



CITY UNION BANK LIMITED

## **INVESTOR PRESENTATION**

**WELCOME**

**May 2008**



## Disclaimer

**No representation or warranty, express or implied is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of such information or opinions contained herein. The information contained in this presentation is only current as of its date. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements", including those relating to the bank's general business plan's and strategy, its future financial condition and growth prospects and future developments in the industry and regulatory environment. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in the bank's business, its competitive environment and political, economic, legal and social conditions in India. This communication is for general information purpose only, without regard to specific objectives, financial situations and needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any shares in the bank and neither any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The bank may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revisions or changes. This presentation should not be copied and/or disseminated in any manner.**



## Agenda

- ✓ **Summary Overview**
- ✓ **Ownership Pattern**
- ✓ **Performance review of previous year 2007-08**
- ✓ **Key Financials**



CITY UNION BANK LIMITED

## Summary Update

**Oldest Private sector bank in India – Only Private bank with over 100 years of trust and tradition**

**Over 180 branches across 7 states and 2 union territories**

**Long and consistent track record of Profitability – Profit and dividend payout in all 100+ years of operations**

**Profitability parameters comparable with the best in the Industry  
RoA-1.60%, NIM-3.22%, Cost to Income – 37%, RoNW-18%**

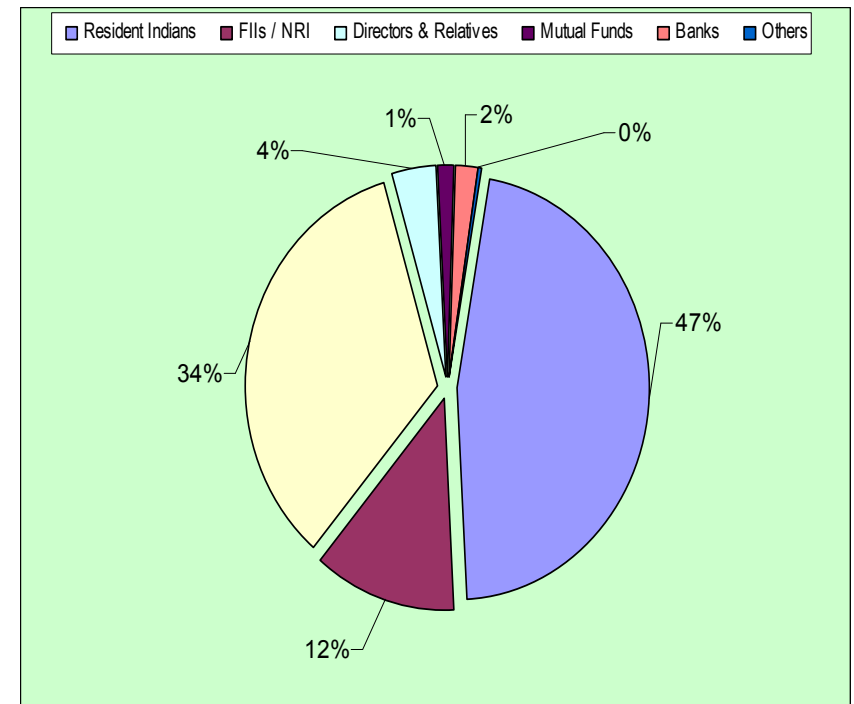
**State of the Art Technology Platform – All branches under Core Banking Solution. 16000 ATMs accessible with Bank's ATM Cards**

**Best Corporate Governance Practices – All Independent & Professional Directors, Continuity in Mgmt - Only 6 CEOs so far**



## Ownership Pattern as on 31-03-2008

	Name	Shares Held	% to Total
1	Resident Indians	148535996	46.42%
2	FIIs / NRI	65307358	20.41%
3	Bodies Coporate & Insurance Companies	82806987	25.87%
4	Directors & Relatives	12073090	3.77%
5	Mutual Funds	3986859	1.25%
6	Banks	6430530	2.01%
7	Others	859180	0.27%
	<b>TOTAL</b>	<b>320000000</b>	





## Top 5 Indian Companies

	Name	Shares Held	% to Total
1	LIC of India	15000000	4.69%
2	Larsen & Toubro Limited	15000000	4.69%
3	Yatish Trading Company	10647730	3.33%
4	Integrated Enterprises (I) Ltd	10000000	3.13%
5	Canara Bank	6155120	1.92%

