CUB
TRUST AND EXCELLENCE SINCE 1904

CITY UNION BANK

CIN - L65110TN1904PLC001287
Regd. Office No.149, TSR (Big) Street, Kumbakonam - 612 001.
Phone : 0435 - 2432322 Fax : 0435 - 2431746
E-mail : shares@cityunionbank.com Website : www.cityunionbank.com

C.O/Shares/LR-6/2017-18 08th Sept' 2017

National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai 400 051

BSE Ltd.
DCS – CRD
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
Mumbai 400 001

Scrip Code: CUB **Scrip Code: 532210**

Dear Sir,

Sub: Intimation u/r 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (listing regulations)

Pursuant to Regulation 34 of SEBI Listing Regulations 2015, we enclose herewith the Annual Report of our Bank for FY 2016-17.

This is for your kind information and records please.

Thanking you

Yours faithfully
for **CITY UNION BANK LTD.**

(V Ramesh)
General Manager – CFO & CS

CITY UNION BANK LTD. * Central Office, Kumbakonam

ANNUAL REPORT

2016 - 2017



CUB

Trust and Excellence
SINCE 1904

CITY UNION BANK LIMITED

Your moment of glory!



Dr. N. Kamakodi, MD & CEO, City Union Bank receiving the awards from the Hon'ble Union Minister of Finance Shri. Arun Jaitley.

"FINANCIAL EXPRESS INDIA'S BEST BANKS AWARDS"
for FY 2013-14 (Winner) & FY 2014-15 (Runner)
in the category of Old Private Sector Bank,
Strength & Soundness Award
for FY 2014-15 (Winner)

Any award we win is an acknowledgement of our customers' support and patronage.
Our success is your endorsement of our efforts.

Thank you Stakeholders

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Statutory Central Auditors

M/s. P. Chandrasekar
Chartered Accountants
S-512, 514, Manipal Centre,
47, Dikenson Road,
Bengaluru - 560 042

Secretarial Auditors

M/s. B.K. Sundaram & Associates,
Practising Company Secretaries,
29 & 30 Pandamangalam Agraharam,
Woriur, Trichy - 620 003

Registrar & Share Transfer Agents

Karvy Computershare Private Limited
(Unit : City Union Bank Limited)
Karvy Selenium Tower B
Plot No : 31 & 32
Financial District, Gachibowli,
Nanakramguda, Serilingampally
Hyderabad - 500 032 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. MAHALINGAM
B.Com (Hons.), F.C.A.



MD & CEO
Dr. N. KAMAKODI
B.Tech., MBA, CAIIB, Ph.D.



