

91 वर्षों से कर रहे
सपने साकार



यूनियन बैंक
ऑफ इंडिया
Union Bank
of India

91 Years of
fulfilling Dreams

Financial Results

Q4 - 11 & FY 2011

Analyst Presentation

6th May, 2011

Achievements of Business Goals

Global Business up from ₹ 291289 cr. to ₹ 355483 cr. an increase of 22.04%

Domestic Deposits up from ₹ 169670 cr. to ₹ 201891 cr. an increase of 18.99%

Domestic Advances up from ₹ 118272 cr. to ₹ 147081 cr. an increase of 24.36% .

Robust growth of 48.28% in Net Interest Income from ₹ 4192 cr. to ₹. 6216 cr.

Net Interest Margin improved by 62 bps from 2.71% to 3.33%.

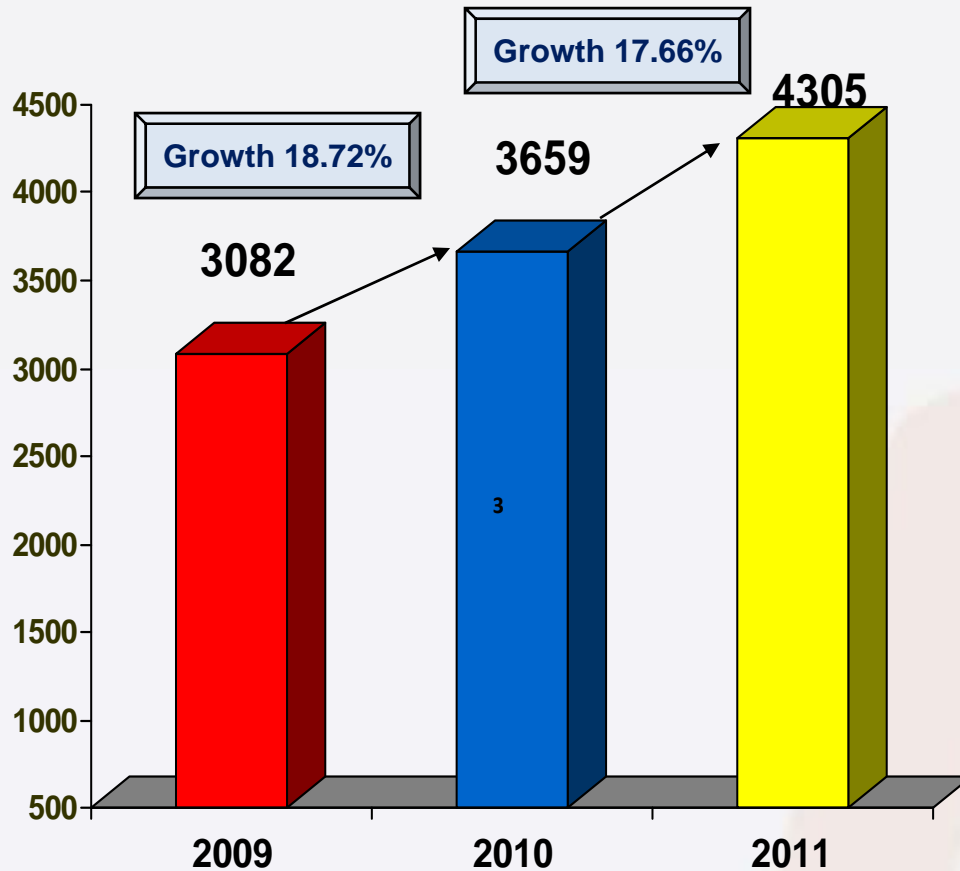
Gross NPA ratio down to 2.37% from 2.79% in September 2010.

Financial Results – FY 2011

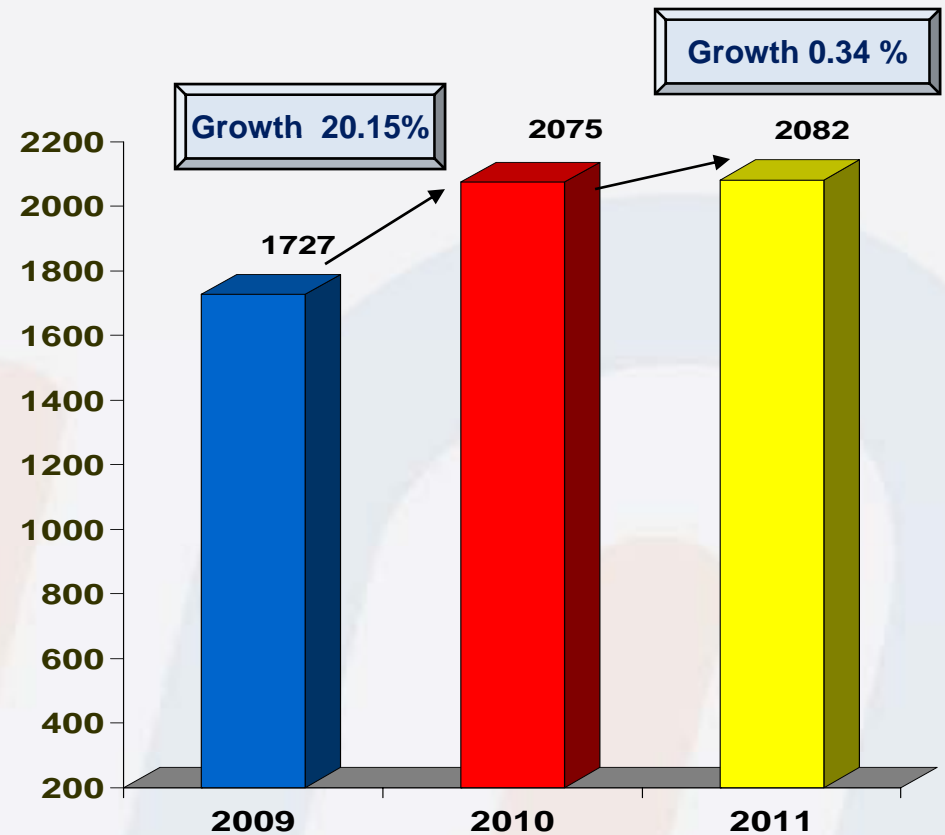


Yearly Results

Operating Profits (YoY)



Net Profits (YoY)



- The Bank's operating profit has been consistently growing. The one-off expenditure expense of pension liability of Rs 300 crs has dented the Operating profit growth which otherwise would have been 25.85%.
- Increased provisions on NPAs (Rs 1188 crs Vs 699 crs) together with one-off expenditure on pension liability has pulled down the Net Profit of the Bank.

