



INVESTOR PRESENTATION – MARCH 2011



Disclaimer

No representation or warranty, express or implied is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of such information or opinions contained herein. The information contained in this presentation is only current as of its date. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements", including those relating to the bank's general business plan's and strategy, its future financial condition and growth prospects and future developments in the industry and regulatory environment. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in the bank's business, its competitive environment and political, economic, legal and social conditions in India. This communication is for general information purpose only, without regard to specific objectives, financial situations and needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any shares in the bank and neither any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The bank may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revisions or changes. This presentation should not be copied and/or disseminated in any manner.

Table of contents

1. Overview	...	04 - 06
2. Branch Network	...	07 - 09
3. Ownership Pattern	...	10 - 12
4. Management	...	13 - 16
5. Products & Services	...	17 - 20
6. Financial Performance & Business Profile	...	21 - 38



CUB

1. Overview



CUB

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 1.67%, RoE at 23.47% and NIM at 3.64% for 2010-11, considered best in the Banking Space. CRAR at 12.75% of which Tier I constitutes 11.84%.

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.

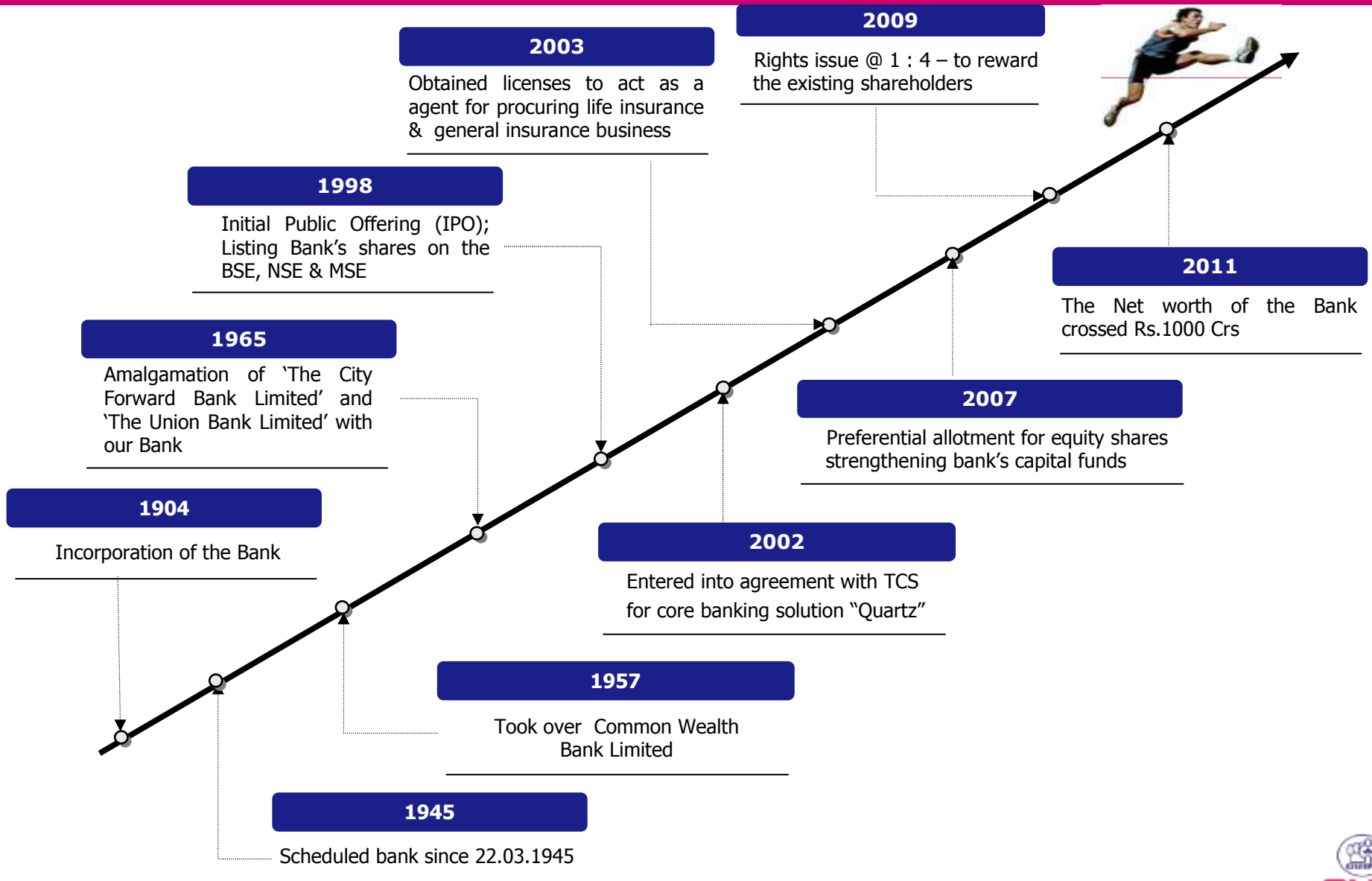
Asset Quality

Healthy Loan Portfolio - Gross NPA – 1.21%, Net NPA – 0.52% and PCR – 77% for 31.03.2011

