



CUB
Trust and Excellence
SINCE 1904

CITY UNION BANK LTD

**INVESTOR
PRESENTATION
MARCH 2016**



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Overview

City Union Bank Ltd, the oldest private sector bank in India, was founded on October 31, 1904 and is headquartered at Kumbakonam, Tamil Nadu, India.

The main focus of the Bank – lending to MSME, Retail / Wholesale Trade with granular asset profile including providing short term and long term loans to agricultural sector.

Facts & Figures

Position as on 31.03.2016

Deposits



INR 27,158 Cr

Advances



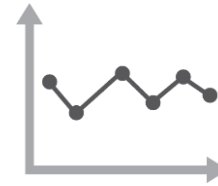
INR 21,253 Cr

Net Interest Margin



3.81%

Net NPA's



1.53%

Awards



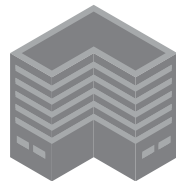
Best Small sized Bank for 2014-15 by Business World – PWC Best Banks' Survey 2015

Employees



4,517

Branches



525

ATM's



1,325

Efficiency Ratio

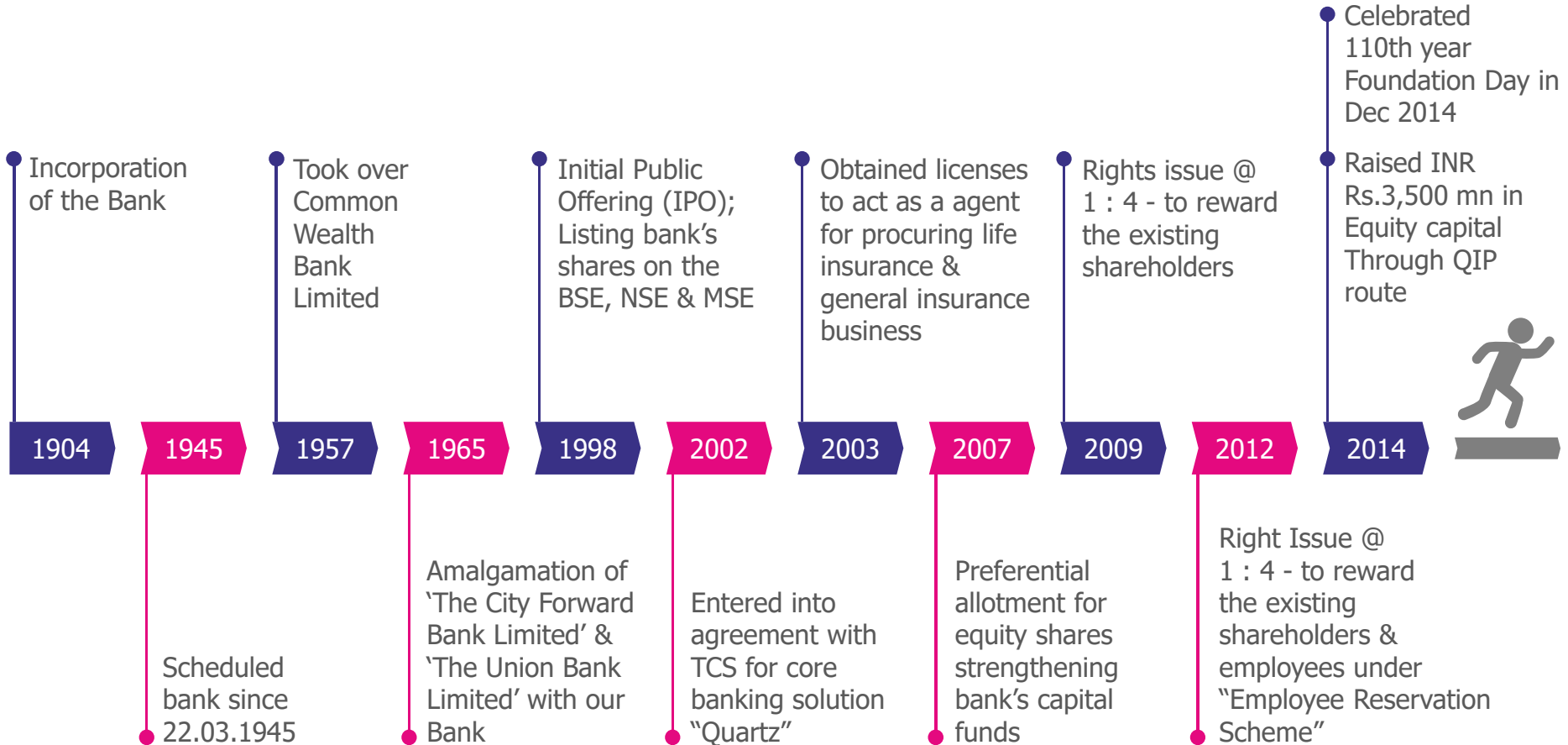


40.10%



Won "Productivity and Efficiency" award for Small Banks conducted by Business Today – KPMG study on Indian Best Banks' survey 2015

Key milestones



City Union Bank – A specialized banking model aligned to Target Segment – SME/MSME



Competitive Advantages

Strong track record

- Continuous profitability and dividend payout in all 100+ years of operations
- Business growth of 20% CAGR in last 10 years

Robust corporate governance practices

- Strong board with majority of directors being independent
- Consistency in management with only 7 CEOs appointed in 100+ years

Diversified asset profile

- Granular asset profile with advances to top 20 borrowers contributing under 8%
- Lower ticket size lending backed by adequate collaterals

Higher yielding loan portfolio

- Trading and MSME loan segments earning high yields constitute about 52% of advances

Adequately capitalised

- Strong Capital Adequacy ratio of 15.58% out of which Tier 1 constitutes 15.09%

Network

- Pan India presence with 525 branches
- Strong presence in South India (469 branches) of which 359 are in Tamil Nadu alone

Q4 / FY 2015-16 Performance – A snapshot

- ✓ Deposits increased by 13% from Rs.241 Bn to Rs.272 Bn Y-o-Y
- ✓ Advances registered a growth of 17% from Rs.181 Bn to Rs.213 Bn Y-o-Y
- ✓ Gross Profit registered a growth of 25% from Rs.1,788 Mn to Rs.2,240 Mn on Q4-Vs-Q4 basis and 20% from Rs.6,926 Mn to Rs.8,333 Mn on Y-o-Y.
- ✓ Net Profit increased by 13% from Rs.991 Mn to Rs.1,122 Mn on Q4-Vs-Q4 and 13% from Rs.3,950 Mn to Rs.4,447 Mn on Y-o-Y.

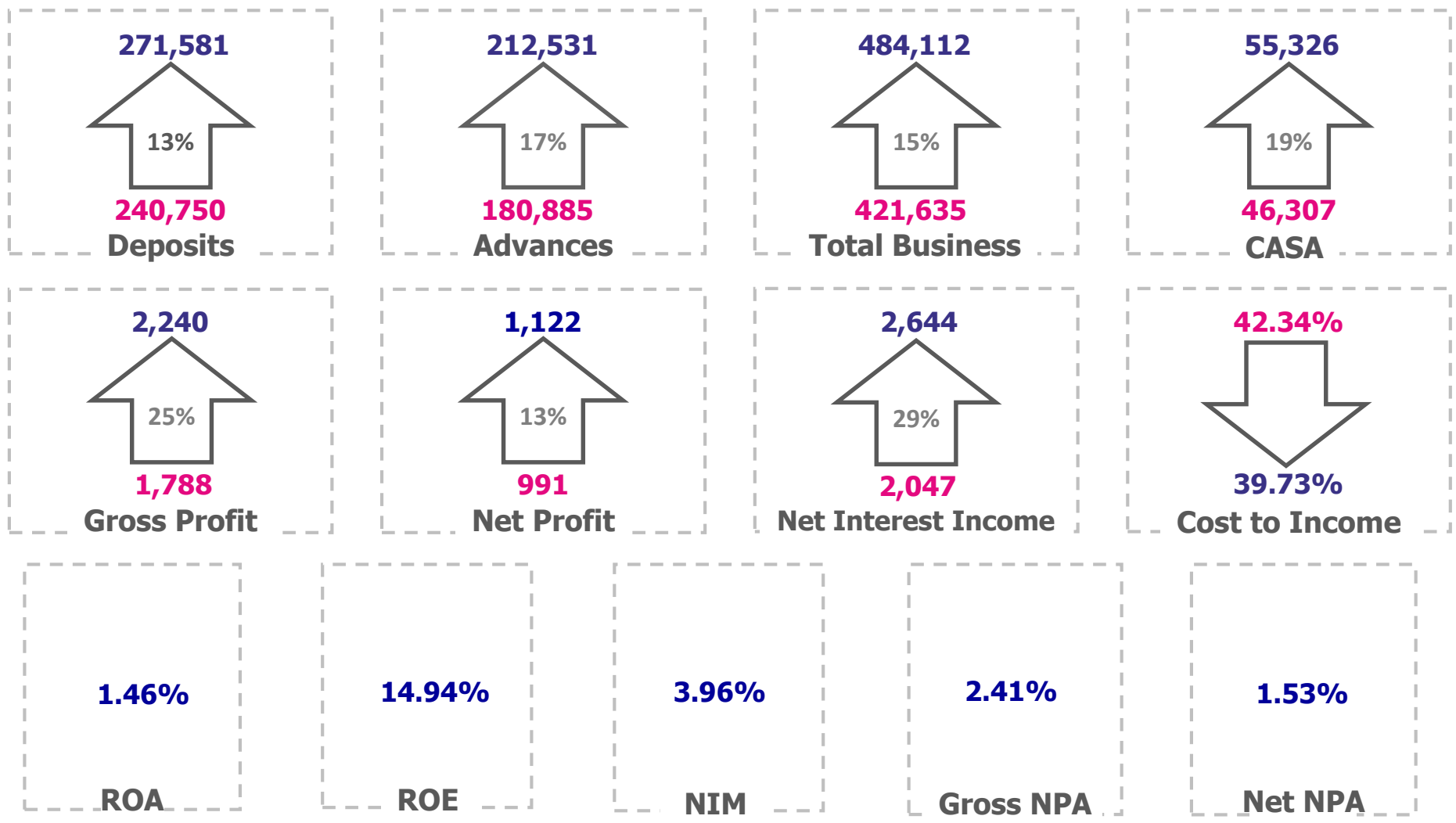
- ✓ Profitability and efficiency ratios – at par with the best in industry:

	Q4 FY 2016	FY 2015-16
➤ Return on Assets	1.46%	1.50%
➤ Net Interest Margin	3.96%	3.81%
➤ Return on Equity	14.94%	15.60%
➤ Earnings per share	Rs.1.88	Rs.7.44

- ✓ Gross NPA – 2.41% and Net NPA – 1.53%
- ✓ Provision Coverage Ratio – 60%
- ✓ CRAR – 15.58% (Basel III) of which core CRAR – 15.09%

Q4 Vs Q4 Performance – A snapshot

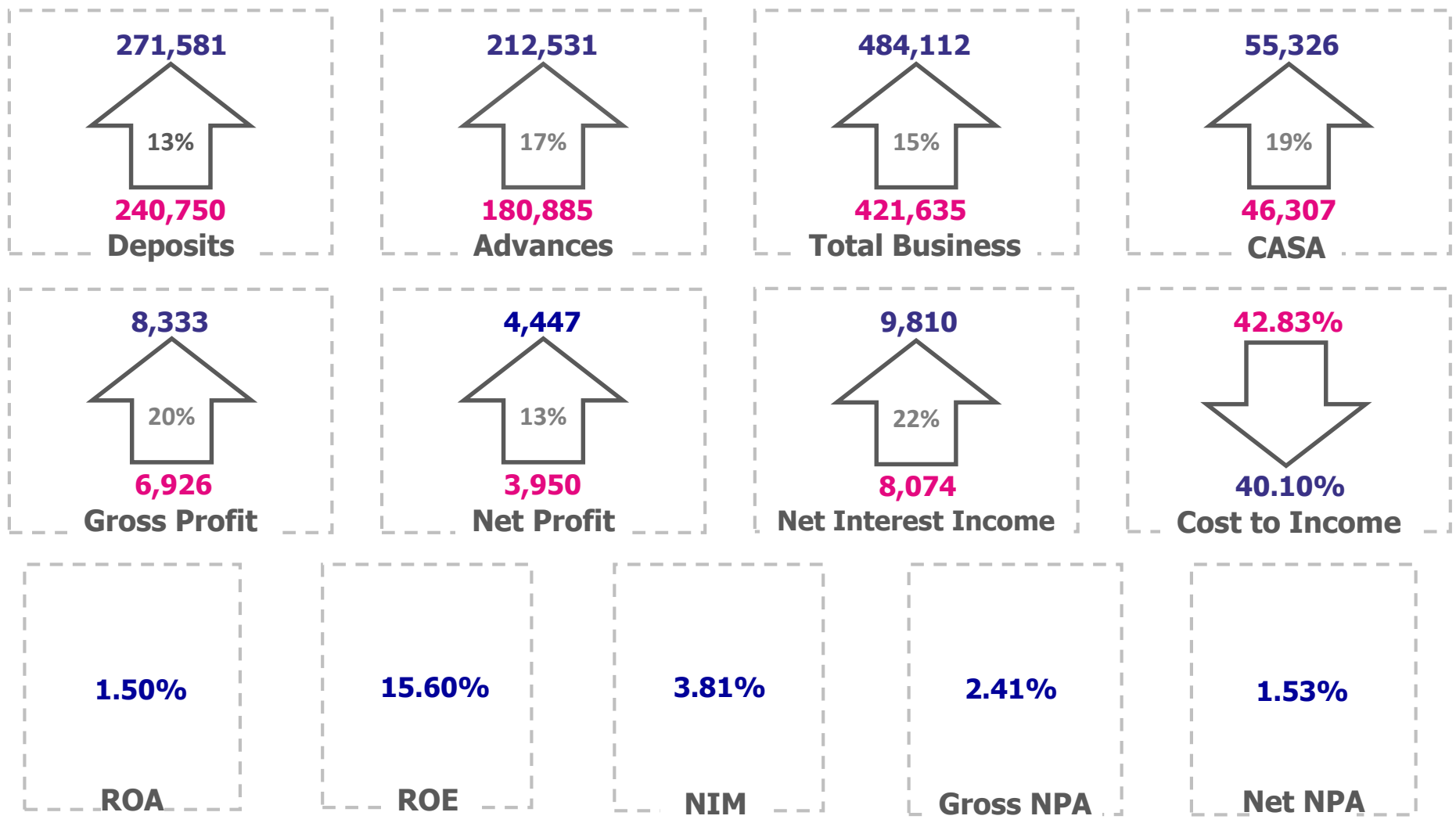
(All figures in INR Mn)



■ Q4 FY15 ■ Q4 FY16

FY 2015-16 Performance – A snapshot

(All figures in INR Mn)



■ FY 15 ■ FY 16

FY 16 Vs FY 15 – Performance – A snapshot

(in INR Mn)

Financial Performance

Particulars	FY 2016	FY 2015	Inc / (Dec)	Growth	Growth %
Deposits	271,581	240,750	↑	30,832	13%
Advances	212,531	180,885	↑	31,646	17%
Total Business	484,112	421,635	↑	62,477	15%
Demand Deposits	19,192	16,681	↑	2,512	15%
Saving Deposits	36,133	29,626	↑	6,507	22%
CASA	55,326	46,307	↑	9,019	19%
Gross NPA	5,120	3,358	↑	1,762	52%
Net NPA	3,232	2,328	↑	904	39%
Gross NPA (%)	2.41%	1.86%			
Net NPA (%)	1.53%	1.30%			
C R A R (BASEL – II)	15.80%	16.59%			
C R A R (BASEL – III)	15.58%	16.52%			
- Of which Tier I	15.09%	16.03%			
CD Ratio	78%	75%			
PCR	60%	58%			

Q4 FY 16 Vs Q4 FY 15 – Performance – A snapshot

(in INR Mn)

Financial Performance

Particulars	Q4 FY 16	Q4 FY 15	INC / (DEC)	Growth %	Q3 FY 2016
Net Interest Income	2,644	2,047	597	29%	2,529
Other Income	1,073	1,055	18	2%	1,033
Operating Expenses	1,477	1,313	163	13%	1,493
Gross Profit	2,240	1,788	452	25%	2,069
Provisions & Contingencies	1,118	906	212	23%	938
Exceptional Item	0	109	-109	-ve	0
Net Profit	1,122	991	131	13%	1,131
Return on Assets	1.46%	1.45%			1.50%
Return on Equity	14.94%	15.13%			15.19%
Net Interest Margin	3.96%	3.40%			3.82%

FY 16 Vs FY 15 – Performance – A snapshot

(in INR Mn)

Financial Performance

Particulars	FY 2015-16	FY 2014-15	INC/ DEC	Growth %
Net Interest Income	9,810	8,074	1,737	22%
Other Income	4,100	4,041	59	1%
Operating Expenses	5,577	5,188	389	8%
Gross Profit	8,333	6,926	1406	20%
Provisions & Contingencies	3,886	3,085	801	26%
Exceptional Items	0	109	-109	-ve
Net Profit	4,447	3,950	497	13%
Return on Assets	1.50%	1.49%		
Return on Equity	15.60%	16.91%		
Net Interest Margin	3.81%	3.44%		

