



CUB
Trust and Excellence
SINCE 1904

CITY UNION BANK LTD

INVESTOR
PRESENTATION
DECEMBER 2015



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Overview

City Union Bank Ltd, the oldest private sector bank in India, was founded on October 31, 1904 and is headquartered at Kumbakonam, Tamil Nadu, India.

The main focus of the Bank – lending to MSME, Retail / Wholesale Trade with granular asset profile including providing short term and long term loans to agricultural sector.

Facts & Figures

Position as on 31.12.2015

Deposits



INR 25,959 Cr

Advances



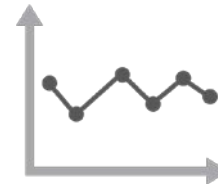
INR 19,374 Cr

Net Interest Margin



3.74% - 9M

Net NPA's



1.49%

Awards



Best Small sized Bank for 2014-15 by Business World – PWC Best Banks' Survey 2015

Employees



4,437

Branches



491

ATM's



1,302

Efficiency Ratio

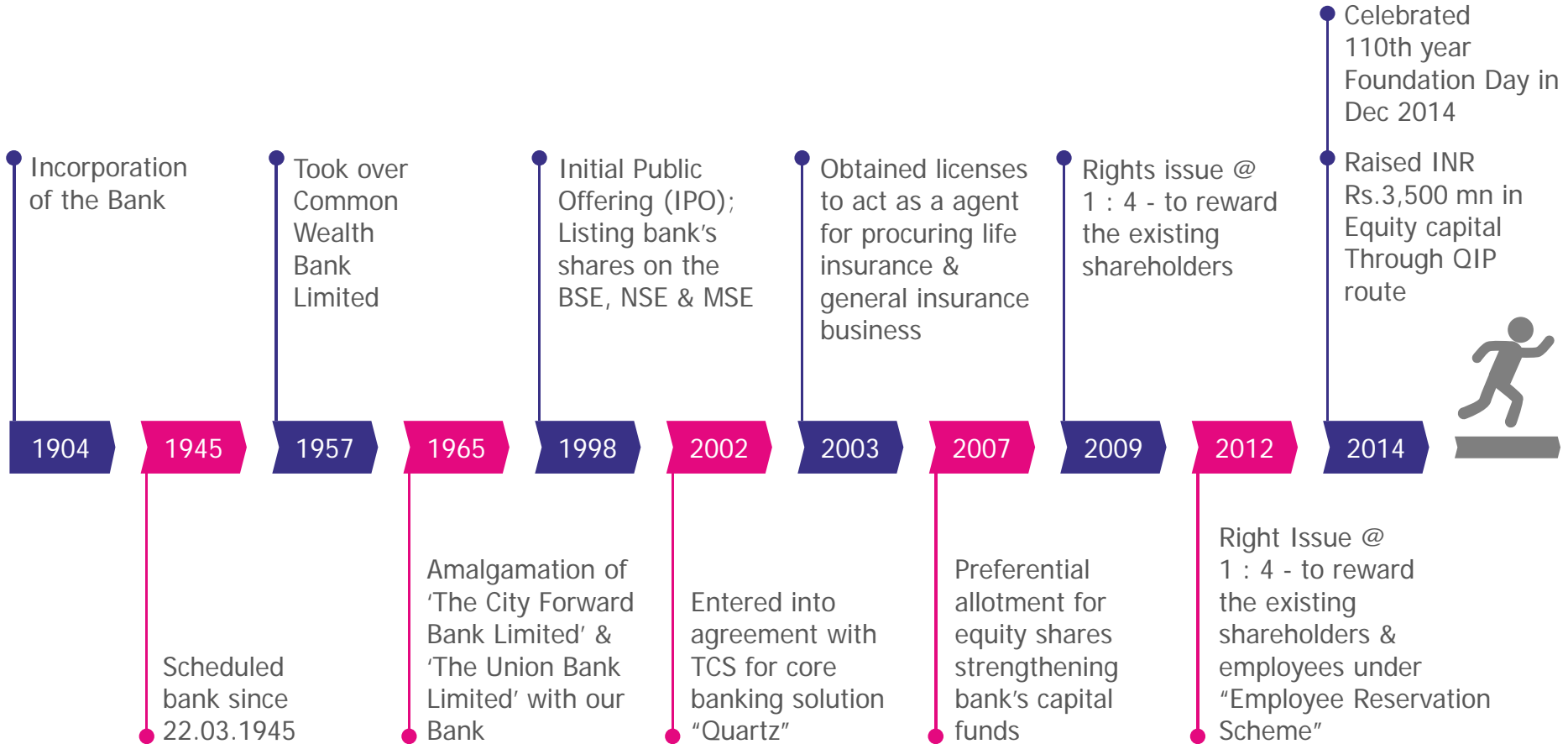


40.23% - 9M



Won "Productivity and Efficiency" award for Small Banks conducted by Business Today – KPMG study on Indian Best Banks' survey 2015

Key milestones



City Union Bank – A specialized banking model aligned to Target Segment – SME/MSME



Competitive Advantages

Strong track record

- Continuous profitability and dividend payout in all 100+ years of operations
- Business growth of 20% CAGR in last 10 years

Robust corporate governance practices

- Strong board with majority of directors being independent
- Consistency in management with only 7 CEOs appointed in 100+ years

Diversified asset profile

- Granular asset profile with advances to top 20 borrowers contributing under 8%
- Lower ticket size lending backed by adequate collaterals

Higher yielding loan portfolio

- Trading and MSME loan segments earning high yields constitute about 53% of advances

Adequately capitalised

- Strong Capital Adequacy ratio of 14.63% out of which tier 1 constitutes 14.17%

Network

- Pan India presence with 491 branches
- Strong presence in South India (440 branches) of which 336 are in Tamil Nadu alone

Q3 / 9M FY 2016 Performance – A snapshot

- ✓ Deposits increased by 12% from Rs.232 Bn to Rs. 260 Bn Y-o-Y
- ✓ Advances registered a growth of 14% from Rs.170 Bn to Rs.194 Bn Y-o-Y
- ✓ Gross Profit registered a growth of 23% from Rs.1,683 Mn to Rs.2,069 Mn on Q3-Vs-Q3 basis and 19% from Rs.5,138 Mn to Rs.6,092 Mn on 9M-Vs-9M.
- ✓ Net Profit increased by 10% from Rs.1,027 Mn to Rs.1,131 Mn on Q3-Vs-Q3 and 12% from Rs.2,959 Mn to Rs.3,325 Mn on 9M-Vs-9M.

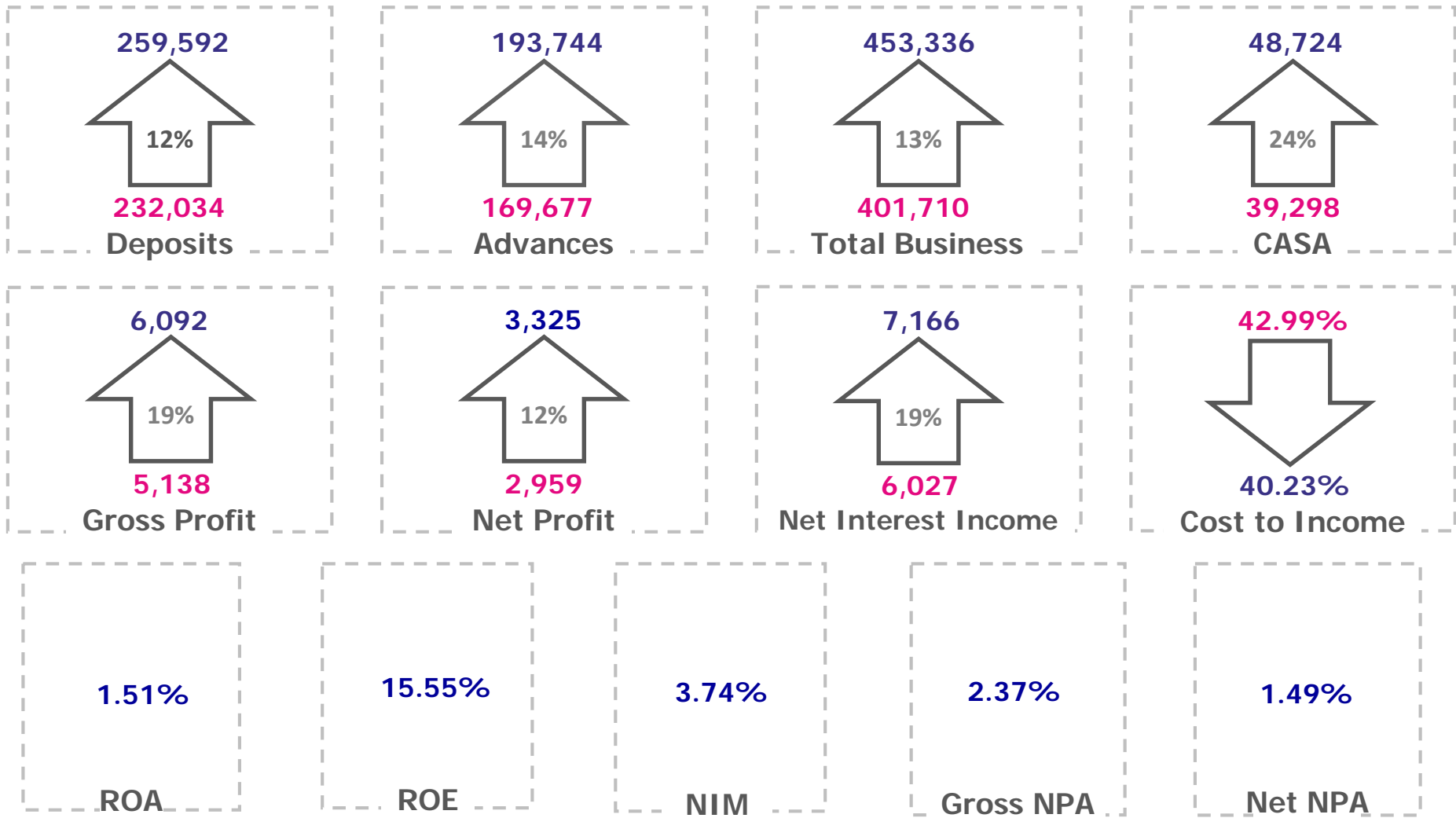
- ✓ Profitability and efficiency ratios – at par with the best in industry:

