



INVESTOR PRESENTATION – JUNE 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 27% - Net Profit CAGR at 26% in the last 5 Years.

Strength

RoA at 1.55%, RoE at 22.84% and NIM at 3.55% considered best in the Banking Space. CRAR at 13.21% of which Tier I constitutes 12.59%. Networth as on 30th June 2013 – Rs.17,248 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 – 1.25%, Net NPA – 0.63% and PCR stood at 71% as on 30.06.2013

Network

Pan India presence - 382 Branches & 824 ATMs. Aiming to reach 500 branches by 2014.

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: 1.13%, NNPA: 0.63%)

- ✓ 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

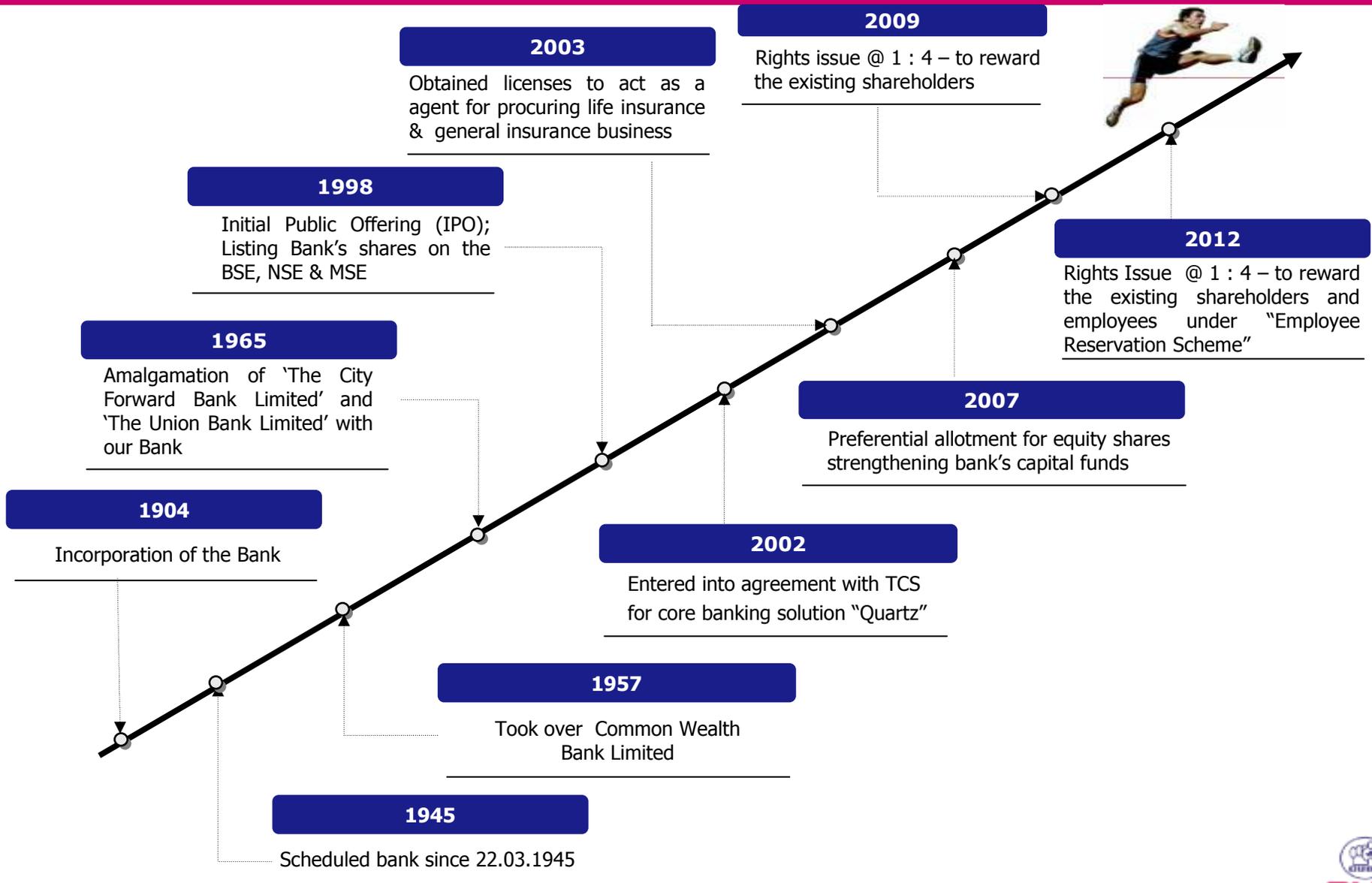
Invested in Robust Infrastructure

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

Consistently growing at 20%+ growth rate

Consistent Returns: 20%+ RoE

Key milestones





2. Outcome of Board Meeting – JULY 2013

Q1 FY 2013-14 Performance – A snapshot

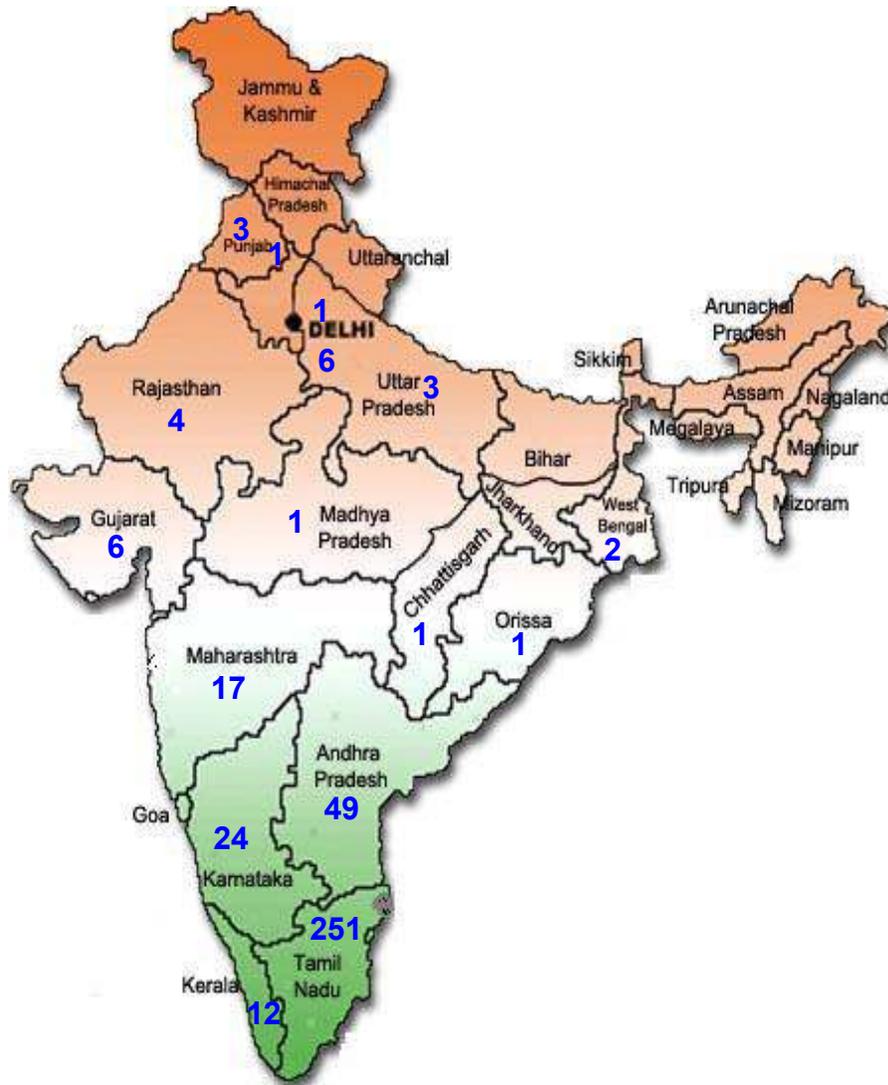
- ✓ Deposits increased by 20% from Rs.170,620 Mn to Rs.205,165 Mn Y-o-Y
- ✓ Advances registered a growth of 20% from Rs.127,732 Mn to Rs.153,877 Mn Y-o-Y
