

**RESERVE BANK OF INDIA**www.rbi.org.inwww.rbi.org.in/hindie-mail: helpprd@rbi.org.in

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September 2, 2006

United Western Bank Ltd. Placed under Moratorium

On an application by the Reserve Bank of India, the Central Government has today issued an Order of Moratorium in respect of the United Western Bank Ltd. The Order of Moratorium has been passed by the Central Government in public interest, in the interest of depositors and the banking system.

The moratorium will be effective from 14.00 hrs. on Saturday, September 2, 2006 up to and inclusive of December 1, 2006 or an earlier date, if alternate arrangements are put in place. During this period, the Reserve Bank of India will consider various options, including amalgamation of United Western Bank Ltd. with any other bank and finalise the plans in public interest and with a view to ensuring that the public deposits are protected.

During the period of moratorium, the bank will be permitted to make only those payments that have been specified in the Order of Moratorium and the depositors of the United Western Bank Ltd. will be permitted to withdraw, in total, up to Rs.10,000 (Rs. ten thousand only) from their savings bank account or current account or any other deposit account through any of the branches of the bank. For the present, customers of the bank will not be able to withdraw money through the ATMs of the bank/ATMs shared with other banks so as to give effect to the monetary ceiling prescribed in the moratorium. The customers, however, will be able to withdraw money up to Rs. 10,000, that is, the limit specified, at any of the bank's branches.

Established in 1936, The United Western Bank Ltd., has its headquarters at Satara, Maharashtra. The bank has a network of 230 branches, 12 Extension Counters and 75 ATMs and its operations are mainly concentrated in Maharashtra. It is listed on Bombay Stock Exchange. As on March 31, 2006, the bank's deposits were at Rs. 6480.19 crore and advances were Rs. 4006.27 crore. The bank incurred net losses of Rs. 98.64 crore and Rs. 106.48 crore during the years 2004-05 and 2005-06, respectively. Its net non-performing assets were 5.66% as on March 31, 2006 as compared to the peer group figure of 1.97%. The bank's assessed Capital to Risk Weighted Asset Ratio (CRAR) turned negative at (-) 0.3% as on June 30, 2006. This has jeopardised depositors' interest. The bank was also unable to come up with any credible plan to raise fresh capital to bring its CRAR to the prescribed level.

The Reserve Bank of India has set up help lines at Mumbai to assist the members of public. They may contact the following officials of Reserve Bank of India.

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Alpana Killawala
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