



CUB
Trust and Excellence
SINCE 1904

CITY UNION BANK LTD

**INVESTOR
PRESENTATION
MARCH 2017**



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Table of contents



1. Overview

Page : 04

2. Performance Highlights – December 2016

Page : 09

3. Financial Performance & Business Profile

Page : 12

4. Branch Network

Page : 31

5. Shareholding Pattern

Page : 32

6. Corporate Governance

Page : 33

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 31.03.2017

Deposits



INR 30,116 Cr

Advances



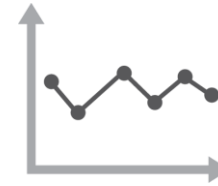
INR 24,112 Cr

Net Interest Margin



4.17%

Net NPA



1.71%

Employees



4,689

Branches



550

ATM's



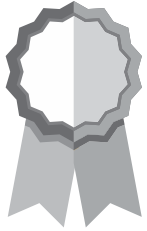
1,496

Efficiency Ratio



40.94%

AWARDS & ACCOLADES

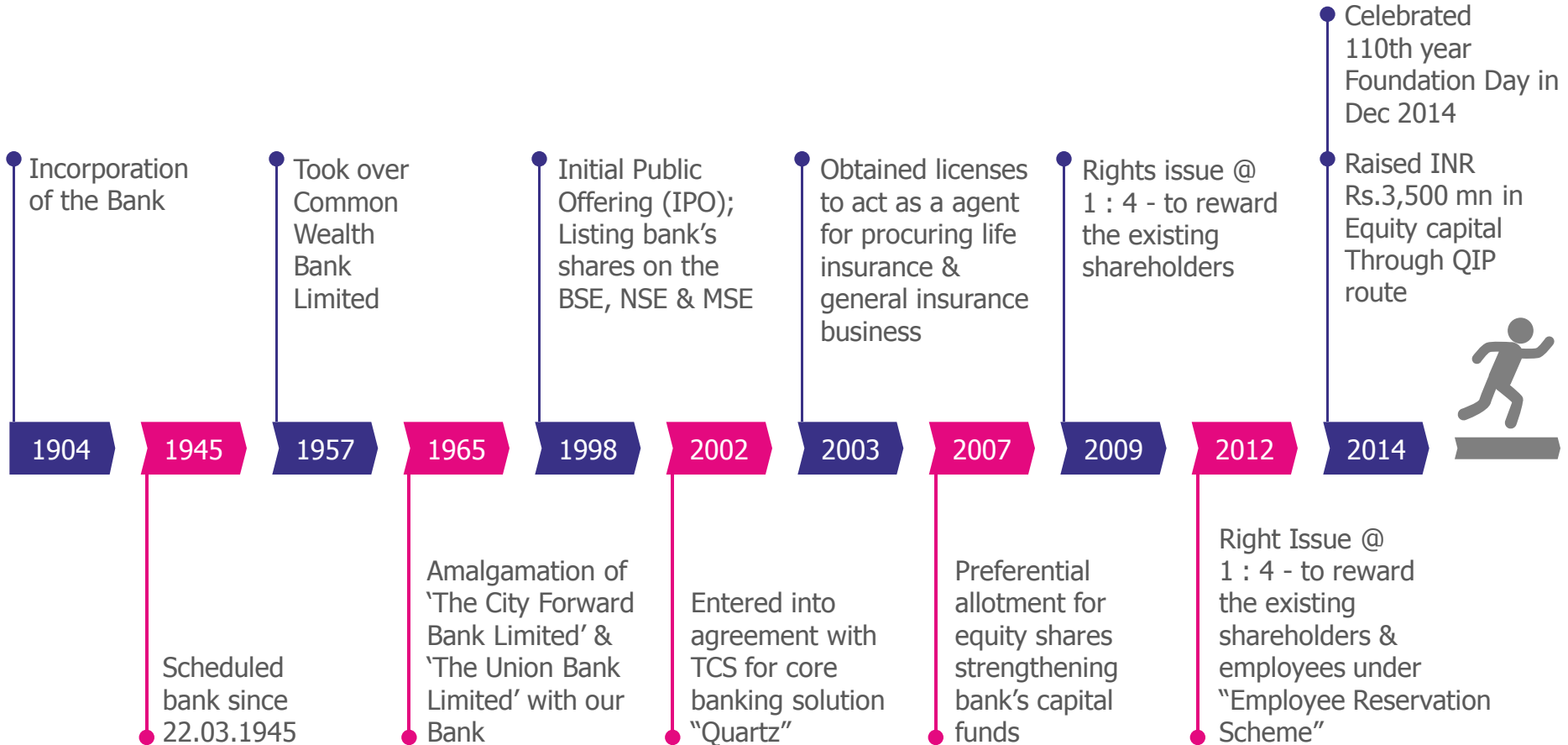


**Best Small sized Bank for 2015-16 by Business World –
PWC Best Banks' Survey 2016 (Second year in a row)**



**Won Financial Express Best Bank award in the category
"Top old Private Sector Bank" for FY 2015-16 (Third year
in a row)**

Key milestones



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



Competitive Advantages

<p>Strong track record</p>	<ul style="list-style-type: none"> • Continuous profitability and dividend payout in all 100+ years of operations • Business growth of 20% CAGR in last 10 years
<p>Robust corporate governance practices</p>	<ul style="list-style-type: none"> • Strong board with majority of directors being independent • Consistency in management with only 7 CEOs appointed in 100+ years
<p>Diversified asset profile</p>	<ul style="list-style-type: none"> • Granular asset profile with advances to top 20 borrowers contributing around 10% • Lower ticket size lending backed by adequate collaterals
<p>Higher yielding loan portfolio</p>	<ul style="list-style-type: none"> • Trading and MSME loan segments earning high yields constitute about 52% of advances
<p>Adequately capitalised</p>	<ul style="list-style-type: none"> • Strong Capital Adequacy ratio of 15.83% out of which Tier 1 constitutes 15.36%
<p>Network</p>	<ul style="list-style-type: none"> • Pan India presence with 550 branches • Strong presence in South India (489 branches) of which 379 are in Tamil Nadu alone

Q4 / FY 2016-17 Performance – A snapshot

- ✓ Deposits increased by 11% from Rs.272 Bn to Rs.301 Bn Y-o-Y
- ✓ Advances registered a growth of 13% from Rs.213 Bn to Rs.241 Bn Y-o-Y
- ✓ Total business grown by 12% to Rs.542 Bn from Rs.484 Bn Y-o-Y
- ✓ Gross Profit registered a growth of 11% from Rs.2,240 Mn to Rs.2,476 Mn on Q4-Vs-Q4 basis and 19% from Rs.8,333 Mn to Rs.9,937 Mn on Y-o-Y
- ✓ Net Profit increased by 15% from Rs.1,122 Mn to Rs.1,289 Mn on Q4-Vs-Q4 basis and 13% from Rs.4,447 Mn to Rs.5,028 Mn on Y-o-Y

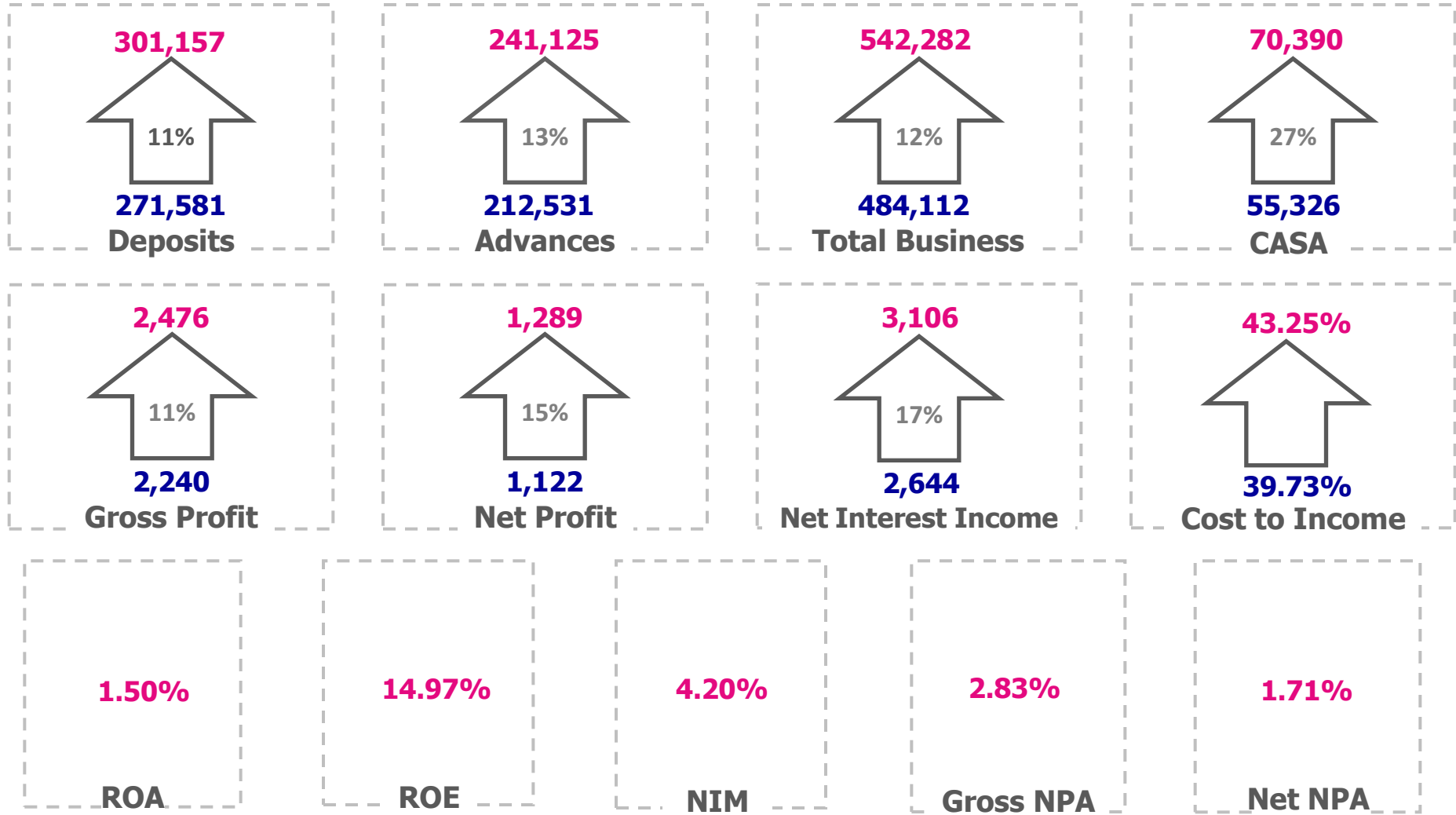
- ✓ Profitability and efficiency ratios – at par with the best in industry:

		Q4 FY 2017	FY 2017
➤	Return on Assets	- 1.50%	1.50%
➤	Net Interest Margin	- 4.20%	4.17%
➤	Return on Equity	- 14.97%	15.26%
➤	Earnings per share	- Rs.2.14	Rs.8.39

- ✓ Gross NPA – 2.83% and Net NPA – 1.71%
- ✓ Provision Coverage Ratio – 61%
- ✓ CRAR – 15.83% (Basel III) of which core CRAR – 15.36%

Q4 Vs Q4 Performance – A snapshot

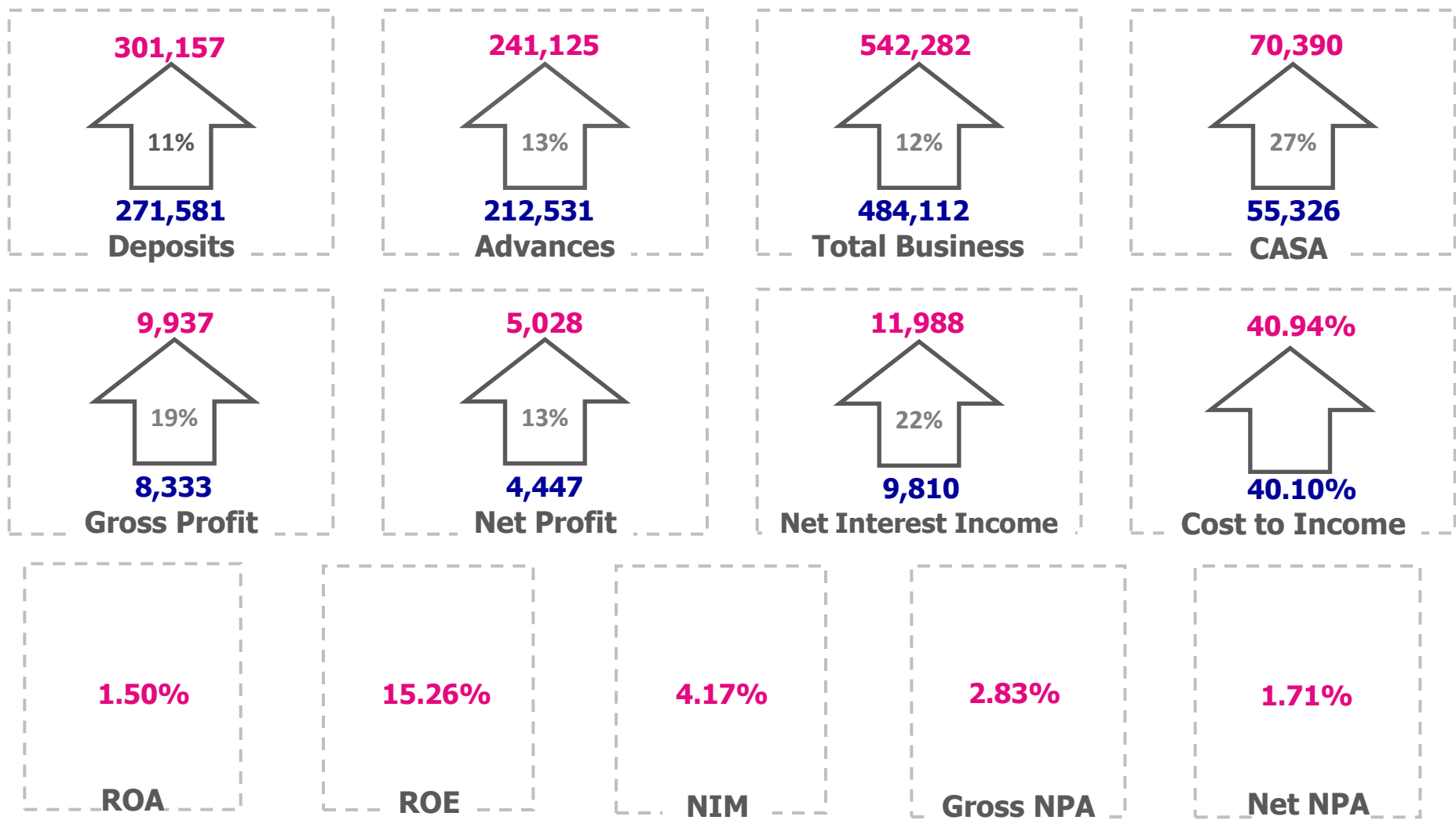
(All figures in INR Mn)



■ Q4 FY17 ■ Q4 FY16

FY 2017 Vs 16 Performance – A snapshot

(All figures in INR Mn)



■ FY17 ■ FY16

FY 17 Vs FY 16 – Performance – A snapshot

(in INR Mn)

Financial Performance

Particulars	FY 2017	FY 2016	Inc / (Dec)	Growth	Growth %
Deposits	301,157	271,581	↑	29,576	11%
Advances	241,125	212,531	↑	28,594	13%
Total Business	542,282	484,112	↑	58,170	12%
Demand Deposits	24,092	19,192	↑	4,900	26%
Saving Deposits	46,298	36,133	↑	10,165	28%
CASA	70,390	55,326	↑	15,064	27%
Gross NPA	6,820	5,120	↑	1,700	33%
Net NPA	4,083	3,232	↑	851	26%
Gross NPA (%)	2.83%	2.41%			
Net NPA (%)	1.71%	1.53%			
C R A R (BASEL – III)	15.83%	15.58%			
- Of which Tier I	15.36%	15.09%			
CD Ratio	80%	78%			
PCR	61%	60%			

Q4 FY 17 Vs Q4 FY 16 – Performance – A snapshot

(in INR Mn)

Financial Performance

Particulars	Q4 FY 2017	Q4 FY 2016	INC / (DEC)	Growth %	Q3 FY 2017
Net Interest Income	3,106	2,644	461	17%	3,070
Other Income	1,259	1,073	186	17%	1,428
Operating Expenses	1,888	1,477	411	28%	1,762
Gross Profit	2,476	2,240	236	11%	2,736
Provisions & Contingencies	1,188	1,118	70	6%	1,470
Net Profit	1,289	1,122	167	15%	1,266
Return on Assets	1.50%	1.46%			1.45%
Return on Equity	14.97%	14.94%			15.01%
Net Interest Margin	4.20%	3.96%			4.18%

FY 17 Vs FY 16 – Performance – A snapshot

(in INR Mn)

Financial Performance

Particulars	FY 2017	FY 2016	INC / (DEC)	Growth %
Net Interest Income	11,988	9,810	2,177	22%
Other Income	4,840	4,100	740	18%
Operating Expenses	6,890	5,577	1,313	24%
Gross Profit	9,937	8,333	1,605	19%
Provisions & Contingencies	4,910	3,886	1,024	26%
Net Profit	5,028	4,447	581	13%
Return on Assets	1.50%	1.50%		
Return on Equity	15.26%	15.60%		
Net Interest Margin	4.17%	3.81%		

Q4 – FY 17 Vs 16 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	Q4 FY 2017	Q4 FY 2016	Growth (%)
Interest on Loans	6,520	6,138	6%
Interest on Investments	1,355	1,336	1%
Other Interest Income	124	89	40%
Total Interest Income	7,999	7,563	6%

