

ANNUAL REPORT 2013 - 2014



CUB
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SINCE 1904

CITY UNION BANK LIMITED



Inauguration of Administrative Office on 29th July, 2013 by His Excellency the Governor of Tamilnadu Dr. K. Rosaiah



Section of the Invitees on the Inauguration function of Administrative Office

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Statutory Central Auditors

M/s. P.Chandrasekar
Chartered Accountants
Bangalore

Share Transfer Agents

Karvy Computershare Private Limited
Plot No : 17-24 Vittal Rao Nagar,
Madhapur,
Hyderabad - 500 081
Phone: 040 - 44655000
Fax: 040 - 23420814
E-Mail: einward.ris@karvy.com

Registered Office

149, T.S.R. (Big) Street, Kumbakonam - 612 001.
Phone : 0435 - 2402322, 2401622, 2402412 Fax : 0435 - 2431746
shares@cityunionbank.com www.cityunionbank.com

Administrative Office

"Narayana", No. : 24-B, Gandhi Nagar, Kumbakonam - 612 001.
Phone : 0435 - 2402322, 2401622, 2402412 Fax : 0435 - 2431746
www.cityunionbank.com

BOARD OF DIRECTORS

CHAIRMAN



S. BALASUBRAMANIAN
M.Sc., CAIIB., PGDFM.

MD & CEO



Dr. N. KAMAKODI
B.Tech., MBA, CAIIB, Ph.D.

DIRECTORS



N. KANTHA KUMAR
B.Com., L.L.B., CAIIB



R.G. CHANDRAMOGAN



T.K. RAMKUMAR
B.Com., B.L.



Justice (Retd.) S.R. SINGHARAVELU
B.Sc., B.L.



C.R. MURALIDHARAN
B.Sc., CAIIB



Prof. V. KAMAKOTI
B.E., M.S., Ph.D



S. MAHALINGAM
B.Com., A.C.A.



R. MOHAN
B.Sc., MBA., CAIIB

SENIOR EXECUTIVES



S. SEKAR Senior General Manager **S. SUNDAR** CFO & Senior General Manager **R. VENKATASUBRAMANIAN** Senior General Manager **J. KUMAR** General Manager **S. BALASUBRAMANIAN** General Manager **K.P. SRIDHAR** General Manager

DEPUTY GENERAL MANAGERS



S. RAJAGOPALAN **K. MAHARAJAN** **R. SAIRAM** **V.S. SRINIVASAN** **V. RAMESH**



V. SUGUNA **K.R.S. VARADHAN** **R. KRISHNAN** **S. RAMESH** **S. MOHAN**

ASSISTANT GENERAL MANAGERS

S. VENKATESAN
R. LAKSHMINARAYANAN
P. VARADHARAJAN
V. GANESAN
V. KRISHNAMOORTHY
R. RAJARAMAN
S. T. CHANDRASEKARAN
S. RAJAM
M. MOUNISAMY

R. SUBRAMANIAN
P. THIAGARAJAN
V.V. KANNAN
P. RAVI
A. RAGOTHAMAN
J. RAJASEKARAN
C. GANESAN
J. CHANDRASEKAR
V. S. S. KRISHNA PRASAD

K. JAYARAMAN
V. GOPALAKRISHNAN
G. SANKARAN
J. RAMASWAMY
R. UMA
R. BALAJI
J. SRIDHARAN
T. ETHIRAJULU
R. SUBRAMANIAN

A. JAFFER ALI
P. RAJARAMAN
S. KRISHNAN
V. RAMAKRISHNAN
S. VENKATESH
B. GANESH
S. VENKATESAN

COMPANY SECRETARY & DEPUTY GENERAL MANAGER

V. RAMESH

DIRECTORS' REPORT FOR THE YEAR 2013 - 2014

The Board of Directors take immense pleasure in presenting the Annual Report and Audited financial statements for the year ended 31st March, 2014.

Performance Highlights in key business areas :

(₹ in crore)

Particulars	2013-2014	2012-2013	Growth
Share Capital	54	47	14.89%
Reserves & Surplus	1971	1593	23.73%
Deposits	22017	20305	8.43%
Advances (Net)	16097	15246	5.58%
Investments (Net)	5954	5267	13.04%
Total Assets / Liabilities	24994	22977	8.78%
Net Interest Income	759	624	21.63%
Operating profit	581	523	11.09%
Net Profit	347	322	7.76%

During the year the growth of business was subdued due to the general slow-down in the economy. The deposit crossed ₹ 22,000 crore and the advances exceeded ₹ 16,000 crore. The net profit of the Bank increased from ₹ 322 crore to ₹ 347 crore registering a growth of 7.76% during the financial year 2013-14.

DEPOSITS

The total deposits of the Bank increased by ₹ 1,712 crore to cross the 22,000 mark to end up at ₹ 22,017 crore registering a growth of 8.43% over the last year. Low cost deposit, CASA deposits increased by 15.06% on account of persistent efforts and measures initiated by the Bank. The cost of deposit of the bank decreased to 8.37% from 8.44% as compared to previous year.

ADVANCES

The gross advances portfolio of the bank increased by 5.74% from ₹ 15,343 crore to ₹ 16,224 crore. However the average advances during the year was higher by 15.95% as compared to previous year. There was a marginal fall in the yield on advances also from 13.49% to 13.43%. The prime focus of the Bank remained towards growth in advances without comprising on the quality.

The gross NPA of the bank increased from 1.13% to 1.81% on the back of the slow down in GDP growth affecting the profits and margins of various units in different sectors. The net NPA was at 1.23% as against 0.63% in the previous year. The priority sector advances comfortably stood at 46.72 % (including NABARD RIDF) as against the regulatory prescription of 40%.

The bank has continued its policy of lending to retail segments to achieve a better return with minimum credit risk.

TREASURY OPERATIONS

Forex Treasury

During the year Indian Rupee witnessed wild swing against major currencies and more particularly against USD. From a high of ₹ 53.66 it touched a low of ₹ 68.85 prompting RBI to step in to keep the volatility in check. Host of

measure by RBI like hike in mark up over LIBOR for FCNR B Deposits, swap facilities for FCNR B Deposits / Overseas Borrowings, separate USD window for oil companies, reduction in ODI limits etc., reduced the volatility in USD/INR and consequent to these measures Indian Rupee against USD gradually strengthened to ₹ 59.91 from ₹ 68.85. The high volatility in a way offered more opportunity for trading and the forex treasury made a profit of ₹ 32.67 crore which was 77.75% higher than the previous year.

Domestic Treasury

The gross investments increased from ₹ 5,268 crore at the end of last financial year to ₹ 5,955 crore. Out of these, the investments in Government Bonds alone amounted to ₹ 5,319 crore which were made to maintain statutory reserve requirements on enlarged resources. The G-sec market was also very volatile. The yield softened in the first quarter of the financial year. However in the second quarter yields shot up as a consequence to the steps taken by RBI to control Forex volatility and falling Rupee and the banks were faced with the huge depreciation. The RBI permitted the banks as a special case to transfer the securities from AFS to HTM category for the second time in a financial year and to provide for depreciation in a staggered manner during the year. Your bank treasury managed the situation in the best possible manner to record lowest depreciation and provided for the same in a single shot without availing itself of the benefit offered by RBI to stagger the same. The domestic treasury earned a profit of ₹ 22.83 crore which was higher by 33.88% compared to last year.

Operating results:

The highlights of operating results of your Bank for the current and previous financial year are at a glance as mentioned below:-

(₹ in crore)

Particulars	Current Year ended 31st March, 2014	Previous Year ended 31st March, 2013
Total Income	2847	2462
Total Expenses	2266	1939
Operating Profit	581	523
Provisions & Contingencies	234	201
Net Profit	347	322
Net Interest Income	759	624

The total income of the bank increased to ₹ 2,847 crore from ₹ 2,462 crore registering a growth of 15.64% reflecting the higher growth in average advances. The total yield on investments increased from 7.52% in the previous year to 7.71% in the current year. The total expenditure of the Bank increased by 16.88% as compared to previous year increase of 31.29%.

The operating profit increased from ₹ 523 crore to ₹ 581 crore. The net profit marginally increased from ₹ 322 crore to ₹ 347 crore due to higher provisioning for NPAs and taxation. The Net Interest Income increased from ₹ 624 crore to ₹ 759 crore by 21.63% as compared to previous year. The non-interest income of the bank increased from ₹ 274 crore to reach ₹ 301 crore. The Bank continues successively to maintain its top position in the Southern Zone in its bancassurance business in partnership with the Life Insurance Corporation of India.

APPROPRIATIONS:

The summary of net profit appropriations is as follows:

(₹ in crore)

Particulars	Current Year ended 31st March, 2014	Previous Year ended 31st March, 2013
Net Profit	347.07	322.02
Balance of Profit brought forward	6.87	6.60
Amount available for appropriations	353.94	328.62
Transfers to		
- Statutory Reserve	88.00	82.00
- Capital Reserve	0.57	1.90
- General Reserve	165.00	142.00
- Investment Reserve	0.00	0.34
- Special Reserve under IT Act, 1961	30.00	40.00
- Proposed Dividend	54.27	0.00
- Interim Dividend	0.00	47.45
- Corporate Dividend Tax and Surcharge	9.23	8.06
- Balance of profit carried forward	6.87	6.87
Total	353.94	328.62

Net worth & Capital Adequacy Ratio

The Net worth of the Bank improved to ₹ 2006.38 crore as on 31st March, 2014 from ₹ 1631.37 crore as on 31st March, 2013.

The paid up capital of the bank increased to ₹ 54.27 crore from ₹ 47.44 crore on receipt of balance of call money of ₹ 10/- from the Rights Issue of 12,89,87,972 Equity Shares in the ratio of one share for every four shares held of face value ₹ 1 each at an issue price of ₹ 20 per share (including a premium of ₹ 19 per share) in the last year.

During the financial year 37,70,366 equity shares of ₹1/- each at a premium of ₹ 10.60 per share under CUB ESOS - 2008 Series I and 30,039 equity shares of ₹ 1/- each at a premium of ₹ 28.60 per share under CUB ESOS - 2008 Series II was issued to the employees of the Bank.

The total paid up face value of equity share capital of the Bank after the Rights Issue went up to ₹ 53,89,39,858 and after issue of shares under ESOS to ₹ 54,27,40,263 as on 31st March, 2014.

The Capital Adequacy Ratio as at 31st March 2014 stood at 15.11% as per BASEL - II norms well above the prescribed regulatory norm of 9% and the same worked out to 15.01% as per BASEL - III.

DIVIDEND

The bank has been consistently rewarding the shareholders through regular & higher dividend payments. The diluted earning per share for 2013-14 has risen from ₹ 6.59 to ₹ 6.64. The Profit after Tax for the year 2013-14 was ₹ 347.07 crore as against ₹ 322.02 crore last year. Considering the overall performance and growth of the bank and the necessity of retaining profits for future growth, the Board of Directors has recommended a dividend of 100% i.e. ₹ 1 per equity share of face value ₹ 1, the same as paid during the last year. The dividend is subject to payment of Dividend Distribution tax to be paid by the bank.

BRANCH EXPANSION

Keeping in mind the future business growth and customer acquisition, the Bank has expanded its branch banking network by opening 50 more branches across the country to reach a total of 425 branches at the end of financial year 2013-14. 14 out of 50 branches were opened in Urban & Metro areas which have resulted in achieving a continuous growth in low cost CASA Deposits and higher fee income by cross selling of financial related products. The Bank proposes to open 75 more branches in the current year to take the tally to 500.

FINANCIAL INCLUSION

As informed in our last year's report your Bank has complied with RBI directive on financial inclusion by covering all the 43 villages having population of over 2000 by introducing ICT (Information, Communication & Technology) based services within the stipulated time.

Your Bank has also covered all the 96 villages having population of over 1000 and below 2000 by introducing ICT based services as on 31st March, 2014.

During the financial year ended 31st March, 2014, Basic Savings Bank Deposits accounts numbering 86224 were opened and 75868 biometric smart cards were issued to the beneficiaries. SB linked overdraft facility, micro insurance products, Electronic Benefit Fund Transfer (EBT) payments have been extended to such account holders.

EMPLOYEES STOCK OPTION SCHEME

Statutory disclosures regarding ESOS under Clause 12 of the SEBI guidelines are provided in Annexure - 1 attached to this report.

HUMAN RESOURCE DEVELOPMENT

Human Resource Development is a key element of your Bank's overall strategy for ensuring qualitative business growth and profitability. Meritocracy assumes great significance in the era of competition and therefore the Bank is dedicated to empower its employees with knowledge, adequate skill-set and right attitude.

The human resource policy is very flexible and aims to motivate employees through training, rewards and performance linked bonus. Career growth prospects are high as the bank is in high growth path. The Bank provides optimum opportunities to its employees to rise up in their career and shoulder higher responsibilities. "Fast Track Promotion" process has been institutionalized in the bank to meet the aspiration level of its employees, simultaneously catering to the manpower requirements of the Bank by identifying future potential leaders for taking up new challenges and business prospects. Bank is constantly imparting orientation programme for knowledge, soft skill development and on the job training to the new recruits.

The bank has a full fledged training college with experienced faculty and good training infrastructure supported by external specialists to impart and train employees at various levels for maximization of the potentiality of the staff and to sharpen their skills.

As on 31st March 2014, your Bank has 4215 employees, comprising of 54 Executives, 1465 Officers, 2335 clerks and 361 sub-ordinate staff.

AUTOMATION

In today's Banking scenario Technology plays a vital role in meeting the growing demands of the customers. The bank has upgraded the software from Quartz to Bancs with the help of TCS to offer services on par with the industry standards. To enhance reach of customers and to offer more banking services the Bank has been pursuing a policy of installing more ATM's with new features ensuring availability of banking services to customers on 24/7 basis. As on 31st March, 2014 the ATM network of bank is 950 of which, 390 are onsite while the balance of 560 is offsite ATM's. The Bank has provided Xpress desks in 69 branches facilitating customers to do transactions without waiting in queues. Kiosks were just 5 in number last year increased to 29 in the year 2013-14. "Any Counter Any Transaction" implemented in 425 branches received high applause from customers as most of the transactions are done at single point interaction. Point of Sale (POS) Terminals have been installed in several merchant establishments for the benefit of the customers to do shopping with our VISA Debit Card without any hassle. The Bank has installed during the financial year 22 cash deposit machines to accept cash from customers for directly crediting to their own account or to third party account at select branches. Interactive Voice Response System (IVRS) with captive Contact Centre at Abhiramapuram, Chennai has been introduced to promote customer support on multi-languages on 24/7 basis.

BOARD OF DIRECTORS

Shri. S. Balasubramanian, was appointed as Non Executive (Part-time) Chairman of the Bank, with the prior approval of the Reserve Bank of India, for an initial period of three years with effect from 6th May, 2011. Now, he is re-appointed as Non Executive (Part-time) Chairman of the Bank for a further period from 6th May, 2014 to 3rd May, 2016 vide RBI approval letter No. DBOD.18032/08.42.001/2013-14 dated 5th May, 2014. Approval of members is sought for the re-appointment of Shri. S. Balasubramanian, as Non Executive (Part-time) Chairman of the Bank at the ensuing Annual General Meeting as per details provided in the Notice.

Dr. N. Kamakodi, was appointed as the Bank's Managing Director & CEO for a period of three years from 1st May, 2011 to 30th April, 2014, with the prior approval of Reserve Bank of India. Now, he is re-appointed as the Managing Director & CEO of the Bank for a period of three years commencing 1st May, 2014 and ending on 30th April, 2017. RBI has vide its letter no. DBOD.16916/08.42.001/2013-14 dated 7th April, 2014, accorded its approval for the re-appointment as recommended by the Board of the Bank. Approval of members is sought for the re-appointment of Dr. N. Kamakodi, as Managing Director & CEO of the Bank at the ensuing Annual General Meeting as per details provided in the Notice.

Pursuant to Section 149 and 152 of the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act 1949, approval of the shareholders have been sought for the appointment of Shri. R. Mohan as Non Independent Non Executive Director of the Bank, liable to retire by rotation.

Pursuant to Section 149 and 152 of the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act 1949, approval of the shareholders have been sought for the appointment of following persons as Independent Non Executive Director(s) of the Bank, not liable to retire by rotation for the number of tenure specified against their respective names.

- | | | | |
|----|----------------------------------|---|---------|
| a. | Shri. R. G. Chandramogan | - | 2 years |
| b. | Shri. T.K.Ramkumar | - | 3 years |
| c. | Justice (Retd.) S.R.Singharavelu | - | 4 years |
| d. | Shri. C.R.Muralidharan | - | 4 years |
| e. | Prof.V.Kamakoti | - | 5 years |
| f. | Shri. S.Mahalingam | - | 5 years |

Shri. N. Kantha Kumar, is an Independent Non Executive Director of the Bank, who will be completing his eight year term on 29th September, 2014 in terms of Section 10A(2A)(i) of the Banking Regulation Act, 1949.

Shri. S. Bernard has vacated his office as Director of the Bank on 30th June, 2014 on completion of his eight years term in terms of Section 10A(2A)(i) of the Banking Regulation Act, 1949. Further, the Board wishes to place on record its gratitude for the valuable contribution rendered by him during his tenure as Director on the Board.

AUDITORS

M/s. P. Chandrasekar, Chartered Accountants, Bangalore, the present Statutory Central Auditors, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. We have received the approval from Reserve Bank of India for their re-appointment. Members are requested to consider their re-appointment on a remuneration to be decided by the Board or Committee thereof for the ensuing Financial Year i.e. 2014-15.

STATUTORY DISCLOSURES

Considering the nature of the activities of the Bank the provision of Sec 217 (1)(e) of the Companies Act, 1956, relating conservation of energy and technology observation do not apply to the Bank. However every effort is made to conserve energy. The Bank is constantly pursuing its goal of technological upgradation in a cost effective manner for delivering quality customer service and offer innovative products.

The bank encourages country's export promotion by lending to exporters and offers them forex transaction facilities.

As required under the provisions of Sec 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended your directors report that during the fiscal year 2013-14 none of the employees were in receipt of remuneration requiring disclosure.

It is hereby confirmed that the bank has proper systems in place to ensure compliance of all laws applicable to the Bank.

CORPORATE GOVERNANCE

The Bank is committed to achieving the highest standards of corporate governance. The corporate governance practices followed by the Bank are enclosed as an annexure to this report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with Sec 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby declares and confirms that:-

- i) The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- ii) Accounting policies have been selected, and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Bank and of the Profit & Loss of the Bank for the financial year ended 31st March, 2014.

- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies (Amendment) Act, 2000, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.
- v) The Bank has in place a system to ensure compliance of all laws applicable to the Bank.

ACKNOWLEDGEMENT

The Board of Directors places on record to express their deep and sincere gratitude to RBI, NABARD, NHB, IDBI, SIDBI, EXIM BANK, ECGC, DICGC, SEBI, Stock Exchanges, Depositories, the Share Transfer Agents, Life Insurance Corporation of India, National Insurance Company Limited, Tata Consultancy Services, CCIL, CIBIL, Correspondent Banks, Exchange Houses, other government and regulatory authorities for their continued support, guidance and co-operation.

The Board also acknowledges the profound support and patronage of its shareholders and all its valued clients and customers in supporting the Bank towards achieving a good progress during the year 2013-14 in a challenging environment that prevailed throughout the year.

The Board records the appreciation for all its employees for their total commitment, strong work ethics and their initiatives in the progress of the bank during the year 2013-14.

FOR AND ON BEHALF OF THE BOARD

Place : Bengaluru
Date : 28th June, 2014

S. Balasubramanian
Chairman

ANNEXURE - I
Statutory Disclosures regarding ESOS under Clause 12 of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999

Particulars	ESOS 2008			
	Series I	Series II	Series III	Series IV
Options Granted	2,02,50,000	3,46,000	28,00,000	43,56,000
Additional options allocated pursuant to Rights Issue during the financial year	25,31,250	22,408	3,23,128	NIL
Pricing Formula	₹ 13 per option	₹ 32 per option	₹ 47 per option	₹ 46.95 per option
Revised price pursuant to Right Issue	₹ 11.60 per option	₹ 29.60 per option	₹ 41.60 per option	NA
Options Vested	2,27,62,071	2,57,072	14,13,042	NIL
Options exercised	1,36,88,352	63,939	NIL	NIL
Total Number of shares arising as a result of exercise of options	1,36,88,352	63,939	NIL	NIL
Options Lapsed	16,56,575	43,880	4,99,269	NIL
Variation in terms of Options	NIL	NIL	NIL	NIL
Money realized by exercise of Options	15,87,84,883	19,73,955	NIL	NIL
Total Number of Options in Force	74,17,144	2,60,589	26,40,811	43,56,000
Employee wise details of Options granted to				
(i) Senior Management Personnel				
Dr. N. Kamakodi	5,62,500			
Shri. S. Sekar	2,25,000			
Shri. S. Sundar	2,25,000			
Shri. R. Mohan	2,25,000			
Shri. R. Venkatasubramanian		97,200		
(ii) Any other employee who received a grant in any one year of the options amounting to 5% or more of the options granted during the year	NIL	NIL	NIL	NIL
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL	NIL	NIL

Employee compensation cost calculated as per the intrinsic value method for the financial year 2013-14 is NIL. If the Employee compensation cost was calculated as per fair value method as prescribed by the SEBI, the total cost to be recognized in the financial statement for the Financial year 2013-14 would be ₹ 33,58,876/-. Consequently net profit would have been reduced by ₹ 33,58,876/- and EPS would have been reduced by ₹ 0.31 per share.

Weighted Average Details

Particulars	
Weighted Avg Market Price (In ₹)	29.27
Weighted Avg Exercise Price (In ₹)	29.53
Weighted Avg Risk Free Interest Rate (%)	5.91
Weighted Avg Stock Volatility	0.03
Weighted Avg Fair Value of Options (In ₹)	7.72

CORPORATE GOVERNANCE REPORT

1. Philosophy on Code of Governance

- a) To enhance the long term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as depositors, creditors, customers, suppliers and employees, to maximise benefits to all in the long run.
- b) To identify and recognise the Board of Directors and the Management of the Bank as the principal instruments through which good corporate governance principles are articulated and implemented. The main objective of good Corporate Governance is to identify and recognise accountability, transparency and equality of treatment for all stakeholders.

Bank's Corporate Governance is based on the following principles :-

- i) Adhere to the Laws and Regulations both in letter and spirit.
- ii) To be transparent and maintain a high degree of disclosure levels.
- iii) Total commitment to follow ethical practices in all facets of banking to ensure efficiency in operations so as to maximise value and benefit to all stakeholders.
- iv) Strict adherence to prudent banking norms and values in the conduct of day - to - day banking operations.

Towards transparency in operations, bank provides vital details to all the stakeholders in the Bank's website www.cityunionbank.com

2. Board of Directors

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949, the Companies Act, 1956 and Clause 49 of the Listing Agreement. The business of the Bank is vested with the Board of Directors. The Board consists of eminent persons with professional experience in the fields of Banking, Accountancy, Agriculture, Law, Industry and Technology. The strength as on 31.03.2014 is 10 Directors comprising of Non Executive Chairman, Managing Director & CEO and 8 Non Executive Directors.

