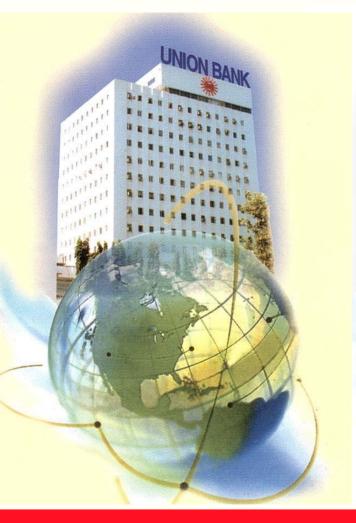
Union Bank of India





Financial Results - FY 2008

7th May, 2008

यूनियन बैंक ऑफ इंडिया अच्छे लोग, अच्छा बैंक



MAJOR HIGHLIGHTS – FY 08

Net Profits crossed Rs 1000 crs to reach Rs 1387 crs for FY 08, an impressive growth of 64.14%

Bank's Core deposits grew by 28.59% YoY to Rs 85739 crs

Net NPA % declined substantially to 0.17% from 0.96%

Cost to Income ratio of the Bank further reduced to 38.17%, among the lowest in the Industry

Non-Interest income of the Bank surged by 58.22% to Rs 1087 crs in FY 2008.

SME advances grew by 38.59% YoY to Rs 12242 crs

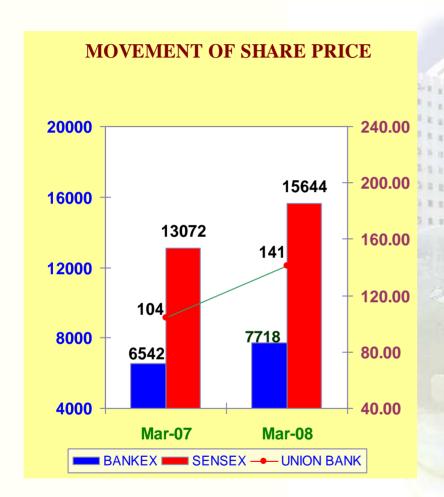


INCREASING SHAREHOLDERS' VALUE

	MAR	MAR	MAR
	2006	2007	2008
EPS (Rs.)	14.58	16.74	27.46
BOOK VALUE (Rs.)	80.77	93.60	111.19
RETURN ON EQUITY (%)	16.55	17.88	24.70
RETURN ON AVG. ASSETS (%)	0.84	0.95	1.26

Consistent profitability year after year has resulted in enhancing Shareholders value as is evident from impressive growth in key ratios / indicators

MOVEMENT OF SHARE PRICE OF UNION BANK VIS-A-VIS BANKEX AND SENSEX



UNION BANK	MAR 2007	MAR 2008	YoY Growth%
SHARE PRICE UNION BANK	104	141	35.71
BANKEX	6542	7718	17.97
SENSEX	13072	15644	19.68

Bank's share price has outperformed the Bankex during FY 08 and given Shareholder's a return of 35.71%.

BSE Share Price 6.5.08 – Rs 172.25

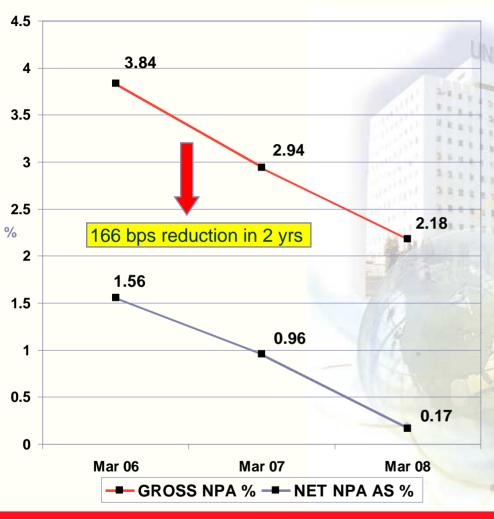
यूनियन बैंक ऑफ इंडिया अच्छे लोग, अच्छा बैंक



