



यूनियन बैंक
ऑफ इंडिया
Union Bank
of India

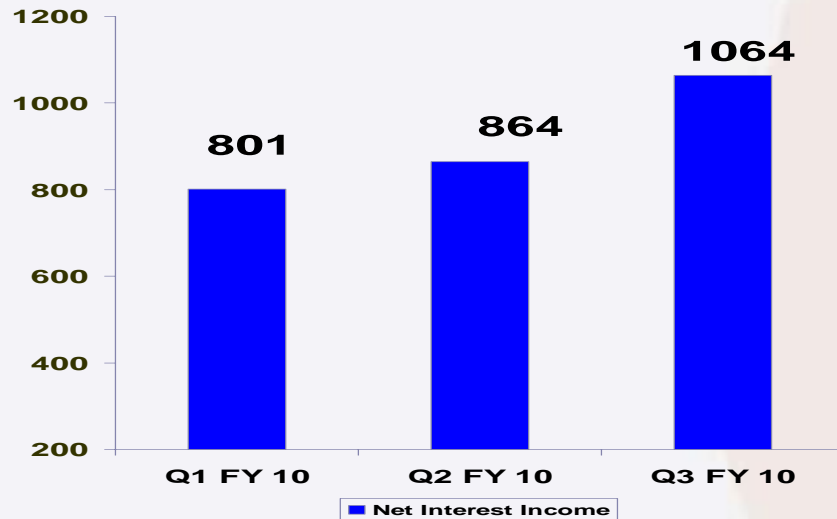
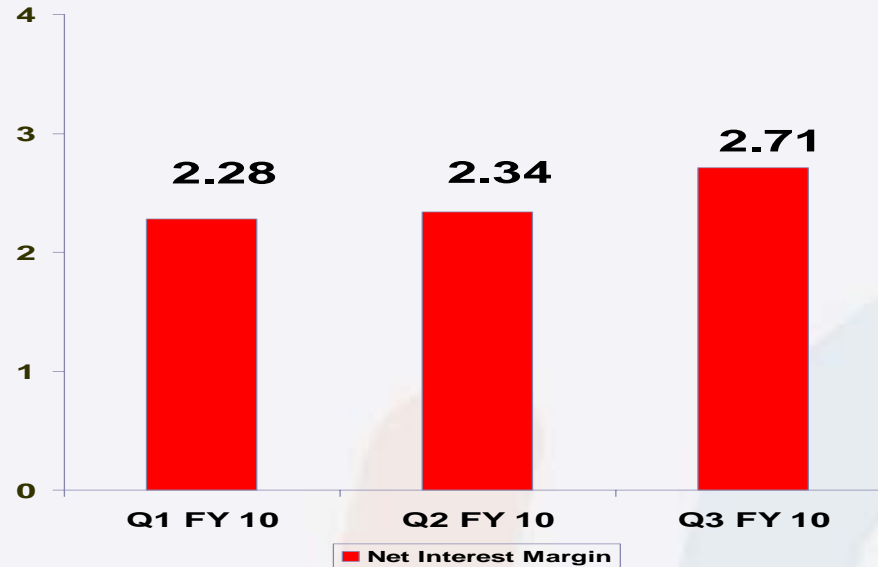
Presentation

Financial Results

31st Dec., 2009

Nine Months 09-10

Overcoming Challenges



Increasing Shareholders' Returns

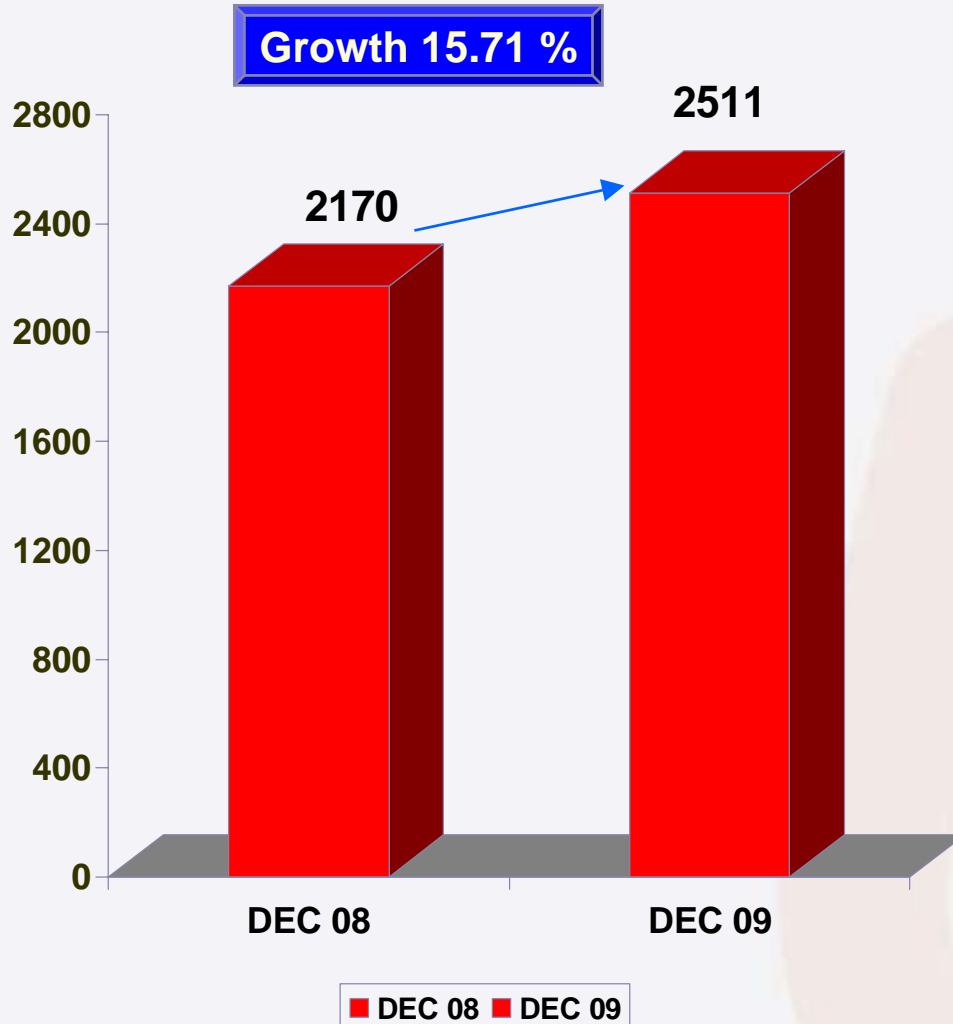
Q3 10 over Q2 10 (Sequential Basis)

- ❖ Earning per Share is at Rs. 42.30 as compared to Rs.40.00 as of Sept.2009 on sequential basis.
- ❖ Book Value per Share has increased from Rs.156.72 as of Sept. 09 to Rs.167.34
- ❖ Return on Equity (RoE) is at 25.28% vis-à-vis 25.52% as of Sept. 09. It is consistent with previous two years i.e. 24.70% as of March 08 and 24.79% as of Mar 09 .
- ❖ Return on Average Assets at 1.29% has improved from 1.25% as of Sept. 09 and is consistent with 1.26% as of March 08 and 1.27% as of Mar 09.