Network

250 Branches and 251 ATMs. Aiming to attain 500 branches in three years.

Key milestones



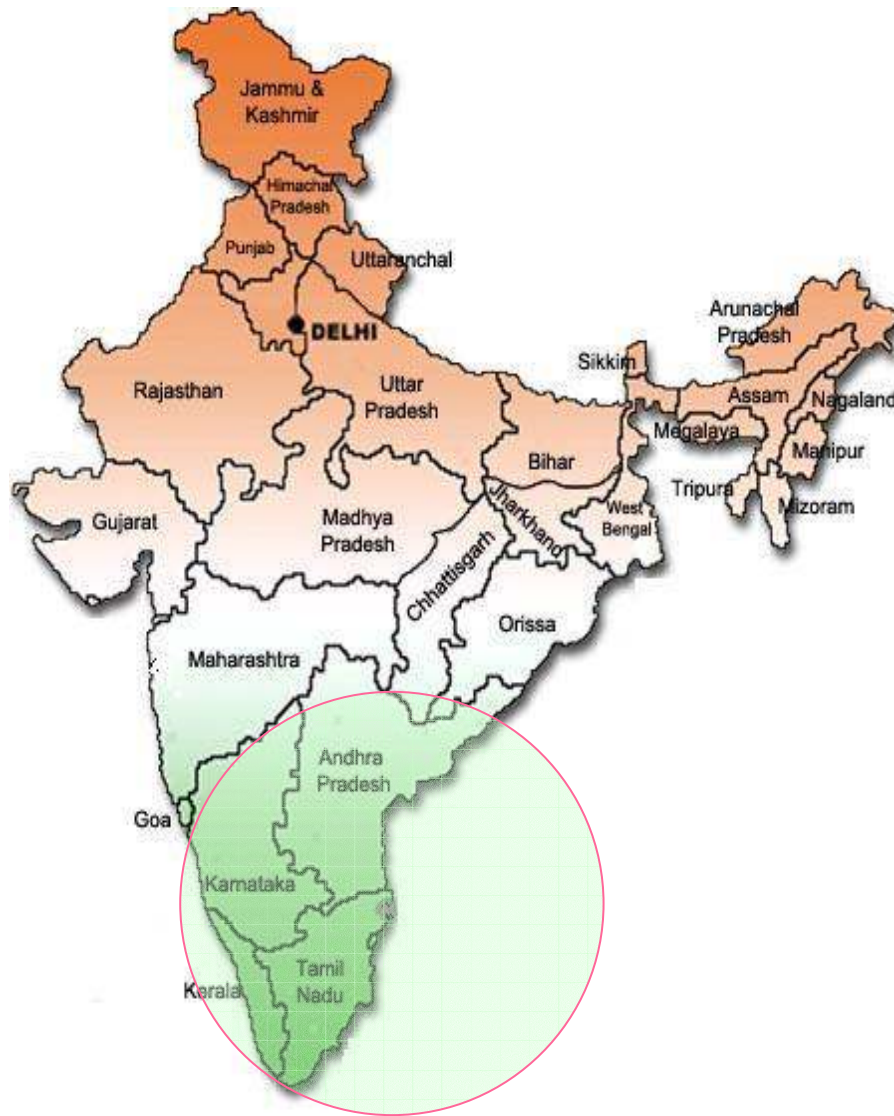


2. Branch Network

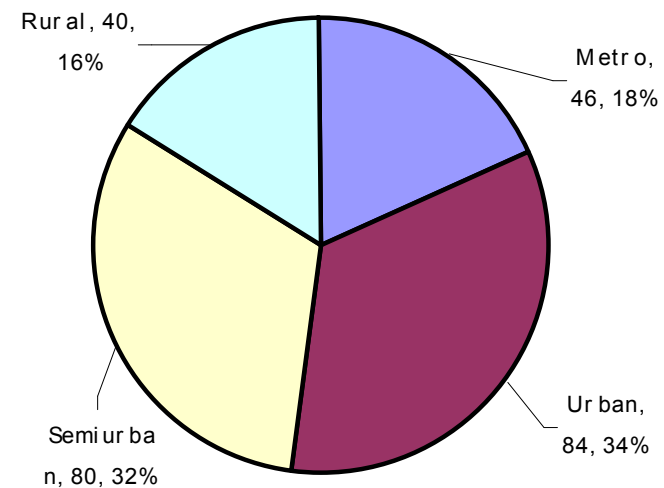


Strong presence in the South

✓ A network of 250 branches of which 218 branches are located in South India and 157 in Tamil Nadu alone



State	No. of Branches	% of Business
Tamilnadu	157	73
Andhra Pradesh	31	9
Karnataka	20	6
Maharashtra	12	6
Kerala	10	2
Gujarat	6	1
Others	14	3
Total	250	



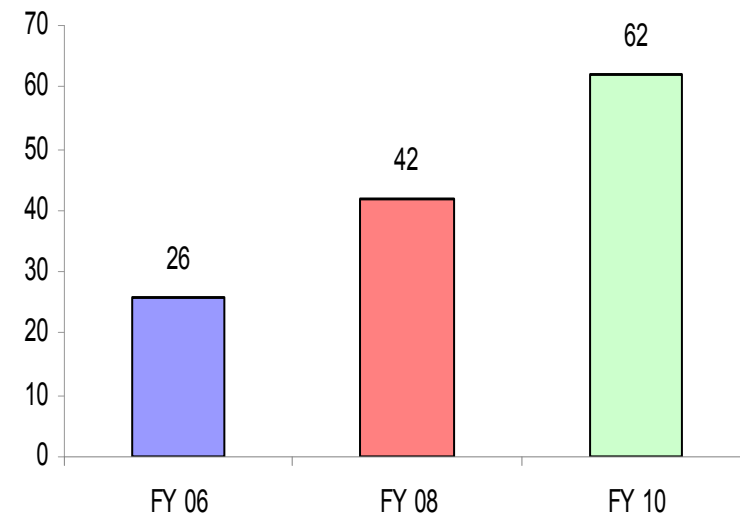
Branch Expansion

- ✓ Till 27th May 2011, we have opened 28 branches out of license received for 62 branches.
- ✓ 34 branches to be opened before August 2011.

State wise Branch Expansion planned

State	Tier I & II centres	Tier III & IV centres
Tamilnadu	12	12
Andhra Pradesh	3	
Maharashtra	4	
Chattishgarh	1	
Orissa	1	
Uttar Pradesh	1	
Total	22	12

