

ANNUAL REPORT 2015 - 2016



CUB
Trust and Excellence
SINCE 1904

CITY UNION BANK LIMITED



Another land mark in CUB's history -
Opening of 500th Branch by his Holiness
Sri. Sri. Sankara Vijayendra Saraswathi Swamigal
at 'Chinthamani' on the auspicious day of
'MAHAMAHAM' ◀



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Statutory Central Auditors

M/s. P. Chandrasekar
Chartered Accountants
S-512, 514, Manipal Centre,
47, Dikenson Road,
Bengaluru - 560 042

Share Transfer Agents

Karvy Computershare Private Limited
(Unit : **CITY UNION BANK LIMITED**)
Karvy Selenium Tower B
Plot No : 31 & 32
Financial District
Gachibowli
Hyderabad - 500 032
India
Phone: +91 40 67161509
email: einward.ris@karvy.com

Debenture Trustees

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17R, Kamani Marg, Ballard Estate,
Mumbai - 400 001.

Registered Office

149, T.S.R (Big) Street, Kumbakonam - 612 001.
Phone: 0435 - 2432322 Fax: 0435 - 2431746
e-mail: shares@cityunionbank.com Website: www.cityunionbank.com

Administrative Office

"Narayana", No. : 24-B, Gandhi Nagar, Kumbakonam - 612 001.
Phone: 0435 - 2402322, 2401622, 2402412 Fax: 0435 - 2431746
e-mail: shares@cityunionbank.com Website: www.cityunionbank.com

BOARD OF DIRECTORS

NON-EXECUTIVE PART-TIME CHAIRMAN



S. BALASUBRAMANIAN
M.Sc., CAIIB., PGDFM.
(till 3rd May 2016)



S. MAHALINGAM
B.Com (Hons.), F.C.A.
(w.e.f. 4th May 2016)

MD & CEO



Dr. N. KAMAKODI
B.Tech., MBA, CAIIB, Ph.D.

DIRECTORS



R.G. CHANDRAMOGAN



T.K. RAMKUMAR
B.Com., B.L.



C.R. MURALIDHARAN
B.Sc., CAIIB



Justice (Retd.) S.R. SINGHARAVELU
B.Sc., B.L.



Prof. V. KAMAKOTI
B.E., M.S., Ph.D.



R. MOHAN
B.Sc., MBA., CAIIB



ABARNA BHASKAR
B.A., F.C.A.



M. NARAYANAN
B.Sc., Grad CWA, FCA, DISA

SENIOR EXECUTIVES



R. VENKATASUBRAMANIAN
Senior General Manager



K.P. SRIDHAR
General Manager



V. RAMESH
General Manager



K. MAHARAJAN
General Manager

DEPUTY GENERAL MANAGERS



K.R.S. VARADHAN



R. KRISHNAN



S. RAMESH



S. MOHAN



R. SUBRAMANIAN



S. RAJAM



S. KRISHNAN



J. SRIDHARAN



K. JAYARAMAN



V. GOPALAKRISHNAN



J. RAMASAMY



G. SANKARAN



C. GANESAN



S. VENKATESAN



R. RAJARAMAN



R. LAKSHMINARAYANAN

ASSISTANT GENERAL MANAGERS

A. RAGOTHAMAN
P. RAJARAMAN
A. JAFFER ALI
K. MURALIDHARAN
R. JOHN MARY ANTONY RAJ
V. GURUMURTHY
J. DURAI
J. CHANDRASEKAR
V. RAVI

V. GANESAN
N.V. THIYAGARAJAN
G. SUNDARARAMAN
V.K. SURESH
J. RAJASEKARAN
K. SWAMINATHAN
R. BALAJI
S. VENKATESH
R. UMA

R.M. KUMAR
B. VENKATESHWARAN
S. VENKATESAN
G. KANAGASUNDARAM
K.V. BALACHANDAR
R. SUBBARAMAN
J. GANESAN
K. VENKATAKRISHNAN
B. RAJA

S. THOTA VENKATASARAVANAN
S. MOHAN
V. SIVAKUMAR
R. NARAYANAN
P. MEENAKSHISUNDARAM
B. GANESH
P. RAVI
S. RAMESH KUMAR
T.V. SURESH

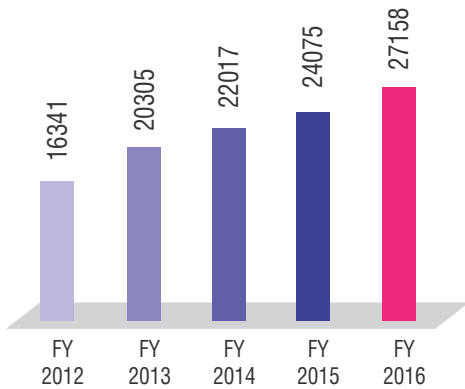
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

V. RAMESH

FINANCIAL HIGHLIGHTS

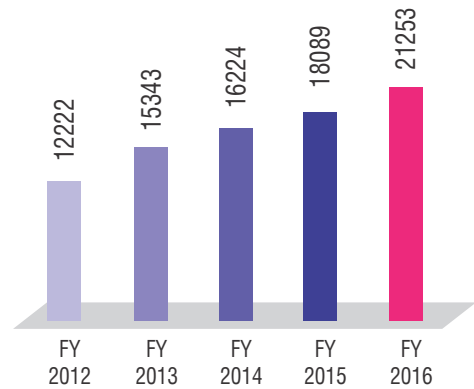
DEPOSITS

₹ in Cr



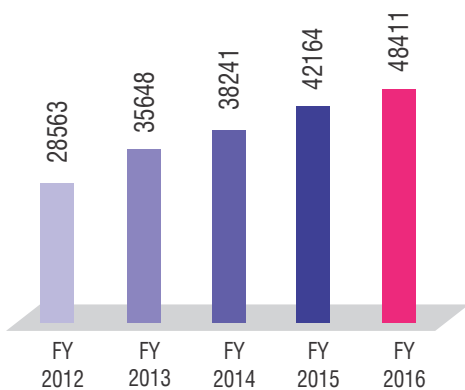
ADVANCES

₹ in Cr



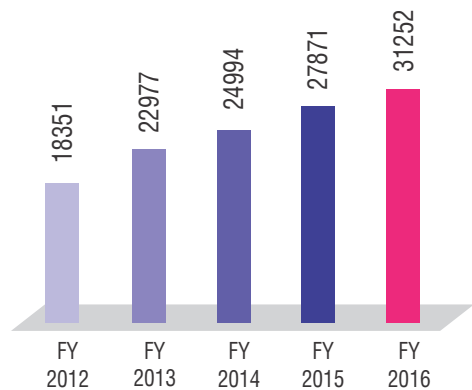
BUSINESS

₹ in Cr



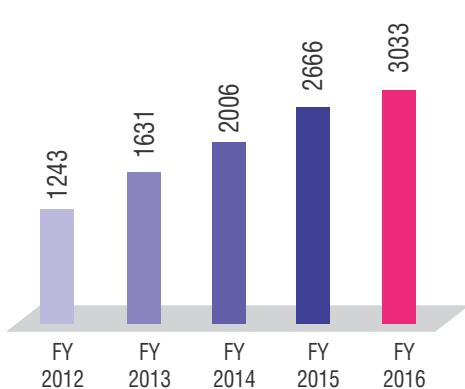
TOTAL ASSETS

₹ in Cr



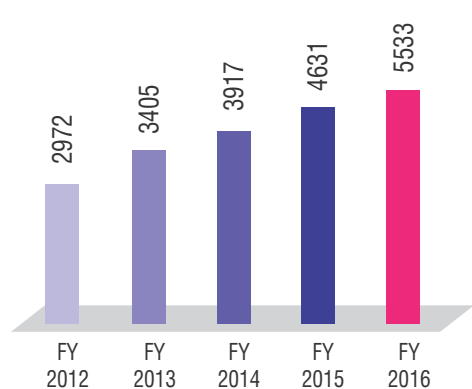
NET WORTH

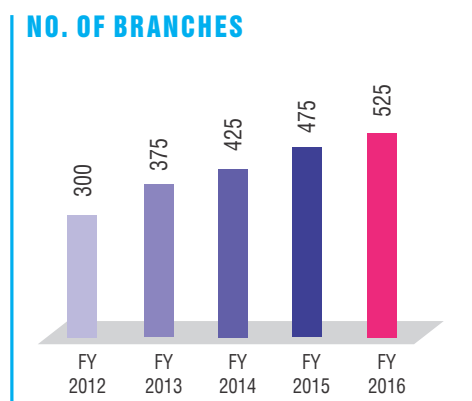
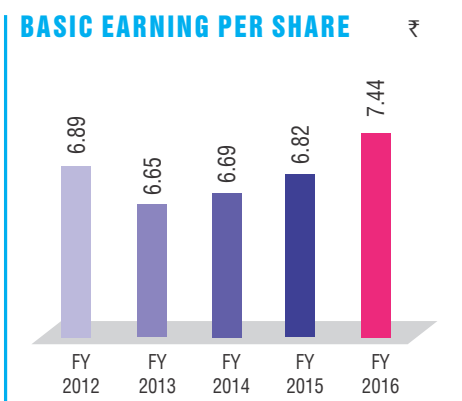
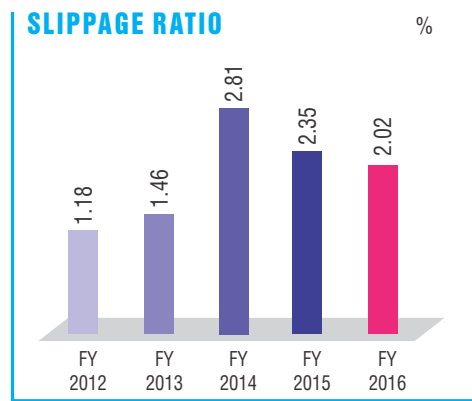
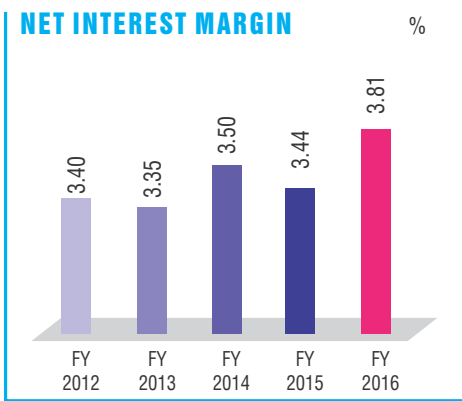
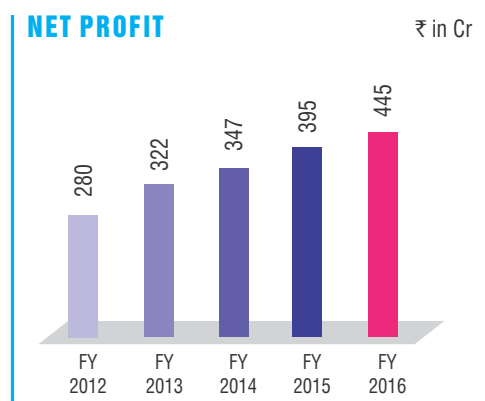
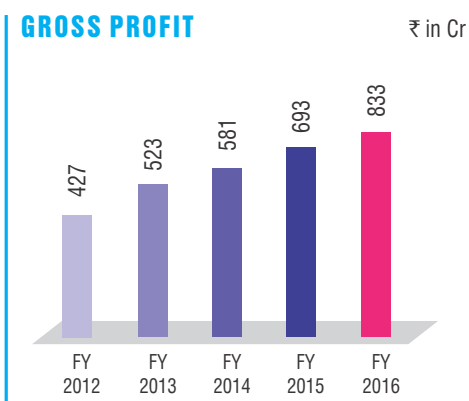
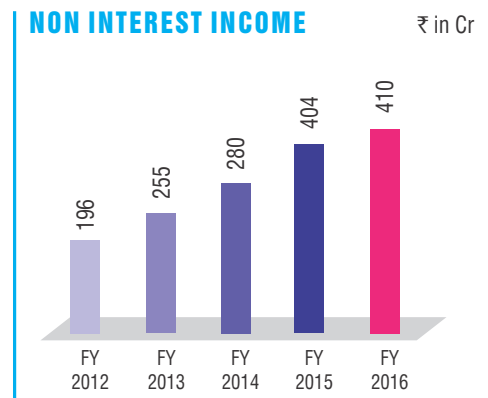
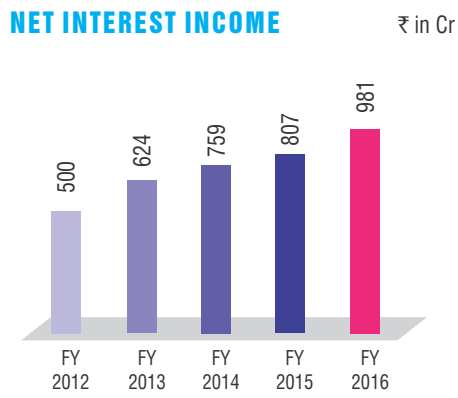
₹ in Cr



CASA

₹ in Cr





DIRECTORS' REPORT FOR THE YEAR 2015 - 16

Your Board of Directors is pleased to present the Annual Report on business and operations of the Bank together with the Audited Financial Statements for the Financial Year ended 31st March 2016.

Financial Highlights

(₹ in crore)

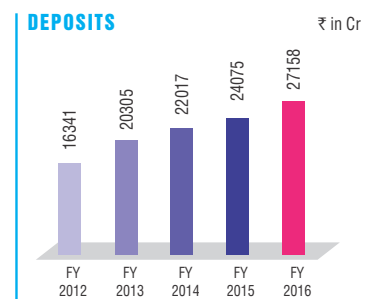
Particulars	2015-16	2014-15	Growth (%)
Share Capital	60	60	--
Reserves & Surplus	2,992	2,636	14%
Deposits	27,158	24,075	13%
Advances (Gross)	21,253	18,089	17%
Investments (Gross)*	6,326	5,872	8%
Total Assets / Liabilities	31,252	27,871	12%
Net Interest Income	981	807	22%
Operating profit	833	693	20%
Net Profit	445	395	13%

* the figures of the previous year have been regrouped/ reclassified wherever necessary.

During the year the Bank earned an operating profit of ₹ 833 crore registering an increase of 20% as compared to previous year's operating profit of ₹ 693 crore. The net profit of the Bank for the current year was ₹ 445 crore compared to ₹ 395 crore for the last year registering a growth of 13%. The deposits and advances for the current year stood at ₹ 27,158 crore and ₹ 21,253 crore respectively. The total business stood at ₹ 48,411 crore as compared to ₹ 42,164 crore for the previous year registering a growth of 15%.

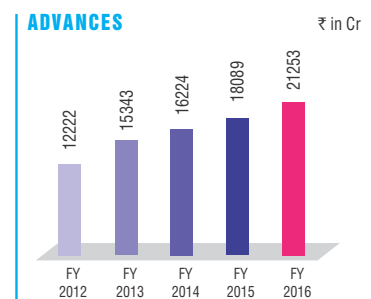
DEPOSITS

The total Deposits of the Bank for the current year increased by ₹ 3,083 crore to ₹ 27,158 crore from ₹ 24,075 crore registering a growth of 13%. During the year under review CASA increased by ₹ 902 crore to ₹ 5,533 crore from ₹ 4,631 crore recording a growth of 19%. The cost of deposit of the Bank decreased from 8.15% in the previous year to 7.62% in the current year.



ADVANCES

The gross Advances of the Bank increased by ₹ 3,164 crore to ₹ 21,253 crore from ₹ 18,089 crore, posting a growth of 17%. The yield on advances declined marginally from 13.18% to 12.83% during the year under review.



The Gross and Net NPA for the current year stood at 2.41% and 1.53% respectively as compared to 1.86% and 1.30% in the previous year.

Priority Sector advances during the year increased by ₹ 1,960 crore from ₹ 8,312 crore to ₹ 10,272 crore. Your Bank has achieved 55.27% of Adjusted Net Bank Credit (ANBC) against the regulatory prescription of 40% of ANBC on Priority Sector lending requirements. The total agricultural advances stood at ₹ 3,391 crore as at 31st March 2016 forming 18.24% of ANBC as against the mandatory requirement of 18%.

TREASURY OPERATIONS

Domestic Treasury

The gross investments increased by ₹ 454 crore to ₹ 6,326 crore as on 31st March 2016 from ₹ 5,872 crore as on 31st March 2015 registering a growth of 8% and out of this, the investments in Government Bonds alone amounted to ₹ 5,905 crore.

The 10 year GOI benchmark yield softened during the year from a high of 7.89% to 7.46% as GOI securities saw good buying interest from Banks on account of rate cut by RBI.

It is noteworthy to mention that during the year the Bank earned a profit of ₹ 45 crore from treasury operations due to decline in yield on Govt. Securities by 0.43% as compared to ₹ 60 crore last year when the yield went down by 1.06%. The average yield on investments declined from 8.57% in the previous year to 8.08% in the current financial year.

Forex Treasury

During the year Indian Rupee witnessed swings against major currencies. The INR against USD ranged from ₹ 62.03 to ₹ 66.25 and remained comparatively weaker against USD on the back of rate hike in US. The Bank earned an exchange profit of ₹ 81 crore compared to ₹ 69 crore last year including profit from integrated treasury operations.

OPERATING RESULTS HIGHLIGHTS

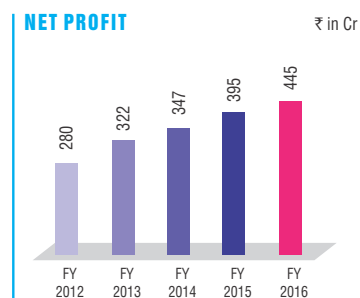
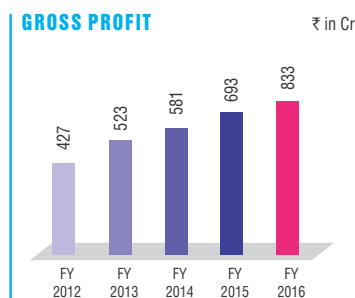
(₹ in crore)

Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Total Income	3354	3103
Total Expenses	2521	2410
Operating Profit	833	693
Provisions & Contingencies	388	309
Exceptional Items *	0	11*
Net Profit	445	395
Net Interest Income	981	807

* the method of depreciation on fixed assets was changed to straight line method determined on the basis of useful life as against WDV method w.e.f. 1st April 2014, in accordance with Schedule II of Companies Act 2013. Consequent to the change the fixed assets and profit after tax for the FY ended 31st March 2015 were higher by ₹ 10.89 cr.

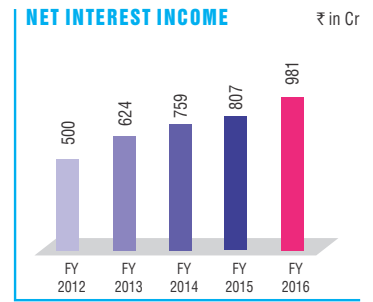
The Bank earned a total income of ₹ 3,354 crore as against ₹ 3,103 crore posting a growth of 8%. The total expenditure of the Bank increased by 5% to record ₹ 2,521 crore as compared to previous year total expenditure of ₹ 2,410 crore.

The operating profit increased by ₹ 140 crore to ₹ 833 crore from ₹ 693 crore thereby recording a growth of 20%. The net profit increased to ₹ 445 crore from ₹ 395 crore registering a growth of 13%.



The Net Interest Income for the year under review increased by ₹ 174 crore from ₹ 807 crore to ₹ 981 crore. The non-interest income of the Bank increased from ₹ 404 crore to ₹ 410 crore.

The provision for tax for the year increased from ₹ 126 crore to ₹ 158 crore. The provision for NPA stood at ₹ 205 crore vis-a-vis ₹ 165 crore last year. The total provisions increased by ₹ 79 crore from ₹ 309 crore to ₹ 388 crore.



APPROPRIATIONS

The appropriations from net profit were made as under:

(₹ in crore)

Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Net Profit	444.69	395.02
Balance of Profit brought forward	6.96	6.87
Amount available for appropriations	451.65	401.89
Transfers to		
- Statutory Reserve	115.00	103.00
- Capital Reserve	8.71	7.60
- General Reserve	188.00	173.35
- Special Reserve under IT Act, 1961	40.00	32.00
- Dividend & Dividend Tax	92.49	78.98
Balance of Profit carried forward	7.45	6.96
Total	451.65	401.89

NET WORTH & CAPITAL ADEQUACY RATIO

The paid up Share Capital of the Bank increased from ₹ 59.66 crore as on 31st March 2015 to ₹ 59.82 crore as on 31st March 2016. During the period the Bank allotted 16,23,479 equity shares to employees of the Bank pursuant to CUB ESOS Scheme.

The Net Worth of the Bank improved to ₹ 3,033 crore as on 31st March 2016 from ₹ 2,666 crore as of 31st March 2015.

Capital Adequacy Ratio:

	BASEL II	BASEL III
Minimum Prescribed CRAR	9%	9.625% (9%)
Our Bank CRAR	15.80% (16.59%)	15.58% (16.52%)

The concept of Capital Conservation Buffer (CCB) has been newly introduced under BASEL III norms wherein Bank is required to maintain CCB of 2.50% at the end of March 2019 in phased manner beginning from 31st March 2016 @ 0.625% in each year up to 31st March 2019.

DIVIDEND

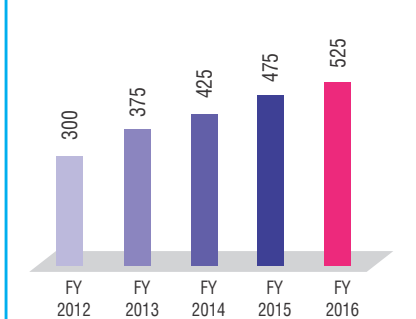
The Bank believes in rewarding its shareholders handsomely and at the same time endeavors to meet the future capital requirements through plough back of profit. Keeping the twin objective in view, the Board of Directors have recommended a final dividend of ₹ 0.20 paise per equity share of ₹1/- each for the year ended 31st March 2016 besides having declared and paid an interim dividend of 100% during the year i.e., ₹1.00/- per equity share of face value of ₹1/- each. The total dividend for the year will be 120% as against 110% in the previous year, subject to the approval of final dividend by the shareholders at the ensuing Annual General Meeting. The dividend payout ratio works out to 19.43%. The dividend is subject to Dividend Distribution tax to be paid by the Bank.

The Board recommends the final dividend for declaration by the shareholders at the ensuing Annual General Meeting.

BRANCH EXPANSION

Keeping in mind the twin objectives of business growth and wider customer reach and participation, the Bank has expanded its branch network by opening 50 more branches and 254 ATMs across the country during the Financial Year ended 31st March 2016. The Bank has been successful in widening its presence pan India with 525 branches and 1,325 ATMs for better service to the customers. The Bank is keen to enlarge its presence by tapping potential markets in southern India by opening more branches in this region, in addition to opening of branches in other states.

NO. OF BRANCHES



FINANCIAL INCLUSION

The Government of India and the Reserve Bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. It is a process through which the weaker / low income groups are brought within the ambit of formal banking sector with a main focus to protect their financial wealth. Your Bank, following RBI directions, has covered all the allotted 43 villages having population of over 2,000 and 96 villages having population of over 1,000 and below 2,000 by introducing ICT (Information, Communication & Technology) based services, thus providing efficient and cost-effective banking services in the un-banked and remote villages of the country, paving way for inclusive growth.

Further, during the year under review, Basic Savings Bank Deposits (BSBD) accounts numbering 99,166 were opened and 91,779 biometric smart cards were issued to the beneficiaries. SB linked overdraft facility, micro insurance products, Electronic Benefit Fund Transfer (EBT) payments have been extended to such account holders.

PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY)

"Pradhan Mantri Jan-Dhan Yojana' (PMJDY) is a flagship financial inclusion programme of Govt. of India which was launched by our Hon'ble Prime Minister on 28th August 2014 across the country. Under this programme your Bank has been allotted 264 wards apart from 139 villages already allotted under the Rural Financial Inclusion scheme. Your Bank conducted survey of all 1,80,211 households in all these 264 wards.

The Bank has opened 81,045 PMJDY accounts as on date through all its branches and Rupay cards were issued for the account holders under the scheme. As the overdraft facility is one of the features under PMJDY scheme, Bank is considering the same based on conditions fixed by IBA to the PMJDY account holders from ₹ 1,000 to ₹ 5,000.

PRADHAN MANTRI JEEVAN JYOTHI BIMA YOJANA (PMJJBY)

This scheme was launched by our Hon'ble Prime Minister, on 09th May 2015. The scheme provides life insurance cover to people in the age group of 18 - 50 years. Risk cover is available up to 55 years, subject to payment of premium of ₹ 330/- p.a. Risk coverage is ₹ 2 lakh in case of death due to any reason. The Insurance premium for the scheme is auto debited from the bank account of the respective subscriber. We are having tie up with LIC for this scheme.

PRADHAN MANTRI SURAKSHA BIMA YOJANA (PMSBY)

This Scheme provides financial cover against personal accident of the subscribers. It is open for the age group between 18 - 70 years at a nominal annual premium of ₹ 12/-. Risk cover is ₹ 2.00 lakh for death due to accident or full disability and ₹ 1.00 lakh for partial disability. The Insurance premium for the scheme is auto debited from the bank account of the respective subscriber. We are having a tie up with the New India Assurance Co. Ltd for this scheme.

ATAL PENSION YOJANA (APY)

The Government of India launched Atal Pension Yojana for the benefit of all citizens especially for the poor and under privileged. Under APY the subscribers aged 18 - 40 years will receive a fixed minimum pension ranging between ₹ 1,000 - ₹ 5,000 per month depending upon their contribution. Under this Yojana, the Government will also contribute minimum of 50% of the total contribution or ₹ 1,000/ per annum, whichever is lower, to each subscriber.

The enrollment in PMJJBY, PMSBY and APY schemes as on 31st March 2016 is 48,550, 71,167 and 750 respectively.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

The Bank implemented an Employee Stock Option Scheme called 'CUB ESOS 2008' for grant of stock options to eligible employees of the Bank. The Shareholders of the Bank approved the scheme on 26th April 2008 at an Extra Ordinary General meeting of the Bank. The maximum aggregate number of options that may be granted under this scheme is 5,00,00,000. As per the scheme, exercise price of the options shall be decided by the Compensation Committee at the time of issuing stock options. The Bank offers ESOS to its employees which vests over a period of five years from the date of grant of options i.e., 15% options each for first three years and 25% and 30% for fourth and fifth year respectively. Further, the shares are offered at prevailing market prices and no discount is offered. The details of employee stock option are annexed hereto as **Annexure I**.

HUMAN RESOURCE DEVELOPMENT

The Bank believes that, the Human Resource Development is one of the key elements for ensuring quality in business growth and profitability of its operations. The present global economy is highly competitive calling for effective and efficient human resource management.

The Bank aims at optimum utilization of its resources through deploying effective management tools viz. motivation, training, enhancing leadership qualities and succession planning. The Bank offers ESOS to the employees so as to create a sense of ownership among them as also the Bank believes that the very success of the Bank depends substantially upon its employees.

The Bank has a full fledged training college with experienced faculty and good training infrastructure supported by external specialists and in-house certified trainers to train the employees at various levels for maximizing the staff potential and sharpen their skills. The Bank also deutes its employees to various training institutions like SIBSTC, NIBM, CAB, CAFRAL etc. There exists a cordial relationship between the management and the employees.

As on 31st March 2016, your Bank has 4,517 employees, comprising of 54 Executives in top management cadre, 1,709 Officers, 2,436 Clerks and 318 Subordinate staff as compared to 4,365 employees in the previous year.

AUTOMATION

In today's Banking scenario, 'Technology' plays a vital role in managing and fulfilling the growing customer demands.

During the year under review, the Bank had widened the ATMs reach to 1,325 locations including 660 off-site ATMs. The Bank has also introduced Cash Accepting ATMs (Bulk Note Acceptor – BNA) numbering 321 and has proposed to install it in all branches, which would enable the customer to remit cash directly to the credit of their accounts.

Further, we have also enabled the recycling facility (Bulk Note Recycler - BRM). By this add-on facility the cash deposited by the customers into the machine will be used (recycled) for dispensing also. The burden of manual loading of cash into the machines is considerably reduced now.

The Bank has introduced interactive CUB Mobile Banking – mBank Plus, mPassbook (Mobile Passbook), IMPS in Internet Banking for speedy funds transfer across the Banks and Digital Signature authentication for Corporates as second factor authentication for safe and secure Internet Banking.

We have deployed Xpress Desks (Green Channel Counter) across all our bank branches and the Bank has installed Multi function KIOSKs in select branches and is planning to expand the same. The KIOSK acts as a Self Service Machine, which can be used for funds transfer within own accounts, within CUB accounts and across the Banks, open deposit accounts, etc.

The bank has also installed cheque acceptor KIOSKs and self passbook printing KIOSKs. Customer Self Service Centre – e-Lounge has been set-up at 17 locations facilitating the customers with Bulk Note Acceptor (BNA), Cash Dispenser ATM, Multi-function KIOSK, Cheque depositing KIOSK and Passbook printing KIOSK. This facilitates independent smart banking. The bank has also launched CUB mobile wallet which is a mobile based software application and caters to customer utility services through mobile phone. Anyone (customer / non-customer of CUB) having a smartphone with Android OS can open and operate CUB mWALLET. The customer can load money, send money, recharge (Mobile / DTH) and make bill payments.

Our Bank believes in keeping up with the latest trends in technology. In addition, the Bank promotes efficient use of technology enabled banking facilities among its customers. Through this customer friendly approach, our bank could successfully migrate 78% of transactions to alternative channels.

Our Computer System Department has been certified with ISO/IEC 27001:2013 for providing services for IT infrastructure & operations support and maintaining and monitoring of IT Outsources Processes.

A customer friendly Captive Contact Centre (Call Centre) with Interactive Voice Response System (IVRS), is in place to promote customer support in multi-languages at 24x7 basis.

AWARDS & ACCOLADES

- ▶ Your Bank was awarded Best Small sized Bank for 2014-15 by Business World – PWC Best Banks' Survey 2015.
- ▶ Your Bank won “Productivity & Efficiency” award for Small banks conducted by Business Today – KPMG study on Indian Best Banks' survey 2015.
- ▶ Your Bank was awarded by Financial Express – EY “Best Old Private Sector Bank” for 2015.

BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Cessation

Shri. S. Balasubramanian, retired as Part-Time Non-Executive Chairman of the Bank on 3rd May 2016, on account of completion of tenure. Shri. S. Balasubramanian started his journey with City Union Bank Ltd., during the year 1971 as a Probationary Officer and rose to the highest position working in all departments and in various capacities.

During the year 2005, Shri. S. Balasubramanian was elevated as the Chairman & CEO of the Bank and thereafter, in 2009 he was appointed as the Managing Director and CEO. The Bank under his leadership has grown manifold to meet the stakeholders' ever increasing expectations and his journey continued with the Bank as Part-Time Non-Executive Chairman since May 2011.

The Board places on record its warm appreciation for the invaluable services rendered by Shri. S. Balasubramanian during his tenure in the Bank.

Appointments

- a) After vacation of office by Shri. S. Balasubramanian, pursuant to the provisions of Section 35B and Section 10B (1A) of the Banking Regulation Act 1949, Shri. S. Mahalingam, Independent Director on the Board of the Bank has been appointed as Part-time Chairman for a period of three years w.e.f. 04th May 2016. The Reserve Bank of India has approved his appointment terms vide its letter no. DBR.Appt.No.13995/08.42.001/2015-16 dt. 6th May 2016. The complete profile of Shri. S. Mahalingam is made available in the Notice of this Annual General Meeting forming part of Annual Report.
- b) In accordance with the provisions of Section 161 of the Companies Act, 2013, Shri. M. Narayanan has been co-opted as an Additional Director on the Board of the Bank w.e.f., 03rd May, 2016 to represent the majority sector having special knowledge in Accountancy, Agriculture & Rural Economy. In the opinion of the Board, Shri. M. Narayanan is a person of knowledge, expertise and competence and hence, his appointment is being placed before the members for approval. The complete profile of Shri. M. Narayanan is made available in the Notice of this Annual General Meeting forming part of Annual Report.
- c) Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri. R. Mohan, Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Key Managerial Personnel

During the year under review, there has been a change in the composition of key managerial personnel of the Bank. Shri. S. Sundar retired as the Chief Financial Officer (CFO) of the Bank w.e.f. 30th June 2015 on account of superannuation. Thereafter, from 1st July 2015 Shri. V. Ramesh, Company Secretary of the Bank was re-designated as Chief Financial Officer & Company Secretary. At present Dr. N. Kamakodi, MD & CEO and Shri. V. Ramesh, CFO & CS of the Bank are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and rules made thereunder.

Declaration by Independent Directors

The Bank has received necessary declaration from each Independent director under Section 149(7) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), that they meet the criteria of independence laid down therein.

Familiarization Program for Independent Directors

The details of programme for familiarization of Independent Directors with the Bank, their roles, rights and responsibilities in the Bank and related matters are provided separately under the Corporate Governance Report forming part of Annual Report.

Performance Evaluation of the Board

In terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Bank had laid down criteria for performance evaluation of Directors, Chairperson, MD & CEO, Board Level Committees and Board as a whole and also the evaluation process for the same.

The performance of the members of the Board, the Board level committees of the Independent Directors and the Board of Directors were evaluated as per statutory requirements.

Board Meetings

All Board meetings of the Bank were held in accordance with the Companies Act, 2013, the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and SEBI Listing Regulations, 2015. The meetings were held to discuss and decide on various business policies, strategies and other businesses in the best interests of the Bank.