## TOP 5 FIIs

	Name	Shares Held	% to Total
1	FMO Nederlandse	15000000	4.69%
2	Argonaut Ventures	13144360	4.11%
3	Ares Investments	12500000	3.91%
4	Acacia Partners	9736930	3.04%
5	GMO Emerging Illiquid	4274083	1.34%

- Cash management services offered to LIC and L&T
- Expected to improve low cost float funds
- Issuing guarantees to Contractors referred by L & T
- Funding retail customers of L & T Finance
- Expected to improve Fee based income
- Long term investors adding credibility and support to management
- Bank Assurance partner to LIC and ranked No.1 in south zone



## Milestones Achieved

- **TOTAL BUSINESS CROSSES 110000 Mn**
- **NET PROFIT SURPASSES 1000 Mn**
- **NET INTEREST INCOME REACHES 2050 Mn**
- **GROSS PROFIT AT 1813 Mn**
- **GROSS NPA DECLINES TO 1.81% FROM 2.58%**
- **NET NPA BROUGHT DOWN TO 0.98% FROM 1.09%**
- **RETURN ON ASSETS HIGH AT - 1.60%**



## Snap Shot – 2007-08

(Rs. in Mn)	2008	2007	CHANGE	%	DIRECTION
TOTAL BUSINESS	110001.71	80790.81	29210.90	36.16%	↑
NET INTEREST INCOME	2049.68	1674.96	374.72	22.37%	↑
TREASURY PROFIT	123.50	34.43	89.07	258.70%	↑
OTHER INCOME	859.04	540.82	318.22	58.84%	↑
OPERATING PROFIT	1813.01	1314.82	498.19	37.89%	↑
NET PROFIT	1017.30	718.10	299.20	41.67%	↑
OPERATING EXP	1087.61	900.96	186.65	20.71%	↑
GROSS NPA	1.81%	2.58%	-0.77%	-29.84%	↓
NET NPA	0.98%	1.09%	-0.11%	-10.09%	↓
CAPITAL ADEQUACY RATIO	12.48%	12.58%	-0.10%	-0.79%	↓



## Business Indicators

BUSINESS RATIOS	2008	2007	CHANGE	%	DIRECTION
COST OF DEPOSITS	7.23%	5.95%	1.28%	21.51%	↑
YIELD ON ADVANCES	12.82%	11.32%	1.50%	13.25%	↑
RETURN ON INVESTMENTS	7.70%	7.62%	0.08%	1.05%	↑
NET INTEREST MARGIN	3.22%	3.66%	-0.44%	-12.02%	↓
COST TO INCOME	37.50%	40.66%	-3.16%	-7.77%	↑
OPERATING EXP - As a % of NII	53.06%	53.79%	-0.73%	-1.36%	↑
RETURN ON ASSETS	1.60%	1.57%	0.03%	1.91%	↑
PER EMPLOYEE BUSINESS (Rs. in Mn)	42.06	35.01	7.05	20.12%	↑
PER EMPLOYEE PROFIT (Rs. in Mn)	0.47	0.38	0.09	22.14%	↑
EARNINGS PER SHARE (In Rs.) - FV Re.1/- share	3.56	2.99	0.57	19.06%	↑



## Interest Income

(Rs. in Mn)	2008	2007	CHANGE	%	DIRECTION
INTEREST ON ADVANCES	4795	3083	1712	55.53%	↑
INTEREST ON INVESTMENTS	1149	859	290	33.76%	↑
OTHER INTEREST INCOME	68	59	9	15.25%	↑
TOTAL INTEREST INCOME	6012	4001	2011	50.26%	↑



## Other Income

(Rs. in Mn)	2008	2007	CHANGE	%	DIRECTION
CEB INCOME	251	197	54	27.41%	↑
TREASURY INCOME	118	19	99	521.05%	↑
MISCELLANEOUS INCOME	482	325	157	48.31%	↑



## Expenditure

(Rs. in Mn)	2008	2007	CHANGE	%	DIRECTION
INTEREST EXPENDED	3962	2325	1637	70.41%	↑
EMPLOYEE COST	479	444	35	7.88%	↑
OTHER OPERATING EXP	609	457	152	33.26%	↑
TOTAL EXPENSES	5050	3226	1824	56.54%	



