



INVESTOR PRESENTATION – MARCH 2012



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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

Business growing at CAGR 28% - Net Profit CAGR at 31% in the last 5 Years.

Strength

RoA at 1.71%, RoE at 24.91% and NIM at 3.40% considered best in the Banking Space. CRAR at 12.57% of which Tier I constitutes 11.69%. Networth as on 31st March 2012 – 12431 Mn

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.

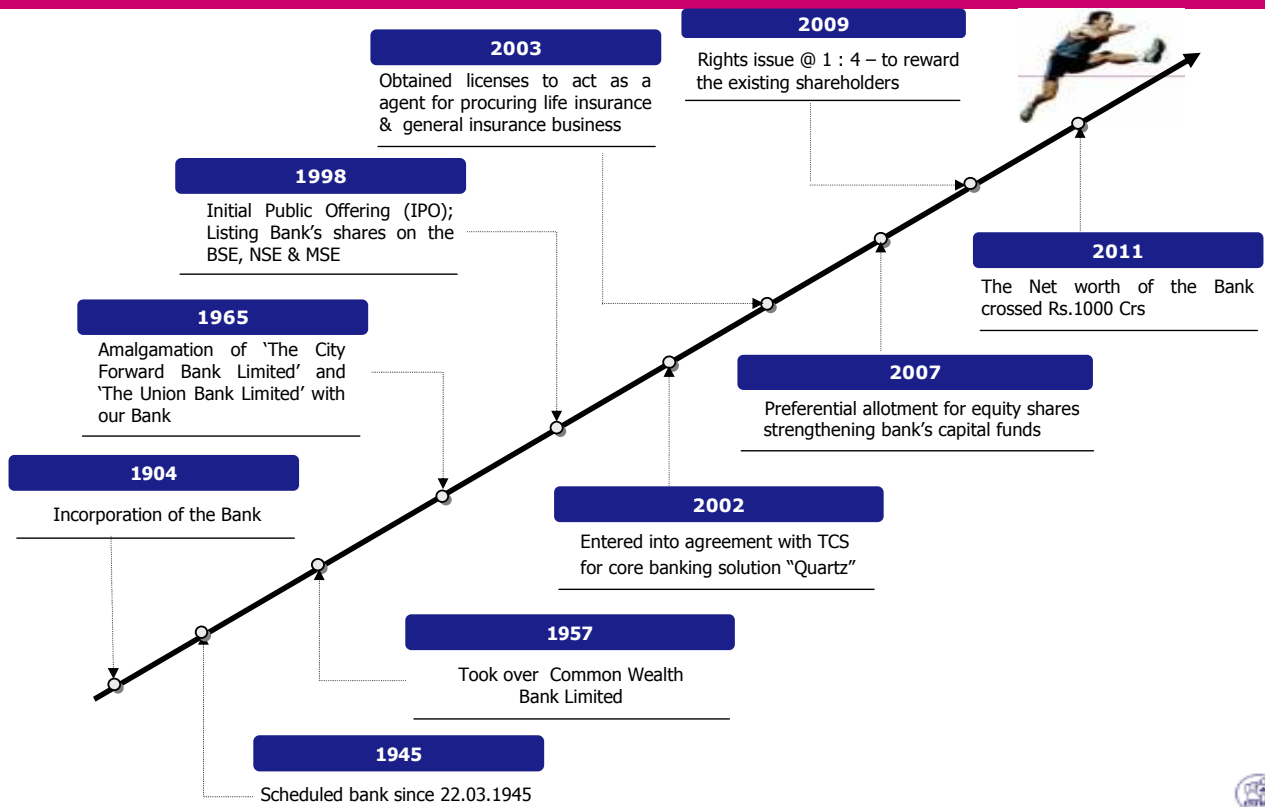
Asset Quality

Healthy Loan Portfolio – Gross NPA – 1.01%, Net NPA – 0.44% and PCR – 77% as on 31.03.2012.

Network

Pan India presence - 300 Branches & 501 ATMs. Aiming to reach 500 branches in three years.