C.R. MURALIDHARAN
B.Sc., CAIIB



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



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



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



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



M. NARAYANAN
B.Sc., Grad CWA, FCA, DISA



S. BERNARD
B.Com., F.C.A.,



N. SUBRAMANIAM
PGDM-IIM(A), FCA, FCS, CWA

SENIOR EXECUTIVES



R. VENKATASUBRAMANIAN
Senior General Manager



K.P. SRIDHAR
General Manager



V. RAMESH
General Manager



K. MAHARAJAN
General Manager

DEPUTY GENERAL MANAGERS



R. KRISHNAN



S. RAMESH



S. MOHAN



R. SUBRAMANIAN



S. RAJAM



S. KRISHNAN



J. SRIDHARAN



J. RAMASAMY



G. SANKARAN



V. GOPALAKRISHNAN



K. JAYARAMAN



C. GANESAN



R. RAJARAMAN



R. LAKSHMINARAYANAN

ASSISTANT GENERAL MANAGERS

J. RAJASEKARAN
R. BALAJI
B. GANESH
S. MOHAN
S. THOTA VENKATASARAVANAN
B. RAJA
K. VENKATAKRISHNAN
K. SWAMINATHAN

J. CHANDRASEKAR
R. UMA
N.V. THIYAGARAJAN
R. NARAYANAN
S. RAMESH KUMAR
V. SIVAKUMAR
V. GURUMURTHY
RM. KUMAR

V. GANESAN
S. VENKATESH
V.K. SURESH
J. DURAI
T.V. SURESH
G. KANAGASUNDRAM
V. GANESAN
B. VENKATESHWARAN

P. RAJARAMAN
S. VENKATESAN
R. SUBBARAMAN
V. RAVI
J. GANESAN
K.V. BALACHANDAR
G. SUNDARARAMAN

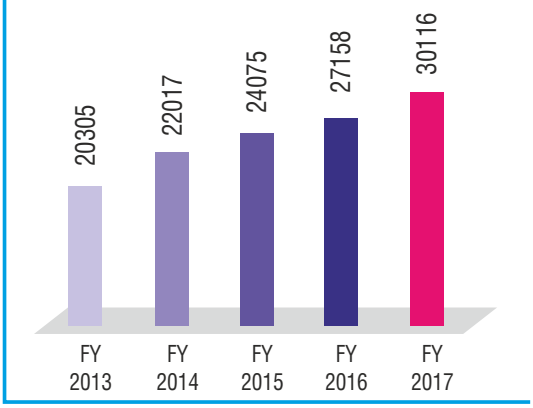
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

V. RAMESH

FINANCIAL HIGHLIGHTS

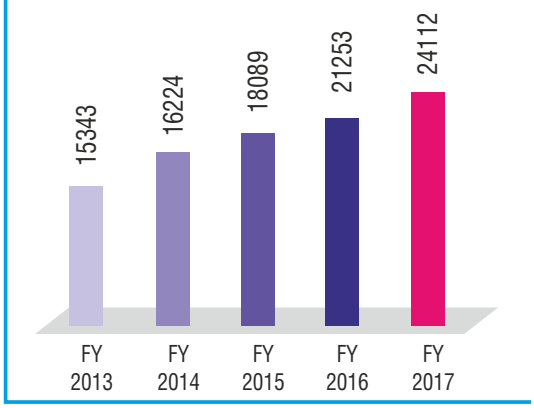
DEPOSITS

(₹ in Cr)



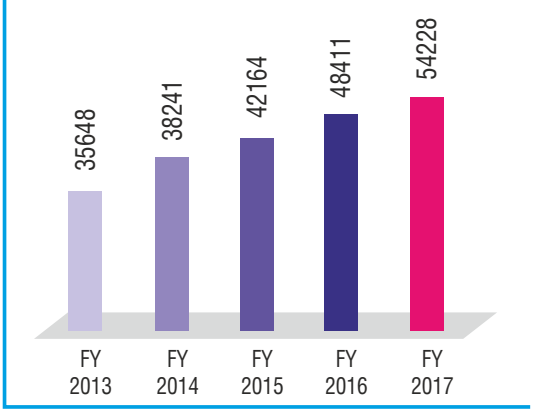
ADVANCES

(₹ in Cr)



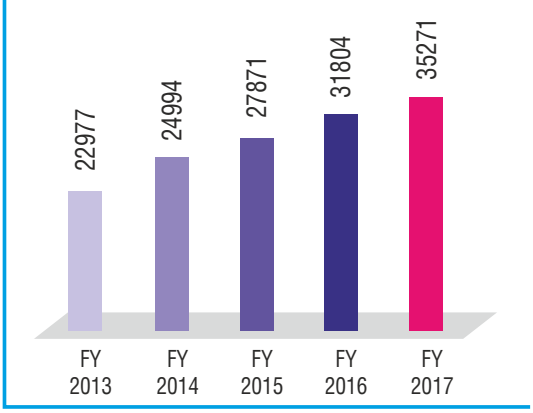
BUSINESS

(₹ in Cr)