Name of the Director	Sector Representation	Category as per the Listing Agreement	No. of other Directorships held	No. of shares
Shri. S Balasubramanian	Banking	Chairman	Nil	1105077
Dr. N Kamakodi	Banking	Managing Director & CEO	Nil	1446876
Shri. S Bernard	Accountancy	Non-Executive Director	Nil	2000
Shri. N Kantha Kumar	Rural Economy, Agriculture Finance & Banking	Non-Executive Director	Nil	3862
Shri. R G Chandramogan	Agriculture & Rural Economy	Non-Executive Director	3	20267
Shri. T K Ramkumar	Law	Non-Executive Director	Nil	135794
Shri. C R Muralidharan	Banking	Non-Executive Director	4	1287
Justice (Retd.) S R Singharavelu	Agriculture & Rural Economy	Non-Executive Director	Nil	8619
Prof. V Kamakoti	Technology	Non-Executive Director	Nil	1250
Shri. S. Mahalingam	Accountancy, Finance and Technology	Non-Executive Director	7	6250

The details of Directorship / Membership or Chairmanship of the committees for each director of the bank in other Companies as on 31st March, 2014 is furnished hereunder:

Sl.No	Name of the Director	Directorships in other Companies	Memberships and / or Chairperson of Committees in other companies
1	Shri. S Balasubramanian	NIL	NIL
2	Dr. N Kamakodi	NIL	NIL
3	Shri. S Bernard	NIL	NIL
4	Shri. N Kantha Kumar	NIL	NIL
5	Shri. R G Chandramogan	(i) Hatsun Agro Products Ltd (ii) Tonokya Food Pvt. Ltd (iii) Angel Equity Management Pvt. Ltd	Share Transfer Committee and Core Committee - Chairman Sub Committee - Member NIL NIL
6	Shri. T K Ramkumar	NIL	NIL
7	Shri. C R Muralidharan	(i) PTC India Financial Services Ltd (ii) ICICI Prudential AMC Ltd (iii) Universal Sompo General Insurance Co Ltd (iv) GMR Infra Ltd	Audit Committee / Risk Management Committee / ALM Committee / Investor Grievance Committee - Member NIL Audit Committee - Chairman NIL
8	Justice (Retd.) S R Singharavelu	NIL	NIL
9	Prof. V Kamakoti	NIL	NIL
10	Shri. S Mahalingam	(i) Nani Palkhivala Arbitration Centre (ii) Tata Realty & Infrastructure Ltd (iii) CMC Ltd (iv) CSI Publications (v) National Skill Development Corporation (vi) Indraprastha Institute of Information Technology (vii) IIT Madras Research Park	NIL Audit Committee - Chairman and Finance Committee - Member Governance Committee and Executive Committee - Member NIL Audit Committee - Member NIL NIL

Directors seeking appointment / re-appointment

Pursuant to the Listing Agreement pertaining to the Corporate Governance, a brief resume including their expertise in specific functional areas is furnished below:

Shri. R.Mohan (DIN 06902614) has been co-opted by the Board at its meeting held on 28th June, 2014. Shri. R. Mohan, B.Sc., M.B.A., C.A.I.I.B, aged 59 years, has retired from the services of the City Union Bank Limited as Chief General Manager on 31st May, 2014. Shri. R. Mohan is eligible for inclusion in the Majority Sector of the Board to represent "Banking, Agriculture and SSI". He is coming under the category as a Non Independent - Non Executive Director in terms of Clause 49 (I) (A) of the Listing Agreement. He is presently holding 57,500 shares of the Bank.

Shri. N. Kantha Kumar (DIN 00890532), aged 68 years, holds a Bachelor of Commerce Degree and a Bachelor of Law Degree from the University of Kerala and is also a Certified Associate of the Indian Institute of Bankers. Shri. N. Kantha Kumar has around 39 years of experience in the Banking Industry and has held various positions in the Banking sector including Executive Director, Canara Bank and Chairman & Managing Director, Syndicate Bank. He has been associated with our Bank since 2006. Shri. N. Kantha Kumar is an Independent - Non Executive Director of the Bank, has been appointed to our Board under the Majority Sector of "Rural Economy, Agriculture Finance & Banking" and was re-appointed at the Bank's AGM held on 31st August, 2012. His tenure would expire on 29th September, 2014 as he would be completing his eight years tenure in terms of Section 10A(2A)(i) of the Banking Regulation Act, 1949. He is presently holding 3,862 shares of the Bank.

Shri. R.G. Chandramogan (DIN 00012389), aged 65 years, has vast experience in Agriculture and Allied Activities. He is the Chairman & Managing Director of Hatsun Agro Product Limited, member in Screening Cum Implementation Group - Secondary Agriculture and Working Group on Animal Husbandry & Dairying, both constituted by Planning Commission of India, Government of India. Shri. R.G. Chandramogan is an Independent - Non Executive Director and has been appointed to our Board under the Minority Sector of "Agriculture and Rural Economy". He is holding 20,267 shares of the Bank.

Shri. T.K. Ramkumar (DIN 02688194), aged 58 years, B.Com, B.L., has vast experience in Banking Law, Company Law, and Intellectual Property Rights. He is a partner in M/s. Ram & Rajan Associates, Partnership of Advocates, Chennai. He is one of the leading Lawyers in Chennai. Shri. T.K. Ramkumar is an Independent - Non Executive Director and has been appointed to our Board under the Majority Sector of "Law". He is holding 1,35,794 shares of the Bank.

Justice (Retd.) S.R. Singharavelu, (DIN 03022233) aged 66 years, B.Sc., BL is a former Judge of High Court of Madras and Judge of High Court of Orissa. He has vast experience of 36 years in the Judiciary. Justice (Retd.) S.R. Singharavelu is an Independent - Non Executive Director and has been appointed to our Board under the Majority Sector of "Agriculture and Rural Economy". He is holding 8,619 shares of the Bank.

Shri. C.R. Muralidharan (DIN 02443277), aged 66 years, B.Sc., CAIIB, has held various positions in Reserve Bank of India and has extensive experience in Regulatory Banking. He was also a Whole - Time member of Insurance Regulatory and Development Authority (IRDA). Shri. C.R. Muralidharan is an Independent - Non Executive Director and has been appointed to our Board under the Majority Sector of "Banking". He is holding 1,287 shares of the Bank.

Prof. V. Kamakoti (DIN 03537382), aged 45 years, B.E., M.S., Ph.D. is a professor in the Department of Computer Science and Engineering in Indian Institute of Technology, Chennai. Prof. V. Kamakoti is an Independent - Non Executive Director and has been appointed to our Board under the Majority Sector of "Technology". He is holding 1,250 shares of the Bank.

Shri. S. Mahalingam (DIN 00121727), aged 66 years, B.Com (Honours), A.C.A. has extensive experience in Finance. He retired as Chief Finance Officer and Executive Director of Tata Consultancy Services. Presently holding directorships in Nani Palkhivala Arbitration Centre, Tata Realty and Infrastructure Limited, CMC Limited, CSI Publications, National Skill Development Corporation, Indraprastha Institute of Information Technology and IIT Madras Research Park. Shri. S.Mahalingam is an Independent - Non Executive Director and has been appointed to our Board under the Majority Sector of "Accountancy, Finance and Technology". He is holding 6,250 shares of the Bank.

The pecuniary relationship of the non-executive directors with the Bank.

The Bank pays the non-executive directors sitting fees of ₹ 20, 000 and ₹ 10, 000 for attending Board meetings and the Board sub-committee meetings respectively.

AGM, Board and Committee Meetings held during Financial Year 2013 - 14

Name of the Director	Attendance in the last Annual General Meeting held on 30.08.2013	Board Meetings	
		Held during the Tenure	Attendance
Shri. S Balasubramanian	Yes	17	17
Dr. N Kamakodi	Yes	17	17
Shri. S Bernard	Yes	17	17
Shri. N Kantha Kumar	Yes	17	14
Shri. R G Chandramogan	Yes	17	11
Shri. T K Ramkumar	Yes	17	17
Shri. C R Muralidharan	Yes	17	16
Justice (Retd.) S R Singharavelu	Yes	17	14
Prof. V Kamakoti	Yes	17	17
Shri. S. Mahalingam	Yes	14	10

All the meetings were conducted with proper quorum and without any adjournments. The date and place of the meeting as well as the agenda papers are forwarded to all the directors well in advance. The Directors have access to all additional information on the agenda. Executives of the Bank are also invited to attend the Board meetings to provide necessary clarifications. During the year under review, the Board meetings were held 17 times as detailed below:

Dates of the Board Meeting held:

27.04.2013, 20.05.2013, 24.06.2013, 22.07.2013, 29.07.2013, 30.08.2013, 23.09.2013, 21.10.2013, 22.10.2013, 05.11.2013, 08.11.2013, 25.11.2013, 26.12.2013, 25.01.2014, 06.02.2014, 22.02.2014 and 22.03.2014.

3. Committees to the Board

In order to facilitate the decision making process, the Board has constituted certain committees and delegated specific powers to them.

The committee of Directors (COD) functions with the following main objectives :-

- i) To review investment strategy and approve investment related proposals above certain limits.
- ii) To monitor the exposures (both credit & investment) of the Bank.
- iii) To provide approvals for loans above certain stipulated limits, discuss strategic issues in relation to credit policy and deliberate on the quality of the credit portfolio.
- iv) To sanction expenditures above certain stipulated limits.
- v) To approve proposals relating to the Bank's operations covering all departments and business segments.
- vi) To approve expansion of the location of the Bank's network of branches.
- vii) To ensure compliance with the statutory and regulatory framework etc. and

viii) To discuss issues relating to day to day affairs and problems and to take such steps as may be deemed necessary for the smooth functioning of the Bank. All routine matters other than the strategic matters and review of policies other than strategic policies like Credit Policy and other policies which the Committee of Directors may consider necessary or Reserve Bank of India (RBI) may specifically require to be reviewed by the Board.

The minutes of each meeting are subsequently placed before the next meeting of the committee for confirmation and the minutes thus approved are placed before the following meeting of the board for their information.

I. Credit Committee

A Committee of Directors consisting of 6 Directors has been formed for sanction of loans and advances and to reduce the accumulation of credit proposals to the Board. The Committee of Directors (Credit) will sanction credit proposals falling beyond the powers of MD & CEO & upto a specified limit (presently ₹ 3,500 lakhs with aggregate per borrower exposure of ₹ 7,500 lakhs) beyond which the proposals are placed before the Board. The limit is revised from time to time taking into account the volume of business. The members of the Committee along with meeting date, attendance during the period are as given below:-

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	12	12
Dr. N Kamakodi	12	12
Shri. S Bernard	12	12
Shri. N Kantha Kumar	12	11
Shri. R G Chandramogan	12	8
Justice (Retd.) SR Singaravelu (w.e.f 27.04.2013)	11	9

Dates of Meeting held: 27.04.2013, 20.05.2013, 24.06.2013, 22.07.2013, 30.08.2013, 23.09.2013, 22.10.2013, 25.11.2013, 26.12.2013, 25.01.2014, 06.02.2014 and 22.03.2014.

II. Audit Committee

The Audit Committee of the Board of Directors functions with the following main objectives :

- To provide direction and to oversee the operation of the audit function.
- To review the internal audit system with special emphasis on its quality and effectiveness.
- To discuss matters related to frauds.
- To discuss and follow up audit issues related to Long Form Audit Report.
- To discuss and follow up audit issues related to RBI Inspection Report(s).
- To oversee the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- To review internal and concurrent audit reports of large branches with a focus on all major areas of housekeeping, particularly inter branch adjustment accounts, arrears in the balancing of the books and unreconciled entries in Inter-Bank and Nostro accounts and frauds.
- To review with the management, the quarterly financial statements before submission to the Board for its approval.
- To discuss with internal auditors, any significant audit findings and follow up thereon.
- To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit and also conduct post-audit discussion to ascertain any area of concern.
- To review functioning of the Whistle - Blower Mechanism.
- Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

The Audit Committee consists of the following non-executive directors. The committee meets regularly to perform its functions.

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	15	15
Shri. S Bernard	15	15
Shri. C R Muralidharan	15	14
Justice (Retd.) S R Singharavelu (upto 26.04.2013)	1	1
Shri. T K Ramkumar (w.e.f 20.05.2013)	14	14

Dates of Meeting held: 26.04.2013, 20.05.2013, 24.06.2013, 22.07.2013, 29.07.2013, 29.08.2013, 23.09.2013, 22.10.2013, 08.11.2013, 25.11.2013, 26.12.2013, 25.01.2014, 06.02.2014, 22.02.2014 and 21.03.2014.

III. Committee to review Irregular Advances

It reviews Irregular accounts, NPA, suit filed and decreed debts on quarterly basis.

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	4	4
Dr. N Kamakodi	4	4
Shri. N Kantha Kumar	4	4
Shri. T K Ramkumar	4	4
Justice (Retd.) S R Singharavelu	4	3

Dates of the Committee Meeting to review Irregular Advances held: 24.06.2013, 30.08.2013, 26.12.2013 and 21.03.2014

IV. Risk Management Committee

The Risk Management Committee of the Board of Directors functions with the following main objectives :

- To oversee the performance of Risk Management in pursuance of the Risk Management Guidelines issued periodically by RBI and Board.
- To recommend to the Board in defining risk appetite, tolerance and to initiate risk mitigation techniques.
- To review systems of risk management framework, internal control and compliance to identify, measure, control and report key risks.
- To prepare framework for alignment of business strategy with the Board's risk appetite / directives / guidelines.
- To review the Asset Liability Management (ALM) of the Bank on a regular basis.
- To decide the policy and strategy for integrated risk management containing various risk exposures of the Bank including the credit, market, liquidity, operational, reputation risk and other risks specified under Pillar II.
- To review risk return profile of the Bank, capital adequacy based on the risk profile of the Bank's Balance Sheet, Basel - II implementation, assessment of Pillar - II risk under internal Capital Adequacy Assessment Process (ICAAP), business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures.
- To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives, and to issue necessary directions thereof.
- To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.

The Risk Management Committee consists of the following one Executive Director and four Non-Executive Directors. The committee meets regularly to perform its functions.

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	4	4
Dr. N Kamakodi	4	4
Shri. N Kantha Kumar	4	4
Shri. C R Muralidharan	4	3
Prof. V Kamakoti	4	4

Dates of Meeting held: 24.06.2013, 30.08.2013, 25.11.2013 and 22.02.2014

V. Customer Service Committee

The customer service committee has been constituted for achieving the following objectives.

- i. Overseeing the functioning of the adhoc committee of the bank which would also include compliance with the recommendations of the Committee on Procedures and Performance Audit on Public Services (CPPAPS) constituted by RBI under the Chairmanship of Dr. S S Tarapore, former Deputy Governor of RBI.
- ii. Strengthening the corporate governance structure in the Bank.
- iii. Bringing about on going improvements in the quality of customer service provided by the Bank.

- iv. Exploring innovative measures towards enhancing the quality of customer service and improving the level of customer satisfaction of all categories of the bank's clientele.
- v. Provide guidance in improving the customer service level.
- vi. To ensure that the Bank provides and continues to provide, best-in-class service across all categories of customers which will help the Bank in protecting and enhancing its brand equity.
- vii. To examine any other issues having a bearing on the quality of customer service rendered.
- viii. To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.
- ix. To review the details and basis of awards, if any, passed by the Banking Ombudsman on our bank.

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	3	3
Dr. N Kamakodi	3	3
Shri. T K Ramkumar	3	3
Prof. V Kamakoti	3	3
Justice (Retd.) S R Singharavelu	3	2

The committee met thrice on 22.07.2013, 26.12.2013 and 21.03.2014 during the year under report.

VI. Nomination Committee

The Nomination Committee of the Board of Directors functions with the following main objectives :

- To undertake a process of due diligence to determine the suitability of any person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.
- To examine the vacancies that will come up at the Board on account of retirement or otherwise.
- To review the composition of Committees of the Board, and identify and recommend to the Board, the Directors who can best serve as members of each Board Committee.

Meetings, dates and attendance during the year :-

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	4	4
Dr. N Kamakodi	4	4
Shri. S Bernard	4	4

Dates of Meeting held: 27.04.2013, 22.07.2013, 26.12.2013 and 22.02.2014.

VII. Special Committee to Monitor Large value Frauds

As per the directions of the Reserve Bank of India, the Board has constituted a Special Committee exclusively dedicated to the monitoring and following up of cases of fraud involving amounts of ₹ 1 crore and above. The terms of reference of the Committee were as under :

- a) Identify the systems lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.

- b) Identify the reasons for delay, in detection, if any, in reporting to top management of the Bank and RBI.
- c) Monitoring the progress of CBI/Police Investigation and recovery position.
- d) Ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, is completed quickly with out loss of time.
- e) Review the efficacy of the remedial action taken to prevent recurrence of frauds through strengthening of internal controls.
- f) Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

The committee has been functioning under the Chairmanship of Shri. S. Bernard

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	1	1
Dr. N Kamakodi	1	1
Shri. S Bernard	1	1
Shri. C R Muralidharan	1	1
Justice (Retd.) S R Sigharavelu	1	1

The committee met once during the year on 23.09.2013.

VIII. Compensation Committee

The Compensation committee is headed by Shri. S. Balasubramanian and has been constituted to administer the Employee Stock Option Scheme in the Bank.

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	7	7
Dr. N Kamakodi	7	7
Shri. S Bernard	7	7
Shri. N Kantha Kumar	7	7

Dates of Meeting held: 22.07.2013, 29.07.2013, 23.09.2013, 25.11.2013, 26.12.2013, 25.01.2014 and 22.02.2014.

IX. Remuneration

As approved by the Reserve Bank of India and the Board of Directors, a remuneration of ₹ 12,00,000/- was paid to Shri. S. Balasubramanian, Non-Executive Chairman for the period from 01.04.2013 to 31.03.2014.

Remuneration (Gross) paid to the Managing Director & CEO during the period from 01-04-2013 to 31-03-2014.

Name	Period	Remuneration (in ₹)
Dr. N. Kamakodi	01.04.2013 to 31.03.2014	24,90,000/-

No remuneration is paid to the non-executive directors other than sitting fees and other expenses viz., travelling, boarding and lodging etc., incurred in attending the Board and Committee meetings of the Bank.

X. Shareholders Grievance Committee

The shareholders grievance committee was constituted to look into the redressal of shareholders' complaints and grievances such as non-receipt of share certificate after transfer, dividend warrant and annual report, and other related matters in a time bound manner.

Meetings, dates and attendance during the year :-

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Bernard	3	3
Prof. V Kamakoti	3	3
Shri. T K Ramkumar	3	3
Justice (Retd.) S R Singharavelu	3	2

Name and Designation of the Compliance Officer : Shri V Ramesh, Company Secretary & DGM

Dates of Meeting held: 20.05.2013, 22.10.2013 and 06.02.2014.

There were 12 complaints and 5098 information and services in all, pertaining to the transfer, transmission, non-receipt of dividend warrant, non-receipt of share certificates, non-receipt of rights issue application form etc., and all the complaints have been redressed.

XI. Premises Committee

The premises committee was constituted to decide on the purchase of new premises / flats for housing branch and staff members, construction / renovation of premises etc.,

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	1	1
Dr. N Kamakodi	1	1
Shri. S Bernard	1	1
Shri. T K Ramkumar	1	1

Meetings held on : 22.03.2014

XII. Rights Issue Committee

The Rights Issue committee was constituted to decide and appointment of Lead Managers, Legal Advisors, Registrars and Auditors to the issue, pricing and fixing of appropriate record date for the Rights Issue and finally post issue deciding the basis of allotment of rights shares to the shareholders.

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	1	1
Dr. N Kamakodi	1	1
Shri. S Bernard	1	1

Meetings held on : 16.07.2013

XIII. Information Technology Strategy Committee

The Guidelines issued by Reserve Bank of India vide its circular No. DBS.CO.ITC.BC.No. 6/31.02.008/2010-11 dated 29.04.2011 on Information Security, IT Operations, IT Services Outsourcing, IS Audit, Cyber Frauds, Business Continuity Planning, Customer Education and Legal Issues are adhered to. Further, pursuant to the Directions of Reserve Bank of India's cited Circular dated 29-04-2011, Information Technology (IT) Strategy Committee of the Board has been constituted with the main objective to perform the functions as mentioned hereunder:-

- Approving IT strategy and policies.
- Ensuring that management has an effective strategic planning process in place.
- Ensuring that the business strategy is aligned with the IT strategy.
- Ensuring that the IT organizational structure serves business requirements and direction.
- Supervising the implementation of processes and practices that ensures IT delivers value to businesses.
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- Ensuring proper balance of IT investments for sustaining the Bank's growth.
- Assess exposure to IT risks and its controls and evaluating effectiveness of management's monitoring of IT risks.
- Assessing management's performance in implementing IT strategies.
- Assessing if IT architecture has been designed in a manner to derive maximum business value.
- Reviewing IT performance measurement and contribution to businesses.

Meeting and attendance during the year

Name of the Director	No. of Meetings held during the tenure	Attendance
Shri. S Balasubramanian	4	4
Dr. N Kamakodi	4	4
Shri. N Kantha Kumar	4	4
Shri. T K Ramkumar	4	4
Shri. C R Muralidharan	4	4
Prof. V. Kamakoti	4	4

Meetings held on: 26.04.2013, 30.08.2013, 25.11.2013 and 21.03.2014.

XIV. Corporate Social Responsibility Committee

In accordance with the provision of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board at its meeting held on 21st April, 2014 has constituted a Corporate Social Responsibility Committee consisting of majority of Independent Directors. The Committee headed by Dr.N.Kamakodi, and the other members of the Committee are: Shri. S. Balasubramanian, Shri. R.G.Chandramogan, Shri. T.K.Ramkumar and Prof.V.Kamakoti.

The terms of reference of the CSR Committee are:

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013;
- b) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- c) To monitor the CSR Policy of the Bank from time to time;
- d) To institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Bank; and
- e) To perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, SEBI, Stock exchange and other regulatory authority or under any applicable laws, as may be prescribed from time to time.

4. General Body Meetings

i) Location and time where last 3 AGMs were held

Sl.No	Date of AGM	Location	Time
1.	27.08.2011	"Raya Mahal", 45-46, Gandhi Adigal Salai, Kumbakonam - 612 001	10.35 a.m.
2.	31.08.2012	"Raya Mahal", 45-46, Gandhi Adigal Salai, Kumbakonam - 612 001	10.15 a.m.
3.	30.08.2013	"Raya Mahal", 45-46, Gandhi Adigal Salai, Kumbakonam - 612 001	10.15 a.m.

ii) Special Resolution Passed through AGM

Date	Special Resolution
27.08.2011	(i) To offer, issue and allot by way of Qualified Institutional Placement (QIP) to Qualified Institutional Buyers (QIB) through one or more placements to raise an amount not exceeding to ₹ 300 crore by issue of equity shares of ₹ 1 each at such price or prices including premium on each share.
31.08.2012	(i) To offer, issue and allot by way of Qualified Institutional Placement (QIP) to Qualified Institutional Buyers (QIB) through one or more placement to raise an amount not exceeding to ₹ 350 crore by issue of equity shares of ₹ 1 each at such price or prices including premium on each share.
30.08.2013	<p>(i) Pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the existing Sub-Article (vi) of Article 4 of the Articles of Association be and is hereby replaced with the following Article.</p> <p>"Subject to the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA) (including any modifications or re-enactment thereof) the Banking Regulation Act, 1949, the Companies Act, 1956, and all applicable laws, regulations and subject to the approval of the Central Government, Reserve Bank of India and such other regulatory authorities, if and to the extent required, the investment by all FII's put together shall not exceed 35% of the paid up share capital of the Bank at any period of time, subject however that no individual FII's or group shall hold at any period of time more than 5% of the paid up share capital of the Bank or such other lesser percentages as may be prescribed by the RBI in this regard from time to time.</p> <p>The total/individual shareholding limit in case of all NRI's both on repatriation and non-repatriation basis shall not exceed 5% of the paid up share capital of the Bank at any point of time or such other lesser percentage as may be prescribed by RBI from time to time.</p> <p>While allotting further shares and / or transmitting the shares of the Bank, the Board of Directors shall have the power to exercise its right of refusing / rejecting / restricting allotment of further shares and / or transfer and / or transmission of the shares to one or more persons or entities despite the provisions contained in Sec 81, Sections 108 to 111 and other applicable provisions of the Companies Act, 1956, including any amendment thereto, for the purposes of complying with the restrictions contained in the foregoing paragraphs of this Article."</p> <p>(ii) To offer, issue and allot by way of Qualified Institutional Placement (QIP) to Qualified Institutional Buyers (QIB) through one or more placement to raise an amount not exceeding to ₹ 350 crore by issue of equity shares of ₹ 1 each at such price or prices including premium on each share.</p>

iii. Special Resolution passed through EGM - NIL

iv. Special Resolution passed through Postal Ballot

11.06.2012	<p>(i) Amendment to the Article 4 (vi) of the Articles of Association pursuant to Sec.31 of the Companies Act, 1956.</p> <p>(ii) To offer, issue and allot shares by way of Reservation of shares to Employees under Rights Issue under sec. 81 (1A) of the Companies Act, 1956.</p>
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5. Disclosures

- a. There were no significant "related party transactions" of any material, financial and commercial nature with the Bank by the directors and their relatives that would have potential conflict with the interest of the Bank at large.
- b. The Bank has complied with all the requirements regarding capital market related matters and has not been imposed any penalty or stricture by the Stock Exchanges or SEBI or any other Statutory Authorities during last year.
- c. Mandatory and non-mandatory requirements:

The Bank has complied with all the applicable mandatory requirements as prescribed under Clause 49 of the Listing agreement entered into with the Stock Exchanges. A certificate to the effect from the Bank's Statutory Auditors M/s. P.Chandrasekar, Chartered Accountants is annexed.

The extent of implementation of non-mandatory requirements is furnished as under:

<p>Whistle Blower Policy: The Bank may establish a mechanism for employees to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's code of conduct or ethics policy and provide for adequate safeguards against victimization of employees.</p>	<p>The Bank has put in place a Whistle Blower policy</p>
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In terms of the policy, employees of the Bank are free to raise issues, if any, on breach of any law, statute or regulation by the Bank and on accounting policies and procedures adopted.

During the year no reference was received from any source under Whistle Blower Policy.

