



INVESTOR PRESENTATION

SEPTEMBER 2020

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September 2020



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OVERVIEW

ΟΛΕΚΛΙΕΜ

▶ 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 30.09.2020



Deposits
INR 41,421 CR



Advances
INR 35,437 CR



Net Interest Margin
4.12% (Q2)



Net NPA
1.81%



Employees
5,769



Branches
700

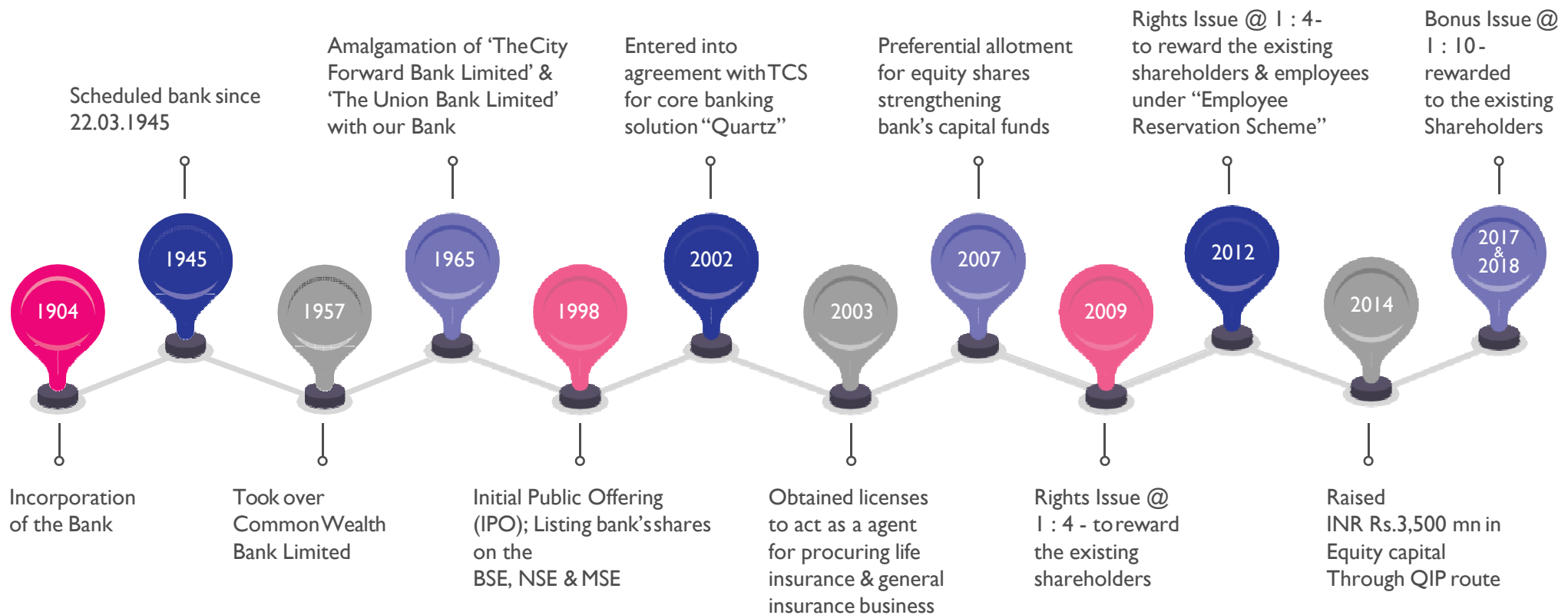


ATM's
1,780



Efficiency Ratio
40.36%

▶ KEY MILESTONES



▶ 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
- ▶ Segment consistently delivering higher yields
- ▶ Superior client servicing leading to client retention and low business acquisition costs

10 year CAGR of 20%+

Prudent Risk Management

- ▶ SME exposures' result in granular asset profile
- ▶ Granular deposit base with high retention rates result in stable liability profile
- ▶ SME / MSME Loans result in lower NPA as they are:
 - Additionally collateralised by residential property and personal guarantees 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

Consistent Return with Superior ROA, ROE

Purely retail Liability Franchise

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

▶ COMPETITIVE ADVANTAGES

NETWORK

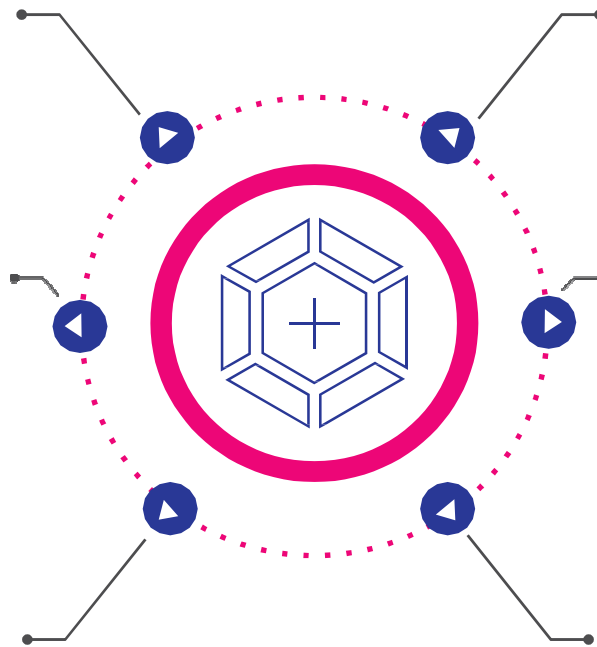
- ▶ Pan India presence with 700 branches
- ▶ Strong presence in South India (628 branches) of which 485 are in Tamil Nadu alone

ADEQUATELY CAPITALISED

- ▶ Strong Capital Adequacy ratio of 17.36% out of which Tier I constitutes 16.29%

HIGHER YIELDING LOAN PORTFOLIO

- ▶ Trading and MSME loan segments earning high yields constitute about 50% of advances



STRONG TRACK RECORD

- ▶ Continuous profitability and dividend payout in all 115+ years of operations
- ▶ Business growth of 20%+ CAGR in last 10 years

ROBUST CORPORATE GOVERNANCE PRACTICES

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

DIVERSIFIED ASSET PROFILE

- ▶ Granular asset profile with advances to top 20 group borrowers contributing around 7.66%
- ▶ Lower ticket size lending backed by adequate collaterals

▶ CREDIT RATING

ICRA has assigned

- ▶ **“AA-”** for Long Term - issuers with this rating are considered to have **“High Degree of Safety”** regarding timely servicing of financial obligations.
- ▶ **“A1+”** for **Certificate of Deposits (CD)** - issuers with this rating are considered to have **“Strong Degree of Safety”** regarding timely payment of financial obligations.

CRISIL has assigned

- ▶ **“A1+”** for **Certificate of Deposits (CD)** - issuers with this rating are considered to have **“Very Strong Degree of Safety”** regarding timely payment of financial obligations.

PERFORMANCE HIGHLIGHTS – SEPTEMBER 2020

▶ Q2 FY 2021 PERFORMANCE – A SNAPSHOT

- ▶ Deposits increased by 2% from Rs.404 Bn to Rs.414 Bn Y-o-Y
- ▶ Advances registered a growth of 6% from Rs.333 Bn to Rs.354 Bn Y-o-Y
- ▶ Total business grown by 4% from Rs.737 Bn to Rs.769 Bn Y-o-Y
- ▶ Gross Profit increased by 11% to Rs.3,847 Mn from Rs.3,465 Mn (Q2-Vs-Q2) and 6% from Rs.6,979 Mn to Rs.7,407 Mn (HI-Vs-HI)
- ▶ Net Profit decreased from Rs.1,935 Mn to Rs.1,577 Mn (Q2-Vs-Q2) and from Rs.3,791 Mn to Rs.3,117 Mn (HI-Vs-HI)
- ▶ Profitability and efficiency ratios :

PARTICULARS	Q2 FY 21	Q2 FY 20	HI FY 21	HI FY 20	FY 2019-20
Return on Assets	1.23%	1.62%	1.23%	1.62%	1.00%
Net Interest Margin	4.12%	3.91%	4.05%	4.01%	3.98%
Return on Equity	11.50%	15.18%	11.54%	15.21%	9.47%
Earning per share	Rs.2.14	Rs.2.63	Rs.4.23	Rs.5.16	Rs.6.48

- ▶ Gross NPA – 3.44% and Net NPA – 1.81%
- ▶ Provision Coverage Ratio – 70%
- ▶ CRAR – 17.36% (Basel III) of which core CRAR – 16.29%

▶ Q2 FY 2021 VS Q2 FY 2020 PERFORMANCE – A SNAPSHOT

(in INR Mn)

414,206



404,513

Deposits

354,368



332,793

Advances

768,574



737,306

Total Business

106,447



99,882

CASA

3,847



3,465

Gross Profit

1,577



1,935

Net Profit

4,752



4,115

**Net Interest
Income**

40.31%



42.87%

Cost to Income

1.23%

ROA

11.50%

ROE

4.12%

NIM

3.44%

Gross NPA

1.81%

Net NPA

■ Q2 FY 21 ■ Q2 FY 20

▶ HI FY 2021 VS HI FY 2020 PERFORMANCE – A SNAPSHOT

(in INR Mn)

414,206



404,513

Deposits

354,368



332,793

Advances

768,574



737,306

Total Business

106,446



99,882

CASA

7,407



6,979

Gross Profit

3,117



3,792

Net Profit

9,121



8,284

**Net Interest
Income**

40.36%



41.19%

Cost to Income

1.23%

ROA

11.54%

ROE

4.05%

NIM

3.44%

Gross NPA

1.81%

Net NPA

■ HI FY 21 ■ HI FY 20

▶ FY 2020 VS FY 2019 PERFORMANCE – A SNAPSHOT

(in INR Mn)

408,325



384,480

Deposits

345,762



330,652

Advances

754,087



715,132

Total Business

101,970



96,982

CASA

13,414



12,400

Gross Profit

4,763



6,829

Net Profit

16,752



16,115

**Net Interest
Income**

43.04%



41.67%

Cost to Income

1.00%

ROA

9.47%

ROE

3.98%

NIM

4.09%

Gross NPA

2.29%

Net NPA

■ FY 20







■ FY 19

FINANCIAL PERFORMANCE & BUSINESS PROFILE

▶ Q2 FY 21 VS Q2 FY 20 PERFORMANCE - A SNAPSHOT

(in INR Mn)

