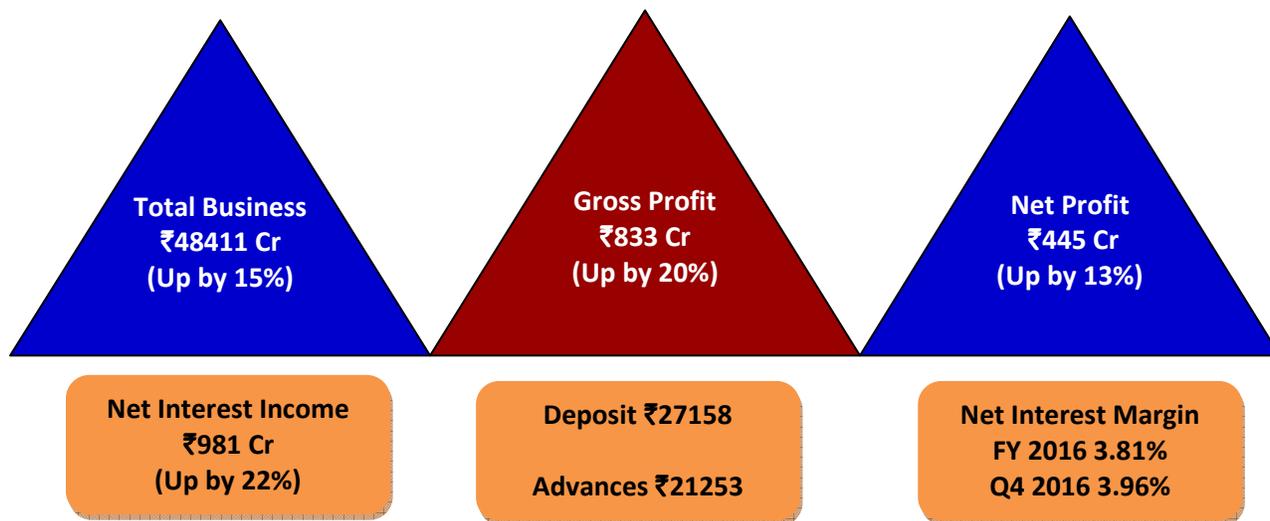




CITY UNION BANK LTD

Fourth Quarter & FY 2015-16 FINANCIAL PERFORMANCE

CIN NO. L65110TN1904PLC001287
Regd. Office : 149, T.S.R. (Big) Street,
Kumbakonam - 612001.



Press Release - Chennai, 23 May 2016

The Board of Directors of CITY UNION BANK LIMITED (BSE:532210, NSE: CUB) at its meeting held on 23.05.2016 at Chennai, has approved the Audited Financial Results for the financial year ended 31st March 2016.

Management Statement

Our Non-Executive Chairman Shri. S. Balasubramanian retired from our Board after completing the tenure on 03.05.2016 and continue his association with the bank as Honorary Chairman Emeritus of the City Union Bank Foundation, our CSR arm.

Shri S.Mahalingam, Chartered Accountant, our existing Board member and retired CFO - TATA Consultancy Services Ltd (TCS) has been appointed as Non-Executive Chairman for a period of three years effective from 04.05.2016.

Outlining the performance of the Bank in FY 15-16, MD & CEO Dr. N.Kamakodi said that it was reasonably a good show given the economic scenario prevailing in the country.

The Bank was able to put up a consistent performance with steady increase in Deposits, Advances, Net Profit and NIM. The Bank was able to maintain its asset quality without any big issues though the atmosphere was not so conducive.

Deposits of the bank increased by 13% to ₹ 27158 Cr from ₹ 24075 Cr, Advances of the bank increased by 17% to ₹ 21253 Cr from ₹ 18089 Cr, Total Business of the bank increased by 15% to ₹ 48411 Cr from ₹ 42164 Cr, Gross Profit of the bank for the FY 2016 increased by 20% to ₹ 833.28 Cr from ₹ 692.65 Cr and Net Profit of the bank for the FY 2016 increased by 13% to ₹ 444.69 Cr from ₹ 395.02 Cr.