Q4 – FY 16 Vs 15 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	Q4 FY 2016	Q4 FY 2015	Growth (%)
Interest on Loans	6,138	5,512	11%
Interest on Investments	1,336	1,273	5%
Other Interest Income	89	97	-ve
Total Interest Income	7,563	6,882	10%

Interest Expenses Breakup

Particulars	Q4 FY 2016	Q4 FY 2015	Growth (%)
Int Exp on Deposits	4,795	4,707	2%
Other Int Expenses	123	128	-ve
Total Interest Expenses	4,918	4,835	2%

Other Income Breakup

Particulars	Q4 FY 2016	Q4 FY 2015	Growth (%)
CEB & Charges	538	529	2%
Treasury Income	351	421	-ve
Other Inc incl recoveries in written off a/cs	184	105	75%
Total Other Income	1073	1055	2%

Operating Expenses Breakup

Particulars	Q4 FY 2016	Q4 FY 2015	Growth (%)
Employee Cost	527	510	3%
Other Operating Expenses	949	803	18%
Total Expenses	1,476	1,313	12%

FY 16 Vs 15 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	FY 2016	FY 2015	Growth (%)
Interest on Loans	23,676	21,662	9%
Interest on Investments	5,410	4,925	10%
Other Interest Income	356	402	-ve
Total Interest Income	29,442	26,989	9%

Interest Expenses Breakup

Particulars	FY 2016	FY 2015	Growth (%)
Int Exp on Deposits	19,230	18,532	4%
Other Int Expenses	402	383	5%
Total Interest Expenses	19,632	18,915	4%

Other Income Breakup

Particulars	FY 2016	FY 2015	Growth (%)
CEB & Charges	2,105	1,967	7%
Treasury Income	1,259	1,292	-ve
Other Inc incl recoveries in written off a/cs	736	782	-ve
Total Other Income	4,100	4,041	1%

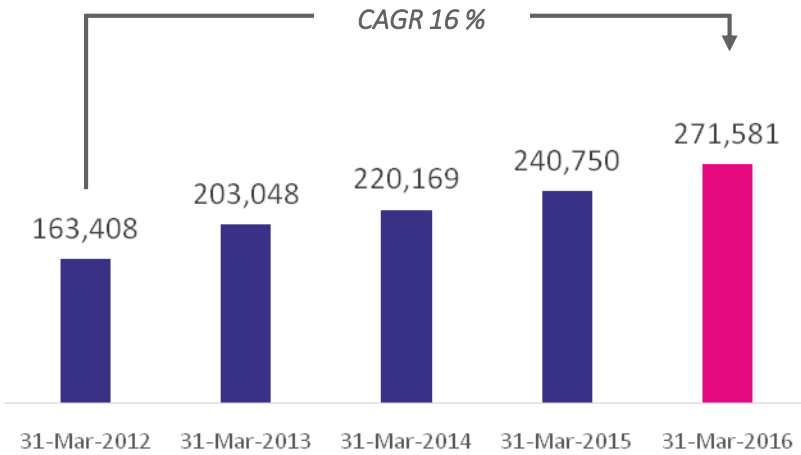
Operating Expenses Breakup

Particulars	FY 2016	FY 2015	Growth (%)
Employee Cost	2,132	2,103	1%
Other Operating Expenses	3,445	3,085	12%
Total Expenses	5,577	5,188	8%

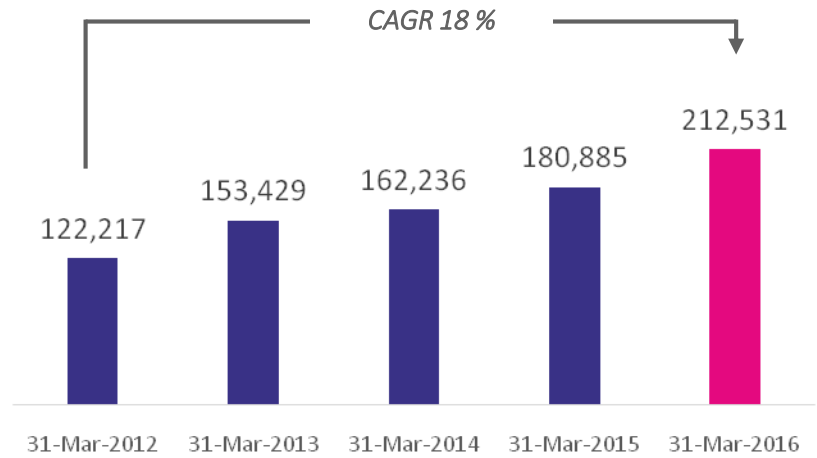
Strong Deposits and Advances growth

(in INR Mn)

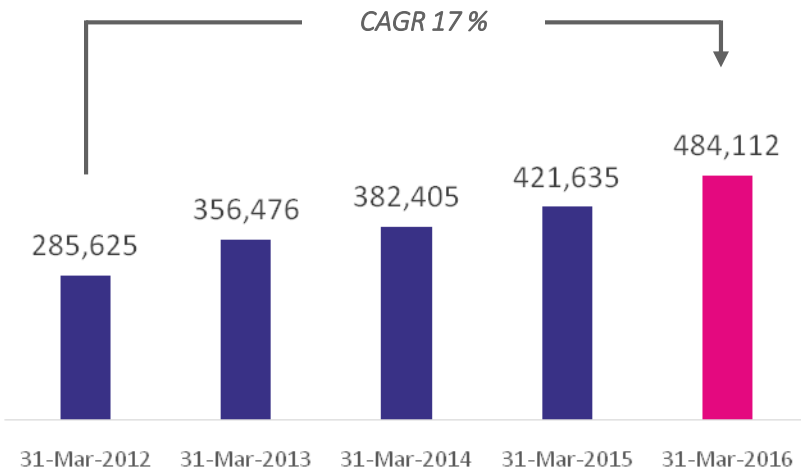
Deposits



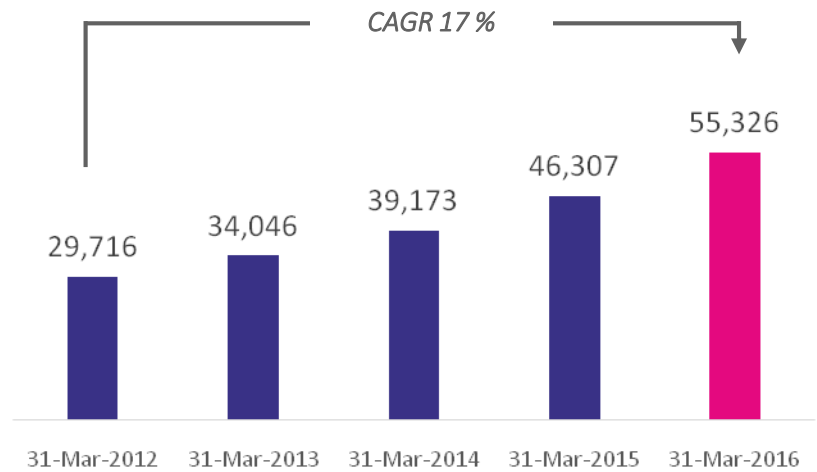
Advances



Business



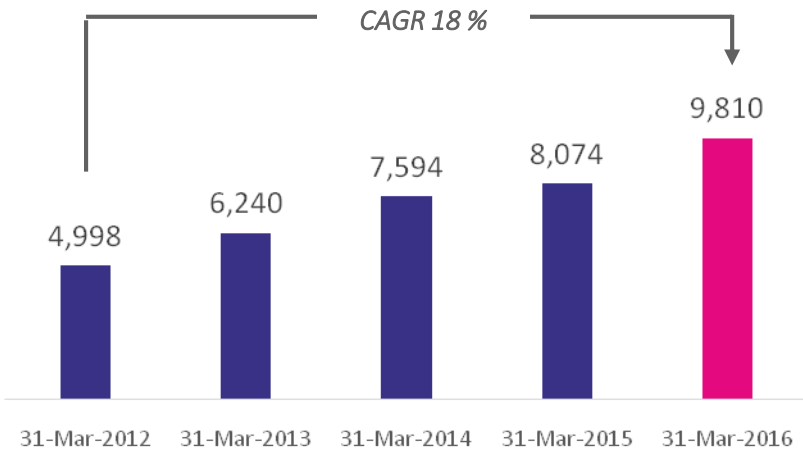
CASA



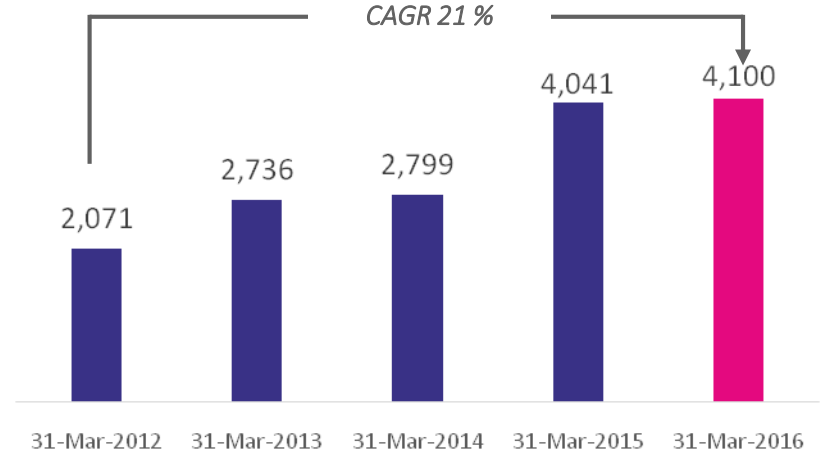
Income Growth over the years...