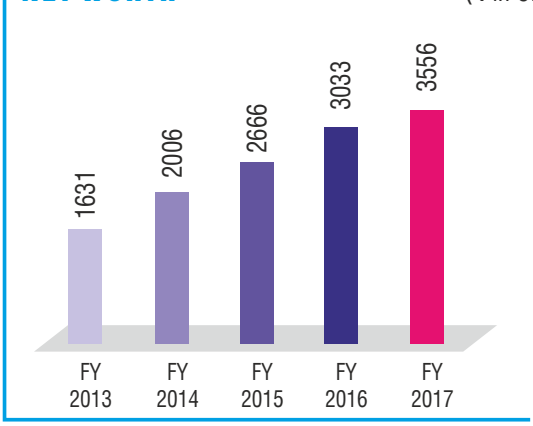
TOTAL ASSETS

(₹ in Cr)



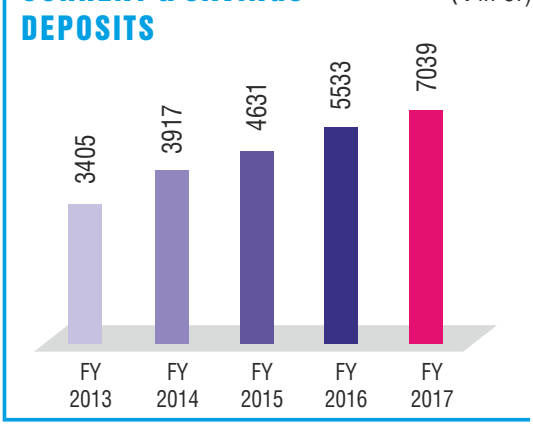
NET WORTH

(₹ in Cr)



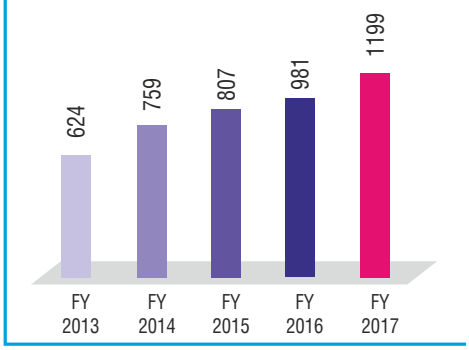
CURRENT & SAVINGS DEPOSITS

(₹ in Cr)



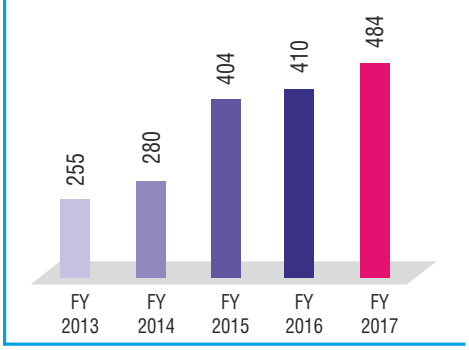
NET INTEREST INCOME

(₹ in Cr)



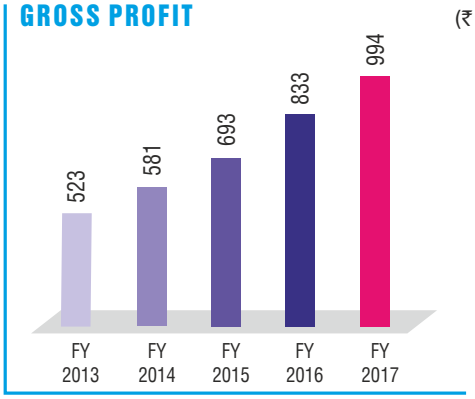
NON INTEREST INCOME

(₹ in Cr)



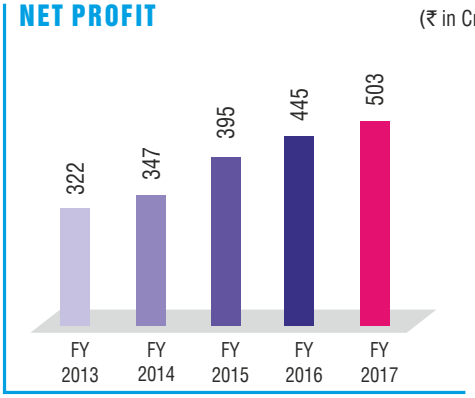
GROSS PROFIT

(₹ in Cr)