Branch License Received



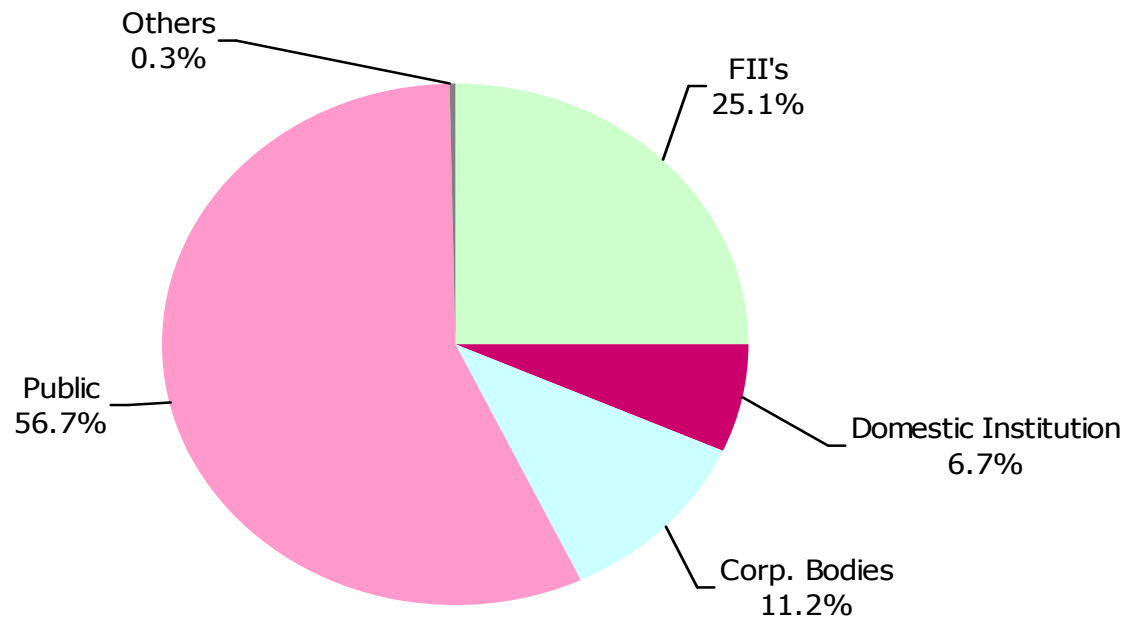


3. Ownership Pattern



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	4.94
L & T Capital Holdings Limited	4.74
FMO, Netherlands	4.63
Argonaut Ventures	4.51
Acacia Partners	3.01
Ares Investments	2.57
Wasatch Core Growth Fund	1.63
ING Vysya Life Insurance Company	1.30
G M O	1.28
Shriram Chits (P) Ltd.	1.02

Cash management services offered to LIC 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 with Statistics Department, Annamalai University, Automobile Products of India Limited and in 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 the Chairman & Managing Director of Hatsun Agro Product Limited. He has been in the dairy processing and Ice cream business for around 30 years. He visits the Indian Institute of Management, Ahmedabad as a guest faculty.
	Mr. T.K. Ramkumar, Director	He is a graduate in Commerce and an advocate. He is a partner in M/s. Ram & Rajan & Associates, and possesses knowledge and experience in banking law, company law, intellectual property rights, civil laws etc.
	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. He was in Judiciary Department and held various position.
	Mr. C.R. Muralidharan, Director	He retired as a whole time member of the Insurance Regulatory and Development Authority (IRDA) in November 2009. Prior to this appointment he was a Chief General Manager in Reserve Bank of India. He has extensive experience in regulation of Banks in Reserve Bank of India and Insurance Companies in 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
- ✓ 251 own inter connected ATMs nationwide as on May 25, 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



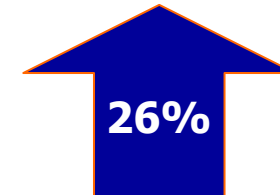
6. Financial Performance and Business Profile

FY 2011 performance – A snapshot

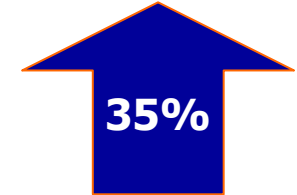
HIGHLIGHTS FOR THE YEAR ENDED 31ST MARCH 2011

- ✓ 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

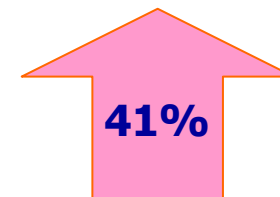
Deposits



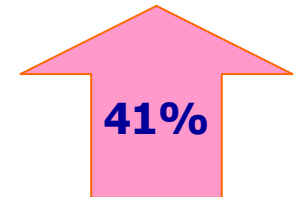
Advances



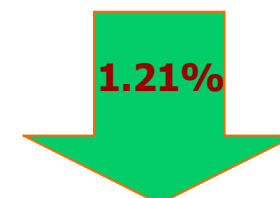
Gross Profit



Net Profit



Gross NPA



Net NPA



FY 2011 performance – A snapshot

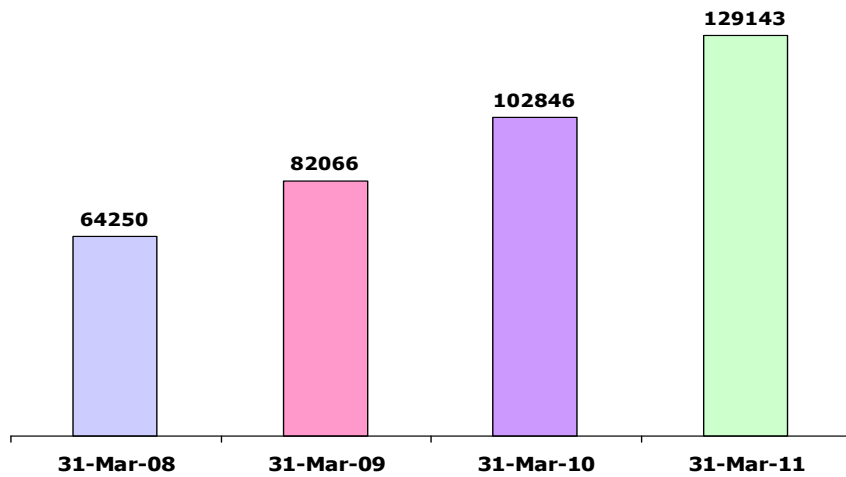
Financial Performance

(in INR Mn)

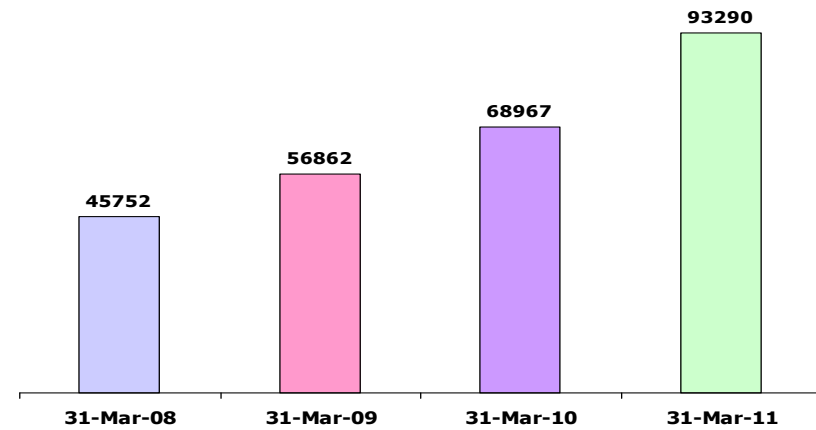
Particulars	FY 2011	FY 2010	Growth	% Growth
Deposits	129143	102846	26297	26%
Advances	93290	68967	24323	35%
Total Business	222433	171813	50620	30%
Demand Deposits	10876	10970	-94	-1%
Savings Deposits	14407	11512	2895	25%
CASA	25283	22482	2801	12%
Gross NPA	1125	935	190	20%
Net NPA	484	397	88	22%
Gross NPA (%)	1.21%	1.36%		
Net NPA (%)	0.52%	0.58%		
C R A R	12.75%	13.46%		
- Of which Tier I	11.84%	12.41%		
CD Ratio	72%	67%		
PCR	76.69%	70.27%		