Union Bank of India

Good people to bank with

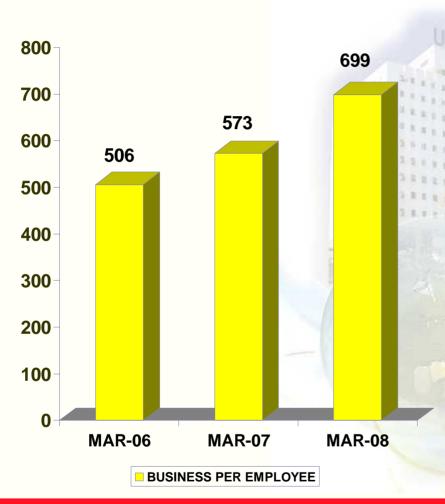
IMPROVEMENT IN QUALITY OF ASSETS



- Gross NPAs has come down from 2.94% to 2.18% on stringent credit review and monitoring mechanism coupled with robust recoveries.
- Net NPAs declined from 0.96% to 0.17%.
- NPA coverage has increased from 67.89% to 92.27%, giving strength to Bank's Balance Sheet.



IMPROVED EFFICIENCY



- Productivity measured Business per employee increased from Rs. 573 lacs to Rs.699 lacs.
- Gross Profit per employee increased has from Rs.7.70 lacs to Rs.10.03 acs.
- * Bank's productivity indicators are among the best in the Industry.

यूनियन बैंक ऑफ इंडिया अच्छे लोग, अच्छा बैंक



Operating Profits (Quarterly)



- The Operating Profit has shown consistent growth trend QoQ on sequential basis.
- Operating Profits for the quarter ended Mar'08 improved by 17.41% to Rs 890 crs from Rs 758 crs in the previous year.



Provisions as on 31.03.2008 (Quarterly)

(Rs.in crore)

	UNION BANK	Mar 07 (Q)	Mar 08 (Q)
Taxation		214	17
NPA		158	235
Standard Assets		92	21
Depreciation on Inve	estment	78	110
Others (Frauds / Re	estructured Adv.Etc.)	-12	-14
	Total	530	369

Net Profits (Quarterly)





- In line with Operating Profit, the quarterly Net Profits have also shown consistent growth QoQ on sequential basis.
- Net Profit for the quarter ended March 2008 recorded an impressive growth of 128.51% YoY to Rs 521 crs, among the highest in the Industry.

यूनियन बैंक ऑफ इंडिया अच्छे लोग, अच्छा बैंक



Good people to bank with

Non-Interest Income- Quarterly Comparison

(Rs.in crore)

	Mar'07 (Q4)	Mar'08 (Q4)	Growth %
Commission, Exchange and Brokerage	86	94	9.30
Profit on Sale of Investments	13	40	207.69
Amortisation on Investments	-38	- 36	-
Profit on Exchange Transactions	67	76	13.43
Miscellaneous Income	114	137	20.18
Total	242	311	28.51

CONSISTENT POSITIVE GROWTH TREND

❖ The Bank has shown consistently positive growth trend QoQ in Non-Interest Income as under:-

Quarterly growth	Mar 08	Mar 08	Mar 08	Mar 08
	(Q1)	(Q2)	(Q3)	(Q4)
Non-Interest Income	178	251	347	311

Financial Results - FY 2008

12 month Comparisons



Operating Profits (YoY)



 Operating Profit has shown a consistent and sustainable growth in the past 3 years. Operating profit for FY reached Rs 2580 crs, a growth 28.94%.



