



Press Release

CITY UNION BANK H1 FY 2008

CUB RECORDS IMPRESSIVE PERFORMANCE FOR QUARTER 2

Total Income up by 54.64% to Rs.169.96Crs

Profit After Tax up by 64.21% to Rs.26.79Crs

Kumbakonam, October 26, 2007 : The Board of Directors of CITY UNION BANK LTD. took on record the unaudited results for Q1 FY2008 at its meeting held in Kumbakonam, today.

City Union Bank Ltd posted an impressive performance for the quarter ended 30.09.2007 in terms of total business and net profit. The Chairman of the bank Sri.S.Balasubramanian said that the performance of the bank during the half year has been on the budgeted lines and was confident that the bank is poised to achieve Rs.12000 crs total business by March 2008. The bank's net worth which stands at 414 Crs as on 30.09.2007 is expected to be well above 550 crs by march 2008 as the bank already allotted equity shares on preferential basis to LIC of India, L&T and certain FII's that would fetch Rs.125 crs including share premium. The bank which opened 26 branches during the last one year is planning to increase the net work of the present 180 branches to 230 branches with in another one year.



Results for the Quarter ended September 30, 2007

(Rs. in Crs)

Particulars	30-09-2007	30-09-2006	% Growth
Interest Income	147.77	97.35	51.79%
Other Income	22.19	12.55	76.81%
Total Income	169.96	109.91	54.64%
Interest Expenses	96.54	53.33	81.02%
Operating Expense	26.24	20.88	25.67%
Operating Profit	47.18	35.70	32.16%
Provisions & Contingencies	6.49	11.05	
Provision for Tax	13.89	8.33	
Profit After Tax	26.80	16.32	64.21%

The total income for Q2 FY08 was up 54.64% to Rs. 169.96 Crs as compared to Rs.109.91 Crs for Q2 FY07. Profit after tax for Q2 FY08 was up 64.21% at Rs.26.80 Crs as compared to Rs. 16.32 Crs for Q1 FY07.

Summary Balance Sheet as at September 30,2007 (Rs. in Crs)

	30-09-2007	30-09-2006	% Growth
Advances	3817	2665	43.22%
Total Assets	6147	4393	40.00%
Shareholder's Funds	414	318	30.18%
Deposits	5433	3844	41.34%

The Advances portfolio as at September 30, 2007 was up 43.18% to Rs.3817 Crs as compared to Rs.2665 Crs as at September 30 2006. Deposits as at September 30, 2007 were up 67.35% to Rs.5433 Crs as compared to Rs. 3844 Crs as at September 30, 2006. The Bank achieved a balance sheet growth of 40%, from Rs. 4393 Crs as at September 30, 2006 to Rs. 6147 Crs as at September 30, 2007. The total Shareholders' funds as at September 30, 2007 stood at Rs.414 Crs. The Bank's capital adequacy ratio was 12.85% for the first-half of 2007-08 as against the stipulated minimum of 9%.

Key Ratios:

- ❖ Gross NPAs at 2.02%. The Bank continues to concentrate on recovery of overdue advances and the Net NPA has come down from 1.90% to 0.85% as on September 30, 2007;
- ❖ Capital Adequacy Ratio of 12.85% at 30,September, 2007:
- ❖ Return on Average Assets of 1.66%



Trend in Financial Performance :

(Rs. in Crs)

Particulars	Q1 FY2008	Q2 FY2008	Ist Half FY2008	Ist Half FY2007	FY 2007
Interest Income	128.53	147.77	276.30	186.03	400.05
Other Income	13.20	22.19	35.39	20.73	54.08
Total Income	141.73	169.96	311.69	206.76	454.13
Interest Expenses	77.54	96.54	174.08	104.45	232.56
Operating Expense	26.79	26.24	53.02	20.00	90.09
Operating Profit	37.40	47.18	84.58	62.53	131.48
Provisions & Contingencies	8.72	6.49	15.20	17.70	32.55
Provision for Tax	7.32	13.89	21.21	12.86	27.12
Profit After Tax	21.36	26.80	48.16	31.97	71.81

Business Update for Half year ended September 30, 2007:

Summary Balance Sheet & Prior Period Comparison

(Rs. in Crs)

Particulars	FY2003	FY2004	FY2005	FY2006	FY2007	Ist half FY2008
ASSETS						
Advances	1214	1547	2013	2550	3329	3771
Investments	1099	1279	1102	1057	1307	1604
Other Assets	317	365	380	520	727	772
Total Assets	2630	3191	3495	4127	5363	6146
LIABILITES						
Shareholder's Funds	165	203	241	286	366	414
Deposits	2317	2847	3095	3518	4699	5433
Borrowings	11	30	22	75	20	43
Other Liabilities	137	111	137	248	278	257
Total Liabilities	2630	3191	3495	4127	5363	6146

- Consistent growth in deposits; Increase of 41.34.% over September 30, 2006.
- Cost of deposits at 6.92%
- CASA 20% of total deposits as on September 30, 2007.



Performance Highlights – (September) 2007-08 Y-o-Y 2006-07

a)	Operating Profit	Operating Profit improved from Rs.62.53 Crs to Rs.84.58 Crs registering a growth rate of 35.26%.
b)	Net Profit	Net Profit improved from Rs.31.97 Crs to Rs.48.16 Crs recording an increase of 50.64%.
c)	Deposits	Total Deposits rose by 41.34% from Rs.3844 Crs to Rs.5433 Crs and cost of Deposits increased to 6.92%
d)	Advances	Advances grew by 43.22% from Rs.2665 Crs to Rs.3817 Crs. Yield on Advances increased to 12.79%.
e)	Business	Total Business stood at Rs.9250 Crs. up by 42.11% from Rs.6509 Crs
f)	Earning per share	Earnings per share grew to Rs.19.11 for the half year period from Rs.13.32
g)	Return on Average Assets	Return on Average Assets (ROA) rose to 1.66% (Annualised)
h)	Net Interest Margin	Net Interest Margin (NIM) - 3.53%(Annualised)
i)	Net Interest Income	Net Interest Income (NII) increased to Rs.102.21Crs up by 25% from Rs.81.57 Crs.
j)	Capital Adequacy Ratio	Capital Adequacy Ratio comfortably stands at 12.85%.
k)	Non - Performing Assets	The percentage of Gross NPA to Gross Advances stood at 2.02%. The Percentage of Net NPA to Net Advances declined from 1.90% to 0.85%.