FINANCIAL PERFORMANCE

PARTICULARS	Q2 FY 2021	Q2 FY 2020	INC / (DEC)	Growth	Growth %
Deposits	414,206	404,513		9,693	2%
Advances	354,368	332,793		21,575	6%
Total Business	768,574	737,306		31,268	4%
Demand Deposits	31,841	31,383		458	1%
Saving Deposits	74,605	68,500		6,105	9%
CASA	106,446	99,883		6,563	7%
Gross NPA	12,206	11,354			
Net NPA	6,314	6,241			
Gross NPA (%)	3.44%	3.41%			
Net NPA (%)	1.81%	1.90%			
C R A R (BASEL – III)	17.36%	15.49%			
- Of which Tier I	16.29%	14.96%			
CD Ratio	86%	82%			
PCR	70%	65%			

▶ Q2 FY 21 VS Q2 FY 20 PERFORMANCE - A SNAPSHOT

(in INR Mn)

FINANCIAL PERFORMANCE

PARTICULARS	Q2 FY 2021	Q2 FY 2020	INC / (DEC)	Growth %	Q1 FY 2021
Net Interest Income	4,752	4,115	637	15%	4,369
Other Income	1,693	1,950	-257	-ve	1,606
Operating Expenses	2,598	2,600	-2	-ve	2,415
Gross Profit	3,847	3,465	382	11%	3,560
Provisions & Contingencies	2,270	1,530	741	48%	2,020
Net Profit	1,577	1,935	-359	-ve	1,540
Return on Assets	1.23%	1.62%			1.23%
Return on Equity	11.50%	15.18%			11.65%
Net Interest Margin	4.12%	3.91%			3.98%

▶ HI FY 21 VS HI FY 20 PERFORMANCE - A SNAPSHOT

(in INR Mn)







FINANCIAL PERFORMANCE

PARTICULARS	HI FY 2021	HI FY 2020	INC / (DEC)	Growth %
Net Interest Income	9,121	8,284	837	10%
Other Income	3,299	3,583	-284	-ve
Operating Expenses	5,013	4,888	125	3%
Gross Profit	7,407	6,979	428	6%
Provisions & Contingencies	4,290	3,187	1103	35%
Net Profit	3,117	3,792	-675	-ve
Return on Assets	1.23%	1.62%		
Return on Equity	11.54%	15.21%		
Net Interest Margin	4.05%	4.01%		

► FY 20 VS FY 19 PERFORMANCE - A SNAPSHOT

(in INR Mn)

FINANCIAL PERFORMANCE

PARTICULARS	FY 2020	FY 2019	INC / (DEC)	Growth	Growth %
Deposits	408,325	384,480		23,845	6%
Advances	345,762	330,652		15,110	5%
Total Business	754,087	715,132		38,955	5%
Demand Deposits	29,244	32,145		-2,901	-ve
Saving Deposits	72,726	64,837		7,889	12%
CASA	101,970	96,982		4,988	5%
Gross NPA	14,134	9,771			
Net NPA	7,785	5,915			
Gross NPA (%)	4.09%	2.95%			
Net NPA (%)	2.29%	1.81%			
C R A R (BASEL – III)	16.76%	15.55%			
- Of which Tier I	15.80%	15.03%			
CD Ratio	85%	86%			
PCR	65%	63%			

▶ FY 20 VS FY 19 PERFORMANCE - A SNAPSHOT

(in INR Mn)

FINANCIAL PERFORMANCE

PARTICULARS	FY 2020	FY 2019	INC / (DEC)	Growth %
Net Interest Income	16,752	16,115	637	4%
Other Income	6,799	5,144	1,655	32%
Operating Expenses	10,137	8,859	1,278	14%
Gross Profit	13,414	12,400	1,014	8%
Provisions & Contingencies	8,651	5,571	3,080	55%
Net Profit	4,763	6,829	-2066	-ve
Return on Assets	1.00%	1.64%		
Return on Equity	9.47%	15.25%		
Net Interest Margin	3.98%	4.32%		

► PROVISIONS & CONTINGENCIES – BREAKUP

(in INR Mn)

PARTICULARS	Q2 FY 21	Q2 FY 20	HI FY 21	HI FY 20	Q1 FY 21	FY 19-20
Provision for:						
- Tax	500	450	950	950	450	1,100
- Bad Debts	320	980	820	2,420	500	6,310
- Covid 19	1,150	-	2,150	-	1,000	1,250
- Standard Assets	80	90	120	52	40	193
- Depn on Investments	200	-	200	-240	-	-317
- Depn on Shifting	-	-	-	-	-	-
- Restructuring / FITL	20	8	50	8	30	69
- Others	-	2	-	-3	-	46
Total	2,270	1,530	4,290	3,187	2,020	8,651

▶ Q2 FY 21 VS Q2 FY 20 – INCOME AND EXPENSES BREAKUP

(in INR Mn)

INTEREST INCOME BREAKUP

PARTICULARS	Q2 FY 2021	Q2 FY 2020	Growth %
Interest on Loans	8,988	8,618	4%
Interest on Investments	1,521	1,602	-ve
Other Interest Income	100	148	-ve
Total Interest Income	10,609	10,368	2%

INTEREST EXPENSES BREAKUP

PARTICULARS	Q2 FY 2021	Q2 FY 2020	Growth %
Int Exp on Deposits	5,604	6,184	-ve
Other Int Expenses	255	69	269%
Total Interest Expenses	5,858	6,253	-ve

OTHER INCOME BREAKUP

PARTICULARS	Q2 FY 2021	Q2 FY 2020	Growth %
CEB & Charges	651	759	-ve
Treasury Income	686	789	-ve
Other Inc incl recoveries in written off a/cs	356	402	-ve
Total Other Income	1,693	1,950	-ve

OPERATING EXPENSES BREAKUP

PARTICULARS	Q2 FY 2021	Q2 FY 2020	Growth %
Employee Cost	1,199	1,131	6%
Other Operating Expenses	1,399	1,469	-ve
Total Expenses	2,598	2,600	-ve

▶ HI FY 21 VS HI FY 20 – INCOME AND EXPENSES BREAKUP

(in INR Mn)

INTEREST INCOME BREAKUP

PARTICULARS	HI FY 2021	HI FY 2020	Growth %
Interest on Loans	17,910	17,304	4%
Interest on Investments	2,922	3,013	-ve
Other Interest Income	271	344	-ve
Total Interest Income	21,103	20,661	2%

INTEREST EXPENSES BREAKUP

PARTICULARS	HI FY 2021	HI FY 2020	Growth %
Int Exp on Deposits	11,502	12,129	-ve
Other Int Expenses	480	248	94%
Total Interest Expenses	11,982	12,377	-ve

OTHER INCOME BREAKUP

PARTICULARS	HI FY 2021	HI FY 2020	Growth %
CEB & Charges	1,108	1,556	-ve
Treasury Income	1,770	1,235	43%
Other Inc incl recoveries in written off a/cs	421	792	-ve
Total Other Income	3,299	3,583	-ve

OPERATING EXPENSES BREAKUP

PARTICULARS	HI FY 2021	HI FY 2020	Growth %
Employee Cost	2,363	2,135	11%
Other Operating Expenses	2,650	2,753	-ve
Total Expenses	5,013	4,888	3%

► FY 20 VS FY 19 – INCOME AND EXPENSES BREAKUP

(in INR Mn)

INTEREST INCOME BREAKUP

PARTICULARS	FY 2020	FY 2019	Growth %
Interest on Loans	34,946	31,777	10%
Interest on Investments	6,099	5,536	10%
Other Interest Income	641	359	79%
Total Interest Income	41,686	37,672	11%

INTEREST EXPENSES BREAKUP

PARTICULARS	FY 2020	FY 2019	Growth %
Int Exp on Deposits	24,369	21,080	16%
Other Int Expenses	565	477	18%
Total Interest Expenses	24,934	21,557	16%

OTHER INCOME BREAKUP

PARTICULARS	FY 2020	FY 2019	Growth %
CEB & Charges	3,076	2,936	5%
Treasury Income	2,442	870	181%
Other Inc incl recoveries in written off a/cs	1,281	1,338	-ve
Total Other Income	6,799	5,144	32%

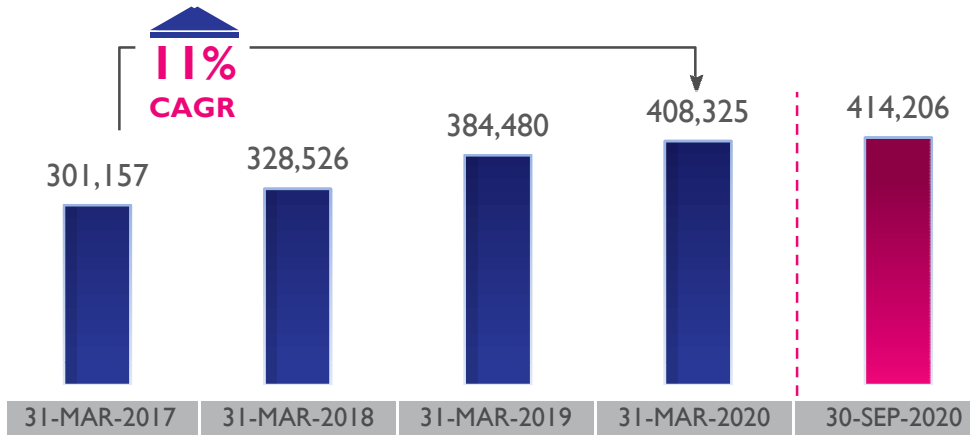
OPERATING EXPENSES BREAKUP

PARTICULARS	FY 2020	FY 2019	Growth %
Employee Cost	4,207	3,644	15%
Other Operating Expenses	5,930	5,215	14%
Total Expenses	10,137	8,859	14%

