यूनियन बैंक
ऑफ इंडिया

Ref: ISD/096/11

May 06, 2011

National Stock Exchange of India Limited
Listing Department
Exchange Plaza
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E)
Mumbai-400 051

Fax No.2659 8237/38, 26598347
66418124/25/26

Dear Sir,

Sub: Union Bank of India's Equity Shares
(Scrip Symbol/Series-UNIONBANK-EQ)-
- Press Release on the Working Results of the Bank for the year ended 31.03.2011

Further to our letter no.ISD/094/11 dated 06.05.2011, we enclose a copy of Press Release issued by the Bank on its Working Results for the year ended 31st March, 2011.

The above is for your information please.

Thanking you,

Yours faithfully,

(Monika Kalia)
Company Secretary

Encl: as above.

निवेशक सेवाएं प्रभाग
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Union Bank of India

Union Bank of India

Financial Results for the Quarter & Year ended March 2011

Mumbai, 6th May 2011: The Board of Directors of the Union Bank of India today approved the audited accounts of the Bank for the financial year ended March 31, 2011.

Highlights for the quarter-ended March 31, 2011

- Net Interest Income for Q4/FY11 up 22.92% to Rs 1716 crore from Rs 1396 crore in Q4/FY10
- Net Interest Margin (from earning assets) for Q4/FY11 was 3.44%, up from 3.39% in Q4/FY10.
- Fee Income for Q4/FY11 was Rs 601 crore, compared to Rs 493 crore in Q4/FY10, a growth of 21.82% YoY.
- Net Profit for Q4/FY11 stood at Rs 597 crore compared to Rs 594 crore in Q4/FY10. Bank provided Rs. 779 crore for pension and gratuity liabilities as per RBI guidelines of which Rs 300 crore is one time exceptional expense pertaining to liability on account of 2nd pension option by retired employees.
- Return on average assets (annualised) in Q4/FY11 was 1.14% compared to 1.34% in Q4/FY10.
- Return on equity (annualised) in Q4/FY11 was 21.43% compared to 27.11% in Q4/FY10.
- Earning per share (annualised) in Q4/FY11 was Rs. 45.54 compared to Rs. 47 in Q4/FY10
- Bank added 0.54 million customer accounts during the quarter. Bank's customer base increased to 29.65 million as of 31st March, 2011.

Highlights for the year-ended March 31, 2011

- Net Interest Income for FY11 up 48.28% to Rs 6216 crore from Rs 4192 crore in FY10
- Net Interest Margin for FY11 was 3.33%, up from 2.71% in FY10
- Operating Profit for FY11 up 17.66% to Rs 4305 crore from Rs 3659 crore in FY10.
- The Bank had made provisions towards Pension and Gratuity liability of Rs 1265 crore during the year 2010-11.
- Net Profit for FY11 stood at Rs 2082 crore compared to Rs 2075 crore in FY10.
- Return on average assets in FY11 was 1.05% compared to 1.25% in FY10
- Return on equity in FY11 was 18.68% compared to 23.69% in FY10
- Earning per share in FY11 was Rs. 39.71 compared to Rs. 41.08 in FY10
- Cost-to-income ratio stood at 47.85% in FY11 from 40.66% in FY10.
- Gross NPA ratio declined from 2.79% in Q2/FY11 to 2.37% in Q4/FY11.
- Provision Coverage ratio for FY11 stood at 67.58%.