Interest Expenses Breakup

Particulars	Q4 FY 2017	Q4 FY 2016	Growth (%)
Int Exp on Deposits	4,843	4,795	1%
Other Int Expenses	50	123	-ve
Total Interest Expenses	4,894	4,918	-ve

Other Income Breakup

Particulars	Q4 FY 2017	Q4 FY 2016	Growth (%)
CEB & Charges	582	538	8%
Treasury Income	357	351	2%
Other Inc incl recoveries in written off a/cs	320	184	74%
Total Other Income	1,259	1,073	17%

Operating Expenses Breakup

Particulars	Q4 FY 2017	Q4 FY 2016	Growth (%)
Employee Cost	778	527	48%
Other Operating Expenses	1,110	949	17%
Total Expenses	1,888	1,476	28%

FY 17 Vs 16 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	FY 2017	FY 2016	Growth (%)
Interest on Loans	25,902	23,676	9%
Interest on Investments	5,385	5,410	-ve
Other Interest Income	451	356	26%
Total Interest Income	31,738	29,442	8%

Interest Expenses Breakup

Particulars	FY 2017	FY 2016	Growth (%)
Int Exp on Deposits	19,418	19,230	1%
Other Int Expenses	332	402	-ve
Total Interest Expenses	19,750	19,632	1%

Other Income Breakup

Particulars	FY 2017	FY 2016	Growth (%)
CEB & Charges	2,175	2,105	3%
Treasury Income	2,056	1,259	63%
Other Inc incl recoveries in written off a/cs	608	735	-ve
Total Other Income	4,840	4,100	18%

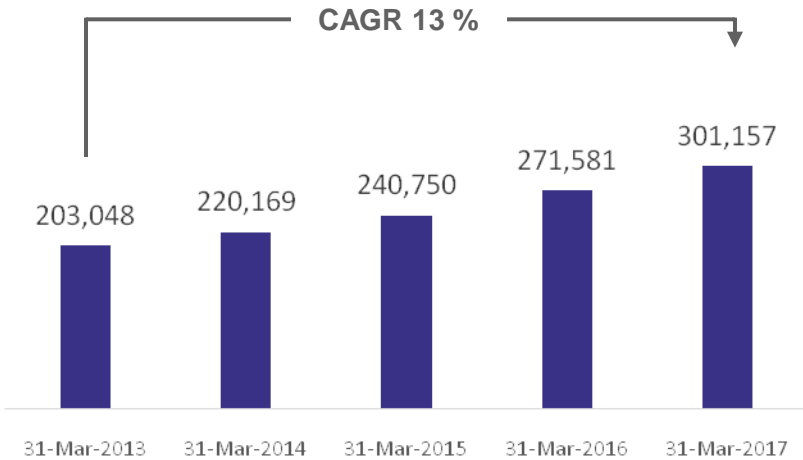
Operating Expenses Breakup

Particulars	FY 2017	FY 2016	Growth (%)
Employee Cost	2,981	2,132	40%
Other Operating Expenses	3,908	3,445	13%
Total Expenses	6,890	5,577	24%

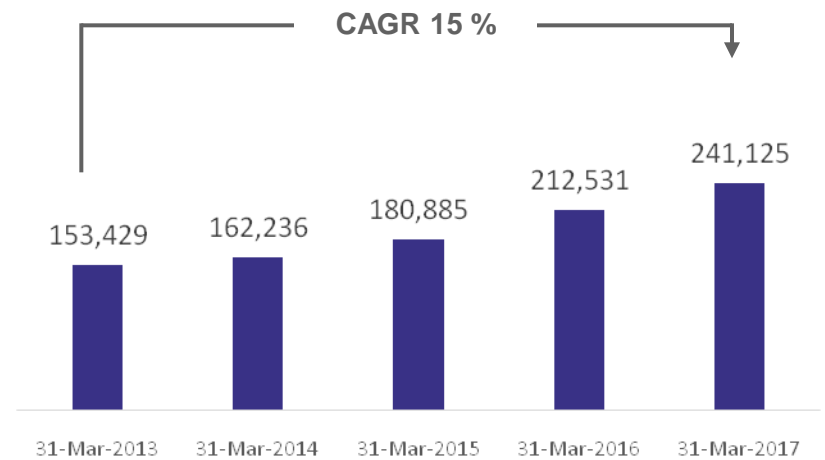
Strong Deposits and Advances growth

(in INR Mn)

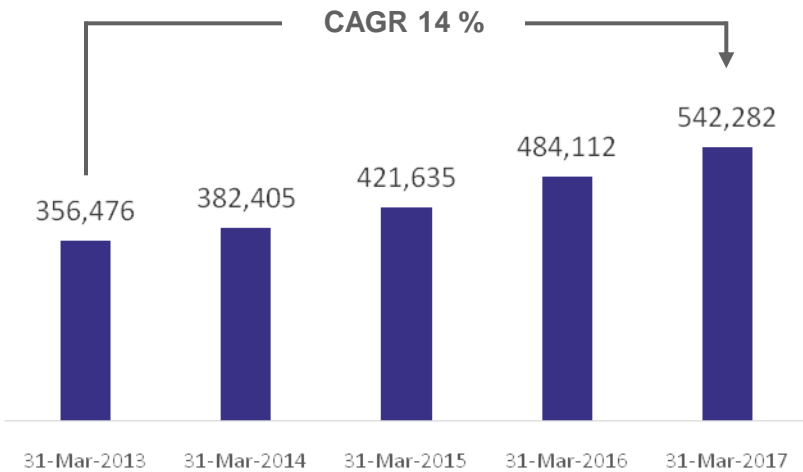
Deposits



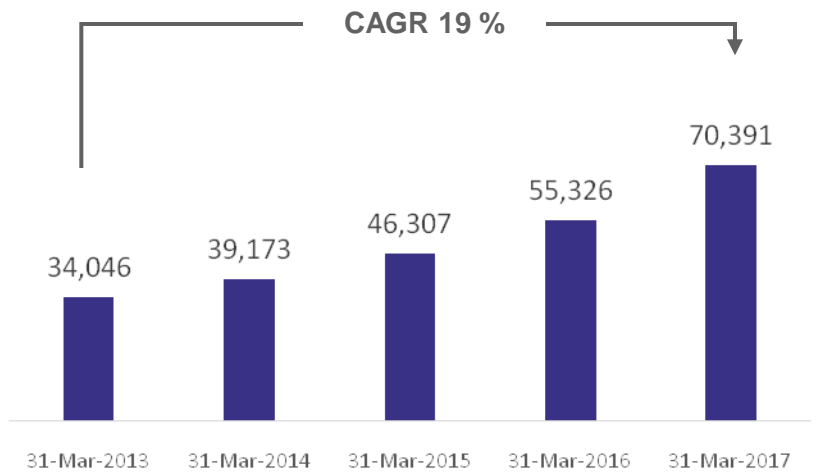
Advances



Business



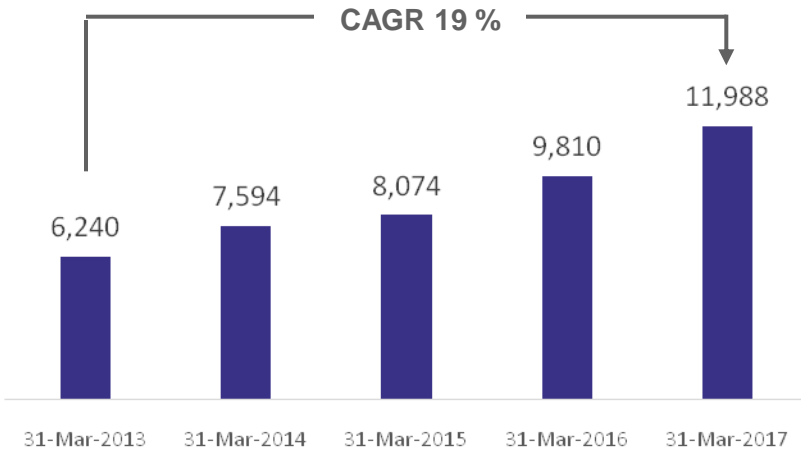
CASA



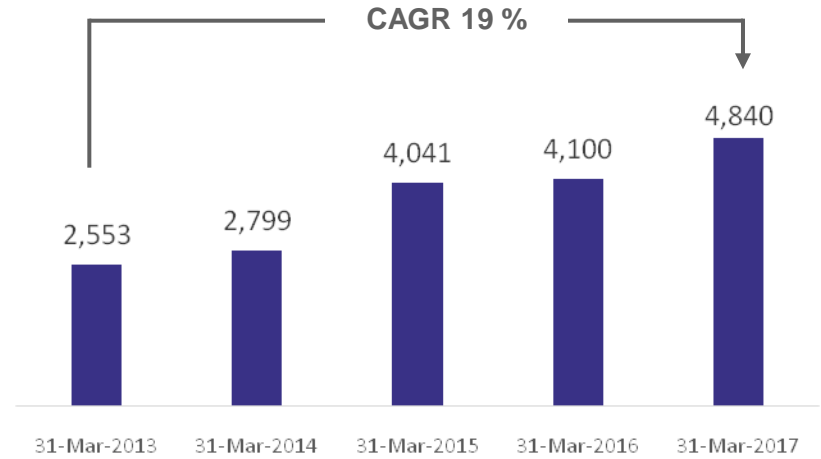
Income Growth over the years...