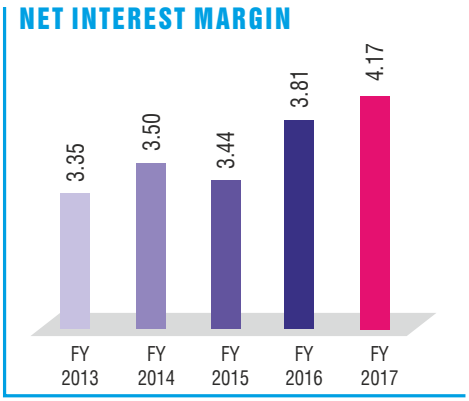
NET PROFIT

(₹ in Cr)



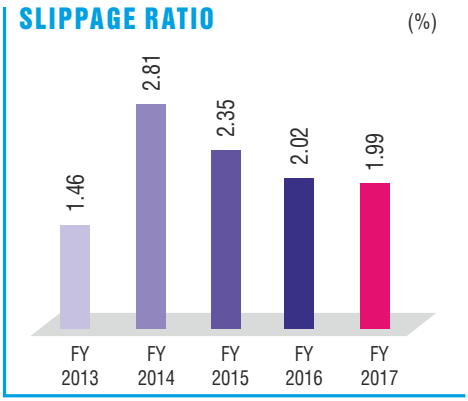
NET INTEREST MARGIN

(%)



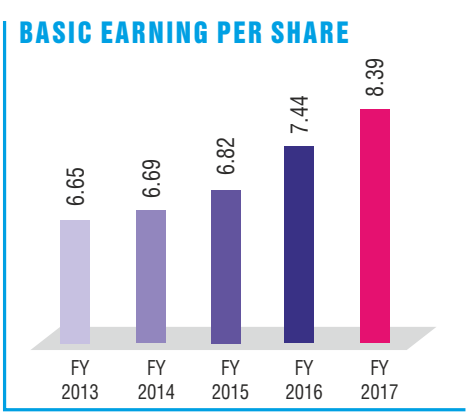
SLIPPAGE RATIO

(%)

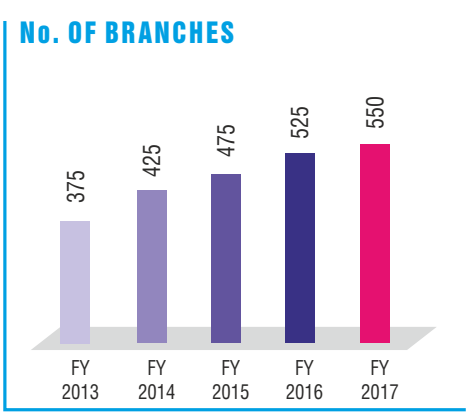


BASIC EARNING PER SHARE

(₹)



