



**यूनियन बैंक**  
ऑफ इंडिया  
**Union Bank**  
of India

# *Presentation*

*Financial Results*

*30<sup>th</sup> Sept., 2009*

*HY 09-10*

## Increasing Shareholders' Value

**Q2 10 over Q2 09**

- ❖ Earning per Share has increased from Rs.28.62 to Rs. 40.00.
- ❖ Book Value per Share has increased from Rs.122.80 to Rs. 156.72.
- ❖ Return on Equity (RoE) has improved from 23.31% to 25.52%. ROE 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 has increased from 1.12% to 1.25% which is consistent with 1.26% as of March 08 and 1.27% as of Mar 09.

## Key Ratios – Efficiency

Ratios (in %age)	SEPT 08 (Q2)	SEPT 09 (Q2)	SEPT 08 (6 M)	SEPT 09 (6 M)
<b><u>Efficiency Ratios</u></b>				
<b>Cost to Income Ratio</b>	<b>44.40</b>	<b>42.90</b>	<b>42.55</b>	<b>41.89</b>
<b>Operating Exp. To AWF</b>	<b>1.73</b>	<b>1.51</b>	<b>1.54</b>	<b>1.44</b>

**Continuous cost containment measures restricted operating expenses**

# Improved Productivity

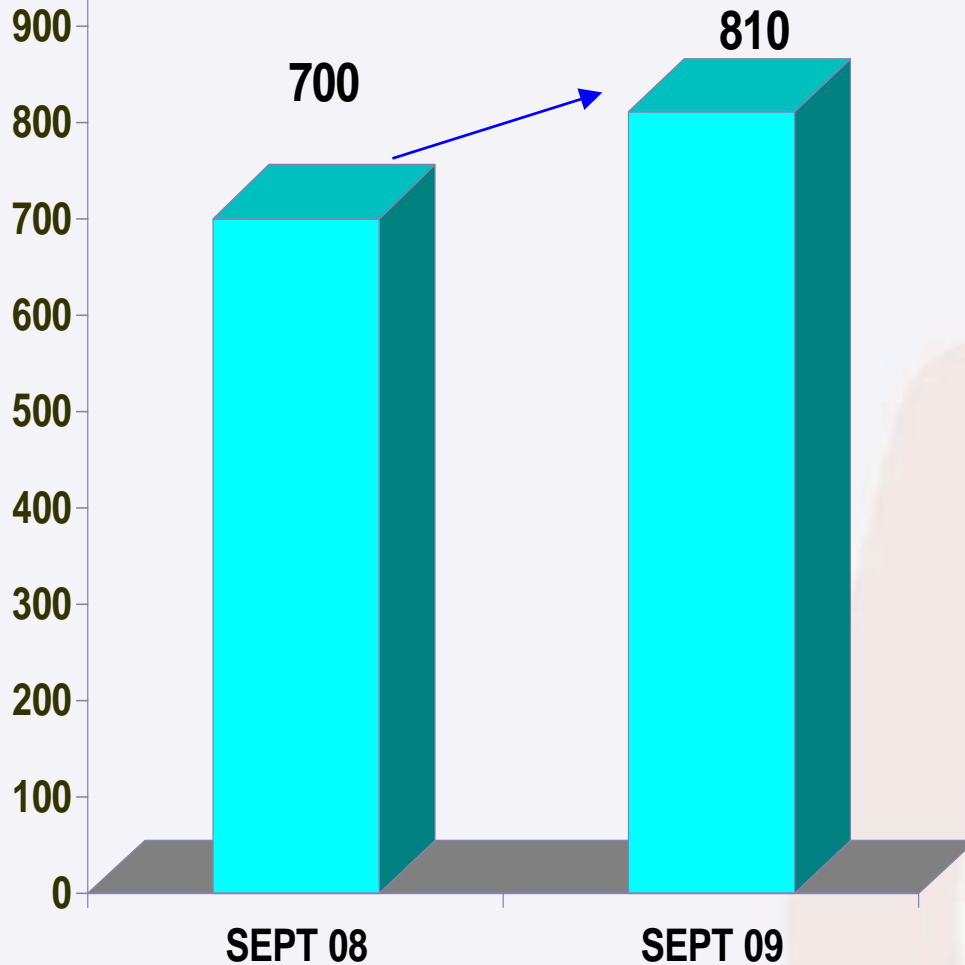
(Rs. In lacs)

Ratios*	SEPT 08 (6 M)	SEPT 09 (6 M)
<b><u>Productivity Ratios</u></b>		
Business per Employee	764	884
Business per Branch	8329	9159
Net Profit per Employee	4.45	6.74
Net Profit per Branch	48.52	69.83
Gross Profit per Employee	9.93	11.36
Gross Profit per Branch	108.25	117.77

\* Annualised

Business and profit per employee increased

Growth 15.71 %



## Operating Profits (Quarterly)

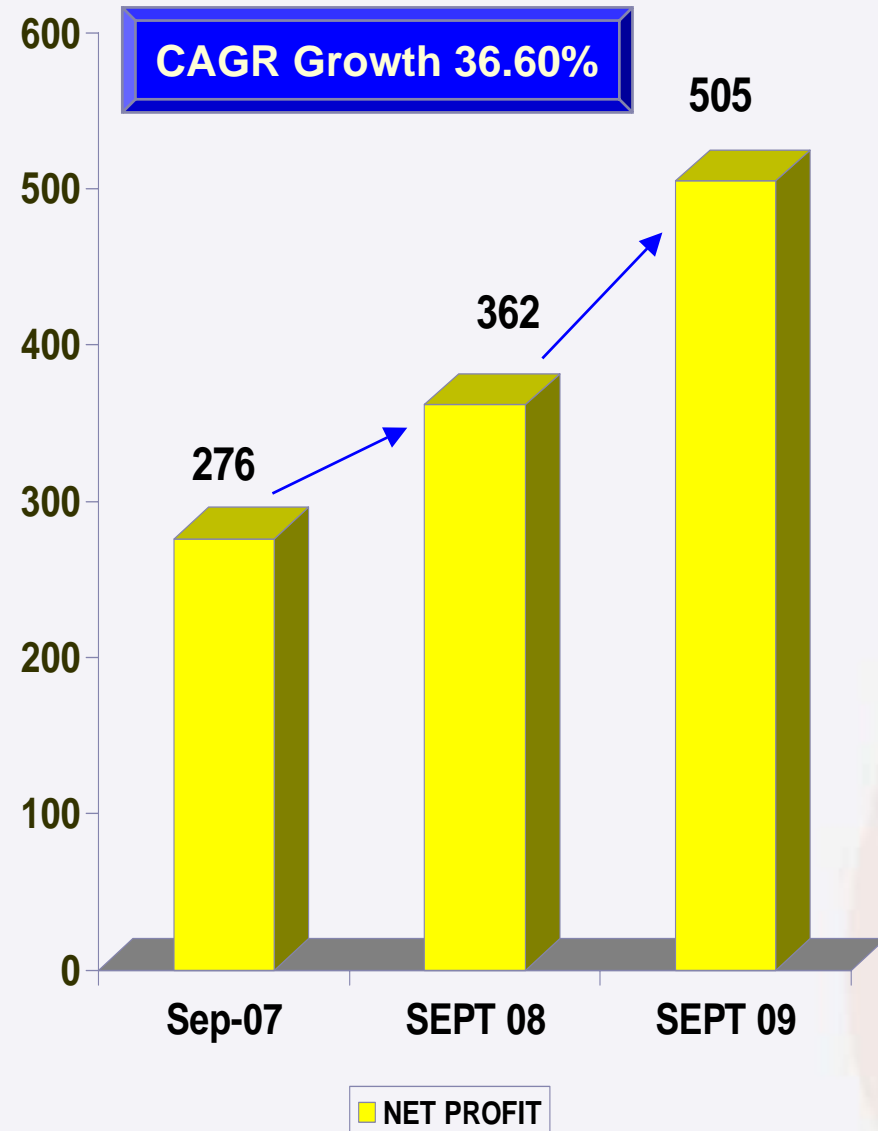
- Operating Profit of the Bank grew by 110Crs.from Rs.700 Crs. to Rs.810 crs, (QoQ), a growth of 15.71%