Code of Conduct

In terms of Clause 49 of the Listing Agreement, a declaration signed by the Managing Director & CEO affirming compliance with the code of conduct by the Director and Senior Management of the Bank is as follows.

Declaration of Compliance with the Code of Conduct.	
<p>I confirm that all the Directors have affirmed compliance with the Bank's Code of Conduct for Directors. Also, the Senior Management Team has affirmed compliance with the Bank's Code of Conduct for Senior Management.</p>	
<p>Place : Kumbakonam Date : 31.03.2014</p>	<p>Dr. N. Kamakodi Managing Director & CEO</p>

6. Means of Communication

Unaudited / Audited Financial results are normally published in "Dinamalar" / "Daily Thanthi", local Tamil newspapers and in "Business Line", a national English newspaper. The Bank has a Website with its address as <http://www.cityunionbank.com> wherein such results are published.

7. General Shareholder Information

Date Time and Venue of AGM	23.08.2014 10.35 a.m. Raya Mahal, 45-46, Gandhi Adigal Salai, Kumbakonam - 612 001.
Financial Year	1st April, 2013 to 31st March, 2014.
Date of Book Closure	19th August, 2014 to 23rd August, 2014 (Both days inclusive)
Listing on Stock Exchange	The shares of the Bank have been listed at the three Stock Exchanges viz., Madras Stock Exchange Ltd., Chennai, National Stock Exchange of India Ltd., Mumbai, and Bombay Stock Exchange Ltd., Mumbai.
Stock Code	Madras Stock Exchange - CUB National Stock Exchange - CUB Bombay Stock Exchange Ltd. - 532210

Market Price Data - Low / High during each month of the Financial Year 1st April, 2013 to 31st March, 2014.
(in ₹)

Month	National Stock Exchange of India Limited (NSE)		Bombay Stock Exchange Limited (BSE)	
	Low	High	Low	High
Apr, 2013	50.20	58.10	52.25	58.00
May, 2013	52.95	58.35	53.00	58.50
Jun, 2013	53.15	57.90	53.85	59.60
July, 2013	45.15	56.00	45.10	56.50
Aug, 2013	39.65	48.10	39.75	53.30
Sep, 2013	37.80	45.20	37.95	45.95
Oct, 2013	42.35	49.75	41.65	49.75
Nov, 2013	46.30	51.85	46.15	51.55
Dec, 2013	47.70	52.00	47.65	52.00
Jan, 2014	48.30	52.00	48.30	52.10
Feb, 2014	45.65	49.60	45.65	50.60
Mar, 2014	45.90	54.20	45.80	54.10

There were no transactions in Madras Stock Exchange Limited during the period.

8. Share Transfer System

M/s. Karvy Computershare Pvt. Ltd, Hyderabad are appointed as the Registrar and Share Transfer Agents of the Bank. Shares sent for physical transfers are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects.

Share transfers, transmission etc., are approved by the Share Transfer Committee comprising of executives of the Bank.

Name	Designation
Dr. N Kamakodi	Managing Director & CEO
Shri. R Mohan	Chief General Manager
Shri. V Ramesh	DGM & Company Secretary

Dates of meeting held: 03.04.2013, 30.04.2013, 22.05.2013, 27.05.2013, 31.05.2013, 17.06.2013, 01.08.2013, 14.09.2013, 20.09.2013, 17.10.2013, 30.10.2013, 12.11.2013, 19.11.2013, 27.11.2013, 04.12.2013, 14.12.2013, 24.12.2013, 28.12.2013, 31.12.2013, 08.01.2014, 18.01.2014, 23.01.2014, 30.01.2014, 07.02.2014, 13.02.2014, 21.02.2014, 27.02.2014, 07.03.2014, 17.03.2014, 20.03.2014.

Total No. of shares transferred in physical form during the year 1st April, 2013 to 31st March, 2014.

No. of Transfers	No. of Shares
115	345852

Distribution of Shareholding

(i) Share Distribution Schedule as on 31.03.2014

Sl. No	Category (No. of shares)	No. of Holders	% of Holders	No. of Shares	% to Share Capital
1.	Upto 5000	80214	90.80	52273766	9.63
2.	5001 - 10000	3983	4.51	30262555	5.58
3.	10001 - 20000	2100	2.38	29360861	5.41
4.	20001 - 30000	625	0.71	15359763	2.83
5.	30001 - 40000	349	0.40	12264292	2.26
6.	40001 - 50000	223	0.25	10064603	1.85
7.	50001 - 100000	450	0.51	31925207	5.88
8.	100001 & above	401	0.45	361229216	66.56
TOTAL		88345	100.00	542740263	100.00

(ii) Shareholding Pattern as on 31.03.2014

Sl. No	Category	No. of Holders	% of Holders	No. of Shares	% to Share Capital
1.	Banks	6	0.01	1377385	0.25
2.	Bodies Corporate	909	1.03	69514760	12.81
3.	Clearing Members	245	0.28	1126865	0.21
4.	Directors	15	0.02	2731282	0.50
5.	F.I.I.'s	60	0.07	116930240	21.54
6.	Indian Financial Institutions	4	0.00	25663142	4.73
7.	Mutual Fund	35	0.04	18724915	3.45
8.	Non Resident Indians	975	1.10	16691350	3.08
9.	Relatives of Directors	5	0.01	14750081	2.72
10.	Resident Individuals	86082	97.44	251708798	46.37
11.	Trusts	8	0.01	83945	0.02
12.	Corporate Body-Foreign	1	0.00	23437500	4.32
TOTAL		88345	100.00	542740263	100.00

Dematerialisation of shares

49,36,19,274 shares (90.95 % of paid-up share capital) of the Bank stood dematerialized as on 31st March, 2014.

Unclaimed shares kept under Share Suspense Account

As required under Clause 5A of the Listing Agreement we have identified unsettled Equity shares to the extent of 1,93,827 shares as on 31st March, 2014 and the same is kept under suspense account. The shares will be credited as per the claim application received after carrying out the due diligence on the claim.

Address for Correspondence**Shares Department****CITY UNION BANK LIMITED**

Administrative Office,
"Narayana", No. : 24-B, Gandhi Nagar,
Kumbakonam - 612 001.

Ph: 0435 - 2402322

Fax: 0435 - 2431746

E-Mail: shares@cityunionbank.com**Share Transfer Agents**

M/s. Karvy Computershare Private Limited

Unit : **CITY UNION BANK LIMITED**

17-24 Vittal Rao Nagar,
Madhapur,
Hyderabad - 500 081.

Ph: 040 - 44655115

Fax: 040 - 23420814

E-Mail: karisma@karvy.com

Auditor's Certificate on Corporate Governance

To the members of **CITY UNION BANK LIMITED**, Kumbakonam

We have examined the compliance of conditions of Corporate Governance by City Union Bank Limited, Kumbakonam for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the Bank with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580 S)

Lakshmy. C
Partner
M.No. : 28508

Place: Chennai
Date : 26th May, 2014

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Macro Economic Scenario

Global Economy

The IMF titled its survey in April, 2013 for World Economic outlook as Hopes, Realities, and Risks and expected the global economy to grow at 3.25% in 2013 and 4% in 2014. The survey of the year 2014 is titled as 'Recovery Strengthens; Remains Uneven', which reflects the present state of the world economy. Global activity has broadly strengthened and is expected to improve further in 2014-15, with much of the impetus for growth coming from advanced economies. In its latest semi-annual report on global economic outlook, the World Bank revised downward its forecast for global economic growth this year to 2.8% from the previous forecast of 3.2% in January, citing bad weather in the US, the slowdown of Chinese and Russian economies and turmoil in financial markets caused by the Ukraine crisis and the Iraq problems. The United States economic growth will reach only 2.1% this year, compared with 2.8% in the previous forecast, for the euro zone at 1.1%, for China at 7.6%, and 5.5% for India down from 6.2%. Average forecast for developed economies drops to 1.9%, down from 2.2% and that for developing economies to 4.8%, down from 5.3%.

The World Bank, however, predicts that the US economy will rebound to 3% next year and growth in the euro zone will still hit 1.8%, underscoring both are still on the road to recovery, though at a slower pace. Thanks to the ripple effect, developing economies will score 5.4% growth next year.

Most of the central banks in the developed economies which expanded their asset purchase program and kept their monetary policies in expansionary mode by maintaining exceptionally low interest rates in financial year 2012-13 in order to stimulate growth amid ongoing fiscal austerity have started reversing the process. However the low rate interest regime continues.

The tapering in the US Fed Reserve bond purchase programme which started in Jan 2014 has been anticipated and therefore factored in by the world financial market. The growth differential between advanced economies and emerging market has been narrowing while the inflation differential has been widening already, reports Reserve Bank of India in its financial stability report published in Dec 2013. The interplay dynamics between advanced economies and emerging markets may increase vulnerabilities of emerging markets. High global liquidity with persistently low rate of interest in advanced economies has been pushing asset prices in the emerging markets.

Financial markets across the world still remain vulnerable to news about the impending normalization of interest rates in some advanced economies though the level of vulnerability has scaled down compared to a year back when a statement by Fed Chief could wipe out more than a trillion dollar on a single day.

Indian Economy

The growth rate of Indian economy has been sliding and it reached below 5% growth for the year ended 31st March, 2014. The satisfactory monsoon and the absence of extreme climate resulted in agriculture sector witnessing a record production of several crops. The industrial production was stagnating for the whole year. The service sector growth was moderate. The major threat to the economy due to very high current account deficit was brought under control by introducing a slew of measures like curb on gold import, special scheme for mobilizing foreign currency deposit etc. This resulted in reducing the rupee volatility also.

Lead indicators point to continuing sluggishness in domestic economic activity in the first quarter of 2014-15. The outlook for agriculture is clouded as the meteorological department forecasts a delay in the onset of the south-west monsoon with a 60 per cent chance of the occurrence of El Nino. The ongoing contraction in the production of consumer durables and capital goods, coupled with moderation in corporate sales and non-oil non-gold imports, is indicative of continuing weakness in both consumption and investment demand. The decisive election result, together with improved sentiment should, however, create a conducive environment for comprehensive policy actions and a revival in aggregate demand as well as a gradual recovery of growth during the course of the year.

On the fiscal front, high fiscal deficit, which is another area of concern for the economy, efforts were taken to bring down the same. The deficit which was projected to be at 4.8% of the GDP for the year 2013-14 has been estimated to be 4.6%. Retail inflation measured by the consumer price index (CPI) increased for the second consecutive month in April, pushed up by a sharp spike in food inflation. CPI inflation excluding food and fuel has moderated gradually since September, 2013 although it is still elevated.

For the year 2013-14 as a whole, India's Current Account Deficit (CAD) narrowed sharply to 1.7 per cent of GDP, primarily on account of a decline in gold imports, although other non-oil imports also contracted with the weakening of domestic demand, with some pick-up in exports. In April, 2014, the trade deficit narrowed sharply due to resumption of export growth after two consecutive months of decline, and the ongoing shrinking of import demand. Robust inflows of portfolio investment, supported by foreign direct investment and external commercial borrowings, kept external financing conditions comfortable and helped to add reserves.

The Reserve Bank of India has felt it is appropriate to leave the policy rate unchanged, and to allow the disinflationary effects of rate increases undertaken during September, 2013 - January, 2014 to mitigate inflationary pressures in the economy. The Reserve Bank remains committed to keeping the economy on a disinflationary course, taking CPI inflation to 8 per cent by January, 2015 and 6 per cent by January, 2016.

B. Banking scenario

The Indian financial market is dominated by banks. The aggregate deposits for all scheduled commercial banks as of March 21, 2014 stood at ₹ 77.39 lakh crore and loans & advances was at ₹ 60.13 lakh crore registering a year on year growth 14.6% and 14.3% respectively. The credit deposit ratio stood at 77.69% as of March 21, 2014. A study of the growth in deposit and credit shows a positive bias in favour of the last quarter of the year.

The risks to the banking sector have further increased during the year. All major risk dimensions captured in the Banking Stability Indicator show increase in vulnerabilities in the banking sector. Banking Stability Measures, based on co-movements in banks' equity prices, also indicate that the distress dependencies within the banking system have risen during this period.

Asset quality continues to be a major concern for Scheduled Commercial Banks (SCBs). The key aspects of deterioration in asset quality are: A rising trend in Risk Weighted Assets (RWA) to total assets along with declining trend in Coefficient of Variation (CV) indicates that the overall rise in proportion of risky assets in the total assets of SCBs is becoming more broad-based. The Gross Non-performing Assets ratios of SCBs as well as their restructured standard advances ratio have increased. Therefore, the total stressed advances ratio rose significantly to 10.2 per cent of total advances as at end September, 2013 from 9.2 per cent of March, 2013.

Macro stress tests on credit risk suggest that if the adverse macroeconomic conditions persist, the credit quality of commercial banks could deteriorate further.

However, under improved conditions, the present trend in credit quality may reverse during the second half of 2014-15 with the GNPA ratio expected to rise initially to around 4.6 per cent by September, 2014 from 4.2 per cent as at end September, 2013, which may subsequently improve to 4.4 per cent by March, 2015.

Delay in tapering by the Fed following its initial announcement in May, 2013, offered time for India and other EMDEs to undertake measures to improve the resilience of their economies to withstand the effects of inevitable tapering. India took a series of co-ordinated measures which seem to have worked well.

The, liquidity conditions improved significantly in April and May, 2014. The average daily access to liquidity from the LAF and term repos during this period has been close to 1.0 per cent of NDTL. The Reserve Bank has promised to continue to monitor liquidity conditions and will actively manage liquidity to ensure adequate flow of credit to the productive sectors.

C. Opportunities Ahead

Your Bank imbibes a culture of professional entrepreneurship where every employee plays an important role in the Bank's growth. Your Bank incorporates highly professional practices into its business processes to generate added efficiencies and long term growth. These processes ensure a culture of continuous improvement through ongoing feedback from employees as well as customers, continuous up-gradation of products and services with the help of advanced information technology.

Your Bank recorded a growth in business by crossing ₹ 38,200 crore mark as at the end of the financial year 2013-14 compared to ₹ 35,600 crore in the last financial year, a jump of 8% as reflected by enlarged balance sheet size of ₹ 24,994 crore. The Bank could achieve this by providing seamless banking experience to all its

customers through customer centric approach backed by state of the art branch infrastructure. Bank branches are highly accessible and facilitate warmth, coherent communication and a consistent customer experience across all locations. Your Bank could achieve the potential growth by satisfying to the delight of customers through service excellence and futuristic solutions, building a motivated and high performance team.

During the year total income of the Bank increased by 15.64% to ₹ 2,847.13 crore from ₹ 2,462.39 crore last year while the operating profit increased by 10.99% to ₹ 580.97 crore from ₹ 523.45 crore. As on 31st March, 2014 the total assets of the Bank stood at ₹ 24,993.83 crore increasing by 8.78% over last year. The deposits of the bank increased to ₹ 22,016.89 crore as on 31st March, 2014 compared to ₹ 20,304.76 crore as on 31st March, 2013. The total demand deposits (CASA) increased by 15.06% to ₹ 3,917 crore.

The bank continues to enhance shareholder value with the diluted earnings per share of the Bank for the year increasing to ₹ 6.64 from ₹ 6.59 last year. The book value per share of the Bank increased from ₹ 34.58 to ₹ 37.31 as on 31st March, 2014 as compared with previous year.

The bank strives to deliver variety of products as per the customers needs and has been able to service the customers through multiple channels with utmost satisfaction and this has proved in continued growth in retail segment in the present challenging environment.

Your bank has leveraged on state of the art technology and innovative practices by offering wide range of products across deposits, advances, investment solutions to suit to the customer needs enabling to build its retail business. Any Counter Any Transaction was introduced, Kiosk Desk as well as Express Desk was introduced where customers can deposit and withdraw money easily without any hassle.

The number of branches has increased by 50 in the previous year to reach 425 mark and has on its vision to open more number of branches and ATMs to reach out large number of customers. Your Bank has proposed to open 75 new branches & 50 ATMs during this financial year increasing the total network of branches & ATMs to 500 and 1000 respectively.

D. Segmentwise Performance

I. Deposits of the Bank comprise of the following

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total
1.	Demand Deposit	1441.99	6.55
2.	Savings Deposit	2475.35	11.24
3.	Term Deposit	18099.55	82.21
Total		22016.89	100.00

II. Investments (Net) of the Bank consist of the following

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total
1.	Govt Securities	5318.97	89.34
2.	Other approved securities	Nil	Nil
3.	Shares, Debentures / Bonds and Mutual funds	75.14	1.26
4.	NABARD RIDF	559.45	9.40
Total		5953.56	100.00

III. Performance of various Business Segments

The Bank operates under four business segments namely Corporate/Wholesale Banking, Retail Banking, Treasury and Other Banking Operations.

Segments	Gross Profit (₹ in crore)	Percentage to total
Treasury	105.48	18.16
Corporate Banking	163.71	28.18
Retail Banking	305.19	52.53
Other Banking Operations	6.59	1.13
Total	580.97	100.00

E. Risk Management

Effective management of risk is integral part of banking business and the objective of risk management is to balance the tradeoff between risk and return and ensure optimum return on capital. Business and revenue growth have to be weighed in the context of the risks implicit in the Bank's business strategy. Risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate through quantitative or qualitative examination of the embedded risks.

Your Bank has in placed a sound Risk Management Architecture established by the active involvement and supervision of Board of Directors. The Bank continues to focus on refining and improving its risk measurement systems. The Risk Management Committee of the Board is the apex body which lays down the parameters and establishing the frame work of risk management. Under the Board level Committee, the Risk Management Committee of Executives functions to ensure the policy guidelines approved by the Board are implemented and adhered to. The Bank is BASEL II compliant from 31.03.2009. The Bank has implemented the BASEL III Capital Regulations from 01.04.2013, by computing the Capital and Risk weighted Assets as per RBI guidelines dated May 2, 2012. The Bank presently adopts standardized approach for credit and market risks and Basic Indicator Approach for operational risks. Necessary initiatives have been taken for moving over to advanced approaches under BASEL II as per the timelines indicated by RBI. An independent Risk Management Department is functioning for effective Enterprise-wide Risk Management.

Risk is managed through three committees viz.,

- i) Credit Risk Management Committee (CRMC).
- ii) Asset and Liabilities Management Committee (ALCO).
- iii) Operational Risk Management Committee (ORMC).

The Bank has put in place the following policies to manage various types of Risks.

1. Integrated Risk Management Policy to measure, monitor and control all the enterprise-wide risks and with the objective of integrating all the risks of the Bank.
2. Credit Risk Management Policy.
3. Asset and Liability Management Policy.
4. Operational Risk Management Policy.
5. Stress Testing Policy.
6. Pillar 3 Disclosure Policy.
7. Business Continuity Plan Policy.
8. Inspection and Audit Policy.
9. Internal Capital Adequacy Assessment Process (ICAAP) Policy.
10. Credit Risk Mitigation and Collateral Management Policy.

The Risk Management Systems are in place to identify measure, analyze and control the risks at the early stage, set and maintain prudential limits and manage them to face the changing risk environment. Credit Risk Rating Mechanism is in place to assess the risk rating of borrowers to ensure credit quality. Loan Review Mechanism initiates timely action to prevent slippage of standard assets to non performing assets. The disclosures on Quarterly / Half Yearly / Annual Basis as per the Disclosure Policy are reported/incorporated in the Bank's website / Annual Report.

F. Internal Controls

Your bank recognizes the importance of good internal control mechanism which is the key to persistent growth and profitability. The bank has well laid systems and internal controls to keep a check in order that quality compliance is maintained by the operating units. The system ensures that all internal regulations and regulatory guidelines are strictly complied and adhered to by all the business units while achieving the targeted business and profitability parameters. The inspection department of the bank is in charge of ensuring that adherence to laid out systems and procedures are regularly followed by the branches. There is a system of periodical overall inspection of the branches, special credit inspection, jewel loan inspection and concurrent audit. The compliance of KYC & AML regulations and the system of regular KYC inspection has been introduced in all the branches to ensure effective control in account opening process and monitoring and reporting unusual and high value suspicious transactions. Adequate steps have been undertaken to report such transactions to Financial Intelligence Unit - India. The Audit Committee of the Board reviews the internal inspection and concurrent audit report of the branches on a monthly basis and also reviews the performance and status of the compliance with regard to regulatory / internal guidelines. Your bank has an effective credit monitoring system including offsite monitoring of operations on a real time basis, stock audit of large borrowable accounts by an external audit agency and credit audit to ensure compliance of sanctioned terms and conditions. Proper record maintenance, customer confidentiality, strong vigilance and alert system, zero tolerance policy of fraud, corruption and financial irregularities which receive focused attention of the top management as per the bank's internal control policy.

As per Reserve Bank of India's guidelines risk based internal audit system has been introduced in all the branches with the periodicity of inspection varying as per the risk category of the respective branches. The computer systems department is subjected to System Audit by external agencies on ongoing basis to mitigate risk under computerized environment. Identified branches contributing more than 70% of the business are under concurrent audit.

Your Bank is having an exclusive Compliance Department headed by a compliance officer to ensure implementation and compliance of all the directives issued by the regulators, the bank's Board of Directors and those contained in the Bank's internal control policy.

G. Human Resource Development / Industrial Relations

Your Bank remains focused on improving organizational effectiveness, developing frontline leaders through promoting employee for maintaining stability and sustainability amidst growth and challenging business environment. The dedicated and loyal human resources working for the Bank across length & breadth of the country are provided with friendly working atmosphere, by extending mutual trust, rewarding the smart working and sincere employees by recognizing their talents, motivating them at regular intervals of time to achieve the vision and goals of the Organization. The policies followed by the bank are embedded with engagement of the employee, imparting knowledge through training, workshop & development of leadership styles & qualities, integrating with new generation employees. The Bank has in house training and also arrange for seminar and training through reputed institutions for aligning their behavioural skill and personality trait to suit the fast changing business environment. Sharpening of operational skills and capability to function and adopt to the working scenario is always the focus of the human resource department. The industrial relations in the Bank have been very cordial and harmonious. Continuous performance measurement along with annual review, identifying employee's knowledge, skill and capacity to achieve the defined targets through innovative approach has been the prime motive and towards this performance linked incentive on annual basis apart from rewarding them with certificates and awards for their achievements has been followed by accommodative and innovative HR policy. The number of employees on roll of the Bank as on 31st March 2014 was 4215.

H. Discussions on financial performance with respect to operational performance

The Bank's financial performance with respect to operational performance can be enumerated as per the following parameters;

(₹ in crore)

Particulars	Current Year	Previous Year
Deposits rose by	1712.13	3963.99
Cost of deposits	8.37%	8.44%
Gross advances rose by	880.74	3121.00
Yield on Advances	13.43%	13.49%
Total Yield on Investments	7.71%	7.52%
Net Interest Income rose by	135.38	124.26
Number of branches increased to	425	375
Staff productivity increased to	9.06	9.38

I. Corporate Social Responsibility

The Corporate Social Responsibility (CSR) of the Bank seeks to recognize obligations towards society and aims to integrate the CSR ideals into its mission for optimizing both business and social performance. The contribution to CSR is considered as commitment rather than statutory obligation.

Your Bank has been extending its support by way of donations and sponsorship for various humanitarian activities in the field of education, health and other social causes as a part of its commitment towards Corporate Social Responsibility.

The Bank extended donations towards funding the following activities.

Health care

- Contributed a sum of ₹ 50,000/- to Sankara Eye Hospital, Chennai for purchase of equipment towards treatment of Eye care.
- A sum of ₹ 10,00,000/- was donated to Tirumala Tirupati Devasthanams, S.V. Pranadhana Trust, Tirupathi for treatment of cancer patients.

Education/Other Social Causes

- Contributed ₹ 1,00,000/- to AVMSGDPS Samithi, Kumbakonam for supply of books & reading materials to students.
- A sum of ₹ 10,00,000/- was donated to Tirumala Tirupati Devasthanams, Sri.Venkateswara Nithya Annadanam Trust, Tirupathi for providing Annadanam to patrons who visit the temple.
- A sum of ₹ 1,00,000/- was donated to Sri. Muthukrishna Swami Mission Trust, Chennai, for providing Annadanam.
- A sum of ₹ 1,00,000/- was contributed for Building Renovation at Sri Ramakrishna Math, Chennai.

Your Bank has also contributed to Lions Club Kumbakonam for conducting health check up & eye camp at various centers and conducting medical camp at various centers in Tamilnadu besides sponsoring for maintenance of Gandhi Park, Kumbakonam and also at various places.

J. Outlook

The outlook for Indian economy for the FY 15 is expected to show mild improvement and estimated to grow at 5.5%. The average CPI inflation is likely to moderate. The Government has also budgeted for a reduction in fiscal deficit to 4.2% of GDP in FY 15. The election results installing a strong single party government after a gap nearly 30 years should augur well for the economy.