During the year under report, 15 meetings were duly held. The details of meetings are provided in the Corporate Governance Report forming part of this Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby declares and confirms that:

- i) In the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the Profit & Loss of the Bank for that period.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of applicable laws governing banks in India for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the annual accounts on a going concern basis.
- v) The Directors had laid down adequate internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- vi) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Code of Conduct to regulate, monitor and report trading by Insiders in securities of City Union Bank Ltd.

The Bank has formulated a Code of Conduct pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, to regulate, monitor and ensure reporting of trading by the employees and other connected persons towards attaining compliance with SEBI Regulations and the same is designed to maintain highest ethical standards of dealing in securities of the Bank by persons to whom it is applicable. The code of conduct and related policy are available in the Bank's website and can be viewed at <http://www.cityunionbank.com>.

Remuneration / Compensation Policy

The Bank has adopted Compensation Policy in accordance with the directives issued by the Reserve Bank of India. The Bank has also constituted a Compensation & Remuneration Committee which also oversees the framing, implementation and review of the Compensation Policy of the Bank. The Remuneration policy is briefed under Corporate Governance Report forming part of Annual Report.

AUDITORS

Statutory Auditors

M/s. P. Chandrasekar, Chartered Accountants, Bengaluru, the present Statutory Central Auditors, will retire at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Bank has received the consent from the Auditors and confirmation to the effect that they are not disqualified to be appointed as Statutory Auditors of the Bank in terms of Companies Act, 2013 & the rules made there under. The Reserve Bank of India has accorded its approval for the re-appointment of M/s. P. Chandrasekar, Chartered Accountants, to act as Statutory Central Auditors for the financial Year 2016-17. Members are kindly requested to consider and approve their re-appointment as Statutory Auditors of the Bank for FY 2016-17.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Bank has appointed M/s B.K. Sundaram & Associates, Practicing Company Secretaries, to act as Secretarial Auditor for conducting the Secretarial Audit of the Bank for Financial Year 2015-16. The report of Secretarial Auditor 'Secretarial Audit Report' is annexed hereto as **Annexure II**.

STATUTORY DISCLOSURES

Considering the nature of activities carried out by the Bank, the provision of Section 134(m) of the Companies Act, 2013 relating to conservation of energy and technology observation do not apply to the Bank. However, every effort is being made to conserve energy and absorption of technology.

The Bank continues to encourage country's export promotion by lending to exporters and offers them forex transaction facilities.

The disclosures pursuant to the provisions of Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are furnished as **Annexure III**.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are furnished as **Annexure IV**.

It is hereby confirmed that the Bank has proper systems in place to ensure compliance of all laws applicable to the Banks.

RELATED PARTY TRANSACTIONS

The Board of Directors of the Bank has adopted a policy on Related Party transactions which is in line with the Companies Act, 2013 and SEBI listing regulations, 2015. There were no significant "Related Party Transactions" of any material, financial & commercial nature with the Bank by the Directors and their relatives that would have potential conflict with the interest of the Bank at large. A detailed policy on the Related Party Transaction is available at the Bank's website (www.cityunionbank.com).

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(1)(a) of the Companies Act, 2013 (the Act), the extract of Annual Return in form MGT - 9 as provided under Sub-section (3) of Section 92 of the Act is appended to this Annual Report as **Annexure V**.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the related notifications / circulars / guidelines issued by MCA. As per the above, the Bank has established Corporate Social Responsibility (CSR) Committee. Bank is required to spend 2% of the average net profit before tax of previous three financial years or any part thereof on CSR activities. During the year, the Bank has spent an amount of ₹ 10.45 crore towards CSR activities which includes an unspent amount of ₹ 2.40 crore pertaining to FY ended 2015. The Bank has disclosed its CSR Policy in the website and the same can be viewed at http://www.cityunionbank.com/PageMenuDocs/corp_social_res.pdf. The Annual Report on the CSR activities undertaken during the year forming part of this Report is annexed hereto as **Annexure VI**.

CORPORATE GOVERNANCE

Corporate Governance of the Bank is an ethically driven business process that rests on the fundamental pillar of high ethical values aimed to enhance organization's brand and reputation and to protect the interests of all the stakeholders by taking ethical business decisions.

Your Bank is committed to achieve the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set by the Regulators / applicable laws.

Accordingly, your Board functions as trustees of the shareholders and seeks to ensure that the long term economic value for its shareholders is achieved while balancing the interest of all the stakeholders. All the Directors on the Board have executed "Deed of Covenant and Undertaking" individually in line with the recommendations of Dr. Ganguly Committee Report.

A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and rules made there under are disclosed separately forming part of this report.

MANAGEMENT DISCUSSION & ANALYSIS

During 2015, global economic activity remained subdued. Growth in emerging market and developing economies declined for fifth consecutive year, while a modest recovery continued in advanced economies. Global growth estimated at 3.1% in 2015, is projected at 3.4% in 2016 and 3.6% in 2017. The picture for emerging market and developing economies is diverse but in many cases challenging. In the domestic front, there were decelerations of services sector activities, Rabi procurement was lower in April-May 2016 than a year ago, weakness in private investment was major concern although public investment especially in roads and railways etc., gained strength. Except for natural gas and crude oil, the core sector registered strong growth in April 2016 on account of a seasonal pick-up in industries like electricity also supported by a low base. Available information on Q4 earnings suggest double digit growth in EBIDTA levels for non-financial corporate which shows signs that corporate performance is improving. RBI has progressively reduced the policy rate by 150 basis points since January 2015, to its current level of 6.50%. However, the transmission of these reductions by commercial banks to its borrowers has only been partially done.

Your Bank, a mid-sized old generation private sector bank, has made significant progress over the last few years through measures like increased efficiency, upgradation of technology to meet new challenges, aspirations and prudent expansion of branches across India. These steps have helped the Bank in enhancing its market share at a rapid pace despite competition as well as the various domestic challenges faced by financial and commercial sectors during the period. A detailed Management Discussion and Analysis Report for the year under review as stipulated in SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 is presented in a separate section forming part of this Annual Report.

WHISTLE BLOWER / VIGIL MECHANISM

The Bank has formed a vigil mechanism to deal with instances of unethical behavior, actual or suspected fraud or violation of Bank's code of conduct or ethics policy. The details of this policy have been described in the corporate governance section and the policy is available at the Bank's website.

ACKNOWLEDGEMENT

The Board of Directors of the Bank would like to take this opportunity to thank all the stakeholders and wish to place on record its deep & sincere gratitude to the **Reserve Bank of India, NABARD, NHB, IDBI, SIDBI, EXIM BANK, ECGC, DICGC, SEBI, Stock Exchanges, Depositories, Karvy Computershare Pvt. Ltd., Life Insurance Corporation of India, United India Insurance, New India Assurance, Tata Consultancy Services, CCIL, CIBIL, Correspondent Banks, Exchange Houses** and other regulatory authorities for their continued support, guidance and co-operation and also, to Shri. S Balasubramanian, Non-Executive Part-time Chairman who retired on account of superannuation during this financial year.

The Board hereby appreciates the dedication and the efforts of all the employees for their resolute support and commitment in pursuit of organizational growth & excellence.

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 21st June, 2016

S. Mahalingam
Non-Executive Part-time Chairman
(DIN : 00121727)

ANNEXURE - I

Statutory Disclosures regarding ESOS under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014

Particulars	ESOS 2008					
	Series I	Series II	Series III	Series IV	Series V	Series VI
Total number of options of granted (Including additional grant upon rights issue)	2,27,81,250	3,68,408	31,23,128	43,56,000	96,17,000	15,00,500
Pricing Formula	₹ 13.00 per option	₹ 32.00 per option	₹ 47.00 per option	₹ 46.95 per option	₹ 93.20 per option	₹ 88.05 per option
Revised price pursuant to Right Issue 2013	₹ 11.60 per option	₹ 29.60 per option	₹ 41.60 per option	NA	NA	NA
No of options outstanding as on 01.04.2015	17,72,700	1,85,287	12,09,123	33,71,950	96,17,000	0
No of options granted during the year	0	0	0	0	0	15,00,500
No of options forfeited / lapsed during the year	32,172	3,240	21,832	1,74,500	0	0
No of options exercised during the year	8,38,812	1,48,999	2,30,068	4,05,600	0	0
No of shares arising as a result of exercise of option during the year	8,38,812	1,48,999	2,30,068	4,05,600	0	0
Variation in terms of Options	Not Applicable					
Money realized by exercise of Options during the year	97,30,219.20	44,10,370.40	95,70,828.80	1,90,42,920.00	0	0
Loan repaid by the trust during the year from the exercise price received	Not Applicable					
Total Number of Options outstanding at the end of the year	9,01,716	33,048	9,57,223	27,91,850	96,17,000	15,00,500
Employee wise details of Options granted						
i) Senior Management Personnel Dr. N. Kamakodi Sri. R. Venkatasubramanian Sri. S. Sekar (Retired - 31.07.2015) Sri. S. Sundar (Retired - 30.06.2015)	NIL	NIL	NIL	NIL	NIL 5,00,000 1,00,000 25,000 25,000	NIL
ii) Any other employee who received a grant in any one year of the options amounting to 5% or more of the options granted during the year	NIL	NIL	NIL	NIL	NIL	NIL

Particulars	ESOS 2008					
	Series I	Series II	Series III	Series IV	Series V	Series VI
iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	NIL	NIL	NIL	NIL	NIL	NIL
Allotment of shares made during the year under ESOS						
No of shares issued under ESOS during the year	NIL	53,460	NIL	NIL	NIL	NIL
The price at which such shares are issued	NIL	₹ 29.60	NIL	NIL	NIL	NIL
Employee wise details of the shares issued to						
i) Senior Management Personnel Shri. R Venkatasubramanian	NIL	53,460	NIL	NIL	NIL	NIL
ii) Any other employee who received a grant in any one year of the options amounting to 5% or more of the options granted during the year	NIL	NIL	NIL	NIL	NIL	NIL
iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	NIL	NIL	NIL	NIL	NIL	NIL

Employee compensation cost calculated as per the intrinsic value method for the financial year 2015-16 is NIL. If the Employee compensation cost was calculated as per fair value method as prescribed by the SEBI, the total cost to be recognized in the financial statement for the Financial Year 2015-16 would be ₹ 86,41,250/-. Consequently net profit would have been reduced by ₹ 86,41,250/- and EPS would have been reduced by ₹ 0.02 per share.

Weighted Average Details

Particulars	
Weighted Average Market Price (In ₹)	77.04
Weighted Average Exercise Price (In ₹)	77.04
Weighted Average Risk Free Interest Rate (%)	7.51
Weighted Average Stock Volatility	0.03
Weighted Average Fair Value of Options (In ₹)	23.53

The Company has adopted Black-Scholes model to arrive value of options granted under ESOS 2008 based on the following assumptions.

1. Risk Free Rate - Yield on the appropriate period, Government Securities has been considered as the risk-free rate.
2. Expected Volatility - Standard Deviation of the stock returns of City Union Bank over the trailing one year period prior to the date of grant of options has been considered.
3. Expected Dividend - Based on the last dividend payout by the Bank.

ANNEXURE - II

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
CITY UNION BANK LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CITY UNION BANK LIMITED (CIN: L65110TN1904PLC001287) (hereinafter called "the BANK") for the audit period covering the financial year ended on 31st March 2016. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliance and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the 'Bank' and also the information provided by the 'Bank', its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the 'Bank' has, during the audit period covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the 'Bank' has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the 'Bank' for the financial year ended on 31st March 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Regulations 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (vi) The following Acts, Rules and Regulations are specifically applicable to the Bank:
 - (a) The Banking Regulations Act, 1949
 - (b) The Reserve Bank of India Act, 1934
 - (c) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
 - (d) The Bankers' Books Evidence Act, 1891
 - (e) Recovery of Debts due to Banks and Financial Institution Act, 1993
 - (f) Credit Information Companies (Regulation) Act, 2005
 - (g) Prevention of Money Laundering Act, 2002
 - (h) The Deposit Insurance and Credit Guarantee Corporation Act, 1961
 - (i) Industrial Disputes (Banking and Insurance Companies) Act, 1949
 - (j) Information Technology Act, 2000
 - (k) SEBI (Bankers to an Issue) Regulations, 1994

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited and fresh Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the 'Bank' has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the period under report, provisions of the following regulations were not attracted by the 'Bank' :

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (ii) The Securities and Exchange Board of India (Delisting of Equity Shares Regulations) 2009.

We further report that :

The Board of Directors of the 'Bank' is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice with agenda items supported by detailed notes thereon is given to all Directors to schedule the Board Meetings and Committee meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

Resolutions at the meetings of the Board of Directors of the Bank and Committees thereof are carried through, on the basis of unanimous decisions. If and when decisions are carried through on the basis of majority, the dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

We further report that there are adequate systems and processes in the 'Bank' commensurate with the size and operations of the 'Bank' to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the 'Bank' had no specific events / actions having a major bearing on the Bank's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

FOR B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES

Place : TIRUCHIRAPALLI

Date : 16th June, 2016

Sd/-
(B. KALYANASUNDARAM)
COMPANY SECRETARY
ACS. No. A672 CP. No. 2209

Note: This report has to be read along with the Annexure which forms an integral part of this report.

ANNEXURE TO SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

CITY UNION BANK LIMITED

1. Maintenance of secretarial records with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.
2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Audit. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.
3. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and other specifically applicable Acts, Rules and Regulations and occurrence of events and we have covered the same in our report.

FOR B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES

Place : TIRUCHIRAPALLI

Date : 16th June, 2016

Sd/-
(B. KALYANASUNDARAM)
COMPANY SECRETARY
ACS. No. A672 CP. No. 2209

ANNEXURE - III

Details pursuant to the provisions of Section 197 (12) of the Companies Act, 2013, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

SI.No.	Requirements	Disclosure
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the bank for the financial year ended 2016.	MD & CEO : 19.83x (The remuneration of MD & CEO is regulated by RBI guidelines).
2	The percentage increase in remuneration of each, CFO, CEO, CS in the financial year.	MD & CEO : (-)37.67% CFO & CS : (-)77.88% (The remuneration of Key Managerial Personnel has decreased from the previous year as a result of not exercising any ESOP options during the year).
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees has increased by 2.23%.
4	No. of permanent employees on rolls of the Bank.	There were 4,517 employees as on 31 st March 2016.
5	The explanation on the relationship between the average increase in remuneration and Bank performance.	The calculation of yearly increase in employee remuneration is done based on the bipartite settlement arrived by the management with the CUB Staff Union and CUB Officers Association. Incentive packages and Ex-gratia for branches are approved separately by the Board based on the performance parameters and overall growth and profitability of the Bank.
6	Comparison of the remuneration of the KMP against the performance of the Bank.	For the financial Year 2015-16, KMPs were paid approx 0.18% of the Net Profit of the Bank.
7	Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current FY and previous FY and % increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer.	The market capitalization of the Bank has increased from ₹ 5780.74 crore as of 31 st March 2015 to ₹ 6451.49 crore as of 31 st March 2016. Over the same period, the price earnings ratio moved from 15.01x to 12.74x. The share price of the Bank increased by 2608.57% to ₹ 94.80 per share of face value of ₹ 1 each over the last public offering, i.e. IPO during July 1998 at a price of ₹ 35 per share of face value of ₹10/- each.

Sl.No.	Requirements	Disclosure	
8	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>Average employee salaries have decreased by 8.28% in the financial year 2015-16.</p> <p>Average Managerial Personnel salaries have decreased by 52.56% in the financial year 2015-16.</p> <p>Employee salaries and Managerial Compensation has decreased as a result of non exercise of options under ESOS during the year under review.</p>	
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Bank.	Particulars	% of Net Profit for FY 2015-16
		MD & CEO	0.15
		CFO	0.05
		CFO & CS	0.03
		CFO - Shri. S. Sundar retired from office as CFO in June 2015, after which Shri. V. Ramesh took charge as both CFO & CS.	
10	Key parameters, if any, for any variable component of remuneration availed by the Director(s).	None of the directors including MD & CEO were paid any variable component of remuneration.	
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	No such employee.	
12	Affirmation that the remuneration is as per the remuneration policy of the Bank.	Yes, it is confirmed.	

ANNEXURE - IV

Disclosure under Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the report.

Name Shri.	Qualification	Age	*Remuneration Received (in ₹)	Experience	Date of Commencement of Employment	Last Employment
Dr. N. Kamakodi MD & CEO	B.Tech, MBA, CAIIB, Ph.D.	42 yrs.	65,65,152.00	19 yrs.	18 th June, 2003	Director - BuPro Solutions Private Ltd.

**the remuneration includes arrears in pay for previous financial year and perquisites viz. Medical reimbursement, accommodation, LFC etc.*

ANNEXURE 'V'

EXTRACT OF THE ANNUAL RETURN
Form MGT - 9 as on the financial year ended on 31st March 2016

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Sl.No.	Particulars	Details
1.	CIN	L65110TN1904PLC001287
2.	Registration Date	31.10.1904
3.	Name of the Company	CITY UNION BANK LTD.
4.	Category / Sub-Category of the Company	Public Limited Company
5.	Address of the Registered office and contact details	149, T.S.R. (Big) Street, Kumbakonam - 612001, Tamilnadu. Tel: 0435 - 2432322
6.	Whether listed company	Yes, BSE & NSE
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Ltd., Unit: CITY UNION BANK LTD. Karvy Selenium Tower B, Plot no.31&32, Financial Dist., Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana State, India. Tel: 040 - 67161509, Fax: 040-23420814 E-mail: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated :-

Sl.No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Banking	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl.No.	Name and address of the company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Not Applicable					

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
(A) Promoters										
(1) Indian										
(a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Foreign										
(a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	39613195	0	39613195	6.64	34139329	0	34139329	5.71	-0.93
(b) Banks/FI	722686	5000	727686	0.12	519443	5000	524443	0.09	-0.03
(c) Central Govt.	0	0	0	0	0	0	0	0	0.00
(d) State Govt	0	0	0	0	0	0	0	0	0.00
(e) Venture Capital funds	0	0	0	0	0	0	0	0	0.00
(f) Insurance Companies	20219319	0	20219319	3.39	22595827	0	22595827	3.78	0.39
(g) FIs	206501385	0	206501385	34.61	228825068	0	228825068	38.25	3.64
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
(i) Others	0	0	0	0	0	0	0	0	0.00
Sub-Total (B)(1)	267056585	5000	267061585	44.76	286079667	5000	286084667	47.82	3.06
(2) Non- Institutions									
(a) Bodies Corporate									
i. Indian	60946077	2322572	63268649	10.61	45638787	2119442	47758229	7.98	-2.63
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	123985488	33157873	157143361	26.34	127523136	29803613	157326749	26.30	-0.04
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	87225362	6905006	94130368	15.78	96710018	2604828	99314846	16.60	0.82
(c) Others									
i. Trusts	2679309	63676	2742985	0.46	2683220	63676	2746896	0.46	0.00
ii. NRI	11998541	0	11998541	2.01	4645847	0	4645847	0.78	-1.23

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
iii. Foreign Bodies	0	0	0	0	0	0	0	0	0.00
iv. Clearing Members	222311	0	222311	0.04	283824	0	283824	0.05	0.01
v. NBFC	0	0	0	0	30221	0	30221	0.01	0.01
Sub-Total (B)(2)	287057088	42449127	329506215	55.24	277515053	34591559	312106612	52.18	-3.06
Total Public Shareholding									
B = (B) (1) + (B) (2)	554113673	42454127	596567800	100	563594720	34596559	598191279	100.00	0
C. Shares held by custodian for									
GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	554113673	42454127	596567800	100	563594720	34596559	598191279	100.00	0.00

(ii) Shareholding of Promoters:

SI.No. Shareholders' Name	Shareholding at the beginning of the year				Shareholding at the end of the year				% of Change during the Year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% of Shares Pledged / encumbered to total shares	
Not applicable as the Bank does not have any promoters in control of the Management									

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Not applicable as the Bank does not have any promoters in control of the Management					

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Lavender Investments Ltd Change in shareholding As on 31.03.2016	2,36,08,955	3.96	2,36,08,955	3.96
		-	-	-	-
		-	-	2,36,08,955	3.95
2.	GKFF Ventures Change in shareholding As on 31.03.2016	2,34,93,712	3.94	2,34,93,712	3.94
		-	-	-	-
		-	-	2,34,93,712	3.93
3.	NTASIAN Discovery Master Fund Add : Market Purchase on 02.10.2015 Market Purchase on 05.02.2016 As on 31.03.2016	1,71,05,000	2.87	1,71,05,000	2.87
		49,58,416	0.83	2,20,63,416	3.69
		5,00,000	0.08	2,25,63,416	3.77
		-	-	2,25,63,416	3.77

SI.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
4.	Life Insurance Corporation of India				
	Less : Market Sale on 17.04.2015	1,85,39,356	3.11	1,85,39,356	3.11
	Market Sale on 24.04.2015	(3,17,250)	0.05	1,82,22,106	3.05
	Market Sale on 01.05.2015	(7,57,663)	0.13	1,74,64,443	2.93
	Market Sale on 08.05.2015	(6,00,000)	0.10	1,68,64,443	2.83
	Market Sale on 15.05.2015	(8,29,370)	0.14	1,60,35,073	2.69
	Market Sale on 19.06.2015	(4,37,809)	0.07	1,55,97,264	2.61
	Market Sale on 26.06.2015	(3,31,338)	0.06	1,52,65,926	2.56
	Market Sale on 30.06.2015	(4,71,270)	0.08	1,47,94,656	2.48
	Market Sale on 03.07.2015	(1,76,994)	0.03	1,46,17,662	2.45
	Market Sale on 10.07.2015	(4,16,201)	0.07	1,42,01,461	2.38
	Market Sale on 17.07.2015	(5,42,432)	0.09	1,36,59,029	2.29
	Market Sale on 18.09.2015	(18,947)	0.00	1,36,40,082	2.29
	Market Purchase on 25.09.2015	3,90,000	0.07	1,40,30,082	2.35
	Market Purchase on 30.09.2015	2,50,000	0.04	1,42,80,082	2.39
	Market Purchase on 02.10.2015	3,47,733	0.06	1,46,27,815	2.45
	Market Purchase on 09.10.2015	1,35,978	0.02	1,47,63,793	2.47
	Market Purchase on 30.10.2015	3,00,000	0.05	1,50,63,793	2.52
	Market Purchase on 06.11.2015	3,75,844	0.06	1,54,39,637	2.58
	Market Purchase on 13.11.2015	7,80,699	0.13	1,62,20,336	2.71
	Market Purchase on 20.11.2015	7,80,474	0.13	1,70,00,810	2.84
	Market Purchase on 27.11.2015	13,50,346	0.23	1,83,51,156	3.07
	Market Purchase on 12.02.2016	2,47,867	0.04	1,85,99,023	3.11
	Market Purchase on 19.02.2016	4,04,624	0.07	1,90,03,647	3.18
	Market Purchase on 26.02.2016	4,48,634	0.07	1,94,52,281	3.25
	Market Purchase on 04.03.2016	4,69,141	0.08	1,99,21,422	3.33
		5,70,184	0.10	2,04,91,606	3.43
	As on 31.03.2016	-	-	2,04,91,606	3.43

SI.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
5.	Smallcap World Fund, INC. Add : Market Purchase on 01.05.2015 Market Purchase on 15.05.2015 Market Purchase on 19.06.2015 As on 31.03.2016	1,15,45,000 22,80,000 75,000 59,13,000 -	1.94 0.38 0.01 0.99 -	1,15,45,000 1,38,25,000 1,39,00,000 1,98,13,000 1,98,13,000	1.94 2.32 2.33 3.31 3.31
6.	Ardisia Limited # Market Purchase on 04.03.2016 Market Purchase on 18.03.2016 Market Purchase on 25.03.2016 Market Purchase on 31.03.2016 As on 31.03.2016	0 4900000 870000 100000 8783000 -	- 0.82 0.15 0.02 1.47 -	0 4900000 5770000 5870000 14653000 1,46,53,000	- 0.82 0.96 0.98 2.45 2.45
7.	Smt. Vilasini Vaidyanathan Change in shareholding As on 31.03.2016	1,25,00,000 - -	2.10 - -	1,25,00,000 - 1,25,00,000	2.10 - 2.09
8.	Visalam G # Less : Market Sales on 08.05.2016 Add : Market Purchase on 04.03.2016 As on 31.03.2016	20861 (20861) 12500000 -	0.00 0.00 2.09 -	20861 0 12500000 1,25,00,000	0.00 0.00 2.09 2.09
9.	TVF Fund # Add : Market Purchase on 12.06.2015 Market Purchase on 26.06.2015 Market Purchase on 17.07.2015 Market Purchase on 24.07.2015 Market Purchase on 25.09.2015	3649720 248834 998499 582528 50000 1000000	0.61 0.04 0.17 0.10 0.01 0.17	3649720 3898554 4897053 5479581 5529581 6529581	0.61 0.65 0.82 0.92 0.92 1.09

Sl.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Market Purchase on 06.11.2015	1628825	0.27	8158406	1.36
	Market Purchase on 27.11.2015	1000000	0.17	9158406	1.53
	Market Purchase on 04.12.2015	300000	0.05	9458406	1.58
	Market Purchase on 22.01.2016	993026	0.17	10451432	1.75
	As on 31.03.2016	-	-	1,04,51,432	1.75
10.	Acacia Partners, LP	87,83,077	1.47	87,83,077	1.47
	Change in shareholding	-	-	-	-
	As on 31.03.2016	-	-	87,83,077	1.47
11.	Somerset Emerging Markets Small Cap Fund LLC #	66,45,648	1.11	66,45,648	1.11
	Add : Market Purchase on 19.06.2015	4,84,521	0.08	71,30,169	1.20
	Market Purchase on 26.06.2015	1,15,104	0.02	72,45,273	1.21
	Market Purchase on 30.06.2015	78,217	0.01	73,23,490	1.23
	Market Purchase on 03.07.2015	1,48,000	0.02	74,71,490	1.25
	Market Purchase on 10.07.2015	3,92,000	0.07	78,63,490	1.32
	Market Purchase on 17.07.2015	92,049	0.02	79,55,539	1.33
	Market Purchase on 24.07.2015	3,98,951	0.07	83,54,490	1.40
	Market Purchase on 31.07.2015	9,000	0.00	83,63,490	1.40
	As on 31.03.2016	-	-	83,63,490	1.40
12.	Wasatch Core Growth Fund	6656038	1.12	6656038	1.12
	Change in shareholding	-	-	-	-
	As on 31.03.2016	-	-	66,56,038	1.11
13.	Smt. Meenakshi V *	80,00,000	1.34	80,00,000	1.34
	Less : Market Sales on 04.03.2016	(80,00,000)	1.34	0	0.00
	As on 31.03.2016	-	-	0	0.00

Sl.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
14.	Emblem FII * Add : Market Purchase on 15.05.2015 Less : Market Sales on 23.10.2015 As on 31.03.2016	94,54,927 17,009 (94,71,936)	1.58 0.00 1.59 -	94,54,927 94,71,936 0 0	1.58 1.59 0.00 0.00
15.	Equinox Partners LP * Less: Market Sale on 26.06.2015 Market Sale on 30.06.2015 Market Sale on 03.07.2015 Market Sale on 10.07.2015 Market Sale on 17.07.2015 Market Sale on 24.07.2015 Market Sale on 31.07.2015 Market Sale on 07.08.2015 Market Sale on 14.08.2015 Market Sale on 21.08.2015 Market Sale on 28.08.2015 Market Sale on 04.09.2015 Market Sale on 11.09.2015 Market Sale on 18.09.2015 Market Sale on 25.09.2015 Market Sale on 30.09.2015 Market Sale on 09.10.2015	1,65,84,334 (9,33,216) (5,129) (3,08,339) (5,51,112) (9,09,450) (4,14,513) (4,64,471) (3,79,197) (3,27,237) (7,56,794) (2,90,828) (1,77,307) (2,10,188) (7,35,062) (6,68,028) (36,72,860) (3,36,010)	2.78 0.16 0.00 0.05 0.09 0.15 0.07 0.08 0.06 0.05 0.13 0.05 0.03 0.04 0.12 0.11 0.61 0.06	1,65,84,334 1,56,51,118 1,56,45,989 1,53,37,650 1,47,86,538 1,38,77,088 1,34,62,575 1,29,98,104 1,26,18,907 1,22,91,670 1,15,34,876 1,12,44,048 1,10,66,741 1,08,56,553 1,01,21,491 94,53,463 57,80,603 54,44,593	2.78 2.62 2.62 2.57 2.48 2.33 2.26 2.18 2.12 2.05 1.93 1.88 1.85 1.81 1.69 1.58 0.97 0.91

SI.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Market Sale on 16.10.2015	(2,423)	0.00	54,42,170	0.91
	Market Sale on 30.10.2015	(3,26,893)	0.05	51,15,277	0.86
	Market Sale on 06.11.2015	(6,15,728)	0.10	44,99,549	0.75
	Market Sale on 13.11.2015	(6,47,280)	0.11	38,52,269	0.64
	Market Sale on 20.11.2015	(23,64,163)	0.40	14,88,106	0.25
	Market Sale on 27.11.2015	(2,95,886)	0.05	11,92,220	0.20
	Market Sale on 04.12.2015	(10,87,664)	0.18	1,04,556	0.02
	Market Sale on 11.12.2015	(1,04,556)	0.02	0	0.00
	As on 31.03.2016	-	-	0	0.00

Note: Total paid up equity shares as on 01.04.2015: 59,65,67,800 and as on 31.03.2016: 59,81,91,279.

* The top ten shareholding as on 31st March 2016 excludes Smt. Meenakshi V., Emblem Fill and Equinox Partners LP, as they have sold their entire shareholding.

Not in the list of Top 10 shareholders as on 1st April 2015. The same is reflected above since the shareholders were one among the Top 10 shareholders as on 31st March 2016.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl.No.	For Each of the Directors and KMP Sarvashri	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	S. Balasubramanian Less: Market Sale on 29.05.2015 As on 31.03.2016	10,60,424 (3,000) -	0.18 0 -	10,60,424 10,57,424 10,57,424	0.18 0.18 0.18
2.	Dr. N. Kamakodi Change in shareholding As on 31.03.2016	16,15,626 - -	0.27 - -	16,15,626 - 16,15,626	0.27 - 0.27
3.	R.G. Chandramogan Change in shareholding As on 31.03.2016	20,267 - -	0.00 - -	20,267 - 20,267	0.00 - 0.00
4.	T. K. Ramkumar Change in shareholding As on 31.03.2016	1,35,794 - -	0.02 - -	1,35,794 - 1,35,794	0.02 - 0.02
5.	Justice (Retd.) S.R. Singharavelu Change in shareholding As on 31.03.2016	8,619 - -	0.00 - -	8,619 - 8,619	0.00 - 0.00
6.	C.R. Muralidharan Change in shareholding As on 31.03.2016	1,287 - -	0.00 - -	1,287 - 1,287	0.00 - 0.00
7.	Prof. V. Kamakoti Change in shareholding As on 31.03.2016	1,250 - -	0.00 - -	1,250 - 1,250	0.00 - 0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sl.No.	For Each of the Directors and KMP Sarvashri	Shareholding at the beginning of the year		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
8.	S. Mahalingam Change in shareholding As on 31.03.2016	6,250 -	0.00 -	6,250 -	0.00 -	6,250 -	0.00 -
9.	R. Mohan Less: Market Sales on 08.05.2015 Less: Market Sales on 10.07.2015 As on 31.03.2016	1,23,200 (1,000) (2,000) -	0.02 0.00 0.00 -	1,23,200 1,22,200 1,20,200 1,20,200	0.02 0.02 0.02 0.02	1,23,200 1,22,200 1,20,200 1,20,200	0.02 0.02 0.02 0.02
10.	Smt.CA. Abarna Bhaskar Change in shareholding As on 31.03.2016	30,064 -	0.01 -	30,064 -	0.01 -	30,064 -	0.01 -
11.	S. Sundar *(KMP) Less: Market Sales on 09.12.2015 Less: Market Sales on 10.12.2015 Less: Market Sales on 14.12.2015 Less: Market Sales on 15.12.2015 As on 31.03.2016	2,17,399 (999) (400) (300) (300) -	0.04 0.00 0.00 0.00 0.00 -	2,17,399 (999) (400) (300) (300) -	0.04 0.00 0.00 0.00 0.00 -	2,17,399 2,16,400 2,16,000 2,15,700 2,15,400 2,15,400	0.04 0.04 0.04 0.04 0.04 0.04
12.	V. Ramesh (KMP) Change in shareholding As on 31.03.2016	1,39,501 -	0.02 -	1,39,501 -	0.02 -	1,39,501 -	0.02 -
						1,39,501	0.02
						1,39,501	0.02

*Sri. S. Sundar has retired from the services of the Bank on 30.06.2015, on account of superannuation.

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding / accrued but not due for payment (₹ in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	16,881.64	Nil	16,881.64
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	252.02	Nil	252.02
Total (i+ii+iii)	Nil	17,133.66	Nil	17,133.66
Change in Indebtedness during the financial year				
Addition	Nil	494.95	Nil	494.95
Reduction	Nil	6,035.74	Nil	6,035.74
Net Change	Nil	5,540.79	Nil	5,540.79
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	11,254.56	Nil	11,254.56
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	338.31	Nil	338.31
Total (i+ii+iii)	Nil	11,592.87	Nil	11,592.87

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(₹ in lakh)

Sl.No.	Particulars of Remuneration	Name of MD / WTD / Manager Dr. N. Kamakodi	Total Amount
	Gross salary	49.93	49.93
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	15.72	15.72
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
	Stock Option - Perquisites	-	-
	Sweat Equity	-	-
	Commission - as % of profit - others, specify	-	-
	Others, please specify	-	-
	Total (A)	65.65	65.65
	Ceiling as per the Act	The Bank being a Banking Company is regulated by RBI and as such relevant provisions of the Companies Act, 2013 are not applicable.	

