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 Regd. Office: 149, T.S.R. (Big) Street, Kumbakonam - 612001.

CUB - PRESS RELEASE

2nd Quarter & 1st Half Year- Performance Results, Financial year 2020-21

Kumbakonam, on 2nd November 2020 – City Union Bank Limited announced today its performance results for the 2nd Quarter of Financial Year 2020-21. Earlier, during the day, the Board of Directors of City Union Bank approved the working results.

Financial Performance Q2 FY 2021 vs Q2 FY 2020:

(Rs in Cr)

Particulars	Q2 FY 2021	Q2 FY 2020	Growth (%)
Interest Income	1060.95	1036.82	2%
Non Interest Income	169.32	194.98	-ve
Total Income	1230.27	1231.80	-ve
Interest Expense	585.81	625.27	-ve
Operating Expense	259.80	260.04	-ve
Total Expense	845.61	885.31	-ve
Net Interest Income	475.14	411.55	15%
Operating Profit	384.66	346.49	11%
Profit After Tax	157.66	193.54	-ve

Financial Performance H1 FY 2021 vs H1 FY 2020:

Particulars	H1 FY 2021	H1FY 2020	Growth (%)
Interest Income	2110.31	2066.06	2%
Non Interest Income	329.91	358.27	-ve
Total Income	2440.22	2424.33	1%
Interest Expense	1198.21	1237.63	-ve
Operating Expense	501.31	488.82	3%
Total Expense	1699.52	1726.45	-ve
Net Interest Income	912.10	828.43	10%
Operating Profit	740.70	697.88	6%
Profit After Tax	311.70	379.18	-ve

Key Balance sheet Items:

(Rs in Cr)

	H1 FY 2021	H FY 2020	Inc/(Dec)	Growth (%)
Deposits	41421	40451	970	2%
Advances	35437	33279	2158	6%
Total Business	76858	73730	3128	4%
CASA	10645	9988	657	7%
Balance Sheet size	50583	48272	2311	5%

Asset Quality:

	Q2 FY 2021	Q2 FY 2020
Gross NPA	1221	1135
Gross NPA (%)	3.44	3.41
Net NPA	631	624
Net NPA (%)	1.81	1.90

Key Financial Ratios:

	Q2 FY 2021	Q2 FY 2020	FY 19-20	FY 18-19
Cost of Deposits	5.54%	6.25%	6.20%	6.17%
Yield on Advances	10.21%	10.76%	10.76%	10.95%
Net Interest Margin	4.12%	3.91%	3.98%	4.32%
Return on Assets	1.23%	1.62%	1.00%	1.64%
Return on Investments	7.75%	9.10%	8.44%	7.36%
Cost to Income Ratio	40.31%	42.87%	43.04%	41.67%
Capital Adequacy Ratio	17.36%	15.49%	16.76%	15.55%

Financial Performance Q2 FY 2021:**1. Net Interest Income**

The Bank earned a Net Interest Income of Rs.475 cr as against Rs.412 cr for the same period as compared to last year.

2. Non Interest Income

Non Interest Income of the Bank is at Rs.169 cr in Q2 FY 2021 as against Rs. 195 cr for Q2 FY 20. The income earned on CEB & Charges decreased by Rs.11 crs from Rs.76 cr in Q2 FY 20 to Rs.65 cr in Q2 FY 21 based on the instructions from Finance Ministry wrt waiver of charges due to COVID impact in Q1 FY 21. The treasury income reduced to Rs.69 cr in Q2 FY 21 Vs Rs.79 crs in Q2 FY 20.

3. Operating Expenses

The operating expense for Q2 FY 21 is at Rs.260 cr and was same during the previous year. Establishment expenses increased from Rs.113 cr in Q2 FY 20 to Rs.120 cr in Q2 FY 21 and all other operating expenses marginally decreased from Rs.147 cr to Rs.140 cr in Q2 FY 21.