- ✓ Gross Profit registered a growth of 42% from Rs.1,142 Mn to Rs.1,616 Mn Y-o-Y
- ✓ Net Profit increased from Rs.739 Mn to Rs.903 Mn for Q1 FY 2013-14 – 22% Growth on Y-o-Y
- ✓ Profitability and efficiency ratios – at par with the best in industry:
 - Return on Assets - 1.55%
 - Net Interest Margin - 3.55%
 - Return on Equity - 22.84%
 - Earnings per share - Rs.1.90
- ✓ Gross NPA – 1.25% and Net NPA – 0.63%
- ✓ Provision Coverage Ratio – 71%
- ✓ CRAR – 13.21% as against 12.01% over previous year



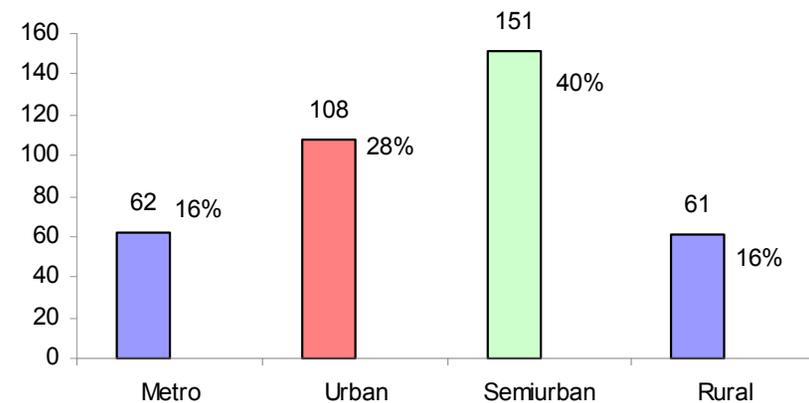
3. Branch Network

Strong presence in the South

✓ A network of 382 branches of which 336 branches are located in South India and 251 in Tamil Nadu alone



State	No. of Branches	% of Business
Tamilnadu	251	71
Andhra Pradesh	49	9
Karnataka	24	6
Maharashtra	17	7
Kerala	12	2
Gujarat	6	1
Others	23	4
Total	382	

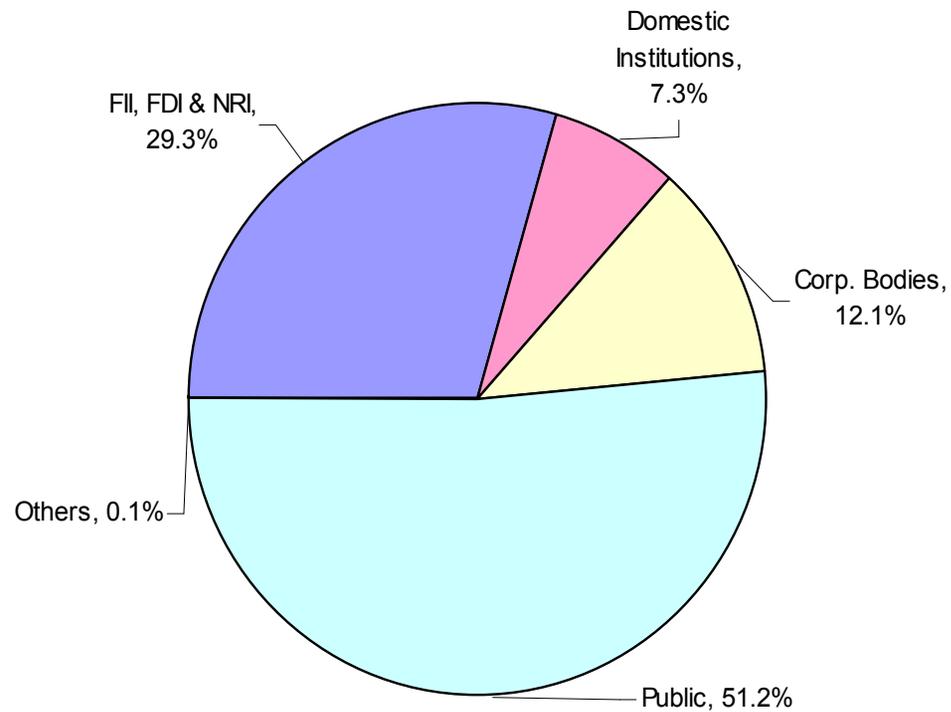




4. Ownership Pattern

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
Argonaut Ventures	4.36
FMO, Nederlandse	4.35
LIC of India	4.02
Regal Investment and Trading Co. Pvt Ltd	2.03
Acacia Partners	2.00
Wasatch Core Growth Fund	1.95
Emblem	1.66
Morgan Stanley Asia	1.09