B. Remuneration to other Directors:

SI.No.	Particulars of Remuneration	Name of Directors Sarvashri	Total Amount (₹)
1	Independent Directors	R.G. Chandramogan	8,90,000
	- Fee for attending board / committee meetings	T.K. Ramkumar	11,20,000
		C.R. Muralidharan	9,40,000
		Prof. V. Kamakoti	9,50,000
		S. Mahalingam	10,00,000
		Abarna Bhaskar	9,20,000
	- Commission	NA	-
	- Others, please specify	NA	-
		Total (1)	58,20,000
2	Other Non-Executive Directors	Justice (Retd.) S.R. Singharavelu	7,20,000
	- Fee for attending board / committee meetings	R. Mohan	10,00,000
		Remuneration paid to Shri. S. Balasubramanian, Part-Time Non-Executive Chairman (including the value of perquisites)	13,57,887
		NA	-
	- Commission	NA	-
	- Others, please specify	NA	-
		Total (2)	30,77,887
		Total (B) = (1) + (2)	88,97,887
		Total Managerial Remuneration	88,97,887
		Overall Ceiling as per the Act	NA

C. Remuneration to other Directors key managerial personnel other than MD / MANAGER / WTD: (₹ in lakh)

SI.No.	Particulars of Remuneration	Key Managerial Personnel	
		CFO & CS	Total
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	13.18	13.18
2	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.52	0.52
3	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
4	Stock Option	-	-
5	Sweat Equity	-	-
	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
	Others, please specify	-	-
	Total	13.70	13.70

Note : The above remuneration given is for Sri. V. Ramesh - CFO & CS for the entire Financial Year 2015-16.

Sri. S. Sundar, CFO of the Bank retired on 30.06.2015 from the Bank and his total salary paid was ₹ 25.32 Lakhs including perquisites of ₹ 20.77 lakhs for the period upto 30.06.2015.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (Give Details)
A. Company					
Penalty	-	-	-	-	
Punishment	-	-	-	-	
Compounding	205C & 629A	Delay in e-Filing of e-Form 5 INV in respect of unclaimed dividend	₹ 1,50,000/-	Economic Offence Court, Chennai (EO)	The matter was compounded with Company Law Board, Chennai and the Complainant - The Deputy Registrar of Companies, Tamilnadu, withdrew the complaint and the complaint stands dismissed as withdrawn by EO.
B. Directors					
Penalty	-	-	-	-	
Punishment	-	-	-	-	
Compounding	205C & 629A	Delay in e-Filing of e-Form 5 INV in respect of unclaimed dividend	₹ 75,000/-	Economic Offence Court, Chennai (EO)	The matter was compounded with Company Law Board, Chennai and the Complainant - The Deputy Registrar of Companies, Tamilnadu, withdrew the complaint and the complaint stands dismissed as withdrawn by EO.
C. Other Officers in Default					
Penalty	NIL				
Punishment					
Compounding					

ANNEXURE 'VI'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. The Bank's Policy on CSR in brief:

The Bank has always recognized the concept of social well being and fondly serves the society in which it operates. The Bank understands the challenges and hazards faced by the environment in this contemporary world and it is keen to make contributions towards the creation of an eco-friendly environment for the society. So far, the Bank has positively impacted many a life through various initiatives consistent with the relevant Government directives.

2. Overview of activities undertaken:

The bank has made a significant contribution towards CSR as in the past for the FY 2015-16. This year was a special year for Kumbakonam as the "Mahamaham festival" which happens once in every twelve years fell during February 2016. The Bank provided various amenities to the devotees who thronged Kumbakonam and made special arrangements for more than 5,000 customers from and outside the state for their comfortable stay and food for 5 days. The Bank contributed around ₹ 6 crore under CSR towards temporary toilets, preventive health care, restoration of important tanks which had become dry, supply of water bottles, cloth bags to ensure plastic / pollution free Mahamaham.

The Bank feels proud to be an active player in the Swachh Bharat mission. The Bank has continued its efforts in social and economic development of the society by undertaking various welfare measures under the mission.

During the year, quite unfortunately the monsoon floods played a severe havoc in Chennai, the capital of Tamil Nadu State resulting in loss of life and property to thousands of people. The Bank, towards this cause contributed a sum of ₹ 64.20 lakhs to the Tamil Nadu Chief Minister's Fund and in addition supplied bed spreads / clothes to the affected people. The employees of the Bank also took part to support the cause. The Bank took care to have sufficient cash at ATM's and also operated Mobile ATM's vans in and around flood hit areas.

Besides active contribution towards the above causes, your Bank undertook various other significant initiatives mentioned below during the year.

- a) providing basic amenities to the communities under Swachh Bharat Mission,
- b) financial literacy and Educational aid,
- c) rural sports,
- d) preventive Health care,
- e) environment sustainability and Preservation, and;
- f) restoration & Renovation of Historical Temples and promotion of arts & culture.

The complete details are provided at the end of this report.

3. Web-link of the Bank's CSR Policy: http://www.cityunionbank.com/PageMenuDocs/corp_social_res.pdf

4. CSR Committee Composition as on the latest date:

Dr. N. Kamakodi, MD & CEO	: Chairman of the committee
Shri. R.G. Chandramogan	: Member
Shri. T.K. Ramkumar	: Member
Prof. V. Kamakoti	: Member
Shri. R Mohan	: Member

5. Average Net profits (Before Tax) for the last 3 financial years: ₹ 445.87 crore

6. CSR Expenditure (2% of item no. 5 above): ₹ 8.92 crore

7. Total amount spent: ₹ 8.05 crore

8. Amount unspent: ₹ 0.87 crore (The Amount has already been sanctioned and will be released in due course)

9. Manner of spending:

(₹ in crore)

Sl. No.	Sector	Projects	Locations	Budget project wise	Amount spent on project	Cumulative expenditure up to reporting period	Amount Spent : Direct or Thro' Agency
1.	Cleanliness under Swachh Bharat Mission and Drinking water	Safe drinking water to community, Sanitation, construction of toilets, water tank & pipelines	Tamilnadu	3.67	3.28	5.43	Donation given to various municipality / implementing Agencies / organizations
2.	Literacy and Rural Sports	Educational support, building schools & college blocks, technological aid to schools, providing scholarship for students from Rural Areas through Sastra University, contribution to various sports activities	Tamilnadu	1.45	1.26	1.70	Donation given to various implementing Agencies / organizations
3.	Healthcare	Donations to public health centre, hospitals, cancer detection camp	Tamilnadu	0.17	0.17	0.71	Donation given to various implementing Agencies / organizations
4.	Restoration and Renovation of sites of Historical Importance	Ancient Temple renovations, Art and cultural welfare.	Tamilnadu	1.80	1.62	1.88	Donation given to various implementing Agencies / organizations
5.	Environment sustainability and Social Community Development	Construction cost provided for community Building for common cause, Donation & charity for Mahamaham festival	Tamilnadu	1.19	1.08	1.23	Donation given to Kumbakonam Municipality / various implementing Agencies / organizations
6.	Disaster Relief	Donation for flood at Chennai	Tamilnadu	0.64	0.64	0.64	Donation given to Govt. of Tamilnadu and relief materials to affected people.
Total				8.92	8.05	11.59	--

An amount of ₹ 2.40 crore was spent during the FY 2015-16 out of unspent amount of ₹ 2.78 crore allocated during FY 2014-15 on CSR activities as per the projected budget.

The CSR Committee of the Board hereby confirms that the implementation and monitoring of CSR Policy is in compliance with the Companies Act, 2013 and the CSR Policy of the Bank.

S. Mahalingam

Non - Executive Part-time Chairman

REPORT ON CORPORATE GOVERNANCE

(Forming part of the Directors' Report for the year ended 31st March 2016)

Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Directors present the Bank's Report on Corporate Governance for the year ended 31st March 2016.

1. GOVERNANCE PHILOSOPHY

The Board of the Bank has adopted a Code of Corporate Governance to ensure highest standards in overall governance through transparency, accountability & responsibility and ethical & professional management practices, thereby protecting and enhancing stakeholder's values. The code aims:

- a) to enhance the long term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as depositors, creditors, customers, suppliers and employees to maximise benefits to all in the long run.
- b) to identify and recognise the Board of Directors and the Management of the Bank as the principal instruments through which good corporate governance principles are articulated and implemented. The main objective of good Corporate Governance is to identify and recognise accountability, transparency and equality of treatment for all stakeholders.

The Bank continues to achieve Corporate Excellence by imbibing the following principles:-

- a) Adhere to the Laws and Regulations both in letter and spirit.
- b) To be transparent and to maintain a high degree of disclosure levels by disseminating vital information's to all its stakeholders through its website www.cityunionbank.com
- c) Total commitment to follow ethical practices in all facets of Banking to ensure efficiency in operations so as to maximise value and benefit to all stakeholders.
- d) Strict adherence to prudent Banking norms and values in the conduct of day to day Banking operations.

2. BOARD OF DIRECTORS

The Board of Directors of the Bank is constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013 and the SEBI Listing Regulations 2015. The composition of the Board as on 31st March 2016 was 10 Directors comprising of Part-Time Non Executive Chairman, Managing Director & CEO, 6 Independent Directors (including one woman Director) and 2 Non-Independent Non-Executive Directors.

The Board's actions and decisions are aligned with the best interests of the Bank. The Board periodically evaluates the Bank's strategic direction, risk & its mitigation measures, financial & business reports, management policies & their effectiveness etc. Frequent interaction with the Banks senior management sets the agenda for meetings and provides roadmap for the Banks future growth.

Name of the Director Sarvashri	Sector Representation	Category	No. of other Directorships held	No. of shares
S. Balasubramanian	Banking	Chairman	Nil	10,57,424
Dr. N. Kamakodi	Banking	Managing Director & CEO	Nil	16,15,626
R.G. Chandramogan	Agriculture & Rural Economy	Independent Director	3	20,267

Name of the Director Sarvashri	Sector Representation	Category	No. of other Directorships held	No. of shares
T.K. Ramkumar	Law	Independent Director	Nil	1,35,794
C.R. Muralidharan	Banking	Independent Director	3	1,287
Justice (Retd.) S.R. Singharavelu	Agriculture, Law & Rural Economy	Non - Independent Non - Executive Director	Nil	8,619
Prof. V. Kamakoti	Technology	Independent Director	Nil	1,250
S. Mahalingam	Accountancy, Finance and Technology	Independent Director	11	6,250
R. Mohan	Banking, Agriculture and SSI	Non - Independent Non - Executive Director	Nil	1,20,200
Smt. CA. Abarna Bhaskar	Accountancy and Banking	Independent Director	Nil	30,064

Attendance at Board Meetings, previous Annual General Meeting, number of other Directorships and committee membership(s) / Chairmanship(s) of each Director is as under:

Name of the Director Sarvashri	Board Meetings		Attendance at AGM held on 24.08.2015	Directorship in other Public Ltd., Companies	Committee Membership (Chairmanship) in other Companies
	Held during the Tenure	Meeting Attended			
S. Balasubramanian	15	15	Yes	Nil	Nil
Dr. N. Kamakodi	15	14	Yes	Nil	Nil
R.G. Chandramogan	15	13	Yes	1	Nil
T.K. RamKumar	15	15	Yes	Nil	Nil
C.R. Muralidharan	15	14	Yes	3	1 (1)
Justice (Retd.) S.R.Singharavelu	15	10	Yes	Nil	Nil
Prof. V. Kamakoti	15	15	Yes	Nil	Nil
S. Mahalingam	15	15	Yes	6	3 (3)
R. Mohan	15	15	Yes	Nil	Nil
Smt. CA. Abarna Bhaskar	15	14	Yes	Nil	Nil

Meetings held on: 17.04.2015, 23.05.2015, 22.06.2015, 22.07.2015, 12.08.2015, 24.08.2015, 21.09.2015, 29.10.2015, 21.11.2015, 22.12.2015, 27.01.2016, 11.02.2016, 24.02.2016, 12.03.2016 and 21.03.2016

Note: As per Regulation 26 of SEBI Listing Regulations 2015, the Directorship and Committee positions held by the Directors in other Public Limited Companies (including unlisted entities) only have been considered and also, only Audit and Stakeholders Relationship Committee have been considered for reckoning Committee positions. Further, none of the Directors of the Bank were members of more than 10 committees or acted as Chairman of more than 5 committees across all Public Limited Companies.

The meetings were conducted in line with the provisions of Companies Act 2013, SEBI Listing Regulations 2015 and the Secretarial Standards on Board Meetings issued by the Institute of Company Secretaries of India (ICSI). All meetings were conducted with proper quorum and without any adjournments. The date and place of the meeting as well as the agenda papers were forwarded to all the Directors well in advance to enable the Board members schedule and prepare for the meeting. The Directors had access to all additional information on the agenda to facilitate meaningful, informed and focused discussions at the meetings. Executives of the Bank were also invited to attend the Board meetings to provide necessary clarifications.

3. COMMITTEES OF THE BOARD

The Bank, in order to facilitate informed decision making in the best of its interests, has constituted certain committees with pre-defined terms of reference and have delegated specific powers for effective functioning. These committees monitor the activities falling within their terms of reference. The Bank has 12 committees as of 31st March 2016, which are as follows:

I. Audit Committee

The terms of reference of the Audit Committee are in consonance with the RBI guidelines, SEBI Listing Regulations & the Companies Act, 2013 and the same is detailed herein below:

- a. Oversight of the Bank's financial Reporting Process and the Disclosure of its Financial Information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board the appointment, re-appointment or if required, the replacement of the Statutory Auditor together with the terms of appointment of the auditor, fixation of audit fees and approval of payment for any other services rendered by the Statutory Auditors.
- c. To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit and also conduct post audit discussion to ascertain any area of concern.
- d. Reviewing with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval with particular reference to matters required to be included in Directors' Responsibility Statement as per Companies Act, 2013, accounting policies and practices, compliance with accounting standards, qualifications in draft audit report and other legal requirements relating to financial statements.
- e. To discuss with Internal Auditors, any significant Audit findings and follow up thereon.
- f. Reviewing the adequacy of the Audit and compliance functions, including their policies, procedures, techniques and other regulatory requirements.
- g. Reviewing the findings of any internal investigations conducted by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h. Review of all reports as per the calendar of reviews stipulated by the RBI.
- i. Review of risk management and internal financial controls.
- j. Compliance functions in the Bank and compliance in respect of Annual Financial Inspection by RBI.
- k. To review the functioning of the Whistle Blower mechanism.
- l. Any other functions as may be stipulated by SEBI, Companies Act, RBI, Stock Exchanges and any other regulatory authorities.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	15	15
S. Mahalingam	15	15
T.K. Ramkumar	15	15
C.R. Muralidharan	15	14
Smt. CA. Abarna Bhaskar	15	14
Meetings held on: 17.04.2015, 22.05.2015, 22.06.2015, 22.07.2015, 12.08.2015, 24.08.2015, 21.09.2015, 29.10.2015, 21.11.2015, 22.12.2015, 27.01.2016, 11.02.2016, 24.02.2016, 12.03.2016 and 21.03.2016.		

The Company Secretary of the Bank acted as the Secretary of the Committee in all the meetings.

II. Stakeholders Relationship Committee

The Committee monitors the redressal of shareholders / Investor grievance mechanism and reviews the transfer, transmission, transposition, non receipt of share certificate, refund order / dividend warrant etc., approved by the Executive Committee of the Bank in a time bound manner. Also, a periodical report 'Investor Grievances & Redressal Status Report' received from the Registrar and Share Transfer Agents is placed before the committee for their perusal.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
T. K. Ramkumar	04	04
Prof. V. Kamakoti	04	04
S. Mahalingam	04	04
Smt. CA. Abarna Bhaskar	04	03
Justice (Retd.) S.R. Singaravelu	04	03
Meetings held on: 17.04.2015, 12.08.2015, 29.10.2015 and 27.01.2016		

Name and Designation of the Compliance Officer: Shri V. Ramesh, General Manager

All complaints received from investors during the year have been attended to and redressed within the time limits prescribed by SEBI.

III. Credit Committee

A sub-committee has been formulated to review the sanction of credit proposals within specified limit which are recommended to it by Credit Appraisal Committee (CRAPCO). The proposals falling beyond the limits are considered by the Board. The Committee functions within the terms of reference as delegated to it.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	14	14
Dr. N. Kamakodi	14	13
R.G. Chandramogan	14	12
Justice (Retd.) S.R. Singaravelu	14	10
R. Mohan	14	14
Meetings held on: 23.05.2015, 22.06.2015, 22.07.2015, 12.08.2015, 24.08.2015, 21.09.2015, 29.10.2015, 21.11.2015, 22.12.2015, 27.01.2016, 11.02.2016, 24.02.2016, 12.03.2016 and 21.03.2016		

IV. Committee to Review NPA and Suit Accounts

The Committee is specifically formed to review NPA accounts, suit filed and decreed debts on quarterly basis.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	04	04
Dr. N. Kamakodi	04	04
T.K. Ramkumar	04	04
Justice (Retd.) S.R. Singaravelu	04	02
R. Mohan	04	04
Meetings held on: 22.06.2015, 21.09.2015, 22.12.2015 and 24.02.2016		

V. Risk Management Committee

The Risk Management Committee of the Board of Directors functions with the following main objectives:

- To oversee the performance of Risk Management function in pursuance of the Risk Management Guidelines issued periodically by RBI & Board.
- To recommend to the Board in defining risk appetite, tolerance and to initiate risk mitigation techniques.
- To review systems of Risk Management framework, compliance to identify, measure, control and report key risks and internal controls.
- To prepare framework for alignment of business strategy with the Board's risk appetite / directives / guidelines.

- e. To review the Asset Liability Management (ALM) of the Bank on regular basis.
- f. To decide the policy and strategy for Integrated Risk Management containing various risk exposures of the Bank including the credit, market, liquidity, operational, reputation risk and other risks specified under Pillar II.
- g. To review risk return profile of the Bank, Capital Adequacy based on the risk profile of the Bank's Balance Sheet, Basel – II implementation, assessment of Pillar II risk under Internal Capital Adequacy Assessment Process (ICAAP), business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures.
- h. To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives, and to issue necessary directions thereof.
- i. To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	04	04
Dr. N. Kamakodi	04	04
C.R. Muralidharan	04	04
Prof. V. Kamakoti	04	04
R. Mohan	04	04
Meetings held on: 22.06.2015, 21.09.2015, 21.11.2015 and 24.02.2016		

VI. Customer Service Committee

The Reserve Bank of India (RBI) as per the recommendations of Shri. S. S. Tarapore committee set up the Banking Codes and Standards Board of India (BCSBI) to ensure effective customer service by the Banks. The BCSBI ensures that the common person as a consumer of financial services from the Banking Industry is in no way at a disadvantageous position and really gets what he / she has been promised.

In accordance with BCSBI guidelines, the Bank is having an effective Customer Service Committee for monitoring the quality of services rendered to its customers and ensuring regulatory compliances in this regard. To ensure effectiveness, the Bank has constituted a standing committee on customer service at the executive level which reviews the suggestions / complaints of customers. The customer service committee of the Board based on the feedback and recommendations made by standing committee takes necessary actions aiming at enhanced customer centric Banking.

The following are some of the major functions being carried out by customer service committee:

- a. Bringing about ongoing improvements in the quality of customer service provided by the Bank and exploring innovative measures towards enhancing the quality of customer service and improving the level of customer satisfaction of all categories of the Bank's clientele.
- b. Provide guidance in improving the customer service level.

- c. Compliance with the recommendations of the Committee on Procedures and Performance Audit on Public Services (CPPAPS) constituted by RBI under the Chairmanship of Dr. S.S.Tarapore, former Deputy Governor of RBI.
- d. To ensure that the Bank provides and continues to provide, best in class service across all categories of customers which will help the Bank in protecting and enhancing its brand equity.
- e. To examine any other issues having a bearing on the quality of customer service rendered.
- f. To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.
- g. To review the details and basis of awards, if any, passed by the Banking Ombudsmen on our Bank.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	01	01
Dr. N. Kamakodi	01	01
T.K. Ramkumar	01	01
Prof. V. Kamakoti	01	01
Justice (Retd.) S.R. Singaravelu	01	01
Meeting held on: 21.09.2015		

VII. Nomination Committee

The Nomination Committee of the Board of Directors functions with the following main objectives:

- a. To undertake a process of due diligence to determine the suitability of any person for appointment / continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.
- b. To examine the vacancies that will come up at the Board on account of retirement or otherwise i.e., succession planning.
- c. To review the composition of Committees of the Board, and identify and recommend to the Board, the Directors who can best serve as members of each Board Committee.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	02	02
R.G. Chandramogan	02	02
Prof. V. Kamakoti	02	02
Justice (Retd.) S.R. Singaravelu	02	01
Smt.CA. Abarna Bhaskar (since 24.02.2016)	01	01
Meetings held on: 17.04.2015 and 24.02.2016		

VIII. Special Committee to Monitor Large value Frauds

As per the directions of the Reserve Bank of India, the Board has constituted a special committee exclusively to monitor and follow up cases of fraud amounting to Rupees One Crore and above. The terms of reference of the committee include:

- Review the functioning of the Operating Unit of the Special Surveillance and Investigation Cell especially with regard to large value fraud monitoring, investigation and follow-up.
- Identify the lacunae, if any, in the systems that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay in detection, if any, reporting to top management of the Bank and Reserve Bank of India.
- Monitoring the progress of CBI / Police investigation and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place additional measures as may be desired to strengthen preventive measures against frauds.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	03	03
Dr. N. Kamakodi	03	03
C.R. Muralidharan	03	03
T.K. Ramkumar	03	03
Justice (Retd.) S.R. Singaravelu	03	03
Meetings held on: 23.05.2015, 29.10.2015 and 12.03.2016		

IX. Compensation & Remuneration Committee

The committee formulates and reviews the remuneration / compensation policy of the Bank as per the directions of RBI. The committee also administers the Employee Stock Option Scheme of the Bank.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	03	03
Justice (Retd.) S.R. Singaravelu (upto 31.12.2015)	02	02
R.G. Chandramogan	03	03
S. Mahalingam	03	03
R. Mohan	03	03
Smt. CA. Abarna Bhaskar (w.e.f. 24.02.2016)	01	01
Meetings held on: 12.08.2015, 21.09.2015 and 24.02.2016		

X. Premises Committee

The Premises Committee was constituted to decide on the purchase of new premises / vacant building / flats for accommodation of branch and staff members, construction / renovation of premises etc.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	01	01
Dr. N. Kamakodi	01	01
T.K. Ramkumar	01	01
R.G. Chandramogan	01	01
Meeting held on: 29.10.2015		

XI. Information Technology Strategy Committee

The Board of the Bank, pursuant to the recommendation of the Gopalakrishna Committee has constituted Information Technology Strategy Committee with the objective to perform the functions as mentioned below:

1. Approving IT strategy and policy documents;
2. Ensuring that the management has put an effective strategic planning process in place;
3. Ensuring that the IT strategy is aligned with business strategy;
4. Ensuring that the IT organizational structure serves business requirements and direction;
5. Supervising the implementation of the processes and practices that ensure IT delivers value to the businesses;
6. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
7. To determine the IT resources needed to achieve strategic goals and provide direction for sourcing and use of IT resources;
8. Ensuring proper balance of IT investments for sustaining Bank's growth;
9. Assess the exposure towards IT risks and its controls and evaluating effectiveness of management's monitoring of IT risks;
10. Assessing Senior Management's performance in implementing IT strategies;
11. Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	03	03
Dr. N Kamakodi	03	03
C.R. Muralidharan	03	03
T.K. Ramkumar	03	03
Prof. V Kamakoti	03	03
S. Mahalingam	03	03
Smt. CA. Abarna Bhaskar	03	03
Meetings held on: 22.06.2015, 29.10.2015 and 24.02.2016		

XII. Corporate Social Responsibility Committee

In accordance with the provision of Section 135 of the Companies Act, 2013 r/w the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board has constituted a Corporate Social Responsibility Committee consisting of majority of Independent Directors.

The committee frequently meets to develop CSR strategies in line with the statutory guidelines and suitably recommends to the Board for its consideration. A brief terms of reference of CSR Committee is as follows:

- To formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013
- To recommend the amount of expenditure to be incurred on activities specified in clause (a)
- To monitor the CSR Policy of the Bank from time to time
- To institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Bank and
- To perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, SEBI, Stock Exchange and other regulatory authority or under any applicable laws, as may be prescribed from time to time.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	06	06
Dr. N. Kamakodi	06	05
R.G. Chandramogan	06	06
T.K. Ramkumar	06	06
Prof. V. Kamakoti	06	06
Meetings held on: 17.04.2015, 22.07.2015, 21.09.2015, 21.11.2015, 27.01.2016 and 21.03.2016		

CUB Foundation has been formed to carry out CSR activities of the Bank.

XIII. Meeting of Independent Directors

The Independent Directors of the Bank met on 21st March 2016, inter alia to discuss and review:

- the performance of Non-Independent Directors and the Board.
- the performance of the Chairman of the Bank taking into account the views of Executive and Non-Executive Directors, and;
- the quality, quantity and timeliness of information flow between the Bank management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

4. REMUNERATION PAID TO THE DIRECTORS DURING THE YEAR ENDED 31ST MARCH 2016

The Bank has paid remuneration to the Chairman and the Managing Director & CEO respectively in accordance with the terms and conditions as approved by the RBI and the shareholders.

Remuneration paid to Chairman and MD & CEO

Shri. S. Balasubramanian, Part-Time Non-Executive Chairman, was paid a total remuneration of ₹ 12,00,000/- for the period from 1st April 2015 to 31st March 2016.

Dr. N. Kamakodi, Managing Director & CEO was paid a total remuneration of ₹ 65,65,152/- for the period from 1st April 2015 to 31st March 2016.

Remuneration to Non - Executive Directors:

No remuneration is paid to the Non - Executive Directors except sitting fees of ₹ 50,000/- and ₹ 10,000/- respectively for attending each Board / Committee meeting and other expenses viz., travelling, boarding and lodging etc., incurred in connection thereto.

5. GENERAL BODY MEETINGS

The particulars of Annual General Meetings held during the last three years and the Special Resolutions passed thereat are as under:

Sl.No.	Date	Time	Venue	Special Resolutions considered thereat
1.	24.08.2015	10:25 a.m.	"Raya Mahal", 45 - 46, Gandhi Adigal Salai, Kumbakonam - 612 001	Issue of shares under Qualified Institutions Placement (QIP) route.
2.	23.08.2014	10:35 a.m.		To increase FII limit in the Bank upto 40% of paid up capital.
3.	30.08.2013	10:15 a.m.		To increase FII limit in the Bank upto 35% of paid up capital. Issue of shares under Qualified Institutions Placement (QIP) to Qualified Institutional Buyers (QIBs).

- I. Special Resolution Passed through EGM - NIL**
- II. Special Resolution passed through Postal Ballot & voting pattern**

Date	Agenda
24.08.2015	Issue of shares under Qualified Institutions Placement (QIP) route.
Details of Voting pattern	
Resolution No.7	No. of valid votes polled - 295163454 No. of votes in favour - 295136089 No. of votes against - 27365
Scrutinizer	M/s B.K.Sundaram & Associates, Practising Company Secretaries, Tiruchirapalli, was appointed as scrutinizer to conduct the e-voting / postal ballot exercise.

In terms of Regulation 44 of the SEBI Listing Regulations, remote e-voting / facility of postal ballot is being provided to all members to exercise their votes in respect of all shareholders' resolutions intended to be moved at the ensuing AGM of the Bank. The detailed procedure for such voting is prescribed under Notice of AGM forming part of Annual Report.

6. PERFORMANCE EVALUATION

In line with the provisions of the Companies Act, 2013 and the revised Regulation 19 of SEBI Listing Regulations 2015, our Bank this year under review carried a formal evaluation process for reviewing the performance of the Board, Board Committees, Chairman, Non-Independent and Independent Directors. The evaluation was conducted through a structured questionnaire covering various aspects of Board Governance, Composition, Competencies, guidance etc. The Board carried out an annual evaluation of its own performance and of its committees.

Evaluation of the Chairman and Non-Executive Non-Independent Director(s) was carried out by the Independent Directors in their separate meeting. The Independent Directors were evaluated by the Board as a whole excluding the Director being evaluated. The overall performance of the Board, committees and individual Directors was agreed to be satisfactory by all the Directors.

7. DISCLOSURES

Related Party Transactions

The Board of Directors of the Bank has formulated a policy on Related Party transactions pursuant to the provisions of the Companies Act, 2013 and listing regulations. There were no significant "Related Party Transactions" of any material, financial & commercial nature with the Bank by the Directors and their relatives that would have potential conflict with the interest of the Bank at large. A detailed policy on the Related Party Transaction is available at the Bank's website

(weblink: http://www.cityunionbank.com/PageMenuDocs/CUB_Related_Party_Transaction.pdf)

Strictures and Penalties

The Bank has complied with all the requirements regarding capital market related matters and has not been imposed any penalty or stricture by Stock Exchanges, RBI and SEBI / other regulatory authorities on any such matter during the year under report.

8. WHISTLE BLOWER / VIGIL MECHANISM

The Bank promotes ethical practices in all its business activities and has put in place a well defined whistle blower mechanism as per the requirements of RBI, the Companies Act 2013 and the SEBI Listing Regulations, for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Bank's Code of Conduct or Ethics Policy.

In this regard, the Bank affirms that no employee has been denied access to the Managing Director / Audit Committee of the Board under the Whistle Blower Mechanism of the Bank. Further, during the year under review no reference was received from any source under Whistle Blower Policy.

9. REMUNERATION POLICY

a) Remuneration to Executive Directors

There exists a Board approved Compensation Policy which deals with the remuneration and other corporate benefits to the Whole Time / Executive Director. At present only the MD&CEO the Bank is a whole time director on the Board and as such his remuneration is covered by such policy. The remuneration of MD&CEO is recommended by the Compensation and Remuneration committee to the Board of Directors for approval. The remuneration or revision in remuneration is subject to the approval by the Reserve Bank of India in terms of the Banking Regulation Act 1949.

b) Remuneration to Non - Executive Directors

The Non Executive and other Independent Directors shall be entitled to sitting fees for attending the Board and committee meetings thereof. The Part - Time Non Executive Chairman of the Bank shall be entitled to remuneration as approved by the Reserve Bank of India in line with the provisions of the Banking Regulation Act 1949.

10. ADHERENCE TO CODE OF CORPORATE GOVERNANCE

The Bank has in place a comprehensive code of conduct applicable to all members of the Board and Senior Management of the Bank depending on their roles and responsibilities. The code gives guidance and support needed for ethical conduct of business and compliance of law. The copy of the code is available in the Bank's website (www.cityunionbank.com) and the compliance of the same is affirmed by all Directors and senior management heads annually.

A declaration signed by the Bank's MD & CEO is published at the end of this report.

Further, the Bank has complied with all the applicable requirements as prescribed under clause 49 of the Listing Agreement / SEBI Listing Regulations 2015. A certificate to this effect from the Bank's Statutory Auditors M/s. P. Chandrasekar, Chartered Accountants, is annexed.

11. MEANS OF COMMUNICATION

a) Quarterly results

The Bank's quarterly results are disseminated to the stock exchanges within the prescribed time through NEAPS (National Electronic Application Processing System) to National Stock Exchange of India Ltd., and through BSE Corporate Compliance & Listing Centre to BSE Ltd., besides publication in "Dinamalar" / "Daily Thanthi" / "Dinamani", local Tamil newspapers and in "Business Line", a national English newspaper. The results are also displayed on the Bank's website (www.cityunionbank.com).

b) News releases and presentations to institutional investors / analysts

Official news releases and presentations are submitted to stock exchanges. The detailed presentations are made to institutional investors and financial analysts on the Bank's unaudited quarterly and audited financial results. The presentations are also uploaded on the Bank's website.

c) Website

The Bank's website contains a separate section "Investors" wherein all shareholders information's are available. The Annual Report for previous financial years are also available thereat which is downloadable in a user friendly manner.

12. OTHER DISCLOSURES

- a. The Bank has also ensured the implementation of non-mandatory items viz:

The Chairman's Office of the Bank is held by a Part - Time Non - Executive Chairman at the Banks Administrative Office situated at Kumbakonam.

The Bank is having separate post for Chairman and MD & CEO.

- b. The Bank follows a very formal and structured process in the appointment of Directors after carrying out necessary due diligence as required under the Banking Regulation Act, 1949 and Reserve Bank of India directives as applicable from time to time. As part of familiarisation programme, all the new and existing incumbents on the Board of the Bank are given presentations explaining the financial and risk parameters from time to time. The Directors are encouraged to attend the training programmes being organised by various institutions. During the year Prof. V Kamakoti & Shri. T.K.Ramkumar attended a seminar on IT Governance for Directors of Banks conducted by IDRBT. A familiarisation program on the new Audit functions for the entire Board members was conducted by a Chartered Accountant in Chennai during December 2015.

13. GREEN INITIATIVE

Your Bank has promoted and administered the green initiative proposed by the Ministry of Corporate Affairs and is effecting the electronic delivery of Notice of Annual General Meeting and Annual Report to the shareholders whose e-mail IDs are registered with the respective depository participants. The Companies Act, 2013 and Rules thereunder, Listing Regulations provides for circulation of Financial Statements electronically to the shareholders.

