



## INVESTOR PRESENTATION – JUNE 2011

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## 1. Overview

## Showcasing steady performance on an ongoing basis ...

### Track Record

The oldest Private Sector Bank in the Country having 100+ years of operations – Continuous Profitability – Dividend pay out in all 100 + years of existence

### Growth

Retail focussed - Business growing at CAGR 27% Business and Net Profit at 30% in the last 5 Years.

### Strength

RoA at 1.57%, RoE at 22.57% and NIM at 3.59% for June 2011, considered best in the Banking Space. CRAR at 12.22% of which Tier I constitutes 11.39%.

### Management

Continuity in Management – only 7 CEOs so far in 100+ years – Best Corporate Governance – Majority of Directors are Independent and Professional

### Technology

Tech Savvy bank – Technology Partner “Tata Consultancy Services” – State of the Art technology platform – All branches and 100% business under CBS.

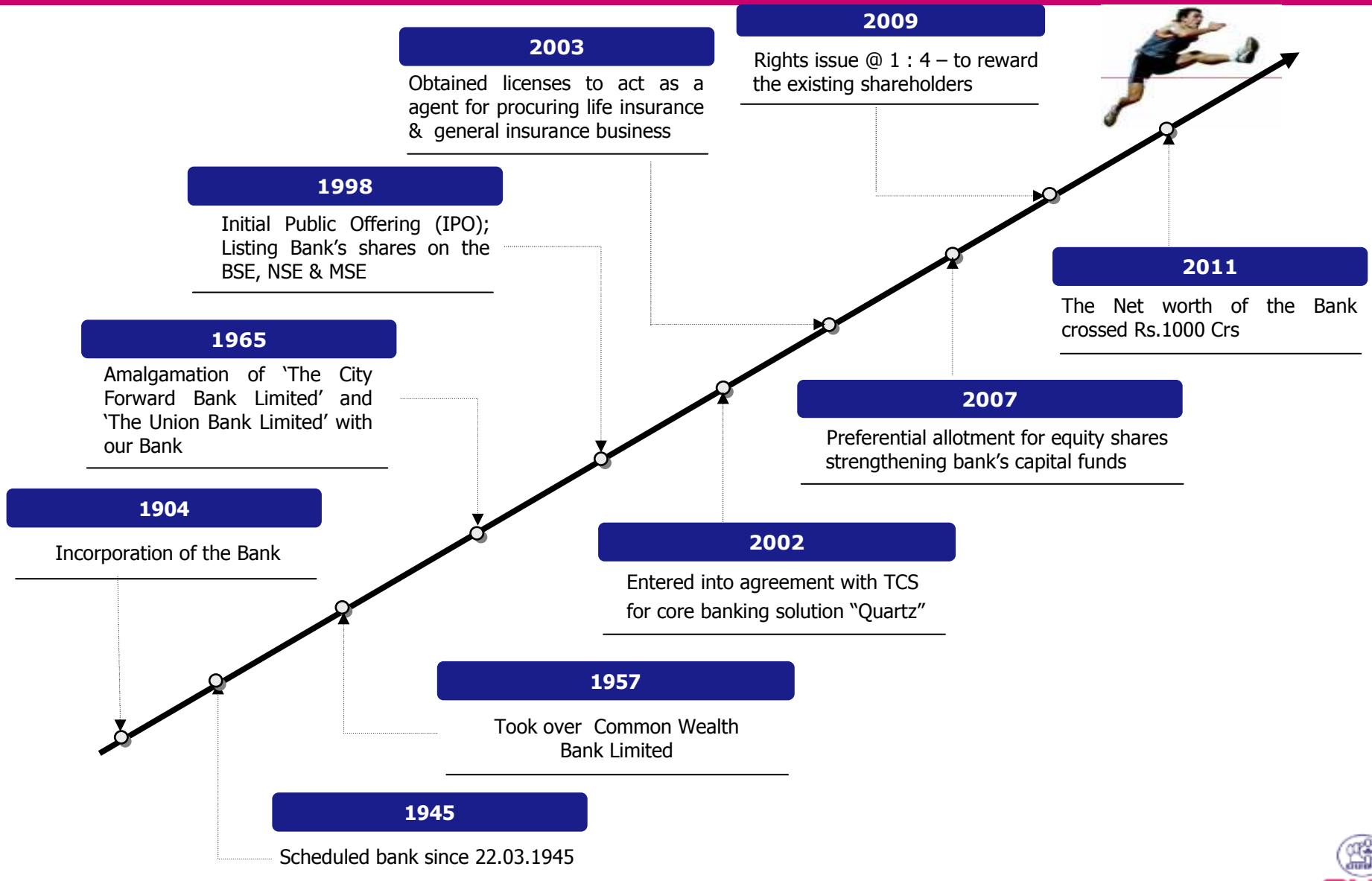
### Asset Quality

Healthy Loan Portfolio - Gross NPA – 1.22%, Net NPA – 0.51% and PCR – 76% for 30.06.2011