		Q3 FY 2016	9M FY 2016
➤	Return on Assets	1.50%	1.51%
➤	Net Interest Margin	3.82%	3.74%
➤	Return on Equity	15.19%	15.55%
➤	Earnings per share	Rs.1.89	Rs.5.57

- ✓ Gross NPA – 2.37% and Net NPA – 1.49%
- ✓ Provision Coverage Ratio – 61%
- ✓ CRAR – 14.63% (Basel III) of which core CRAR – 14.17%

9M FY 2016 Performance – A snapshot

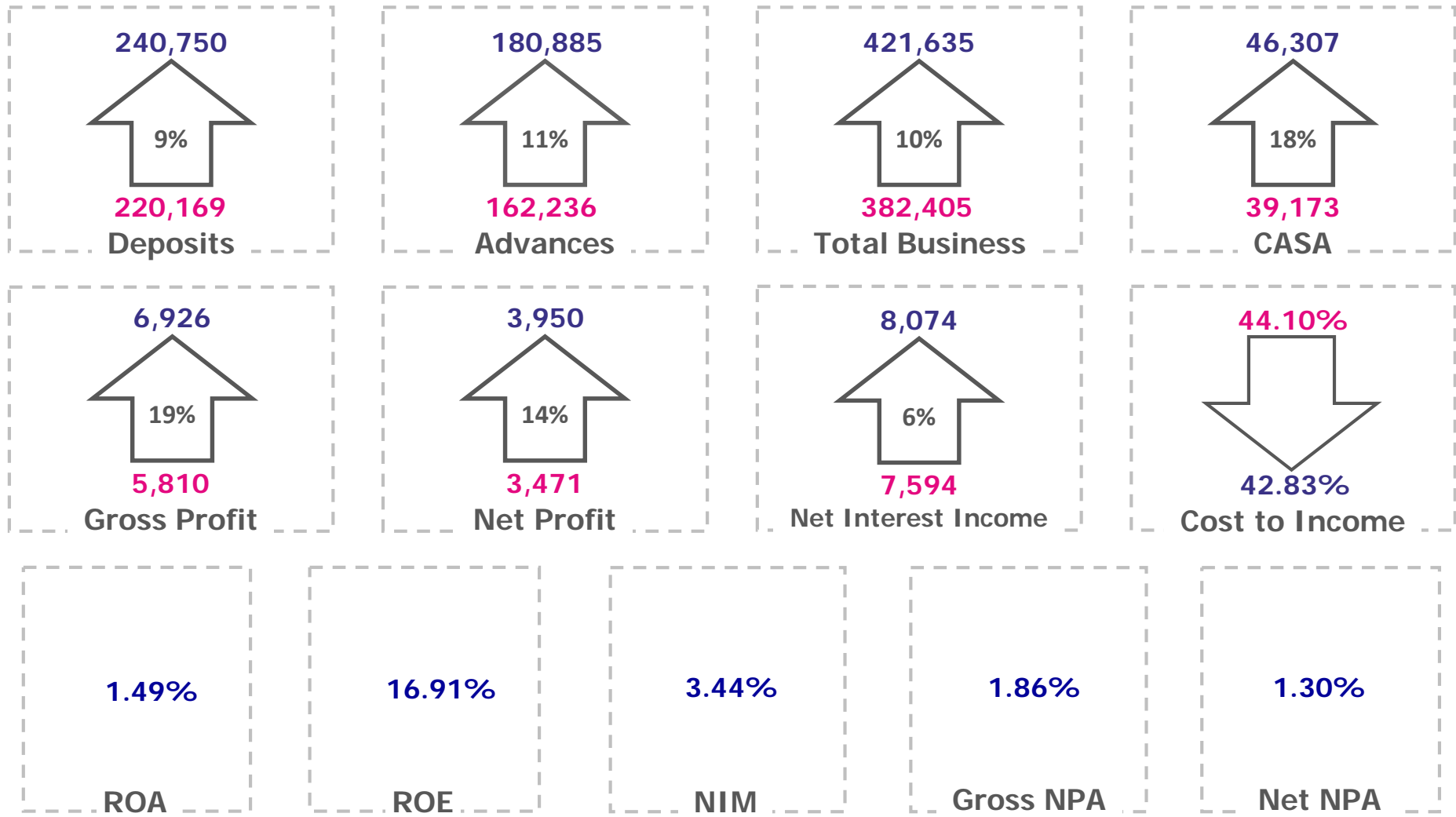
(All figures in INR Mn)



9M'FY15 9M'FY16

FY 2014-15 Performance – A snapshot

(All figures in INR Mn)



FY 2014

FY 2015

9M FY 16 Vs 9M FY 15 – Performance – A snapshot

(in INR Mn)

Financial Performance

Particulars	31 DEC 2016	31 DEC 2015	Inc / (Dec)	Growth	Growth %	FY 2015
Deposits	259,592	232,034	↑	27,558	12%	240,750
Advances	193,744	169,677	↑	24,067	14%	180,885
Total Business	453,336	401,710	↑	51,626	13%	421,635
Demand Deposits	16,501	13,111	↑	3,390	26%	16,681
Saving Deposits	32,223	26,187	↑	6,036	23%	29,626
CASA	48,724	39,298	↑	9,426	24%	46,307
Gross NPA	4,599	3,607	↑	992	27%	3,358
Net NPA	2,868	2,204	↑	664	30%	2,328
Gross NPA (%)	2.37%	2.12%				1.86%
Net NPA (%)	1.49%	1.31%				1.30%
C R A R (BASEL – II)	14.94%	15.82%				16.59%
C R A R (BASEL – III)	14.63%	15.73%				16.52%
- Of which Tier I	14.17%	15.23%				16.03%
CD Ratio	75%	73%				75%
PCR	61%	62%				58%

9M FY 16 Vs 9M FY 15 – Performance – A snapshot

(in INR Mn)

Financial Performance

Particulars	9M FY 2016	9M FY 2015	INC/ DEC	Growth %	FY 2014-15
Net Interest Income	7,166	6,027	1139	19%	8,074
Other Income	3,027	2,986	41	1%	4,041
Operating Expenses	4,101	3,875	226	6%	5,188
Gross Profit	6,092	5,138	954	19%	6,926
Provisions & Contingencies	2,767	2,179	588	27%	3,085
Exceptional Items	0	0			109
Net Profit	3,325	2,959	366	12%	3,950
Return on Assets	1.51%	1.51%			1.49%
Return on Equity	15.55%	17.59%			16.91%
Net Interest Margin	3.74%	3.45%			3.44%

Q3 FY 16 Vs Q3 FY 15 – Performance – A snapshot

(in INR Mn)

Financial Performance

Particulars	Q3 FY 2016	Q3 FY 2015	INC / (DEC)	Growth %	Q2 FY 2016
Net Interest Income	2,529	2,098	431	21%	2,401
Other Income	1,033	978	55	6%	945
Operating Expenses	1,493	1,393	100	7%	1,294
Gross Profit	2,069	1,683	386	23%	2,052
Provisions & Contingencies	938	656	282	43%	974
Net Profit	1,131	1,027	104	10%	1,078
Return on Assets	1.50%	1.54%			1.45%
Return on Equity	15.19%	15.72%			15.07%
Net Interest Margin	3.82%	3.48%			3.74%

9M – FY 16 Vs 15 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	9M FY 2016	9M FY 2015	Growth (%)
Interest on Loans	17,538	16,150	9%
Interest on Investments	4,074	3,652	12%
Other Interest Income	268	305	-ve
Total Interest Income	21,880	20,107	9%

Interest Expenses Breakup

Particulars	9M FY 2016	9M FY 2015	Growth (%)
Int Exp on Deposits	14,435	13,825	4%
Other Int Expenses	279	255	9%
Total Interest Expenses	14,714	14,080	5%

Other Income Breakup

Particulars	9M FY 2016	9M FY 2015	Growth (%)
CEB & Charges	1,568	1,438	9%
Treasury Income	908	872	4%
Other Inc incl recoveries in written off a/cs	551	677	-ve
Total Other Income	3,027	2,986	1%

Operating Expenses Breakup

Particulars	9M FY 2016	9M FY 2015	Growth (%)
Employee Cost	1,605	1,593	1%
Other Operating Expenses	2,496	2,282	9%
Total Expenses	4,101	3,875	6%

