



INVESTOR PRESENTATION – SEPTEMBER 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 1.76%, RoE at 25.56% and NIM at 3.49% for half year ended September 2011, considered best in the Banking Space. CRAR at 13.28% of which Tier I constitutes 12.42%.

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.

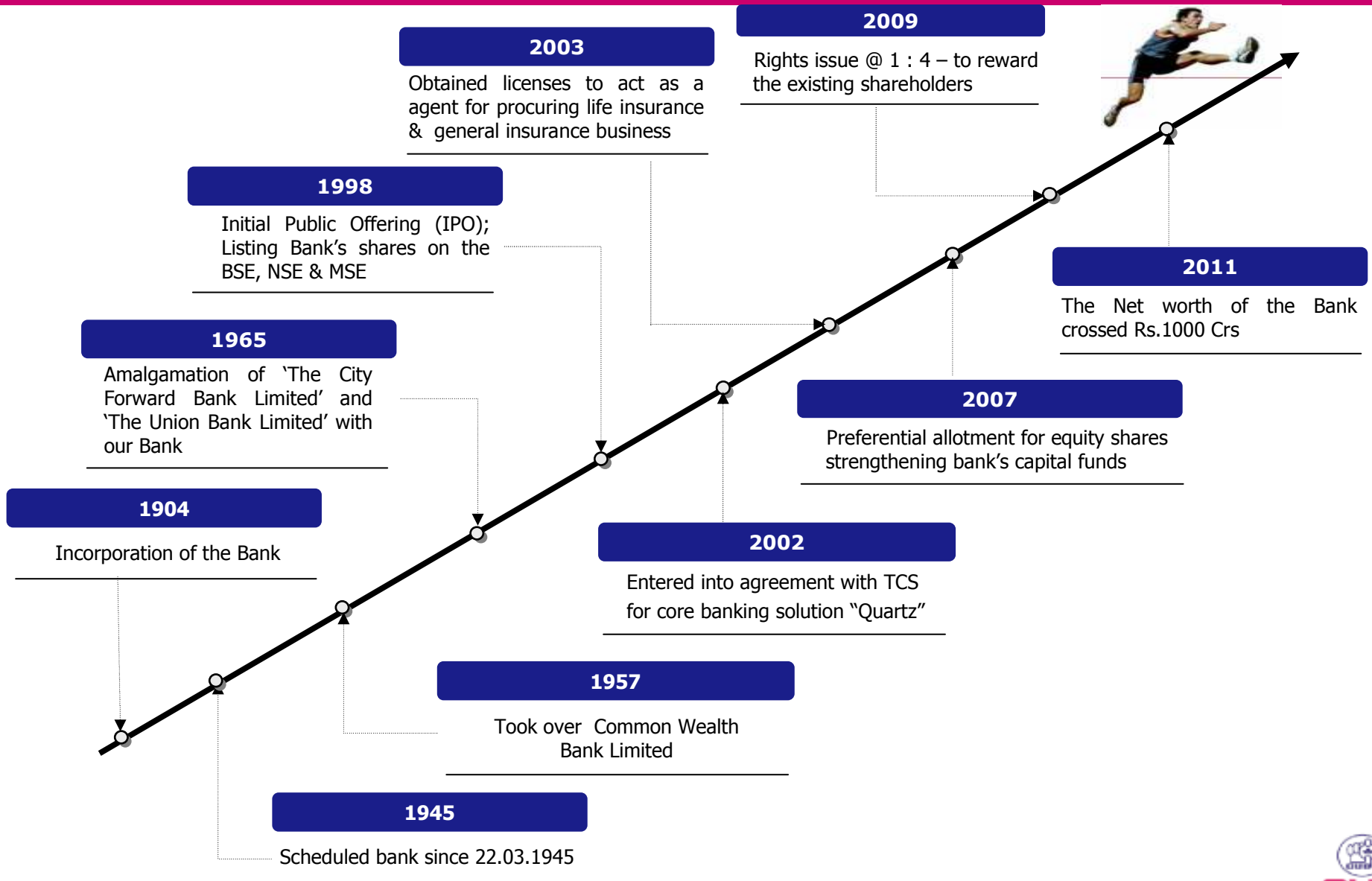
Asset Quality

Healthy Loan Portfolio – Gross NPA – 1.18%, Net NPA – 0.42% and PCR – 79% as on 30.09.2011.