Strong Deposits and Advances growth

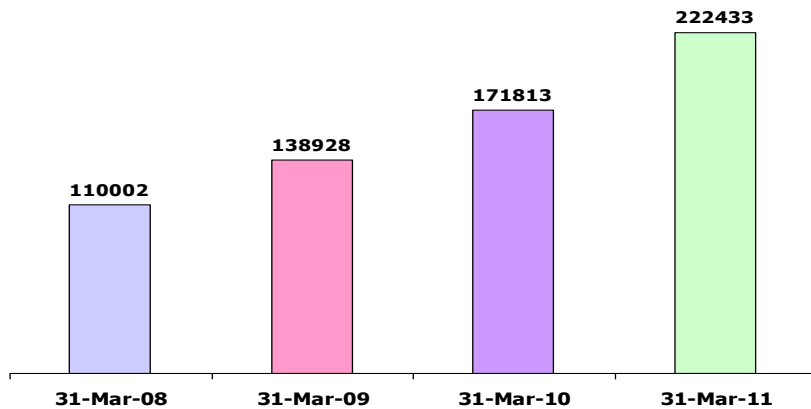
Deposits



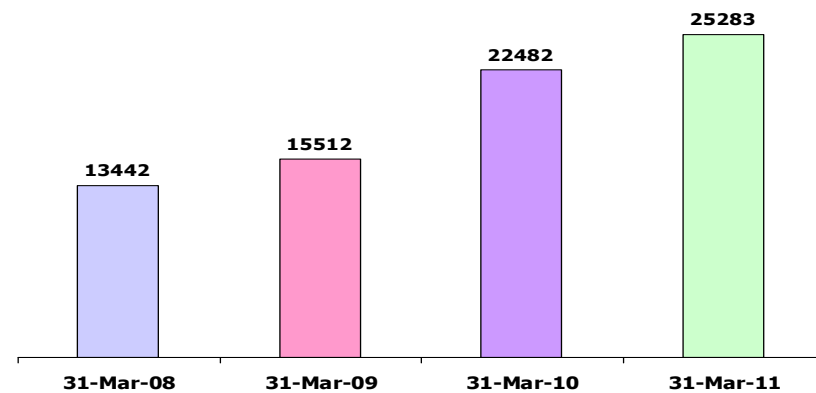
Advances



Business



CASA



FY 2011 performance – Highlights

Financial Performance

(in INR Mn)

Particulars	FY 2011	FY 2010	Growth	% Growth
Net Interest Income	4200	2781	1419	51%
Other Income	1574	1435	139	10%
Operating Expenses	2164	1659	505	30%
Gross Profit	3610	2558	1052	41%
Provisions & Contingencies	1460	1030	430	42%
Net Profit	2151	1528	623	41%
Return on Assets	1.67%	1.52%		
Return on Equity	23.47%	20.55%		

Income and Expenses – Breakup

Interest Income Breakup

(in INR Mn)

Particulars	FY 2011	FY 2010	Growth
Interest on Loans	9654	7558	28%
Interest on Investments	2451	1937	27%
Other Interest Income	79	71	11%
Total Income	12184	9566	27%

Other Income Breakup

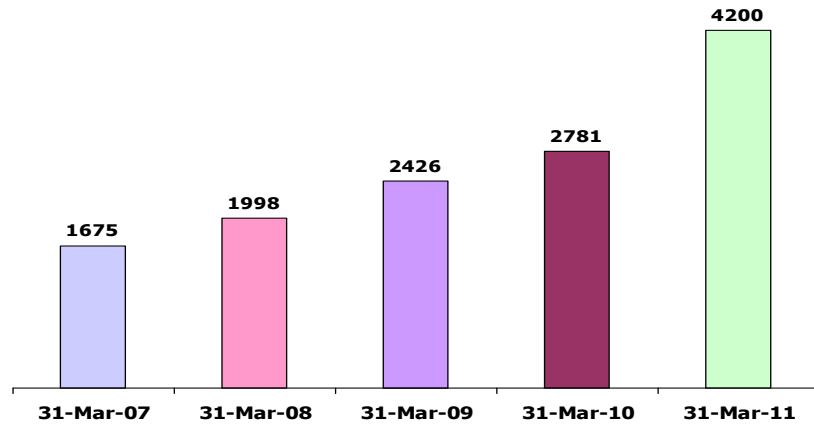
Expenses Breakup

Particulars	FY 2011	FY 2010	Growth
CEB & Charges	992	690	44%
Treasury Income	172	458	-63%
All other Income includes suit recoveries	410	287	43%
Total Other Income	1574	1435	10%

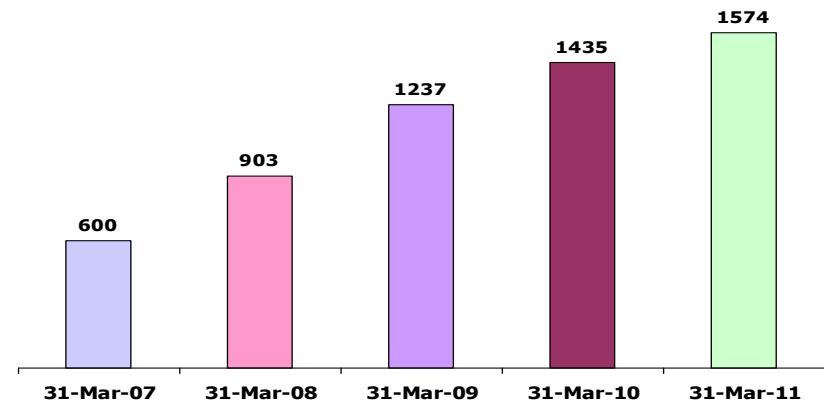
Particulars	FY 2011	FY 2010	Growth
Interest Exp on Deposits	7802	6731	16%
Other Interest Expenses	182	54	337%
Employee Cost	1016	801	27%
Other Operating Expenses	1148	857	34%
Total Expenses	10148	8443	20%

Income Growth over the years ...