Financial Results – 31st Dec. 2009

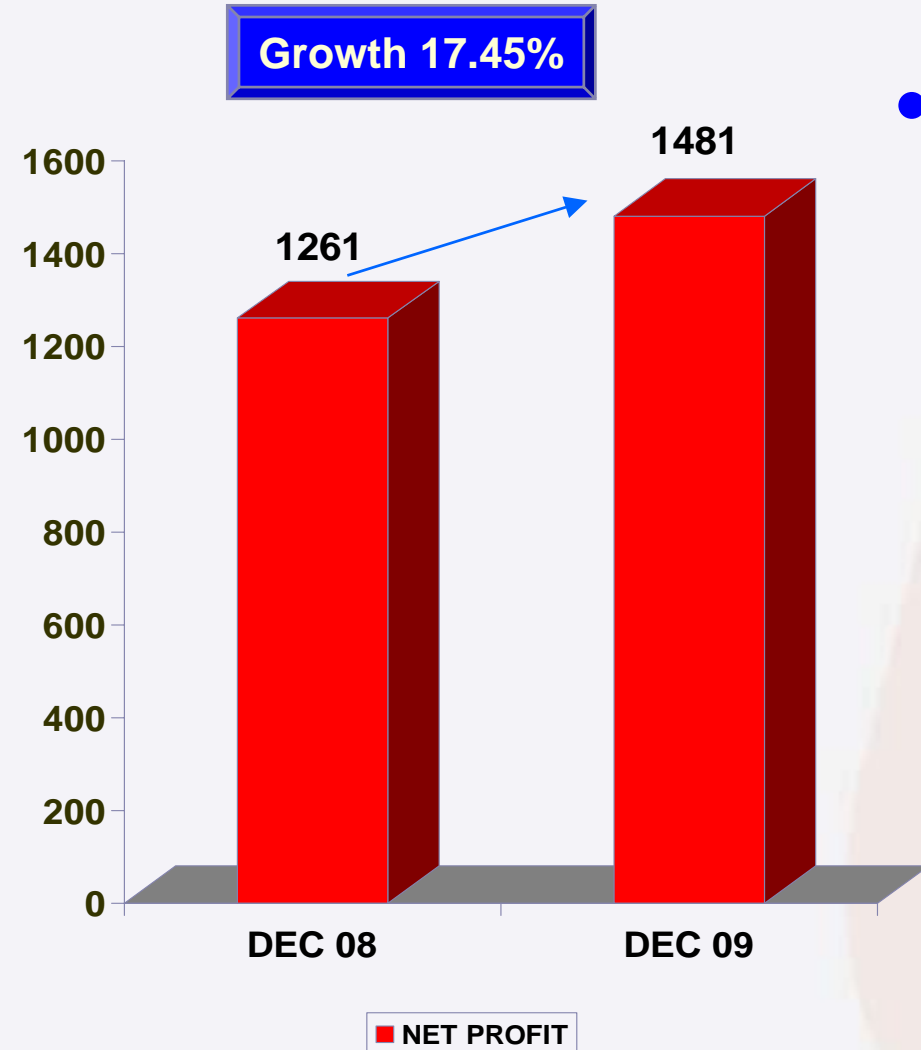
**Nine Months
Comparisons**

Operating Profits (9months)



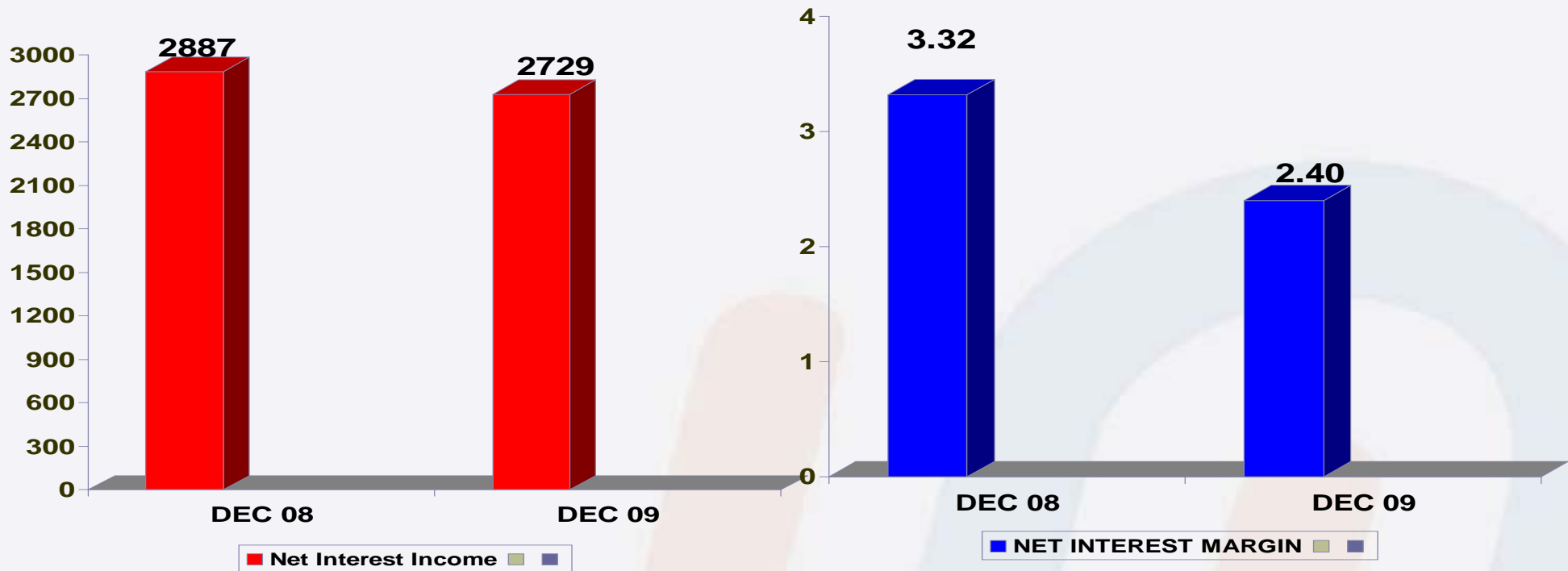
- Operating Profit grew by 15.71% to Rs.2511 Crs. as of 31st Dec.09 as against Rs.2170 crs in the previous year.

Net Profits (9 Months)



- The overall improvement in financial parameters is reflected in Net Profit increasing to the level of Rs. 1481 crs as on 31st December'09 as against Rs. 1261 crs in the corresponding period of previous year, a healthy growth of 17.45%.

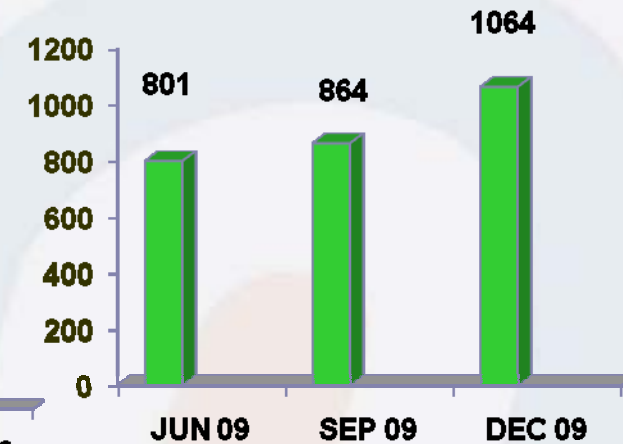
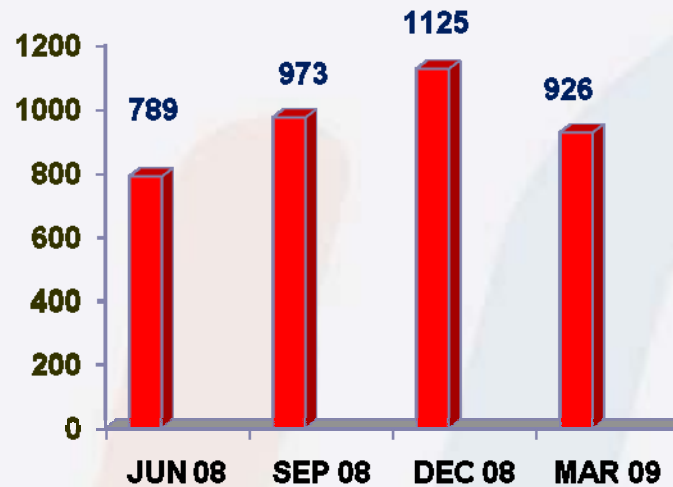
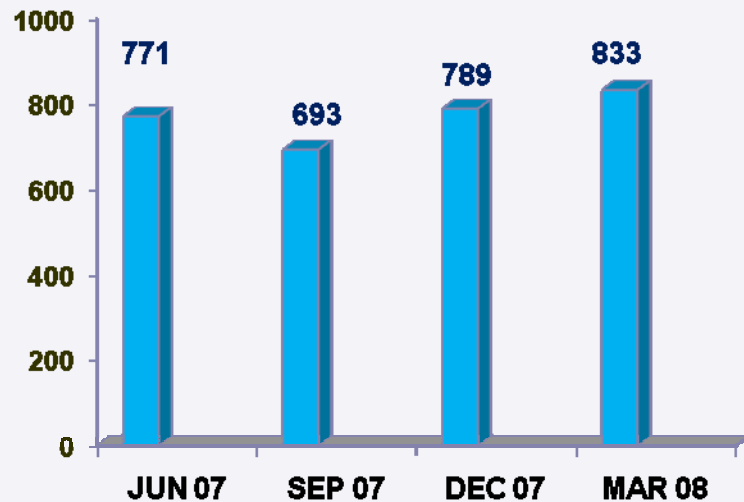
NET INTEREST INCOME & NIM (9Months)



