



INVESTOR PRESENTATION – DECEMBER 2013

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1. Overview

Showcasing steady performance on an ongoing basis ...

Track Record

The oldest Private Sector Bank in the Country having 100+ years of operations – Continuous Profitability – Dividend pay out in all 100 + years of existence

Growth

Business growing at CAGR 25% - Net Profit CAGR at 25% in the last 5 Years.

Strength

RoA at 1.47%, RoE at 19.26% and NIM at 3.56%. CRAR at 13.61% of which Tier I constitutes 12.99%. Networth as on 31st December 2013 – Rs.20211 Mn

Management

Continuity in Management – only 7 CEOs so far in 100+ years – Best Corporate Governance – Majority of Directors are Independent and Professional

Technology

Tech Savvy bank – Technology Partner “Tata Consultancy Services” – State of the Art technology platform – All branches and 100% business under CBS.

Asset Quality

Healthy Loan Portfolio – Gross NPA – 1.70%, Net NPA – 0.89% and PCR stood at 70% as on 31.12.2013

Network

Pan India presence – 406 Branches & 910 ATMs.

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

SME/ MSME focus

- ✓ SME/MSME specialized business model focusing on large untapped
- ✓ Segment consistently delivering higher yields
- ✓ Superior client servicing leading to client retention and low business acquisition costs

Prudent Risk Management (GNPA: 1.70%, NNPA: 0.89%)

- ✓ SME exposures' result in granular asset profile
- ✓ Granular deposit base with high retention rates result in stable liability profile
- ✓ SME/MSE Loans result in lower NPA as they are:
 - Additionally collateralised by residential property, and personal guarantee etc
 - Predominantly single banker relationships with minimal exposure to consortium / multiple banking arrangements / infrastructure lendings

Invested in Robust Infrastructure

- ✓ Comprehensive employee training and recruitment infrastructure through staff training college
- ✓ All branches and 100% business under CBS from TCS