## Provisions (Quarterly)

(Rs.in crore)

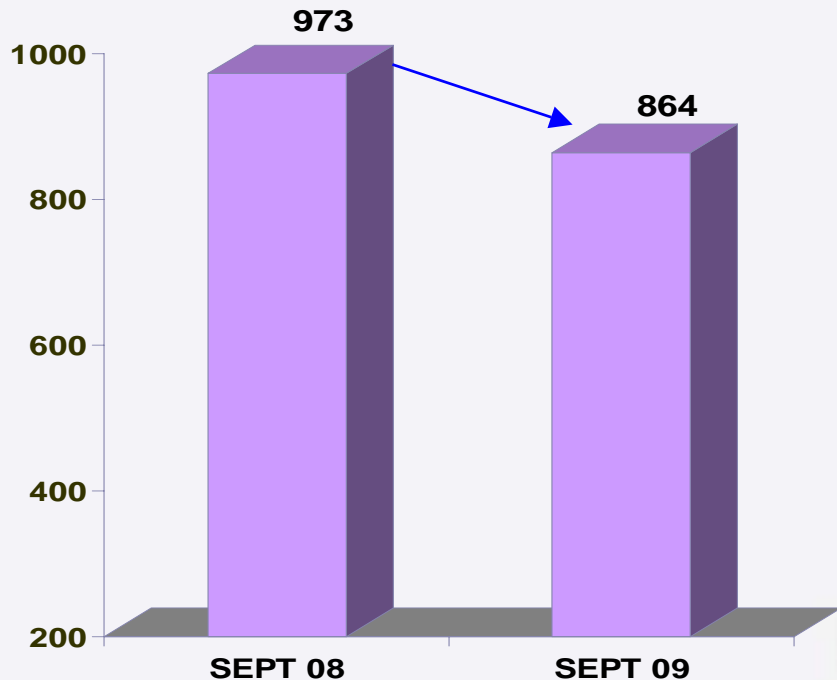
	<b>SEPT 08 (Q2)</b>	<b>SEPT 09 (Q2)</b>
<b>Taxation</b>	<b>135</b>	<b>170</b>
<b>NPA (excluding adhoc provision for Standard Assets)</b>	<b>160</b>	<b>102</b>
<b>Standard Assets</b>	<b>80</b>	<b>2</b>
<b>Depreciation on Investment</b>	<b>- 54</b>	<b>- 4</b>
<b>Others (Frauds / Restructured Adv.Etc.)</b>	<b>17</b>	<b>35</b>
<b>Total</b>	<b>338</b>	<b>305</b>

## Net Profits (Quarterly)



- The overall improvement in financial parameters is reflected in Net Profit of Rs 505 crs as on 30<sup>th</sup> September'09 as against Rs. 362 crs in the previous year, an impressive growth of 39.50%.

**Growth (-11.31%)**



Net Interest Income

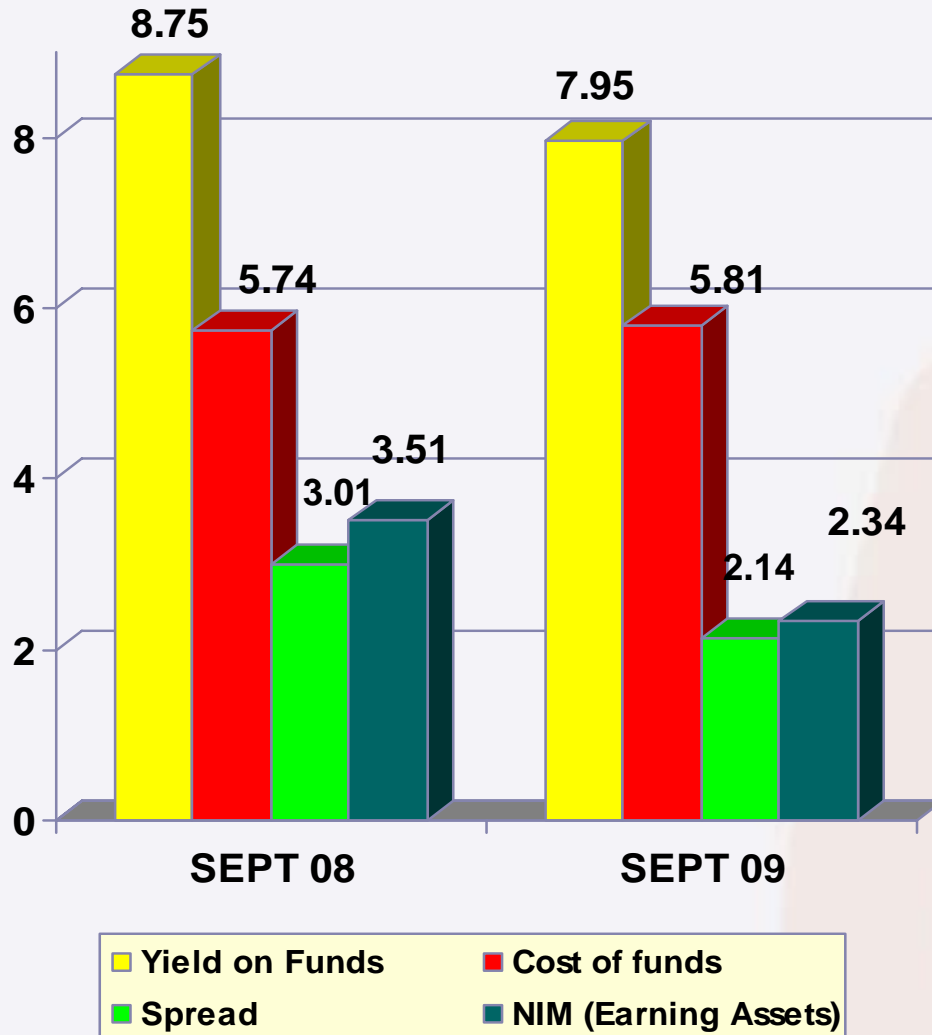
## Net Interest Income(NII) (Qty)

- Accretion of deposits outpacing credit offtake during Q2-10 with incremental CD ratio of 65.75% for the quarter as against incremental CD ratio of 123.56% in Q2-09 and deploying of surplus funds in low yielding liquid assets has resulted in decline of NII. However, credit offtake is expected to improve in Q3 & Q4 -10 which will boost the NII.

<b>IMPROVING TREND</b>	<b>JUN 09</b> Q-1 MONTHLY AVERAGE	<b>AUG 09</b> 1 M	<b>SEPT 09</b> 1 M
<b>NET INTEREST INCOME</b>	<b>267</b>	<b>290</b>	<b>339</b>



## Net Interest Margin (Qty)



- Yield on funds stood at 7.95 % compared to 8.75% as on Sept.'08.
- Cost of Funds stood at 5.81% compared to 5.74% as on Sept'08.
- Net Interest Margin (on earning assets) is 2.34%.