Net Interest Income is at Rs. 2729 crore and NIM is at 2.40 for the Nine Months ended Dec. 09

NET INTEREST INCOME

Sequential quarter-wise comparison



Improving NIM

- Deposits (9% p.a. and above) has come down from Rs. 45400 Cr. Approx as on 31.03.09 to Rs. 13000 Cr. Approx as on 31.12.2009.
- WAR on Average Term Deposits declined from 8.60% as on 31.03.09 to 7.52% as on 30.09.2009 and further to 6.81% as on 31.12.2009.
- Estimated WAR on Term Deposits is likely to be at 6.57% as on 31.03.2010.
- Due to reduction in cost of Term Deposits coupled with higher growth in CASA. Cost of Deposits has gone down sequentially during the last 3 quarters as under:

Q4 Mar 09	6.87%
Q1 June 09	6.47%
Q2 Sep 09	6.29%
Q3 Dec. 09	5.77%

Improving NIM on Earning Assets

(Rs.in crore)

	June 09 (3M)	SEP 09 (3 M)	DEC 09 (3M)	DEC 09 (9M)
Net Interest Income	801	864	1064	2729
NIM (Earning Assets)	2.28	2.34	2.71	2.40

- NII shows consistent growth since June 2009.
- NIM for the 3rd quarter has improved to 2.71% from 2.34%

Non-Interest Income- (9 Months)

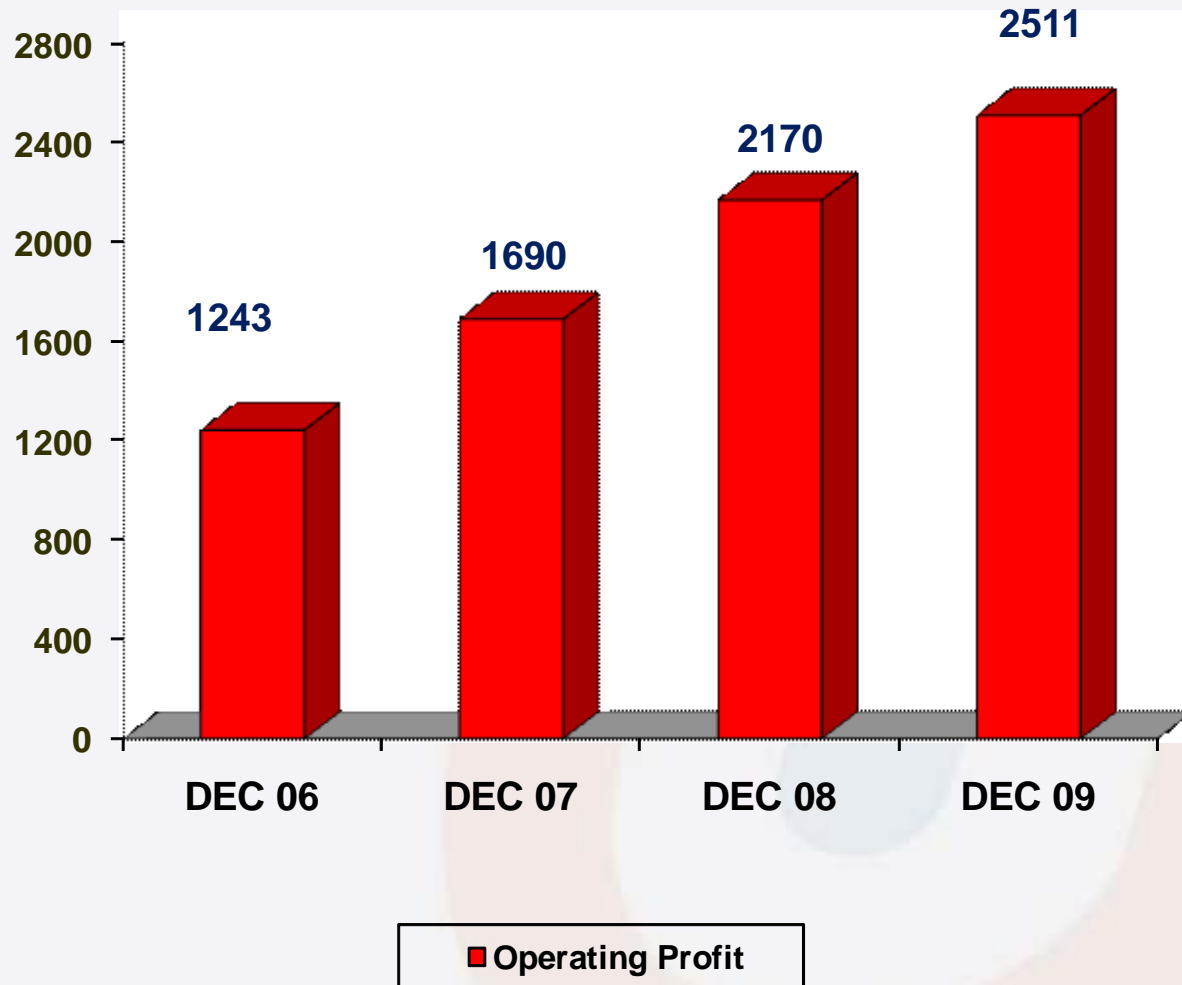
(Rs.in crore)

	DEC 06	DEC 07	DEC 08	DEC 09	Growth %
Profit on Sale of Investments	96	250	94	558	493.62
Exchange on Forex Transactions	131	185	265	252	-4.91
Recovery in Write off Accounts	64	115	113	125	10.62
Other Non - Interest Income	271	336	451	614	36.14
Total	562	886	923	1549	67.82