### Network

259 Branches and 280 ATMs. Aiming to attain 500 branches in three years.

# Key milestones

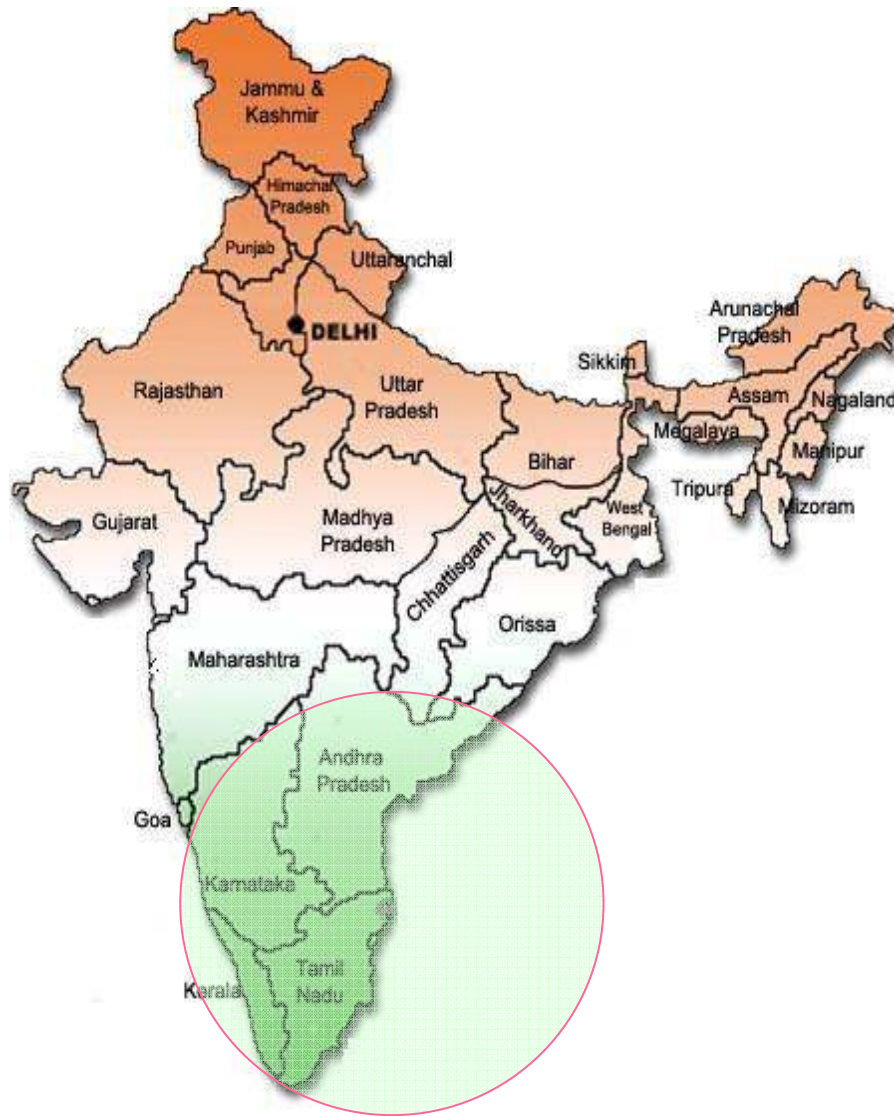




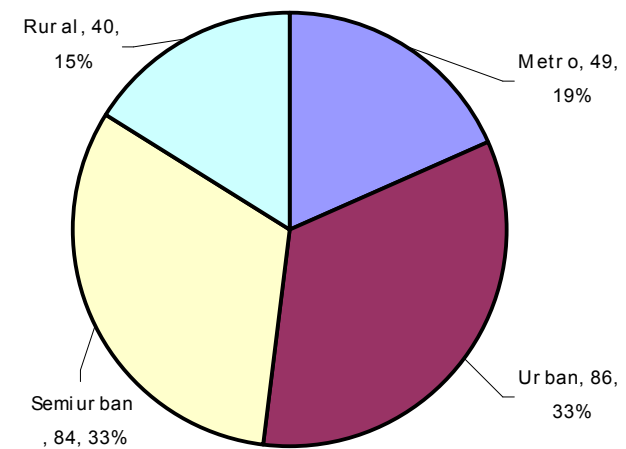
## 2. Branch Network

# Strong presence in the South

✓ A network of 259 branches of which 226 branches are located in South India and 164 in Tamil Nadu alone



State	No. of Branches	% of Business
Tamilnadu	164	72
Andhra Pradesh	32	9
Karnataka	20	6
Maharashtra	12	6
Kerala	10	2
Gujarat	6	1
Others	15	3
<b>Total</b>	<b>259</b>	





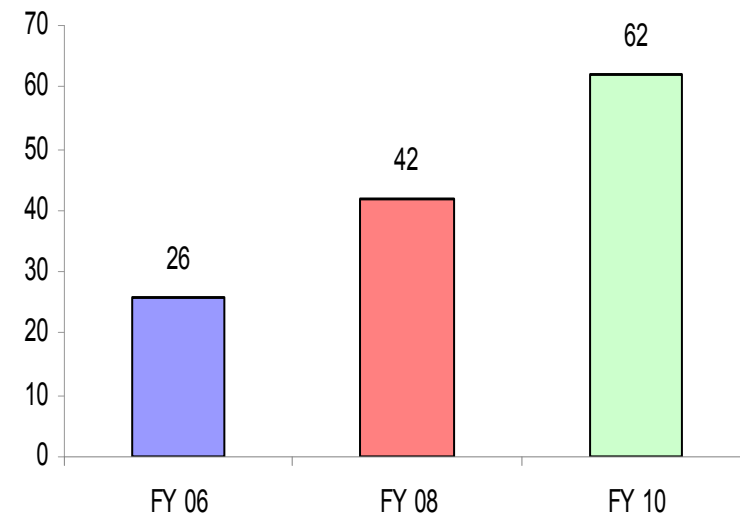
# Branch Expansion

- ✓ Till 27<sup>th</sup> July 2011, we have opened 37 branches out of license received for 62 branches.
- ✓ 25 branches to be opened before September 2011.

## State wise Branch Expansion planned

State	Tier I & II centres	Tier III & IV centres
Tamilnadu	9	8
Andhra Pradesh	2	
Maharashtra	4	
Chattishgarh	1	
Orissa	1	
<b>Total</b>	<b>17</b>	<b>8</b>

## Branch License Received

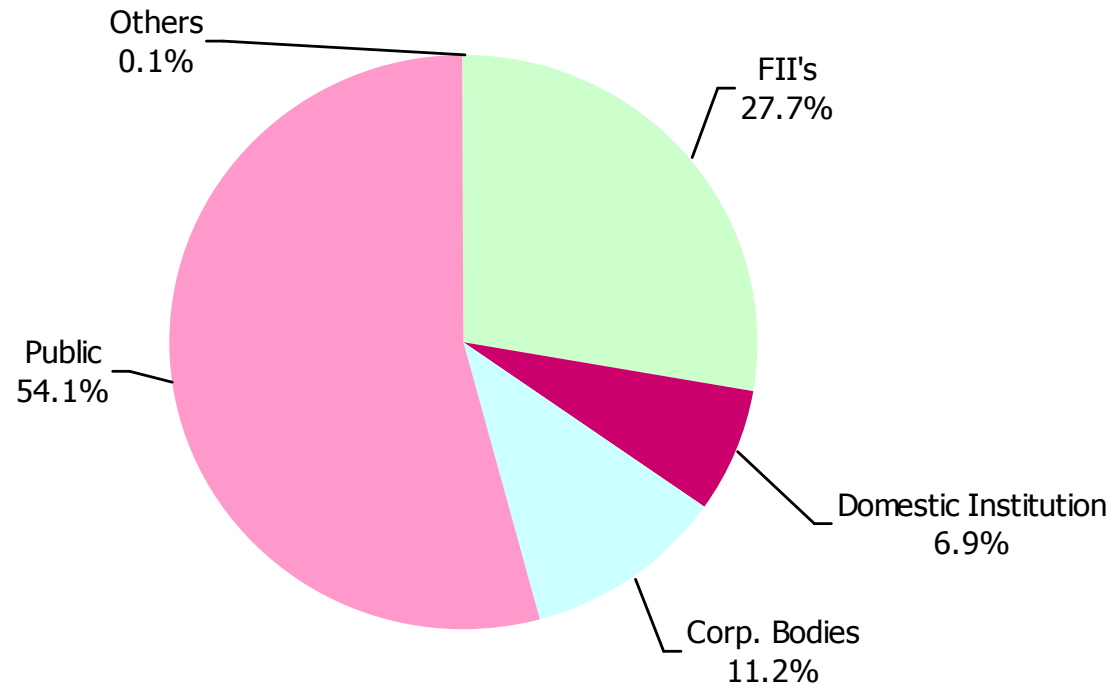




### 3. Ownership Pattern

# A well diversified investor base

## Ownership profile



Well diversified ownership exceeding 90000

Long term investors ensuring stability and support to management

Higher Participation from FII's

## A well diversified investor base

### Major Institutional Shareholders

Shareholders	% of holding
LIC of India	4.91
L & T Capital Holdings Limited	4.72
FMO, Nederlandse	4.61
Argonaut Ventures	4.48
Acacia Partners	2.99
Ares Investments	2.56
Wasatch Core Growth Fund	1.95
ING Vysya Life Insurance Company	1.35
Shriram Chits (P) Ltd.	1.01
Indian Equity Growth Fund	1.00

Cash management services offered to LIC and L&T Finance to improve CASA and customer base

Bank Assurance partner to LIC and ranked No.1 in South India consecutively for three years



## 4. Management

# Transparent 'Corporate Governance' practices



**Board consists of 7 Independent Directors and 3 Non-Independent Directors**



**Various sub-committees of Board functions to oversee the operations of the Bank**



**Code of conduct for directors and senior management put in place**



**Disclosure norms strictly adhered to**








**KYC / AML norms strictly complied with.**

## **We have eminent personalities on our Board;**

- ✓ 1 Former Chairman of a PSU Bank
- ✓ 1 Chartered Accountant
- ✓ 1 Agriculturists
- ✓ 1 Industrialist
- ✓ 1 Advocate
- ✓ 1 Retired High Court Judge
- ✓ 1 former IRDA & RBI top management official
- ✓ 1 Technology Professional






# A well experienced and strong Board

(1/2)