(in INR Mn)

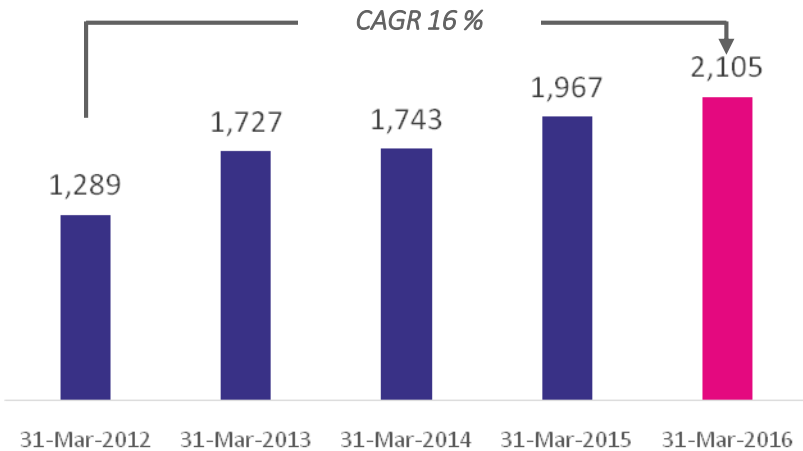
Net Interest Income Growth



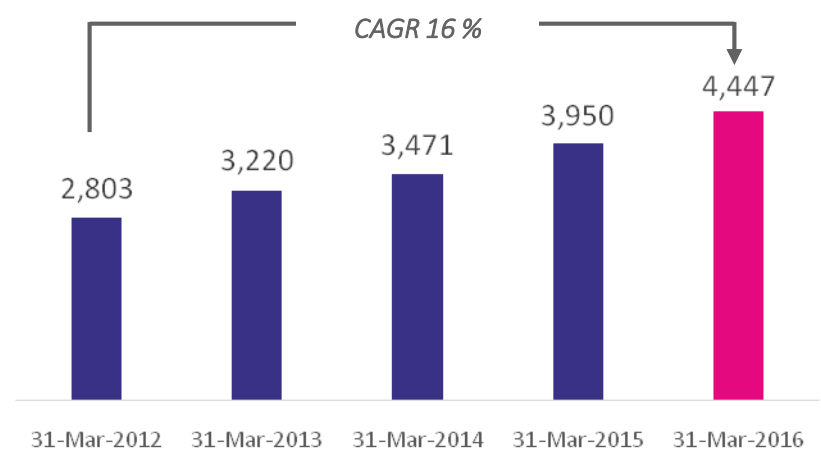
Other Income Growth



CEB Growth



Net Profit Growth

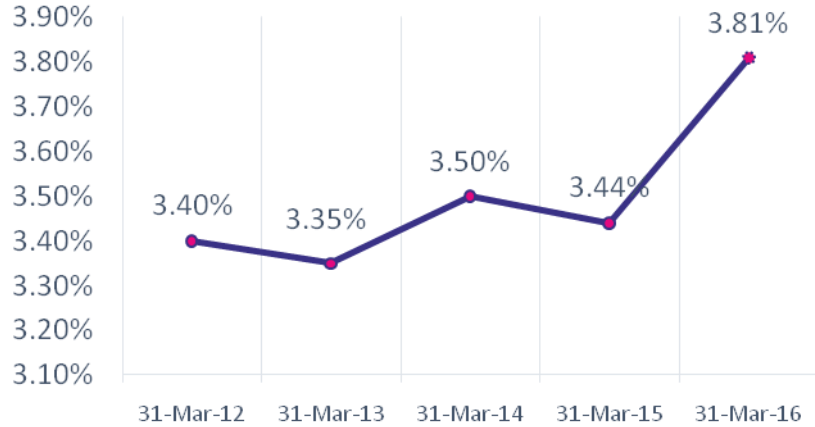


Key Business Indicators

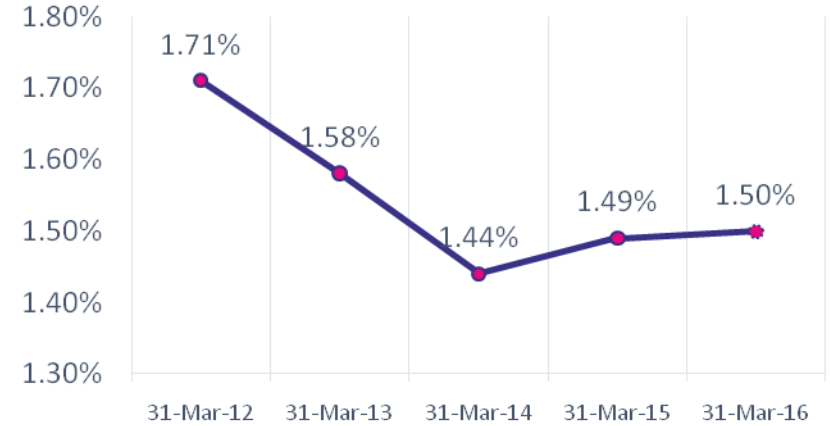
Particulars	Q4 FY 2016	Q4 FY 2015	Q3 FY 2016	FY 2015-16	FY 2014-15
Cost of Deposits	7.39%	8.14%	7.48%	7.62%	8.15%
Yield on Advances	12.59%	13.06%	12.67%	12.83%	13.18%
Yield on Investments	7.48%	7.65%	7.41%	7.45%	7.63%
Net Interest Margin	3.96%	3.40%	3.82%	3.81%	3.44%
Cost to Income	39.73%	42.34%	41.91%	40.10%	42.83%
Cost of Funds	6.40%	7.08%	6.54%	6.61%	7.13%
Yield on Funds	9.85%	10.08%	9.88%	9.91%	10.17%
Per Employee Business (in INR Mn)	106.87	96.53	101.84	106.87	96.53
Per Employee Profit (in INR Mn) (Ann)	0.99	0.91	1.02	0.98	0.91
EPS (in INR) – FV INR 1/- share (Not Ann)	1.88	1.66	1.89	7.44	6.82