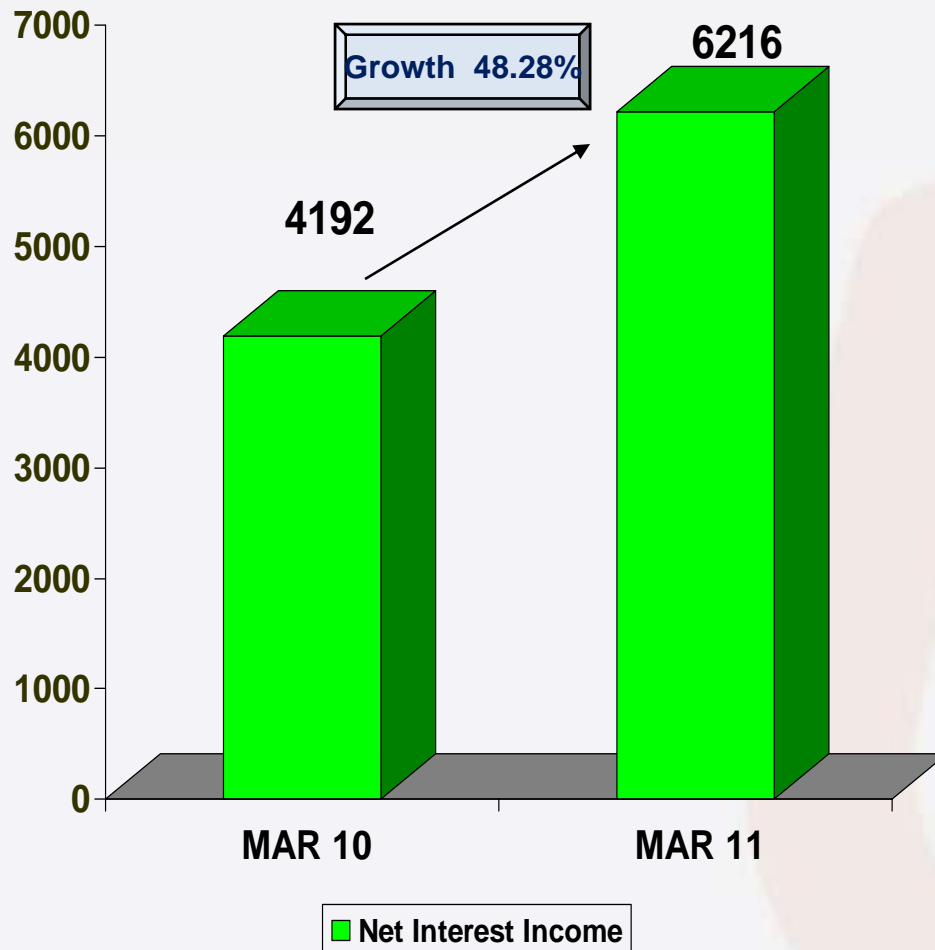
Provisions as on 31.3.11 (YoY)

(₹ in crore)

	Mar'10	Mar'11
Taxation	758	807
NPA (excluding adhoc provision for Standard Assets)	699	1188
Standard Assets	21	146
Depreciation on Investment	-117	27
Shifting Loss	47	83
Others (Provisions for Restructured Adv., Gtees. Invoked, FITL, Suspense Etc.)	176	-28
Total	1584	2223

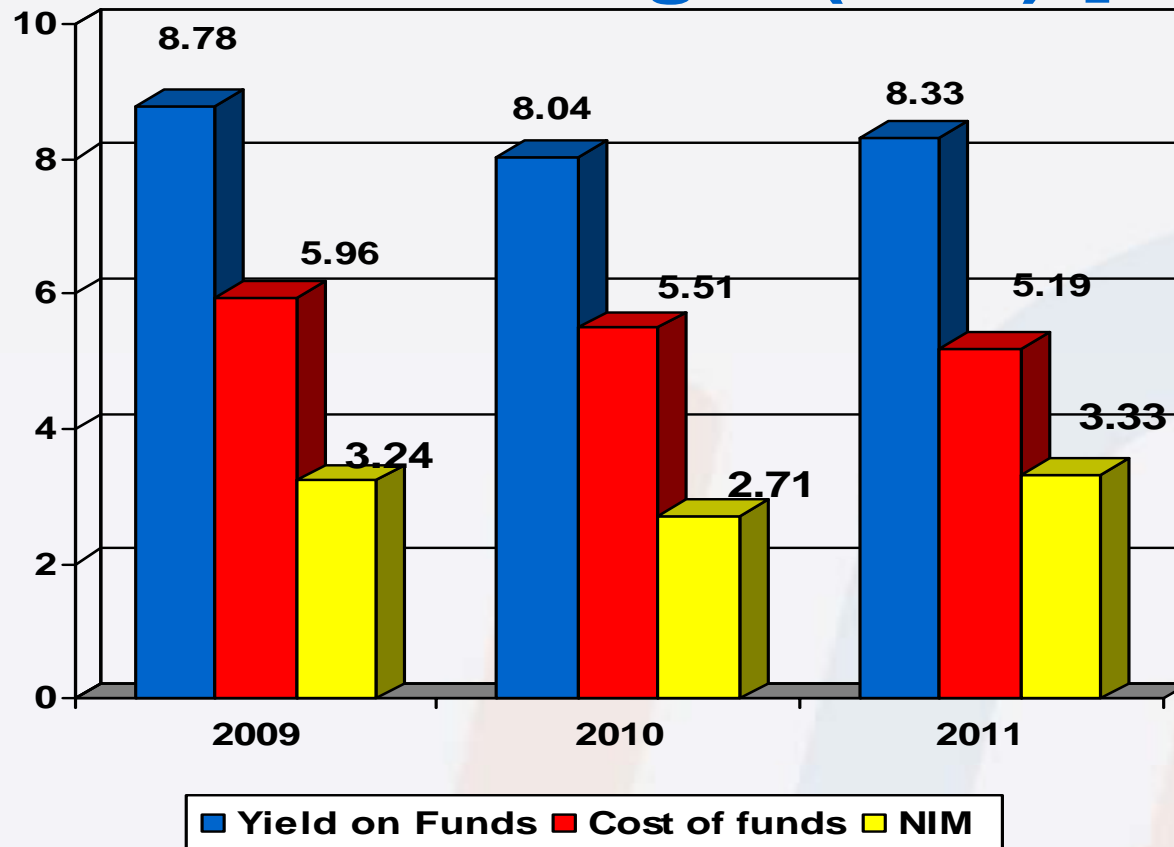
NET INTEREST INCOME

YoY Comparison



- Net Interest Income grew by 48.28% YoY to Rs 6216 crs from Rs 4192 crs in the previous year.
- NII growth has been driven mainly due to increase in yield on funds at 8.33% as against 8.04% in the previous year and reduction in cost of funds to 5.19% from 5.51% in the previous year.