Q3 – FY 16 Vs 15 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	Q3 FY 2016	Q3 FY 2015	Growth (%)
Interest on Loans	5,982	5,471	9%
Interest on Investments	1,405	1,284	9%
Other Interest Income	83	91	-ve
Total Interest Income	7,470	6,845	9%

Interest Expenses Breakup

Particulars	Q3 FY 2016	Q3 FY 2015	Growth (%)
Int Exp on Deposits	4,831	4,618	5%
Other Int Expenses	110	129	-ve
Total Interest Expenses	4,941	4,747	4%

Other Income Breakup

Particulars	Q3 FY 2016	Q3 FY 2015	Growth (%)
CEB & Charges	499	433	15%
Treasury Income	308	400	-ve
Other Inc incl recoveries in written off a/cs	226	145	55%
Total Other Income	1033	978	6%

Operating Expenses Breakup

Particulars	Q3 FY 2016	Q3 FY 2015	Growth (%)
Employee Cost	633	603	5%
Other Operating Expenses	860	789	9%
Total Expenses	1,493	1,392	7%

FY 15 Vs FY 14 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	FY 2015	FY 2014	Growth (%)
Interest on Loans	21,662	20,921	4%
Interest on Investments	4,925	4,075	21%
Other Interest Income	402	463	-ve
Total Interest Income	26,989	25,459	6%

Interest Expenses Breakup

Particulars	FY 2015	FY 2014	Growth (%)
Int Exp on Deposits	18,532	17,340	7%
Other Int Expenses	383	525	-ve
Total Interest Expenses	18,915	17,865	6%

Other Income Breakup

Particulars	FY 2015	FY 2014	Growth (%)
CEB & Charges	1,967	1,743	13%
Treasury Income	1,292	555	133%
Other Inc incl recoveries in written off a/cs	782	501	56%
Total Other Income	4,041	2,799	44%

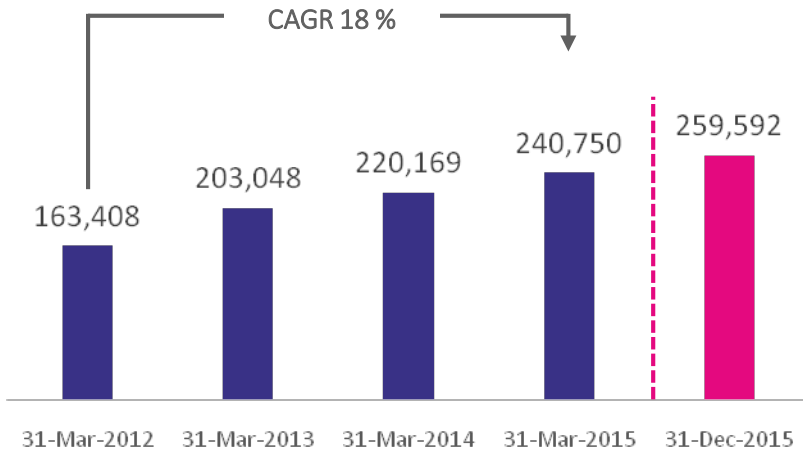
Operating Expenses Breakup

Particulars	FY 2015	FY 2014	Growth (%)
Employee Cost	2,103	1,856	13%
Other Operating Expenses	3,086	2,727	13%
Total Expenses	5,188	4,583	13%

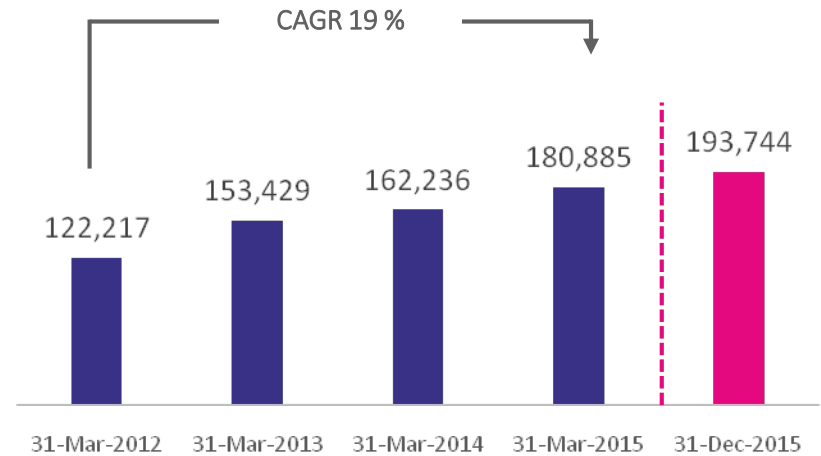
Strong Deposits and Advances growth

(in INR Mn)

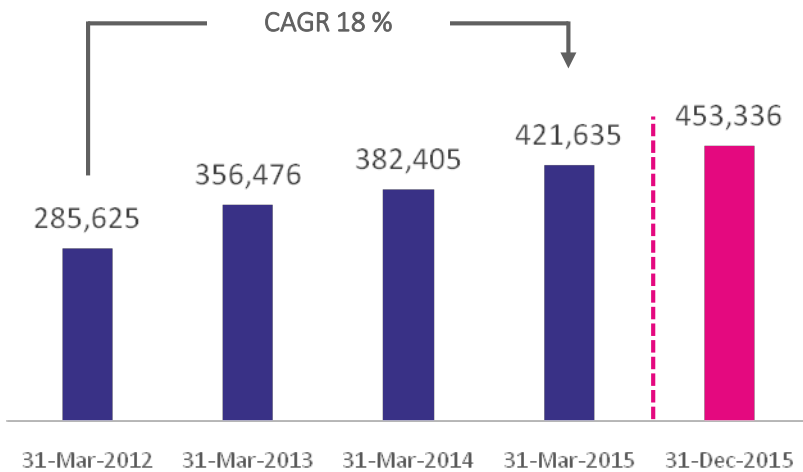
Deposits



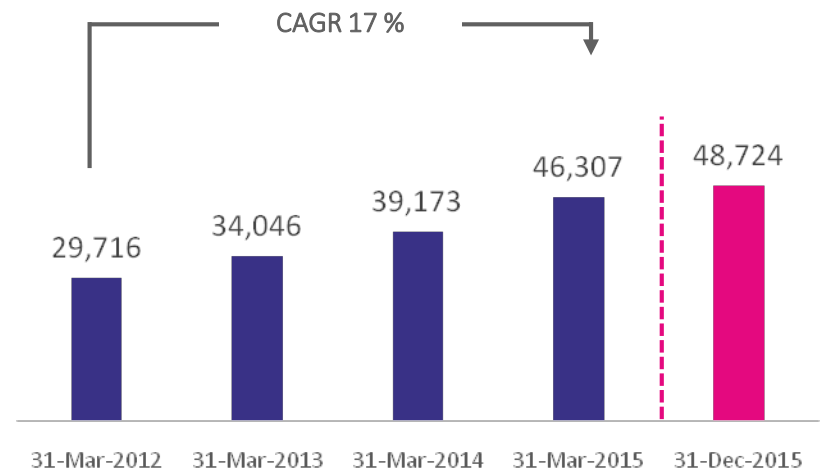
Advances



Business



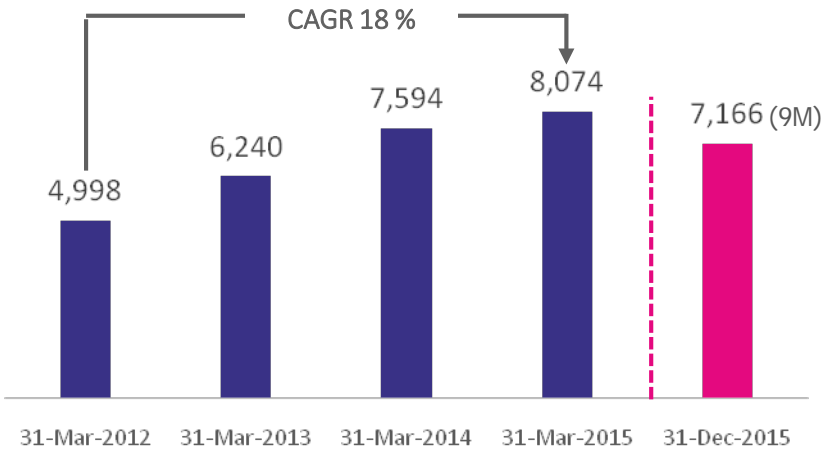
CASA



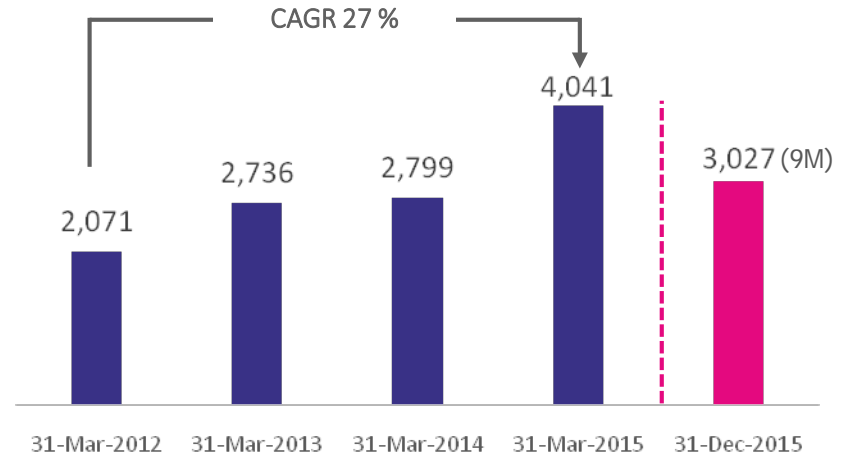
Income Growth over the years...