(in INR Mn)

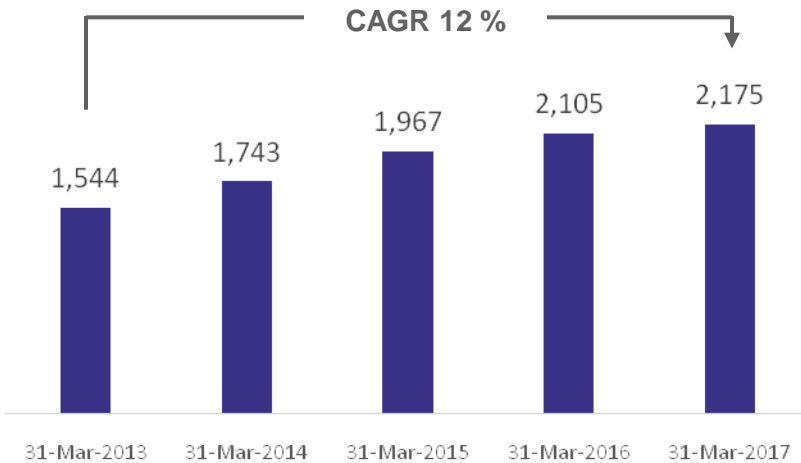
Net Interest Income Growth



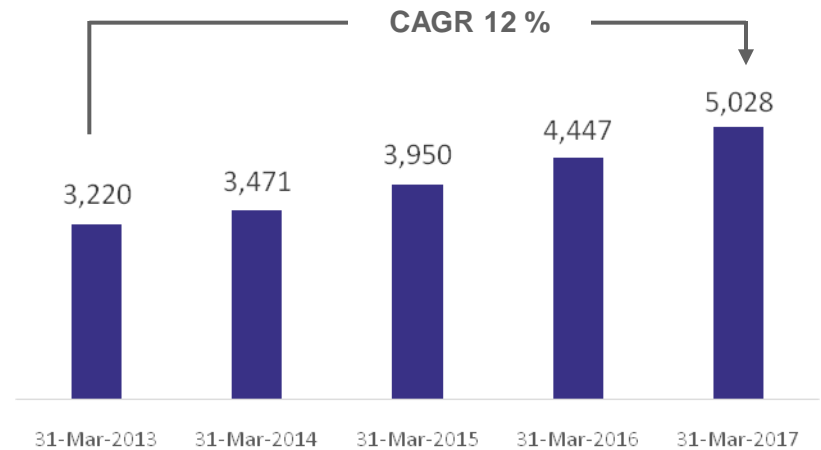
Other Income Growth



CEB Growth



Net Profit Growth

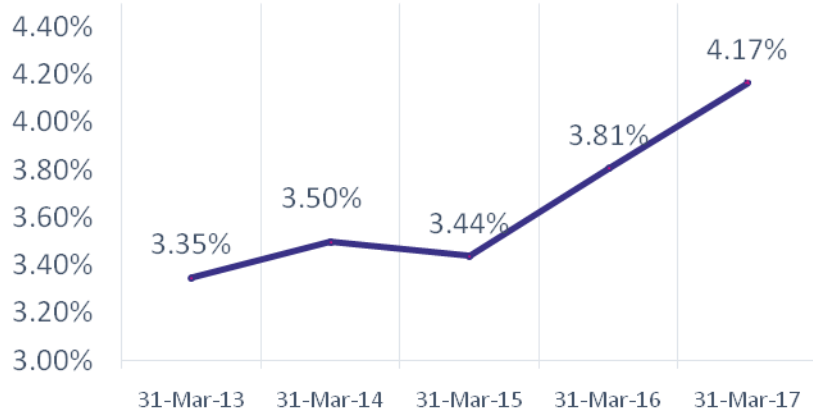


Key Business Indicators

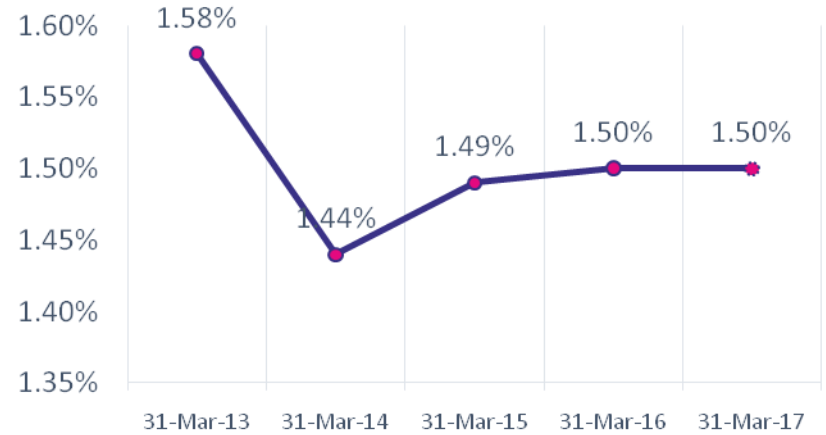
Particulars	Q4 FY 2017	Q4 FY 2016	FY 2016-17	FY 2015-16	9M FY 2017	Q3 FY 2017
Cost of Deposits	6.62%	7.39%	6.82%	7.62%	6.89%	6.67%
Yield on Advances	11.86%	12.59%	12.10%	12.83%	12.25%	12.05%
Yield on Investments	7.20%	7.48%	7.23%	7.45%	7.34%	7.20%
Net Interest Margin	4.20%	3.96%	4.17%	3.81%	4.16%	4.18%
Cost to Income	43.25%	39.73%	40.94%	40.10%	40.14%	39.18%
Cost of Funds	5.70%	6.40%	5.89%	6.61%	5.97%	5.78%
Yield on Funds	9.31%	9.85%	9.47%	9.91%	9.54%	9.30%
Per Employee Business (in INR Mn)	115.33	106.87	115.33	106.87	109.50	109.50
Per Employee Profit (in INR Mn) (Ann)	1.10	0.99	1.07	0.98	1.06	1.08
EPS (in INR) – FV INR 1/- share (Not Ann)	2.14	1.88	8.39	7.44	6.25	2.12