Key milestones



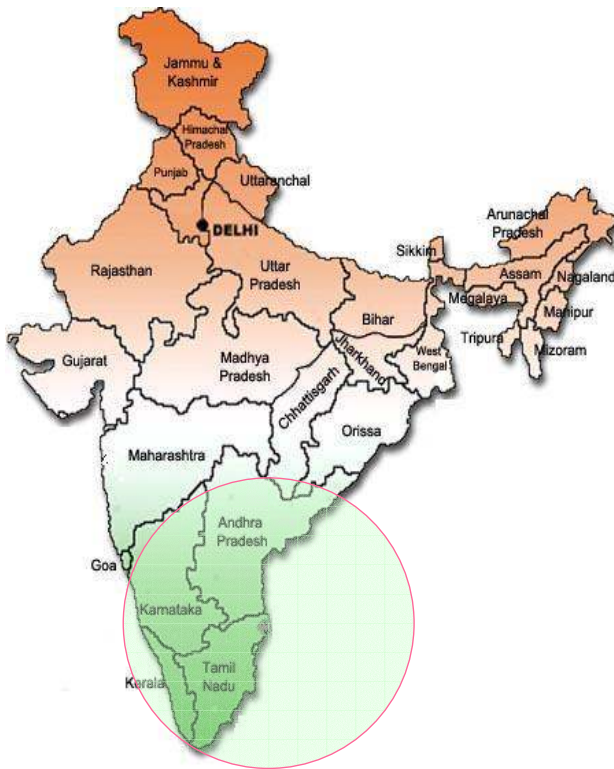


2. Branch Network

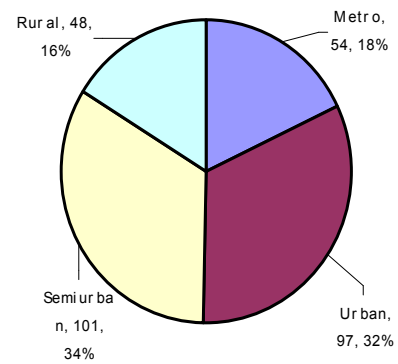


Strong presence in the South

✓ A network of 300 branches of which 261 branches are located in South India and 197 in Tamil Nadu alone



State	No. of Branches	% of Business
Tamilnadu	197	72
Andhra Pradesh	34	9
Karnataka	20	6
Maharashtra	16	7
Kerala	10	2
Gujarat	6	1
Others	17	3
Total	300	



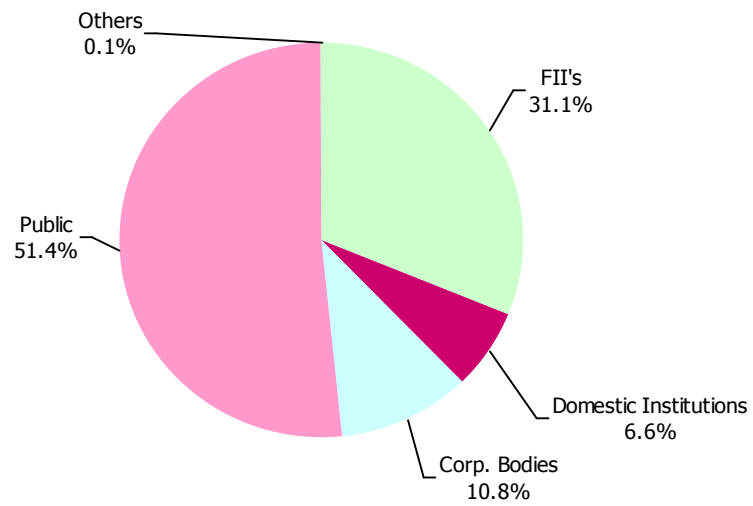


3. Ownership Pattern



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	4.25
L & T Capital Holdings Limited	4.70
FMO, Nederlandse	4.59
Argonaut Ventures	4.47
Acacia Partners	2.98
Ares Investments	2.55
Wasatch Core Growth Fund	1.95
Emblem	1.70
Rising India Focus Fund Limited	1.29
ING Vysya Life Insurance Company	1.05
Wasatch Micro Cap Fund	1.02
Shriram Chits (P) Ltd.	1.01

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 CMD of a PSU Bank
- ✓ 1 veteran Banker with 40 years of Banking experience
- ✓ 1 Chartered Accountant
- ✓ 1 Agriculturist
- ✓ 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 functioning 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 known 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 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 prestigious Institutions 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% C B S