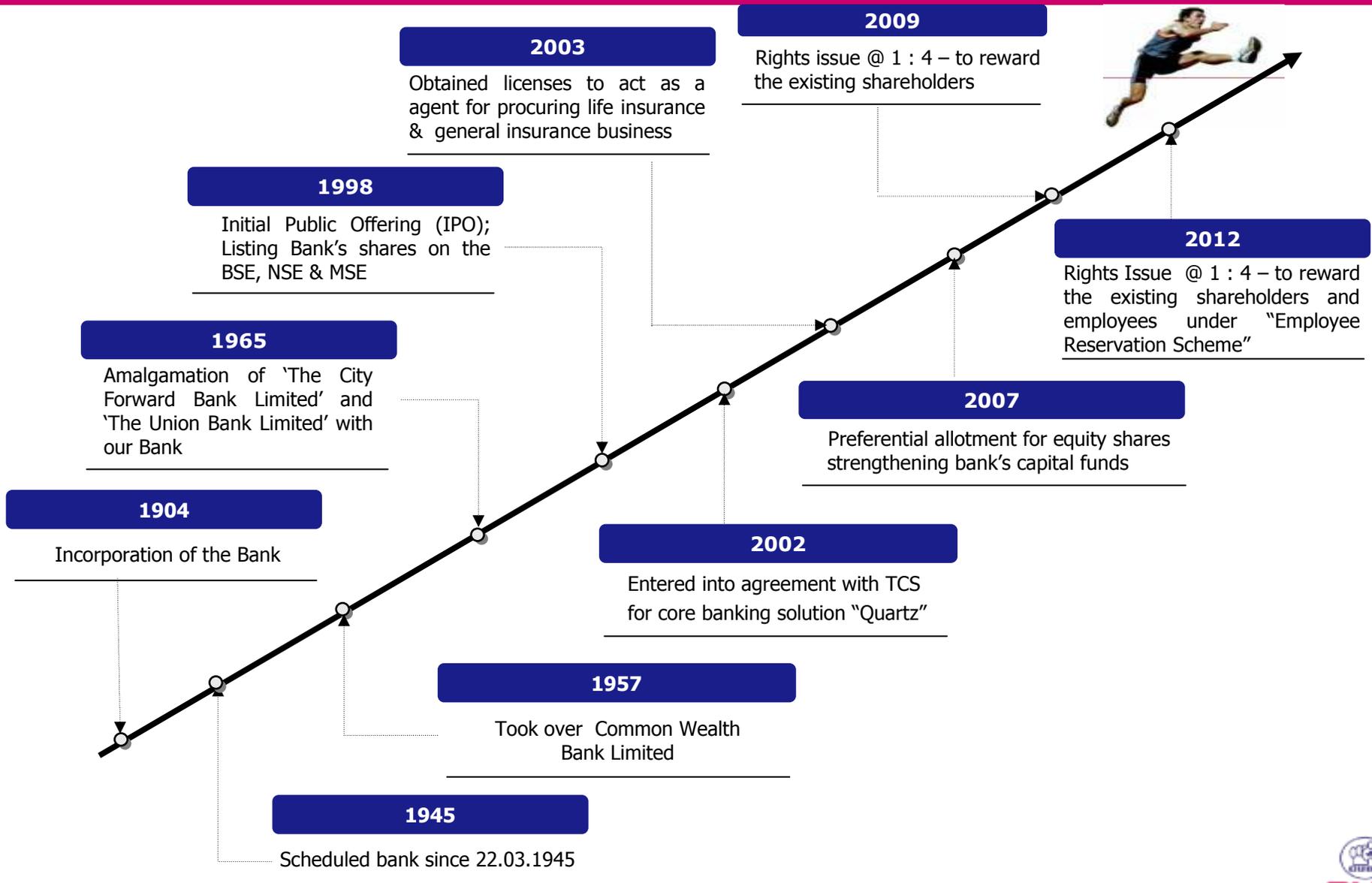
Purely retail Liability Franchise

- ✓ No Certificate of Deposit
- ✓ No reliance on Corporate bulk deposits

Consistently growing at 20%+ growth rate

Consistent Returns: 20%+ RoE

Key milestones





2. Performance Highlights – Nine months period ended FY 2014

9M FY 2013-14 Performance – A snapshot

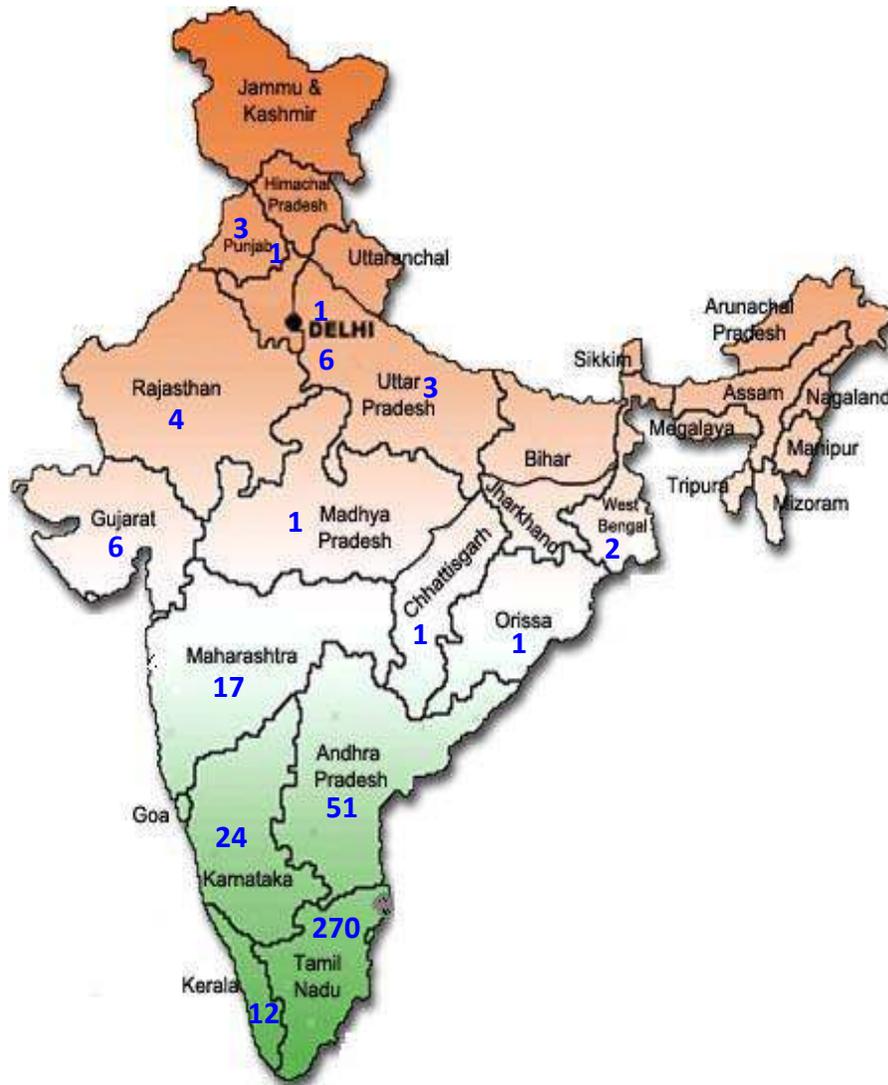
- ✓ Deposits increased by 11% from Rs.190,441 Mn to Rs.211,160 Mn Y-o-Y
- ✓ Advances registered a growth of 9% from Rs.145,124 Mn to Rs.158,248 Mn Y-o-Y
- ✓ Gross Profit registered a growth of 17% from Rs.3,738 Mn to Rs.4,370 Mn Y-o-Y
- ✓ Net Profit increased from Rs.2,395 Mn to Rs.2,637 Mn for 9M FY 2013-14 – 10% Growth on Y-o-Y
- ✓ Profitability and efficiency ratios – at par with the best in industry:
 - Return on Assets - 1.47%
 - Net Interest Margin - 3.56%
 - Return on Equity - 19.26%
 - Earnings per share - Rs.5.16
- ✓ Gross NPA – 1.70% and Net NPA – 0.89%
- ✓ Provision Coverage Ratio – 70%
- ✓ During the last quarter, the Bank successfully migrated to new software “BaNCS” from the existing software “Quartz” .
- ✓ CRAR – 13.61% as against 12.39% over previous year. In Q2 FY 2014, the Capital and Reserves have been increased by Rs.1206 Mn through first and final call on Rights Issue.



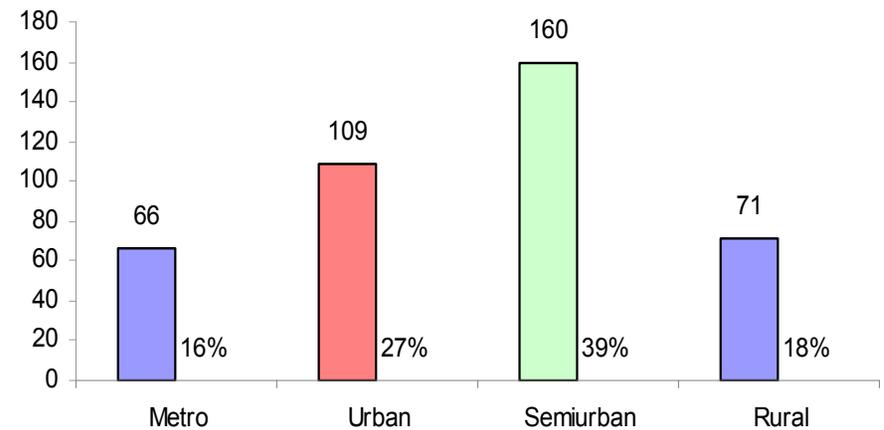
3. Branch Network

Strong presence in the South

✓ A network of 406 branches of which 357 branches are located in South India and 270 in Tamil Nadu alone



State	No. of Branches	% of Business
Tamilnadu	270	71
Andhra Pradesh	51	8
Karnataka	24	6
Maharashtra	17	7
Kerala	12	2
Gujarat	6	2
Others	26	4
Total	406	

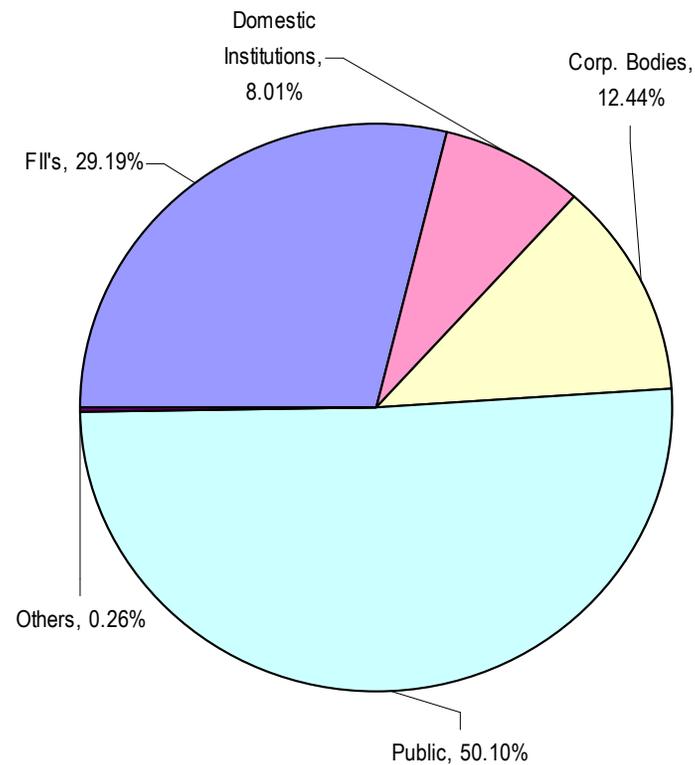




4. Ownership Pattern

A well diversified investor base

Ownership profile



Well diversified ownership exceeding 90000

Long term investors ensuring stability and support to management

Higher Participation from FII's

A well diversified investor base

Major Institutional Shareholders

Shareholders	% of holding
L & T Unnati Finance Ltd.	4.59
GKFF Ventures	4.36
FMO, Nederlandse	4.35
LIC of India	4.02
Regal Investment and Trading Co. Pvt Ltd	2.03
Wasatch Core Growth Fund	2.02
Acacia Partners	2.00
Emblem	1.75



5. Management

Transparent 'Corporate Governance' practices



Board consists of 8 Independent Directors and 2 Non-Independent Directors



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



Code of conduct for directors and senior management put in place



Disclosure norms strictly adhered to



KYC / AML norms strictly complied with.