## Improving NIM

- High cost deposits is being shed. High Cost Deposits has come down from Rs. 14600 Cr. as on 31.03.09 to Rs. 7900 Cr. as on 30.09.2009.
- WAR on Average Term Deposits declined from 8.60% as on 31.03.09 to 8.09% as on 30.06.2009 and further to 7.52% as on 30.09.2009.
- Estimated WAR on Term Deposits is likely to be at 6.61% as on 31.12.2009.
- 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%
- The positive impact on NIM will be around 20 bps in Q3 FY10.

## Improving NIM on Earning Assets

(Rs.in crore)

	<b>JUN 09</b> <b>(3 M)</b>	<b>AUG 09</b> <b>(1 M)</b>	<b>SEPT 09</b> <b>(1M)</b>
<b>Int. on Advances</b>	<b>2353</b>	<b>768</b>	<b>810</b>
<b>Net Interest Income</b>	<b>801</b>	<b>290</b>	<b>339</b>
<b>NIM</b>	<b>2.28</b>	<b>2.38</b>	<b>2.75</b>

- The NIM has improved in 2<sup>nd</sup> quarter to 2.34% from 2.28% which is likely to improve further at around 2.60% for Dec quarter and 2.80% for March.2010 quarter.
- Overall NIM for the Full Year may be around 2.60%.

## Non-Interest Income- (Qty)

(Rs.in crore)

	<b>SEPT 08 (Q2)</b>	<b>SEPT 09 (Q2)</b>	<b>Growth %</b>
<b>Profit on Sale of Investments</b>	<b>- 36</b>	<b>218</b>	<b>-</b>
<b>Exchange on Forex Transactions</b>	<b>101</b>	<b>78</b>	<b>- 22.77</b>
<b>Recovery in Write off Accounts</b>	<b>64</b>	<b>42</b>	<b>- 34.38</b>
<b>Other Non - Interest Income</b>	<b>156</b>	<b>217</b>	<b>39.10</b>
<b>Total</b>	<b>285</b>	<b>555</b>	<b>94.74</b>

## Core Non-Interest Income vertical wise- Qty

(Rs.in crore)

	SEPT 08 (Q2)	SEPT 09 (Q2)	Growth %
Corporate Credit	103	147	42.72
Personal Banking Division	35	32	- 8.57
New Initiative	5	8	60
Transaction Banking	13	30	130.77
<b>Total</b>	<b>156</b>	<b>217</b>	<b>39.10</b>

## Core Fee Income- (Qty)

(Rs.in crore)