Network

284 Branches and 351 ATMs. Aiming to attain 500 branches in three years.

Key milestones

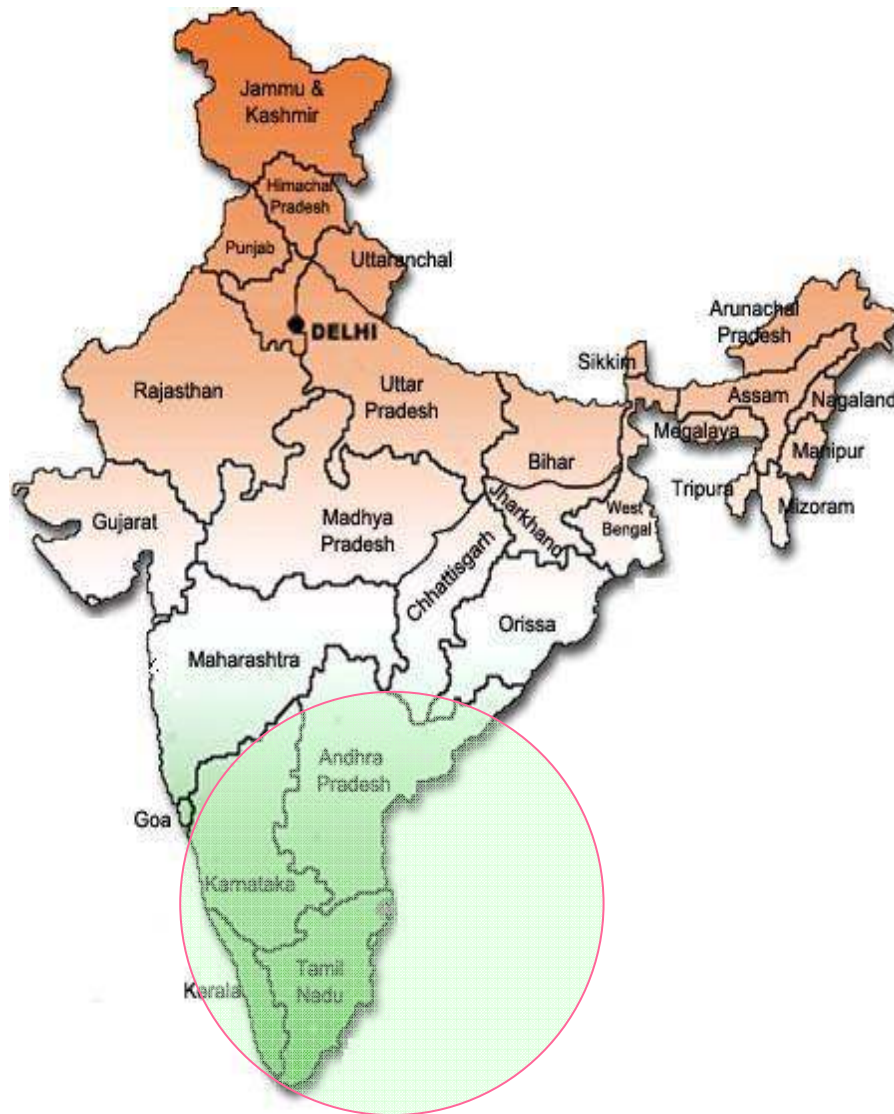




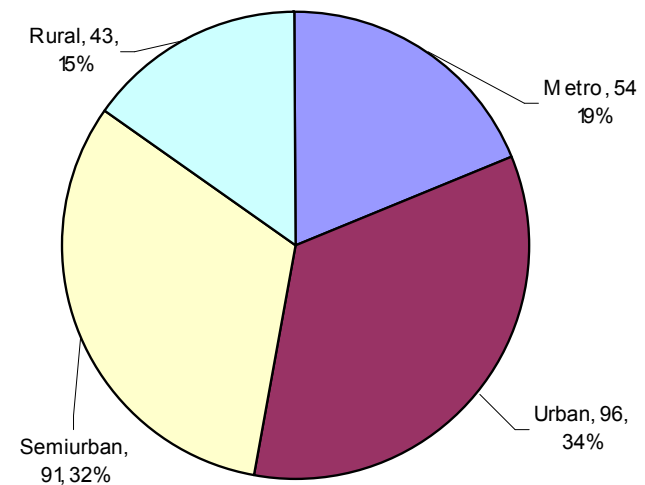
2. Branch Network

Strong presence in the South

✓ A network of 284 branches of which 246 branches are located in South India and 182 in Tamil Nadu alone

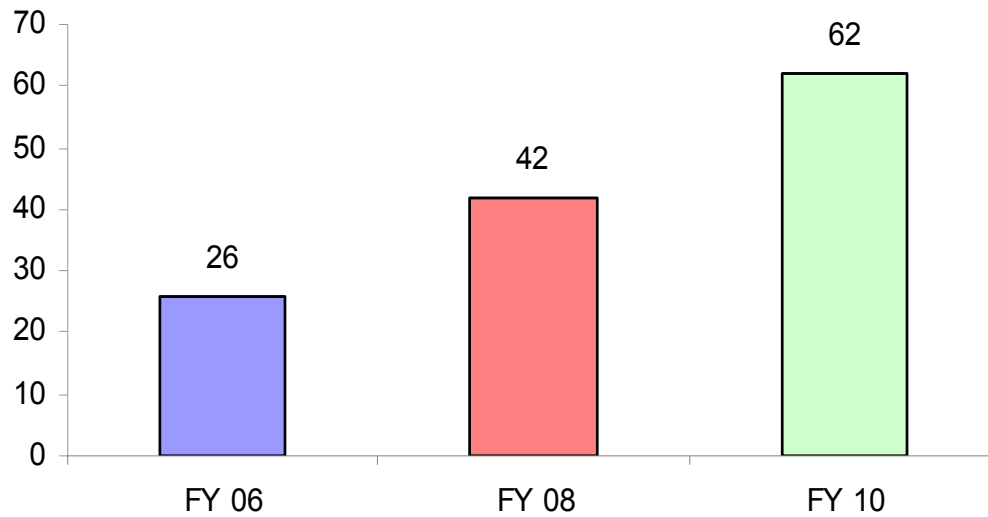


State	No. of Branches	% of Business
Tamilnadu	182	71
Andhra Pradesh	34	9
Karnataka	20	6
Maharashtra	16	8
Kerala	10	2
Gujarat	6	1
Others	16	3
Total	284	



Branch Expansion

Branch License Received



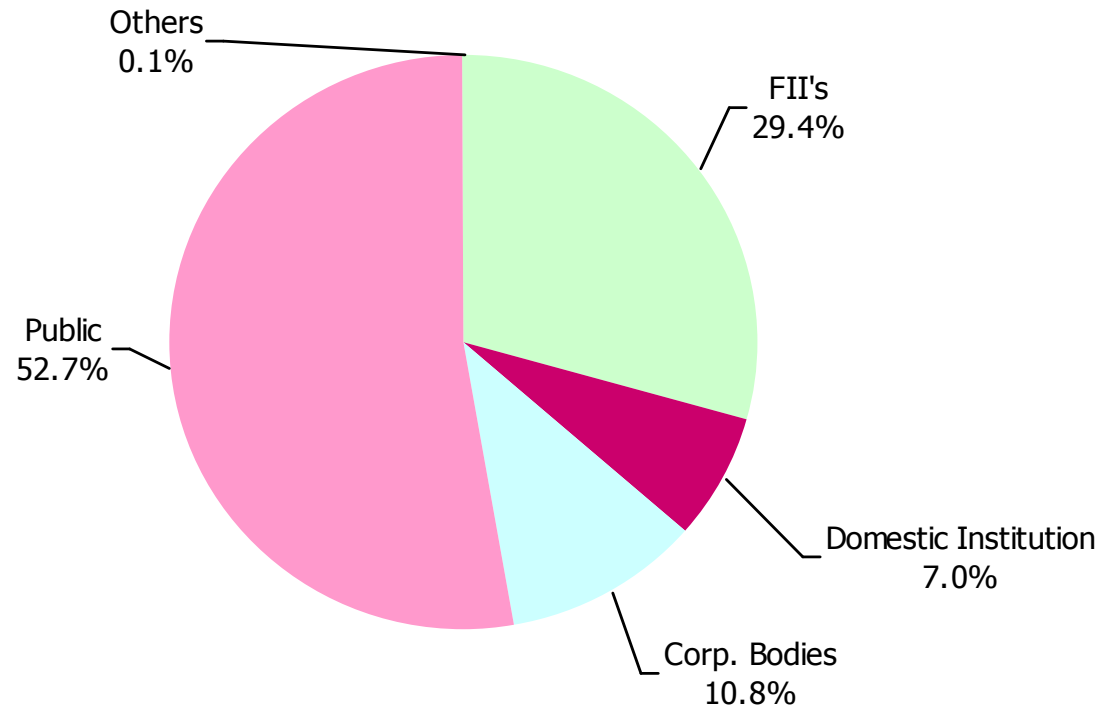
Out of License received for 62 branches, we have opened 61 branches till date. We are exploring various potential centres to open more branches in Tier II to Tier VI centres.