We have eminent personalities on our Board;

- ✓ 1 Former CMD of a PSU Bank
- ✓ 1 Veteran Banker with 40 years of Banking experience
- ✓ 2 Chartered Accountants including Retd. CFO from Tata Consultancy Services
- ✓ 1 former IRDA & RBI Chief of Banking Operations & Development
- ✓ 1 Retired High Court Judge
- ✓ 1 Professor of IIT, Chennai
- ✓ 1 Industrialist
- ✓ 1 Advocate

A well experienced and strong Board

(1/2)

	Name	Profile
	<p>Mr. S. Balasubramanian, Chairman (Non-Executive)</p>	<p>He holds a Master degree in Mathematics, CAIIB and PGDFM and has 40 years of experience in the banking industry. He joined City Union Bank in 1971 as a probationary officer and was associated with the Bank in various capacities. In 2005 he was appointed as the Chairman & CEO of our Bank and thereafter, in 2009 he was appointed as the Managing Director and CEO. From May 2011, appointed as Non-Executive Chairman of the Bank.</p>
	<p>Dr. N. Kamakodi, MD & CEO</p>	<p>He is a Bachelor of Technology, MBA, CAIIB and Ph.D. in e-Banking. He joined the Bank as DGM in the year 2003 was elevated to the post of GM in 2005 and later as Executive Director in 2006. He has excellent academic background and also acquired hands on experience on the overall operations of the Bank. From May 2011 functioning as MD & CEO of the Bank.</p>
	<p>Mr. S. Bernard, Director</p>	<p>He is a graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants of India. He is a practicing Chartered Accountant of 31 years standing with expertise in the field of Accountancy and Taxation.</p>
	<p>Mr. Kantha Kumar, Director</p>	<p>He is a graduate in Commerce and Law. He has been in the Banking Industry for around 38 years. He has held key positions such as Executive Director in Canara Bank and Chairman & Managing Director in Syndicate Bank.</p>
	<p>Mr. R.G. Chandramogan, Director</p>	<p>He is a well known Industrialist in South India. He is the Chairman & Managing Director of Hatsun Agro Product Limited which is the largest procurer of milk in the Private Sector in the country. He is a member in Screening Cum Implementation Group – Secondary Agriculture and Working Group on Animal Husbandary & Dairying, both constituted by Planning Commission, Government of India. CII has appointed him as a member in National Council on Agriculture constituted by Confederation of Indian Industry.</p>

A well experienced and strong Board

(2/2)

	Name	Profile
	Mr. T.K. Ramkumar, Director	He is a graduate in Commerce and Law specialized in Banking law, Company law and Intellectual Property Rights. He is one of the leading Lawyers in Chennai.
	Justice (Retd.) S.R. Singaravelu, Director	He is a former Judge of High Court of Madras and High Court of Orissa. He has vast experience of 36 years in the Judiciary where he has held various positions.
	Mr. C.R. Muralidharan, Director	He was holding various positions in Reserve Bank of India. He retired as Chief General Manager, Reserve Bank of India. He has extensive experience in regulatory Banking. He was also a whole time member of Insurance Regulatory and Development Authority (IRDA).
	Dr. Veezhinathan Kamakoti, Director	He is a Bachelor of Engineering and Ph.D. in Computer Science. He is one of the youngest to adorn the post of Professorship in one of the prestigious Institutions of India namely I I T, Madras in the Department of Computer Science and Engineering. An expert in Computer Science and Technology, his forte is Information Technology related Secured Systems Engineering and Security related software engineering.
	Mr. S. Mahalingam, Director	He is a graduate in Commerce and Associate member of Institute of Chartered Accountants of India. He retired as Chief Financial Officer and Executive Director of Tata Consultancy Services. In his 43 years career with TCS, Shri. S. Mahalingam has been involved in myriad aspects of the company's operation and growth and also played a key role in helping TCS become a \$ 11.60 billion global company with over 2,76,000 employees. At present he is a Director in Nani Palkhivala Arbitration Centre, Tata Reality and Infrastructure Limited, CMC Limited, CSI Publications and National Skill Development Corporation.



6. Financial Performance and Business Profile

9M FY 2013-14 Performance – A snapshot

HIGHLIGHTS FOR THE PERIOD ENDED 31st DECEMBER 2013

- ✓ Deposits increased by 11% to Rs.211,160 Mn from Rs.190,441 Mn
- ✓ Advances increased by 9% from Rs.145,124 Mn to Rs.158,248 Mn
- ✓ Total Business grew by 10% from Rs.335,564 Mn to Rs.369,408 Mn
- ✓ CASA improved by 15% to Rs.36,924 Mn from Rs.31,975 Mn
- ✓ NII increased by 28% from Rs.4,507 Mn to Rs.5,747 Mn
- ✓ Gross Profit increased by 17% to Rs.4,370 Mn from Rs.3,738 Mn
- ✓ Net Profit increased by 10% from Rs.2,395 Mn to Rs.2,637 Mn
- ✓ Gross NPA stood at 1.70% and Net NPA at 0.89%
- ✓ ROA maintained at 1.47%
- ✓ ROE stands at 19.26%
- ✓ Net Interest Margin stood at 3.56%

Deposits



Advances



Gross Profit



Net Profit



Gross NPA



Net NPA

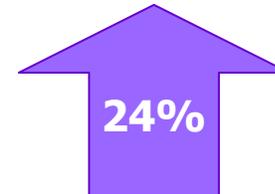


FY 2012-13 Performance – A snapshot

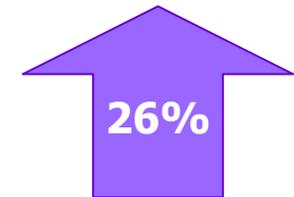
HIGHLIGHTS FOR THE YEAR ENDED 31st MARCH 2013

- ✓ Deposits increased by 24% to Rs.203,048 Mn from Rs.163,408 Mn
- ✓ Advances increased by 26% from Rs.122,217 Mn to Rs.153,429 Mn
- ✓ Total Business grew by 25% from Rs.285,625 Mn to Rs.356,477 Mn
- ✓ CASA improved by 15% to Rs.34,046 Mn from Rs.29,716 Mn
- ✓ NII increased by 25% from Rs.4,998 Mn to Rs.6,240 Mn
- ✓ Gross Profit increased by 23% to Rs.5,234 Mn from Rs.4,271 Mn
- ✓ Net Profit increased by 15% from Rs.2,803 Mn to Rs.3,220 Mn
- ✓ Net NPA stood at 0.63%
- ✓ ROA maintained at 1.58%
- ✓ ROE stands at 22.41%
- ✓ Net Interest Margin stood at 3.35%

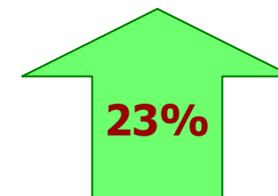
Deposits



Advances



Gross Profit



Net Profit



Gross NPA



Net NPA



9M FY 13-14 Vs 9M FY 12-13 – Performance – A snapshot

Financial Performance

(in INR Mn)