Net Interest Margin (NIM) [YoY]



- Effective cost management has resulted in growth of 29 bps in Yield on Funds and at the same time, Cost of Deposits has come down by 32 bps, resulting in better NIM.
- Net Interest Margin (NIM) on earning assets is at 3.33%.

Non-Interest Income- YoY Comparison

(₹ in crore)

	Mar'10	Mar'11	% Growth
Core Fee based Income	896	934	4.24
Treasury Income	730	689	-5.62
W/w Profit on Sale of Investment	573	464	-19.20
Exchange on Foreign Currencies	157	225	43.31
Income from Forex Tran.	166	204	22.89
Recovery in Written-Off accounts	183	212	15.85
TOTAL	1975	2039	3.24

Financial Results – FY 2011

Quarterly Results

Operating Profits (Q4)

Rs. in Cr.

Q4 2009	Q4 2010	Q4 2011
912	1148	869

Net Profits (Q4)

Rs. in Cr.

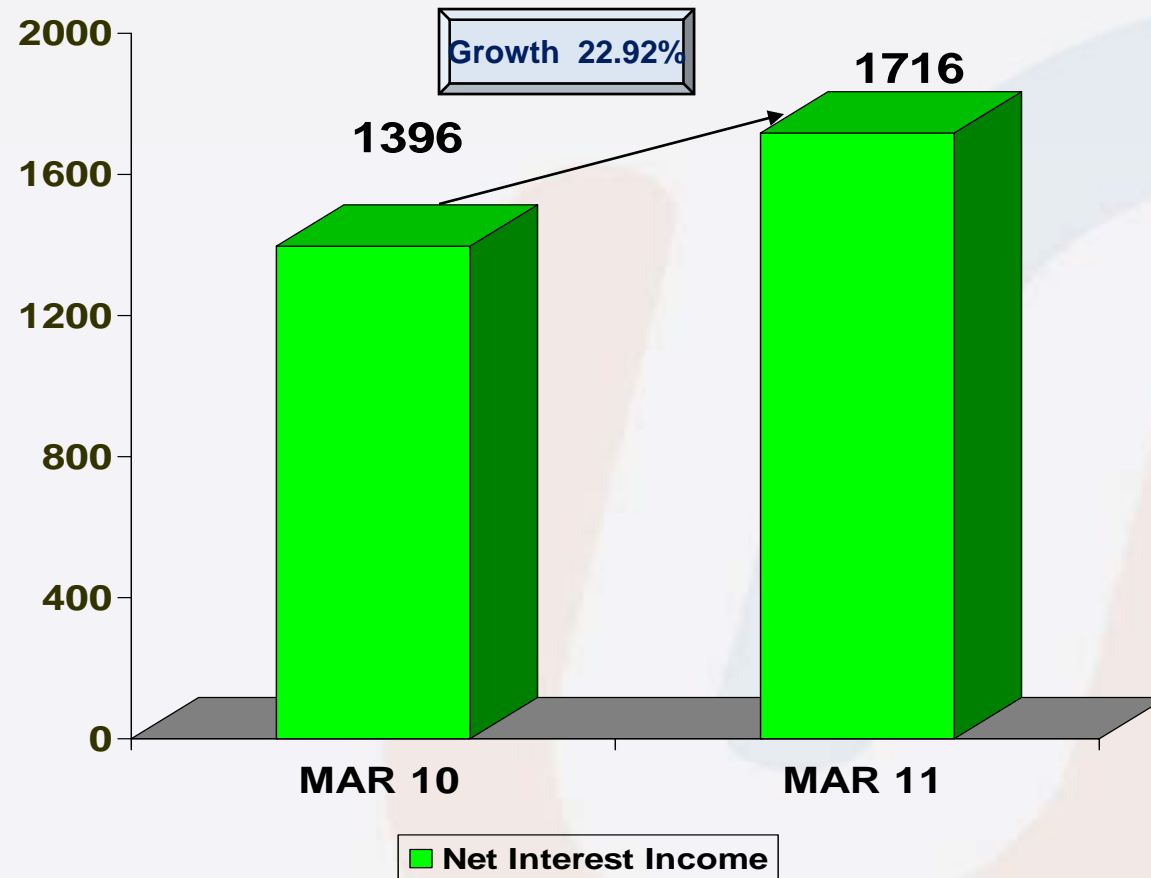
Q4 2009	Q4 2010	Q4 2011
466	594	597

- Operating profit for Q4 has been impacted by one-time exceptional pension liability of ₹ 300 crs which otherwise would have been amortised and hence would have been ₹ 1169 crs registering growth of 1.82% QoQ

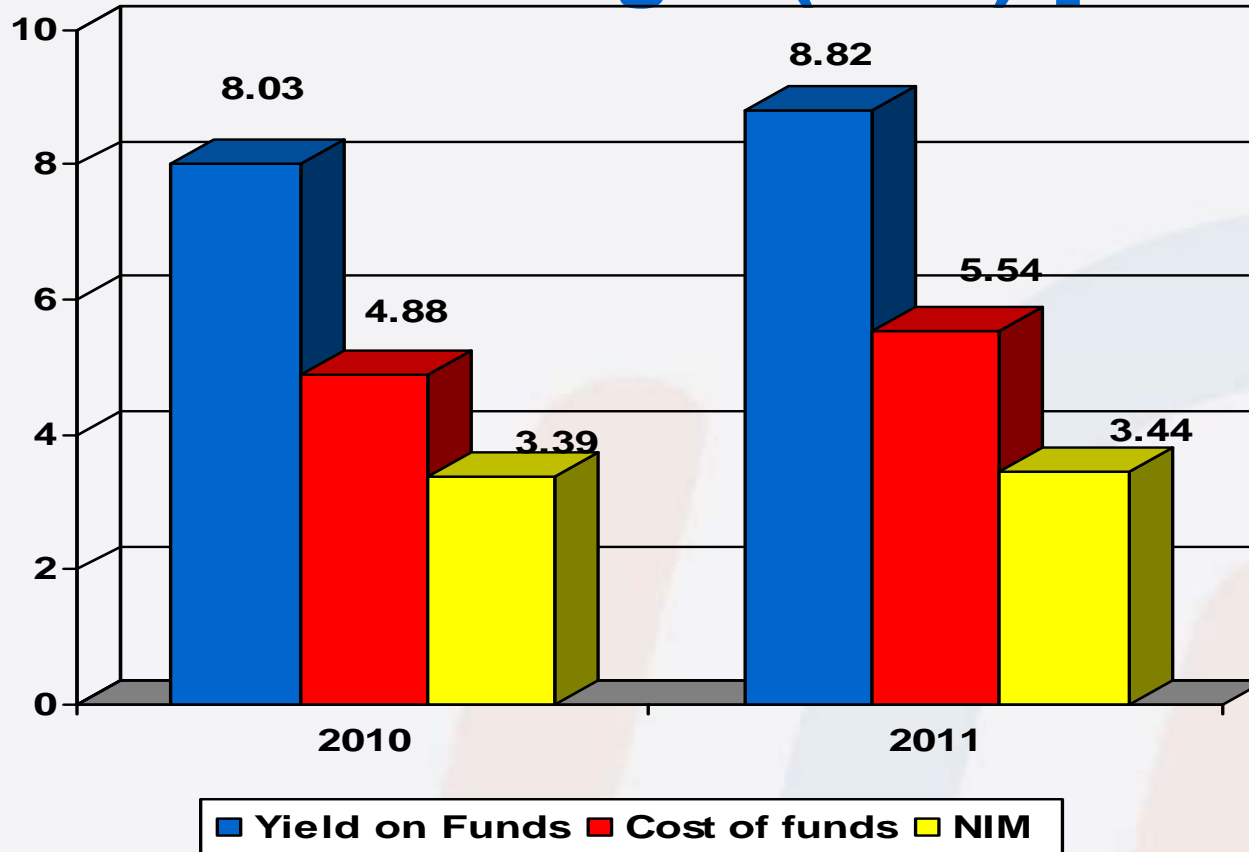
- Net profit for Q4 has been impacted by one-time exceptional pension liability of ₹ 200 crs and would have been ₹ 797 crs registering growth of 34.18% QoQ