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
Emblem	1.23
ING Vysya Life Insurance Company	1.18
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 Chairman 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 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 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 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
- ✓ 351 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 & 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



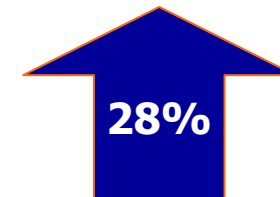
6. Financial Performance and Business Profile

H1 FY 2012 performance – A snapshot

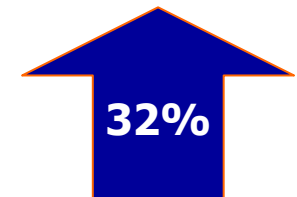
HIGHLIGHTS FOR THE HALF YEAR ENDED 30th SEPTEMBER 2011

- ✓ Deposits increased by 28% to Rs.147,222 Mn from Rs.114,941 Mn
- ✓ Advances surged by 32% from Rs.80,393 Mn to Rs.106,000 Mn
- ✓ Total Business grew by 30% from Rs.195,334 Mn to Rs.253,222 Mn
- ✓ CASA improved by 17% to Rs.26,359 Mn from Rs.22,600 Mn
- ✓ Gross Profit increased by 20% to Rs.2,079 Mn from Rs.1,736 Mn
- ✓ Net Profit increased by 28% from Rs.1,060 Mn to Rs.1,360 Mn
- ✓ Gross NPA came down to 1.18% from 1.26% (YoY)
- ✓ Net NPA lowered to 0.42% from 0.54% (YoY)
- ✓ ROA stood at 1.76% Vs 1.75% (YoY)
- ✓ Defined contribution scheme for pension without additional liability

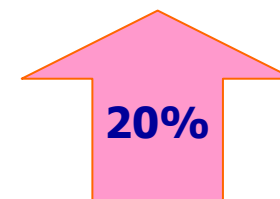
Deposits



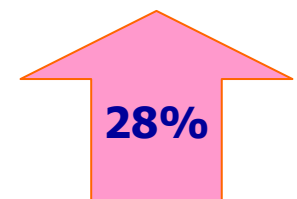
Advances



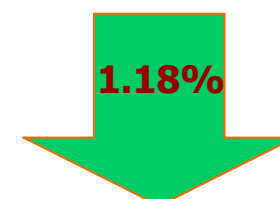
Gross Profit



Net Profit



Gross NPA



Net NPA

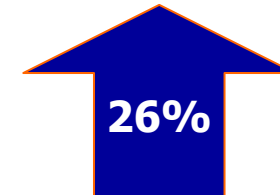


FY 2011 performance – A snapshot

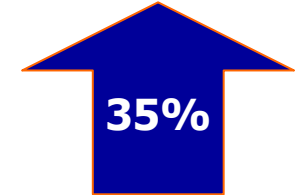
HIGHLIGHTS FOR THE YEAR ENDED 31ST MARCH 2011

- ✓ 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

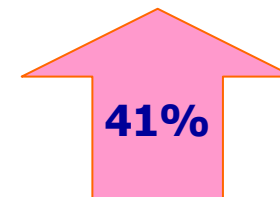
Deposits



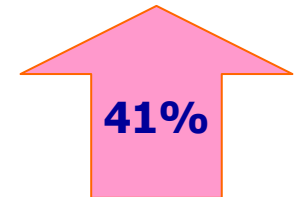
Advances



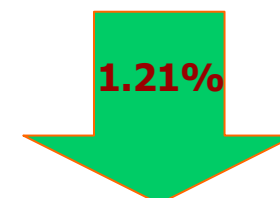
Gross Profit



Net Profit



Gross NPA



Net NPA



September 2011 performance – A snapshot

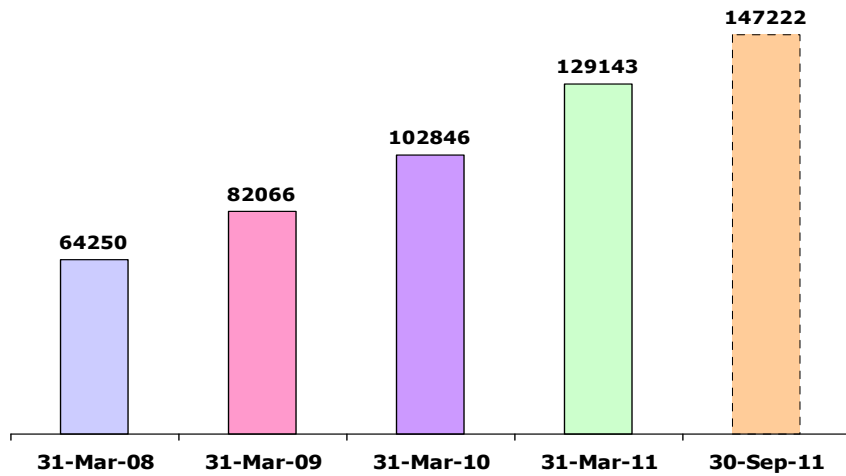
Financial Performance

(in INR Mn)

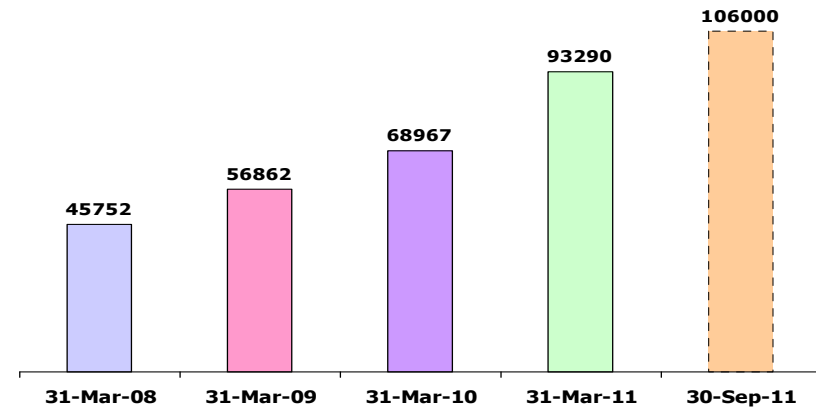
Particulars	Sep 2011	Sep 2010	Growth	% Growth	FY 2011
Deposits	147222	114941	32281	28%	129143
Advances	106000	80393	25607	32%	93290
Total Business	253222	195334	57888	30%	222433
Demand Deposits	10839	9727	1112	11%	10876
Savings Deposits	15520	12873	2647	21%	14407
CASA	26359	22600	3759	17%	25283
Gross NPA	1248	1011	237	23%	1125
Net NPA	437	428	9	2%	484
Gross NPA (%)	1.18%	1.26%			1.21%
Net NPA (%)	0.42%	0.54%			0.52%
C R A R	13.28%	13.41%			12.75%
- Of which Tier I	12.42%	12.44%			11.84%
CD Ratio	72%	70%			72%
PCR	79%	72%			77%