Particulars	9 M FY 2013-14	9 M FY 2012-13		Growth	% Growth	FY 2012-13
Deposits	211160	190441	↑	20720	11%	203048
Advances	158248	145124	↑	13124	9%	153429
Total Business	369408	335564	↑	33844	10%	356477
Demand Deposits	14353	12237	↑	2116	17%	13353
Savings Deposits	22571	19738	↑	2833	14%	20693
CASA	36924	31975	↑	4949	15%	34046
Gross NPA	2689	1787	↑	902	50%	1731
Net NPA	1393	914	↑	479	52%	964
Gross NPA (%)	1.70%	1.23%				1.13%
Net NPA (%)	0.89%	0.63%				0.63%
C R A R	13.61%	12.39%				13.98%
- Of which Tier I	12.99%	11.68%				13.27%
CD Ratio	75%	76%				76%
PCR	70%	70%				71%

9M FY 13-14 Vs 9M FY 12-13 – Performance – A snapshot

Financial Performance

(in INR Mn)

Particulars	9M FY 2013-14	9M FY 2012-13	Growth	% Growth	FY 2012-13
Net Interest Income	5747	4507	1240	28%	6240
Other Income	2104	1931	173	9%	2736
Operating Expenses	3481	2700	781	29%	3742
Gross Profit	4370	3738	632	17%	5234
Provisions & Contingencies	1733	1342	391	29%	2014
Net Profit	2637	2396	241	10%	3220
Return on Assets	1.47%	1.62%			1.58%
Return on Equity	19.26%	23.41%			22.41%
Net Interest Margin	3.56%	3.32%			3.35%

Q3 FY 13-14 Vs Q3 FY 12-13 – Performance – A snapshot

Financial Performance

(in INR Mn)

Particulars	Q3 FY 2013-14	Q3 FY 2012-13	Growth	% Growth	F Y 2012-13
Net Interest Income	1975	1634	341	21%	6240
Other Income	648	659	-11	-ve	2736
Operating Expenses	1277	980	297	30%	3742
Gross Profit	1347	1313	34	3%	5234
Provisions & Contingencies	456	461	-5	-ve	2014
Net Profit	891	852	39	5%	3220
Return on Assets	1.47%	1.65%			1.58%
Return on Equity	18.75%	23.63%			22.41%
Net Interest Margin	3.62%	3.45%			3.35%

9M FY 13-14 Vs 9M FY 12-13 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	9M FY 13-14	9M FY 12-13	Growth
Interest on Loans	15725	13153	20%
Interest on Investments	3248	2732	19%
Other Interest Income	132	28	373%
Total Interest Income	19105	15913	20%

Interest Expenses Breakup

Particulars	9M FY 13-14	9M FY 12-13	Growth
Int Exp on Deposits	12955	10932	19%
Other Int Expenses	403	474	-ve
Total Interest Expenses	13358	11406	17%

Other Income Breakup

Particulars	9M FY 13-14	9M FY 12-13	Growth
CEB & Charges	1429	1249	14%
Treasury Income	406	259	57%
All other Income incl suit account recoveries	269	423	-ve
Total Other Income	2104	1931	9%

Operating Expenses Breakup

Particulars	9M FY 13-14	9M FY 12-13	Growth
Employee Cost	1383	1121	23%
Other Operating Expenses	2098	1580	33%
Total Expenses	3481	2700	29%

Q3 FY 13-14 Vs Q3 FY 12-13 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	Q3 FY 13-14	Q3 FY 12-13	Growth
Interest on Loans	5327	4614	15%
Interest on Investments	1113	933	19%
Other Interest Income	22	9	133%
Total Interest Income	6461	5556	16%

Interest Expenses Breakup

Particulars	Q3 FY 13-14	Q3 FY 12-13	Growth
Int Exp on Deposits	4341	3737	16%
Other Int Expenses	145	184	-ve
Total Interest Expenses	4486	3921	14%

Other Income Breakup

Particulars	Q3 FY 13-14	Q3 FY 12-13	Growth
CEB & Charges	453	435	4%
Treasury Income	134	109	22%
All other Income incl suit account recoveries	61	115	-ve
Total Other Income	648	659	-ve

Operating Expenses Breakup

Particulars	Q3 FY 13-14	Q3 FY 12-13	Growth
Employee Cost	528	451	17%
Other Operating Expenses	749	529	42%
Total Expenses	1277	980	30%

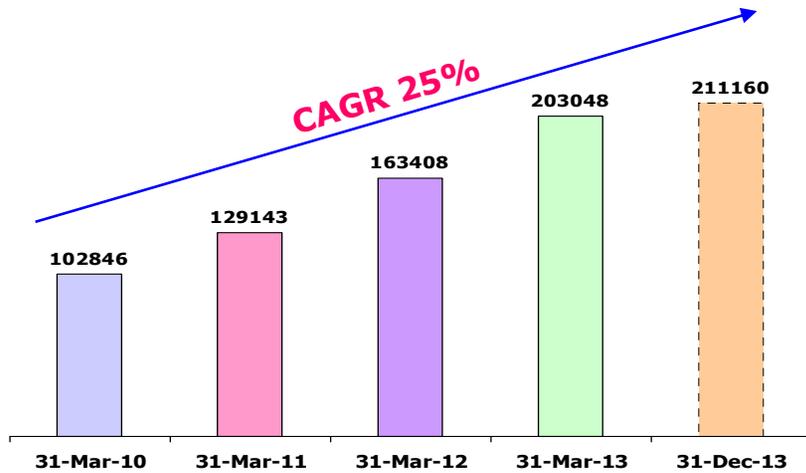
Key Business Indicators

Key indicators

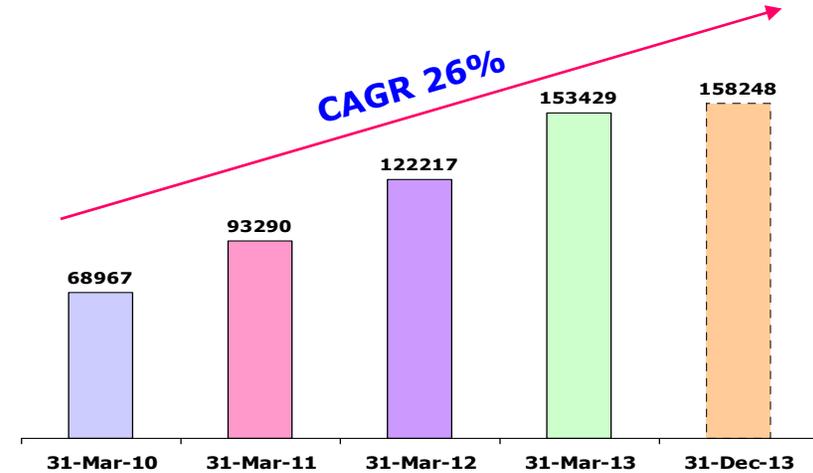
Particulars	9M FY 13-14	9M FY 12-13	Q3 FY 13-14	Q3 FY 12-13	FY 2013
Cost of Deposits	8.40%	8.43%	8.32%	8.31%	8.44%
Yield on Advances	13.54%	13.48%	13.52%	13.44%	13.49%
Yield on Investments	7.33%	7.16%	7.39%	7.17%	7.19%
Net Interest Margin	3.56%	3.32%	3.62%	3.45%	3.35%
Cost to Income	44.34%	41.94%	48.66%	42.74%	41.69%
Cost of Funds	7.47%	7.69%	7.41%	7.60%	7.66%
Yield on Funds	10.68%	10.73%	10.67%	10.77%	10.71%
Per Employee Business (in INR Mn)	87.82	90.02	87.82	90.02	93.80
Per Employee Profit (in INR Mn) (Ann)	0.84	0.87	0.85	0.93	0.85
EPS (in INR) – FV INR 1/- share (Not Ann)	5.16	4.92	1.65	1.75	6.65