NET INTEREST INCOME

QoQ Comparison



Net Interest Margin (NIM) [QoQ]

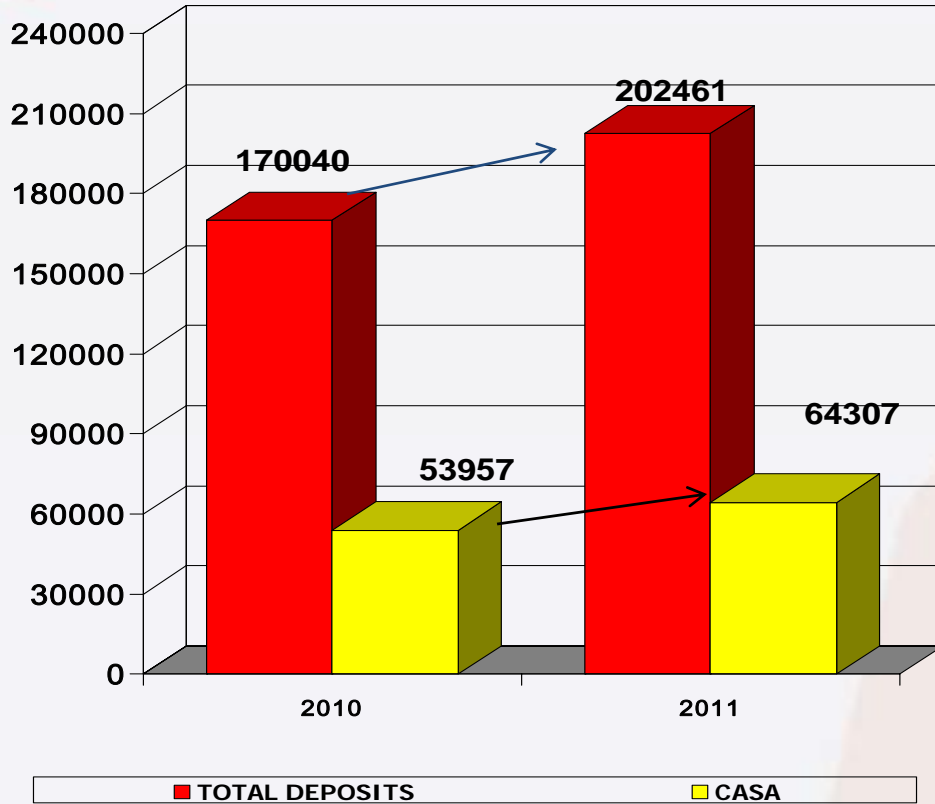


- Effective cost management has resulted in growth of 79 bps in Yield on Funds and at the same time, Cost of Deposits has increased by 66 bps, resulting in better NIM.
- Cost of Funds stood at 5.54%. Yield on funds is at 8.82%
- Net Interest Margin (NIM) on earning assets is at 3.44%.

Non-Interest Income- QoQ Comparison

(₹ in crore)

	Mar'10	Mar'11	% Growth
Core Fee based Income	283	270	-4.59
Treasury Income	98	171	74.49
W/w Profit on Sale of Investment	82	112	36.59
Exchange on Foreign Currencies	16	59	268.75
Income from Forex Tran.	54	62	14.81
Recovery in Written-Off accounts	58	98	68.97
TOTAL	493	601	21.91



Deposits

- Total Deposits grew at 19.07% YoY.
- Demand Deposits(CASA) grew by 19.18%. Average CASA deposits grew by 27.30% YoY.

(₹ in crore)

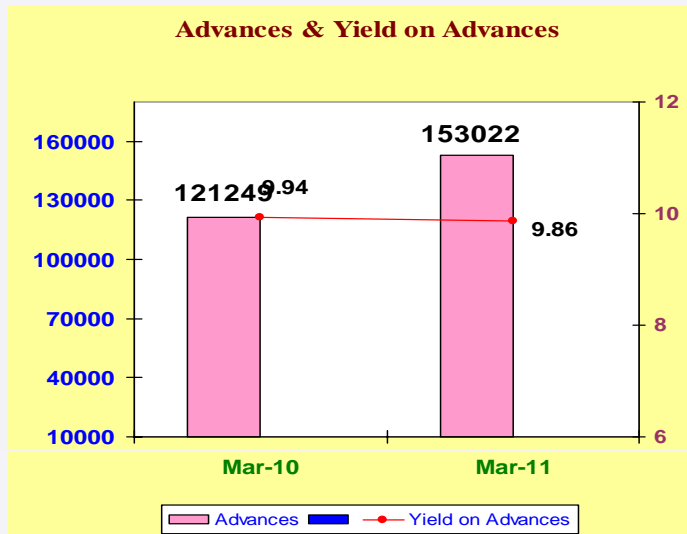
	MAR 10	MAR 11	Growth% YoY
Total Deposits	170040	202461	19.07
Demand Deposits (CASA)	53957	64307	19.18
CASA SHARE %	31.73	31.76	

CASA Deposits

(₹ in crore)