Strong Deposits and Advances growth

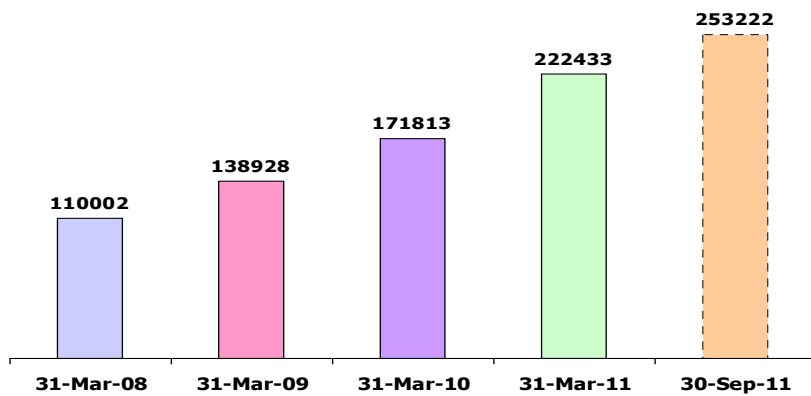
Deposits



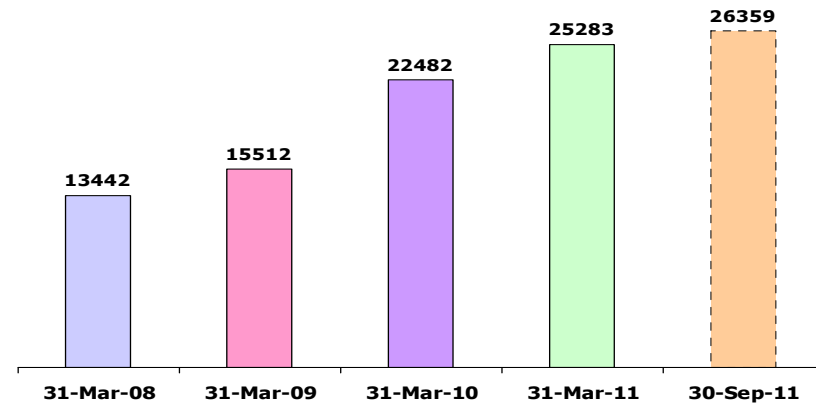
Advances



Business



CASA



Q2 2011-12 Performance – Highlights

Financial Performance

(in INR Mn)

Particulars	Q 2 11-12	Q 2 10-11	Growth	% Growth	FY 2011
Net Interest Income	1202	1040	162	16%	4200
Other Income	493	439	54	12%	1574
Operating Expenses	680	529	151	29%	2164
Gross Profit	1015	950	65	7%	3610
Provisions & Contingencies	240	334	-94		1459
Net Profit	775	616	159	26%	2151
Return on Assets	1.93%	1.98%			1.67%
Return on Equity	28.61%	27.31%			23.47%

H1 2011-12 Performance – Highlights

Financial Performance

(in INR Mn)

Particulars	Sep 2011	Sep 2010	Growth	% Growth	FY 2011
Net Interest Income	2403	1962	441	22%	4200
Other Income	952	761	191	25%	1574
Operating Expenses	1275	986	289	29%	2164
Gross Profit	2079	1736	343	20%	3610
Provisions & Contingencies	719	676	43	6%	1459
Net Profit	1360	1060	300	28%	2151
Return on Assets	1.76%	1.75%			1.67%
Return on Equity	25.56%	24.09%			23.47%

Q2 2011-12 - Income and Expenses – Breakup

Interest Income Breakup

(in INR Mn)

Particulars	Q2 11-12	Q2 10-11	Growth	FY 2011
Interest on Loans	3347	2292	46%	9654
Interest on Investments	742	603	23%	2451
Other Interest Income	20	26		79
Total Income	4109	2921	41%	12184

Other Income Breakup

Expenses Breakup

Particulars	Q2 11-12	Q2 10-11	Growth	FY 2011
CEB & Charges	243	244		992
Treasury Income	49	24	104%	172
All other Income includes suit recoveries	201	171	18%	410
Total Other Income	493	439	12%	1574

Particulars	Q2 11-12	Q2 10-11	Growth	FY 2011
Int Exp on Deposits	2852	1846	54%	7802
Other Int Expenses	55	35	57%	182
Employee Cost	271	247	10%	1016
Other Operating Exp	409	282	40%	1148
Total Expenses	3587	2410	49%	10148

H1 2011-12 - Income and Expenses – Breakup

Interest Income Breakup

(in INR Mn)

Particulars	Sep 2011	Sep 2010	Growth	FY 2011
Interest on Loans	6360	4407	44%	9654
Interest on Investments	1432	1143	25%	2451
Other Interest Income	29	44		79
Total Income	7821	5594	40%	12184

Other Income Breakup

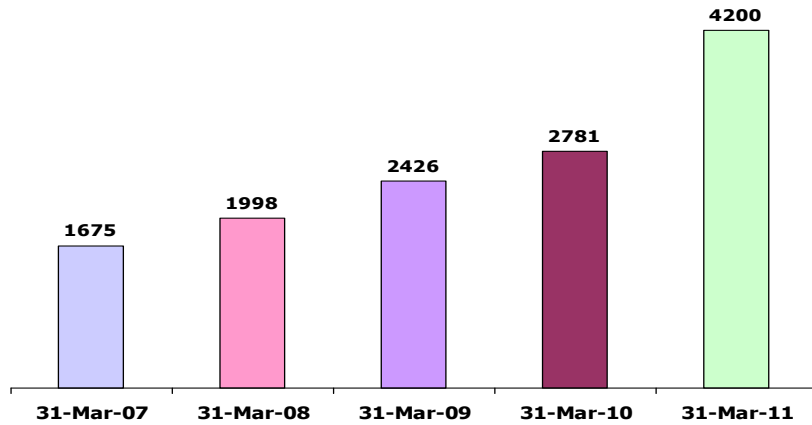
Expenses Breakup

Particulars	Sep 2011	Sep 2010	Growth	FY 2011
CEB & Charges	561	455	23%	992
Treasury Income	92	79	16%	172
All other Income includes suit recoveries	299	227	32%	410
Total Other Income	952	761	25%	1574

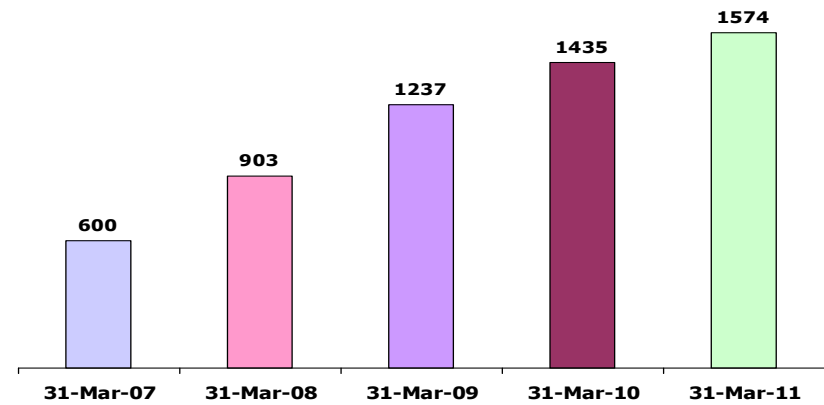
Particulars	Sep 2011	Sep 2010	Growth	FY 2011
Int Exp on Deposits	5297	3585	48%	7802
Other Int Expenses	121	47	157%	182
Employee Cost	563	478	18%	1016
Other Operating Exp	713	508	40%	1148
Total Expenses	6694	4618	45%	10148

Income Growth over the years ...