	Name	Profile
	Mr. S. Balasubramanian, Chairman	He holds a Master degree in Mathematics, CAIIB and PGDFM and has 40 years of experience in the banking industry. He joined City Union Bank in 1971 as a probationary officer and was associated with the Bank in various capacities. In 2005 he was appointed as the Chairman & CEO of our Bank and thereafter, in 2009 he was appointed as the Managing Director and CEO. From May 2011, appointed as Non-Executive Chairman of the Bank.
	Dr. N. Kamakodi, MD & CEO	He is a Bachelor of Engineering, MBA, CAIIB and Ph.D. in e-Banking. He joined the Bank as DGM in the year 2003 was elevated to the post of GM in 2005 and later as Executive Director in 2006. He has excellent academic background has also acquired hands on experience on the overall operations of the Bank. From May 2011 appointed as MD & CEO of the Bank.
	Mr. K.S. Raman, Director	He is a post graduate in Statistics. He is an agriculturist and has been on the board during 1984 to 1992 and 1994 to 2002 and presently from 2004 onwards. He has worked in Statistics Department, Annamalai University. Later he moved to Automobile Products of India Limited and then to Larsen & Toubro Ltd.
	Mr. S. Bernard, Director	He is a graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants of India. He is a practicing Chartered Accountant of 31 years standing with expertise in the field of Accountancy and Taxation.
	Mr. Kantha Kumar, Director	He is a graduate in Commerce and Law. He has been in the Banking Industry for around 38 years. He has held key positions such as Executive Director in Canara Bank and Chairman & Managing Director in Syndicate Bank.

# A well experienced and strong Board

(2/2)

	Name	Profile
	Mr. R.G. Chandramogan, Director	He is a well Industrialist in South India. He is the Chairman & Managing Director of Hatsun Agro Product Limited which is the largest procurer of milk in the country. He is a member in Screening Cum Implementation Group – Secondary Agriculture and Working Group on Animal Husbandary & Dairying, both constituted by Planning Commission, Government of India. CII has appointed him as a member in CII National Council on Agriculture constituted by Confederation of Indian Industry.
	Mr. T.K. Ramkumar, Director	He is a graduate in Commerce and Law specialized in Banking law, Company law and Intellectual Property Rights. He is one of the leading Lawyers in Chennai.
	Justice (Retd.) S.R. Singaravelu, Director	He is a former Judge of High Court of Madras and High Court of Orissa. He has vast experience of 36 years in the Judiciary where he has held various positions.
	Mr. C.R. Muralidharan, Director	He was holding various positions in Reserve Bank of India. He retired as Chief General Manager, Reserve Bank of India. He has extensive experience in regulatory Banking. He was also a whole time member of Insurance Regulatory and Development Authority (IRDA).
	Dr. Veezhinathan Kamakoti, Director	He is a Bachelor of Engineering and Ph.D. in Computer Science. He is one of the youngest to adorn the post of Professorship in one of the foremost Institution of India namely I I T, Madras in the Department of Computer Science and Engineering. An expert in Computer Science and Technology, his forte is Information Technology related Secured Systems Engineering and Security related software engineering.





## 5. Products & Services

# Key Strength

**100% CBS**



**Net Banking**



**Friendly Customer Service**



**Mobile Banking**



**VISA Tie-up**



**International Fund Transfer**



# Providing a wide array of services

## Services & facilities – Domestic banking

- ✓ All branches are under 100% CBS
- ✓ 280 own inter connected ATMs nationwide as on July 27, 2011;
- ✓ Access to more than 1 lakh ATMs through Cashtree, NFS, VISA tie-ups
- ✓ VISA debit card access worldwide
- ✓ RTGS and NEFT available at all branches
- ✓ Internet and mobile banking facility
- ✓ SMS alert facility
- ✓ Utility bill payments – Telephone, electricity, credit card payments etc
- ✓ E-Tax payment facility
- ✓ E- payment of college term fees, mess fee & examination fees for university students
- ✓ Demat services in tie-up with NSDL

# Providing a wide array of services

## Services & facilities - International banking

- ✓ Forex services to the importers & exporters including exchange risk hedging products
- ✓ Trade credit facility to importers
- ✓ Handling overseas direct investments and foreign direct investments
- ✓ International banking operations / cross border banking through correspondent banking relationships with HSBC Bank, Wellsfargo Bank, Standard Chartered Bank, Commerce Bank & others
- ✓ Tie up with Doha Bank for arrangement of money transfer from Middle East
- ✓ Drawing arrangement from Singapore with Bank of India
- ✓ Money 2 India Service – Tie up with ICICI Bank for transfer of funds from USA and UK
- ✓ Arrangement with UAE Exchange and Majan exchange for money transfer form Gulf



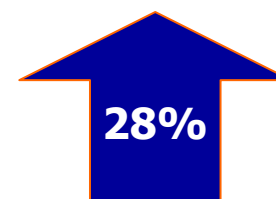
## 6. Financial Performance and Business Profile

# Q1 FY 2012 performance – A snapshot

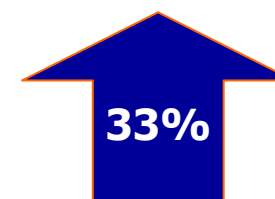
## HIGHLIGHTS FOR THE QUARTER ENDED 30<sup>th</sup> JUNE 2011

- ✓ Deposits increased by 28% to Rs.136,241 Mn from Rs.106,097 Mn
- ✓ Advances surged by 33% from Rs.72,097 Mn to Rs.95,907 Mn
- ✓ Total Business grew by 30% from Rs.178.193 Mn to Rs.232,148 Mn
- ✓ CASA improved by 17% to Rs.25,263 Mn from Rs.21,672 Mn
- ✓ Gross Profit increased by 35% to Rs.4,079 Mn from Rs.3,281 Mn
- ✓ Net Profit increased by 32% from Rs.444 Mn to Rs.585 Mn
- ✓ Provision for NPAs at enhanced rates as per recent RBI guideline
- ✓ Net NPA lowered to 0.51% from 0.54% (YoY)
- ✓ ROA stood at 1.57% up from 1.52% (YoY)
- ✓ Net Interest Margin increased to 3.59% up from 3.56% (YoY)
- ✓ Defined contribution scheme for pension without additional liability

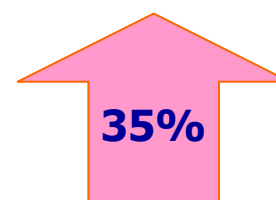
### Deposits



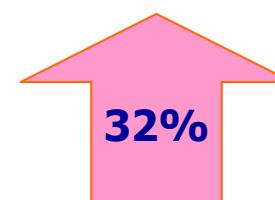
### Advances



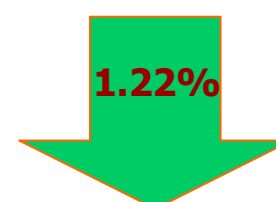
### Gross Profit



### Net Profit



### Gross NPA



### Net NPA

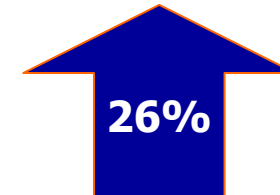


# FY 2011 performance – A snapshot

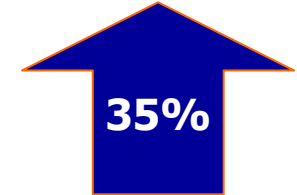
## HIGHLIGHTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011

- ✓ Networth crossed Rs.10 bn.
- ✓ Deposits increased by 26% to Rs.129,143 Mn from Rs.102,846 Mn
- ✓ Advances surged by 35% from Rs.68,967 Mn to Rs.93,290 Mn
- ✓ Total Business grew by 30% from Rs.171,813 Mn to Rs.222,433 Mn
- ✓ CASA improved by 12% to Rs.25,283 Mn from Rs.22,482 Mn
- ✓ Gross Profit increased by 41% to Rs.3,610 Mn from Rs.2,558 Mn
- ✓ Net Profit increased by 41% from Rs.1,528 Mn to Rs.2,151 Mn
- ✓ Provision for NPA's at enhanced rates as per recent RBI guideline
- ✓ Net NPA lowered to 0.52% from 0.58% (YoY)
- ✓ ROA stood at 1.67% up from 1.52% (YoY)
- ✓ Net Interest Margin increased to 3.64% up from 3.15% (YoY)
- ✓ Defined contribution scheme for pension without additional liability