The monsoon is expected to play spoil sport and is estimated to be in deficit zone with the threat of Elnino. On the CAD front the position is comfortable with rupee having gained more than 10% from the all time low, has stabilized. The geo political turmoil in the world may cause a higher crude price adversely affecting the economy.

Your Bank has an ambitious plan of adding 75 more branches to reach the five hundred mark and 300 more ATMs to garner a higher percentage of growth in the coming years.

COMPLIANCE WITH CLAUSE 32 OF THE LISTING AGREEMENT

I. Name and address of Stock Exchanges where equity shares of CITY UNION BANK LIMITED are listed.

1. Madras Stock Exchange Limited

Exchange Building, 11, Second Line Beach Road, Post Box No. 183, Chennai - 600 001.

2. Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 023.

3. National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.

II. The Bank confirms that the Annual Listing Fee has been paid to all the above three exchanges.

INDEPENDENT AUDITORS' REPORT

To,

The Shareholders of CITY UNION BANK LIMITED, Kumbakonam

Report on the Financial Statements:

1. We have audited the accompanying financial statements of CITY UNION BANK LIMITED, which comprise the Balance Sheet as at 31st March, 2014 and the statements of Profit and Loss and Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 3 branches and Central Office audited by us and 424 branches/offices audited by branch auditors.

Management's responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements in accordance with the Banking Regulation Act, 1949 and Accounting Standards notified under the Companies Act, 1956 ("this Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the accounting policies and notes thereon give the information required by the Banking Regulation Act, 1949 as well as Companies Act, 1956, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 2014;
 - (ii) in the case of the Profit and Loss Account of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Emphasis of Matter

7. Without qualifying our opinion, we draw attention to:

Note 9 of the financial statements, which describes the accounting treatments of the expenditure on creation of Deferred Tax Liability of ₹ 30.25 crore on Special Reserve under Section 36(1) (viii) of the Income Tax Act, 1961 as at 31st March 2013, pursuant to RBI's Circular No. DBOD No.BO.BC.77/21.04.018/2013-14 dated 20th December 2013.

Report on Other Legal and Regulatory matters:

8. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.

9. Subject to the limitations and the audit indicated in paragraph 1 to 5 above, we report that:

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
- b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Statement notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

11. We further report that:

- (i) the Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as appears from our examination of those books;
- (iii) the reports on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us;
- (iv) as per information and explanation given to us, the Central Government has, till date, not prescribed any cess payable under section 441A of the Companies Act, 1956;
- (v) on the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580 S)

Lakshmy. C
Partner
M.No. : 28508

Place: Chennai
Date : 26th May, 2014

BALANCE SHEET AS ON 31st MARCH, 2014

(₹ in thousands)

	Schedule No.	AS ON 31.03.2014	AS ON 31.03.2013
CAPITAL AND LIABILITIES			
Share Capital	1	54,27,40	47,44,46
Reserves and Surplus	2	1970,65,81	1593,22,39
Deposits	3	22016,89,16	20304,75,52
Borrowings	4	304,98,39	476,73,91
Other Liabilities & Provisions	5	647,01,81	554,91,94
Total		24993,82,57	22977,08,22
ASSETS			
Cash and Balances with Reserve Bank of India	6	1040,11,32	1016,33,64
Balances with Banks & Money at Call and Short Notice	7	1139,50,28	754,14,95
Investments	8	5953,55,74	5266,80,33
Advances	9	16096,83,72	15246,05,73
Fixed Assets	10	182,95,16	141,27,93
Other Assets	11	580,86,35	552,45,64
Total		24993,82,57	22977,08,22
Contingent Liabilities	12	5113,13,42	6043,41,04
Bills for Collection		214,28,36	165,79,82

R. MOHAN
Chief General Manager

Dr. N. KAMAKODI
MD & CEO

S. BALASUBRAMANIAN
Chairman

S. SUNDAR
CFO & SGM

S. BERNARD
N. KANTHA KUMAR
R.G. CHANDRAMOGAN

C.R. MURALIDHARAN
Justice (Retd.) S.R. SINGHARAVELU
Prof. V. KAMAKOTI

V. RAMESH
Company Secretary & DGM

T. K. RAMKUMAR

S. MAHALINGAM

Directors

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580 S)

Chennai
26th May, 2014

Lakshmy. C
Partner
M.No. : 28508

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in thousands)

	Schedule No.	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
I INCOME			
Interest Earned	13	2545,93,31	2188,75,00
Other Income	14	301,19,93	273,63,68
Total		2847,13,24	2462,38,68
II EXPENDITURE			
Interest Expended	15	1786,54,35	1564,73,97
Operating Expenses	16	479,61,45	374,19,97
Provisions and Contingencies		233,90,01	201,43,03
Total		2500,05,81	2140,36,97
III PROFIT / LOSS			
Net Profit		347,07,43	322,01,71
Profit brought forward		6,87,10	6,60,21
Total		353,94,53	328,61,92
IV APPROPRIATIONS			
- Statutory Reserves		88,00,00	82,00,00
- Capital Reserve		57,33	1,90,26
- General Reserve		165,00,00	142,00,00
- Investment Reserve Account		Nil	33,78
- Special Reserve under IT Act, 1961		30,00,00	40,00,00
- Interim Dividend payable		Nil	47,44,46
- Interim Dividend tax payable		Nil	8,06,32
- Proposed Dividend		54,27,40	Nil
- Dividend Tax thereon		9,22,39	Nil
- Balance carried over to Balance Sheet		6,87,41	6,87,10
Total		353,94,53	328,61,92

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(Firm No. 000580 S)

Chennai
26th May, 2014

Lakshmy. C
Partner
M.No. : 28508

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in thousands)

		AS ON 31.03.2014		AS ON 31.03.2013
SCHEDULE - 1 CAPITAL				
Authorised Capital (100,00,00,000 Equity Shares of ₹ 1/- each)		<u>100,00,00</u>		<u>100,00,00</u>
Issued Capital (54,27,40,263 / 53,89,39,858 Equity Shares of ₹ 1/- each)		<u>54,27,40</u>		<u>53,89,40</u>
Subscribed and Paid-up Capital	54,27,40		47,44,46	
Current Year - 54,27,40,263 Equity Shares of ₹ 1/- each and Previous year - 40,99,51,886 Equity Shares of ₹ 1/- each and 12,89,87,972 Equity Shares of 0.50 paise each				
Less: Calls unpaid	Nil	54,27,40	Nil	47,44,46
Total		<u>54,27,40</u>		<u>47,44,46</u>
SCHEDULE - 2 RESERVES AND SURPLUS				
I. Statutory Reserves				
Opening Balance	500,00,00		418,00,00	
Additions during the year	<u>88,00,00</u>	588,00,00	<u>82,00,00</u>	500,00,00
II. Capital Reserves				
Opening Balance	45,77,81		43,87,55	
Additions during the year	<u>57,33</u>	46,35,14	<u>1,90,26</u>	45,77,81
III. Share Premium				
Opening Balance	327,79,49		203,35,59	
Additions during the year	<u>124,10,89</u>	451,90,38	<u>124,43,90</u>	327,79,49
IV. Revenue and Other Reserves				
i) General Reserve				
Opening Balance	621,40,00		479,40,00	
Deductions during the year	30,25,11		Nil	
Additions during the year	<u>165,00,00</u>	756,14,89	<u>142,00,00</u>	621,40,00
ii) Investment Reserve Account				
Opening Balance	2,37,99		2,04,21	
Additions during the year	<u>Nil</u>	2,37,99	<u>33,78</u>	2,37,99
iii) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961				
Opening Balance	89,00,00		49,00,00	
Additions during the year	<u>30,00,00</u>	119,00,00	<u>40,00,00</u>	89,00,00
V. Balance in Profit and Loss Account		6,87,41		6,87,10
Total		<u>1970,65,81</u>		<u>1593,22,39</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2014	AS ON 31.03.2013
SCHEDULE - 3 DEPOSITS		
A I. Demand Deposits		
i) From Banks	66,90	1,84,29
ii) From Others	1441,32,37	1333,49,95
II. Savings Deposits	2475,35,19	2069,26,54
III. Term Deposits		
i) From Banks	41,45,69	141,95,20
ii) From Others	18058,09,01	16758,19,54
Total	22016,89,16	20304,75,52
B i) Deposits of Branches in India	22016,89,16	20304,75,52
ii) Deposits of Branches outside India	Nil	Nil
Total	22016,89,16	20304,75,52
SCHEDULE - 4 BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	120,00,00	Nil
ii) Other Banks	2,80	3,80
iii) Other institutions and agencies	144,95,59	382,41,61
iv) Subordinated debt	40,00,00	40,00,00
II. Borrowings from outside India	Nil	54,28,50
Total	304,98,39	476,73,91
III. Secured Borrowings included in I	Nil	Nil
SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS		
I. Bills Payable	181,97,57	117,51,30
II. Inter-Office Adjustments (net)	1,84	Nil
III. Interest Accrued	107,81,59	78,43,26
IV. Others (including Provisions)	357,20,81	358,97,38
Total	647,01,81	554,91,94
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in Hand (including foreign currency notes)	128,18,32	92,30,71
II Balances with Reserve Bank of India		
i) In Current Accounts	911,93,00	924,02,93
ii) In Other Accounts	Nil	Nil
Total	1040,11,32	1016,33,64

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2014	AS ON 31.03.2013
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
a) In Current Accounts	393,95,52	426,20,84
b) In Other Deposit Accounts	23,17,00	34,00,00
	<u>417,12,52</u>	<u>460,20,84</u>
ii) Money at Call and Short notice		
a) With Banks	50,00,00	57,50,00
b) With Other Institutions	199,66,87	149,76,88
Total	<u>666,79,39</u>	<u>667,47,72</u>
II. Outside India		
In Current Accounts	20,35,06	32,38,73
In Deposit Accounts	452,35,83	54,28,50
Total	<u>472,70,89</u>	<u>86,67,23</u>
Grand Total	<u>1139,50,28</u>	<u>754,14,95</u>
SCHEDULE - 8 INVESTMENTS		
I. In India		
i) Government Securities	5318,97,01	4564,35,95
ii) Other Approved Securities	Nil	Nil
iii) Shares	30,55,09	37,42,75
iv) Debentures and Bonds	42,70,29	30,39,33
v) Subsidiaries / Joint Ventures	Nil	Nil
vi) Others	561,33,35	634,62,30
Total	<u>5953,55,74</u>	<u>5266,80,33</u>
Gross Investments in India	<u>5955,27,74</u>	<u>5267,83,33</u>
Less : Provision for Invt. Depn	1,72,00	1,03,00
Net Investments in India	<u>5953,55,74</u>	<u>5266,80,33</u>
II. Outside India	Nil	Nil
Grand Total	<u>5953,55,74</u>	<u>5266,80,33</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2014	AS ON 31.03.2013
SCHEDULE - 9 ADVANCES		
A. i) Bills Purchased and Discounted	362,43,77	294,37,04
ii) Cash Credits, Overdrafts and Loans repayable on Demand	10400,86,98	9970,57,19
iii) Term Loans	5333,52,97	4981,11,50
Total	16096,83,72	15246,05,73
B. i) Secured by tangible assets (includes advances against Book debts)	15463,13,78	14681,11,25
ii) Covered by Bank / Government Guarantees	298,10,69	268,45,70
iii) Unsecured	335,59,25	296,48,78
Total	16096,83,72	15246,05,73
C. I. Advances in India		
i) Priority Sector	7409,84,39	5740,17,19
ii) Public Sector	298,10,69	268,45,70
iii) Others	8388,88,64	9237,42,84
Total	16096,83,72	15246,05,73
II. Advances outside India	Nil	Nil
Grand Total	16096,83,72	15246,05,73
SCHEDULE - 10 FIXED ASSETS		
I. Premises		
i) At Cost as on 31st March of the preceding year	39,99,01	36,21,99
ii) Additions during the year	15,45,20	3,77,02
iii) Sales / Adjustments during the year	Nil	Nil
Total	55,44,21	39,99,01
iv) Depreciation to date	9,30,45	8,33,59
Total	46,13,76	31,65,42

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2014	AS ON 31.03.2013
II. Other Fixed Assets (including Furniture and Fixtures)		
i) At Cost as on 31st March of the preceding year	240,07,64	175,62,07
ii) Additions during the year	79,12,07	67,72,56
Total	319,19,71	243,34,63
iii) Deductions / Adjustments during the year	15,18,31	3,26,99
Total	304,01,40	240,07,64
iv) Depreciation to date	167,20,00	130,45,13
Total	136,81,40	109,62,51
Grand Total	182,95,16	141,27,93

SCHEDULE - 11 OTHER ASSETS

I. Inter office Adjustments	Nil	7,37,93
II. Interest accrued	124,59,15	113,87,56
III. Tax paid in Advance / Tax deducted at source	259,35,29	293,90,78
IV. Stationery and Stamps	60,40	43,61
V. Others	196,31,51	136,85,76
Total	580,86,35	552,45,64

SCHEDULE - 12 CONTINGENT LIABILITIES

I. Claims against Bank not acknowledged as debts	2,97,92	2,28,70
II. Liability for partly paid Investments	Nil	Nil
III. Liability on account of outstanding Forward Exchange Contracts	3661,48,27	4496,44,71
IV. Guarantees given on behalf of constituents	968,53,55	936,97,06
- In India		
- Outside India	8,77,92	4,05,44
V. Acceptances, endorsements and other obligations	470,93,36	600,59,23
VI. Other items for which the Bank is contingently liable	42,40	3,05,90
Total	5113,13,42	6043,41,04

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
SCHEDULE - 13 INTEREST EARNED		
I. Interest / Discount on Advances / Bills	2092,11,89	1812,22,70
II. Income on Investments	438,03,43	372,29,29
III. Interest on Balances with Reserve Bank of India and other Inter-Bank funds	15,77,99	4,23,01
IV. Others	Nil	Nil
Total	2545,93,31	2188,75,00
SCHEDULE - 14 OTHER INCOME		
I. Commission, Exchange and Brokerage	40,08,07	41,35,08
II. Profit/Loss on sale of Investments (net)	22,82,79	17,05,15
III. Profit/Loss on revaluation (Amortization)	Nil	Nil
IV. Profit on sale of Land, Buildings and other assets	38,76	26,72
V. Profit on Exchange transactions (net)	32,67,40	18,38,12
VI. Miscellaneous Income	205,22,91	196,58,61
Total	301,19,93	273,63,68
SCHEDULE - 15 INTEREST EXPENDED		
I. Interest on Deposits	1734,00,56	1504,51,77
II. Interest on RBI/Inter-Bank Borrowings	12,87,72	24,90,57
III. Others	39,66,07	35,31,63
Total	1786,54,35	1564,73,97
SCHEDULE - 16 OPERATING EXPENSES		
I. Payments to and provision for employees	185,62,13	150,87,38
II. Rent, taxes and lighting	71,54,36	56,36,21
III. Printing and Stationery	9,45,68	9,42,14
IV. Advertisement and publicity	19,81,51	18,52,60
V. Depreciation on Bank's property	37,71,72	24,68,07
VI. Directors' fees, allowances and expenses	42,89	39,70
VII. Auditors' fees and expenses	1,96,53	1,84,49
VIII. Law charges	38,88	46,94
IX. Postage, Telegrams, Telephone, etc.	15,46,44	10,82,18
X. Repairs and Maintenance	41,18,49	22,86,72
XI. Insurance	22,82,89	17,82,86
XII. Other expenditure	73,19,93	60,10,68
Total	479,61,45	374,19,97

NOTES ON ACCOUNTS
1. CAPITAL

(₹ in crore)

Sl. No.	Particulars	31st March 2014		31st March 2013	
		Basel II	Basel III	Basel II	Basel III
i)	Common Equity Tier 1 Capital Ratio (%)	NA	14.43%	NA	NA
ii)	Tier 1 Capital ratio (%)	14.48%	14.43%	13.27%	NA
iii)	Tier 2 Capital ratio (%)	0.63%	0.58%	0.71%	NA
iv)	Total Capital ratio (CRAR) (%)	15.11%	15.01%	13.98%	NA
v)	Percentage of the shareholding of the Government of India in Public Sector Banks	NA		NA	
vi)	Amount of Equity Capital raised	6.83 *		6.62	
vii)	Amount of Additional Tier 1 Capital raised; of which, PNCPS PDI	Nil		Nil	
viii)	Amount of Tier 2 Capital raised; of which, Debt Capital Instrument Preference Share Capital Instruments - PCPS / RNCPS / RCPS	Nil		Nil	

* During the year 2013-14, the Bank has received call money of face value amounting to ₹ 6.45 crore in respect of 12,89,87,972 partly paid equity shares issued by way of Rights and ₹ 0.38 crore pursuant to exercise of 38,00,405 shares under ESOP. The Rights issue expenses of ₹ 2.51 crore has been netted against Share Premium. An application is being made to the Reserve Bank of India, seeking necessary approval for the expenses incurred.

2. INVESTMENTS

(₹ in crore)

Particulars	31st March 2014	31st March 2013
(1) Value of Investments		
(i) Gross value of investments		
(a) In India	5955.28	5267.83
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	1.72	1.03
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	5953.56	5266.80
(b) Outside India	Nil	Nil
(2) Movement of provisions held towards depreciation on Investments		
(i) Opening Balance	1.03	7.45
(ii) Add: Provisions made during the year	0.83	Nil
(iii) Less: Write-off / Write-back of excess provisions during the year	0.14	6.42
(iv) Closing Balance	1.72	1.03

2.1. Repo Transactions (in face value terms)

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31st March 2014
Securities sold under Repo				
i) Government Securities	15.60	358.80	47.93	270.40
ii) Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse Repo				
i) Government Securities	5.20	234.00	7.03	Nil
ii) Corporate debt securities	Nil	Nil	Nil	Nil

2.2 Non-SLR Investment Portfolio
i) Issuer Composition of Non-SLR Investments

(₹ in crore)

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of below "Investment Grade" Securities	Extent of "Unrated Securities"	Extent of "Unlisted Securities"
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	28.50	21.88	Nil	Nil	Nil
2	Financial Institutions	3.01	Nil	Nil	Nil	1.00
3	Banks	30.51	14.00	Nil	Nil	Nil
4	Private Corporates	12.96	2.57	Nil	Nil	2.57
5	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
6	Others *	561.33	1.88	Nil	Nil	1.88
	Total (1 to 6)	636.31	40.33	Nil	Nil	5.45
7	Provision held towards depreciation	1.72	***	***	***	***
	BALANCE	634.59	40.33	Nil	Nil	5.45

* Includes deposits with NABARD (RIDF), SIDBI, NHB of ₹ 559.45 crore and investments in Security Receipts of ₹ 1.88 crore.

ii) Non Performing non SLR Investments

(₹ in crore)

Particulars	31st March 2014	31st March 2013
Opening Balance	Nil	Nil
Additions during the year since 1st April	Nil	Nil
Reductions during the above period	Nil	Nil
Closing Balance	Nil	Nil
Total provisions held	Nil	Nil

2.3 Sale and Transfer to / from HTM category:

The value of sales and transfer of securities to / from HTM category doesn't exceeds 5 percent of the book value of investments held in HTM category at the beginning of the year. Hence no disclosure required.

The Bank in terms of RBI circular DBOD. BP. BC. No. 41/21.04.141/2013-14 dated August 23, 2013 has transferred SLR securities of ₹ 541 crore from AFS to HTM category and booked a loss of ₹ 0.26 crore on the transfer of such securities.

3. DERIVATIVES

3.1 Forward Rate Agreement / Interest Rate Swap:

(₹ in crore)

Sl. No.	Particulars	31st March 2014	31st March 2013
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the bank upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

3.2 Exchange Traded Interest Rate Derivatives

(₹ in crore)

Sl. No.	Particulars	31st March 2014	31st March 2013
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2014 (instrument-wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

3.3 Disclosures on risk exposure in derivatives:

3.3.1 - Qualitative Disclosure:

A. Structure and Organisation for Management of risk in derivatives trading

Operations in the Treasury are segregated into three functional areas, namely Front office, Mid-office and Back-office, equipped with necessary infrastructure and trained officers, whose responsibilities are well defined. The Bank enters into plain vanilla forward contracts only to backup/cover customer transactions as also for proprietary trading purpose.

The Integrated Treasury policy of the Bank clearly lays down the scope of usages, approval process as also the limits like the open position limits, deal size limits and stop loss limits for trading.

The Mid-Office is handled by Risk Management Department. Daily report is generated by Risk Management department for appraisal of the risk profile to the senior management for Asset and Liability Management.

B. Scope and nature of risk measurement, risk reporting and risk monitoring systems

Outstanding forward contracts are monitored by Risk Management Department against the limits (counterparty, stop loss, Open Position, VaR, Aggregate Gap) fixed by the Board and approved by RBI (wherever applicable) and exceedings, if any, are reported to the Board for ratification.

C. Policies for hedging and/or mitigating and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants

The Bank's policy lays down that the transactions with the corporate clients are to be undertaken only after the inherent credit exposures are quantified and approved for customer appropriateness and suitability and necessary documents like ISDA agreements etc. are duly executed. The Bank adopts Current Exposure Method for monitoring the credit exposures.

While sanctioning the limits, the competent authority stipulates condition of obtaining collaterals/margin as deemed appropriate. The derivative limits are reviewed periodically along with other credit limits.

D. Accounting policy for recording the hedge and non-hedge transactions, recognition of Income premiums and discounts, valuation of outstanding contracts, provisioning, collateral and credit risk mitigation

Valuation of outstanding forward contracts are done as per FEDAI guidelines in force. Marked to market profit & loss are taken to Profit & Loss account. MTM profit & loss calculated as per Current Exposure method are taken into account while sanctioning forward contract limits to customers and collaterals/cash margins are prescribed for credit and market risks.

The Bank undertakes foreign exchange forward contracts for its customers and hedges them with other banks. The credit exposure on account of forward contracts is also considered while arriving at the total exposure of each customer/borrower. The Bank also deals with other banks in proprietary trading duly adhering to risk limits permitted by RBI, set in the policy and is monitored by mid-office. The Marked to Market values are monitored on monthly basis for foreign exchange forward contracts. The credit equivalent is computed under current exposure method. The operations are conducted in terms of the policy guidelines issued by Reserve Bank of India from time to time and as approved by the Board of the Bank.

3.3.2 - Quantitative Disclosure:

(₹ in crore)

SI. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
(i)	Derivatives (Notional Principal Amount)				
	a) for hedging	389.25	154.55	Nil	Nil
	b) for trading	3272.23	4341.89	Nil	Nil
(ii)	Marked to Market Positions (1)				
	a) Assets (+)	98.62	78.12	Nil	Nil
	b) Liability (-)	75.90	77.93	Nil	Nil

3.3.2 - Quantitative Disclosure: (Contd.)

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
(iii)	Credit Exposure (2) @	171.84	168.06	Nil	Nil
(iv)	Likely impact of one percentage change in interest rate (100 * PV01)				
	a) on hedging derivatives	Nil	Nil	Nil	Nil
	b) on trading derivatives	Nil	Nil	Nil	Nil
(v)	Maximum and Minimum of 100 * PV01 observed during the year				
	a) on hedging	Nil	Nil	Nil	Nil
	b) on trading	Nil	Nil	Nil	Nil

@ → Out of the total credit exposure of ₹171.84 crore (₹168.06 crore), exposure to the tune of ₹152.26 crore (₹158.69 crore) is out of Inter-Bank deals accepted for guaranteed settlement by Clearing Corporation of India (CCIL) and exposure to the tune of ₹ 15.17 crore (₹5.43 crore) is out of other Inter-Bank deals. Balance ₹4.41 crore is out of forward contracts outstanding with customers.

4. ASSET QUALITY
4.1. Non-Performing Assets

(₹ in crore)

Sl. No.	Particulars	31st March 2014	31st March 2013
(i)	Net NPAs to Net Advances (%)	1.23%	0.63%
(ii)	Movement of Gross NPAs		
	Opening balance	173.10	123.54
	Additions during the year	456.21	223.43
	Reductions during the year	336.25	173.87
	Closing balance	293.06	173.10
(iii)	Movement of Net NPAs		
	Opening balance	96.39	54.04
	Additions during the year (Net)	364.97	159.28
	Reductions during the year	264.07	116.93
	Closing balance	197.29	96.39
(iv)	Movement of provisions for NPAs (excluding provisions on Standard Assets)		
	Opening balance	76.41	68.41
	Provisions made during the year	148.50	* 106.00
	Write-off / Write back of excess provisions	129.14	98.00
	Closing balance	95.77	76.41

* includes floating provision.

4.2 Particulars of Accounts Restructured

As per Annexure I.