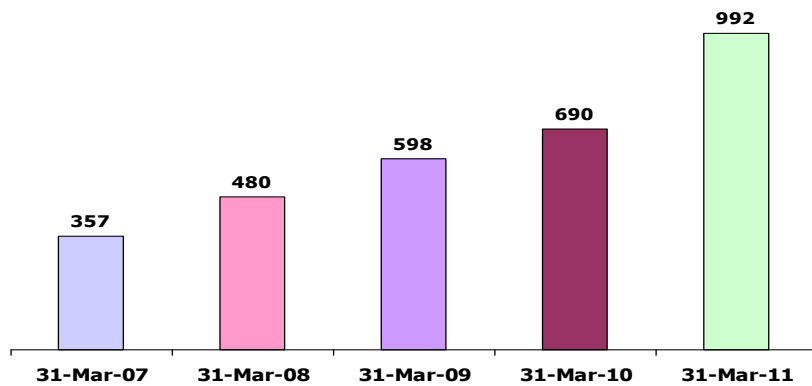
Net Interest Income Growth



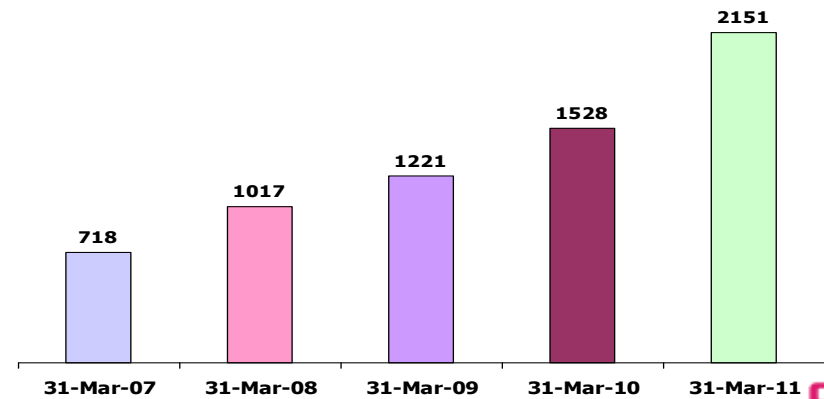
Other Income Growth



CEB Growth



Net Profit Growth



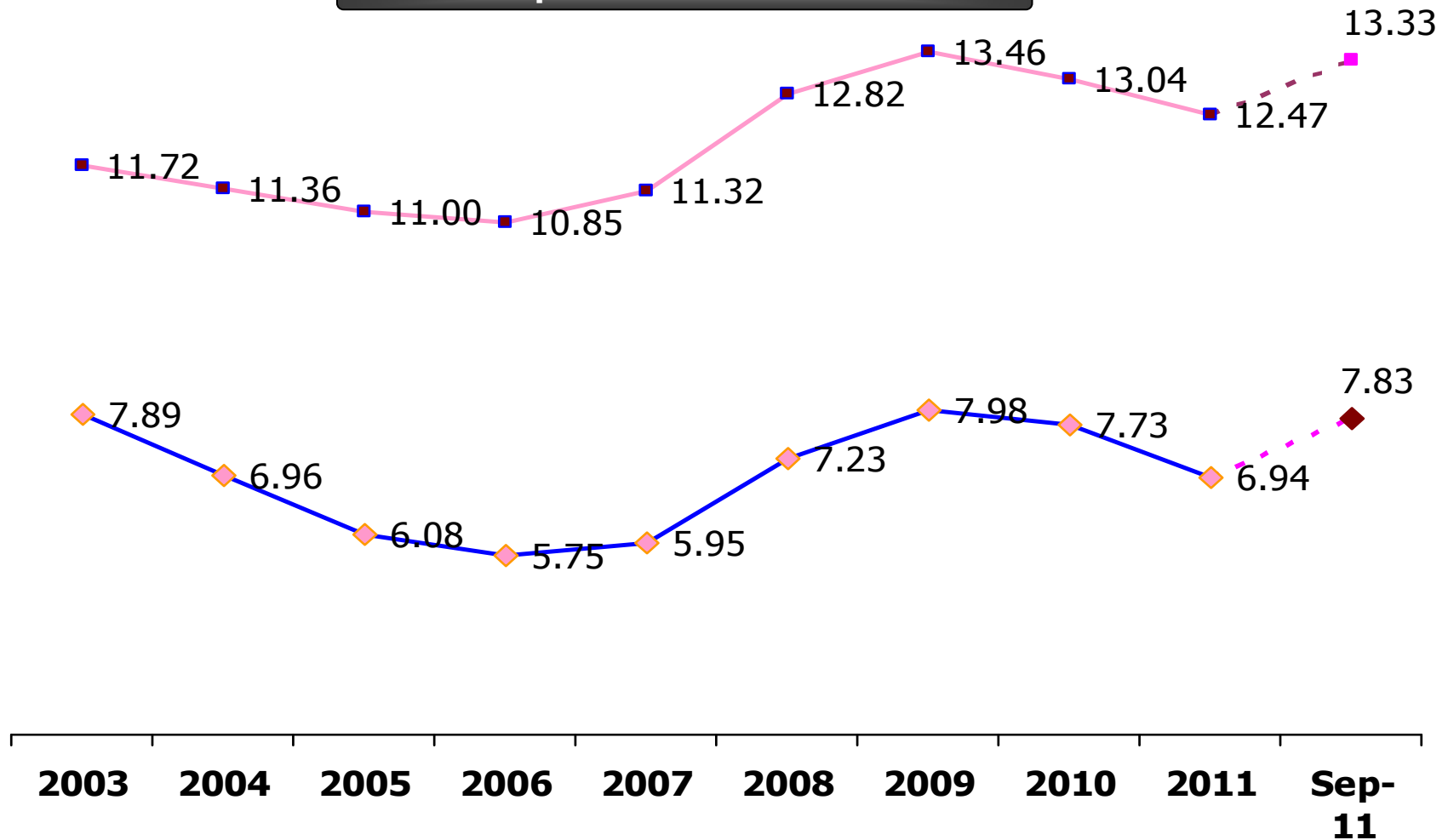
Key Business Indicators

Key indicators

Particulars	Q2 11-12	Q2 10-11	H1 11-12	H1 10-11	FY 2011
Cost of Deposits	8.18%	6.84%	7.83%	6.83%	6.94%
Yield on Advances	13.68%	12.51%	13.33%	12.44%	12.47%
Yield on Investments	6.99%	6.65%	6.87%	6.60%	6.65%
Net Interest Margin	3.41%	3.74%	3.49%	3.64%	3.64%
Cost to Income	40.10%	35.77%	38.02%	36.22%	37.48%
Cost of Funds	7.23%	6.04%	7.00%	6.01%	6.18%
Yield on Funds	10.21%	9.38%	10.10%	9.26%	9.43%
Per Employee Business (in INR Mn)	79.63	72.56	79.63	72.56	78.14
Per Employee Profit (in INR Mn) Ann	0.98	0.92	0.86	0.79	0.76
EPS (in INR) – FV INR 1/- share	1.91	1.54	3.35	2.65	5.35

