



CITY UNION BANK LIMITED

CIN - L65110TN1904PLC001287

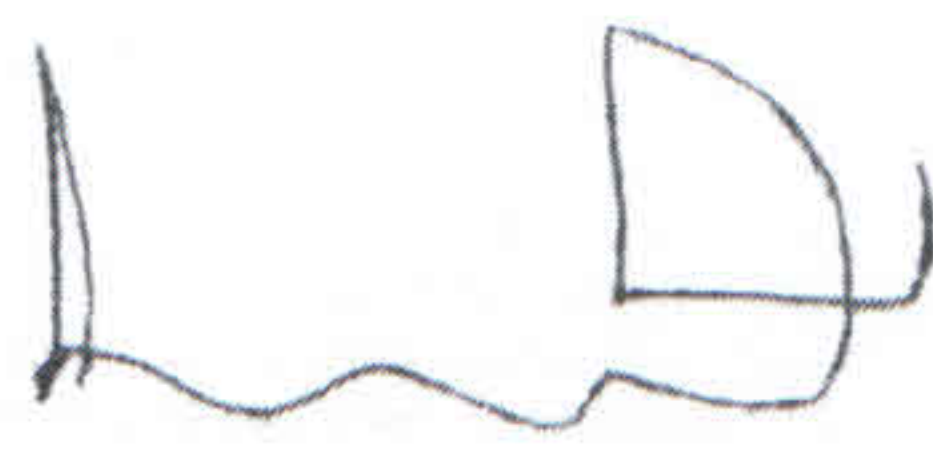
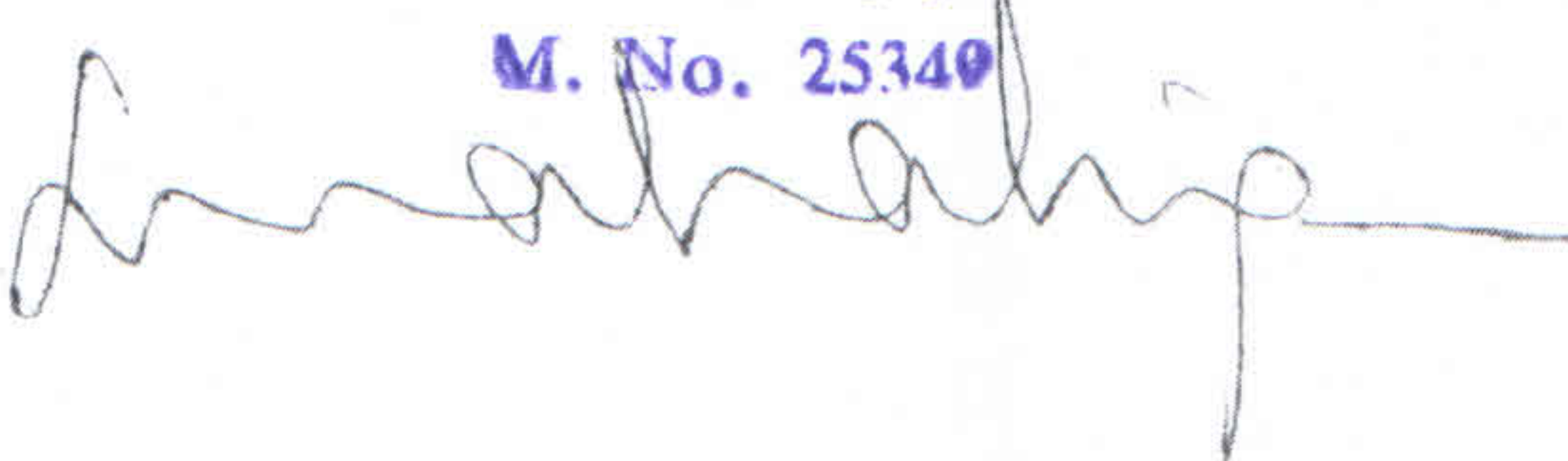
Regd. Office, No. 149, TSR (Big) Street, Kumbakonam - 612 001

Phone : 0435 - 2421058 : Fax : 0435 - 2431746

E-mail : shares@cityunionbank.com : Website: www.cityunionbank.com

FORM A

(Annual Audit Report u/cl 31 of the Listing Agreement)

1	Name of the Company	CITY UNION BANK LIMITED
2	Annual Financial Statements for the year ended	31 st March 2015.
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable
5	To be signed by	
	CEO/Managing Director :	
	CFO :	
	Auditor of the Company :	 for P. CHANDRASEKAR Chartered Accountants
	Audit Committee Chairman :	 S. RAJAGOPALAN Partner M. No. 25349

ANNUAL REPORT 2014 - 2015



CUB
Trust and Excellence
SINCE 1904

CITY UNION BANK LIMITED



In pursuance of CSR - Contribution to Madras School of Economics towards Construction of Academic Blocks



Bank's 110th Foundation Day Celebrations at Chennai

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Statutory Central Auditors

M/s. P.Chandrasekar
Chartered Accountants
Bangalore

Share Transfer Agents

Karvy Computershare Private Limited
(Unit : **CITY UNION BANK LIMITED**)
Karvy Selenium Tower B
Plot No : 31 & 32
Financial District
Gachibowli
Hyderabad - 500 008
India
Phone: +91 40 67161509
email: einward.ris@karvy.com

Registered Office

149, T.S.R (Big) Street, Kumbakonam - 612 001.
Phone: 0435 - 2432322 Fax: 0435 - 2431746
e-mail: shares@cityunionbank.com Website: www.cityunionbank.com

Administrative Office

"Narayana", No. : 24-B, Gandhi Nagar, Kumbakonam - 612 001.
Phone: 0435 - 2402322, 2401622, 2402412 Fax: 0435 - 2431746
e-mail: shares@cityunionbank.com Website: www.cityunionbank.com

BOARD OF DIRECTORS

CHAIRMAN



S. BALASUBRAMANIAN
M.Sc., CAIIB., PGDFM.

MD & CEO



Dr. N. KAMAKODI
B.Tech., MBA, CAIIB, Ph.D.

DIRECTORS



R.G. CHANDRAMOGAN



T.K. RAMKUMAR
B.Com., B.L.



C.R. MURALIDHARAN
B.Sc., CAIIB



Justice (Retd.) S.R. SINGHARAVELU
B.Sc., B.L.



Prof. V. KAMAKOTI
B.E., M.S., Ph.D.



S. MAHALINGAM
B.Com (Hons.), F.C.A.



R. MOHAN
B.Sc., MBA., CAIIB



ABARNA BHASKAR
B.A., F.C.A.

SENIOR EXECUTIVES



S. SEKAR
Senior General Manager



S. SUNDAR
CFO & Senior General Manager



R. VENKATASUBRAMANIAN
Senior General Manager



S. BALASUBRAMANIAN
General Manager



K.P. SRIDHAR
General Manager

DEPUTY GENERAL MANAGERS



S. RAJAGOPALAN



K. MAHARAJAN



R. SAIRAM



V.S. SRINIVASAN



V. RAMESH



K.R.S. VARADHAN



R. KRISHNAN



S. RAMESH



S. MOHAN

ASSISTANT GENERAL MANAGERS

A. RAGOTHAMAN
S. VENKATESAN
V. KRISHNAMOORTHY
M. MOUNISAMY
R. SUBRAMANIAN
R. RAJARAMAN
J. RAJASEKARAN
R. LAKSHMINARAYANAN
C. GANESAN
S.T. CHANDRASEKARAN
P. THIAGARAJAN

J. CHANDRASEKAR
V. GANESAN
S. RAJAM
V.V. KANNAN
V.S.S. KRISHNA PRASAD
P. RAVI
S. KRISHNAN
A. JAFFER ALI
J. SRIDHARAN
J. RAMASWAMY
G. SANKARAN

K. JAYARAMAN
V. RAMAKRISHNAN
P. RAJARAMAN
R. BALAJI
R. UMA
V. GOPALAKRISHNAN
S. VENKATESH
S. VENKATESAN
B. GANESH
K. ARUL
V. SEKAR

K. MURALIDHARAN
N. V. THIYAGARAJAN
V. K. SURESH
R. SUBBARAMAN
S. MOHAN
R. NARAYANAN
J. DURAI
V. RAVI
S. THOTA VENKATASARAVANAN
S. RAMAKRISHNAN
S. RAMESH KUMAR

COMPANY SECRETARY & DEPUTY GENERAL MANAGER

V. RAMESH

DIRECTORS' REPORT FOR THE YEAR 2014 - 2015

Your Board of Directors are pleased to present the Annual Report together with the audited accounts for the financial year ended 31st March 2015.

Financial Highlights

(₹ in crore)

Particulars	2014-2015	2013-2014	Growth (%)
Share Capital	60	54	11
Reserves & Surplus	2,636	1,971	34
Deposits	24,075	22,017	9
Advances (Gross)	18,089	16,224	12
Investments (Gross)	6,367	5,955	7
Total Assets / Liabilities	27,871	24,994	12
Net Interest Income	807	759	6
Operating profit	693	581	19
Net Profit	395	347	14

During the year, the Bank earned an operating profit of ₹ 693 crore representing an increase of 19.28% as compared to previous year figure of ₹ 581 crore. The net profit of the Bank for the current year is ₹ 395 crore as compared to ₹ 347 crore for the last year registering a growth of 13.83%. The deposits and advances figure for the current year stood at ₹ 24,075 crore and ₹ 18,089 crore respectively.

DEPOSITS

The total deposits of the Bank for the current year increased by ₹ 2,058 crore to ₹ 24,075 crore from ₹ 22,017 crore witnessing a growth of 9.35%. During the year under review, the CASA grew from ₹ 3,917 crore to ₹ 4,631 crore recording a growth of ₹ 714 crore. The cost of deposit of the Bank marginally decreased from 8.37% in the previous year to 8.15% in the current year.

ADVANCES

The Bank has shown a growth of ₹ 1,865 crore in advances from ₹ 16,224 crore to ₹ 18,089 crore, posting a growth of 11.50%. The yield on advances declined marginally from 13.43% to 13.18% during the year under review.

The Gross and Net NPA for the current year stood at 1.86% and 1.30% respectively as compared to 1.81% and 1.23% in the previous year.

Priority sector advances during the year, has increased by ₹ 902.38 crore from ₹ 7,409.84 crore to ₹ 8,312.22 crore. Your Bank has achieved 49.80% of Adjusted Net Bank Credit (ANBC) against the regulatory prescription of 40% of ANBC on priority sector lending requirements. The total agricultural advances stood at ₹ 3,041.31 crore as at 31st March, 2015 forming 18.22% of ANBC against mandatory level of 18%. The advances to weaker section were ₹ 1,836.22 crore representing 11% of ANBC (mandatory level 10%).

TREASURY OPERATIONS

Domestic Treasury

The gross investments increased from ₹ 5,955 crore as on 31st March 2014 to ₹ 6,367 crore in 31st March 2015, out of this, the investments in Government Bonds alone amounted to ₹ 5,488 crore. The benchmark

yield softened during this year from a high of 8.80% to 7.74%. The Bank earned a profit of ₹ 60.32 crore as compared to ₹ 22.83 crore last year from the domestic treasury operations mainly on account of softening of yield and the total yield on investments increased from 7.71% in the previous year to 8.33% in the current fiscal year.

Forex Treasury

During the year Indian Rupee witnessed swings against major currencies. The INR against USD ranged from ₹ 58.33 to ₹ 63.89 and remained comparatively weaker against USD on account of global economic factors. The Bank earned an exchange profit of ₹ 68.89 crore compared to ₹ 32.67 crore last year, with integrated treasury operations contributing substantially.

OPERATING RESULTS HIGHLIGHTS

(₹ in crore)

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Total Income	3,103	*2,826
Total Expenses	2,410	*2,245
Operating Profit	693	581
Provisions & Contingencies	309	234
Exceptional Items **	11	0
Net Profit	395	347
Net Interest Income	807	759

* the figures of the previous year have been regrouped / reclassified wherever necessary.

** the method of depreciation on Fixed Assets has been changed to Straight Line Method determined on the basis of useful life as against WDV method w.e.f. 1st April, 2014, in accordance with Schedule II of Companies Act, 2013 being used hitherto. Consequent to the change, the Fixed Assets and Profit after Tax for the FY ended 31st March, 2015 are higher by ₹ 1,088.93 lakh.

The Bank has earned a total income of ₹ 3,103 crore as against ₹ 2,826 crore posting a growth of 9.80%. The total expenditure of the Bank increased to ₹ 2,410 crore as compared to previous year figure of ₹ 2,245 crore.

The Net Interest Income for the year under review increased by 6.32% from ₹ 759.39 crore to ₹ 807.37 crore. The non-interest income of the Bank increased from ₹ 279.86 crore to ₹ 404.10 crore registering a growth of 44.39%. The Bank has earned an income of ₹ 4.24 crore from Bancassurance business in tie up with Life Insurance Corporation of India.

The operating profit increased to ₹ 692.65 crore from ₹ 580.97 crore. The net profit increased from ₹ 347.07 crore to ₹ 395.02 crore recording a growth of 13.82%. The provision for tax for the year has increased from ₹ 66.50 crore to ₹ 126 crore. The provision for NPA stood at ₹ 165 crore vis-a-vis ₹ 148.50 crore last year. The total provisions increased by ₹ 74.62 crore from ₹ 233.90 crore to ₹ 308.52 crore.

APPROPRIATIONS

The summary of net profit appropriations is as follows:

(₹ in crore)

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Net Profit	395.02	347.07
Balance of Profit brought forward	6.87	6.87
Amount available for appropriations	401.89	353.94
Transfers to		
Statutory Reserve	103.00	88.00
Capital Reserve	7.60	0.57
General Reserve	173.35	165.00

(₹ in crore)

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Special Reserve under IT Act, 1961	32.00	30.00
Proposed Dividend	65.62	54.27
Corporate Dividend Tax and Surcharge	13.36	9.23
Balance of Profit carried forward	6.96	6.87
Total	401.89	353.94

NET WORTH & CAPITAL ADEQUACY RATIO

The Net worth of the Bank improved to ₹ 2,666.39 crore as on 31st March, 2015 from ₹ 2,006.38 crore as of 31st March, 2014.

The paid up share capital of the Bank has increased from ₹ 54.27 crore to ₹ 59.66 crore as on 31st March, 2015. During the period the Bank allotted 4,66,35,576 equity shares to Qualified Institutional Buyers (QIB) through QIP (Qualified Institutions Placement) route and 71,91,961 equity shares to employees under CUB ESOS Scheme 2008, aggregating to 5,38,27,537 equity shares.

The BASEL II norm prescribes the minimum capital adequacy ratio to be maintained at 9% against which our Bank has attained 16.59%. The capital adequacy under BASEL III worked out to 16.52% for the year ended 31st March, 2015 as against 15.01% for the last year.

DIVIDEND

Your Bank has entered its 110th year and to commemorate this proud moment your Bank has recommended a dividend of 110% i.e., ₹ 1.10/- per equity share of face value of ₹ 1/- each. The diluted earning per share for 2014-15 is ₹ 6.63 as against ₹ 6.64 last year due to capital infusion.

BRANCH EXPANSION

Keeping in mind the business growth and wider customer participation, the Bank has expanded its branch network by opening 50 more branches and 121 ATMs across the country during the financial year ended 31st March 2015. The Bank has been successful in widening its presence pan India with 475 branches and 1,071 ATM's. The Bank is focusing to enlarge its presence by tapping potential markets in southern India by opening majority of branches in this region besides other states.

FINANCIAL INCLUSION

The Government of India and the Reserve Bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. It is a process through which the weaker / low income groups are brought within the ambit of formal banking sector with a main focus to protect their financial wealth and other resources in exigent circumstances. Your Bank, as per RBI directions, in order to provide efficient and cost-effective banking services in the un-banked and remote villages of the country, have covered all the allotted 43 villages having population of over 2,000 by introducing ICT (Information, Communication & Technology) based services. Your Bank has also covered all the allotted 96 villages having population of over 1,000 and below 2,000 by introducing ICT based services paving way for the inclusive growth.

Further, during the year under review, Basic Savings Bank Deposits (BSBD) accounts numbering 93,856 were opened and 89,599 biometric smart cards were issued to the beneficiaries. SB linked overdraft facility, micro insurance products, Electronic Benefit Fund Transfer (EBT) payments have been extended to such account holders.

PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY)

'Pradhan Mantri Jan-Dhan Yojana' (PMJDY) is a flagship financial inclusion program of Govt. of India which was launched by our Hon'ble Prime Minister on 28th August, 2014 across the country. Under this program our Bank has been allotted 264 wards apart from 139 villages already allotted under the Rural Financial Inclusion scheme. Your Bank conducted survey of all 1,51,722 households in all these 264 wards and opened 76,707 Basic Savings Bank Deposit accounts and 59,331 Rupay Cards were issued under PMJDY scheme.

The Bank has opened 76,455 PMJDY accounts as on date through all our branches. As the overdraft facility is one of the features under PMJDY scheme, our Bank is considering the same based on the eligibility conditions fixed by IBA to the PMJDY account holders from ₹ 1,000 to ₹ 5,000.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

The Bank implemented an Employee Stock Option Scheme called 'CUB ESOS 2008' for the grant of stock options to eligible employees of the Bank. The shareholders of the Bank approved the scheme on 26th April, 2008 at Extra Ordinary General meeting of the Bank. The maximum aggregate number of options that may be granted under this scheme is 5,00,00,000. As per the scheme exercise price of the options shall be decided by the Compensation Committee at the time of issuing stock options. There is no lock-in period for shares issued under the scheme upon exercise of stock options. The details of employee stock option are annexed hereto as Annexure I.

HUMAN RESOURCE DEVELOPMENT

The Bank believes that, the Human Resource development is one of the key elements for ensuring qualitative business growth and profitability for any organization. The present global economy is highly competitive which necessitates efficient human resource management.

The Bank aims at optimum utilization of resources through deploying effective management tools viz. motivation, training, enhancing leadership qualities and succession planning. The Bank offers ESOPs to the employees so as to create a sense of ownership among them as the Bank believes that the very success of the Bank depends upon its employees only.

The Bank has a full fledged training college with experienced faculty and good training infrastructure supported by external specialists apart from in-house certified trainers to train the employees at various levels for maximizing the staff potential and to sharpen their skills. The Bank also deutes its employees to various training institutions like SIBSTC, NIBM, CAB, CAFRAL etc. There exists a cordial relationship between the management and the employees.

As on 31st March, 2015, your Bank has 4,365 employees, comprising of 48 Executives, 1,600 Officers, 2,380 Clerks and 337 Subordinate staff as compared to 4,215 employees in the previous year.

AUTOMATION

In today's Banking scenario, 'Technology' plays a vital role in managing and fulfilling the growing customer demands.

During the year under review, the Bank has widened the ATMs reach to 1,071 locations including 618 off-site ATMs. The Bank has also introduced Cash Accepting ATMs (Bulk Note Acceptor - BNA) numbering 122 and has proposed to install it in other branches, which would enable the customer to remit cash directly to the credit of their account.

The Bank has introduced CUB Mobile Banking, M Passbook (Mobile Passbook), IMPS in Internet Banking and Mobile Banking for speedy funds transfer across the Banks and Digital Signature authentication for Corporates as second factor authentication for safe and secure Internet Banking. Apart from 569 Xpress desk (Green Channel Counter) across the Bank branches, the Bank has installed 57 Kiosk in selective branches and planning to expand the same. This Kiosk acts as Self Service Machine, which can be used for funds transfer within own accounts, within CUB accounts and across the Banks, open deposit, etc. The Bank has obtained ISO/IEC 27001:2013 Certification from QSCert on IT Infrastructure & Operations Support, Maintaining and Monitoring of IT Outsourced Process.

A customer friendly Captive Contact Centre (Call Centre) with Interactive Voice Response System (IVRS), is in place to promote customer support on multi-languages 24x7 basis.

Your Bank has participated in the 'National Payments Excellence Awards 2014' by NPCI and has been awarded as Runner up in recognition for excellent performance in National Automated Clearing House (NACH), under the category 'Small Banks' on 3rd December, 2014.

AWARDS & ACCOLADES

- Your Bank has been adjudged as the Best Old Private Sector Bank for the financial year 2014 by the Financial Express / Ernst & Young Survey on 30th March, 2015.
weblink: (<http://epaper.financialexpress.com/469135/fe-Indias-Best-Banks/March-2015#page/4/2>).
- Your Bank has been ranked the "Third Best Bank of the year 2014" by First Post e-Magazine on 31st December, 2014.
weblink: (<http://www.firstpost.com/business/best-banks-2014-axis-citibank-surprise-city-union-bank-2024773.html>).

BOARD OF DIRECTORS

Shri. N. Kantha Kumar, retired from Directorship on the Board of the Bank on 29th September, 2014, on completion of his tenure. The Board places on record its warm appreciation for the valuable services rendered by Shri. N. Kantha Kumar during his tenure as Director of the Bank.

In accordance with the provision of Section 161 of the Companies Act, 2013, Smt. CA. Abarna Bhaskar was co-opted as an Additional Director by the Board of Directors at its meeting held on 25th October, 2014. The Bank has received a notice in writing from a member pursuant to Section 160 of the Companies Act, 2013, signifying his intention to propose the candidature of Smt. CA. Abarna Bhaskar as Director.

In line with the provisions of Companies Act, 2013 read with the amended Clause 49 of the listing agreement, the position of Justice (Retd.) S.R. Singharavelu as an Independent Director on the Board of the Bank has been changed to Non-Executive Non-Independent Director, liable to retire by rotation. He retires at this Annual General Meeting and stands for re-election. The Board recommends his re-election as Non-Executive Non-Independent Director, liable to retire by rotation.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149 (6) of the Companies Act, 2013 and Clause 49 of the listing agreement.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the listing agreement, the Board has carried out a formal annual performance evaluation of its own performance, the directors individually as well as the functioning of its committees. A detailed explanation has been given in Corporate Governance Report.

Remuneration / Compensation Policy

The Bank has adopted Compensation Policy in accordance with the directives issued by the Reserve Bank of India and also, the Bank has constituted a Compensation & Remuneration Committee which oversees the framing, implementation and review of the compensation policy of the Bank.

Board Meetings

During the year under report, 15 meetings were duly held which is in compliance with Section 173 (1) of the Companies Act, 2013 and Clause 49 of the listing agreement.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby declares and confirms that:-

- i) The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- ii) Accounting policies have been selected, and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Bank and of the Profit & Loss of the Bank for the financial year ended 31st March, 2015.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.
- v) The Bank has laid down adequate internal financial controls and such internal controls are operating effectively.
- vi) The Bank has in place a system to ensure compliance of all laws applicable to the Bank.

AUDITORS

Statutory Auditors

M/s. P. Chandrasekar, Chartered Accountants, Bangalore, the present Statutory Central Auditors, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Reserve Bank of India has accorded its approval for the re-appointment of M/s. P. Chandrasekar, Chartered Accountants, to act as Statutory Central Auditors for the financial year 2015-16. Members are kindly requested to consider their re-appointment on a remuneration to be decided by the Audit Committee of the Board / Board, for the ensuing financial year 2015-16.

Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Bank has appointed M/s B.K. Sundaram & Associates, Practicing Company Secretaries, to act as Secretarial Auditor for conducting the Secretarial Audit of the Bank. The report of secretarial auditor 'Secretarial Audit Report' is annexed hereto as Annexure II.

STATUTORY DISCLOSURES

Considering the nature of activities carried out by the Bank, the provisions of Section 134 (m) of the Companies Act, 2013 relating to conservation of energy and technology observation do not apply to the Bank.

The Bank continues to encourage country's export promotion by lending to exporters and offers them forex transaction facilities.

The disclosures required to be furnished under the provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration) Rules, 2014 are furnished as Annexure III.

The statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014, are furnished as Annexure IV.

It is hereby confirmed that the Bank has proper systems in place to ensure compliance of all laws applicable to the Banks.

RELATED PARTY TRANSACTIONS

The Board of Directors of the Bank has adopted a policy on Related Party Transactions in line with the Companies Act, 2013 and the equity listing agreement. There were no significant "Related Party Transactions" of any material, financial & commercial nature with the Bank by the directors and their relatives that would have potential conflict with the interest of the Bank at large. A detailed policy on the Related Party Transaction is available at the Bank's website.

EXTRACT OF ANNUAL RETURN

The extract of annual return as prescribed in form MGT - 9 is annexed hereto as Annexure V.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank has adopted a policy on Corporate Social Responsibility which is in strict compliance with the guidelines issued by the Ministry of Corporate Affairs.

The Annual Report on CSR activities is annexed hereto as Annexure VI.

CORPORATE GOVERNANCE

The Bank is committed to adopt and follow highest working standards in ensuring good governance. The corporate governance practices followed by the Bank are disclosed separately forming part of this report.

COMPLIANCE REPORTING UNDER EQUITY LISTING AGREEMENT**A. DELISTING from the Madras Stock Exchange Ltd. (MSE)**

The Bank pursuant to Regulations 6 and 7 of SEBI (Delisting of Equity Shares) Regulations 2009 'the regulations', applied to Madras Stock Exchange Ltd., (MSE) for voluntary Delisting of equity shares as the Bank's equity shares are not traded in MSE since the year 1998. The MSE accorded its approval to withdraw the name of the Bank from the list of listed securities in terms of the regulations and the admission granted to the Bank for dealing in Equity Shares was withdrawn w.e.f. 4th February 2015.

B. Details of Stock Exchanges where Bank's shares are listed:

- a. BSE Ltd., Scrip Code - 532210
Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 023
- b. The National Stock Exchange of India Ltd., Scrip Code - CUB
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051

It is confirmed that the bank has paid annual listing fees to each of the above stock exchanges within due timelines as provided under law.

WHISTLE BLOWER / VIGIL MECHANISM

The Bank has formed a vigil mechanism to deal with instances of unethical behavior, actual or suspected fraud or violation of Bank's code of conduct or ethics policy. The details of this policy have been described in the corporate governance section and the policy is available at the Bank's website.

ACKNOWLEDGEMENT

The Board of Directors of the Bank would like to take this opportunity to thank all the stakeholders and wish to place on record its deep & sincere gratitude to the Reserve Bank of India, NABARD, NHB, IDBI, SIDBI, EXIM BANK, ECGC, DICGC, SEBI, Stock Exchanges, Depositories, Karvy Computershare Pvt. Ltd., Life Insurance Corporation of India, United India Insurance, New India Assurance, Tata Consultancy Services, CCIL, CIBIL, Correspondent Banks, Exchange Houses and other regulatory authorities for their continued support, guidance and co-operation and also, to Shri. N. Kantha Kumar, Director who completed his term during this financial year.

The Board hereby appreciates all the employees for their resolute support and commitment in pursuit of organizational growth & excellence.

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 22nd June, 2015

S. Balasubramanian
Chairman

ANNEXURE - I

Statutory Disclosures regarding ESOS under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014

Particulars	ESOS 2008				
	Series I	Series II	Series III	Series IV	Series V
Total number of options of granted	2,02,50,000	3,46,000	28,00,000	43,56,000	96,17,000
Additional options allocated pursuant to Rights issue	25,31,250	22,408	3,23,128	NIL	NIL
Pricing Formula	₹ 13.00 per option	₹ 32.00 per option	₹ 47.00 per option	₹ 46.95 per option	₹ 93.20 per option
Revised price pursuant to Right Issue 2013	₹ 11.60 per option	₹ 29.60 per option	₹ 41.60 per option	NA	NA
No of options outstanding as on 01.04.2014	74,17,144	2,60,589	26,40,811	43,56,000	0
No of options granted during the year	Nil	Nil	Nil	Nil	96,17,000
No of options forfeited / lapsed during the year	82,376	17,496	2,71,628	5,74,250	Nil
No of options exercised during the year	55,81,247	57,806	11,43,108	4,09,800	Nil
No of shares arising as a result of exercise of option during the year	55,81,247	57,806	11,43,108	4,09,800	Nil
Variation in terms of Options	Nil	Nil	Nil	Nil	Nil
Money realized by exercise of Options during the year (₹)	6,47,42,465.20	17,11,057.60	4,75,53,292.80	1,92,40,110.00	Nil
Loan repaid by the trust during the year from the exercise price received	Not Applicable				
Total Number of Options outstanding at the end of the year	1,75,35,521	1,85,287	12,26,075	33,71,950	96,17,000
Employee wise details of Options granted					
i) Senior Management Personnel					
Dr. N Kamakodi					5,00,000
Shri. S Sekar					25,000
Shri. S Sundar					25,000
Shri. R Venkatasubramanian					1,00,000
ii) Any other employee who received a grant in any one year of the options amounting to 5% or more of the options granted during the year	NIL	NIL	NIL	NIL	NIL

Particulars	ESOS 2008				
	Series I	Series II	Series III	Series IV	Series V
iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	NIL	NIL	NIL	NIL	NIL
Allotment of shares made during the year under ESOS					
No of shares allotted under ESOS during the year	55,81,247	57,806	11,43,108	4,09,800	Nil
The price at which such shares are allotted	₹ 11.60	₹ 29.60	₹ 41.60	₹ 46.95	₹ 93.20
Employee wise details of the shares allotted to					
i) Senior Management Personnel					
Dr. N Kamakodi	1,68,750	-			
Shri. S Sekar	67,500	-			
Shri. S Sundar	1,23,750	-			
Shri. R Venkatasubramanian	-	13,972	NIL	NIL	NIL
ii) Any other employee who received a grant in any one year of the options amounting to 5% or more of the options granted during the year	NIL	NIL	NIL	NIL	NIL
iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	NIL	NIL	NIL	NIL	NIL

Employee compensation cost calculated as per the intrinsic value method for the financial year 2014-15 is Nil. If the Employee compensation cost was calculated as per fair value method as prescribed by the SEBI, the total cost to be recognized in the financial statement for the financial year 2014-15 would be ₹ 5,38,80,549/-. Consequently net profit would have been reduced by ₹ 5,38,80,549/- and EPS would have been reduced by ₹ 0.09 per share.

Weighted Average Details

Particulars	
Weighted Avg Market Price (In ₹)	70.04
Weighted Avg Exercise Price (In ₹)	70.63
Weighted Avg Risk Free Interest Rate (%)	7.32
Weighted Avg Stock Volatility	0.03
Weighted Avg Fair Value of Options (In ₹)	22.08

The Company has adopted Black-Scholes model to arrive value of options granted under ESOS 2008 based on the following assumptions.