No. OF BRANCHES



TECHNOLOGY TO THE FOREFRONT IN THE SERVICE OF CUSTOMERS

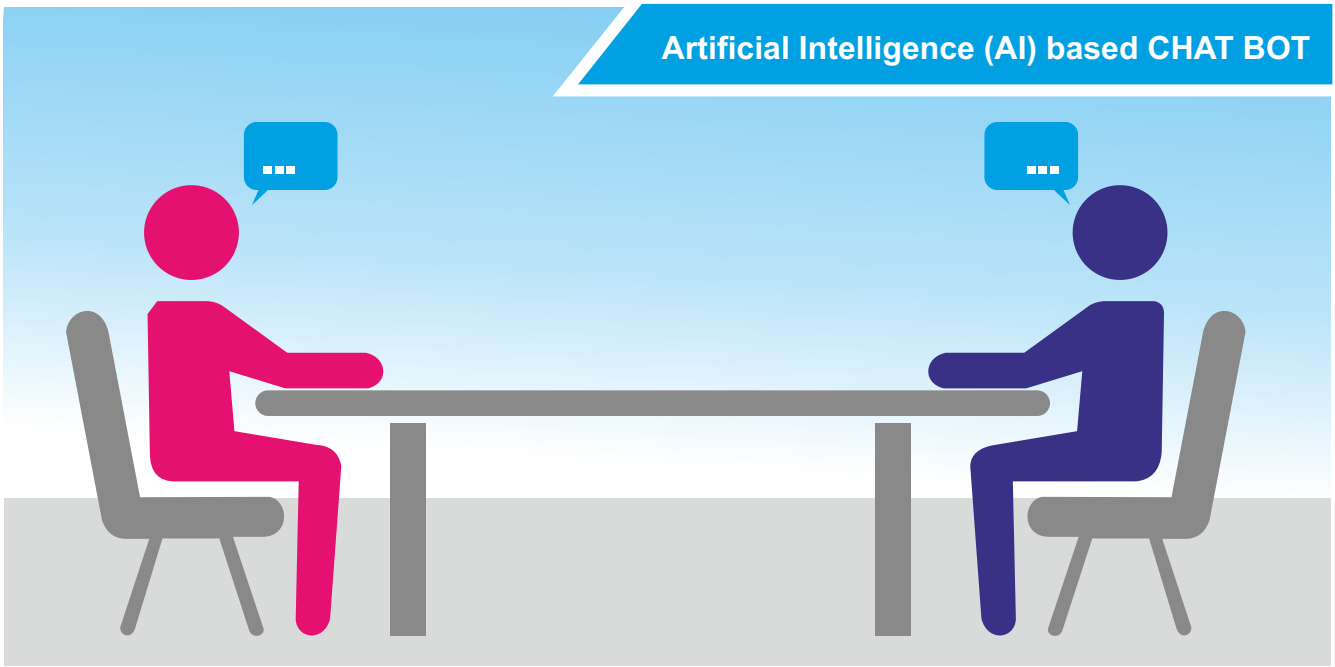


In today's Banking scenario, Technology plays a vital role in managing and fulfilling the growing customer demand. Many of the Bank's technology services are aimed at creating memorable customer experience. Digitization of Banking operations across the country has migrated customers from the traditional core Banking solutions to digital solutions available on their hand held feature phones or smart phones. Customer's reliance on technology has replaced their visits to the Bank branches and waiting in queues for completing their transactions. Instant completion of transactions, fully safe and secure, and operating at any time and from anywhere has become the basic requirements of all customers. The Bank continues to be in the forefront in offering the best technology based solutions to its customers.



The Bank strives to promote efficient use of technology enabled banking facilities among its customers. Through this customer friendly approach, the Bank could successfully migrate 83% of transactions to Digital channels.

Artificial Intelligence (AI) based CHAT BOT



The Bank has introduced one more Artificial Intelligence based utility "Ask Lakshmi" a Chat BOT on its website www.cityunionbank.com.'Ask Lakshmi' is a 24x7 facility available to answer all questions of customers about products and services offered by the Bank.

CUB Lakshmi - Launch of ROBOT led customer response service (AI)



In a pioneering venture amongst all Banks in India, the Bank has introduced CUB-Lakshmi, the ROBOT in T-Nagar Branch, Chennai using Artificial Intelligence, the ROBOT is tuned to greet customers, answer customer enquiries and can be used as teller. The ROBOT is capable of multitasking and can answer generic Banking related questions of customers. The ROBOT is integrated with Core Banking Solution to answer the Balance enquiry of customers.

Going forward, it will be used to receive cash and execute other functionalities. It can keep the customer engaged with its other maneuvers too offering unique experience. At present the ROBOT answers customer queries in English. Soon it will be tuned to answer in Tamil and other Regional languages also. The Bank propose to introduce 10 more ROBOTs at our various branches during FY.2018.

