

CITY UNION BANK LTD CENTRAL OFFICE KUMBAKONAM

NEW CAPITAL ADEQUACY FRAMEWORK – BASEL II DISCLOSURES UNDER PILLAR 3 AS ON 30.09.2011

CAPITAL STRUCTURE

Quantitative Disclosures

Sl. No.	Description	Amount (Rs in Crs)	
01.	Tier – I Capital - Paid-up Share Capital - Total - Reserves & Surplus - Total Amount deducted from Tier I Capital (if any) - Intangible Assets Total eligible Tier I Capital	40.67 1090.48 14.44	1131.15 14.44 1116.71
02.	Tier – II Capital a) Revenue Reserves b) Lower Tier II – Subordinated Debts c) Provision for Standard Assets	4.05 34.00 38.89	76.94
03.	Total Eligible Capital (net of deductions from Tier I & Tier II Capital)		1193.65

CAPITAL ADEQUACY

Quantitative disclosures

(Rs. in crore)

(a) Capital requirements for credit risk: (@ 9% on Risk weighted Assets)

- Portfolios subject to standardised approach 724.83
- Securitisation exposures

(b) Capital requirements for market risk:

- Standardised duration approach 18.29
 - Interest rate risk 7.42
 - Foreign exchange risk 2.59
 - Equity risk 8.28

(c) Capital requirements for operational risk:

- Basic indicator approach; 65.83

Total capital required @ 9% 808.95

(d) Total and Tier 1 capital ratio:

Total CRAR	13.28%
Tier I CRAR	12.42%

CITY UNION BANK LTD CENTRAL OFFICE KUMBAKONAM

CREDIT RISK : GENERAL DISCLOSURES

Quantitative Disclosures

Total Gross Credit Risk Exposures including Geographic Distribution of Exposure:
Rs. in crore

Exposure as on 30.09.2011	Domestic	Overseas	Total
Fund based	11798.57	Nil	11798.57
Non-fund based	1393.04	nil	1393.04
Total	13191.61	nil	13191.61

Industry type distribution of exposures - 30.09.2011

Industry Name	Funded Exposure	Non-funded exposure	Total exposure
	(A)	(B)	(A+B)
Mining	4.83	1.12	5.95
Iron and Steel	534.47	364.57	899.04
Other Metal & Metal Products	182.98	27.18	210.16
Engineering Excl Electronics	19.41	34.47	53.88
Electronics incl home appliances	22.40	1.33	23.73
Electricity	50.51	0.00	50.51
Cotton Textiles	856.20	64.70	920.90
Other Textiles	248.08	16.36	264.44
Food Processing	141.13	9.56	150.69
Vegetable Oils & Vanaspathi	1.14	3.90	5.04
Paper & Paper Products	249.89	16.69	266.58
Rubber & Rubber Products	8.87	0.16	9.03
Chemicals, Dyes, Paints etc.			
Of which Drugs & Pharmaceuticals	31.52	11.50	43.02
Of which other chemicals	48.81	42.04	90.85
Leather & Leather Products	9.38	1.44	10.82
Gems & Jewellery	1.62	0.11	1.73
Construction (CRE)	615.99	3.23	619.22
Automobile (including trucks)	33.85	0.81	34.66
Computer Software	10.51	0.78	11.29
Infrastructure Excluding Power	88.03	37.99	126.02
Power	32.51	0.00	32.51
NBFC	232.60	111.53	344.13
Trading	2447.74	144.85	2592.59
Other Industries	314.53	41.07	355.60
Residual Categories	5611.57	457.65	6069.22
Total Gross Exposure	11798.57	1393.04	13191.61

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Residual contractual maturity breakdown of assets 30.09.2011