4.3 Details of financial assets sold to Securitisation / Reconstruction company for Asset Reconstruction (₹ in crore)

Sl. No.	Particulars	31st March 2014	31st March 2013
a.	Number of Accounts	Nil	Nil
b.	Aggregate value (Net of provisions) of accounts sold to SC / RC	Nil	Nil
c.	Aggregate consideration	Nil	Nil
d.	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
e.	Aggregate gain / loss over net book value	Nil	Nil

4.4 Details of Non-performing financial assets purchased / sold
4.4.1 Details of non performing financial assets purchased.

(₹ in crore)

Sl. No.	Particulars	31st March 2014	31st March 2013
1.	a) Number of accounts purchased during the year	Nil	Nil
	b) Aggregate outstanding	Nil	Nil
2.	a) Of these, No. of a/cs restructured during the year	Nil	Nil
	b) Aggregate outstanding	Nil	Nil

4.4.2 Details of non performing financial assets sold

(₹ in crore)

Sl. No.	Particulars	31st March 2014	31st March 2013
1.	Number of accounts sold during the year	113	4
2.	Aggregate outstanding	57.94	Nil
3.	Aggregate consideration received	59.65	6.75

4.5 Provisions on Standard Assets

(₹ in crore)

Particulars	31st March 2014	31st March 2013
Provision towards Standard Assets	67.70	60.80

5. BUSINESS RATIOS

Particulars	31st March 2014	31st March 2013
Interest Income as a percentage to Working Funds	10.55%	10.71%
Non-Interest Income as a percentage to Working Funds	1.25%	1.34%
Operating Profit as a percentage to Working Funds	2.41%	2.56%
Return on Assets	1.44%	1.58%
Business per employee (₹ in crore)	9.06	9.38
Profit per employee (₹ in crore)	0.08	0.09

6. ASSET LIABILITY MANAGEMENT
Maturity Pattern of certain items of Assets and Liabilities - 31st March, 2014

(₹ in crore)

Period	Deposits	Advances	Investments	Borrowing	Foreign Currency Assets	Foreign Currency Liabilities
1 day	36.08	37.20	Nil	0.03	24.63	2.85
2 to 7 days	241.25	256.19	26.98	Nil	254.22	147.81
8 to 14 days	518.61	1237.11	Nil	Nil	9.29	2.96
15 to 28 days	533.98	195.20	270.36	Nil	24.25	4.89
29 days to 3 months	1108.33	294.33	1008.93	Nil	761.93	834.22
Over 3 months & upto 6 months	863.19	367.41	1036.10	133.86	501.39	530.99
Over 6 months & upto 1 year	1708.08	3936.60	1225.59	13.86	604.45	658.63
Over 1 year & upto 3 years	15850.19	6355.73	1447.44	65.44	13.39	25.14
Over 3 years & upto 5 years	1068.14	1166.31	142.19	91.79	6.97	24.70
Over 5 years	89.04	2250.76	795.96	Nil	1.83	Nil
Total	22016.89	16096.84	5953.55	304.98	2202.35	2232.19

The above classification has been made on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

7. EXPOSURES
7.1 Exposure to Real Estate Sector

(₹ in crore)

Category	31st March 2014	31st March 2013
A) Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; *	858.82	687.14
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also includes Non-Fund Based (NFB) limits (Fund Based ₹ 939.70 crore + NFB ₹ 9.90 crore)	949.60	858.00
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures - a. Residential b. Commercial Real Estate	Nil Nil	Nil Nil
B) Indirect Exposure		
Fund Based and Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) - (Fund Based ₹ 3.29 crore)	3.29	5.55
Total Exposure to Real Estate Sector	1811.71	1550.69

* includes Individual housing loans eligible for inclusion in priority sector advances amounting to ₹ 439.09 crore for the year ended 31.03.2014 and ₹ 396.76 crore for the previous year 31.03.2013.

7.2 Exposure to Capital Market

(₹ in crore)

Sl. No.	Particulars	31st March 2014	31st March 2013
1.	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	29.55	40.21
2.	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investments in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	0.12	0.51
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units or equity oriented mutual funds are taken as primary security.	1.43	2.85
4.	Advances for any other purposes to the extent secured by the collateral security of the shares or convertible bonds or convertible debentures or units of equity oriented mutual funds. i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	63.59	69.75
5.	Secured and Unsecured Advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	54.11	58.97
6.	Loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	Nil	Nil
7.	Bridge loans to companies against expected equity flows / issues.	Nil	Nil
8.	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	Nil	Nil
9.	Financing to stock brokers for margin trading.	Nil	Nil
10.	All exposures to venture capital funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	148.80	172.29

7.3 Risk Category-wise Country Exposure *

(₹ in crore)

Risk Category	Exposure (net) as at March 2014	Provision held as at March 2014	Exposure (net) as at March 2013	Provision held as at March 2013
Insignificant (A1)	491.03	Nil	136.66	Nil
Low (A2)	53.95	Nil	67.28	Nil
Moderately Low (B1)	68.19	Nil	1.24	Nil
Moderate (B2)	Nil	Nil	0.05	Nil
Moderately High (C1)	0.40	Nil	Nil	Nil
High (C2)	Nil	Nil	Nil	Nil
Very High (D)	Nil	Nil	Nil	Nil
Total	613.57	Nil	205.23	Nil

* Based on categorization followed by Export Credit Guarantee Corporation of India Ltd.

7.4 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank

Single Borrower Limit / Group Borrower Limit has not exceeded during the year.

7.5 Unsecured Advances - Advances secured by intangible securities such as Rights, licences, authorisations, etc. - NIL

7.6 Amount of Provisions for Income-tax for the year

(₹ in crore)

Particulars	31st March 2014	31st March 2013
Provision for Income Tax	55.12	80.16
Deferred Tax	11.38	0.84

8. PENALTIES IMPOSED BY RBI

No penalty was imposed on the bank by the Reserve Bank of India during the year.

9. DISCLOSURES AS PER ACCOUNTING STANDARDS

The bank has complied with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India and the following disclosures are made in accordance with RBI's guidelines.

i) Prior Period Items - AS 5

There are no material prior period items of Income / Expenditure during the year requiring disclosure.

ii) Revenue Recognition - AS 9

As mentioned in Accounting Policy (2) of Income / Expenditure of certain items recognised on cash basis.

iii) Employee Benefits - AS 15

The liability towards Gratuity is met through annual premium payments determined on actuarial valuation by Life Insurance Corporation of India under their Group Gratuity Life Assurance Scheme.

The Bank and its employees contribute a defined sum every month to City Union Bank Employees Pension Fund Superannuation Scheme of Life Insurance Corporation of India to meet the post retirement annuity payments of its employees.

Leave encashment benefits of employees are provided on an actuarial basis but not funded.

- a) The summarized position of the employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard-15 (Revised) is as Under - Leave Encashment .

i) Changes in the present value of the obligations: (₹ in crore)

Particulars	31st March 2014
Present value of obligation as at the beginning of the year	21.74
Interest cost	1.59
Current service cost	0.20
Past service cost - (non vested benefits)	Nil
Past service cost - (vested benefits)	Nil
Benefits paid	(3.57)
Actuarial (gain) / loss on obligation	6.68
Present value of obligation at year end	26.64

ii) Amount recognized in Balance Sheet : (₹ in crore)

Particulars	31st March 2014
Closing Present value obligation	26.64
Fair value of Plan Assets	Nil
Difference	26.64
Unrecognised transitional liability	Nil
Unrecognised past service cost - non vested benefits	Nil
Liability recognized in the balance sheet	26.64

iii) Expenses recognized in Profit & Loss account : (₹ in crore)

Particulars	31st March 2014
Current Service cost	0.20
Interest cost	1.59
Expected return on Plan Assets	Nil
Net Actuarial (gain) / loss recognised in the year	6.68
Total expenses recognized in the Profit & Loss Account	8.47

iv) Principal actuarial assumption at the Balance Sheet Date:

Particulars	31st March 2014
Discount factor	8.80%
Salary escalation rate	6.00%
Attrition rate	6.00%
Expected rate of return on Plan Assets	Nil

iv) Segment Reporting - AS 17

Summary of the Operating Segments of the Bank as follows:

(₹ in crore)

BUSINESS SEGMENTS	TREASURY		CORPORATE / WHOLESALE BANKING		RETAIL BANKING		OTHER BANKING OPERATIONS		TOTAL	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Particulars										
Revenue	509.31	411.95	704.26	703.76	1624.38	1335.49	9.18	11.19	2847.13	2462.39
Result	105.48	92.99	163.71	207.14	305.19	214.24	6.59	9.08	580.97	523.45
Unallocated Expenses									Nil	Nil
Operating Profit									580.97	523.45
Other Prov & Contingencies									167.40	120.43
Income Taxes									66.50	81.00
Extraordinary profit / loss	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Profit									347.07	322.02
Other Information:										
Segment Assets	7562.62	6433.27	5343.59	5356.25	11518.10	10658.17	Nil	Nil	24424.31	22447.69
Unallocated Assets									569.52	529.39
Total Assets									24993.83	22977.08
Segment Liabilities	7122.19	6295.87	4908.74	4910.49	10580.74	9771.08	Nil	Nil	22611.67	20977.44
Unallocated Liabilities									357.23	358.97
Total Liabilities									22968.90	21336.41
Segment Capital	440.43	137.40	434.85	445.76	937.36	887.09	Nil	Nil	1812.64	1470.25
Unallocated Capital									212.29	170.42
Capital Employed									2024.93	1640.67

Part B - Geographic Segment:

The bank operates only in India.

v) Related Party disclosures - AS 18

(i) Related Parties:

Parent / Subsidiaries / Associates / JV - NIL

Key Management Personnel - Dr. N. Kamakodi

(ii) Related Party Transactions:

a) as Remuneration : ₹ 24,90,000/-

b) as Loan availed - Outstanding as on 31.03.2014 : ₹ 43,08,112/-

vi) Earning Per share - AS 20

The details of EPS computation is set out below:

Particulars	31st March 2014	31st March 2013
Earnings for the year (₹ in thousands)	347,07,43	322,01,71
Basic weighted average number of shares (Nos)	51,85,36,401	48,43,33,119
Basic EPS (₹)	6.69	6.65
Dilutive effect of stock options (Nos)	41,58,100	41,58,100
Diluted weighted average number of shares (Nos)	52,26,94,501	48,84,91,219
Diluted EPS (₹)	6.64	6.59
Nominal value of shares (₹)	1	1

vii) Consolidated Financial Statements (CFS) - AS 21

The bank has no subsidiaries.

viii) Accounting for Taxes on Income - AS 22

 The major components of the Deferred Tax Asset and Liabilities as at 31st March 2014 are as follows:

(₹ in crore)

Components	31st March 2014	31st March 2013
Deferred Tax Liability:		
Depreciation on Fixed Assets	4.00	1.62
Accrued Interest on Investments	26.14	21.18
Special Reserve under IT Act *	40.45	Nil
Total Deferred Tax Liability (A)	70.59	22.80
Deferred Tax Asset:		
Provision for Advances (NPA)	16.85	10.75
Leave encashment	9.05	9.02
Provision for FITL	1.30	1.30
Total Deferred Tax Asset (B)	27.20	21.07
Net Deferred Tax Liability / (Asset) - (A-B)	43.39	1.73

* In accordance with RBI circular no. DBOD. No. BP. BC. 77/21.04.018/2013-14 dated 20th December 2013, the Bank by debiting Revenue reserves has created Deferred Tax liability of ₹ 30.25 crore on Special Reserve as at 31st March 2013 under Section 36 (1) (viii) of the Income tax Act, 1961.

Provision for Deferred Tax Liability (DTL) on deduction claimed under Section 36 (1) (viii) of the Income tax Act, 1961 has also been made amounting to ₹ 10.19 crore during the financial year 2013-14.

ix) Accounting for Investments in Associates in CFS - AS 23

The bank has no Associates.

x) Discontinuing Operations - AS 24

The bank has not discontinued any operations.

xi) Intangible Assets - AS 26

The Bank has followed AS 26 - "Intangible Asset" issued by ICAI and the guidelines issued by RBI and has been consistent with the compliance.

xii) Impairment of Assets - AS 28

In the opinion of the management there is no impairment to the assets to which AS 28 - "Impairment of Assets" applies.

xiii) Provisions & Contingencies - AS 29

The details of the provisions and contingencies, contingent liabilities, the movement of provisions on NPA's and depreciation on investments which are considered material are disclosed elsewhere under the appropriate headings as per RBI guidelines.

10. ADDITIONAL DISCLOSURES
10.1 Break up of Provisions and Contingencies

(₹ in crore)

Particulars	31st March 2014	31st March 2013
Provision for		
- Depreciation on Investments (net)	1.10	0.28
- Non Performing Assets	148.50	97.00
- Standard Assets	6.90	14.20
- Income Tax	66.50	81.00
- Restructured Accounts	10.90	8.00
- Others	Nil	0.95
Total	233.90	201.43

10.2.1 Movement in Countercyclical Provisioning Buffer for NPA

(₹ in crore)

Sl.No.	Particulars	31st March 2014	31st March 2013
a)	Opening Balance	19.30	19.30
b)	Additions during the year	Nil	Nil
c)	Deductions during the year	Nil	Nil
d)	Closing Balance	19.30	19.30

10.2.2 Movement in Floating Provisions

(₹ in crore)

Sl.No.	Particulars	31st March 2014	31st March 2013
a)	Opening Balance	9.00	9.00
b)	Additions during the year	Nil	Nil
c)	Deductions during the year	Nil	Nil
d)	Closing Balance	9.00	9.00

10.3 Drawdown from Reserves

The Bank has not drawn any amount from Reserves during the year, except for providing Deferred Tax Liability on Special Reserve under Section 36 (1) (viii) of the Income tax Act, 1961 as mentioned in para 9 (viii).

10.4 Customer Complaints

SI.No.	Particulars	
a)	No. of complaints pending at the beginning of the year	2
b)	No. of complaints received during the year	143
c)	No. of complaints redressed during the year	143
d)	No. of complaints pending at the end of the year	2

10.5 Awards passed by the Banking Ombudsman

SI.No.	Particulars	
a)	No. of unimplemented Awards at the beginning of the year	Nil
b)	No. of Awards passed by Banking Ombudsman during the Year	Nil
c)	No. of Awards implemented during the year	Nil
d)	No. of unimplemented Awards pending at the end of the year	Nil

10.6 Letters of Comfort issued in during financial year 2013-14 : NIL
10.7 Provision Coverage Ratio (PCR)

The Provision Coverage Ratio (PCR) of the bank as on 31.03.2014 is 61.74%.

10.8 Bancassurance Business

Income from Bancassurance Business for the financial year 2013-14 : ₹ 3.97 crore.

10.9 Concentration of Deposits, Advances, Exposures and NPAs
10.9.1 Concentration of Deposits - 31st March 2014

(₹ in crore)

Total Deposits of twenty largest depositors	2726.26
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	12.38%

10.9.2 Concentration of Advances - 31st March 2014

(₹ in crore)

Total Advances to twenty largest borrowers	1662.32
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	10.24%

10.9.3 Concentration of Exposures - 31st March 2014

(₹ in crore)

Total Exposure to twenty largest borrowers / customers	1662.32
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	10.24%

10.9.4 Concentration of NPAs - 31st March 2014

(₹ in crore)

Total Exposure to top four NPA accounts	180.11
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10.10 Sector-wise NPAs

Sl.No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	1.20
2	Industry (Micro & Small, Medium and Large)	4.54
3	Services	0.86
4	Personal Loans	1.59

10.11 Movement of NPAs

(₹ in crore)

Particulars	31st March 2014	31st March 2013
Gross NPAs as on 1st April 2013	173.10	123.54
Additions (Fresh NPAs) during the year	456.21	223.43
Sub-Total (A)	629.31	346.97
Less:-		
(i) Upgradations	16.80	23.20
(ii) Recoveries (excluding recoveries made from upgraded accounts)	186.54	48.66
(iii) Technical / Prudential write-offs	122.64	98.89
(iv) Write-offs other than those under (iii) above	10.27	3.12
Sub-Total (B)	336.25	173.87
Gross NPAs as on 31st March 2014 (A-B)	293.06	173.10

Stock of technical write-offs and the recoveries made thereon

(₹ in crore)

Particulars	31st March 2014	31st March 2013
Opening Balance of Technical / Prudential written-off accounts as at 1 st April 2013	154.39	109.49
Add : Technical / Prudential write-offs during the year	122.64	98.89
Sub-Total (A)	277.03	208.38
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	54.43	53.99
Closing Balance as at 31 st March 2014 (A - B)	222.60	154.39

10.12 Overseas Assets, NPAs and Revenue

(₹ in crore)

Particulars	31st March 2014
Total Assets	Nil
Total NPAs	Nil
Total Revenue	Nil

10.13 Off-Balance Sheet SPVs sponsored

The Bank has not sponsored any SPVs. (Domestic / Overseas)

10.14 Unamortized Pension and Gratuity Liabilities – NIL

10.15 Disclosures on remuneration
Qualitative Disclosures :

(a)	Information relating to the composition and mandate of the Remuneration Committee.	Compensation Committee comprising of three members constituted to oversee the framing, review and implementation of Compensation Policy.
(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p><u>Key Features:</u></p> <p>i) Board oversees the design of the compensation package and operations.</p> <p>ii) Compensation commensurate with the responsibility and accountability.</p> <p><u>Objectives:</u></p> <p>a) Alignment of compensation with prudent risk taking.</p> <p>b) Effective Supervisory oversight.</p> <p>c) Sound Compensation Practices.</p>
(c)	Description of the ways in which current and future risks are taken in to account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Compensation related to the types of risks and symmetric with risk outcomes.
(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	Qualitative features such as skills, knowledge and abilities are factored in.
(e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	<p>i) ESOP and Reservation in Rights Issue to be the components of share based payment</p> <p>ii) Ex-gratia payment to be denied only in extreme cases of indiscipline, misuse of trust etc.</p>
(f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	Financial incentives, Ex-gratia and ESOPs form part of variable remuneration components.

Quantitative Disclosures :		Current Year	Previous Year
(g)	Number of meeting held by the remuneration committee during the financial year and remuneration paid to its members.	Eight meetings were held during the financial year (1 - Rights Issue & 7 Compensation Committee) and the total remuneration paid during the year - ₹ 1,50,000/-	Five meetings were held during the financial year (4 - Rights Issue & 1 - Compensation Committee) and the total remuneration paid during the year - ₹ 60,000/-
(h)	<p>(i) Number of employees having received a variable remuneration award during the financial year.</p> <p>(ii) Number and total amount of sign-on awards made during the financial year.</p> <p>(iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus.</p> <p>(iv) Details of severance pay, in addition to accrued benefits, if any.</p>	N I L	N I L

(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in financial year.	NIL	NIL
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NIL	NIL
(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to Ex-post explicit and/or implicit adjustments. (ii) Total amount of reductions during the financial year due to Ex-post explicit adjustments. (iii) Total amount of reductions during the financial year due to Ex-post implicit adjustments.	NIL	NIL

10.16 Income Tax

Provision for income tax in the current year is consistent with earlier years after considering various judicial decisions on certain disputed issues.

No provision is considered necessary for earlier years towards disputed tax liability since for the tax claim of ₹ 249 crore (under Appeal), the bank has to its support appellate orders decided in its favour on similar issues.

10.17 Inter - Branch Reconciliation

Reconciliation of Central Office accounts maintained by branches has been completed upto 31.03.2014. Adjustment of outstanding entries in Inter - Branch Reimbursement account, Clearing Difference Receivable, Funds in Transit and other similar accounts is in progress. In the opinion of the management, there is no consequential material impact.

10.18 Employees Stock Option

The bank has allotted 38,00,405 shares during the year to its eligible employees who have exercised their options granted under ESOS of the Bank.

10.19 Credit Default Swaps

The bank has not entered into Credit Default Swaps during the Current Financial Year.

10.20 In the absence of notification under Sec 441 A of the Companies Act, 1956 on the cess leviable for the purpose of rehabilitation / revival / protection of assets of Sick Industrial Company, no provision has been made for the same during the year.

10.21 There are no dues to Micro and Small Enterprises calling for disclosure as at 31st March 2014 as per the records available.

10.22 Previous year's figures have been regrouped wherever necessary to conform to the current year classification.

ANNEXURE - I
PARTICULARS OF RESTRUCTURED ACCOUNTS - YEAR ENDED 31.03.2014

(₹ in crore)

No	Type of Restructuring	Under CDR MECHANISM						Under SME Debt Restructuring Mechanism						OTHERS						TOTAL					
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total				
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	2	Nil	Nil	Nil	2	9	4	4	17	2	4	1	3	6	13	5	7	Nil	Nil	25			
		Amount outstanding	31.65	Nil	Nil	Nil	31.65	51.29	1.80	5.11	58.20	110.77	32.50	2.00	2.00	145.27	193.71	34.30	7.11	Nil	Nil	235.12			
		Provision thereon	3.83	Nil	Nil	Nil	3.83	1.02	0.02	0.12	1.16	4.90	0.05	0.04	0.04	4.99	9.75	0.07	0.16	Nil	Nil	9.98			
2	Fresh restructuring during the year	No. of borrowers	3	Nil	Nil	Nil	3	10	Nil	Nil	10	8	Nil	Nil	8	21	Nil	Nil	Nil	Nil	21				
		Amount outstanding	60.38	Nil	Nil	Nil	60.38	11.20	Nil	Nil	11.20	138.76	Nil	Nil	138.76	210.34	Nil	Nil	Nil	Nil	Nil	210.34			
		Provision thereon	4.88	Nil	Nil	Nil	4.88	0.83	Nil	Nil	0.83	4.21	Nil	Nil	4.21	9.92	Nil	Nil	Nil	Nil	Nil	9.92			
3	Upgradations to restructured standard category during the FY	No. of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil	Nil	Nil	Nil	3	3	Nil	Nil	3	Nil	Nil	Nil	Nil	Nil	3	Nil	Nil	Nil	Nil	3			
		Amount outstanding	Nil	Nil	Nil	Nil	21.74	21.74	Nil	Nil	21.74	Nil	Nil	Nil	Nil	21.74	21.74	Nil	Nil	Nil	Nil	21.74			
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
5	Downgradations of restructured accounts during the FY	No. of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
6	Write-offs of restructured accounts during the FY	No. of borrowers	2	Nil	Nil	Nil	2	9	3	4	16	2	1	1	4	13	4	4	5	Nil	Nil	22			
		Amount outstanding	0.52	Nil	Nil	Nil	0.52	6.61	1.66	5.11	13.38	23.28	32.50	1.95	1.95	57.73	30.41	34.16	7.06	Nil	Nil	71.63			
		Provision thereon	3	Nil	Nil	Nil	3	10	1	Nil	11	3	20	Nil	Nil	23	16	21	Nil	Nil	Nil	37			
7	Restructured Accounts as on March 31 of the FY (closing figures*)	Amount outstanding	91.51	Nil	Nil	Nil	91.51	34.23	0.13	Nil	34.36	149.63	76.59	Nil	226.22	275.37	76.72	Nil	Nil	Nil	Nil	352.09			
		Provision thereon	8.99	Nil	Nil	Nil	8.99	1.49	Nil	Nil	1.49	9.38	4.05	Nil	Nil	13.43	19.86	4.05	Nil	Nil	Nil	23.91			
		Total																							

(*) Both opening and closing figures are excluding the figures of standard restructured advances which do not attract higher provisioning and risk weight (if applicable).

1. "Provision thereon" figures represent erosion in Fair Value.

2. Includes a Borrower's Account Restructured as per FRP formulated by CEA.

3. Col. 2 includes ₹ 105.70 crore as additional facility and increase in balance outstanding in respect of 15 borrowers.

4. Col. 6 includes ₹ 34.45 crore of write - off and repayment to the tune of ₹ 37.18 crore.

5. Erosion in Fair Value of Restructured standard accounts which are not part of the above disclosure is ₹ 399.65 crore with an erosion in fair value of ₹ 7.06 crore.

STATEMENT OF ACCOUNTING POLICIES**1. GENERAL**

The financial statements are prepared on historical cost convention and on accrual basis of accounting, unless otherwise stated, by following going concern assumption and conform to the statutory provisions, regulatory guidelines, Accounting Standards, Guidance Notes issued by Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

2. REVENUE RECOGNITION

Income and Expenditure are accounted on accrual basis, except the following:

- a. Interest on non-performed advances and non-performing investments is recognized as per norms laid down by Reserve Bank of India.
- b. Interest on overdue bills, commission, exchange, brokerage and rent on lockers are accounted on realization.
- c. Dividend is accounted when the right to receive the same is established.

In case of suit filed accounts, related legal and the expenses incurred are charged to Profit and Loss Account and on recovery the same are accounted as income.

The financial statements have been prepared on historical cost convention and on accrual basis of accounting, except where stated otherwise and conform to the statutory provisions and practices prevailing within the banking industry in India.