	MAR 10	MAR 11	% Growth Over MAR 09
Current Deposits	16229	19618	20.88
Savings Deposits	37728	44689	18.45
Demand Deposits (CASA)	53957	64307	19.18
Total Deposits	170040	202461	19.07
CASA % to total deposits	31.73	31.76	-
Cost of Deposits(%)	5.94	5.53	-

- Average SB deposits grew by 28.70% YoY and average Current deposits grew by 22.40%
- New CD/SB Accounts added during the Year are : 2.74 million



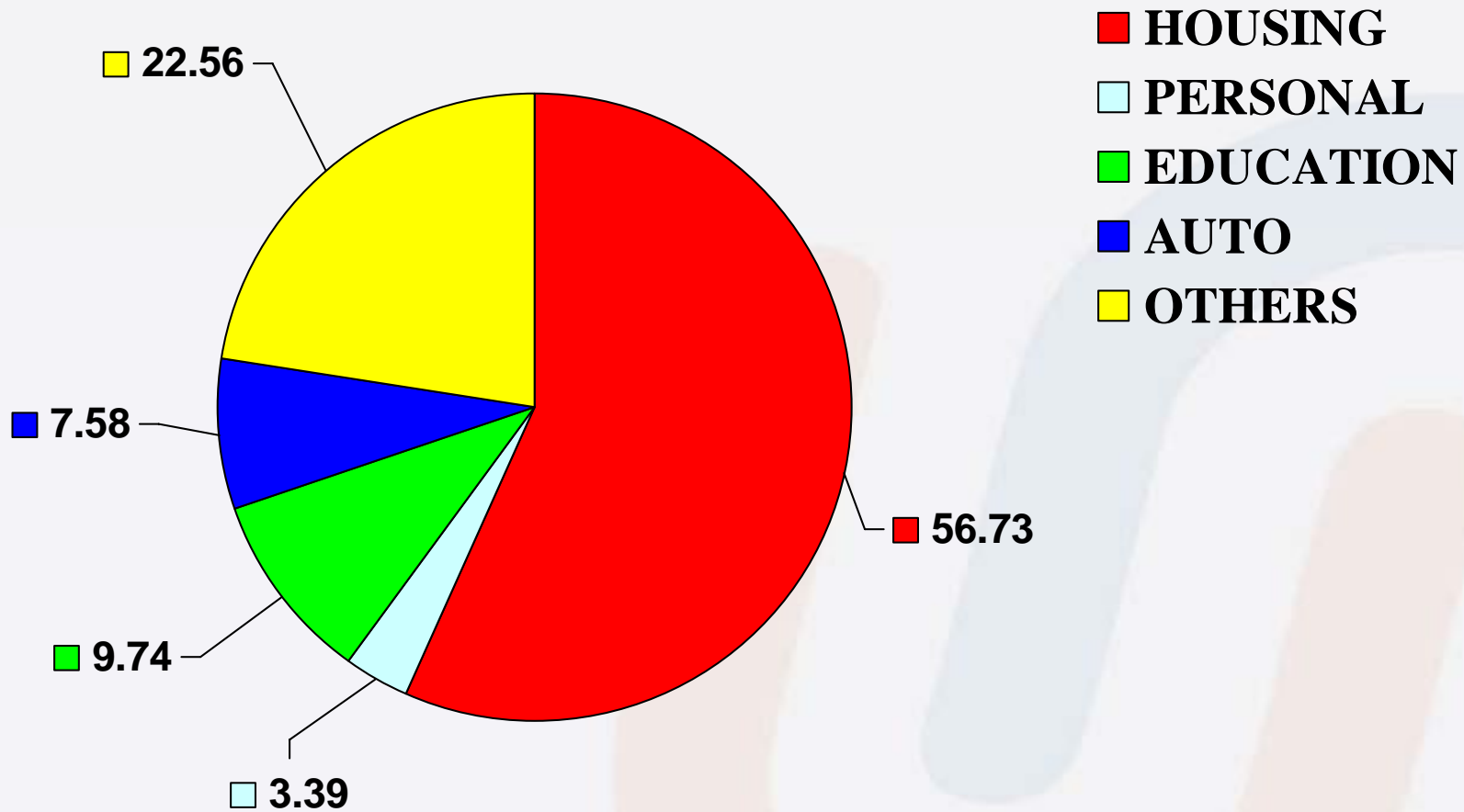
Advances

Bank registered growth of **26.20% YoY** in advances.

(₹ in Crore)

	MAR 10	MAR 11	YoY Growth%
Total Advances	121249	153022	26.20
Agriculture	18464	21046	13.98
MSME	22685	24735	9.04
Retail Advances	13506	16238	20.22
W/w			
Union Home	8115	9211	13.51
Union Education	1301	1582	21.60

COMPOSITION OF RETAIL PORTFOLIO



Assets Restructured during FY 11

₹ in Crs.

Nature of Advance	During FY 11		Total Upto March 2011	
	No of Accts.	Amt.	No of Accts	Amt.
MSME W/w	137	124.90	30145	958.86
Micro Enterprises	92	5.97	21302	273.37
Small Enterprises	26	26.76	8729	397.77
Medium Ent.	19	92.17	114	287.72
Large Ent.	21	301.92	95	2154.36
Others	47	201.53	34212	1570.04
Agriculture	191	8.48	16188	139.83
Retail Loans	476	24.11	39474	793.09
Total	872	660.94	120114	5616.18

Assets Restructured during FY 11

Restructured Accounts Closed / Fully Adjusted (More than ₹ 1.00 crore)		
Details of Restructured Accounts	Accounts	Amount (₹ in cr.)
April 09 – March 10	20	237.90
April 10 – March 11	45	362.33

Restructured Accounts turned to NPAs (for more than ₹ 1.00 crore)		
Details of Restructured Accounts	Accounts	Amount (₹ in cr.)
April 09 – March 10	39	481.39
April 10 – March 11	22	527.84

TOP SECTOR EXPOSURES

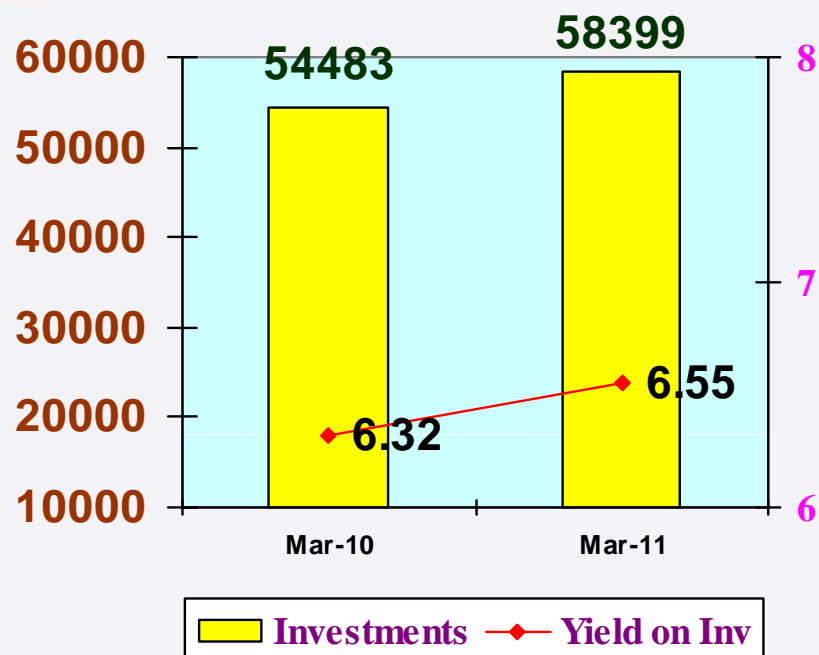
Across Large & Mid Corporates, SME and Corporate Agri Business