## Business Growth

(Rs. in Mn)	2008	2007	CHANGE	%	DIRECTION
DEPOSITS	64250	46993	17257	36.72%	↑
ADVANCES	45371	33292	12079	36.28%	↑
INVESTMENTS	17180	13070	4110	31.45%	↑



## Interest Movement

PARAMETERS	GROWTH (Rs. Mn)		GROWTH %		DIRECTION
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
DEPOSITS / INTEREST	17257	1636	37%	71%	↑
ADVANCES / INTEREST	12079	1712	36%	56%	↑
INVESTMENTS / INTEREST	4110	290	31%	34%	↑



## Consistent Performance

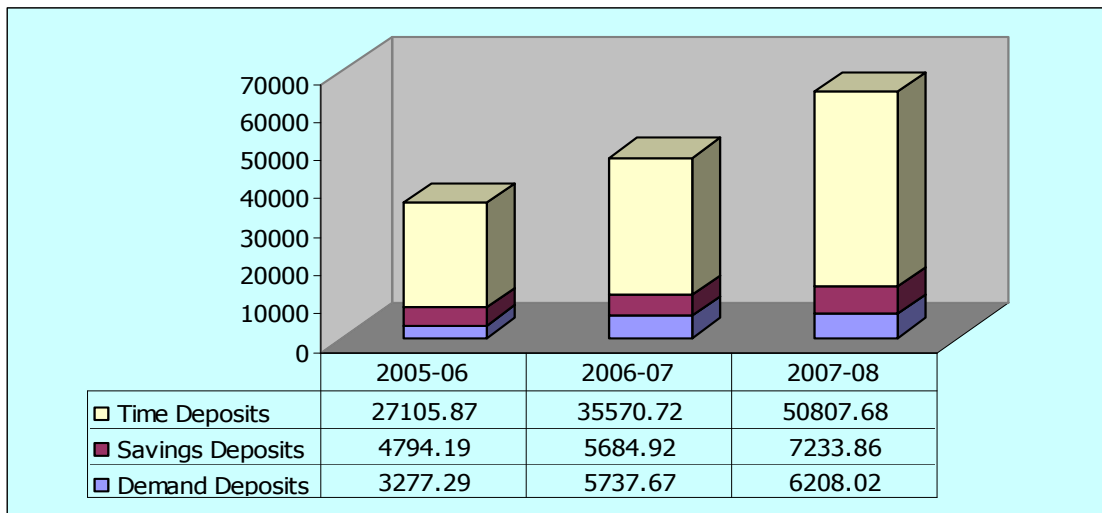
Particulars (Rs in Mn)	FY 05- 06	FY 06- 07	FY 07- 08	Inc/Dec FY 07 on 06 (%)	Inc/Dec FY 08 on 07 (%)	Inc/Dec FY 08 on 06 (%)
Interest Income	3264	4000	6012	23%	50%	84%
Other Income	395	541	851	37%	57%	115%
<b>Total Income</b>	<b>3659</b>	<b>4541</b>	<b>6863</b>	<b>24%</b>	<b>51%</b>	<b>88%</b>
Interest Expenditure	1866	2326	3962	25%	70%	112%
<b>Net Interest Income</b>	<b>1398</b>	<b>1674</b>	<b>2050</b>	<b>20%</b>	<b>22%</b>	<b>47%</b>
Operating Expenses	702	901	1088	28%	21%	55%
<b>Operating Profit</b>	<b>1091</b>	<b>1314</b>	<b>1813</b>	<b>20%</b>	<b>38%</b>	<b>66%</b>
<b>Net Profit</b>	<b>563</b>	<b>718</b>	<b>1017</b>	<b>27%</b>	<b>42%</b>	<b>80%</b>



## Key Financials

LIABILITIES	Rs in Mn	31.03.2006	31.03.2007	31.03.2008
Share Capital		240.00	252.00	320.00
Reserves & Surplus		2621.45	3405.08	5348.62
Deposits		35177.35	46993.31	64249.56
Borrowings		751.80	198.93	26.42
Other Liabilities & Provisions		2479.88	2780.81	3545.06
<b>Total</b>		<b>41270.48</b>	<b>53630.13</b>	<b>73489.66</b>

- ✓ Steady increase in Capital Funds.
- ✓ Rs.1250 Mn raised through private placement in the year 2007-2008
- ✓ Time Deposits stable and growing @ 35% CAGR
- ✓ Low cost Savings & Demand Deposits steadily increases.
- ✓ Low level of borrowing offering high potential for leverage.