1. Risk Free Rate - Yield on the appropriate period, Government Securities has been considered as the risk-free rate.
2. Expected Volatility - Standard Deviation of the stock returns of City Union Bank over the trailing one year period prior to the date of grant of options has been considered.
3. Expected Dividend - Based on the last dividend payout by the Bank.

ANNEXURE - II**FORM NO. MR - 3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH 2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members

CITY UNION BANK LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CITY UNION BANK LIMITED** (hereinafter called "the Bank") for the audit period covering the financial year ended on 31st March, 2015. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the 'Bank' and also the information provided by the 'Bank', its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the 'Bank' has, during the audit period covering the financial year ended on 31st March, 2015 generally complied with the statutory provisions listed hereunder and also that the 'Bank' has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the 'Bank' for the financial year ended on 31st March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares Regulations 2009)
- (vi) The Banking Regulations Act, 1949
- (vii) The Reserve Bank of India as applicable to Banks

We have also examined compliance with the applicable clauses of the 'The Listing Agreements' entered into by the 'Bank' with the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

During the period under review the 'Bank' has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the period under report, provisions of the following regulations were not attracted by the 'Bank':

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that:

The Board of Directors of the 'Bank' is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice with agenda items supported by detailed notes thereon is given to all Directors to schedule the Board Meetings and Committee meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

Resolutions at the meetings of the Board of Directors of the Bank and Committees thereof are carried through, on the basis of unanimous decisions. If and when decisions are carried through on the basis of majority, the dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

We further report that there are adequate systems and processes in the 'Bank' commensurate with the size and operations of the 'Bank' to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the 'Bank' had no specific events / actions having a major bearing on the Bank's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

FOR B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES

Sd/-

(B. KALYANASUNDARAM)
COMPANY SECRETARY

ACS. No. A672 CP. No. 2209

Place : TIRUCHIRAPALLI

Date : 17th June, 2015

ANNEXURE - III

Details pursuant to the provisions of Section 197 (12) of the Companies Act, 2013, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl.No.	Requirements	Disclosure
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the bank for the Financial Year ended 2015.	MD & CEO - 29.66x (The remuneration of MD & CEO is regulated by RBI guidelines)
2	The percentage increase in remuneration of each, CEO, CFO, CS in the Financial year.	MD & CEO - 56.59% CFO - 269.57% CS - 37.44% (The perquisite value of ESOP options exercised by MD & CEO, CFO and CS has been included for determining % increase in remuneration).
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees was increased by 9.59%.
4	No. of permanent employees on rolls of the Bank.	There were 4,365 employees as on 31 st March, 2015.
5	The explanation on the relationship between the average increase in remuneration and bank performance.	The calculation of yearly increase in employee remuneration is done based on the bipartite settlement arrived by the management with the CUB Staff Union and CUB Officers Association. Ex-gratia for staff members are based on the negotiations between the top management with Association & Union. Incentive packages are approved separately by the Board based on the performance parameters and overall growth and profitability of the Bank.
6	Comparison of the remuneration of the KMP against the performance of the Bank.	For the Financial Year 2014-15, KMPs were paid approx 0.48% of the Net Profit of the Bank.
7	Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current FY and previous FY and % increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer.	The market capitalization of the Bank has increased from ₹ 2922.65 crore as of 31 st March, 2014 to ₹ 5780.74 crore as of 31 st March, 2015. Over the same period, the price earnings ratio moved from 9.20x to 15.01x. The share price of the Bank increased by 2668.57% to ₹ 96.90 per share of face value of ₹ 1 each over the last public offering, i.e. IPO during July 1998 at a price of ₹ 35/- per share of face value of ₹ 10/- each.

Sl.No.	Requirements	Disclosure	
8	Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in employee salaries is 17.14% in the Financial Year 2014-15. Average increase in Managerial Personnel salaries is 121.20% in the Financial Year 2014-15. The Managerial Compensation has increased as a result of the exercise of ESOPs granted to them.	
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Bank.	Particulars	% of Net Profit for FY 2014-15
		MD & CEO	0.26
		CFO	0.16
		CS	0.06
10	Key parameters, if any, for any variable component of remuneration availed by the Director(s).	None of the Directors including MD&CEO were paid variable component of remuneration.	
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	No such employee	
12	Affirmation that the remuneration is as per the remuneration policy of the Bank.	Yes, it is confirmed	

ANNEXURE - IV

Disclosure under Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the report.

Name Sarvashri	Qualification	Age	Remuneration Received * (in ₹)	Experience	Date of Commencement of Employment	Last Employment
Dr. N. Kamakodi MD & CEO	B.Tech, MBA, CAIIB, Ph.D.	41 yrs.	1,05,33,781.00	18 yrs.	18 th June, 2003	Director - BuPro Solutions Private Ltd.
S. Sundar CFO & SGM	B.Com, ACA, CAIIB	60 yrs.	61,93,484.00	36 yrs.	22 nd August, 2003	AGM - The Lakshmi Vilas Bank Ltd.

*the remuneration includes the perquisite value on account of stock options exercised during the year which is detailed in Para VI. (A) and (C) of MGT 9 - Annexure V to Directors Report.

ANNEXURE 'V'

EXTRACT OF THE ANNUAL RETURN Form MGT-9 as on the financial year ended on 31st March 2015

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Sl.No.	Particulars	Details
1.	CIN	L65110TN1904PLC001287
2.	Registration Date	31.10.1904
3.	Name of the Company	CITY UNION BANK LTD.
4.	Category / Sub-Category of the Company	Public Limited Company
5.	Address of the Registered office and contact details	149, T.S.R. (Big) Street, Kumbakonam - 612001, Tamilnadu. Tel: 0435 - 2432322
6.	Whether listed company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Ltd., (Unit: CITY UNION BANK LTD.) Karvy Selenium Tower B, Plot no.31&32, Financial Dist., Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana State, India. Tel: 040 - 67161509, Fax: 040-23001153 E-mail: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Banking	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl.No.	Name and address of the company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Not Applicable					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
(A) Promoters								
(1) Indian								
(a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) State Govt .	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Foreign								
(a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A)= (A) (1) + (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	18724915	0	18724915	3.45	39613195	0	3961395	6.64	3.19
(b) Banks/FI	1372385	5000	1377385	0.25	722686	5000	727686	0.12	-0.13
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	25663142	0	25663142	4.73	20219319	0	20219319	3.39	-1.34
(g) FIIs	116930240	0	116930240	21.54	206501385	0	206501385	34.61	13.07
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1)	162690682	5000	162695682	29.98	267056585	5000	267061585	44.77	14.79
(2) Non- Institutions									
(a) Bodies Corporate									
i. Indian	65968247	3546513	69514760	12.81	60946077	2322572	63268649	10.61	-2.20
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) individuals	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	132650871	37884361	170535232	31.42	123985488	33157873	157143361	26.34	-5.08
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	91033490	7621439	98654929	18.18	87225362	6905006	94130368	15.78	-2.40
(c) Others	0	0	0	0.00	0	0	0	0.00	0.00
i. Trusts	20269	63676	83945	0.02	2679309	63676	2742985	0.46	0.44
ii. NRI	16691350	0	16691350	3.08	11998541	0	11998541	2.01	-1.07

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
iii. Foreign Bodies	23437500	0	23437500	4.32	0	0	0	0.00	-4.32
iv. Clearing Members	1126865	0	1126865	0.21	222311	0	222311	0.04	-0.17
Sub-Total (B)(2)	330928592	49115989	380044581	70.02	287057088	42449127	329506215	55.23	-14.79
Total Public Shareholding									
B = (B) (1) + (B) (2)	493619274	49120989	542740263	100	554113673	42454127	596567800	100.00	0.00
C. Shares held by custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	493619274	49120989	542740263	100	554113673	42454127	596567800	100.00	0.00

(ii) Shareholding of Promoters:

Sl.No.	Shareholders' Name	Shareholding at the beginning of the year				Shareholding at the end of the year				% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares		
Not applicable as the Bank does not have any promoters in control of the Management										

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Not applicable as the Bank does not have any promoters in control of the Management					

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	L&T Unnati Finance Ltd. * Less: Market Sale on 13.06.2014 As on 31.03.2015	2,47,12,337 (2,47,12,337) -	4.55 4.55 -	2,47,12,337 0 0	4.55 0 0
2.	GKFF Ventures Add: Market Purchase on 02.05.2014 As on 31.03.2015	2,34,73,133 20,579 -	4.32 0.00 -	2,34,73,133 2,34,93,712 2,34,93,712	4.32 4.33 3.94
3.	Nederlandse Financierings - Maatschappij Voor Ontwik * Less: Market Sale on 09.05.2014 As on 31.03.2015	2,34,37,500 (2,34,37,500) -	4.32 4.32 -	2,34,37,500 0 0	4.32 0 0

Sl.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
4.	Life Insurance Corporation of India Less: Market Sale on 09.01.2015 16.01.2015 23.01.2015 30.01.2015 As on 31.03.2015	2,16,64,085 (10,00,000) (5,12,768) (9,39,180) (6,72,781) -	3.99 0.17 0.09 0.16 0.11 -	2,16,64,085 2,06,64,085 2,01,51,317 1,92,12,137 1,85,39,356 1,85,39,356	3.99 3.46 3.38 3.22 3.11 3.11
5.	Smt. Vilasini Vaidyanathan Change in shareholding As on 31.03.2015	125,00,000 - -	2.30 - -	1,25,00,000 - 1,25,00,000	2.30 - 2.10
6.	Regal Investment and Trading Co Pvt Ltd. * Less: Market Sale on 30.05.2014 06.06.2014 13.06.2014 20.06.2014 11.07.2014 18.07.2014 20.03.2015 As on 31.03.2015	1,09,54,033 (5,00,000) (8,21,666) (5,00,000) (3,66,838) (5,00,000) (7,30,000) (75,35,529) -	2.02 0.09 0.15 0.09 0.07 0.09 0.13 1.26 -	1,09,54,033 1,04,54,033 96,32,367 91,32,367 87,65,529 82,65,529 75,35,529 0 0	2.02 1.93 1.77 1.68 1.62 1.52 1.39 0 0
7.	Wasatch Core Growth Fund Less: Market Sales on 10.10.2014 13.03.2015 As on 31.03.2015	1,09,26,782 (25,58,633) (17,12,111) -	2.01 0.43 0.29 -	1,09,26,782 83,68,149 66,56,038 66,56,038	2.01 1.41 1.12 1.12
8.	Acacia Partners, LP Less: Market Sales on 31.03.2015 As on 31.03.2015	1,07,83,077 (20,00,000) -	1.99 0.34 -	1,07,83,077 87,83,077 87,83,077	1.99 1.47 1.47

Sl.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
9.	Emblem FII Change in shareholding As on 31.03.2015	94,54,927	1.74	94,54,927	1.74	94,54,927	1.74
		-	-	-	-	-	-
		-	-	-	-	94,54,927	1.58
10.	Smt. Meenakshi V Change in shareholding As on 31.03.2015	80,00,000	1.47	80,00,000	1.47	80,00,000	1.47
		-	-	-	-	-	-
		-	-	-	-	80,00,000	1.34
11.	Lavender Investments Ltd # Add: Market Purchase on 16.05.2014 23.05.2014 06.06.2014 13.06.2014 25.07.2014 As on 31.03.2015	0	-	0	-	0	-
		2,21,75,755	4.09	2,21,75,755	4.09	2,21,75,755	4.09
		2,19,024	0.04	2,23,94,779	4.13	2,23,94,779	4.13
		2,51,962	0.05	2,26,46,741	4.17	2,26,46,741	4.17
		29,503	0.01	2,26,76,244	4.18	2,26,76,244	4.18
		9,32,711	0.16	2,36,08,955	4.01	2,36,08,955	4.01
		-	-	-	-	2,36,08,955	3.96
12.	Smallcap World Fund, INC. # Add: Market Purchase on 13.03.2015 20.03.2015 27.03.2015 31.03.2015 As on 31.03.2015	0	-	0	-	0	-
		5,20,000	0.09	5,20,000	0.09	5,20,000	0.09
		18,70,053	0.31	23,90,053	0.40	23,90,053	0.40
		6,90,203	0.12	30,80,256	0.52	30,80,256	0.52
		84,64,744	1.42	1,15,45,000	1.94	1,15,45,000	1.94
		-	-	-	-	1,15,45,000	1.94

SI.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
13.	NTASIAN Discovery Master Fund # Add: Market Purchase on 30.06.2014 04.07.2014 11.07.2014 18.07.2014 21.07.2014 22.07.2014 25.07.2014 30.09.2014 03.10.2014 10.10.2014 17.10.2014 05.12.2014 12.12.2014 19.12.2014 23.01.2015 As on 31.03.2015	0 3,24,446 6,29,200 12,09,627 12,46,618 6,17,900 2,22,200 53,29,780 3,70,000 2,77,000 44,49,997 13,232 2,00,000 15,25,000 5,80,000 1,30,000 - 					

Note:

* Total paid up equity shares as on 1st April, 2014 - 54,27,40,263 and as on 31st March, 2015 - 59,65,67,800.

Ceased to be in the list of Top 10 shareholders as on 31st March, 2015. The same is reflected above since the shareholders were one among the Top 10 shareholders as on 1st April, 2014.

Not in the list of Top 10 shareholders as on 1st April, 2014. The same is reflected above since the shareholders were one among the Top 10 shareholders as on 31st March, 2015.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl.No.	For Each of the Directors and KMP Sarvashri	Shareholding at the beginning of the year		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	S. Balasubramanian Less: Market Sales on 25.04.2014 02.05.2014 09.05.2014 28.11.2014 As on 31.03.2015	11,05,077 (23,653) (6,000) (10,000) (5,000) -	0.20 0.00 0.00 0.00 0.00 -	11,05,077 10,81,424 10,75,424 10,65,424 10,60,424 10,60,424	0.20 0.20 0.20 0.20 0.18 0.18		
2.	Dr. N. Kamakodi Add : ESOP 13.08.2014 As on 31.03.2015	14,46,876 1,68,750 -	0.27 0.03 -	14,46,876 16,15,626 16,15,626	0.27 0.27 0.27		
3.	R.G. Chandramogan Change in shareholding As on 31.03.2015	20,267 - -	0.00 - -	20,267 - 20,267	0.00 - 0.00		
4.	T. K. Ramkumar Change in shareholding As on 31.03.2015	1,35,794 - -	0.03 - -	1,35,794 - 1,35,794	0.03 - 0.02		
5.	Justice (Retd.) S.R. Singharavelu Change in shareholding As on 31.03.2015	8,619 - -	0.00 - -	8,619 - 8,619	0.00 - 0.00		
6.	C.R. Muralidharan Change in shareholding As on 31.03.2015	1,287 - -	0.00 - -	1,287 - 1,287	0.00 - 0.00		
7.	Prof. V. Kamakoti Change in shareholding As on 31.03.2015	1,250 - -	0.00 - -	1,250 - 1,250	0.00 - 0.00		

(v) Shareholding of Directors and Key Managerial Personnel:

SI.No.	For Each of the Directors and KMP Sarvashri	Shareholding at the beginning of the year		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
8.	S. Mahalingam Change in shareholding As on 31.03.2015	6,250 - -	0.00 - -	6,250 - -	0.00 - 0.00	6,250 - 6,250	0.00 - 0.00
9.	R. Mohan * Add: ESOP 13.08.2014 Less: Market sales on 09.01.2015 13.03.2015 As on 31.03.2015	57,500 67,500 (800) (1,000) -	0.01 0.01 0.00 0.00 -	57,500 67,500 (800) (1,000) -	0.01 0.01 0.00 0.00 -	57,500 1,25,000 1,24,200 1,23,200 1,23,200	0.01 0.02 0.02 0.02 0.02
10.	Smt. CA. Abarna Bhaskar * Change in shareholding As on 31.03.2015	30,064 - -	0.01 - -	30,064 - -	0.01 - -	30,064 - 30,064	0.01 - 0.01
11.	S. Sundar (KMP) Less: Market sales on 09.05.2014 Add. ESOP 13.08.2014 As on 31.03.2015	1,43,649 (50,000) 1,23,750 -	0.03 0.01 0.02 -	1,43,649 (50,000) 1,23,750 -	0.03 0.01 0.02 -	1,43,649 93,649 2,17,399 2,17,399	0.03 0.02 0.04 0.04
12.	V Ramesh (KMP) Add: ESOP 13.08.2014 Less: Market sale on 18.08.2014 As on 31.03.2015	1,15,501 27,000 (3,000) -	0.02 0.00 0.00 -	1,15,501 27,000 (3,000) -	0.02 0.00 0.00 -	1,15,501 1,42,501 1,39,501 1,39,501	0.02 0.02 0.02 0.02

*Opening balance of shareholding has been reckoned from their date of appointment in the Board of the Bank. Shri. R. Mohan and Smt. CA. Abarna Bhaskar were Co-opted as Additional Director on 28th June, 2014 and 25th October, 2014 respectively.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment					(₹ in lakh)
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year					
i) Principal Amount	Nil	30,498.39	Nil	30,498.39	
ii) Interest due but not paid	Nil	Nil	Nil	Nil	
iii) Interest accrued but not due	Nil	307.37	Nil	307.37	
Total (i+ii+iii)	Nil	30,805.76	Nil	30,805.76	
Change in Indebtedness during the financial year					
Addition	Nil	45,287.01	Nil	45,287.01	
Reduction	Nil	58,959.11	Nil	58,959.11	
Net Change	Nil	13,672.10	Nil	13,672.10	
Indebtedness at the end of the financial year					
i) Principal Amount	Nil	16,881.64	Nil	16,881.64	
ii) Interest due but not paid	Nil	Nil	Nil	Nil	
iii) Interest accrued but not due	Nil	252.02	Nil	252.02	
Total (i+ii+iii)	Nil	17,133.66	Nil	17,133.66	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(₹ in lakh)

Sl.No.	Particulars of Remuneration	Name of MD / WTD / Manager Dr. N. Kamakodi	Total Amount
	Gross salary	44.15	44.15
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.39	3.39
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	
	Stock Option - Perquisites	57.80	57.80
	Sweat Equity	-	
	Commission - as % of profit - others, specify ...	-	
	Others, please specify	-	
Total (A)		105.34	105.34
Ceiling as per the Act		The Bank being a banking company is regulated by RBI and as such relevant provisions of the Companies Act, 2013 are not applicable.	

B. Remuneration to other Directors:

Sl.No.	Particulars of Remuneration	Name of Directors Sarvashri	Total Amount (₹)
1	Independent Directors	S Bernard (upto 28.06.2014)	2,90,000
	- Fee for attending board / committee meetings	N. Kantha Kumar (upto 29.09.2014)	5,30,000
		R. G. Chandramogan	9,40,000
		T.K. Ramkumar	10,70,000
		Justice (Retd.) S.R. Singharavelu (upto 31.03.2015)	10,20,000
		C.R. Muralidharan	9,80,000
		Prof. V. Kamakoti	8,50,000
		S. Mahalingam	8,20,000
		Smt. CA. Abarna Bhaskar (w.e.f. 25.10.2014)	4,30,000
	- Commission	NA	-
	- Others, please specify	NA	-
		Total (1)	69,30,000
2	Other Non-Executive Directors	R. Mohan	6,80,000
	- Fee for attending board / committee meetings	Remuneration paid to Shri. S. Balasubramanian, Part-time Non-Executive Chairman.	12,00,000
	- Commission	NA	-
	- Others, please specify	NA	-
		Total (2)	18,80,000
Total (B) = (1) + (2)			88,10,000
Total Managerial Remuneration			88,10,000
Overall Ceiling as per the Act			NA

C. Remuneration to other Directors key managerial personnel other than MD / MANAGER / WTD: (₹ in lakh)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross Salary	14.31	18.25	32.56
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.67	1.30	1.97
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	9.25	42.38	51.63
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify.	-	-	-
5	Others, please specify	-	-	-
	Total	24.23	61.93	86.16

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (Give Details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty			NIL		
Punishment					
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

ANNEXURE 'VI'
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES
1. Brief outline of the policy:

Business organizations operate as part of society but not in isolation. Every business decisions involves financial implications and social and environmental consequences. The Bank has always been focusing towards sustainable development of society to make the planet a better place to live in for future generations. The Bank has formed a trust "CUB FOUNDATION" as a non-profit organization aimed at making a dedicated approach for community development. We believe in sharing the earnings. The Bank always aims at meaningful contributions to create an eco-friendly environment for the society in which it operates. The Bank under CSR, work actively towards improvement of sanitation, healthcare, education, women empowerment, sustainable development and environment protection besides preserving, protecting and renovating ancient structures of national and archaeological importance.

The CSR Policy of the Bank is posted in the website of the Bank and the same can be accessed at the weblink: http://172.17.3.220/PageMenuDocs/corp_social_res.pdf

2. CSR Committee Composition:

Dr. N. Kamakodi, MD & CEO	: Chairman
Shri. S. Balasubramanian	: Non-Executive Chairman of the Bank
Shri. R.G. Chandramogan	: Independent Director
Shri. T.K. Ramkumar	: Independent Director
Prof. V. Kamakoti	: Independent Director

3. Overview of the projects undertaken:

During the year under review, the Bank as part of CSR was determined & committed on providing basic amenities to the communities, focus on Educational facilities, Health, Environment sustainability and Preservation, Restoration & Renovation of ancient structures of national and archaeological importance.

4. Average Net profit for the last 3 financial years: ₹ 316 crore
5. CSR Expenditure (2% of item no. 4 above): ₹ 6.32 crore
6. Total amount spent: ₹ 3.54 crore
7. Amount unspent: ₹ 2.78 crore (The Amount has already been sanctioned and will be released in due course)
8. Manner of spending: The details are as follows :-

(₹ in crore)

Sl. No.	Sector	Projects	Locations	Budget project wise	Amount spent on project	Cumulative expenditure up to reporting period	Amount Spent : Direct or Thro' Agency
1	Cleanliness under Swachh Bharat Mission & Drinking water	Safe drinking water to community, Sanitation, construction of toilets, water tank & pipelines.	Tamilnadu	3.96	2.15	2.15	Donation given to various Implementing Agencies / Organisations including Govt. (Kumbakonam Municipality)

(₹ in crore)

Sl. No.	Sector	Projects	Locations	Budget project wise	Amount spent on project	Cumulative expenditure up to reporting period	Amount Spent : Direct or Thro' Agency
2	Literacy and Rural Sports	Educational support, building schools & college blocks, technological aid to schools, renovations of public library & Cricket tournament.	Tamilnadu	0.95	0.44	0.44	Donation given to various Implementing Agencies / Organisations
3	Healthcare	Donations to hospitals, disabled persons, construction of buildings for blood banks, donation of Ambulances and leprosy welfare.	Tamilnadu and Telangana	0.60	0.54	0.54	Donation given to various Implementing Agencies / Organisations
4	Restoration and Renovation of sites of Historical Importance	Ancient Temple renovations and cultural welfare	Tamilnadu	0.66	0.26	0.26	Donation given to various Implementing Agencies / Organisations
5	Environment sustainability	Development and maintenance of parks.	Tamilnadu	0.15	0.15	0.15	Donation given to Kumbakonam Municipality
Total				6.32	3.54	3.54	--

The CSR Committee of the Board hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Bank.

For and on behalf of the CSR Committee

Sd/-

Dr. N. Kamakodi
MD & CEO
and Chairman of CSR Committee

REPORT ON CORPORATE GOVERNANCE

(Forming part of the Directors' Report for the year ended 31st March 2015)

Pursuant to Clause 49 of the listing agreement entered into with the stock exchanges, the Directors present the Bank's Report on Corporate Governance for the year ended 31st March 2015.

1. GOVERNANCE PHILOSOPHY

The Board of the Bank has adopted a Code of Corporate Governance to ensure highest standards in overall governance through transparency, accountability & responsibility and ethical & professional management practices, thereby protecting and enhancing stakeholder's values. The code aims:

- a) to enhance the long term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as depositors, creditors, customers, suppliers and employees to maximise benefits to all in the long run.
- b) to identify and recognise the Board of Directors and the Management of the Bank as the principal instruments through which good corporate governance principles are articulated and implemented. The main objective of good Corporate Governance is to identify and recognise accountability, transparency and equality of treatment for all stakeholders.

The Bank continues to achieve Corporate Excellence by imbibing the following principles:-

- a) Adhere to the Laws and Regulations both in letter and spirit.
- b) To be transparent and to maintain a high degree of disclosure levels by disseminating vital information's to all its stakeholders through its website www.cityunionbank.com.
- c) Total commitment to follow ethical practices in all facets of Banking to ensure efficiency in operations so as to maximise value and benefit to all stakeholders.
- d) Strict adherence to prudent Banking norms and values in the conduct of day to day Banking operations.

2. BOARD OF DIRECTORS

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949, the Companies Act, 2013 and revised Clause 49 of the Listing Agreement entered into with the stock exchanges where the shares of the Bank are listed. The business of the Bank is vested with the Board of Directors. The strength of the Board as on 31st March, 2015 is 10 Directors comprising of Part-Time Non Executive Chairman, Managing Director & CEO, 6 Independent Directors (including one women Director) and 2 Non-Independent Non-Executive Directors.

The Board of the Bank comprises of eminent professionals with in-depth knowledge and diverse expertise in the field of Banking, Accountancy, Agriculture & Rural Economy, SSI, Law, and Technology as specified in the Banking Regulation Act 1949, for effective functioning of the Bank.

Name of the Director Sarvashri	Sector Representation	Category	No. of other Directorships held	No. of shares
S. Balasubramanian	Banking	Chairman	Nil	10,60,424
Dr. N. Kamakodi	Banking	Managing Director & CEO	Nil	16,15,626
R.G. Chandramogan	Agriculture & Rural Economy	Independent Director	3	20,267

Name of the Director Sarvashri	Sector Representation	Category	No. of other Directorships held	No. of shares
T.K. Ramkumar	Law	Independent Director	Nil	1,35,794
C.R. Muralidharan	Banking	Independent Director	4	1,287
Justice. (Retd.) S.R. Singaravelu	Agriculture & Rural Economy	Non-Independent Non-Executive Director	Nil	8,619
Prof. V. Kamakoti	Technology	Independent Director	Nil	1,250
S. Mahalingam	Accountancy, Finance and Technology	Independent Director	13	6,250
R. Mohan	Banking, Agriculture and SSI	Non-Independent Non-Executive Director	Nil	1,23,200
Smt. CA. Abarna Bhaskar	Accountancy and Banking	Independent Director	Nil	30,064

DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

Smt. CA. Abarna Bhaskar was co-opted on the Board of the Bank as an Additional Director in the meeting of the Board of Directors of the Bank held on 25th October, 2014 to act as Independent Director, representing the majority sector Banking and Accountancy under the Banking Regulation Act, 1949. Smt. CA. Abarna Bhaskar, aged 53 years is a qualified Chartered Accountant by profession with a practical experience in Banking, more particularly in the finalization of audit for 15 years and as an auditor for 7 years. She has held senior level positions in Foreign and Indian Banks viz. Bank of Muscat, National Bank of Oman, First Gulf Bank and ING Vysya Bank. The Bank has complied with the regulatory requirement of appointing Women Director on the Board.

During the year under review, the composition of the Board has undergone a change. The position of Justice (Retd.) S.R. Singaravelu, on the Board of the Bank has been changed from Independent to Non Executive Non-Independent Director. Consequently, resolution for his appointment as a Director liable to retire by rotation is placed before the shareholders for approval. Justice (Retd.) S.R. Singaravelu, aged 67 years, B.Sc. BL., is a former Judge of High Court of Madras and High Court of Orissa. He has vast experience of 36 years in the Judiciary.

In terms of Section 10A (2A)(i) of the Banking Regulation Act, 1949, Shri. N. Kantha Kumar, upon completion of his 8 years tenure on the Board of the Bank, vacated the office as Director w.e.f. 29th September, 2014.

Details of Attendance at Board Meetings during the year and at previous AGM

Name of the Director Sarvashri	Board Meetings		Attendance at AGM held on 23 rd August, 2014	Directorship in other Public Ltd., Companies	Committee Membership (Chairmanship) in other Companies
	Held during the Tenure	Attendance			
S. Balasubramanian	15	15	Yes	Nil	Nil
Dr. N. Kamakodi	15	15	Yes	Nil	Nil
R.G. Chandramogan	15	14	Yes	1	1 (1)
T.K. RamKumar	15	15	Yes	Nil	Nil
C.R. Muralidharan	15	15	Yes	4	3 (1)
Justice (Retd.) S.R.Singaravelu	15	15	Yes	Nil	Nil

Name of the Director Sarvashri	Board Meetings		Attendance at AGM held on 23 rd August, 2014	Directorship in other Public Ltd., Companies	Committee Membership (Chairmanship) in other Companies
	Held during the Tenure	Attendance			
Prof. V. Kamakoti	15	14	Yes	Nil	Nil
S. Mahalingam	15	12	Yes	6	8 (3)
R. Mohan	11	11	Yes	Nil	Nil
Smt. CA. Abarna Bhaskar (co-opted w.e.f. 25.10.2014)	07	07	---	Nil	Nil
S. Bernard (retd. w.e.f. 28.06.2014)	04	04	---	Nil	Nil
N. Kantha Kumar (retd. w.e.f. 29.09.2014)	08	08	Yes	Nil	Nil

Meetings held on: 21.04.2014, 26.05.2014, 27.05.2014, 28.06.2014, 21.07.2014, 06.08.2014, 23.08.2014, 20.09.2014, 25.10.2014, 07.11.2014, 24.11.2014, 24.12.2014, 24.01.2015, 26.02.2015 and 23.03.2015.

Note: The Directorship and Committee positions held by the Directors in other Public Limited Companies only have been considered pursuant to Clause 49 of the Listing Agreement and also, only Audit and Shareholders Grievance Committee have been considered for reckoning Committee positions.

All the meetings were conducted with proper quorum and without any adjournments. The date and place of the meeting as well as the agenda papers were forwarded to all the Directors well in advance. The Directors had access to all additional information on the agenda to facilitate meaningful, informed and focused discussions at the meetings. Executives of the Bank were also invited to attend the Board meetings to provide necessary clarifications.