Rank	Sectors	Exposures (As on 31 st March 2011)	
		%	Amount (₹ in Crore)
1	Infrastructure	11.13	17018
2	Retail Advances	10.63	16238
3	Trade	5.49	8391
4	NBFCs	4.60	7046
5	Textile	3.13	4789
6	Other Industries	2.59	3959
7	Metal & Metal Products	2.14	3274
8	Chemical & Chemical Products	1.77	2700
9	Commercial Real Estate	1.76	2682
10	Gems & Jewellery	1.24	1897

DISTRIBUTION OF RATINGS LARGE & MID CORPORATES

The Bank is having a portfolio of ₹ 104863 crore of more than ₹ 5 crore, out of which 690 Accounts with exposure of ₹ 51331 Crore are rated. Rating of the Accounts is as under:

Rating	No of Borrowers	Exposure	% OF RATED EXPOSURE
AAA	51	15656	30.50
AA	49	6993	13.62
A	93	11409	22.23
BBB	190	10094	19.67
BB& BELOW	307	7179	13.98
TOTAL	690	51331	100.00



- ## Investments
- Investments have shown a growth of 7.18% and Yield on Investments have increased by 23 bps from 6.32% to 6.55%.
 - Out of Total AFS portfolio of ₹ 14110 Cr. ₹ 6473 Cr (45.88%) is interest sensitive.

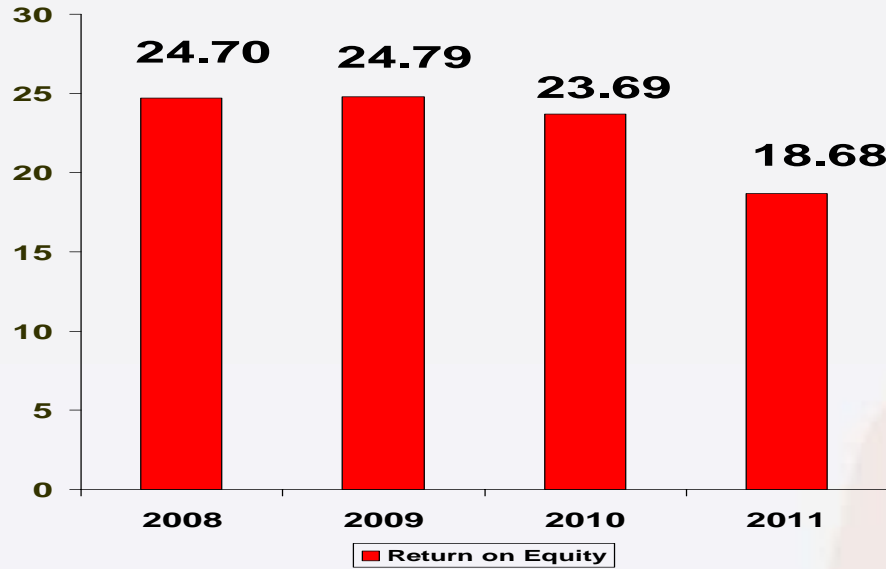
	MAR 10	%	Duration	MAR 11	%	Duration
Held to Maturity	37404	68.65	5.58	43880	75.14	5.18
Held for Trading	14	0.03	-	409	0.70	1.37
Available for Sale	17065	31.32	1.70	14110	24.16	1.77
Total	54483	100.00	4.40	58399	100.00	4.34

Movement of NPAs

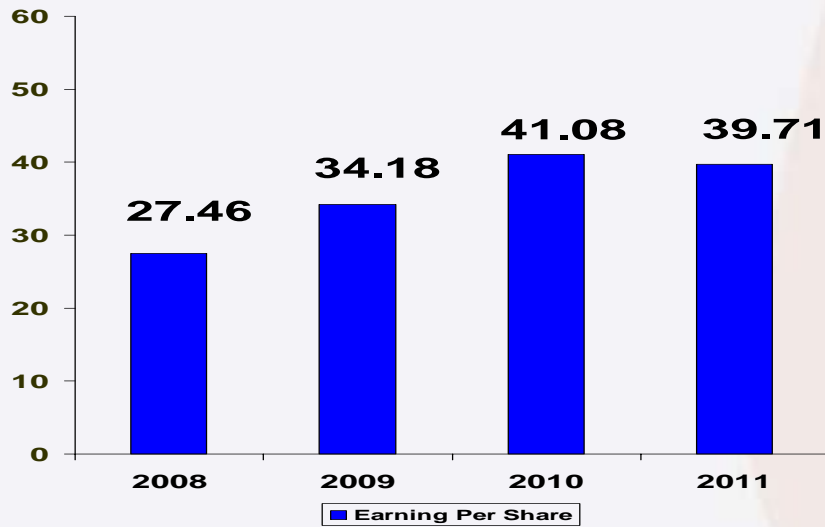
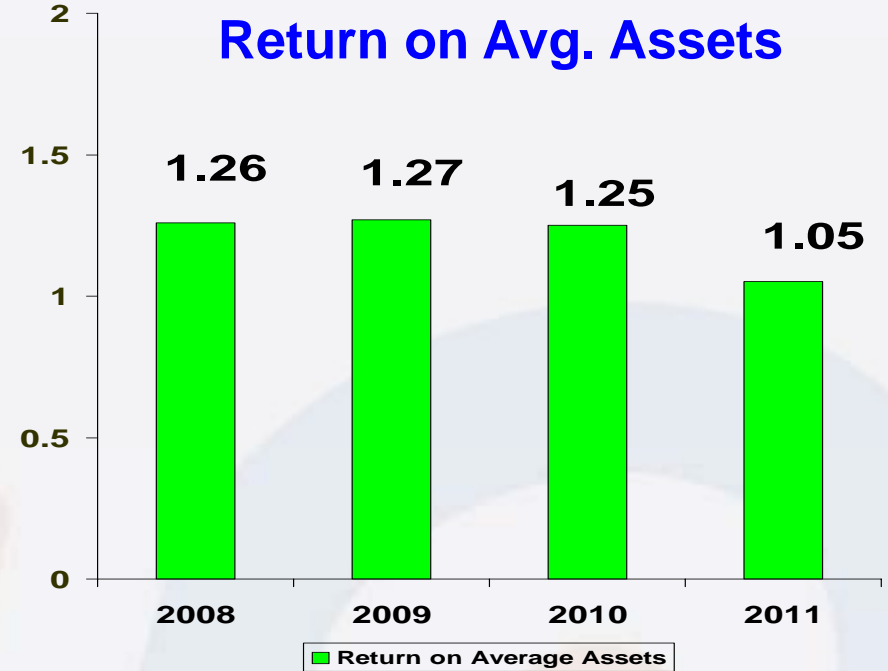
(₹ in crore)