SEPT 07	SEPT 08	% Growth	SEPT 09	% growth
113	156	38.05	217	39.10

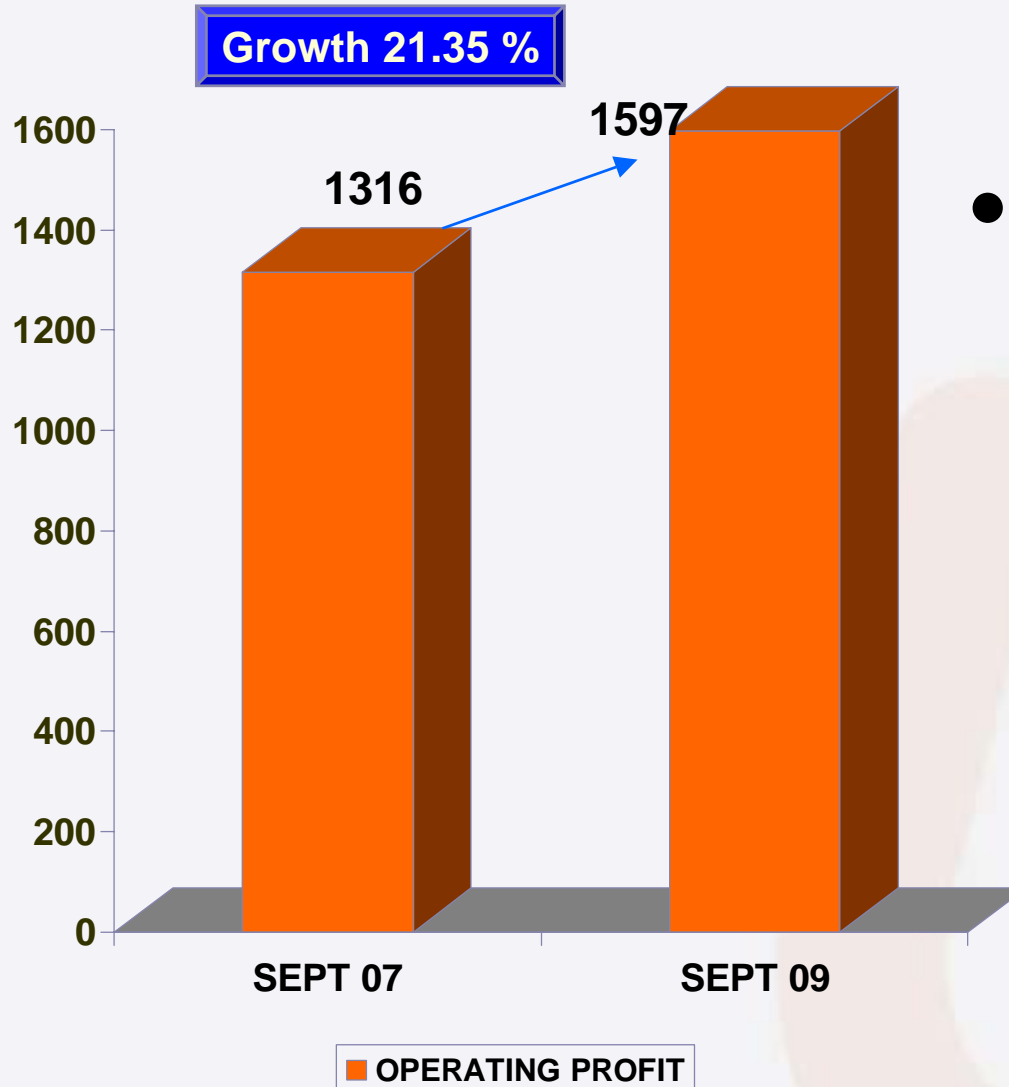
**CAGR GROWTH : 38.58%**

## Financial Results – 30<sup>th</sup> SEPT'2009



### Half-Year Comparisons

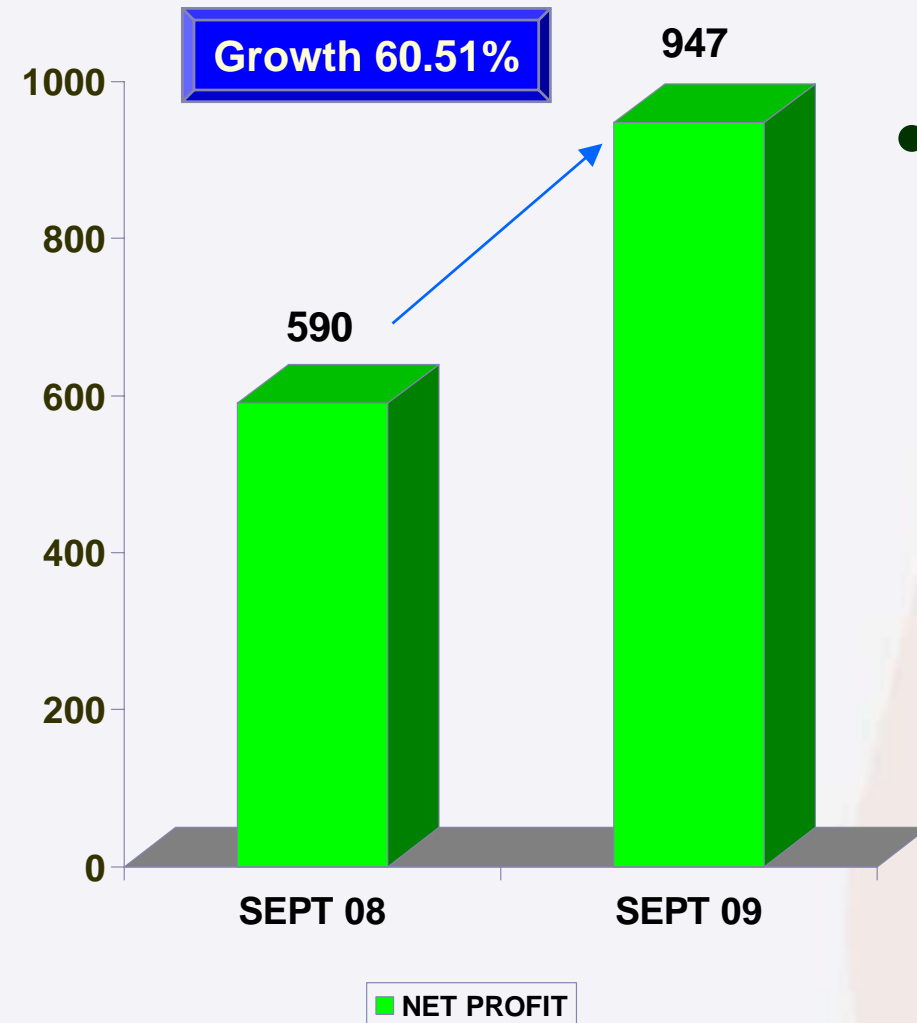
## Operating Profits (HY)



- **Operating Profit grew by 21.35 % to Rs.1597 as of 30<sup>th</sup> Sept'09 as against Rs.1316 crs in the previous year.**

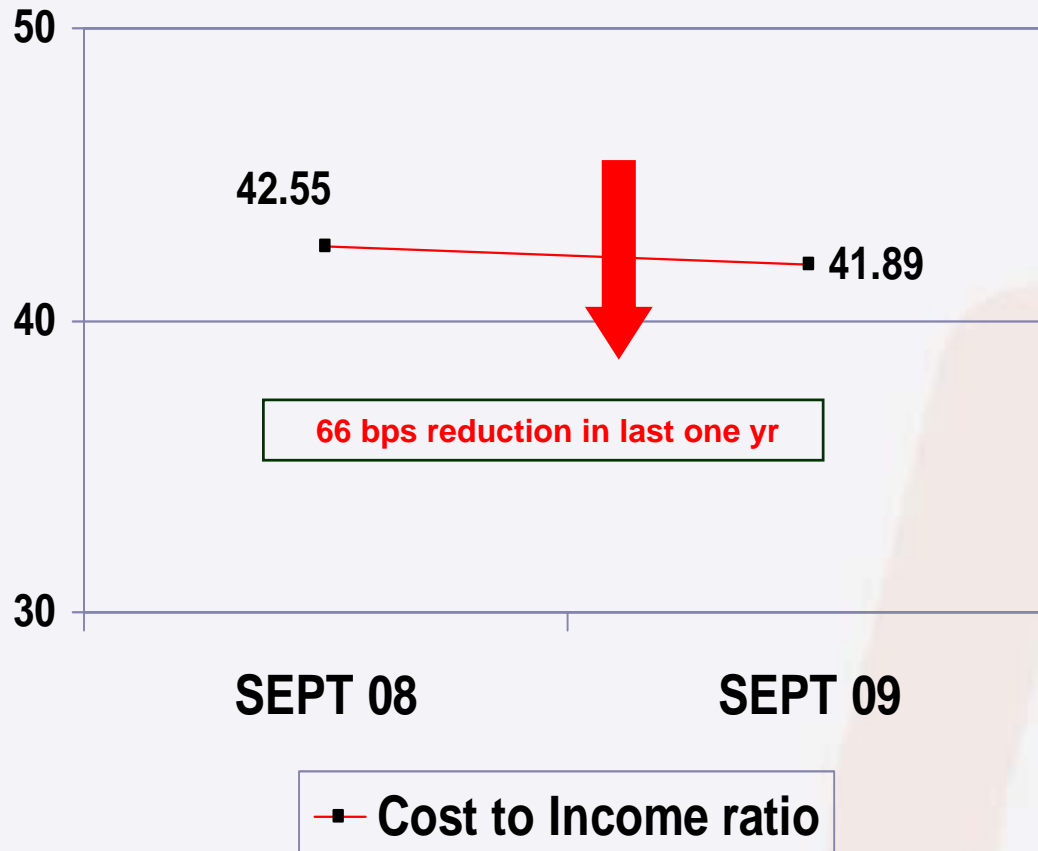


## Net Profits (HY)



- The overall improvement in financial parameters is reflected in Net Profit of Rs. 947 crs as on 30<sup>th</sup> September'09 as against Rs. 590 crs in the corresponding period of previous year, an impressive growth of 60.51%.

## Cost to Income Ratio (HY)

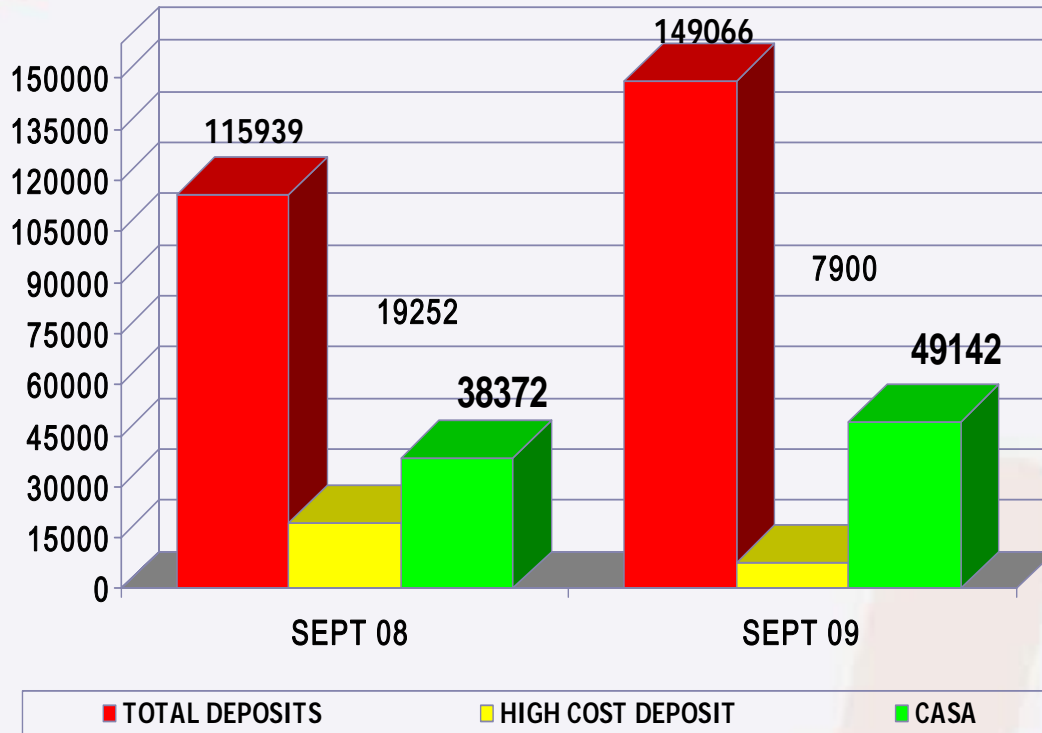


➤ The Cost to Income ratio which reflects the operating efficiency of the bank was at healthy 41.89%.