Key Business Ratios – Yearly trends

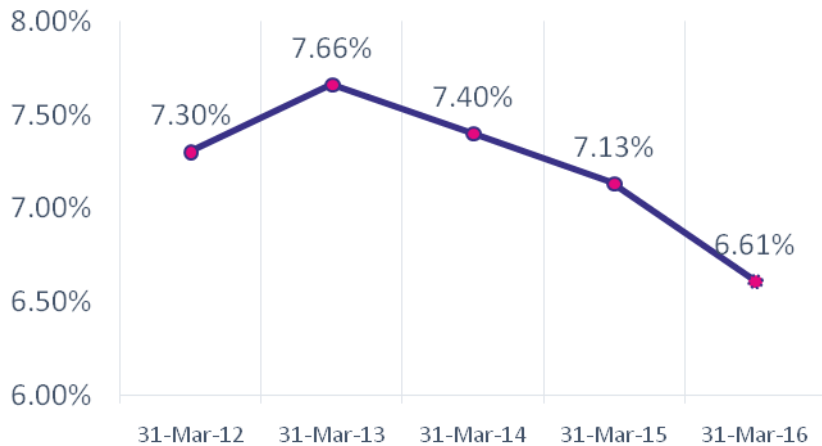
Net Interest Margin



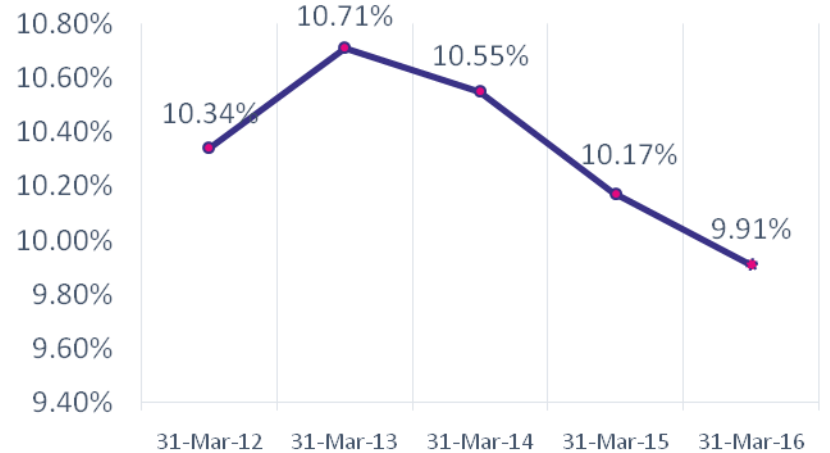
Return on Assets



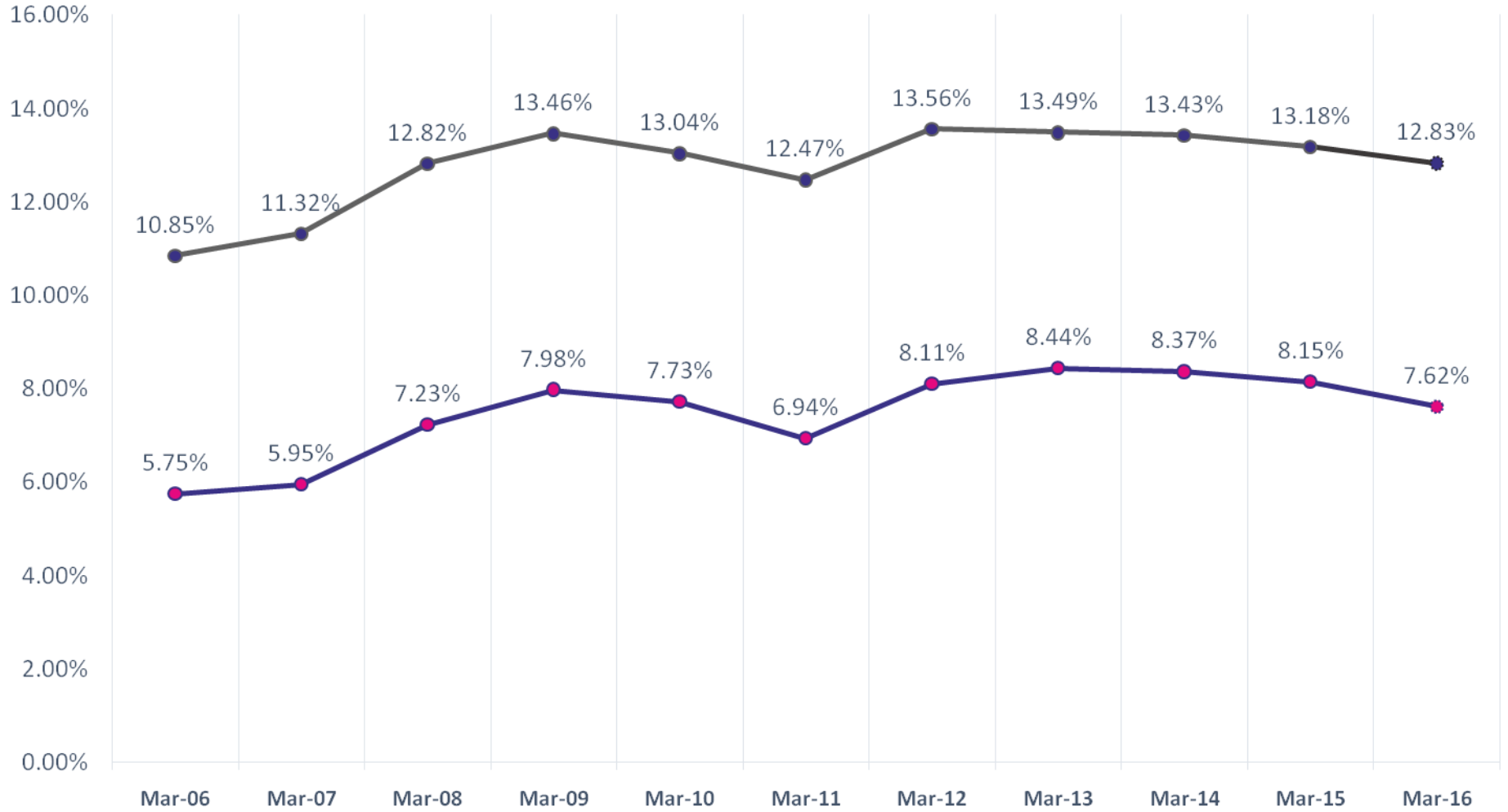
Cost of Funds



Yield on Funds



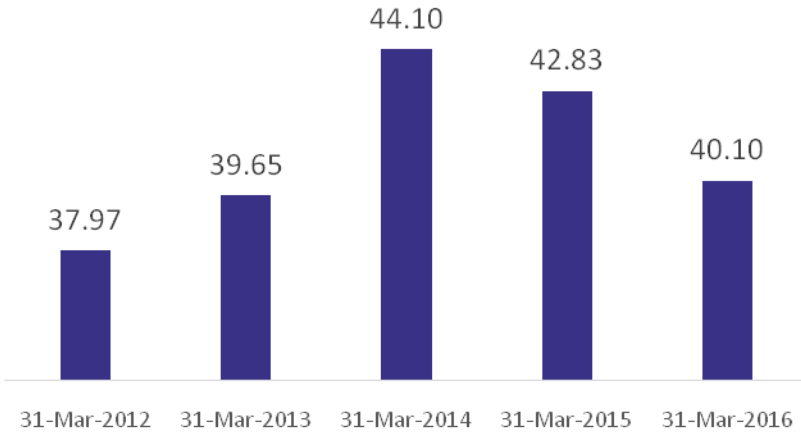
Cost of deposits & Yield on advances



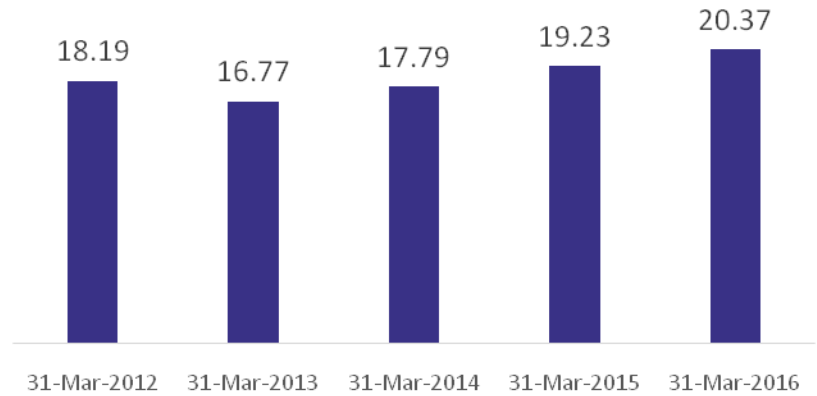
Spread between cost of deposits and yield on advances of our bank maintained in the last 10 years

Efficiency

Cost income ratio

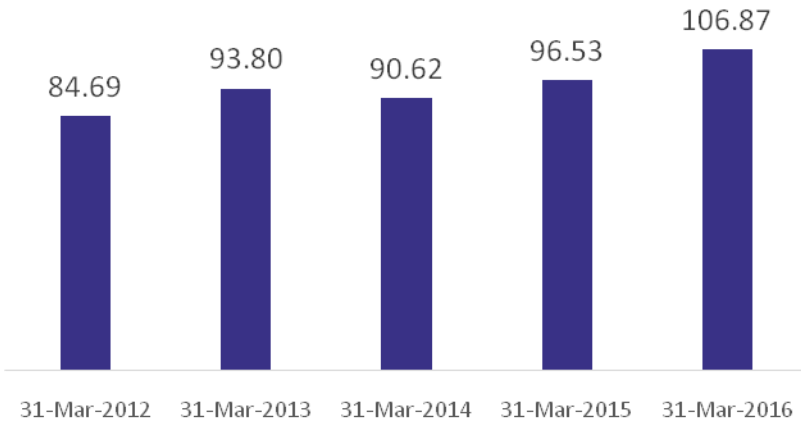


CASA Ratio



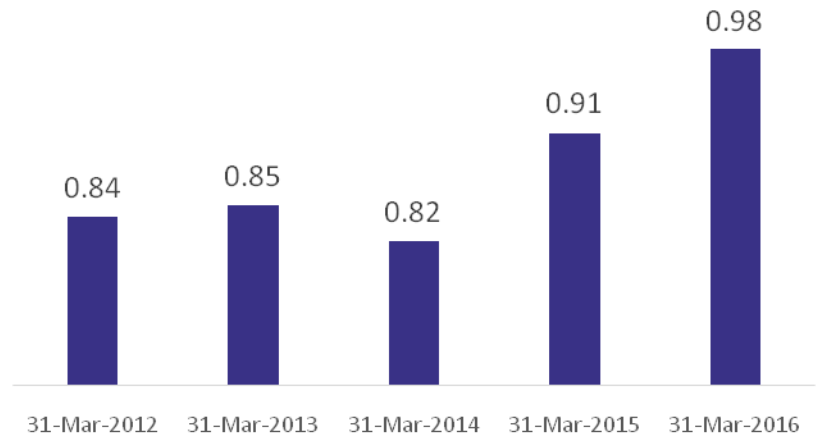
Business per Employee

(in INR Mn)