Provisions as on 31.3.08 (YoY)

(Rs.in crore)

	Mar 06	Mar'07	Mar'08
Taxation	219	535	477
NPA (excluding adhoc provision for Standard Assets)	156	330	585
Standard Assets	101	136	80
Depreciation on Investment	67	116	30
On Shifting of Securities	235	0	48
Others (Frauds / Restructured Adv.Etc.)	. 13	39	-27
Total	791	1156	1193

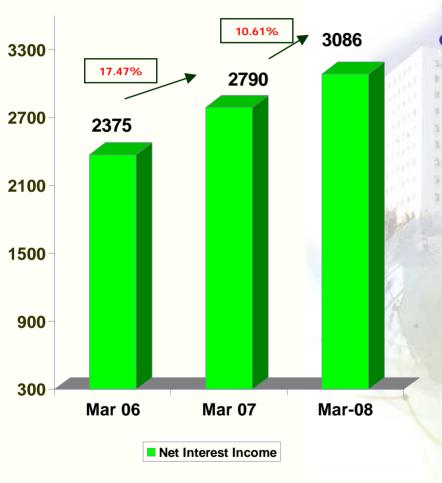
Net Profits (YoY)



The Bank has consistently returned Net Profits year after year with healthy growth percentages. Net Profits for the first time has crossed the landmark figure of Rs 1000 crs in FY 08 to reach Rs 1387 crs, an impressive growth of 64.14%



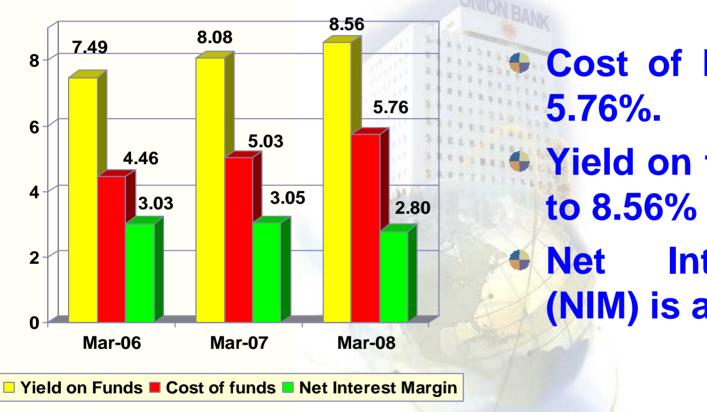
Net Interest Income (YoY)



 Focus on high yielding advances and rebalancing of advances portfolio has resulted in increase in yield advances and on corresponding increase NII to Rs. 3086 crs in FY 08 from Rs. 2790 crs, a growth of 10.61%



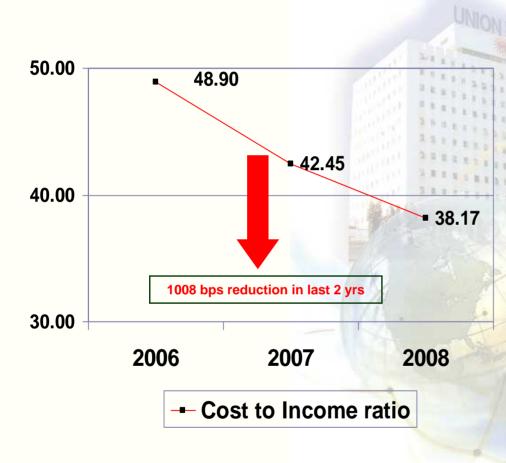
Net Interest Margin (NIM) [YoY]



- Cost of Funds stood at 5.76%.
- Yield on funds improved to 8.56%
- Net Interest Margin (NIM) is at 2.80%

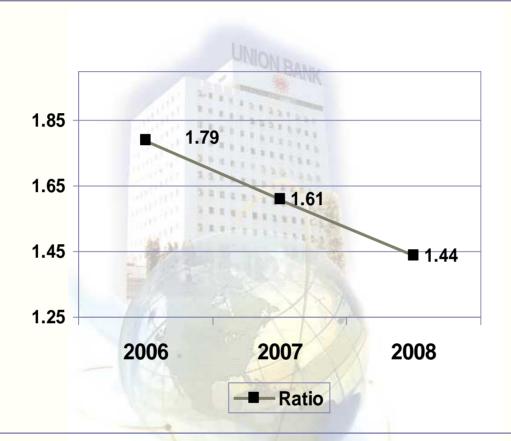


Cost to Income ratio



The Cost to Income ratio which reflects the operating efficiency of the bank was at 38.17% and is one of the lowest among peer banks.