Cash management services offered to LIC, L&T Finance and Shriram Group to improve CASA and customer base

Bank Assurance partner to LIC and ranked No.1 in South India consecutively for the last four years



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
- ✓ 1 Retired High Court Judge
- ✓ 1 former IRDA & RBI Chief of Banking Operations & Development
- ✓ 1 Professor of IIT, Chennai
- ✓ 2 Chartered Accountants including Retd. CFO from Tata Consultancy Services
- ✓ 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 Engineering, 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 has 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 has 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.



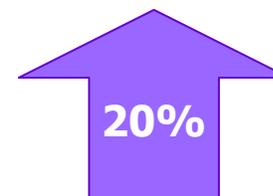
6. Financial Performance and Business Profile

Q1 FY 2013-14 Performance – A snapshot

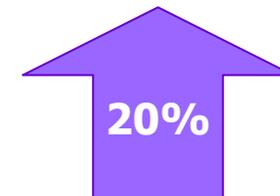
HIGHLIGHTS FOR THE QUARTER ENDED 30th JUNE 2013

- ✓ Deposits increased by 20% to Rs.205,165 Mn from Rs.170,620 Mn
- ✓ Advances increased by 20% from Rs.127,732 Mn to Rs.153,877 Mn
- ✓ Total Business grew by 20% from Rs.298,352 Mn to Rs.359,042 Mn
- ✓ CASA improved by 11% to Rs.33,181 Mn from Rs.29,911 Mn
- ✓ NII increased by 36% from Rs.1,379 Mn to Rs.1,874 Mn
- ✓ Gross Profit increased by 42% to Rs.1,616 Mn from Rs.1,142 Mn
- ✓ Net Profit increased by 22% from Rs.739 Mn to Rs.903 Mn
- ✓ Gross NPA stood at 1.25% and Net NPA at 0.63%
- ✓ ROA maintained at 1.55%
- ✓ ROE stands at 22.84%
- ✓ Net Interest Margin stood at 3.55%

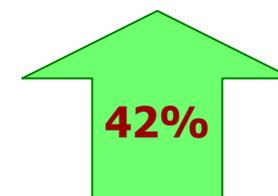
Deposits



Advances



Gross Profit



Net Profit



Gross NPA



Net NPA

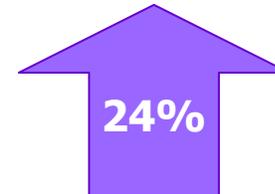


FY 2012-13 Performance – A snapshot

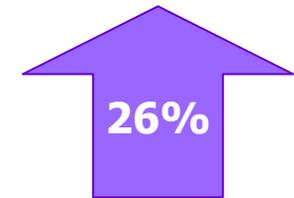
HIGHLIGHTS FOR THE YEAR ENDED 31st MARCH 2013

- ✓ 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



Q1 FY 13-14 Vs Q1 FY 12-13 – Performance – A snapshot

Financial Performance

(in INR Mn)

Particulars	Q1 FY 2013-14	Q1 FY 2012-13		Growth	% Growth	FY 2012-13
Deposits	205165	170620	↑	34545	20%	203048
Advances	153877	127732	↑	26145	20%	153429
Total Business	359042	298352	↑	60690	20%	356477
Demand Deposits	12282	11777	↑	505	4%	13353
Savings Deposits	20899	18134	↑	2765	15%	20693
CASA	33181	29911	↑	3270	11%	34046
Gross NPA	1921	1372	↑	549	40%	1731
Net NPA	970	636	↑	334	53%	964
Gross NPA (%)	1.25%	1.07%				1.13%
Net NPA (%)	0.63%	0.50%				0.63%
C R A R	13.21%	12.01%				13.98%
- Of which Tier I	12.59%	11.30%				13.27%
CD Ratio	75%	75%				76%
PCR	71%	75%				71%

Q1 FY 13-14 Vs Q1 FY 12-13 – Performance – A snapshot

Financial Performance

(in INR Mn)

Particulars	Q1 FY 2013-14	Q1 FY 2012-13	Growth	% Growth	F Y 2012-13
Net Interest Income	1874	1379	495	36%	6240
Other Income	838	628	210	33%	2736
Operating Expenses	1096	865	231	27%	3742
Gross Profit	1616	1142	474	42%	5234
Provisions & Contingencies	713	403	310	77%	2014
Net Profit	903	739	164	22%	3220
Return on Assets	1.55%	1.57%			1.58%
Return on Equity	22.84%	23.09%			22.41%
Net Interest Margin	3.55%	3.18%			3.35%

Q1 FY 13-14 Vs Q1 FY 12-13 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	Q1 FY 13-14	Q1 FY 12-13	Growth
Interest on Loans	5178	4153	25%
Interest on Investments	1025	882	16%
Other Interest Income	37	7	429%
Total Interest Income	6240	5042	24%

Interest Expenses Breakup

Particulars	Q1 FY 13-14	Q1 FY 12-13	Growth
Int Exp on Deposits	4248	3511	21%
Other Int Expenses	118	152	- ve
Total Interest Expenses	4366	3663	19%

Other Income Breakup

Particulars	Q1 FY 13-14	Q1 FY 12-13	Growth
CEB & Charges	523	401	30%
Treasury Income	148	68	118%
All other Income incl suit account recoveries	167	158	6%
Total Other Income	838	627	34%

Operating Expenses Breakup

Particulars	Q1 FY 13-14	Q1 FY 12-13	Growth
Employee Cost	455	382	19%
Other Operating Expenses	641	483	33%
Total Expenses	1096	865	27%