3. COMMITTEES OF THE BOARD

The Board as per the requirement under various law viz., the Companies Act, 2013, SEBI listing agreement, the Banking Regulation Act, 1949 etc., and in order to facilitate informed decision making in the best interests of the Bank, has constituted certain committees with defined terms of reference and have delegated specific powers for effective functioning. These committees monitor the activities falling within their terms of reference.

I. Audit Committee

The terms and reference of the Audit Committee are in consonance with the revised Clause 49 of the listing agreement and the Companies Act, 2013 and the same is detailed herein below:

- Oversight of the Bank's financial Reporting Process and the Disclosure of its Financial Information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the appointment, re-appointment or if required, the replacement of the statutory auditor together with the terms of appointment of the auditor, fixation of audit fees and approval of payment for any other services rendered by the statutory auditors.
- To discuss with statutory auditors, before the commencement of audit, the nature and scope of audit and also conduct post audit discussion to ascertain any area of concern.

- d. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to matters required to be included in Directors Responsibility Statement as per Companies Act 2013, accounting policies and practices, compliance with accounting standards, qualifications in draft audit report and other legal requirements relating to financial statements.
- e. To discuss with Internal Auditors, any significant Audit findings and follow up thereon.
- f. Reviewing the adequacy of the Audit and compliance functions, including their policies, procedures, techniques and other regulatory requirements.
- g. Reviewing the findings of any internal investigations conducted by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h. Review of all reports as per the calendar of reviews stipulated by the RBI.
- i. Review of risk management and internal financial controls.
- j. Compliance functions in the Bank and compliance in respect of Annual Financial Inspection by RBI.
- k. To review the functioning of the Whistle Blower mechanism.
- l. Any other aspects as may be included from time to time in Clause 49 of the listing agreement.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	14	14
S. Bernard (upto 27.06.2014)	03	03
C.R. Muralidharan	14	14
T.K. Ramkumar	14	14
S. Mahalingam (w.e.f. 26.05.2014)	13	09
Smt. CA. Abarna Bhaskar (w.e.f. 07.11.2014)	06	06

Meetings held on: 21.04.2014, 26.05.2014, 27.06.2014, 21.07.2014, 06.08.2014, 23.08.2014, 19.09.2014, 25.10.2014, 07.11.2014, 24.11.2014, 24.12.2014, 24.01.2015, 25.02.2015 and 23.03.2015.

II. Shareholders Grievance Committee

The committee monitors the redressal of shareholders / Investor grievance mechanism and reviews the transfer, transmission, transposition, non receipt of share certificate, refund order / dividend warrant etc., approved by the executive committee of the Bank in a time bound manner. Also, a periodical report 'Investor Grievances & Redressal Status Report' received from the Registrar and Share Transfer Agents is placed before the committee for their perusal.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
Justice (Retd.) S.R. Singaravelu	02	02
S. Bernard (upto 26.05.2014)	01	01
Prof. V. Kamakoti	02	02
T. K. Ramkumar	02	02
S. Mahalingam	02	01
Smt. CA. Abarna Bhaskar (w.e.f. 07.11.2014)	01	01

Meetings held on: 26.05.2014 and 07.11.2014

Name and Designation of the Compliance Officer: Shri. V. Ramesh, Company Secretary & DGM

All complaints received from investors during the year have been attended to and redressed within the time limits prescribed by SEBI.

III. Credit Committee

The Board of the Bank has constituted a Credit Committee which reviews and sanctions the credit proposals after the proposal is approved by the credit appraisal committee of executives. The Committee functions within the terms of reference as delegated to it.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	13	13
Dr. N. Kamakodi	13	13
S. Bernard (upto 28.06.2014)	03	03
N. Kantha Kumar (upto 20.09.2014)	07	07
R.G. Chandramogan	13	12
Justice (Retd) S.R. Singaravelu	13	13
R. Mohan (w.e.f. 24.11.2014)	05	05

Meetings held on: 21.04.2014, 27.05.2014, 28.06.2014, 21.07.2014, 06.08.2014, 23.08.2014, 20.09.2014, 25.10.2014, 24.11.2014, 24.12.2014, 24.01.2015, 26.02.2015 and 23.03.2015.

IV. Committee to Review NPA and Suit accounts

The committee is specifically formed to review NPA accounts, suit filed and decreed debts on quarterly basis.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	04	04
Dr. N. Kamakodi	04	04
N. Kantha Kumar (upto 19.09.2014)	02	02
T.K. Ramkumar	04	04
Justice (Retd.) S.R. Singharavelu	04	04
R. Mohan (since 23.12.2014)	02	02

Meetings held on: 27.06.2014, 19.09.2014, 23.12.2014 and 25.02.2015.

V. Risk Management Committee

The Risk Management Committee of the Board of Directors functions with the following main objectives:

- To oversee the performance of Risk Management function in pursuance of the Risk Management Guidelines issued periodically by RBI & Board.
- To recommend to the Board in defining risk appetite, tolerance and to initiate risk mitigation techniques.
- To review systems of Risk Management framework, compliance to identify, measure, control and report key risks and internal controls.
- To prepare framework for alignment of business strategy with the Board's risk appetite / directives / guidelines.
- To review the Asset Liability Management (ALM) of the Bank on regular basis.
- To decide the policy and strategy for Integrated Risk Management containing various risk exposures of the Bank including the credit, market, liquidity, operational, reputation risk and other risks specified under Pillar II.
- To review risk return profile of the Bank, Capital Adequacy based on the risk profile of the Bank's Balance Sheet, Basel - II implementation, assessment of Pillar II risk under Internal Capital Adequacy Assessment Process (ICAAP), business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures.
- To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives, and to issue necessary directions thereof.
- To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	04	04
Dr. N. Kamakodi	04	04
N. Kantha Kumar (upto 19.09.2014)	02	02
C.R. Muralidharan	04	04
Prof. V. Kamakoti	04	04
R. Mohan (w.e.f. 23.12.2014)	02	02

Meetings held on: 27.06.2014, 19.09.2014, 23.12.2014 and 25.02.2015.

VI. Customer Service Committee

The Bank is having an effective customer service committee for monitoring the quality of services rendered to its customers and ensuring regulatory compliances in this regard. To ensure effectiveness, the Bank has constituted a standing committee on customer service at the executive level which reviews the suggestions/complaints of customers. The customer service committee of the Board based on the feedback and recommendations made by standing committee takes necessary actions aiming at enhanced customer centric Banking.

The following are some of the major functions being carried out by customer service committee:

- Bringing about ongoing improvements in the quality of customer service provided by the Bank and exploring innovative measures towards enhancing the quality of customer service and improving the level of customer satisfaction of all categories of the Bank's clientele.
- Provide guidance in improving the customer service level.
- Compliance with the recommendations of the Committee on Procedures and Performance Audit on Public Services (CPPAPS) constituted by RBI under the Chairmanship of Dr. S S Tarapore, former Deputy Governor of RBI.
- To ensure that the Bank provides and continues to provide, best in class service across all categories of customers which will help the Bank in protecting and enhancing its brand equity.
- To examine any other issues having a bearing on the quality of customer service rendered.
- To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.
- To review the details and basis of awards, if any, passed by the Banking Ombudsmen on our Bank.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	02	02
Dr. N. Kamakodi	02	02
T.K. Ramkumar	02	02
Prof. V. Kamakoti	02	02
Justice (Retd.) S.R. Singharavelu	02	02

Meetings held on: 21.07.2014 and 25.02.2015

VII. Nomination Committee

The Nomination Committee of the Board of Directors functions with the following main objectives:

- To undertake a process of due diligence to determine the suitability of any person for appointment / continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.
- To examine the vacancies that will come up at the Board on account of retirement or otherwise i.e., succession planning.
- To review the composition of Committees of the Board, and identify and recommend to the Board, the Directors who can best serve as members of each Board Committee.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	05	05
Dr. N. Kamakodi (upto 21.04.2014)	01	01
S. Bernard (upto 28.06.2014)	02	02
R. G. Chandramogan (w.e.f. 28.06.2014)	04	03
Justice (Retd) S.R. Singharavelu (w.e.f. 28.06.2014)	04	04
Prof. V. Kamakoti (w.e.f. 26.02.2015)	02	02

Meetings held on: 21.04.2014, 28.06.2014, 25.10.2014, 26.02.2015 and 23.03.2015

VIII. Special Committee to Monitor Large value Frauds

As per the directions of the Reserve Bank of India, the Board has constituted a special committee exclusively to monitor and follow up cases of fraud amounting to Rupees One Crore and above. The terms of reference of the committee include:

- Review the functioning of the Operating Unit of the Special Surveillance and Investigation Cell especially with regard to large value fraud monitoring, investigation and follow-up.
- Identify the lacunae, if any, in the systems that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay in detection, if any, reporting to top management of the Bank and Reserve Bank of India.
- Monitoring the progress of CBI / Police investigation and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place additional measures as may be desired to strengthen preventive measures against frauds.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	01	01
Dr. N. Kamakodi	01	01
S. Bernard (upto 21.04.2014)	01	01
C.R. Muralidharan	01	01
Justice (Retd.) S.R. Singharavelu	01	01

Meeting held on 21.04.2014.

IX. Compensation & Remuneration Committee

The committee formulates and reviews the remuneration / compensation policy of the Bank as per the directions of RBI. The committee also administers the Employee Stock Option Scheme of the Bank.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	07	07
S. Bernard (upto 28.06.2014)	02	02
N. Kantha Kumar (upto 06.08.2014)	03	03
R.G. Chandramogan	07	07
S. Mahalingam	07	07
Justice (Retd) S.R. Singharavelu (w.e.f. 24.12.2014)	04	04
R. Mohan (w.e.f. 24.12.2014)	04	04

Meetings held on: 27.05.2014, 28.06.2014, 06.08.2014, 24.12.2014, 24.01.2015, 26.02.2015 and 23.03.2015

X. Premises Committee

The premises committee was constituted to decide on the purchase of new premises / flats for housing branch and staff members, construction / renovation of premises etc.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	01	01
Dr. N. Kamakodi	01	01
T.K. Ramkumar	01	01

Meeting held on: 25.10.2014

XI. Information Technology Strategy Committee

The Reserve Bank of India vide its circular No. DBS.CO.ITC.BC.No. 6/31.02.008/2010-11 dated 29th April, 2011 advised the commercial banks to implement the recommendations of the Gopalakrishna committee covering areas viz. Information Security, IT Governance, Information System Audit, IT Operations, IT Services Outsourcing, Cyber Frauds, Business Continuity Planning, Customer Education and Legal Issues. The Board of the Bank pursuant to such directions has constituted Information Technology (IT) Strategy Committee with the main objective to perform the functions as mentioned hereunder :-

- Approving IT strategy and policies.
- Ensuring that management has an effective strategic planning process in place.
- Ensuring that the business strategy is aligned with the IT strategy.
- Ensuring that the IT organizational structure serves business requirements and direction.
- Supervising the implementation of processes and practices that ensures IT delivers value to businesses.

- f. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- g. Ensuring proper balance of IT investments for sustaining the Bank's growth.
- h. Assess the exposure to IT risks and its controls and evaluating effectiveness of management's monitoring of IT risks.
- i. Reviewing IT performance measurement and contribution to business.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	04	04
Dr. N. Kamakodi	04	04
N. Kanthakumar (upto 19.09.2014)	02	02
T.K. Ramkumar	04	04
C.R. Muralidharan	04	04
Prof. V. Kamakoti	04	04
S. Mahalingam	04	02
Smt. CA. Abarna Bhaskar (w.e.f. 23.12.2014)	02	01

Meetings held on: 27.06.2014, 19.09.2014, 23.12.2014 and 25.02.2015

XII. Corporate Social Responsibility Committee

In accordance with the provision of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board has constituted a Corporate Social Responsibility Committee consisting of majority of Independent Directors.

The committee frequently meets to develop CSR strategies in line with the statutory guidelines and suitably recommends to the Board for its consideration. A brief terms of reference of CSR Committee is as follows:

- a. To formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act 2013.
- b. To recommend the amount of expenditure to be incurred on activities specified in Clause (a).
- c. To monitor the CSR Policy of the Bank from time to time;
- d. To institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Bank; and
- e. To perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, SEBI, Stock exchange and other regulatory authority or under any applicable laws, as may be prescribed from time to time.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	05	05
Dr. N. Kamakodi	05	05
R.G. Chandramogan	05	05
T.K. Ramkumar	05	05
Prof. V. Kamakoti	05	04

Meetings held on: 21.04.2014, 20.09.2014, 07.11.2014, 24.01.2015 and 23.03.2015

XIII. QIP Committee

A special committee was formed to plan, execute and monitor the functioning and progress of QIP issue i.e., Qualified Institutional Placement.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Balasubramanian	03	03
Dr. N. Kamakodi	03	03
T.K. Ramkumar	03	03
C.R. Muralidharan	03	03
S. Mahalingam	03	03

Meetings held on: 14.07.2014, 17.07.2014 and 22.07.2014

XIV. Meeting of Independent Directors

The Independent Directors of the Bank met on 23rd March, 2015, inter alia to discuss and review:

- the performance of Non-Independent Directors and the Board.
- the performance of the Chairman of the Bank taking into account the views of Executive and Non-Executive Directors, and;
- the quality, quantity and timeliness of information flow between the Bank management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

4. REMUNERATION PAID TO DIRECTORS DURING THE YEAR ENDED 31st MARCH, 2015

The Bank has paid remuneration to the Chairman and the Managing Director & CEO respectively in accordance with the terms and conditions as approved by the RBI and the shareholders.

Shri. S. Balasubramanian, Part-time Non-Executive Chairman, was paid a total remuneration of ₹ 12,00,000/- for the period from 1st April, 2014 to 31st March, 2015.

Dr. N. Kamakodi, Managing Director & CEO was paid a total remuneration of ₹ 44,15,000/- for the period from 1st April, 2014 to 31st March, 2015.

The pecuniary relationship of the Non-Executive Directors vis-a-vis Bank:

No remuneration is paid to the Non-Executive Directors except sitting fees of ₹ 50,000/- (₹ 20,000/- till April 2014) and ₹ 10,000/- respectively for attending each Board / Committee meeting and other expenses viz., travelling, boarding and lodging etc., incurred in connection thereto.

5. GENERAL BODY MEETINGS

The particulars of Annual General Meetings held during the last three years and the Special Resolutions passed are as under:

Sl.No.	Date	Time	Venue	Special Resolutions considered thereat
1.	23.08.2014	10:35 a.m.	"Raya Mahal", 45-46, Gandhi Adigal Salai, Kumbakonam - 612 001	To Increase FII limit in the Bank upto 40% of paid up capital.
2.	30.08.2013	10:15 a.m.		To Increase FII limit in the Bank upto 35% of paid up capital. Issue of shares under Qualified Institutions Placement (QIP) to Qualified Institutional Buyers (QIBs) for Rs.350 crore.
3.	31.08.2012	10:15 a.m.		Issue of shares under Qualified Institutions Placement (QIP) to Qualified Institutional Buyers (QIBs) for Rs.350 crore.

I. Special Resolution Passed through EGM - NIL

II. Special Resolution passed through Postal Ballot & voting pattern

Date	Agenda
23.08.2014	Amendment to the Article 4 (vi) of the Articles of Association pursuant to Sec.14 of the Companies Act, 2013 for increasing the FII limits upto 40%.
Details of Voting pattern	
Resolution No.14	No. Of valid votes polled - 14,88,97,175 No. Of votes in favour - 14,88,80,811 No, of votes against - 16,364
Scrutinizer	M/s B.K.Sundaram & Associates, Practising Company Secretaries, Trichy, was appointed as scrutinizer to conduct the e-voting / postal ballot exercise.

In terms of Clause 35B of the listing agreement, remote e-voting / facility of postal ballot is being provided to the members to exercise their votes on all resolutions to be passed at the ensuing AGM of the Bank.

6. PERFORMANCE EVALUATION

In line with the provisions of the Companies Act, 2013 and amended Clause 49 of the listing agreement, our Bank this year under review, adopted a formal evaluation process for reviewing the performance of the Board, Board Committees, Chairman, Non-Independent and Independent Directors. A structured questionnaire for the purpose, covering various aspects of Board Governance, Composition, Competencies, Guidance etc., was prepared after taking into consideration the inputs received from the Directors. The Board carried out an annual evaluation of its own performance and of its committees.

Evaluation of the Chairman and Non-Executive Non-Independent Director(s) was carried out by the Independent Directors in their separate meeting. The Independent Directors, based on the criteria as framed & recommended by the members of the Nomination Committee, were evaluated by the Board as a whole excluding the Director being evaluated. The overall performance evaluation was agreed to be satisfactory by all the Directors.

7. DISCLOSURES

Related Party Transactions

The Board of Directors of the Bank have adopted a policy on Related Party transactions in line with the Companies Act, 2013 and the equity listing agreement. There were no significant "Related Party Transactions" of any material, financial & commercial nature with the Bank by the Directors and their relatives that would have potential conflict with the interest of the Bank at large. A detailed policy on the Related Party Transaction is available at the Bank's website.

(weblink: http://172.17.3.220/PageMenuDocs/CUB_Related_Party_Transaction.pdf).

Strictures and Penalties

The Bank has complied with all the requirements regarding capital market related matters and has not been imposed any penalty or stricture by Stock Exchanges, RBI and SEBI / other regulatory authorities on any matter during the year under report.

8. WHISTLE BLOWER MECHANISM

The Bank has a well defined whistle blower mechanism as per the requirements of RBI, the Companies Act, 2013 and the SEBI equity listing agreement, for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Bank's Code of Conduct or Ethics Policy.

In this regard, the Bank affirms that no employee has been denied access to the Managing Director / Audit Committee of the Board under the Whistle Blower Mechanism of the Bank. Further, during the year under review no reference was received from any source under Whistle Blower Policy.

9. REMUNERATION / COMPENSATION POLICY

The Company being a Banking Company under the Banking Regulation Act 1949, has adopted a Compensation Policy as per the directives issued by the Reserve Bank of India, which covers the remuneration aspects of the Bank.

10. ADHERENCE TO CODE OF CORPORATE GOVERNANCE

The Board of Directors of the Bank have adopted the Code of Corporate Governance. All the Board members and senior management of the Bank have affirmed compliance to the Bank's Code of Corporate Governance. An annual confirmation to this effect has been obtained from MD & CEO which is given at the end of this report.

The Bank has complied with all the applicable mandatory requirements as prescribed under Clause 49 of the Listing agreement entered into with the Stock Exchanges. A certificate to the effect from the Bank's Statutory Auditors M/s. P.Chandrasekar, Chartered Accountants, is annexed.

11. MEANS OF COMMUNICATION

The Unaudited / Audited Financial results were published in "Dinamalar" / "Daily Thanthi", local Tamil newspapers and in "Business Line", a national English newspaper and the results were also displayed on the Bank's website - www.cityunionbank.com.

12. OTHER DISCLOSURES

- a. The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Clause 49 of the Listing Agreement to the extent applicable to the Bank.

- b. The Bank has also ensured the implementation of non-mandatory items viz:
- The Chairman's Office of the Bank is held by a Part-time Non-Executive Chairman at the Banks Administrative Office situated at Kumbakonam.
 - The Bank is having separate post for Chairman and MD & CEO.
- c. The Bank follows a very formal and structured process in the appointment of Directors after carrying out necessary due diligence as required under the Banking Regulation Act, 1949 and Reserve Bank of India directives as applicable from time to time. As part of familiarisation programme, all the new and existing incumbents on the Board of the Bank are given presentations explaining the financial and risk parameters from time to time. The Directors are encouraged to attend the training programmes being organised by various institutions. During the year Shri. T. K. Ramkumar, Director and Shri. C.R. Muralidharan, Director, attended a training program on "Developing Discerning Directors" conducted by Excellence Enablers (P) Ltd., Chennai. Shri. S. Balasubramanian, Chairman of the Bank and Shri. R. Mohan, Director, attended a workshop on "Board Evaluation" conducted by National Stock Exchange of India Ltd., Mumbai. Also, a familiarisation program on the new Companies Act, 2013 for the entire Board members was conducted in Chennai by Shri. T.K. Seshadri, Senior Advocate, High Court, Chennai.

13. GENERAL SHAREHOLDER INFORMATION

Date, Time and Venue of AGM	24 th August, 2015 10.25 a.m. Raya Mahal, 45-46, Gandhi Adigal Salai, Kumbakonam - 612 001.
Financial Year	1 st April, 2014 to 31 st March, 2015.
Book Closure	19 th August, 2015 to 24 th August, 2015 (Both days inclusive)
Dividend Payment Date	From 27 th August, 2015
Registrar & Share Transfer Agents	Karvy Computershare Private Ltd., (Unit: CITY UNION BANK LIMITED) Karvy Selenium Tower B, Plot no.31&32, Financial Dist., Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana state, India. Ph: 040-67161509, Fax: 040-23001153 Toll Free No : 1800-345-4001 e-mail: einward.ris@karvy.com
Bank's address for Correspondence	CITY UNION BANK LIMITED CIN: L65110TN1904PLC001287 Shares Department, Administrative Office, 24B, 'NARAYANA', Gandhi Nagar, Kumbakonam - 612 001, Tamil Nadu, India, Ph: 0435-2402322, Fax: 0435-2431746 e-mail: shares@cityunionbank.com Website: www.cityunionbank.com
Company Secretary & Compliance Officer	Shri. V. Ramesh
Statutory Auditors	M/s P. Chandrasekar, Chartered Accountants, Bangalore

Listing on Stock Exchange	The shares of the Bank have been listed at: 1. BSE Ltd., scrip code - 532210 2. National Stock Exchange of India Ltd., scrip code - CUB 3. *Madras Stock Exchange Ltd., scrip code - CUB (upto 3rd February, 2015) The listing fees payable to the Stock Exchanges for the Financial Year 2015-16, have been paid.
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*Delisting of Equity Shares from the Madras Stock Exchange Ltd.

The Bank pursuant to Regulations 6 and 7 of SEBI (Delisting of Equity Shares) Regulations 2009 'the regulations', applied to Madras Stock Exchange Ltd., (MSE) for voluntary Delisting of equity shares as the Bank's equity shares are not traded in MSE since the year 1998. The MSE accorded its approval to withdraw the name of the Bank from the list of listed securities in terms of the regulations and the admission granted to the Bank for dealing in Equity Shares stood withdrawn w.e.f. 4th February, 2015.

Market Price Data - Low / High during each month of the Financial Year 1st April, 2014 to 31st March, 2015

Month	NSE		BSE	
	Low	High	Low	High
Apr, 2014	50.75	59.60	50.60	59.70
May, 2014	57.90	75.40	57.80	75.50
Jun, 2014	68.40	78.85	68.10	78.95
July, 2014	73.05	82.55	72.90	82.70
Aug, 2014	70.60	79.90	70.75	79.90
Sep, 2014	75.60	87.65	75.50	87.45
Oct, 2014	80.50	88.90	80.65	88.85
Nov, 2014	80.80	97.40	81.00	97.25
Dec, 2014	85.20	97.40	86.60	97.35
Jan, 2015	92.50	100.25	92.00	100.00
Feb, 2015	90.00	101.40	90.25	101.20
Mar, 2015	93.55	102.40	93.80	102.60

There were no transactions in Madras Stock Exchange during the period.

Distribution of Shareholding

(i) Share Distribution Schedule as on 31st March, 2015

Sl. No.	Category (No. of shares)	No. of Holders	% of Holders	No. of Shares	% to Share Capital
1.	Upto 5000	75534	91.15	50111472	8.40
2.	5001 - 10000	3450	4.16	25232225	4.23
3.	10001 - 20000	1854	2.24	25951392	4.35
4.	20001 - 30000	638	0.77	15706490	2.63
5.	30001 - 40000	337	0.41	11857304	1.99
6.	40001 - 50000	207	0.25	9355046	1.57
7.	50001 - 100000	429	0.52	30277250	5.08
8.	100001 & above	416	0.50	428076621	71.76
TOTAL		82,865	100.00	59,65,67,800	100.00

(ii) Shareholding Pattern as on 31st March, 2015

Sl. No.	Category	No. of Holders (Folios)	% of Holders	No. of Shares	% to Shares
1.	Banks	6	0.01	7,27,686	0.12
2.	Bodies Corporate	927	1.12	6,32,68,649	10.61
3.	Clearing Members	88	0.11	2,22,311	0.04
4.	Directors	17	0.02	30,02,781	0.50
5.	F.I.I.'s	66	0.08	13,56,93,068	22.75
6.	Indian Financial Institutions	4	0.00	2,02,19,319	3.39
7.	Mutual Fund	61	0.07	3,96,13,195	6.64
8.	Non Resident Indians	1002	1.21	1,19,98,541	2.01
9.	Relatives of Directors	9	0.01	1,49,27,543	2.50
10.	Resident Individuals	80652	97.33	23,33,43,405	39.11
11.	Trusts	7	0.01	27,42,985	0.46
12.	Foreign Portfolio Investments	26	0.03	7,08,08,317	11.87
TOTAL		82,865	100.00	59,65,67,800	100.00

14. SHARE TRANSFER SYSTEM AND RELATED MATTERS

Shares Transfers

M/s. Karvy Computershare Pvt., Ltd., Hyderabad, the Registrar and Share Transfer Agents of the Bank (RTA), monitors the share transfer process. The shares sent for physical transfers are duly processed and the shares are transferred in the names of transferees complying with the rules and regulations in force.

The Bank obtains from a Company Secretary in practice, a half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the equity listing agreement entered into with the stock exchanges and files a copy of the certificate with the stock exchanges.

Also, as required under Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, a Reconciliation of Share Capital Audit is conducted on a quarterly basis by a Practicing Company Secretary and certificate issued in this regard is forwarded to the stock exchanges.

Further, as regards shareholders grievance matters viz. share transfers, transmission, duplicate share certificate etc., the RTA periodically submits a memorandum to the Bank containing the grievances redressed and pending / rejection report, which is approved by an executive level committee formed for the purpose and a quarterly summary of all investor grievances and information's are placed before the Shareholders Grievance Committee for information.

Composition and meeting details:

Name Sarvashri	Designation
Dr. N. Kamakodi (Upto 17.04.2014)	MD & CEO
R. Mohan (Upto 24.05.2014)	Chief General Manager
R. Venkatasubramanian	Senior General Manager
V. Ramesh	Company Secretary & DGM
K. Jayaraman (w.e.f. 23.04.2014)	Assistant General Manager

Meetings held on: 03.04.2014, 10.04.2014, 17.04.2014, 23.04.2014, 07.05.2014, 09.05.2014, 13.05.2014, 24.05.2014, 04.06.2014, 17.06.2014, 01.07.2014, 12.07.2014, 23.07.2014, 14.08.2014, 20.08.2014, 02.09.2014, 17.09.2014, 25.09.2014, 26.09.2014, 07.10.2014, 10.10.2014, 21.10.2014, 28.10.2014, 03.11.2014, 11.11.2014, 20.11.2014, 06.12.2014, 13.12.2014, 16.12.2014, 26.12.2014, 31.12.2014, 07.01.2015, 13.01.2015, 22.01.2015, 28.01.2015, 07.02.2015, 17.02.2015, 06.03.2015, 13.03.2015, 20.03.2015 and 26.03.2015.

Total No. of shares transferred in physical form during the year 1st April, 2014 to 31st March, 2015 is as follows :

No. of Transfers : 79
No. of Shares : 321295

Nomination Facility

The provisions of the Companies Act, 2013 provide for Nomination facility to the members in respect of their shareholding. Members holding shares in physical form may obtain the share Nomination Form from the Bank / RTA or download from the website of the Bank. The members holding shares in electronic mode should contact their Depository Participant (DP), in this regard.

ECS Mandate

Electronic Clearing Service 'ECS' is an e-facility offered by the Bank, to its shareholder(s) whereby, the shareholder(s) can register their personal Bank details with the Bank's RTA / DP for availing various corporate benefits viz. Dividend Warrant etc., directly into their Bank account which is registered with the RTA.

As per the Bank's records on 31st March 2015, only 83.93% of the shareholder(s) have registered their ECS mandate. The shareholder(s), by availing this facility can mitigate the risk of Non / Late - receipt of Dividend Warrants, lost, misplace, Re-validation etc., and save their precious time involved in en-cashing the physical warrants.

Shares kept under Unclaimed Share Suspense Account

DISCLOSURE UNDER CLAUSE 5A (1) OF LISTING AGREEMENT			
Sl.No.	Particulars	No. of shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares in the unclaimed suspense a/c as on 01.04.2014	104	2,83,767
2	No. of shareholders who approached the issuer for transfer of shares from the unclaimed suspense a/c during 2014-15.	20	37,275
3	No. of shareholders to whom shares were transferred from the unclaimed suspense a/c during 2014-15.	20	37,275
4	Aggregate no. of shareholders and the outstanding shares lying in the unclaimed suspense a/c at the end of the year	90	2,46,492

The voting rights on the shares outstanding in the suspense account as on 31st March, 2015 shall remain frozen till the rightful owner of such shares claims the shares.

Dematerialisation of shares

The Paid up capital of the Bank as on 31st March, 2015 is ₹ 59,65,67,800 which is duly listed in the stock exchanges NSE and BSE. Out of this 55,41,13,673 shares (92.88%) are held in de-mat mode and 4,24,54,127 shares (7.12%) in physical form.

DECLARATION UNDER CLAUSE 49 II (E) OF THE LISTING AGREEMENT

I confirm that all Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Bank for the year ended 31st March, 2015.

Date : 31st March, 2015
Place : Chennai

Dr. N. Kamakodi
Managing Director & CEO

Auditor's Certificate on Corporate Governance

To the members of **CITY UNION BANK LIMITED**

We have examined the compliance of conditions of Corporate Governance by City Union Bank Limited ("the Bank"), for the year ended on 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Bank with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580S)

Place: Bangalore
Date : 4th July, 2015

Sd/-
Lakshmy. C
Partner
M.No. : 28508

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Macro Economic Scenario

Indian Economy

In the Financial year 2014-15 Indian economy started on a positive note with significant improvement in the markets and business sentiments after conclusion of the general election in which a single party majority government was formed after nearly three decades of coalition rule.