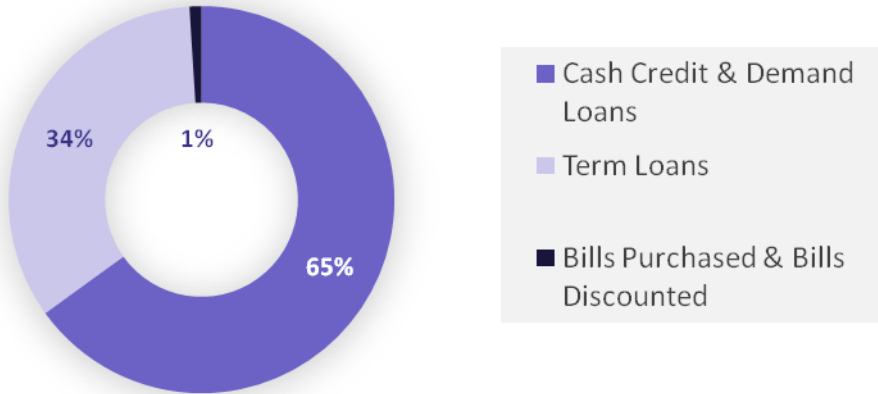
Profit per Employee

(in INR Mn)



Loan Book – Products Composition

% to Total Advances



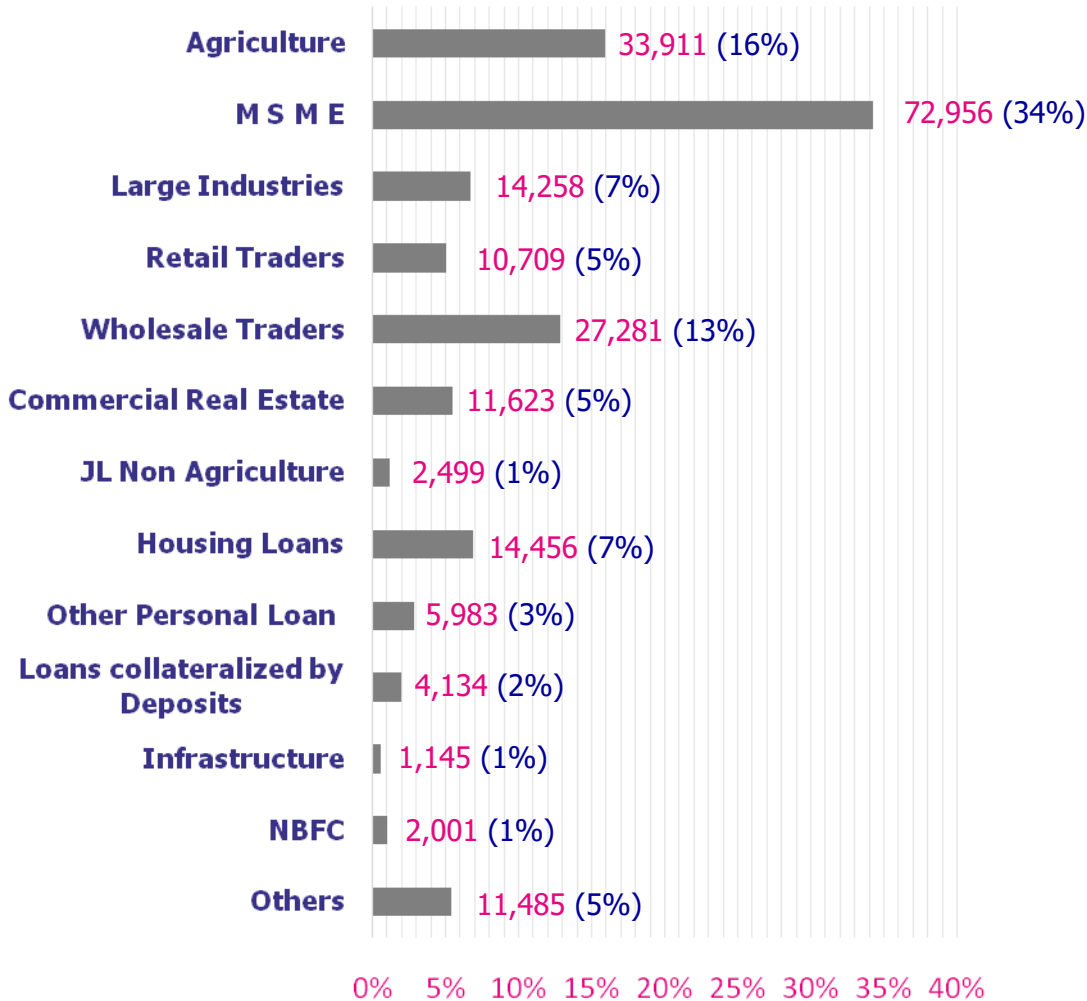
- Working capital loans yielding higher interest constitute 65% of advances
- **Re-pricing possible at short intervals thus reducing interest rate risk**
- ~90% of our loan book is on floating rate basis which reduces interest rate risk

Loan Book Products Composition	Amount (INR Mn)	% to Total Advances
Cash Credit & Demand Loans	138,684	65%
Term Loans	71,253	34%
Bills Purchased & Bills Discounted	2,594	1%
Gross Loans Total	212,531	100%

Loan Book – Sectoral Deployment

(in INR Mn)

Sectoral Deployment



Secured & Unsecured Advances

Particulars	Amount (INR Mn)	% to Total Advances
Secured Loans	208,467	98%
Unsecured Loans	4,064	2%
Total	212,531	100%

- ✓ Trading & MSME loans earning higher yield constitute about 52%.
- ✓ Diversified credit portfolio reduces credit risk
- ✓ Lower ticket size backed by adequate collaterals
- ✓ Unsecured Advances aggregate to 2%
- ✓ Jewel Loan portfolio decreased by Rs.4,406 Mn when compared to FY 2015.
- ✓ Total Jewel Loan outstanding as on 31.03.2016 – Rs.20,475 Mn

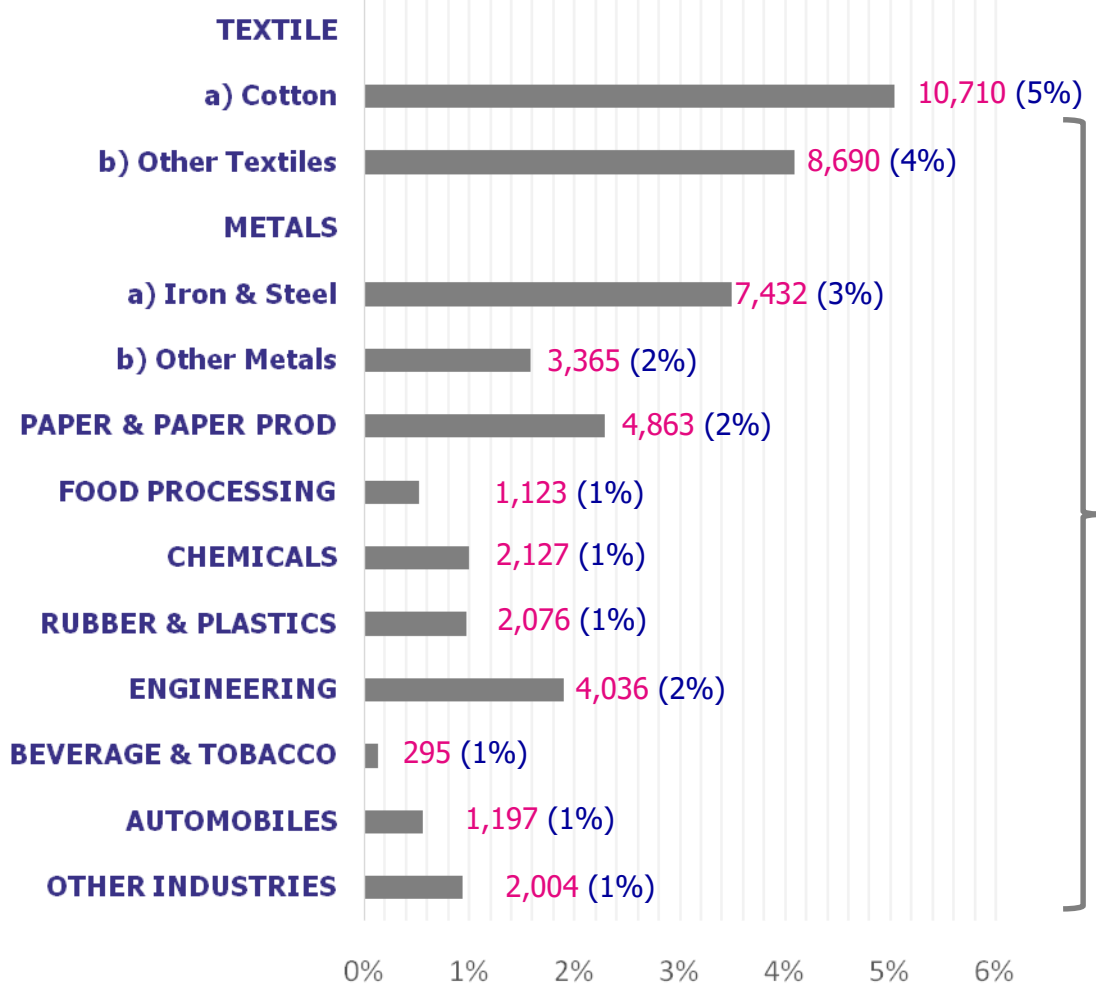
AJL – Agricultural Jewel Loan

JL – Jewel Loan

Loan Book – Advances to Major Industries

(in INR Mn)