OPERATING EXPENSES TO AVERAGE WORKING FUND



CONTROLLED EXPENDITURE





Non-Interest Income- YoY Comparison

(Rs.in crore)

	March 06	Mar′07	Mar'08	Growth %
Commission , Exchange and Brokerage	218	274	301	9.85
Profit on Sale of Investments	96	109	290	166.06
Amortisation on Investments	-131	-155	-146	-
Profit on Exchange Transactions	150	198	261	31.82
Miscellaneous Income	161	261	381	45.98
Total	494	687	1087	58.22

Substantial growth in trading income, robust recovery in written-off accounts and focused attention on third party product sales has resulted in increase in fee based income.

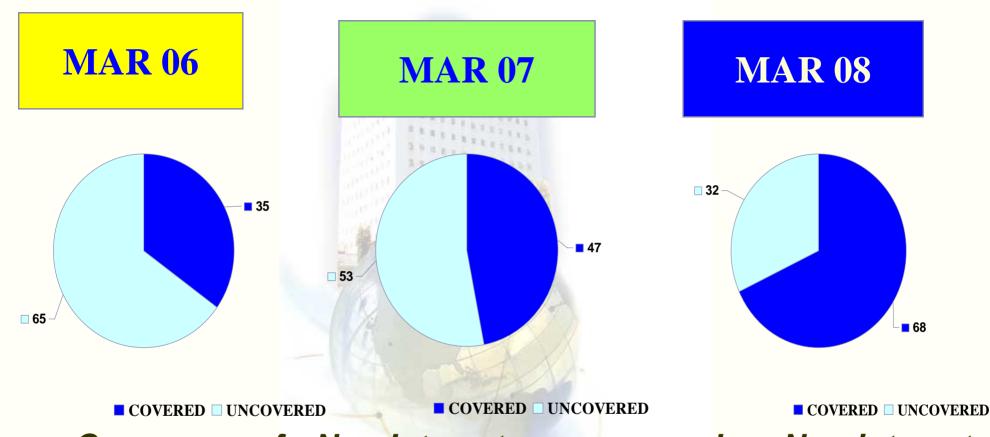


Miscellaneous Income- YoY Comparison

(Rs.in crore)

		Mar'()7	Mar'08	Growth %
Rent on SDV Lockers	2 2 2 2 2 2 3 3 3 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	1111111 1111111	13	16	23.07
Incidental Charges	3 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	1111111	30	29	-3.33
Processing Charges			79	87	10.13
Recovery in Write Off Ac	counts		101	<mark>177</mark>	75.25
Intersol Charges			24	30	25.00
Miscellaneous Earnings	43		14	42	200.00
Total			261	3 <mark>81</mark>	45.98

COVERAGE OF NON INTEREST EXPENSES BY NON INTEREST INCOME

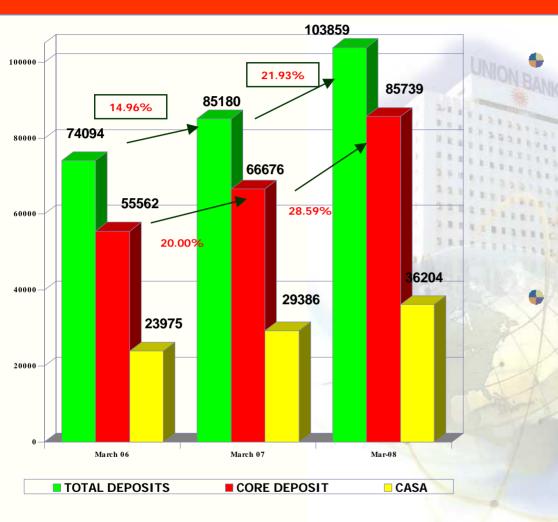


Coverage of Non-Interest expenses by Non-interest income increased to 68% as of Mar'08





Deposits



Total Deposits grew by 21.93% to Rs 103859 crs, however in sync with its strategic focus, the Bank's core deposits comprising CASA and retail deposits grew by a robust 28.59% to Rs 85739 crs.