Gradual improvement in governance complemented by supportive global commodity prices and a sharp decline in crude prices resulted in moderate increase in economic output. In terms of RBI estimates the GDP growth for FY 2015-16 would be 7.6% as compared to FY 2014-15 figures of 7.4%.

As per Central Statistical Organization advance estimates, barring agriculture, mining and trade, transport and communication services, all other sectors are expected to show improvement in performance.

During FY 2014-15 Inflation as measured by the CPI (Consumer Price Index) showed a substantial decline, with average CPI inflation falling to 6% in FY 2014-15 after averaging close to 10% over a period of six years between FY 2008-09 till FY 2013-14. Sharp drop in crude oil prices helped in moderation of fuel inflation despite hikes in excise duty at regular intervals limiting the pass through of lower global oil prices to retail consumers. Core inflation remained below 5% since November 2014 due to RBI's strong anti-inflationary stance and declining trend in fiscal deficit.

The Wholesale Price Index (WPI) remained in the negative territory since November 2014 and has averaged at 2.1% during FY 2014-15 vis-a-vis 6.0% in FY 2013-14. India's external sector vulnerability saw improvement after significant compression in current account deficit in the second half of FY 2013-14. The current account deficit (CAD) is expected to improve towards 1.3% of GDP in FY 2014-15 as per Economic Survey presented by the Finance Minister in February 2015 on the back of slide in global commodity prices since June 2014.

The quality of fiscal adjustment remained a concern even as the government is expected to meet the deadline fiscal deficit target of 4.1% of GDP in FY 2014-15. It is expected that Government may compensate the shortfall in gross tax revenue and disinvestment receipts by pruning its capital expenditure.

The Indian Rupee traded in a band of 58.46 - 63.68 against US \$ during the financial year 2014-15. After the announcement of general election results in May 2014, inflows in both equity and debt instruments were seen to be supportive as the currency remained below ₹ 60 level to dollar. Rupee started to depreciate in a very gradual fashion closing the financial year at ₹ 62.50. Trade Deficit saw mild compression due to sizable drop in International Crude prices despite marginal depreciation in Indian Rupee.

On the monetary policy front, after increasing repo rate by 25 basis points to 8% in January 2014, the RBI maintained status quo till December 2014. Repo rate was lowered by 25 basis points to 7.75% in January 2015 on account of CPI inflation trajectory turning out to be lower than RBI's estimates followed by further 25 basis points cut to 7.50% in March 2015 and another reduction of 25 basis points to 7.25% was effect on 2nd June 2015.

Liquidity conditions remained in the deficit during FY 2014-15. Liquidity deficit (after adjusting for daily CRR maintenance) deteriorated from ₹ 1,14,095 crore in end April 2014 to ₹ 1,26,075 crore in end July 2014 on account of seasonal factors like increase in currency circulation. RBI had infused ₹ 2,45,527 crore through its various foreign exchange operations between April 2014 and January 2015. During the month of March 2015 liquidity tightened as the government curbed expenditure to meet FY 2014-15 target for fiscal deficit and also on account of the seasonal tightness coming from Q4 advance tax outflow from the banking system. The year end liquidity deficit was ₹ 1,11,869 crore as of 31st March 2015. However, RBI's active liquidity support through LAF helped the money market rates to remain soft.

In view of the general economic slowdown in the environment, especially in the Banking sector, the asset quality of almost all banks remained under stress and your Bank managed to overcome the challenging environment by ongoing efforts for strong recovery measures throughout the financial year.

Bank credit has remained subdued for the entire part of FY 15 and the transmission on account of rate cuts by RBI is being seen gradually. The Indian economy is on the threshold of major transformation, with expectations of policy initiatives being implemented. Positive sentiments, improved consumer confidence and more controlled inflation may boost the economic growth. The further impetus to growth depends on higher spending on infrastructure, speedy implementation of projects and continuation of reforms.

Global Economy

How the economy behaved in the last year in different parts of the world is discussed hereunder.

Though the US economy is expected to clock a growth of 2% during FY 2015 the growth was weak partly because of US dollar appreciation, but is expected to gain strength. With prospects of growth looking bright, Federal Reserve withdrew quantitative easing in a phased manner and market expects atleast one rate hike during 2015.

The Euro area growth is expected to be around 1.50% its best since 2011 on account of boost in demand from lower crude prices and the depreciation of the euro as well as easing financial and credit conditions following the commencement of quantitative easing.

With the impact of the consumption tax increase warning, the growth turned positive in Japan in Q4 of FY 2015 at 3.90% with upbeat consumer confidence, pickup in exports and strong numbers coming from business investments.

China's economy grew at 7.40%, the slowest pace in 24 years, falling short of government expectation since 1998, amidst financial fragilities and macroeconomic imbalances. This will have regional and global ramifications, although the softness in international commodity prices is providing some offset for net importers while adversely impacting net exporters.

Greece's default in its payment obligation to IMF looms large as implementation of crucial structural reforms lags behind with spending cuts and hike in tax rates not yielding the desired results to pay off the massive debt.

Against this scenario of world economies the Global economic growth in FY 2015 was a modest 3.30% as per the IMF estimates. Moderate and uneven global recovery was emerging with economies being buffeted (or supported) by currency fluctuations and commodity prices.

Global growth is likely to firm up through 2015 and 2016, supported by stronger recovery in the advanced economies (AEs) and soft energy prices. Downside risks mainly emanate from the slowdown in China, geopolitical risks surrounding oil prices and the uneven effects of currency and commodity price movements.

Global financial markets have also been boosted by expectations of normalisation of US monetary policy being pushed back into late 2015, monetary policy stances turning highly accommodative in other Advanced Economies and several emerging market economies (EMEs) easing policy rates to address growth concerns. Long-term yields have declined to all-time lows on weak inflation expectations, compression of term premiums and the safe haven allure of US Treasuries. Ultra low interest rates and reduction in risk premia have raised most asset prices to record highs, and have pushed investors to riskier assets such as equity and lower rated debt instruments. Exchange rates have experienced large and volatile movements, with the US dollar strengthening against most currencies. Nevertheless, with high portfolio flows to EMEs, risks from sudden shifts in market sentiment have increased.

Overall, global growth is projected to reach 3.50% and 3.80% in 2015 and 2016, respectively, in line with the projections in the January 2015 World Economic Outlook as reported by IMF in the Update published in April 2015.

Business Strategy and Approach to Business

As per the Second Bi-monthly monetary policy statement 2015-16 issued by RBI, the repo rate under the liquidity adjustment facility (LAF) was reduced by 25 bps from 7.50% to 7.25%, CRR (Cash Reserve Ratio) of Scheduled Banks remained unchanged at 4% of net demand and time liabilities (NDTL) and the reverse repo rate under the LAF stood adjusted to 6.25% and the marginal standing facility (MSF) rate and the Bank rate to 8.25%.

As a result of liquidity conditions easing in April 2015 after the tightness in the second half of March 2015 on account of advance tax outflows, the Reserve Bank's liquidity management operations were reversed.

The main focus of RBI was to curtail inflation and facilitate growth in the economy by introducing various measures and the recent rate cut in this perspective was to encourage banks to reduce lending rate to the borrowers.

Your Bank during this year has entered its 110th year and has been consistently rewarding its shareholders with Dividends. The Bank has always focused on customer centric Banking aimed at overall growth. Your Bank is committed to best practices in terms of product offerings, technology, service levels, risk management, audit and compliance. The objective is to continue building sound customer franchises across distinct businesses so as to be a preferred provider of banking services for its targeted retail and wholesale customer segments, and to achieve a healthy growth in profitability, consistent with the Bank's risk appetite. Your Bank's philosophy has been based on the following core values: Operational Excellence, Customer Focus, Leadership, People and Sustainability. Based on these cornerstones, it is our aim to meet the financial needs and provide services of a high quality to the customers across the country.

Your Bank is committed to do so this while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. The Bank understands and respects its fiduciary role and responsibility to all stakeholders and strives to meet their expectations. The cardinal principles of Independence, accountability, responsibility, transparency, fair and timely disclosures serve as the basis of our approach to good corporate governance.

Your Bank believes that diversity and independence of the Board, transparent disclosures, shareholder communication and effective regulatory compliance are necessary for creating and sustaining shareholder value. Your Bank has infused these principles into all its activities.

Your Bank also has a well documented Code of Conduct which defines the high business responsibility and ethical standards to be adhered to while conducting the business of the Bank and mandates compliance with legal and regulatory requirements.

Consistent with the mission and approach, your Bank's business strategy emphasizes the following:

- a. Develop innovative products and services that attract its target customers and address inefficiencies;
- b. Increase its market share in India's expanding banking and financial services industry by following a disciplined growth strategy focusing on balancing quality and volume growth while delivering high quality customer service;
- c. Leverage its technology platform and open scalable systems to deliver more products to customers and to control operating costs.
- d. Maintain high risk standards for asset quality through disciplined credit risk management.
- e. Focus on healthy earnings growth and low volatility;
- f. Integrate our activities in community development, social responsibility and environmental responsibility with our business practices and operations.

The financial performance of your Bank during the financial year ended 31st March, 2015 remained healthy with total income of ₹ 3,102.96 crore as compared to ₹ 2,825.79 crore during the previous year recording a growth of 9.81% and the total net revenues (net interest income plus other income) increased by 16.57% to ₹ 1,211.47 crore from ₹ 1,039.24 crore in the previous financial year. Net interest income grew by 6.32% supported by loan growth of 11.50% coupled with a net interest margin (NIM) of 3.44% for the year ending 31st March, 2015.

Other income during the financial year ended 31st March, 2015 grew 44.39% over that in the previous year to ₹ 404.10 crore. The largest component of other income was fees and commission which increased by 4.48% to ₹ 35.01 crore. The integrated treasury operations played a major role in earning exchange profit as surplus cash were deployed in overseas market to earn increased return. Securities Trading and Exchange profit revenues were ₹ 129.21 crore and suit recoveries were ₹ 74.69 crore in the financial year ended 31st March, 2015.

Operating non interest expenses increased from ₹ 458.28 crore in the previous financial year to ₹ 518.82 crore in the year under consideration. During the year, Bank opened 50 new branches and installed 121 ATMs which resulted in higher infrastructure and staffing expenses. Staff expenses increased to ₹ 210.27 crore. Cost to income ratio was at 42.83% for the year ended 31st March, 2015 as against 44.10% for the previous year.

Total provisions and contingencies were ₹ 308.52 crore for the financial year ended 31st March, 2015 as compared to ₹ 233.90 crore during the previous year. The provision coverage ratio was 57.54%.

Your Bank's profit before tax was ₹ 521.02 crore, an increase of 25.98% over the year ended 31st March, 2014. The net profit for the year ended 31st March, 2015 was ₹ 395.02 crore, up by 13.83% over the year ended 31st March, 2014. Return on equity was 16.91% while the basic earnings per share increased from ₹ 6.69 to ₹ 6.82 per equity share while the diluted earnings per share stood at ₹ 6.63. The book value per share of the Bank increased from ₹ 37.31 to ₹ 45.18 as on 31st March, 2015 as compared with previous year.

The total balance sheet of the Bank stood at ₹ 27,871.13 crore as on 31st March, 2015, an increase of 11.51% over ₹ 24,993.83 crore as at 31st March, 2014.

The deposits of the Bank increased to ₹ 24,075 crore as on 31st March, 2015 compared to ₹ 22,017 crore as on 31st March, 2014. The total demand deposits (CASA) increased by 18.23% to ₹ 4,631 crore. The proportion of current and savings deposits to total deposits was at 19.24% as on 31st March, 2015. During the financial year under review, gross advances grew by 11.50% to Rs.18,089 crore. Your Bank's credit deposit ratio was at 75% as on 31st March, 2015.

Your bank has implemented Bulk Note Acceptor Machines in select branches to smoothly handle branch operations so that the customers can perform transactions without any hassle.

The number of branches has increased by 50 in the previous year to reach 475 mark. Your Bank has proposed to widen its network by opening more number of new branches and ATMs during this financial year.

Segmentwise Performance

I. Deposits of the Bank comprise of the following

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total (%)
1.	Demand Deposit	1668.08	6.93
2.	Savings Deposit	2962.59	12.31
3.	Term Deposit	19444.29	80.76
Total		24074.96	100.00

II. Investments of the Bank consist of the following

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total (%)
1.	Govt Securities	5487.52	86.21
2.	Other approved securities	Nil	Nil
3.	Shares, Debentures / Bonds and Mutual funds	60.85	0.96
4.	Nabard RIDF & Security Receipts *	816.90	12.83
Total		6365.27	100.00

* includes Nabard deposits with RIDF, SIDBI & NHB - ₹ 494.59 crore and investments in Security Receipts - ₹ 322.31 crore.

III. Performance of various Business Segments

The Bank operates under four business segments namely Corporate / Wholesale Banking, Retail Banking, Treasury and Other Banking Operations.

Segments	Gross Profit (₹ in crore)	Percentage to total (%)
Treasury	244.65	35.32
Corporate Banking	178.77	25.81
Retail Banking	260.35	37.59
Other Banking Operations	8.88	1.28
Total	692.65	100.00

E. Risk Management

Integral to Bank business, the Bank takes on various types of risk, the most important of which are credit risk, market risk and operational risk. The identification, measurement, monitoring and management of risk remain a key focus area for the Bank. Sound risk management and balancing risk-reward trade-offs are critical to the Bank's success. Business and revenue growth are therefore to be weighed in context of the risks implicit in the Bank's business strategy. Your Bank has in place, sound Risk Management Architecture established by the active involvement and supervision of Board of Directors. The Board of the Bank has constituted a Risk Management Committee which lays down the parameters establishing the frame work for Risk Management. Under the Board level Committee, the Risk Management Committee of Executives functions to ensure the policy guidelines approved by the Board are implemented and adhered to. It guides the policies, procedures and systems for managing and controlling various risks. The Committee reviews risk level and direction, portfolio composition, risk appetite for all risks and also the stress tests for each risk.

Your Bank has a Risk Management team that reports directly to the Senior Management and working under their guidance of Board of Directors. The overall risks faced by the Bank and the risk appetites are evaluated by the team which develops policies and procedures, verifying the models that are used for pricing products, identifying new risks etc.

The Bank is BASEL II compliant from 31st March, 2009. The Bank has implemented the BASEL III Capital Regulations from 1st April, 2013, by computing the Capital and Risk weighted Assets as per RBI guidelines dated 2nd May, 2012. The Bank presently adopts standardized approach for credit and market risks and Basic Indicator Approach for operational risks. Necessary initiatives have been taken for moving over to advanced approaches under BASEL II as per the timelines indicated by RBI. An independent Risk Management Department is functioning to measure, monitor and control all risks paving way for effective Enterprise-wide Risk Management.

Risk is managed through three committees viz.,

- i) Credit Risk Management Committee (CRMC).
- ii) Asset and Liabilities Management Committee (ALCO).
- iii) Operational Risk Management Committee (ORMC).

The Bank has put in place the following policies to manage various types of Risks apart from the overall Integrated Risk Management Policy to measure, monitor and control all the enterprise-wide risks and with the objective of integrating all the risks of the Bank.

1. Credit Risk Management Policy.
2. Asset and Liability Management Policy.
3. Operational Risk Management Policy.
4. Stress Testing Policy.

5. Pillar 3 Disclosure Policy.
6. Business Continuity Plan Policy.
7. Inspection and Audit Policy.
8. Internal Capital Adequacy Assessment Process (ICAAP) Policy.
9. Credit Risk Mitigation and Collateral Management Policy.

On the advice of the said three Committees and based on the said policy norms your Bank is able to identify measure, analyze and control the risks at every stage, set and monitor prudential limits and manage them to face the changing risk environment. The disclosures on Quarterly / Half Yearly / Annual Basis as per the Disclosure Policy are reported/incorporated in the Bank's website / Annual Report. Stress tests are conducted to gauge the level of risk in the assumed crisis situation.

F. Internal Control Systems and their Adequacy

Your bank recognizes the importance of good internal control mechanism which is the key to sustainability of any organisation. The system ensures that all internal regulations and regulatory guidelines are strictly complied and adhered to by all the business units while achieving the targeted business and profitability parameters. The inspection department of the bank ensures adherence to laid out systems and procedures are regularly followed by the branches. There is a system of periodical overall inspection of the branches, special credit inspection, jewel loan inspection and concurrent audit. The compliance of KYC & AML regulations and the system of regular KYC inspection has been introduced in all the branches to ensure effective control in account opening process and monitoring and reporting unusual and high value suspicious transactions. The Audit Committee of the Board reviews the internal inspection and concurrent audit report of the branches on a monthly basis and also reviews the performance and status of the compliance with regard to regulatory / internal guidelines. Your bank has an effective credit monitoring system including offsite monitoring of operations on a real time basis, stock audit of large borrowal accounts by an external audit agency and credit audit to ensure compliance of sanctioned terms and conditions. Proper record maintenance, customer confidentiality, strong vigilance and alert system, zero tolerance policy of fraud, corruption and financial irregularities which receive focused attention of the top management as per the bank's internal control policy.

As per Reserve Bank of India's guidelines risk based internal audit system has been introduced in all the branches with the periodicity of inspection varying as per the risk category of the respective branches. The computer systems department is subjected to System Audit by external agencies on ongoing basis to mitigate risk under computerized environment. Identified branches contributing more than 70% of the business are under concurrent audit.

Your Bank is having an exclusive Compliance Department headed by a compliance officer to ensure implementation and compliance of all the directives issued by the regulators, the bank's Board of Directors and those contained in the Bank's internal control policy.

G. Human Resource Development / Industrial Relations

Human Resources Development has been a key and constant focus area for your bank.

The Bank has continued with its focus on overall development of its human assets through manpower planning, knowledge enrichment, capacity building, promotion and career progression, staff welfare, etc to maintain a high level of productivity.

The human resources agenda that includes within its gamut the attraction and retention of talent, skills development, reward and recognition, performance management and employee engagement are realized through number of key initiatives, systems and processes.

Performance Management is one of the most critical dimensions pertaining to the management of human resources and the organisation has a comprehensive Performance Management Appraisal System to assess

performance. The Performance Appraisal facilitates the differentiation between the various categories of performance. The Performance Appraisal also allows for identification of training and development needs for employees. Employee development and growth is realized through an array of functional and behavioral programs that your Bank conducts throughout the year as well as on the job training. Further your Bank lays emphasis in rotating key talent for professional development and growth and building a leadership pipeline for the future.

Rewards and recognition play a key role to attract, retain and engage employees. Your Bank is committed to ensure that employees are competitively positioned vis-a-vis market. Your Bank also grants employee stock options in order to align employee efforts to the creation of shareholder value.

The industrial relations in the Bank have been very cordial and harmonious. Continuous performance measurement with annual review, identifying employee's knowledge, skill and capacity to achieve the defined targets through innovative approach have remained the crux of our HR policy. Accordingly performance based incentives are given to the achievers on annual basis and certificate of merit are issued to the employees excelling in performance. The number of employees on roll of the Bank as on 31st March, 2015 was 4,365.

H. Discussions on Financial performance with respect to Operational performance

The Bank's financial performance with respect to operational performance can be enumerated as per the following parameters:

Particulars	Current Year	Previous Year
Deposits rose by (₹ in crore)	2058.06	1712.13
Cost of deposits	8.15%	8.37%
Gross advances rose by (₹ in crore)	1864.92	880.74
Yield on Advances	13.18%	13.43%
Total Yield on Investments	8.33%	7.71%
Net Interest Income rose by (₹ in crore)	47.98	135.38
Number of branches increased to	475	425
Staff productivity increased to (₹ in crore)	9.65	9.06

I. Outlook

The current financial year is likely to be a challenging one with respect to business growth and asset quality for the entire banking system. The economic scenario is expected to remain subdued for some more period of time. However, your Bank will strive against such circumstances and try to bring out the best possible results in the given environment.

INDEPENDENT AUDITORS' REPORT

THE MEMBERS OF CITY UNION BANK LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **CITY UNION BANK LIMITED** (herein after referred to as "the Bank"), which comprise the Balance Sheet as at 31st March, 2015, the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 4 branches / offices and Central Office of the Bank audited by us and 473 branches / offices audited by branch auditors.

Management's Responsibility for the Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and Auditing Standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.
5. We conducted our Audit in accordance with the Standards on Auditing specified u/s 143(10) of the Companies Act, 2013. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the accounting policies and notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the Banking Companies and give a true and fair view in conformity with accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 2015;
- (ii) in the case of the Profit & Loss Account of the profit for the year ended on that date; and
- (iii) in the case of the Cash flow Statement, of Cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

9. The Balance Sheet and the Statement of Profit and Loss have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 and Rule 7 of the Companies (Accounts) Rules, 2014.
10. As required by sub - section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
 - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - (c) The Returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
11. Further, as required by Section 143 (3) of the Companies Act, 2013, we report that:
- (i) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.
 - (iii) The reports on the accounts of the branch offices audited by the branch auditors of the Bank under Section 143(8) of the Companies Act, 2013 have been sent to us and have been properly dealt with by us in preparing this report.
 - (iv) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by us in the Report are in agreement with the books of account.
 - (v) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (vi) On the basis of the written representations received from the directors as on 31st March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013.
 - (vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The bank has disclosed the impact of pending litigation on its financial position in its financial statements - Refer 12.1 in Notes of Accounts;
 - b. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580S)

Lakshmy. C
Partner
M.No. : 28508

Place: Chennai
Date : 23rd May, 2015

BALANCE SHEET AS ON 31st MARCH, 2015

(₹ in thousands)

	Schedule No.	AS ON 31.03.2015	AS ON 31.03.2014
CAPITAL AND LIABILITIES			
Share Capital	1	59,65,68	54,27,40
Reserves and Surplus	2	2635,86,54	1970,65,81
Deposits	3	24074,95,56	22016,89,16
Borrowings	4	168,81,64	304,98,39
Other Liabilities & Provisions	5	931,83,27	647,01,81
Total		27871,12,69	24993,82,57
ASSETS			
Cash and Balances with Reserve Bank of India	6	1233,50,69	1040,11,32
Balances with Banks & Money at Call and Short Notice	7	1303,26,40	1139,50,28
Investments	8	6365,26,66	5953,55,74
Advances	9	17965,50,04	16096,83,72
Fixed Assets	10	210,41,40	182,95,16
Other Assets	11	793,17,50	580,86,35
Total		27871,12,69	24993,82,57
Contingent Liabilities	12	7536,51,96	5113,13,42
Bills for Collection		266,46,33	214,28,36

S. SUNDAR
CFO & Senior General Manager

Dr. N. KAMAKODI
MD & CEO

S. BALASUBRAMANIAN
Chairman

V. RAMESH
Company Secretary & DGM

T. K. RAMKUMAR
C.R. MURALIDHARAN
Justice (Retd.) S.R. SINGHARAVELU

Prof. V. KAMAKOTI
S. MAHALINGAM
R. MOHAN
ABARNA BHASKAR

Directors

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580S)

Chennai
23rd May, 2015

Lakshmy. C
Partner
M.No. : 28508

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2015

(₹ in thousands)

	Schedule No.	YEAR ENDED 31.03.2015	YEAR ENDED 31.03.2014
I INCOME			
Interest Earned	13	2698,85,63	2545,93,31
Other Income	14	404,10,43	279,85,50
Total		3102,96,06	2825,78,81
II EXPENDITURE			
Interest Expended	15	1891,48,80	1786,54,35
Operating Expenses	16	518,82,26	458,27,02
Provisions and Contingencies		308,51,89	233,90,01
Total		2718,82,95	2478,71,38
III PROFIT / LOSS			
Net Profit		395,02,04	347,07,43
Profit brought forward		6,87,41	6,87,10
Total		401,89,45	353,94,53
Exceptional Items		10,88,93	Nil
IV APPROPRIATIONS			
Statutory Reserves		103,00,00	88,00,00
Capital Reserve		7,59,93	57,33
General Reserve		173,35,11	165,00,00
Special Reserve under IT Act, 1961		32,00,00	30,00,00
Proposed Dividend		65,62,25	54,27,40
Dividend Tax thereon		13,36,10	9,22,39
Balance carried over to Balance Sheet		6,96,06	6,87,41
Total		401,89,45	353,94,53

S. SUNDAR
CFO & Senior General Manager

Dr. N. KAMAKODI
MD & CEO

S. BALASUBRAMANIAN
Chairman

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S. MAHALINGAM
R. MOHAN
ABARNA BHASKAR

Directors

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580S)

Chennai
23rd May, 2015

Lakshmy. C
Partner
M.No. : 28508

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in thousands)

		AS ON 31.03.2015	AS ON 31.03.2014
SCHEDULE - 1 CAPITAL			
Authorised Capital (100,00,00,000 Equity Shares of ₹ 1/- each)		100,00,00	100,00,00
Issued Capital (59,65,67,800 / 54,27,40,263 Equity Shares of ₹ 1/- each)		59,65,68	54,27,40
Subscribed and Paid-up Capital (59,65,67,800 / 54,27,40,263 Equity Shares of ₹ 1/- each)	59,65,68		54,27,40
Less: Calls unpaid	Nil	59,65,68	Nil 54,27,40
Total		59,65,68	54,27,40
SCHEDULE - 2 RESERVES AND SURPLUS			
I. Statutory Reserves			
Opening Balance	588,00,00		500,00,00
Additions during the year	103,00,00	691,00,00	88,00,00 588,00,00
II. Capital Reserves			
Opening Balance	46,35,14		45,77,81
Additions during the year	7,59,93	53,95,07	57,33 46,35,14
III. Share Premium			
Opening Balance	451,90,38		327,79,49
Additions during the year	349,17,03	801,07,41	124,10,89 451,90,38
IV. Revenue and Other Reserves			
i) General Reserve			
Opening Balance	756,14,89		621,40,00
Deductions during the year	Nil		30,25,11
Additions during the year	173,35,11	929,50,00	165,00,00 756,14,89
ii) Investment Reserve Account			
Opening Balance	2,37,99		2,37,99
Additions during the year	Nil	2,37,99	Nil 2,37,99
iii) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961			
Opening Balance	119,00,00		89,00,00
Additions during the year	32,00,00	151,00,00	30,00,00 119,00,00
V. Balance in Profit and Loss Account		6,96,07	6,87,41
Total		2635,86,54	1970,65,81

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

		AS ON 31.03.2015	AS ON 31.03.2014
SCHEDULE - 3 DEPOSITS			
A I. Demand Deposits			
i) From Banks	48,84		66,90
ii) From Others	1667,58,82	1668,07,66	1441,32,37
II. Savings Deposits		2962,58,95	2475,35,19
III. Term Deposits			
i) From Banks	35,35,40		41,45,69
ii) From Others	19408,93,55	19444,28,95	18058,09,01
Total		24074,95,56	22016,89,16
B i) Deposits of Branches in India		24074,95,56	22016,89,16
ii) Deposits of Branches outside India		Nil	Nil
Total		24074,95,56	22016,89,16
SCHEDULE - 4 BORROWINGS			
I. Borrowings in India			
i) Reserve Bank of India		20,00,00	120,00,00
ii) Other Banks		9,94	2,80
iii) Other institutions and agencies		108,71,70	144,95,59
iv) Subordinated debt		40,00,00	40,00,00
II. Borrowings from outside India		Nil	Nil
Total		168,81,64	304,98,39
III. Secured Borrowings included in I		Nil	Nil
SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS			
I. Bills Payable		174,92,80	181,97,57
II. Inter-Office Adjustments (net)		Nil	1,84
III. Interest Accrued		212,92,68	107,81,59
IV. Others (including Provisions)		543,97,79	357,20,81
Total		931,83,27	647,01,81
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I Cash in Hand (including foreign currency notes)		281,05,77	128,18,32
II Balances with Reserve Bank of India			
i) In Current Accounts		952,44,92	911,93,00
ii) In Other Accounts		Nil	Nil
Total		1233,50,69	1040,11,32

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2015	AS ON 31.03.2014
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
a) In Current Accounts	194,33,78	393,95,52
b) In Other Deposit Accounts	60,30,00	23,17,00
	<u>254,63,78</u>	<u>417,12,52</u>
ii) Money at Call and Short notice		
a) With Banks	Nil	50,00,00
b) With Other Institutions	Nil	199,66,87
Total	<u>254,63,78</u>	<u>666,79,39</u>
II. Outside India		
In Current Accounts	48,62,62	20,35,06
In Deposit Accounts	1000,00,00	452,35,83
Total	<u>1048,62,62</u>	<u>472,70,89</u>
Grand Total	<u>1303,26,40</u>	<u>1139,50,28</u>
SCHEDULE - 8 INVESTMENTS		
I. In India		
i) Government Securities	5487,52,43	5318,97,01
ii) Other Approved Securities	Nil	Nil
iii) Shares	23,43,23	30,55,09
iv) Debentures and Bonds	37,42,09	42,70,29
v) Subsidiaries / Joint Ventures	Nil	Nil
vi) Others	816,88,91	561,33,35
Total	<u>6365,26,66</u>	<u>5953,55,74</u>
Gross Investments in India	<u>6366,98,66</u>	<u>5955,27,74</u>
Less : Provision for Investment Depreciation	1,72,00	1,72,00
Net Investments in India	<u>6365,26,66</u>	<u>5953,55,74</u>
II. Outside India	Nil	Nil
Grand Total	<u>6365,26,66</u>	<u>5953,55,74</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2015	AS ON 31.03.2014
SCHEDULE - 9 ADVANCES		
A. i) Bills Purchased and Discounted	233,69,85	362,43,77
ii) Cash Credits, Overdrafts and Loans repayable on Demand	11658,48,65	10400,86,98
iii) Term Loans	6073,31,54	5333,52,97
Total	17965,50,04	16096,83,72
B. i) Secured by tangible assets (includes advances against Book debts)	17475,33,50	15463,13,78
ii) Covered by Bank / Government Guarantees	295,05,69	298,10,69
iii) Unsecured	195,10,85	335,59,25
Total	17965,50,04	16096,83,72
C. I. Advances in India		
i) Priority Sector	8312,21,76	7409,84,39
ii) Public Sector	295,05,69	298,10,69
iii) Others	9358,22,59	8388,88,64
Total	17965,50,04	16096,83,72
II. Advances outside India	Nil	Nil
Grand Total	17965,50,04	16096,83,72
SCHEDULE - 10 FIXED ASSETS		
I. Premises		
i) At Cost as at 31 st March of the preceding year	55,44,21	39,99,01
ii) Additions during the year	2,06,52	15,45,20
iii) Sales / Adjustments during the year	Nil	Nil
Total	57,50,73	55,44,21
iv) Depreciation to date	9,82,56	9,30,45
Total	47,68,17	46,13,76