Cost of deposits & Yield on advances

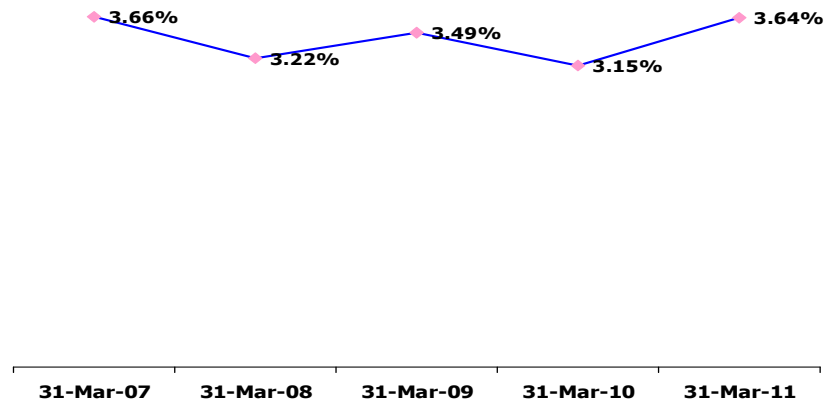
Cost of Deposits and Yield on Advances



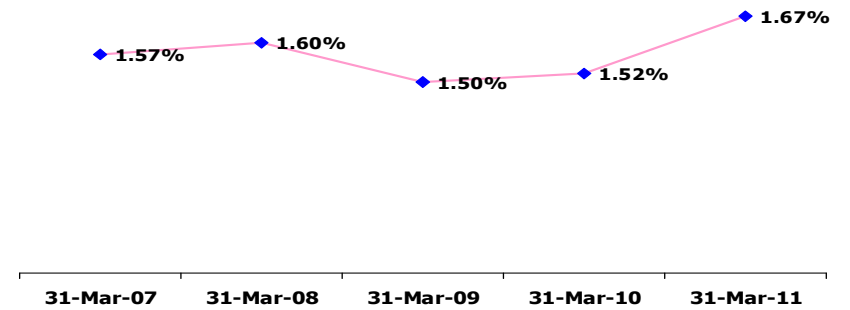
Spread between cost of deposits and yield on advances of our bank maintained in the last 10 years

Key Business Ratios

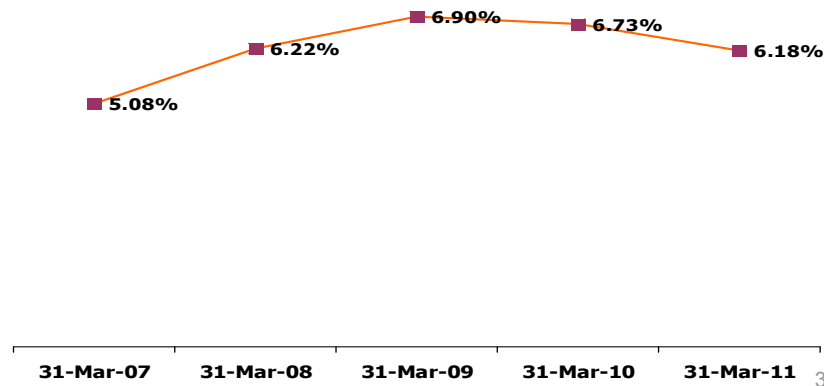
Net Interest Margin



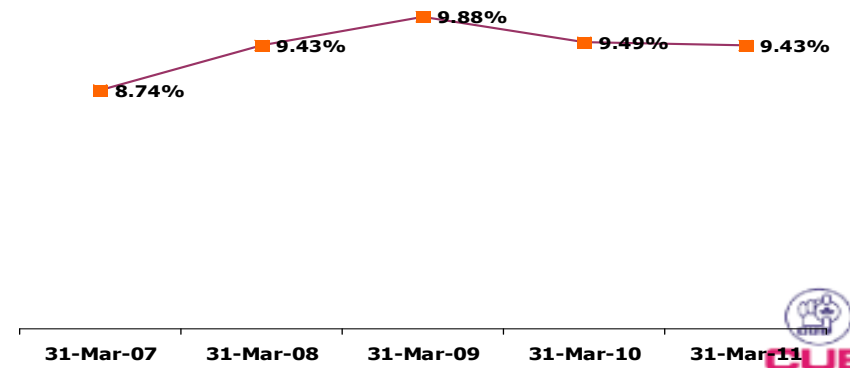
Return on Assets



Cost of Funds



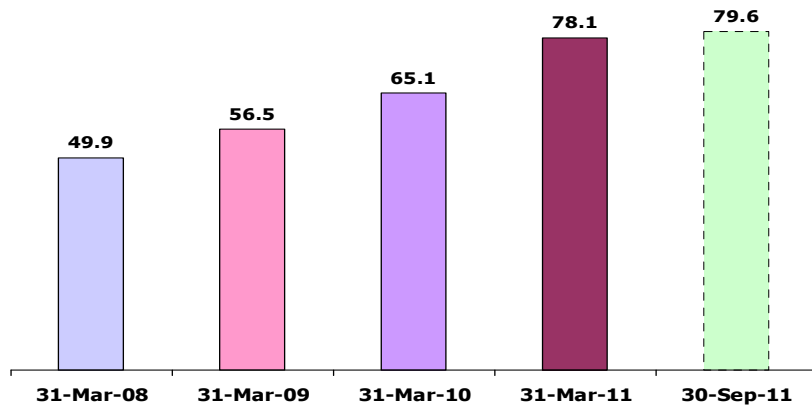
Yield on Funds



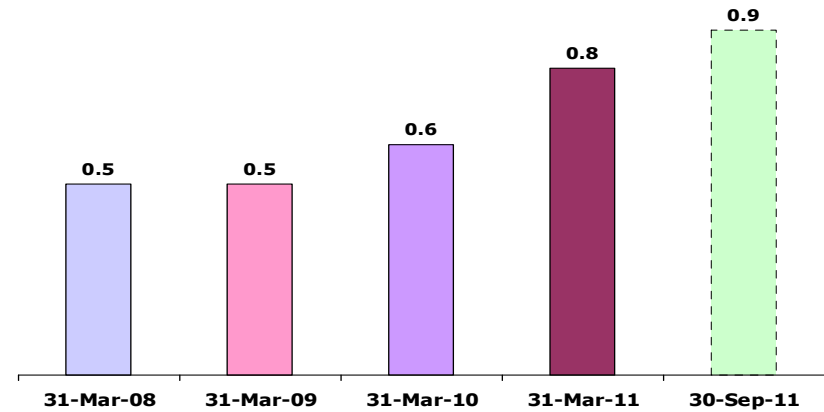
Efficiency

(Rs in Mn)