Demand deposits (CASA) improved by 23. 20% to Rs. 36204 crs from Rs.29386 crs in the previous year. CASA share to total deposits improved further to 34.86% from 34.50% in the previous year.

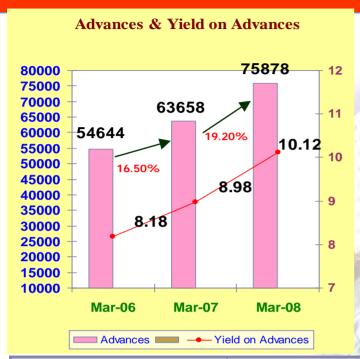


Deposits

(Rs. in Crore)

	Mar 06	Mar 07	Mar 08	% Growth
Total Deposits	74094	85180	103859	21.93
Current Deposits	5978	8623	11836	37.26
Savings Deposits	17997	20763	24368	17.36
Demand Deposits (CASA)	23975	29386	36204	23.20
% to total deposits	32.36	34.50	34.86	

Advances



- Bank registered growth of 19.20% YoY in advances to Rs 75878 crs. Emphasis was on qualitative shift in credit portfolio resulting in impressive improvement in yield by 114 bps to 10.12% as of Mar'08.
- Within the advances segments, SME registered a robust growth of 38.59% to Rs 12242 crs, while Retail advances (Personal segment) growth moderated to 20.02%

(Rs. in Crore)

	Mar 06	Mar'07	Mar'08	YoY Growth%
AGRICULTURE	8142	10639	11472	7.83%
RETAIL (P-Segment)	6117	6771	7956	17.50%
UNION TRADE	5436	6758	8111	20.02%
SME	6540	8833	12242	38.59%

Investments



Yield on investments maintained at 7.67% which is comparable with industry average. However investments grew by 20.83% to Rs 34061 crs in FY 08.

(Rs. In crore)

	Mar 06	%	Mar-07	%	Mar-08	%
Held to Maturity	20048	77.08	21666	76.91	24073	70.68
Held for Trading	44	0.17	9	0.03	376	1.10
Available for Sale	5918	22.75	6498	23.06	9612	28.22
Total	26010	100.00	28173	100.00	34061	100.00



Investment Duration

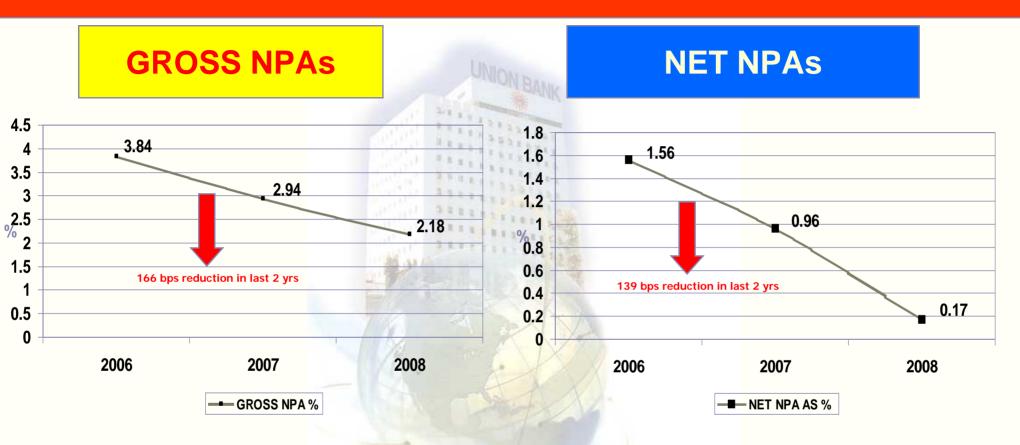
F	Mar 06	Mar-07	Mar-08
НТМ	4.68	4.24	3.78
AFS	2.66	2.08	2.98
HFT	7.51	2.65	8.37
Total	4.23	3.89	3.61