(in INR Mn)

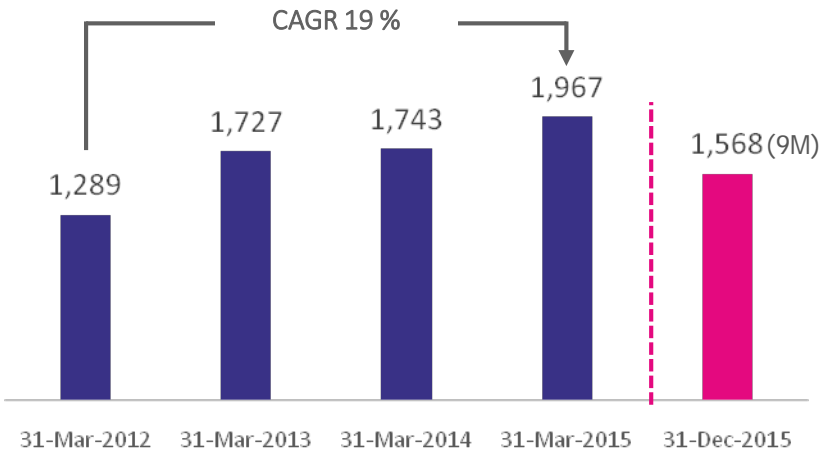
Net Interest Income Growth



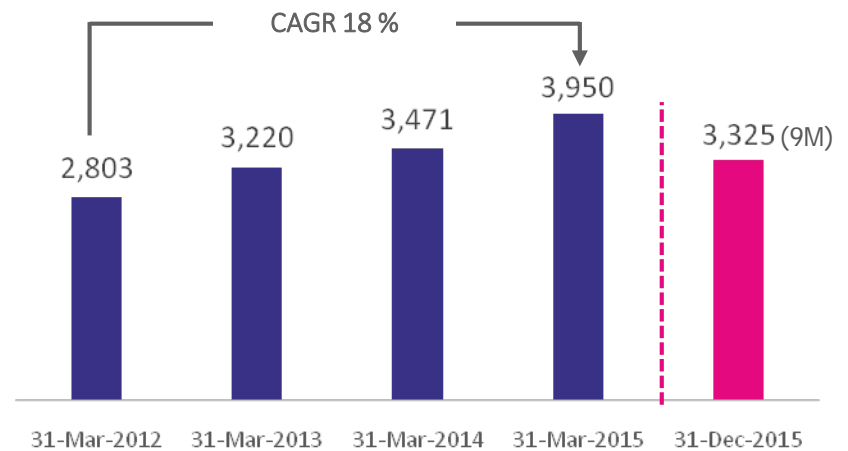
Other Income Growth



CEB Growth



Net Profit Growth

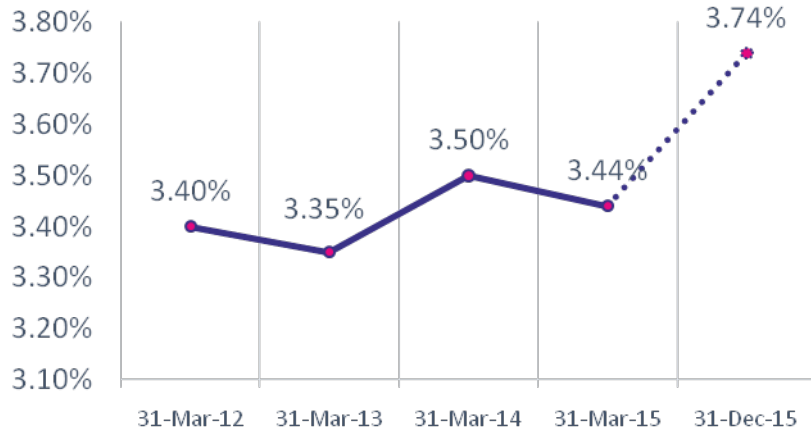


Key Business Indicators

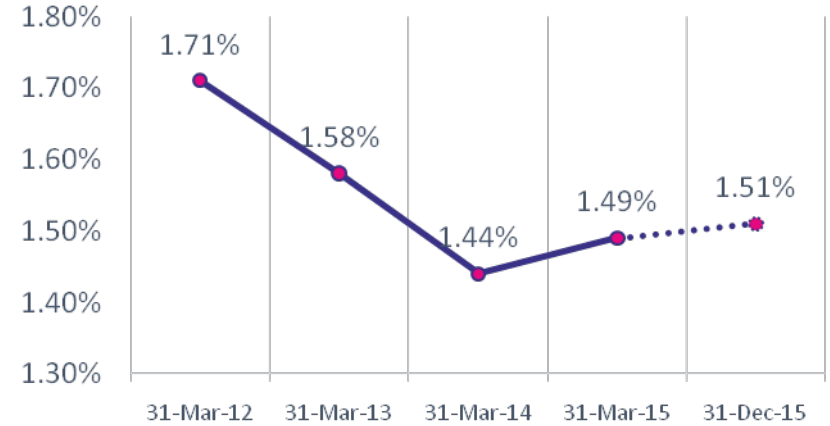
Particulars	Q3 FY 2016	Q3 FY 2015	9M FY2016	9M FY 2015	FY 2014-15
Cost of Deposits	7.48%	7.98%	7.67%	8.15%	8.15%
Yield on Advances	12.67%	13.08%	12.86%	13.20%	13.18%
Yield on Investments	7.41%	7.61%	7.43%	7.62%	7.63%
Net Interest Margin	3.82%	3.48%	3.74%	3.45%	3.44%
Cost to Income	41.91%	45.28%	40.23%	42.99%	42.83%
Cost of Funds	6.54%	7.04%	6.66%	7.15%	7.13%
Yield on Funds	9.88%	10.15%	9.91%	10.21%	10.17%
Per Employee Business (in INR Mn)	101.84	89.28	101.84	89.28	96.53
Per Employee Profit (in INR Mn) (Ann)	1.02	0.91	1.00	0.88	0.91
EPS (in INR) – FV INR 1/- share (Not Ann)	1.89	1.73	5.57	5.16	6.82