Advances to Major Industries 31st March 2016

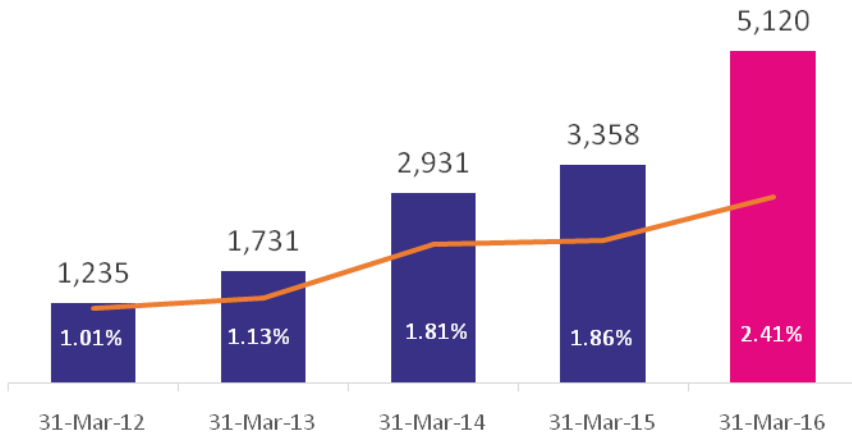


Industry Name	Amount (in INR Mn)	% to Total Advances
Advances to Major Industries	47,917	23%
All other advances (Agri, Trade, Service, Gold Loan, etc.)	164,614	77%
Total Gross Advances	212,531	100%

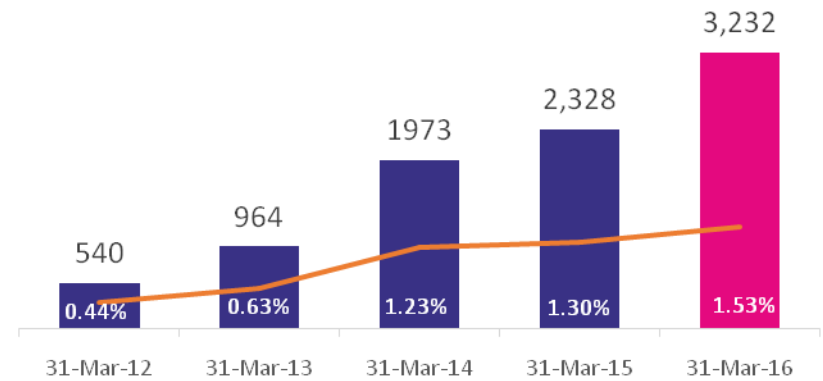
Asset Quality

(in INR Mn)

Gross NPA Qtm & Gross NPA %



Net NPA Qtm & Net NPA %



Asset Quality Position – Movement over the years

(Rs in Mn)		FY Mar - 12	FY Mar - 13	FY Mar - 14	F Y Mar - 15	Q4 FY 2016	FY 2016
NPA Opening balance		1,125	1,235	1,731	2,931	4,599	3,358
Additions	A	1,444	2,234	4,562	4,250	1,274	4,290
Recovery / SR		649	486	1,865	2,118	192	734
Upgradations		165	232	168	227	97	546
Net Addition	B	630	1,516	2,529	1,905	985	3,010
Write-off		520	1,020	1,329	1,478	464	1,248
NPA Closing balance		1,235	1,731	2,931	3,358	5,120	5,120
Technical Write-off (TW) during the period		484	948	1,226	618	401	1,189
Provision made during the period	C	570	970	1,485	1,650	580	2,050
T W recovery	D	400	599	544	750	180	370
Provision made net of TW Recovery	E = C-D	170	371	941	900	400	1,680
Gross Advance	F	1,22,217	1,53,428	1,62,236	1,80,885	2,12,531	2,12,531
Additions % of Gross Advance	A / F	1.18	1.46	2.81	2.35	0.60	2.02
Net Addition % of Gross Advance	B / F	0.52	0.99	1.56	1.05	0.46	1.42
Credit cost	E / F	0.14	0.24	0.58	0.50	0.19	0.79
Gross NPA %		1.01	1.13	1.81	1.86	2.41	2.41
Net NPA %		0.44	0.63	1.23	1.30	1.53	1.53

Restructured Accounts

Balance outstanding as on 31.03.2016 in respect of Restructured Standard borrowers

Type Restructuring	No. of Borrowers	Amount (in INR Mn)
Under CDR Mechanism	0	0
Under SME Debt Restructuring Mechanism	30	277
Under Other Debt Restructuring Mechanism	7	1761
Total	37	2038

- ✓ The above disclosure is in respect of Restructured Standard Accounts excluding NPA.
- ✓ During Q4 FY 16, we have restructured 30 borrowal accounts amounting total exposure of Rs.184 Mn which were affected in Chennai floods declared as National disaster by the Government.
- ✓ Restructured Standard Advances to Gross Advances - 0.96% Mar-16 Vs 1.44% Mar-15
- ✓ No fresh sale to ARC during FY 2016 and amount outstanding in Security Receipts - 3738 Mn
- ✓ Amount serviced during Q4 FY 2016 in restructured standard accounts is Rs.66 Mn
- ✓ During Q4 FY 2016, one restructured account slipped to NPA amounting to Rs.690 Mn

Investments – At a Glance

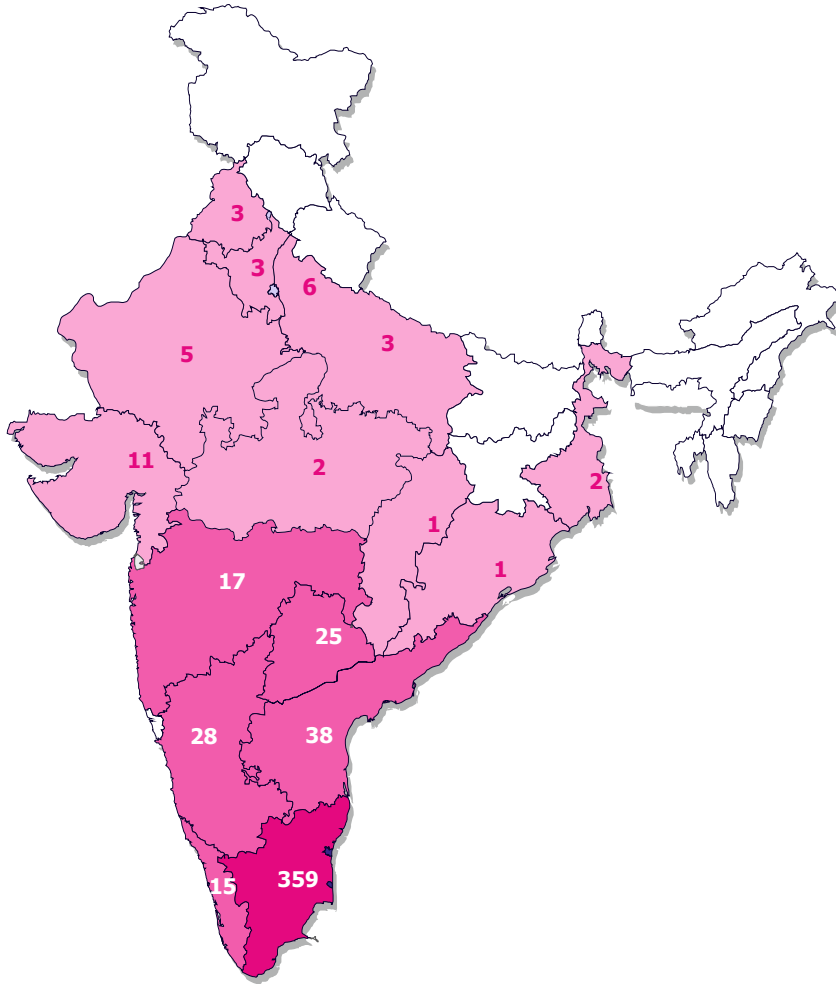
Investments Breakup and Categorywise

(in INR Mn)