	Mar'10	Mar'11
Gross NPAs - Opening	1923	2671
Add : Additions	1785	2924
Less : Deductions	1037	1972
1. Due to Write Off	513	1126
2. Due to upgradation/ Recoveries	524	846
Gross NPAs	2671	3623
Gross Credit	121249	153022
Gross NPA as a %age of GBC	2.20	2.37
Net NPA	965	1803
Net Advances	119315	150986
Net NPA as %age of Net Advances	0.81	1.19

Return on Equity



Return on Avg. Assets



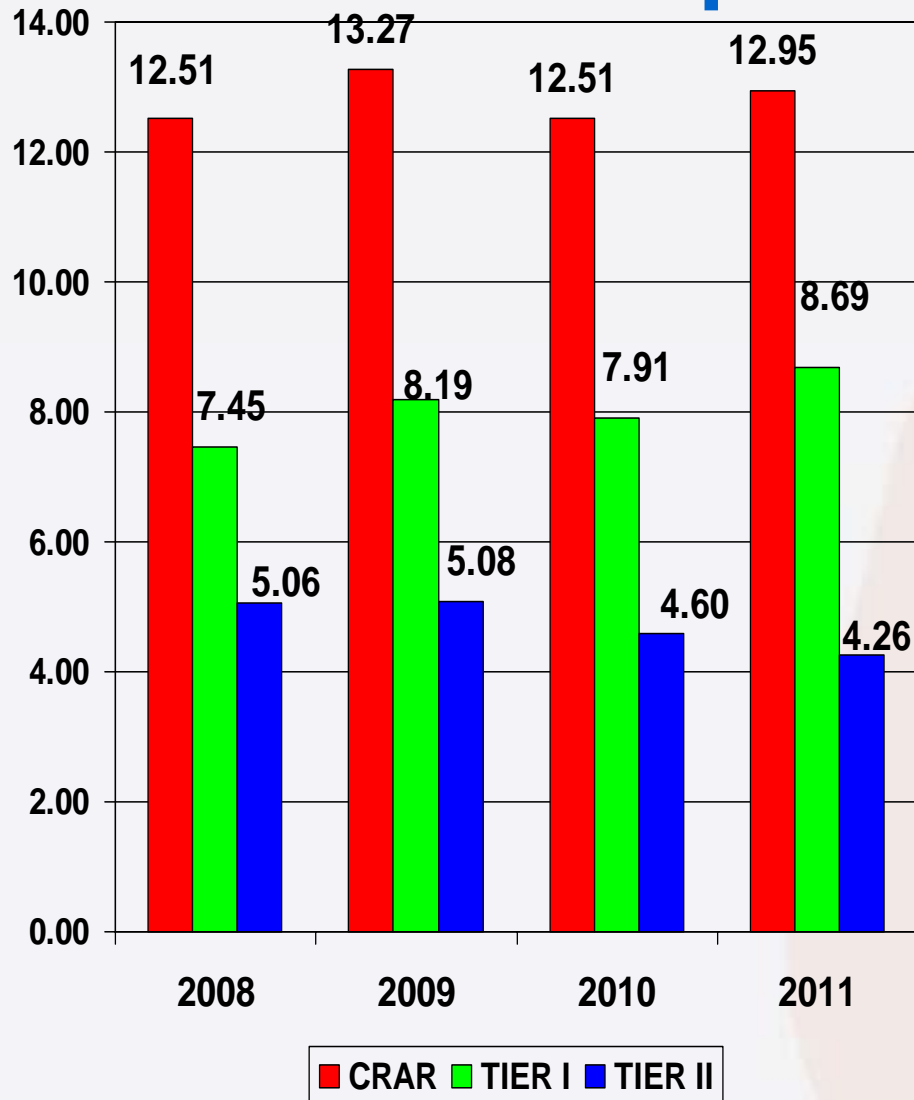
Improved Productivity

(₹ In lacs)

Ratios*	MAR10 (12 M)	MAR11 (12 M)
<u>Productivity Ratios</u>		
Business per Employee	1049	1281
Business per Branch	10385	11783
Net Profit per Employee	7.47	7.50
Net Profit per Branch	73.97	69.01
Gross Profit per Employee	13.18	15.52
Gross Profit per Branch	130.46	142.69

Business and profit per employee increased

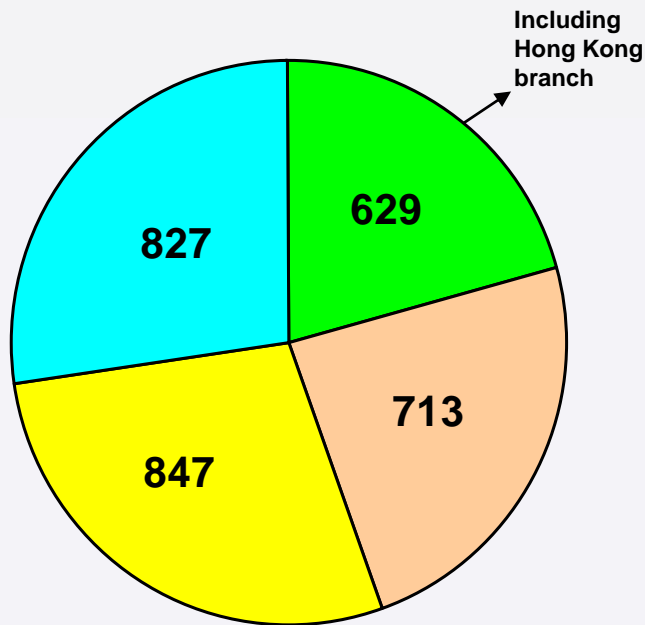
Capital Adequacy



- Capital Adequacy Ratio is at 12.95% as of 31.03.2011 as per Basel II.
- Tier-I CRAR has improved to 8.69% from 7.91 % mainly due to plough back of profits and infusion of capital of Rs. 682 crore and Rs 111 crore from Govt. of India.