Key Business Ratios – Yearly trends

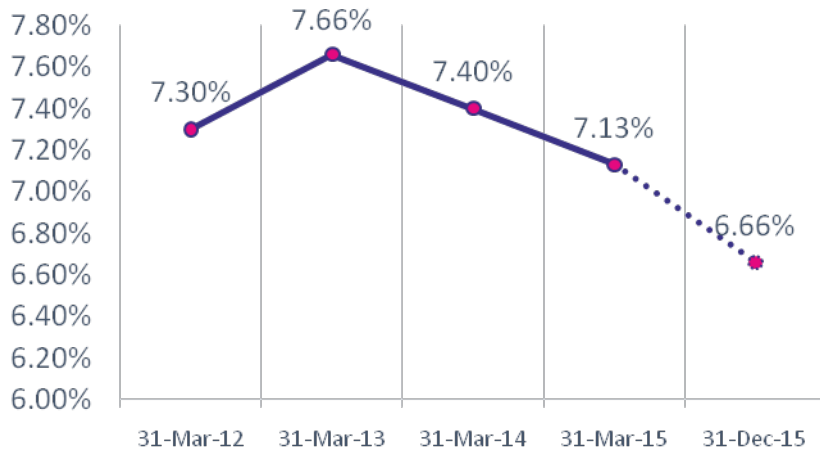
Net Interest Margin



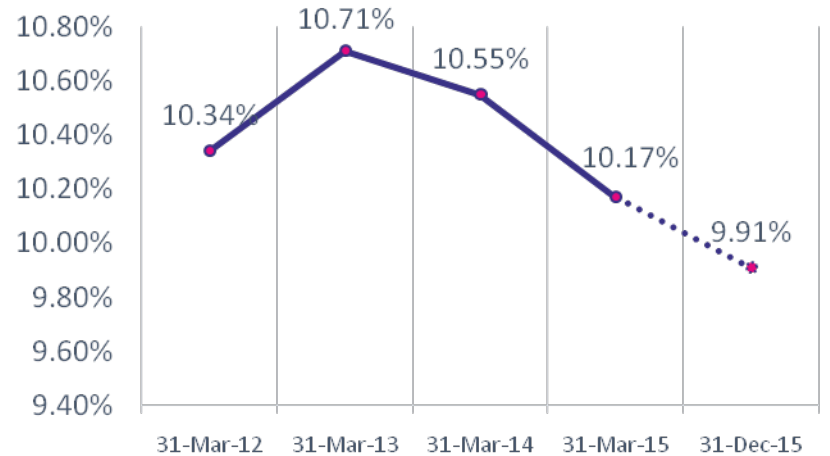
Return on Assets



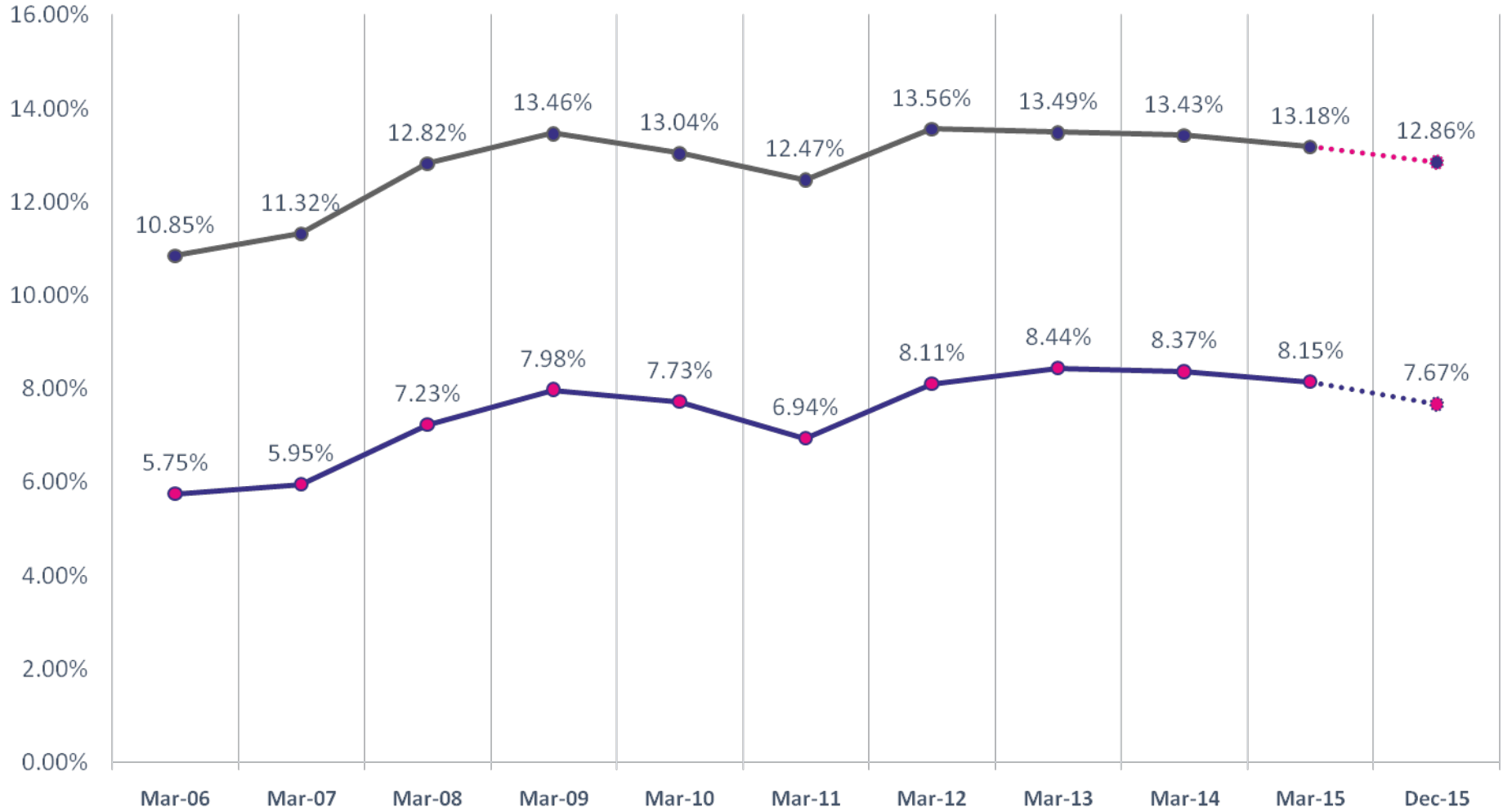
Cost of Funds



Yield on Funds



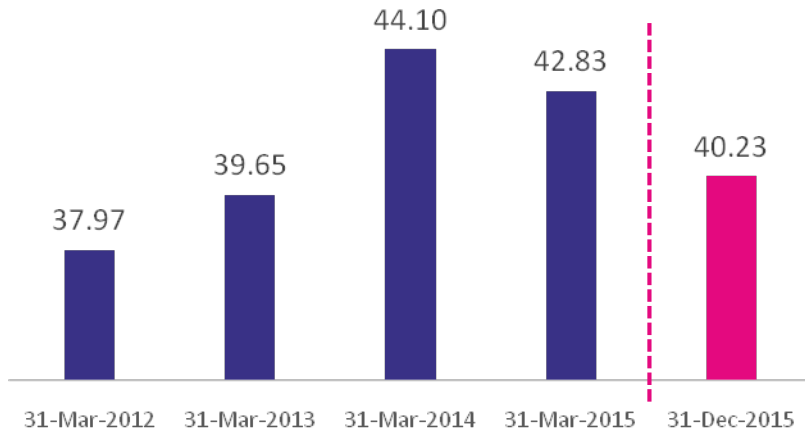
Cost of deposits & Yield on advances



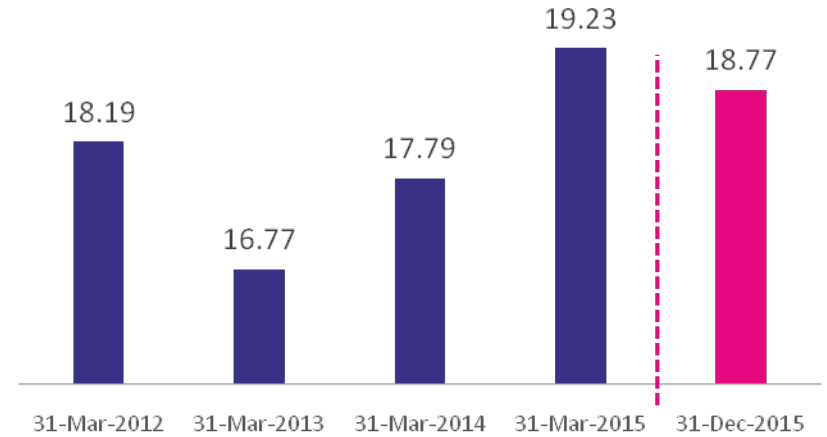
Spread between cost of deposits and yield on advances of our bank maintained in the last 10 years

Efficiency

Cost income ratio

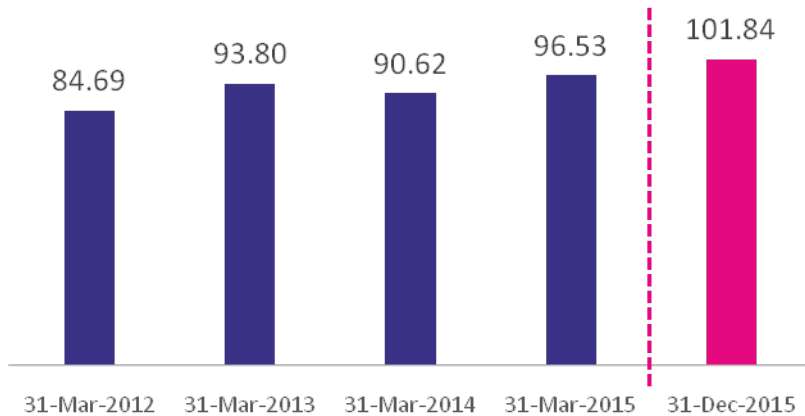


CASA Ratio



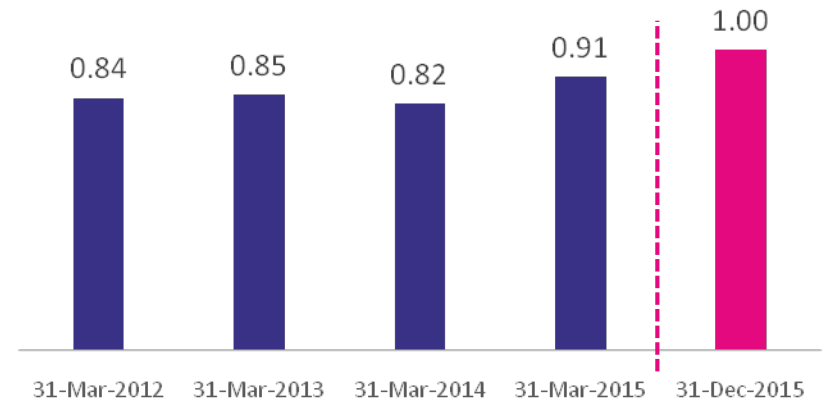
Business per Employee

(in INR Mn)



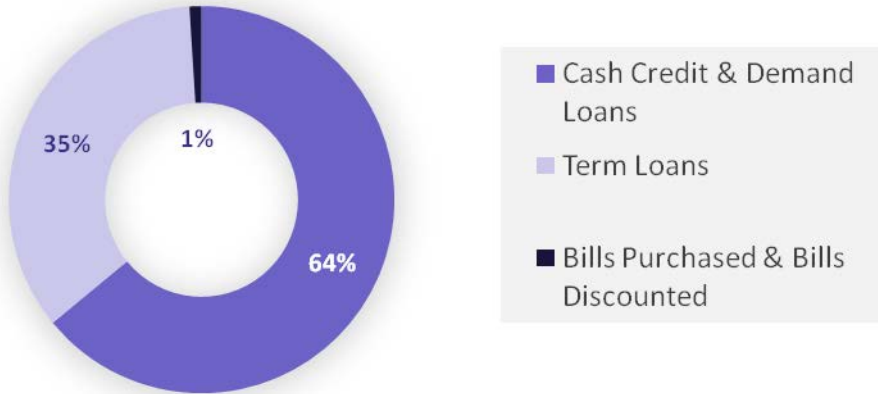
Profit per Employee

(in INR Mn)