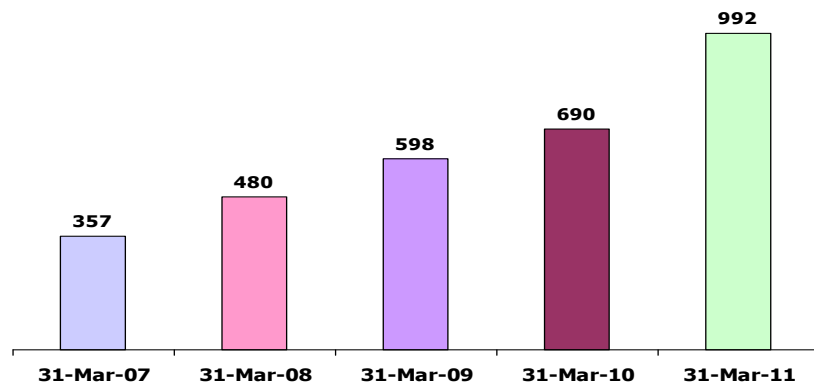
Net Interest Income Growth



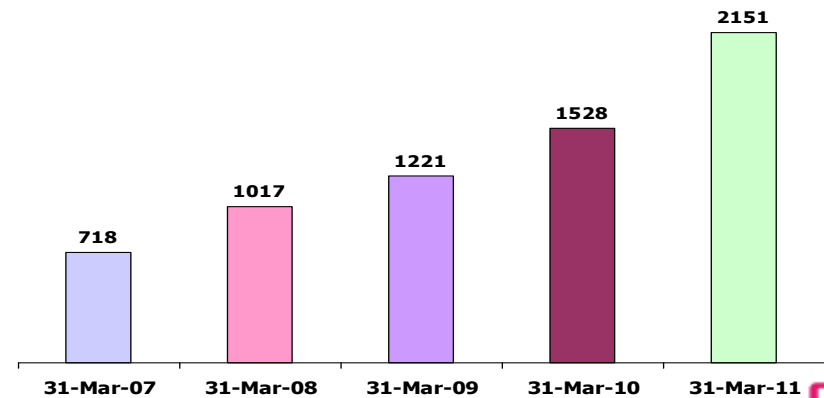
Other Income Growth



CEB Growth



Net Profit Growth



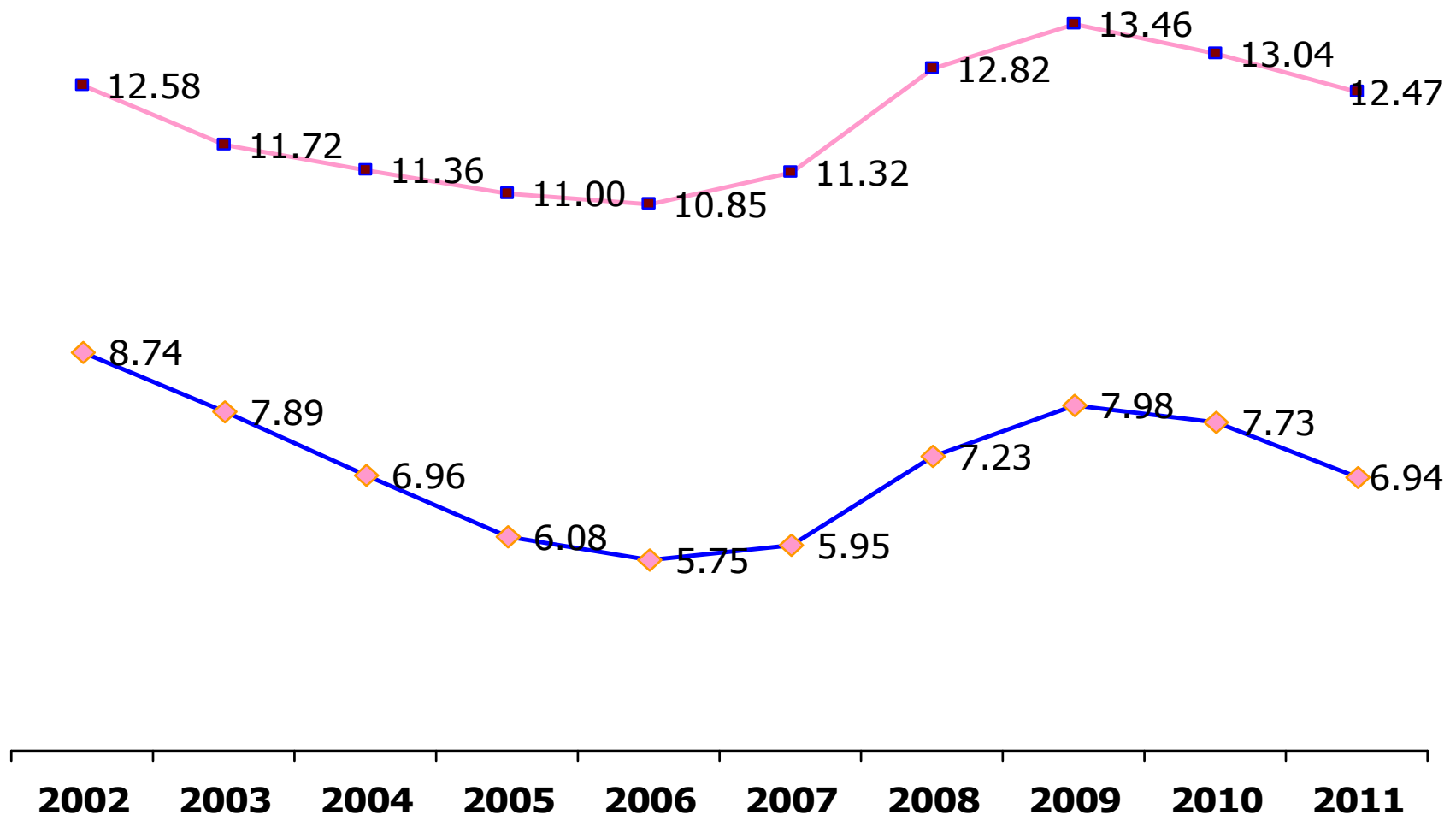
Key Business Indicators

Key indicators

Particulars	FY 2011	FY 2010
Cost of Deposits	6.94%	7.73%
Yield on Advances	12.47%	13.04%
Yield on Investments	6.65%	6.52%
Net Interest Margin	3.64%	3.15%
Cost to Income	37.48%	39.33%
Cost of Funds	6.18%	6.73%
Yield on Funds	9.43%	9.49%
Per Employee Business (in INR Mn)	78.14	65.10
Per Employee Profit (in INR Mn) Ann	0.76	0.58
EPS (in INR) – FV INR 1/- share	5.35	4.03