Launch of new look website of the Bank

With a view to improve the way information is shared with existing and prospective customers, the Bank launched a new corporate website **www.cityunionbank.com.** This new website has been designed to enable the user navigate the site easily and effortlessly. The website also sports a new look and feel, connecting with various customer segments.



Usage of Open Source Applications

The Bank always ventures into the use of Open Source computer environments to establish complete control over its Information Technology infrastructure. The Open Source Operating System and software can be rapidly fine tuned to requirements. It also significantly reduces the cost and improves operational efficacy.

In order to increase the usage of open source operating systems and to have secure environment, the Bank has been deploying Linux Operating Systems in the PCs at our branches, in addition to Data Centre / Disaster Recovery Site applications. The Banking applications are also fine tuned to work on Linux Operating System. Efforts are taken on a regular basis to ensure ease of use.

We are ISO certified

The Bank's Computer System Department has been certified with ISO / ISE 27001: 2013 for providing services for IT Infrastructure, Operations support, maintaining and monitoring of IT Outsourced Process.



Implementation of Big Data / Data Warehouse and Customer Relationship Management

The Bank is in the process of implementing Big Data / Data Warehouse and Customer Relationship Management (CRM). The vision is to create data warehouse to serve both operational and discovery analytics aiding in business intelligence and targeted solutions to customers. Once implemented, there will be regular and automatic data feed from the Bank's core applications and the Open Source Data Warehouse Architecture has been designed to provide detailed reports, using sophisticated analytic capabilities, in order to help in targeting business expansion and in offering solutions to customer's needs.

Network Operations Centre (NOC) operations



The Bank has established Network Operations Centre (NOC) to monitor the network connectivity to the branches through efficient software, troubleshoot the problems and configure the network devices.

Robust network is required for all the centralized operations. From using Point-to-Point network connecting the branches, the Bank has migrated to the latest resilient MPLS technology to ensure continuous connectivity to the branches to render service to the customers without any disruption. In addition to the wired connectivity through MPLS technology to its branches, the Bank has provided secondary MPLS connection to the branches through alternate service providers.

Security Operations Centre (SOC) and Cyber Security measures

Dedicated Security Operation Centre (SOC) is established in the Bank with the latest appliances to prevent, detect, mitigate, minimize and report cyber threats.

To overcome the cyber threats, the Bank has implemented multi-layered defense for the critical Information Technology Infrastructure in the Data Centre and disaster Recovery sites.

To ensure safety of customer deposits, the Bank has implemented second factor authentication for Internet and Mobile Banking applications. In Net Banking, the Bank has implemented image recognition and preferred color scheme, User ID, login and transaction password. OTP is implemented as second factor authentication. For corporate Net Banking, the Bank has implemented Digital Certificate Authentication. For transactions of ₹10 lakhs and above, the Bank has made Digital certificate Authentication compulsory.

Vulnerability Assessment / Penetration Test (VA / PT) has been conducted by external auditors on quarterly basis, infrastructure, applications are regularly modified and strengthened based on the findings of the audit.

Training the Bank staff on Information Security & Cyber security awareness is critical to ensure a high security environment and the Bank has been regularly conducting training programs. Customers are educated about the importance of Cyber security measures through various modes such as personal meetings by staff, customer meets at the branches, Advertisements through Print and Electronic media, Periodic awareness through e-mail and SMS, Security TIPs are provided in the Bank Website and Net banking application.