Loan Book – Products Composition

% to Total Advances



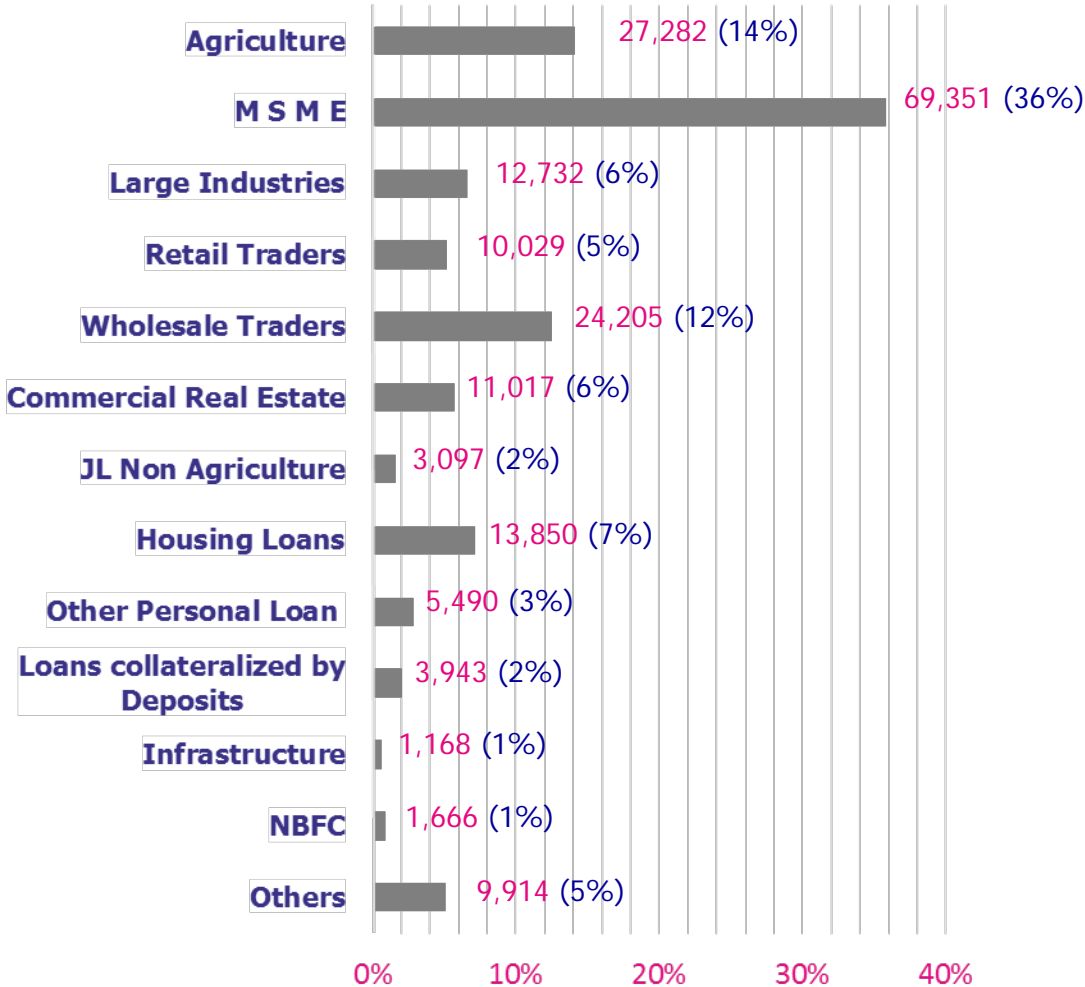
- Working capital loans yielding higher interest constitute 65% of advances
- **Re-pricing possible at short intervals thus reducing interest rate risk**
- ~90% of our loan book is on floating rate basis which reduces interest rate risk

Loan Book Products Composition	Amount (INR Mn)	% to Total Advances
Cash Credit & Demand Loans	1,23,993	64%
Term Loans	67,680	35%
Bills Purchased & Bills Discounted	2,071	1%
Gross Loans Total	1,93,744	100%

Loan Book – Sectoral Deployment

(in INR Mn)

Sectoral Deployment



Secured & Unsecured Advances

Particulars	Amount (INR Mn)	% to Total Advances
Secured Loans	1,92,014	99 %
Unsecured Loans	1,730	1 %
Total	1,93,744	100%

- ✓ Trading & MSME loans earning higher yield constitute about 53%.
- ✓ Diversified credit portfolio reduces credit risk
- ✓ Lower ticket size backed by adequate collaterals
- ✓ Unsecured Advances aggregate to only 1%
- ✓ Jewel Loan portfolio decreased by Rs. 5,343 Mn when compared to Q3 FY 2015.
- ✓ Total Jewel Loan outstanding as on 31.12.2015 – Rs.20,307 Mn

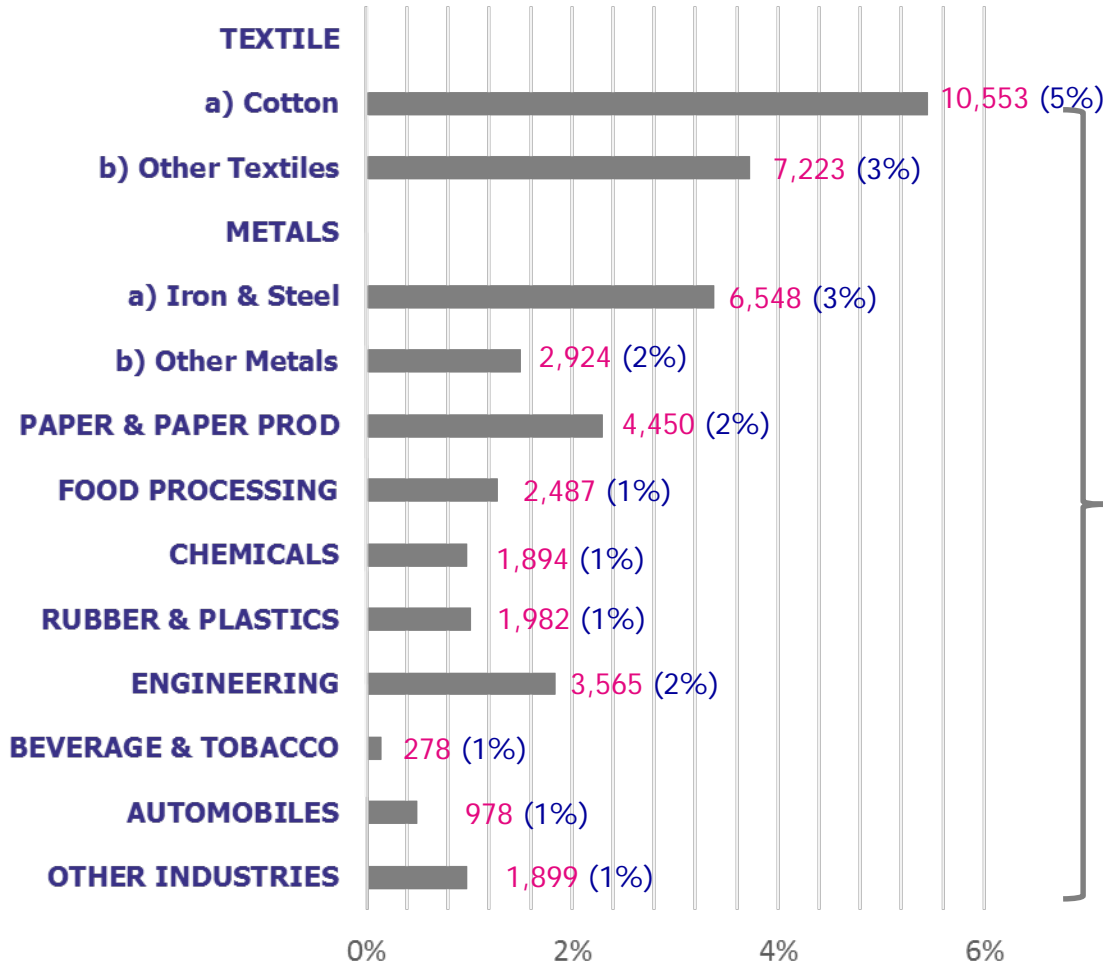
AJL – Agricultural Jewel Loan

JL – Jewel Loan

Loan Book – Advances to Major Industries

(in INR Mn)