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
- ✓ 501 own inter connected ATMs nationwide
- ✓ 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, JP Morgan Chase & 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

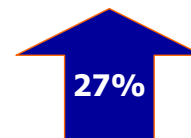


FY 2011-12 Performance – A snapshot

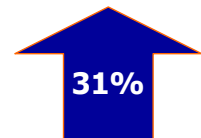
HIGHLIGHTS FOR THE YEAR ENDED 31st MARCH 2012

- ✓ Deposits increased by 27% to Rs.163,408 Mn from Rs.129,143 Mn
- ✓ Advances surged by 31% from Rs.93,290 Mn to Rs.122,217 Mn
- ✓ Total Business grew by 28% from Rs.222,433 Mn to Rs.285,625 Mn
- ✓ CASA improved by 18% to Rs.29,716 Mn from Rs.25,283 Mn
- ✓ Gross Profit increased by 18% to Rs.4,271 Mn from Rs.3,610 Mn
- ✓ Net Profit increased by 30% from Rs.2,151 Mn to Rs.2,803 Mn
- ✓ Net NPA lowered to 0.44% from 0.52% (YoY)
- ✓ ROA stands high at 1.71% up from 1.67% (YoY)
- ✓ ROE increased from 23.47% to 24.91% (YoY)
- ✓ Net Interest Margin stood at 3.40%

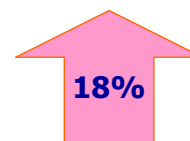
Deposits



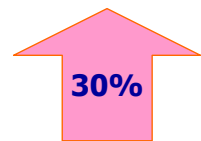
Advances



Gross Profit



Net Profit



Gross NPA



Net NPA



Q4 12 Vs Q4 11 – Performance – Highlights

Financial Performance

(in INR Mn)

Particulars	Q4 FY 12	Q4 FY 11	Growth	% Growth
Net Interest Income	1367	1191	176	15%
Other Income	612	450	162	36%
Operating Expenses	836	667	169	25%
Gross Profit	1142	974	168	17%
Provisions & Contingencies	422	460	-38	-8%
Net Profit	720	514	206	40%
Return on Assets	1.62%	1.48%		
Return on Equity	23.40%	20.56%		
Net Interest Margin	3.39%	3.79%		

Q4 FY 12 Vs Q4 FY 11 - Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	Q4 11-12	Q4 10-11	Growth
Interest on Loans	3921	2775	41%
Interest on Investments	837	669	25%
Other Interest Income	3	17	
Total Interest Income	4761	3461	38%

Interest Expenses Breakup

Particulars	Q4 11-12	Q4 10-11	Growth
Int Exp on Deposits	3262	2192	49%
Other Int Expenses	133	78	71%
Total Interest Expenses	3395	2270	50%

Other Income Breakup

Particulars	Q4 11-12	Q4 10-11	Growth
CEB & Charges	381	315	21%
Treasury Income	82	36	128%
All other Income incl suit account recoveries	149	99	51%
Total Other Income	612	450	36%

Operating Expenses Breakup

Particulars	Q4 11-12	Q4 10-11	Growth
Employee Cost	377	292	29%
Other Operating Expenses	459	375	23%
Total Expenses	836	667	25%

FY 2011-12 Performance – A snapshot

Financial Performance

(in INR Mn)

Particulars	FY 2012	FY 2011	Growth	% Growth
Deposits	163408	129143	34265	27%
Advances	122217	93290	28927	31%
Total Business	285625	222433	63192	28%
Demand Deposits	12031	10876	1155	11%
Savings Deposits	17685	14407	3278	23%
CASA	29716	25283	4433	18%
Gross NPA	1235	1125	110	10%
Net NPA	540	484	56	12%
Gross NPA (%)	1.01%	1.21%		
Net NPA (%)	0.44%	0.52%		
C R A R	12.57%	12.75%		
- Of which Tier I	11.69%	11.84%		
CD Ratio	75%	72%		
PCR	* 77%	77%		

* Floating provision of Rs.90 Mn taken to Tier II capital. If considered for NPA instead, our Net NPA becomes 0.37% and PCR becomes 81% while Tier II CRAR will become 0.79% instead of 0.88%.