3. FOREIGN EXCHANGE TRANSACTIONS

- a. Assets and Liabilities denominated in Foreign Currencies are translated at the rates notified by FEDAI at the close of the year. Profit or Loss accruing from such transactions is recognized in the Profit and Loss Account.
- b. Income and Expenditure items have been translated at the exchange rates ruling on the date of the transactions.
- c. The Bank does not have a branch in any Foreign Country.
- d. Outstanding Forward Exchange contracts are revalued at the exchange rates notified by FEDAI and the resultant net gain or loss is recognized in the Profit and Loss Account.
- e. Foreign Currency Guarantees, Acceptances, Endorsements and other obligations are reported at the exchange rates prevailing on the date of the Balance Sheet.

4. INVESTMENTS

4.1 As per RBI guidelines, the investments of the Bank are classified into the following categories at the time of acquisition :

- Held to Maturity
- Available for Sale
- Held for Trading

They are further sub - classified and shown in Balance Sheet under the following six categories:

- i) Government Securities ii) Other Approved Securities iii) Shares iv) Debentures and Bonds
- v) Subsidiaries /Joint Ventures and vi) Others

- a) Securities classified under "Held to Maturity" category are valued at acquisition cost. Where the acquisition cost is higher than the face value, such excess of acquisition cost over the face value is amortised over the remaining period to maturity.
 - b) Securities held in "Available for Sale" Category are valued scrip wise as under:
 - i) Government of India Securities are valued at market price as per quotation put out by Primary Dealers' Association of India/ Fixed Income Money Market and Derivatives Association of India & Bloomberg.
 - ii) State Government loans, Trustee Securities, Securities guaranteed by Central/State Governments and PSU Bonds are valued on appropriate Yield to Maturity (YTM) basis as per Primary Dealers' Association of India/ Fixed Income Money Market and Derivatives Association of India guidelines.
 - iii) Treasury Bills/ Certificate of Deposits/ Commercial Papers are valued at carrying cost.
 - iv) Equity Shares are valued at market rate if quoted, otherwise at Break up Value as per the latest Balance Sheet, if available, or ₹1/- per Company.
 - v) Preference shares are valued at market price if quoted or at appropriate YTM basis as per Primary Dealers' Association of India/ Fixed Income Money Market and Derivatives Association of India guidelines.
 - vi) Debentures / Bonds are valued at market price, if quoted, otherwise on an appropriate YTM basis.
 - vii) Mutual Funds are valued at market price, if quoted, or at NAV or Market Price/ Repurchase Price.
 - viii) Security Receipts are valued at NAV as declared by Securitization companies.
 - c) Individual scrips under "Held for Trading" category are valued at Market Price.
- 4.2 Individual scrips in Available for Sale / Held for Trading are valued scrip - wise, aggregated category-wise and net depreciation, if any, for each category is charged to Profit & Loss Account, while net appreciation, if any, is ignored.
 - 4.3 Shifting of securities from one category to another category is carried out lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any on such transfer is fully provided for.
 - 4.4 Profit/Loss on sale of Investments in any category is taken to the Profit & Loss Account. However, in case of sale of investment in "Held to Maturity" category, the profit is first credited to Profit and Loss Account and thereafter an amount equivalent to profit, net of statutory reserve and taxes, is appropriated to the Capital Reserve Account.
 - 4.5 Commission, brokerage, broken period interest etc. on securities incurred on acquisition is debited to Profit and Loss account. Commission, incentives, brokerage received on subscription is deducted from the Cost of the securities.
 - 4.6 The Investments shown in the Balance Sheet are net of Depreciation, if any.
 - 4.7 The Non Performing Investments are identified and provided for as per RBI guidelines.

5. ADVANCES

- 5.1 Advances have been classified as per the Asset Classification norms laid down by the Reserve Bank of India. The required provisioning for Standard Assets and for Non Performing Assets have been made as per the Regulatory Norms.

- 5.2 Advances shown in the Balance Sheet are net of provisions and interest reserve on NPA accounts, technical write - offs, ECGC / DICGC claims received and provisions for Restructured accounts.
- 5.3 Partial recoveries in Non Performing Assets are apportioned first towards charges and interest, thereafter towards principal with the exception of non - performing advances involving compromise settlements in which case the recoveries are first adjusted towards principal.

6. FIXED ASSETS

- 6.1 Premises and other Fixed Assets are accounted at acquisition cost less depreciation.
- 6.2 Depreciation has been provided on the composite value for premises acquired with land and building, where cost of the land is not separately identifiable.
- 6.3 Depreciation in respect of fixed assets is charged on the written down value of the assets from the date of purchase on pro-rata basis at the rates specified under Schedule XIV of the Companies Act, 1956, except in the case of computers and operating software which are depreciated @ 33.33 % on straight line method as per RBI guidelines.

7. STAFF BENEFITS

- 7.1 Provision towards leave encashment is accounted on actuarial basis in accordance with the guidelines contained in Accounting Standard 15 (Revised 2005) issued by ICAI.
- 7.2 Liability for Gratuity to staff is contributed to the Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.
- 7.3 Payments to defined contribution schemes such as Provident Fund and Employees Pension Fund Superannuation Scheme of Life Insurance Corporation of India are charged as expenses as they fall due.

8. EMPLOYEES STOCK OPTION SCHEME

The Employee Stock Option Scheme provides for grant of equity stock options to employees that vest in a graded manner. The Bank follows the intrinsic value method to account for its employee compensation costs arising from grant of such options. The excess of fair market price over the exercise price shall be accounted as employee compensation cost in the year of vesting. The fair market price is the latest closing price of the shares on the stock exchanges in which shares of the Bank are largely traded immediately prior to the date of meeting of the compensation committee in which the options are granted.

9. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit of the year by the weighted average number of equity shares.

Diluted earning per share is computed using the weighted average number of equity shares and dilutive potential equity shares.

10. IMPAIRMENT OF ASSETS

An assessment is made at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, an estimate of the recoverable amount is made and impairment loss, if any, is provided for.

11. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

11.1 In conformity with AS.29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Bank recognizes provision only when:

- a) It has a present obligation as a result of a past event.

- b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- c) When a reliable estimate of the amount of the obligation can be made.

11.2 No provision is recognized for:

- i. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank; or
- ii. Any present obligation that arises from past events but is not recognized because
 - a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
 - b. A reliable estimate of the amount of obligation cannot be made. Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

11.3 Contingent Assets are not recognized in the financial statements.

12. INCOME TAX

Income Tax comprises current tax and deferred tax for the year. The deferred tax assets/liability is recognised in accordance with Accounting Standard-22 issued by the Institute of Chartered Accountants of India.

13. NET PROFIT

The Net Profit disclosed in the Profit and Loss Account is after considering:

- 13.1 Provision for taxes on income in accordance with statutory requirements.
- 13.2 Provision for bad and doubtful advances and investments.
- 13.3 Contingent provision for Standard Assets.
- 13.4 Other usual and necessary provisions.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in thousands)

	2013-2014	2012-2013
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per P&L account	347,07,43	322,01,71
Adjustments for		
Depreciation	37,71,72	24,68,07
Provisions & Contingencies - Tax	66,50,00	81,00,00
Provisions & Contingencies - Others	167,40,01	120,43,03
Profit on sale of Investments	(22,82,79)	(17,05,15)
Profit on sale of Assets	(38,76)	(26,72)
Foreign exchange fluctuations	(32,67,40)	(18,38,12)
Operating Profit before working capital changes	562,80,21	512,42,82
Adjustments for		
Funds advanced to Customers	(1010,17,99)	(3210,96,70)
Other Operating Assets	(66,58,58)	(12,06,74)
Deposits from Customers	1712,13,65	3963,99,90
Borrowings from Banks	(171,75,52)	128,03,64
Other Operating Liabilities	(26,10,67)	25,78,51
Purchase and sale of Investments (Net)	(664,88,83)	(663,84,30)
Cash Generated from Operations	335,42,27	743,37,13
Taxation - Income Tax and FBT	76,97,47	(125,33,03)
Net Cash flow from Operating Activities - A	412,39,74	618,04,10
Cash flow from Investing Activities:		
Purchase of Fixed Assets	(94,57,26)	(71,49,58)
Sale of Fixed Assets	15,57,07	3,53,71
Net Cash used in Investing Activities - B	(79,00,19)	(67,95,87)
Cash flow from Financing Activities:		
Proceeds from issue of Share Capital	6,82,94	6,62,33
Proceeds from Share Premium	124,10,90	124,43,90
Dividend Paid	(47,14,06)	(40,11,76)
Tax on distributed profits	(8,06,32)	(6,65,04)
Net cash flow from Financing Activities - C	75,73,46	84,29,43
Net increase in Cash and Cash equivalents A+B+C	409,13,01	634,37,66
Cash and Cash equivalents at beginning of period	1770,48,59	1136,10,93
Cash and Cash equivalents at the end of period	2179,61,60	1770,48,59

For and on behalf of the Board

 Chennai
26th May, 2014

Dr. N. KAMAKODI
MD & CEO

As per our separate report of even date

 For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580S)

 Chennai
26th May, 2014

Lakshmy. C
Partner
M.No. 28508

Details of Nostro Accounts

Sl. No.	Bank Name	Place	Currency
1	HSBC Bank	New York	USD
2	Wells Fargo Bank	New York	USD
3	Standard Chartered Bank	New York	USD
4	Commerz Bank	Frankfurt	USD
5	HSBC Bank	Colombo	USD (ACU)
6	Bank of America	New York	USD
7	HSBC Bank	London	GBP
8	Commerz Bank	Frankfurt	EUR
9	Standard Chartered Bank	Frankfurt	EUR
10	Wachovia Bank	London	EUR
11	HSBC Bank	Tokyo	JPY
12	Bank of Nova Scotia	Toronto	CAD
13	Hong Kong Bank of Australia	Melbourne	AUD
14	HSBC Bank	Singapore	SGD
15	Scandinaviska Enskilda Bank	Stockholm	SEK
16	Mashreq Bank	Dubai	AED
17	Zuercher Kantonal Bank	Zurich	CHF

Bank's SWIFT address : CIUBIN5M

LIST OF BRANCHES

ANDHRA PRADESH

ADILABAD
ADONI
AMALAPURAM
ANAKAPALLI
ANANTAPUR
BHIMAVARAM
CHILAKALURIPET
CHIRALA
CHITTOOR
CUDDAPAH
DHARMAVARAM
ELURU
GUDIVADA
GUDUR
GUNTUR
GUNTUR - II
HINDUPUR
HYDERABAD - AMEERPET
HYDERABAD - BODUPPAL
HYDERABAD - DILSUKHNAGAR
HYDERABAD - HIMAYAT NAGAR
HYDERABAD - KUKATPALLY
HYDERABAD - MALKAJGIRI
HYDERABAD - MEERPET
HYDERABAD - NIZAMABAD
HYDERABAD - SECUNDERABAD
HYDERABAD - SIDAMBAR BAZAAR
KAKINADA
KAMAREDDY
KARIMNAGAR
KAVALI
KHAMMAM
KURNOOL
MACHILIPATNAM
MEDCHAL
MEHDIPATNAM
MIYAPUR
NANDYAL
NARASARAO PET
NELLORE
ONGOLE
PRODATTUR
RAJAMUNDRY
SRIKAKULAM
TANUKU
THENALI
THIRUPATHI
VIJAYAWADA
VIJAYAWADA - II
VISHAKAPATINAM
WARRANGAL

CHANDIGARH

CHANDIGARH

CHATTISHGARH

RAIPUR

GUJARAT

AHMEDABAD
BHAVNAGAR
RAJKOT
SURAT
SURAT II
VADODARA (BARODA)

HARYANA

GURGAON

KARNATAKA

BANGALORE - BANASHANKARI
BANGALORE - BANASWADI

BANGALORE - BOMMASANDRA
BANGALORE - DOD BALLAPUR
BANGALORE - INDIRA NAGAR
BANGALORE - J. P. NAGAR
BANGALORE - JAYA NAGAR
BANGALORE - KORAMANGALA
BANGALORE - MALLESWARAM
BANGALORE - PEENYA
BANGALORE - RAJAJINAGAR
BANGALORE - SULTANPET
BANGALORE - VIJAYNAGAR
BANGALORE - WHITE FIELD
BELGAUM
BELLARY
DAVENGERE
HUBLI
MANGALORE
MYSORE
RAMANAGARA
TIPTUR
TUMKUR
YELAHANKA

KERALA

ALAPUZHA
CALICUT
CHAVAKKAD
ERNAKULAM
KANNUR
KOLLAM
KOTTAYAM
PALGHAT
THIRUVALLA
THIRUVANANTHAPURAM
THIRUPUNITHURA
TRISSUR

MADHYA PRADESH

BHOPAL
INDORE

MAHARASTRA

AMRAVATHI
AURANGABAD
ICHALKARANJII
KOLHAPUR
MUMBAI - ANDHERI
MUMBAI - CHEMBUR
MUMBAI - DOMBVILI
MUMBAI - FORT
MUMBAI - KALYAN
MUMBAI - KHAR (WEST)
MUMBAI - MIRA ROAD
MUMBAI - NERUL
MUMBAI - THANE (WEST)
MUMBAI - VASHI
NAGPUR
NASHIK
PUNE

NEW DELHI

NEW DELHI - CHANDINI CHOWK
NEW DELHI - JANAHPURI
NEW DELHI - KAROLBAGH
NEW DELHI - LAJPAT NAGAR
NEW DELHI - MAYUR VIHAR
NEW DELHI - ROHINI

ODISSA

BHUVANESWAR

PONDICHERRY

KARAIKAL

PONDICHERRY
REDDIARPALAYAM
VILLIANUR

PUNJAB

AMRITSAR
JALANDHAR
LUDHIANA

RAJASTAN

BALOTRA
BHILWARA
JAIPUR
PALI

TAMIL NADU

ADUTHURAI
ALANGUDI
AMBASAMUDRAM
ANNALAGRAHARAM
ANTHIYUR
ARAKKONAM
ARANI
ARIYALUR
ARUPUKOTTAI
ATHANKOTTAI
ATTUR
AVINASI
AYYEMPETTAI
BALAKRISHNAPURAM
BATLAGUNDU
BHAVANI
BODINAYAKANUR
CHENNAI - ABHIRAMAPURAM
CHENNAI - ADYAR
CHENNAI - AMBATTUR
CHENNAI - ANAKAPUTHUR
CHENNAI - ANNA NAGAR
CHENNAI - ASHOK NAGAR
CHENNAI - AVADI
CHENNAI - AYAPPAKKAM
CHENNAI - AYYAPPANTHANGAL
CHENNAI - CHENGALPET
CHENNAI - CHINMAYA NAGAR
CHENNAI - CHROMPET
CHENNAI - EGMORE
CHENNAI - GEORGE TOWN
CHENNAI - GUDUVANCHERY
CHENNAI - GURUGAMBAKKAM
CHENNAI - ILLALUR
CHENNAI - JALLADIAMPET
CHENNAI - K K NAGAR
CHENNAI - KARAPAKKAM
CHENNAI - KELAMBAKKAM
CHENNAI - KOTTIVAKKAM
CHENNAI - KUNDRATHUR
CHENNAI - MADHAVARAM
CHENNAI - MADIPAKKAM
CHENNAI - MADURAVOYAL
CHENNAI - MANALI
CHENNAI - MANAPAKKAM
CHENNAI - MANDAVELI
CHENNAI - MANGADU
CHENNAI - MARAIMALAI NAGAR
CHENNAI - MEDAVAKKAM
CHENNAI - MELAKOTTAIYUR
CHENNAI - MINJUR
CHENNAI - MOUNT ROAD
CHENNAI - MUDICHUR
CHENNAI - MYLAPORE
CHENNAI - NANGANALLUR
CHENNAI - NANMANGALAM
CHENNAI - NUNGAMPAKKAM

LIST OF BRANCHES (Contd.)

CHENNAI - PADAPPAI	KADAYANALLUR	RAMANATHAPURAM
CHENNAI - PAMMAL	KALLAKURICHI	RANIPET
CHENNAI - PERAMBUR	KANCHEEPURAM	RASIPURAM
CHENNAI - PERUMBAKKAM	KANGAYAM	RISHIVANDIYAM
CHENNAI - PERUNGALATHUR	KARAIKUDI	S.PUDUR
CHENNAI - POLICHALUR	KARAMADAI	SAKKOTTAI
CHENNAI - POONAMALLEE	KARUR	SALEM - FAIR LANDS
CHENNAI - PURASAWALKAM	KATPADI	SALEM - MAIN
CHENNAI - REDHILLS	KATTUMANNARKOIL	SALEM - SHEVAPET
CHENNAI - RENGARAJAPURAM	KEELAKARAI	SANKAGIRI
CHENNAI - ROYAPURAM	KEELAPALUVUR	SANKARANKOIL
CHENNAI - SELAIYUR	KINATHUKADAVU	SANNANALLUR
CHENNAI - SEMMANJERI	KODAVASAL	SATTUR
CHENNAI - SINGAPERUMAL KOIL	KOOTHANALLUR	SEMBANARKOIL
CHENNAI - SITHALAPAKKAM	KORADACHERY	SENGURICHI
CHENNAI - T NAGAR	KORANATTU KARUPPUR	SILLATUR
CHENNAI - TAMBARAM	KOTTUR	SIRKALI
CHENNAI - TEYNAMPET	KOVILPATTI	SIVAGANGAI
CHENNAI - THIRUMAZHISAI	KRISHNAGIRI	SIVAKASI
CHENNAI - THIRUMUDIVAKKAM	KULASEKARAM	SOMANUR
CHENNAI - THIRUNINDRAVUR	KUMBAKONAM - GANDHINAGAR	SRIPERAMBUDUR
CHENNAI - THIRUVALLUR	KUMBAKONAM - MAIN	SRIVILLIPUTHUR
CHENNAI - THIRUVERKADU	KUMBAKONAM - TOWN	SULUR
CHENNAI - THIRUVOTTIYUR	KURICHI	TENKASI
CHENNAI - THORAIPAKKAM	KUTTALAM	THALAIYUTHU
CHENNAI - TIRUVANMIYUR	MADAPATTU	THAMARANGKOTTAI
CHENNAI - TRIPLICANE	MADUKKUR	THANJAVUR - MAIN
CHENNAI - URAPAKKAM	MADURAI - ANNA NAGAR	THANJAVUR - MEDICAL COLLEGE ROAD
CHENNAI - VALASARAVAKKAM	MADURAI - MAIN	THENI
CHENNAI - VELACHERY	MADURAI - OTHAKADAI	THEPPARUMANALLUR
CHENNAI - VELAPPANCHAVADI	MADURAI - S.S. COLONY	THIMMACHIPURAM
CHENNAI - VEPPAMPATTU	MADURAI - T V S NAGAR	THIRUCHENGODU
CHEY YARU	MADURAI - THIRUNAGAR	THIRUMANGALAM
CHIDAMBARAM	MADURAI - VILAKKUTHOON	THIRUNAGESWARAM
CHINNALAPATTI	MADURAPAKKAM	THIRUTHURAIPOONDI
CHITLAPAKKAM	MADURAPURI	THIRUVALANCHUZH
COIMBATORE - OPPANAKARA STREET	MANAPPARAI	THIRUVENCHERY
COIMBATORE - P N PALAYAM	MANJAKUDI	THOGUR
COIMBATORE - PANNIMADAI	MANJANAYACKANPATTI	THONDAMUTHUR
COIMBATORE - PERIYANA IKENPALAYAM	MANNARGUDI	TINDIVANAM
COIMBATORE - PERUR	MARTHANDAM	TIRUKKATTUPALLI
COIMBATORE - R.S.PURAM	MAYILADUTHURAI	TIRUKOILUR
COIMBATORE - RAM NAGAR	METTUPALAYAM	TIRUMAKOTTAI
COIMBATORE - RAMANATHAPURAM	MUSIRI	TIRUMARUGAL
COIMBATORE - SAIBABA COLONY	NACHIAR KOIL	TIRUNELLIKAVAI
COIMBATORE - SARAVANAMPATTI	NADUKKADAI	TIRUNELVELI
COIMBATORE - SINGANALLUR	NADUPATTY	TIRUPANANDAL
COIMBATORE - VADAVALLI	NAGAPATTINAM	TIRUPATHUR
COIMBATORE - VILANKURICHI	NAGERKOIL	TIRUPOONDI
CUDDALORE	NAGORE	TIRUPPUR
CUMBUM	NAMAKKAL	TIRUPPUR - VEERAPANDY
DARAPURAM	NANJIKOTTAI	TIRUVANNAMALAI
DEVAKOTTAI	NANNILAM	TIRUVARUR - TOWN
DEVANANCHERY	NEDUNKUNDRAM	TIRUVARUR - VIJAYAPURAM
DHALAVOIPURAM	NEYVELI	TIRUVIDAIMARUTHUR
DHARASURAM	ODDANCHATRAM	TRICHY - CANTONMENT
DHARMAPURI	PADUR	TRICHY - K.K.NAGAR
DINDIGUL	PALANI	TRICHY - MAIN
ELLAMPILLAI	PALAVATHANKATTALAI	TRICHY - SRIRANGAM
ERAVANCHERY	PALAYAMKOTTAI	TRICHY - THILLAINAGAR
ERODE	PALLADAM	TRICHY - THUVAKUDI
ERODE - PALLIPALAYAM	PANRUTI	TUTICORIN
ERODE - PERUNDURAI	PARAMAKUDI	UDUMALPET
ERODE - SURAMPATTI	PATTEESWARAM	ULLIKOTTAI
ERODE - THINDAL	PATTUKOTTAI	UNAIYUR
GANAPATHY	PERAMBALUR	USILAMPATTI
GOBICHETTIPALAYAM	PERIYAKULAM	UTHUKULI
GUMMIDIPOONDI	POLLACHI	VADAKKUTHU
HARUR	PORAYAR	VALANGAIMAN
HOSUR	PUDUKKOTTAI	VALLAM
IDAPPADI	PULIYANKUDI	VARADARAJAPURAM
JALAKANDAPURAM	PULIYUR	VEDARANYAM
JAYANKONDAM	RAJAPALAYAM	VEERAPANDI

LIST OF BRANCHES (Contd.)

VEERAPANDI PUDUR
VEERAPERUMANALLUR
VELLAKOVIL
VELLORE
VELLORE - AMBUR
VELLORE - GUDIYATHAM
VELLORE - MELVISHRAM
VELLORE - SATHUVACHARI
VILLUPURAM
VIRUDHACHALAM
VIRUDHUNAGAR

UTTAR PRADESH

ALLAHABAD
LUCKNOW
VARANASHI

WEST BENGAL

KOLKATTA - MAIN
KOLKATTA - RASH BEHARI AVENUE

EXTENSION COUNTER

DCW COMPLEX, SAHUPURAM, TUTICORIN
SRMIST, KATTANKULATHUR - CHENNAI
SRMIST, RAMAPURAM - CHENNAI
SRM UNIVERSITY-MODI NAGAR (GHAZIABAD)
PUBLIC HEALTH CENTRE, NO.174, (OLD NO.114)
LAKE VIEW ROAD, WEST MAMBALAM,
CHENNAI – 600 033

INTERNATIONAL BANKING DIVISION

ANNA SALAI, CHENNAI

SERVICE BRANCH

ANNA SALAI, CHENNAI

Decade of Progress

(₹ in crore)

Year	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Paid up Capital	24.00	24.00	25.20	32.00	32.00	39.96	40.50	40.82	47.44	54.27
Reserve fund and Other Reserves	216.72	262.15	340.51	534.86	628.92	785.68	966.12	1202.28	1593.22	1970.66
Deposits	3095.24	3517.74	4699.33	6424.96	8206.62	10284.59	12914.29	16340.76	20304.75	22016.89
Advances	2012.96	2549.53	3329.23	4537.06	5645.25	6833.46	9255.46	12137.46	15246.06	16096.84
Investments	1102.24	1057.48	1307.00	1717.96	2397.46	3210.43	3616.23	4586.19	5266.80	5953.56
Net Profit	46.32	56.37	71.81	101.73	122.13	152.76	215.05	280.25	322.02	347.07
Dividend	40%	40%	40%	50%	75%	75%	85%	100%	100%	100%
No. of Branches	134	142	161	180	207	222	246	300	375	425
Total No. of Staff	1434	1606	1871	2171	2452	2628	2836	3347	3785	4215
Intrinsic value of Shares (Rs.)	100.30	119.23	145.12	* 17.78	20.65	20.64	24.85	30.45	30.44	37.31
Earning Rate (%)	193.00	234.88	299.21	317.91	381.66	381.90	530.95	686.55	597.51	639.52

* During the year 2007-08, the Bank has sub-divided the Equity shares of ₹ 10/- each into 10 Equity shares of ₹ 1/- each.