Strong Deposits and Advances growth

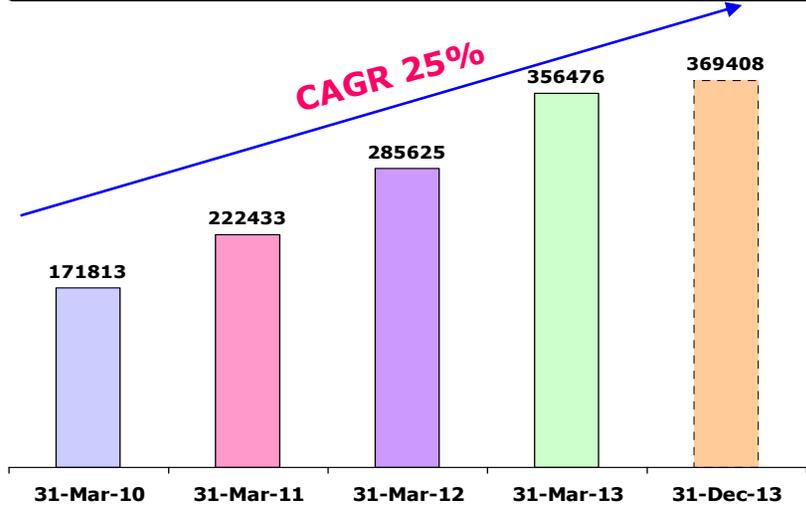
Deposits



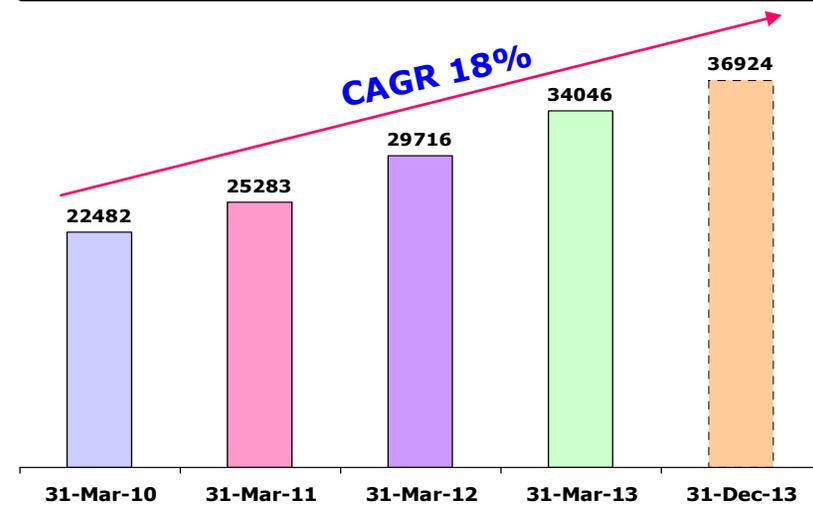
Advances



Business

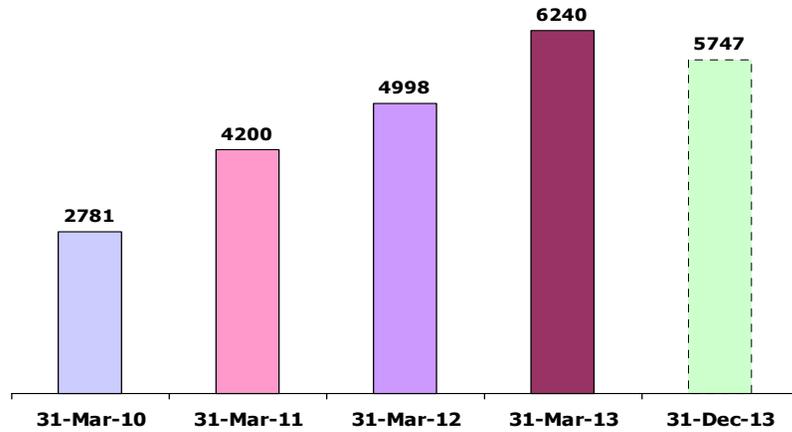


CASA

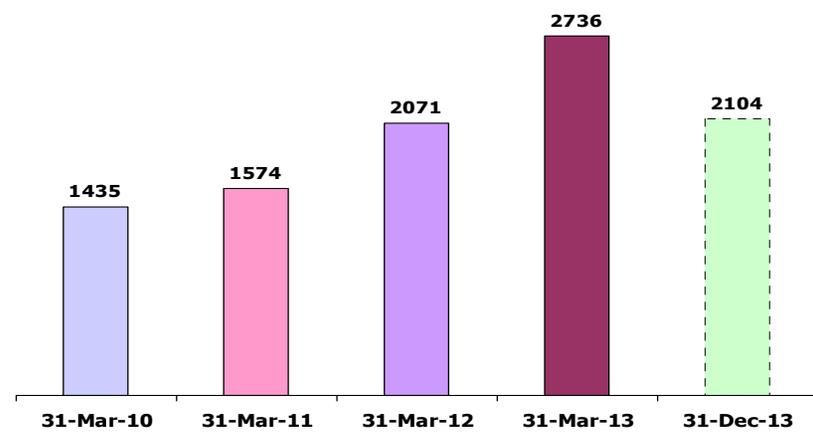


Income Growth over the years ...