The Bank continues to build granularity and longevity in deposits demonstrated by CASA deposits growth which contributes to 19% as on March 31, 2016 on the back of strong CA deposits growth of 15% Y-o-Y. The Bank is committed to build a strong Retail franchise through continued investments in People, Technology & Digital Infrastructure.

Financial Performance - Operating Profit and Net Profit:

FY 2016 performance:

- ✓ Operating Profit of the bank increased by 20% from ₹ 693 cr to ₹ 833 cr
- ✓ Net Profit of the bank increased by 13% from 395 cr to ₹ 445 cr

✓ Fourth Quarter performance:

- ✓ Operating Profit of the bank increased by 25% from ₹ 179 cr to ₹ 224 cr
- ✓ Net Profit of the bank increased by 13% to ₹ 112 cr from ₹ 99 cr

Net Interest Income and Net Interest Margin:

FY 2016 performance:

- ✓ Net Interest Income of the bank increased by 22% from ₹ 807 cr to ₹ 981 cr

- ✓ Net Interest Margin of the bank increased to 3.81% from ₹ 3.44%

Q4 2016 performance:

- ✓ Net Interest Income of the bank increased by 22% from ₹ 205 cr to ₹ 264 cr
- ✓ Net Interest Margin of the bank increased to 3.96% from ₹ 3.40%

Operating Performance as on 31st March 2016:

- ✓ Deposits increased by 13% from ₹ 24075 cr as on 31.03.2015 to ₹ 27158 cr as on 31.03.2016.
- ✓ Advances increased by 17% to ₹ 21253 cr as on 31.03.2016 from ₹ 18089 cr as on 31.03.2015.
- ✓ Total business increased by 15% from ₹ 42164 cr as on 31.03.2015 to ₹ 48411 cr in 31.03.2016.
- ✓ CASA increased by 19% to ₹ 5533 cr as on 31.03.2016 from ₹ 4631 cr in 31.03.2015 and the CASA ratio stood at 20% to total deposits.

Asset Quality for the year ended 31st March 2016:

- ✓ Gross NPA of the Bank stood at ₹ 512 cr and 2.41 % to Gross Advances.
- ✓ Net NPA of the Bank stood at ₹ 323 cr and 1.53% to Net Advances.
- ✓ Provision Coverage Ratio stood at 60%

Key Performance Indicators:

- FY 2016 Vs 2015:

- ✓ ROA of the bank slightly increased to 1.50% Vs 1.49%
- ✓ ROE of the bank at 15.60% Vs 16.91%
- ✓ Cost to income ratio reduced to 40.10% from 42.83%

Q4 - FY 2016 Vs 2015:

- ✓ ROA of the bank slightly increased to 1.46% Vs 1.45%
- ✓ ROE of the bank reduced to 14.94% Vs 15.13%
- ✓ Cost to income ratio reduced to 39.73% from 42.34%

Branch Performance:

- ✓ The Bank has a network of 525 branches and 1325 ATMs as on 31.03.2016
- ✓ The Bank plans to have 600 branches as on 31.03.2017

Capital adequacy:

The Bank's capital adequacy as on March 31, 2016 as per Reserve Bank of India (RBI) guidelines on Basel III norms is 15.58% and Tier-1 capital adequacy was 15.09%, well above regulatory requirements.

CSR Activities:

As part of Corporate Social Responsibility, the bank had participated in many important social activities in and around Kumbakonam and also in major cities in which the Bank operates. Total CSR expenditure is ₹10.45 cr for the year ended 31.03.2016. For the just concluded South Indian "Kumbamela"- "Mahamaham" Festival (occasion which happens once in 12 years) the bank contributed for various activities. It includes providing of drinking water, Mobile Toilets and distillation/purification of major water tanks in Kumbakonam.