FY 2011-12 Performance – Highlights

Financial Performance

(in INR Mn)

Particulars	FY 2012	FY 2011	Growth	% Growth
Net Interest Income	4998	4200	798	19%
Other Income	2071	1574	497	32%
Operating Expenses	2798	2164	634	29%
Gross Profit	4271	3610	661	18%
Provisions & Contingencies	1468	1460	8	1%
Net Profit	2803	2151	652	30%
Return on Assets	1.71%	1.67%		
Return on Equity	24.91%	23.47%		
Net Interest Margin	3.40%	3.64%		

FY 2011-12 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	FY 11-12	FY 10-11	Growth
Interest on Loans	13886	9654	44%
Interest on Investments	3036	2451	24%
Other Interest Income	46	79	
Total Interest Income	16968	12184	39%

Interest Expenses Breakup

Particulars	FY 11-12	FY 10-11	Growth
Int Exp on Deposits	11664	7802	50%
Other Int Expenses	306	182	68%
Total Interest Expenses	11970	7984	50%

Other Income Breakup

Particulars	FY 11-12	FY 10-11	Growth
CEB & Charges	1289	992	30%
Treasury Income	230	172	34%
All other Income incl suit account recoveries	552	410	35%
Total Other Income	2071	1574	32%

Operating Expenses Breakup

Particulars	FY 11-12	FY 10-11	Growth
Employee Cost	1223	1016	20%
Other Operating Expenses	1575	1148	37%
Total Expenses	2798	2164	29%

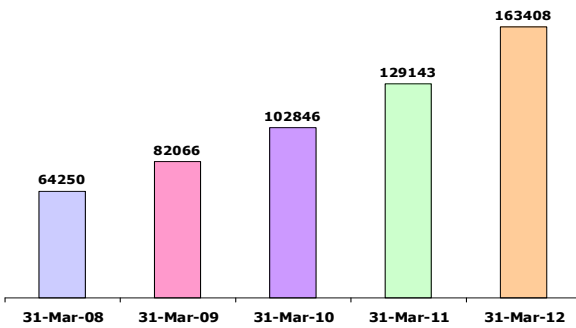
Key Business Indicators

Key indicators

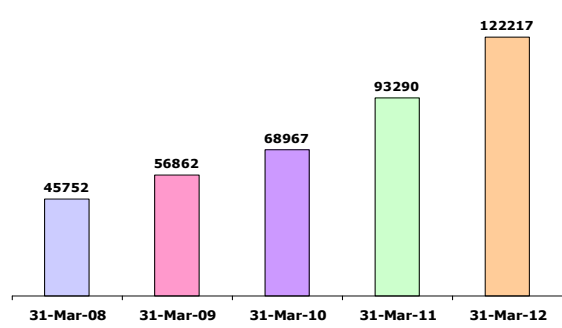
Particulars	Q4 11-12	Q4 10-11	FY 2012	FY 2011
Cost of Deposits	8.41%	7.18%	8.11%	6.94%
Yield on Advances	13.88%	12.71%	13.56%	12.47%
Yield on Investments	6.94%	6.74%	6.90%	6.65%
Net Interest Margin	3.39%	3.79%	3.40%	3.64%
Cost to Income	42.27%	40.64%	39.59%	37.48%
Cost of Funds	7.66%	6.51%	7.30%	6.18%
Yield on Funds	10.74%	9.93%	10.34%	9.43%
Per Employee Business (in INR Mn)	84.69	78.14	84.69	78.14
Per Employee Profit (in INR Mn) Ann	0.86	0.72	0.84	0.76
EPS (in INR) – FV INR 1/- share	1.77	1.27	6.89	5.35