Cost of deposits & Yield on advances

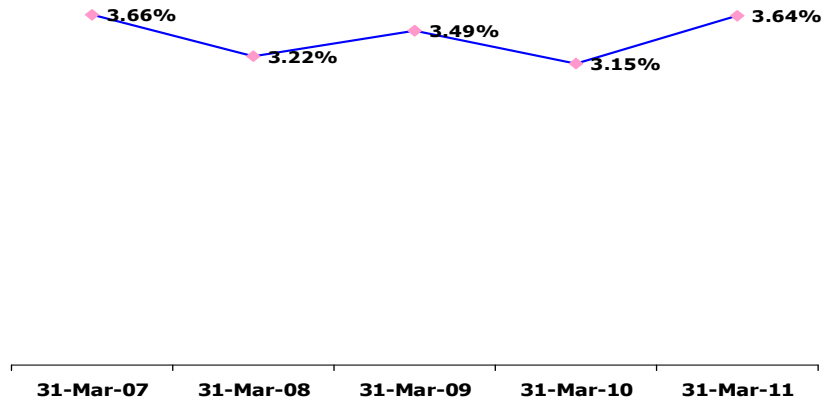
Cost of Deposits and Yield on Advances



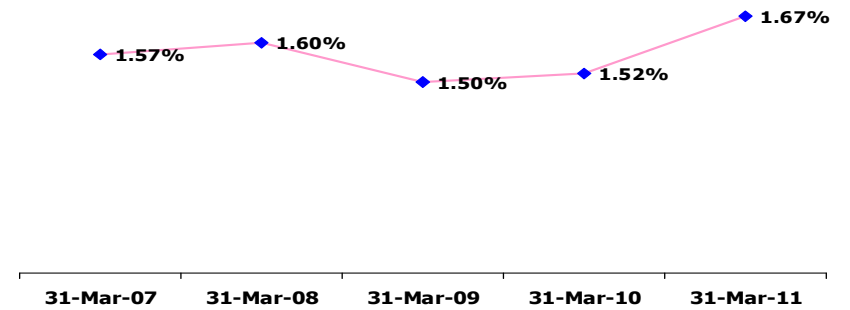
Spread between cost of deposits and yield on advances of our bank maintained in the last 10 years