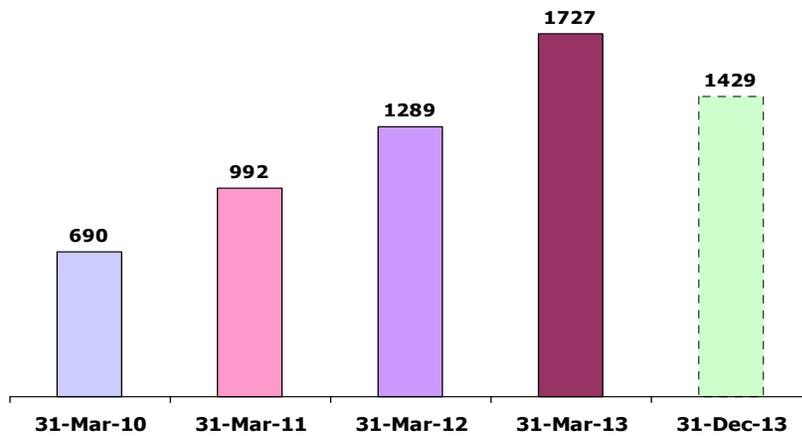
Net Interest Income Growth



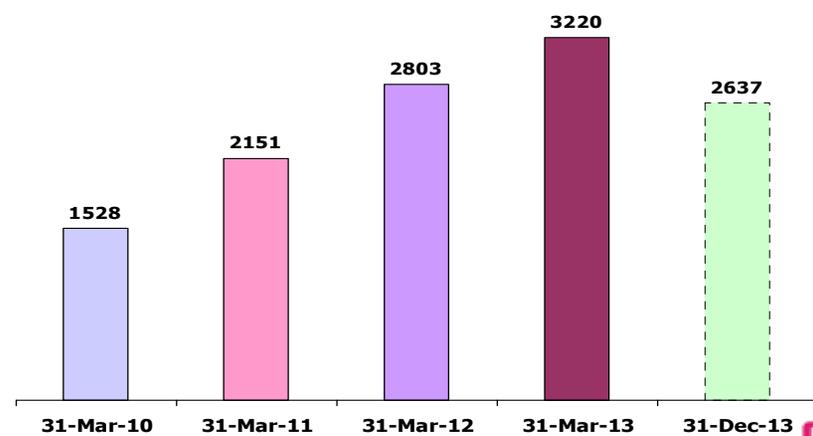
Other Income Growth



CEB Growth

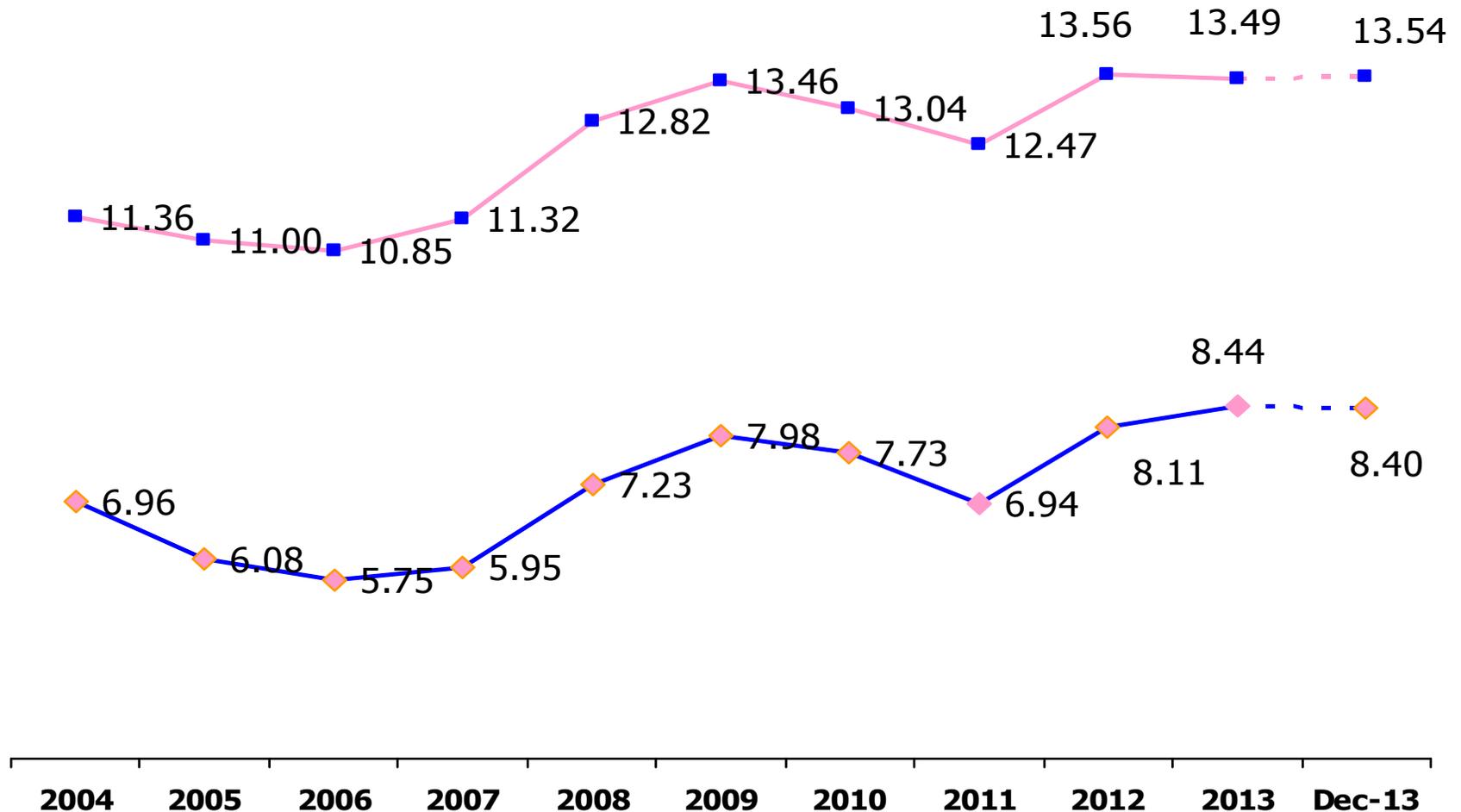


Net Profit Growth



Cost of deposits & Yield on advances

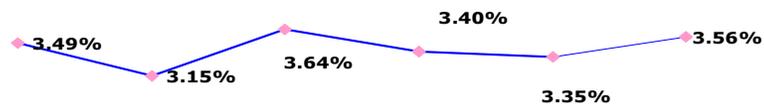
Cost of Deposits and Yield on Advances



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

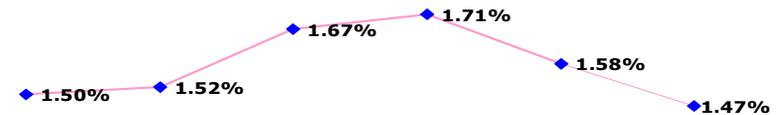
Key Business Ratios - Yearwise

Net Interest Margin



31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12 31-Mar-13 31-Dec-13

Return on Assets



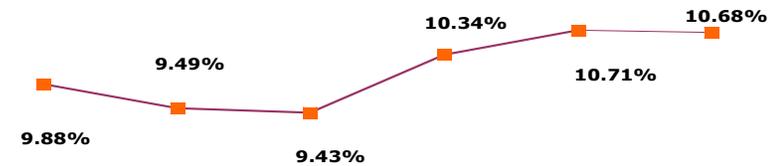
31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12 31-Mar-13 31-Dec-13

Cost of Funds



31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12 31-Mar-13 31-Dec-13

Yield on Funds

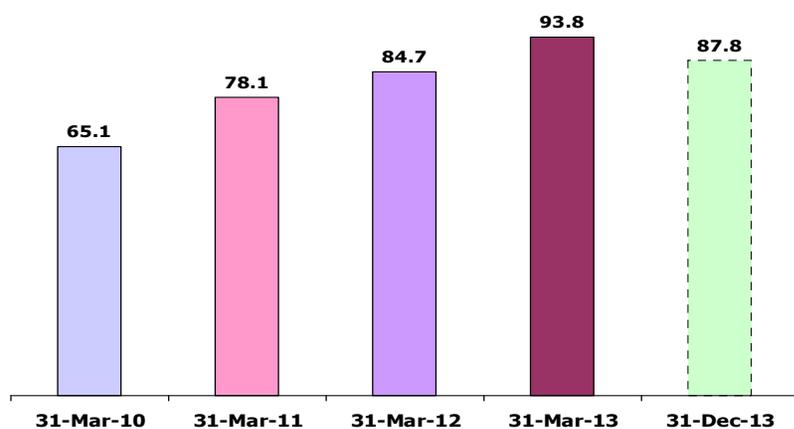


31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12 31-Mar-13 31-Dec-13

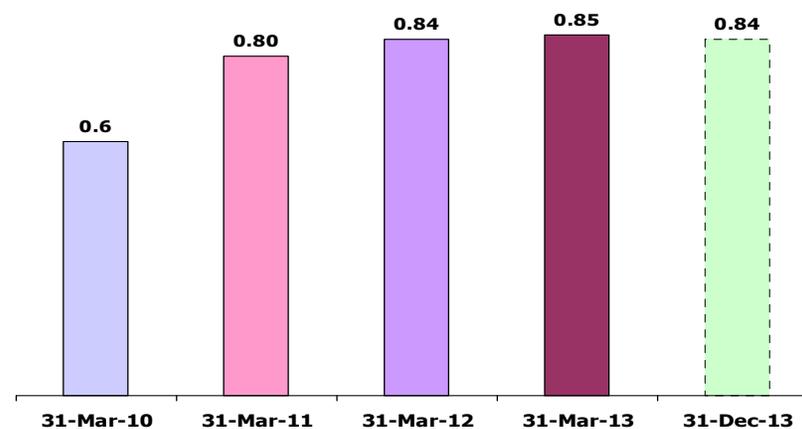
Efficiency

(Rs in Mn)