Strong Deposits and Advances growth

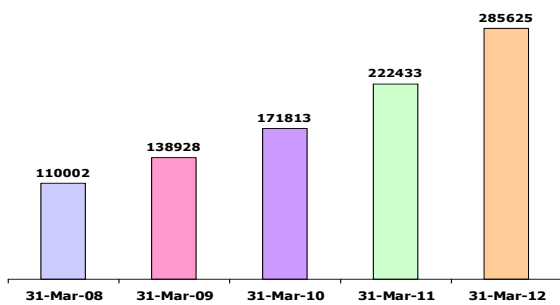
Deposits



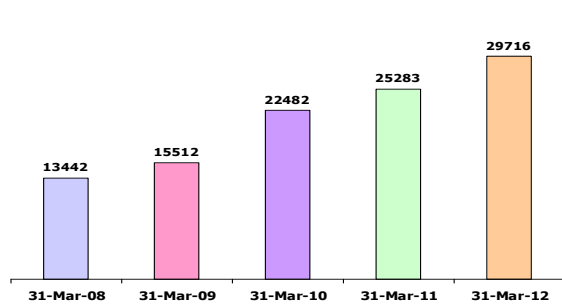
Advances



Business

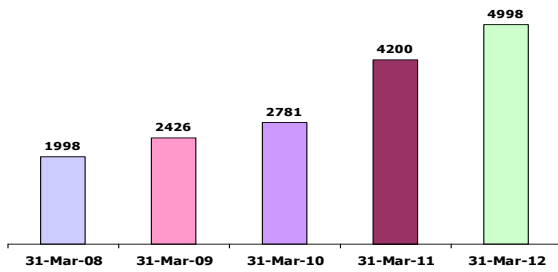


CASA

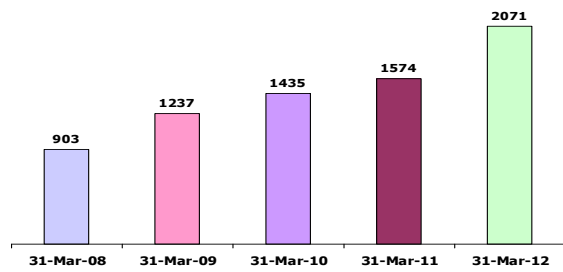


Income Growth over the years ...