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2015	AS ON 31.03.2014
II. Other Fixed Assets (including Furniture and Fixtures)		
i) At Cost as at 31st March of the preceding year	303,04,40	240,07,64
ii) Additions during the year	73,50,32	79,12,07
Total	376,54,72	319,19,71
iii) Deductions / Adjustments during the year	41,06	15,18,31
Total	376,13,66	304,01,40
iv) Depreciation to date	213,40,43	167,20,00
Total	162,73,23	136,81,40
Grand Total	210,41,40	182,95,16

SCHEDULE - 11 OTHER ASSETS

I. Inter office Adjustments	42,31,50	Nil
II. Interest accrued	134,59,57	124,59,15
III. Tax paid in Advance / Tax deducted at source	405,94,79	259,35,29
IV. Stationery and Stamps	59,39	60,40
V. Others	209,72,25	196,31,51
Total	793,17,50	580,86,35

SCHEDULE - 12 CONTINGENT LIABILITIES

I. Claims against Bank not acknowledged as debts	3,58,95	2,97,92
II. Liability for partly paid Investments	Nil	Nil
III. Liability on account of outstanding Forward Exchange Contracts	5892,14,70	3661,48,27
IV. Guarantees given on behalf of Constituents		
- In India	1196,55,24	968,53,55
- Outside India	29,73,96	8,77,92
V. Acceptances, endorsements and other obligations	407,75,32	470,93,36
VI. Other items for which the Bank is contingently liable	6,73,79	42,40
Total	7536,51,96	5113,13,42

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	YEAR ENDED 31.03.2015	YEAR ENDED 31.03.2014
SCHEDULE - 13 INTEREST EARNED		
I. Interest / Discount on Advances / Bills	2166,19,78	2092,11,89
II. Income on Investments	519,82,56	438,03,43
III. Interest on Balances with Reserve Bank of India and other Inter-Bank funds	12,83,29	15,77,99
IV. Others	Nil	Nil
Total	2698,85,63	2545,93,31
SCHEDULE - 14 OTHER INCOME		
I. Commission, Exchange and Brokerage	42,99,21	40,08,07
II. Profit / Loss on sale of Investments (net)	60,31,60	22,82,79
III. Profit / Loss on revaluation (Amortization)	Nil	Nil
IV. Profit / Loss on sale of Land, Buildings and other assets	-5,68	38,76
V. Profit on Exchange transactions (net)	68,89,13	32,67,40
VI. Miscellaneous Income	231,96,17	183,88,48
Total	404,10,43	279,85,50
SCHEDULE - 15 INTEREST EXPENDED		
I. Interest on Deposits	1853,16,53	1734,00,56
II. Interest on RBI / Inter-Bank Borrowings	22,79,68	12,87,72
III. Others	15,52,59	39,66,07
Total	1891,48,80	1786,54,35
SCHEDULE - 16 OPERATING EXPENSES		
I. Payments to and provision for employees	210,27,39	185,62,13
II. Rent, taxes and lighting	89,01,61	71,54,36
III. Printing and Stationery	9,56,99	9,45,68
IV. Advertisement and publicity	21,67,63	19,81,51
V. Depreciation on Bank's property	46,72,55	37,71,72
VI. Directors' fees, allowances and expenses	78,55	42,89
VII. Auditors' fees and expenses	1,16,63	1,96,53
VIII. Law charges	51,02	38,88
IX. Postage, Telegrams, Telephone, etc.	12,61,44	15,46,44
X. Repairs and Maintenance	33,73,52	41,18,49
XI. Insurance	23,60,62	22,82,89
XII. Other expenditure	69,14,31	51,85,50
Total	518,82,26	458,27,02
Exceptional Item (+)	10,88,93	Nil

NOTES ON ACCOUNTS
1. CAPITAL

(₹ in crore)

Sl. No.	Particulars	31 st March 2015		31 st March 2014	
		Basel II	Basel III	Basel II	Basel III
i)	Common Equity Tier 1 Capital Ratio (%)	16.07%	16.03%	NA	14.43%
ii)	Tier 1 Capital Ratio (%)	16.07%	16.03%	14.48%	14.43%
iii)	Tier 2 Capital Ratio (%)	0.52%	0.49%	0.63%	0.58%
iv)	Total Capital Ratio (CRAR) (%)	16.59%	16.52%	15.11%	15.01%
v)	Percentage of shareholding of the Government of India in Public Sector Banks	NA		NA	
vi)	Amount of Equity Capital raised	5.38 *		6.83	
vii)	Amount of Additional Tier 1 Capital raised; of which, PNCPS PDI	Nil		Nil	
viii)	Amount of Tier 2 Capital raised; of which, Debt Capital Instrument Preference Share Capital Instruments - PCPS / RNCPS / RCPS	Nil		Nil	

* During the year 2014-15, the Bank has allotted 4,66,35,576 equity shares of face value of ₹ 1/- each at a premium of ₹ 74.05 aggregating to ₹ 350 crore to Qualified Institutional Buyers and ₹ 13.32 crore pursuant to exercise of 71,91,961 equity shares under ESOP. The QIP issue expenses of ₹ 8.77 crore have been amortized against share premium received.

2. INVESTMENTS

(₹ in crore)

Particulars	31 st March 2015	31 st March 2014
(1) Value of Investments		
(i) Gross value of Investments		
(a) In India	6366.99	5955.28
(b) Outside India	Nil	Nil
(ii) Provision for Depreciation		
(a) In India	1.72	1.72
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	6365.27	5953.56
(b) Outside India	Nil	Nil
(2) Movement of provision held towards depreciation on Investments		
(i) Opening Balance	1.72	1.03
(ii) Add: Provision made during the year	Nil	0.83
(iii) Less: Write-off / Write-back of excess provision during the year	Nil	0.14
(iv) Closing Balance	1.72	1.72

2.1. Repo Transactions (in face value terms)

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 st March 2015
Securities sold under Repo				
i) Government Securities	4.16	156.00	39.65	764.40
ii) Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse Repo				
i) Government Securities	5.20	400.40	15.62	Nil
ii) Corporate debt securities	Nil	Nil	Nil	Nil

2.2 Non-SLR Investment Portfolio
i) Issuer Composition of Non-SLR Investments

(₹ in crore)

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of below "Investment Grade" Securities	Extent of "Unrated" Securities	Extent of "Unlisted" Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	24.25	18.44	Nil	Nil	Nil
2	Financial Institutions	2.66	Nil	Nil	Nil	1.00
3	Banks	25.63	14.00	Nil	Nil	Nil
4	Private Corporates	8.33	2.57	Nil	Nil	2.57
5	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
6	Others *	818.59	324.00	Nil	5.10	324.00
	Total (1 to 6)	879.46	359.01	Nil	5.10	327.57
7	Provision held towards depreciation	1.72	***	***	***	***
	BALANCE	877.74	359.01	Nil	5.10	327.57

* Includes deposits with NABARD (RIDF), SIDBI, NHB - ₹ 494.59 crore and investments in Security Receipts - ₹ 324.00 crore.

ii) Non - Performing Non - SLR Investments

(₹ in crore)

Particulars	31 st March 2015	31 st March 2014
Opening Balance	Nil	Nil
Additions during the year since 1 st April	Nil	Nil
Reductions during the above period	Nil	Nil
Closing Balance	Nil	Nil
Total provision held	Nil	Nil

2.3 Sale and Transfer to /from HTM category

The value of sales and transfer of securities from HTM category after considering the exemptions allowed by RBI, doesn't exceed 5 percent of the book value of investments held in HTM category at the beginning of the year. Hence no disclosure is required.

3. DERIVATIVES

3.1 Forward Rate Agreement / Interest Rate Swap

(₹ in crore)

Sl. No.	Particulars	31 st March 2015	31 st March 2014
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the bank upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

3.2 Exchange Traded Interest Rate Derivatives

(₹ in crore)

Sl. No.	Particulars	31 st March 2015	31 st March 2014
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March 2015 (instrument-wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

3.3 Disclosures on risk exposure in derivatives

3.3.1 - Qualitative Disclosure:

A. Structure and Organisation for Management of risk in derivatives trading

Operations in the Treasury are segregated into three functional areas, namely Front office, Mid-office and Back-office, equipped with necessary infrastructure and trained officers, whose responsibilities are well defined. The Bank enters into plain vanilla forward contracts only to backup / cover customer transactions as also for proprietary trading purpose.

The Integrated Treasury policy of the Bank clearly lays down the scope of usages, approval process as also the limits like the open position limits, deal size limits and stop loss limits for trading.

The Mid-Office is handled by Risk Management Department. Daily report is generated by Risk Management department for appraisal of the risk profile to the senior management for Asset and Liability Management.

B. Scope and nature of risk measurement, risk reporting and risk monitoring systems

Outstanding forward contracts are monitored by Risk Management Department against the limits (Counterparty, Stop loss, Open Position, VaR, Aggregate Gap) fixed by the Board and approved by RBI (wherever applicable) and exceedings, if any, are reported to the Board for ratification.

C. Policies for hedging and / or mitigating and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants

The Bank's policy lays down that the transactions with the corporate clients are to be undertaken only after the inherent credit exposures are quantified and approved for customer appropriateness and suitability and necessary documents like ISDA agreements etc. are duly executed. The Bank adopts Current Exposure Method for monitoring the credit exposures.

While sanctioning the limits, the competent authority stipulates condition of obtaining collaterals / margin as deemed appropriate. The derivative limits are reviewed periodically along with other credit limits.

D. Accounting policy for recording the hedge and non-hedge transactions, recognition of Income premiums and discounts, valuation of outstanding contracts, provisioning, collateral and credit risk mitigation

Valuation of outstanding forward contracts are done as per FEDAI guidelines in force. Marked to market profit & loss are taken to Profit & Loss account. MTM profit & loss calculated as per Current Exposure method are taken into account while sanctioning forward contract limits to customers and collaterals / cash margins are prescribed for credit and market risks.

The Bank undertakes foreign exchange forward contracts for its customers and hedges them with other banks. The credit exposure on account of forward contracts is also considered while arriving at the total exposure of each customer / borrower. The Bank also deals with other banks in proprietary trading duly adhering to risk limits permitted by RBI, set in the policy and is monitored by mid-office. The Marked to Market values are monitored on monthly basis for foreign exchange forward contracts. The credit equivalent is computed under current exposure method. The operations are conducted in terms of the policy guidelines issued by Reserve Bank of India from time to time and as approved by the Board of the Bank.

3.3.2 - Quantitative Disclosure:

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
(i)	Derivatives (Notional Principal Amount)				
	a) for hedging	1003.45	389.25	Nil	Nil
	b) for trading	4888.69	3272.23	Nil	Nil
(ii)	Marked to Market Positions (1)				
	a) Assets (+)	52.14	98.62	Nil	Nil
	b) Liability (-)	31.30	75.90	Nil	Nil

3.3.2 - Quantitative Disclosure: (Contd.)

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
(iii)	Credit Exposure (2) @	169.98	171.84	Nil	Nil
(iv)	Likely impact of one percentage change in interest rate (100 * PV01)				
	a) on hedging derivatives	Nil	Nil	Nil	Nil
	b) on trading derivatives	Nil	Nil	Nil	Nil
(v)	Maximum and Minimum of 100 * PV01 observed during the year				
	a) on hedging	Nil	Nil	Nil	Nil
	b) on trading	Nil	Nil	Nil	Nil

@ → Out of the total credit exposure of ₹ 169.98 crore (₹ 171.84 crore), exposure to the tune of ₹ 140.46 crore, (₹ 152.26 crore) is out of Inter-Bank deals accepted for guaranteed settlement by Clearing Corporation of India (CCIL) and exposure to the tune of ₹ 21.56 crore (₹ 15.17 crore) is out of other Inter-Bank deals. Balance ₹ 7.96 crore (₹ 4.41) is out of forward contracts outstanding with customers.

4. ASSET QUALITY
4.1. Non-Performing Assets

(₹ in crore)

Sl. No.	Particulars	31 st March 2015	31 st March 2014
(i)	Net NPAs to Net Advances (%)	1.30%	1.23%
(ii)	Movement of Gross NPAs		
	Opening balance	293.06	173.10
	Additions during the year	425.09	456.21
	Reductions during the year	382.33	336.25
	Closing balance	335.82	293.06
(iii)	Movement of Net NPAs		
	Opening balance	197.29	96.39
	Additions during the year (Net)	342.19	364.97
	Reductions during the year	306.69	264.07
	Closing balance	232.79	197.29
(iv)	Movement of provisions for NPAs (excluding provisions on Standard Assets)		
	Opening balance	95.77	76.41
	Provisions made during the year	165.00	148.50
	Write-off / Write back of excess provisions	157.74	129.14
	Closing balance	103.03	95.77

4.2 Particulars of Accounts Restructured

As per Annexure I.

4.3 Details of financial assets sold to Securitisation / Reconstruction company for Asset Reconstruction

(₹ in crore)

Sl. No.	Particulars	31 st March 2015	31 st March 2014
a.	Number of Accounts	142	113
b.	Aggregate value (Net of provision) of accounts sold to SC / RC	331.63	37.05
c.	Aggregate consideration	422.32	59.65
d.	Additional consideration realized in respect of accounts transferred in earlier years	0.48	Nil
e.	Aggregate gain / loss over net book value	91.17	22.60

Investments in Security Receipts

(₹ in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying		Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book value of Investments in Security Receipts	Nil	322.66	1.88	1.34	1.88	324.00

Sale of financial assets to ARCs, the quantum of excess provision reversed to the profit and loss account on account of sale of NPAs - Nil

4.4 Details of Non - Performing financial assets purchased / sold

4.4.1 Details of non performing financial assets purchased :

(₹ in crore)

Sl. No.	Particulars	31 st March 2015	31 st March 2014
1.	a) Number of accounts purchased during the year	Nil	Nil
	b) Aggregate outstanding	Nil	Nil
2.	a) Of these, No. of a/cs restructured during the year	Nil	Nil
	b) Aggregate outstanding	Nil	Nil

4.4.2 Details of non performing financial assets sold :

(₹ in crore)

Sl. No.	Particulars	31 st March 2015	31 st March 2014
1.	Number of accounts sold during the year	Nil	Nil
2.	Aggregate outstanding	Nil	Nil
3.	Aggregate consideration received	Nil	Nil

4.5 Provisions on Standard Assets

(₹ in crore)

Particulars	31 st March 2015	31 st March 2014
Provision towards Standard Assets	74.70	67.70

5. BUSINESS RATIOS

Particulars	31 st March 2015	31 st March 2014
Interest Income as a percentage to Working Funds	10.17%	10.55%
Non-Interest Income as a percentage to Working Funds	1.52%	1.25%
Operating Profit as a percentage to Working Funds	2.61%	2.41%
Return on Assets	1.49%	1.44%
Business per employee (₹ in crore)	9.65	9.06
Profit per employee (₹ in crore)	0.09	0.08

6. ASSET LIABILITY MANAGEMENT
Maturity Pattern of certain items of Assets and Liabilities - 31st March, 2015

(₹ in crore)

Period	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	38.22	30.79	24.61	0.10	64.43	15.35
2 to 7 days	233.37	259.77	602.50	0.00	277.82	242.26
8 to 14 days	770.06	992.62	472.25	0.00	26.28	31.47
15 to 28 days	244.06	174.26	343.45	0.00	27.94	4.62
29 days to 3 months	1021.91	339.01	852.28	0.00	1785.55	1308.85
Over 3 months & upto 6 months	1348.08	337.52	1006.64	33.86	508.57	499.06
Over 6 months & upto 1 year	3519.38	3719.01	1365.09	13.86	888.84	1363.05
Over 1 year & upto 3 years	15686.67	8267.28	1136.71	120.99	64.54	167.26
Over 3 years & upto 5 years	1108.90	1341.85	65.40	0.00	43.11	112.98
Over 5 years	104.31	2503.39	496.34	0.00	0.00	0.13
Total	24074.96	17965.50	6365.27	168.81	3687.08	3745.03

The above classification has been made on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

7. EXPOSURES

7.1 Exposure to Real Estate Sector

(₹ in crore)

Category	31 st March 2015	31 st March 2014
A) Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; *	1140.21	858.82
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also includes Non-Fund Based (NFB) limits (Fund Based ₹ 1050.40 crore + NFB ₹ 7.78 crore)	1058.18	949.60
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
B) Indirect Exposure		
Fund Based and Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) - (Fund Based ₹ 1.11 crore)	1.11	3.29
Total Exposure to Real Estate Sector	2199.50	1811.71

* includes Individual housing loans eligible for inclusion in priority sector advances amounting to ₹ 505.68 crore for the year ended 31st March, 2015 and ₹ 439.09 crore for the previous year 31st March, 2014.

7.2 Exposure to Capital Market

(₹ in crore)

Sl. No.	Particulars	31 st March 2015	31 st March 2014
1.	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	22.43	29.55
2.	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investments in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	Nil	0.12
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units or equity oriented mutual funds are taken as primary security.	3.02	1.43
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds. i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	42.60	63.59
5.	Secured and Unsecured Advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	57.49	54.11
6.	Loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	Nil	Nil
7.	Bridge loans to companies against expected equity flows / issues.	Nil	Nil
8.	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	Nil	Nil
9.	Financing to stock brokers for margin trading.	Nil	Nil
10.	All exposures to venture capital funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market		125.54	148.80

7.3 Risk Category-wise Country Exposure *

(₹ in crore)

Risk Category	Exposure (net) as at March 2015	Provision held as at March 2015	Exposure (net) as at March 2014	Provision held as at March 2014
Insignificant	1076.84	0.32	491.03	Nil
Low	104.41	Nil	53.95	Nil
Moderately Low	0.81	Nil	68.19	Nil
Moderate	0.70	Nil	Nil	Nil
Moderately High	Nil	Nil	0.40	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Total	1182.76	0.32	613.57	Nil

* Based on categorization followed by Export Credit Guarantee Corporation of India Ltd.

7.4 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank

Single Borrower Limit / Group Borrower Limit has not been exceeded during the year.

7.5 Unsecured Advances - Advances secured by intangible securities such as Rights, licences, authorisations, etc. - Nil

7.6 Amount of Provision for Income-Tax for the year

(₹ in crore)

Particulars	31 st March 2015	31 st March 2014
Provision for Income Tax	103.20	55.12
Deferred Tax	22.80	11.38

8. PENALTIES IMPOSED BY RBI

No penalty was imposed on the bank by the Reserve Bank of India during the year.

9. DISCLOSURES AS PER ACCOUNTING STANDARDS

The Bank has complied with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India and the following disclosures are made in accordance with RBI's guidelines.

i) Prior Period Items - AS 5

For the preparation of these financial results, the Bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended 31st March, 2015, except for accounting of depreciation on fixed assets.

Disclosure regarding Depreciation Policy: In the current year, effective from 1st April, 2014 the Bank has changed the accounting policy of charging depreciation having regard to change in the estimated useful life of the assets, from Written down value method (WDV), to Straight line method (SLM) in respect of all fixed assets. The management believes that the aforesaid changes better reflect the actual use of assets acquired and is in conformity with the Companies Act, 2013.

On account of this change in accounting policy, the bank has in the fourth quarter, reversed an amount of ₹ 1088.93 lakhs representing the excess depreciation charge for the period upto 31st March, 2014 and disclosed the same as an exceptional item. As a result of this change, the net profit for the current year and fourth quarter is higher by ₹ 1088.93 lakhs and the basic and diluted earnings per share is higher by ₹ 0.19 & ₹ 0.18 per share.

ii) Revenue Recognition - AS 9

As mentioned in Accounting Policy (2) of Income / Expenditure of certain items recognised on cash basis.

iii) Employee Benefits - AS 15

The liability towards Gratuity is met through annual premium payments determined on actuarial valuation by Life Insurance Corporation of India under their Group Gratuity Life Assurance Scheme.

The Bank and its employees contribute a defined sum every month to City Union Bank Employees' Pension Fund Superannuation Scheme of Life Insurance Corporation of India to meet the post-retirement annuity payments of its employees.

Leave encashment benefits of employees are provided on an actuarial basis but not funded.

The summarized position of the employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard 15 (Revised) is as under.

Leave Encashment
a) Changes in the present value of the obligations:

(₹ in crore)

Particulars	31 st March 2015
Present value of Obligation as at the beginning of the year	26.64
Interest cost	2.31
Current service cost	0.25
Past service cost - (non vested benefits)	Nil
Past service cost - (vested benefits)	Nil
Benefits paid	(3.79)
Actuarial (gain) / loss on obligation	6.63
Present value of obligation at year end	32.04

b) Amount recognized in Balance Sheet :

(₹ in crore)

Particulars	31 st March 2015
Closing Present value Obligation	32.04
Fair value of Plan Assets	Nil
Difference	32.04
Unrecognised transitional liability	Nil
Unrecognised past service cost - non vested benefits	Nil
Liability recognized in the Balance sheet	32.04

c) Expenses recognized in Profit & Loss account :

(₹ in crore)

Particulars	31 st March 2015
Current Service cost	0.25
Interest cost	2.31
Expected return on Plan Assets	Nil
Net Actuarial (gain) / loss recognised in the year	6.63
Total expenses recognized in the Profit & Loss Account	9.19

d) Principal actuarial assumption at the Balance Sheet Date:

Particulars	31 st March 2015
Discount factor	7.85%
Salary escalation rate	5.00%
Attrition rate	6.00%
Expected rate of return on Plan Assets	Nil

iv) Segment Reporting - AS 17

Summary of the Operating Segments of the Bank as follows:

(₹ in crore)

BUSINESS SEGMENTS	TREASURY		CORPORATE / WHOLESALE BANKING		RETAIL BANKING		OTHER BANKING OPERATIONS		TOTAL	
Particulars	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Revenue	661.87	509.31	754.88	697.51	1674.54	1609.79	11.67	9.18	3102.96	2825.79
Result	244.65	105.48	178.77	163.71	260.35	305.19	8.88	6.59	692.65	580.97
Unallocated Expenses									Nil	Nil
Operating Profit									692.65	580.97
Other Prov & Contingencies									182.52	167.40
Exceptional Items									10.89	Nil
Income Taxes									126.00	66.50
Net Profit									395.02	347.07
Other Information										
Segment Assets	8233.32	7562.62	5949.47	5343.59	12927.53	11518.10	Nil	Nil	27110.32	24424.31
Unallocated Assets									760.81	569.52
Total Assets									27871.13	24993.83
Segment Liabilities	7480.31	7122.19	5405.59	4908.74	11745.73	10580.74	Nil	Nil	24631.63	22611.67
Unallocated Liabilities									543.98	357.23
Total Liabilities									25175.61	22968.90
Segment Capital	753.01	440.43	543.88	434.85	1181.79	937.36	Nil	Nil	2478.68	1812.64
Unallocated Capital									216.84	212.29
Capital Employed									2695.52	2024.93

Part B - Geographic Segment:

The Bank operates only in India.

v) Related Party disclosures - AS 18

(i) Related Parties:

Parent / Subsidiaries / Associates / JV - Nil
 Key Management Personnel - Dr. N. Kamakodi

(ii) Related Party Transactions:

- a) as Remuneration - ₹ 44,15,000/-
 b) as Loan availed - Outstanding as on 31st March, 2015 : ₹ 43,15,301/-

vi) Earning Per share - AS 20

The details of EPS computation is set out below :

Sl.No.	Particulars	2014-15	2013-14
1	Basic EPS after Exceptional items (₹)	6.82	6.69
2	Basic EPS before Exceptional items (₹)	6.63	6.69
3	Diluted EPS after Exceptional items (₹)	6.73	6.64
4	Diluted EPS before Exceptional items (₹)	6.55	6.64

Computation of Basic EPS (after Exceptional items)

Sl.No.	Particulars	2014-15	2013-14
A	Net Profit /(₹ in crore)	395.02	347.07
B	Weighted number of shares	57,90,77,553	51,85,36,401
C	Basic EPS (A/B) (₹)	6.82	6.69
D	Nominal Value per share (₹)	1.00	1.00

Computation of Diluted EPS (after Exceptional items)

Sl.No.	Particulars	2014-15	2013-14
A	Net Profit /(₹ in crore)	395.02	347.07
B	Weighted number of shares	58,65,60,136	52,26,94,501
C	Diluted EPS (A/B) (₹)	6.73	6.64
D	Nominal Value per share (₹)	1.00	1.00

Computation of Basic EPS (before Exceptional items)

Sl.No.	Particulars	2014-15	2013-14
A	Net Profit ((₹ in crore)	384.13	347.07
B	Weighted number of shares	57,90,77,553	51,85,36,401
C	Basic EPS (A/B) (₹)	6.63	6.69
D	Nominal Value per share (₹)	1.00	1.00

Computation of Diluted EPS (before Exceptional items)

Sl.No.	Particulars	2014-15	2013-14
A	Net Profit ((₹ in crore)	384.13	347.07
B	Weighted number of shares	58,65,60,136	52,26,94,501
C	Diluted EPS (A/B) (₹)	6.55	6.64
D	Nominal Value per share (₹)	1.00	1.00

vii) Consolidated Financial Statements (CFS) - AS 21

The bank has no subsidiaries.

viii) Accounting for Taxes on Income - AS 22

The major components of the Deferred Tax Asset and Liabilities as at 31st March, 2015 are as follows:

(₹ in crore)

Components	31 st March 2015	31 st March 2014
Deferred Tax Liability:		
Depreciation on Fixed Assets	12.92	4.00
Accrued Interest on Investments	31.10	26.14
Special Reserve under IT Act	52.26	40.45
Total Deferred Tax Liability (A)	96.28	70.59
Deferred Tax Asset:		
Provision for Advances (NPA)	17.68	16.85
Leave encashment	11.08	9.05
Provision for FITL	1.32	1.30
Total Deferred Tax Asset (B)	30.08	27.20
Net Deferred Tax Liability / (Asset) : (A-B)	66.20	43.39

ix) Accounting for Investments in Associates in CFS - AS 23

The Bank has no Associates.

x) Discontinuing Operations - AS 24

The Bank has not discontinued any operations.

xi) Intangible Assets - AS 26

The Bank has followed AS 26 - "Intangible Asset" issued by ICAI and the guidelines issued by RBI and has been consistent with the compliance.

xii) Impairment of Assets - AS 28

In the opinion of the management there is no impairment to the assets to which AS 28 - "Impairment of Assets" applies.

xiii) Provisions & Contingencies - AS 29

The details of the provisions and contingencies, contingent liabilities, the movement of provisions on NPA's and depreciation on investments which are considered material are disclosed elsewhere under the appropriate headings as per RBI guidelines.

10. ADDITIONAL DISCLOSURES
10.1 Break up of Provisions and Contingencies

(₹ in crore)

Particulars	31 st March 2015	31 st March 2014
Provision for		
- Depreciation on Investments (net)	0.82	1.10
- Non Performing Assets	165.00	148.50
- Standard Assets	7.00	6.90
- Income Tax	126.00	66.50
- Restructured Accounts	-11.00	10.90
- Unhedged Exposure	1.13	Nil
- Country Exposure	0.32	Nil
- Others	19.25	Nil
Total	308.52	233.90

10.2.1 Movement in Countercyclical Provisioning Buffer for NPA

(₹ in crore)

Sl.No.	Particulars	31 st March 2015	31 st March 2014
a)	Opening Balance	19.30	19.30
b)	Additions during the year	Nil	Nil
c)	Deductions during the year	9.65	Nil
d)	Closing Balance	9.65	19.30

Pursuant to RBI circular reference RBI/2014-15/522 DBR. No. BP. BC./79/21.04.048/2014-15 dated 30th March, 2015, the Bank has withdrawn 50% of the countercyclical buffer provision amounting to ₹ 9.65 cr towards specific provision.

10.2.2 Movement in Floating Provisions

(₹ in crore)

Sl.No.	Particulars	31 st March 2015	31 st March 2014
a)	Opening Balance	9.00	9.00
b)	Additions during the year	Nil	Nil
c)	Deductions during the year	Nil	Nil
d)	Closing Balance	9.00	9.00

10.3 Drawdown from Reserves

The Bank has not drawn any amount from Reserves during the year.

10.4 Customer Complaints

Sl.No.	Particulars	Number of Customer Complaints		
		General	ATM related	Total
a)	No. of complaints pending at the beginning of the year	2	50	52
b)	No. of complaints received during the year	182	6242*	6424
c)	No. of complaints redressed during the year	184	6258	6442
d)	No. of complaints pending at the end of the year	Nil	34	34

* of which 2,357 complaints relate to operation in other Bank ATMs.

10.5 Awards passed by the Banking Ombudsman

Sl.No.	Particulars	No. of Awards
a)	No. of unimplemented Awards at the beginning of the year	Nil
b)	No. of Awards passed by Banking Ombudsman during the Year	Nil
c)	No. of Awards implemented during the year	Nil
d)	No. of unimplemented Awards pending at the end of the year	Nil

10.6 Letters of Comfort issued during the financial year 2014-15 : Nil

10.7 Provision Coverage Ratio (PCR)

The Provision Coverage Ratio (PCR) of the Bank as on 31st March, 2015 is 57.54%.

10.8 Bancassurance Business

Income from Bancassurance Business for the financial year 2014-15 is ₹ 4.24 crore.