4. Operating Profit

Thus, the Operating Profit for Q2 FY 2021 was Rs.385 Cr as against Rs.347 Cr for the same period as compared to the last year.

5. Provisions

For the quarter ended June 2020, the bank made the following provisions: (Rs in Cr)

Provision for	Q2 FY 21	Q2 FY 20	H1 FY 21	H1 FY 20	FY 19-20
- Income Tax	50.00	45.00	95.00	95.00	110.00
- Bad Debts	32.00	98.00	82.00	242.00	631.00
- Covid provision	115.00	--	215.00	--	125.00
- Standard Assets	8.00	9.00	12.00	5.25	19.25
- Investments	20.00	--	20.00	-24.00	(31.67)
- Others	2.00	0.95	5.00	0.45	11.50
Total	227.00	152.95	429.00	318.70	865.08

The Bank already holds a provision of Rs.225 cr for Covid-19 as on June 30, 2020 and during the current quarter the Bank has made an additional provision of Rs.115 cr to meet any future contingency arising out of Covid pandemic. Thus, the total provision in this regard held by the bank as on 30th September 2020 is Rs.340 cr.

6. Net Profit

The Bank's Profit after Tax was at Rs.158 cr in Q2 FY 2021 as against Rs.194 cr in Q2 FY 2020. Profit Before Tax for the quarter was impacted on account of additional provision made to the tune of Rs.115 cr towards Covid to meet any future contingency.

7. Deposits

Total Deposits of the bank marginally increased by 2% for Q2 FY 2021 to Rs.41,421 cr from Rs.40,451 cr for the same period as compared to last year. We have not pushed for growth because of covid and to protect the margins along with optimum level of credit deposit ratio, the deposit position was kept muted in H1 FY 21. However, we will push for growth if situation

warrants by way of any surge in advances in the second half of FY 21. CASA increased by 7% from Rs.9,988 cr to Rs.10,645 cr (Y-o-Y). **CASA portion stood at 25.70% to total deposits**. Cost of Deposits decreased to 5.54% from 6.25% in Q2 FY 20.

8. Advances

Total Advances increased by 6% for Q2 FY 2021 to Rs.35,437 Cr from Rs.33,279 Cr in Q2 FY 2020. Credit Deposit ratio stood at 86%. The yield on Advances decreased to 10.21% in Q2 FY 21 from 10.76% in Q2 FY 20.

9. Asset Quality

The Gross NPA as on September 30, 2020 was at 3.44% and Net NPA was at 1.81% (Gross NPA as on June 30, 2020 was at 3.90% and Net NPA was at 2.11%). The Provision Coverage Ratio as on September, 2020 was at 70%. No addition to NPA during Q2 FY 21 because of standstill clause as per the direction of Supreme Court. Due to that Net NPA stands reduced to 1.81% in Sep-20 from 2.29% in Mar-20.

10. Net Interest Margin

Net Interest Margin stood at 4.12% in Q2 FY 21 Vs 3.91% in Q2 FY 20. NIM has increased sequentially from 3.98% in Q1 FY 21 to 4.12% in Q2 FY 21.

11. Capital Adequacy

As on September 30, 2020 the Capital Adequacy Ratio increased to 17.36% (With Tier I 16.29% and Tier II 1.07% as per Basel III norms). RWA reduced from Rs.32462 Cr in Mar-20 to Rs.30912 cr in Sep-20 mainly due to sanction of ECLGS & increase in Gold loans during H1 FY 21.

12. Return on Assets

Return on assets for the quarter is 1.23% as against 1.62% for the same period of last year.

13. Return on Equity

Return on Equity was at 11.50% in Q2 FY 2021 as compared to 15.18% in Q2 FY 2020.

14. Cost Income Ratio

Cost to Income Ratio reduced to 40.31% in Q2 FY 2021 from 42.87% in Q2 FY 2020. The reduction was on account of improvement in Net Interest Income.