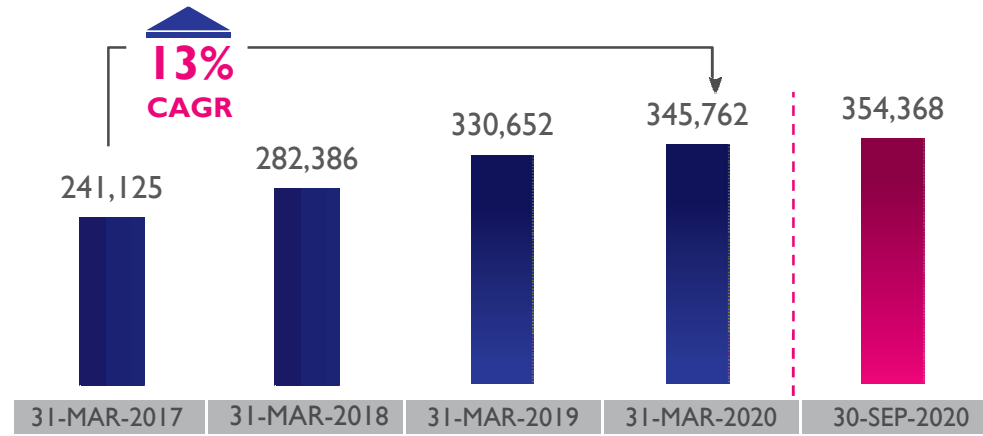
▶ STRONG DEPOSITS AND ADVANCES GROWTH

(in INR Mn)

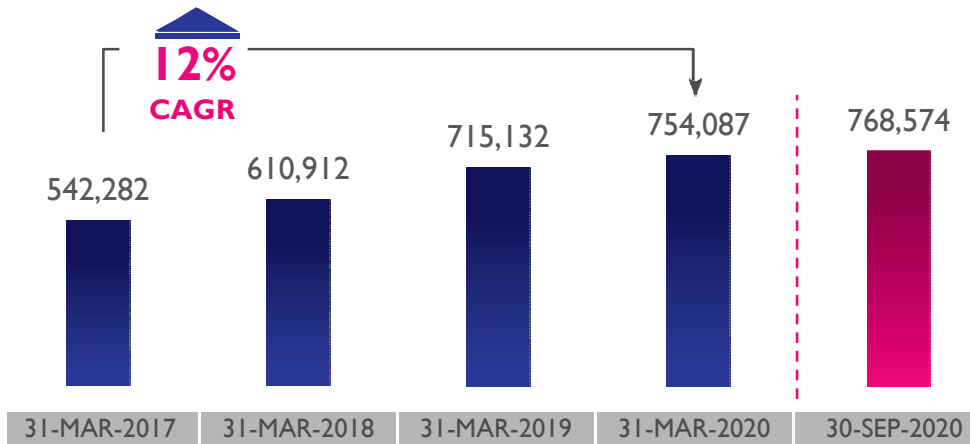
DEPOSITS



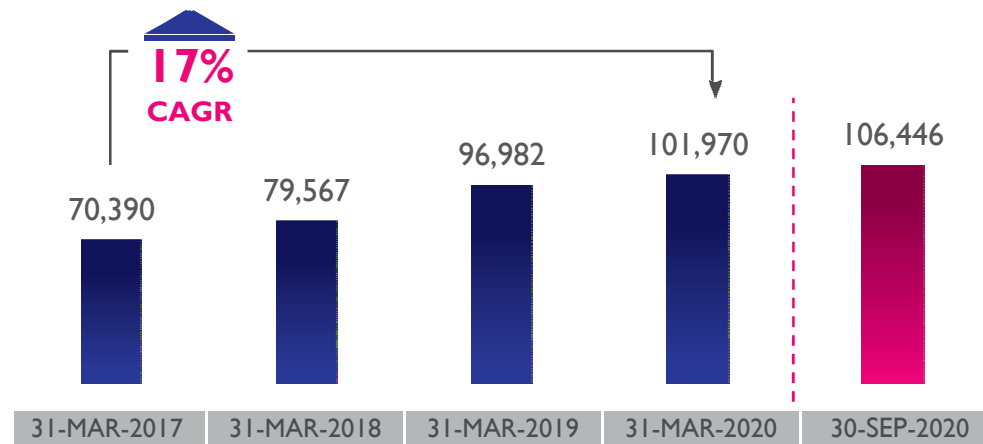
ADVANCES



BUSINESS



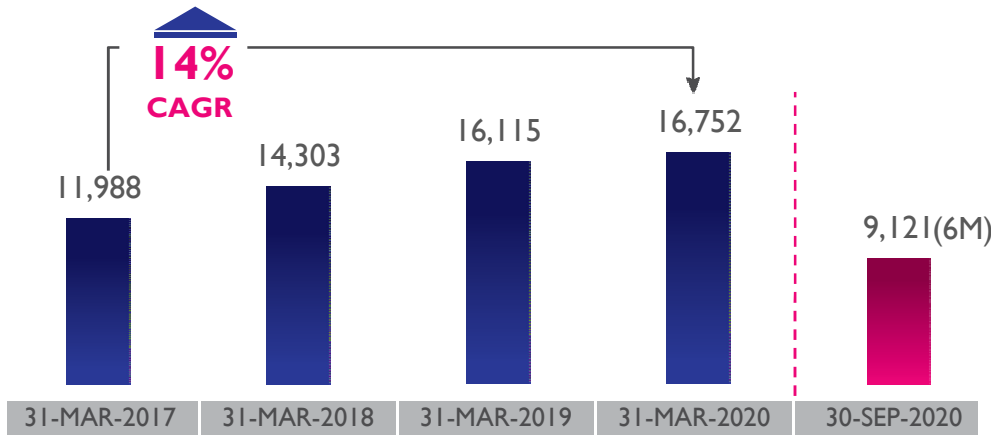
CASA



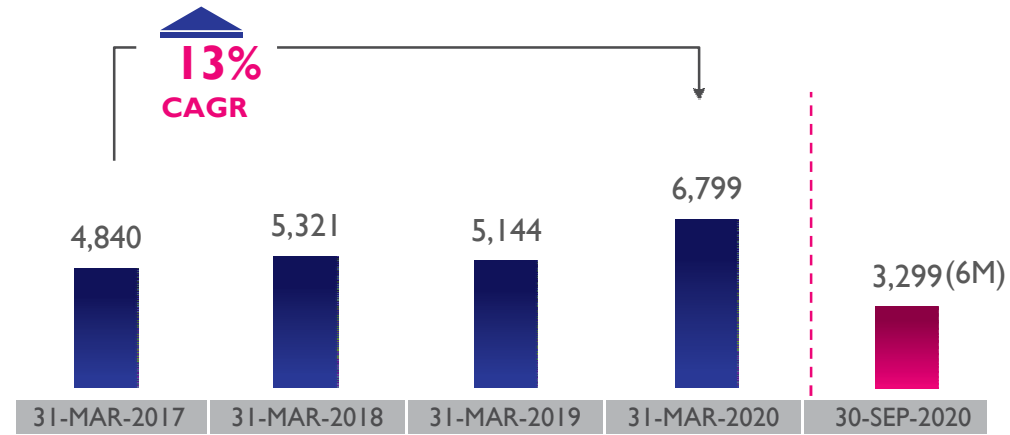
▶ INCOME GROWTH OVER THE YEARS...

(in INR Mn)