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Union Bank of India

Balance Sheet

- Balance Sheet size of the Bank increased by 20.90% to Rs 235964 crore as on March 31, 2011 from Rs 195162 crore as on March 31, 2010
- Global Business grew by 22.04%, from Rs. 291289 crore to Rs 355483 crore as on March 31, 2011
- Domestic Deposits increased from Rs 169670 cr. to Rs 201891 cr,, a growth of 18.99%. Global Deposits increased from Rs 170040 crore (Mar 2010) to Rs. 202461 crore (Mar 2011), recording a growth rate of 19.07%
- CASA deposits grew by 19.18% to Rs. 64307 crore from Rs 53957 crore in the previous year. Despite higher term deposit rates prevailing during the year, CASA share in total deposits was maintained at 31.76%.
- Domestic Advances increased from Rs 118272 cr. to Rs 147081 cr., a growth of 24.35%. Global Advances increased from Rs 121249 crore (Mar 2010) to Rs. 153022 crore (Mar 2011), recording a growth rate of 26.20%
- Credit-Deposit ratio for the year 2010-11 stood at 78.11% compared to 71.31% in FY10
- Retail advances grew by 20.22% to Rs 16238 crore as of March 2011 from Rs 13506 crore in the previous year.
- Agriculture advances increased from Rs 18464 crore (Mar 2010) to Rs 21046 crore, a growth of 13.98%.

Asset Quality

- Bank's Gross NPAs declined from 2.79% in September 2010 to 2.68% in December 2010 and further to 2.37% as on March 2011. It is on a downward trajectory and we expect significant decline in FY12.
- There is a declining trend in delinquency ratio. Slippages declined from Rs 1130 crore in Q2-FY11 to Rs 765 crore in Q3-FY11 and further to Rs 406 crore in Q4-FY11.
- Net NPA ratio is at 1.19% as on March 31, 2011.

Capital Adequacy

- Capital Adequacy ratio of the Bank, under Basel II, is 12.95% as on March 31, 2011, which was same as of March 2010.
- The Tier I CRAR is 8.69% as on March 2011 from 7.91% in March 2010.
- During the year, Bank received an amount of Rs. 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

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Delivery Channels

- Bank has 3016 branches including 1 overseas branch. 211 branches were opened during the year. Our plan is to add 400 branches during the current year that will include 100 specialized Financial Inclusion branches.
- Bank has now 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 2634. 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.
- Bank's 70-seater multi-lingual call centre handled 1.3 million requests, almost three-fold increase over the previous year. Bank is further in the process of strengthening the call centre as part of its customer excellence project. The call centre will be upgraded to 800-seater.
- Transactions through alternative channels have increased to 50.49% of the total transactions of the Bank as of March 2011 compared to 35% as of March 2010.

Financial Inclusion

- Bank is actively engaged in financial inclusion space including Aadhar-related initiatives. We have started some innovative steps and experienced a few profitable models in this area. Encouraged by this, Bank believes that business for new bankable class will be profitable and therefore, we will target a larger pie of this segment over the years
- Pursuant to the Budget announcement of 2010-11, Bank was allotted 3159 villages with population of 2000+ to be covered by banking services. Up to March 2011, a total of 2511 villages have already been covered by the Bank and it is expected that the target will be completed by September 2011 itself
- In order to enhance the product portfolio leveraging the power of mobile telephony, Bank launched Union Bank Mobile service in association with Nokia as a pre-paid banking service.

Subsidiaries and Joint Ventures

- Bank has formed a subsidiary for asset management business. The company, Union KBC Asset Management Company Ltd. received the final approval of the Securities & Exchange Board of India in March 2011 and is expected to launch its first product in the current month. Union Bank of India holds 51% share in the company while the remaining is held by the Belgium-based KBC Asset Management Co.

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- Bank is also a joint venture partner in Star Union Dai-ichi Life Insurance Company that started operations in February 2009. In the total new policies issued by the company during 2010-11, Bank had a share of 46%, up from 41% in FY10

Looking forward

- Union Bank of India is well positioned to expand its customer base and grow business at healthy margins. The two initiatives that we started in the year 2010-11 are likely to help us augment the business in coming years.
- 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. Along with plans for expanding alternative channels, this project will help in 'differentiating' Union Bank of India from others.
- 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.
- We believe that the current fiscal, FY12 would be a better year for the Bank compared to FY11.

Guidance for FY12

- Deposits to grow at 20%
- Advances to grow at 22%
- NIM for March 2012 at 3.20%
- Return on Average Assets for March 2012 at 1.30%
- Delinquency Ratio as of 31st March,2012 is expected to be 1.25%
- Gross NPA ratio is expected to be at 1.85% by March 2012

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Released on behalf of Union Bank of India by:-
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