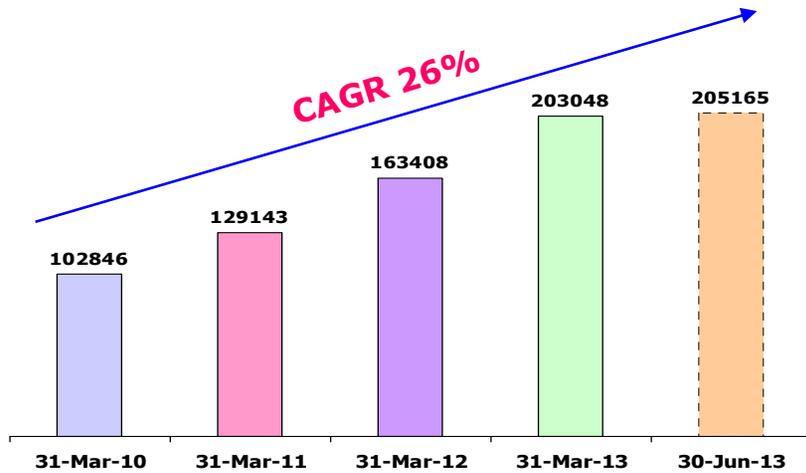
Key Business Indicators

Key indicators

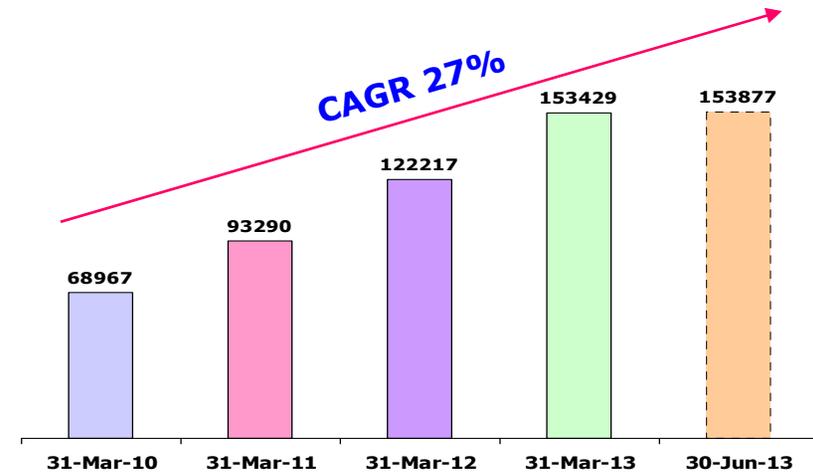
Particulars	Q1 FY 13-14	Q1 FY 12-13	FY 2013
Cost of Deposits	8.43%	8.50%	8.44%
Yield on Advances	13.45%	13.43%	13.49%
Yield on Investments	7.30%	7.10%	7.19%
Net Interest Margin	3.55%	3.18%	3.35%
Cost to Income	40.42%	43.10%	41.69%
Cost of Funds	7.50%	7.78%	7.66%
Yield on Funds	10.72%	10.72%	10.71%
Per Employee Business (in INR Mn)	91.81	86.49	93.80
Per Employee Profit (in INR Mn) (Ann)	0.93	0.86	0.85
EPS (in INR) – FV INR 1/- share (Not Ann)	1.90	1.52	6.65