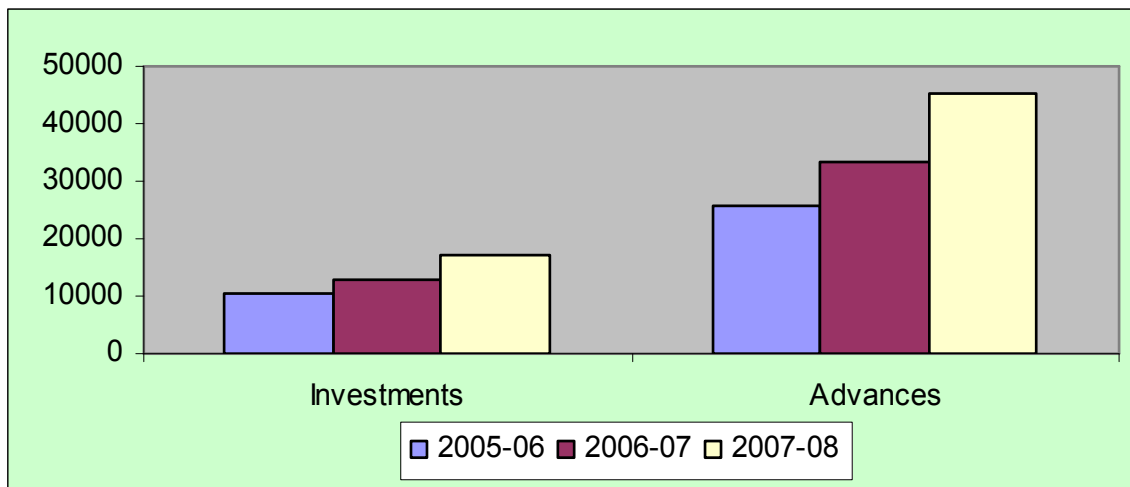


## Key Financials

ASSETS	Rs in Mn	31.03.2006	31.03.2007	31.03.2008
Cash & Balance with RBI		2137.43	3169.53	6958.75
Bal with Banks, Money at Call, etc.		526.33	1669.23	1210.55
Investments		10574.76	13070.00	17179.55
Advances		25495.27	33292.31	45370.57
Fixed Assets		360.28	392.00	434.69
Other Assets		2176.41	2037.06	2335.55
<b>Total</b>		<b>41270.48</b>	<b>53630.13</b>	<b>73489.66</b>

- ✓ Advances growing at a CAGR of 32%
- ✓ Credit Deposit Ratio sound at 70%
- ✓ 80% of the investments are kept under HTM Category.
- ✓ Less quantum subject to Mark to Market risk

