



Union Bank Of India
Corporate Communications Division
Central Office, Mumbai

PRESS RELEASE

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WORKING RESULTS – QUARTER ENDED SEPT 2009

FINANCIAL HIGHLIGHTS

Key Financials

- ✓ Union Bank of India recorded a quarterly Operating profit of Rs.810 crs for Sept'09 as against Rs. 700 crs for the quarter ended Sept'08 registering **growth of 15.71%**.
- ✓ Net Profit has improved from Rs. 362 crs to Rs.505 crs registering a quarterly **growth of 39.50%**.
- ✓ Capital Adequacy under BASEL II shored up to 13.76% in Sept'09 from 11.77% in Sept'08.
- ✓ Net Worth of the Bank increased to Rs.7916 crs as of Sept'09 from Rs. 6203 crs as of Sept'08 due to plough back of profits.
- ✓ Return on Average Assets improved from 1.12% in Sept'08 to 1.25% in Sept' 09 (QoQ) indicating more efficient utilization of assets.
- ✓ Return on Equity (RoE) has improved from 23.31% to 25.52% as of Sept'09. ROE is consistent with previous two years i.e. 24.70% as of March 08 and 24.79% as of Mar 09.
- ✓ The asset quality was stable. While Gross NPAs remained at 1.93 %. Net NPAs marginally increased from 0.14% in Sept'08 to 0.23% in Sept'09.

Working Results Overview - Quarter ended September, 2009

(Rs. in crs)

		Q2 to Q2 change		
		Sept'08	Sept'09	% change
1.0	Total Income	3114	3761	20.78
1.1	Interest Income	2829	3206	13.33
1.1.1	-on advances	2141	2341	9.34
1.1.2	-on investments	671	838	24.89
1.1.3	-on others	17	27	58.82
1.2	Non-Interest Income	285	555	94.74
2.0	Total Expenses	2414	2951	22.25
2.1	Interest Expenses	1856	2342	26.19
2.1.1.	-Deposits	1686	2193	30.07
2.1.2	-Others	170	149	-12.35
2.2	Other Expenses	558	609	9.14
2.2.1	-Establishment	291	305	4.81
2.2.2	-Others	267	304	13.86
3.0	Interest Spread	973	864	-11.20
4.0	Operating Profit	700	810	15.71
5.0	Provisions	338	305	-9.76
6.0	Net Profit	362	505	39.50

Performance in Brief

Business:

- ✓ The Bank achieved a new landmark with the **total business–mix** of the Bank reaching a level of Rs.248496 crs, a growth of 22.72% over previous year's level of Rs.202488 crs as on 30th Sept'08.
- ✓ The Bank's **total deposits** as on 30th Sept'09 reached a level of **Rs.149066 crs** from Rs. 115939 crs as on 30th Sept'08, an increase of 28.57%. Demand deposits grew by Rs.10770 crs to **Rs. 49142 crs** as on 30th Sept'09 from Rs. 38372 crore as on 30th Sept'08.
- ✓ **Gross advances** of the Bank reached a level of **Rs.99430 crs** as on 30th Sept'09, registering an increase of 14.88% over Sept'08.
- ✓ **MSME advances** grew by 42.08% YoY from Rs 13884 crs as of Sept'08 to **Rs.19726 crs** as of 30th Sept'09. **Agri advances** grew by 22.82% from Rs 12701 crs as of Sept'08 to **Rs.15599 crs** as of Sept'09. Retail Advances grew to **Rs.10891 crs** from Rs. 9324 crs in the previous year. Within **Retail advances**, Home Loans, Car Loans and Educational Loans grew by 22.26%, 23.33% and 39.67% resp. YoY.

Capital & Net Worth:

- o The Bank's **Capital Adequacy Ratio (CRAR)** – BASEL II has improved to **13.76%** as on 30th Sept'09 from 11.77% as on 30th Sept'08.
- o The Bank's **Net Worth** increased by **27.62%** and stood at **Rs.7916 crs** as on 30th Sept'09 in comparison to Rs. 6203 crs as on 30th Sept'08.

Financial Performance (Quarterly):

- o The **Net Interest Margin (N.I.I. to Earning Assets)** of the Bank stood at **2.34%** for the quarter ended 30th Sept'09 which has improved from 2.27% for the quarter ended 30th June, 2009.
- o The Bank's **Net Interest Income** declined from Rs. 973 crs to **Rs.864 crs**, declined by 11.20% over the corresponding quarter of previous year. Net Interest Income started moving up from August due to impact of lower cost of deposit.
- o **Non-interest income** increased to **Rs.555 crs** from Rs.285 crs in quarter ended Sept'08. Core fee Income for the quarter Q2-10 improved to **Rs 217 crs** as against Rs 156 crs in the corresponding period of the previous quarter, a growth of 39.10%.
- o **Operating expenses** increased to **Rs.609 crs** in Sept'09 as against Rs. 558 crore in Sept'08 on account of provision for wage arrears.

Asset Quality:

- o Gross NPAs stood to Rs.1919 crs as on 30th Sept'09 as compared to Rs.1923 crore as on 31st March, 2009 and Rs 1675 cr as on 30th Sept'08.
- o Gross NPAs of the Bank was maintained at 1.93%.
- o Net NPAs increased to Rs.223 crs as on Sept'09 from Rs. 116 crs as on Sept'08.
- o Net NPAs has marginally increased to 0.23% as on 30th Sept' 09 from 0.14% as on 30th Sept'08.
- o The coverage of provisions for NPAs as on 30th Sept'09 was at 88.38%.

Ratio Analysis (Quarterly):

- o Decrease in Yield on advances to 10.14% and Yield on funds to 7.95%, increase in Cost of deposits to 6.29% and Cost of Funds to 5.81% for the quarter ended 30th Sept'09 resulted in Net Interest Margin(NIM) declining to 2.34% in Sept' 09.
- o Return on Average Assets improved from 1.12% in Sept'08 to 1.25% in Sept'09.
- o Return on Equity improved from 23.31% in Sept'08 to 25.52 % in Sept'09.
- o EPS and Book value showed improvement to Rs. 40.00 and Rs. 156.72 in Sept'09 from Rs. 28.62 and Rs. 122.80 respectively in Sept'08.
- o Cost to Income Ratio improved from 44.40% in Sept'08 to 42.90% in Sept'09.

FUTURE PLANS

- The Bank aims for a growth of deposits approx. 20% and growth of 18% in advances for 2009-10.
- Bank targets CASA ratio of 35% by March 2012.
- Gross NPA level is targeted to be contained at less than 2.00% as of March 2010.
- Transactions through electronic mode to reach 35% of total transactions by March 2010.
- The Bank is in the process of appointing an HR consultant for critical areas such as talent management, placement, competency mapping, incentive schemes, succession planning.

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