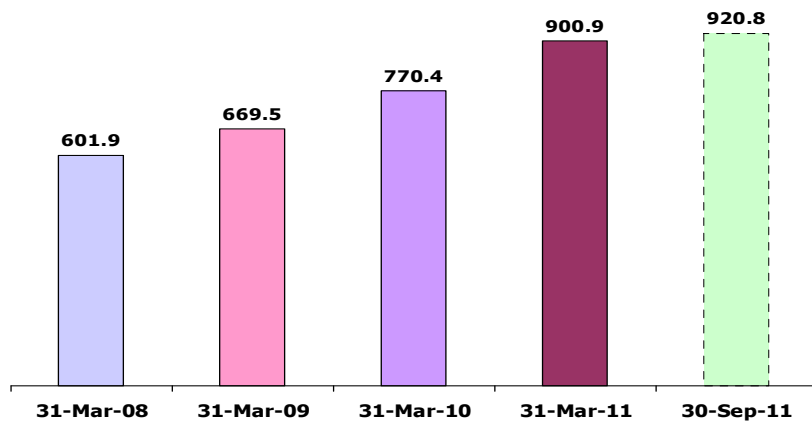
Business per Employee



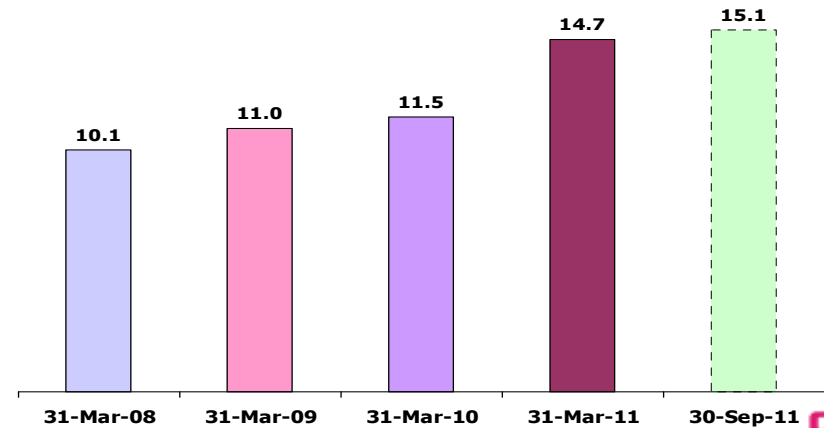
Profit per Employee



Business per Branch



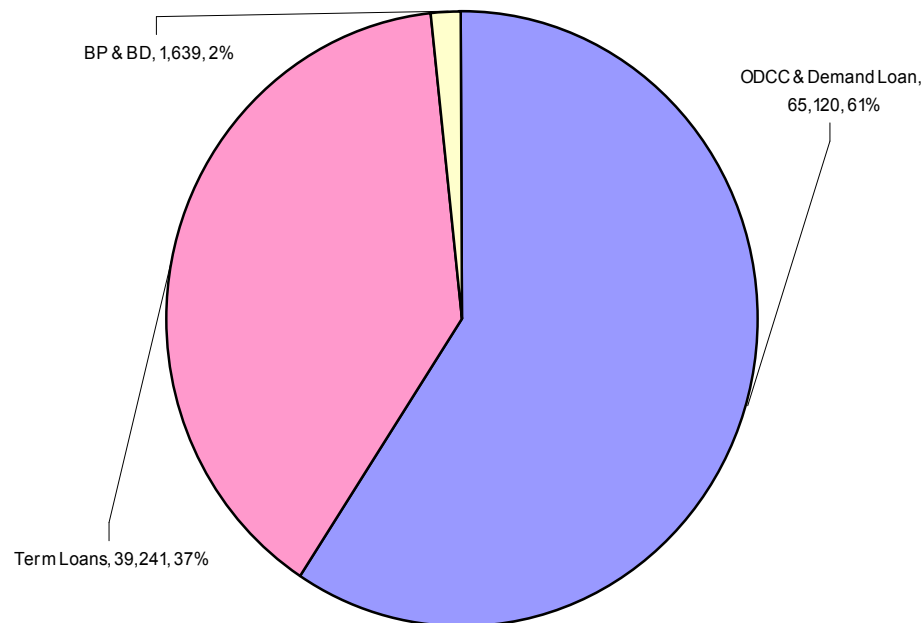
Operating Profit per Branch



Loan Book – Products Composition

Loan Book Products Composition	Amount (in INR Mn)	% to Total Advances
ODCC & Demand Loans	65120	61%
Term Loans	39241	37%
Bills Purchased & Bills Discounted	1639	2%
Gross Loans Total	106000	

- ✓ Working capital loans yielding higher interest constitute 61% 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 30th September 2011

Particulars	Amount (in INR Mn)	% to Total Advances
Agriculture	14270	13%
Micro, Small & Medium Enterprises	30805	29%
Large Industries	12089	12%
Retail Traders	9856	9%
Wholesale Traders	12002	12%
Commercial Real Estate	5572	5%
Retail Loan (includes Personal Loan, Housing Loan, Auto Loan)	9695	9%
Loans collateralized by Deposits	1173	1%
Others	10538	10%
Gross Loans Total	106000	

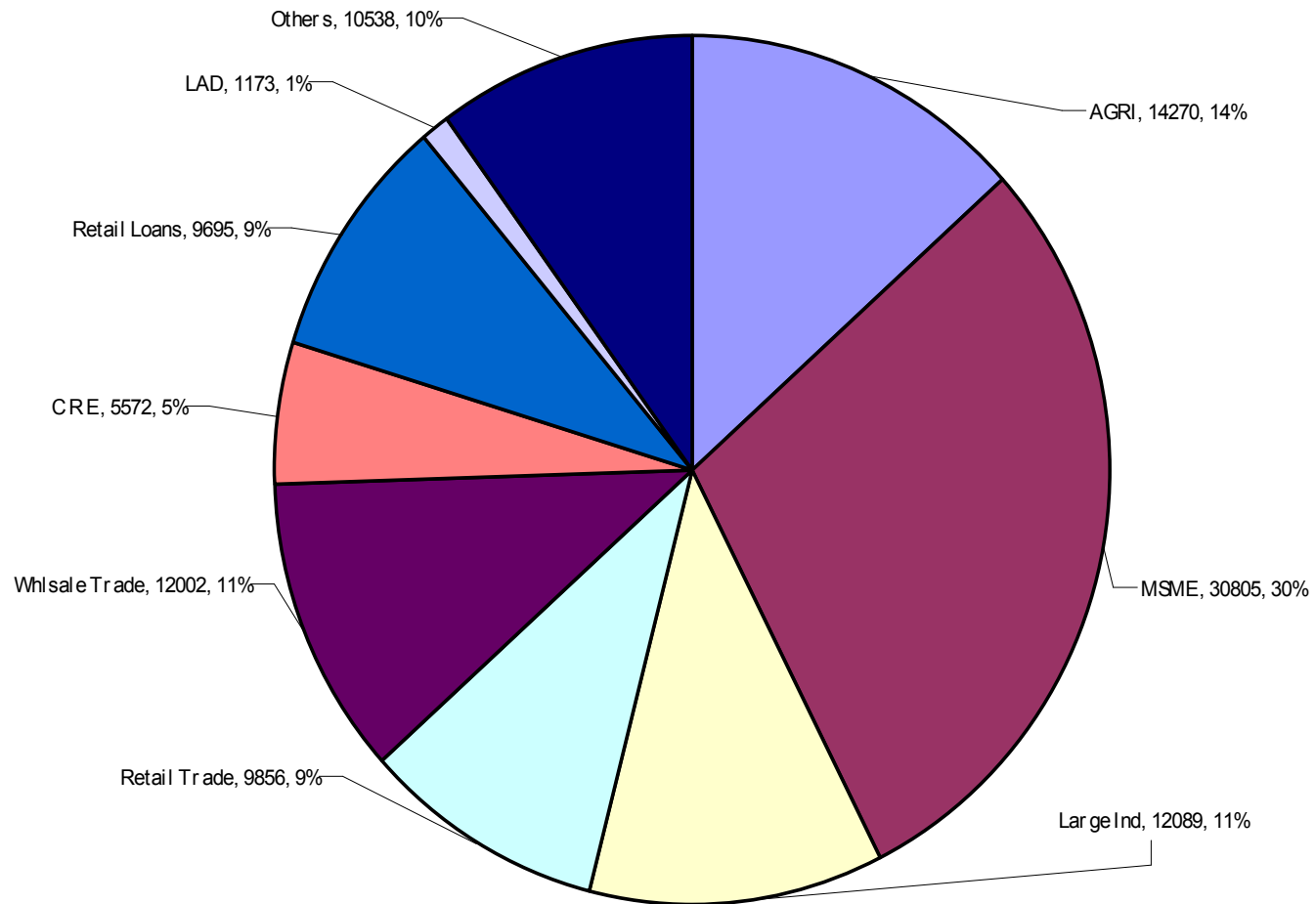
- ✓ Trading & Micro, Small and Medium Enterprises loans earning higher yields constitute more than 50%.
- ✓ Diversified credit portfolio reduces credit risk
- ✓ Lower ticket size backed by adequate collaterals
- ✓ Unsecured Advances aggregate to 2% only