Strong Deposits and Advances growth

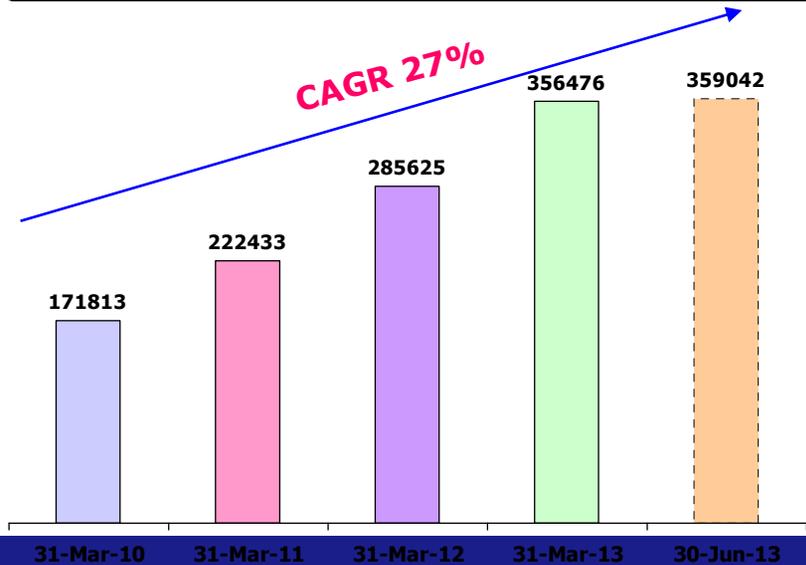
Deposits



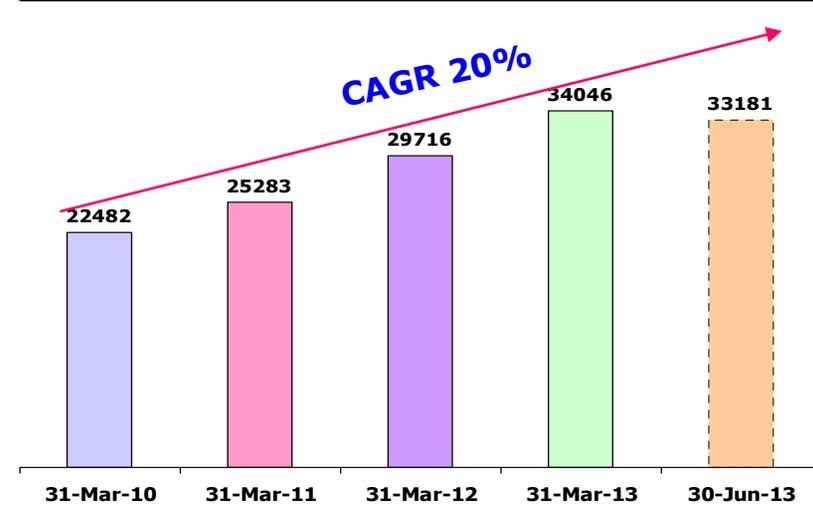
Advances



Business

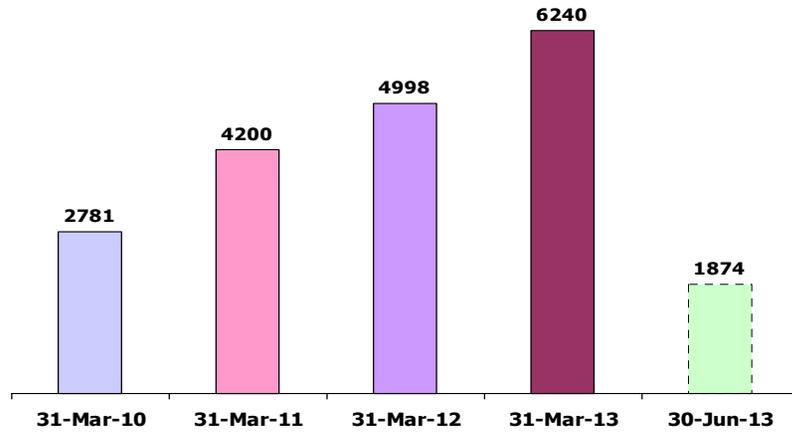


CASA

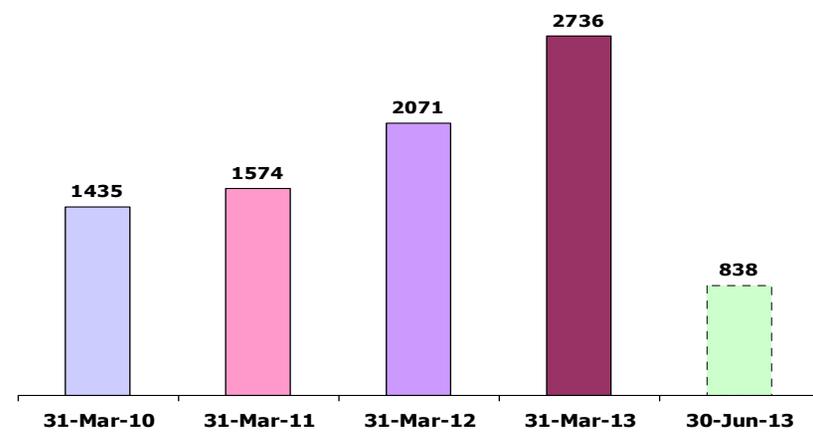


Income Growth over the years ...