Technology & Customer Service:

- ✓ Bank has launched a new mobile banking application called "CUB m-Bank Plus" to all customers of the bank thus enabling e-banking services vide Mobile/DTH Recharges, Bill payments, online fixed deposit opening, loan against deposit, Pre-closure of deposit, Fund Transfers, TNEB payment , ATM PIN Reset , Card Block, etc. CUB m-Bank Plus is available in Google Play Store and Apple Store and will be available soon in Windows Store.
- ✓ The bank installed Bulk Note Acceptor with recycler facility across 328 locations.
- ✓ Bank has started Credit Card operations recently for staffs. From June 2016 Bank will start issuing credit card to Customers .
- ✓ Bank has implemented Card less Withdrawal at selected centers through ATMs.

- ✓ Bank has launched a new android wallet application called CUB e-Wallet. Anyone can download wallet from Google Play store and start using it. Wallet services are Mobile/DTH Recharges, Bill payments, Load money from Other bank, Send money, Viewing account summary, etc.
- ✓ Bank has started issuing Business Debit cards for Corporate Customers.
- ✓ Customers can register Mobile Banking Service through ATM.
- ✓ Bank has installed Self service banking outlets(e-lounge) at more than 20 centers Passbook printing Kiosk at 150 centers and Cheque scanning kiosk at 50 centers.

Awards & Accolades:

- ✓ Awarded as Best Small sized Bank for 2014-15 by Business World – PWC Best Banks’ Survey 2015.
- ✓ Won “Productivity and Efficiency” award for Small Banks conducted by Business Today – KPMG study on Indian Best Banks’ survey 2015.
- ✓ Awarded by Financial Express - EY “Best Old Private Sector Bank” consecutively for two financial years 2014 & 2015.

Business Performance for the year ended March 2016:

(Rs in Cr)

	March-16	March-15	Inc/(Dec)	Growth (%)
Deposits	27158	24075	3083	13
Advances	21253	18089	3164	17
Total Business	48411	42164	6247	15
CASA	5533	4631	902	19
Balance Sheet size	31252	27871	3381	12
Gross NPA	512	336		
Gross NPA (%)	2.41	1.86		
Net NPA	323	233		
Net NPA (%)	1.53	1.30		
CRAR – Basel III	15.58	16.52		

Financial Performance FY 2016 & Q4 FY 2016:

(Rs in Cr)

	FY 16	FY 15	GRW	(%)		Q4 FY 16	Q4 FY 15	GRW	(%)
Net Interest Income	981.03	807.37	173.66	21.51		264.44	204.66	59.78	29.21
Other Operating Income	409.98	404.10	5.88	1.45		107.26	105.47	1.79	1.70
Operating Expenses	557.73	518.82	38.91	7.50		147.66	131.31	16.35	12.45
Operating Profit	833.28	692.65	140.63	20.30		224.04	178.82	45.22	25.28
Provisions	388.59	308.52	80.07	25.95		111.81	90.63	21.18	23.37
Net Profit	444.69	395.02	49.67	12.58		112.23	99.08	13.15	13.27

Conference call details:

City Union Bank will hold an earnings conference call on 23rd May 2016 at 5:00 p.m. IST to discuss our performance for the quarter ended 31st March 2016. The transcript of the management discussions and the question and answer session will be available online and will be accessible in the Investor Relations section of our website at www.cityunionbank.com

Safe Harbor:

The information contained in this earnings release is only current as of its date. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements", including those relating to the bank's general business plan's and strategy, its future financial condition and growth prospects and future developments in the industry and regulatory environment. Actual results may differ materially from these forward-looking statements due to a number of factors including future changes or developments in the bank's business, its competitive environment and political, economic, legal and social conditions in India. City Union Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

For further information please contact:

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