BASEL- III - PILLAR 3 DISCLOSURE AS ON 31.03.2014

1. Scope of Application and Capital Adequacy

Table DF - 1

SCOPE OF APPLICATION

City Union Bank Limited is an oldest premier private sector bank which was incorporated on October 31, 1904 with its Registered Office at Kumbakonam, Tamilnadu, India. The Bank was included in the Second Schedule of Reserve Bank of India Act, 1934, on 22nd March 1945. The Bank does not have any Subsidiary/Associate companies under its Management.

Qualitative Disclosures:

Summary

Type of Capital	Features															
Common Equity (Tier I)	During the year 2013-14, the Bank has received the second call of rights issue of shares to the tune of 12,89,87,972 shares allotted to the existing share holders including employees of the Bank, besides the allotment under ESOS all amounting to ₹ 130.94 crore including share premium. The Equity Capital of the Bank as on 31.03.2014 stood at ₹ 54.27 crore.															
Tier II Capital	<p>The Bank has not raised Tier II capital during the current year 2013-14. The details of Lower Tier II capital to the tune of ₹ 40.00 crore raised in earlier years is given below.</p> <p>Type of Instrument : Unsecured, Redeemable and Non-convertible Nature : Plain vanilla bonds with no special features like put or call option etc.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date of Issue</th> <th>Amount (₹ in crore)</th> <th>Tenure (Months)</th> <th>Coupon %</th> <th>Rating</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">31.03.2006</td> <td style="text-align: center;">30.00</td> <td style="text-align: center;">121</td> <td style="text-align: center;">8.90% Semi Annual</td> <td style="text-align: center;">CARE - A+</td> </tr> <tr> <td style="text-align: center;">30.03.2007</td> <td style="text-align: center;">10.00</td> <td style="text-align: center;">121</td> <td style="text-align: center;">10.00% Annual</td> <td style="text-align: center;">CARE - A+</td> </tr> </tbody> </table>	Date of Issue	Amount (₹ in crore)	Tenure (Months)	Coupon %	Rating	31.03.2006	30.00	121	8.90% Semi Annual	CARE - A+	30.03.2007	10.00	121	10.00% Annual	CARE - A+
Date of Issue	Amount (₹ in crore)	Tenure (Months)	Coupon %	Rating												
31.03.2006	30.00	121	8.90% Semi Annual	CARE - A+												
30.03.2007	10.00	121	10.00% Annual	CARE - A+												

Quantitative Disclosures:

Sl. No.	Description	Amount (₹ in crore)	
01.	Common Tier - I Capital		2024.93
	- Paid-up Share Capital - Total	54.27	
	- Reserves & Surplus	1970.66	
	Amount deducted from Tier I Capital (if any)		60.30
	-Intangible Assets	18.55	
	-Statutory Deductions (Spl. Reserve tax deduction)	38.61	
	-Investment Reserve trfd to Tier II Capital	2.38	
	-Cross holdings	0.76	
	Total eligible Tier I Capital		1964.63

Quantitative Disclosures: (Contd.)

Sl. No.	Description	Amount (₹ in crore)	
02.	Tier - II Capital		85.88
	a) Revenue Reserves (Investment Reserve)	2.38	
	b) Lower Tier II - Subordinated Debts *	15.80	
	c) Provision for Standard Assets	67.70	
	Less: Cross Holdings		7.00
	Total Tier II Capital		78.88
03.	Total Eligible Capital (Tier I and Tier II)		2043.51

* Total Tier II Bonds of ₹ 40 crore less inadmissible/discount of ₹ 24.20 crore

Table DF - 2

CAPITAL ADEQUACY

Qualitative Disclosures:
A. A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.

In order to strengthen the capital base of banks in India, the Reserve Bank of India in April 1992 introduced capital adequacy measures in banks, based on the capital adequacy framework (Basel I) issued by Basel Committee on Banking Supervision (BCBS). Initially, the framework addressed capital for credit risk, which was subsequently amended to include capital for market risk as well. The Bank has been compliant with regard to maintenance of minimum capital for credit and market risks.

Subsequently, the BCBS has released the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (popularly known as Basel II document) on June 26, 2004. Reserve Bank of India has issued final guidelines on April 27, 2007 for implementation of the New Capital Adequacy (Basel II) Framework.

In line with the RBI guidelines, the Bank has successfully migrated to the revised framework (Basel-II) from 31.03.2009. The Bank has continued the Parallel run of Basel II framework continuously tracking the exposures and studied the impact on Bank's Capital to Risk weighted Assets Ratio (CRAR) on a quarterly basis.

Reserve Bank of India issued Guidelines based on the Basel III reforms on capital regulation during May 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from April 01, 2013 in India in phases and it will be fully implemented as on March 31, 2019. RBI issued detailed Guidelines on Composition of Capital Disclosure Requirements on May 28, 2013. The Basel III Capital Regulations have been consolidated in Master Circular - Basel III Capital Regulations vide circular No.DBOD. No.BP.BC. 2/21.06.201 / 2013-14 dated July 1, 2013.

Under the Basel II framework, the total regulatory capital comprises of Tier I (core capital) and Tier 2 capital (supplementary capital). In order to improve the quality of regulatory capital, the capital will predominantly consist of Common Equity Tier1 (CET1) under Basel III. Non-equity Tier 1 and Tier 2 capital would continue to form part of regulatory capital subject to eligibility criteria as laid down in Basel III. The Basel III capital regulations continue to be based on three-mutually reinforcing Pillars, viz. Minimum Capital Requirements (Pillar 1), Supervisory Review of Capital Adequacy (Pillar 2) and Market Discipline (Pillar 3) of the Basel II Capital Adequacy framework.

The Basel-III norms mainly seek to:

- Raise the quality of capital to ensure that the banks are capable to absorb losses on both as going concern and as gone concern basis,

- Increase the risk coverage of the capital framework
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure
- Raise the standards for the supervisory review process and public disclosures etc.

The macro prudential aspects of Basel III are largely enshrined in the capital buffers. Both the buffers i.e. the capital conservation buffer and the countercyclical buffer are intended to protect the banking sector from stressed situations and business cycles.

Minimum capital requirements under Basel-III:

Under the Basel III Capital Regulations, Banks are required to maintain a minimum Pillar 1 Capital (Tier-I + Tier-II) to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than capital conservation buffer and countercyclical capital buffer etc.) Besides this minimum capital requirements, Basel III also provides for creation of capital conservation buffer (CCB). The CCB requirements are to be implemented from March 31, 2016 in phases and are to be fully implemented by March 31, 2019 to the extent of 2.5% of Risk weighted Assets.

The total regulatory capital fund under Basel- III norms will consist of the sum of the following categories and banks are required to maintain a minimum of 11.5% of Risk Weighted Assets (9% + 2.5%) by March 2019 with the phase in requirements under CCB from March 2016.

- Tier 1 Capital comprises of:-
 - Common Equity Tier 1 capital (with a minimum of 5.00% as on 31.03.2014 and 5.50% from 31.03.2015)
 - Additional Tier 1 capital
 - Total Tier 1 capital of minimum 6.50% as on 31.03.2014 and 7% from 31.03.2015
- Tier 2 Capital.
 - Total Tier 1 + Tier 2 should be more than 9%
- Capital Conservation Buffer (CCB). (with a minimum of 0.625% from 31.03.2016 and 2.50% from 31.03.2019)
 - Total capital including CCB should be above 11.5% from 31.03.2019.
(For the position as on 31.03.2014, total minimum capital requirement is 9%)

B. The Bank's approach in assessment of capital adequacy

The Bank is following standardized approach, Standardized Duration approach and Basic Indicator approach for measurement of capital charge in respect of credit risk, market risk and operational risk respectively. Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar- II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is also assessed in the ICAAP document.

C. Quantitative Disclosures:

(₹ in crore)

a) Capital requirements for Credit Risk: (@ 9% on Risk weighted Assets) <ul style="list-style-type: none"> ● Portfolios subject to standardised approach ● Securitisation exposures 		1100.28 Nil
b) Capital requirements for Market Risk: <ul style="list-style-type: none"> ● Standardised duration approach <ul style="list-style-type: none"> ○ Interest Rate Risk ○ Equity risk ○ Foreign exchange risk 	8.06 8.22 2.05	18.33
c) Capital requirements for Operational Risk: <ul style="list-style-type: none"> ● Basic indicator approach Total capital required @ 9%		106.94 1225.55
d) Total Capital Funds available Total Risk Weighted Assets Common Equity Tier I CRAR % Tier I CRAR % Tier II CRAR % Total CRAR %		2043.51 13617.19 14.43 14.43 0.58 15.01

2. Risk Exposure and Assessment

Risk is an integral part of banking business in an ever dynamic environment, which is undergoing radical changes both on the technology front and product offerings. The main risks faced by the bank are credit risk, market risk and operational risk. The bank aims to achieve an optimum balance between risk and return to maximize shareholder value. The relevant information on the various categories of risks faced by the bank is given in the ensuing sections. This information is intended to give market participants a better idea on the risk profile and risk management practices of the bank.

The Bank has a comprehensive risk management system in order to address various risks and has set up an Integrated Risk Management Department (RMD), which is independent of operational departments. Bank has a Risk Management Committee of Board functioning at apex level for formulating, implementing and reviewing bank's risk management measures pertaining to credit, market and operational risks. Apart from the Risk Management Committee of the Board at apex level, the Bank has a strong Bank-wide risk management structure comprising of Risk Management Committee of Executives (RMCE) assisted by Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC) and Operational Risk Management Committee (ORMC) at senior management level. Credit Risk Management Committee deals with credit policies and procedures, Asset Liability Management Committee deals with Asset Liability Management (ALM) and Investment Policy of the Bank and Operational Risk Management Committee formulates policies and procedures for managing operational risks.

The Bank has formulated the required policies such as Integrated Risk Management Policy, Loan Policy, Credit Risk Management Policy, ALM Policy, Treasury and Forex Policy of Risk Management Policy, Inspection and Audit policies, KYC policy, Risk Based Internal Audit Policy, Stress Testing Policy, Disclosure Policy, ICAAP policy and Credit Risk Mitigation & Collateral Management Policy, Risk Rating and Pricing policy, etc for mitigation the risk in various areas and monitoring the same.

The structure and organization of Risk Management functions of the bank is as follows:

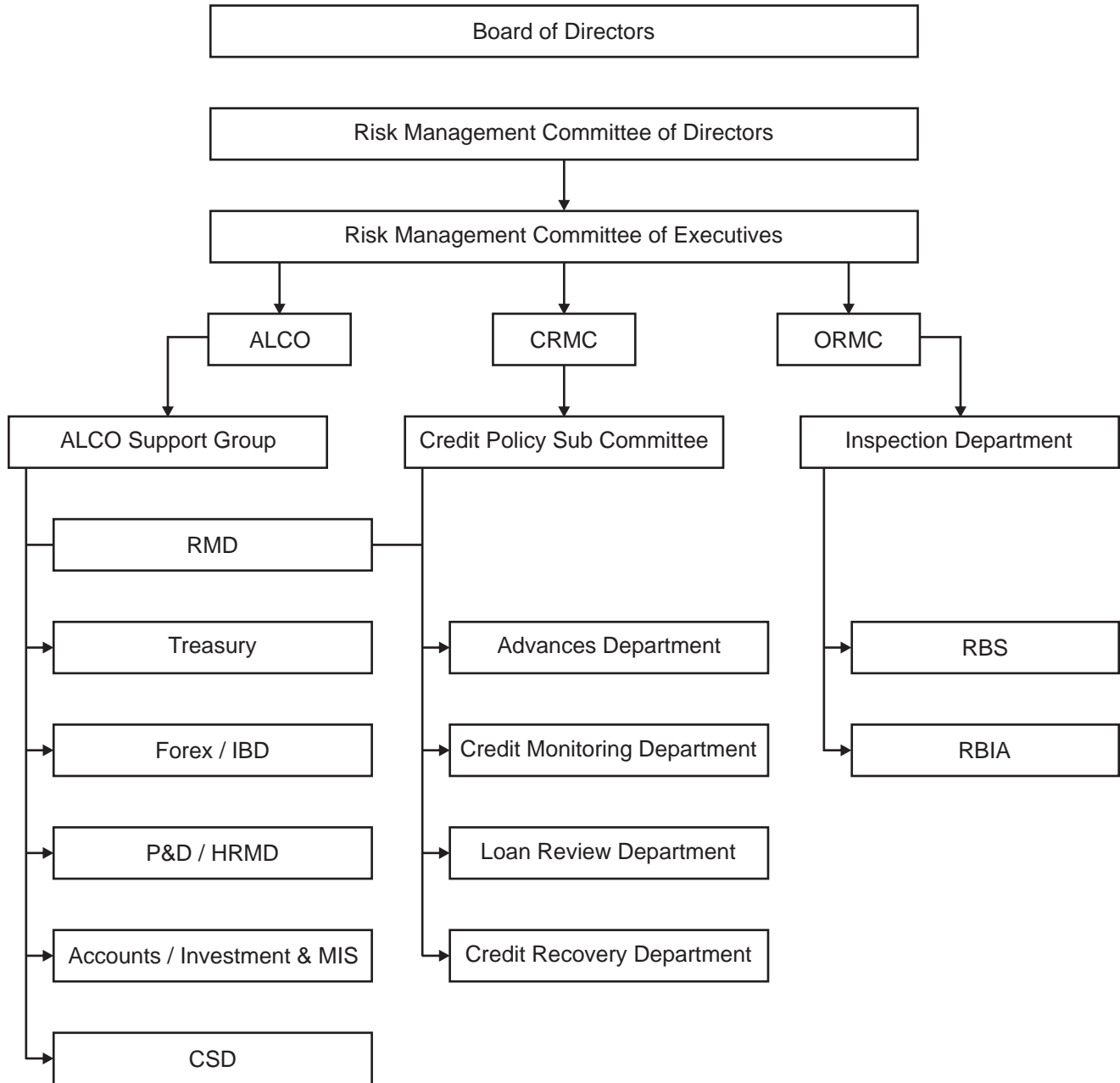


Table DF - 3
CREDIT RISK: GENERAL DISCLOSURES
Credit Risk:

Credit Risk is a possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, Credit Risk arises mostly from lending activities of the bank, when a borrower is unable to meet its financial obligations emanating from potential changes in the credit quality / worthiness of the borrowers or counterparties.

Credit Risk Management encompasses a host of management techniques, which help the banks in mitigating the adverse impacts of credit risk. The objective of the Credit Risk Management is to identify, measure, monitor and control credit risk by adopting suitable methodology.

The Bank has formulated Loan Policy which stipulates various prudential norms, bench marks, guidelines for sanctioning of credits and recovery of the same. The Bank has also formulated a separate Credit Risk Management Policy, besides a Policy on Credit Risk Mitigation and Collateral Management.

Credit Risk is assessed by a robust internal credit risk rating system. Credit Risk Rating is the process wherein the merits and demerits of a borrower are captured and assigned with scorings, which enables the Bank to take a view on the acceptability or otherwise of any credit proposal.

Credit Risk Management Policy:

The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Board. The Policy document defines organisation structure, role and responsibilities and the processes whereby the Credit Risks carried by the Bank can be identified, quantified and managed. Credit Risk is monitored on a bank wide basis and the compliance with regard to the risk limits approved by the Credit Risk Management Committee(CRMC) / Board is ensured.

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and provisioning (IRAC) norms (vide RBI Master Circular dated July 01, 2013).

Quantitative Disclosures:

Total Gross Credit Risk Exposures including Geographic Distribution of Exposure (Including Non Fund Exposure):

(₹ in crore)

Exposure as on 31.03.2014	Domestic	Overseas	Total
Fund based	18157.03	Nil	18157.03
Non-fund based	2350.50	Nil	2350.50
Total	20507.53	Nil	20507.53

Industry type distribution of exposures - 31.03.2014

(₹ in crore)

S.No.	INDUSTRY / ACTIVITY	Funded Exposure (I)	Non-Funded Exposure (incl investment exposure) (II)	Total Exposure (I+II=III)
1	Mining and Quarrying	31.32	1.04	32.36
2	Iron and Steel	972.43	376.12	1348.55
3	Other Metal and Metal Products	247.75	60.61	308.36
4	Electronics	30.78	6.69	37.47
5	Others (incl Electrical & Home Appliances)	243.05	84.30	327.35
6	Cotton Textiles	1069.54	139.84	1209.38
7	Other textiles	345.76	32.10	377.86
8	Food Processing	271.76	60.05	331.81
9	Beverages and Tobacco	89.64	0.13	89.76
10	Leather and Leather products	11.79	0.89	12.68
11	Wood and Wood Products	36.54	49.49	86.02
12	Paper and Paper Products	396.89	45.47	442.37
13	Petroleum, Coal Products and Nuclear Fuels	10.44	0.00	10.44
14	Drugs and Pharmaceuticals	52.72	4.88	57.59
15	Chemicals and Chemical Products (Dyes, Paints, etc.)	116.13	58.35	174.48
16	Rubber, Plastic and their Products	139.75	32.40	172.15
17	Glass & Glassware	1.98	0.00	1.98
18	Cement and Cement Products	15.17	0.04	15.21
19	Vehicles, Vehicle Parts and Transport Equipments & autoparts	58.22	4.02	62.24
20	Gems and Jewellery	24.44	0.01	24.45
21	Construction (Commercial Real Estate)	939.71	9.90	949.60
22	Infrastructure	144.73	42.84	187.58
23	Non Metallic Mineral Products	33.51	0.00	33.51
24	Publication & Printing	73.12	0.00	73.12
25	Other Industries	148.51	49.94	198.46
	All Industries Total	5505.67	1059.12	6564.79
	Residuary other advances	12651.35	1291.38	13942.73
	Gross Exposure (funded + non-funded)	18157.03	2350.50	20507.53

The exposures to the following two industries are above 5% of Gross Credit Exposure as on 31.03.2014:

1. Iron & Steel Industry - 6.58%
2. Cotton Textile Industry - 5.90%

Residual contractual maturity breakdown of assets - 31.03.2014

(computed as per the guidelines of RBI on Asset Liability Management)

(₹ in crore)

PERIOD	Cash, RBI Balance and Balance with all Banks	Advances (Net)	Investments (Net)	Fixed & Other Assets	Total
1 Day	751.88	37.20	0.00	33.42	822.50
2 to 7 Days	165.81	256.19	26.98	23.25	472.23
8 to 14 Days	5.17	1237.11	0.00	27.68	1269.96
15 to 28 Days	72.02	195.20	270.36	9.02	546.60
29 Days to 3 Months	493.86	294.33	1008.93	12.59	1809.71
Over 3 Months & upto 6 Months	181.05	367.41	1036.10	116.39	1700.95
Over 6 Months & upto 1 Year	229.75	3936.60	1225.59	84.73	5476.67
Over 1 Year & upto 3 Years	250.64	6355.73	1447.44	91.25	8145.06
Over 3 Years & upto 5 Years	25.66	1166.31	142.19	0.00	1334.16
Over 5 Years	3.78	2250.76	795.96	365.49	3415.99
Total	2179.62	16096.84	5953.55	763.82	24993.83

Amount of NPAs (Gross)

(₹ in crore)

Sub-standard	241.14
Doubtful 1	15.43
Doubtful 2	19.37
Doubtful 3	7.65
Loss	9.47
Gross NPA Total	293.06

The Amount of Net NPAs is ₹ 197.29 crore
The NPA ratios are as under

- Gross NPA to Gross Advances 1.81%
- Net NPAs to Net Advances 1.23%

The movement of NPA is as under:

{as in Notes on Accounts 4.1.(ii)}

(₹ in crore)

i. Opening balance at the beginning of the year (01.04.2013)	173.10
ii. Additions made during the year (4 quarters)	456.21
iii. Reductions during the year (4 quarters)	336.25
iv. Closing balance at the end of period as on 31.03.2014 (i + ii - iii)	293.06

The movement of provisions for NPAs are as under:

(₹ in crore)

i. Opening balance at the beginning of the year (01.04.2013)	76.41
ii. Provisions made during the year (4 quarters)	148.50
iii. Write-off/Write-back of excess provisions (4 quarters)	129.14
iv. Closing Balance at the end of the year 31.03.2014 (i + ii - iii)	95.77

The amount of non-performing investment - Nil
The amount of provision held for non-performing investment is Nil
The movement of provisions for depreciation on investments

(₹ in crore)

i. Opening balance at the beginning of the year (01.04.2013)	1.03
ii. Provisions made during the year (4 quarters)	0.83
iii. Write-off during the year	----
iv. Write-back of excess provisions	0.14
v. Closing Balance at the end of the year as on 31.03.2014 (i + ii - iii - iv)	1.72

TABLE - DF - 4
CREDIT RISK: DISCLOSURES FOR PORTFOLIO SUBJECT TO THE STANDARDISED APPROACH
Qualitative Disclosures:

The Bank is using the services of the External Credit Rating Agencies approved by Reserve Bank of India, namely a) CRISIL, b) ICRA, c) CARE, d) FITCH/India Ratings, e) Brickwork and f) SMERA ratings to facilitate the corporate borrower customers who enjoy credit facilities above ₹ 5.00 crore to solicit the ratings. The corporates which are yet to get the approved ratings from these rating agencies, are treated as 'unrated'.

The Bank computes risk weight on the basis of external rating assigned, both Long Term and Short Term, for the facilities availed by the borrower. The external ratings assigned are generally facility specific. The Bank follows the below mentioned procedures as laid down in the Basel III guidelines for usage of external ratings:

- Rating assigned by one rating agency is used for all the types of claims on the borrowing entity.
- Long term ratings are used for facilities with contractual maturity of one year & above.
- Short term ratings are generally applied for facilities with contractual maturity of less than one year.

Quantitative Disclosures:

For exposure amounts after risk mitigation subject to the standardised approach, amount of a bank's outstandings (rated and unrated) in the following three major risk buckets as well as those that are deducted as per risk mitigation are given below.

(₹ in crore)

Risk Weight	Rated	Unrated	Total
Below 100 %	602.87	14042.82	14645.69
100 %	213.88	6211.09	6424.97
More than 100 %	109.18	717.06	826.24
Total outstanding after mitigation	925.93	20970.97	21896.90
Deducted (as per Risk Mitigation)	0.00	3913.32	3913.32

TABLE DF - 5

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH

Qualitative Disclosures:

The Bank has put in place Credit Risk Mitigation and Collateral Management Policy with the primary objective of

- Mitigation of Credit Risks and enhancing awareness on identification of appropriate collateral taking into account the spirit of Basel III / RBI guidelines.
- Optimizing the benefit of Credit Risk Mitigation in computation of capital charge as per the approaches laid down in Basel III / RBI guidelines.

Valuation and methodologies are detailed in Credit Risk Management Policy, Valuation Policy and Loan Policy of the Bank.

The Bank recognises the following Financial Collateral (FC) for Credit Risk Mitigation.

- a) Cash or Cash equivalent (Bank Deposits/Certificate of Deposits issued by the Bank, etc.)
- b) Gold Jewels
- c) Indira Vikas Patras
- d) Kisan Vikas Patras
- e) National Savings Certificates
- f) Life Insurance Policies with a declared surrender value
- g) Securities issued by Central and State Governments
- h) Debt securities rated by a recognized Credit Rating Agency where these are either:
 - at least BBB(-) when issued by public sector entities; or
 - at least A when issued by other entities (including banks and Primary Dealers); or
 - at least PR3/P3/F3/A3 for short term debt instruments
- i) Debt securities though not rated by Credit Rating Agency but
 - issued by a bank and
 - listed on a recognized stock exchange; and
 - Classified as senior debt.

The Bank accepts guarantees from individuals with considerable net worth and the Corporates, besides guarantee issued by Government, other Commercial banks, ECGC and CGTSI.

Concentration Risk in Credit Risk Mitigation: All types of securities eligible for mitigation are easily realizable financial securities. As such, presently no limit/ceiling has been prescribed to address the concentration risk in credit risk mitigants recognized by the Bank. The portion of advances subjected to CRM including non-funded advances amounted to 22.14% of outstanding total of funded and non-funded credit.

Quantitative Disclosures:

a. For each separately disclosed credit risk portfolio, the total exposure (after, where applicable, on-or off balance sheet netting) that is covered by eligible financial collateral (FCs) after the application of haircuts is given below:

(₹ in crore)

Portfolio category	Financial collateral	Quantum of exposure covered
1. Funded - Credit	Bank's own deposits	727.09
2. Funded - Credit	Gold jewels	2969.84
3. Funded - Credit	LIC/KVP/NSC	8.76
4. Non Funded	Bank's own deposits	207.64

b. For each separately disclosed portfolio, the total exposure (after, on balance sheet netting) that is covered by Guarantees:

(₹ in crore)

Portfolio category	Guaranteed by	Quantum of exposure covered
1. Funded - Credit	ECGC	229.28
2. Funded - Credit	AP State Government	3.29
3. Funded - Credit	CGTSI	56.43

TABLE DF - 6
SECURITIZATION : DISCLOSURE FOR STANDARDISED APPROACH
Qualitative Disclosures:

The Bank has not undertaken any securitization activity.