DISTRIBUTION CHANNELS

BRANCH MIX

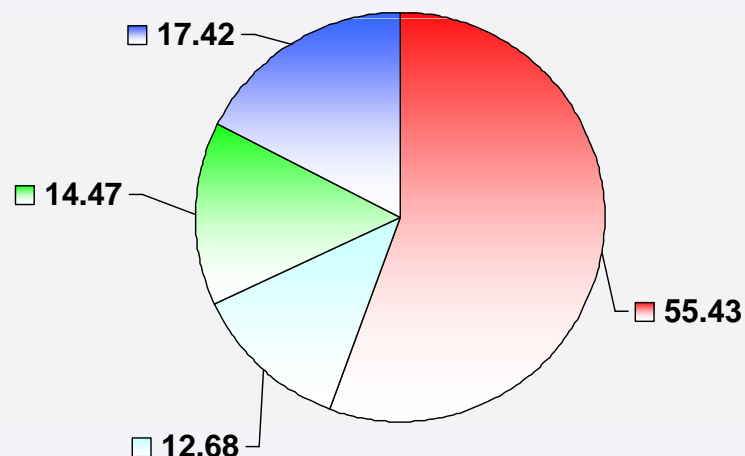


Transactions through electronic mode have increased to 50.49% from 35.01% in March 10.

Bank opened 211 branches during 2010-11.

SERVICE OUTLETS

	Mar'08	Mar'09	Mar'10	Mar'11
Branches / EC / Service Brs	2514	2661	2910	3105
ATMs	1146	1790	2327	2634



■ Govt. of India
■ Others

■ Banks, Fis, Ins. Cos.
■ FII's and Foreign Mutual Funds

- **Share Capital** ₹ 524.33 crore
- **No. of Shares** 524.33 million
- **Net worth** ₹ 11144 crore
- **B. V. per share** ₹ 212.53
- **Return on Equity: 18.68%**
- **Market Cap (3rd May'11) : ₹ 15840 crs**

	MAR-09	MAR-10	MAR-11
GOVT.	55.43%	55.43%	57.07%
FII's & FMFs	14.12%	17.42%	15.05%
BANKS, INST./ MUTUAL FUNDS	15.92%	12.68%	12.31%
OTHERS	14.53%	14.47%	15.57%

*Major highlights
of last quarter*

Award for Financial Inclusion

The Bank was awarded the SKOCH Financial Inclusion Award 2011 for its project “Financing Farmer Members of Primary Agricultural Cooperative Societies under BC Model”. The award was give away by Dr. K.C. Chakrabarty, Dy. Governor, Reserve Bank of India at the function held in New Delhi. This is in recognition of the innovative approach that the Bank has adopted in the recent years for reaching out. The project is about financing farmer members of Primary Agricultural Cooperative Societies (PACS) through branchless banking on the technology platform which our bank has developed in partnering with M/s CoOption Technologies Ltd.



Award for Best Home Loan provider

The Bank received the Outlook money award for the best home loan provider in Jan'11. The award was given away by the Hon'ble Chief Minister of Maharashtra, Shri Prithviraj Chavan.

Seen in the photograph is Shri M. V. Nair, CMD, Union Bank receiving the trophy from Shri Prithviraj Chavan, Hon'ble Chief Minister, Maharashtra State. Also seen in the photograph is Shri Vinod Mehta, Editor in chief, Outlook Magazine. The trophy and certificate was awarded to the Bank as a joint runner-up in the Best Home Loan Provider category at the glittering function of the Outlook Money Awards 2010



Award for best IT Middleware

The Bank received the 'Best Middleware Implementation Award' at the Asian Banker's Technology Implementation Awards 2011 at a function held in Hongkong on 7th April, 2011. The award is given for Enterprise Application Integration solution implemented by the Bank to facilitate seamless integration of different standalone applications being used by the Bank. The Asian Banker has instituted annual IT Implementation Awards programme to determine and award best practices of technological innovation in banking operations.



Issuance of Aadhar cards

The Bank marked the launch of issuance of Aadhaar Numbers to the residents of the country on 10th January 2011 at a function organized at KON Village in Thane District. The first lot of 19 Aadhaar Numbers were distributed to the residents enrolled by Union Bank of India from the hands of Dr. Ajay Bhushan Pandey, Deputy Director General, UIDAI, Mumbai. Executive Director of the bank, Shri S.S.Mundra was also present to grace the occasion. The Bank is the first amongst all the registrar banks to start enrollments of residents and issuance of Aadhaar numbers.



Launch of Union Bank Money under tie-up with Nokia obopay

The Bank together with Nokia, announced the commercial launch of '**Union Bank Money powered by Nokia**' across India, starting with the National Capital Region. The unique service specifically targets users, who do not have a bank account today, by providing access to financial services through their mobile phones and driving financial inclusion. The service will enable consumers to transfer money to other individuals, withdraw cash from Business Correspondents cash-out outlets (registered Nokia stores) and ATMs, pay utility bills as well as recharge prepaid SIM cards (top-ups) by using their mobile devices, eliminating the need for intermediaries and delivering true convenience.



Launch of “RuPay” co-branded card

The co-branded “RuPay” ATM card of NPCIL and Kashi Gramin Sayukt Gramin Bank, a sponsor RRB of the Bank was launched on March 21st, 2011. The card was launched by Mr Narayana Murthy, Chairman, NPCIL and Chief Mentor, Infosys Technologies Ltd.



Financial Inclusion initiative

The Bank unveiled its first Solar powered, Voice enabled Biometric Rural ATM at village Ghawaddi in Ludhiana District in Punjab. The ATM was inaugurated by Shri S.S. Mundra, Executive Director of Bank amidst a large gathering. Bank has deployed Gramateller ATM machine. This ATM is a result of research and development efforts of M/S Vortex with IIT Madras. The ATM works on solar power, has low power consumption of 40 -100 W, can work on single phase power connection, has ability to work without air-conditioning and has support for both Biometric and PIN based transactions. These features make it an ideal solution for rural environment where power supply is a critical factor and literacy levels are low.





Guidance 2011-12

Guidance 2011-12

The Bank aims for a deposits growth of approx. 20% and advances growth of 22% for 2011-12.

Return on Average Assets to be 1.30% by March 2012

NIM is expected to be at 3.20% by March 2012.

Delinquency Ratio as of 31st March, 2012 is expected to be 1.25%

Gross NPAs of the Bank are expected to be around 1.85% by March 2012.

Bank proposes to open 400 branches and increase the total number of ATMs to 5000 during the year 2011-12.

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

Your dreams are not yours alone

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