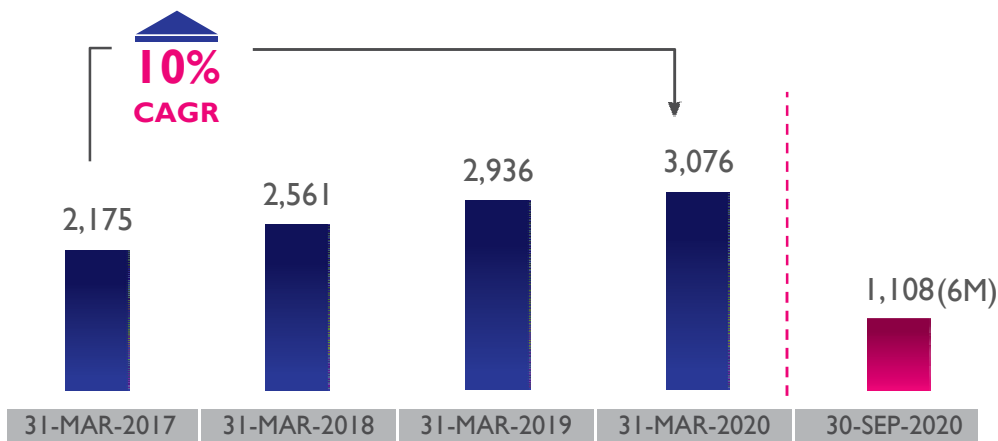
NET INTEREST INCOME GROWTH



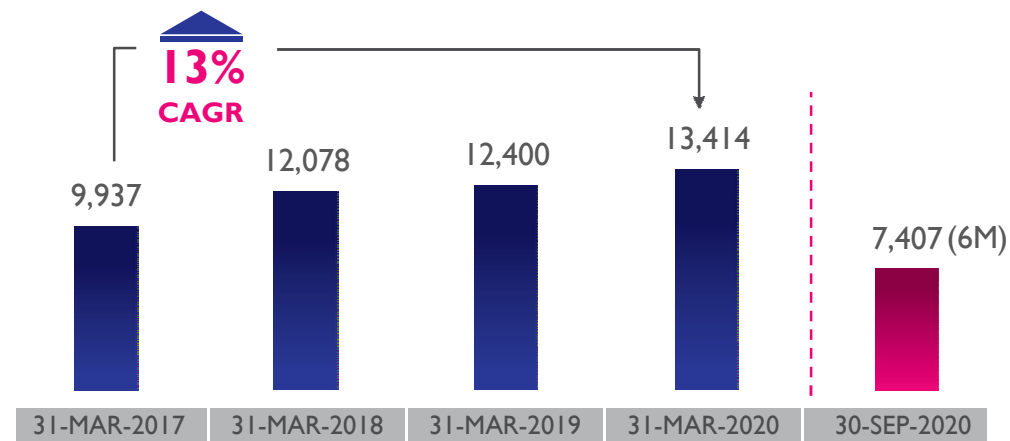
OTHER INCOME GROWTH



CEB GROWTH



OPERATING PROFIT GROWTH

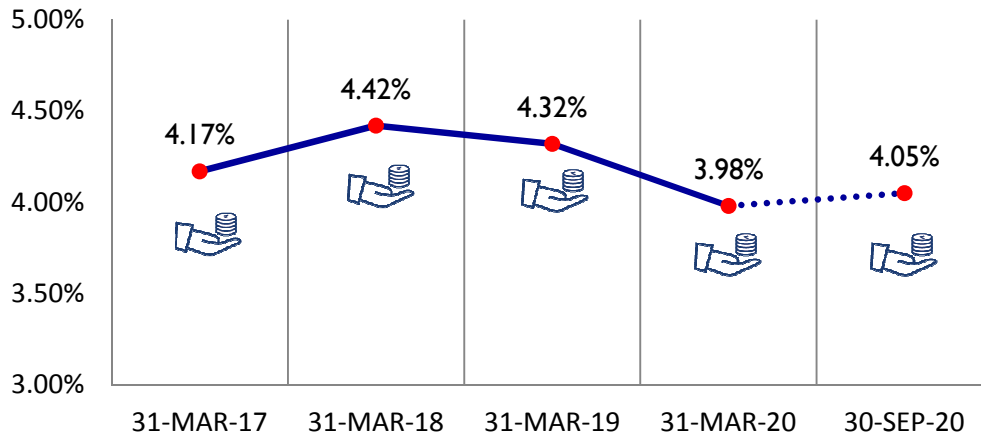


▶ KEY BUSINESS INDICATORS

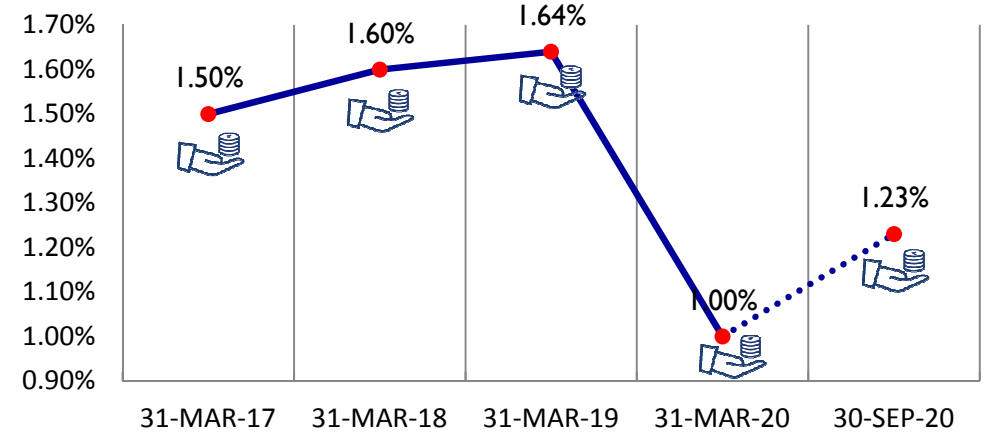
PARTICULARS	Q2 FY 21	Q2 FY 20	HI FY 21	HI FY 20	Q1 FY 21	FY 19-20
Cost of Deposits	5.54%	6.25%	5.62%	6.24%	5.89%	6.20%
Yield on Advances	10.21%	10.76%	10.31%	10.86%	10.41%	10.76%
Yield on Investments	5.79%	6.71%	5.94%	6.81%	6.12%	6.69%
Net Interest Margin	4.12%	3.91%	4.05%	4.01%	3.98%	3.98%
Cost to Income	40.31%	42.87%	40.36%	41.19%	40.42%	43.04%
Cost of Funds	4.56%	5.23%	4.73%	5.30%	4.90%	5.21%
Yield of Funds	8.26%	8.68%	8.33%	8.85%	8.40%	8.72%
Per Employee Business (in INR Mn)	133.20	131.89	133.20	131.89	131.55	131.32
Per Employee Profit (in INR Mn) (Ann)	1.09	1.39	1.08	1.36	1.07	0.83
EPS in INR - FV INR Re.1/- share (Not Ann)	2.14	2.63	4.23	5.16	2.09	6.48

▶ KEY BUSINESS RATIOS – YEARLY TRENDS

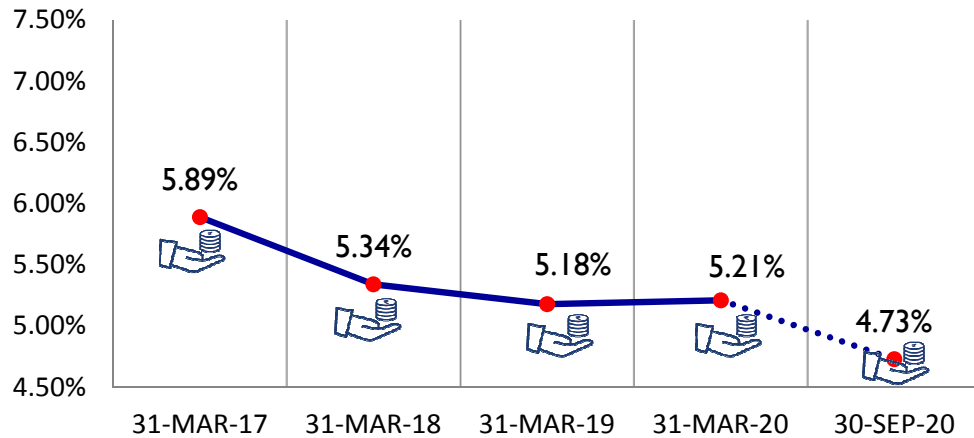
NET INTEREST MARGIN



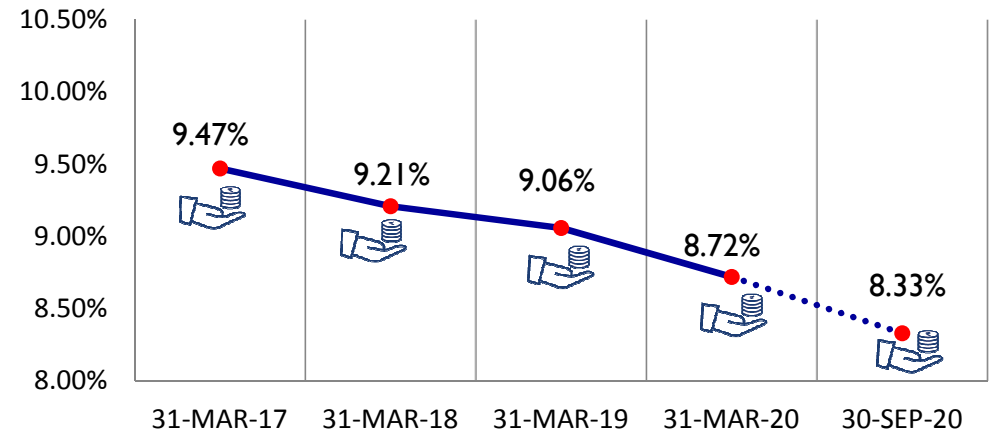
RETURN ON ASSETS



COST OF FUNDS

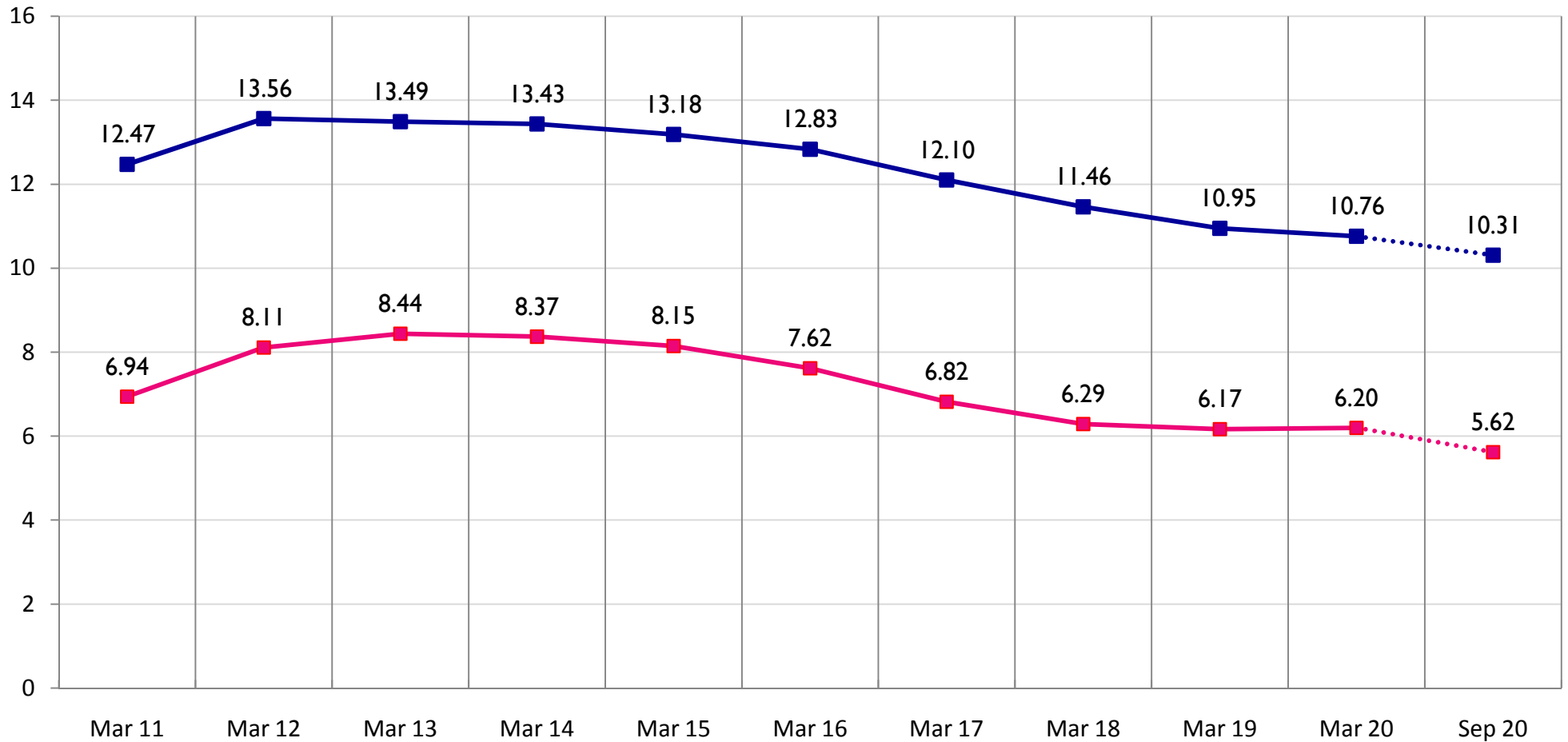


YIELD ON FUNDS



▶ COST OF DEPOSITS & YIELD ON ADVANCES

(in %)