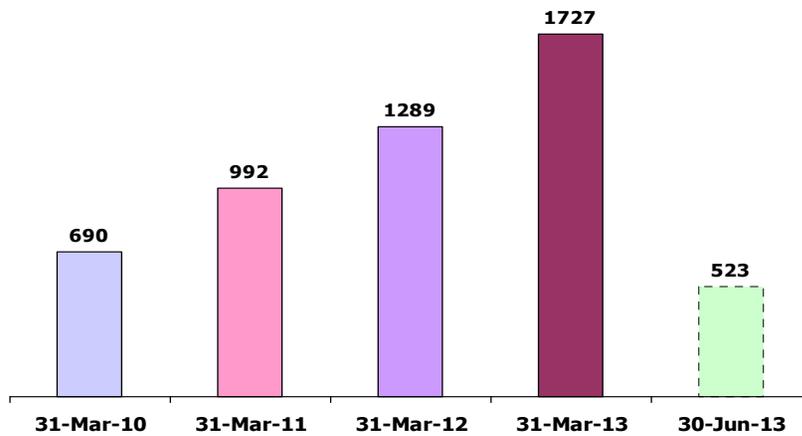
Net Interest Income Growth



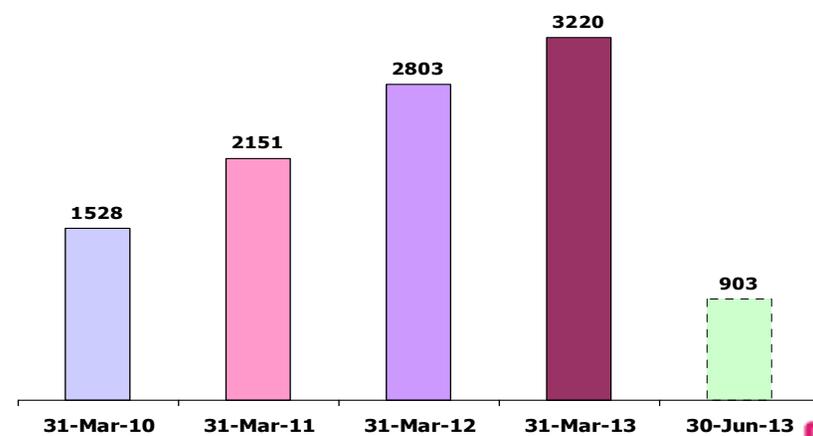
Other Income Growth



CEB Growth

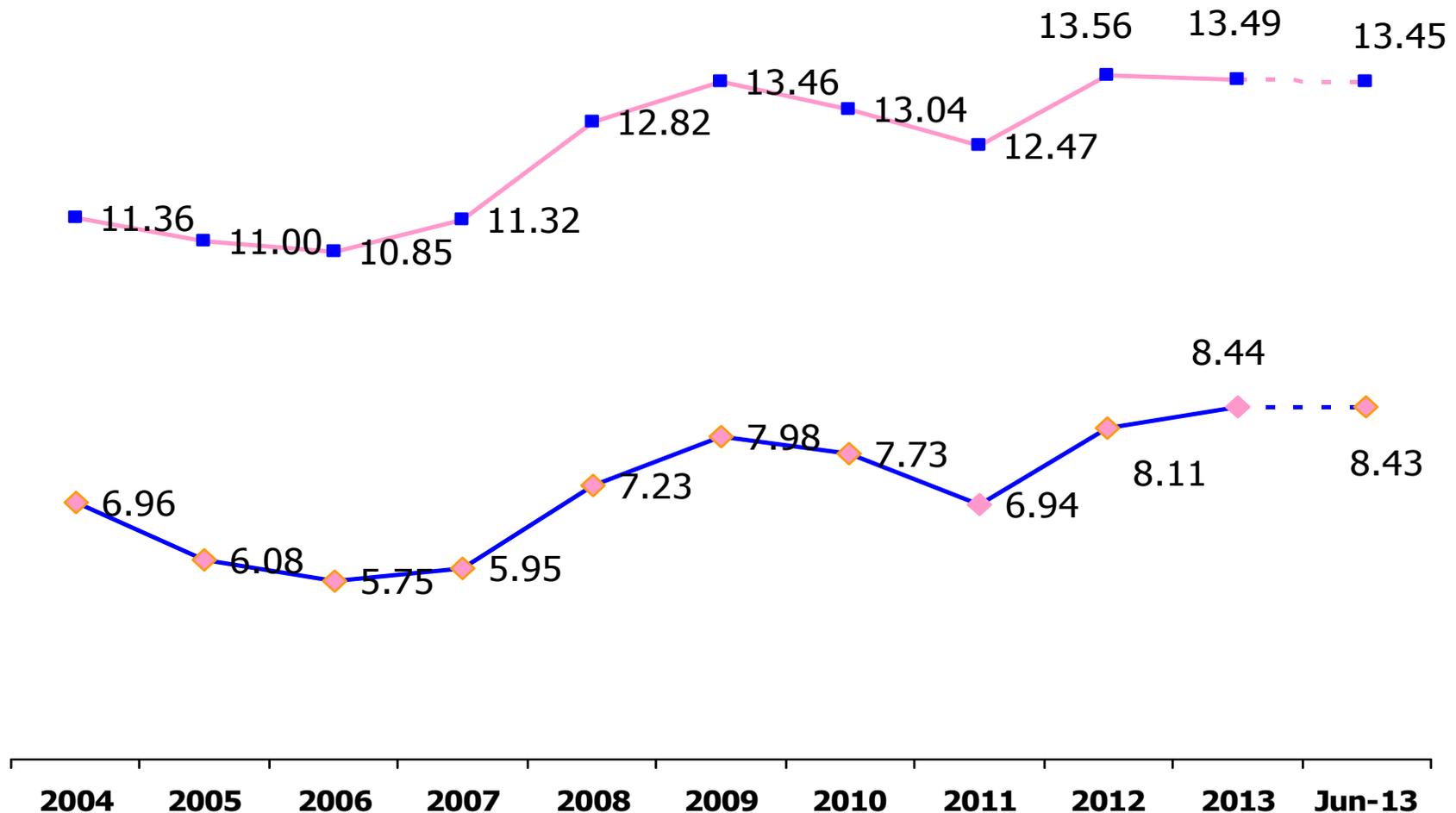


Net Profit Growth



Cost of deposits & Yield on advances

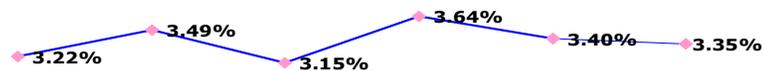
Cost of Deposits and Yield on Advances



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

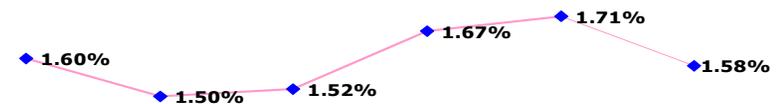
Key Business Ratios - Yearwise

Net Interest Margin



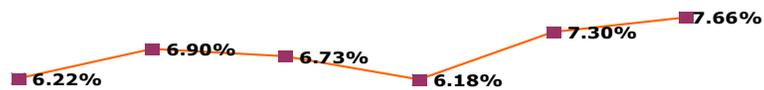
31-Mar-08 31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12 31-Mar-13

Return on Assets



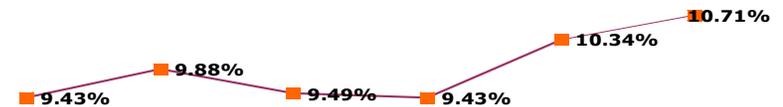
31-Mar-08 31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12 31-Mar-13

Cost of Funds



31-Mar-08 31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12 31-Mar-13

Yield on Funds

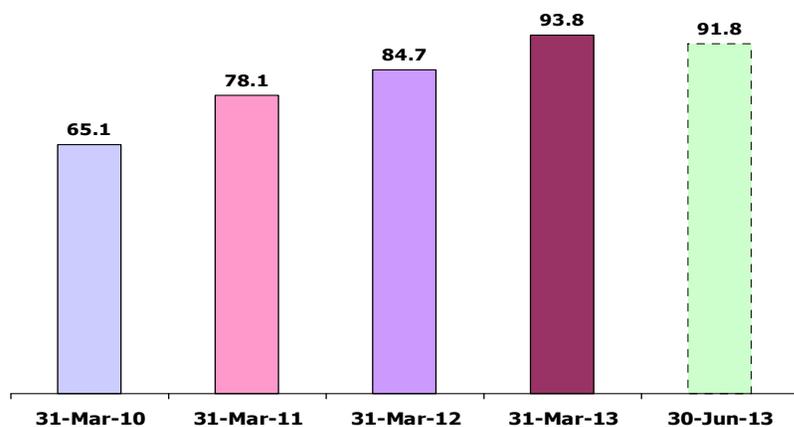


31-Mar-08 31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12 31-Mar-13

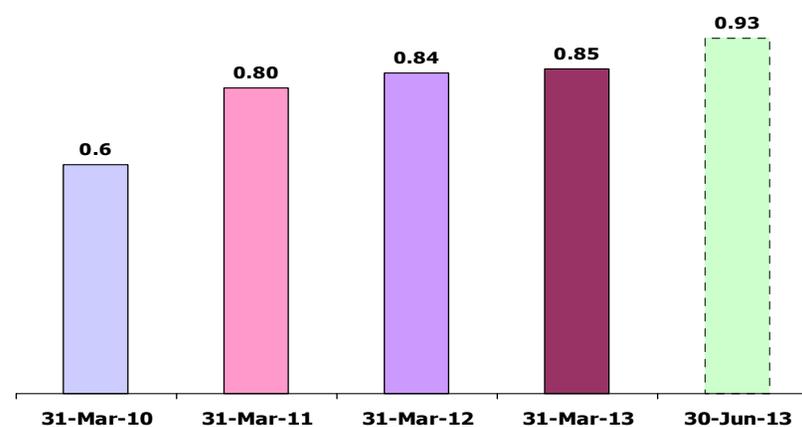
Efficiency

(Rs in Mn)