Key Business Ratios

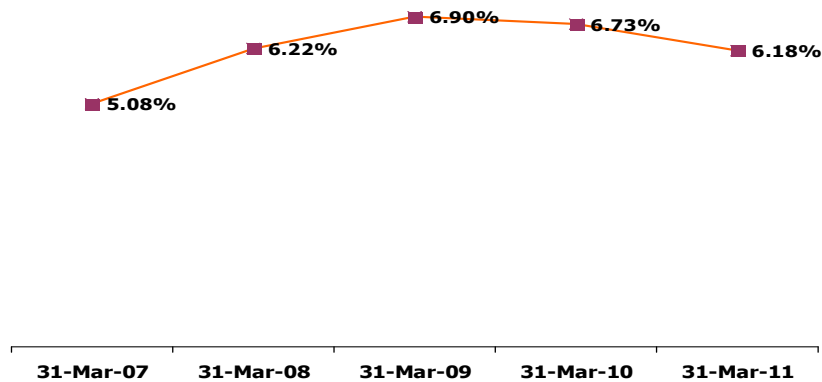
Net Interest Margin



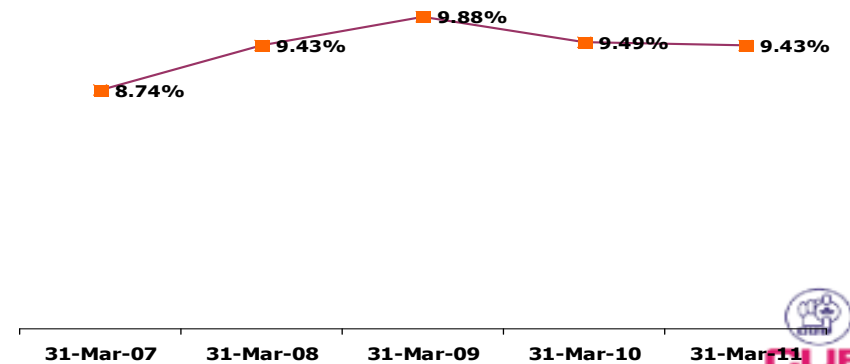
Return on Assets



Cost of Funds

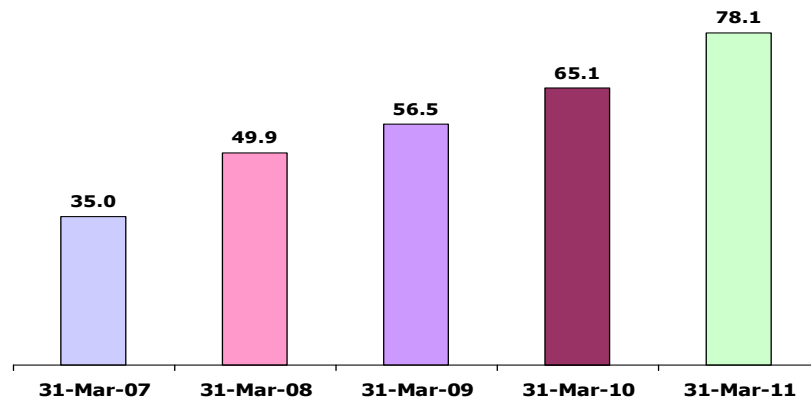


Yield on Funds

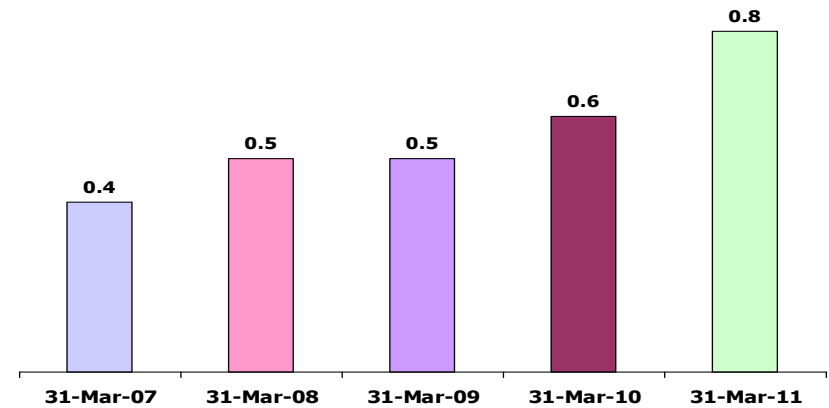


Efficiency

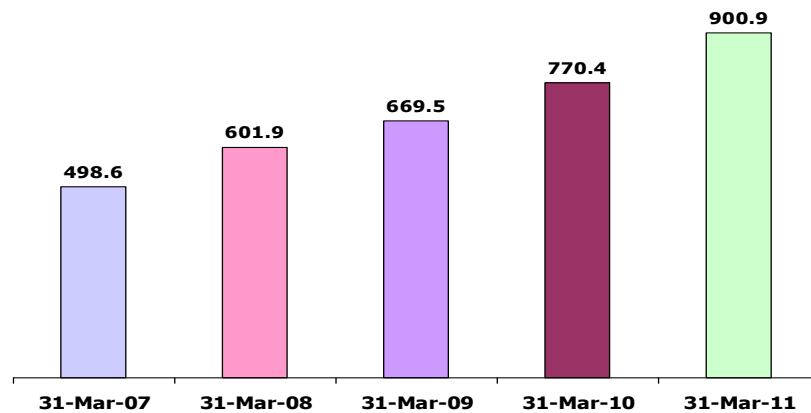
Business per Employee



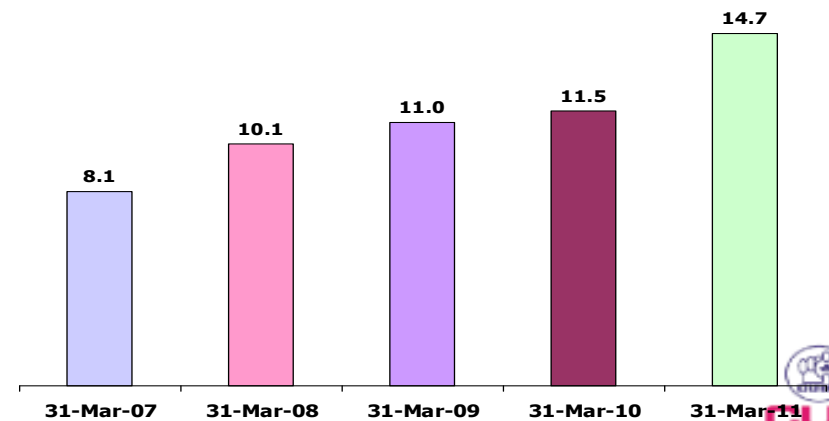
Profit per Employee



Business per Branch



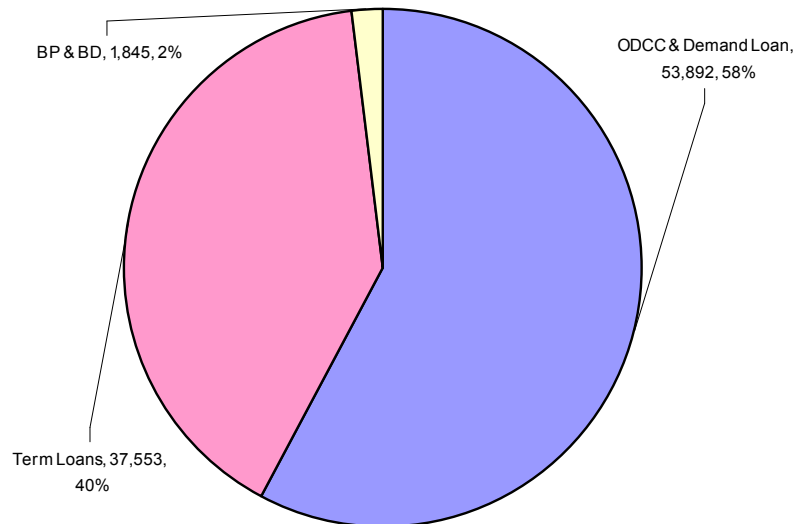
Operating Profit per Branch



Loan Book – Products Composition

Loan Book Products Composition	Amount (in INR Mn)	% to Total Advances
ODCC & Demand Loans	53892	58%
Term Loans	37553	40%
Bills Purchased & Bills Discounted	1845	2%
Gross Loans Total	93290	

- ✓ Working capital loans yielding higher interest constitute 58% 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 31st March 2011

Particulars	Amount (in INR Mn)	% to Total Advances
M S M E	27695	30%
Agriculture	11976	13%
Large Industries	11639	12%
Retail Traders	8926	10%
Wholesale Traders	10771	12%
Retail Loan	6892	7%
Real Estate	7651	8%
Others	7740	8%
Gross Loans Total	93290	

- ✓ SME and trade 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 3% only

Secured & Unsecured Advances

Particulars	Amount (in INR Mn)	% to Total Advances
Secured Loans	90411	97%
Unsecured Loans	2879	3%
Total	93290	