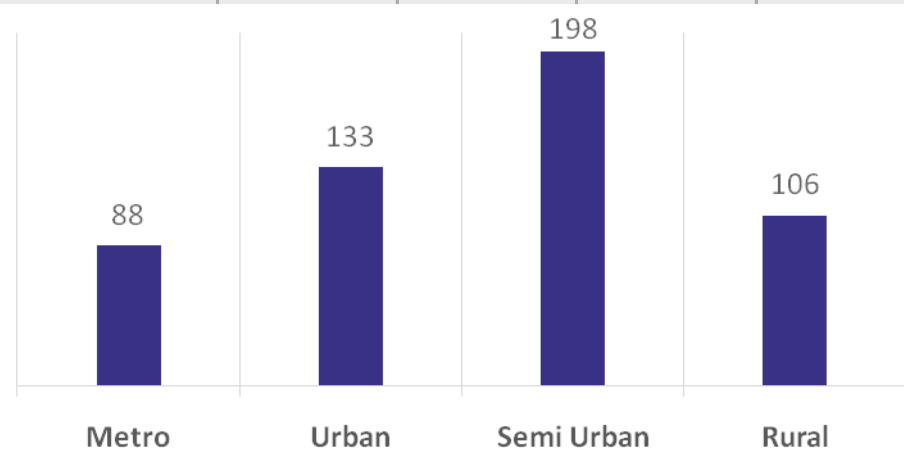
Particulars	MAR 2016	MAR 2015
SLR Securities	59,050	54,875
Non-SLR Securities	4,212	3,849
Total Investments	63,262	58,724
Yield on Investments	7.45%	7.63%
Investments Breakup:		
- A F S	13,546 (21%)	14,304 (24%)
- H T M	49,716 (79%)	44,420 (76%)
- H F T	-	-
Total Investments	63,262	58,724
Modified Duration:		
- A F S	3.41	2.28
- H T M	4.71	4.16
- H F T	-	-
- Overall Portfolio	4.52	3.83

Strong presence in the South

As of Mar 2016 - 525 branches. 469 branches are located in South India out of which 359 in Tamil Nadu



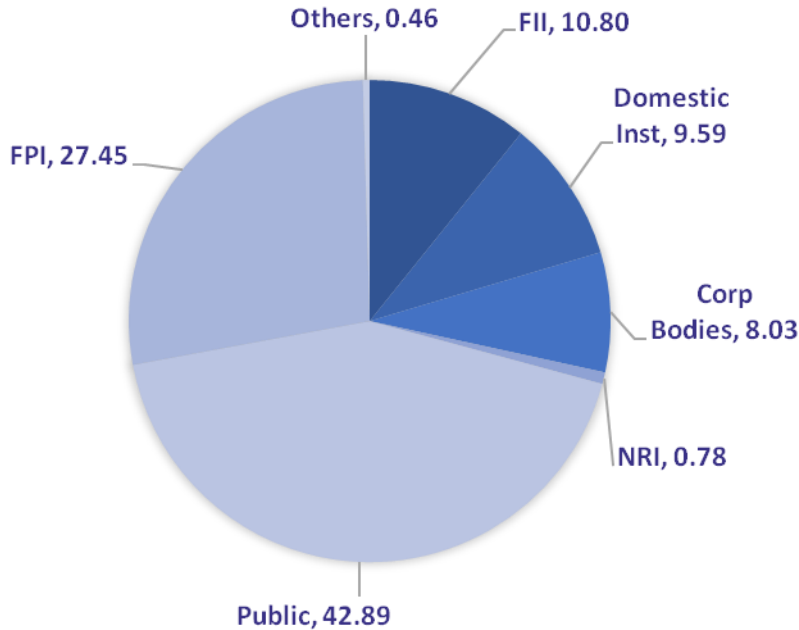
State	No. of Branches	% of Deposits	% of Advances	% of Business
Tamilnadu	359	77	65	72
Andhrapradesh	38	2	9	5
Telangana	25	3	6	5
Karnataka	28	5	5	5
Maharashtra	17	6	4	4
Kerala	15	2	2	2
Gujarat	11	1	3	2
Others	32	4	6	5



A well diversified investor base

as of 31st March 2016

Ownership profile



Major Institutional Shareholders

Shareholders	% of Holding
Lavender Investments Ltd (Chrys Capital)	3.95
GKFF Ventures (Argonaut Ventures)	3.93
NT Asian Discovery Master Fund	3.77
Life Insurance Corporation of India	3.43
Smallcap World Fund INC	3.31
Ardisia Ltd	2.45
TVF Fund Ltd	1.75
ICICI Prudential	1.61
Franklin Templeton MF	1.47
Acacia Partners	1.47
Somerset Emerging Markets Small Cap Fund	1.40
Bank Muscat India Fund	1.25
Faering Capital India Evolving Fund	1.11
Wasatch Core Growth Fund	1.11

Well diversified ownership of shareholders around 83,000 Approx

Long term investors ensuring stability and support to management

Higher Participation from FII's

Limit on FII / FPI ownership increased to 40%

Head room available for FII / FPI ... 1.75%

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

Disclosure norms strictly adhered to

KYC / AML norms strictly complied with.

Code of conduct for directors and senior management put in place

WE HAVE EMINENT PERSONALITIES ON OUR BOARD

Chairman – Chartered Accountant - Retd. CFO from Tata Consultancy Services

Former retired Chief of Banking Operations & Development department, RBI & IRDA member

Retired High Court Judge

Professor of IIT, Chennai

Leading Industrialist of Dairy farming from South India

Advocate in Banking law & Environmental Activist

Career Banker with 4 decades of banking experience

Chartered Accountant & First woman director of the Bank

Practicing Chartered Accountant

A well experienced and strong Board



**Shri. S. Mahalingam | B.Com (Honours), FCA
Non Executive Chairman**

Mr. S. Mahalingam retired as CFO and ED of Tata Consultancy Services and was involved in myriad aspects of the company's operation and growth. He is a graduate in Commerce and Associate member of Institute of Chartered Accountants of India. He is serving as Non Executive part time Chairman wef 04.05.2016



**Dr. N. Kamakodi | B.Tech., MBA., PhD., CAIIB
M.D. & C.E.O.**

Dr. N. Kamakodi is serving as MD & CEO of the Bank from May 2011. He joined the Bank as DGM in the year 2003 and was elevated as GM in 2005 and later as Executive Director in 2006.



**Shri. R.G. Chandramogan
Director**

Mr. R.G. Chandramogan is the Chairman & Managing Director of Hatsun Agro Products Ltd, the largest private dairy in the country. He is a former member in Screening Cum Implementation Group.



**Shri. T.K. Ramkumar | B.Com., B.L.
Director**

Mr. T.K. Ramkumar is one of the leading Lawyers in Chennai possessing special knowledge in Banking law, Company law and Intellectual Property Rights. He is also an active environmentalist.



**Shri. C R Muralidharan | BSC., CAIIB.
Director**

Mr. C.R. Muralidharan has 40 years of vast experience in regulatory Banking and he retired as Chief General Manager, Dept of Banking Operations & Development, Reserve Bank of India and served as member IRDA.



**Justice S R Singaravelu | BSC,B.L.
Director**

Mr. S.R. Singaravelu is a former Judge of High Court of Madras and High Court of Orissa. He has a vast experience of 36 years in the Judiciary where he has held various positions.



**Prof. V. Kamakodi | BE., M.S. Phd.
Director**

Dr. Veezhinathan Kamakodi holds a Bachelor of Engineering and Ph.D. in Computer Science. His forte is Information Technology related Secured Systems Engineering and Security related software engineering.



**Shri. R. Mohan | B.Sc., MBA, CAIIB
Director**

Mr. R. Mohan is a bachelor of Science, Master of Business Administration and a CAIIB. Prior to joining the Board, he served as Chief General Manager of our Bank.



**Smt. Abarna Bhaskar | BA., FCA
Director**

Smt. Abarna Bhaskar is a qualified Chartered Accountant by profession and the first woman director of the Bank. She has served in senior positions with a Foreign Bank abroad and a large private sector bank in India.



**Shri. M. Narayanan | B.Sc. FCA, Grad CWA, DISA
Director**

Mr. M. Narayanan is a practising Chartered Accountant by profession and has handled Finance, Accounts and Taxation at various levels upto CFO while in service for over 20 years in companies of repute viz. BHEL, Dalmia Cements, Fenner, Ramco Cements and Dishnet etc. He is also an agriculturist.



CITY UNION BANK LTD

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