14. GENERAL SHAREHOLDER INFORMATION

Date, Time and Venue of AGM	22 nd August 2016 10:15 a.m. Raya Mahal, 45-46, Gandhi Adigal Salai, Kumbakonam - 612 001.
Financial Year	1 st April 2015 to 31 st March 2016
Book Closure	13 th August 2016 to 22 nd August 2016 (Both days inclusive)
Dividend Payment Date	From 24 th August 2016
Share Transfer Agent	Karvy Computershare Private Ltd., Unit: CITY UNION BANK LIMITED Karvy Selenium Tower B, Plot No.31 & 32, Financial Dist., Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana State, India.Ph: 040-67161509, Fax: 040-23420814 Toll Free No : 1800-345-4001 E-mail: einward.ris@karvy.com
Bank's address for Correspondence	CITY UNION BANK LIMITED CIN: L65110TN1904PLC001287 Shares Department, Administrative Office, 'NARAYANA', 24B, Gandhi Nagar, Kumbakonam - 612 001, Tamil Nadu. Ph: 0435-2402322, Fax: 0435-2431746 E-mail: shares@cityunionbank.com Website: www.cityunionbank.com
Company Secretary & Compliance Officer	Shri. V. Ramesh
Statutory Auditors	M/s P. Chandrasekar, Chartered Accountants, Bengaluru
Listing on Stock Exchange	The shares of the Bank have been listed at: 1. BSE Ltd., Scrip Code - 532210 2. National Stock Exchange of India Ltd., Scrip Code - CUB The listing fees payable to the Stock Exchanges for the Financial Year 2016-17, have been paid.

Market Price Data - Low / High during each month of the Financial Year 1st April 2015 to 31st March 2016

Month	NSE		BSE	
	Low	High	Low	High
April, 2015	91.75	99.80	91.55	98.95
May, 2015	94.15	104.00	94.30	104.05
June, 2015	96.65	105.55	96.00	105.65
July, 2015	97.70	104.30	98.00	105.95
Aug, 2015	90.00	101.80	88.00	101.50
Sep, 2015	85.35	95.10	85.75	96.20
Oct, 2015	85.50	92.45	85.70	92.30
Nov, 2015	84.50	90.50	84.25	90.90
Dec, 2015	85.00	93.90	84.80	94.00
Jan, 2016	77.80	92.80	76.90	92.90
Feb, 2016	79.60	89.40	79.40	88.70
Mar, 2016	84.00	95.20	83.70	96.00

Distribution of Shareholding

 (i) Share Distribution Schedule as on 31st March 2016

Sl. No.	Category (No. of shares)	No. of Holders	% of Holders	No. of Shares	% to Share Capital
1.	1 - 5000	79633	91.72	53706946	8.98
2.	5001 - 10000	3409	3.93	24751958	4.14
3.	10001 - 20000	1799	2.07	25080580	4.19
4.	20001 - 30000	657	0.76	16147433	2.70
5.	30001 - 40000	315	0.36	11149947	1.86
6.	40001 - 50000	194	0.22	8755188	1.46
7.	50001 - 100000	434	0.50	30662553	5.13
8.	100001 & above	384	0.44	427936674	71.54
TOTAL		86825	100.00	598191279	100.00

 (ii) Shareholding Pattern as on 31st March 2016

Sl. No.	Category	No. of Holders (Folios)	% of Holders	No. of Shares	% to Shares
1.	BANKS	6	0.01	524443	0.09
2.	BODIES CORPORATES	970	1.12	47758229	7.98
3.	CLEARING MEMBERS	110	0.13	283824	0.05
4.	DIRECTORS	12	0.01	2996781	0.50
5.	F.I.I.'s	45	0.05	64601644	10.80
6.	INDIAN FINANCIAL INSTITUTIONS	4	0.00	22595827	3.78
7.	MUTUAL FUNDS	58	0.07	34139329	5.71
8.	NON RESIDENT INDIANS	1318	1.52	4645847	0.78
9.	RELATIVES OF DIRECTORS	19	0.02	15211530	2.54
10.	RESIDENT INDIVIDUALS	84204	96.97	238433284	39.85
11.	TRUSTS	8	0.01	2746896	0.46
12.	FOREIGN PORTFOLIO INVESTMENTS	66	0.08	164223424	27.45
13.	NBFC	5	0.01	30221	0.01
TOTAL		86825	100.00	598191279	100.00

15. SHARE TRANSFER SYSTEM AND RELATED MATTERS
Shares Transfers

M/s. Karvy Computershare Pvt. Ltd., Hyderabad, the Registrar and Share Transfer Agents of the Bank (RTA), monitors the share transfer process. The shares sent for physical transfers are duly processed and the shares are transferred in the names of transferees complying with the rules and regulations in force.

The Bank obtains from a Company Secretary in practice, a half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI Listing Regulations and files a copy of the certificate with the stock exchanges. In addition, a half yearly compliance certificate signed by the compliance officer of the Bank and authorised signatory of the Bank's RTA is being submitted to the stock exchanges certifying compliance with Regulation 7(2) of SEBI Listing Regulations.

Also, as required under Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, a Reconciliation of Share Capital Audit is conducted on a quarterly basis by a Practicing Company Secretary and certificate issued in this regard are forwarded to the stock exchanges.

Further, as regards shareholders grievance matters viz. share transfers, transmission, duplicate share certificate etc., the RTA periodically submits a memorandum to the Bank containing the grievances redressed and pending / rejection report, which is approved by Executive level committee formed for the purpose. Such Executive level committee reports the transfer of securities to the Board of Directors in their meeting. A quarterly report on summary of all investor grievances and information's as received from the Bank's RTA are placed before the Stakeholders Relationship Committee for information and noting, which includes complaints received through SEBI Complaints Redress System "SCORES", if any.

Composition and meeting details:

Name (Sarvashri)	Designation
R. Venkatasubramanian	Senior General Manager
V. Ramesh	General Manager
K. Jayaraman	Deputy General Manager
Meetings held on: 07.04.2015, 16.04.2015, 20.04.2015, 25.04.2015, 07.05.2015, 15.05.2015, 25.05.2015, 09.06.2015, 15.06.2015, 24.06.2015, 06.07.2015, 13.07.2015, 21.07.2015, 04.08.2015, 17.08.2015, 28.08.2015, 03.09.2015, 10.09.2015, 28.09.2015, 08.10.2015, 16.10.2015, 20.10.2015, 27.10.2015, 02.11.2015, 13.11.2015, 23.11.2015, 26.11.2015, 15.12.2015, 31.12.2015, 02.01.2016, 18.01.2016, 01.02.2016, 03.02.2016, 29.02.2016, 07.03.2016 and 15.03.2016.	

Total No. of shares transferred in physical form during the year 1st April, 2015 to 31st March, 2016 is as follows :

No. of Transfers: 80
No. of Shares : 2,99,960

Nomination Facility

The provisions of the Companies Act, 2013 provide for Nomination facility to the members in respect of their shareholding. Members holding shares in physical form may obtain the share Nomination Form from the Bank / RTA or download from the website of the Bank. The members holding shares in electronic mode should contact their Depository Participant (DP) in this regard.

Bank Mandate

Electronic Clearing Service 'ECS' is an e-facility offered by the Bank, to its shareholder(s) whereby, the shareholder(s) can register their personal Bank details with the Bank's RTA / DP for availing various corporate benefits viz., Dividend etc., and get the credit in their registered Bank account by way of NEFT / RTGS / Direct credit.

As per the Bank's records on 31st March 2016, only 82% of the shareholder(s) have registered their ECS mandate. The shareholder(s), by availing this facility can mitigate the risk of non / late - receipt of Dividend Warrants, loss, misplace, Re-validation etc., and save their precious time involved in en-cashing the physical warrants.

Shares kept under Unclaimed Share Suspense Account

DISCLOSURE UNDER SCHEDULE V (F) OF SEBI LISTING REGULATIONS, 2015			
Sl.No.	Particulars	No. of shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares in the unclaimed suspense a/c as on 1 st April 2015	90	2,46,492
2	No. of shareholders who approached the issuer for transfer of shares from the unclaimed suspense a/c during FY 2015-16.	2	320
3	No. of shareholders to whom shares were transferred from the unclaimed suspense a/c during FY 2015-16.	1	162
4	Aggregate no. of shareholders and the outstanding shares lying in the unclaimed suspense a/c at 31 st March 2016	89	2,46,330

The voting rights on the shares outstanding in the suspense account as on 31st March 2016, shall remain frozen till the rightful owner of such shares claims the shares.

Dematerialisation of shares

The Paid up capital of the Bank as on 31st March 2016 is Rs.59,81,91,279/- which is duly listed in the stock exchanges NSE and BSE. Out of this 56,35,94,270 shares (94.22%) are held in Demat mode and 3,45,96,559 shares (5.78%) in physical form.

DECLARATION UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SEBI LISTING REGULATIONS 2015

I confirm that all Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Bank for the year ended 31st March 2016.

Date: 3rd May, 2016
Place: Kumbakonam

Dr. N. Kamakodi
Managing Director & CEO

Auditor's Certificate on Corporate Governance

To the members of **CITY UNION BANK LIMITED**

We have examined the compliance of conditions of Corporate Governance by City Union Bank Limited ("the Bank"), for the year ended on 31st March 2016, as stipulated in clause 49 of the Listing Agreement / Schedule V (E) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Regulations .

We further state that such compliance is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580S)

Place: Bengaluru
Date : 10th June, 2016

Sd/-
P. Chandrasekaran
Partner
M.No. : 26307

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Macro Economic Scenario

A. Global Economy

During the year 2015-16, the Global economic activity remained subdued despite some momentum it had at the beginning. The Chinese economy slowed down which resulted in further weakening of global trade activity. The US Federal Reserve increased the Fed Funds rate by 25 bps in December 2015 monetary policy. The European Central Bank had cut down the interest rate to Zero and reduced key deposit rate into negative territory. The Bank of Japan also surprised the market by adopting negative interest rate in January 2016. The three key transitions continued to influence the global economic outlook viz., the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services, lower prices for energy and other commodities and gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continued to ease monetary policy. While macroeconomic stability is returning to some emerging market economies (EMEs), geo-political tensions and high volatility in financial markets impede the resumption of momentum and the outlook remains challenging.

Oil prices declined markedly since September 2015, reflecting expectations of sustained increases in production by Organization of the Petroleum Exporting Countries (OPEC) members amid continued global oil production in excess of oil consumption. Futures markets are currently suggesting only modest increases in prices in 2016 & 2017. Prices of other commodities especially metals fell as well. Lower oil prices strained the fiscal positions of fuel exporters and weighed on their growth prospects, while supporting household demand and lowering business energy costs in importers, especially in advanced economies, while prices declines are fully passed on to end users.

Headline inflation has broadly moved sideways in most countries, but with renewed declines in commodity prices and weakness in global manufacturing weighing on traded goods prices it is likely to soften again. The Core inflation rates remained well below inflation objectives in advanced economies. Mixed inflation developments in emerging market economies reflect the conflicting implications of weak domestic demand and lower commodity prices vs marked currency depreciations over the past year.

B. Indian Economy

In the financial year 2015-16, the general economic slowdown continued, especially in the Banking sector and asset quality of almost all banks remained under stress throughout the year. India recorded GDP at a growth of 7.5% during the year as against the projected level of 7.6% for the period in the midst of global headwinds and truant monsoon. During the period 2015-16, inflation measured by the CPI (consumer price index) averaged around 4.9% as against above 6% in FY2015 with steep fall in crude and commodity prices and better food supply management. The level was maintained within the RBI projected level. The wholesale price index (WPI) remained in the negative territory and averaged at 2.8% against 2.1% during FY2015.

As a result of slowing down of the world economy, India's exports declined throughout the year. The rupee declined to ₹ 68 to the US dollar as the country found itself outperformed in export markets by much smaller countries like Bangladesh and Vietnam. As on 31st March 2016 the INR was trading at around ₹ 66. The foreign reserves were at about \$350 bn in March 2016 as against \$341.6 bn in FY2015.

The index of industrial production decelerated in 2015-16, due to weak manufacturing in an environment of subdued investment demand and weak rural consumption. Except for natural gas and crude oil, the core sector registered strong growth in April 2016 on account of a seasonal pick up in industries like electricity also supported by a low base. There were signs of improvement in the corporate performance.

Key Indicators - At A Glance

Parameter	Unit	2012-13	2013-14	2014-15	2015-16
GDP Growth	%	5.6	6.6	7.2	7.6
Savings rate	% of GDP	33.8	33.0	33.0	NA
Capital Formation rate	% of GDP	38.6	34.7	34.2	NA
Gross Tax Revenue	% of GDP	10.4	10.1	10.0	10.3
Per Capita Income	₹	71,050	79,412	86,879	93,231
Wholesale Inflation	%	7.4	6.0	2.0	-2.8
CPI Inflation	%	10.2	9.5	5.9	4.9
Export Growth	%	-1.8	4.7	-1.3	-17.6
Import Growth	%	0.3	-8.3	-0.5	-15.5
Current Account Balance / GDP	%	-4.8	-1.7	-1.3	-1.4
Forex Reserves	USD Billion	292.0	304.2	341.6	349.6
Average Exchange rate	₹ / USD	54.40	60.51	61.14	65.03
Fiscal Deficit	% of GDP	4.9	4.5	4.0	3.9
Revenue Deficit	% of GDP	3.7	3.2	2.9	2.8

Sources : RBI & IMF Bulletin

C. How your Bank is positioned

The Bank credit remained subdued during the period and RBI allowed the policy rates to remain steady and later in the year Repo rate was brought down by 75 bps to 6.75%. The growing stressed assets in public sector banks are major cause of concern for further lending. RBI also advised banks to tackle growing NPA and make suitable provision to clean up the books by March 2017. Despite weak global economy and moderate growth witnessed in Indian economy, during the period, the Bank had fared well and improved its business by 15% with an increase of Deposits and Advances by 13% and 17% respectively.

Your Bank during this year had entered its 111th year and has been consistently rewarding its shareholders with dividends. The Bank has always focused on customer centric banking aimed at overall growth. It is committed to best practices in terms of product offerings, technology, service levels, risk management, audit and compliance. Your Bank is committed to do so while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. The Bank understands and respects its fiduciary role and responsibility to all stakeholders and strives to meet their expectations. The cardinal principles of Independence, accountability, responsibility, transparency, fair and timely disclosures serve as the basis of our approach to good corporate governance.

Your Bank believes that diversity and independence of the Board, transparent disclosures, shareholder communication and effective regulatory compliance are necessary for creating and sustaining shareholder value. The Bank has infused these principles into all its activities. Also it has a well documented Code of Conduct which defines the high business responsibility and ethical standards to be adhered to while conducting the business of the Bank and mandates compliance with legal and regulatory requirements.

The financial performance of your Bank during the financial year ended 31st March 2016 remained healthy with a total income of ₹ 3,354.19 crore as compared to ₹ 3,102.96 crore during the previous year recording a growth of 8.10% and the total net revenues (net interest income plus other income) increased by 14.82% to ₹ 1,391.01 crore from ₹ 1,211.47 crore in the previous financial year. The net interest income grew by 21.51% supported by loan growth of 17.49% coupled with a net interest margin (NIM) of 3.81% for the year ended 31st March 2016.

Other income earned for the financial year ended 31st March 2016 stood at ₹ 409.98 crore. In other income front, the integrated treasury operations played a major role in earning exchange profit as surplus cash were deployed in overseas market to earn increased return. The other income also included an amount of ₹ 13.60 crore being the incentive received from RBI on account of installation of BNA (Bulk Note acceptor) at our Branches.

Operating non interest expenses increased from ₹ 518.82 crore in the previous financial year to ₹ 557.73 crore in the year under consideration. During the year, Bank opened 50 new branches and installed 254 ATMs which resulted in higher infrastructure and staffing expenses. Staff expenses increased to ₹ 213.17 crore. Cost to income ratio was at 40.10% for the year ended 31st March 2016 as against 42.83% for the previous year.

Total provisions and contingencies were ₹ 388.59 crore for the financial year ended 31st March 2016 as compared to ₹ 308.52 crore during the previous year. The provision coverage ratio was 60.01%.

Your Bank's profit before tax was ₹ 602.69 crore, an increase of 15.68% over the year ended 31st March 2015. The net profit for the year ended 31st March 2016 was ₹ 444.69 crore, up by 12.57% over the year ended 31st March 2015. Return on equity was 15.60% while the basic earnings per share increased from ₹ 6.82 to ₹ 7.44 per equity share and the diluted earnings per share stood at ₹ 7.27. The book value per share of the Bank increased from ₹ 45.18 to ₹ 51.02 as on 31st March 2016, as compared with previous year.

The total balance sheet of the Bank stood at ₹ 31,251.96 crore as on 31st March 2016, an increase of 12.13% over the previous year figure of ₹ 27,871.13.

The deposits of the Bank increased to ₹ 27,158 crore as on 31st March 2016 compared to ₹ 24,075 crore as on 31st March 2015. The total demand deposits (CASA) increased by 19.48% to ₹ 5532.56 crore. The proportion of current and savings deposits to total deposits was at 20.37% as on 31st March 2016. During the financial year under review, gross advances grew by 17.49% to ₹ 21,253 crore. Your Bank's credit deposit ratio was at 78% as on 31st March 2016.

The number of branches has increased by 50 in the previous year to reach 525 mark. Your Bank has proposed to widen its network by opening more number of new branches and ATMs during this financial year.

D. Segmentwise Performance

I. Deposits of the Bank comprise of the following

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total (%)
1.	Demand Deposit	1919.23	7.07
2.	Savings Deposit	3613.33	13.30
3.	Term Deposit	21625.57	79.63
Total		27158.13	100.00

II. Investments of the Bank consist of the following

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total (%)
1.	Govt Securities	5904.99	93.37
2.	Other approved securities	Nil	Nil
3.	Shares, Debentures / Bonds and Mutual funds	47.23	0.74
4.	Security Receipts	372.23	5.89
Total		6324.45	100.00

III. Performance of various Business Segments

The Bank operates under four business segments namely Corporate / Wholesale Banking, Retail Banking, Treasury and Other Banking Operations.

Segments	Gross Profit (₹ in crore)	Percentage to total (%)
Treasury	320.19	38.42
Corporate Banking	226.28	27.16
Retail Banking	281.98	33.84
Other Banking Operations	4.83	0.58
Total	833.28	100.00

E. Risk Management

Integral to Bank business, the Bank takes on various types of risk, the most important of which are credit risk, market risk and operational risk. The identification, measurement, monitoring and management of risk remain a key focus area for the Bank. Sound risk management and balancing risk-reward trade-offs are critical to the Bank's success. Business and revenue growth are therefore to be weighed in context of the risks implicit in the Bank's business strategy. Your Bank has in place, a sound Risk Management Architecture established by the active involvement and supervision of Board of Directors. The Board of the Bank has constituted a Risk Management Committee which lays down the parameters establishing the frame work for Risk Management. Under the Board level Committee, the Risk Management Committee of Executives functions to ensure the policy guidelines approved by the Board are implemented and adhered to. It guides the policies, procedures and systems for managing and controlling various risks. The Committee reviews the risk level and direction, portfolio composition, risk appetite for all risks and also the stress tests for each risk.

Your Bank has a Risk Management team that reports directly to the Senior Management who work under the guidance of Board of Directors. The overall risks faced by the Bank and the risk appetites are evaluated by the team which develops policies and procedures, verifying the models that are used for pricing products, identifying new risks etc. Risk Management practices have been aligned with the best industry practices and are adaptable to a dynamic operating environment and market conditions.

The Bank is BASEL II compliant since 31st March 2009. The Bank has implemented the BASEL III Capital Regulations from 01.04.2013, by computing the Capital and Risk weighted Assets as per RBI guidelines dated May 2, 2012. The Bank presently adopts Standardized Approach for credit and market risks and Basic Indicator Approach for operational risks. Necessary initiatives have been taken for moving over to advanced approaches under BASEL II as per the timelines indicated by RBI. An independent Risk Management Department is functioning to measure, monitor and control all risks paving way for effective Enterprise-wide Risk Management. The Bank has implemented "Internal Capital Adequacy Assessment Process" (ICAAP) in line with the Basel III requirement.

The overall risk of the Bank is being managed through three Committees viz.

- i) Credit Risk Management Committee (CRMC)
- ii) Asset and Liabilities Management Committee (ALCO)
- iii) Operational Risk Management Committee (ORMC)

The Bank has put in place the following policies to manage various types of Risks apart from the overall Integrated Risk Management Policy to measure, monitor and control all the enterprise-wide risks and with the objective of integrating all the risks of the Bank.

1. Credit Risk Management Policy
2. Asset and Liability Management Policy
3. Operational Risk Management Policy
4. Stress Testing Policy
5. Pillar III Disclosure Policy
6. Business Continuity Plan Policy
7. Inspection and Audit Policy
8. Internal Capital Adequacy Assessment Process (ICAAP) Policy
9. Credit Risk Mitigation and Collateral Management Policy
10. Integrated Risk Management Policy
11. Loan Policy (Including Recovery Policy)
12. Integrated Treasury Policy (Rupee & Forex)
13. Policy on Unhedged Foreign currency exposures of corporate including SME's

On the advice of the said three Committees and based on the said policy norms your Bank is able to identify, measure, monitor, analyze, control and mitigate the risks at every stage, prescribe and monitor prudential limits and manage them to face the changing risk environment. The disclosures on Quarterly / Half Yearly / Annual Basis as per the Pillar III Disclosure Policy are reported/incorporated in the Bank's website / Annual Report. Stress tests are conducted to gauge the level of risk in the assumed crisis situation and remedial / preventive steps have been taken to mitigate risks in all areas.

F. Internal Control Systems and their Adequacy

Your bank recognizes the importance of good internal control mechanism which is the key to sustainability of any organization. The system ensures that all internal regulations and regulatory guidelines are strictly complied and adhered to by all the business units while achieving the targeted business and profitability parameters. The inspection department of the bank ensures adherence to laid out systems and procedures are regularly followed by the branches. There is a system of periodical overall inspection of the branches, special credit inspection, jewel loan inspection and concurrent audit. The compliance of KYC & AML regulations and the system of regular KYC inspection has been introduced in all the branches to ensure effective control in account opening process to monitor and report unusual and high value suspicious transactions. The Audit Committee of the Board reviews the internal inspection and concurrent audit report of the branches on a monthly basis and also reviews the performance and status of the compliance with regard to regulatory / internal guidelines. Your bank has an effective credit monitoring system including offsite monitoring of operations on a real time basis, stock audit of large borrowal accounts by external audit agencies and credit audit to ensure compliance of sanctioned terms and conditions. Proper record maintenance, customer confidentiality, strong vigilance and alert system, zero tolerance policy of fraud, corruption and financial irregularities which receive focused attention of the top management as per the bank's internal control policy.

As per Reserve Bank of India's guidelines risk based internal audit system has been introduced in all the branches with the periodicity of inspection varying as per the risk category of the respective branches. The computer systems department is subjected to System Audit by external agencies on an ongoing basis to mitigate risk under computerized environment. Identified branches contributing more than 70% of the business are under concurrent audit.

Your Bank is having an exclusive Compliance Department headed by a compliance officer to ensure implementation and compliance of all the directives issued by the regulators, the bank's Board of Directors and those contained in the Bank's internal control policy.

G. Human Resource Development / Industrial Relations

The Bank attaches very high value for its dedicated and loyal human resources across all cadres. Providing congenial working atmosphere, extending mutual trust, recognizing talents, rewarding the sincere and hardworking, addressing problems and motivating them to achieve the goals of the organization are some of the policies successively pursued by the Bank over a period of time. The Bank strongly believes that fundamental values governing the attitude and self respect of the employees across all cadres must be respected and nurtured. Employee engagement and imparting knowledge, enhancing productivity, development of leadership qualities and integrating new generation employees in the system were the highlights of the policies followed by the Bank.

All employees of the Bank periodically undergo in-house training or in reputed institutions for developing their special functional and behavioral skills to align with the fast changing business models. They are also sponsored for various seminars to sharpen their operational functions. As part of succession planning recruitment and promotion including lateral entries are undertaken periodically. Rewards and recognition play a key role to attract, retain and engage employees. Your Bank also grants employee stock options in order to align employee efforts to the creation of shareholder value.

As in the past the Bank has maintained a cordial and healthy industrial state with the employees. The number of employees on roll of the Bank as on 31st March 2016 was 4,517.

H. Discussions on Financial performance with respect to Operational performance

The Bank's financial performance with respect to operational performance can be enumerated as per the following parameters:

Particulars	Current Year	Previous Year
Deposits rose by (₹ in crore)	3083.18	2058.06
Cost of deposits	7.62%	8.15%
Gross advances rose by (₹ in crore)	3164.56	1864.92
Yield on Advances	12.83%	13.18%
Total Yield on Investments	8.08%	8.57%
Net Interest Income rose by (₹ in crore)	173.67	47.98
Number of branches increased to	525	475
Staff productivity increased to (₹ in crore)	10.69	9.65

I. Outlook

As per the Second Bi-monthly monetary policy statement 2016-17 issued by RBI, the repo rate under the liquidity adjustment facility (LAF) was at 6.5%, CRR (Cash Reserve Ratio) of Scheduled Banks remained unchanged at 4.0% of net demand and time liabilities (NDTL) and the reverse repo rate under the LAF stood adjusted to 6% and the marginal standing facility (MSF) rate and the Bank rate at 7%.

Reserve Bank of India would continuously monitor macroeconomic and financial developments for any further scope of policy action. Incoming data reflected a sharper than anticipated upsurge in inflationary pressures emanating from a number of food items (beyond seasonal effects), as well as a reversal in commodity prices. A strong monsoon continued astute food management as well as steady expansion in supply capacity, especially in services, could help offset the upward pressures. The stance of monetary policy remains accommodative. To support the revival of growth, more monetary transmission continues to be critical. The Government's reform measures on small savings rates combined with the Reserve Bank refinements in the liquidity management framework would help the transmission of past policy rate reductions into lending rates of banks. The Reserve Bank would shortly review the implementation of the Marginal Cost Lending Rate framework by banks. Timely capital infusions into constrained public sector banks will also aid credit flow.

Your Bank has proposed to add more branches and ATMs to garner a higher percentage of growth in the current financial year. With the economy's expected GDP growth of 8% for the current year, the Bank is confident of achieving a higher share of business and profits ably supported by sophisticated technology, trained and motivated work force besides of course, the needed capital funds.

INDEPENDENT AUDITORS' REPORT

THE MEMBERS OF CITY UNION BANK LIMITED

Report on the Standalone Financial Results

1. We have audited the accompanying standalone annual financial statements of City Union Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31st March, 2016, the Profit & Loss Account and the Cash Flow statement for the year then ended and a summary of significant accounting policies and notes to the standalone financial statements.

Management's Responsibility for the Standalone Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and the guidelines issued by the Reserve Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments the auditor considers internal financial control relevant to the bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for the banking companies and give a true and fair view of the state of affairs of the Bank as at 31st March, 2016, its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

6. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014.

7. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dt. 04th September 2015 ,we report that;
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - (c) The financial results incorporate the relevant returns of 5 branches / offices of the Bank audited by us and 523 branches audited by the other auditors, specially appointed for this purpose.
8. Further, as required by section 143(3) of the Companies Act, 2013, we further report that;
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March 2016 taken on record by the board of directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i. The bank disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 12.1 to the standalone financial statements;
 - ii. The bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts - Refer Note 10.1 to the standalone financial statements; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580 S)

P. Chandrasekaran
Partner
M.No. : 26037

Place: Chennai
Date : 23rd May, 2016

Annexure 1

To The Independent Auditors' Report of even date on the Standalone
Financial Statements of City Union Bank LimitedReport on the Internal Financial Controls under Clause (i) of Sub-section 3 of
Section 143 of the Companies Act 2013 ("the Act")**TO THE MEMBERS OF CITY UNION BANK LIMITED**

We have audited the Internal financial controls over financial reporting of City Union Bank Limited ("the Bank") as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its Business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an Audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in

reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the bank has, in all material respects, an adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580 S)

P. Chandrasekaran
Partner
M.No. : 26037

Place: Chennai
Date : 23rd May, 2016

BALANCE SHEET AS ON 31st MARCH, 2016

(₹ in thousands)

	Schedule No.	AS ON 31.03.2016	AS ON 31.03.2015
CAPITAL AND LIABILITIES			
Share Capital	1	59,81,91	59,65,68
Reserves and Surplus	2	2992,17,66	2635,86,54
Deposits	3	27158,13,13	24074,95,56
Borrowings	4	112,54,57	168,81,64
Other Liabilities & Provisions	5	929,28,86	931,83,27
Total		31251,96,13	27871,12,69
ASSETS			
Cash and Balances with Reserve Bank of India	6	1362,56,81	1233,50,69
Balances with Banks & Money at Call and Short Notice	7	1237,50,29	1303,26,40
Investments	8	6324,45,14	5870,67,43
Advances	9	21056,91,62	17965,50,04
Fixed Assets	10	217,55,60	210,41,40
Other Assets	11	1052,96,67	1287,76,73
Total		31251,96,13	27871,12,69
Contingent Liabilities	12	6504,39,93	7536,51,96
Bills for Collection		309,84,65	266,46,33

V. RAMESH
GM - CFO & CS

Dr. N. KAMAKODI
MD & CEO

S. MAHALINGAM
Chairman

R. VENKATASUBRAMANIAN
Senior General Manager

R.G. CHANDRAMOHAN
C.R. MURALIDHARAN
R. MOHAN
ABARNA BHASKAR
K. JAYARAMAN
Deputy General Manager

Justice (Retd.) S.R. SINGHARAVELU
Prof. V. KAMAKOTI
M. NARAYANAN

Directors

 For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580 S)

P. Chandrasekaran
Partner
M.No. : 26037

Chennai
23rd May, 2016

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2016

(₹ in thousands)

	Schedule No.	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
I INCOME			
Interest Earned	13	2944,20,78	2698,85,63
Other Income	14	409,97,77	404,10,43
Total		3354,18,55	3102,96,06
II EXPENDITURE			
Interest Expended	15	1963,17,39	1891,48,80
Operating Expenses	16	557,72,85	518,82,26
Provisions and Contingencies		388,59,00	308,51,89
Total		2909,49,24	2718,82,95
III PROFIT / LOSS			
Net Profit		444,69,31	395,02,04
Profit brought forward		6,96,06	6,87,41
Total		451,65,37	401,89,45
Exceptional Items		Nil	10,88,93
IV APPROPRIATIONS			
Statutory Reserves		115,00,00	103,00,00
Capital Reserve		8,71,29	7,59,93
General Reserve		188,00,00	173,35,11
Special Reserve under IT Act, 1961		40,00,00	32,00,00
Dividend & Dividend Tax		92,49,50	78,98,35
Balance carried over to Balance Sheet		7,44,58	6,96,06
Total		451,65,37	401,89,45

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 For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580 S)

P. Chandrasekaran
Partner
M.No. : 26037

 Chennai
23rd May, 2016

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in thousands)

		AS ON 31.03.2016		AS ON 31.03.2015
SCHEDULE - 1 CAPITAL				
Authorised Capital (100,00,00,000 Equity Shares of ₹ 1/- each)		100,00,00		100,00,00
Issued Capital (59,81,91,279 / 59,65,67,800 Equity Shares of ₹ 1/- each)		59,81,91		59,65,68
Subscribed and Paid-up Capital (59,81,91,279 / 59,65,67,800 Equity Shares of ₹ 1/- each)	59,81,91		59,65,68	
Less: Calls unpaid	Nil	59,81,91	Nil	59,65,68
Total		59,81,91		59,65,68
SCHEDULE - 2 RESERVES AND SURPLUS				
I. Statutory Reserves				
Opening Balance	691,00,00		588,00,00	
Additions during the year	115,00,00	806,00,00	103,00,00	691,00,00
II. Capital Reserves				
Opening Balance	53,95,07		46,35,14	
Additions during the year	8,71,29	62,66,36	7,59,93	53,95,07
III. Share Premium				
Opening Balance	801,07,41		451,90,38	
Additions during the year	4,11,31	805,18,72	349,17,03	801,07,41
IV. Revenue and Other Reserves				
i) General Reserve				
Opening Balance	929,50,00		756,14,89	
Additions during the year	188,00,00	1117,50,00	173,35,11	929,50,00
ii) Investment Reserve Account				
Opening Balance	2,37,99		2,37,99	
Additions during the year	Nil	2,37,99	Nil	2,37,99
iii) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961				
Opening Balance	151,00,00		119,00,00	
Additions during the year	40,00,00	191,00,00	32,00,00	151,00,00
V. Balance in Profit and Loss Account		7,44,59		6,96,07
Total		2992,17,66		2635,86,54

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2016	AS ON 31.03.2015
SCHEDULE - 3 DEPOSITS		
A I. Demand Deposits		
i) From Banks	28,88	48,84
ii) From Others	1918,94,08	1667,58,82
II. Savings Deposits	3613,33,41	2962,58,95
III. Term Deposits		
i) From Banks	138,03,12	35,35,40
ii) From Others	21487,53,64	19408,93,55
Total	27158,13,13	24074,95,56
B i) Deposits of Branches in India	27158,13,13	24074,95,56
ii) Deposits of Branches outside India	Nil	Nil
Total	27158,13,13	24074,95,56
SCHEDULE - 4 BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	Nil	20,00,00
ii) Other Banks	6,76	9,94
iii) Other institutions and agencies	72,47,81	108,71,70
iv) Subordinated debt	40,00,00	40,00,00
II. Borrowings from outside India	Nil	Nil
Total	112,54,57	168,81,64
III. Secured Borrowings included in I	Nil	Nil
SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS		
I. Bills Payable	178,38,00	174,92,80
II. Inter-Office Adjustments (net)	Nil	Nil
III. Interest Accrued	224,88,08	212,92,68
IV. Others (including Provisions)	526,02,78	543,97,79
Total	929,28,86	931,83,27
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in Hand (including foreign currency notes)	262,80,68	281,05,77
II Balances with Reserve Bank of India		
i) In Current Accounts	1099,76,13	952,44,92
ii) In Other Accounts	Nil	Nil
Total	1362,56,81	1233,50,69