Movement of NPAs

(Rs.in crore)

	Mar'07	Mar'08
Gross NPAs - Opening	2098	1873
Add : Additions	750	762
Less : Deductions	975	978
1. Due to Write Off	320	337
2. Due to upgradation/ Recoveries	655	641
Gross NPAs	1873	1657
Gross Credit	63658	75878
Gross NPA as a % age of GBC	2.94	2.18
Net NPA	601	126
Net Advances	62386	74348
Net NPA as a % age of Net Advances	0.96	0.17

NPA MANAGEMENT



• Loan loss coverage of NPA increased to 92.27% as of FY08 from 67.89% in the previous year.



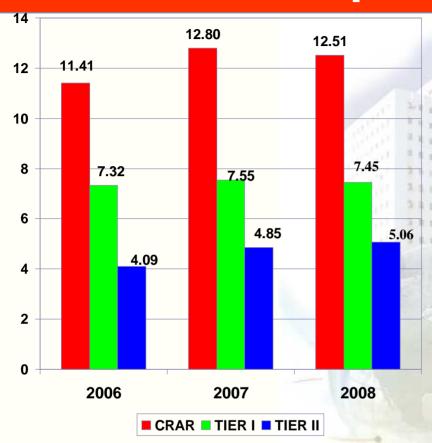
IMPROVED ASSET QUALITY

Improved asset quality is reflected in declining trend in delinquency Ratio

	2006	2007	2008
Delinquency Ratio	1.93%	1.45%	1.23%



Capital Adequacy



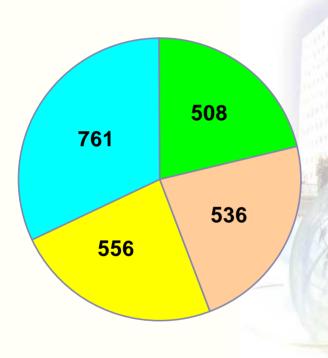
- Capital Adequacy Ratio is at 12.51% as of 31.03.2008 as against 12.80% as on 31stMarch, 2007. As per Basel II Capital Adequacy ratio works out to 11.70% as of 31.3.08
- Tier-I capital funds have increased by 21.66% from Rs.5028 crore as on March, 2007 to Rs. 6116 crore mainly due to plough back of profits and also raising of funds by way of issue of Perpetual Bonds of Rs.200 crore ranking as Tier I Capital.

AS OF 31st MARCH 2008 THE BANK IS BASEL II COMPLIANT



DISTRIBUTION CHANNELS





 The Bank added 155 branches and 377 ATMs during FY 08

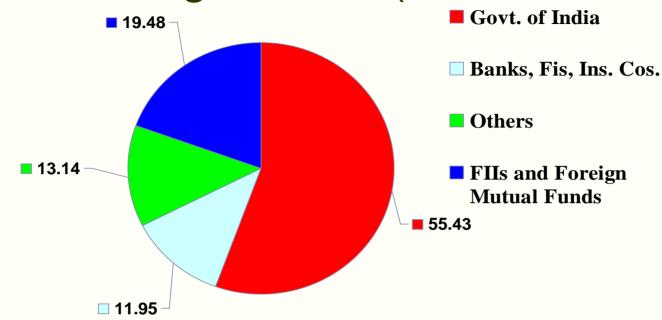
SERVICE OUTLETS

	31.03.06	31.03.07	31.03.08	
Branches	2082	2206	2361	
Ext. Counters	145	136	118	
Service branches	28	31	35	
Total Outlets	2255	2373	2514	
ATMs	473	769	1146	