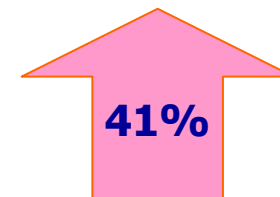
### Deposits



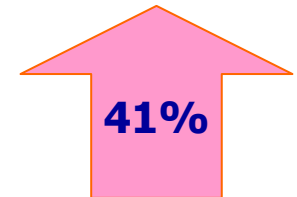
### Advances



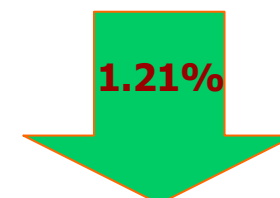
### Gross Profit



### Net Profit



### Gross NPA



### Net NPA



# June 2011 performance – A snapshot

## Financial Performance

(in INR Mn)

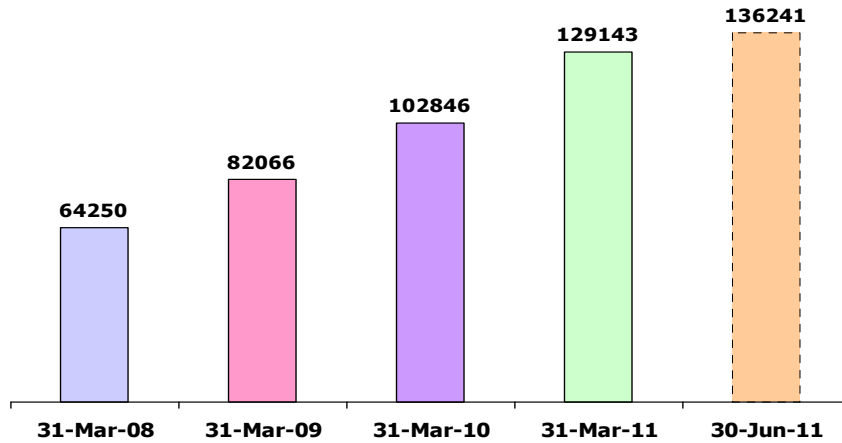
Particulars	Jun 2011	Jun 2010	Growth	% Growth	FY 2011
Deposits	136241	106097	30145	28%	129143
Advances	95907	72097	23810	33%	93290
Total Business	232148	178193	53955	30%	222433
Demand Deposits	10825	9559	1226	13%	10876
Savings Deposits	14438	12113	2325	19%	14407
CASA	25263	21672	3591	17%	25283
Gross NPA	1171	934	237	25%	1125
Net NPA	489	389	100	26%	484
Gross NPA (%)	1.22%	1.30%			1.21%
Net NPA (%)	0.51%	0.54%			0.52%
C R A R	* 12.22%	* 13.46%			12.75%
- Of which Tier I	11.39%	12.05%			11.84%
CD Ratio	70%	68%			72%
PCR	76.06%	71.56%			76.69%

\* Net Profit for the current and corresponding quarter has not been taken into account to calculate the Capital Adequacy Ratio, as per RBI directive. The CRAR is 12.90% for Jun 2011 and 13.71% for Jun 2010 after factoring the quarterly Net Profit.

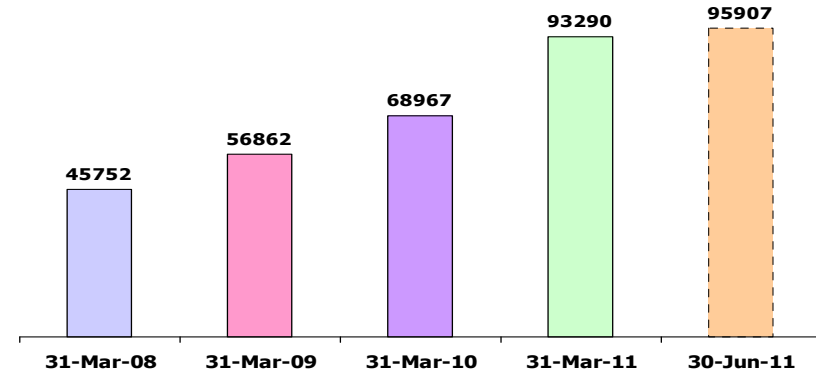


# Strong Deposits and Advances growth

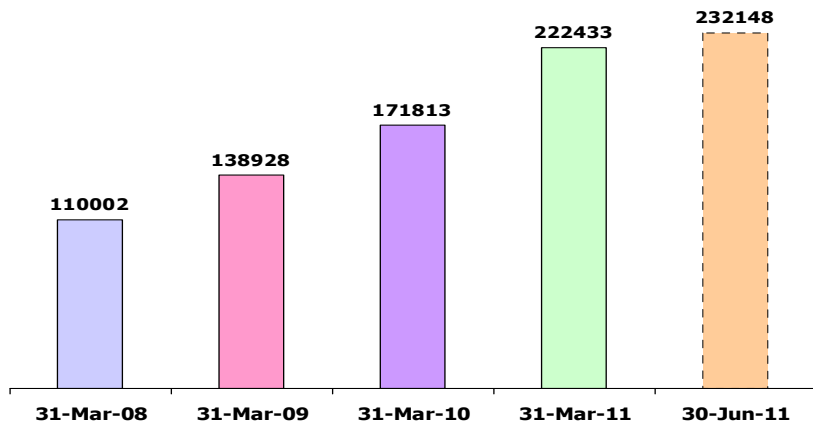
## Deposits



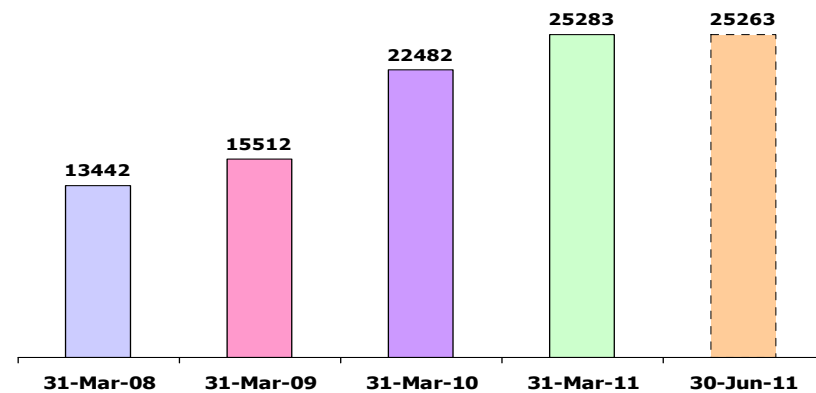
## Advances



## Business



## CASA



# Q1 FY 2012 performance – Highlights

## Financial Performance

(in INR Mn)

Particulars	Jun 2011	Jun 2010	Growth	% Growth	FY 2011
Net Interest Income	1200	922	279	30%	4200
Other Income	459	321	138	43%	1574
Operating Expenses	596	457	139	30%	2164
Gross Profit	1064	786	278	35%	3610
Provisions & Contingencies	479	342	136	40%	1460
Net Profit	585	444	141	32%	2151
Return on Assets	1.57%	1.52%			1.67%
Return on Equity	22.57%	20.93%			23.47%

# Income and Expenses – Breakup

## Interest Income Breakup

(in INR Mn)

Particulars	Jun 2011	Jun 2010	Growth	FY 2011
Interest on Loans	3013	2115	42%	9654
Interest on Investments	690	540	28%	2451
Other Interest Income	9	18	-50%	79
<b>Total Income</b>	<b>3711</b>	<b>2672</b>	<b>39%</b>	<b>12184</b>