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2016	AS ON 31.03.2015
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
a) In Current Accounts	202,53,12	194,33,78
b) In Other Deposit Accounts	11,00,00	60,30,00
	<u>213,53,12</u>	<u>254,63,78</u>
ii) Money at Call and Short notice		
a) With Banks	Nil	Nil
b) With Other Institutions	Nil	Nil
Total	<u>213,53,12</u>	<u>254,63,78</u>
II. Outside India		
In Current Accounts	30,14,67	48,62,62
In Deposit Accounts	993,82,50	1000,00,00
Total	<u>1023,97,17</u>	<u>1048,62,62</u>
Grand Total	<u>1237,50,29</u>	<u>1303,26,40</u>
SCHEDULE - 8 INVESTMENTS		
I. In India		
i) Government Securities	5904,98,61	5487,52,43
ii) Other Approved Securities	Nil	Nil
iii) Shares	16,89,59	23,43,23
iv) Debentures and Bonds	30,33,74	37,42,09
v) Subsidiaries / Joint Ventures	Nil	Nil
vi) Others	372,23,20	322,29,68
Total	<u>6324,45,14</u>	<u>5870,67,43</u>
Gross Investments in India	<u>6326,17,14</u>	5872,39,43
Less : Provision for Investment Depreciation	1,72,00	1,72,00
Net Investments in India	<u>6324,45,14</u>	<u>5870,67,43</u>
II. Outside India	Nil	Nil
Grand Total	<u>6324,45,14</u>	<u>5870,67,43</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2016	AS ON 31.03.2015
SCHEDULE - 9 ADVANCES		
A. i) Bills Purchased and Discounted	259,46,62	233,69,85
ii) Cash Credits, Overdrafts and Loans repayable on Demand	13672,16,61	11658,48,65
iii) Term Loans	7125,28,39	6073,31,54
Total	21056,91,62	17965,50,04
B. i) Secured by tangible assets (includes advances against Book debts)	20340,15,74	17475,33,50
ii) Covered by Bank / Government Guarantees	310,27,69	295,05,69
iii) Unsecured	406,48,19	195,10,85
Total	21056,91,62	17965,50,04
C. I. Advances in India		
i) Priority Sector	10272,42,07	8312,21,76
ii) Public Sector	310,27,69	295,05,69
iii) Others	10474,21,86	9358,22,59
Total	21056,91,62	17965,50,04
II. Advances outside India	Nil	Nil
Grand Total	21056,91,62	17965,50,04
SCHEDULE - 10 FIXED ASSETS		
I. Premises		
i) At Cost as at 31 st March of the preceding year	57,50,73	55,44,21
ii) Additions during the year	5,63,79	2,06,52
iii) Sales / Adjustments during the year	Nil	Nil
Total	63,14,52	57,50,73
iv) Depreciation to date	10,39,89	9,82,56
Total	52,74,63	47,68,17

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2016	AS ON 31.03.2015
II. Other Fixed Assets (including Furniture and Fixtures)		
i) At Cost as at 31st March of the preceding year	376,13,66	303,04,40
ii) Additions during the year	54,77,21	73,50,32
Total	430,90,87	376,54,72
iii) Deductions / Adjustments during the year	1,15,04	41,06
Total	429,75,83	376,13,66
iv) Depreciation to date	264,94,86	213,40,43
Total	164,80,97	162,73,23
Grand Total	217,55,60	210,41,40

SCHEDULE - 11 OTHER ASSETS

I. Inter office Adjustments	Nil	42,31,50
II. Interest accrued	123,02,41	134,59,57
III. Tax paid in Advance / Tax deducted at source	426,17,12	405,94,79
IV. Stationery and Stamps	68,15	59,39
V. Others	503,08,99	704,31,48
Total	1052,96,67	1287,76,73

SCHEDULE - 12 CONTINGENT LIABILITIES

I. Claims against Bank not acknowledged as debts	3,93,11	3,58,95
II. Liability for partly paid Investments	Nil	Nil
III. Liability on account of outstanding Forward Exchange Contracts	4788,55,90	5892,14,70
IV. Guarantees given on behalf of Constituents		
- In India	1312,90,72	1196,55,24
- Outside India	40,02,32	29,73,96
V. Acceptances, endorsements and other obligations	343,90,18	407,75,32
VI. Other items for which the Bank is contingently liable	15,07,70	6,73,79
Total	6504,39,93	7536,51,96

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
SCHEDULE - 13 INTEREST EARNED		
I. Interest / Discount on Advances / Bills	2367,59,63	2166,19,78
II. Income on Investments	540,97,09	492,44,82
III. Interest on Balances with Reserve Bank of India and other Inter-Bank funds	12,89,66	12,83,29
IV. Others	22,74,40	27,37,74
Total	2944,20,78	2698,85,63
SCHEDULE - 14 OTHER INCOME		
I. Commission, Exchange and Brokerage	44,55,92	42,99,21
II. Profit / Loss on sale of Investments (net)	45,33,55	60,31,60
III. Profit / Loss on revaluation (Amortization)	Nil	Nil
IV. Profit / Loss on sale of Land, Buildings and other assets	-41,80	-5,68
V. Profit on Exchange transactions (net)	80,57,86	68,89,13
VI. Miscellaneous Income	239,92,24	231,96,17
Total	409,97,77	404,10,43
SCHEDULE - 15 INTEREST EXPENDED		
I. Interest on Deposits	1922,97,14	1853,16,53
II. Interest on RBI / Inter-Bank Borrowings	27,90,93	22,79,68
III. Others	12,29,32	15,52,59
Total	1963,17,39	1891,48,80
SCHEDULE - 16 OPERATING EXPENSES		
I. Payments to and provision for employees	213,16,84	210,27,39
II. Rent, taxes and lighting	100,42,03	89,01,61
III. Printing and Stationery	8,61,15	9,56,99
IV. Advertisement and publicity	17,86,14	21,67,63
V. Depreciation on Bank's property	52,42,82	46,72,55
VI. Directors' fees, allowances and expenses	77,61	78,55
VII. Auditors' fees and expenses	1,51,59	1,16,63
VIII. Law charges	25,28	51,02
IX. Postage, Telegrams, Telephone, etc.	12,14,48	12,61,44
X. Repairs and Maintenance	47,23,21	33,73,52
XI. Insurance	26,12,23	23,60,62
XII. Other expenditure	77,19,47	69,14,31
Total	557,72,85	518,82,26
Exceptional Item - Depreciation	Nil	10,88,93

NOTES ON ACCOUNTS
1. CAPITAL

(₹ in crore)

Sl. No.	Particulars	31 st March 2016		31 st March 2015	
		Basel II	Basel III	Basel II	Basel III
i)	Common Equity Tier 1 Capital Ratio (%)	15.28%	15.09%	16.07%	16.03%
ii)	Tier 1 Capital Ratio (%)	15.28%	15.09%	16.07%	16.03%
iii)	Tier 2 Capital Ratio (%)	0.52%	0.49%	0.52%	0.49%
iv)	Total Capital Ratio (CRAR) (%)	15.80%	15.58%	16.59%	16.52%
v)	Percentage of shareholding of the Government of India in Public Sector Banks	NA		NA	
vi)	Amount of Equity Capital raised	0.16 *		5.38	
vii)	Amount of Additional Tier 1 Capital raised; of which, PNCPS PDI	Nil		Nil	
viii)	Amount of Tier 2 Capital raised; of which, Debt Capital Instrument Preference Share Capital Instruments - PCPS / RNCPS / RCPS	Nil		Nil	

* During the year 2015-16, the Bank has allotted 16,23,479 (P.Y 71,91,961) equity shares aggregating to ₹ 4.28 crore (P.Y. ₹ 13.32 crore) pursuant to exercise of shares under ESOP.

2. INVESTMENTS

(₹ in crore)

Particulars	31 st March 2016	31 st March 2015
(1) Value of Investments		
(i) Gross value of Investments		
(a) In India	6326.17	5872.39
(b) Outside India	Nil	Nil
(ii) Provision for Depreciation		
(a) In India	1.72	1.72
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	6324.45	5870.67
(b) Outside India	Nil	Nil
(2) Movement of provision held towards depreciation on Investments		
(i) Opening Balance	1.72	1.72
(ii) Add: Provision made during the year	Nil	Nil
(iii) Less: Write-off / Write-back of excess provision during the year	Nil	Nil
(iv) Closing Balance	1.72	1.72

2.1. Repo Transactions (in face value terms)

(₹ in crore)

Particulars	Outstanding during the year			As at 31 st March 2016
	Minimum	Maximum	Daily Average	
Securities sold under Repo				
i) Government Securities	31.20	790.40	39.55	574.08
ii) Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse Repo				
i) Government Securities	15.60	260.00	14.49	52.00
ii) Corporate debt securities	Nil	Nil	Nil	Nil

2.2 Non-SLR Investment Portfolio
i) Issuer Composition of Non-SLR Investments

(₹ in crore)

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of below "Investment Grade" Securities	Extent of "Unrated" Securities	Extent of "Unlisted" Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	22.43	17.00	Nil	Nil	2.00
2	Financial Institutions	2.53	1.00	Nil	Nil	1.00
3	Banks	14.30	11.00	Nil	Nil	Nil
4	Private Corporates	8.10	2.57	Nil	Nil	2.57
5	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
6	Others (Security receipts)	373.83	373.83	Nil	Nil	373.83
	Total	421.19	405.40	Nil	Nil	379.40
7	Provision held towards depreciation	1.72	***	***	***	***
	BALANCE	419.47	405.40	Nil	Nil	379.40

ii) Non - Performing Non - SLR Investments

(₹ in crore)

Particulars	31 st March 2016	31 st March 2015
Opening Balance	Nil	Nil
Additions during the year since 1 st April	Nil	Nil
Reductions during the above period	Nil	Nil
Closing Balance	Nil	Nil
Total provision held	Nil	Nil

2.3 Sale and Transfer to / from HTM category

During the year ended March 31, 2016, the bank has sold government securities from Held to Maturity category exceeding 5% of the book value of investments held in HTM category at the beginning of the year. The profit booked out of sale of HTM securities has been transferred to Capital Reserve. The market value of investments under HTM category as on March 31, 2016 was ₹ 5054.62 crore and as the market value was higher than the book value, the provision thereof is not required to be made.

3. DERIVATIVES

3.1 Forward Rate Agreement / Interest Rate Swap

(₹ in crore)

Sl. No.	Particulars	31 st March 2016	31 st March 2015
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the bank upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

3.2 Exchange Traded Interest Rate Derivatives

(₹ in crore)

Sl. No.	Particulars	31 st March 2016	31 st March 2015
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March 2016 (instrument-wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

3.3 Disclosures on risk exposure in derivatives

3.3.1 - Qualitative Disclosure:

A. Structure and Organisation for Management of risk in derivatives trading

Operations in the Treasury are segregated into three functional areas, namely Front office, Mid-office and Back-office equipped with necessary infrastructure and trained officers, whose responsibilities are well defined. The Bank enters into plain vanilla forward contracts only to backup / cover customer transactions as also for proprietary trading purpose.

The Integrated Treasury policy of the Bank clearly lays down the scope of usages, approval process as also the limits like the open position limits, deal size limits and stop loss limits for trading.

The Mid-Office is handled by Risk Management Department. Daily report is generated by Risk Management department for appraisal of the risk profile to the senior management for Asset and Liability Management.

B. Scope and nature of risk measurement, risk reporting and risk monitoring systems

Outstanding forward contracts are monitored by Risk Management Department against the limits (Counterparty, Stop loss, Open Position, VaR, Aggregate Gap) fixed by the Board and approved by RBI (wherever applicable) and exceedings, if any, are reported to the Board for ratification.

C. Policies for hedging and / or mitigating and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants

The Bank's policy lays down that the transactions with the corporate clients are to be undertaken only after the inherent credit exposures are quantified and approved for customer appropriateness and suitability and necessary documents like ISDA agreements etc. are duly executed. The Bank adopts Current Exposure Method for monitoring the credit exposures.

While sanctioning the limits, the competent authority stipulates condition of obtaining collaterals / margin as deemed appropriate. The derivative limits are reviewed periodically along with other credit limits.

D. Accounting policy for recording the hedge and non-hedge transactions, recognition of Income premiums and discounts, valuation of outstanding contracts, provisioning, collateral and credit risk mitigation

Valuation of outstanding forward contracts are done as per FEDAI guidelines in force. Marked to market profit & loss are taken to Profit & Loss account. MTM profit & loss calculated as per Current Exposure method are taken into account while sanctioning forward contract limits to customers and collaterals / cash margins are prescribed for credit and market risks.

The Bank undertakes foreign exchange forward contracts for its customers and hedges them with other banks. The credit exposure on account of forward contracts is also considered while arriving at the total exposure of each customer / borrower. The Bank also deals with other banks in proprietary trading duly adhering to risk limits permitted by RBI, set in the policy and is monitored by mid-office. The Marked to Market values are monitored on monthly basis for foreign exchange forward contracts. The credit equivalent is computed under current exposure method. The operations are conducted in terms of the policy guidelines issued by Reserve Bank of India from time to time and as approved by the Board of the Bank.

3.3.2 - Quantitative Disclosure:

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
(i)	Derivatives (Notional Principal Amount)				
	a) for hedging	1178.63	1003.45	Nil	Nil
	b) for trading	3609.92	4888.69	Nil	Nil
(ii)	Marked to Market Positions (1)				
	a) Assets (+)	56.26	52.14	Nil	Nil
	b) Liability (-)	34.19	31.30	Nil	Nil

3.3.2 - Quantitative Disclosure: (Contd.)

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
(iii)	Credit Exposure (2) @	152.03	169.98	Nil	Nil
(iv)	Likely impact of one percentage change in interest rate (100 * PV01)				
	a) on hedging derivatives	Nil	Nil	Nil	Nil
	b) on trading derivatives	Nil	Nil	Nil	Nil
(v)	Maximum and Minimum of 100 * PV01 observed during the year				
	a) on hedging	Nil	Nil	Nil	Nil
	b) on trading	Nil	Nil	Nil	Nil

@ → Out of the total credit exposure of ₹ 152.03 crore (₹ 169.98 crore), exposure to the tune of ₹ 112.88 crore (₹ 140.46 crore) is out of Inter-Bank deals accepted for guaranteed settlement by Clearing Corporation of India (CCIL) and exposure to the tune of ₹ 31.46 crore (₹ 21.56 crore) is out of other Inter-Bank deals. Balance ₹ 7.69 Crores (₹ 7.96 crore) is out of forward contracts outstanding with customers.

4. ASSET QUALITY
4.1. Non-Performing Assets

(₹ in crore)

Sl. No.	Particulars	31 st March 2016	31 st March 2015
(i)	Net NPAs to Net Advances (%)	1.53%	1.30%
(ii)	Movement of Gross NPAs		
	Opening balance	335.82	293.06
	Additions during the year	428.99	425.09
	Reductions during the year	252.83	382.33
	Closing balance	511.98	335.82
(iii)	Movement of Net NPAs		
	Opening balance	232.79	197.29
	Additions during the year (Net)	292.83	342.19
	Reductions during the year	202.47	306.69
	Closing balance	323.15	232.79
(iv)	Movement of provisions for NPAs (excluding provisions on Standard Assets)		
	Opening balance	103.03	95.77
	Provisions made during the year	205.00	165.00
	Write-off / Write back of excess provisions	121.36	157.74
	Closing balance	186.67	103.03

4.2 Particulars of Accounts Restructured

As per Annexure I.

4.3 Details of financial assets sold to Securitisation / Reconstruction company for Asset Reconstruction

(₹ in crore)

Sl. No.	Particulars	31 st March 2016	31 st March 2015
a.	Number of Accounts	Nil	142
b.	Aggregate value (Net of provision) of accounts sold to SC / RC	Nil	331.63
c.	Aggregate consideration	Nil	422.32
d.	Additional consideration realized in respect of accounts transferred in earlier years	Nil	0.48
e.	Aggregate gain / loss over net book value	Nil	91.17

Investments in Security Receipts

(₹ in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying		Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book value of Investments in Security Receipts	322.66	372.80	1.34	1.03	324.00	373.83

Sale of financial assets to ARCs, the quantum of excess provision reversed to the profit and loss account on account of sale of NPAs - Nil

4.4 Details of Non - Performing financial assets purchased / sold

4.4.1 Details of non performing financial assets purchased :

(₹ in crore)

Sl. No.	Particulars	31 st March 2016	31 st March 2015
1.	a) Number of accounts purchased during the year	Nil	Nil
	b) Aggregate outstanding	Nil	Nil
2.	a) Of these, No. of a/cs restructured during the year	Nil	Nil
	b) Aggregate outstanding	Nil	Nil

4.4.2 Details of non performing financial assets sold :

(₹ in crore)

Sl. No.	Particulars	31 st March 2016	31 st March 2015
1.	Number of accounts sold during the year	Nil	Nil
2.	Aggregate outstanding	Nil	Nil
3.	Aggregate consideration received	Nil	Nil

4.5 Provisions on Standard Assets

(₹ in crore)

Particulars	31 st March 2016	31 st March 2015
Provision towards Standard Assets	95.88	74.70

5. BUSINESS RATIOS

Particulars	31 st March 2016	31 st March 2015
Interest Income as a percentage to Working Funds	9.91%	10.17%
Non-Interest Income as a percentage to Working Funds	1.38%	1.52%
Operating Profit as a percentage to Working Funds	2.81%	2.61%
Return on Assets	1.50%	1.49%
Business per employee (₹ in crore)	10.69	9.65
Profit per employee (₹ in crore)	0.10	0.09

6. ASSET LIABILITY MANAGEMENT
Maturity Pattern of certain items of Assets and Liabilities - 31st March, 2016

(₹ in crore)

Period	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 Day	147.69	36.73	1200.31	0.07	88.52	55.61
2 to 7 days	470.72	315.92	219.08	0.00	324.94	254.54
8 to 14 days	979.09	1005.66	207.76	0.00	20.81	12.16
15 to 30 Days	475.62	333.82	468.89	30.00	1,075.67	1,022.46
31 days to 60 days	530.84	131.39	575.95	0.00	71.90	32.04
61 days to 90 days	682.12	273.07	501.25	0.00	145.37	158.10
Over 3 months & upto 6 months	1571.68	501.96	1076.35	18.12	635.88	569.57
Over 6 months & upto 1 year	2503.57	1487.11	419.49	18.12	808.85	874.05
Over 1 year & upto 3 years	17333.71	12748.03	1198.19	46.24	8.96	159.75
Over 3 years & upto 5 years	1737.16	1484.70	12.50	0.00	38.79	142.84
Over 5 years	725.93	2738.53	444.68	0.00	0.00	0.00
Total	27158.13	21056.92	6324.45	112.55	3219.69	3281.12

The above classification has been made on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

7. EXPOSURES
7.1 Exposure to Real Estate Sector

(₹ in crore)

Category	31 st March 2016	31 st March 2015
A) Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; *	1454.59	1140.21
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also includes Non-Fund Based (NFB) limits (Fund Based ₹ 1250.83 crore + NFB ₹ 10.76 crore)	1261.59	1058.18
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
B) Indirect Exposure		
Fund Based and Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) - (Fund Based ₹ 0.03 crore)	0.03	1.11
Total Exposure to Real Estate Sector	2716.21	2199.50

* includes individual housing loans eligible for inclusion in priority sector advances amounting to ₹ 660.29 Cr for the year ended 31.03.2016 and ₹ 505.68 cr for previous year 31.03.2015.

7.2 Exposure to Capital Market

(₹ in crore)

Sl. No.	Particulars	31 st March 2016	31 st March 2015
1.	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	15.90	22.43
2.	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investments in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	Nil	Nil
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units or equity oriented mutual funds are taken as primary security.	2.02	3.02
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds. i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	31.74	42.60
5.	Secured and Unsecured Advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	55.38	57.49
6.	Loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	Nil	Nil
7.	Bridge loans to companies against expected equity flows / issues.	Nil	Nil
8.	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	Nil	Nil
9.	Financing to stock brokers for margin trading.	Nil	Nil
10.	All exposures to venture capital funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market		105.04	125.54

7.3 Risk Category-wise Country Exposure *

(₹ in crore)

Risk Category	Exposure (net) as at March 2016	Provision held as at March 2016	Exposure (net) as at March 2015	Provision held as at March 2015
Insignificant	782.26	0.35	1076.84	0.32
Low	370.11	Nil	104.41	Nil
Moderately Low	0.82	Nil	0.81	Nil
Moderate	0.25	Nil	0.70	Nil
Moderately High	0.10	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Total	1153.54	0.35	1182.76	0.32

* Based on categorization followed by Export Credit Guarantee Corporation of India Ltd.

7.4 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank

Single Borrower Limit / Group Borrower Limit has not been exceeded during the year.

7.5 Unsecured Advances - Advances secured by intangible securities such as Rights, licences, authorisations, etc. - Nil

7.6 Amount of Provision for Income-Tax for the year

(₹ in crore)

Particulars	31 st March 2016	31 st March 2015
Provision for Income Tax	150.94	103.20
Deferred Tax	7.06	22.80

8. PENALTIES IMPOSED BY RBI

During the year, RBI has imposed penalty of ₹ 14,400/- for non-detection of forged and mutilated notes.

9. DISCLOSURES AS PER ACCOUNTING STANDARDS

The Bank has complied with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India and the following disclosures are made in accordance with RBI's guidelines.

i) Prior Period Items - AS 5

There are no material prior period items of income / expenditure during the year requiring disclosure.

ii) Revenue Recognition - AS 9

As mentioned in Accounting Policy (2) of Income / Expenditure of certain items recognised on cash basis.

iii) Employee Benefits - AS 15

The liability towards Gratuity is met through annual premium payments determined on actuarial valuation by Life Insurance Corporation of India under their Group Gratuity Life Assurance Scheme.

The Bank and its employees contribute a defined sum every month to City Union Bank Employees' Pension Fund Superannuation Scheme of Life Insurance Corporation of India to meet the post - retirement annuity payments of its employees.

Leave encashment benefits of employees are provided on an actuarial basis but not funded.

The summarized position of the employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard 15 (Revised) is as under.

Leave Encashment
a) Changes in the present value of the obligations: (₹ in crore)

Particulars	31 st March 2016
Present value of Obligation as at the beginning of the year	32.04
Interest cost	2.36
Current service cost	0.27
Past service cost - (non vested benefits)	Nil
Past service cost - (vested benefits)	Nil
Benefits paid	(4.26)
Actuarial (gain) / loss on obligation	7.22
Present value of obligation at year end	37.63

b) Amount recognized in Balance Sheet : (₹ in crore)

Particulars	31 st March 2016
Closing Present value Obligation	37.63
Fair value of Plan Assets	Nil
Difference	37.63
Unrecognised transitional liability	Nil
Unrecognised past service cost - non vested benefits	Nil
Liability recognized in the Balance sheet	37.63

c) Expenses recognized in Profit & Loss account : (₹ in crore)

Particulars	31 st March 2016
Current Service cost	0.27
Interest cost	2.36
Expected return on Plan Assets	Nil
Net Actuarial (gain) / loss recognised in the year	7.22
Total expenses recognized in the Profit & Loss Account	9.85

d) Principal actuarial assumption at the Balance Sheet Date:

Particulars	31 st March 2016
Discount factor	7.46%
Salary escalation rate	5.00%
Attrition rate	6.00%
Expected rate of return on Plan Assets	Nil

iv) Segment Reporting - AS 17

Summary of the Operating Segments of the Bank as follows:

(₹ in crore)

BUSINESS SEGMENTS	TREASURY		CORPORATE / WHOLESALE BANKING		RETAIL BANKING		OTHER BANKING OPERATIONS		TOTAL	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Particulars										
Revenue	702.53	661.87	868.64	754.88	1775.29	1674.54	7.73	11.67	3354.19	3102.96
Result	320.19	244.65	226.28	178.77	281.98	260.35	4.83	8.88	833.28	692.65
Unallocated Expenses									0.00	0.00
Operating Profit									833.28	692.65
Other Prov & Contingencies									230.59	182.52
Exceptional Items									0.00	10.89
Income Taxes									158.00	126.00
Net Profit									444.69	395.02
Other Information										
Segment Assets	8398.91	8233.32	7201.04	5949.47	14904.77	12927.53	Nil	Nil	30504.72	27110.32
Unallocated Assets									747.24	760.81
Total Assets									31251.96	27871.13
Segment Liabilities	7590.02	7480.31	6542.40	5405.59	13541.51	11745.73	Nil	Nil	27673.93	24631.63
Unallocated Liabilities									526.03	543.98
Total Liabilities									28199.96	25175.61
Segment Capital	808.89	753.01	658.64	543.88	1363.26	1181.79	Nil	Nil	2830.79	2478.68
Unallocated Capital									221.21	216.84
Capital Employed									3052.00	2695.52

Part B - Geographic Segment:

The Bank operates only in India.

v) Related Party disclosures - AS 18

(i) Related Parties:

 Parent / Subsidiaries / Associates / JV - Nil
 Key Management Personnel - Dr. N. Kamakodi

(ii) Related Party Transactions:

(₹)

Particulars	31.03.2016	31.03.2015
Remuneration	49,92,500	44,15,000
Outstanding Housing Loan	43,02,240	43,15,301

vi) Leases -AS-19

- Lease rent paid for operating leases are recognized as an expense in the Profit & Loss Account in the year to which it relates.
- Future lease rents and escalation in the rent are determined on the basis of agreed terms.
- At the expiry of initial lease term, generally the Bank has an option to extend the lease for a further pre-determined period.
- The Bank does not have any financial lease.

vii) Earning Per share - AS 20

The details of EPS computation is set out below :

SI.No.	Particulars	2015-16	2014-15
A	Basic EPS after Exceptional items (₹)	7.44	6.82
B	Basic EPS before Exceptional items (₹)	7.44	6.63
C	Diluted EPS after Exceptional items (₹)	7.27	6.73
D	Diluted EPS before Exceptional items (₹)	7.27	6.55

Computation of Basic EPS (after Exceptional items)

SI.No.	Particulars	2015-16	2014-15
A	Net Profit /(₹ in crore)	444.69	395.02
B	Weighted number of shares	59,81,91,279	57,90,77,553
C	Basic EPS (A/B) (₹)	7.44	6.82
D	Nominal Value per share (₹)	1.00	1.00

Computation of Diluted EPS (after Exceptional items)

SI.No.	Particulars	2015-16	2014-15
A	Net Profit /(₹ in crore)	444.69	395.02
B	Weighted number of shares	61,19,05,122	58,65,60,136
C	Diluted EPS (A/B) (₹)	7.27	6.73
D	Nominal Value per share (₹)	1.00	1.00

Computation of Basic EPS (before Exceptional items)

Sl.No.	Particulars	2015-16	2014-15
A	Net Profit ((₹ in crore)	444.69	384.13
B	Weighted number of shares	59,81,91,279	57,90,77,553
C	Basic EPS (A/B) (₹)	7.44	6.63
D	Nominal Value per share (₹)	1.00	1.00

Computation of Diluted EPS (before Exceptional items)

Sl.No.	Particulars	2015-16	2014-15
A	Net Profit ((₹ in crore)	444.69	384.13
B	Weighted number of shares	61,19,05,122	58,65,60,136
C	Diluted EPS (A/B) (₹)	7.27	6.55
D	Nominal Value per share (₹)	1.00	1.00

viii) Consolidated Financial Statements (CFS) - AS 21

The bank has no subsidiaries.

ix) Accounting for Taxes on Income - AS 22

The major components of the Deferred Tax Asset and Liabilities as at 31st March, 2016 are as follows:

(₹ in crore)

Components	31 st March 2016	31 st March 2015
Deferred Tax Liability:		
Depreciation on Fixed Assets	9.60	12.92
Accrued Interest on Investments	29.47	31.10
Special Reserve under IT Act	66.20	52.26
Total Deferred Tax Liability (A)	105.27	96.28
Deferred Tax Asset:		
Provision for Advances (NPA)	17.67	17.68
Leave encashment	13.02	11.08
Provision for FITL	1.32	1.32
Total Deferred Tax Asset (B)	32.01	30.08
Net Deferred Tax Liability / (Asset) : (A-B)	73.26	66.20

x) Accounting for Investments in Associates in CFS - AS 23

The Bank has no Associates.

xi) Discontinuing Operations - AS 24

The Bank has not discontinued any operations.

xii) Intangible Assets - AS 26

The Bank has followed AS 26 - "Intangible Asset" issued by ICAI and the guidelines issued by RBI and has been consistent with the compliance.

xiii) Impairment of Assets - AS 28

In the opinion of the management there is no impairment to the assets to which AS 28 - "Impairment of Assets" applies.

xiv) Provisions & Contingencies - AS 29

The details of the provisions and contingencies, contingent liabilities, the movement of provisions on NPA's and depreciation on investments which are considered material are disclosed elsewhere under the appropriate headings as per RBI guidelines.

10. ADDITIONAL DISCLOSURES
10.1 Break up of Provisions and Contingencies

(₹ in crore)

Particulars	31 st March 2016	31 st March 2015
Provision for		
- Depreciation on Investments (net)	0.00	0.82
- Non Performing Assets	205.00	165.00
- Standard Assets	21.18	7.00
- Income Tax	158.00	126.00
- Restructured Accounts	-10.50	-11.00
- Unhedged Exposure	0.83	1.13
- Country Exposure	0.03	0.32
- Others	14.05	19.25
Total	388.59	308.52

10.2.1 Movement in Countercyclical Provisioning Buffer for NPA

(₹ in crore)

SI.No.	Particulars	31 st March 2016	31 st March 2015
a)	Opening Balance	9.65	19.30
b)	Additions during the year	Nil	Nil
c)	Deductions during the year	Nil	9.65
d)	Closing Balance	9.65	9.65

10.2.2 Movement in Floating Provisions

(₹ in crore)

SI.No.	Particulars	31 st March 2016	31 st March 2015
a)	Opening Balance	9.00	9.00
b)	Additions during the year	Nil	Nil
c)	Deductions during the year	Nil	Nil
d)	Closing Balance	9.00	9.00

10.3 Drawdown from Reserves

The Bank has not drawn any amount from Reserves during the year.

10.4 Customer Complaints

SI.No.	Particulars	Number of Customer Complaints		
		General	ATM related	Total
a)	No. of complaints pending at the beginning of the year	0	34	34
b)	No. of complaints received during the year	164	10149*	10313
c)	No. of complaints redressed during the year	161	10173	10334
d)	No. of complaints pending at the end of the year	3	10	13

* of which 2,824 complaints related to operation in other Bank ATMs.

Classification of customer complaints received during the quarter ended 31.03.2016 compared to the previous quarters:

Sl. No.	Classification	Complaints received during the quarter ended									
		31.03.2015		30.06.2015		30.09.2015		31.12.2015		31.03.2016	
		No.	%	No.	%	No.	%	No.	%	No.	%
1	Advances	3	5.66	3	8.33	7	19.44	3	5.88	3	7.32
2	ATM	8	15.09	3	8.33	5	13.89	5	9.80	11	26.83
3	Credit Card	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
4	Customer Services	0	0.00	1	2.78	4	11.11	3	5.88	4	9.76
5	Deposits	5	9.43	0	0.00	0	0.00	3	5.88	0	0.00
6	General Banking	5	9.43	4	11.11	11	30.56	16	31.37	13	31.71
7	Govt. Schemes	1	1.89	16	44.44	0	0.00	0	0.00	0	0.00
8	Miscellaneous	10	18.87	0	0.00	0	0.00	3	5.88	1	2.44
9	Remittances	3	5.66	0	0.00	1	2.78	3	5.88	3	7.32
10	Technology	18	33.96	9	25.00	8	22.22	15	29.41	6	14.63
	TOTAL	53		36		36		51		41	

10.5 Awards passed by the Banking Ombudsman

SI.No.	Particulars	No. of Awards
a)	No. of unimplemented Awards at the beginning of the year	Nil
b)	No. of Awards passed by Banking Ombudsman during the Year	Nil
c)	No. of Awards implemented during the year	Nil
d)	No. of unimplemented Awards pending at the end of the year	Nil

10.6 **Letters of Comfort issued during the financial year 2015-16 : Nil**

10.7 **Provision Coverage Ratio (PCR)**

The Provision Coverage Ratio (PCR) of the Bank as on 31st March, 2016 is 60.01%.

10.8 **Bancassurance Business**

Income from Bancassurance Business for the financial year 2015 -16 is ₹ 4.42 crore.