MetroUrbanSemi-UrbanRural



Shareholding Pattern (31st March, 2008)



	MAR-04	MAR-05	MAR-06	MAR-07	MAR-08
GOVT.	60.85%	60.85%	55.43%	55.43%	55.43%
FIIs & FMFs	12.83%	18.28%	20.00%	19.72%	19.48%
BANKS, INST./ MUTUAL FUNDS	2.68%	1.98%	6.57 %	8.95%	11.95%
OTHERS	23.64%	18.89%	18. 00%	15.90%	13.14%





Major Awards / Accolades

- ☐ The Bank was awarded the "Best IT user award 2006" in the BFSI category instituted by NASSCOM, in July 2007..
- ☐ The Bank has been awarded the prestigious "Asian Banker IT implementation award 2007" by the Asian Banker, a Singapore based research and intelligence organization. The award was given away at Asian Banker Summit 2008 held in Hanoi, Vietnam in March 2008.
- ☐ The Bank was adjudged winner of the "Golden Peacock National Training Award" for 2007 instituted by IOD. This is the 3rd occasion this award is conferred on the Bank.
- □ Bank moved up from 18th place to 8th place for 2006-07 in Best Visibility index survey carried out by BT-Cirrus media announced in Feb'08.

Major Highlights FY 08

□ As part of "Project Nav Nirman" being advised by the Boston Consulting Group, the Bank has launched 32 specialised Retail Asset branches, 7 SME Saral centers for SME, Mid-Corporates. "Project Nav Nirman" aims at sustainable change by engaging staff at all levels rather than directing them from the top.



☐ The Bank has successfully migrated all its 2514 outlets to the CBS network and is the first large public sector bank to achieve this feat. The network integration of 100% of its outlets follows the setting up of its new "Technology Centre" at Powai incorporating the State-of-the-art Data centre with capabilities to scale upto 6 million transactions per day.

Major Highlights FY 08

- □ The Bank opened its 2nd overseas representative Office at Abu Dhabi in the United Arab Emirates(UAE) on 1st December, 2007. The Bank already has a representative office at Shanghai, PRC which will complete its first year of operations on 18th May, 2008. Bank will open its first overseas branch at Hong Kong in May'08.
- ☐ The Bank opened 155 new branches in FY 08 including 63 branches in one single day.

Major Highlights

- ☐ Bank moved up from 18th place to 8th place for 2007 in the Best Bank's survey carried out by Business Today-KPMG announced in Feb'08.
- ☐ The Bank launched Online application facility for students seeking Educational Loans within its Corporate website which facilitates "in principle" sanction within 48 hours via e-mail.
- ☐ The Bank launched SMS based mobile banking services on 27th December, 2007.
- □ As part of its financial inclusion initiatives, the Bank has enrolled more than 2 lac beneficiaries and has issued 75000+ biometric smart cards to hawkers in Mumbai city, Chandauli, Karaikudi, Chandigarh, Ludhiana and Delhi to enable them to develop a banking habit.
- □ The Bank signed the joint venture agreement for its foray into life insurance business alongwith its partners i.e Bank of India and Dai-Ichi Life Insurance Co. of Japan.





ROAD AHEAD

- □ The Bank aims to reach a business mix of Rs 220000 crore by the end of March 2009, a growth of approx. 22%. Of this, Rs 127500 crore will be Deposits (growth of 23%YoY) and Rs 92500 crore will be Advances (growth of 22%YoY).
- □ Bank will continue to focus on a four-pronged strategy for growth. Retail, Agri business, SME and Corporate will continue to be the four growth engines.
- Containing Cost of funds will be central to the strategy of the Bank during the year.
- ☐ Gross NPA level is targeted less than 2%.

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.