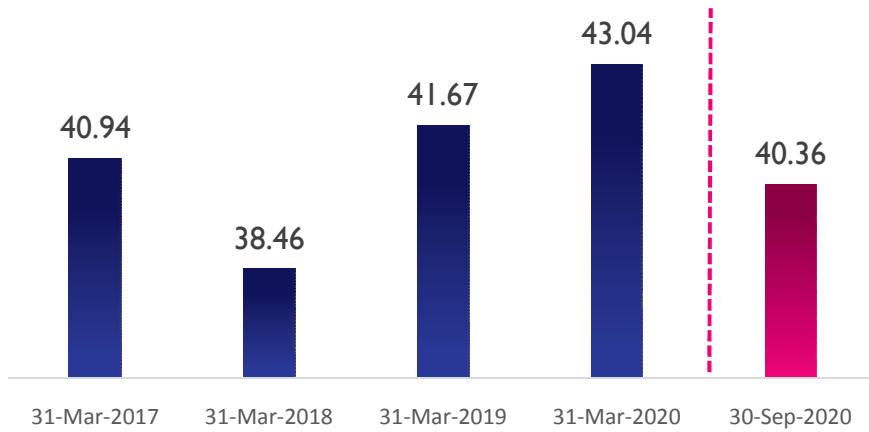


Spread between cost of deposits and yield on advances of our bank maintained in the last 10 years

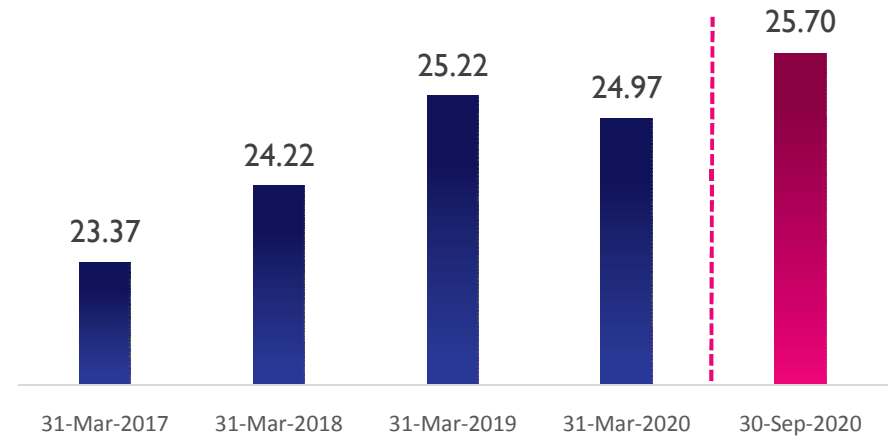
— Yield on Advances
— Cost of Deposits

▶ EFFICIENCY

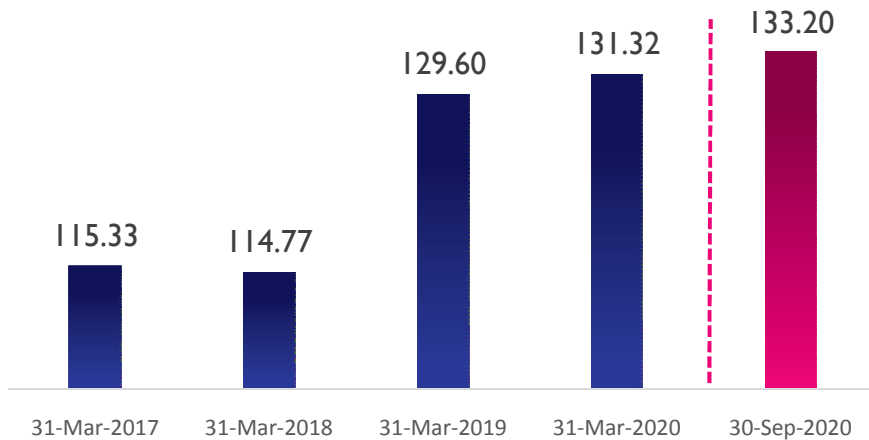
COST INCOME RATIO (%)



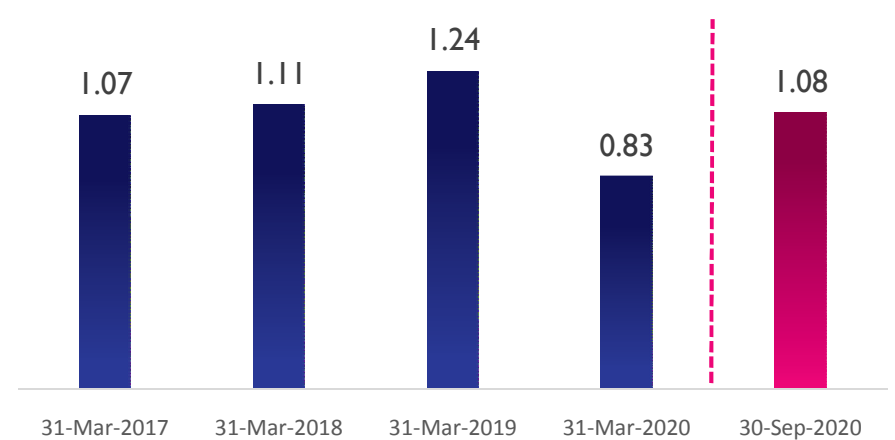
CASA RATIO (%)



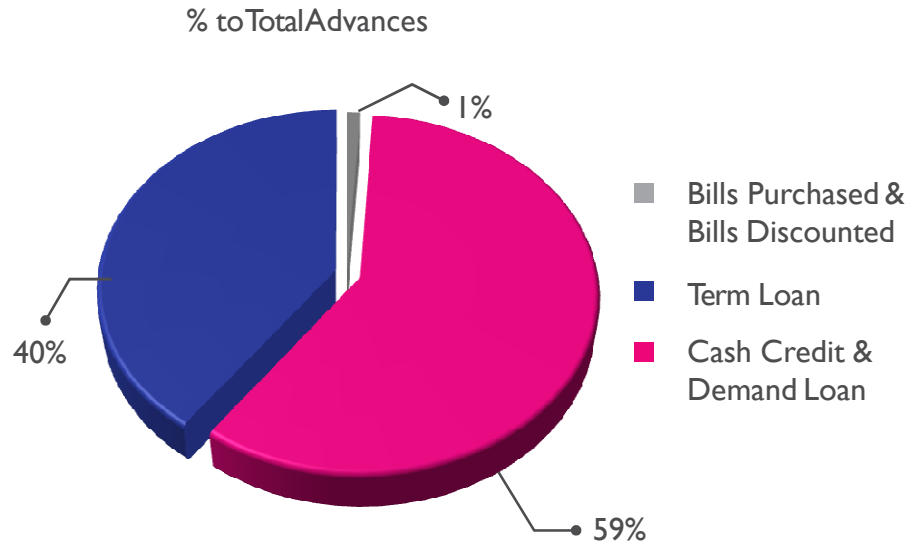
BUSINESS PER EMPLOYEE (in INR Mn)



PROFIT PER EMPLOYEE (in INR Mn)



▶ LOAN BOOK – PRODUCTS COMPOSITION



Working capital loans yielding higher interest constitute 59% of advances



Re-pricing possible at short intervals thus reducing interest rate risk



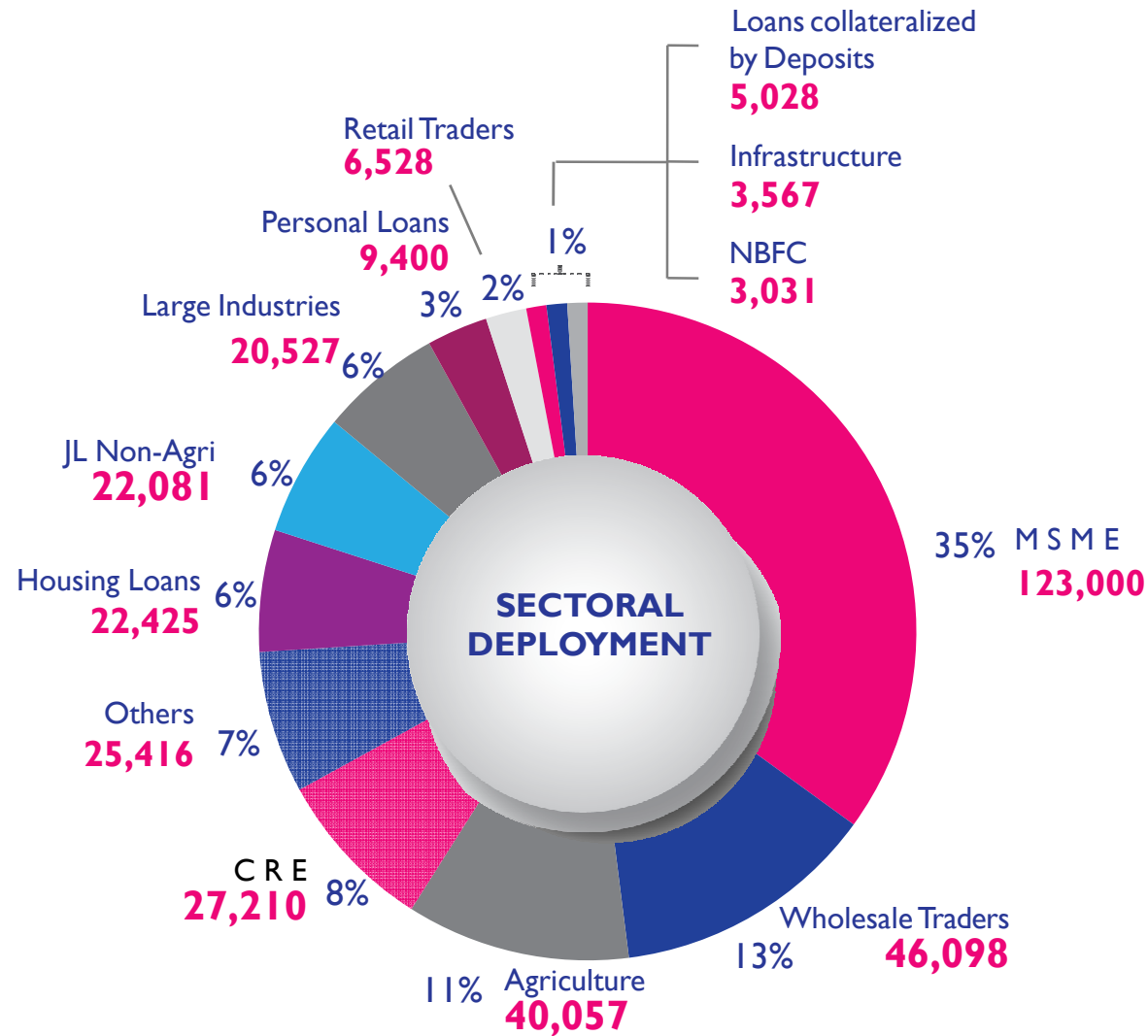
~95% of our loan book is on floating rate basis which reduces interest rate risk

Loan Book Products Composition	Amount (INR Mn)	% to Total Advances
Cash Credit & Demand Loan	208,554	59%
Term Loan	144,204	40%
Bills Purchased & Bills Discounted	1,610	1%
Gross Loan Total	354,368	100%

Term Loan composition increased from 36% in Mar-20 to 40% in Sep-20 mainly because of the o/s balance of ECLGS at Rs.15201 Mn.