Advances to Major Industries 31st December 2015

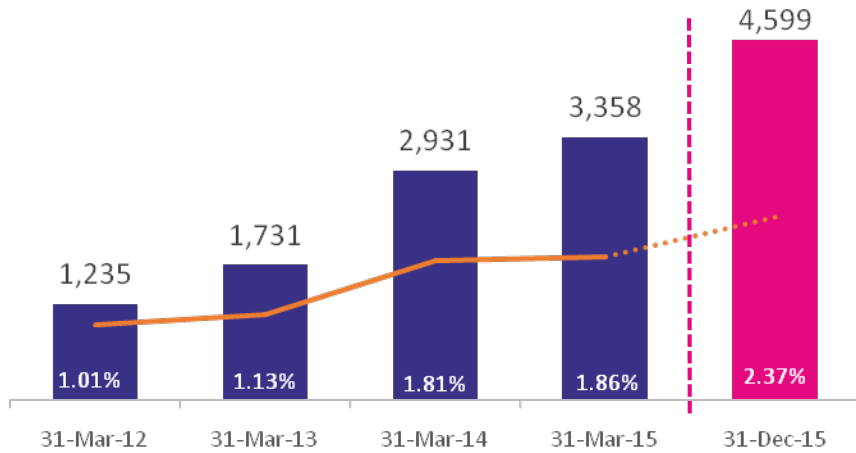


Industry Name	Amount (in INR Mn)	% to Total Advances
Advances to Major Industries	44,780	23%
All other advances (Agri, Trade, Service, Gold Loan, etc.)	1,48,964	77%
Total Gross Advances	1,93,744	100%

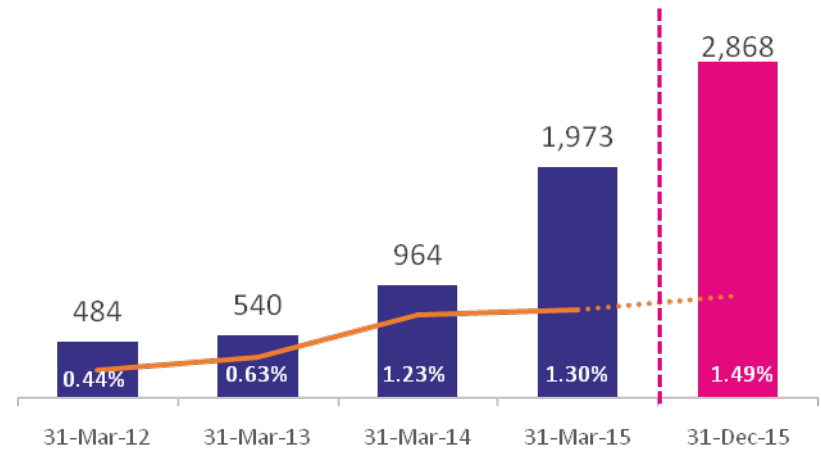
Asset Quality

(in INR Mn)

Gross NPA Qtm & Gross NPA %



Net NPA Qtm & Net NPA %



Asset Quality Position – Movement over the years

(Rs in Mn)		FY Mar - 12	FY Mar - 13	FY Mar - 14	F Y Mar - 15	Q3 FY 2016	9M FY 2016
NPA Opening balance		1,125	1,235	1,731	2,931	3,983	3,358
Additions	A	1,444	2,234	4,562	4,250	1,264	3,016
Recovery / SR		649	486	1,865	2,118	155	542
Upgradations		165	232	168	227	245	449
Net Addition	B	630	1,516	2,529	1,905	864	2,025
Write-off		520	1,020	1,329	1,478	248	784
NPA Closing balance		1,235	1,731	2,931	3,358	4,599	4,599
Technical Write-off (TW) during the period		484	948	1,226	618	205	716
Provision made during the period	C	570	970	1,485	1,650	520	1,470
T W recovery	D	400	599	544	750	49	190
Provision made net of TW Recovery	E = C-D	170	371	941	900	471	1,280
Gross Advance	F	1,22,217	1,53,428	1,62,236	1,80,885	1,93,744	1,93,744
Additions % of Gross Advance	A / F	1.18	1.46	2.81	2.35	0.65	1.56
Net Addition % of Gross Advance	B / F	0.52	0.99	1.56	1.05	0.45	1.05
Credit cost	E / F	0.14	0.24	0.58	0.50	0.24	0.66
Gross NPA %		1.01	1.13	1.81	1.86	2.37	2.37
Net NPA %		0.44	0.63	1.23	1.30	1.49	1.49

Restructured Accounts

Only one account has been restructured during the period 9 Months FY 2016

Balance outstanding as on 31.12.2015 in respect of Restructured Standard borrowers

Type Restructuring	No. of Borrowers	Amount (in INR Mn)
Under CDR Mechanism	1	672
Under SME Debt Restructuring Mechanism	3	115
Under Other Debt Restructuring Mechanism	5	2368
Total	9	3,155

- ✓ The above disclosure is in respect of Restructured Standard Accounts excluding NPA.
- ✓ Restructured Standard Advances to Gross Advances - 1.63% 9M FY 16 Vs 1.51% 9M FY 15
- ✓ No fresh sale to ARC during the period 9M FY 2016 and amount outstanding in Security Receipts - 3730 Mn
- ✓ Amount serviced during Q3 FY 2016 in restructured standard accounts is Rs.89 Mn
- ✓ No fresh slippage from restructured standard accounts to NPA status during Q3 FY 2016

Investments – At a Glance

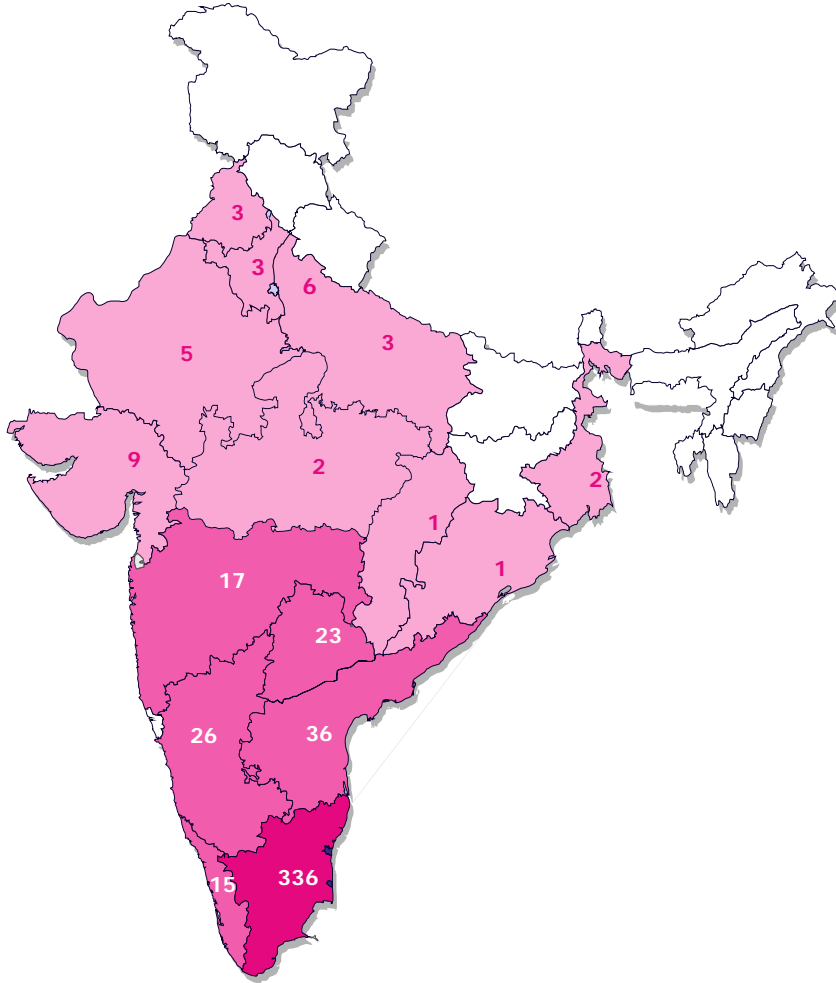
Investments Breakup and Categorywise

(in INR Mn)

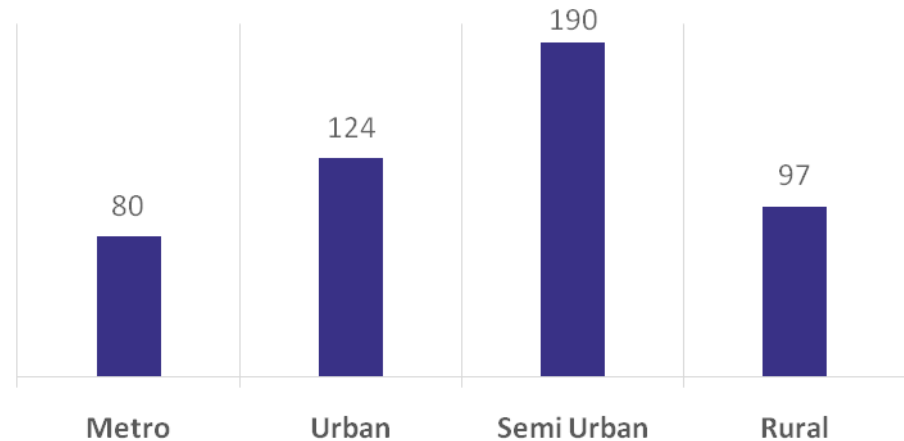
Particulars	DEC 2015	MAR 2015	DEC 2014
SLR Securities	66,664	54,875	59,865
Non-SLR Securities	4,247	3,849	2,651
Total Investments	70,911	58,724	62,516
Yield on Investments	7.43%	7.63%	7.62%
Investments Breakup:			
- A F S	19,759 (28%)	14,304 (24%)	12,765 (20%)
- H T M	51,152 (72%)	44,420 (76%)	49,642 (80%)
- H F T	-	-	109
Total Investments	70,911	58,724	62,516
Modified Duration:			
- A F S	2.82	2.28	2.23
- H T M	4.52	4.16	4.39
- H F T	-	-	7.17
- Overall Portfolio	4.13	3.83	4.05