Key Business Ratios – Yearly trends

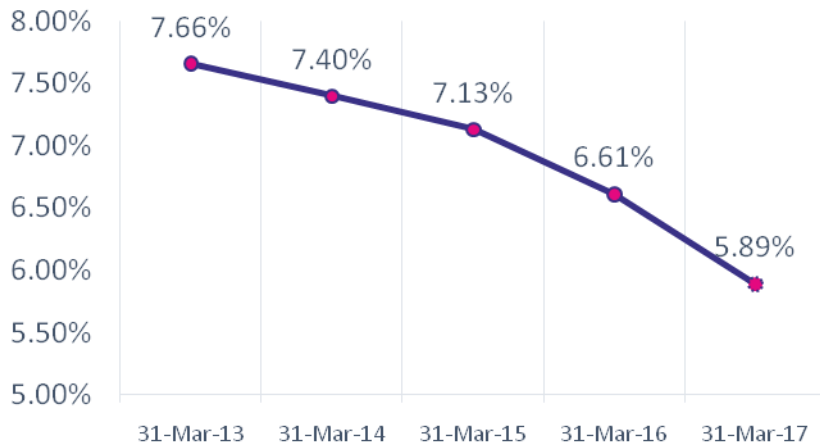
Net Interest Margin



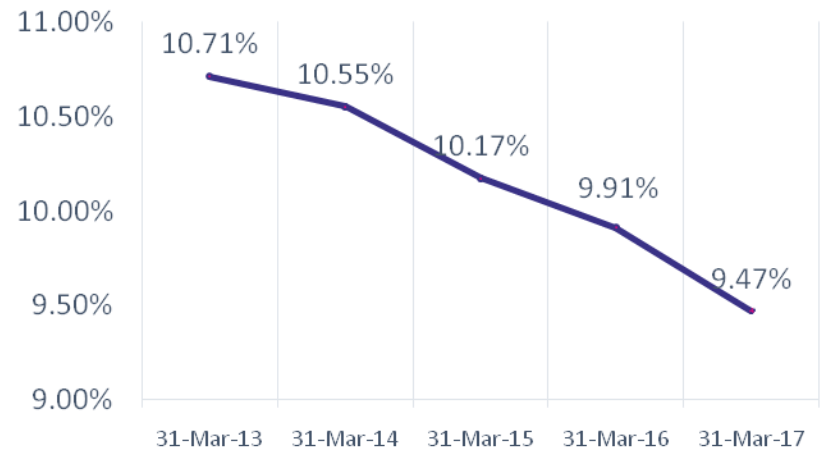
Return on Assets



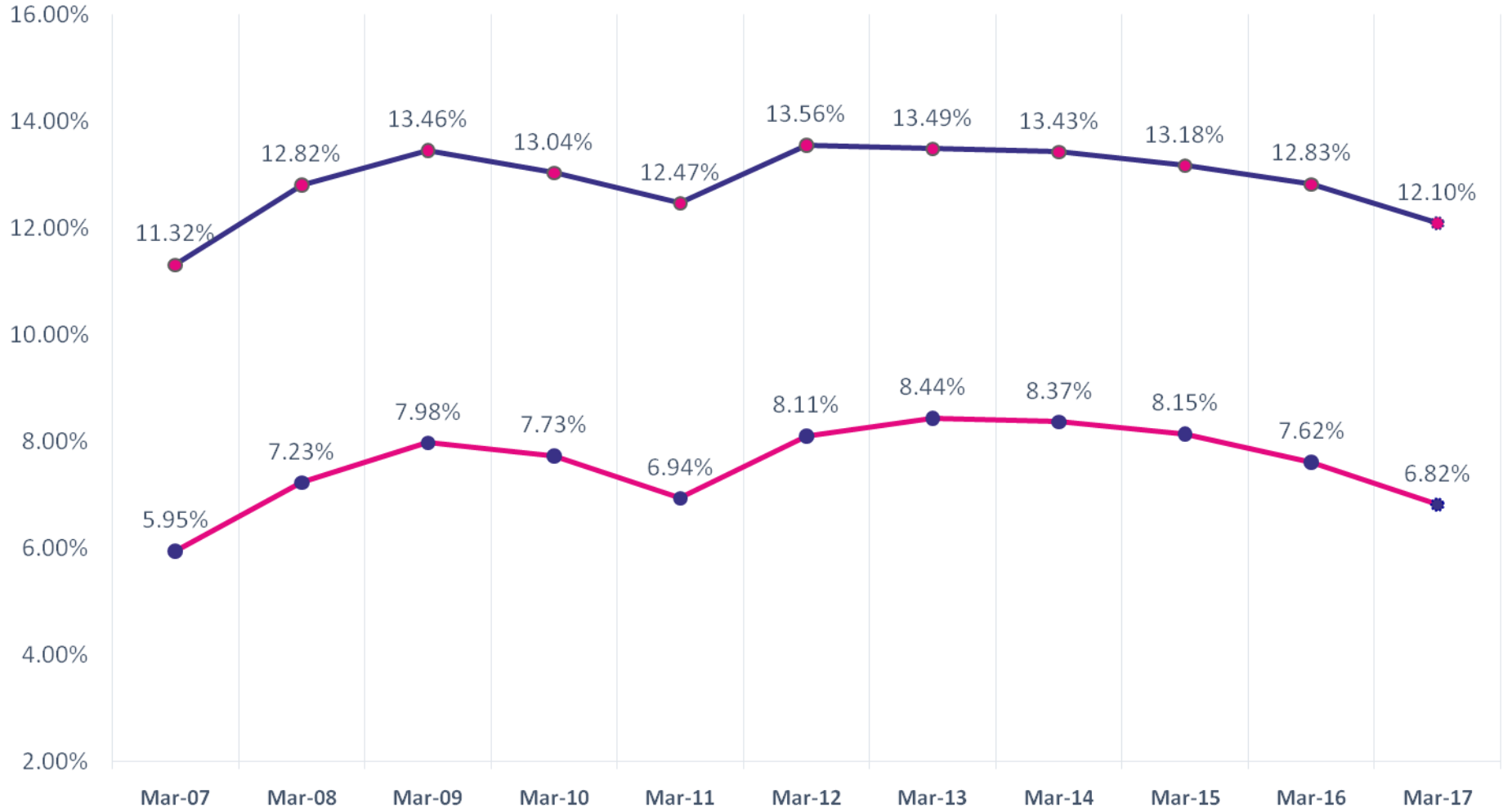
Cost of Funds



Yield on Funds



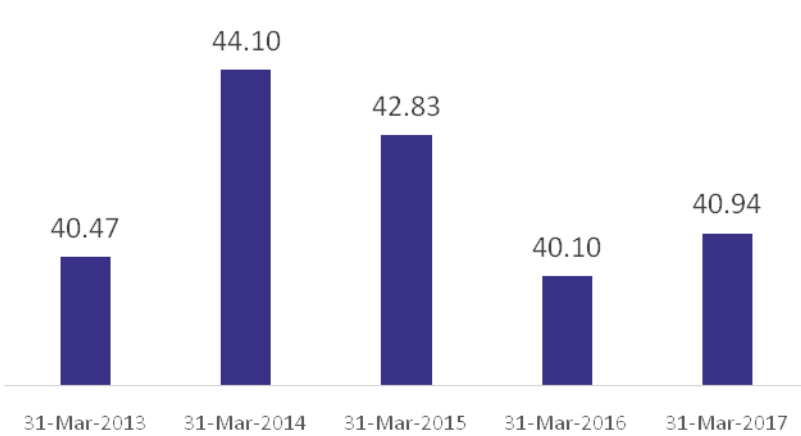
Cost of deposits & Yield on advances



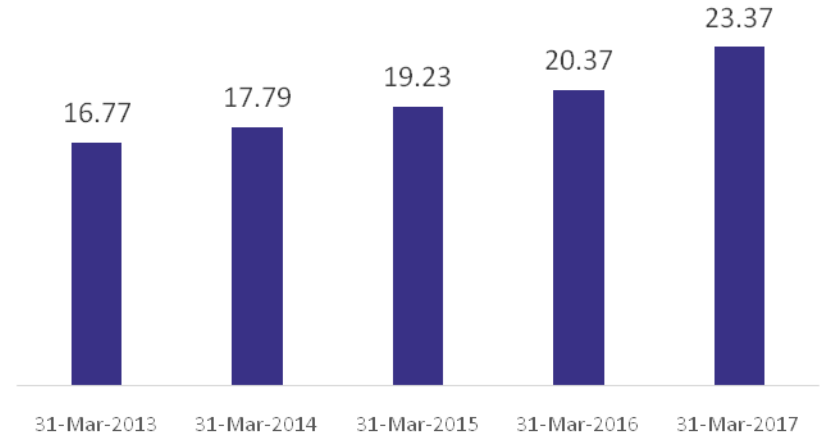
Spread between cost of deposits and yield on advances of our bank maintained in the last 10 years

Efficiency

Cost income ratio

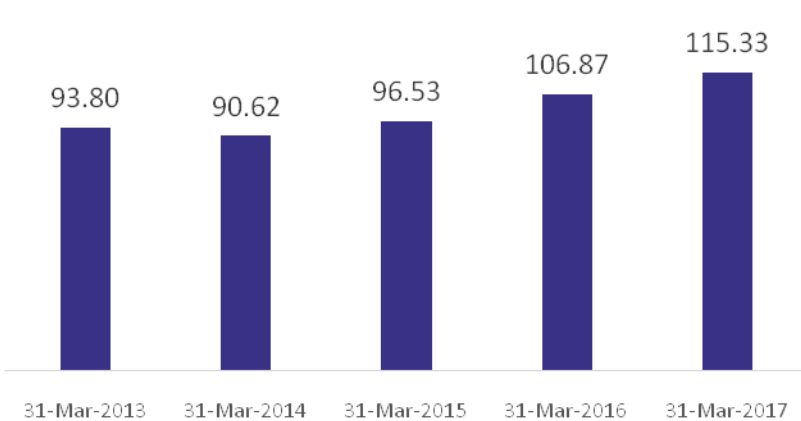


CASA Ratio



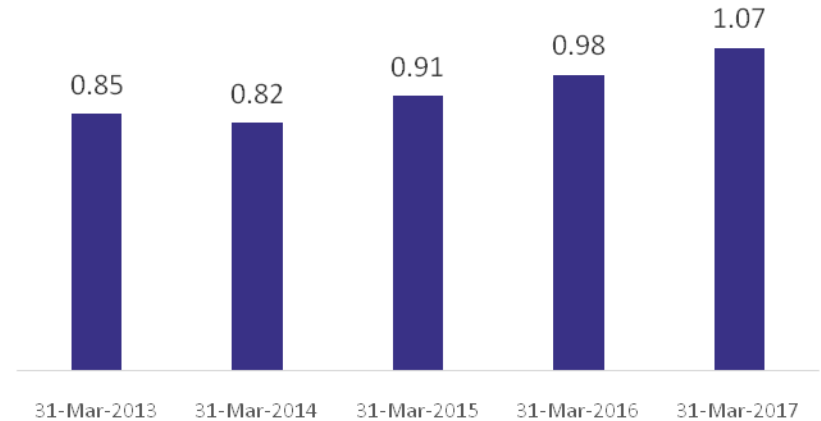
Business per Employee

(in INR Mn)