▶ LOAN BOOK SECTORAL DEPLOYMENT – POSITION AS ON 30.09.2020

(in INR Mn)



▶ LOAN BOOK SECTORAL DEPLOYMENT – POSITION AS ON 30.09.2020

(in INR Mn)

SECURED & UNSECURED ADVANCES

Particulars	Amount (INR Mn)	(%)
Secured Loans	350,382	99%
Unsecured Loans	3,986	1%
Total	354,368	100%



Trading & MSME loans earning higher yield constitute about 50%



Diversified credit portfolio reduces credit risk and Lower ticket size backed by adequate collaterals



Unsecured Advances aggregate to 1%

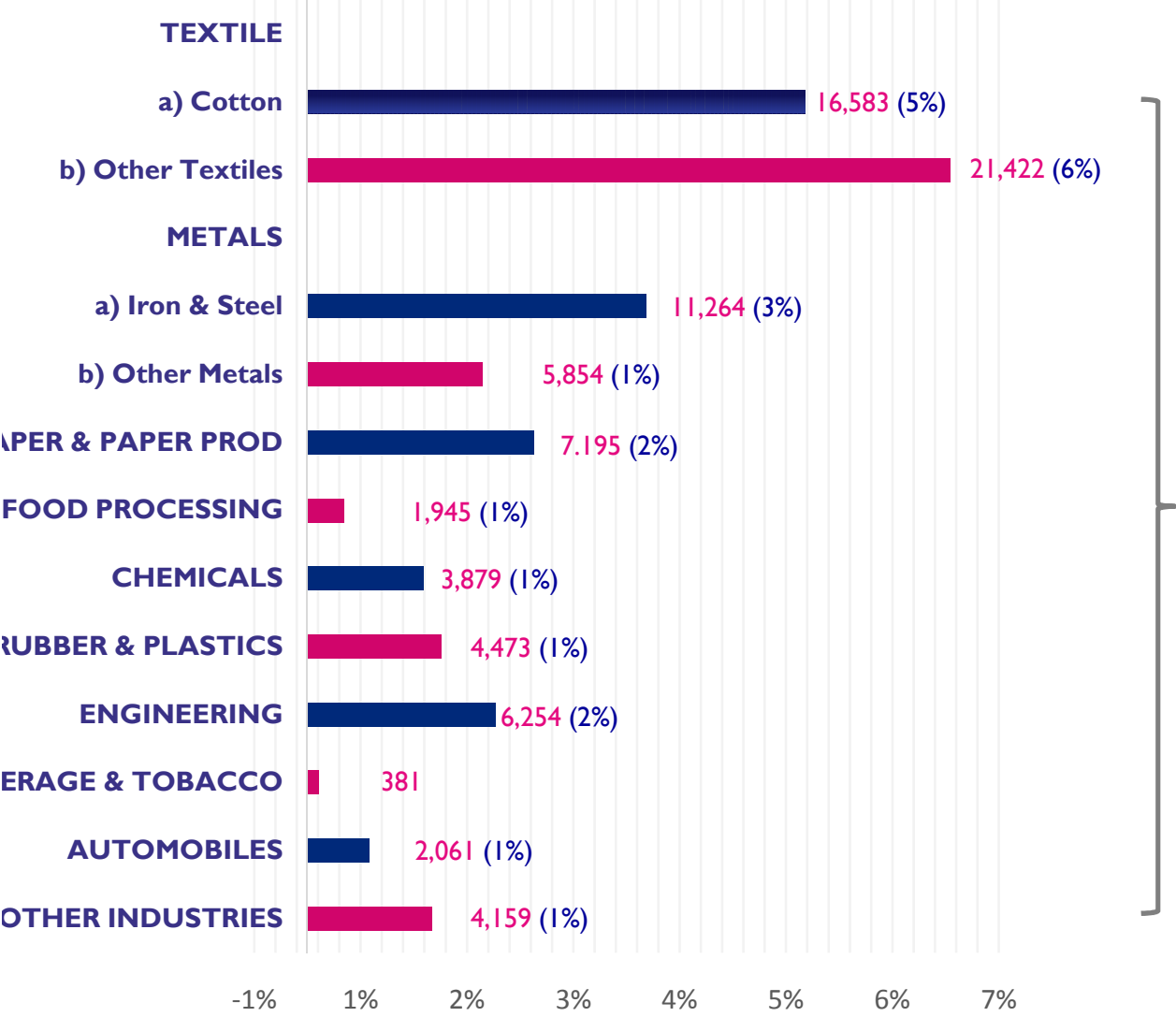


Total Jewel Loan outstanding as on 30.09.2020 – Rs.45,371 Mn

Loan Book – Advances to Major Industries

(in INR Mn)

Advances to Major Industries 30th September 2020

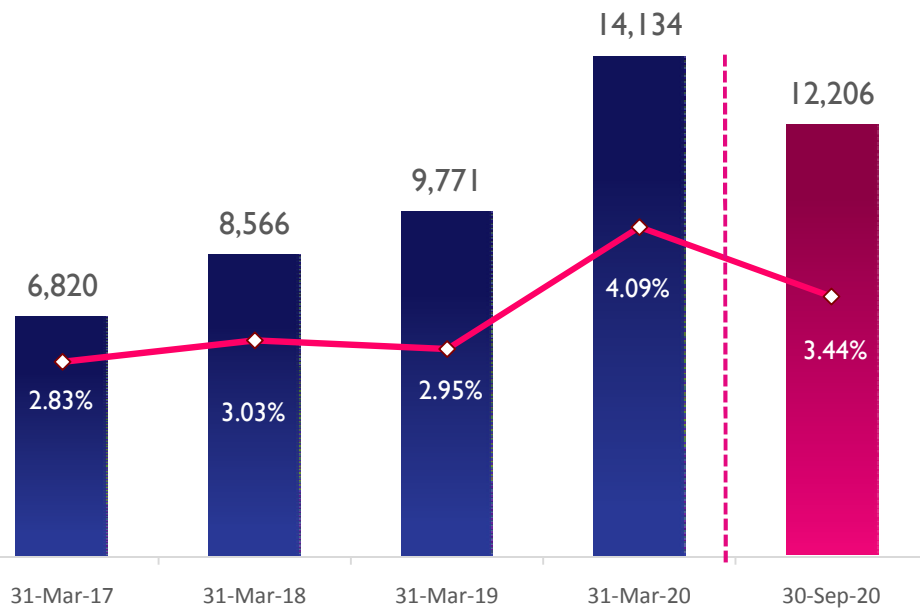


Industry Name	Amount (in INR Mn)	% to Total Advances
Advances to Major Industries	85,470	24%
All other advances (Agri, Trade, Service, Gold Loan, etc.)	268,898	76%
Total Gross Advances	354,368	100%

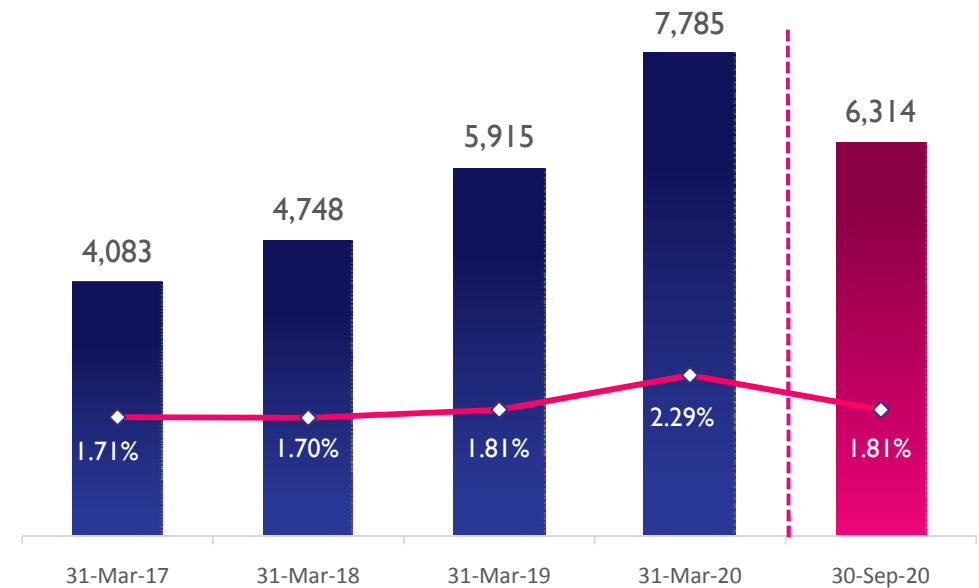
▶ ASSET QUALITY

(in INR Mn)

GROSS NPA QTM & GROSS NPA %



NET NPA QTM & NET NPA %



✓ No addition to NPA during Q2 FY 21 because of standstill clause as per the direction of Supreme Court.