10.9 **Concentration of Deposits, Advances, Exposures and NPAs**

10.9.1 **Concentration of Deposits**

(₹ in crore)

	31 st March, 2016	31 st March, 2015
Total Deposits of twenty largest depositors	3062.98	2339.23
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	11.28%	9.72%

10.9.2 **Concentration of Advances**

(₹ in crore)

	31 st March, 2016	31 st March, 2015
Total Advances to twenty largest borrowers	1117.85	1071.38
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	5.25%	5.92%

10.9.3 **Concentration of Exposures**

(₹ in crore)

	31 st March, 2016	31 st March, 2015
Total Exposure to twenty largest borrowers / customers	1648.22	1577.49
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	5.92%	6.87%

10.9.4 **Concentration of NPAs**

(₹ in crore)

	31 st March, 2016	31 st March, 2015
Total Exposure to top four NPA accounts	163.61	73.23

10.10 Sector - wise Advances

(₹ in crore)

Sl. No.	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	3391.10	53.72	1.58%	3041.31	51.80	1.70%
2	Advances to industries sector eligible as priority sector lending	3205.83	31.88	0.99%	2521.95	32.77	1.30%
3	Services	2754.63	66.41	2.41%	2065.60	37.78	1.83%
4	Personal Loans	Nil	Nil	Nil	Nil	Nil	Nil
5	All other priority	920.86	51.07	5.55%	683.36	40.33	5.90%
	Sub-Total (A)	10272.42	203.08	1.98%	8312.22	162.68	1.96%
B	Non Priority Sector						
1	Agriculture and allied activities	Nil	Nil	Nil	Nil	Nil	Nil
2	Industry	1928.78	112.31	5.82%	1823.59	56.89	3.12%
3	Services	1554.97	32.44	2.09%	1373.36	23.85	1.74%
4	Personal Loans	861.37	44.11	5.12%	719.63	29.84	4.15%
5	All other Non-Priority	6635.56	120.04	1.81%	5859.74	62.56	1.07%
	Sub-Total (B)	10980.68	308.90	2.81%	9776.32	173.14	1.77%
	Total (A+B)	21253.10	511.98	2.41%	18088.54	335.82	1.86%

10.11 Movement of NPAs

(₹ in crore)

Particulars	31 st March 2016	31 st March 2015
Gross NPAs as on 1st April	335.82	293.06
Additions (Fresh NPAs) during the year	428.99	425.09
Sub-Total (A)	764.81	718.15
Less:-		
(i) Upgradations	54.61	22.74
(ii) Recoveries (excluding recoveries made from upgraded accounts)	73.44	211.84
(iii) Technical / Prudential write-offs	118.97	64.84
(iv) Write-offs other than those under (iii) above	5.81	82.91
Sub-Total (B)	252.83	382.33
Gross NPAs as on 31st March (A-B)	511.98	335.82

Stock of technical write-offs and the recoveries made thereon :

(₹ in crore)

Particulars	31 st March 2016	31 st March 2015
Opening Balance of Technical / Prudential written-off accounts as at 1 st April	212.42	222.60
Add : Technical / Prudential write-offs during the year	118.97	64.84
Sub-Total (A)	331.39	287.44
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	35.36	75.02
Closing Balance as at 31 st March (A - B)	296.03	212.42

10.12 Overseas Assets, NPAs and Revenue

(₹ in crore)

Particulars	31 st March 2016
Total Assets	Nil
Total NPAs	Nil
Total Revenue	Nil

10.13 Off-Balance Sheet SPVs sponsored

The Bank has not sponsored any SPVs. (Domestic / Overseas)

10.14 Unamortized Pension and Gratuity Liabilities – Nil.
10.15 Disclosures on remuneration
Qualitative Disclosures :

(a)	Information relating to the composition and mandate of the Remuneration Committee.	Compensation Committee comprising of five members constituted to oversee the framing, review and implementation of Compensation Policy.
(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	Key Features: i) Board oversees the design of the compensation package and operations. ii) Compensation commensurate with the responsibility and accountability. Objectives: i) Alignment of compensation with prudent risk taking. ii) Effective Supervisory oversight. iii) Sound Compensation Practices.
(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Compensation related to the types of risks and symmetric with risk outcomes.
(d)	Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.	Qualitative features such as skills, knowledge and abilities are factored in.

(e)	A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	i) ESOP and Reservation in Rights Issue to be the components of share based payment ii) Ex-gratia payment to be denied only in extreme cases of indiscipline, misuse of trust etc.
(f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.	Financial incentives, Ex-gratia and ESOPs form part of variable remuneration components.

Quantitative Disclosures :		Current Year	Previous Year
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	3 meetings were held during the financial year and the total remuneration paid during the year ₹ 1,20,000/-.	7 meetings were held during the financial year and the total remuneration paid during the year ₹ 2,70,000/-.
(h)	(i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign-on awards made during the financial year. (iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus. (iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in financial year.	NIL	NIL
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NIL	NIL
(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments. (ii) Total amount of reductions during the financial year due to ex-post explicit adjustments. (iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.	NIL	NIL

10.16 Disclosures relating to Securitisation

The outstanding amount of securitised assets as per books of the SPVs sponsored by the Bank and total amount of exposures retained by the bank as on 31st March, 2016 - Nil.

10.17 Credit Default Swaps

The bank has not entered into Credit Default Swaps during the Current Financial Year.

10.18 Intra-Group Exposures - Nil
10.19 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	6.66	Nil
Add : Amounts transferred to DEAF during the year	8.43	6.66
Less : Amounts reimbursed by DEAF towards claims	0.06	Nil
Closing balance of amounts transferred to DEAF	15.03	6.66

10.20 Unhedged Foreign Currency Exposure

a) In terms of RBI circular No. DBOD. NO. BP. BC. 85/21.06.200/2013-14 dated 15th January, 2014 with regard to Capital and Provisioning Requirements for exposures to entities with Unhedged Foreign Currency Exposure, the Bank has a policy approved by the Board of Directors.

b) The provision required for UFC exposure as on 31st March, 2016 is ₹ 1.96 crore has been made.

c) The incremental capital requirement for the unhedged forex exposure as on 31st March, 2016 has been determined based on the additional risk weight value of ₹ 2996.07 lakhs for the UFC exposure.

11. Liquidity Coverage Ratio
11.1 Disclosure Format

As per Annexure II

11.2 Quality disclosure around LCR

Liquidity Coverage Ratio has been prescribed by RBI based on LCR Standards published by BCBS. The LCR promotes short term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario in the immediate 30 days period.

LCR is defined as :

$$\frac{\text{Stock of High Quality Liquid Assets (HQLA)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

Total net cash outflows over the next 30 calendar days

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for the next 30 days period under a significantly severe liquidity stress scenario specified by RBI w.e.f 1st January, 2015.

While the BCBS specifies a ratio of minimum 100 % for all banks, RBI has made a graduated increase from 60 % to attain 100 % by 2019 as given in the schedule below :

Particulars	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

Composition of High Quality Liquid Assets (HQLA):

- Cash in hand
- Excess CRR balance as on that particular day
- Excess Government Securities in excess of minimum SLR requirement
- Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (presently to the extent of 2% of NDTL as allowed for MSF)
- Facility to avail liquidity for liquidity coverage ratio at 5% of NDTL
- Repo borrowings should be deducted
- AAA rated bonds and AA- & above rated bonds and adding marketable securities representing claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%
- Common equity shares not issued by the bank and included in NSE CNX Nifty and / or S & P BSE Sensex indices.

As regards the concentration of funding sources, the term "deposits from public" is the major source for the bank.

The currency mismatch in respect of foreign currency assets and liabilities is very minimal.

12.1 Income Tax

Provision for income tax in the current year is consistent with earlier years after considering various judicial decisions on certain disputed issues.

In the opinion of the management, no provision is considered necessary for earlier years towards disputed tax liability since for the tax claim of ₹ 409 crore (under Appeal) {previous year - ₹ 323 crore}, the Bank has to its support, appellate orders decided in its favour on similar issues.

12.2 Inter Branch Reconciliation

Reconciliation of Central Office accounts maintained by branches has been completed upto 31st March, 2016. Adjustment of outstanding entries in Inter Branch Reimbursement account, Clearing Difference Receivable, Funds in Transit and other similar accounts is in progress. In the opinion of the management, there is no consequential material impact.

12.3 Employees Stock Option

The bank has allotted 16,23,479 (PY 71,91,961) equity shares during the year to its eligible employees who have exercised their options granted under ESOS of the Bank.

12.4 In accordance with the RBI circular DBOD. No. BPBC.2/21.06.201/2013-14 dated 01.07.2013, banks are required to make half yearly Pillar III disclosures under Basel III capital requirements with effect from 30th September, 2013. The disclosures have been made available on the banks website.

12.5 CSR activities

₹ in crore

Particulars	2015 - 16	2014 - 15
Amount earmarked for CSR activities	8.92	6.32
Amount spent during FY 2014-15	Nil	3.54
Amount spent during FY 2015-16	10.45	-

(accounted under Schedule - 16 : Operating expenses - XII Other Expenditure)

- 12.6 Dividend and Dividend Tax includes interim dividend, final dividend, dividend tax for the year and dividend paid on shares allotted through QIP in July 2014.
- 12.7 There are no dues to Micro and Small Enterprises calling for disclosure as at 31st March 2016 as per the records available.
- 12.8 In accordance with RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated 16th July 2015, the Bank has classified the deposits placed with NABARD / SIDBI / NHB for meeting shortfall in priority sector lending under "Other Assets", which were hitherto included under the head "Investments".
- 12.9 Previous year's figures have been regrouped wherever necessary to conform to the current year classification.

ANNEXURE - I
DISCLOSURE ON RESTRUCTURED ACCOUNTS - YEAR ENDED 31.03.2016

(₹ in crore)

Sl. No.	Type of Restructuring	Under CDR MECHANISM				Under SME Debt Restructuring Mechanism				OTHERS				TOTAL								
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total						
1	Restructured of Accounts as on April 1 of the FY (Opening figures)*	No. of borrowers	2	Nil	Nil	Nil	2	8	1	10	10	4	2	2	Nil	6	14	3	1	Nil	18	
		Amount outstanding	74.86	Nil	Nil	74.86	17.76	17.76	0.13	17.89	17.89	168.01	0.06	0.06	0.13	Nil	168.07	260.63	0.06	0.13	Nil	260.82
		Provision thereon	7.10	Nil	Nil	7.10	2.88	2.88	Nil	2.88	2.88	4.89	Nil	Nil	Nil	Nil	4.89	14.87	Nil	Nil	Nil	14.87
2	Fresh restructuring during the year	No. of borrowers	Nil	Nil	Nil	Nil	27	27	Nil	27	27	4	4	4	Nil	4	31	Nil	Nil	Nil	31	
		Amount outstanding	Nil	14.35	Nil	14.35	18.02	18.02	Nil	18.02	18.02	71.51	Nil	Nil	Nil	71.51	89.53	Nil	14.35	Nil	103.88	
		Provision thereon	Nil	0.07	Nil	0.07	0.51	0.51	Nil	0.51	0.51	2.36	Nil	Nil	Nil	2.36	2.87	Nil	0.07	Nil	2.94	
3	Upgradations to restructured standard category during the FY	No. of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil	Nil	Nil	Nil	3	3	Nil	3	3	1	1	1	Nil	1	4	Nil	Nil	Nil	4	
		Amount outstanding	Nil	Nil	Nil	Nil	6.92	6.92	Nil	6.92	6.92	62.49	Nil	Nil	Nil	62.49	69.41	Nil	Nil	Nil	69.41	
		Provision thereon	Nil	Nil	Nil	Nil	0.08	0.08	Nil	0.08	0.08	0.92	Nil	Nil	Nil	0.92	1.00	Nil	Nil	Nil	1.00	
5	Downgradations of restructured accounts during the FY	No. of borrowers	-2	Nil	2	Nil	-1	-1	Nil	Nil	Nil	Nil	1	1	Nil	-3	1	1	2	Nil	Nil	
		Amount outstanding	-74.86	Nil	74.86	Nil	-0.29	-0.29	0.29	Nil	Nil	Nil	Nil	0.29	0.29	-75.15	0.29	74.86	0.29	74.86	Nil	
		Provision thereon	-7.10	Nil	7.10	Nil	-0.02	-0.02	0.02	Nil	Nil	Nil	Nil	0.02	0.02	-7.12	0.02	7.10	0.02	7.10	Nil	
6	Write-offs of restructured accounts during the FY	No. of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1	1	Nil	2	2	Nil	2	Nil	1	Nil	Nil	1	
		Amount outstanding	Nil	4.58	4.58	Nil	4.58	0.85	0.85	0.85	0.85	0.95	0.06	0.06	1.01	1.80	0.11	4.58	0.11	4.58	6.49	
		Provision thereon	Nil	3.86	3.86	Nil	3.86	2.68	2.68	2.68	2.68	3.45	Nil	Nil	3.45	6.13	0.02	3.86	0.02	3.86	10.01	
7	Restructured Accounts as on March as of the FY 16 (closing figures*)	No. of borrowers	Nil	Nil	2	Nil	2	31	1	33	33	7	7	7	Nil	7	38	3	3	Nil	44	
		Amount outstanding	Nil	84.63	84.63	Nil	27.72	27.72	0.13	28.14	28.14	176.08	Nil	Nil	Nil	176.08	203.80	0.24	84.76	Nil	288.80	
		Provision thereon	Nil	3.31	3.31	Nil	0.61	0.61	Nil	0.63	0.63	2.88	Nil	Nil	Nil	2.88	3.49	Nil	3.31	Nil	6.80	

Both Opening and Closing Figures are excluding the figures of standard restructured advances which do not attract higher provisioning and risk weight

1. Provision thereon figures represent erosion in fair value.
2. Include Borrowers account restructured as per FRP formulated by CEA.
3. SI 2 includes : Fresh Restructuring of ₹ 89.53 Crs includes additional facility to existing borrowers under CDR ₹14.35 Crs (1 Borrower) and SME ₹ 0.49 Crs (3 borrowers) but the borrower count is not taken into account for those existing borrowers given additional facility.
4. SI 6 includes Repayment of ₹1.80 Crs, Existing borrower under CDR(1 Borrower) - ₹4.58 Crs, SME - ₹0.85 Crs (2 Borrowers), NSME - ₹ 0.95 lakhs (2 Borrowers) Since these borrowers from whose a/c repayment has come are still o/s in March 16, their count is also not taken into account.
5. Provision of ₹3.49 Crs is for SI 4 < 2 yrs arrived basis ROI Method.

**ANNEXURE - II
DISCLOSURE FORMAT**

(₹ in crore)

LCR Disclosure Template	Current year for the Quarter ended								Previous Year*	
	Mar - 16		Dec - 15		Sep - 15		Jun - 15		Mar - 15	
	Total Unweighted Value (Avg)	Total Weighted Value (Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)
High Quality Liquid Assets	3406.56		3448.74		3938.99		3536.09		3053.34	
1 Total High Quality Liquid Assets (HQLA)	3406.56		3448.74		3938.99		3536.09		3053.34	
Cash Outflows										
2 Retail Deposits and deposits from small business customers, of which:										
(i) Stable Deposits	16679.83	1326.77	16138.37	1278.90	16107.48	1273.35	15573.60	1222.96	15087.43	1181.63
(ii) Unstable Deposits	6824.93	341.24	6698.73	334.94	6748.01	337.40	6687.90	334.39	6542.34	327.12
3 Unsecured Wholesale funding	9854.90	985.53	9439.64	943.96	9359.47	935.95	8885.70	888.57	8545.09	854.51
(i) Operational Deposits (all counterparties)	2175.48	1171.37	2030.41	1141.53	2007.14	1092.93	2557.87	1409.42	2491.05	1332.74
(ii) Non operational deposits (all counterparties)	0.27	0.07	1.17	0.29	0.84	0.21	0.68	0.17	1.88	0.47
(iii) Unsecured debt	2175.21	1171.30	2029.24	1141.24	2006.30	1092.72	2557.19	1409.25	2489.17	1332.27
4 Secured Wholesale funding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5 Additional requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Outflows related to derivative exposures and derivative exposures and other collateral requirements	2799.12	207.04	2931.79	221.97	2755.53	180.74	2743.84	180.39	2075.32	133.66
(ii) Outflows related to loss of funding on debt products	24.11	24.11	21.83	21.83	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6 Other Contractual Funding Obligations	2775.01	182.93	2909.96	200.14	2755.53	180.74	2743.84	180.39	2075.32	133.66
7 Other Contingent funding liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 TOTAL CASH OUTFLOWS	1725.35	86.27	1768.73	87.94	1705.35	85.26	1648.89	82.44	1474.62	73.73
	23379.78	2791.45	22859.30	2730.34	22575.50	2632.28	22524.20	2895.21	21128.42	2721.76
Cash Inflows										
9 Secured Lending	76.37	76.37	72.91	72.91	147.24	147.24	221.56	221.56	0.00	0.00
10 Inflows from fully performing exposures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	524.05	308.06
11 Other Cash Inflows	461.87	236.12	423.90	211.95	407.71	203.86	436.85	232.07	99.86	99.86
12 Total Cash Inflows	538.24	312.49	496.81	284.86	554.95	351.10	658.41	453.63	623.91	407.92
Cash outflows less cash inflows	2284.154	2478.96	22362.49	2445.48	22020.55	2281.18	21865.79	2441.58	20504.51	2313.84
25% of Total Cash Outflows	5844.94	697.86	5714.83	682.59	5643.88	658.07	5631.05	723.80	5282.11	680.44
Total Net cash outflows in 30 days	2284.154	2478.96	22362.49	2445.48	22020.55	2281.18	21865.79	2441.58	20504.51	2313.84
Liquidity Coverage Ratio (%)	137.42%		141.03%		172.67%		144.83%		131.96%	

* Average of January - March 2015 alone furnished as applicable to previous year

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL

The financial statements are prepared on historical cost convention and on accrual basis of accounting, unless otherwise stated, by following going concern assumption and conform to the statutory provisions, regulatory guidelines, Accounting Standards, Guidance Notes issued by Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

2. REVENUE RECOGNITION

Income and Expenditure are accounted on accrual basis, except the following;

- a. Interest on non-performed advances and non-performing investments is recognized as per norms laid down by Reserve Bank of India.
- b. Interest on overdue bills, commission, exchange, brokerage and rent on lockers are accounted on realization.
- c. Dividend is accounted when the right to receive the same is established.

In case of suit filed accounts, related legal and the expenses incurred are charged to Profit and Loss Account and on recovery the same are accounted as income.

3. FOREIGN EXCHANGE TRANSACTIONS

- a. Assets and Liabilities denominated in Foreign Currencies are translated at the rates notified by FEDAI at the close of the year. Profit or Loss accruing from such transactions is recognised in the Profit and Loss Account.
- b. Income and Expenditure items have been translated at the exchange rates ruling on the date of the transactions.
- c. The Bank does not have a branch in any Foreign Country.
- d. Outstanding Forward Exchange contracts are revalued at the exchange rates notified by FEDAI and the resultant net gain or loss is recognised in the Profit and Loss Account.
- e. Foreign Currency Guarantees, Acceptances, Endorsements and other obligations are reported at the exchange rates prevailing on the date of the Balance Sheet.

4. INVESTMENTS

4.1 As per RBI guidelines, the investments of the bank are classified into the following categories at the time of acquisition

- Held to Maturity
- Available for Sale
- Held for Trading

They are further sub classified and shown in Balance Sheet under the following six categories:

i) Government Securities ii) Other Approved Securities iii) Shares iv) Debentures and Bonds v) Subsidiaries /Joint Ventures and vi) Others

- a) Securities classified under "Held to Maturity" category are valued at acquisition cost. Where the acquisition cost is higher than the face value, such excess of acquisition cost over the face value is amortised over the remaining period to maturity.

- b) Securities held in "Available for Sale" Category are valued scrip wise as under:
- i) Government of India Securities are valued at market price as per quotation put out by Primary Dealers' Association of India / Fixed Income Money Market and Derivatives Association of India & Bloomberg.
 - ii) State Government loans, Trustee Securities, Securities guaranteed by Central / State Governments and PSU Bonds are valued on appropriate Yield to Maturity (YTM) basis as per Primary Dealers' Association of India / Fixed Income Money Market and Derivatives Association of India guidelines.
 - iii) Treasury Bills/ Certificate of Deposits / Commercial Papers are valued at carrying cost.
 - iv) Equity Shares are valued at market rate if quoted, otherwise at Book Value as per the latest Balance Sheet, if available, or ₹1/- per Company.
 - v) Preference shares are valued at market price if quoted or at appropriate YTM basis as per Primary Dealers' Association of India / Fixed Income Money Market and Derivatives Association of India guidelines.
 - vi) Debentures / Bonds are valued at market price, if quoted, otherwise on an appropriate YTM basis.
 - vii) Mutual Funds are valued at market price, if quoted, or at NAV or Market Price/ Repurchase Price.
 - viii) Security Receipts are valued at NAV as declared by Securitisation companies.
- c) Individual scrips under "Held for Trading" category are valued at Market Price.

4.2 Individual scrips in Available for Sale / Held for Trading are valued at scrip wise aggregated category wise and net depreciation, if any, for each category is charged to Profit & Loss Account, while net appreciation, if any, is ignored.

4.3 Shifting of securities from one category to another category is carried out lower of acquisition cost / book value / market value on the date of transfer. The depreciation, if any on such transfer is fully provided for.

4.4 Profit / Loss on sale of Investments in any category is taken to the Profit & Loss Account. However, in case of sale of investment in "Held to Maturity" category, the profit is first credited to Profit and Loss Account and thereafter an amount equivalent to profit, net of statutory reserve and taxes, is appropriated to the Capital Reserve Account.

4.5 Commission, brokerage, broken period interest etc. on securities incurred on acquisition is debited to Profit and Loss account. Commission, incentives, brokerage received on subscription is deducted from the cost of the securities.

4.6 The Investments shown in the Balance Sheet are net of Depreciation, if any.

4.7 The Non Performing Investments are identified and provided for as per RBI guidelines.

5. ADVANCES

5.1 Advances have been classified as per the Asset Classification norms laid down by the Reserve Bank of India. The required provisioning for Standard Assets and for Non Performing Assets have been made as per the Regulatory Norms.

5.2 Advances shown in the Balance Sheet are net of provisions and interest reserve on NPA accounts, Technical write offs, ECGC / DICGC claims received and provisions for Restructured accounts.

5.3 Partial recoveries in Non Performing Assets are apportioned first towards charges and interest, thereafter towards principal with the exception of non performing advances involving compromise settlements in which case the recoveries are first adjusted towards principal.

6. FIXED ASSETS

6.1 Premises and other Fixed Assets are accounted at acquisition cost less depreciation.

6.2 Depreciation has been provided on the composite value for premises acquired with land and building, where cost of the land is not separately identifiable.

6.3 With effective from April 1, 2014, in accordance with the Companies Act, 2013, the Bank has provided depreciation based on useful life of the assets in line with Schedule II of the Companies Act, 2013. Further the method of depreciation is on Straight line method (SLM) in respect of all fixed assets. Depreciation on assets purchased and sold during the year is provided on pro rata basis.

7. STAFF BENEFITS

7.1 Provision towards leave encashment is accounted on actuarial basis in accordance with the guidelines contained in Accounting Standard 15 (revised 2005) issued by ICAI.

7.2 Liability for Gratuity to staff is contributed to the Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.

7.3 Payments to defined contribution schemes such as Provident Fund and Employees Pension Fund Superannuation Scheme of Life Insurance Corporation of India are charged as expenses as they fall due.

8. EMPLOYEES STOCK OPTION SCHEME

The Employee Stock Option Scheme provides for grant of equity stock options to employees that vest in a graded manner. The Bank follows the intrinsic value method to account for its employee compensation costs arising from grant of such options. The excess of fair market price over the exercise price shall be accounted as employee compensation cost in the year of vesting. The fair market price is the latest closing price of the shares on the stock exchanges in which shares of the Bank are largely traded immediately prior to the date of meeting of the compensation committee in which the options are granted.

9. SEGMENT REPORTING

The Bank recognises the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

Business Segment is classified into (a) Treasury (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) other Banking Operations.

10. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit of the year by the weighted average number of equity shares.

Diluted earning per share is computed using the weighted average number of equity shares and dilutive potential equity shares.

11. IMPAIRMENT OF ASSETS

An assessment is made at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, an estimate of the recoverable amount is made and impairment loss, if any, is provided for.

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

12.1 In conformity with AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Bank recognizes provision only when:

- a) It has a present obligation as a result of a past event.
- b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- c) When a reliable estimate of the amount of the obligation can be made.

12.2 No provision is recognized for:

- i. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank; or
- ii. Any present obligation that arises from past events but is not recognized because
 - a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
 - b. A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that Part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

12.3 Contingent Assets are not recognized in the financial statements.

13. INCOME TAX

Income Tax comprises current tax and deferred tax for the year. The deferred tax assets / liability is recognised in accordance with Accounting Standard - 22 issued by the Institute of Chartered Accountants of India.

14. NET PROFIT

The Net Profit disclosed in the Profit and Loss Account is after considering:

- 14.1 Provision for taxes on income in accordance with statutory requirements.
- 14.2 Provision for bad and doubtful advances and investments.
- 14.3 Contingent Provision for Standard Assets.
- 14.4 Other usual and necessary provisions.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(₹ in thousands)

	2015-2016	2014-2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per P&L account	444,69,31	395,02,04
Adjustments for		
Depreciation	52,42,82	35,83,62
Provisions & Contingencies - Tax	158,00,00	126,00,00
Provisions & Contingencies - Others	230,59,00	182,51,89
Profit on sale of Investments	-45,33,55	-60,31,60
Profit on sale of Assets	41,80	5,68
Foreign exchange fluctuations	-80,57,86	-68,89,13
Operating Profit before working capital changes	760,21,52	610,22,50
Adjustments for		
Funds advanced to Customers	-3285,91,58	-2022,66,32
Other Operating Assets	286,02,06	6,06,02
Deposits from Customers	3083,17,57	2058,06,39
Borrowings from Banks	-56,27,07	-136,16,75
Other Operating Liabilities	-211,62,05	112,96,80
Purchase and sale of Investments (Net)	-408,44,16	-351,23,76
Cash Generated from Operations	167,16,29	277,24,88
Taxation - Income Tax	31,29,28	-146,59,51
Net Cash flow from Operating Activities - A	198,45,57	130,65,37
Cash flow from Investing Activities:		
Purchase of Fixed Assets	-60,41,00	-64,67,91
Sale of Fixed Assets	42,17	35,38
Net Cash used in Investing Activities - B	-59,98,83	-64,32,53
Cash flow from Financing Activities:		
Proceeds from issue of Share Capital	16,23	5,38,28
Proceeds from Share Premium	4,11,31	349,17,03
Dividend Paid	-66,04,72	-53,61,69
Tax on distributed profits	-13,39,56	-10,10,97
Net cash flow from Financing Activities - C	-75,16,74	290,82,65
Net increase in Cash and Cash equivalents A+B+C	63,30,00	357,15,49
Cash and Cash equivalents at the beginning of the period	2536,77,09	2179,61,60
Cash and Cash equivalents at the end of the period	2600,07,09	2536,77,09

For and on behalf of the Board

 Chennai
23rd May, 2016

Dr. N. KAMAKODI
MD & CEO

As per our separate report of even date

 For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580 S)

 Chennai
23rd May, 2016

P. Chandrasekaran
Partner
M.No. 26037

Details of Nostro Accounts

Sl. No.	Name of the Bank	Place	Currency
1.	Mashreq Bank	UAE	AED
2.	National Australia Bank	Melbourne	AUD
3.	Standard Chartered Bank	London	CAD
4.	Zuercher Kantonal bank	Zurich	CHF
5.	Standard Chartered Bank	Frankfurt	EUR
6.	Commerz Bank	Frankfurt	EUR
7.	Wells Fargo Bank	London	EUR
8.	Standard Chartered Bank	London	GBP
9.	State Bank of India	Tokyo	JPY
10.	SkandeneviskaEnskildaBanken	Stockholm	SEK
11.	Standard Chartered Bank	Singapore	SGD
12.	Indian Overseas Bank	Singapore	SGD
13.	Bank of America	NewYork	USD
14.	Standard Chartered Bank	NewYork	USD
15.	Wells Fargo Bank	NewYork	USD

Bank's SWIFT address : CIUBIN5M

LIST OF BRANCHES

ANDHRA PRADESH

ADONI
AMALAPURAM
ANAKAPALLI
ANANTHPUR
BHIMAVARAM
CHILAKALURIPET
CHIRALA
CHITTOOR
DHARMAVARAM
ELURU
GAJUWAKA
GUDIVADA
GUDUR
GUNTUR
GUNTUR - II
HINDUPUR
KADAPA
KAKINADA
KAVALI
KURNOOL
MACHILIPATNAM
MADANAPALLI
NANDYAL
NARASARAOPET
NELLORE
ONGOLE
PRODATTUR
RAJAMUNDRY
SRIKAKULAM
TANUKU
TENALI
TIRUPATHI
THULLURU
TUNI
VIJAYAWADA
VIJAYAWADA - II
VISHAKAPATINAM
VIZIANAGARAM

CHANDIGARH

CHANDIGARH

CHATTISHGARH

RAIPUR

GUJARAT

AHMEDABAD
AHMEDABAD- RAIPUR
ANKALESWAR
BHAVNAGAR
GANDHIDHAM
JAMNAGAR
RAJKOT
SURAT
SURAT II
VADODARA (BARODA)
VAPI

HARYANA

GURGAON
FARITHABAD

KARNATAKA

BENGALURU - BANASHANKARI
BENGALURU - BANASWADI
BENGALURU - BASAVANGUDI
BENGALURU - BOMMASANDRA
BENGALURU - DOD BALLAPUR
BENGALURU - INDIRA NAGAR
BENGALURU - J. P. NAGAR
BENGALURU - JAYA NAGAR
BENGALURU - K.R.PURAM

BENGALURU - KORAMANGALA
BENGALURU - MALLESWARAM
BENGALURU - MARTHAHALLI
BENGALURU - PEENYA
BENGALURU - R.T.NAGAR
BENGALURU - RAJAJINAGAR
BENGALURU - SULTANPET
BENGALURU - VIJAYANAGAR
BENGALURU - WHITE FIELD
BELGAUM
BELLARY
DAVENGERE
HUBLI
MANGALORE
MYSORE
RAMANAGARA
TIPTUR
TUMKUR
YELAHANKA

KERALA

ALAPUZHA
ALUWA
ANGAMALY
CALICUT
CHAVAKKAD
EDAPALLI
ERNAKULAM
KANNUR
KOLLAM
KOTTAYAM
PALGHAT
THIRUVALLA
THIRUVANANTHAPURAM
THIRIPUNITHURA
TRISSUR

MADHYA PRADESH

BHOPAL
INDORE

MAHARASHTRA

AMRAVATHI
AURANGABAD
ICHALKARANJI
KOLHAPUR
MUMBAI - ANDHERI
MUMBAI - CHEMBUR
MUMBAI - DOMBVILI
MUMBAI - FORT
MUMBAI - KALYAN
MUMBAI - KHAR (WEST)
MUMBAI - MIRA ROAD
MUMBAI - NERUL
MUMBAI - THANE (WEST)
MUMBAI - VASHI
NAGPUR
NASHIK
PUNE

NEW DELHI

NEW DELHI - CHANDINI CHOWK
NEW DELHI - JANAKPURI
NEW DELHI - KAROLBAGH
NEW DELHI - LAJPAT NAGAR
NEW DELHI - LAXMI NAGAR
NEW DELHI - MAYUR VIHAR
NEW DELHI - ROHINI

ODISHA

BHUBANESWAR

PUDUCHERRY

KARAIKAL

PUDUCHERRY
REDDIARPALAYAM
VILLIANUR

PUNJAB

AMRITSAR
JALANDHAR
LUDHIANA

RAJASTHAN

BALOTRA
BHILWARA
JAIPUR
JODHPUR
PALI

TAMIL NADU

ADUTHURAI
AGARATHIRUMALAM
ALANGUDI
ALANGULAM
AMBASAMUDRAM
ANNALAGRAHARAM
ANTHIYUR
ARAKKONAM
ARANI
ARIYALUR
ARUPUKOTTAI
ATHANA KOTTAI
ATTUR
AVINASHI
AYYEMPETTAI
BALAKRISHNAPURAM
BARGUR
BATLAGUNDU
BHAVANI
BODINAYAKANUR
CHENNAI - ABHIRAMAPURAM
CHENNAI - ADAMBAKKAM
CHENNAI - ADYAR
CHENNAI - AMBATTUR
CHENNAI - ANAKAPUTHUR
CHENNAI - ANNA NAGAR
CHENNAI - ANNA NAGAR WEST
CHENNAI - ARUMBAKKAM
CHENNAI - ASHOK NAGAR
CHENNAI - AVADI
CHENNAI - AYAPPAKKAM
CHENNAI - AYYAPPANTHANGAL
CHENNAI - CHENGALPET
CHENNAI - CHINMAYA NAGAR
CHENNAI - CHROME PET
CHENNAI - CHROME PET NEW COLONY
CHENNAI - EAST TAMBARAM
CHENNAI - EGMORE
CHENNAI - GEORGE TOWN
CHENNAI - GUDUVANCHERY
CHENNAI - GERUGAMBAKKAM
CHENNAI - ILLALUR
CHENNAI - JALLADIAMPET
CHENNAI - K K NAGAR
CHENNAI - KARAPAKKAM
CHENNAI - KATTUPAKKAM
CHENNAI - KELAMBAKKAM
CHENNAI - KOILAMBAKKAM
CHENNAI - KOLATHUR
CHENNAI - KOTTIVAKKAM
CHENNAI - KUNDRATHUR
CHENNAI - MADHAVARAM
CHENNAI - MADIPAKKAM
CHENNAI - MADURAVOYAL
CHENNAI - MANALI
CHENNAI - MANAPAKKAM
CHENNAI - MANDAVELI
CHENNAI - MANGADU

LIST OF BRANCHES (Contd.)

