

FINANCIAL RESULTS - DECEMBER '09

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WORKING RESULTS – QUARTER ENDED DEC 2009

FINANCIAL HIGHLIGHTS

Key Financials

- Union Bank of India recorded quarterly **Operating profit of Rs.914 crs** for Dec. 09 as against Rs. 854 crs for the quarter ended Dec. 08 recording a growth of 7.03%.
- The Bank recorded a **Net Profit of Rs.534 crs** for Q3-FY10 as against Rs.671 crs for the corresponding quarter of the previous year. The lower Net Profit is mainly due to write-back of depreciation on investments of Rs. 291 crores in Dec. 08 quarter, which benefit was not available in Dec. 09 quarter. Without reckoning the write back of depreciation the net profit would have shown growth of over 40%.
- **Capital Adequacy** under BASEL II is at a healthy level of **13.46%** as on 31st Dec.09 as against the regulatory minimum of 9%. Tier I CAR stood at 8.70%.
- **Net Worth** of the Bank increased to **Rs. 8453 crs** as of Dec.'09 from Rs. 6864 crs as of Dec'08 due to plough back of profits.
- **Return on Average Assets** is at **1.29%** in quarter Dec'09 as compared to 1.92 in the quarter ended Dec'08. RoA as of Dec'09 is consistent with the last two years' level of 1.27% as of 31st March 09 and 1.26% as of 31st March 08.
- **Return on Equity (RoE)** is at **25.28%** for Dec. 09 quarter as compared to 29.15% for Dec'08 quarter. RoE for Dec'09 is consistent with the last two years' level of 24.79% as of 31st March 09 and 24.70% as of 31st March 08.

- The Gross NPAs as on 31st Dec. 09 was at 1.96% as compared to 1.68% as on on 31st Dec 08. However, the Bank has been able to retain NPAs at March 09 level of 1.96% despite downturn in the economy. Net NPAs stood at 0.58% as on 31st Dec. 09 as compared to 0.14% as on 31st Dec 08.

Working Results Overview - Quarter ended December, 2009

(Rs. in crore)

		Q3 – 09 to to Q3 - 10		
		Dec. 08	Dec. 09	% change
1.0	Total Income	3654	3758	2.85
1.1	Interest Income	3259	3293	1.04
1.1.1	-on advances	2465	2452	-0.53
1.1.2	-on investments	724	813	12.29
1.1.3	-on others	70	28	-60.00
1.2	Non-Interest Income	395	465	17.72
2.0	Total Expenses	2800	2844	1.57
2.1	Interest Expenses	2134	2229	4.45
2.1.1.	-Deposits	1927	2089	8.41
2.1.2	-Others	207	140	-32.37
2.2	Other Expenses	666	615	-7.66
2.2.1	-Establishment	323	325	0.62
2.2.2	-Others	343	290	-15.45
3.0	Interest Spread	1125	1064	-5.42
4.0	Operating Profit	854	914	7.03
5.0	Provisions	183	380	107.65
6.0	Net Profit	671	534	-20.42

Performance in Brief

Business:

- ✓ The Bank achieved a **total business–mix** of **Rs.257619 crs**, a growth of 15.72% over previous year's level of Rs.222625 crs as on 31st Dec. 08.
- ✓ The Bank's **total deposits** as on 31st Dec. 09 reached a level of **Rs.151085 crs** from Rs.129647 crs as on 31st Dec. 08, an increase of 16.54%. Demand deposits grew by 24.08% to **Rs.48861 crs** as on 31st Dec. 09 from Rs. 39378 crore as on 31st Dec. 08.
- ✓ **Gross advances** of the Bank reached a level of **Rs.106534 crs** as on 31st Dec. 09 from Rs.92978 crs as on 31st Dec. 08, registering an increase of 14.58% over Dec. 08.
- ✓ **MSME advances** grew by 41.12% YoY from Rs.14612 crs as of Dec. 08 to **Rs.20630 crs** as of Dec. 09.
- ✓ **Agri advances** grew by 29.02% from Rs 13591 crs as of Dec. 08 to **Rs.17535 crs** as of Dec. 09.
- ✓ Retail Advances grew to **Rs.11843 crs** from Rs.9784 crs in the previous year. Within **Retail advances**, Home Loans, Car Loans and Educational Loans grew by 23.06%, 19.83% and 36.67% resp. YoY.