Business per Employee



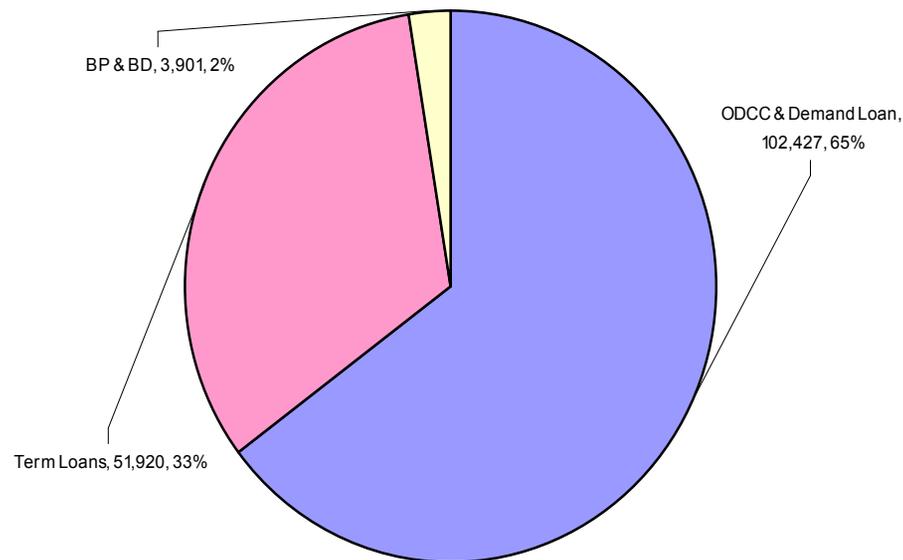
Profit per Employee



Loan Book – Products Composition

Loan Book Products Composition	Amount (INR Mn)	% to Total Advances
Cash Credit & Demand Loans	102427	65%
Term Loans	51920	33%
Bills Purchased & Bills Discounted	3901	2%
Gross Loans Total	158248	100%

- ✓ Working capital loans yielding higher interest constitute 65% of advances
- ✓ Re-pricing possible at short intervals thus reducing interest rate risk
- ✓ ~80% of our loan book is on floating rate basis which reduces interest rate risk



Loan book – Composition

Sectoral Deployment as on 31st December 2013

Particulars	Amount (INR Mn)	% to Total Advances
Agriculture (includes AJL – 20151 Mn)	23707	15%
M S M E	43654	27%
Large Industries	17701	11%
Retail Traders	10644	7%
Wholesale Traders	17025	11%
Commercial Real Estate	7651	5%
JL Non Agriculture	11847	7%
Housing Loans	6444	4%
Other Personal Loan (includes Personal Loan, Clean loan, Clean OD, Consumer loan, etc.)	2892	2%
Loans collateralized by Deposits	6634	4%
Infrastructure	1417	1%
NBFC	3017	2%
Others (Educational Loan, Staff Loan, etc)	5615	4%
Gross Loans Total	158248	100%

Secured & Unsecured Advances

Particulars	Amount (INR Mn)	% to Total Advances
Secured Loans	155341	98%
Unsecured Loans	2907	2%
Total	158248	100%

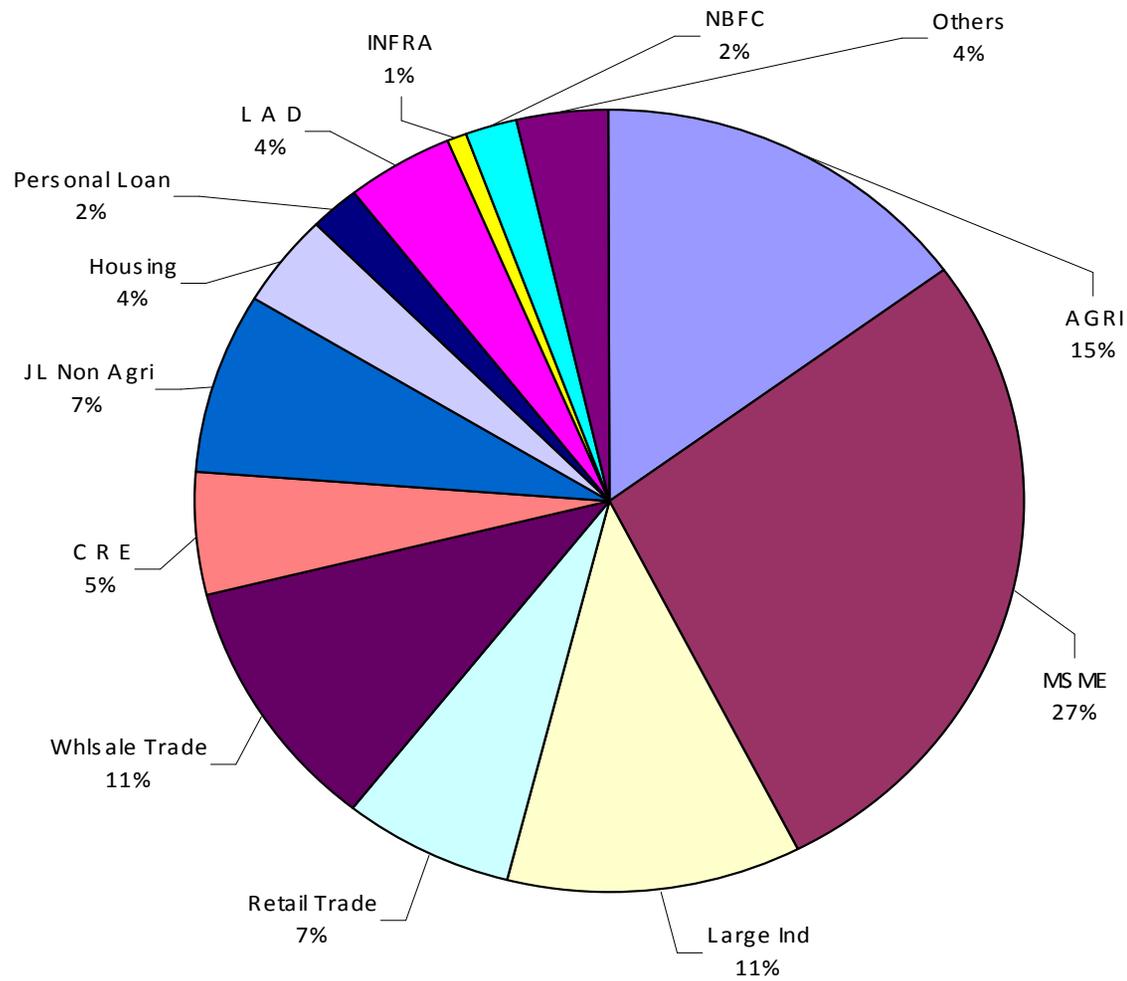
- ✓ Trading & MSME loans earning higher yields constitute about 45%.
- ✓ Diversified credit portfolio reduces credit risk
- ✓ Lower ticket size backed by adequate collaterals
- ✓ Unsecured Advances aggregate to 2% only
- ✓ Total Jewel Loan outstanding Rs.32,301 Mn