CHENNAI - MANNIVAKKAM	COIMBATORE - SARAVANAMPATTI	MANIAKARANPALAYAM
CHENNAI - MARAIMALAI NAGAR	COIMBATORE - SINGANALLUR	MANJAKOLLAJ
CHENNAI - MEDAVAKKAM	COIMBATORE - SIVANANDA COLONY	MANJAKUDI
CHENNAI - MELAKOTTAIYUR	COIMBATORE - SUNDARAPURAM	MANJANAYACKANPATTI
CHENNAI - MELAVALAMPETTAI	COIMBATORE - VADAVALLI	MANNARGUDI
CHENNAI - MINJUR	COIMBATORE - VILANKURICHI	MARTHANDAM
CHENNAI - MOUNT ROAD	CUDDALORE	MAYILADUTHURAI
CHENNAI - MUDICHUR	CUMBUM	MELAKABISTHALAM
CHENNAI - MUGAPPAIR	DARAPURAM	MELUR
CHENNAI - MYLAPORE	DEVAKOTTAI	METTUPALAYAM
CHENNAI - NANGANALLUR	DEVANANCHERY	MUSIRI
CHENNAI - NANMANGALAM	DHALAVOIPURAM	NACHIAR KOIL
CHENNAI - NAVALUR	DHARASURAM	NADUKKADAI
CHENNAI - NUNGAMPAKKAM	DHARMAPURI	NADUPATTY
CHENNAI - ORAGADAM	DINDIGUL	NAGAPATTINAM
CHENNAI - PADAPPAI	ELLAMPILLAI	NAGERKOIL
CHENNAI - PAKKAM	ERAVANCHERY	NAGORE
CHENNAI - PALLAVARAM	ERODE	NALLUR
CHENNAI - PAMMAL	ERODE - PALLIPALAYAM	NAMAKKAL
CHENNAI - PERAMBUR	ERODE - PERUNDURAI	NANJIKOTTAI
CHENNAI - PERUMBAKKAM	ERODE - SURAMPATTI	NANNILAM
CHENNAI - PERUNGALATHUR	ERODE - THINDAL	NARANAMANGALAM
CHENNAI - POLICHALUR	GINGEE	NATHAM
CHENNAI - POONAMALLEE	GOBICHETTIPALAYAM	NEDUNKUNDRAM
CHENNAI - PURASAWALKAM	GUMMIDIPOONDI	NEYVELI
CHENNAI - RAMAPURAM	HARUR	NILAKKOTTAI
CHENNAI - REDHILLS	HOSUR	ODDANCHATRAM
CHENNAI - RENGARAJAPURAM	IDAPPADI	PADUR
CHENNAI - ROYAPURAM	IKKARAIPOOLUVAMPATTI	PALANI
CHENNAI - SAIDAPET	IRUNAGALUR	PALAVATHANKATTALAI
CHENNAI - SELAIYUR	JALAKANDAPURAM	PALAYAMKOTTAI
CHENNAI - SEMMANJERI	JAYANKONDAM	PALLADAM
CHENNAI - SINGAPERUMAL KOIL	KADAYANALLUR	PANRUTI
CHENNAI - SITHALAPAKKAM	KALLAKURICHI	PARAMAKUDI
CHENNAI - T NAGAR	KANCHEEPURAM	PATTEESWARAM
CHENNAI - TAMBARAM	KANGEYAM	PATTUKOTTAI
CHENNAI - TEYNAMPET	KARAIKUDI	PERAMBALAU
CHENNAI - THIMMAVARAM	KARAMADAI	PERIYAKULAM
CHENNAI - THIRUMAZHISAI	KARUR	POLLACHI
CHENNAI - THIRUMUDIVAKKAM	KATPADI	PONNAMARAVATHI
CHENNAI - THIRUNINDRAVUR	KATTUMANNARKOIL	PONNERI
CHENNAI - THIRUVALLUR	KEELAKARAI	PORAYAR
CHENNAI - THIRUVERKADU	KEELAPALUVUR	PUDUKKOTTAI
CHENNAI - THIRUVOTTIYUR	KINATHUKADAVU	PULIYANKUDI
CHENNAI - THORAIPAKKAM	KODANGIPALAYAM	PULIYUR
CHENNAI - TIRUVANMIYUR	KODAVASAL	RAJAPALAYAM
CHENNAI - TRIPLICANE	KOMARAPALAYAM	RAMANATHAPURAM
CHENNAI - URAPAKKAM	KOOTHANALLUR	RANIPET
CHENNAI - VALASARAVAKKAM	KORADACHERY	RASIPURAM
CHENNAI - VANAGARAM	KORANATTU KARUPPUR	RISHIVANDIYAM
CHENNAI - VEERAPURAM	KOTTUR	S.PUDUR
CHENNAI - VELACHERY	KOVILPATTI	SAHUPURAM
CHENNAI - VELAPPANCHAVADI	KRISHNAGIRI	SAKKOTTAI
CHENNAI - VELLANOOR	KULASEKARAM	SALEM - FAIR LANDS
CHENNAI - VEPPAMPATTU	KUMBAKONAM - GANDHINAGAR	SALEM - MAIN
CHENNAI - VILLIVAKKAM	KUMBAKONAM - MAIN	SALEM - SHEVAPET
CHEYEARU	KUMBAKONAM - TOWN	SANKAGIRI
CHIDAMBARAM	KUNNATHUR	SANKARANKOIL
CHINNALAPATTI	KURICHI	SANNANALLUR
CHINNAMANUR	KUTTALAM	SATHYAMANGALAM
CHINTHAMANI	MADAPATTU	SATTUR
CHITLAPAKKAM	MADUKKUR	SEMBANARKOIL
COIMBATORE - CHINNIAMPALAYAM	MADURAI - ANNA NAGAR	SENGURICHI
COIMBATORE - GANAPATHY	MADURAI - CHOICKIKULAM	SILLATUR
COIMBATORE - KOVAIPUDUR	MADURAI - MAIN	SIRKALI
COIMBATORE - MALUMICHAMPATTI	MADURAI - OTHAKADAI	SITHARKADU
COIMBATORE - OPPANAKARA STREET	MADURAI - S.S. COLONY	SIVAGANGAI
COIMBATORE - P N PALAYAM	MADURAI - T V S NAGAR	SIVAKASI
COIMBATORE - PANNIMADAI	MADURAI - THIRUNAGAR	SOMANUR
COIMBATORE - PERIYANAIPALAYAM	MADURAI - VILAKKUTHOON	SRIPERAMBUDUR
COIMBATORE - PERUR	MADURAPAKKAM	SRIVILLIPUTHUR
COIMBATORE - R.S.PURAM	MADURAPURI	SULUR
COIMBATORE - RAM NAGAR	MANAMADURAI	SURAMANGALAM
COIMBATORE - RAMANATHAPURAM	MANAPPARAI	TENKASI
COIMBATORE - SAIBABA COLONY		

LIST OF BRANCHES (Contd.)

THACKALAI
 THALAIYUTHU
 THAMARANGKOTTAI
 THANJAVUR - MAIN
 THANJAVUR - MEDICAL COLLEGE ROAD
 THARAMANGALAM
 THENI
 THEPPARUMANALLUR
 THILLAINAYAGAPURAM
 THIMMACHIPURAM
 THIRUCHENGODU
 THIRUINDALUR
 THIRUMALAISAMUDRAM
 THIRUMANGALAM
 THIRUNAGESWARAM
 THIRUPPALAI
 THIRUTHURAIPOONDI
 THIRUVALANCHUZH
 THIRUVENCHERY
 THOGUR
 THONDAMUTHUR
 TINDIVANAM
 TIRUKKATTUPALLI
 TIRUKOILUR
 TIRUMAKOTTAI
 TIRUMARUGAL
 TIRUNELLIKAVAI
 TIRUNELVELI
 TIRUNELVELI JUNCTION
 TIRUPANANDAL
 TIRUPATHUR
 TIRUPOONDI
 TIRUPPUR
 TIRUPPUR - VEERAPANDY
 TIRUTTANI
 TIRUVANNAMALAI
 TIRUVARUR - TOWN
 TIRUVARUR - VIJAYAPURAM
 TIRUVIDAIMARUTHUR
 TRICHY - CANTONMENT
 TRICHY - K.K.NAGAR
 TRICHY - KARUMANDAPAM
 TRICHY - KATTUR
 TRICHY - MAIN
 TRICHY - SRINIVASA NAGAR
 TRICHY - SRIRANGAM
 TRICHY - THILLAINAGAR
 TRICHY - THUVAKUDI
 TUTICORIN
 UDUMALPET
 ULLIKOTTAI
 UNAIYUR
 USILAMPATTI
 UTHUKULI
 VADAKKUTHU
 VADALUR
 VALAJANAGARAM
 VALANGAIMAN
 VALLAM
 VANDHAVASI
 VANIAMBADI
 VARADARAJAPURAM
 VAZHAPADI
 VEDARANYAM
 VEERAPANDI
 VEERAPANDI PUDUR
 VEERAPERUMANALLUR
 VELLAKOVIL
 VELLORE
 VELLORE - AMBUR
 VELLORE - GUDIYATHAM
 VELLORE - MELVISHARAM
 VELLORE - SATHUVACHARI

VILANDAI
 VILANDAKANDAM
 VILLUPURAM
 VIRUDHACHALAM
 VIRUDHUNAGAR

TELENGANA

ADILABAD
 AMEERPET
 HYDERABAD MAIN
 HYDERABAD - A.S.RAO NAGAR
 HYDERABAD - BALANAGAR
 HYDERABAD - BODUPPAL
 HYDERABAD - DILSUKHNAGAR
 HYDERABAD - KONDAPUR
 HYDERABAD - SIDAMBAR BAZAAR
 HYDERABAD - VANASTHALIPURAM
 JAGTIAL
 KAMAREDDY
 KARIMNAGAR
 KHAMMAM
 KUKATPALLY
 MANCHERIAL
 MALKAJGIRI
 MEDCHAL
 MEERPET
 MEHDIPATNAM
 MIYAPUR
 NIRMAL
 NIZAMABAD
 SECUNDERABAD
 WARRANGAL

UTTAR PRADESH

ALLAHABAD
 KANPUR
 LUCKNOW
 VARANASI

WEST BENGAL

KOLKATA - MAIN
 KOLKATA - RASH BEHARI AVENUE

EXTENSION COUNTERS

SRM UNIVERSITY, KATTANKULATHUR - CHENNAI
 SRM UNIVERSITY, RAMAPURAM - CHENNAI
 SRM UNIVERSITY, MODI NAGAR - GHAZIABAD
 PUBLIC HEALTH CENTRE, WEST MAMBALAM - CHENNAI
 SHRIRAM COLLEGE, PERUMALPETTU

INTERNATIONAL BANKING DIVISION

T NAGAR, CHENNAI

SERVICE BRANCH

ANNA SALAI, CHENNAI

BASEL- III - PILLAR 3 DISCLOSURE AS ON 31.03.2016

1. Scope of Application and Capital Adequacy

Table DF -

SCOPE OF APPLICATION

City Union Bank Limited is an old premier private sector bank which was incorporated on 31st October, 1904 with its Registered Office at Kumbakonam, Tamilnadu, India. The Bank was included in the Second Schedule of Reserve Bank of India Act, 1934, on 22nd March, 1945. The Bank does not have any Subsidiary / Associate companies under its Management.

Qualitative Disclosures:

Summary

Type of Capital	Features															
Common Equity Tier I Capital	During the year 2015 -16, the Bank has allotted 16,23,479 equity shares of face value of ₹ 1/- each pursuant to exercise of stock options by employees and the Equity Share Capital of the Bank as on 31.03.2016 stood at ₹ 59.82 crore and the share premium collected was ₹ 4.11 crore.															
Tier II Capital	<p>The Bank has not raised Tier II capital during the year 2015-16. The details of Lower Tier II capital to the tune of ₹ 40.00 crore raised in earlier years is given below.</p> <p>Type of Instrument : Unsecured, Redeemable and Non-convertible Nature : Plain vanilla bonds with no special features like put or call option etc.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Date of Issue</th> <th style="text-align: center;">Amount (₹ in crore)</th> <th style="text-align: center;">Tenure (Months)</th> <th style="text-align: center;">Coupon %</th> <th style="text-align: center;">Rating</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">31.03.2006</td> <td style="text-align: center;">30.00*</td> <td style="text-align: center;">121</td> <td style="text-align: center;">8.90% Semi Annual</td> <td style="text-align: center;">CARE "A+"</td> </tr> <tr> <td style="text-align: center;">30.03.2007</td> <td style="text-align: center;">10.00</td> <td style="text-align: center;">121</td> <td style="text-align: center;">10.00% Annual</td> <td style="text-align: center;">CARE "A+"</td> </tr> </tbody> </table>	Date of Issue	Amount (₹ in crore)	Tenure (Months)	Coupon %	Rating	31.03.2006	30.00*	121	8.90% Semi Annual	CARE "A+"	30.03.2007	10.00	121	10.00% Annual	CARE "A+"
Date of Issue	Amount (₹ in crore)	Tenure (Months)	Coupon %	Rating												
31.03.2006	30.00*	121	8.90% Semi Annual	CARE "A+"												
30.03.2007	10.00	121	10.00% Annual	CARE "A+"												

* Tier II bond of ₹ 30.00 crore issued on 31.03.2006 was redeemed on its due date 30.04.2016.

Quantitative Disclosures:

(₹ in crore)

Sl. No.	Description	Amount	
01.	Common Tier - I Capital		3049.62
	- Paid-up Share Capital - Total	59.82	
	- Reserves & Surplus	2989.80	
	Amount deducted from Tier I Capital (if any)		20.21
	- Intangible Assets	18.79	
	- Cross holdings	1.42	
Total Eligible Tier I Capital			3029.41

Quantitative Disclosures: (Contd.)

(₹ in crore)

Sl. No.	Description	Amount	
02.	Tier - II Capital		102.57
	a) Revenue Reserves (Investment Reserve)	2.38	
	b) Lower Tier II - Bonds	2.00	
	c) Provision for country risk exposure	0.35	
	d) Provision for Unhedged exposure	1.96	
	e) Provision for Standard Assets	95.88	
	Less: Cross Holdings		4.00
	Total Tier II Capital		98.57
03.	Total Eligible Capital (Tier I and Tier II)		3127.98

Table DF - 2
CAPITAL ADEQUACY
Qualitative Disclosures:
A. A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.

In order to strengthen the capital base of banks in India, the Reserve Bank of India in April 1992 introduced capital adequacy measures in banks, based on the capital adequacy framework (Basel I) issued by Basel Committee on Banking Supervision (BCBS). Initially, the framework addressed capital for credit risk, which was subsequently amended to include capital for market risk as well. The Bank has been compliant with regard to maintenance of minimum capital for credit and market risks.

Subsequently, the BCBS has released the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (popularly known as Basel II document) on 26th June, 2004. Reserve Bank of India has issued final guidelines on 27th April, 2007 for implementation of the New Capital Adequacy (Basel II) Framework.

In line with the RBI guidelines, the Bank has successfully migrated to the revised framework (Basel-II) from 31st March, 2009. The Bank has continued the Parallel run of Basel II framework continuously tracking the exposures and studied the impact on Bank's Capital to Risk weighted Assets Ratio (CRAR) on a quarterly basis.

Reserve Bank of India issued Guidelines based on the Basel III reforms on capital regulation during May 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from 1st April, 2013 in India in phases and it was decided originally to implement fully as on 31st March, 2018. RBI issued detailed Guidelines on Composition of Capital Disclosure Requirements on 28th May, 2013. Another circular on "Implementation of Basel III Capital Regulations in India - Capital Planning" has been issued by RBI on 27th March, 2014. Accordingly, the transitional period for full implementation of Basel III Capital Regulations in India is extended upto 31st March, 2019, instead of as on 31st March, 2018. Another circular on "Prudential Guidelines on capital Adequacy and Liquidity Standards - Amendments" has been issued by RBI on 31.03.2015. The Basel III Capital Regulations have been consolidated in Master Circular - Basel III Capital Regulations vide circular No. DBOD.No.BP.BC.6/21.06.201/2015-16 dated 1st July, 2015.

Under the Basel II framework, the total regulatory capital comprises of Tier I (core capital) and Tier 2 capital (supplementary capital). In order to improve the quality of regulatory capital, the capital will predominantly consist of Common Equity Tier1 (CET1) under Basel III. Non-equity Tier 1 and Tier 2 capital would continue to form part of regulatory capital subject to eligibility criteria as laid down in Basel III. The Basel III capital regulations continue to be based on three-mutually reinforcing Pillars, viz. Minimum Capital Requirements (Pillar 1), Supervisory Review of Capital Adequacy (Pillar 2) and Market Discipline (Pillar 3) of the Basel II Capital Adequacy framework.

The Basel-III norms mainly seek to:

- Raise the quality of capital to ensure that the banks are capable to absorb losses on both as going concern and as gone concern basis.
- Increase the risk coverage of the capital framework
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure
- Raise the standards for the supervisory review process and public disclosures etc.

The macro prudential aspects of Basel III are largely enshrined in the capital buffers. Both the buffers i.e. the capital conservation buffer and the countercyclical buffer are intended to protect the banking sector from stressed situations and business cycles.

Minimum capital requirements under Basel-III

Under the Basel III Capital Regulations, banks are required to maintain a minimum Pillar 1 Capital (Tier-I + Tier-II) to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than capital conservation buffer and countercyclical capital buffer etc.) Besides these minimum capital requirements, Basel III also provides for creation of capital conservation buffer (CCB). The CCB requirements are to be implemented from March 31, 2016 in phases (i.e. 0.625% every year from March 2016 to March 2019 towards Capital Conservation Buffer) and are to be fully implemented by March 31, 2019 to the extent of 2.5% of Risk weighted Assets. The total regulatory capital fund under Basel- III norms will consist of the sum of the following categories and banks are required to maintain 11.5% of Risk Weighted Assets (9% + 2.5%) by March 2019 with the phase in requirements under CCB from 2016.

Hence banks are required to maintain a minimum Pillar 1 Capital (Tier-I + Tier-II) to Risk-weighted Assets Ratio (CRAR) of 9.00% on an on-going basis, besides 0.625% towards capital conservation buffer for 31.03.2016. (totally, 9.625%)

- Tier 1 Capital comprises of:-
 - Common Equity Tier 1 capital (with a minimum of 5.5%)
 - Additional Tier 1 capital
 - Total Tier 1 capital of minimum 7%
- Tier 2 Capital : admitted maximum up to 2% (subject to maximum of 1.25% of the total credit risk-weighted assets) under the standardized approach.
- Total Tier 1 + Tier 2 should be more than 9.625%
- Capital Conservation Buffer (CCB). (with a minimum of 2.5% for 31.03.2019) 0.625% for 31.03.2016
- Total capital including CCB should be 11.5% for 31.03.2019 and 9.625% for 31.03.2016.

B. The Bank's approach in assessment of capital adequacy

The Bank is following standardized approach, Standardized Duration approach and Basic Indicator approach for measurement of capital charge in respect of credit risk, market risk and operational risk respectively. Besides computing CRAR under the Pillar I requirement, the Bank also undertakes stress testing periodically in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar- II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is being assessed in the ICAAP document.

C. Quantitative Disclosures:

(₹ in crore)

a) Capital requirements for Credit Risk: (@ 9.625% on Risk weighted Assets)		
• Portfolios subject to standardised approach		1644.80
• Securitisation exposures		Nil
b) Capital requirements for Market Risk:		82.88
• Standardised duration approach		
o Interest Rate Risk	22.39	
o Equity risk	58.67	
o Foreign Exchange risk	1.82	
c) Capital requirements for Operational Risk:		
• Basic indicator approach		156.61
Total capital required		1884.29
d) Total Capital Funds available		3127.98
Total Risk Weighted Assets		20082.42
Common Equity Tier I CRAR %		15.09
Tier I CRAR %		15.09
Tier II CRAR %		0.49
Total CRAR %		15.58

2. Risk Exposure and Assessment

Risk is an integral part of banking business in an ever dynamic environment, which is undergoing radical changes both on the technology front and product offerings. The main risks faced by the bank are credit risk, market risk and operational risk. The bank aims to achieve an optimum balance between risk and return to maximize shareholder value. The relevant information on the various categories of risks faced by the bank is given in the ensuing sections. This information is intended to give market participants a better idea on the risk profile and risk management practices of the bank.

The Bank has a comprehensive risk management system in order to address various risks and has set up an Integrated Risk Management Department (RMD), which is independent of operational departments. Bank has a Risk Management Committee of Board functioning at apex level for formulating, implementing and reviewing bank's risk management measures pertaining to credit, market and operational risks. Apart from the Risk Management Committee of the Board at apex level, the Bank has a strong Bank-wide risk management structure comprising of Risk Management Committee of Executives (RMCE) assisted by Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC) and Operational Risk Management Committee (ORMC) at senior management level. Credit Risk Management Committee deals with credit policies and procedures, Asset Liability Management Committee deals with Asset Liability Management (ALM) and Investment Policy of the Bank and Operational Risk Management Committee formulates policies and procedures for managing operational risks.

The Bank has formulated the required policies such as Integrated Risk Management Policy, Loan Policy, Credit Risk Management Policy, ALM Policy, Treasury and Forex Policy, Inspection and Audit Policies, KYC Policy, Risk Based Internal Audit Policy, Stress Testing Policy, Disclosure Policy, ICAAP Policy and Credit Risk Mitigation & Collateral Management Policy, Risk Rating and Pricing Policy, etc for mitigating the risk in various areas and monitoring the same.

The structure and organization of Risk Management functions of the bank is as follows:

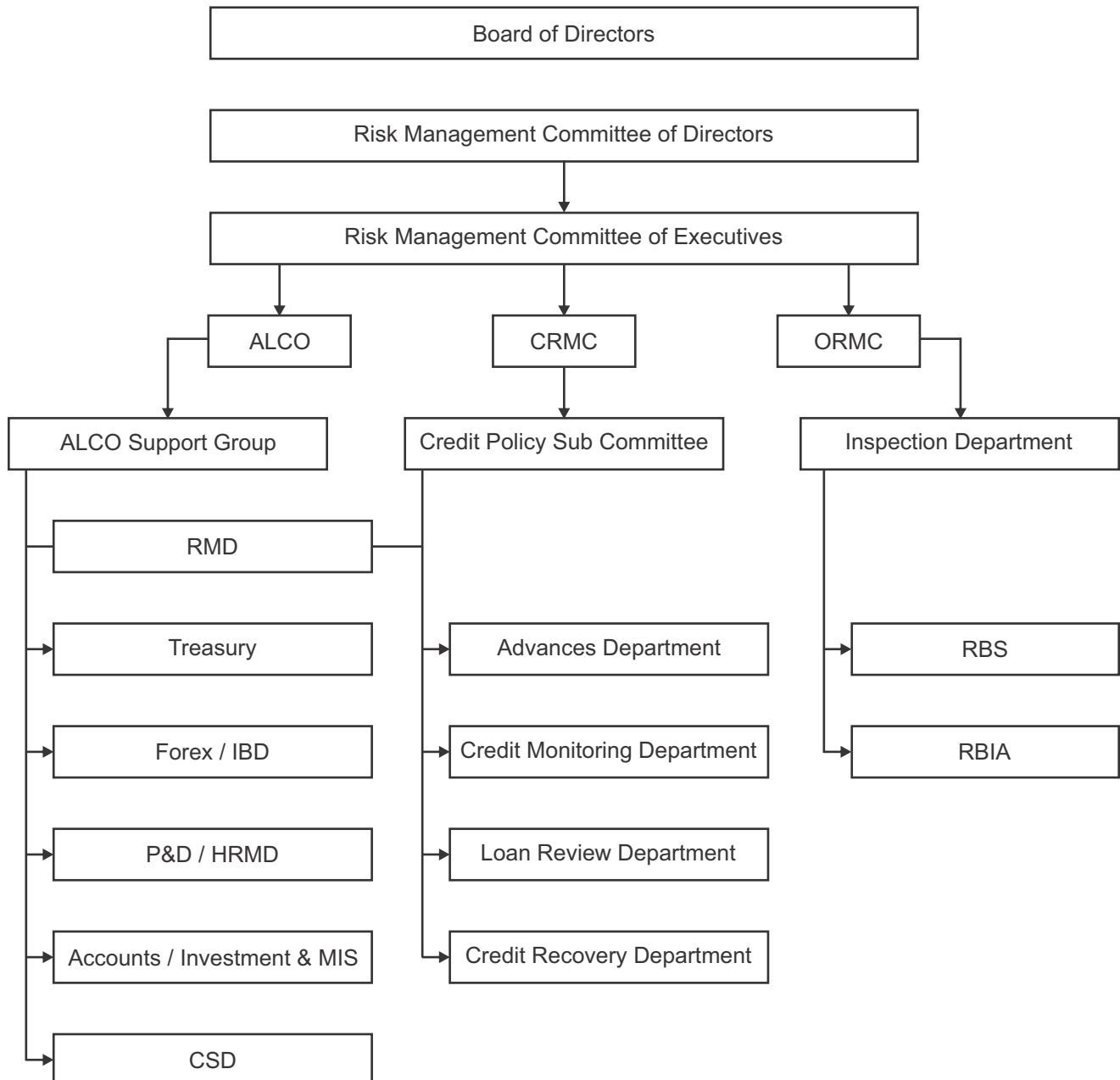


Table DF - 3
CREDIT RISK: GENERAL DISCLOSURES
Credit Risk

Credit Risk is a possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, Credit Risk arises mostly from lending activities of the bank, when a borrower is unable to meet its financial obligations emanating from potential changes in the credit quality / worthiness of the borrowers or counterparties.

Credit Risk Management encompasses a host of management techniques, which help the banks in mitigating the adverse impacts of credit risk. The objective of the Credit Risk Management is to identify, measure, monitor and control credit risk by adopting suitable methodology.

The Bank has formulated Loan Policy which stipulates various prudential norms, bench marks, guidelines for sanctioning of credits and recovery of the same. The Bank has also formulated a separate Credit Risk Management Policy, besides a Policy on Credit Risk Mitigation and Collateral Management.

Credit Risk is assessed by a robust internal credit risk rating system. Credit Risk Rating is the process wherein the merits and demerits of a borrower are captured and assigned with scorings, which enables the Bank to take a view on the acceptability or otherwise of any credit proposal.

Credit Risk Management Policy

The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Board. The Policy document defines organisation structure, role and responsibilities and the processes whereby the Credit Risks carried by the Bank can be identified, quantified and managed. Credit Risk is monitored on a bank wide basis and the compliance with regard to the risk limits approved by the Credit Risk Management Committee(CRMC) / Board is ensured.

The Bank adopts the definition of 'past due' and 'impaired credits' (for reporting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and provisioning (IRAC) norms (vide RBI Master Circular dated 1st July, 2015).

Quantitative Disclosures:

Total Gross Credit Risk Exposures including Geographic Distribution of Exposure :

(₹ in crore)

Exposure as on 31.03.2016	Domestic	Overseas	Total
Fund based	23678.69	Nil	23678.69
Non-fund based	2615.30	Nil	2615.30
Investment (Non SLR)	421.18	Nil	421.18
Total	26715.17	Nil	26715.17

Industry type distribution of exposures - 31.03.2016

(₹ in crore)

Sl. No.	INDUSTRY / ACTIVITY	Funded Exposure	Non-Funded Exposure	Investment exposure (Non SLR)	Total Exposure
1	Mining and Quarrying	60.82	2.63	0.00	63.45
2	Iron and Steel	813.66	343.16	0.46	1157.28
3	Other Metal and Metal Products	396.61	54.51	0.00	451.12
4	Engineering of which Electronics	76.06	51.43	0.00	127.49
5	Others (incl Electrical & Home Appliances)	377.75	134.58	0.71	513.03
6	Cotton Textiles	1178.01	182.73	0.00	1360.74
7	Other Textiles	1154.63	41.06	0.00	1195.70
8	Food Processing	147.09	81.05	0.00	228.13
9	Beverages and Tobacco	30.89	4.50	0.00	35.39
10	Leather and Leather Products	12.09	1.14	0.00	13.23
11	Wood and Wood Products	56.14	82.72	0.00	138.86
12	Paper and Paper Products	518.50	46.35	0.00	564.85
13	Petroleum, Coal Products and Nuclear Fuels	5.68	0.83	0.00	6.52
14	Drugs and Pharmaceuticals	43.06	8.29	0.70	52.05
15	Chemicals and Chemical Products (Dyes, Paints, etc.)	198.45	118.82	0.00	317.27
16	Rubber, Plastic and their Products	283.57	44.65	0.00	328.21
17	Glass & Glassware	2.73	0.00	0.00	2.73
18	Cement and Cement Products	20.13	0.00	0.00	20.13
19	Vehicles, Vehicle Parts and Transport Equipments & Auto Parts	135.54	18.80	0.59	154.93
20	Gems and Jewellery	56.82	3.05	0.00	59.86
21	Construction	891.36	10.76	0.00	902.12
22	Infrastructure	114.98	21.10	21.39	157.47
23	Other Industries	78.96	65.48	0.00	144.45
24	Non Metallic Minerals	78.92	22.60	0.00	101.52
25	Publication & Printing	60.57	17.05	0.00	77.62
26	Computer Software	35.40	2.40	0.00	37.80
	All Industries Total	6828.40	1359.70	23.85	8211.95
	Residuary other advances	16850.29	1255.60	397.33	18503.22
	Gross Exposure (Funded + Non-Funded)	23678.69	2615.30	421.18	26715.17

The exposures to Cotton Textiles and Iron & Steel industries accounted for 5.09% & 4.33% of Total Gross Exposure respectively. The coverage of advances to the above two industries occupy the top two positions among the total industry sectors.

Residual contractual maturity breakdown of assets - 31.03.2016

(computed as per the guidelines of RBI on Asset Liability Management)

(₹ in crore)

Period	Cash, RBI Balance and Balance with all Banks	Advances (Net)	Investments (Net)	Fixed & Other Assets	Total
1 Day	497.68	36.73	1200.31	22.41	1757.13
2 to 7 Days	66.26	315.92	219.08	0.75	602.01
8 to 14 Days	0.00	1005.66	207.76	10.54	1223.96
15 to 30 Days	485.58	333.82	468.89	16.07	1304.36
31 days to 60 days	112.15	131.39	575.95	7.60	827.09
61 days to 90 days	97.26	273.07	501.25	7.91	879.49
Over 3 Months & upto 6 Months	525.90	501.96	1076.35	115.78	2219.99
Over 6 Months & upto 1 Year	500.36	1487.11	419.49	119.95	2526.91
Over 1 Year & upto 3 Years	255.32	12748.03	1198.19	160.39	14361.93
Over 3 Years & upto 5 Years	20.81	1484.70	12.50	339.62	1857.63
Over 5 Years	38.75	2738.53	444.68	469.50	3691.46
Total	2600.07	21056.92	6324.45	1270.52	31251.96

Amount of NPAs (Gross) (₹ in crore)

Sub-standard	324.74
Doubtful 1	135.04
Doubtful 2	33.14
Doubtful 3	14.58
Loss	4.48
Gross NPA Total	511.98

Geographical Area-wise NPA: (₹ in crore)

Gross NPA - Domestic	511.98
Gross NPA - Overseas	Nil
Gross NPA - Total	511.98

The Amount of Net NPAs is ₹ 323.15 crore

The NPA ratios are as under

- Gross NPA to Gross Advances 2.41%
- Net NPAs to Net Advances 1.53%

Major Industry-wise NPA as on 31.03.2016

(₹ in Crore)

Industry	Gross NPA	Provision Held
Cotton Textiles	2.66	0.66
Iron and Steel	112.75	52.28

The movement of NPA is as under: {as in Notes on Accounts 4.1}

(₹ in crore)

i. Opening balance at the beginning of the year 01.04.2015	335.82
ii. Additions made during the year	428.99
iii. Reductions during the year	252.83
iv. Closing balance at the end of the year as on 31.03.2016 (i + ii - iii)	511.98

The movement of provisions for NPAs are as under:

(₹ in crore)

Nature	Floating Provision	Specific Provision	Total Provision
i. Opening balance at the beginning of the year 01.04.2015	18.65	84.38	103.03
ii. Provisions made during the year	--	205.00	205.00
iii. Write-off / Write-back of excess provisions during the year	--	121.36	121.36
iv. Closing Balance at the end of the year 31.03.2016 (i + ii - iii)	18.65	168.02	186.67

Recovery made during the year ended 31.03.2016 directly taken to Income Account Rs.35.36 crore

The amount of non-performing investment - Nil

The amount of provision held for non-performing investment is Nil

The movement of provisions for depreciation on investments:

(₹ in crore)

i. Opening balance at the beginning of the year 01.04.2015	1.72
ii. Provisions made during the year	0.00
iii. Write-off during the year	0.00
iv. Write-back of excess provisions during the year	0.00
v. Closing Balance at the end of the year as on 31.03.2016 (i + ii - iii - iv)	1.72

TABLE - DF - 4
CREDIT RISK: DISCLOSURES FOR PORTFOLIO SUBJECT TO THE STANDARDISED APPROACH
Qualitative Disclosures:

The Bank is using the services of the External Credit Rating Agencies approved by Reserve Bank of India, namely a) CRISIL, b) ICRA, c) CARE, d) FITCH / India Ratings, e) Brickwork and f) SMERA ratings to facilitate the corporate borrower customers who enjoy credit facilities above ₹ 5.00 crore to solicit the ratings. The corporates which are yet to get the approved ratings from these rating agencies, are treated as 'unrated'.