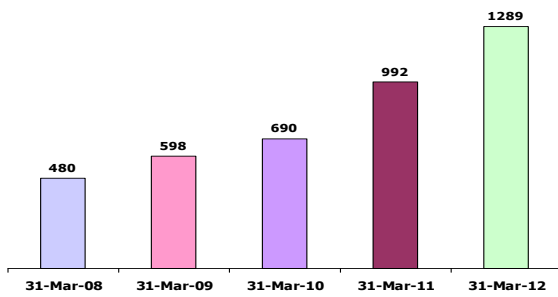
Net Interest Income Growth



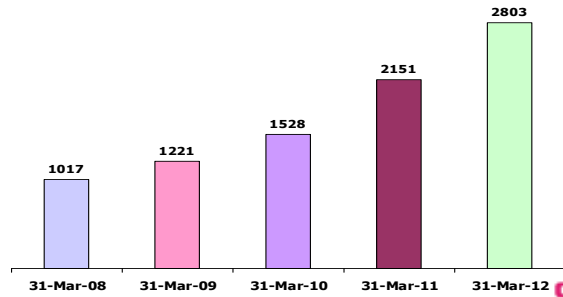
Other Income Growth



CEB Growth

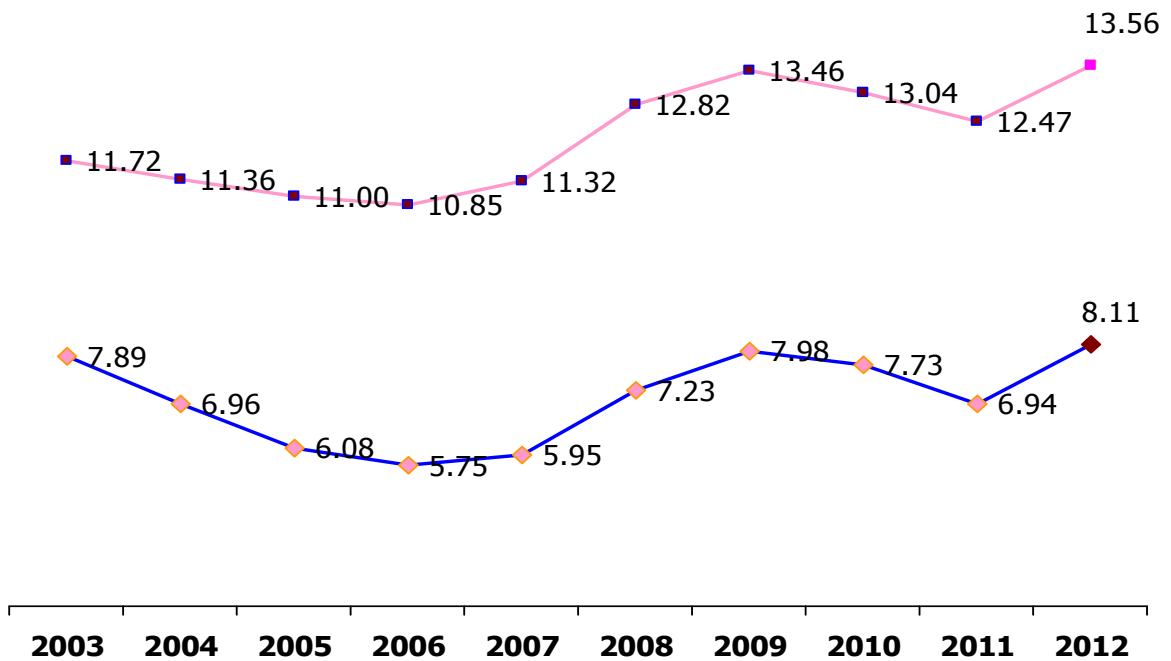


Net Profit Growth



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

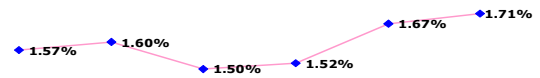
Key Business Ratios

Net Interest Margin



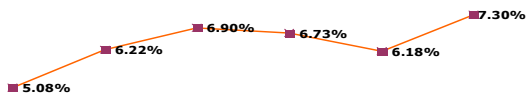
31-Mar-07 31-Mar-08 31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12

Return on Assets



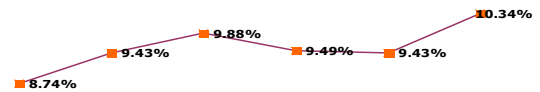
31-Mar-07 31-Mar-08 31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12

Cost of Funds



31-Mar-07 31-Mar-08 31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12

Yield on Funds

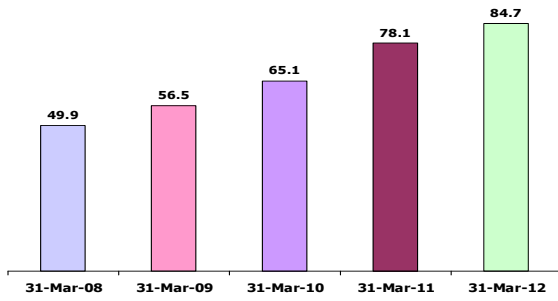


31-Mar-07 31-Mar-08 31-Mar-09 31-Mar-10 31-Mar-11 31-Mar-12

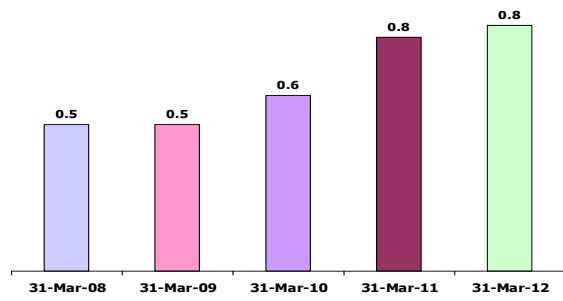
Efficiency

(Rs in Mn)