## Non-Interest Income- (HY)

(Rs.in crore)

	<b>SEPT 08 (H1)</b>	<b>SEPT 09 (H1)</b>	<b>Growth %</b>
<b>Recovery in Write off Accounts</b>	<b>87</b>	<b>88</b>	<b>1.14</b>
<b>Profit on Sale of Investments</b>	<b>- 7</b>	<b>427</b>	<b>-</b>
<b>Exchange on Forex Transactions</b>	<b>159</b>	<b>169</b>	<b>6.29</b>
<b>Other Non - Interest Income</b>	<b>289</b>	<b>400</b>	<b>38.41</b>
<b>Total</b>	<b>528</b>	<b>1084</b>	<b>105.30</b>



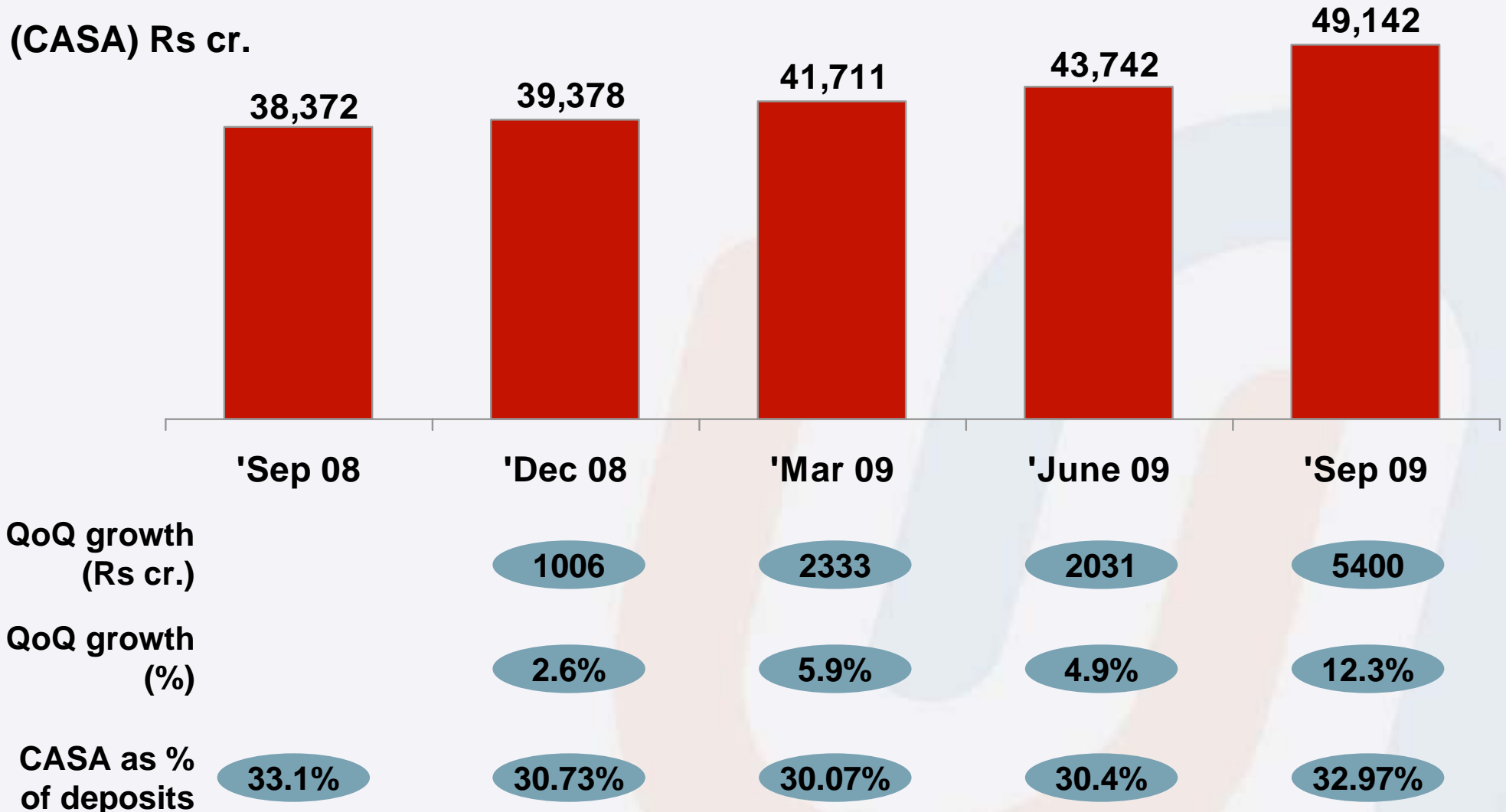
# Deposits

- Total Deposits grew at **28.57%**.
- High Cost deposits to total deposits reduced from **16.61%** to **5.30%**.

(Rs.in crore)

	SEPT 08	MAR 09	SEPT 09	Growth %YoY
<b>Total Deposits</b>	<b>115939</b>	<b>138703</b>	<b>149066</b>	<b>28.57</b>
<b>Demand Deposits (CASA)</b>	<b>38372</b>	<b>41711</b>	<b>49142</b>	<b>28.07</b>
<b>CASA SHARE %</b>	<b>33.10</b>	<b>30.07</b>	<b>32.97</b>	-

# CASA deposits have grown significantly



# CASA Deposits

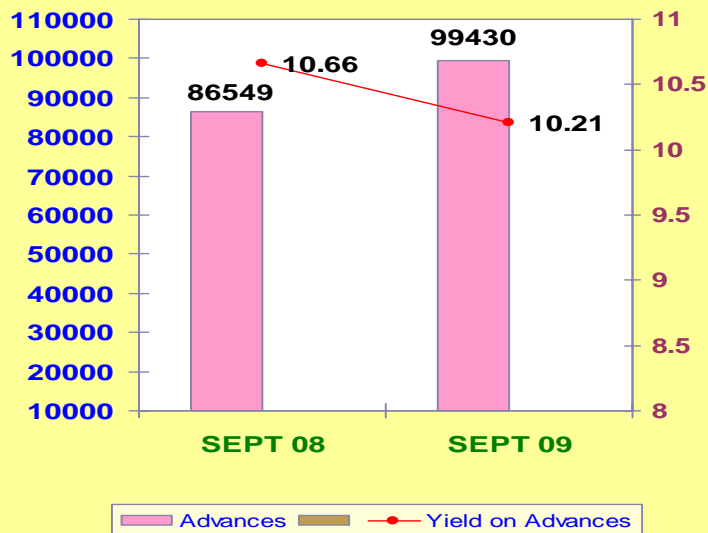
(Rs.in crore)

	SEPT 08	MAR 09	JUN 09	SEPT 09	% Growth Over MAR 09
Current Deposits	11905	13166	14334	16588	25.99
Savings Deposits	26467	28545	29408	32554	14.04
Demand Deposits (CASA)	38372	41711	43742	49142	17.82
Total Deposits	115939	138703	143889	149066	7.47
% to total deposits	33.10	30.07	30.40	32.97	-
Cost of Deposits(%)	6.16	6.50	6.47	6.29	-