✓ Due to that Net NPA reduced to 1.81% in Sep-20 from 2.29% in Mar-20

▶ ASSET QUALITY POSITION – MOVEMENT OVER THE YEARS

(RS IN MN)		FY MAR-16	FY MAR-17	FY MAR-18	FY MAR-19	FY MAR-20	Q2 FY 21	HI FY 21
NPA Opening balance		3,358	5,120	6,820	8,565	9,771	13,461	14,134
Additions	A	4,290	4,796	5,749	6,322	11,104	0	34
Recovery / Sale to ARC		734	905	1,623	1,980	1,644	459	590
Upgradations		546	556	433	496	1,358	66	135
NetAddition	B	3,010	3,335	3,693	3,846	8,102	-525	-691
Write-off		1,248	1,635	1,948	2,640	3,739	730	1,237
NPA Closing balance		5,120	6,820	8,565	9,771	14,134	12,206	12,206
Technical Write-off (TW) during the period		1,189	1,564	1,836	2,565	3,670	703	1,203
Provision made during the period	C	2,050	2,515	3,030	2,700	6,310	320	820
TW recovery	D	370	470	704	898	1,090	319	362
Provision made net of TW Recovery	E=C-D	1,680	2,045	2,326	1,802	5,220	1	458
Gross Advance	F	2,12,531	2,41,125	2,82,386	3,30,652	3,45,762	3,54,368	3,54,368
Additions % of Gross Advance	A / F	2.02	1.99	2.04	1.91	3.21	-	0.01
NetAddition % of Gross Advance	B / F	1.42	1.38	1.31	1.16	2.34	-ve	-ve
Credit cost	E / F	0.79	0.85	0.82	0.54	1.51	-	-
Gross NPA %		2.41	2.83	3.03	2.95	4.09	3.44	3.44
Net NPA %		1.53	1.71	1.70	1.81	2.29	1.81	1.81

▶ RESTRUCTURED ACCOUNTS

Balance outstanding as on 30.09.2020 in respect of Restructured Standard borrowers

Type of Restructuring	No. of Borrowers	Amount (in INR Mn)
S M E	131	4550.32
N S M E	44	229.44
Total	175	4779.76

▶ The above disclosure is in respect of Restructured Standard Accounts excluding NPA

▶ Restructured Standard Advances to Gross Advances – 1.35% as on Sep-20

▶ In terms of RBI Circular DOR No.BP.BC.34/21.04.048/2019-20 dt 11.02.2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated 06.08.2020 - Restructuring of Advances, the bank has restructured 11 Standard accounts to the tune of Rs.794 mn in Q2 FY 2021. As of HI FY 21, the total outstanding restructured Standard accounts was 175 in numbers and amounting to Rs.4,779 mn. The Bank hold a provision of Rs.141 mn against the requirement of Rs.131 mn towards Restructured Standard accounts.

▶ No fresh sale to ARC on SR basis from FY 17-18 and amount outstanding in Security Receipts – Rs.2,427 mn. Out of this, 4 a/cs which constitutes 90% of total SRs, the resolution has been finalized and payments has started in all the 4 accounts. Since the repayment term goes upto 2022, we expect there will be continuous cash flows. During HI FY 21 we have made an additional provision of Rs.200 Mn.

▶ INVESTMENTS – AT A GLANCE

Investments Breakup and Categorywise

(in INR Mn)

Particulars	SEP 2020	SEP 2019
SLR Securities	105,298	95,685
Non-SLR Securities	3,121	3,545
Total Investments	108,419	99,230
Yield on Investments	5.94%	6.81%
Investments Breakup:		
- A FS	23,175 (21%)	28,356 (29%)
- HTM	85,244 (79%)	70,874 (71%)
- H FT	-	-
Total Investments	108,419	99,230
Modified Duration:		
- A FS	1.33	0.85
- HTM	5.06	4.32
- H FT	-	-
- Overall Portfolio	4.33	3.41

COVID 19 OUTBREAK

COVID 19 OUTBREAK

COVID-19 : Update on current situation

- ✓ As predicted by experts, COVID-19 pandemic is at its peak right now and our country is in the 3rd position in the world with more than 2.27 million cases.
- ✓ However positive news are coming from around the world with vaccine which is expected to hit the market in the coming months.
- ✓ The mobility restrictions are still in place with respect to educational institutions, religious festivals, mass gatherings, tourism & Travel and public transport. However, the economic activity is picking up slowly and our economy will be out of the clutches of COVID in the next few quarters.
- ✓ We are strictly adhering to all the safety measures prescribed by government authorities and continuously working towards the safety and security of our employees.
- ✓ Also people are allowed to work from home or shift basis wherever possible.
- ✓ As of now, 310 employees were infected with COVID-19 virus – 250 of them recovered and 60 are under treatment / home quarantine.

COVID-19 : Measures taken by the Bank

Business continuity:

- ✓ Our Business continuity plans worked well during this tough situation. We were successfully relocated some of our key functional departments on temporary basis and restored back on a smooth basis with uninterrupted service to our customers.
- ✓ Our branches and ATMs functioned without interruption during this tough times and though our branch staffs get infected we were quick to restore our services to our customers.

Supporting the MSMEs / Entrepreneurs :

- ✓ Through our branch network, our staffs were continuously communicating with our customers to understand their needs and help them out with their cash flow needs.
- ✓ So far we have sanctioned Rs.1967 crs & disbursed Rs.1691 Cr under ECLGS schemes to eligible MSME business segments.

COVID-19 : Status of Loan Accounts as of 29th Feb 2020

- ✓ Present outstanding balance of the accounts which are in default as of 29th Feb 2020 is as below:

(Rs in Cr)	Position as on 15.06.2020		Position as on 31.07.2020		Position as on 31.10.2020	
	No. of A/cs	O/s Amount	No. of A/cs	O/s Amount	No. of A/cs	O/s Amount
SMA 0	571	175	471	204	318	63
SMA 1	1102	348	926	341	534	225
SMA 2	327	122 *	171	83 *	170	109
Total	2000	645	1568	628	1022	397

- In accordance with RBI guidelines, the Bank is required to make provision @ 10% of outstanding advances over two quarters beginning with quarter ended March 31, 2020 in respect of borrower accounts which are at default and asset classification benefit has been taken. The outstanding amount of those accounts for the bank stood at Rs.125.61 cr as on 29th Feb 2020 (O/s balance as on 15.06.2020 – Rs.122 cr as indicated above). During Q4 FY 20, the Bank has made an adhoc COVID provision of Rs.102 Cr in addition to the required RBI mandatory provision. During H1 FY 21, the bank has made an additional adhoc provision of Rs.215 cr to meet any future contingency arising out of Covid pandemic. Thus, the total provision in this regard held by the bank as on 30th September 2020 is Rs.317 crs.
- ✓ Total Covid provision held as at 30th Sep 2020 stood at 0.89% of total advances.
- ✓ Total SMA accounts constitutes 1.11% of total advances as at 31st October 2020.

COVID-19 : Repayment Status of Accounts – Position as of 30th Sep 2020:

We have given below status of repayment made by our borrowers instalment-wise from Mar-20 to Aug-20 (Moratorium period) along with repayment made in the month of Sep-20:

	1 monthly installment / interest	2 monthly installments / interest	3 monthly installments / interest	4 monthly installments / interest	5 monthly installments / interest	6 monthly installments / interest	For the month of Sep-20
Loan A/cs	87%	75%	66%	61%	56%	51%	86%
CCOD A/cs	99%	95%	94%	94%	93%	91%	94%
Total	90%	82%	78%	76%	73%	68%	90%

The above workings is based on total performing advances book of around Rs.27,470 cr excluding JL, ODAD/LAD, Staff loan, etc. to the tune of Rs.8282 cr

COVID-19 : Repayment Status of Accounts – Position as of 30th Sep 2020:

Moratorium:

- ✓ The Bank has extended the option to all the borrowers to avail moratorium as per the RBI instructions.
- ✓ During June quarter results we have discussed that accounts covering an exposure of 1.76% of CC & 26.54% of Term loan, on total 12.45% of exposure did not received even single payment utilizing moratorium fully.
- ✓ That number currently stand at 0.65% of CC exposure, 19.12% of Term loan exposure and 9.03% of total exposure, where not even a single payment received during moratorium period.
- ✓ Out of them, 0.10% of cc exposure, 10.76% term loan exposure & 4.94% of total exposure have paid the demand portion of one monthly installment in the month of September 2020.
- ✓ Of the balance 4.09% of exposure have not paid anything till now, we expect many of them would opt for restructuring since the time is available upto 31.12.2020 for Non-MSME and 31.03.2021 for MSME.
- ✓ During Q1 FY 21 results, we declared that accounts covering 88.20% CC a/cs exposure and 46.17% of term loan exposure, on total accounts covering 70.07% of total exposure received payment for four months.
- ✓ That number now even improved with accounts covering 90.65% of CC a/cs exposure & 46.01% of term loan exposure, on total accounts covering 70.40% of total exposure received payments for six months (August 2020) during the moratorium period as if there was no moratorium.
- ✓ For the month of September 2020, accounts covering 85.70% of term loan exposure, 94.53% of CC exposure and total of 90.52% exposure have been repaid.

▶ COVID-19 : Bank's position

Liquidity

- Maintaining LCR above 200% (292% as of 30.09.2020).
- We have liquidity to the tune of Rs.5,000 cr presently of which short term deposits in overseas branches of Nationalized banks amounting to Rs.800 cr.
- Contingency funding measures are in place to take care of exigencies.

Business segments

- Strong Retail Franchise
- No Certificate of Deposit
- No reliance on Corporate bulk deposits. Only 9% of the total deposits are above 2 Cr
- Low concentration of deposits – Top 20 deposits constitutes less than 8.54% of the total deposits

Business growth

- Deposits grown by Rs.588 cr during H1 FY 21
- Lesser quantum of Government deposits
- Advances increased by Rs.861 cr during H1 FY 21.

Capital adequacy

- CRAR stood at 17.36%
- Maintaining higher capital than required.
- Bank got the permission from the stakeholders at the Annual General Meeting held on 14.08.2020 to go for QIP for Rs.600 crs as an enabling resolution.
- RWA reduced from Rs.32462 Cr in Mar-20 to Rs.30912 cr in Sep-20 mainly due to sanction of ECLGS & increase in Gold loans during H1 FY 21.