Secured & Unsecured Advances

Particulars	Amount (in INR Mn)	% to Total Advances
Secured Loans	103838	98%
Unsecured Loans	2162	2%
Total	106000	

Loan Book – Sectoral Deployment

Sectoral Deployment chart



Loan Book – Advances to Major Industries

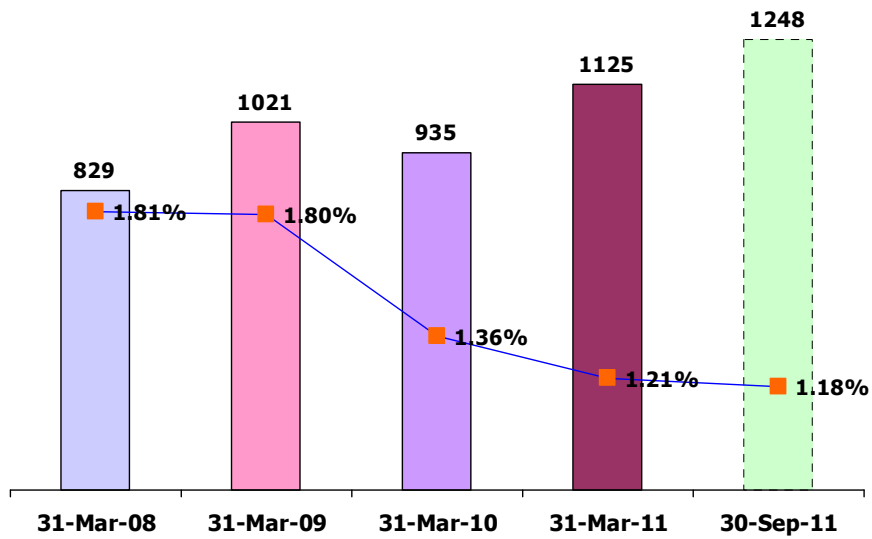
Advances to Major Industries as on 30th September 2011

Industry Name	Amount (in INR Mn)	% to Total Advances
Textiles		
a) Cotton	7949	8%
b) Other Textiles	2406	2%
Metals		
a) Iron & Steel	5222	5%
b) Other Metals	1705	2%
Paper & Paper Products	2430	2%
Food Processing	1381	1%
Other Industries (includes Engineering, Chemicals, Automobiles, Electricity, Gems & Jewels, etc)	6531	6%
Total	27624	26%
All other advances (Agri, Trade, Service, etc.)	78376	74%
Total Gross Advances	106000	100%

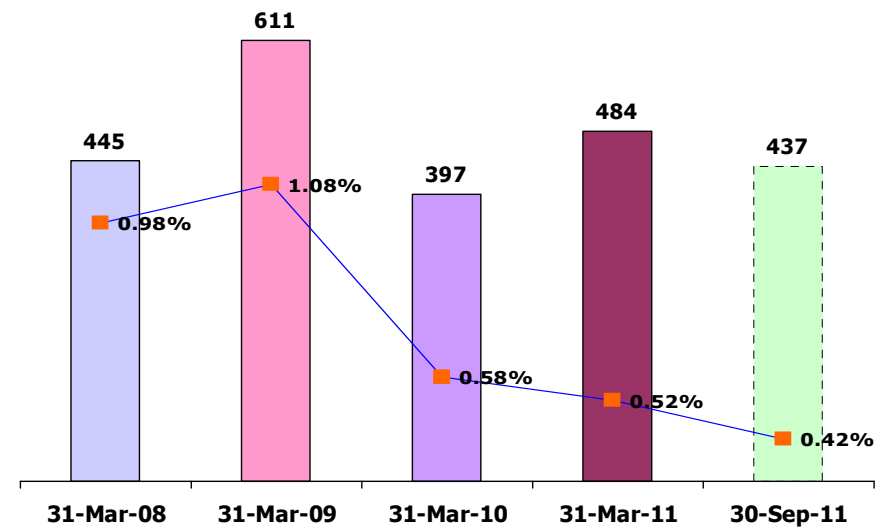
Asset Quality

(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	4	214
Total	278	5166
Out of the above,	Amount In INR Mn	Amount In INR Mn
Amounts repaid till 30.09.2011		2499
- of which accounts closed till 30.09.2011	1162	
Balance outstanding as at 30.09.2011		2667
- of which slipped into NPA as on 30.09.2011	189	

- ✓ Out of Rs.2667 Mn, accounts corresponding to Rs.2223 Mn have completed 1 year of principal repayment after the moratorium period.
- ✓ An amount of Rs.225 Mn have completed more than 6 but less than one year period of repayment after the moratorium period.
- ✓ Rs.219 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	SEP 2011	SEP 2010	FY 2011
S L R	32967	28819	28928
NON SLR	7131	6575	7323
Total Investments	40098	35394	36251
Yield on Investments	6.87%	6.60%	6.65%
Investments Breakup:			
- A F S	3824	4954	4577
- H T M	36274	30389	31674
- H F T	-	51	-
Total Investments	40098	35394	36251
Modified Duration:			
- A F S	2.39	2.86	2.98
- H T M	5.31	5.81	5.65
- H F T	-	6.46	-
- Overall Portfolio	5.04	5.31	5.33



Thank You