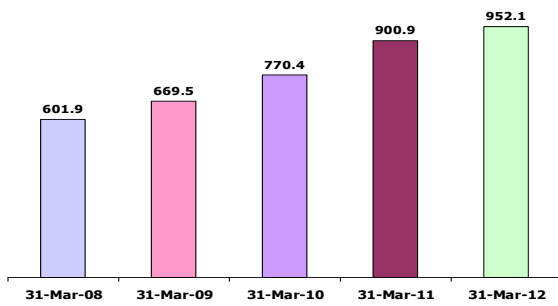
Business per Employee



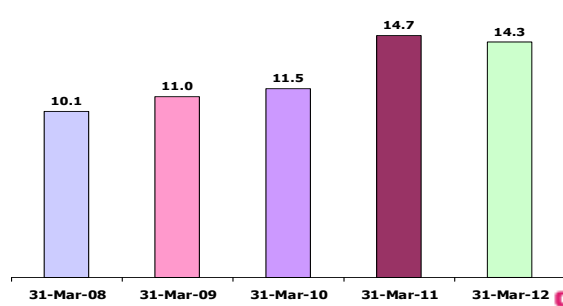
Profit per Employee



Business per Branch



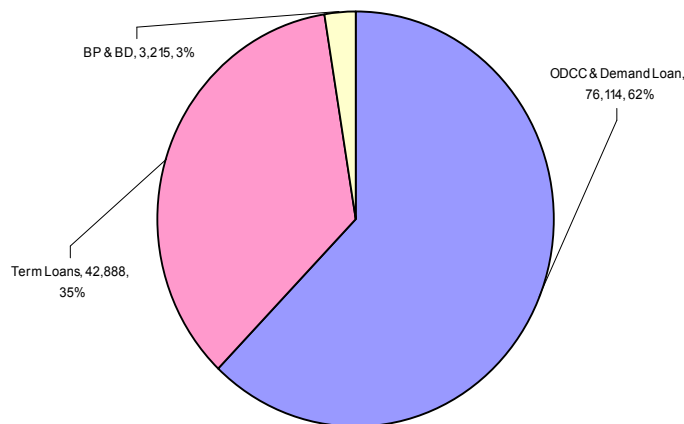
Operating Profit per Branch



Loan Book – Products Composition

Loan Book Products Composition	Amount (in INR Mn)	% to Total Advances
ODCC & Demand Loans	76114	62%
Term Loans	42888	35%
Bills Purchased & Bills Discounted	3215	3%
Gross Loans Total	122217	

- ✓ Working capital loans yielding higher interest constitute 65% 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

Sectoral Deployment as on 31st March 2012

Particulars	Amount (in INR Mn)	% to Total Advances
Agriculture	16204	13%
M S M E	32413	27%
Large Industries	19534	16%
Retail Traders	10242	8%
Wholesale Traders	14537	12%
Commercial Real Estate	6384	5%
Retail Loan (includes Personal Loan, Mortgage Loan, Auto Loan)	14556	12%
Loans collateralized by Deposits	1990	2%
Others	6357	5%
Gross Loans Total	122217	

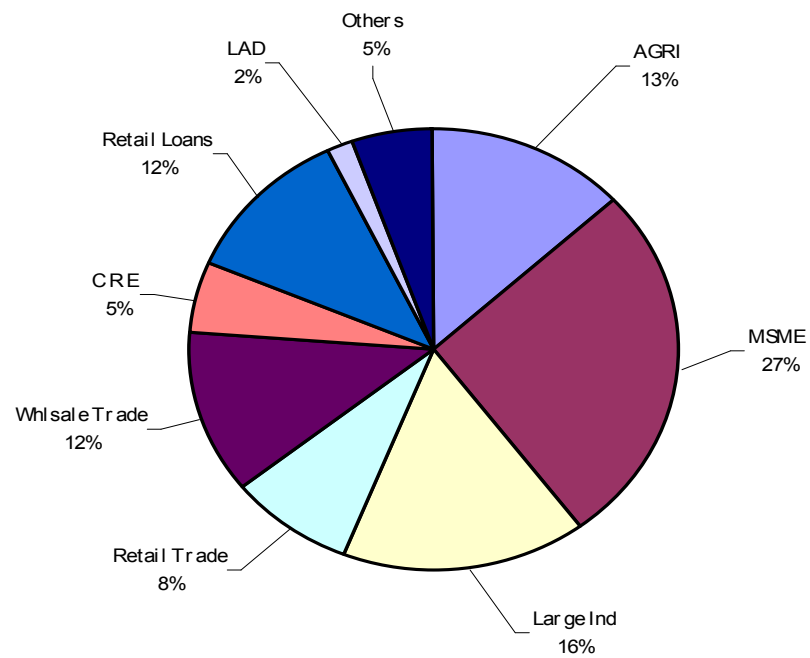
- ✓ Trading & MSME loans earning higher yields constitute about 50%.
- ✓ Diversified credit portfolio reduces credit risk
- ✓ Lower ticket size backed by adequate collaterals
- ✓ Unsecured Advances aggregate to 3% only
- ✓ Loans collateralized by gold jewels 17639 Mn