Products and Services

City Union Bank International Travel Card

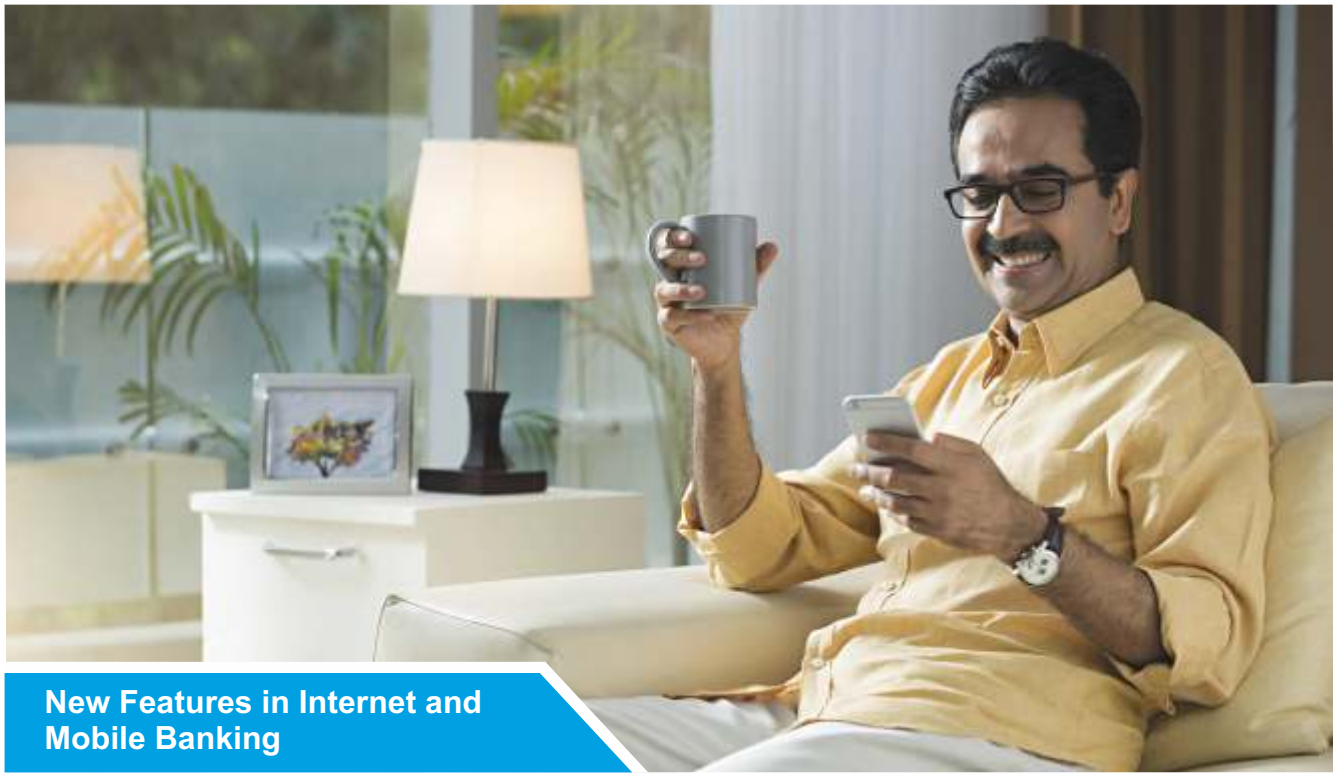


The Bank has launched VISA travel card, a prepaid card targeting customers who travel abroad for Business, Studies or Leisure. The travel card can be loaded to the required amount by the customer and used world over on POS machines and VISA ATMs. The travel card reduces the risk of carrying foreign currency in cash and hassles with money changers.



Credit Card and Prepaid Card

The Bank has introduced credit card facility in association with Mastercard. The card was issued initially to the Bank staff to check its performance and remove operational glitches. This has found acceptance and transactions have been successful across various locations in the country. The Bank is now in the process of reaching out to its customers with the new Titanium credit card. In addition to that, Gift cards and General Purpose cards are offered for its customers.



New Features in Internet and Mobile Banking

The Bank has introduced interactive CUB Mobile Banking - mBankPlus with upgraded User Interface, mPassbook (mobile passbook), IMPS in Internet, Mobile Banking for speedy funds transfer across the Banks and digital signature authentication for corporate as second factor authentication for safe and secure Internet Banking. In Net Banking and Mobile Banking, ATM card block option is enabled to facilitate customers to immediately block the card in case of loss of card. Customers can now opt for City Union Bank for online booking in IRCTC with Internet Banking service. The Bank has introduced mobile POS (mPOS), a handy and more customer friendly device. A new feature has been added in our Internet / Mobile Banking application to set transaction limit and enable / disable ATM / e-Com / POS facilities as per the customers' convenience.