Core Non Interest Income has been growing consistently at a CAGR of 31.34%

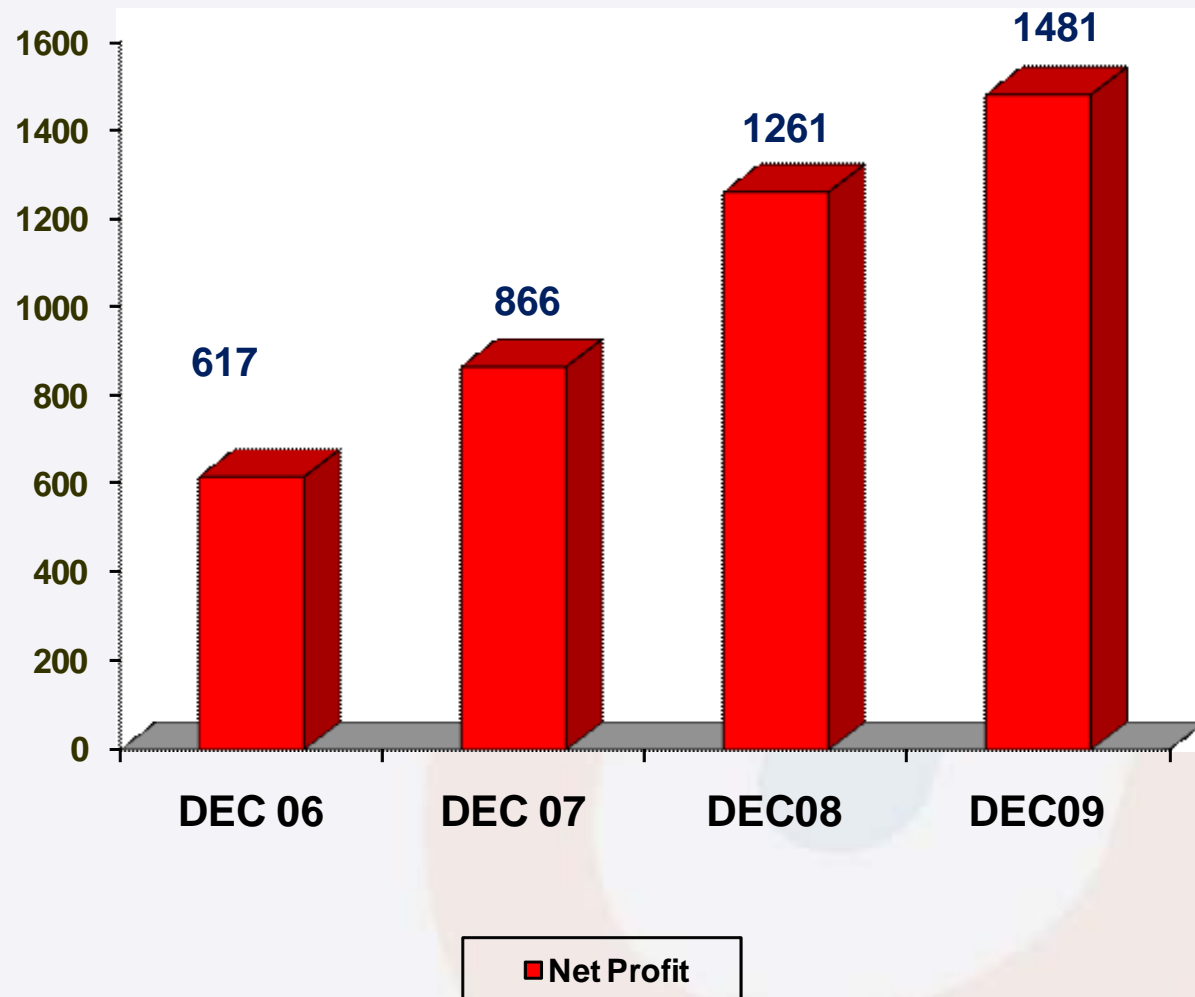
Growing Operating Profit (9 Mths)

CAGR Growth of 26.41%



Growing Net Profit (9 Mths)

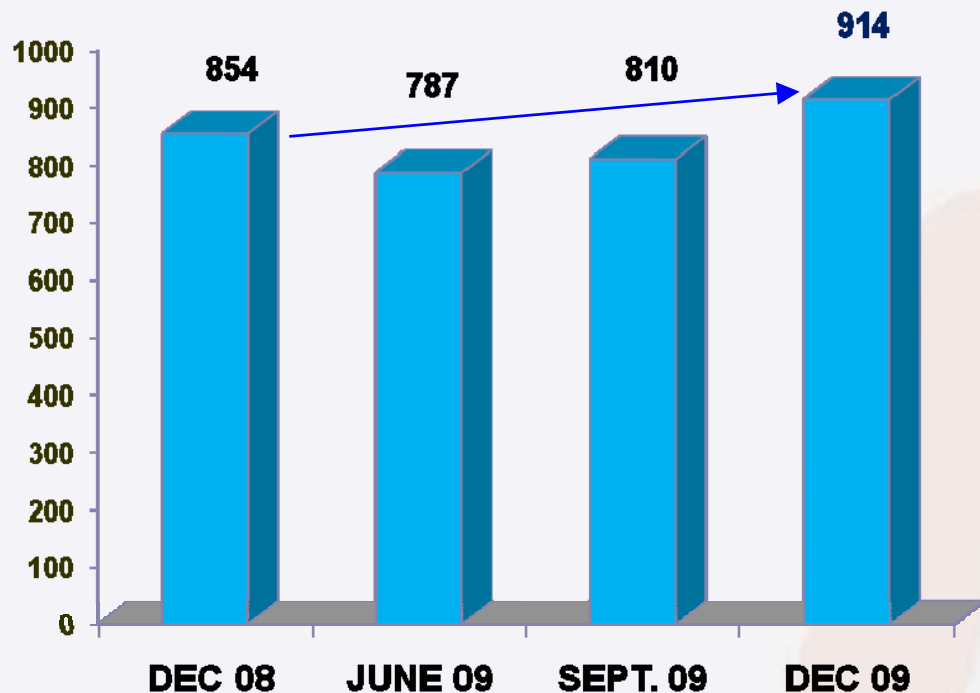
CAGR Growth of 33.89%



Quarterly Comparisons

Operating Profits (Quarterly)

Growth 12.84%



■ OPERATING PROFIT

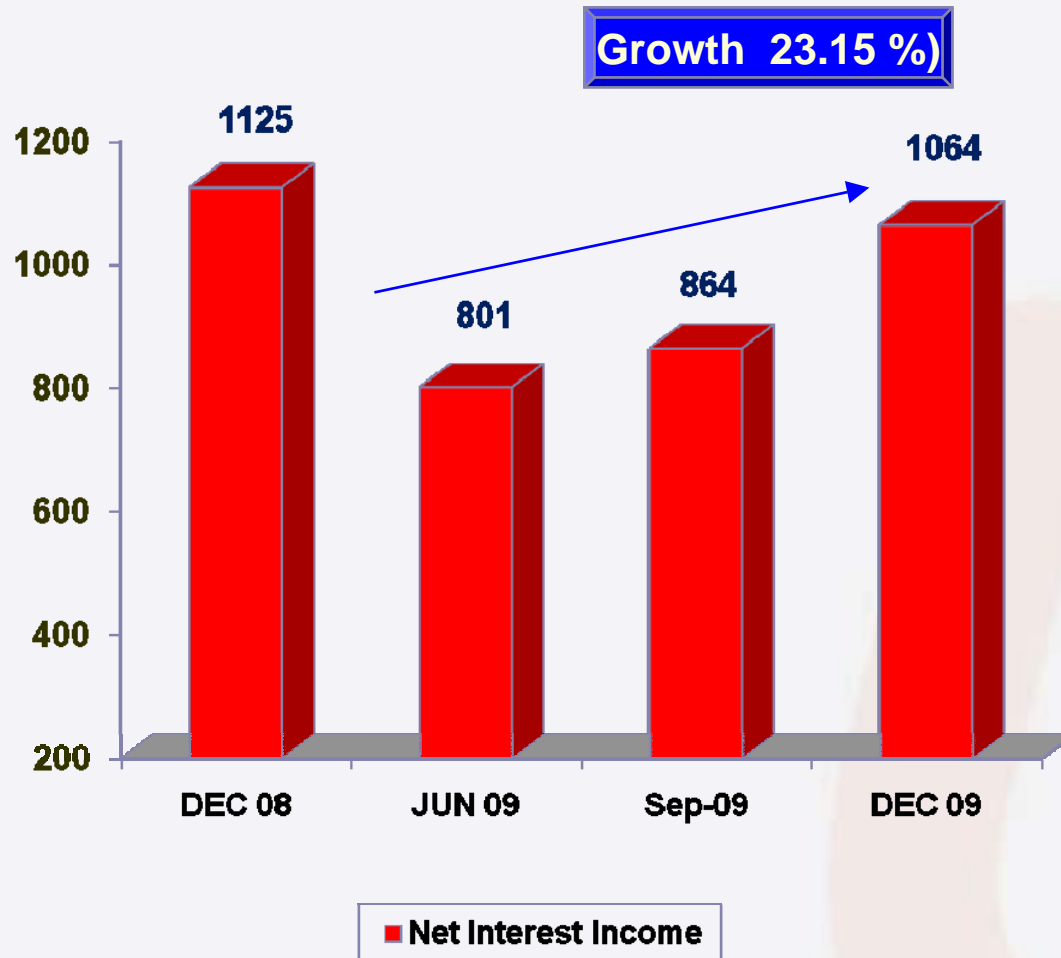
- Operating Profit of the Bank grew by 104 Crs. from Rs.810 Crs. as of Sept. to Rs.914 crs, a growth of 12.84%.