The Bank computes risk weight on the basis of external rating assigned, both Long Term and Short Term, for the facilities availed by the borrower. The external ratings assigned are generally facility specific. The Bank follows the below mentioned procedures as laid down in the Basel III guidelines for usage of external ratings:

- Rating assigned by one rating agency is used for all the types of claims on the borrowing entity.
- Long term ratings are used for facilities with contractual maturity of one year & above.
- Short term ratings are generally applied for facilities with contractual maturity of less than one year.

Quantitative Disclosures:

For exposure amounts after risk mitigation subject to the standardised approach, amount of a bank's outstandings (rated and unrated) in the following three major risk buckets as well as those that are deducted as per risk mitigation are given below.

(₹ in crore)

Risk Weight	Rated	Unrated	Total
Below 100 %	385.43	18251.97	18637.40
At 100 %	148.82	8509.49	8658.31
More than 100 %	289.19	820.95	1110.14
Total outstanding after mitigation	823.44	27582.41	28405.85
Deducted (as per Risk Mitigation)	3.99	3528.69	3532.68

TABLE DF - 5
CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH
Qualitative Disclosures:

The Bank has put in place Credit Risk Mitigation and Collateral Management Policy with the primary objective of

- Mitigation of Credit Risks and enhancing awareness on identification of appropriate collateral taking into account the spirit of Basel III / RBI guidelines.
- Optimizing the benefit of Credit Risk Mitigation in computation of capital charge as per the approaches laid down in Basel III / RBI guidelines.

Valuation and methodologies are detailed in Credit Risk Management Policy, Valuation Policy and Loan Policy of the Bank.

The Bank recognises the following Financial Collateral (FC) for Credit Risk Mitigation.

- a) Cash or Cash equivalent (Bank Deposits / Certificate of Deposits issued by the Bank, etc.)
- b) Gold Jewels
- c) Indira Vikas Patras
- d) Kisan Vikas Patras
- e) National Savings Certificates
- f) Life Insurance Policies with a declared surrender value
- g) Securities issued by Central and State Governments
- h) Debt securities rated by a recognized Credit Rating Agency where these are either:

- at least BBB(-) when issued by public sector entities; or
 - at least A when issued by other entities (including Banks and Primary Dealers); or
 - at least PR3 / P3 / F3 / A3 for short term debt instruments
- i) Debt securities not rated by Credit Rating Agency but
- issued by a bank and
 - listed on a recognized stock exchange; and
 - Classified as senior debt.

The Bank accepts guarantees from individuals with considerable net worth and the Corporates, besides guarantee issued by Government, other Commercial banks, ECGC and CGTSI.

Concentration Risk in Credit Risk Mitigation: All types of securities eligible for mitigation are easily realizable financial securities. As such, presently no limit / ceiling has been prescribed to address the concentration risk in credit risk mitigants recognized by the Bank. The portion of advances subjected to CRM including non-funded advances amounted to 14.43% of outstanding total of funded and non-funded credit. The Bank has ensured legal certainty in the matter of credit risk mitigation as per RBI guidelines.

Quantitative Disclosures:

- a. For each separately disclosed credit risk portfolio, the total exposure (after, where applicable, on-or off balance sheet netting) that is covered by eligible financial collateral (FCs) after the application of haircuts is given below:

(₹ in crore)

Portfolio category	Financial collateral	Quantum of exposure covered
1. Funded - Credit	Bank's own deposits	836.63
2. Funded - Credit	Gold jewels	2045.01
3. Funded - Credit	LIC / KVP / NSC	5.83
4. Non Funded	Bank's own deposits	423.77

- b. For each separately disclosed portfolio, the total exposure (after, on balance sheet netting) that is covered by Guarantees:

(₹ in crore)

Portfolio category	Guaranteed by	Quantum of exposure covered
1. Funded - Credit	Central Government	304.73
2. Funded - Credit	ECGC	115.50
3. Funded - Credit	AP State Government	0.03
4. Funded - Credit	CGTSI	56.71

TABLE DF - 6

SECURITIZATION : DISCLOSURE FOR STANDARDISED APPROACH

Qualitative Disclosures:

The Bank has not undertaken any securitization activity.

Quantitative Disclosures: NIL

TABLE DF - 7
MARKET RISK IN TRADING BOOK
Qualitative Disclosures:

Market Risk in trading book is assessed as per the Standardised duration method. The capital charge for HFT and AFS is computed as per Reserve Bank of India prudential guidelines.

a. Definition of market risk

Market risk refers to the potential losses arising from volatility in interest rates, foreign exchange rates, equity prices and commodity prices. Market risk arises with respect to all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and derivative instruments as well as from balance sheet or structural positions.

b. Portfolios covered under standardized approach

The bank's portfolio comprises of Government securities, equity shares and forex portfolio.

c. Strategies and processes

- 1) The Bank has put in place a comprehensive Market risk management Framework to address the Market risks (bank wide) including that of the Trading Book.
- 2) Within the above framework, various policies of the Bank prescribes Limits like Value at Risk (VaR) for HFT Securities and Foreign Currencies, Duration, Minimum holding level for liquid assets, Exposure limits, Forex open position limits (day light / overnight), Stop-Loss limits etc .
- 3) Risk profiles are analyzed and the effectiveness of risk mitigants is regularly monitored through Mid Office.
- 4) Adherence to limits are being monitored by dedicated mid office, reporting exceptions to the head of Risk Management Department, independent of Treasury / IBD operational units.

d. Risk Measurement

- 1) Value at Risk (VaR) numbers are arrived for Trading book Central Government securities and Foreign Currencies.
- 2) The positions are marked to market at stipulated intervals. The Duration / Modified Duration is computed and its adherence to the prescribed duration limits is ensured.
- 3) The Bank is computing capital charge on "Held for Trading" and "Available for Sale" categories using Standardized Duration Approach as required under RBI guidelines.
- 4) Stress testing analysis is done by applying rate shocks for parallel shift in the yield curve under current economic and political scenario.

Quantitative Disclosures:

The capital requirements for 31.03.2016 (₹ in crore)

● Interest Rate Risk	- 22.39
● Equity Position Risk	- 58.67
● Foreign Exchange Risk	- 1.82
Total	- <u>82.88</u>

TABLE DF - 8**OPERATIONAL RISK****Qualitative Disclosures:**

Operational Risk is the risk of loss resulting from inadequate or failed processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks.

The Bank has put in place Operational Risk Management Policy duly approved by the Board. This policy outlines the Organisation Structure and covers the process of identification, assessment/measurement and control of various operational risks.

The other policies adopted by the Bank which deal with the management of operational risks are Inspection Policy, Information Security Audit Policy and Policy on Modified code of conduct for Know-Your Customer & Anti-Money Laundering Standards.

Operational Risks in the Bank are managed through comprehensive and well-articulated internal control framework. Operational risk is mitigated by effecting suitable insurance coverage wherever necessary. The Bank has also put in place a compliance cell to supervise KYC & AML guidelines and off site monitoring of high value transactions. For accounting operations in the computerized environment, suitable internal control system is maintained and a separate policy on I.T. Security is in place specifying the internal guidelines on access, control, communications, operations, personal security, business continuity management etc.

Quantitative Disclosures:

Capital charge for Operational Risk is computed as per the Basic Indicator Approach based on the average of the gross income for the previous three years i.e. 2012-13, 2013-14 and 2014-15 as defined in the Master Circular - Basel III Capital Regulations & New Capital Adequacy Framework guidelines. The required capital is ₹156.61 crore.

TABLE DF - 9**INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)****Qualitative Disclosures:**

Interest rate risk is the risk where changes in the market interest rates might affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as also the net-worth of the Bank (economic value perspective). The risk from earnings perspective can be measured as impact in the Net Interest Income (NII) or Net Interest Margin (NIM). Similarly, the risk from economic value perspective can be measured as drop in the Economic value of Equity (EVE).

The impact on income (earning perspective) is measured through use of Gap Analysis by applying notional rate shock up to 200 bps as prescribed.

For the calculation of impact on earnings, the Traditional Gap is taken from the Rate Sensitivity statement and based on the remaining period from the mid point of a particular bucket, the impact for change in interest rates up to 200 bps is arrived at for one year time horizon.

The Bank has adopted Duration Gap Analysis for assessing the impact (as a percentage) on the Economic Value of Equity (Economic Value Perspective) by applying a notional interest rate shock of 200 bps. As per the draft

guidelines issued by RBI DBOD.No. BP. 7/21.04.098/ 2005-06 dated 17th April, 2006, the Bank calculates Modified Duration Gap on Assets & Liabilities and arrive at the impact on Economic Value of Equity. On 4th November, 2010, RBI issued a circular on Interest Rate Risk using Duration Gap Analysis and these guidelines have also been taken into account while calculating IRRBB. The Bank is calculating IRRBB on a quarterly basis.

Quantitative Disclosures:

- a) The impact of change in Interest Rate i.e. Earnings at Risk for 200 bps interest rate shock as on 31.03.2016 is ₹103.16 crore.
- b) The impact of change in market value of Equity for an interest rate shock of 200 bps as on 31.03.2016 is 10.80%.

TABLE DF - 10

GENERAL DISCLOSURES FOR EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) is the risk that a counter party to a transaction could default before the final settlement of the transaction cash flows. Unlike a firm's exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss to either parties.

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward contracts.

Credit exposures on forward contracts

The Bank enters into the forward contracts in the normal course of business for proprietary trading and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Counterparty Credit exposure as on 31st March, 2016

(₹ in crore)

Nature	Notional Amount	Potential Exposure @ 2%	Current exposure	Total credit exposure
Forward contracts	4788.55	84.38	55.80	140.18

The capital requirement for Bank's exposure to Qualified Central Counter Party (QCCP) has been computed for the exposure to Clearing Corporation of India (CCIL) as on 31.03.2016 amounting to ₹.63.21 crore with risk weighted assets of ₹ 12.64 crore, which is forming part of credit risk total. In terms of RBI circular dated 28.03.2013, the Credit Valuation Adjustment (CVA) risk capital charge has been computed, which amounted to ₹ 0.37 crore (the corresponding risk weighted value of ₹ 4.65 crore has also been added to credit risk weighted assets).

3. Composition of Capital Disclosure
TABLE DF - 11
COMPOSITION OF CAPITAL

**Part II : Template to be used before 31st March, 2017
(i.e. during the transition period of Basel III regulatory adjustments)**

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
Common Equity Tier 1 capital: instruments and reserves				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	8650.06	-	-
2	Retained earnings	21846.10	-	-
3	Accumulated other comprehensive income (and other reserves)	-	-	-
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	-	-
	Public sector capital injections grandfathered until 1 st January, 2018	-	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-	-
6	Common Equity Tier 1 capital before regulatory adjustments	30496.16	-	-
Common Equity Tier 1 capital : regulatory adjustments				
7	Prudential valuation adjustments	-	-	-
8	Goodwill (net of related tax liability)	-	-	-
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	187.98	-	-
10	Deferred tax assets	-	-	-
11	Cash-flow hedge reserve	-	-	-
12	Shortfall of provisions to expected losses	-	-	-
13	Securitisation gain on sale	-	-	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-
15	Defined-benefit pension fund net assets	-	-	-
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-	-	-
17	Reciprocal cross-holdings in common equity	14.17	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	-
20	Mortgage servicing rights (amount above 10% threshold)	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
22	Amount exceeding the 15% threshold	-	-
23	of which : significant investments in the common stock of financial entities	-	-
24	of which : mortgage servicing rights	-	-
25	of which : deferred tax assets arising from temporary differences	-	-
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	-
26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	-	-
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	-	-
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	-
26d	of which : Unamortised pension funds expenditures Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment of which : [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context) of which : [INSERT TYPE OF ADJUSTMENT] of which : [INSERT TYPE OF ADJUSTMENT]	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
28	Total regulatory adjustments to Common equity Tier 1	202.15	-
29	Common Equity Tier 1 capital (CET1)	30294.01	-
Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-	-
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	-
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	-	-
35	of which : instruments issued by subsidiaries subject to phase out	-	-	-
36	Additional Tier 1 capital before regulatory adjustments	-	-	-
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	-	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-
41	National specific regulatory adjustments (41a+41b)	-	-	-
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	-	-
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment of which : [INSERT TYPE OF ADJUSTMENT e.g. DTAs] of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%] of which : [INSERT TYPE OF ADJUSTMENT]	-	-	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
43	Total regulatory adjustments to Additional Tier 1 capital	-	-	-
44	Additional Tier 1 capital (AT1)	-	-	-
44a	Additional Tier 1 capital reckoned for capital adequacy	-	-	-
45	Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)	30294.01	-	-
Tier 2 capital : instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	20.00	-	-
47	Directly issued capital instruments subject to phase out from Tier 2	-	-	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
49	of which : instruments issued by subsidiaries subject to phase out	-	-	-
50	Provision include the following a) Investment Reserve ₹ 23.80 mn b) Provision for Standard Asset ₹ 958.80 mn c) Provision for Country Risk Exposure ₹ 3.50 mn d) Provision for Unhedged Exposure ₹ 19.64 mn	1005.74	-	-
51	Tier 2 capital before regulatory adjustments	1025.74	-	-
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-	-	-
53	Reciprocal cross-holdings in Tier 2 instruments	40.00	-	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	-	-
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-
56	National specific regulatory adjustments (56a+56b)	-	-	-
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-	-	-
56b	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%] of which : [INSERT TYPE OF ADJUSTMENT	-	-	-
57	Total regulatory adjustments to Tier 2 capital	40.00	-	-
58	Tier 2 capital (T2)	985.74	-	-
58a	Tier 2 capital reckoned for capital adequacy	985.74	-	-
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	-	-	-
58c	Total Tier 2 capital admissible for capital adequacy (58a+58b)	985.74	-	-
59	Total capital (TC = T1 + Admissible T2) (45 + 58c) Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment of which : [INSERT TYPE OF ADJUSTMENT] of which :	31279.75	-	-
60	Total risk weighted assets (60a + 60b + 60c)	200824.22	-	-
60a	of which : total credit risk weighted assets	170888.12	-	-
60b	of which : total market risk weighted assets	10359.42	-	-
60c	of which : total operational risk weighted assets	19576.68	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	15.09%	-	-
62	Tier 1 (as a percentage of risk weighted assets)	15.09%	-	-
63	Total capital (as a percentage of risk weighted assets)	15.58%	-	-
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	-	-	-
65	of which : capital conservation buffer requirement	0.625%		
66	of which : bank specific countercyclical buffer requirement	-	-	-
67	of which : G-SIB buffer requirement	-	-	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	NA	-	-
National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	5.00%	-
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	6.50%	-
71	National total capital minimum ratio (if different from Basel III minimum) (for 31.03.2016)	9.625%	9.00%	-
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	-	-	-
73	Significant investments in the common stock of financial entities	-	-	-
74	Mortgage servicing rights (net of related tax liability)	-	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	-	-
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	-	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
Capital instruments subject to phase-out arrangements (only applicable between 31st March, 2017 and 31st March, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	NA	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	-	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	-

Notes to the template

(₹ in million)

Row No. of the template	Particulars	Amount
10	Deferred tax assets associated with accumulated losses Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability Total as indicated in row 10	- - -
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank of which : Increase in Common Equity Tier 1 capital of which : Increase in Additional Tier 1 capital of which : Increase in Tier 2 capital	- - -
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then : (i) Increase in Common Equity Tier 1 capital (ii) Increase in risk weighted assets	- - -
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a) of which : Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital Eligible Revaluation Reserves included in Tier 2 capital Total of row 50	1005.74 - 1005.74
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

Table DF - 12
COMPOSITION OF CAPITAL- RECONCILIATION REQUIREMENTS
Step 1

(₹ in million)

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
A Capital & Liabilities		
I Paid-Up Capital	598.19	NOT APPLICABLE
Reserves & Surplus	29921.77	
Minority Interest	-	
Total Capital	30519.96	
II Deposits	271581.31	
of which : Deposits from Banks	1383.20	
of which : Customer deposits	270198.11	
of which : Other Deposits (pl. specify)	-	
III Borrowings	1125.46	
of which : From RBI	0.00	
of which : From Banks	0.68	
of which : From other Institutions & Agencies	724.78	
of which : Others (pl. specify) Outside India	-	
of which : Capital Instruments	400.00	
IV Other Liabilities & Provisions	9292.88	
Total	312519.61	
B Assets		
I Cash and Balances with Reserve Bank of India	13625.68	
Balance with Banks and Money at call and short notice	12375.03	
II Investments	63244.51	
of which : Government securities	59049.86	
of which : Other approved securities	-	
of which : Shares	179.78	
of which : Debentures & Bonds	367.51	
of which : Subsidiaries / Joint Ventures / Associates	-	
of which : Others (Commercial Papers, Mutual Funds etc.)	3647.36	
III Loans and Advances	210569.16	
of which : Loans and Advances to Banks	-	
of which : Loans and Advances to Customers	210569.16	
IV Fixed Assets	2175.56	
V Other Assets	10529.67	
of which : Goodwill and Intangible Assets	-	
of which : Deferred Tax Assets	320.18	
VI Goodwill on Consolidation	-	
VII Debit Balance in Profit & Loss Account	-	
Total	312519.61	

Step 2

- 1) As the Bank is not having any subsidiary, no disclosure relating any legal entity for regulatory consolidation is made.
- 2) The entire paid up capital of the Bank amounting to ₹ 598.19 million is included in CET I. (refer Item I of DF-11)
- 3) The break up for Reserves & Surplus ₹ 29921.77 million as shown in the Bank's financials statements is given hereunder for the purpose of reconciliation for calculation of Regulatory Capital in DF-11.

(₹ in million)

As per Balance Sheet	Amount	As shown in DF - 11 Capital
a) Statutory Reserves	8060.00	Included in Regulatory CET I capital DF-11 (S.No.2)
b) Capital Reserves	626.64	Included in Regulatory CET I capital DF-11 (S.No.2)
c) Share Premium	8051.87	Included in Regulatory CET I capital DF-11 (S.No.1)
d) General Reserves	11175.00	Included in Regulatory CET I capital DF-11 (S.No.2)
e) Investment Reserve	23.80	Included in Regulatory Tier II capital DF-11 (S.No.50)
f) Special Reserve under IT	1910.00	Included in Regulatory CET I capital DF-11 (S.No.2)
g) Balance in P&L upto 31.03.2014	74.46	Included in Regulatory CET I capital DF-11 (S.No.2)
	29921.77	

- 4) Borrowings - The Tier II bonds shown as capital instruments under borrowings (under in step 1 - A(iii) above) has a book value of ₹400.00mn, but the amount admissible for regulatory Tier II capital after discounts and deductions amounts to only ₹ 20.00mn shown in DF-11 (S.No.46) as of 31.03.2016. Tier II bond of ₹30.00 crore issued on 31.03.2006 was redeemed on its due date 30.04.2016.
- 5) Other Liabilities - The following subheads are included in Other Liabilities in the Balance Sheet
- Provision for Standard assets - ₹ 958.80 mn
 - Provision for Unhedged Foreign Currency Exposure (UFCE) - ₹ 19.64 mn
 - Provision for Country Risk Exposure - ₹ 3.50 mn

However, they are shown under Tier II capital for computation of Regulatory Capital DF-11 (Sl. No.50) as noted in brackets as per extant RBI guidelines.

Step 3

(₹ in million)

Extract of Basel III common disclosure template (with added column) Table DF - 11 (Part I / Part II whichever, applicable) Common Equity Tier 1 capital: instruments and reserves		
	Component of regulatory capital reported by bank	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2
1 Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	8650.06	2 & 3 (c)
2 Retained earnings	21846.10	3 (a, b, d, f & g)
3 Accumulated other comprehensive income (and other reserves)	-	
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6 Common Equity Tier 1 capital before regulatory adjustments	30496.16	(Total of 1 & 2)
7 Prudential valuation adjustments	-	
8 Goodwill (net of related tax liability)	-	

Table DF - 13
MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Table DF - 13 : Main Features of Regulatory Capital Instruments (Equity Shares & Bond Series I, II) Disclosure template for main features of Regulatory Capital Instruments				
Description		Equity Shares	Bond Series I	Bond Series II
1	Issuer	City Union Bank Ltd	City Union Bank Ltd	City Union Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE491A01021	INE491A08018	INE491A08026
3	Governing law(s) of the instrument	Applicable Indian Statues and regulatory requirements	Applicable Indian Statues and regulatory requirements	Applicable Indian Statues and regulatory requirements
Regulatory treatment				
4	Transitional Basel III rules	Common Equity Tier I	Tier 2	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier I	Eligible	Eligible
6	Eligible at solo / group / group & solo	Solo	Solo	Solo
7	Instrument type	Common Equity Shares	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognized in regulatory capital (Rs. in million, as of most recent reporting date)	598.19 million	Nil	20.00million
9	Par value of instrument	₹ 1 per equity share	₹ 10,00,000/- per bond	₹ 10,00,000/- per bond
10	Accounting classification	Shareholder's Equity	Borrowings-Liability	Borrowings-Liability
11	Original date of issuance	Various	31/03/2006*	30/03/2007
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No Maturity	30/04/2016	30/04/2017
14	Issuer call subject to prior supervisory approval	Not Applicable	No Call Option	No Call Option
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable Coupons / dividends	Not Applicable Dividend	Not Applicable Coupon	Not Applicable Coupon
17	Fixed or floating dividend / coupon	Not Applicable	Fixed	Fixed
18	Coupon rate and any related index	Not Applicable	8.90%	10.00%
19	Existence of a dividend stopper	Not Applicable	Yes	Yes

Table DF - 13 : Main Features of Regulatory Capital Instruments (Equity Shares & Bond Series I, II) Disclosure template for main features of Regulatory Capital Instruments				
Description		Equity Shares	Bond Series I	Bond Series II
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Not Applicable	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	Not Applicable	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Not Applicable	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated Claim at the time of liquidation	All other Creditors and Depositors of the Bank	All other Creditors and Depositors of the Bank
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	No	Not Applicable	Not Applicable

* Tier II bond of ₹ 30.00 crore issued on 31.03.2006 was redeemed on its due date 30.04.2016.

Table DF - 14

FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS

The details of the Tier II capital [Bonds] raised by the Bank

Table DF - 14 : Full Terms and Conditions of Regulatory Capital Instruments	
Instruments	Full Terms and Conditions
Series I	300 Nos - 8.90% Non Convertible Redeemable Debentures ₹ 10,00,000/- each fully paid up-Tenure 121 Months, Date of Allotment: 31 st March, 2006 Date of Redemption : 30 th April, 2016 aggregating to ₹ 30.00 crore.
Series II	100 Nos - 10.00% Non Convertible Redeemable Debentures ₹ 10,00,000/- each fully paid up - Tenure 121 Months, Date of Allotment : 30 th March, 2007 Date of Redemption : 30 th April, 2017 aggregating to ₹ 10.00 crore.

Table DF - 15

REMUNERATION

Qualitative Disclosures:

(a)	Information relating to the composition and mandate of the Remuneration Committee.	Compensation Committee comprising of five members constituted to oversee the framing, review and implementation of Compensation Policy.
(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p>Key Features:</p> <ul style="list-style-type: none"> i) Board oversees the design of the compensation package and operations ii) Compensation commensurate with the responsibility and accountability <p>Objectives:</p> <ul style="list-style-type: none"> a) Alignment of compensation with prudent risk taking b) Effective Supervisory oversight c) Sound Compensation Practices
(c)	Description of the ways in which current and future risks are taken in to account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Compensation related to the types of risks and symmetric with risk outcomes
(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	Qualitative features such as skills, knowledge and abilities are factored in.
(e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	<ul style="list-style-type: none"> i) ESOP and Reservation in Rights Issue to be the components of share based payment ii) Exgratia payment to be denied only in extreme cases of indiscipline, misuse of trust etc.
(f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	Financial incentives, Exgratia and ESOPs form part of variable remuneration components

Quantitative Disclosures :

	Current Year	Previous Year
(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	3 meetings were held during the financial year and the total remuneration paid during the year ₹ 1,20,000/-	7 meetings were held during the financial year and the total remuneration paid during the year ₹ 2,70,000/-
(h) (i) Number of employees having received a variable remuneration award during the financial year.		
(ii) Number and total amount of sign - on awards made during the financial year.	NIL	NIL
(iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus.		
(iv) Details of severance pay, in addition to accrued benefits, if any.		
(i) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL	NIL
(ii) Total amount of deferred remuneration paid out in the financial year.		
(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NIL	NIL
(k) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments.		
(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.	NIL	NIL
(iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.		

Table DF - 16
EQUITIES - DISCLOSURE FOR BANKING BOOK POSITIONS

There are no equity investments as on 31.03.2016 under Banking Book (HTM).

Leverage Ratio

Leverage ratio is a non-risk based measure of all exposures for the Tier-I capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage. Presently the indicative benchmark Leverage Ratio prescribed is 4.50% (minimum).

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I Capital)}}{\text{Exposure Measure}}$$

Table DF - 17
SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

Item		31.03.2016 (₹ in Million)
1	Total consolidated assets as per published financial statements	312519.61
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(14.17)
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	----
4	Adjustments for derivative financial instruments	1401.80
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	----
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	19431.22
7	Other adjustments (intangible)	(187.98)
8	Leverage ratio exposure	333150.48

Table DF - 18
LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE – 31.03.2016

Item		Leverage ratio framework (Rs. In Million)
On - balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	312519.61
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(202.15)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	312317.46
Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1401.80
5	Add-on amounts for PFE associated with all derivatives transactions	----
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	----
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	----
8	(Exempted CCP leg of client-cleared trade exposures)	----
9	Adjusted effective notional amount of written credit derivatives	----
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	----
11	Total derivative exposures (sum of lines 4 to 10)	1401.80
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	----
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	----
14	CCR exposure for SFT assets	----
15	Agent transaction exposures	----
16	Total securities financing transaction exposures (sum of lines 12 to 15)	----
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	43365.91
18	(Adjustments for conversion to credit equivalent amounts)	(23934.69)
19	Off-balance sheet items (sum of lines 17 and 18)	19431.22
Capital and total exposures		
20	Tier 1 capital	30294.01
21	Total exposures (sum of lines 3, 11, 16 and 19)	333150.48
Leverage ratio		
22	Basel III leverage ratio	9.09%

OTHER OFFICES

INTERNATIONAL BANKING DIVISION & DP DIVISION

1st Floor, No.48,
Mahalakshmi Street, T. Nagar,
Chennai - 600 017.

SERVICE BRANCH

706, Anna Salai
Chennai - 600 006.

COMPUTER SYSTEM DEPARTMENT

I & II Floor,
706, Anna Salai,
Chennai - 600 006.

BUSINESS DEVELOPMENT CENTRE

First Floor, 63-A, C.P.Ramaswami Road,
Abiramapuram, Alwarpet,
Chennai - 600 018.

CUSTOMER DATA PROCESSING CELL (CDPC)

IInd Floor,
No.149, T.S.R Big Street,
Kumbakonam - 612 001.

CENTRALISED LOAN OPENING CELL (CLOC)

IIIrd Floor,
No.149, T.S.R Big Street,
Kumbakonam - 612 001.

CURRENCY CHEST

No.24B, Gandhi Nagar,
Kumbakonam - 612 001

CENTRAL PROCESSING CENTRES (CPCs)

Chennai - Abiramapuram

Second Floor,
63-A, C.P.Ramaswami Road,
Abiramapuram, Alwarpet,
Chennai - 600 018

Chennai - Tambaram

24/38, Rajaji Salai
(Opp. To PF Office),
Tambaram (West),
Kancheepuram Dt.,
Chennai - 600 045.

Coimbatore

27-30, Sarojini Street,
Ram Nagar,
Coimbatore - 641009

Hyderabad

Sama Towers,
Liberty X Roads,
Himayat Nagar,
Hyderabad - 500029

Madurai

80 Feet Road,
(Opp Ambiga Theatre),
Anna Nagar,
Madurai - 625 020.

Trichy

Ground Floor, MDS Plaza,
98, Promenade Road,
Cantonment,
Tiruchirapalli - 620001.

Bangalore

196/3&4, 1st Floor, CM Complex,,
Sultanpet Main Road,
Bangaluru - 560053

Vijayawada

29-2-50&50/1, Ramamandiram
Street, Governorpet,
Vijayawada - 520 002.

Erode

907, Panner Selvam Park,
Brough Road, Erode - 638 001.

Mumbai

349-A, S-1, Silvanto,
Central Avenue Road,
Chembur, Mumbai - 400 071.

Vellore

First Floor, No.29, Arcot Road,
(Ida Scudder Road),
Near Murugan Temple,
Vellore - 632 004

Puducherry

53&55, (Old No.27), Mission Street,
Singapore Plaza, Puducherry - 605 001

New Delhi

First Floor, 18/7, Arya Samaj Road,
Karolbagh, New Delhi - 110 005.

Kumbakonam

First Floor, No.149, T.S.R Big Street,
Kumbakonam - 612 001.

Decade of Progress

(₹ in crore)

Year	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Paid up Capital	25.20	32.00	32.00	39.96	40.50	40.82	47.44	54.27	59.66	59.82
Reserve fund and Other Reserves	340.51	534.86	628.92	785.68	966.12	1202.28	1593.22	1970.66	2635.87	2992.18
Deposits	4699.33	6424.96	8206.62	10284.59	12914.29	16340.76	20304.75	22016.89	24074.96	27158.13
Advances	3329.23	4537.06	5645.25	6833.46	9255.46	12137.46	15246.06	16096.84	17965.50	21056.92
Investments	1307.00	1717.96	2397.46	3210.43	3616.23	4586.19	5266.80	5953.56	5870.67	6324.45
Net Profit	71.81	101.73	122.13	152.76	215.05	280.25	322.02	347.07	395.02	444.69
Dividend	40%	50%	75%	75%	85%	100%	100%	100%	110%	120%
No. of Branches	161	180	207	222	246	300	375	425	475	525
Total No. of Staff	1871	2171	2452	2628	2836	3347	3785	4215	4365	4517
Intrinsic value of Shares (₹)	145.12	* 17.78	20.65	20.64	24.85	30.45	30.44	37.31	45.18	51.02
Earning Rate (%)	299.21	317.91	381.66	381.90	530.95	686.55	597.51	639.52	662.12	743.38

• During the year 2007-08, the Bank has sub-divided the Equity shares of ₹ 10/- each into 10 Equity shares of ₹ 1/- each.

EXPANDING NETWORK



Opening of 500th Branch at Chinthamani



Opening of 525th Branch at Thirumalaisamudram by Sri. R. Sethuraman,
Vice Chancellor of SASTRA University

CSR INITIATIVES



▶ Inauguration of Smart Class at Govt. High School, Tippirajapuram by MD & CEO in the presence of Sri. S. Balasubramanian, Chairman & Sri. M. Govinda Rao, Sub-Collector, Kumbakonam

◀ Donation of Ambulance with all facilities to Kumbakonam Municipality during 'MAHAMAHAM'



▶ An initiative towards Swatchh Bharath - Sri. S. Balasubramanian, Chairman Inaugurating the Mobile toilets during Mahamaham Festival in Feb, 2016 at Kumbakonam,

147 such toilets were installed in and around Kumbakonam at a cost of ₹ 1.70 crore.

**CITY UNION BANK LIMITED****ECS / NECS / RTGS / NEFT MANDATE FORM FOR PAYMENT OF DIVIDEND ON EQUITY SHARES**

(In case of share held in physical form – send it to Registrar & Share Transfer Agent (RTA),
M/s. Karvy Computershare Pvt. Ltd., Hyderabad)

(In case of share held in demat form – send it to your Depository Participant)

Name of the First / Sole shareholder					
Regd. Folio No.					
No. of Shares					
Bank A/c. Type [Please tick (✓)]	Saving A/c		Current A/c		Cash Credit A/c
Bank Account Number					
Name of the Bank					
Branch Name					
IFSC Code					
Full Address of the Branch					
9-Digit Code number of the Bank & Branch appearing on the MICR cheque issued by the Bank (Please attach Photocopy of a cheque or a blank cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the code).					

DECLARATION

I agree to avail the ECS / NECS / RTGS / NEFT facility as and when implemented by **CITY UNION BANK LIMITED** for payment of dividend to me.

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold **CITY UNION BANK LIMITED** / RTA responsible in any manner.

I further undertake to inform **CITY UNION BANK LIMITED** / RTA any change in my Bank, Branch and Account Number.

(Signature of the First / Sole shareholder)

Place :

Date :





CITY UNION BANK LIMITED

NOMINATION FORM

[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19 (1) of the Companies (Share Capital and Debentures) Rules, 2014]

I / We _____ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Regd. Folio No.	No. of securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE(S)

Name:	Date of Birth: ____/____/____		Please affix recent passport size photograph of the Nominee signed across
Father's / Mother's / Spouse's name:	Occupation:	Nationality:	
e-mail Id:	Relationship with the Security Holder:		
Address:			
Phone No.	Pin code:		

(3) IN CASE NOMINEE IS A MINOR

Date of Birth: ____/____/____	Date of attaining majority: ____/____/____	Name of guardian:
Address of guardian:		
Pin code:		

Name of the Security Holder	Signature
1.	
2.	
Name of Witness:	Signature of Witness with date:
Address of Witness:	
Place:	
Date:	

Note : The above form should be filled and submitted with the Bank's Registrar and Share Transfer Agents - Karvy Computershare Pvt. Ltd., (Unit: **CITY UNION BANK LIMITED**) situated at Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500032, Telengana State, India.





Annual General Meeting 24.08.2015





CUB

CITY UNION BANK LIMITED

CIN: L65110TN1904PLC001287

Registered Office : 149, T.S.R (Big) Street, Kumbakonam - 612 001, Tamilnadu.

Phone: 0435 - 2432322 Fax: 0435 - 2431746

e-mail: shares@cityunionbank.com Website: www.cityunionbank.com