AJL – Agricultural Jewel Loan

JL – Jewel Loan

Loan Book – Sectoral Deployment

Sectoral Deployment chart



Loan Book – Advances to Major Industries

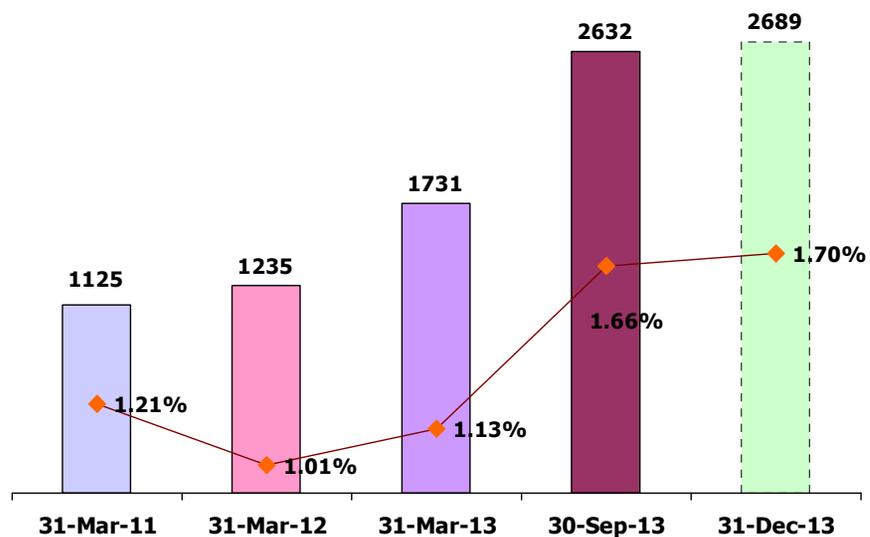
Advances to Major Industries as on 31st December 2013

Industry Name	Amount (in INR Mn)	% to Total Advances
Textiles		
a) Cotton	8165	5%
b) Other Textiles	3031	2%
Metals		
a) Iron & Steel	7743	5%
b) Other Metals	1936	1%
Paper & Paper Products	3645	2%
Food Processing	2840	2%
Chemicals	1582	1%
Rubber & Plastics	1033	1%
Engineering	2295	1%
Beverage & Tobacco	847	1%
Automobiles	524	1%
Other Industries (includes Leather, Wood, Cement, Gems & Jewels, etc)	2109	1%
Total	35750	23%
All other advances (Agri, Trade, Service, Gold Loan, etc.)	122498	77%
Total Gross Advances	158248	100%

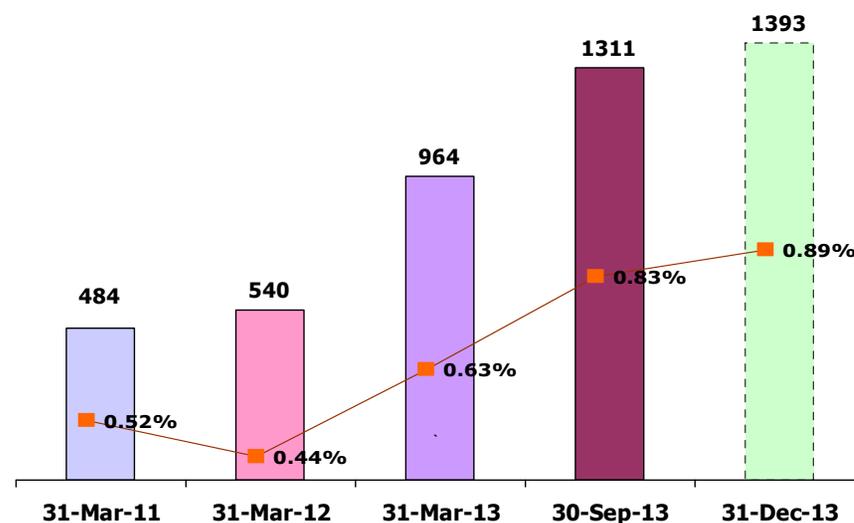
Asset Quality

(Rs in Mn)

Gross NPA Qtm & Gross NPA %



Net NPA Qtm & Net NPA %



Asset Quality Position – Movement over the years

(Rs in Mn)		FY Mar-11	FY Mar-12	FY Mar-13	H1 FY 13-14	Q3 FY 13-14
NPA Opening balance		882	1125	1235	1731	2632
Additions	A	1207	1444	2234	1879	907
Recovery made		376	649	486	417	552
Upgradations		114	165	232	79	39
Net Addition	B	717	630	1516	1383	316
Write-off		474	520	1020	482	259
NPA Closing balance		1125	1235	1731	2632	2689
Technical Write-off (TW) during the period		540	484	989	449	236
Provision made during the period	C	672	570	970	1030	225
T W recovery	D	291	400	599	230	41
Provision made net of TW Recovery	E = C-D	381	170	371	800	184
Gross Advance	F	92555	122217	153429	158485	158248
Additions % of Gross Advance	A / F	1.30	1.18	1.46	1.19	0.29
Net Addition % of Gross Advance	B / F	0.77	0.52	0.99	0.87	0.19
Net provision made % of Gross Adv	E / F	0.41	0.14	0.24	0.50	0.12
Gross NPA %		1.21	1.01	1.13	1.66	1.70
Net NPA %		0.52	0.44	0.63	0.83	0.89

Restructured Accounts

Balance outstanding as on 31.12.2013 in respect of Restructured borrowers:

Type Restructuring	No. of Borrowers	Amount (in INR Mn)
Under CDR Mechanism	2	329
Under SME Debt Restructuring Mechanism	12	484
Under Other Debt Restructuring Mechanism	7	2208
Total	21	3021

- ✓ During the December quarter 2013, we have restructured 2 accounts to the tune of Rs.442 Mn
- ✓ There is no outstanding Security Receipts from Asset Reconstruction Companies on sale of NPAs.
- ✓ % of Restructured Advances to Gross Advances – 1.91%

Investments – At a Glance

Investments Breakup and Categorywise

(in INR Mn)

Particulars	DEC 2013	DEC 2012
Sovereign Bonds	50931	41719
Corporate Bonds, RIDF, etc.	7683	6785
Equity Shares & Equity oriented MFs	300	387
Total Investments	58914	48891
Yield on Investments	7.33%	7.16%
Investments Breakup:		
- A F S	4232 (7%)	3054 (6%)
- H T M	54678 (93%)	45828 (94%)
- H F T	4	9
Total Investments	58914	48891
Modified Duration:		
- A F S	2.91	3.24
- H T M	4.32	4.95
- H F T	-	-
- Overall Portfolio	4.29	4.84



Thank You