## Market share of Bank in Demand Deposits.

Demand Deposits of	09.10.09	10.09.08	% YoY Growth
Scheduled Commercial Bank	532277	482863	10.23
Union Bank Of India	13990	10627	31.65
Market share of Union Bank	2.63	2.20	

- CASA accounted for 71% of the incremental deposits amount since 31.03.09.
- New Accounts added during the Half Year are :18.06 Lacs

**Advances & Yield on Advances**


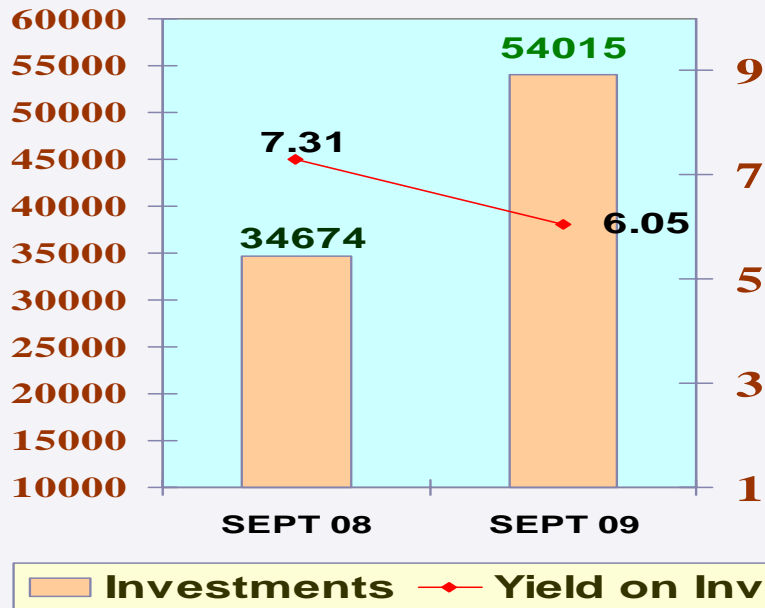
## Advances

Bank registered growth of **14.88% YoY** in advances. Yield on advances is at **10.21 %**.

(Rs. in Crore)

	SEPT 08	SEPT 09	YoY Growth%
<b>AGRICULTURE</b>	12701	15599	22.82
<b>RETAIL ADVANCES</b>			
Union Home	5857	7161	22.26
Union Miles	900	1110	23.33
Union Education	852	1190	39.67
<b>MSME</b>	13884	19726	42.08

# Investments



- Growth in investments and yield on investments were in line with market trends.
- Out of Total AFS portfolio of Rs.16745 Cr. Rs. 9844 Cr (58.79%) is interest sensitive.

	SEPT 08 (Rs in crs)	%	Duration	SEPT 09 (Rs in crs)	%	Duration
Held to Maturity	23113	66.66	4.16	36822	68.17	5.73
Held for Trading	61	0.18	6.25	448	0.83	5.38
Available for Sale	11500	33.16	2.16	16745	31.00	2.63
<b>Total</b>	<b>34674</b>	<b>100.00</b>	<b>3.51</b>	<b>54015</b>	<b>100.00</b>	<b>4.95</b>



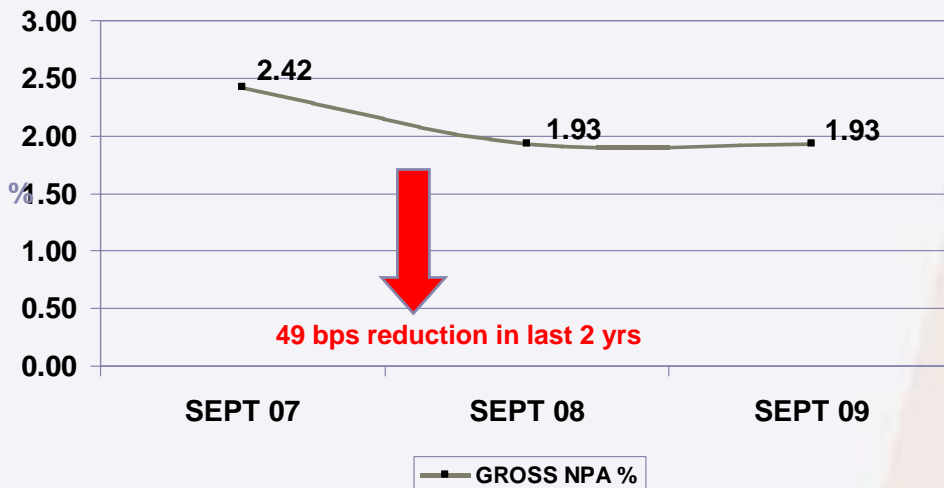
# NPA Management

(Rs.in crore)

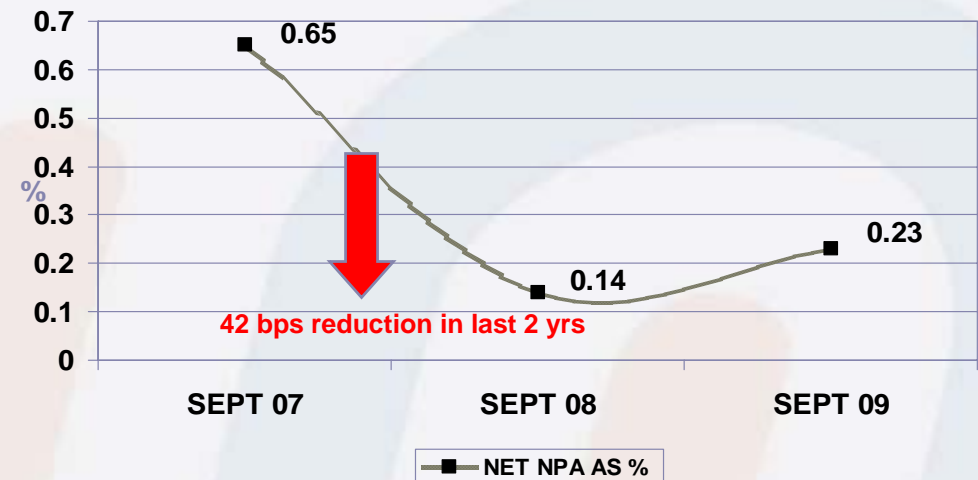
	SEPT 08	SEPT 09
<b>Gross NPAs – Opening on 1<sup>st</sup> April</b>	1657	1923
<b>Add : Additions</b>	431	496
<b>Less : Deductions</b>	<b>413</b>	<b>500</b>
<b>1. Due to Write Off</b>	<b>47</b>	<b>246</b>
<b>2. Due to upgradation</b>	<b>95</b>	<b>82</b>
<b>3. Due to Recoveries</b>	<b>271</b>	<b>172</b>
<b>Gross NPAs</b>	1675	1919
<b>Gross Credit</b>	86549	99430
<b>Gross NPA as a % age of GBC</b>	1.93	1.93
<b>Net NPA</b>	116	223
<b>Net Advances</b>	84991	97554
<b>Net NPA as a % age of Net Advances</b>	0.14	0.23

# NPA Management

## GROSS NPAs



## NET NPAs



- ❑ Net NPA% of the Bank, one of the best in the industry among PSBs, is at 0.23% as compared to 0.14% as of Sept'08.
- ❑ Loan loss coverage of NPA is at 88.38% as of Sept'09.