15. Moratorium

The Bank has extended the option to all the borrowers to avail moratorium as per the RBI instructions. During June quarter accounts covering an exposure of 1.76% of CC & 26.54% of Term loan, on total 12.45% of exposure did not received even single payment utilizing moratorium fully. That number currently stands at 0.65% of CC exposure, 19.12% of Term loan exposure and 9.03% of total exposure, where not even a single payment received during moratorium period. Out of them, 0.10% of cc exposure, 10.76% term loan exposure & 4.94% of total exposure have paid the demand portion of one monthly installment in the month of September 2020. Of the balance 4.09% of exposure have not paid anything till now, we expect many of them would opt for restructuring since the time is available upto 31.12.2020 for Non-MSME and 31.03.2021 for MSME. The details are given below.

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

16. ECLGS

Across business lines, upto October 2020, the Bank has sanctioned Rs.1967 cr and disbursed Rs.1691 crs under the ECLGS.

17. Restructure

In terms of RBI Circular DOR No.BP.BC.34/21.04.048/2019-20 dt 11.02.2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated 06.08.2020 - Restructuring of Advances, the bank has restructured 11 Standard accounts to the tune of Rs.79 cr in Q2 FY 2021. As of H1 FY 21, the total outstanding restructured Standard accounts was 175 in numbers and amounting to Rs.478 cr. The Bank hold a provision of Rs.14 cr against the requirement of Rs.13 cr towards Restructured Standard accounts.

18. Technology:

Green MPIN for CUB NetBanking / Mobile Banking

New Internet banking/Mobile banking users are facilitated with generating Internet Banking password/transaction password/Green MPIN online in the CUB Netbanking /Mobile banking. Customer needs to input the Customer ID, branch name, ATM Card and PIN (OR) Date of Birth and PAN and set the Net banking login/ transaction password/MPIN for mobile Banking. Post confirmation, Customer can start using Net/Mobile banking application. This facility is available for both iOS and Android versions

Mobile banking login using Bio-metric authentication

Our latest version of Android / iOS Mobile Banking Application has been updated with bio-metric (fingerprint) authentication feature enabled. This cool feature allows customers to quickly login to their mobile banking using their fingerprint comparing to other login methods (Password/MPIN). Existing login methods also will continue.

Corporate Mobile Banking

New Mobile Banking App CUB CORP has been implemented for the benefit of our Corporate Banking customers. Corporate customers can download this app from Google Play store and start using the Mobile App for doing banking transactions within the limit available under Net Banking facility.

Video KYC verification

Now new customers can open the accounts using the CUB EASY app. The account will be opened instantly. The KYC verification can be done through Video KYC process at the preferred time of the customer. The process is very simple. Customers can start using the accounts without visiting the branches.

Online ASBA for applying to IPO / Rights share issues/Sovereign Gold Bond[SGB]

The facility of registering the DP details and applying for shares in IPO/Rights issues and also for purchasing Sovereign Gold Bond [SGB] is made available in our Net banking/ Mobile Banking applications under the menu ASBA.

24.About the Bank:

City Union Bank is a old sector private sector bank with 700 branches across 15 states and three Union territories. It is a scheduled commercial Bank regulated by the Reserve Bank of India. It is professionally managed and governed. City Union Bank has contemporary technology and infrastructure including ATMs, Net Banking, Mobile Banking, E-Wallet, social Media Banking for personal as well as business banking customers.

The Bank's business segments are SMEs, Traders, Agri, Housing, Retail, mid-corporate, Microfinance, Government, Public Sector, Indian Banks, Co-Operative Banks and Non Banking Companies (NBFC),

Conference call details: City Union Bank will hold an earnings conference call on 2nd November 2020 at 6.00 p.m. IST to discuss our performance for the second quarter ended September 2020. The transcript of the management discussions and the question and answer session will be available online and will be accessible in the Investor Relations section of our website at www.cityunionbank.com

For further information please contact:

Mr. V. Ramesh, Chief Financial Officer
Mobile No. 9344066625
www.cityunionbank.com.