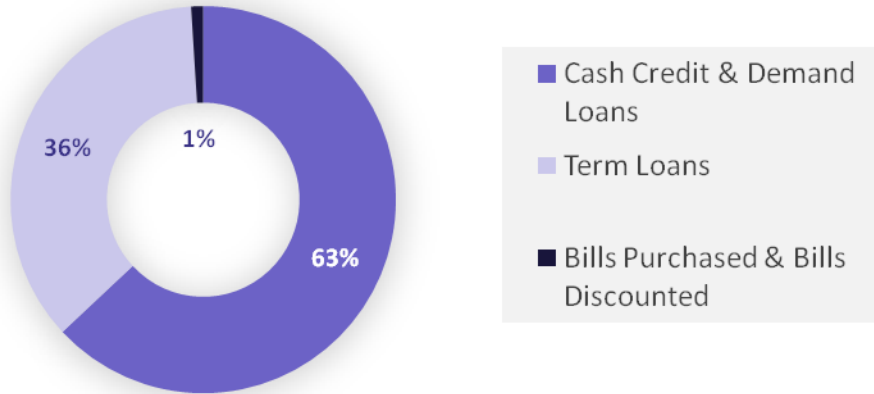
Profit per Employee

(in INR Mn)



Loan Book – Products Composition

% to Total Advances



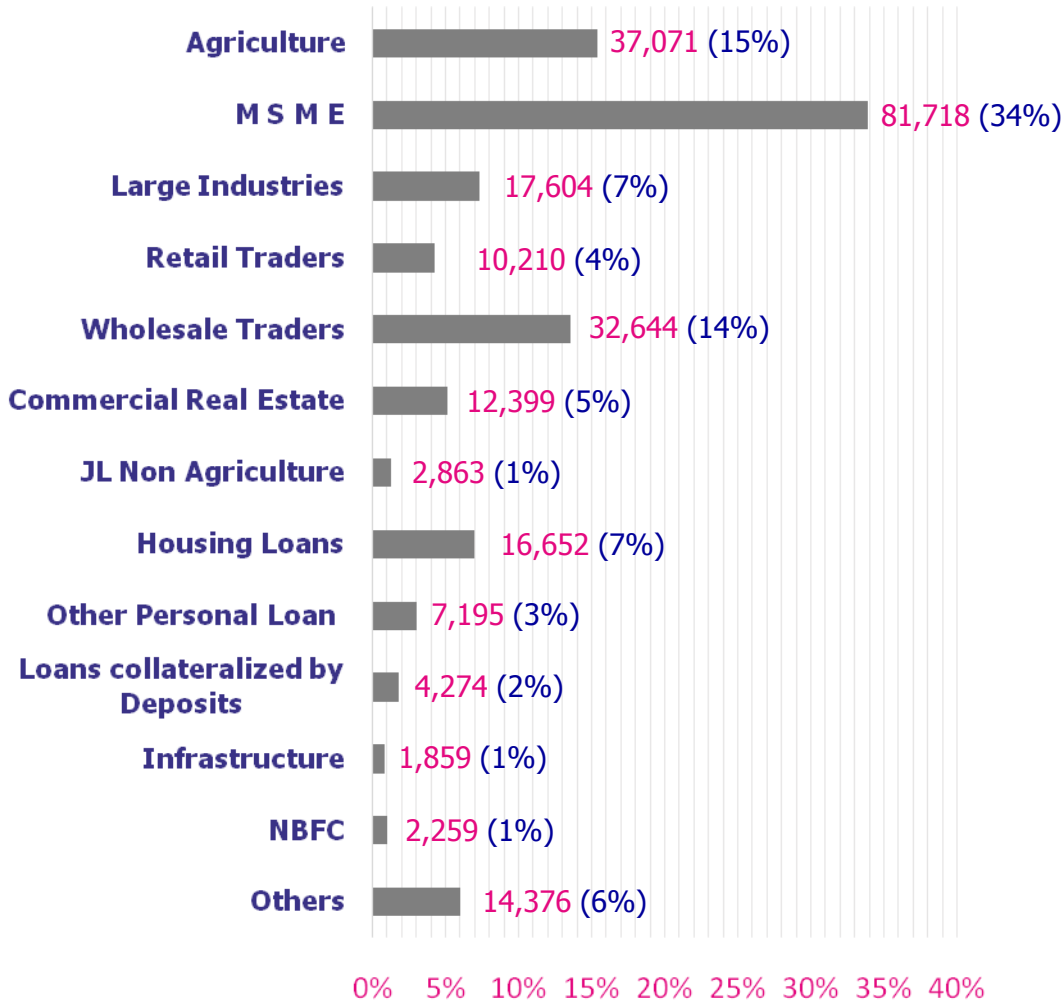
- Working capital loans yielding higher interest constitute 65% of advances
- **Re-pricing possible at short intervals thus reducing interest rate risk**
- ~90% of our loan book is on floating rate basis which reduces interest rate risk

Loan Book Products Composition	Amount (INR Mn)	% to Total Advances
Cash Credit & Demand Loans	156,052	65%
Term Loans	82,648	34%
Bills Purchased & Bills Discounted	2,425	1%
Gross Loans Total	241,125	100%

Loan Book – Sectoral Deployment – Position as on 31.03.2017

(in INR Mn)

Sectoral Deployment



Secured & Unsecured Advances

Particulars	Amount (INR Mn)	% to Total Advances
Secured Loans	237,695	99%
Unsecured Loans	3,430	1%
Total	241,125	100%

- ✓ Trading & MSME loans earning higher yield constitute about 52%.
- ✓ Diversified credit portfolio reduces credit risk
- ✓ Lower ticket size backed by adequate collaterals
- ✓ Unsecured Advances aggregate to 1%
- ✓ Total Jewel Loan outstanding as on 31.03.2017 – Rs.21,358 Mn

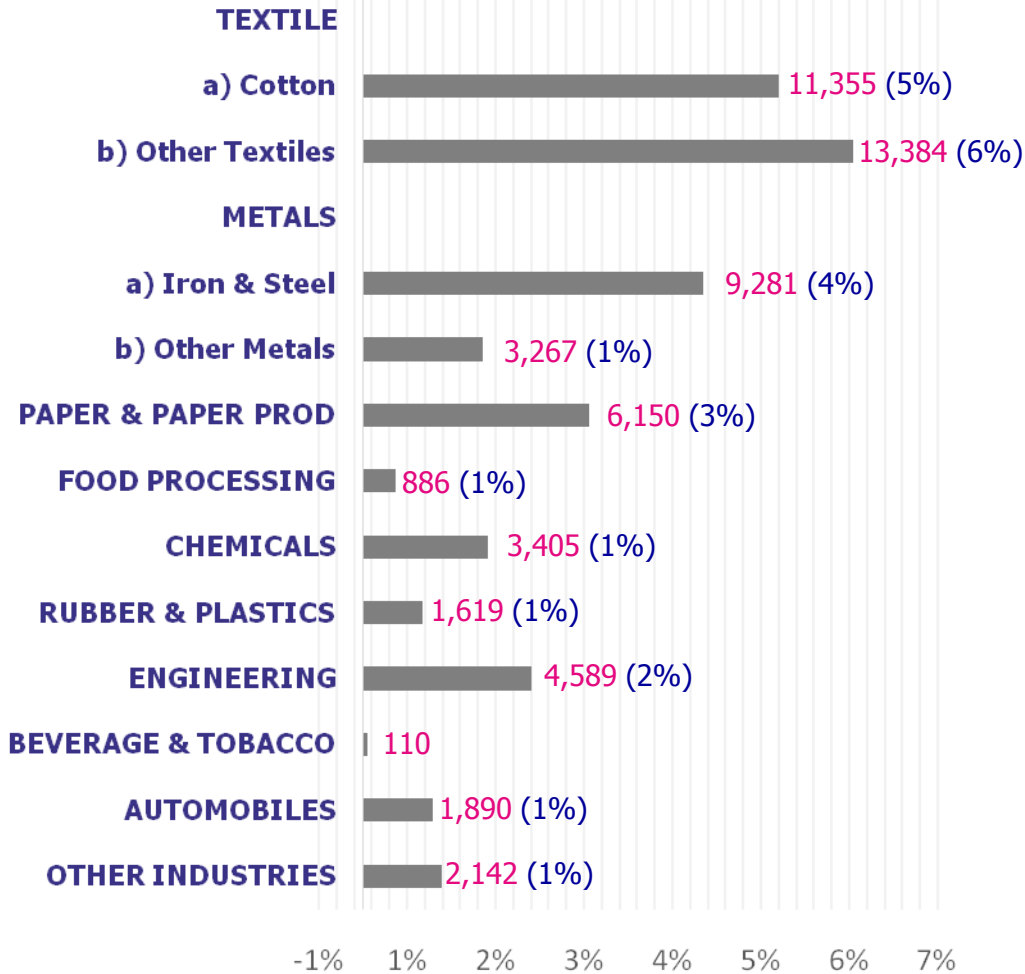
AJL – Agricultural Jewel Loan

JL – Jewel Loan

Loan Book – Advances to Major Industries

(in INR Mn)