10.9 Concentration of Deposits, Advances, Exposures and NPAs

10.9.1 Concentration of Deposits - 31st March, 2015

(₹ in crore)

Total Deposits of twenty largest depositors	2339.23
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	9.72%

10.9.2 Concentration of Advances - 31st March, 2015

(₹ in crore)

Total Advances to twenty largest borrowers	1382.94
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	7.65%

10.9.3 Concentration of Exposures - 31st March, 2015

(₹ in crore)

Total Exposure to twenty largest borrowers / customers	1577.49
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	6.87%

10.9.4 Concentration of NPAs - 31st March, 2015

(₹ in crore)

Total Exposure to top four NPA accounts	73.23
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10.10 Sector-wise Advances

(₹ in crore)

Sl. No.	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	3041.31	51.80	1.70%	3102.55	37.19	1.20%
2	Advances to industries sector eligible as priority sector lending	2521.95	32.77	1.30%	2056.46	12.16	0.59%
3	Services	2065.60	37.78	1.83%	1651.37	13.80	0.84%
4	Personal Loans	Nil	Nil	Nil	Nil	Nil	Nil
5	All other priority	683.36	40.33	5.90%	599.47	31.38	5.23%
Sub-Total (A)		8312.22	162.68	1.96%	7409.84	94.53	1.27%
B	Non Priority Sector						
1	Agriculture and allied activities	Nil	Nil	Nil	Nil	Nil	Nil
2	Industry	1823.59	56.89	3.12%	2063.03	177.54	8.61%
3	Services	1373.36	23.85	1.74%	972.06	0.38	0.04%
4	Personal Loans	719.63	29.84	4.15%	536.75	8.36	1.55%
5	All other Non-Priority	5859.74	62.56	1.07%	5241.94	12.25	0.23%
Sub-Total (B)		9776.32	173.14	1.77%	8813.78	198.53	2.25%
Total (A+B)		18088.54	335.82	1.86%	16223.62	293.06	1.81%

10.11 Movement of NPAs

(₹ in crore)

Particulars	31 st March 2015	31 st March 2014
Gross NPAs as at the beginning of the year	293.06	173.10
Additions (Fresh NPAs) during the year	425.09	456.21
Sub-Total (A)	718.15	629.31
Less:-		
(i) Upgradations	22.74	16.80
(ii) Recoveries (excluding recoveries made from upgraded accounts)	211.84	186.54
(iii) Technical / Prudential write-offs	64.84	122.64
(iv) Write-offs other than those under (iii) above	82.91	10.27
Sub-Total (B)	382.33	336.25
Gross NPAs as at the end of the year	335.82	293.06

Stock of technical write-offs and the recoveries made thereon :

(₹ in crore)

Particulars	31 st March 2015	31 st March 2014
Opening Balance of Technical / Prudential written-off accounts as at 1 st April, 2014	222.60	154.39
Add : Technical / Prudential write-offs during the year	64.84	122.64
Sub-Total (A)	287.44	277.03
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	75.02	54.43
Closing Balance as at 31 st March, 2015 (A - B)	212.42	222.60

10.12 Overseas Assets, NPAs and Revenue

(₹ in crore)

Particulars	31 st March 2015
Total Assets	Nil
Total NPAs	Nil
Total Revenue	Nil

10.13 Off-Balance Sheet SPVs sponsored

The Bank has not sponsored any SPVs. (Domestic / Overseas)

10.14 Unamortized Pension and Gratuity Liabilities – Nil.
10.15 Disclosures on remuneration
Qualitative Disclosures :

(a)	Information relating to the composition and mandate of the Remuneration Committee.	Compensation & Remuneration Committee comprising of five members constituted to oversee the framing, review and implementation of Compensation Policy.
(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<u>Key Features:</u> i) Board oversees the design of the compensation package and operations. ii) Compensation commensurate with the responsibility and accountability. <u>Objectives:</u> i) Alignment of compensation with prudent risk taking. ii) Effective Supervisory oversight. iii) Sound Compensation Practices.
(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Compensation related to the types of risks and symmetric with risk outcomes.
(d)	Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.	Qualitative features such as skills, knowledge and abilities are factored in.

(e)	A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	i) ESOP and Reservation in Rights Issue to be the components of share based payment ii) Ex-gratia payment to be denied only in extreme cases of indiscipline, misuse of trust etc.
(f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.	Financial incentives, Ex-gratia and ESOPs form part of variable remuneration components.

Quantitative Disclosures :		Current Year	Previous Year
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	7 meetings were held during the financial year and the total remuneration paid during the year ₹ 2,70,000/-.	8 meetings were held during the financial year (1 - Rights Issue & 7 - Compensation Committee) and the total remuneration paid during the year - ₹ 1,50,000/-.
(h)	(i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign-on awards made during the financial year. (iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus. (iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in financial year.	NIL	NIL
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NIL	NIL
(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments. (ii) Total amount of reductions during the financial year due to ex-post explicit adjustments. (iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.	NIL	NIL

10.16 Disclosures relating to Securitisation

The outstanding amount of securitised assets as per books of the SPVs sponsored by the Bank and total amount of exposures retained by the bank as on 31st March, 2015 - Nil.

10.17 Credit Default Swaps

The bank has not entered into Credit Default Swaps during the Current Financial Year.

10.18 Intra-Group Exposures - Nil
10.19 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	Nil	Nil
Add : Amounts transferred to DEAF during the year	6.66	Nil
Less : Amounts reimbursed by DEAF towards claims	Nil	Nil
Closing balance of amounts transferred to DEAF	6.66	Nil

10.20 Unhedged Foreign Currency Exposure

- In terms of RBI circular No. DBOD. NO. BP. BC. 85/21.06.200/2013-14 dated 15th January, 2014 with regard to Capital and Provisioning Requirements for exposures to entities with Unhedged Foreign Currency Exposure, the Bank has a policy approved by the Board of Directors.
- The provision required for UFC exposure as on 31st March, 2015 is ₹ 1.13 crore has been made.
- The incremental capital requirement for the unhedged forex exposure as on 31st March, 2015 has been determined based on the additional risk weight value of ₹ 743.88 lakhs for the UFC exposure.

11. Liquidity Coverage Ratio
11.1 Disclosure Format

(₹ in crore)

Particulars		Current Year		Previous Year	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)	-	3053.34		
Cash outflows					
2	Retail Deposits and deposits from small business customers, of which:	15087.43	3666.55		
(i)	Stable deposits	6542.34	327.12		
(ii)	Less stable deposits	8545.09	3339.43		
3	Unsecured wholesale funding, of which:	2491.05	1332.74		
(i)	Operational deposits (all counterparties)	1.88	0.47		
(ii)	Non-operational deposits (all counterparties)	2489.17	1332.27		
(iii)	Unsecured debt	-	-		

Particulars		Current Year		Previous Year	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
4	Secured wholesale funding	-	-	NOT APPLICABLE	NOT APPLICABLE
5	Additional requirements, of which:	-	-		
(i)	Outflows related to derivative exposures and other collateral requirements	-	-		
(ii)	Outflows related to loss of funding on debt products	-	-		
(iii)	Credit and liquidity facilities	-	-		
6	Other contractual funding obligations	2075.32	133.66		
7	Other contingent funding obligations	1474.62	73.73		
8	Total Cash outflows		2721.26		
Cash inflows					
9	Secured lending (e.g. reverse repos)	-	-		
10	Inflows from fully performing exposures	524.05	278.89		
11	Other Cash inflows	99.86	99.86		
12	Total Cash inflows	623.91	378.75		
			Total Adjusted Value		
21	TOTAL HQLA	-	3053.34		
22	Total net cash outflows	-	2313.84		
23	Liquidity Coverage Ratio (%)	-	131.96%		

11.2 Quality disclosure around LCR

Liquidity Coverage Ratio has been prescribed by RBI based on LCR Standards published by BCBS. The LCR promotes short term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario in the immediate 30 days period.

LCR is defined as :

$$\frac{\text{Stock of High Quality Liquid Assets (HQLA)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for the next 30 days period under a significantly severe liquidity stress scenario specified by RBI w.e.f 1st January, 2015.

While The BCBS specifies a ratio of minimum 100 % for all banks, RBI has made a graduated increase from 60 % to attain 100 % by 2019 as given in the schedule below :

Particulars	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

Composition of High Quality Liquid Assets(HQLA):

- Cash in hand
- Excess CRR balance as on that particular day
- Excess Government Securities in excess of minimum SLR requirement
- Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (presently to the extent of 2% of NDTL as allowed for MSF)
- Facility to avail liquidity for liquidity coverage ratio at 5% of NDTL
- Repo borrowings should be deducted
- AAA rated bonds and AA- & above rated bonds and adding marketable securities representing claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%
- Common equity shares not issued by the bank and included in NSE CNX Nifty and / or S & P BSE Sensex indices.

As regards the concentration of funding sources, the term "deposits from public" is the major source for the bank.

The currency mismatch in respect of foreign currency assets and liabilities is very minimal.

12.1 Income Tax

Provision for income tax in the current year is consistent with earlier years after considering various judicial decisions on certain disputed issues.

No provision is considered necessary for earlier years towards disputed tax liability since for the tax claim of ₹ 323 crore (under Appeal) {previous year - ₹ 249 crore}, the Bank has to its support, appellate orders decided in its favour on similar issues.

12.2 Inter Branch Reconciliation

Reconciliation of Central Office accounts maintained by branches has been completed upto 31st March, 2015. Adjustment of outstanding entries in Inter Branch Reimbursement account, Clearing Difference Receivable, Funds in Transit and other similar accounts is in progress. In the opinion of the management, there is no consequential material impact.

12.3 Employees Stock Option

The bank has allotted 71,91,961 shares during the year to its eligible employees who have exercised their options granted under ESOS of the Bank.

12.4 The Bank issued 4,66,35,576 shares having face value of ₹1/- each at a premium of ₹ 74.05 as qualified institutions placement and the expenses of ₹ 8.77 crore were amortized against the share premium received.

12.5 In accordance with the RBI circular DBOD. No. BPBC.2/21.06.201/2013-14 dated 1st July, 2013, banks are required to make half yearly Pillar III disclosures under Basel III capital requirements with effect from 30th September, 2013. The disclosures have been made available on the Bank's web site.

12.6 The Bank has earmarked ₹ 6.32 crore towards CSR during the year 2014-15. Out of which ₹ 3.54 crore has been spent (accounted under Schedule - 16 : Operating Expenses - XII Other Expenditure) and the balance will be disbursed based on the works completed.

12.7 There are no dues to Micro and Small Enterprises calling for disclosure as at 31st March, 2015 as per the records available.

12.8 Previous year's figures have been regrouped wherever necessary to conform to the current year classification.

ANNEXURE - I
DISCLOSURE ON RESTRUCTURED ACCOUNTS - YEAR ENDED 31.03.2015

(₹ in crore)

Sl. No.	Type of Restructuring	Under CDR MECHANISM						Under SME Debt Restructuring Mechanism						OTHERS						TOTAL							
		Asset Details			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total			
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers		3	Nil	Nil	Nil	3		10	1	Nil	Nil	11		3	20	Nil	Nil	23		16	21	Nil	Nil	37	
		Amount outstanding		91.51	Nil	Nil	Nil	91.51		34.23	0.13	Nil	Nil	34.36		149.63	76.59	Nil	Nil	226.22		275.37	76.72	Nil	Nil	352.09	
		Provision thereon		8.99	Nil	Nil	Nil	8.99		1.49	Nil	Nil	Nil	1.49		9.38	4.05	Nil	Nil	13.43		19.86	4.05	Nil	Nil	23.91	
2	Fresh restructuring during the year	No. of borrowers		Nil	1	Nil	Nil	1		6	Nil	1	Nil	7		4	2	Nil	Nil	6		10	3	1	Nil	14	
		Amount outstanding		5.00	28.48	Nil	Nil	33.48		5.25	-0.13	0.13	Nil	5.25		28.23	111.42	Nil	Nil	139.65		38.48	139.77	0.13	Nil	178.38	
		Provision thereon		Nil	Nil	Nil	Nil	Nil		2.70	Nil	Nil	Nil	2.70		0.04	1.23	Nil	Nil	1.27		2.74	1.23	Nil	Nil	3.97	
3	Upgradations to restructured standard category during the FY	No. of borrowers		Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil	
		Amount outstanding		Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil	
		Provision thereon		Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil	
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers		Nil	Nil	Nil	Nil	Nil		1	Nil	Nil	Nil	1		Nil	Nil	Nil	Nil	Nil		1	Nil	Nil	Nil	1	
		Amount outstanding		Nil	Nil	Nil	Nil	Nil		13.98	Nil	Nil	Nil	13.98		Nil	Nil	Nil	Nil	Nil		13.98	Nil	Nil	Nil	13.98	
		Provision thereon		Nil	Nil	Nil	Nil	Nil		0.48	Nil	Nil	Nil	0.48		Nil	Nil	Nil	Nil	Nil		0.48	Nil	Nil	Nil	0.48	
5	Downgradations of restructured accounts during the FY	No. of borrowers		-1	0	1	Nil	Nil		-1	1	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil		-2	1	1	Nil	Nil	
		Amount outstanding		-18.16	Nil	18.16	Nil	Nil	18.16		-6.49	6.49	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil		-24.65	6.49	18.16	Nil	Nil
		Provision thereon		-1.83	Nil	1.83	Nil	Nil	1.83		-0.68	0.68	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil		-2.51	0.68	1.83	Nil	Nil
6	Write-offs of restructured accounts during the FY	No. of borrowers		Nil	1	1	Nil	2		7	2	Nil	Nil	9		3	18	Nil	Nil	21		10	21	1	Nil	32	
		Amount outstanding		3.49	28.48	18.16	Nil	50.13		1.25	6.49	Nil	Nil	7.74		9.85	187.95	Nil	Nil	197.80		14.59	222.92	18.16	Nil	255.67	
		Provision thereon		0.06	Nil	1.83	Nil	1.89		0.15	0.68	Nil	Nil	0.83		4.53	5.28	Nil	Nil	9.81		4.74	5.96	1.83	Nil	12.53	
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers		2	Nil	Nil	Nil	2		8	1	1	Nil	10		4	2	Nil	Nil	6		14	3	1	Nil	18	
		Amount outstanding		74.86	Nil	Nil	Nil	74.86		17.76	Nil	0.13	Nil	17.89		168.01	0.06	Nil	Nil	168.07		280.63	0.06	0.13	Nil	280.82	
		Provision thereon		7.10	Nil	Nil	Nil	7.10		2.88	Nil	Nil	Nil	2.88		4.89	Nil	Nil	Nil	4.89		14.87	Nil	Nil	Nil	14.87	

(*) Both opening and closing figures are excluding the figures of standard restructured advances which don't attract higher provisioning and risk weight (if applicable).

- "Provision thereon" figures represent erosion in fair value.
- Include Borrower's account restructured as per FRP formulated by CEA.
- SI. 2 includes : fresh restructure of ₹ 39.05 crore increase / additional facility of ₹ 27.91 crore given to existing restructured accounts and ₹ 111.42 crore which were restructured standard more than 2 years as on 31st March, 2014 slipped to NPA.
- SI. 6 includes : a) Accounts sold to ARC - ₹ 117.91 crore, b) Technical Write Off - ₹ 46.64 crore and c) repayments - ₹ 91.12 crore.
- Provision of ₹ 12.53 crore is due to : ₹ 7.79 crore reduced on account of repayments / write offs / sale to ARC and ₹ 4.74 crore reduction in NPV in respect of outstanding borrowers.
- Out of the Total Erosion in fair value of ₹ 18.15 crore : ₹ 14.87 crore pertains to restructured standard advances less than 2 years and remaining ₹ 3.28 crore is towards restructured standard advances more than 2 years & NPA.

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL

The financial statements are prepared on historical cost convention and on accrual basis of accounting, unless otherwise stated, by following going concern assumption and conform to the statutory provisions, regulatory guidelines, Accounting Standards, Guidance Notes issued by Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

2. REVENUE RECOGNITION

Income and Expenditure are accounted on accrual basis, except the following:

- a) Interest on non-performed advances and non-performing investments is recognized as per norms laid down by Reserve Bank of India.
- b) Interest on overdue bills, commission, exchange, brokerage and rent on lockers are accounted on realization.
- c) Dividend is accounted when the right to receive the same is established. In case of suit filed accounts, related legal and the expenses incurred are charged to Profit and Loss Account and on recovery the same are accounted as income.

3. FOREIGN EXCHANGE TRANSACTIONS

- a) Assets and Liabilities denominated in Foreign Currencies are translated at the rates notified by FEDAI at the close of the year. Profit or Loss accruing from such transactions is recognized in the Profit and Loss Account.
- b) Income and Expenditure items have been translated at the exchange rates ruling on the date of the transactions.
- c) The Bank does not have a branch in any Foreign Country.
- d) Outstanding Forward Exchange contracts are revalued at the exchange rates notified by FEDAI and the resultant net gain or loss is recognized in the Profit and Loss Account.
- e) Foreign Currency Guarantees, Acceptances, Endorsements and other obligations are reported at the exchange rates prevailing on the date of the Balance Sheet.

4. INVESTMENTS

- 4.1 As per RBI guidelines, the investments of the Bank are classified into the following categories at the time of acquisition :

- Held to Maturity
- Available for Sale
- Held for Trading

They are further sub - classified and shown in Balance Sheet under the following six categories:

- i) Government Securities ii) Other Approved Securities iii) Shares iv) Debentures and Bonds v) Subsidiaries / Joint Ventures and vi) Others

- a) Securities classified under "Held to Maturity" category are valued at acquisition cost. Where the acquisition cost is higher than the face value, such excess of acquisition cost over the face value is amortised over the remaining period to maturity.

- b) Securities held in "Available for Sale" Category are valued scrip wise as under:
- i) Government of India Securities are valued at market price as per quotation put out by Primary Dealers' Association of India / Fixed Income Money Market and Derivatives Association of India & Bloomberg.
 - ii) State Government loans, Trustee Securities, Securities guaranteed by Central / State Governments and PSU Bonds are valued on appropriate Yield to Maturity (YTM) basis as per Primary Dealers' Association of India / Fixed Income Money Market and Derivatives Association of India guidelines.
 - iii) Treasury Bills / Certificate of Deposits / Commercial Papers are valued at carrying cost.
 - iv) Equity Shares are valued at market rate if quoted, otherwise at Break up Value as per the latest Balance Sheet, if available, or ₹ 1/- per Company.
 - v) Preference shares are valued at market price if quoted or at appropriate YTM basis as per Primary Dealers' Association of India / Fixed Income Money Market and Derivatives Association of India guidelines.
 - vi) Debentures / Bonds are valued at market price, if quoted, otherwise on an appropriate YTM basis.
 - vii) Mutual Funds are valued at market price, if quoted, or at NAV or Market Price / Repurchase Price.
 - viii) Security Receipts are valued at NAV as declared by Securitization companies.

- c) Individual scrips under "Held for Trading" category are valued at Market Price.

- 4.2 Individual scrips in Available for Sale / Held for Trading are valued scrip - wise, aggregated category-wise and net depreciation, if any, for each category is charged to Profit & Loss Account, while net appreciation, if any, is ignored.
- 4.3 Shifting of securities from one category to another category is carried out lower of acquisition cost / book value / market value on the date of transfer. The depreciation, if any on such transfer is fully provided for.
- 4.4 Profit / Loss on sale of Investments in any category is taken to the Profit & Loss Account. However, in case of sale of investment in "Held to Maturity" category, the profit is first credited to Profit and Loss Account and thereafter an amount equivalent to profit, net of statutory reserve and taxes, is appropriated to the Capital Reserve Account.
- 4.5 Commission, brokerage, broken period interest etc. on securities incurred on acquisition is debited to Profit and Loss account. Commission, incentives, brokerage received on subscription is deducted from the cost of the securities.
- 4.6 The Investments shown in the Balance Sheet are net of Depreciation, if any.
- 4.7 The Non - Performing Investments are identified and provided for as per RBI guidelines.

5. ADVANCES

- 5.1 Advances have been classified as per the Asset Classification norms laid down by the Reserve Bank of India. The required provisioning for Standard Assets and for Non - Performing Assets have been made as per the Regulatory Norms.
- 5.2 Advances shown in the Balance Sheet are net of provisions and interest reserve on NPA accounts, technical write offs, ECGC / DICGC claims received and provisions for Restructured accounts.

- 5.3 Partial recoveries in Non Performing Assets are apportioned first towards charges and interest, thereafter towards principal with the exception of non - performing advances involving compromise settlements in which case the recoveries are first adjusted towards principal.

6. FIXED ASSETS

- 6.1 Premises and other Fixed Assets are accounted at acquisition cost less depreciation.
- 6.2 Depreciation has been provided on the composite value for premises acquired with land and building, where cost of the land is not separately identifiable.
- 6.3 In the current year, effective from 1st April, 2014, in accordance with the Companies Act, 2013, the Bank has changed the accounting policy of charging depreciation having regard to change in the estimated useful life of the assets, from Written down value (WDV) method to Straight line method (SLM) in respect of all fixed assets.

Useful life of the assets has been estimated in line with Schedule II of the Companies Act, 2013.

In the previous years, fixed assets except Computers were depreciated under Written Down Value Method at the rates specified in the schedule XIV of the Companies Act, 1956.

Depreciation on Computers, including software were charged at 33.33% on Straight Line Method as per the guidelines of RBI.

Depreciation on assets purchased and sold during the year is provided on pro rata basis.

7. STAFF BENEFITS

- 7.1 Provision towards leave encashment is accounted on actuarial basis in accordance with the guidelines contained in Accounting Standard 15 (Revised 2005) issued by ICAI.
- 7.2 Liability for Gratuity to staff is contributed to the Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.
- 7.3 Payments to defined contribution schemes such as Provident Fund and Employees Pension Fund Superannuation Scheme of Life Insurance Corporation of India are charged as expenses as they fall due.

8. EMPLOYEES STOCK OPTION SCHEME

The Employee Stock Option Scheme provides for grant of equity stock options to employees that vest in a graded manner. The Bank follows the intrinsic value method to account for its employee compensation costs arising from grant of such options. The excess of fair market price over the exercise price shall be accounted as employee compensation cost in the year of vesting. The fair market price is the latest closing price of the shares on the stock exchanges in which shares of the Bank are largely traded immediately prior to the date of meeting of the compensation committee in which the options are granted.

9. SEGMENT REPORTING

The Bank recognises the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

Business Segment is classified into (a) Treasury (b) Corporate and Wholesale Banking, (c) Other Banking Operations.

10. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit of the year by the weighted average number of equity shares.

Diluted earning per share is computed using the weighted average number of equity shares and dilutive potential equity shares.

11. IMPAIRMENT OF ASSETS

An assessment is made at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, an estimate of the recoverable amount is made and impairment loss, if any, is provided for.

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

12.1 In conformity with AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Bank recognizes provision only when:

- a) It has a present obligation as a result of a past event.
- b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- c) When a reliable estimate of the amount of the obligation can be made.

12.2 No provision is recognized for:

- i. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
- ii. Any present obligation that arises from past events but is not recognized because -
 - a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
 - b) A reliable estimate of the amount of obligation cannot be made. Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

12.3 Contingent Assets are not recognized in the financial statements.

13. INCOME TAX

Income Tax comprises current tax and deferred tax for the year. The deferred tax assets / liability is recognised in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

14. NET PROFIT

The Net Profit disclosed in the Profit and Loss Account is after considering:

- 14.1 Provision for taxes on income in accordance with statutory requirements.
- 14.2 Provision for bad and doubtful advances and investments.
- 14.3 Contingent provision for Standard Assets.
- 14.4 Other usual and necessary provisions.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(₹ in thousands)

	2014-2015	2013-2014
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per P&L account	395,02,04	347,07,43
Adjustments for		
Depreciation	35,83,62	37,71,72
Provisions & Contingencies - Tax	126,00,00	66,50,00
Provisions & Contingencies - Others	182,51,89	167,40,01
Profit on sale of Investments	-60,31,60	-22,82,79
Profit on sale of Assets	5,68	-38,76
Foreign exchange fluctuations	-68,89,13	-32,67,40
Operating Profit before working capital changes	610,22,50	562,80,21
Adjustments for		
Funds advanced to Customers	-2022,66,32	-1010,17,99
Other Operating Assets	6,06,02	-66,58,58
Deposits from Customers	2058,06,39	1712,13,65
Borrowings from Banks	-136,16,75	-171,75,52
Other Operating Liabilities	112,96,80	-26,10,67
Purchase and sale of Investments (Net)	-351,23,76	-664,88,83
Cash Generated from Operations	277,24,88	335,42,27
Taxation - Income Tax and FBT	-146,59,51	76,97,47
Net Cash flow from Operating Activities - A	130,65,37	412,39,74
Cash flow from Investing Activities:		
Purchase of Fixed Assets	-64,67,91	-94,57,26
Sale of Fixed Assets	35,38	15,57,07
Net Cash used in Investing Activities - B	-64,32,53	-79,00,19
Cash flow from Financing Activities:		
Proceeds from issue of Share Capital	5,38,28	6,82,94
Proceeds from Share Premium	349,17,03	124,10,90
Dividend Paid	-53,61,69	-47,14,06
Tax on distributed profits	-10,10,97	-8,06,32
Net cash flow from Financing Activities - C	290,82,65	75,73,46
Net increase in Cash and Cash equivalents A+B+C	357,15,49	409,13,01
Cash and Cash equivalents at the beginning of the period	2179,61,60	1770,48,59
Cash and Cash equivalents at the end of the period	2536,77,09	2179,61,60

For and on behalf of the Board

Chennai
23rd May, 2015

Dr. N. KAMAKODI
MD & CEO

As per our separate report of even date

For **M/s. P. Chandrasekar**
Chartered Accountants
(Firm No. 000580S)

Chennai
23rd May, 2015

Lakshmy. C
Partner
M.No. 28508

Details of Nostro Accounts

Sl. No.	Bank Name	Place	Currency
1	HSBC Bank	USA	USD
2	Wells Fargo Bank	New York	USD
3	Standard Chartered Bank	New York	USD
4	Bank of America	New York	USD
5	HSBC Bank	Colombo	USD (ACU)
6	HSBC Bank	London	GBP
7	Standard Chartered Bank	London	GBP
8	Commerz Bank	Frankfurt	EUR
9	Standard Chartered Bank	Frankfurt	EUR
10	Wells Fargo Bank	London	EUR
11	HSBC Bank	Tokyo	JPY
12	Standard Chartered Bank	London	CAD
13	HSBC Bank	Melbourne	AUD
14	HSBC Bank	Singapore	SGD
15	Scandinaviska Enskilda Bank	Stockholm	SEK
16	Mashreq Bank psc	Dubai	AED
17	Zuercher Kantonal Bank	Switzerland	CHF

Bank's SWIFT address : CIUBIN5M

LIST OF BRANCHES

CHANDIGARH

CHANDIGARH

CHATTISHGARH

RAIPUR

GUJARAT

AHMEDABAD
ANKLESWAR
BHAVNAGAR
GANDHIDHAM
RAJKOT
SURAT
SURAT II
VADODARA
VAPI

HARYANA

GURGAON

KARNATAKA

BENGALURU - BANASHANKARI
BENGALURU - BANASWADI
BENGALURU - BASAVANAGUDI
BENGALURU - BOMMASANDRA
BENGALURU - DODABALLAPUR
BENGALURU - INDIRA NAGAR
BENGALURU - J. P. NAGAR
BENGALURU - JAYA NAGAR
BENGALURU - K.R.PURAM
BENGALURU - KORAMANGALA
BENGALURU - MALLESWARAM
BENGALURU - PEENYA
BENGALURU - RAJAJINAGAR
BENGALURU - SULTANPET
BENGALURU - VIJAYNAGAR
BENGALURU - WHITE FIELD
BELGAUM
BELLARY
DAVANGERE
HUBLI
MANGALORE
MYSORE
RAMANAGARA
TIPTUR
TUMKUR
YELAHANKA

KERALA

ALAPUZHA
ALUVA
ANGAMALY
CHAVAKKAD
EDAPALLY
ERNAKULAM
KANNUR
KOLLAM
KOTTAYAM
KOZHIKODE
PALAKKAD
THIRUVALLA
THIRUVANANTHAPURAM
THIRUPUNITHURA
THRISSUR

MADHYA PRADESH

BHOPAL
INDORE

MAHARASHTRA

AMRAVATI
AURANGABAD
ICHALKARANJI

KOLHAPUR
MUMBAI - ANDHERI
MUMBAI - CHEMBUR
MUMBAI - DOMBIVALI
MUMBAI - FORT
MUMBAI - KALYAN
MUMBAI - KHAR (WEST)
MUMBAI - MIRA ROAD
MUMBAI - NERUL
MUMBAI - THANE
MUMBAI - VASHI
NAGPUR
NASHIK
PUNE

NEW DELHI

NEW DELHI - CHANDINI CHOWK
NEW DELHI - JANAKPURI
NEW DELHI - KAROLBAGH
NEW DELHI - LAJPAT NAGAR
NEW DELHI - MAYUR VIHAR
NEW DELHI - ROHINI

ODISHA

BHUBANESWAR

PUDUCHERRY

KARAIKAL
PUDUCHERRY
REDDIARPALAYAM
VILLIANUR

PUNJAB

AMRITSAR
JALANDHAR
LUDHIANA

RAJASTHAN

BALOTRA
BHILWARA
JAIPUR
PALI

SEEMANDHRA

ADONI
AMALAPURAM
ANAKAPALLI
ANANTAPUR
BHIMAVARAM
CHILAKALURIPET
CHIRALA
CHITTOOR
CUDDAPAH
DHARMAVARAM
ELURU
GAJUWAKA
GUDIVADA
GUDUR
GUNTUR
GUNTUR - II
HINDUPUR
KAKINADA
KAVALI
KURNOOL
MACHILIPATNAM
NANDYAL
NARASARAOPET
NELLORE
ONGOLE
PRODDATUR
RAJAHMUNDY
SRIKAKULAM
TANUKU
TENALI

TIRUPATHI
TUNI
VIJAYAWADA MAIN
VIJAYAWADA - II
VISAKHAPATNAM
VIZIANAGARAM

TAMIL NADU

ADUTHURAI
ALANGUDI
AMBASAMUDRAM
ANNALAGRAHARAM
ANTHIYUR
ARAKKONAM
ARANI
ARIYALUR
ARUPPUKOTTAI
ATHANAKKOTTAI
ATTUR
AVINASHI
AYYAMPETTAI
BALAKRISHNAPURAM
BARGUR
BATLAGUNDU
BHAVANI
BODINAYAKANUR
CHENNAI - ABIRAMAPURAM
CHENNAI - ADYAR
CHENNAI - AMBATTUR
CHENNAI - ANAKAPUTHUR
CHENNAI - ANNA NAGAR
CHENNAI - ARUMBAKKAM
CHENNAI - ASHOK NAGAR
CHENNAI - AVADI
CHENNAI - AYAPPAKKAM
CHENNAI - AYYAPPANTHANGAL
CHENNAI - CHENGALPET
CHENNAI - CHINMAYA NAGAR
CHENNAI - CHROMEPET
CHENNAI - CHROMEPET NEW COLONY
CHENNAI - EAST TAMBARAM
CHENNAI - EGMORE
CHENNAI - GEORGE TOWN
CHENNAI - GUDUVANCHERY
CHENNAI - GURUGAMBAKKAM
CHENNAI - ILLALUR
CHENNAI - JALLADIAMPET
CHENNAI - K K NAGAR
CHENNAI - KARAPAKKAM
CHENNAI - KATTUPAKKAM
CHENNAI - KELAMBAKKAM
CHENNAI - KOILAMBAKKAM
CHENNAI - KOLATHUR
CHENNAI - KOTTIVAKKAM
CHENNAI - KUNDRATHUR
CHENNAI - MADHAVARAM
CHENNAI - MADIPAKKAM
CHENNAI - MADURAVOYAL
CHENNAI - MANALI
CHENNAI - MANAPAKKAM
CHENNAI - MANDAVELI
CHENNAI - MANGADU
CHENNAI - MARAIMALAI NAGAR
CHENNAI - MEDAVAKKAM
CHENNAI - MELAKOTTAIYUR
CHENNAI - MELAVALAMPETTAI
CHENNAI - MINJUR
CHENNAI - MOUNT ROAD
CHENNAI - MUDICHUR
CHENNAI - MYLAPORE
CHENNAI - NANGANALLUR
CHENNAI - NANMANGALAM
CHENNAI - NUNGAMPAKKAM
CHENNAI - PADAPPAL

LIST OF BRANCHES (Contd.)