Business per Employee



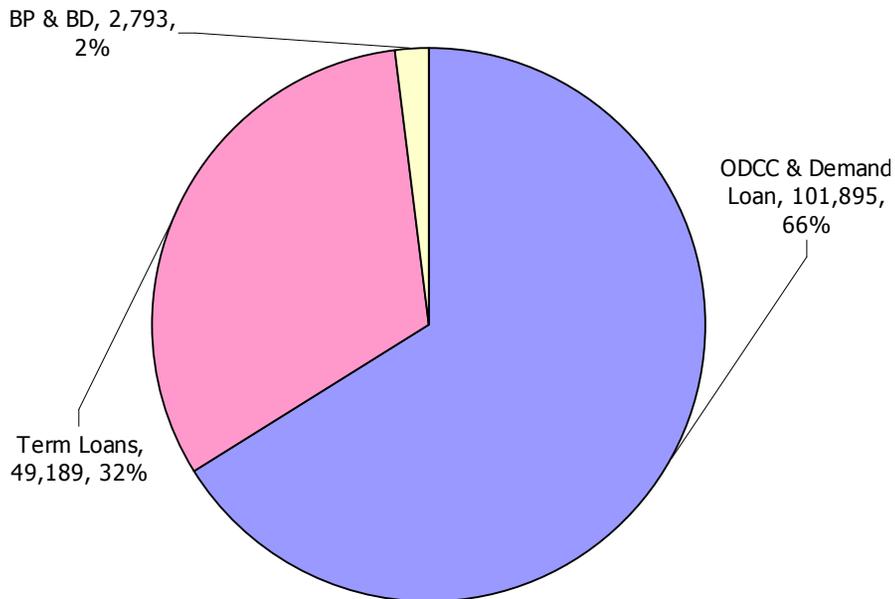
Profit per Employee



Loan Book – Products Composition

Loan Book Products Composition	Amount (in INR Mn)	% to Total Advances
ODCC & Demand Loans	101895	66%
Term Loans	49189	32%
Bills Purchased & Bills Discounted	2793	2%
Gross Loans Total	153877	100%

- ✓ Working capital loans yielding higher interest constitute 66% 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 30th June 2013

Particulars	Amount (in INR Mn)	% to Total Advances
Agriculture (includes AJL – 20216 Mn)	24229	16%
M S M E	42182	27%
Large Industries	20151	13%
Retail Traders	10442	7%
Wholesale Traders	15032	10%
Commercial Real Estate	8037	5%
JL Non Agriculture	14415	9%
Housing Loans	7166	5%
Other Personal Loan (includes Personal Loan, Clean loan, Clean OD, Consumer loan, etc.)	2948	2%
Loans collateralized by Deposits	2960	2%
Infrastructure	1836	1%
NBFC	1760	1%
Others (Educational Loan, Staff Loan, etc)	2719	2%
Gross Loans Total	153877	100%

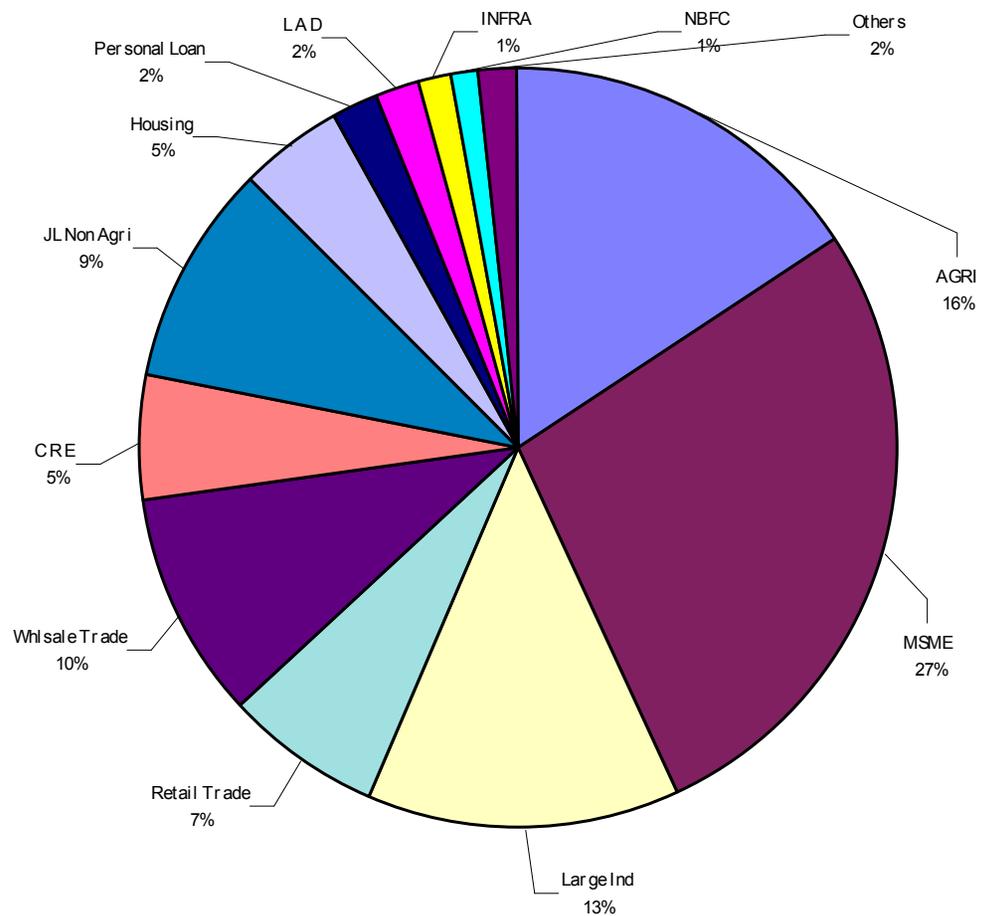
Secured & Unsecured Advances

Particulars	Amount (INR Mn)	% to Total Advances
Secured Loans	150869	98%
Unsecured Loans	3008	2%
Total	153877	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.34,942 Mn