Advances to Major Industries 31st December 2016

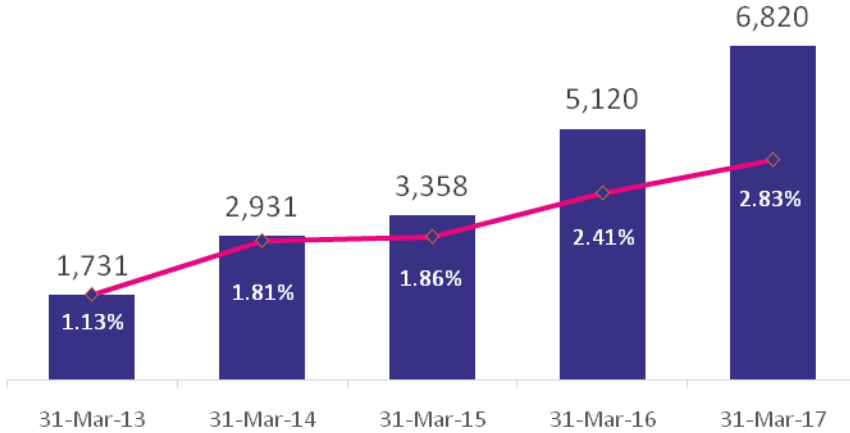


Industry Name	Amount (in INR Mn)	% to Total Advances
Advances to Major Industries	58,079	24%
All other advances (Agri, Trade, Service, Gold Loan, etc.)	183,046	76%
Total Gross Advances	241,125	100%

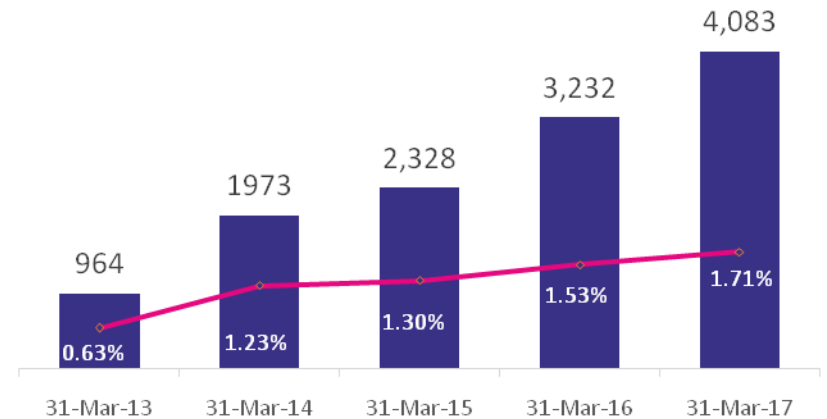
Asset Quality

(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 - 13	FY Mar - 14	F Y Mar - 15	FY Mar - 16	Q4 FY 2017	FY Mar - 17
NPA Opening balance		1,235	1,731	2,931	3,358	6,499	5,120
Additions	A	2,234	4,562	4,250	4,290	1,388	4,796
Recovery / SR		486	1,865	2,118	734	357	905
Upgradations		232	168	227	546	205	556
Net Addition	B	1,516	2,529	1,905	3,010	826	3,335
Write-off		1,020	1,329	1,478	1,248	505	1,635
NPA Closing balance		1,731	2,931	3,358	5,120	6,820	6,820
Technical Write-off (TW) during the period		948	1,226	618	1,189	474	1,564
Provision made during the period	C	970	1,485	1,650	2,050	450	2,515
T W recovery	D	599	544	750	370	216	470
Provision made net of TW Recovery	E = C-D	371	941	900	1,680	234	2,045
Gross Advance	F	1,53,428	1,62,236	1,80,885	2,12,531	2,41,125	2,41,125
Additions % of Gross Advance	A / F	1.46	2.81	2.35	2.02	0.58	1.99
Net Addition % of Gross Advance	B / F	0.99	1.56	1.05	1.42	0.34	1.38
Credit cost	E / F	0.24	0.58	0.50	0.79	0.10	0.85
Gross NPA %		1.13	1.81	1.86	2.41	2.83	2.83
Net NPA %		0.63	1.23	1.30	1.53	1.71	1.71

Disclosure on Divergence in Asset Classification and Provisioning for NPAs

The following table is wrt RBI cir RBI/2016-17/283 dated 18th April 2017 on the above subject – position for FY 2015-16

SI No.	Particulars	Amount
1.	Gross NPAs as on March 31,2016 as reported by the bank	511.98
2.	Gross NPAs as on March 31,2016 as assessed by RBI	594.48
3.	Divergence in Gross NPAs (2 - 1)	82.50
4.	Net NPAs as on March 31, 2016 as reported by the bank	323.15
5.	Net NPAs as on March 31, 2016 as assessed by RBI	390.05
6.	Divergence in Net NPAs (5 - 4)	66.90
7.	Provisions for NPAs as on March 31, 2016 as reported by the bank.	186.67
8.	Provisions for NPAs as on March 31, 2016 as assessed by RBI	202.27
9.	Divergence in Provisioning (8 - 7)	15.60
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2016	444.69
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2016 after taking into account the divergence in provisioning	429.09

- ✓ During FY 2016-17, the RBI inspecting team identified a divergence for the FY 2015-16 to the tune of Rs.825 Mn (standard accounts into NPA).
- ✓ Out of Rs.825 Mn identified, we had classified Rs.651 Mn as NPA in Q1 & Q2 FY 2017 during the normal course of business before RBI Inspection. The balance of Rs.174 Mn was classified as NPA in Q3 FY 2017 after the completion of RBI Inspection.

Restructured Accounts

Balance outstanding as on 31.03.2017 in respect of Restructured Standard borrowers

- ✓ **No account has been restructured during FY 2016 – 17**
- ✓ **There were no sale to ARC on SR basis in the previous two years**

Type Restructuring	No. of Borrowers	Amount (in INR Mn)
Under CDR Mechanism	0	0
Under SME Debt Restructuring Mechanism	13	73
Under Other Debt Restructuring Mechanism	6	1285
Total	19	1358

- ✓ The above disclosure is in respect of Restructured Standard Accounts excluding NPA.
- ✓ During FY 16-17, no account has been restructured.
- ✓ Restructured Standard Advances to Gross Advances - 0.56% as on Mar-17 Vs 0.96% in Mar-16
- ✓ No fresh sale to ARC during Q4 FY 2017 and amount outstanding in Security Receipts - 3472 Mn . During Q4 FY 17, the repayment received from ARC in SR amounted to Rs.191 Mn. The bank has provided Rs.431 Mn towards probable shortfall in the future realisation of Security Receipts.
- ✓ Amount serviced during Q4 FY 2017 in restructured standard accounts is Rs.611 Mn
- ✓ During Q4 FY 2017, no borrowal account has slipped to NPA category.

Investments – At a Glance

Investments Breakup and Categorywise

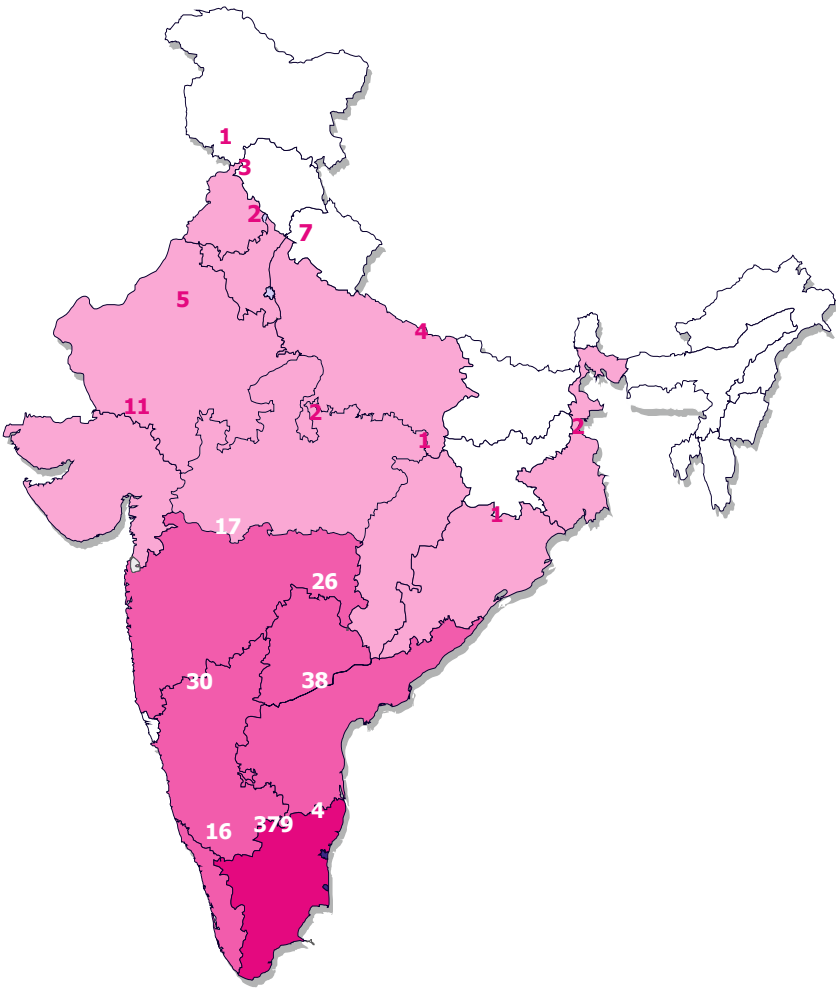
(in INR Mn)