## Improved Asset Quality

- ❖ Improved asset quality is reflected in declining trend in delinquency ratio as under:-

	<b>SEPT 08</b> <b>(6 M)</b>	<b>SEPT 09</b> <b>(6 M)</b>
<b>Delinquency Ratio</b>	<b>1.16%</b>	<b>1.03%</b>

## Cost of Credit

**Cost of Credit of since March 08 has improved substantially.**

(Rs in Crs)

<b>Particulars</b>	<b>MAR 08</b>	<b>MAR 09</b>	<b>SEPT 09</b>
Gross Advances	75878	98265	99430
Average Advances (Opening + Closing / 2 )	69768	87072	98848
NPA Provision	585	546	343
Credit Cost %	0.84	0.63	0.69

**Note :** Sept.2009 Credit Cost % Annualised.

## Assets Restructured during H1-FY 10

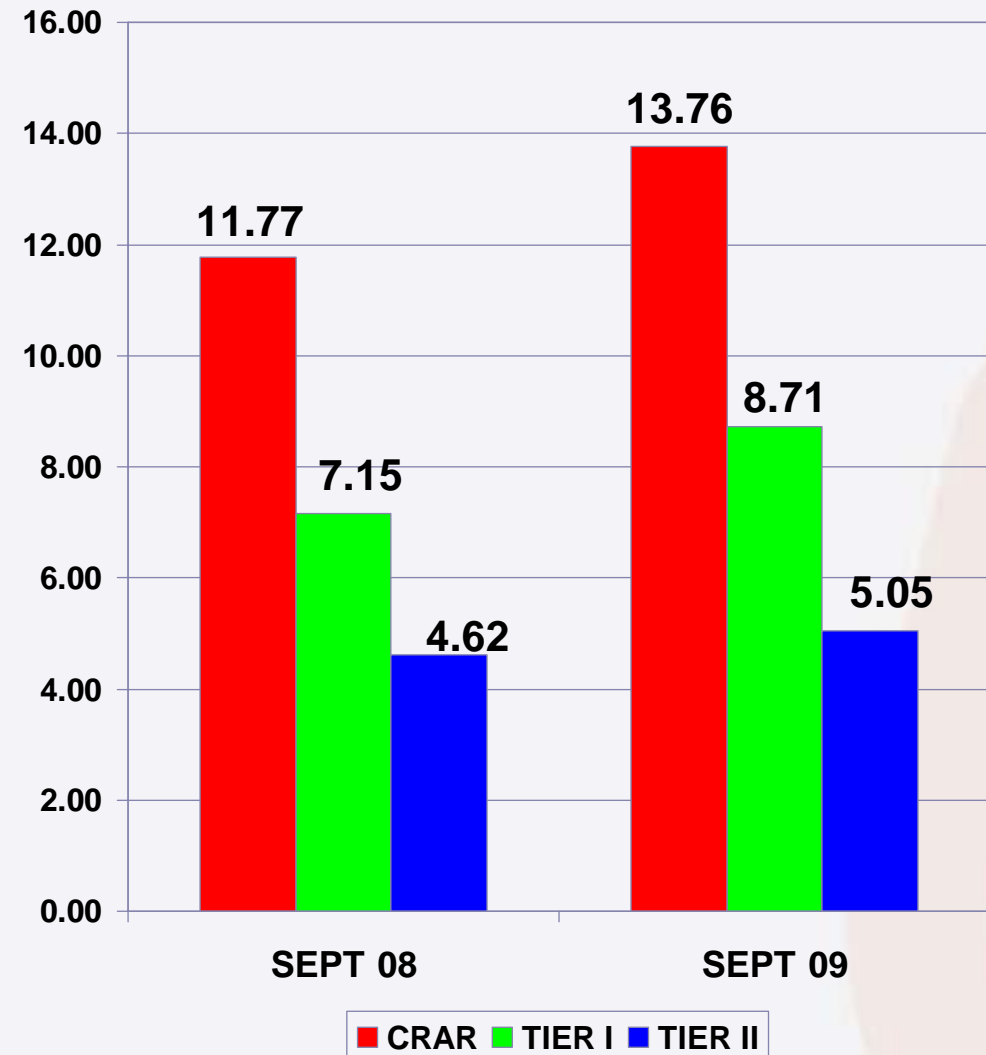
Nature of Advance	UPTO MAR 09		UPTO JUNE 09		DURING SEPT 09 QTR.	
	No of Accts	Amt.	No of Accts	Amt.	No of Accts	Amt.
		(Rs in Crs)		(Rs in Crs)		(Rs in Crs)
<b>MSME W/w</b>	<b>28272</b>	<b>647.42</b>	<b>28307</b>	<b>894.38</b>	<b>115</b>	<b>55.05</b>
Micro Enterprises	20620	249.18	20620	249.18	110	2.73
Small Enterprises	7571	242.91	7591	301.37	1	1.75
Medium Ent.	81	155.33	96	343.83	4	50.57
Large Ent.	39	680.25	60	1360.20	1	9.95
Others	30808	796.71	25942	993.00	179	4.40
Agriculture	15987	113.71	15991	119.59	2	2.12
Retail Loans	38162	721.25	43074	1141.80	--	---
<b>Total</b>	<b>113268</b>	<b>2959.34</b>	<b>113374</b>	<b>4508.97</b>	<b>297</b>	<b>71.52</b>

## Assets Restructured during H1-FY 10

Restructured Accounts Closed / Fully Adjusted			
Sr. No.	Details of Restructured Accounts	Accounts	Amount (Rs. in cr.)
1	April – June 2009	1624	14.99
2	July – Sept. 09	1585	164.23
	<b>Total</b>	<b>3209</b>	<b>179.22</b>

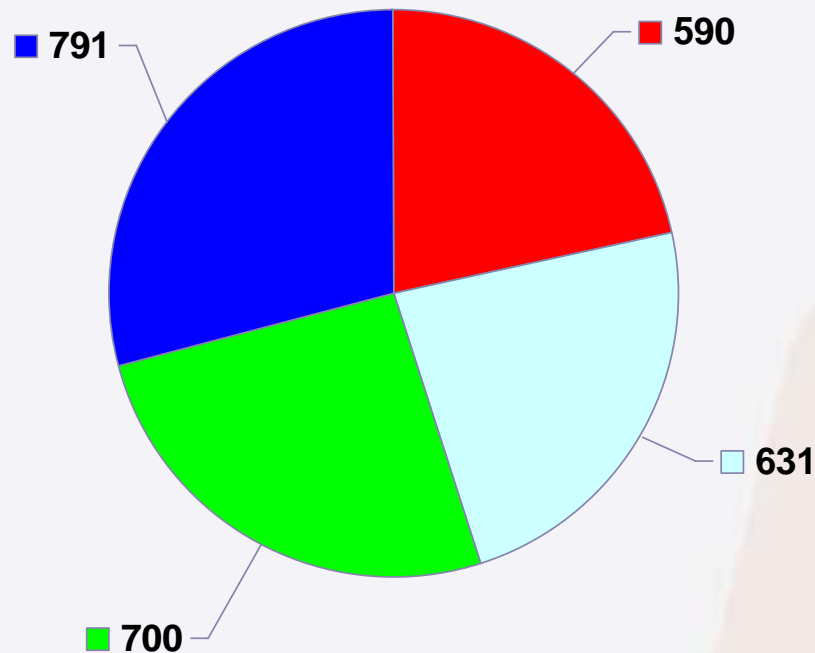
Restructured Accounts turned to NPAs (for more than Rs. 1.00 crore)			
Sr. No.	Details of Restructured Accounts	Accounts	Amount (Rs. in cr.)
1	April – June 2009	-	-
2	July – Sept. 09	7	38.84
	<b>Total</b>	<b>7</b>	<b>38.84</b>

## Capital Adequacy Ratio (Basel II)



- Capital Adequacy Ratio increased from 11.77% as on 30<sup>th</sup> Sept, 2008 to 13.76% as on 30<sup>th</sup> Sept, 2009 despite increase in volume of business.
- Tier-I capital funds have increased by 29.80% from Rs.6893 crore as on Sept, 2008 to Rs.8946 crore as on Sept, 2009
- Tier-I CAR has improved from 7.15% as on Sept'08 to 8.71 % as on Sept'09.