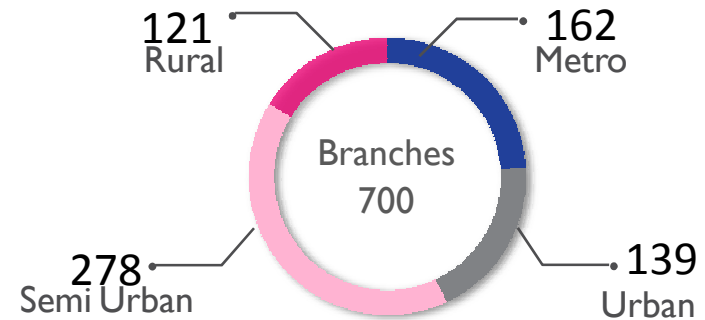
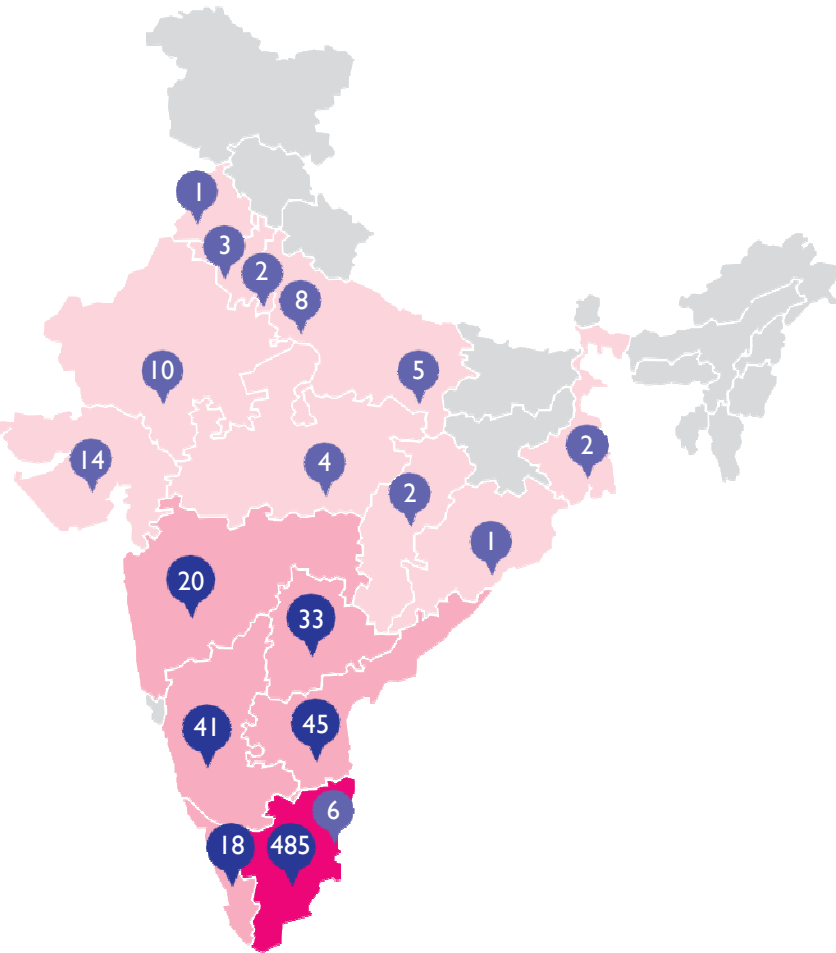
BRANCH NETWORK

BRANCH NETWORK

▶ STRONG PRESENCE IN THE SOUTH

As of Sep 2020 - 700 branches. 628 branches are located in South India out of which 485 in Tamil Nadu

State	No. of Branches	% of Deposits	% of Advances	% of Business
Tamilnadu	485	80	64	72
Karnataka	41	6	6	6
Andhrapradesh	45	3	8	5
Telengana	33	2	5	4
Maharashtra	20	2	3	3
Kerala	18	2	2	2
Gujarat	14	1	4	2
Others	44	4	8	6
Total	700			

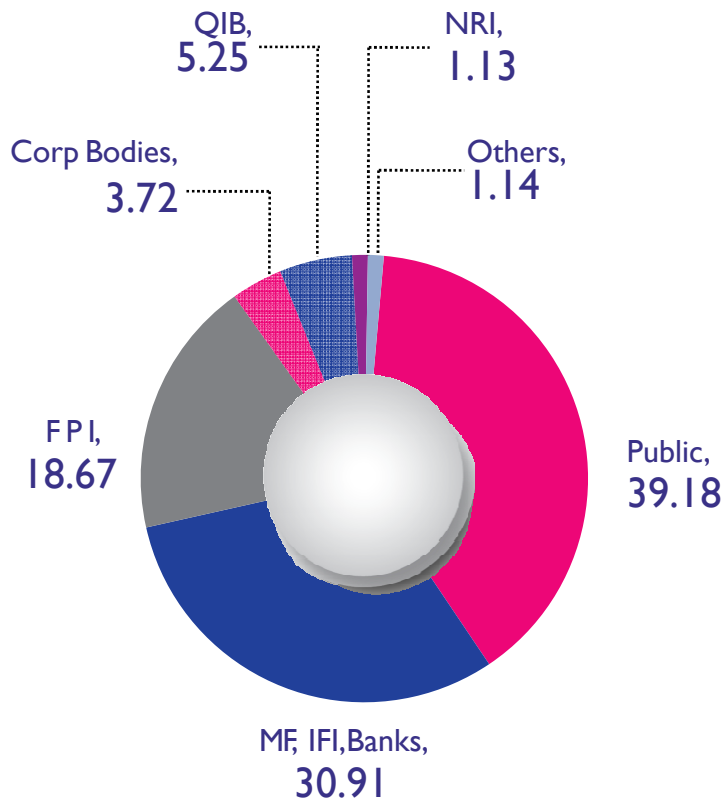


SHAREHOLDING PATTERN

SHAKEHOLDING PATTERN

▶ A WELL DIVERSIFIED INVESTOR BASE

Position as on 30-Sep-2020



Major Institutional Shareholders

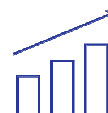
SHAREHOLDERS	HOLDING %
HDFC Midcap Opportunities Fund	4.48
Axis Mutual Fund	4.42
Life Insurance Corporation of India	4.13
Franklin India Prima Fund	2.64
HDFC Life Insurance Co. Ltd.	2.89
SBI Small Cap Fund	2.48
Smallcap World Fund	2.22
DSP Midcap Fund	2.33
ICICI Pru Multicap Fund	1.81
Sundaram MF A/c Sundaram Mid Cap Fund	1.37
L & T MF – L & T Emerging Business Fund	1.60
Wasatch Core Growth Fund	1.26
Bank Muscat India Fund	1.23
T V F Fund	1.03



Well diversified ownership of shareholders around 1,33,000 Approx



Long term investors ensuring stability and support to management



Limit on FII / FPI ownership increased to 40%



Higher Participation from FPI's



Head room available for FII / FPI ... 21.33%

CORPORATE GOVERNANCE

СОКЪОКАТЕ ГОЛЕКНАНСЕ

▶ A WELL EXPERIENCED AND STRONG BOARD



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

Non-Executive Chairman

Shri. R. Mohan is qualified as bachelor of Science, Master of Business Administration and a CAIIB. Prior to joining the Board, he served as Chief General Manager of our Bank.



Smt. Abarna Bhaskar | BA., FCA

Director

Smt. Abarna Bhaskar is a practicing Chartered Accountant by profession and the first woman director of the Bank. She has served in senior positions with Foreign Banks abroad and a large private sector bank in India. She also holds expertise in Risk Management.



Shri. Subramaniam Narayanan |

PGDM-IIM(A), Chartered Accountant, FCS, Grad CMA

Director

Shri. Subramaniam Narayanan possesses rich experience in the areas of Business Management, Private Equity, Finance, Accountancy, Treasury & Risk Management, Information Technology and Payment & Settlements. He has held the position of CEO in First India Asset Management Company Ltd., and handled treasury services for Bank of America and Abu Dhabi Commercial Bank, UAE. Besides, he has been associated as Director in IT / Fintech Companies of repute for a long time.



Dr. T.S. Sridhar IAS (Retd.) | M.A., Phd.,

Director

Dr. T.S. Sridhar is a Retd. IAS officer having 35 years of vast experience in all levels of administration and as Principal Secretary, he has expertise and knowledge on Rural economy, farm sector and Industries especially MSME. He was a Director on the Board of NABARD. He holds expertise in Human Resource and Economics as well.



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

Director

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



Dr. N. Kamakodi | B.Tech., MBA., Ph.D., 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. M. Narayanan | B.Sc. FCA, Grad CMA, DISA

Director

Shri. M. Narayanan is a practicing Chartered Accountant by profession and has handled Finance, Accounts and Taxation at various levels upto CFO while in service for over 20 years in companies of repute viz. BHEL, Dalmia Cements, Fenner, Ramco Cements and Dishnet etc. He is also an agriculturist and a qualified system Auditor.



Shri. V.N. Shiva Shankar | B.Com, ACS, ACMA, BL

Director

Shri. V.N. Shiva Shankar is a qualified Lawyer, Company Secretary and Cost Management Accountant with 25 years of rich experience in Indian Corporate Law. He is also the founder of M/s VNS Legal Corporate Law firm based in Chennai which focuses on legal advisory services on Capital Market Regulation, Takeover Offers, Corporate Litigation, etc. He is a member of the Executive Committee in Southern India Chamber of Commerce. He has expertise in SEBI matters & Risk Management.



Shri. K. Vaidyanathan | B.Sc., FCMA, FCS

Director

Shri. K. Vaidyanathan is a Fellow member of the Institute of Cost Management Accountants of India and also the Institute of Company Secretaries of India. He has over 40 years of rich domain experience in Financial and Management Accounting, Corporate Finance, Auditing and Regulatory Compliance. He is a Practicing Company Secretary. He also holds expertise in Compliance and Business management.

▶ TRANSPARENT ‘CORPORATE GOVERNANCE’ PRACTICES

Board consists of 8 Independent Directors (including 1 Women Director) And 1 Executive Director

Various 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 WITH DIVERSE PROFESSIONAL EXPERTISE

Career Banker with 4 Decades of banking experience

Practicing Chartered Accountant & Risk Management . First Women Director of the Bank

Practicing Chartered Accountant , Qualified system Auditor and Agriculturist

Private Equity Fund Manager, Risk Management, IT and Treasury Management

Practicing Advocate, Compliance function and Risk Management

Retired IAS Officer, Rural Economy, MSME, Business Management, Human resource and Economics.

Practicing Company Secretary, Business Management, IT & Compliance

Advocate in Banking Law & Environmental Activist

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