Secured & Unsecured Advances

Particulars	Amount (in INR Mn)	% to Total Advances
Secured Loans	118344	97%
Unsecured Loans	3873	3%
Total	110273	

Loan Book – Sectoral Deployment

Sectoral Deployment chart



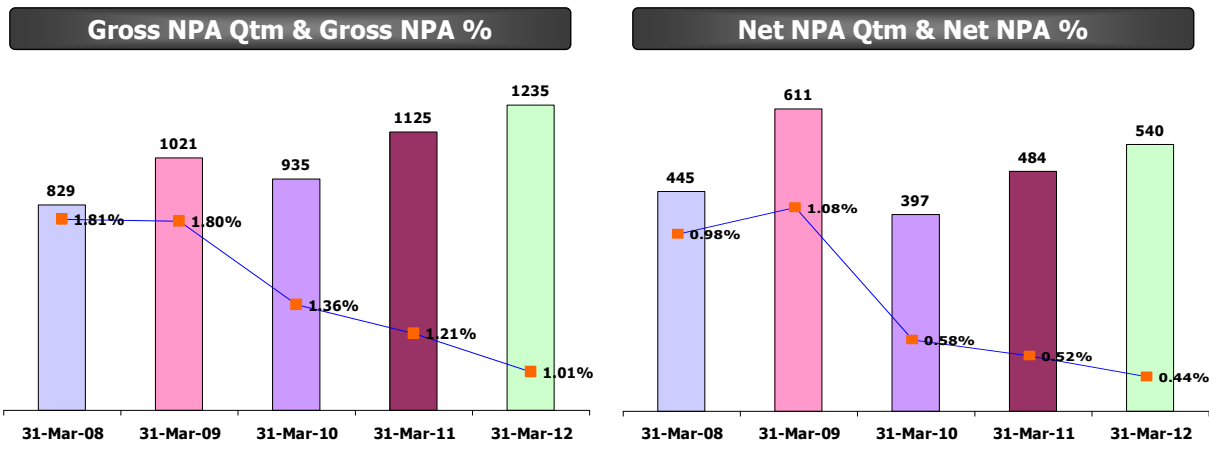
Loan Book – Advances to Major Industries

Advances to Major Industries as on 31st March 2012

Industry Name	Amount (in INR Mn)	% to Total Advances
Textiles		
a) Cotton	8314	7%
b) Other Textiles	2606	2%
Metals		
a) Iron & Steel	6296	5%
b) Other Metals	1542	1%
Paper & Paper Products	2894	3%
Food Processing	1387	1%
Other Industries (includes Engineering, Chemicals, Automobiles, Electricity, Gems & Jewels, etc)	8906	7%
Total	31945	26%
All other advances (Agri, Trade, Service, etc.)	90272	74%
Total Gross Advances	122217	100%

Asset Quality

(Rs in Mn)



Restructured Accounts

Details of Restructured Accounts

During the Fourth Quarter (Q4 FY 12) we have not done any restructuring.

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	6	386
Total	280	5338
Out of the above,		Amount In INR Mn
Amounts repaid till 31.03.2012		2653
- of which accounts closed till 31.03.2012		1218
Balance outstanding as at 31.03.2012		2685
- of which slipped into NPA as on 31.03.2012		133

- ✓ Out of Rs.2685 Mn, accounts aggregating to Rs.2307 Mn have completed 1 year of principal repayment after the moratorium period.
- ✓ Loans worth Rs.14 Mn have completed less than 12 months from moratorium.
- ✓ On loans amounting to Rs.364 Mn, principal repayment is yet to start.

Investments – At a Glance

Investments Breakup and Categorywise

(in INR Mn)

Particulars	MAR 2012	FY 2011
Sovereign Bonds	38532	28928
Corporate Bonds, etc.	7025	6974
Equity Shares & Equity oriented MFs	379	349
Total Investments	45936	36251
Yield on Investments	6.90%	6.65%
Investments Breakup:		
- A F S	6035 (13%)	4577 (13%)
- H T M	39844 (86%)	31674 (87%)
- H F T	57 (1%)	-
Total Investments	45936	36251
Modified Duration:		
- A F S	3.19	2.98
- H T M	5.16	5.65
- H F T	4.52	-
- Overall Portfolio	4.89	5.33

Thank You