Loan Book – Sectoral Deployment

Sectoral Deployment chart



Loan Book – Advances to Major Industries

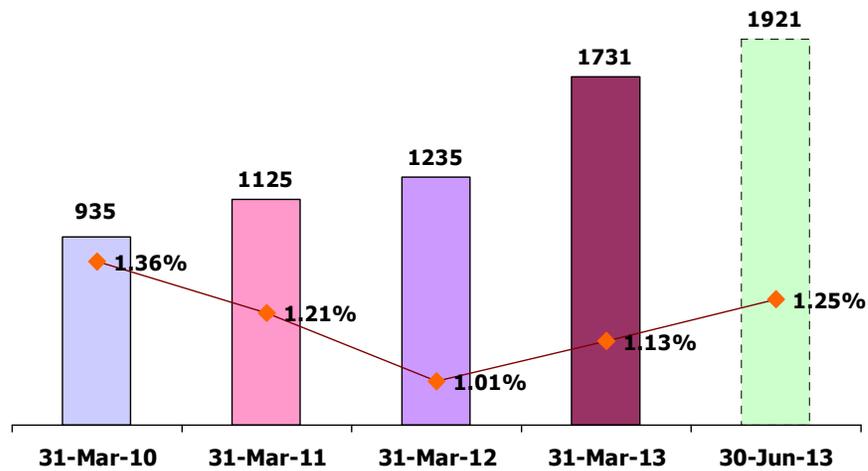
Advances to Major Industries as on 30th June 2013

Industry Name	Amount (in INR Mn)	% to Total Advances
Textiles		
a) Cotton	8214	5%
b) Other Textiles	3727	2%
Metals		
a) Iron & Steel	8978	6%
b) Other Metals	2000	1%
Paper & Paper Products	3455	2%
Food Processing	2436	2%
Chemicals	1892	2%
Rubber & Plastics	1011	1%
Engineering	2194	1%
Beverage & Tobacco	879	0%
Automobiles	496	0%
Other Industries (includes Leather, Wood, Cement, Gems & Jewels, etc)	2325	2%
Total	37607	24%
All other advances (Agri, Trade, Service, Gold Loan, etc.)	116270	76%
Total Gross Advances	153877	100%

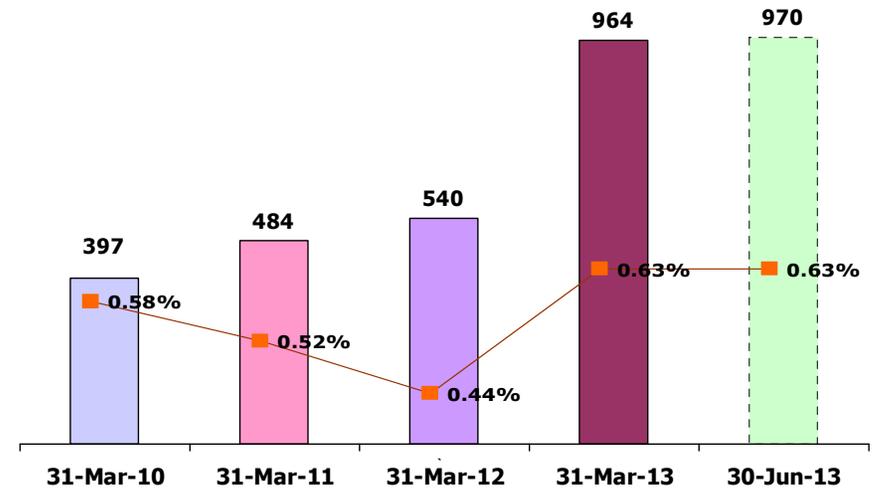
Asset Quality

(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-10	FY Mar-11	FY Mar-12	FY Mar-13	QY June-13
NPA Opening balance		1021	882	1125	1235	1731
Additions	A	1075	1207	1444	2234	379
Recovery made		531	376	649	486	161
Upgradations		223	114	165	232	16
Net Addition	B	321	717	630	1516	202
Write-off		407	474	520	1020	12
NPA Closing balance		935	1125	1235	1731	1921
Technical Write-off done during the period		411	540	484	989	0
Provision made during the period	C	515	672	570	970	200
TW recovery	D	260	291	400	599	166
Provision made net of TW Recovery	E = C-D	255	381	170	371	34
Gross Advance	F	68335	92555	122217	153429	153877
Additions % of Gross Advance	A / F	1.57	1.30	1.18	1.46	0.25
Net Addition % of Gross Advance	B / F	0.47	0.77	0.52	0.99	0.13
Net provision made % of Gross Adv	E / F	0.37	0.41	0.14	0.24	0.02
Gross NPA %		1.36	1.21	1.01	1.13	1.25
Net NPA %		0.58	0.52	0.44	0.63	0.63

Restructured Accounts

Balance outstanding as on 30.06.2013 in respect of Restructured borrowers:

Type Restructuring	No. of Borrowers	Amount (in INR Mn)
Under CDR Mechanism	2	324
Under SME Debt Restructuring Mechanism	12	447
Others	5	1421
Total	19	2192

- ✓ As per the recent RBI circular DBOD.BP.BC.No.80/21.04.132/2012-13 dated 31.01.2013, 121 accounts amounting to Rs.4172 Mn which successfully completed the restructuring period of two years after moratorium have been excluded from restructured accounts.
- ✓ During the June quarter 2013, we have restructured only one account to the tune of Rs.11.54 Mn
- ✓ There is no outstanding Security Receipts from Asset Reconstruction Companies on sale of NPAs.
- ✓ % of Restructured Advances to Gross Advances – 1.42%

Investments – At a Glance

Investments Breakup and Categorywise

(in INR Mn)

Particulars	JUN 2013	JUN 2012
Sovereign Bonds	52465	39873
Corporate Bonds, RIDF, etc. *	8184	6948
Equity Shares & Equity oriented MFs	409	379
Total Investments	61058	47200
Yield on Investments	7.49%	7.10%
Investments Breakup:		
- A F S	7332 (12%)	3157 (7%)
- H T M	53673 (88%)	44037 (93%)
- H F T	53	6
Total Investments	61058	47200
Modified Duration:		
- A F S	3.10	1.96
- H T M	4.81	5.18
- H F T	3.87	-
- Overall Portfolio	4.61	4.97

* Includes investment in liquid Mutual fund for Rs.1500 Mn



Thank You