PERIOD	Cash, RBI Balance and Balance with all Banks	Investments (Net)	Advances (Net)	Fixed & Other Assets	Total
1 Day	482.34	4.31	25.80	7.85	520.30
2 to 7 Days	12.90	13.04	76.62	8.45	111.01
8 to 14 Days	9.43	0.41	1302.07	9.73	1321.64
15 to 28 Days	58.90	215.62	78.03	6.64	359.19
29 Days to 3 Months	123.69	392.72	165.24	6.95	688.60
Over 3 Months & upto 6 Months	80.81	308.86	125.49	68.10	583.26
Over 6 Months & upto 1 Year	364.98	1462.91	288.56	143.49	2259.94
Over 1 Year & upto 3 Years	285.25	1148.86	6624.43	135.32	8193.86
Over 3 Years & upto 5 Years	12.71	55.69	812.34	0.00	880.74
Over 5 Years	14.35	390.83	967.12	146.04	1518.34
Total	1445.36	3993.25	10465.70	532.57	16436.88

Amount of NPAs (Gross)

Rs in crore

Sub-standard	77.89
Doubtful 1	27.86
Doubtful 2	11.96
Doubtful 3	1.83
Loss	5.25
Gross NPA Total	124.79

The Amount of Net NPAs is Rs.43.70 crore

The NPA ratios are as under

- Gross NPA to Gross Advances 1.18%
- Net NPAs to Net Advances – 0.42%

The movement of NPA is as under:

Rs in crore

i. Opening balance at the beginning of the year (01.04.2011)	112.48
ii. Additions made during the year (2 quarters)	56.77
iii. Reductions during the year (2 quarters)	44.46
iv. Closing balance at the end of half year (30.09.2011) (i + ii - iii)	124.79

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The movement of provisions for NPAs are as under:

Rs in crore	
i. Opening balance at the beginning of the year (01.04.2011)	63.34
ii. Provisions made during the year (2 quarters)	18.15
iii. Write-off/Write-back of excess provisions (2 quarters)	1.11
iv. Closing Balance at the end of half year (30.09.2011) (i + ii – iii)	80.38

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

Rs in crore	
i. Opening balance at the beginning of the year (01.04.2011)	8.89
ii. Provisions made during the year (2 quarters)	-----
iii. Write-off (2 quarters)	----
iv. Write-back of excess provisions (2 quarters)	5.40
v. Closing Balance at the end of half year (30.09.2011)(i + ii–iii– iv)	3.49

CREDIT RISK: DISCLOSURES FOR PORTFOLIO SUBJECT TO THE STANDARDISED APPROACH

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.

Risk Weight	Rs. in crore		
	Rated	Unrated	Total
Below 100 %	748.69	8891.85	9640.54
100 %	365.26	4191.80	4557.06
More than 100 %	99.41	301.94	401.35
Total outstanding after mitigation	1213.36	13385.59	14598.95
Deducted (as per Risk Mitigation)	6.03	2512.65	2518.68

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CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

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:

Portfolio category	Financial collateral	Quantum of exposure covered Rs in crore
1. Funded - Credit	Bank's own deposits	563.58
2. Funded - Credit	Gold jewels	1357.73
3. Non Funded	Bank's own deposits	501.06

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

Portfolio category	Guaranteed by	Quantum of exposure covered Rs in crore
Funded Credit	ECGC	163.78
Funded Credit	CGTSI	4.09
Funded Credit	Andhra Pradesh State Govt	8.88
Funded Credit	Central Govt	170.76

Securitization : Disclosure for Standardised Approach

Quantitative Disclosures:

NIL

Market Risk in Trading Book

Quantitative Disclosures:

The capital requirements for 30.09.11

Interest rate risk	Rs.7.42 Cr
Foreign exchange risk	Rs.2.59 Cr
Equity risk	Rs.8.28 Cr

Total	<u>Rs.18.29 Cr</u>
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OPERATIONAL RISK

Capital charge for Operational Risk is computed as per the Basic Indicator Approach. The average of the gross income, as defined in the New Capital Adequacy Framework guidelines, for the previous three years i.e. 2008-09, 2009-10 and 2010-11 is considered for computing the capital charge. The required capital is Rs.65.83 crore.

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Quantitative Disclosures:

- a) The impact of change in Interest Rate i.e. Earnings at Risk for 200 bps interest rate shock as on 30.09.2011 is Rs.25.12 crore.
- b) The impact of change in market value of Equity for an interest rate shock of 200 bps as on 30.09.2011 is 14.06%.