## Major components of Assets

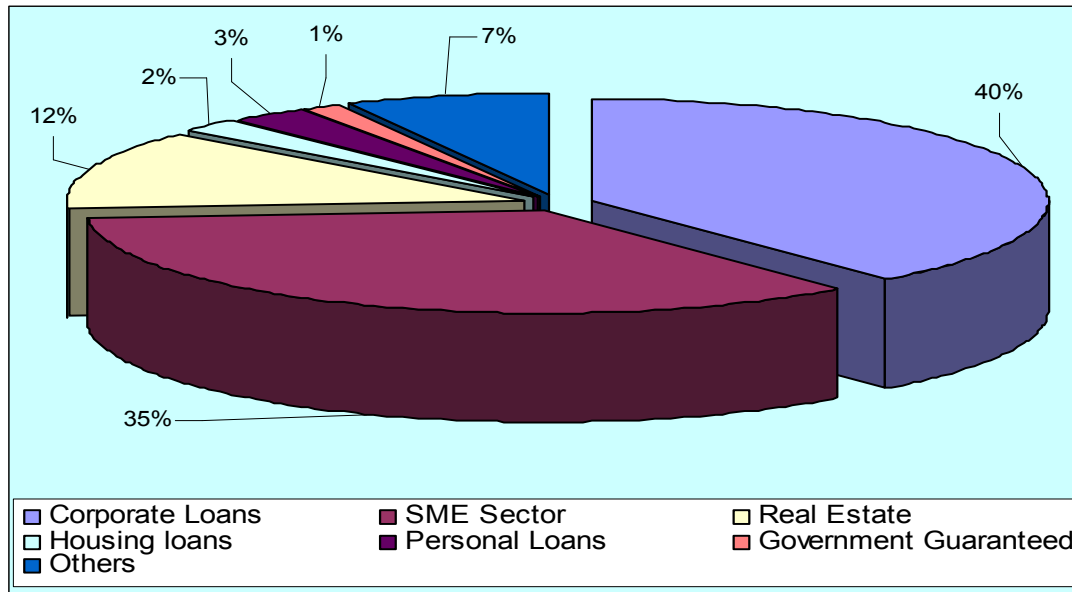




# CITY UNION BANK LIMITED

<b>LOANS COMPOSITION - 31-Mar-08</b>	<b>(Rs in Mn)</b>
<b>Corporate Loans</b>	<b>17758.12</b>
<b>SME Sector</b>	<b>16079.21</b>
<b>Retail - Real Estate</b>	<b>5714.20</b>
<b>Housing loans</b>	<b>1013.95</b>
<b>Personal Loans</b>	<b>1273.31</b>
<b>Government Guaranteed</b>	<b>667.52</b>
<b>Others</b>	<b>3245.84</b>
<b>TOTAL</b>	<b>45752.15</b>

- ✓ SME and Retail loans earning Higher yields constitute 65% of Loans portfolio.
- ✓ Diversified SME retail portfolio reduces credit risk.
- ✓ Lower ticket size backed by adequate collaterals.



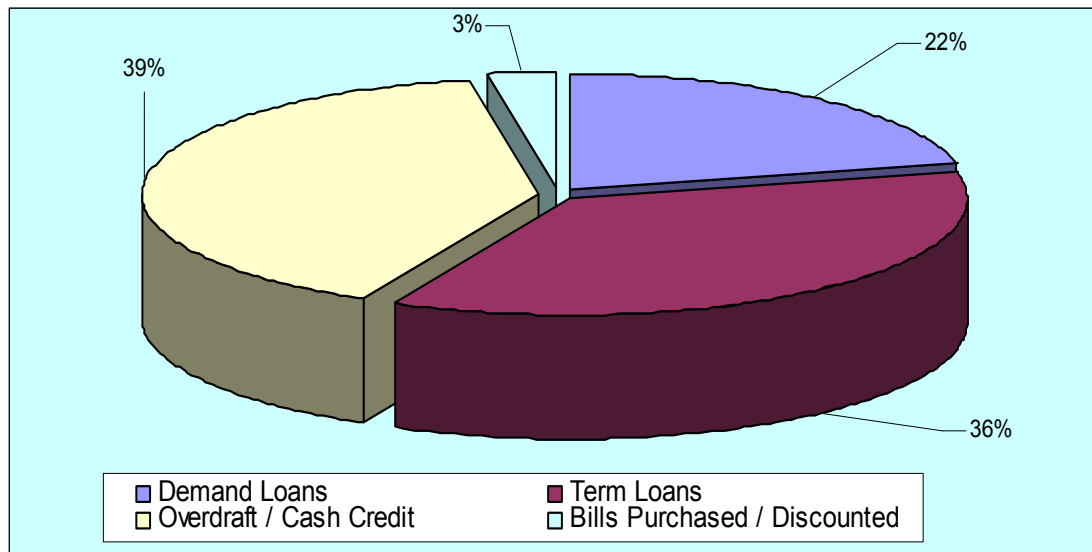


# CITY UNION BANK LIMITED

<b>LOAN PRODUCTS COMBINATION AS ON 31-MAR-08</b>	<b>(Rs in Mn)</b>
<b>Demand Loans</b>	<b>9845.42</b>
<b>Term Loans</b>	<b>16296.40</b>
<b>Overdraft / Cash Credit</b>	<b>18652.32</b>
<b>Bills Purchased / Discounted</b>	<b>1258.01</b>
<b>TOTAL</b>	<b>45752.15</b>

✓ Working capital loans yielding higher interest constitute 65% of advances.

✓ Re-pricing possible at short intervals thus reducing interest rate risk.





CITY UNION BANK LIMITED

**Thank You**