CHENNAI - PAMMAL	GUMMIDIPOONDI	PALAVATHANKATTALAI
CHENNAI - PERAMBUR	HARUR	PALAYAMKOTTAI
CHENNAI - PERUMBAKKAM	HOSUR	PALLADAM
CHENNAI - PERUNGALATHUR	IDAPPADI	PANRUTI
CHENNAI - POLICHALUR	IRUNGALUR	PARAMAKUDI
CHENNAI - POONAMALLEE	JALAKANDAPURAM	PATTEESWARAM
CHENNAI - PURASAWALKAM	JAYANKONDAM	PATTUKOTTAI
CHENNAI - REDHILLS	KADAYANALLUR	PERAMBALUR
CHENNAI - RENGARAJAPURAM	KALLAKURICHI	PERIYAKULAM
CHENNAI - ROYAPURAM	KANCHEEPURAM	POLLACHI
CHENNAI - SELAIYUR	KANGAYAM	PORAYAR
CHENNAI - SEMMANJERI	KARAIKUDI	PONNAMARAVATHI
CHENNAI - SINGAPERUMAL KOIL	KARAMADAI	PONNERI
CHENNAI - SITHALAPAKKAM	KARUR	PUDUKKOTTAI
CHENNAI - T NAGAR	KATPADI	PULIYANKUDI
CHENNAI - TAMBARAM	KATTUMANNARKOIL	PULIYUR
CHENNAI - TEYNAMPET	KEELAKARAI	RAJAPALAYAM
CHENNAI - THIMMAVARAM	KEELAPALUVUR	RAMANATHAPURAM
CHENNAI - THIRUMAZHISAI	KINATHUKADAVU	RANIPET
CHENNAI - THIRUMUDIVAKKAM	KODAVASAL	RASIPURAM
CHENNAI - THIRUNINDRAVUR	KOMARAPALAYAM	RISHIVANDIYAM
CHENNAI - THIRUVERKADU	KOOTHANALLUR	S.PUDUR
CHENNAI - THIRUVOTTIYUR	KORADACHERY	SAKKOTTAI
CHENNAI - THORAIPAKKAM	KORANATTU KARUPPUR	SALEM - FAIR LANDS
CHENNAI - TIRUVANMIYUR	KOTTUR	SALEM - MAIN
CHENNAI - TRIPLICANE	KOVILPATTI	SALEM - SHEVAPET
CHENNAI - URAPAKKAM	KRISHNAGIRI	SANKAGIRI
CHENNAI - VANAGARAM	KULASEKARAM	SANKARANKOIL
CHENNAI - VEERAPURAM	KUMBAKONAM - GANDHINAGAR	SANNANALLUR
CHENNAI - VALASARAVAKKAM	KUMBAKONAM - MAIN	SATTUR
CHENNAI - VELACHERY	KUMBAKONAM - TOWN	SATHYAMANGALAM
CHENNAI - VELAPPANCHAVADI	KURICHI	SEMBANARKOIL
CHENNAI - VEPPAMPATTU	KUTTALAM	SENGURICHI
CHEYARU	MADAPATTU	SILLATUR
CHIDAMBARAM	MADUKKUR	SIRKALI
CHINNALAPATTI	MADURAI - ANNA NAGAR	SITHARKADU
CHITLAPAKKAM	MADURAI - MAIN	SIVAGANGAI
COIMBATORE - CHINNIAMPALAYAM	MADURAI - OTHAKADAI	SIVAKASI
COIMBATORE - MALUMICHAMPATTI	MADURAI - S.S. COLONY	SOMANUR
COIMBATORE - OPPANAKARA STREET	MADURAI - T V S NAGAR	SRIPERAMBUDUR
COIMBATORE - P N PALAYAM	MADURAI - THIRUNAGAR	SRIVILLIPUTHUR
COIMBATORE - PANNIMADAI	MADURAI - VILAKKUTHOON	SULUR
COIMBATORE - PERIYANAIPALAYAM	MADURAPAKKAM	TENKASI
COIMBATORE - PERUR	MADURAPURI	THALAIYUTHU
COIMBATORE - R.S.PURAM	MANAMADURAI	THAMARANGKOTTAI
COIMBATORE - RAM NAGAR	MANAPPARAI	THANJAVUR - MAIN
COIMBATORE - RAMANATHAPURAM	MANJAKUDI	THANJAVUR - MEDICAL COLLEGE ROAD
COIMBATORE - SAIBABA COLONY	MANJAKOLLA	THARAMANGALAM
COIMBATORE - SARAVANAMPATTI	MANJANAYACKANPATTI	THENI
COIMBATORE - SINGANALLUR	MANNARGUDI	THEPPARUMANALLUR
COIMBATORE - SUNDARAPURAM	MARTHANDAM	THIMMACHIPURAM
COIMBATORE - VADAVALLI	MAYILADUTHURAI	THIRUCHENGODU
COIMBATORE - VILANKURICHI	MELAKABISTHALAM	THIRUMANGALAM
CUDDALORE	MELUR	THIRUNAGESWARAM
CUMBUM	METTUPALAYAM	THIRUTHURAIPOONDI
DARAPURAM	MUSIRI	THIRUVALANCHUZH
DEVAKOTTAI	NACHIAR KOIL	THIRUVALLUR
DEVANANCHERY	NADUKKADAI	THIRUVENCHERY
DHALAVOIPURAM	NADUPATTY	THOGUR
DHARASURAM	NAGAPATTINAM	THONDAMUTHUR
DHARMAPURI	NAGERKOIL	TINDIVANAM
DINDIGUL	NAGORE	TIRUKKATTUPALLI
ELAMPILLAI	NAMAKKAL	TIRUKOILUR
ERAVANCHERY	NANJIKOTTAI	TIRUMAKOTTAI
ERODE	NANNILAM	TIRUMARUGAL
ERODE - PALLIPALAYAM	NARANAMANGALAM	TIRUNELLIKAVAI
ERODE - PERUNDURAI	NATHAM	TIRUNELVELI
ERODE - SURAMPATTI	NEDUNKUNDRAM	TIRUPANANDAL
ERODE - THINDAL	NEYVELI	TIRUPATHUR
GANAPATHY	NILAKKOTTAI	TIRUPOONDI
GINGEE	ODDANCHATRAM	TIRUPPUR
GOBICHETTIPALAYAM	PADUR	TIRUPPUR - VEERAPANDY
	PALANI	TIRUTTANI
		TIRUVANNAMALAI

LIST OF BRANCHES (Contd.)

TIRUVARUR - TOWN
 TIRUVARUR - VIJAYAPURAM
 TIRUVIDAIMARUTHUR
 TRICHY - CANTONMENT
 TRICHY - KATTUR
 TRICHY - KARUMANDAPAM
 TRICHY - K.K.NAGAR
 TRICHY - MAIN
 TRICHY - SRINIVASA NAGAR
 TRICHY - SRIRANGAM
 TRICHY - THILLAINAGAR
 TRICHY - THUVAKUDI
 TUTICORIN
 UDUMALPET
 ULLIKOTTAI
 UNAIYUR
 USILAMPATTI
 UTHUKULI
 VADAKKUTHU
 VALAJANAGARAM
 VALANGAIMAN
 VALLAM
 VANDHAVASI
 VAZHAPADI
 VARADARAJAPURAM
 VEDARANYAM
 VEERAPANDI
 VEERAPANDI PUDUR
 VEERAPERUMANALLUR
 VELLAKOVIL
 VELLORE
 VELLORE - AMBUR
 VELLORE - GUDIYATHAM
 VELLORE - MELVISHARAM
 VELLORE - SATHUVACHARI
 VILANDAKANDAM
 VILLUPURAM
 VIRUDHACHALAM
 VIRUDHUNAGAR

TELENGANA

ADILABAD
 AMEERPET
 HYDERABAD MAIN
 HYDERABAD - A.S.RAO NAGAR
 HYDERABAD - BALANAGAR
 HYDERABAD - BODUPPAL
 HYDERABAD - DILSUKHNAGAR
 HYDERABAD - SIDAMBAR BAZAAR
 KAMAREDDY
 KARIMNAGAR
 KHAMMAM
 KUKATPALLY
 MALKAJGIRI
 MEDCHAL
 MEERPET
 MEHDIPATNAM
 MIYAPUR
 NIZAMABAD
 SECUNDERABAD
 WARRANGAL

UTTAR PRADESH

ALLAHABAD
 LUCKNOW
 VARANASI

WEST BENGAL

KOLKATA - MAIN
 KOLKATA - RASH BEHARI AVENUE

EXTENSION COUNTER

DCW COMPLEX, SAHUPURAM, TUTICORIN
 SRM UNIVERSITY, KATTANKULATHUR - CHENNAI
 SRM UNIVERSITY, RAMAPURAM - CHENNAI
 SRM UNIVERSITY, MODI NAGAR - GHAZIABAD
 PUBLIC HEALTH CENTRE, WEST MAMBALAM - CHENNAI
 SHRIRAM COLLEGE, PERUMALPETTU

INTERNATIONAL BANKING DIVISION

ANNA SALAI, CHENNAI

SERVICE BRANCH

ANNA SALAI, CHENNAI

Decade of Progress

(₹ in crore)

Year	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Paid up Capital	24.00	25.20	32.00	32.00	39.96	40.50	40.82	47.44	54.27	59.66
Reserve fund and Other Reserves	262.15	340.51	534.86	628.92	785.68	966.12	1202.28	1593.22	1970.66	2635.87
Deposits	3517.74	4699.33	6424.96	8206.62	10284.59	12914.29	16340.76	20304.75	22016.89	24074.96
Advances	2549.53	3329.23	4537.06	5645.25	6833.46	9255.46	12137.46	15246.06	16096.84	17965.50
Investments	1057.48	1307.00	1717.96	2397.46	3210.43	3616.23	4586.19	5266.80	5953.56	6365.27
Net Profit	56.37	71.81	101.73	122.13	152.76	215.05	280.25	322.02	347.07	395.02
Dividend	40%	40%	50%	75%	75%	85%	100%	100%	100%	110%
No. of Branches	142	161	180	207	222	246	300	375	425	475
Total No. of Staff	1606	1871	2171	2452	2628	2836	3347	3785	4215	4365
Intrinsic value of Shares (₹)	119.23	145.12	• 17.78	20.65	20.64	24.85	30.45	30.44	37.31	45.18
Earning Rate (%)	234.88	299.21	317.91	381.66	381.90	530.95	686.55	597.51	639.52	662.12

• During the year 2007-08, the Bank has sub-divided the Equity shares of ₹ 10/- each into 10 Equity shares of ₹ 1/- each.

BASEL- III - PILLAR 3 DISCLOSURE AS ON 31.03.2015

1. Scope of Application and Capital Adequacy

Table DF - 1

SCOPE OF APPLICATION

City Union Bank Limited is an old premier private sector bank which was incorporated on 31st October, 1904 with its Registered Office at Kumbakonam, Tamilnadu, India. The Bank was included in the Second Schedule of Reserve Bank of India Act, 1934, on 22nd March, 1945. The Bank does not have any Subsidiary / Associate companies under its Management.

Qualitative Disclosures:

Summary

Type of Capital	Features															
Common Equity Tier I Capital	During the year 2014-15, the Bank has allotted 4,66,35,576 equity shares of face value of ₹ 1/- each at a premium of ₹ 74.05 aggregating to ₹ 350 crore to Qualified Institutional Buyers and ₹ 13.32 crore pursuant to exercise of 71,91,961 equity shares under ESOP. The Equity Capital of the Bank as on 31 st March, 2015 stood at ₹ 59.66 crore.															
Tier II Capital	The Bank has not raised Tier II capital during the current year 2014-15. The details of Lower Tier II capital to the tune of ₹ 40.00 crore raised in earlier years is given below. Type of Instrument : Unsecured, Redeemable and Non-convertible Nature : Plain vanilla bonds with no special features like put or call option etc. <table><tr><th>Date of Issue</th><th>Amount (₹ in crore)</th><th>Tenure (Months)</th><th>Coupon %</th><th>Rating</th></tr><tr><td>31.03.2006</td><td>30.00</td><td>121</td><td>8.90% Semi Annual</td><td>CARE "A+"</td></tr><tr><td>30.03.2007</td><td>10.00</td><td>121</td><td>10.00% Annual</td><td>CARE "A+"</td></tr></table>	Date of Issue	Amount (₹ in crore)	Tenure (Months)	Coupon %	Rating	31.03.2006	30.00	121	8.90% Semi Annual	CARE "A+"	30.03.2007	10.00	121	10.00% Annual	CARE "A+"
Date of Issue	Amount (₹ in crore)	Tenure (Months)	Coupon %	Rating												
31.03.2006	30.00	121	8.90% Semi Annual	CARE "A+"												
30.03.2007	10.00	121	10.00% Annual	CARE "A+"												

Quantitative Disclosures:

(₹ in crore)

Sl. No.	Description	Amount	
01.	Common Tier - I Capital		2693.14
	- Paid-up Share Capital - Total	59.66	
	- Reserves & Surplus	2633.48	
	Amount deducted from Tier I Capital (if any)		29.93
	- Intangible Assets	29.13	
	- Cross holdings	0.80	
	Total Eligible Tier I Capital		2663.21

Quantitative Disclosures: (Contd.)

(₹ in crore)

Sl. No.	Description	Amount	
02.	Tier - II Capital		87.03
	a) Revenue Reserves (Investment Reserve)	2.38	
	b) Lower Tier II - Bonds	8.50	
	c) Provision for country risk exposure	0.32	
	d) Provision for Unhedged exposure	1.13	
	e) Provision for Standard Assets	74.70	
	Less: Cross Holdings		6.00
	Total Tier II Capital		81.03
03.	Total Eligible Capital (Tier I and Tier II)		2744.24

Table DF - 2
CAPITAL ADEQUACY
Qualitative Disclosures:
A. A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.

In order to strengthen the capital base of banks in India, the Reserve Bank of India in April 1992 introduced capital adequacy measures in banks, based on the capital adequacy framework (Basel I) issued by Basel Committee on Banking Supervision (BCBS). Initially, the framework addressed capital for credit risk, which was subsequently amended to include capital for market risk as well. The Bank has been compliant with regard to maintenance of minimum capital for credit and market risks.

Subsequently, the BCBS has released the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (popularly known as Basel II document) on 26th June, 2004. Reserve Bank of India has issued final guidelines on 27th April, 2007 for implementation of the New Capital Adequacy (Basel II) Framework.

In line with the RBI guidelines, the Bank has successfully migrated to the revised framework (Basel-II) from 31st March, 2009. The Bank has continued the Parallel run of Basel II framework continuously tracking the exposures and studied the impact on Bank's Capital to Risk weighted Assets Ratio (CRAR) on a quarterly basis.

Reserve Bank of India issued Guidelines based on the Basel III reforms on capital regulation during May 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from 1st April, 2013 in India in phases and it was decided originally to implement fully as on 31st March, 2018. RBI issued detailed Guidelines on Composition of Capital Disclosure Requirements on 28th May, 2013. Another circular on "Implementation of Basel III Capital Regulations in India - Capital Planning" has been issued by RBI on 27th March, 2014. Accordingly, the transitional period for full implementation of Basel III Capital Regulations in India is extended upto 31st March, 2019, instead of as on 31st March, 2018. The Basel III Capital Regulations have been consolidated in Master Circular - Basel III Capital Regulations vide circular No. DBOD.No.BP.BC.6/21.06.201/2014-15 dated 1st July, 2014.

Under the Basel II framework, the total regulatory capital comprises of Tier I (core capital) and Tier 2 capital (supplementary capital). In order to improve the quality of regulatory capital, the capital will predominantly consist of Common Equity Tier1 (CET1) under Basel III. Non-equity Tier 1 and Tier 2 capital would continue to form part of regulatory capital subject to eligibility criteria as laid down in Basel III. The Basel III capital regulations continue to be based on three-mutually reinforcing Pillars, viz. Minimum Capital Requirements (Pillar 1), Supervisory Review of Capital Adequacy (Pillar 2) and Market Discipline (Pillar 3) of the Basel II Capital Adequacy framework.

The Basel-III norms mainly seek to:

- Raise the quality of capital to ensure that the banks are capable to absorb losses on both as going concern and as gone concern basis,

- Increase the risk coverage of the capital framework
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure
- Raise the standards for the supervisory review process and public disclosures etc.

The macro prudential aspects of Basel III are largely enshrined in the capital buffers. Both the buffers i.e. the capital conservation buffer and the countercyclical buffer are intended to protect the banking sector from stressed situations and business cycles.

Minimum capital requirements under Basel-III

Under the Basel III Capital Regulations, Banks are required to maintain a minimum Pillar 1 Capital (Tier - I + Tier - II) to Risk Weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than capital conservation buffer and countercyclical capital buffer etc.) Besides these minimum capital requirements, Basel III also provides for creation of capital conservation buffer (CCB). The CCB requirements are to be implemented from 31st March, 2016 in phases and are to be fully implemented by 31st March, 2019 to the extent of 2.5% of Risk Weighted Assets.

The total regulatory capital fund under Basel- III norms will consist of the sum of the following categories and banks are required to maintain 11.5% of Risk Weighted Assets (9% + 2.5%) by March 2019 with the phase in requirements under CCB from March 2016.

- Tier 1 Capital comprises of:-
 - Common Equity Tier 1 capital (with a minimum of 5.5%)
 - Additional Tier 1 capital
 - Total Tier 1 capital of minimum 7%
- Tier 2 Capital.
 - Total Tier 1 + Tier 2 should be more than 9%
- Capital Conservation Buffer (CCB). (with a minimum of 2.5%)
 - Total capital including CCB should be 11.5%

B. The Bank's approach in assessment of capital adequacy

The Bank is following standardized approach, Standardized Duration approach and Basic Indicator approach for measurement of capital charge in respect of credit risk, market risk and operational risk respectively. Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar- II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is also assessed in the ICAAP document.

C. Quantitative Disclosures:

(₹ in crore)

a) Capital requirements for Credit Risk: (@ 9% on Risk weighted Assets)		
● Portfolios subject to standardised approach		1293.20
● Securitisation exposures		Nil
b) Capital requirements for Market Risk:		
● Standardised duration approach		70.62
○ Interest Rate Risk	17.56	
○ Equity risk	51.01	
○ Foreign Exchange risk	2.05	
c) Capital requirements for Operational Risk:		
● Basic indicator approach		131.16
Total capital required @ 9%		1494.98
d) Total Capital Funds available		2744.25
Total Risk Weighted Assets		16610.97
Common Equity Tier I CRAR %		16.03
Tier I CRAR %		16.03
Tier II CRAR %		0.49
Total CRAR %		16.52

2. Risk Exposure and Assessment

Risk is an integral part of banking business in an ever dynamic environment, which is undergoing radical changes both on the technology front and product offerings. The main risks faced by the bank are credit risk, market risk and operational risk. The bank aims to achieve an optimum balance between risk and return to maximize shareholder value. The relevant information on the various categories of risks faced by the bank is given in the ensuing sections. This information is intended to give market participants a better idea on the risk profile and risk management practices of the bank.

The Bank has a comprehensive risk management system in order to address various risks and has set up an Integrated Risk Management Department (RMD), which is independent of operational departments. Bank has a Risk Management Committee of Board functioning at apex level for formulating, implementing and reviewing bank's risk management measures pertaining to credit, market and operational risks. Apart from the Risk Management Committee of the Board at apex level, the Bank has a strong Bank-wide risk management structure comprising of Risk Management Committee of Executives (RMCE) assisted by Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC) and Operational Risk Management Committee (ORMC) at senior management level. Credit Risk Management Committee deals with credit policies and procedures, Asset Liability Management Committee deals with Asset Liability Management (ALM) and Investment Policy of the Bank and Operational Risk Management Committee formulates policies and procedures for managing operational risks.

The Bank has formulated the required policies such as Integrated Risk Management Policy, Loan Policy, Credit Risk Management Policy, ALM Policy, Treasury and Forex Policy, Inspection and Audit Policies, KYC Policy, Risk Based Internal Audit Policy, Stress Testing Policy, Disclosure Policy, ICAAP Policy and Credit Risk Mitigation & Collateral Management Policy, Risk Rating and Pricing Policy, etc for mitigation the risk in various areas and monitoring the same.

The structure and organization of Risk Management functions of the bank is as follows:

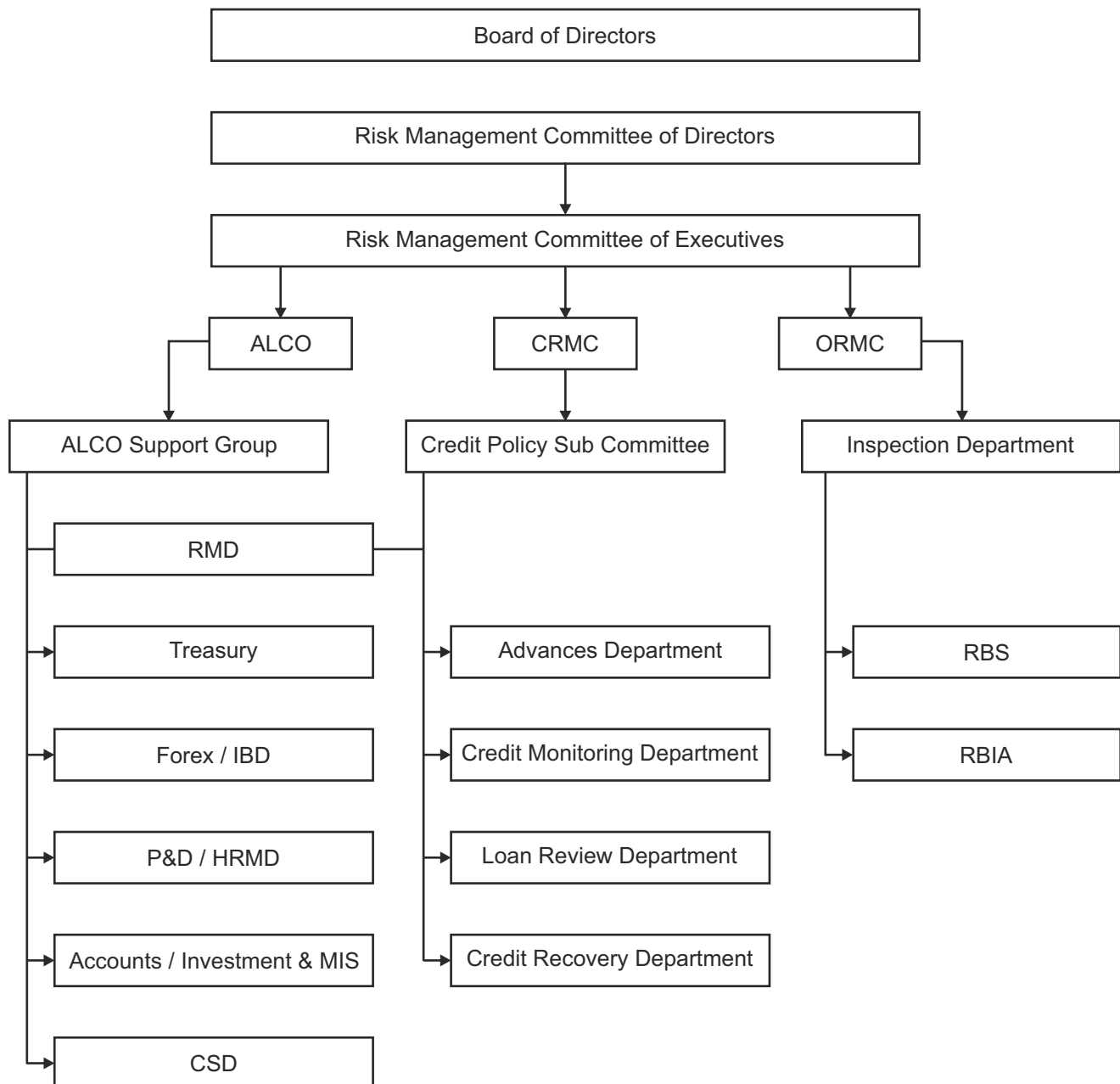


Table DF - 3

CREDIT RISK: GENERAL DISCLOSURES

Credit Risk

Credit Risk is a possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, Credit Risk arises mostly from lending activities of the bank, when a borrower is unable to meet its financial obligations emanating from potential changes in the credit quality / worthiness of the borrowers or counterparties.

Credit Risk Management encompasses a host of management techniques, which help the banks in mitigating the adverse impacts of credit risk. The objective of the Credit Risk Management is to identify, measure, monitor and control credit risk by adopting suitable methodology.

The Bank has formulated Loan Policy which stipulates various prudential norms, bench marks, guidelines for sanctioning of credits and recovery of the same. The Bank has also formulated a separate Credit Risk Management Policy, besides a Policy on Credit Risk Mitigation and Collateral Management.

Credit Risk is assessed by a robust internal credit risk rating system. Credit Risk Rating is the process wherein the merits and demerits of a borrower are captured and assigned with scorings, which enables the Bank to take a view on the acceptability or otherwise of any credit proposal.

Credit Risk Management Policy

The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Board. The Policy document defines organisation structure, role and responsibilities and the processes whereby the Credit Risks carried by the Bank can be identified, quantified and managed. Credit Risk is monitored on a bank wide basis and the compliance with regard to the risk limits approved by the Credit Risk Management Committee(CRMC) / Board is ensured.

The Bank adopts the definition of 'past due' and 'impaired credits' (for reporting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and provisioning (IRAC) norms (vide RBI Master Circular dated 1st July, 2014).

Quantitative Disclosures:

Total Gross Credit Risk Exposures including Geographic Distribution of Exposure :

(₹ in crore)

Exposure as on 31.03.2015	Domestic	Overseas	Total
Fund based	20143.99	Nil	20143.99
Non-fund based	2435.81	Nil	2435.81
Investment (Non SLR)	384.87	Nil	384.87
Total	22964.67	Nil	22964.67

Industry type distribution of exposures - 31.03.2015

(₹ in crore)

Sl. No.	INDUSTRY / ACTIVITY	Funded Exposure	Non-Funded Exposure	Investment exposure (Non SLR)	Total Exposure
1	Mining and Quarrying	51.59	1.14	0.00	52.73
2	Iron and Steel	755.72	362.38	0.83	1118.93
3	Other Metal and Metal Products	312.88	63.50	0.37	376.75
4	Engineering of which Electronics	33.69	12.54	0.00	46.23
5	Others (incl Electrical & Home Appliances)	314.94	105.93	0.45	421.32
6	Cotton Textiles	1091.41	139.32	0.00	1230.73
7	Other Textiles	721.67	49.21	0.00	770.88
8	Food Processing	311.91	58.85	0.00	370.76
9	Beverages and Tobacco	20.62	4.82	0.00	25.44
10	Leather and Leather Products	10.79	0.09	0.00	10.88
11	Wood and Wood Products	44.92	90.42	0.00	135.34
12	Paper and Paper Products	433.44	56.70	0.00	490.14
13	Petroleum, Coal Products and Nuclear Fuels	7.46	0.83	0.00	8.29
14	Drugs and Pharmaceuticals	46.99	6.47	0.32	53.78
15	Chemicals and Chemical Products (Dyes, Paints, etc.)	151.05	92.82	0.00	243.87
16	Rubber, Plastic and their Products	220.82	51.90	0.00	272.72
17	Glass & Glassware	3.86	0.00	0.00	3.86
18	Cement and Cement Products	25.09	0.00	0.00	25.09
19	Vehicles, Vehicle Parts and Transport Equipments & Auto Parts	103.85	4.04	0.34	108.23
20	Gems and Jewellery	38.07	0.01	0.00	38.08
21	Construction	758.35	7.78	0.00	766.13
22	Infrastructure	128.01	15.97	25.21	169.19
23	Other Industries	101.52	86.77	0.00	188.29
24	Non Metallic Minerals	60.00	24.31	0.00	84.31
25	Publication & Printing	40.00	12.95	0.00	52.95
26	Computer Software	30.34	0.00	0.00	30.34
	All Industries Total	5818.99	1248.75	27.52	7095.26
	Residuary other advances	14325.00	1187.06	357.35	15869.41
	Gross Exposure (Funded + Non-Funded)	20143.99	2435.81	384.87	22964.67

The exposures to Cotton Textiles and Iron & Steel accounted for 5.36% & 4.87% of Total Gross Exposure respectively. The coverage of advances to the above two industries occupy the top two positions among the total industry sectors.