Provisions (Quarterly) (Sequential)

(Rs.in crore)

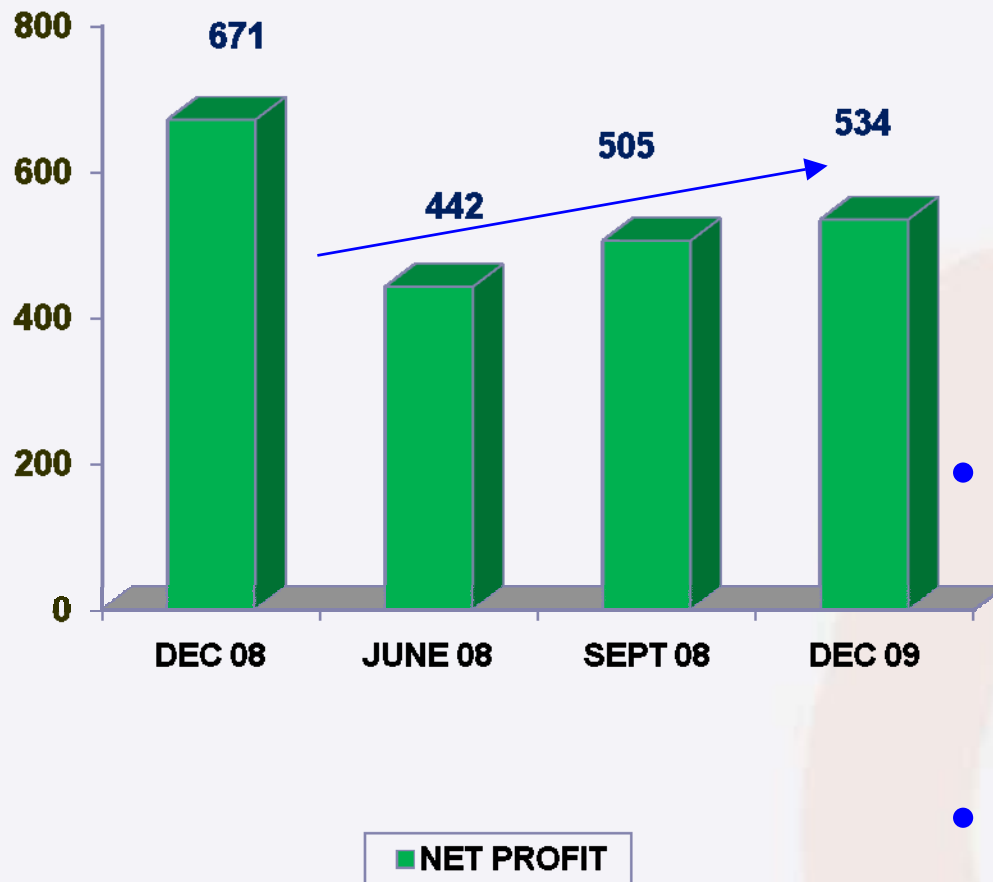
	DEC 08 (Q3)	DEC 09 (Q3)
Taxation	228	219
NPA (excluding adhoc provision for Standard Assets)	160	43
Standard Assets	6	7
Depreciation on Investment	-291	40
Others (Frauds / Restructured Adv.Etc.)	80	71
Total	183	380

Net Interest Income(NII) (Qty) (Sequential)



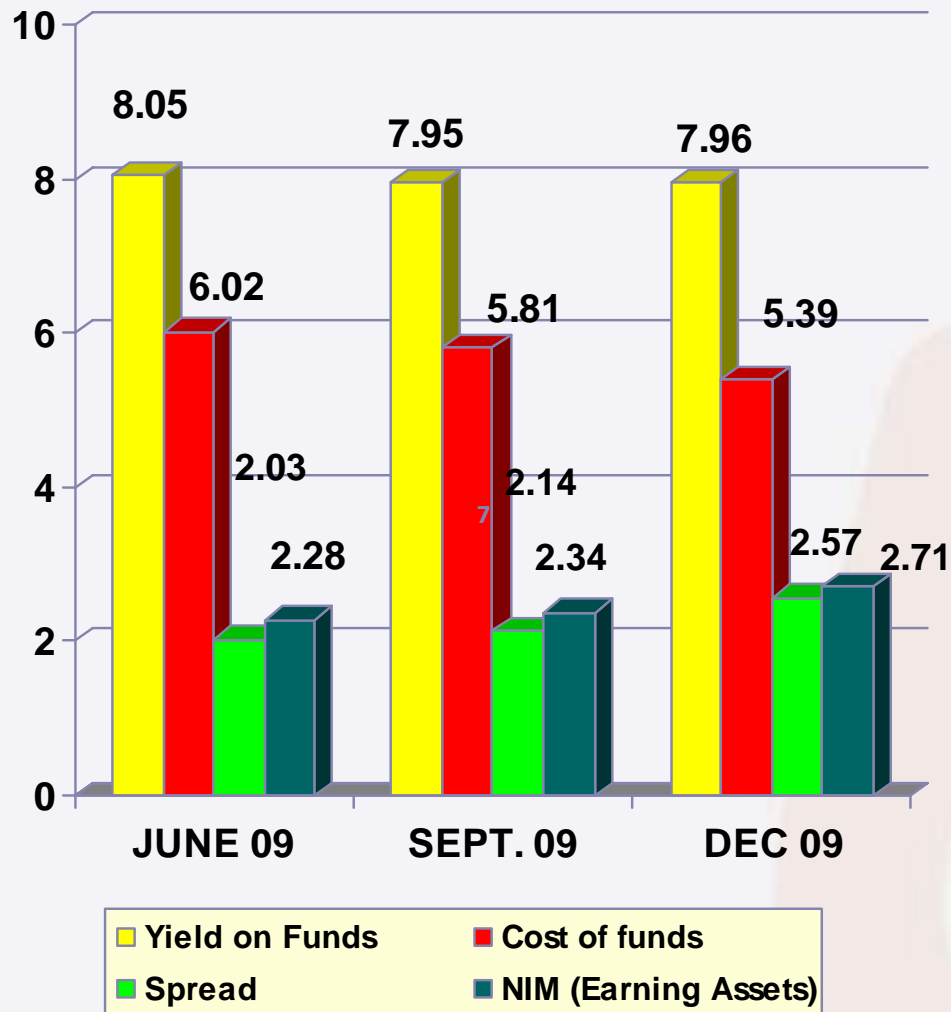
Net Interest Income has improved sequentially from Rs. 864 Cr. as of Sept. 09 to Rs. 1064 Cr. as on Dec. 09 an increase of 23.15%

Net Profits (Quarterly)



- The overall improvement in financial parameters is reflected in Net Profit of Rs. 534 crs. as on 31st Dec'09 as against Rs. 505 Cr. as on Sept. 09.
- YoY Profit is lower, mainly due to write-back of Depreciation in Investment of Rs. 291 crore in quarter ended Dec.'08
- Excluding write back the QoQ increase would have been 40.00 %.

Net Interest Margin (Qty) (Sequential)



- Yield on funds stood at same level of 7.96% as on Dec. 09.
- Cost of Funds stood at 5.39% as compared to 5.81% as on Sep. 09.
- Net Interest Margin (on Earning Assets) has improved from 2.34% IN Sep. to 2.71 % in Dec. 2009.