## Other Income Breakup

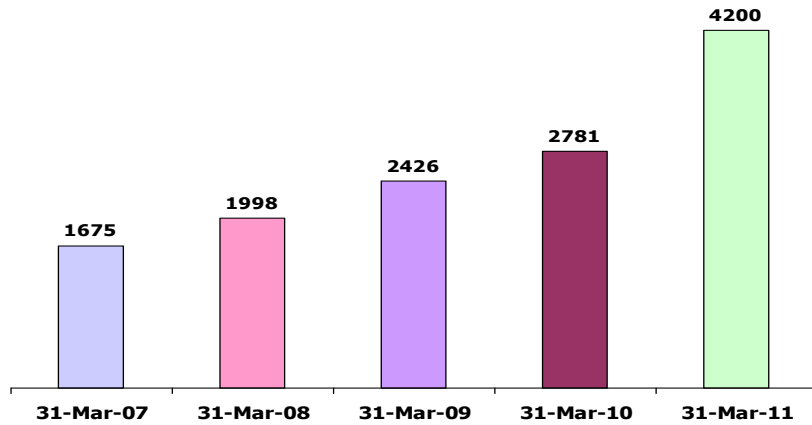
## Expenses Breakup

Particulars	Jun 2011	Jun 2010	Growth	FY 2011
CEB & Charges	318	211	51%	992
Treasury Income	42	54	-22%	172
All other Income includes suit recoveries	99	56	77%	410
<b>Total Other Income</b>	<b>459</b>	<b>321</b>	<b>43%</b>	<b>1574</b>

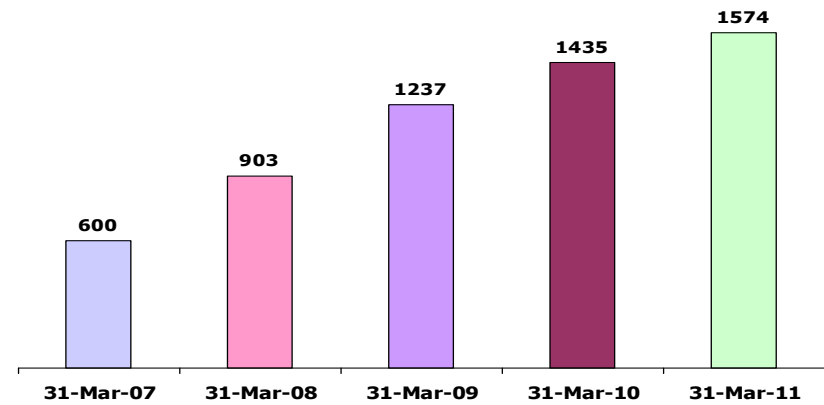
Particulars	Jun 2011	Jun 2010	Growth	FY 2011
Int Exp on Deposits	2446	1738	41%	7802
Other Int Expenses	66	12	450%	182
Employee Cost	292	231	27%	1016
Other Operating Exp	303	226	34%	1148
<b>Total Expenses</b>	<b>3107</b>	<b>2207</b>	<b>41%</b>	<b>10148</b>