Strong presence in the South

As of Dec 2015 - 491 branches. 440 branches are located in South India out of which 336 in Tamil Nadu



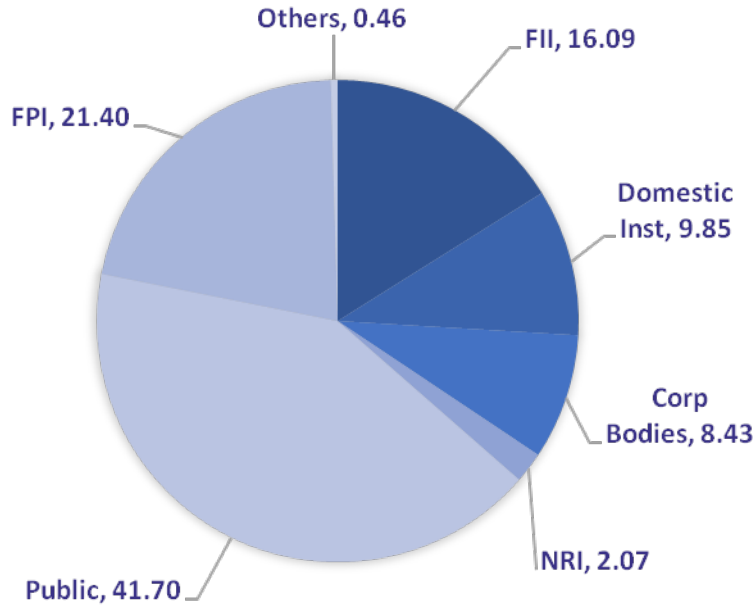
State	No. of Branches	% of Deposits	% of Advances	% of Business
Tamilnadu	336	78	66	73
Andhrapradesh	36	3	9	5
Telangana	23	3	5	4
Karnataka	26	5	5	5
Maharashtra	17	4	4	4
Kerala	15	2	3	2
Gujarat	9	1	3	2
Others	29	4	5	5
Total	491			



A well diversified investor base

as of 31st December 2015

Ownership profile



Major Institutional Shareholders

Shareholders	% of Holding
Lavender Investments Ltd (Chrys Capital)	3.95
GKFF Ventures (Argonaut Ventures)	3.93
NT Asian Discovery Master Fund	3.69
Smallcap World Fund INC	3.31
Life Insurance Corporation of India	3.11
Emblem FII	1.73
TVF Fund Ltd	1.58
Acacia Partners	1.47
Somerset Emerging Markets Small Cap Fund	1.40
Bank Muscat India Fund	1.25
Faering Capital India Evolving Fund	1.11
Wasatch Core Growth Fund	1.11

Well diversified ownership of shareholders around 83,000 Approx

Long term investors ensuring stability and support to management

Higher Participation from FII's

Limit on FII / FPI ownership increased to 40%

Head room available for FII / FPI ... 2.51%

Transparent 'Corporate Governance' practices

Board consists of 6 Independent Directors and 4 Non-Independent Directors

Various sub-committees of Board functions to oversee the operations of the Bank

Disclosure norms strictly adhered to

KYC / AML norms strictly complied with.

Code of conduct for directors and senior management put in place

WE HAVE EMINENT PERSONALITIES ON OUR BOARD

Chairman – Veteran Banker
with 40 years of experience with
City Union Bank

Chartered Accountant - Retd.
CFO from Tata Consultancy Services

Former retired Chief of Banking
Operations & Development
department, RBI & IRDA member

Retired High Court Judge

Professor of IIT, Chennai

Leading Industrialist of Dairy
farming from South India

Advocate in Banking law
& Environmental Activist

Career Banker with 4
decades of banking experience

Chartered Accountant & First
woman director of the Bank

A well experienced and strong Board



**Shri. Balasubramanian S | Msc. CAIIB. PGDFM
Non Executive Chairman**

Mr. S. Balasubramanian is serving as Non-Executive Chairman of the Bank from May 2011 and has 40 year experience in the Banking industry. He was Chairman & CEO of the Bank in 2005 and thereafter, in 2009 he was appointed as the Managing Director and CEO.



**Dr N. Kamakodi | B.Tech., MBA., PhD., CAIIB
M.D. & C.E.O.**

Dr. N. Kamakodi is serving as MD & CEO of the Bank from May 2011. He joined the Bank as DGM in the year 2003 and was elevated as GM in 2005 and later as Executive Director in 2006.



**Shri. R.G. Chandra Mogan
Director**

Mr. R.G. Chandra Mogan is the Chairman & Managing Director of Hatsun Agro Products Ltd, the largest private dairy in the country. He is a former member in Screening Cum Implementation Group.



**Shri. T.K. Ramkumar | B.Com., B.L.
Director**

Mr. T.K. Ramkumar is one of the leading Lawyers in Chennai possessing special knowledge in Banking law, Company law and Intellectual Property Rights. He is also an active environmentalist.



**Shri. C R Muralidharan | BSC., CAIIB.
Director**

Mr. C.R. Muralidharan has 40 years of vast experience in regulatory Banking and he retired as Chief General Manager, Dept of Banking Operations & Development, Reserve Bank of India and served as member IRDA.



**Justice S R Singaravelu | BSC,B.L.
Director**

Mr. S.R. Singaravelu is a former Judge of High Court of Madras and High Court of Orissa. He has a vast experience of 36 years in the Judiciary where he has held various positions.



**Prof. V. Kamakodi | BE., M.S. Phd.
Director**

Dr.Veezhinathan Kamakoti holds a Bachelor of Engineering and Ph.D. in Computer Science. His forte is Information Technology related Secured Systems Engineering and Security related software engineering.



**Shri. S. Mahalingam | B.Com(Honours), ACA
Director**

Mr. S. Mahalingam retired as Chief Financial Officer and Executive Director of Tata Consultancy Services and was involved in myriad aspects of the company's operation and growth. He is a graduate in Commerce and Associate member of Institute of Chartered Accountants of India.



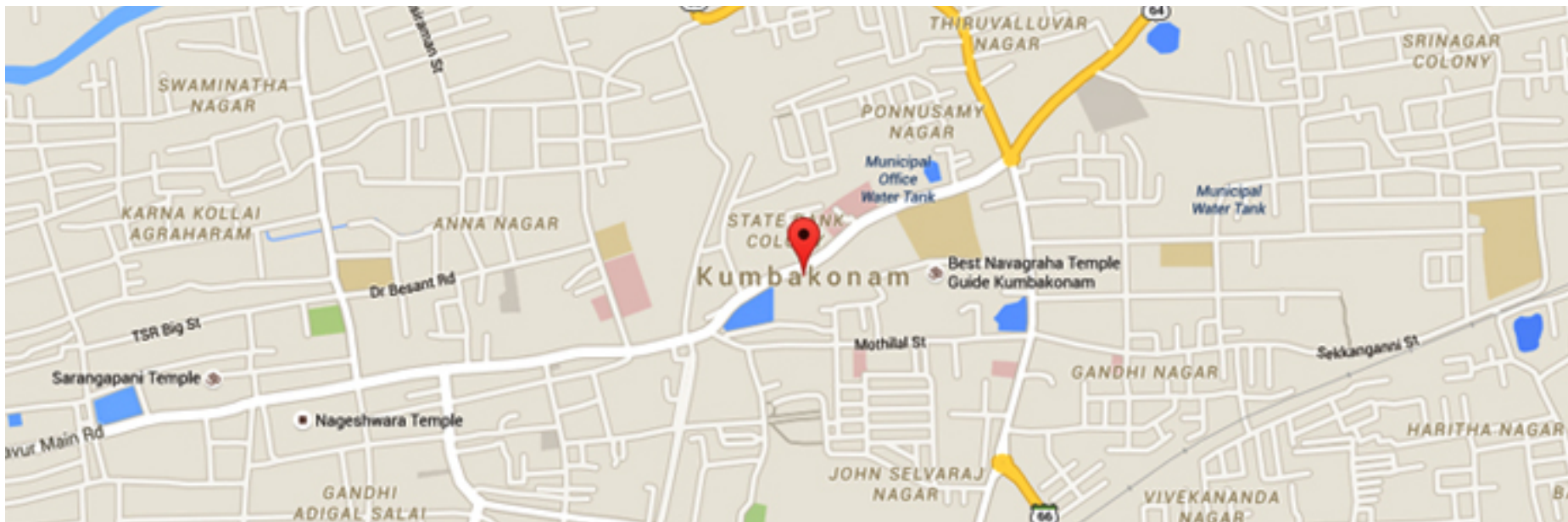
**Shri. R. Mohan | B.Sc., MBA, CAIIB
Director**

Mr. R. Mohan is a bachelor of Science, Master of Business Administration and a CAIIB. Prior to joining the Board, he served as Chief General Manager of our Bank. He has been appointed on our Board under the majority sector of Banking, Agriculture and Small Scale Industry.



**Smt. Abarna Bhaskar | BA., FCA
Director**

Smt. Abarna Bhaskar is a qualified Chartered Accountant by profession and the first woman director of the Bank. She has served in senior positions with a Foreign Bank abroad and a large private sector bank in India.



CITY UNION BANK LTD

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