Non-Interest Income- (Qty)

(Rs.in crore)

	DEC 08 (Q3)	DEC 09 (Q3)	Growth %
Profit on Sale of Investments	101	131	29.70
Exchange on Forex Transactions	105	83	-20.95
Recovery in Write off Accounts	27	37	37.03
Core Income	162	214	32.10
Total	395	465	17.72

Major Components of Core Income- (Qty)

(Rs.in crore)

	DEC 08 (Q3)	DEC 09 (Q3)	Growth %
L/C & L/G Commission	41	49	19.51
Comm. On Inland Remittances	12	11	-8.33
Insurance Comm.	5	6	20
Processing Charges	60	78	30.00
ATM / Debit Card Income	9	23	155.56
Misc. Income	10	22	120.00

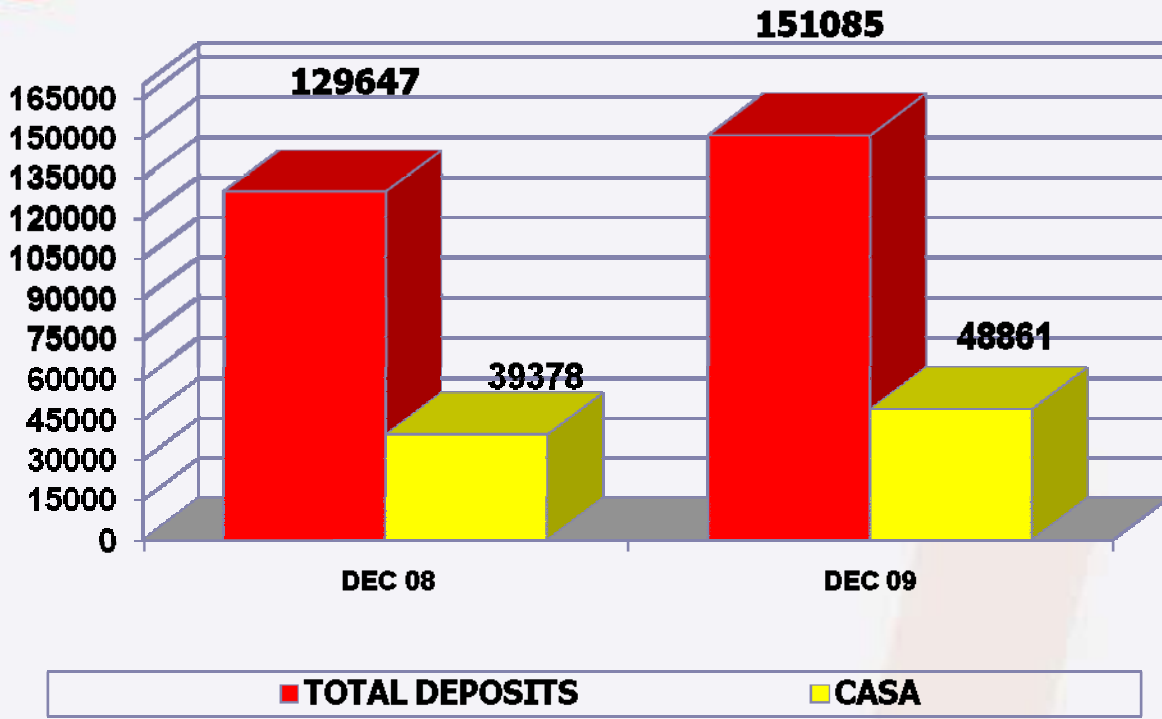
Core Fee Income- (Qty)

(Rs.in crore)

DEC 06	DEC 07	% Growth	DEC 08	% Growth	DEC 09	% growth
98	116	18.36	162	39.66	214	32.10

CAGR GROWTH : 29.74% for the three years

Deposits



- Total Deposits grew at 16.54% YoY.
- Deposits (9% and above) reduced from Rs.45397 Cr. In March 09 To Rs.13084 Cr. In Dec. 09.

(Rs.in crore)

	DEC 08	MAR 09	DEC 09	Growth %YoY
Total Deposits	129647	138703	151085	16.54
Demand Deposits (CASA)	39378	41711	48861	24.08
CASA SHARE %	30.37	30.07	32.34	

Growth of Deposits

(Rs.in crore)

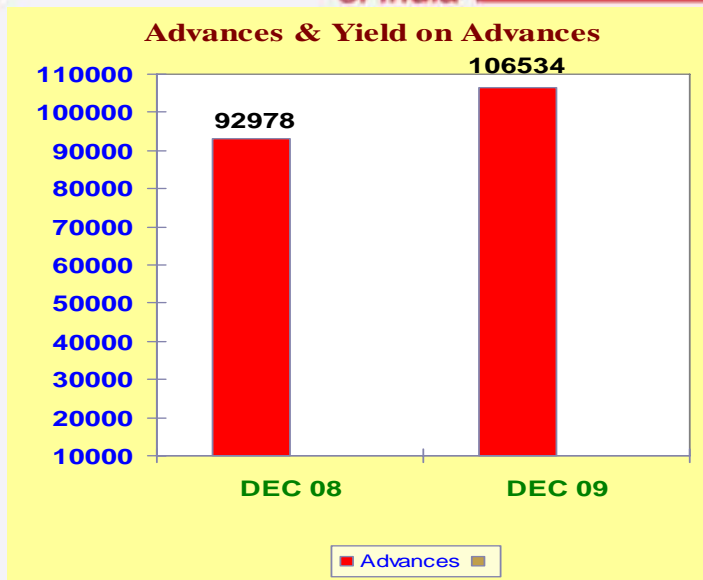
	MAR 09	DEC 09	Absolute Growth	% Growth Over MAR 09
Total Deposits	138703	151085	12382	8.93
Demand Deposits (CASA)	41711	48861	7150	17.14

- CASA accounted for 57.75% of the incremental deposits amount since 31.03.09.
- 2.67 million new Accounts were added during the 9 months of the current Year ended Dec'09.

CASA Deposits

(Rs.in crore)

	DEC 08	MAR 09	DEC 09	% Growth Over MAR 09
Current Deposits	11968	13166	14073	6.89
Savings Deposits	27410	28545	34788	21.87
Demand Deposits (CASA)	39378	41711	48861	17.14
Total Deposits	129647	138703	151085	8.93
% to total deposits	30.37	30.07	32.34	-
Cost of Deposits(%)	6.54	6.87	5.77	-



Advances

- Bank registered growth of 14.58% YoY in advances. Yield on advances is at 10.15 %.
- (Rs. in Crore)

	DEC 08	DEC 09	YoY Growth%
AGRICULTURE	13854	17535	26.57
MSME	14612	20630	41.12
RETAIL ADVANCES	9783	11843	21.06
w/w			
Union Home	6210	7642	23.06
Union Miles	968	1160	19.83
Union Education	919	1256	36.67

Assets Restructured during 9M-FY 10

Nature of Advance	UPTO MAR 09		UPTO SEP 09		DURING DEC 09 QTR.	
	No of Accts	Amt.	No of Accts	Amt.	No of Accts	Amt.
		(Rs in Crs)		(Rs in Crs)		(Rs in Crs)
MSME W/w	28272	647.42	28422	949.43	45	45.78
Micro Enterprises	20620	249.18	20730	251.91	38	14.04
Small Enterprises	7571	242.91	7592	303.12	5	13.84
Medium Ent.	81	155.33	100	394.40	2	17.90
Large Ent.	39	680.25	61	1370.15	2	57.68
Others	30808	796.71	26121	997.40	689	19.70
Agriculture	15987	113.71	15993	121.71	2	6.48
Retail Loans	38162	721.25	43074	1141.80	1	1.04
Total	113268	2959.34	113671	4580.49	739	130.68

Assets Restructured during 9M-FY 10

Restructured Accounts Closed / Fully Adjusted		
Details of Restructured Accounts	Accounts	Amount (Rs. in cr.)
April 09 – Dec. 2009	4232	238.63

