

Financial Results for the Quarter ended June 2011

Mumbai, July 22nd, 2011: The Board of Directors of the Union Bank of India today approved the audited accounts of the Bank for the quarter ended June 30, 2011 which were subjected to Limited Review.

Highlights for the quarter-ended June 30, 2011

- + Net Interest Income for Q1-FY12 up 18.11% to ₹.1590 crore from ₹.1347 crore in Q1/FY11
- + Net Interest Margin (on earning assets) for Q1/FY12 was 3.10%, up from 3.03% in Q1/FY11.
- + Non Interest Income for Q1/FY12 was ₹.484 crore, compared to ₹.435 crore in Q1/FY11, a growth of 11.26% YoY.
- + Net Profit for Q1/FY12 stood at ₹.464 crore as compared to ₹.601 crore in Q1/FY11. The decline in Net Profit is mainly due to increase of ₹214 crs in provisions on NPAs (₹.185 crs) and restructured accounts (₹.29 crs) as per revised norms of RBI. Without this exceptional items, Net Profit would have been ₹. 678 crs with a growth of 12.81%.
- + Return on average assets (annualised) in Q1/FY12 was 0.86% compared to 1.27% in Q1/FY11.
- + Return on equity (annualised) in Q1/FY12 was 15.96% compared to 25.71% in Q1/FY11.
- + Earning per share (annualised) in Q1/FY12 was Rs.35.43 compared to Rs.47.63 in Q1/FY11.
- + Bank added 4.96 lakh customer accounts during the quarter. Bank's customer base increased to 30.18 million as of 30th June, 2011.
- + Cost-to-income ratio stood at 43.79% as against 41.45% in the corresponding period of last year.
- + Gross NPA ratio stood at 2.57% in Q1/FY12 as against 2.19% in the corresponding period of last year.
- + Provision Coverage ratio stood at 68.22% as against 71.12% in the corresponding period of last year.

Balance Sheet

- + Balance Sheet size of the Bank increased by 17.84% to ₹.233311 crore as on June 30, 2011 from ₹197997 crore as on June 30, 2010.
- + Global Business grew by 16.38%, from ₹.296227 crore to ₹. 344747 crore as on June 30, 2011
- + Domestic Deposits increased from ₹.171080 cr. to ₹.198542 cr., a growth of 16.05%. Global Deposits increased from ₹171484 crore (June 2010) to ₹.199178 crore (June 2011), recording a growth rate of 16.15%.
- + CASA deposits grew by 12.40% to ₹.62768 crore from ₹ 55845 crore in the previous year. Despite higher term deposit rates prevailing during the year, CASA share in total deposits was at 31.51%.

- Domestic Advances increased from ₹120858 cr. to ₹. 138861 cr., a growth of 14.90%. Global Advances increased from Rs.124743 crore (June 2010) to ₹.145567 crore (June 2011), recording a growth rate of 16.70%.
- Credit-Deposit ratio for the quarter June 2011 stood at 75.40% compared to 75.05% in June10.

Asset Quality

- Bank's Gross NPAs stood at 2.57% as compared to 2.19% in the corresponding period of last year.
- There is a declining trend in delinquency ratio. It declined from 2.10% to 2.05% in June 11.
- Net NPA ratio is at 1.32% as on June 30, 2011 as against 0.94% in the previous year.

Capital Adequacy

- Capital Adequacy ratio of the Bank, under Basel II, is 12.88% as on June 30, 2011.
- The Tier I CRAR is 8.82% as on June 2011 from 7.88% in June 2010.
- Since July,2010 Bank received an amount of ₹. 111 crore towards contribution of the central government in the Perpetual Non Cumulative Preference Shares (PNCPS) of the bank. Further, Government of India has also infused an amount of Rs.682 crore in the Bank. Both these infusions are treated as Tier I capital

Delivery Channels

- Bank has 3016 branches including 1 overseas branch. 207 branches were opened during the year including 13 specialised Financial Inclusion (FI) branches. The plan is to add 400 branches during the current year including 100 FI branches.
- Bank has presence in 5 overseas territories including 1 branch at Hong Kong and representative offices at Abu Dhabi, Beijing, London, Shanghai and Sydney. Bank has approval of Reserve Bank of India for opening a subsidiary in London, branches at Belgium & Sydney and representative offices in Toronto (Canada) & Johannesburg (South Africa). We are in the process of obtaining approval from respective regulators.
- During the year, bank added 307 ATMs, taking the total number of ATMs to 2673. Bank's ATMs to branches ratio is 0.9, compared to nationalized banks' average of around 0.5. Considering the customers' preference, Bank will almost double the number of ATMs this year to 5000.

- Transactions through alternative channels have increased to 52% of the total transactions of the Bank as of June 2011 compared to 36% as of June 2010.

Looking forward

- Bank is currently engaged in two initiatives. The first is our objective of becoming the No 1 Retail Bank in Customer Service Excellence. In this, inter-alia, we are building a new model, called “Branch of the Future” that will enhance our customer service capabilities to leverage higher wallet share of customers. This strategy will help in building our retail asset and liabilities profile.
- Secondly, we are revamping the system of Human Resource Management in the Bank, with primary focus on building specialized skills and developing leadership chain. These initiatives will not only start showing results in the current year but also prepare Union Bank for a higher trajectory of growth. We are focused on developing capabilities for becoming the preferred banker to the NextGen customers and new Bankable class.

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