Quantitative Disclosures: NIL

TABLE DF - 7
MARKET RISK IN TRADING BOOK
Qualitative Disclosures:

Market Risk in trading book is assessed as per the Standardised duration method. The capital charge for HFT and AFS is computed as per Reserve Bank of India prudential guidelines.

a. Definition of market risk: - Market risk refers to the potential losses arising from volatility in interest rates, foreign exchange rates, equity prices and commodity prices. Market risk arises with respect to all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and derivative instruments as well as from balance sheet or structural positions.

b. Portfolios covered under standardized approach: - The bank's portfolio comprises of Government securities, equity shares and forex portfolio.

c. Strategies and processes

1) The Bank has put in place a comprehensive Market risk management Framework to address the Market risks (bank wide) including that of the Trading Book.

2) Within the above framework, various policies of the Bank prescribes Limits like Value at Risk (VaR) for HFT Securities and Foreign Currencies, Duration, Minimum holding level for liquid assets, Exposure limits, Forex open position limits (day light/overnight), Stop-loss limits etc .

3) Risk profiles are analyzed and the effectiveness of risk mitigants is regularly monitored through Mid Office.

4) Adherence to limits are being monitored by dedicated mid office, reporting exceptions to the head of Risk Management Department, independent of Treasury /IBD operational units.

d. Risk Measurement

1) Values at Risk (VaR) numbers are arrived for Trading book Central Government securities and Foreign Currencies.

2) The positions are marked to market at stipulated intervals. The Duration/Modified Duration is computed and its adherence to the prescribed duration limits is ensured.

3) The Bank is computing capital charge on "Held for Trading" and "Available for Sale" categories using Standardized Duration Approach as required under RBI guidelines.

4) Stress testing analysis is done by applying rate shocks for parallel shift in the yield curve under current economic and political scenario.

Quantitative Disclosures:

	(₹ in crore)
The capital requirements for 31.03.2014	
● Interest Rate Risk	- 8.06
● Equity Position Risk	- 8.22
● Foreign Exchange Risk	- 2.05
Total	- <u>18.33</u>

TABLE DF - 8

OPERATIONAL RISK

Qualitative Disclosures:

Operational Risk is the risk of loss resulting from inadequate or failed processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks.

The Bank has put in place Operational Risk Management Policy duly approved by the Board. This policy outlines the Organisation Structure and covers the process of identification, assessment/measurement and control of various operational risks.

The other policies adopted by the Bank which deal with the management of operational risks are Inspection Policy, Information Security Audit Policy and Policy on Modified code of conduct for Know-Your Customer & Anti-Money Laundering Standards.

Operational Risks in the Bank are managed through comprehensive and well-articulated internal control framework. Operational risk is mitigated by effecting insurance on all aspects and cover for other potential operational risks.

Quantitative Disclosures:

Capital charge for Operational Risk is computed as per the Basic Indicator Approach is computed based on the average of the gross income, as defined in the New Capital Adequacy Framework guidelines, for the previous three years i.e. 2010-11, 2011-12 and 2012-13. The required capital is ₹ 106.94 crore.

TABLE DF - 9
INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)
Qualitative Disclosures:

Interest rate risk is the risk where changes in the market interest rates might affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as also the net-worth of the Bank (economic value perspective). The risk from earnings perspective can be measured as impact in the Net Interest Income (NII) or Net Interest Margin (NIM). Similarly, the risk from economic value perspective can be measured as drop in the Economic value of Equity (EVE).

The impact on income (earning perspective) is measured through use of Gap Analysis by applying notional rate shock up to 200 bps as prescribed.

For the calculation of impact on earnings, the Traditional Gap is taken from the Rate Sensitivity statement and based on the remaining period from the mid point of a particular bucket, the impact for change in interest rates up to 200 bps is arrived at for one year time horizon.

The Bank has adopted Duration Gap Analysis for assessing the impact (as a percentage) on the Economic Value of Equity (Economic Value Perspective) by applying a notional interest rate shock of 200 bps. As per the draft guidelines issued by RBI DBOD.No. BP. 7/21.04.098/ 2005-06 dated April 17, 2006, the Bank calculates Modified Duration Gap on Assets & Liabilities and arrive at the impact on Economic Value of Equity. On November 04, 2010, RBI issued a circular on Interest Rate Risk using Duration Gap Analysis and these guidelines have also been taken into account while calculating IRRBB. The Bank is calculating IRRBB on a quarterly basis.

Quantitative Disclosures:

a) The impact of change in Interest Rate i.e. Earnings at Risk for 200 bps interest rate shock as on 31.03.2014 is ₹ 79.90 crore.

b) The impact of change in market value of Equity for an interest rate shock of 200 bps as on 31.03.2014 is 7.80%.

TABLE DF - 10
GENERAL DISCLOSURES FOR EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) is the risk that a counter party to a transaction could default before the final settlement of the transaction cash flows. Unlike a firm's exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss to either parties.

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward contracts.

Credit exposures on forward contracts

The Bank enters into the forward contracts in the normal course of business for proprietary trading and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Counterparty Credit exposure as on March 31, 2014

(₹ in crore)

Nature	Notional Amount	Potential Exposure @2%	Current exposure	Total credit exposure
Forward contracts	3661.48	69.15	98.31	167.46

In terms of RBI circular dated 31.12.2013, the credit valuation adjustment risk capital charge would be effective from 01.04.2014, and accordingly CVA capital charge has not been computed for the position as on 31.03.2014. However, the capital requirements for the Bank's exposure to QCCP has been computed for the exposure to Clearing Corporation of India Ltd (CCIL) as on 31.03.2014 amounting to ₹ 235.95 crore with a Risk Weighted Assets of ₹ 43.62 crore which is forming part of the Credit Risk Total amount as per RBI guidelines dated 02.07.2013.

3. Composition of Capital Disclosure

TABLE DF - 11

COMPOSITION OF CAPITAL

**Part II : Template to be used before March 31, 2017
(i.e. during the transition period of Basel III regulatory adjustments)**

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	5061.78	
2	Retained earnings	14777.59	
3	Accumulated other comprehensive income (and other reserves)		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Common Equity Tier 1 capital before regulatory adjustments	19839.37	
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles (net of related tax liability)	185.48	
10	Deferred tax assets		
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets		
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity	7.63	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold		
23	of which : significant investments in the common stock of financial entities		
24	of which : mortgage servicing rights		
25	of which : deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments (26a+26b+26c+26d)		
26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries		
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries		
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank		
26d	of which : Unamortised pension funds expenditures		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common equity Tier 1	193.11	
29	Common Equity Tier 1 capital (CET1)	19646.26	
Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)		
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	of which : instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 capital before regulatory adjustments		

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41	National specific regulatory adjustments (41a+41b)		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to Additional Tier 1 capital		
44	Additional Tier 1 capital (AT1)		
44a	Additional Tier 1 capital reckoned for capital adequacy		
45	Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)	19646.26	
Tier 2 capital : instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	158.00	
47	Directly issued capital instruments subject to phase out from Tier 2		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	of which : instruments issued by subsidiaries subject to phase out		
50	Provisions ¹² include the following		
	a) Investment Reserve ₹ 23.80 mn	700.80	
	b) Provision for Standard Asset ₹ 677.00 mn		
51	Tier 2 capital before regulatory adjustments	858.80	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments	70.00	

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments (56a+56b)		
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries		
56b	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
57	Total regulatory adjustments to Tier 2 capital	70.00	
58	Tier 2 capital (T2)	788.80	
58a	Tier 2 capital reckoned for capital adequacy	788.80	
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital		
58c	Total Tier 2 capital admissible for capital adequacy (58a+58b)	788.80	
59	Total capital (TC = T1 + Admissible T2) (45 + 58c)	20435.06	
60	Total risk weighted assets (60a + 60b + 60c)	136171.88	
60a	of which : total credit risk weighted assets	122252.90	
60b	of which : total market risk weighted assets	2037.08	
60c	of which : total operational risk weighted assets	11881.90	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.43%	
62	Tier 1 (as a percentage of risk weighted assets)	14.43%	
63	Total capital (as a percentage of risk weighted assets)	15.01%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	-	
65	of which : capital conservation buffer requirement	-	
66	of which : bank specific countercyclical buffer requirement	-	
67	of which : G-SIB buffer requirement	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	NA	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	5.00%

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	6.50%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	9.00%	
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	-		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	NA		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		
82	Current cap on AT1 instruments subject to phase out arrangements	-		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		
84	Current cap on T2 instruments subject to phase out arrangements	-		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		

Notes to the template

(₹ in million)

Row No. of the template	Particular	Amount
10	Deferred tax assets associated with accumulated losses Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability Total as indicated in row 10	- - -
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank of which : Increase in Common Equity Tier 1 capital of which : Increase in Additional Tier 1 capital of which : Increase in Tier 2 capital	- - -
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then : (i) Increase in Common Equity Tier 1 capital (ii) Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a) of which : Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital Eligible Revaluation Reserves included in Tier 2 capital Total of row 50	700.80 700.80
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	

Table DF - 12:
COMPOSITION OF CAPITAL- RECONCILIATION REQUIREMENTS
Step 1

(₹ in million)

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
A Capital & Liabilities		NA
i. Paid-up Capital	542.74	
Reserves & Surplus	19706.58	
Minority Interest		
Total Capital	20249.32	
ii. Deposits	220168.92	
of which : Deposits from banks	421.26	
of which : Customer deposits	219747.66	
of which : Other deposits (pl. specify)		

Step 1

(₹ in million)

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
iii. Borrowings	3049.84	NA NA
of which : From RBI	1200.00	
of which : From banks	0.28	
of which : From other institutions & agencies	1449.56	
of which : Others (pl. specify) Outside India	0.00	
of which : Capital instruments	400.00	
iv. Other liabilities & provisions	6470.18	
Total	249938.26	
B Assets		
i. Cash and balances with Reserve Bank of India	10401.13	
Balance with banks and money at call and short notice	11395.03	
ii. Investments :	59535.57	
of which : Government securities	53189.70	
of which : Other approved securities		
of which : Shares	305.51	
of which : Debentures & Bonds	427.03	
of which : Subsidiaries / Joint Ventures / Associates		
of which : Others (Commercial Papers, Mutual Funds etc.)	5613.33	
iii. Loans and advances	160968.37	
of which : Loans and advances to banks		
of which : Loans and advances to customers	160968.37	
iv. Fixed assets	1829.52	
v. Other assets	5808.64	
of which : Goodwill and intangible assets		
of which : Deferred tax assets	271.98	
vi. Goodwill on consolidation		
vii. Debit balance in Profit & Loss account		
Total Assets	249938.26	NA

Step 2

- 1) As the Bank is not having any subsidiary, no disclosure relating any legal entity for regulatory consolidation is made.
- 2) The entire paid up capital of the Bank amounting to ₹ 542.74 million is included in CET I. (refer Item I of DF-11)
- 3) The break up for Reserves & Surplus ₹ 19706.58 million as shown in the Bank's financials statements is given hereunder for the purpose of reconciliation for calculation of Regulatory Capital in DF-11.

(₹ in million)

As per Balance Sheet	Amount	As shown in DF - 11 Capital
a) Statutory reserves	5880.00	Included in Regulatory CET I capital DF-11 (S.No.2)
b) Capital Reserves	463.51	Included in Regulatory CET I capital DF-11 (S.No.2)
c) Share Premium	4519.04	Included in Regulatory CET I capital DF-11 (S.No.1)
d) General reserves	7561.49	Included in Regulatory CET I capital DF-11 (S.No.2)
e) Investment reserve	23.80	Included in Regulatory Tier II capital DF-11(S.No.50)
f) Special Reserve under IT	1190.00	Included in CET I less tax 288.81mn (only ₹ 601.20 mn taken for Regulatory Capital -DF11- S.No. 2)
g) Balance in P&L upto 31.03.2014	68.74	Included in CET I (S.No. 2- DF11)
	<u>19706.58</u>	

- 4) Borrowings - The Tier I bonds shown as capital instruments under borrowings (under in step 1 - A(iii) above) has a book value of ₹ 400.00mn, but the amount admissible for regulatory Tier II capital after discounts and deductions amounts to only ₹ 158.00mn shown in DF-11 (S.No.46).
- 5) Other Liabilities - The following subheads are included in Other Liabilities in the Balance Sheet
- a) Provision for Standard assets ₹ 677.00mn (S.No.50 - DF-11)

However, as per RBI guidelines, these items (4) and (5) are shown under Tier II capital for computation of Regulatory Capital (DF-11) as noted in brackets.

Step 3

(₹ in million)

Extract of Basel III common disclosure template (with added column) - Table DF - 11 (Part I / Part II whichever, applicable) Common Equity Tier 1 capital: instruments and reserves		
	Component of regulatory capital reported by bank	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2
1 Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	5061.78	2 & 3 (C)
2 Retained earnings #	14777.59	3 (a, b, d, f & g)
3 Accumulated other comprehensive income (and other reserves)	-	
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6 Common Equity Tier 1 capital before regulatory adjustments	19839.37	(Total of 1 & 2)
7 Prudential valuation adjustments	-	-
8 Goodwill (net of related tax liability)	-	-

Tax @ 32.45% (₹ 386.15 million) is deducted from special reserve under IT Act. 1961

Table DF - 13
MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Table DF - 13 : Main Features of Regulatory Capital Instruments (Equity Shares & Bond Series I, II) Disclosure template for main features of Regulatory Capital Instruments				
Description		Equity Shares	Bond Series I	Bond Series II
1	Issuer	City Union Bank Ltd	City Union Bank Ltd	City Union Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE491A01021	INE491A08018	INE491A08026
3	Governing law(s) of the instrument	Applicable Indian Statutes and regulatory requirements	Applicable Indian Statutes and regulatory requirements	Applicable Indian Statutes and regulatory requirements
	Regulatory treatment			
4	Transitional Basel III rules	Common Equity Tier I	Tier 2	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier I	Eligible	Eligible
6	Eligible at solo / group / group & solo	Solo	Solo	Solo
7	Instrument type	Common Equity Shares	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognized in regulatory capital (Rs. in million, as of most recent reporting date)	542.74 million	98.00million	60.00million
9	Par value of instrument	₹ 1 per equity share	₹ 10,00,000/- per bond	₹ 10,00,000/- per bond
10	Accounting classification	Shareholder's Equity	Borrowings-Liability	Borrowings-Liability
11	Original date of issuance	Various	31/03/2006	30/03/2007
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No Maturity	30/04/2016	30/04/2017
14	Issuer call subject to prior supervisory approval	Not Applicable	No Call Option	No Call Option
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable	Not Applicable	Not Applicable
	Coupons / dividends	Dividend	Coupon	Coupon
17	Fixed or floating dividend / coupon	Not Applicable	Fixed	Fixed
18	Coupon rate and any related index	Not Applicable	8.90%	10.00%
19	Existence of a dividend stopper	Not Applicable	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Not Applicable	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	Not Applicable	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Not Applicable	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated Claim at the time of liquidation	All other Creditors and Depositors of the Bank	All other Creditors and Depositors of the Bank
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	No	Not Applicable	Not Applicable

Table DF - 14
FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS
The details of the Tier II capital [Bonds] raised by the Bank

Table DF - 14 : Full Terms and Conditions of Regulatory Capital Instruments	
Instruments	Full Terms and Conditions
Series I	300 Nos - 8.90% Non Convertible Redeemable Debentures ₹ 10,00,000/- each fully paid up - Tenure 121 Months, Date of Allotment : 31/03/2006 Date of Redemption : 30/04/2016 aggregating to ₹ 30.00 crore.
Series II	100 Nos - 10.00% Non Convertible Redeemable Debentures ₹ 10,00,000/- each fully paid up - Tenure 121 Months, Date of Allotment : 30/03/2007 Date of Redemption : 30/04/2017 aggregating to ₹ 10.00 crore.

Table DF - 15
REMUNERATION

Qualitative Disclosures:	
(a) Information relating to the composition and mandate of the Remuneration Committee.	Compensation Committee comprising of three members constituted to oversee the framing, review and implementation of Compensation Policy.
(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p>Key Features:</p> <ul style="list-style-type: none"> i) Board oversees the design of the compensation package and operations ii) Compensation commensurate with the responsibility and accountability <p>Objectives:</p> <ul style="list-style-type: none"> a) Alignment of compensation with prudent risk taking b) Effective Supervisory oversight c) Sound Compensation Practices
(c) Description of the ways in which current and future risks are taken in to account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Compensation related to the types of risks and symmetric with risk outcomes
(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	Qualitative features such as skills, knowledge and abilities are factored in.
(e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	<ul style="list-style-type: none"> i) ESOP and Reservation in Rights Issue to be the components of share based payment ii) Exgratia payment to be denied only in extreme cases of indiscipline, misuse of trust etc.
(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	Financial incentives, Exgratia and ESOPs form part of variable remuneration components

Qualitative Disclosures:		Current Year	Previous Year
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Eight meetings were held during the financial year (1 - Rights Issue & 7 - Compensation Committee) and the total remuneration paid during the year Rs.1,50,000/-	Five meetings were held during the financial year (4 - Rights Issue & 1 - Compensation Committee) and the total remuneration paid during the year Rs.60,000/-
(h)	(i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign - on awards made during the financial year. (iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus. (iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in the financial year.	NIL	NIL
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NIL	NIL
(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments. (ii) Total amount of reductions during the financial year due to ex-post explicit adjustments. (iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.	NIL	NIL

EXPANDING NETWORK



Opening of 400th branch at Teynampet, Chennai by the Veteran freedom fighter and Personal Secretary to Mahatma Gandhiji - Shri. V. Kalyanam



Opening of 425th branch at Ganapathy, Coimbatore





GREEN INITIATIVE APPEAL TO SHAREHOLDERS

TO GET NOTICES / ANNUAL REPORTS & OTHER COMMUNICATION THROUGH E-MAIL

Shareholders holding Shares in Demat accounts are requested to register their email ID in their Demat Accounts through Depository Participant (DP).

Shareholders holding Shares in Physical form :

are requested to send their consent by filling up and signing the perforated portion of this communication to our Registrars at their address given hereunder :

Karvy Computershare Private Limited (Unit : CITY UNION BANK LIMITED)
Plot No : 17-24 Vittal Rao Nagar, Madhapur, Hyderabad - 500 081
Phone: 040-44655000 Fax: 040-23420814 E-Mail: einward.ris@karvy.com

Appeal to Shareholders for Efficient & Prompt Services :

- 1. Please Demat your Physical Shares.
2. Please register your ECS Mandate for direct credit of Dividend amount in your A/c.
3. Please register your e-mail ID for receiving communications through e-mail.

Benefits of Dematerialization :

- 1. No threat of loss of share certificate.
2. No share transfer fees or stamp.
3. Easy / hassle free transfer / transmission.
4. Nomination possible.
5. Dividend directly credited to your Bank A/c.
6. ASBA / IPO application possible.

ECS Mandate :

- 1. Direct credit of dividend on Dividend payment date itself.
2. No problem of late / non-receipt / revalidation of Dividend Warrants.

E-mail ID :

- 1. Be a part of Green initiative of Government of India (GOI).
2. Immediate receipt of Corporate communication including Notice of AGM & EGM / Annual Reports.

GREEN INITIATIVE OF CITY UNION BANK LIMITED

M/s Karvy Computershare Private Ltd (Unit: CITY UNION BANK LIMITED)
Plot No : 17-24 Vittal Rao Nagar, Madhapur, Hyderabad - 500 081

Dear Sir,

I/Weholding shares of CITY UNION BANK LIMITED in physical form, intend to receive all communication from CITY UNION BANK LIMITED through our email ID given hereunder, as a part of Green Initiative under Corporate Governance of CITY UNION BANK LIMITED.

Folio No : Email ID :

I/We also undertake that the communication received through my/our email ID will be treated as proper, legal and sufficient delivery of documents sent to me / us by CITY UNION BANK LIMITED. I/We further undertake that I/We would not hold CITY UNION BANK LIMITED any of its employees, Registrars or its employees, responsible in case the communication is not properly received at my/our email ID due to any technical / other failures.

Signature of Share / First Holder

From :

Date :

M/s. Karvy Computershare Pvt. Ltd
Unit : CITY UNION BANK LIMITED
17-24 Vittal Rao Nagar, Madhapur, Hyderabad - 500 081

Dear Sir(s),

Ref : PAYMENT OF DIVIDEND THROUGH NATIONAL ELECTRONIC CLEARING SERVICES (NECS)

Name of the First / shareholder					
Folio. No					
No of Shares					
Bank A/c Type [Please tick (✓)]	Saving A/c		Current A/c		Cash Credit A/c
Bank Account Number					
Name of the Bank					
Branch Name					
IFSC Code					
Full Address of the Branch					
9 - Digit Code number of the Bank & Branch appearing on the MICR cheque issued by the Bank (Please attach Photocopy of a cheque or a blank cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the code).					

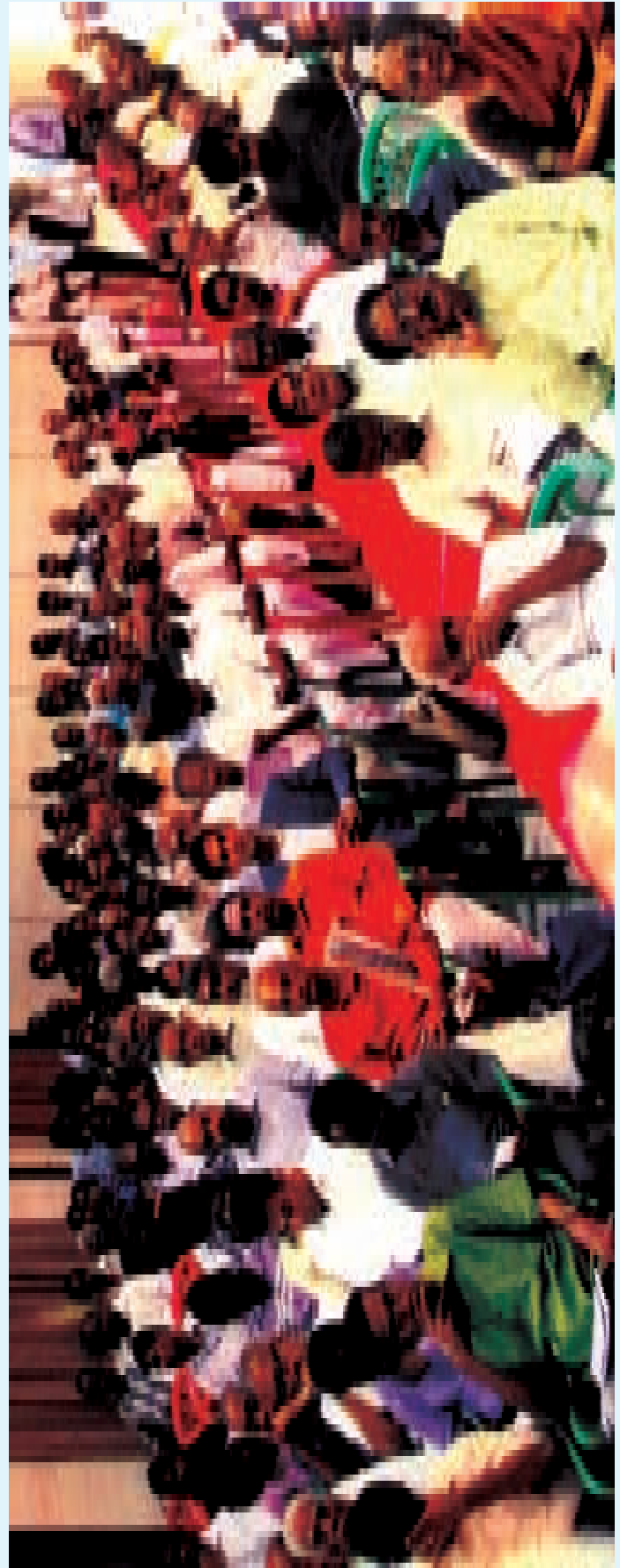
I agree to avail of the Electronic Clearing Service, as and when implemented by CITY UNION BANK LIMITED for payment of dividend to me.

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold CITY UNION BANK LIMITED / Registrar responsible.

I further undertake to inform the registrar / CITY UNION BANK LIMITED any change in my Bank, Branch and Account Number.

(Signature of the First / Sole shareholder)





Annual General Meeting 30.08.2013



CUB

CITY UNION BANK LIMITED

Registered Office : Kumbakonam - 612 001, Tamil Nadu.

Phone : 0435 - 2402322 Fax : 0435 - 2431746

Website : www.cityunionbank.com