Restructured Accounts turned to NPAs (for more than Rs. 1.00 crore)		
Details of Restructured Accounts	Accounts	Amount (Rs. in cr.)
April 09 – Dec.2009	22	230.46

TOP SECTOR EXPOSURES

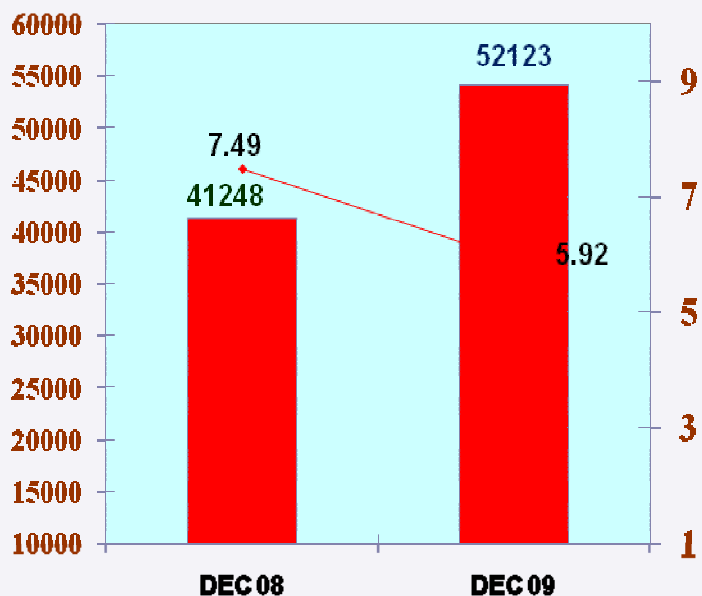
Across Large & Mid Corporates, SME and Corporate Agri Business

Rank	Sectors	Exposures (As on 31 st December 2009)	
		%	Amount (Rs. in Crore)
1	Retail Advances	11.13	11843
2	Infrastructure	8.87	9431
3	Construction	5.38	5717
4	Iron & Steel	3.35	3563
5	Electricity	1.79	1899
6	Commercial Real Estate	2.43	2583
7	Textile	3.06	3255
8	Chemical & Chemical Products	2.10	2229
9	Gems & Jewellery	1.58	1677
10	Other Industries	23.46	24950

DISTRIBUTION OF RATINGS LARGE & MID CORPORATES

The Bank is having a portfolio of Rs.51063 crore (No. of Accounts 363) of more than Rs. 50 crore, out of which 317 Accounts with exposure of Rs.32321Crore are rated. Rating of the Accounts is as under:

Rating	No of Borrowers	Exposure	% OF RATED EXPOSURE
AAA	53	10340	31.99
AA	53	8114	25.10
A	64	5818	18.00
BBB	90	5694	17.62
BB& BELOW	57	2355	7.29
TOTAL	317	32321	100.00



Investments

- Growth in investments and yield on investments were in line with market trends.
- Out of Total AFS portfolio of Rs.14678 Cr. Rs. 6894 Cr (46.97%) is interest sensitive.

■ Investments ↗ Yield on Inv

	DEC 08 (Rs in crs)	%	Duration	DEC 09 (Rs in crs)	%	Duration
Held to Maturity	26041	63.13	4.46	37269	71.50	5.58
Held for Trading	2	0.01	0	176	0.34	5.86
Available for Sale	15205	36.86	1.40	14678	28.16	1.91
Total	41248	100.00	3.40	52123	100.00	4.54

NPA Management

(Rs.in crore)

	DEC 08	MAR 09	DEC 09
Gross NPAs – Opening on 1 st April	1657	1657	1923
Add : Additions	614	1177	968
Less : Deductions	707	911	799
1. Due to Write Off	270	366	414
2. Due to upgradation / Recovery	437	545	385
Gross NPAs	1564	1923	2092
Gross Credit	92978	98265	106534
Gross NPA as a % age of GBC	1.68	1.96	1.96
Net NPA	127	326	613
Net Advances	91542	96534	104838
Net NPA as a % age of Net Advances	0.14	0.34	0.58
Loan Loss Coverage Ratio	91.85	83.05	80.04*

* As per revised norms

Asset Quality

- ❖ **Asset quality is reflected in delinquency ratio being at a low level as under:-**

	DEC 08 (9 M)	DEC 09 (9 M)
Delinquency Ratio	1.10%	1.34%

Cost of Credit

Cost of Credit of since March 08 has improved substantially.

(Rs in Crs)

Particulars	F Y MAR 08	F Y MAR 09	DEC 09 (9 M)
Gross Advances	75878	98265	106367
Average Advances (Opening + Closing / 2)	69768	87072	102291
NPA Provision	585	546	386
Credit Cost %	0.84	0.63	0.50

Note : Dec.2009 Credit Cost % Annualised.

Key Ratios – Efficiency

Ratios (in %age)	DEC 08 (Q3)	SEPT. 09 (Q2)	DEC09 (Q3)	DEC 08 (9 M)	DEC 09 (9 M)
<u>Efficiency Ratios</u>					
Cost to Income Ratio	43.81	42.90	40.23	43.04	41.29
Operating Exp. To AWF	1.90	1.51	1.49	1.67	1.46

Better use of Average Working Funds has resulted in improved Cost to Income Ratio and Operating Exp. To AWF

Improved Productivity

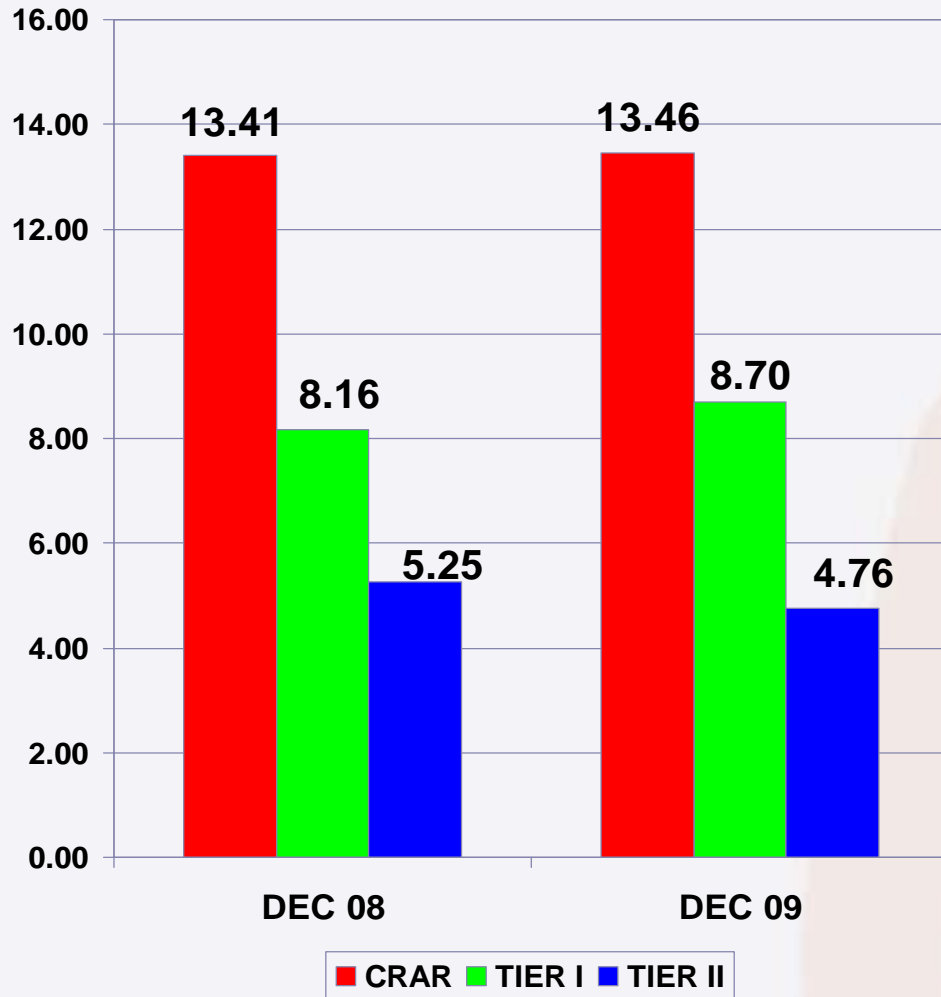
(Rs. In lacs)

