAM BIG