Residual contractual maturity breakdown of assets - 31.03.2015

(computed as per the guidelines of RBI on Asset Liability Management)

(₹ in crore)

Period	Cash, RBI Balance and Balance with all Banks	Advances (Net)	Investments (Net)	Fixed & Other Assets	Total
1 Day	523.92	30.79	24.61	30.58	609.90
2 to 7 Days	62.50	259.77	602.50	46.29	971.06
8 to 14 Days	0.00	992.62	472.25	52.47	1517.34
15 to 28 Days	52.14	174.26	343.45	12.05	581.90
29 Days to 3 Months	1066.86	339.01	852.28	15.32	2273.47
Over 3 Months & upto 6 Months	252.02	337.52	1006.64	122.37	1718.55
Over 6 Months & upto 1 Year	332.71	3719.01	1365.09	162.21	5579.02
Over 1 Year & upto 3 Years	220.17	8267.28	1136.71	166.40	9790.56
Over 3 Years & upto 5 Years	22.18	1341.85	65.40	0.00	1429.43
Over 5 Years	4.27	2503.39	496.34	395.90	3399.90
Total	2536.77	17965.50	6365.27	1003.59	27871.13

Amount of NPAs (Gross)

(₹ in crore)

Sub-standard	263.64
Doubtful 1	35.55
Doubtful 2	17.75
Doubtful 3	12.71
Loss	6.17
Gross NPA Total	335.82

The Amount of Net NPAs is ₹ 232.79 crore
The NPA ratios are as under

- Gross NPA to Gross Advances 1.86%
- Net NPAs to Net Advances 1.30%

The movement of NPA is as under: {as in Notes on Accounts 4.1}

(₹ in crore)

i. Opening balance at the beginning of the year 01.04.2014	293.06
ii. Additions made during the year (4 quarters)	425.09
iii. Reductions during the year (4 quarters)	382.33
iv. Closing balance at the end of period as on 31.03.2015 (i + ii - iii)	335.82

The movement of provisions for NPAs are as under:

(₹ in crore)

i. Opening balance at the beginning of the year 01.04.2014	95.77
ii. Provisions made during the year (4 quarters)	165.00
iii. Write-off / Write-back of excess provisions (4 quarters)	157.74
iv. Closing Balance at the end of the year 31.03.2015 (i + ii - iii)	103.03

The amount of non-performing investment - Nil
The amount of provision held for non-performing investment - Nil
The movement of provisions for depreciation on investments:

(₹ in crore)

i. Opening balance at the beginning of the year 01.04.2014	1.72
ii. Provisions made during the year (4 quarters)	-
iii. Write-off during the year	-
iv. Write-back of excess provisions	-
v. Closing Balance at the end of the year as on 31.03.2015 (i + ii - iii - iv)	1.72

TABLE - DF - 4
CREDIT RISK: DISCLOSURES FOR PORTFOLIO SUBJECT TO THE STANDARDISED APPROACH
Qualitative Disclosures:

The Bank is using the services of the External Credit Rating Agencies approved by Reserve Bank of India, namely a) CRISIL, b) ICRA, c) CARE, d) FITCH / India Ratings, e) Brickwork and f) SMERA ratings to facilitate the corporate borrower customers who enjoy credit facilities above ₹ 5.00 crore to solicit the ratings. The corporates which are yet to get the approved ratings from these rating agencies, are treated as 'unrated'.

The Bank computes risk weight on the basis of external rating assigned, both Long Term and Short Term, for the facilities availed by the borrower. The external ratings assigned are generally facility specific. The Bank follows the below mentioned procedures as laid down in the Basel III guidelines for usage of external ratings:

- Rating assigned by one rating agency is used for all the types of claims on the borrowing entity.
- Long term ratings are used for facilities with contractual maturity of one year & above.
- Short term ratings are generally applied for facilities with contractual maturity of less than one year.

Quantitative Disclosures:

For exposure amounts after risk mitigation subject to the standardised approach, amount of a bank's outstandings (rated and unrated) in the following three major risk buckets as well as those that are deducted as per risk mitigation are given below.

(₹ in crore)

Risk Weight	Rated	Unrated	Total
Below 100 %	558.83	15787.20	16346.03
At 100 %	290.53	6894.59	7185.12
More than 100 %	177.60	736.50	914.10
Total outstanding after mitigation	1026.96	23418.29	24445.25
Deducted (as per Risk Mitigation)	0.30	3549.38	3549.68

TABLE DF - 5

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH

Qualitative Disclosures:

The Bank has put in place Credit Risk Mitigation and Collateral Management Policy with the primary objective of

- Mitigation of Credit Risks and enhancing awareness on identification of appropriate collateral taking into account the spirit of Basel III / RBI guidelines.
- Optimizing the benefit of Credit Risk Mitigation in computation of capital charge as per the approaches laid down in Basel III / RBI guidelines.

Valuation and methodologies are detailed in Credit Risk Management Policy, Valuation Policy and Loan Policy of the Bank.

The Bank recognises the following Financial Collateral (FC) for Credit Risk Mitigation.

- Cash or Cash equivalent (Bank Deposits / Certificate of Deposits issued by the Bank, etc.)
- Gold Jewels
- Indira Vikas Patras
- Kisan Vikas Patras
- National Savings Certificates
- Life Insurance Policies with a declared surrender value
- Securities issued by Central and State Governments
- Debt securities rated by a recognized Credit Rating Agency where these are either:
 - at least BBB(-) when issued by public sector entities; or
 - at least A when issued by other entities (including Banks and Primary Dealers); or
 - at least PR3 / P3 / F3 / A3 for short term debt instruments
- Debt securities though not rated by Credit Rating Agency but
 - issued by a bank and
 - listed on a recognized stock exchange; and
 - Classified as senior debt.

The Bank accepts guarantees from individuals with considerable net worth and the Corporates, besides guarantee issued by Government, other Commercial banks, ECGC and CGTSI.

Concentration Risk in Credit Risk Mitigation: All types of securities eligible for mitigation are easily realizable financial securities. As such, presently no limit / ceiling has been prescribed to address the concentration risk in credit risk mitigants recognized by the Bank. The portion of advances subjected to CRM including non-funded advances amounted to 18% of outstanding total of funded and non-funded credit. The Bank has ensured legal certainty in the matter of credit risk mitigation as per RBI guidelines.

Quantitative Disclosures:

- a. For each separately disclosed credit risk portfolio, the total exposure (after, where applicable, on-or off balance sheet netting) that is covered by eligible financial collateral (FCs) after the application of haircuts is given below:

(₹ in crore)

Portfolio category	Financial collateral	Quantum of exposure covered
1. Funded - Credit	Bank's own deposits	733.94
2. Funded - Credit	Gold jewels	2447.18
3. Funded - Credit	LIC / KVP / NSC	8.00
4. Non Funded	Bank's own deposits	360.57

- b. For each separately disclosed portfolio, the total exposure (after, on balance sheet netting) that is covered by Guarantees:

(₹ in crore)

Portfolio category	Guaranteed by	Quantum of exposure covered
1. Funded - Credit	Central Government	289.51
2. Funded - Credit	ECGC	90.00
3. Funded - Credit	AP State Government	1.11
4. Funded - Credit	CGTSI	64.84

TABLE DF - 6
SECURITIZATION : DISCLOSURE FOR STANDARDISED APPROACH
Qualitative Disclosures:

The Bank has not undertaken any securitization activity.

Quantitative Disclosures: NIL

TABLE DF - 7
MARKET RISK IN TRADING BOOK
Qualitative Disclosures:

Market Risk in trading book is assessed as per the Standardised duration method. The capital charge for HFT and AFS is computed as per Reserve Bank of India prudential guidelines.

a. Definition of market risk

Market risk refers to the potential losses arising from volatility in interest rates, foreign exchange rates, equity prices and commodity prices. Market risk arises with respect to all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and derivative instruments as well as from balance sheet or structural positions.

b. Portfolios covered under standardized approach

The bank's portfolio comprises of Government securities, equity shares and forex portfolio.

c. Strategies and processes

1) The Bank has put in place a comprehensive Market risk management Framework to address the Market risks (bank wide) including that of the Trading Book.

2) Within the above framework, various policies of the Bank prescribes Limits like Value at Risk (VaR) for HFT Securities and Foreign Currencies, Duration, Minimum holding level for liquid assets, Exposure limits, Forex open position limits (day light / overnight), Stop-Loss limits etc .

3) Risk profiles are analyzed and the effectiveness of risk mitigants is regularly monitored through Mid Office.

4) Adherence to limits are being monitored by dedicated mid office, reporting exceptions to the head of Risk Management Department, independent of Treasury / IBD operational units.

d. Risk Measurement

1) Values at Risk (VaR) numbers are arrived for Trading book Central Government securities and Foreign Currencies.

2) The positions are marked to market at stipulated intervals. The Duration / Modified Duration is computed and its adherence to the prescribed duration limits is ensured.

3) The Bank is computing capital charge on "Held for Trading" and "Available for Sale" categories using Standardized Duration Approach as required under RBI guidelines.

4) Stress testing analysis is done by applying rate shocks for parallel shift in the yield curve under current economic and political scenario.

Quantitative Disclosures:

The capital requirements for 31.03.2015 (₹ in crore)

● Interest Rate Risk	-	17.56
● Equity Position Risk	-	51.01
● Foreign Exchange Risk	-	2.05
Total	-	<u>70.62</u>

TABLE DF - 8

OPERATIONAL RISK

Qualitative Disclosures:

Operational Risk is the risk of loss resulting from inadequate or failed processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks.

The Bank has put in place Operational Risk Management Policy duly approved by the Board. This policy outlines the Organisation Structure and covers the process of identification, assessment/measurement and control of various operational risks.

The other policies adopted by the Bank which deal with the management of operational risks are Inspection Policy, Information Security Audit Policy and Policy on Modified code of conduct for Know-Your Customer & Anti-Money Laundering Standards.

Operational Risks in the Bank are managed through comprehensive and well-articulated internal control framework. Operational risk is mitigated by effecting suitable insurance coverage wherever necessary. The Bank has also put in place a compliance cell to supervise KYC & AML guidelines and off site monitoring of high value transactions. For accounting operations in the computerized environment suitable internal control system is maintained and a separate policy on I.T. Security is in place specifying the internal guidelines on access, control, communications, operations, personal security, business continuity management etc.

Quantitative Disclosures:

Capital charge for Operational Risk is computed as per the Basic Indicator Approach and the same is computed based on the average of the gross income, as defined in the New Capital Adequacy Framework guidelines, for the previous three years i.e. 2011-12, 2012-13 and 2013-14. The required capital is ₹ 131.16 crore.

TABLE DF - 9

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Qualitative Disclosures:

Interest rate risk is the risk where changes in the market interest rates might affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as also the net-worth of the Bank (economic value perspective). The risk from earnings perspective can be measured as impact in the Net Interest Income (NII) or Net Interest Margin (NIM). Similarly, the risk from economic value perspective can be measured as drop in the Economic value of Equity (EVE).

The impact on income (earning perspective) is measured through use of Gap Analysis by applying notional rate shock up to 200 bps as prescribed.

For the calculation of impact on earnings, the Traditional Gap is taken from the Rate Sensitivity statement and based on the remaining period from the mid point of a particular bucket, the impact for change in interest rates up to 200 bps is arrived at for one year time horizon.

The Bank has adopted Duration Gap Analysis for assessing the impact (as a percentage) on the Economic Value of Equity (Economic Value Perspective) by applying a notional interest rate shock of 200 bps. As per the draft guidelines issued by RBI DBOD.No. BP. 7/21.04.098/ 2005-06 dated 17th April, 2006, the Bank calculates Modified Duration Gap on Assets & Liabilities and arrive at the impact on Economic Value of Equity. On 4th November, 2010, RBI issued a circular on Interest Rate Risk using Duration Gap Analysis and these guidelines have also been taken into account while calculating IRRBB. The Bank is calculating IRRBB on a quarterly basis.

Quantitative Disclosures:

- The impact of change in Interest Rate i.e. Earnings at Risk for 200 bps interest rate shock as on 31st March, 2015 is ₹ 115.93 crore.
- The impact of change in market value of Equity for an interest rate shock of 200 bps as on 31st March, 2015 is 4.35%.

TABLE DF - 10

GENERAL DISCLOSURES FOR EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) is the risk that a counter party to a transaction could default before the final settlement of the transaction cash flows. Unlike a firm's exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss to either parties.

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward contracts.

Credit exposures on forward contracts

The Bank enters into the forward contracts in the normal course of business for proprietary trading and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Counterparty Credit exposure as on 31st March, 2015

(₹ in crore)

Nature	Notional Amount	Potential Exposure @ 2%	Current exposure	Total credit exposure
Forward contracts	5892.16	108.80	51.62	160.42

The capital requirement for Bank's exposure to Qualified Central Counter Party (QCCP) has been computed for the exposure to Clearing Corporation of India (CCIL) as on 31st March, 2015 amounting to ₹ 36.80 crore with risk weighted assets of ₹ 15.52 crore, which is forming part of credit risk total. In terms of RBI circular dated 28th March, 2013, the Credit Valuation Adjustment (CVA) risk capital charge has been computed, which amounted to ₹ 0.42 crore (the corresponding risk weighted value of ₹ 4.69 crore has also been added to credit risk weighted assets).

3. Composition of Capital Disclosure

TABLE DF - 11

COMPOSITION OF CAPITAL

Part II : Template to be used before 31st March, 2017
(i.e. during the transition period of Basel III regulatory adjustments)

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
Common Equity Tier 1 capital: instruments and reserves				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	8607.31	-	-
2	Retained earnings	18324.12	-	-
3	Accumulated other comprehensive income (and other reserves)	-	-	-
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) Public sector capital injections grandfathered until 1 st January, 2018	-	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-	-
6	Common Equity Tier 1 capital before regulatory adjustments	26931.43	-	-
Common Equity Tier 1 capital : regulatory adjustments				
7	Prudential valuation adjustments	-	-	-
8	Goodwill (net of related tax liability)	-	-	-
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	291.27	-	-
10	Deferred tax assets	-	-	-
11	Cash-flow hedge reserve	-	-	-
12	Shortfall of provisions to expected losses	-	-	-
13	Securitisation gain on sale	-	-	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-
15	Defined-benefit pension fund net assets	-	-	-
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-	-	-
17	Reciprocal cross-holdings in common equity	8.01	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	-	-
20	Mortgage servicing rights (amount above 10% threshold)	-	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-
22	Amount exceeding the 15% threshold	-	-	-
23	of which : significant investments in the common stock of financial entities	-	-	-
24	of which : mortgage servicing rights	-	-	-
25	of which : deferred tax assets arising from temporary differences	-	-	-
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	-	-
26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	-	-	-
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	-	-	-
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	-	-
26d	of which : Unamortised pension funds expenditures Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment of which : [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context) of which : [INSERT TYPE OF ADJUSTMENT] of which : [INSERT TYPE OF ADJUSTMENT]	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	-
28	Total regulatory adjustments to Common equity Tier 1	299.28	-	-
29	Common Equity Tier 1 capital (CET1)	26632.15	-	-
Additional Tier 1 capital : instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-	-	-
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	-	-
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	-	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	-	-
35	of which : instruments issued by subsidiaries subject to phase out	-	-	-
36	Additional Tier 1 capital before regulatory adjustments	-	-	-
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	-	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-
41	National specific regulatory adjustments (41a+41b)	-	-	-
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	-	-
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment of which : [INSERT TYPE OF ADJUSTMENT e.g. DTAs] of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%] of which : [INSERT TYPE OF ADJUSTMENT]	-	-	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
43	Total regulatory adjustments to Additional Tier 1 capital	-	-	-
44	Additional Tier 1 capital (AT1)	-	-	-
44a	Additional Tier 1 capital reckoned for capital adequacy	-	-	-
45	Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)	26632.15	-	-
Tier 2 capital : instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	85.00	-	-
47	Directly issued capital instruments subject to phase out from Tier 2	-	-	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
49	of which : instruments issued by subsidiaries subject to phase out	-	-	-
50	Provision include the following a) Investment Reserve ₹ 23.80 mn b) Provision for Standard Asset ₹ 747.00 mn c) Provision for Country Risk Exposure ₹ 3.20 mn d) Provision for Unhedged Exposure ₹ 11.34 mn	785.34	-	-
51	Tier 2 capital before regulatory adjustments	870.34	-	-
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-	-	-
53	Reciprocal cross-holdings in Tier 2 instruments	60.00	-	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	-	-
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-
56	National specific regulatory adjustments (56a+56b)	-	-	-
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-	-	-
56b	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%] of which : [INSERT TYPE OF ADJUSTMENT]	-	-	-
57	Total regulatory adjustments to Tier 2 capital	60.00	-	-
58	Tier 2 capital (T2)	810.34	-	-
58a	Tier 2 capital reckoned for capital adequacy	810.34	-	-
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	-	-	-
58c	Total Tier 2 capital admissible for capital adequacy (58a+58b)	810.34	-	-
59	Total capital (TC = T1 + Admissible T2) (45 + 58c) Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment of which : [INSERT TYPE OF ADJUSTMENT] of which :	27442.49	-	-
60	Total risk weighted assets (60a + 60b + 60c)	166109.69	-	-
60a	of which : total credit risk weighted assets	143689.14	-	-
60b	of which : total market risk weighted assets	7847.34	-	-
60c	of which : total operational risk weighted assets	14573.21	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	16.03%	-	-
62	Tier 1 (as a percentage of risk weighted assets)	16.03%	-	-
63	Total capital (as a percentage of risk weighted assets)	16.52%	-	-
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	-	-	-
65	of which : capital conservation buffer requirement			
66	of which : bank specific countercyclical buffer requirement	-	-	-
67	of which : G-SIB buffer requirement	-	-	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	NA	-	-
National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	-	-
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	-	-
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	-	-
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	-	-	-
73	Significant investments in the common stock of financial entities	-	-	-
74	Mortgage servicing rights (net of related tax liability)	-	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	-	-
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	-	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-

(₹ in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 st April, 2013 to 31 st December, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No
Capital instruments subject to phase-out arrangements (only applicable between 31st March, 2017 and 31st March, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	NA	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	-	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	-

Notes to the template

(₹ in million)

Row No. of the template	Particulars	Amount
10	Deferred tax assets associated with accumulated losses Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability Total as indicated in row 10	- - -
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank of which : Increase in Common Equity Tier 1 capital of which : Increase in Additional Tier 1 capital of which : Increase in Tier 2 capital	- - -
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then : (i) Increase in Common Equity Tier 1 capital (ii) Increase in risk weighted assets	- - -
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a) of which : Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital Eligible Revaluation Reserves included in Tier 2 capital Total of row 50	785.34 - 785.34
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

Table DF - 12
COMPOSITION OF CAPITAL- RECONCILIATION REQUIREMENTS
Step 1

(₹ in million)

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
A Capital & Liabilities		NOT APPLICABLE
I Paid-Up Capital	596.57	
Reserves & Surplus	26358.65	
Minority Interest	-	
Total Capital	26955.22	
II Deposits	240749.56	
of which : Deposits from Banks	358.42	
of which : Customer deposits	240391.14	
of which : Other Deposits (pl. specify)	-	
III Borrowings	1688.16	
of which : From RBI	200.00	
of which : From Banks	0.99	
of which : From other Institutions & Agencies	1087.17	
of which : Others (pl. specify) Outside India	-	
of which : Capital Instruments	400.00	
IV Other Liabilities & Provisions	9318.33	
Total	278711.27	
B Assets		
I Cash and Balances with Reserve Bank of India	12335.07	
Balance with Banks and Money at call and short notice	13032.64	
II Investments	63652.67	
of which : Government securities	54875.24	
of which : Other approved securities	-	
of which : Shares	234.33	
of which : Debentures & Bonds	374.21	
of which : Subsidiaries / Joint Ventures / Associates	-	
of which : Others (Commercial Papers, Mutual Funds etc.)	8168.89	
III Loans and Advances	179655.00	
of which : Loans and Advances to Banks	-	
of which : Loans and Advances to Customers	179655.00	
IV Fixed Assets	2104.14	
V Other Assets	7931.75	
of which : Goodwill and Intangible Assets	-	
of which : Deferred Tax Assets	300.84	
VI Goodwill on Consolidation	-	
VII Debit Balance in Profit & Loss Account	-	
Total	278711.27	

Step 2

- 1) As the Bank is not having any subsidiary, no disclosure relating any legal entity for regulatory consolidation is made.
- 2) The entire paid up capital of the Bank amounting to ₹ 596.57 million is included in CET I. (refer Item I of DF-11)
- 3) The break up for Reserves & Surplus ₹ 26358.65 million as shown in the Bank's financials statements is given hereunder for the purpose of reconciliation for calculation of Regulatory Capital in DF-11.

(₹ in million)

As per Balance Sheet	Amount	As shown in DF - 11 Capital
a) Statutory reserves	6910.00	Included in Regulatory CET I capital DF-11 (S.No.2)
b) Capital Reserves	539.50	Included in Regulatory CET I capital DF-11 (S.No.2)
c) Share Premium	8010.74	Included in Regulatory CET I capital DF-11 (S.No.1)
d) General reserves	9295.00	Included in Regulatory CET I capital DF-11 (S.No.2)
e) Investment reserve	23.80	Included in Regulatory Tier II capital DF-11 (S.No.50)
f) Special Reserve under IT	1510.00	Included in Regulatory CET I capital DF-11 (S.No.2)
g) Balance in P&L upto 31.03.2014	69.61	Included in CET I (S.No. 2 DF-11)
	26358.65	

- 4) Borrowings - The Tier I bonds shown as capital instruments under Borrowings (under in step 1 - A(iii) above) has a book value of ₹ 400.00mn, but the amount admissible for regulatory Tier II capital after discounts and deductions amounts to only ₹ 85.00mn shown in DF-11 (Sl.No.46).
- 5) Other Liabilities - The following subheads are included in Other Liabilities in the Balance Sheet
- Provision for Standard assets ₹ 747.00mn
 - Provision for Unhedged Foreign Currency Exposure (UFCE) - ₹ 11.34mn
 - Provision for Country Risk Exposure - ₹ 3.20mn

However, they are under Tier II capital for computation of Regulatory Capital DF-11 (Sl. No.50) as noted in brackets as per extant RBI guidelines.

Step 3

(₹ in million)

Extract of Basel III common disclosure template (with added column) Table DF - 11 (Part I / Part II whichever, applicable) Common Equity Tier 1 capital: instruments and reserves		
	Component of regulatory capital reported by bank	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2
1 Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	8607.31	2 & 3 (c)
2 Retained earnings	18324.12	3 (a, b, d, f & g)
3 Accumulated other comprehensive income (and other reserves)	-	
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6 Common Equity Tier 1 capital before regulatory adjustments	26931.43	(Total of 1 & 2)
7 Prudential valuation adjustments	-	
8 Goodwill (net of related tax liability)	-	

Table DF - 13

MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Table DF - 13 : Main Features of Regulatory Capital Instruments (Equity Shares & Bond Series I, II) Disclosure template for main features of Regulatory Capital Instruments				
Description		Equity Shares	Bond Series I	Bond Series II
1	Issuer	City Union Bank Ltd	City Union Bank Ltd	City Union Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE491A01021	INE491A08018	INE491A08026
3	Governing law(s) of the instrument	Applicable Indian Statutes and regulatory requirements	Applicable Indian Statutes and regulatory requirements	Applicable Indian Statutes and regulatory requirements
Regulatory treatment				
4	Transitional Basel III rules	Common Equity Tier I	Tier 2	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier I	Eligible	Eligible
6	Eligible at solo / group / group & solo	Solo	Solo	Solo
7	Instrument type	Common Equity Shares	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognized in regulatory capital (Rs. in million, as of most recent reporting date)	596.57 million	98.00million	60.00million
9	Par value of instrument	₹ 1 per equity share	₹ 10,00,000/- per bond	₹ 10,00,000/- per bond
10	Accounting classification	Shareholder's Equity	Borrowings-Liability	Borrowings-Liability
11	Original date of issuance	Various	31/03/2006	30/03/2007
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No Maturity	30/04/2016	30/04/2017
14	Issuer call subject to prior supervisory approval	Not Applicable	No Call Option	No Call Option
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable Coupons / dividends	Not Applicable Dividend	Not Applicable Coupon	Not Applicable Coupon
17	Fixed or floating dividend / coupon	Not Applicable	Fixed	Fixed
18	Coupon rate and any related index	Not Applicable	8.90%	10.00%
19	Existence of a dividend stopper	Not Applicable	Yes	Yes

Table DF - 13 : Main Features of Regulatory Capital Instruments (Equity Shares & Bond Series I, II)
Disclosure template for main features of Regulatory Capital Instruments

Description		Equity Shares	Bond Series I	Bond Series II
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Not Applicable	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	Not Applicable	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Not Applicable	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated Claim at the time of liquidation	All other Creditors and Depositors of the Bank	All other Creditors and Depositors of the Bank
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	No	Not Applicable	Not Applicable

Table DF - 14

FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS

The details of the Tier II capital [Bonds] raised by the Bank

Table DF - 14 : Full Terms and Conditions of Regulatory Capital Instruments	
Instruments	Full Terms and Conditions
Series I	300 Nos - 8.90% Non Convertible Redeemable Debentures ₹ 10,00,000/- each fully paid up-Tenure 121 Months, Date of Allotment: 31 st March, 2006 Date of Redemption : 30 th April, 2016 aggregating to ₹ 30.00 crore.
Series II	100 Nos - 10.00% Non Convertible Redeemable Debentures ₹ 10,00,000/- each fully paid up - Tenure 121 Months, Date of Allotment : 30 th March, 2007 Date of Redemption : 30 th April, 2017 aggregating to ₹ 10.00 crore.

Table DF - 15

REMUNERATION

Qualitative Disclosures:

(a)	Information relating to the composition and mandate of the Remuneration Committee.	Compensation & Remuneration Committee comprising of five members constituted to oversee the framing, review and implementation of Compensation Policy.
(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	Key Features: i) Board oversees the design of the compensation package and operations ii) Compensation commensurate with the responsibility and accountability Objectives: a) Alignment of compensation with prudent risk taking b) Effective Supervisory oversight c) Sound Compensation Practices
(c)	Description of the ways in which current and future risks are taken in to account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Compensation related to the types of risks and symmetric with risk outcomes
(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	Qualitative features such as skills, knowledge and abilities are factored in.
(e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	i) ESOP and Reservation in Rights Issue to be the components of share based payment ii) Exgratia payment to be denied only in extreme cases of indiscipline, misuse of trust etc.
(f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	Financial incentives, Exgratia and ESOPs form part of variable remuneration components

Qualitative Disclosures : (Contd.)

	Current Year	Previous Year
(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	7 meetings were held during the financial year and the total remuneration paid during the year ₹ 2,70,000/-	8 meetings were held during the financial year (1 - Rights Issue & 7 - Compensation Committee) and the total remuneration paid during the year ₹ 1,50,000/-
(h) (i) Number of employees having received a variable remuneration award during the financial year.		
(ii) Number and total amount of sign - on awards made during the financial year.	NIL	NIL
(iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus.		
(iv) Details of severance pay, in addition to accrued benefits, if any.		
(i) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL	NIL
(ii) Total amount of deferred remuneration paid out in the financial year.		
(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NIL	NIL
(k) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments.		
(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.	NIL	NIL
(iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.		

EXPANDING NETWORK



Opening of 450th branch at Ponnamaravathi, Pudukottai



Opening of 475th branch at Sundarapuram, Coimbatore

CSR INITIATIVES LAUNCHED IN COMMEMORATION OF BANK'S
110th YEAR FOUNDATION DAY CELEBRATIONS



Handing over of Ambulance Key to Kumbakonam Municipality



Bank's participation in Hon'ble PM's Swachh Bharat Mission
- Contribution to Kumbakonam Municipality towards Construction of 110 Toilets



CITY UNION BANK LIMITED

ECS / NECS / RTGS / NEFT MANDATE FORM FOR PAYMENT OF DIVIDEND ON EQUITY SHARES

(In case of share held in physical form – send it to Registrar & Share Transfer Agent (RTA),

M/s. Karvy Computershare Pvt. Ltd., Hyderabad)

(In case of share held in demat form – send it to your Depository Participant)

Name of the First / Sole shareholder						
Regd. Folio No.						
No. of Shares						
Bank A/c. Type [Please tick (✓)]	Saving A/c		Current A/c		Cash Credit A/c	
Bank Account Number						
Name of the Bank						
Branch Name						
IFSC Code						
Full Address of the Branch						
9-Digit Code number of the Bank & Branch appearing on the MICR cheque issued by the Bank (Please attach Photocopy of a cheque or a blank cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the code).						

DECLARATION

I agree to avail the ECS / NECS / RTGS / NEFT facility as and when implemented by **CITY UNION BANK LIMITED** for payment of dividend to me.

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold **CITY UNION BANK LIMITED** / RTA responsible in any manner.

I further undertake to inform **CITY UNION BANK LIMITED** / RTA any change in my Bank, Branch and Account Number.

(Signature of the First / Sole shareholder)

Place :

Date :





CITY UNION BANK LIMITED

NOMINATION FORM

[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19 (1) of the Companies (Share Capital and Debentures) Rules, 2014]

I / We _____ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Regd. Folio No.	No. of securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE(S)

Name:		Date of Birth: ____/____/____		Please affix recent passport size photograph of the Nominee signed across
Father's / Mother's / Spouse's name:		Occupation:	Nationality:	
e-mail Id:		Relationship with the Security Holder:		
Address:				
Phone No.		Pin code:		

(3) IN CASE NOMINEE IS A MINOR

Date of Birth: ____/____/____	Date of attaining majority: ____/____/____	Name of guardian:
Address of guardian:		
Pin code:		

Name of the Security Holder	Signature
1.	
2.	
Name of Witness:	Signature of Witness with date:
Address of Witness:	
Place:	
Date:	

Note : The above form should be filled and submitted with the Bank's Registrar and Share Transfer Agents - Karvy Computershare Pvt. Ltd., (Unit: **CITY UNION BANK LIMITED**) situated at Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500032, Telengana State, India.





Annual General Meeting 23.08.2014



CUB

CITY UNION BANK LIMITED

CIN: L65110TN1904PLC001287

Registered Office : 149, T.S.R (Big) Street, Kumbakonam - 612 001, Tamilnadu.

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