Ratios*	DEC 08 (9 M)	DEC 09 (9 M)
<u>Productivity Ratios</u>		
Business per Employee	821	923
Business per Branch	8988	9307
Net Profit per Employee	6.20	7.08
Net Profit per Branch	67.90	71.36
Gross Profit per Employee	10.67	12.00
Gross Profit per Branch	116.84	120.99

* Annualised

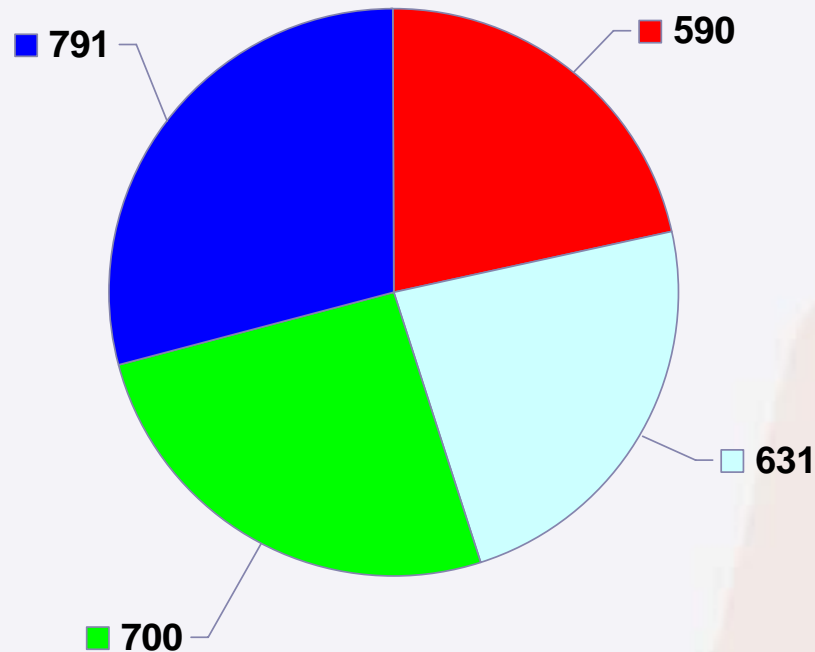
Business and profit per employee increased

Capital Adequacy Ratio (Basel II)



- ❑ Capital Adequacy Ratio increased from 13.41% as on 31st Dec., 2008 to 13.46% as on 31st Dec., 2009 despite increase in volume of business.
- ❑ Tier-I capital funds have increased by 25.54% from Rs.7554 crore as on Dec 2008 to Rs.9483 crore as on Dec, 2009
- ❑ Tier-I CAR has improved from 8.16% as on Dec'08 to 8.70 % as on Dec'09.

Distribution Channels

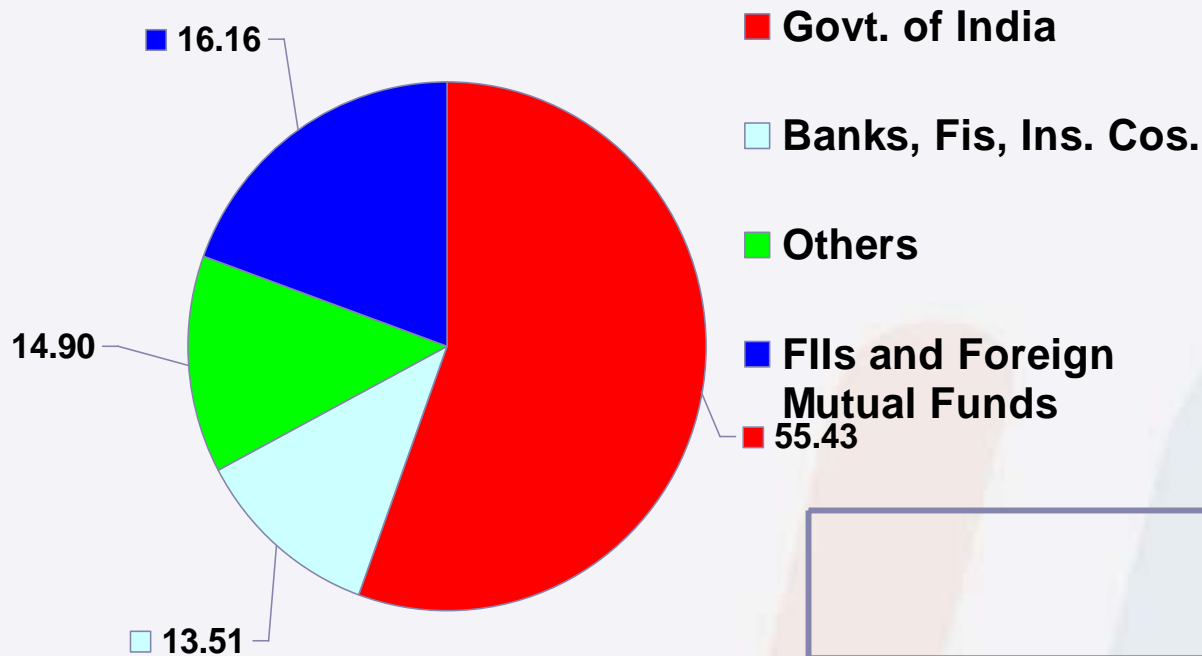


■ METRO
■ URBAN
■ SEMI URBAN
■ RURAL

	MAR 09	DEC 09	Add- ition
Total Outlets	2661	2876	215
ATMs	1790	2249	459

- Transactions through Electronic mode has increased from 21% of total transactions as of March'09 to 31.71% as of Dec.'09.

Shareholding Pattern (31st DEC 2009)



	DEC 08 %	DEC 09 %
GOVT.	55.43	55.43
FIs & FMFs	17.56	16.16
BANKS, INST./ MUTUAL FUNDS	14.13	13.51
OTHERS	12.88	14.90

*Major highlights
of last quarter*

Awards & Accolades

- The Bank was awarded the **Certificate of Merit** by **SOUTH ASIAN FEDERATION OF ACCOUNTANTS (SAFA)**, an apex body of SAARC, for best presented accounts and corporate governance disclosure for 2008 under the “**Financial Sector – Banking**” category.
- The Award is based on different criteria such as objectives & values, directors' Report/ Chairman's / CEO review, appropriateness of accounting policies and disclosures in accordance with national and international accounting standards, information on how the company is governed, stakeholder information, report presentation and timeliness in issuing accounts and holding AGMs.

- The Hon'ble Finance Minister, Shri Pranab Mukherjee dedicated the full networking of branches under Core Banking Solution of 2 RRBs of the Bank, namely Rewa Siddhi Gramin Bank in the State of Madhya Pradesh and Kashi Gomti Samyut Gramin Bank in the State of Uttar Pradesh on 18th November, 2009.
- Networking of 100% of branches numbering 447 in these two RRBs is the first of its kind among RRBs in the country.
- The roll out was accomplished by the Bank in a record time of 6 months. Core Banking solution brings the best of Banking technology of the world to rural India.



- As part of its global expansion initiatives, the Bank set up its Representative Office in Sydney, Australia.
- The Office was inaugurated on 3rd December, 2009.



- The Bank is in the process of opening its 5th representative office in London, UK shortly.

ROAD AHEAD

Road Ahead

The Bank aims for a deposits growth of approx. 20% and advances growth of 18% for 2009-10.

Bank targets CASA Ratio of 35% by March 2012.

Return on Equity to be 25.00% and Return on Average Assets to be 1.25% by March 2010.

Transaction through electronic mode to reach 35% of total transactions by March 2010.

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.



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Thank you

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