# Income Growth over the years ...

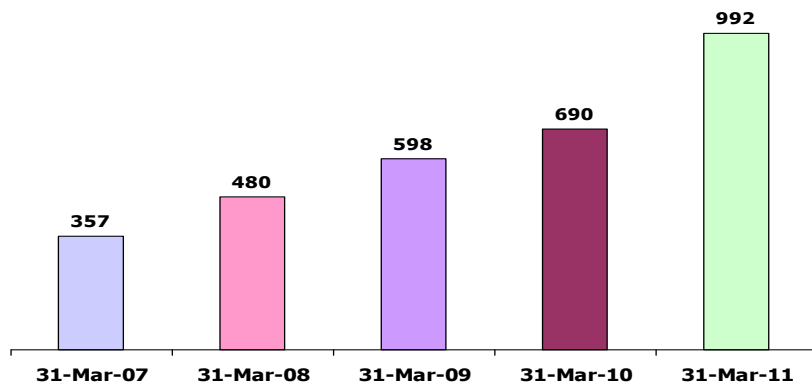
## Net Interest Income Growth



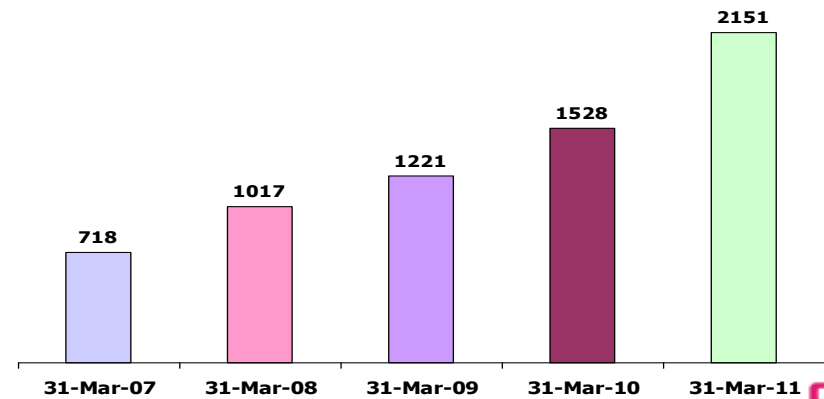
## Other Income Growth



## CEB Growth



## Net Profit Growth



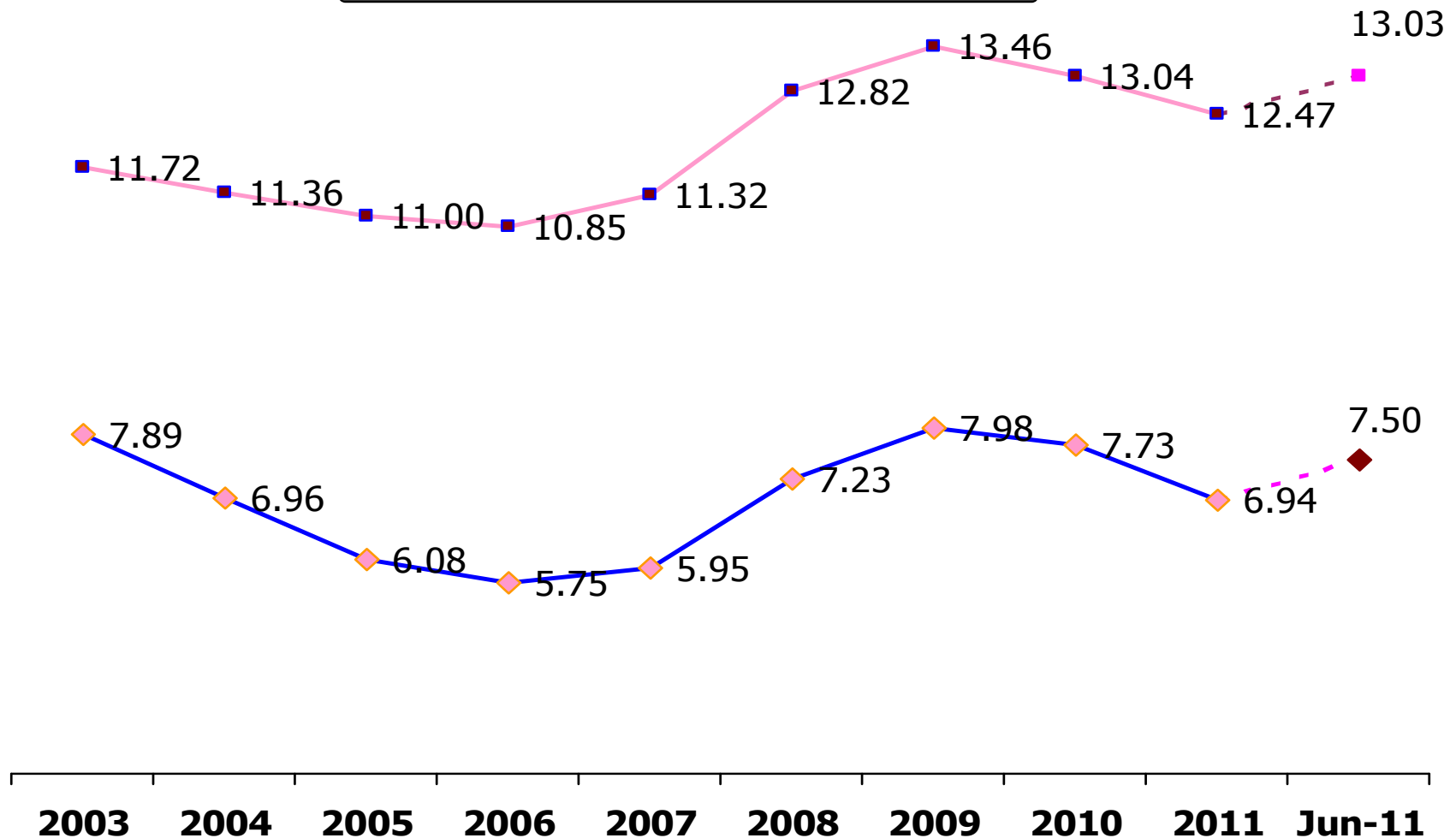
# Key Business Indicators

## Key indicators

Particulars	Jun 2011	Jun 2010	FY 2011
Cost of Deposits	7.50%	6.84%	6.94%
Yield on Advances	13.03%	12.43%	12.47%
Yield on Investments	6.77%	6.59%	6.65%
Net Interest Margin	3.59%	3.56%	3.64%
Cost to Income	35.90%	36.76%	37.48%
Cost of Funds	6.75%	5.99%	6.18%
Yield on Funds	9.98%	9.14%	9.43%
Per Employee Business (in INR Mn)	79.71	66.30	78.14
Per Employee Profit (in INR Mn) Ann	0.81	0.66	0.76
EPS (in INR) – FV INR 1/- share	5.76	4.44	5.35

# Cost of deposits & Yield on advances

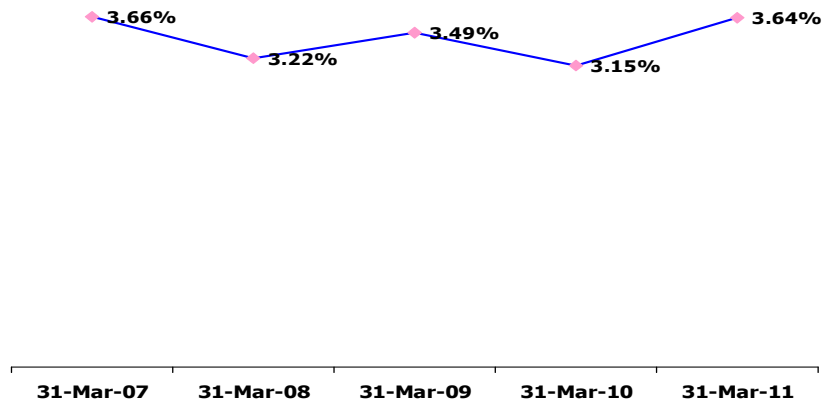
Cost of Deposits and Yield on Advances



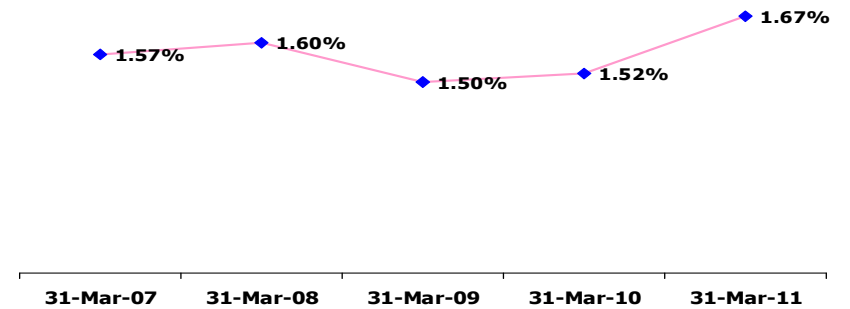
Spread between cost of deposits and yield on advances of our bank maintained in the last 10 years

# Key Business Ratios

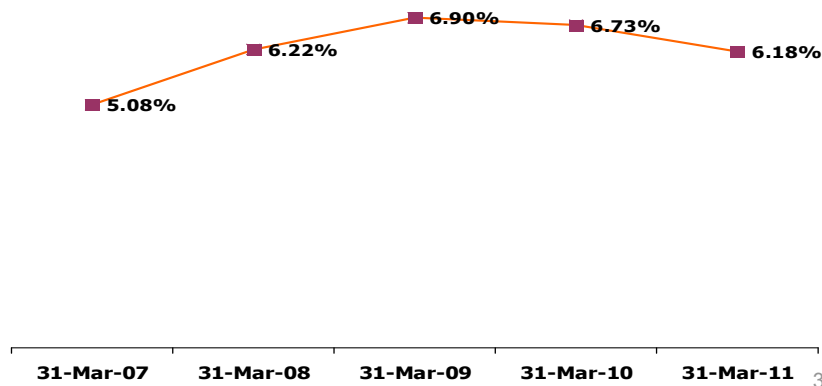
## Net Interest Margin



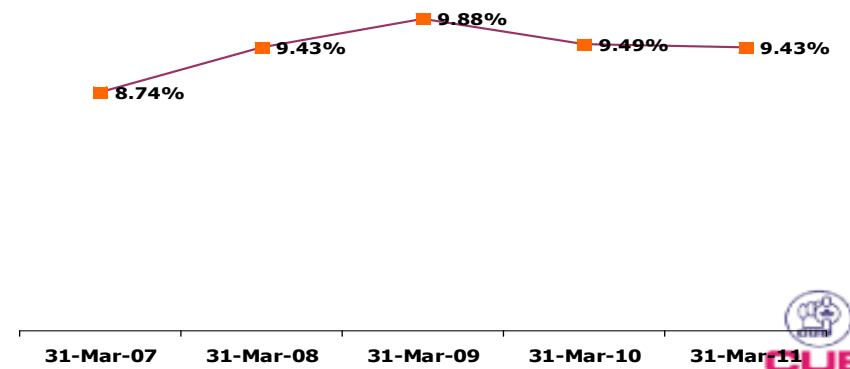
## Return on Assets



## Cost of Funds



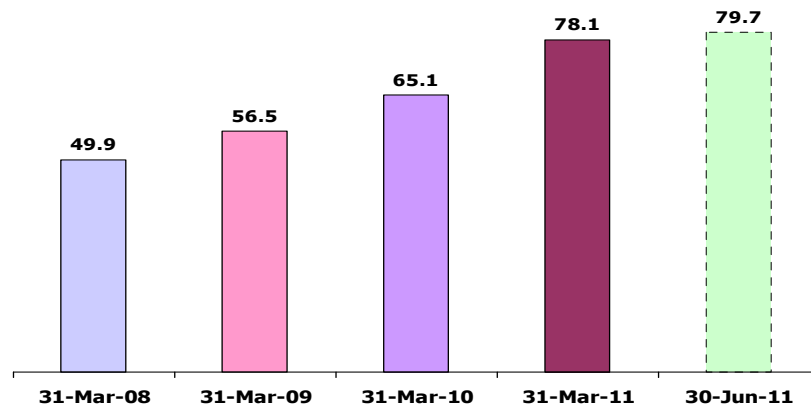
## Yield on Funds



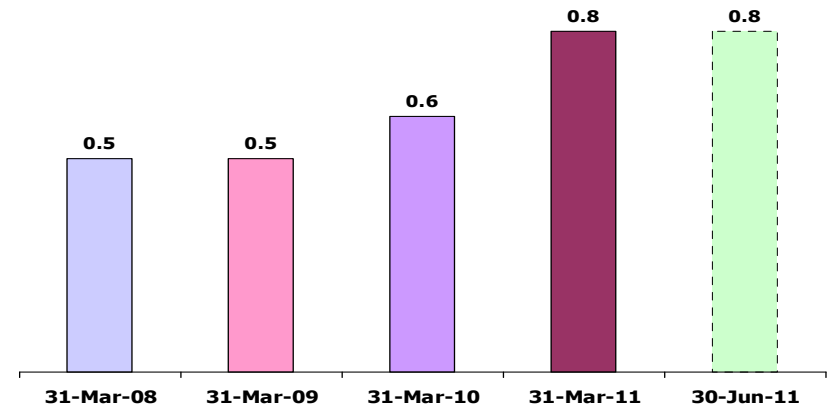
# Efficiency

(Rs in Mn)