Capital & Net Worth :

- o The Bank's total **Capital Adequacy Ratio (CRAR)** under BASEL II as at 31st Dec. 09 stood at 13.46% as against 13.41% as on 31st Dec. 08 despite increase in business.
- o The Bank's **Net Worth** increased by 23.15% and stood at **Rs.8453 crs** as on 31st Dec. 09 in comparison to Rs.6864 crs as on 31st Dec. 08.

Financial Performance (Quarterly) :

- o **Total Income** increased to **Rs.3758 crs** in Dec. 09 from Rs.3654 crs in Dec. 08.
- o **Interest Income** increased to **Rs.3293 crs** in Dec. 09 from Rs.3259 crs in Dec. 08.
- o The Bank's **Net Interest Income** reduced from Rs.1125 crs in Dec. 08 to **Rs.1064 crs**, decrease of 5.42%. Net Interest Income started moving up from Sept. 2009 as a result of corrective measures taken. On a sequential basis NII recorded a growth of 23.15% to Rs 1064 crs in Dec'09 quarter from Rs 864 crs in Sept'09 quarter.
- o **Non-interest income** increased to **Rs.465 crs** in Dec. 09 quarter from Rs.395 crs in Dec 08 quarter. **Core fee Income** for Dec. 09 quarter has increased to **Rs.214 crs** from Rs.163 crs in Dec. 08 quarter registering a growth of 31.69%.

- o **Operating expenses** have reduced to **Rs.615 crs** in Dec. 09 from Rs.666 crs for the quarter ended Dec.'08.
- o **Operating Profit** increased to **Rs.914 crs** in Dec. 09 as compared to Rs.854 crs in Dec. 08.

Asset Quality:

- o The **Gross NPAs** as on 31st Dec. 09 was at **Rs.2092 crs** as compared to Rs.1564 crores as at 31st Dec 08. The **Gross NPAs to Gross Advances** as on 31st Dec. 09 was at **1.96%** as compared to 1.68% as on 31st Dec'08. However, the Bank has been able to retain the NPA at March'09 level of 1.96% despite downturn in the economy.
- o The **Net NPAs** as on 31st Dec. 09 was at **Rs.613 crs** as compared to Rs. 127 crores as on 31st Dec'08. **Net NPAs to Net Advances** as of 31st Dec. 09 was at **0.58%** as compared to 0.14% as of 31st Dec. 08.
- o The **coverage of provisions for NPAs** as on 31st Dec. 09 was at **80.04%** as compared to 91.85% as on 31st Dec'08 and 83.05% as on 31st March 09.

Ratio Analysis (Quarterly):

- o The **Net Interest Margin (NII to Earning Assets)** of the Bank stood at **2.71%** for the quarter ended 31st Dec. 09 as compared to 3.55% as on 31st Dec'08. However, NIM has improved from 2.28% for the quarter ended 30th June'09 and 2.34% for the quarter ended Sept. 09.
- o **Return on Average Assets** is at **1.29%** in quarter ended Dec. 09 as compared to 1.92 in quarter ended Dec'08. RoA as of Dec'09 is consistent with the last two years' level of 1.27% as of 31st March 09 and 1.26% as of 31st March 08.
- o **Return on Equity (RoE)** is at **25.28%** as of Dec. 09 quarter as compared to 39.15% for Dec'08 quarter. RoE for Dec'09 is consistent with the last two years' level of 24.79% as of 31st March 09 and 24.70% as of 31st March 08.
- o **EPS and Book value** stood at **Rs.39.10** and **Rs.167.34** in Dec. 09 as against Rs.33.30 and Rs.135.89 respectively in Dec 08.
- o **Cost to Income Ratio** improved to **41.29%** in Dec. 09 from 43.04% in Dec 08.

FUTURE PLANS

- The Bank aims for a deposit growth of approx. 20% and advances growth of 18% for 2009-10.
- Bank targets CASA ratio of 35% by March 2012.
- Return on Equity (ROE) to be 25% and Return on Average Assets (ROA) to be 1.25% by March 2010.
- Transactions through electronic mode to reach 35% of total transactions by March 2010.

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