Particulars	MAR 2017	MAR 2016
SLR Securities	66,978	64,070
Non-SLR Securities	3,840	4,212
Total Investments	70,818	68,282
Yield on Investments	7.23%	7.45%
Investments Breakup:		
- A F S	12,590 (18%)	13,546 (20%)
- H T M	58,228 (82%)	54,736 (80%)
- H F T	-	-
Total Investments	70,818	68,282
Modified Duration:		
- A F S	2.77	3.41
- H T M	5.01	4.71
- H F T	-	-
- Overall Portfolio	4.71	4.52

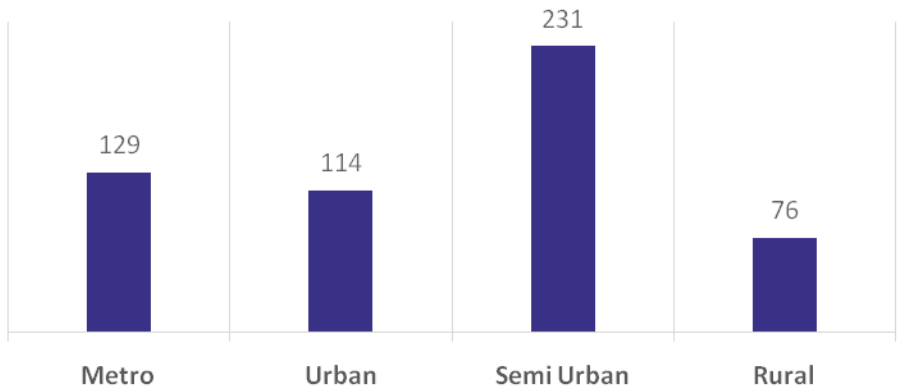
Strong presence in the South

As of Mar-2017 - 550 branches. 489 branches are located in South India out of which 379 in Tamil Nadu

During FY 2016-17, we have opened 25 new branches



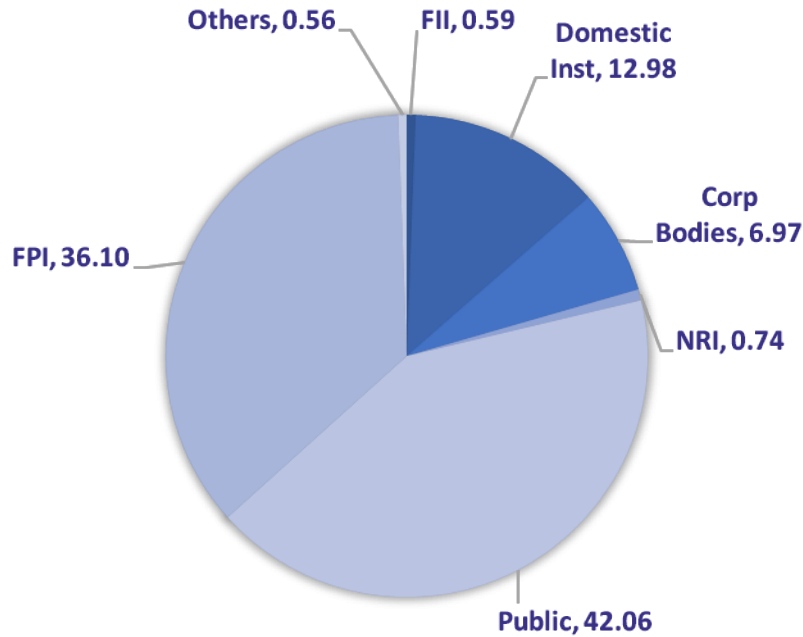
State	No. of Branches	% of Deposits	% of Advances	% of Business
Tamilnadu	379	78	63	71
Andhrapradesh	38	3	9	5
Telangana	26	3	7	5
Karnataka	30	6	5	5
Maharashtra	17	3	4	3
Kerala	16	2	2	2
Gujarat	11	1	4	2
Others	33	4	6	7
Total	550			



A well diversified investor base

as of 31st March 2017

Ownership profile



Major Institutional Shareholders

Shareholders	% of Holding
NT Asian Discovery Master Fund	3.99
Lavender Investments Ltd (Chrys Capital)	3.93
Life Insurance Corporation of India	3.49
Smallcap World Fund INC (Capital Group)	3.32
GKFF Ventures (Argonaut Ventures)	3.00
Ardisia Ltd	2.44
HDFC Midcap Opportunities Fund	2.25
Aberdeen Global – Asian Smaller Companies Fund	1.92
TVF Fund Ltd	1.91
Bank Muscat India Fund	1.24
HDFC Standard Life Insurance Company Ltd	1.16
Faering Capital India Evolving Fund	1.11
Wasatch Core Growth Fund	1.11
Somerset Emerging Markets Small Cap Fund	1.09
HDFC Balanced Fund	1.05

Well diversified ownership of shareholders around 88,000 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 ... 3.31%

Transparent 'Corporate Governance' practices

Board consists of 7 Independent Directors and 3 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 – 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

Advocate in Banking law & Environmental Activist

Career Banker with 4 decades of banking experience

Chartered Accountant & First woman director of the Bank

Practicing Chartered Accountant

Practicing Chartered Accountant

A well experienced and strong Board



**Shri. S. Mahalingam | B.Com (Honours), FCA
Non Executive Chairman**

Mr. S. Mahalingam retired as CFO and ED of Tata Consultancy Services and was involved in myriad aspects of the company's operation and growth. He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India. He is serving as Non Executive part time Independent Chairman w.e.f. 04.05.2016



**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. 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 Singharavelu | 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. Kamakoti | 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. 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.



**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 Foreign Banks abroad and a large private sector bank in India.



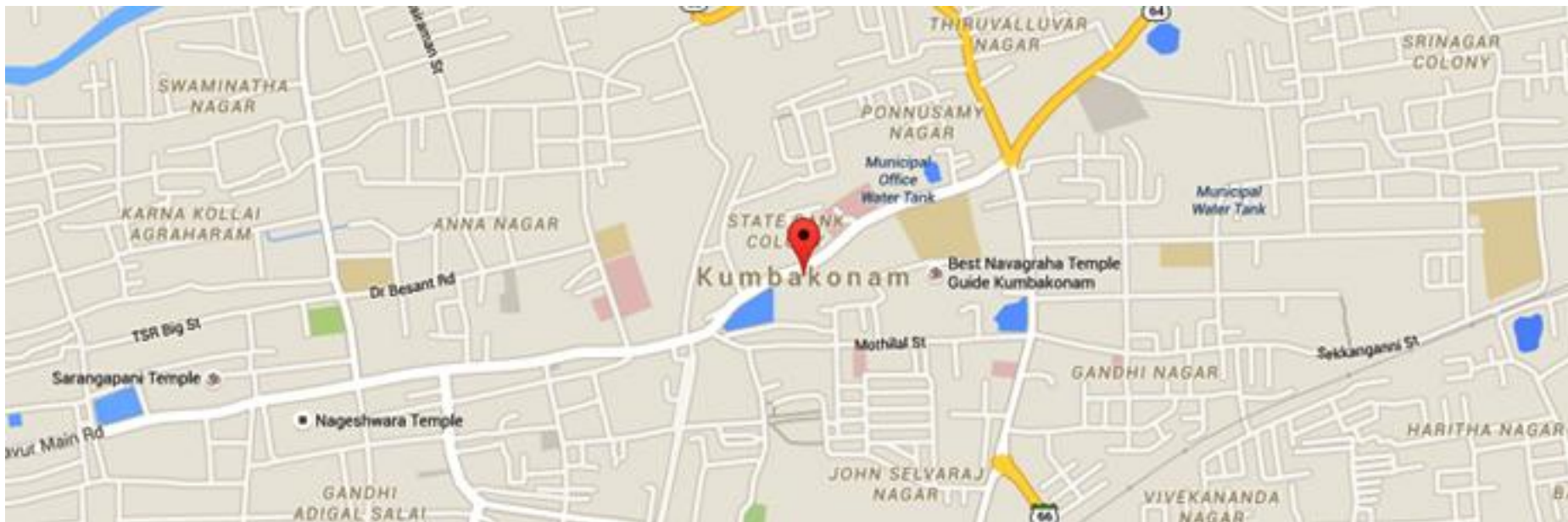
**Shri. M. Narayanan | B.Sc. FCA, Grad CWA, DISA
Director**

Mr. M. Narayanan is a practising 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.



**Shri. S. Bernard | B.Com., FCA,
Director**

Shri. S. Bernard is a graduate in Commerce and Fellow member of the Institute of Chartered Accountants of India. Having worked as an accountant/divisional accountant in Eastern Coal Fields (subsidiary of Coal India Ltd.) and Best & Crompton Engineering for a period of 6 years, he is a practicing Chartered Accountant since 1984.



CITY UNION BANK LTD

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Admin Office : "Narayana" No.24 B, Gandhi Nagar, Kumbakonam - 612001, Tamil Nadu.

Tel : 0435-2402322, 2401622, | FAX: 0435-2431746 | www.cityunionbank.com

INVESTOR CONTACT

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Mob : +91 9344303740

Email : jayaraman@cityunionbank.com

For any queries regarding presentation, please write to Investor.relations@cityunionbank.com