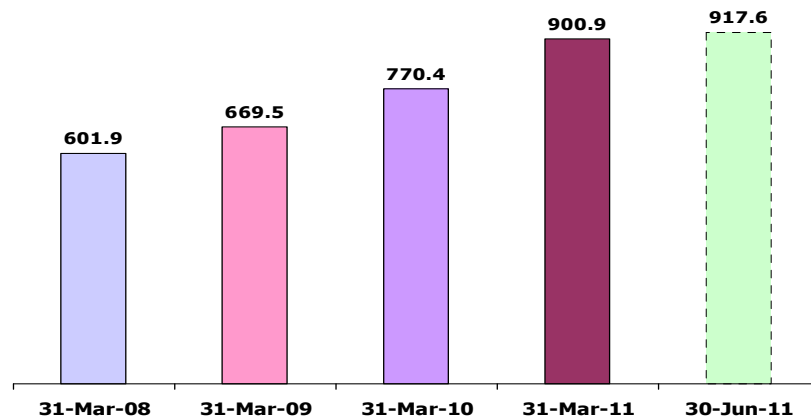
## Business per Employee



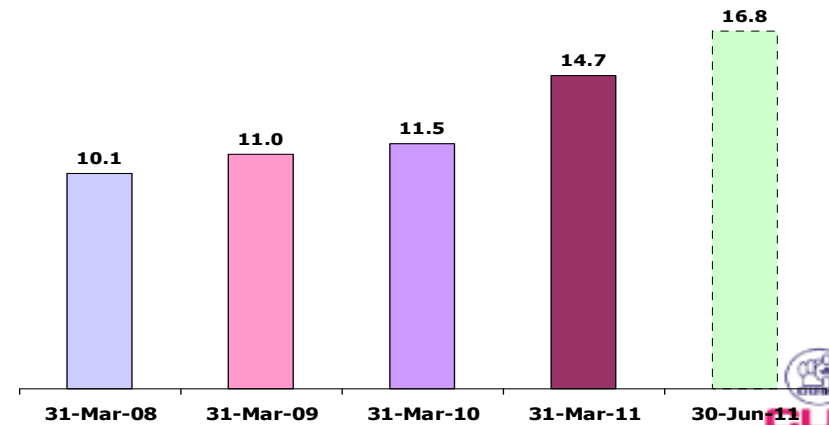
## Profit per Employee



## Business per Branch



## Operating Profit per Branch

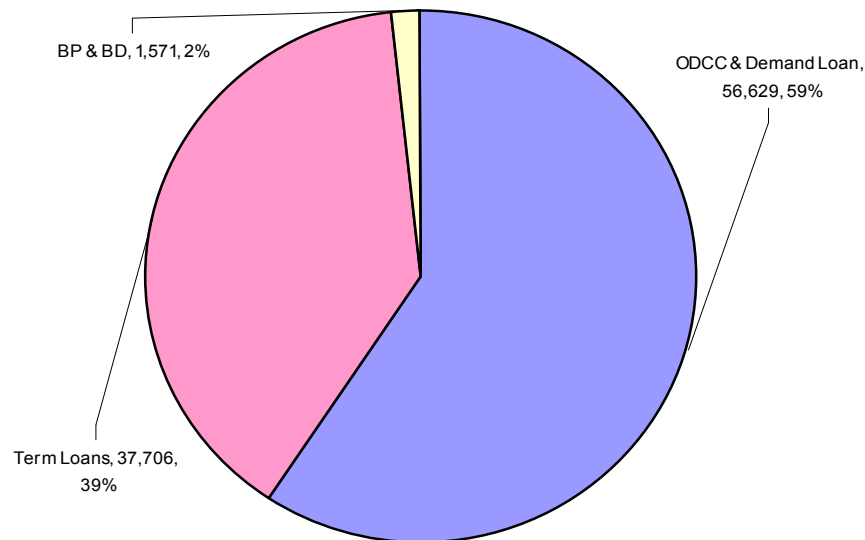




# Loan Book – Products Composition

Loan Book Products Composition	Amount (in INR Mn)	% to Total Advances
ODCC & Demand Loans	56629	59%
Term Loans	37706	39%
Bills Purchased & Bills Discounted	1571	2%
<b>Gross Loans Total</b>	<b>95906</b>	

- ✓ Working capital loans yielding higher interest constitute 59% of advances
- ✓ Re-pricing possible at short intervals thus reducing interest rate risk
- ✓ ~80% of our loan book is on floating rate basis which reduces interest rate risk



# Loan book – Composition

## Loan Book composition as on 30<sup>th</sup> June 2011

Particulars	Amount (in INR Mn)	% to Total Advances
Agriculture	12742	14%
Micro, Small & Medium Enterprises	27985	29%
Large Industries	10903	11%
Retail Traders	8970	9%
Wholesale Traders	10492	11%
Commercial Real Estate	5100	5%
Retail Loan (includes Personal Loan, Housing Loan, Auto Loan)	8859	9%
Loans collateralized by Deposits	2251	3%
Others	8604	9%
<b>Gross Loans Total</b>	<b>95906</b>	

- ✓ Trading & Micro, Small and Medium Enterprises loans earning higher yields constitute more than 50%.
- ✓ Diversified credit portfolio reduces credit risk
- ✓ Lower ticket size backed by adequate collaterals
- ✓ Unsecured Advances aggregate to 2% only

## Secured & Unsecured Advances

Particulars	Amount (in INR Mn)	% to Total Advances
Secured Loans	93909	98%
Unsecured Loans	1997	2%
<b>Total</b>	<b>95906</b>	