## Distribution Channels



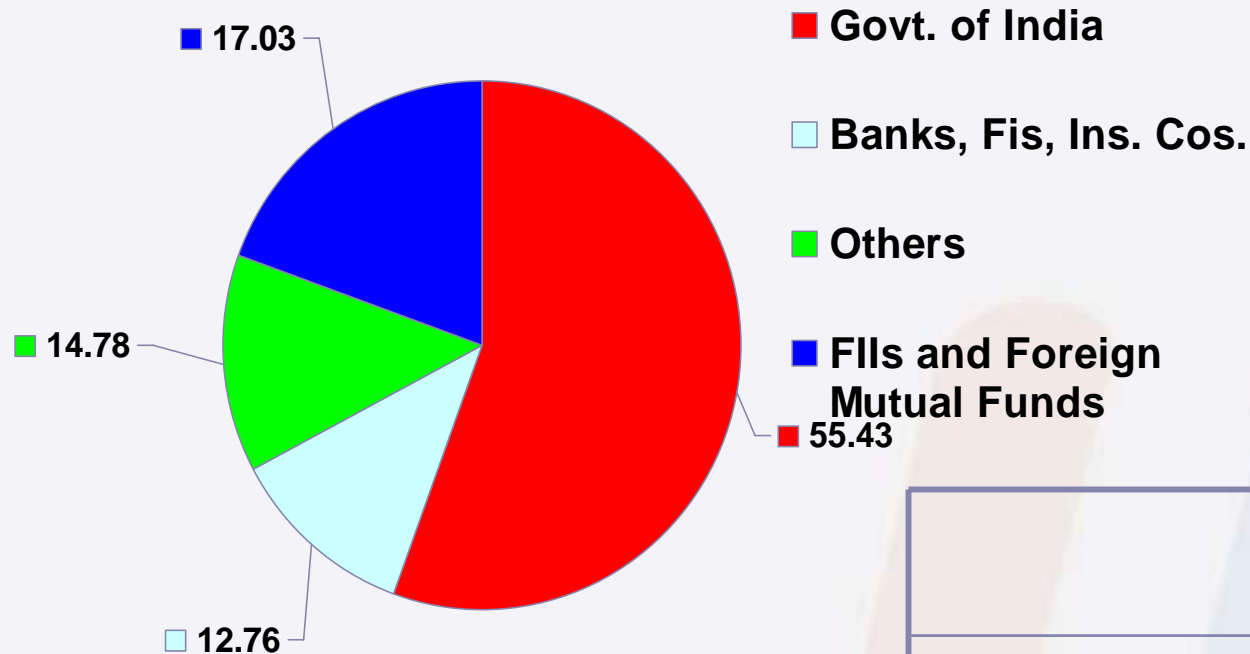
■ METRO  
■ URBAN  
■ SEMI URBAN  
■ RURAL

	MAR 09	Sept 09	Add- ition
<b>Total Outlets</b>	<b>2661</b>	<b>2821</b>	<b>160</b>
<b>ATMs</b>	<b>1790</b>	<b>2127</b>	<b>337</b>

- Transactions through Electronic mode has increased from 21% of total transactions as of March'09 to 25.18% as of Sept'09.



# Shareholding Pattern (30<sup>th</sup> SEPT 2009)



	SEPT 08 %	SEPT 09 %
<b>GOVT.</b>	<b>55.43</b>	<b>55.43</b>
<b>FIs &amp; FMFs</b>	<b>19.31</b>	<b>17.03</b>
<b>BANKS, INST./ MUTUAL FUNDS</b>	<b>11.85</b>	<b>12.76</b>
<b>OTHERS</b>	<b>13.41</b>	<b>14.78</b>

*Major highlights  
of last quarter*

## Awards & Accolades

➤ The Bank was awarded the National Awards for Excellence in Lending to Micro Enterprises 2008-09. The Bank attained Second Rank based on its excellent performance in lending to micro enterprises during the year 2008-09. The Bank was also adjudged as the Best Bank in West Zone for extending institutional finance in propagating KVI (Khadi & Village Industries) programmes under Interest Subsidy Eligibility Certificate scheme during 2008-09. Both the awards were conferred by the Hon'ble Prime Minister Dr. Manmohan Singh at Vigyan Bhavan, New Delhi on 28<sup>th</sup> August, 2009.

## Major Highlights Q2-10



➤ The Bank was awarded the National Vigilance Excellence Award 2009 instituted by the Vigilance Study Circle, Hyderabad on the basis of a Case Study submitted by Central Vigilance Department, Mumbai. The award was presented by Mr Pratyush Sinha, Central Vigilance Commissioner at a function in Delhi on 14<sup>th</sup> August, 2009.

## Major Highlights Q2-10

**Union Bank ranked 7<sup>th</sup> strongest bank in Asia-Pacific region in 2009.**

- ✓ The Asian Banker has ranked Union Bank of India at number 7 amongst strongest Banks in Asia Pacific region. The bank stands at number 3 amongst Banks in India.
- ✓ The ranking has been considered covering all parameters indicating the strengths of banks like Total Assets, Growth in Loans, Growth in Deposits, Risk Index, Capital Adequacy, Operating Profit, Return on Assets, Operating Cost, Non-interest Income, Loan Loss Coverage, Loan Quality and Liquidity.
- ✓ There is only one Nationalized Bank ranked higher than Union Bank of India.
- ✓ Union Bank of India is accorded 3.70 out of 5 in aggregate strength score with the strongest bank getting 3.99.
- ✓ In 4 parameters viz. Operating Cost, Loan loss Coverage, Loan Quality and Liquidity, Union Bank scored higher or equal to the two other higher placed Indian Banks.

### Awards & Accolades

- The Bank was adjudged the Best bank in Credit Quality in the Financial Express Best Banks Awards. The Award was given by the Hon'ble Finance Minister on 25<sup>th</sup> July, 2009



## Major Highlights Q2-10

- The Bank on 30<sup>th</sup> September, 2009 announced that all the branches of both the Regional Rural Banks sponsored by it viz Kashi Gomti Samyut Gramin Bank and Rewa Sidhi Gramin Bank have been networked under CBS. This initiative of networking branches of Regional Rural Bank (RRB) under CBS is the first of its kind in the country. These RRBs sponsored by the Bank are situated in the states of Uttar Pradesh and Madhya Pradesh. All the 447 branches of these two Banks now offer modern banking facilities to its customers on par with those anywhere in the country.





**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.

Gross NPA level is targeted less than 2.00% as of March 2010.

Transaction 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.



## 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



[www.unionbankofindia.co.in](http://www.unionbankofindia.co.in)

***DREAM BIG***