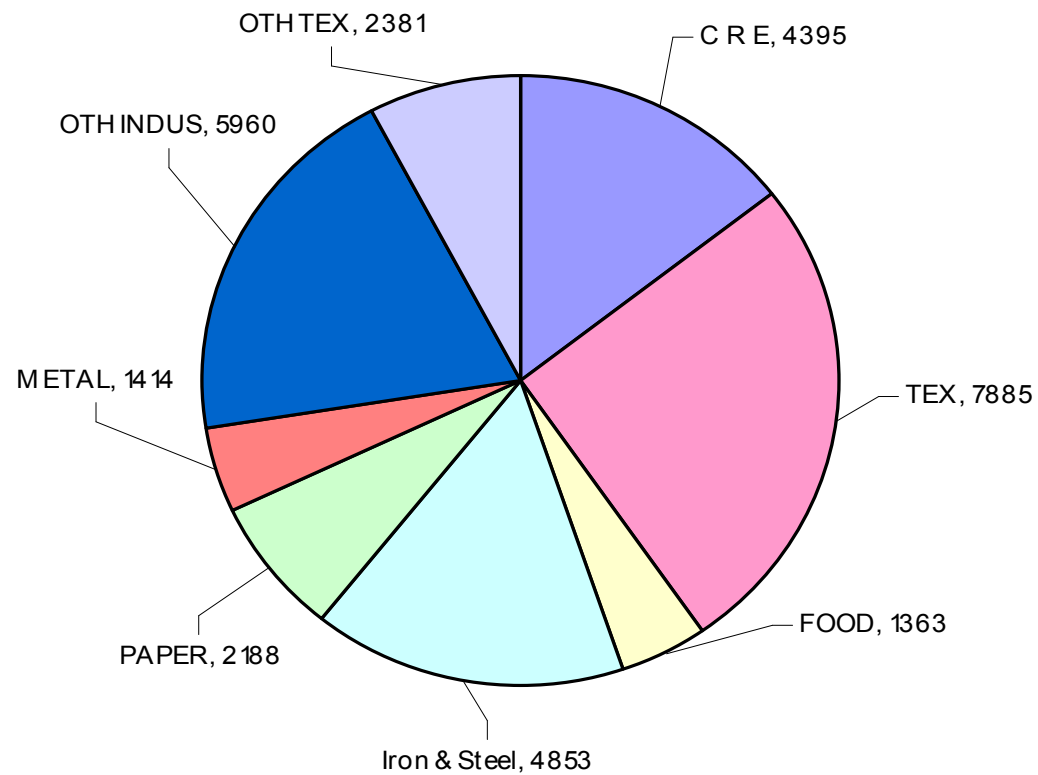
Loan Book – Advances to Major Industries

Advances to Major Industries as on 31st March 2011

Industry Name	Amount (in INR Mn)	% to Total Advances
Textiles	7885	9%
Iron & Steel	4853	5%
Food Processing	1363	2%
Paper & Paper Products	2188	2%
Other Metals & Metal Products	1414	2%
Other Industries	5960	6%
Other Textiles	2381	3%
Commercial Real Estate	4395	5%
of which Advances to Land & Building - 3330 Mn		
Advances to Commercial Property - 1065 Mn		

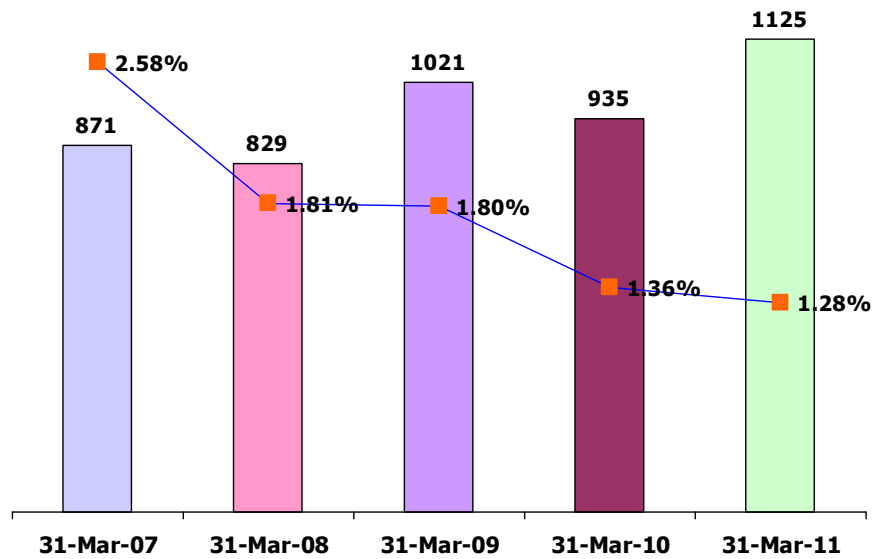
Loan Book – Advances to Major Industries

Advances to Major Industries

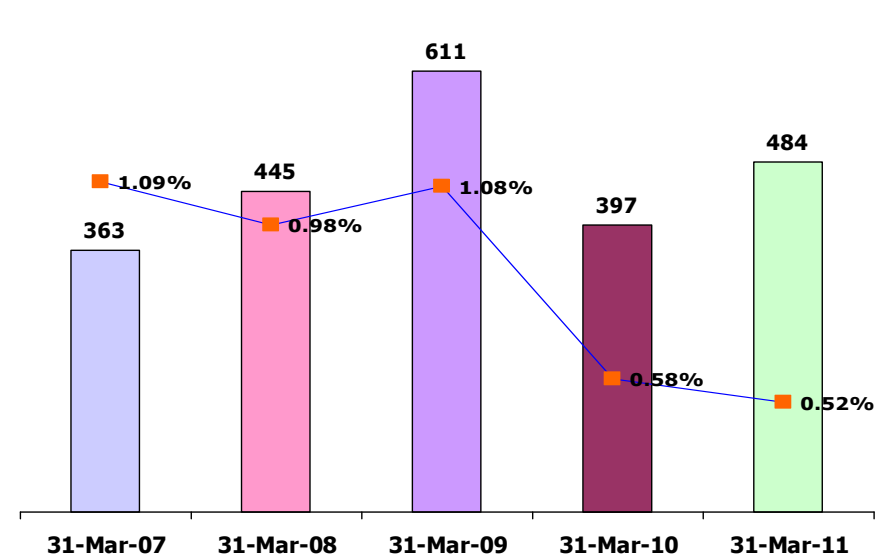


Asset Quality

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
Total	274	4952
	In INR Mn	In INR Mn
Out of the above,		
Amounts repaid till 31.03.2011		1976
- of which accounts closed till 31.03.2011	1111	
Balance outstanding as at 31.03.2011		2976
- of which slipped into NPA as on 31.03.2011	282	

- ✓ Out of Rs.2976 Mn, accounts corresponding to Rs.1719 Mn have completed 1 year of principal repayment after the moratorium period.
- ✓ An amount of Rs.822 Mn have completed more than 6 but less than one year period of repayment after the moratorium period.
- ✓ Rs.203 Mn have completed less than 6 months after the moratorium. Only Rs.232 Mn principal repayment is yet to start.

Investments – At a Glance

Investments Breakup and Categorywise

(in INR Mn)

Particulars	FY 2011	FY 2010
S L R	28928	25788
NON SLR	7323	6397
Total Investments	36251	32185
Yield on Investments	6.65%	6.52%
Investments Breakup:		
- A F S	4577	3929
- H T M	31674	28256
- H F T	-	-
Total Investments	36251	32185
Modified Duration:		
- A F S	2.98	2.89
- H T M	5.65	5.98
- H F T	-	-
- Overall Portfolio	5.33	5.49

Thank You