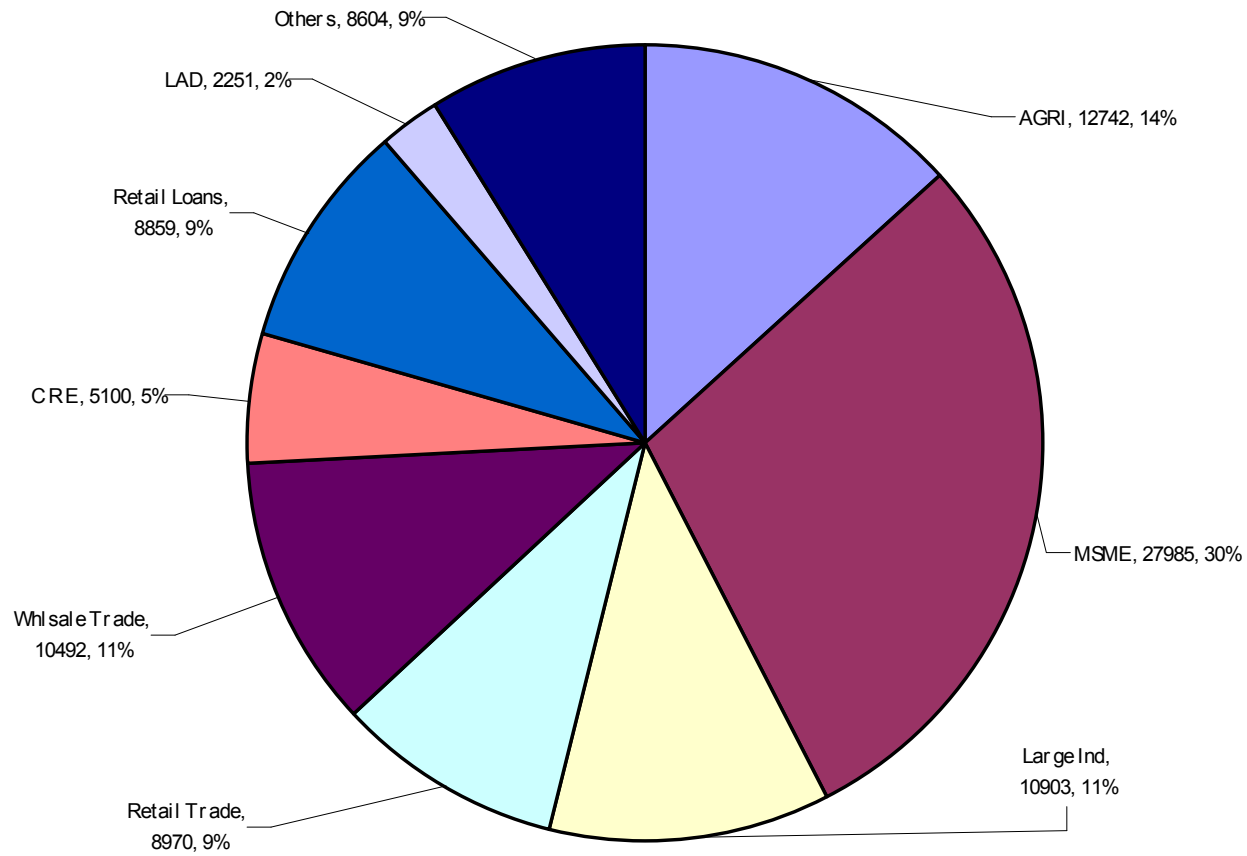
# Loan Book – Advances to Major Industries

## Advances to Major Industries as on 30<sup>th</sup> June 2011

Industry Name	Amount (in INR Mn)	% to Total Advances
<b>Textiles</b>		
a) Cotton	7578	8%
b) Other Textiles	2147	2%
<b>Metals</b>		
a) Iron & Steel	4950	5%
b) Other Metals	1412	2%
Paper & Paper Products	2334	2%
Food Processing	1278	2%
Other Industries (includes Engineering, Chemicals, Automobiles, Electricity, Gems & Jewels, etc)	5604	6%
<b>Total</b>	<b>25303</b>	

# Loan Book – Advances to Major Industries

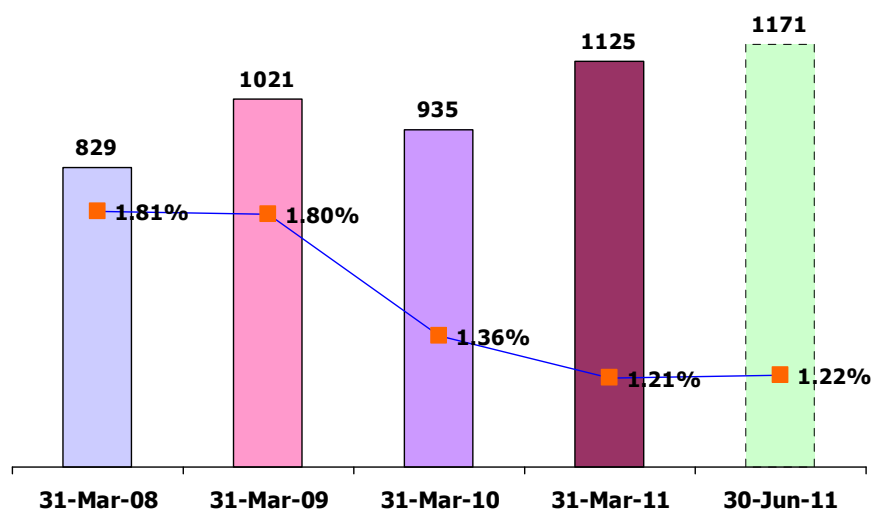
## Advances to Major Industries



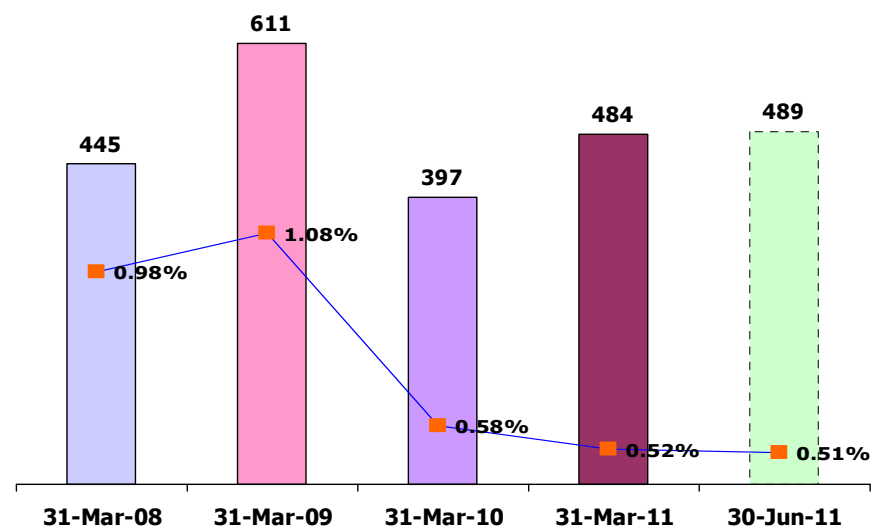
# Asset Quality

(Rs in Mn)

## Gross NPA Qtm & Gross NPA %



## Net NPA Qtm & Net NPA %



# Restructured Accounts

## Details of Restructured Accounts

Particulars	No. of Borrowers	Amount (in INR Mn)
Restructured in I Phase – FY 2008-09	213	3188
Restructured in II Phase – FY 2009-10	58	1656
Restructured in III Phase – FY 2010-11	3	108
Restructured in IV Phase – FY 2011-12	1	22
<b>Total</b>	<b>275</b>	<b>4974</b>
	<b>In INR Mn</b>	<b>In INR Mn</b>
Out of the above,		
Amounts repaid till 30.06.2011		2342
- of which accounts closed till 30.06.2011	1122	
<b>Balance outstanding as at 30.06.2011</b>		<b>2632</b>
- of which slipped into NPA as on 30.06.2011	282	

- ✓ Out of Rs.2632 Mn, accounts corresponding to Rs.2405 Mn have completed 1 year of principal repayment after the moratorium period.
- ✓ An amount of Rs.34 Mn have completed more than 6 but less than one year period of repayment after the moratorium period.
- ✓ Rs.165 Mn have completed less than 6 months after the moratorium. Only Rs.28 Mn principal repayment is yet to start.

# Investments – At a Glance

## Investments Breakup and Categorywise

(in INR Mn)

Particulars	JUN 2011	JUN 2010	FY 2011
S L R	33939	27635	28928
NON SLR	7406	6511	7323
Total Investments	41345	34145	36251
Yield on Investments	6.77%	6.59%	6.65%
Investments Breakup:			
- A F S	2965	3042	4577
- H T M	38380	31003	31674
- H F T	-	100	-
Total Investments	41345	34145	36251
Modified Duration:			
- A F S	1.60	2.31	2.98
- H T M	5.38	5.88	5.65
- H F T	-	6.03	-
- Overall Portfolio	5.18	5.48	5.33



**Thank You**