CUB Net Spend Analyzer

The Bank shall shortly introduce CUB Money Tracker, a new value added service available for CUB Net Banking customers. It shall depict the geographical presentation on the transaction made by a customer category wise on a monthly basis. It is interactive allowing customers the option of changing fields of entry for eg.: Debit shown against a RD withdrawal can be changed to 'Monthly Savings'



Digi-Dhan Products

Bharat Bill Payment System (BBPS) is an integrated bill payment system which will offer interoperable bill payment service to customers online as well as through a network of agents on the ground. The system provides multiple payment modes and instant confirmation of payment. The BBPS will include utility bill payments, such as, electricity, water, gas, telephone and Direct-to-Home (DTH). A new feature of scan and pay option (BHARATH QR) has been made available in mobile banking application which enables ease of merchant payments at the outlets. The Bank also offers the services like USSD *99# facility, BHIM, UPI initiatives of NPCI. Through BHIM / UPI, customers can send / receive money with Account number and IFSC code/ Mobile number / Aadhaar number instantly. CUB customers can use AEPS system to perform financial and non-financial transactions (Balance Check, Cash Deposit, Cash Withdrawal, Aadhaar to Aadhaar Fund Transfer) through the Banking Correspondent. It is fast and secure.

Mobile wallets



The Bank has also launched CUB mobile wallet which is a mobile based software application and caters to customer utility services through mobile phone. Anyone (customer / non customer of CUB) having a Smartphone with Android OS can open and operate CUB eWallet. The customer can load money, send money, recharge (Mobile / DTH) and make bill payments.

Xpress Desks

The Bank has deployed Xpress desks (Green channel counters) across all its Bank Branches which can be used for funds transfer within own accounts, within CUB accounts, cash deposit and cash withdrawals.



Self Service Banking (e-Lounge)

The Bank has also installed 100 cheque acceptor KIOSKs, 75 multi-function kiosks and 250 self passbook printing KIOSKs. Customer Self Service Centre (e-Lounge) has been set up at more than 100 locations facilitating the customer with Bulk Note Recycler Machine (BRM), Cash Dispenser ATM, Multi-function KIOSK, Cheque depositing KIOSK and Passbook printing KIOSK. So far, 31 e-lounges at metro centers, 44 at urban centers, 27 at semi-urban centers and 4 at rural centers have been deployed, facilitating independent smart banking.

Proliferation of ATMs:

During the year under review, the Bank has widened the ATMs' reach to 1486 locations including 681 Off-site ATMs and 805 On-site ATMs. The Bank has also installed 474 Cash Acceptor Machines and has proposed to install it in all branches, which would enable the customers to remit cash directly to their accounts. Further the recycling facility (Bulk Note Recycler - BRM) in its Cash Acceptor machines has also been enabled. By this add-on facility, cash deposited by the customers into the machine will be used (Recycled) for dispensing also. As a result, cash will be available continuously for its customers to withdraw. The burden of manual loading of cash into the machines has reduced considerably .



The Bank is issuing Classic, Gold and Platinum Debit Cards in association with VISA, Classic and Business Debit Cards in association with Mastercard and Classic, Platinum and PMJDY Cards in association with Rupay.

ATM Cardless withdrawal facility



To facilitate withdrawal of cash without ATM Card from CUB ATM's, Cardless withdrawal facility has been introduced. Under this facility, account holder can enable cardless withdrawal facility to the beneficiaries through our ATMs and Internet / Mobile Banking. The beneficiary need not have an account with us to avail this facility.

GREEN PIN

As a measure to preserve trees and to encourage eco friendly steps, the Bank has introduced GREEN PIN facility for ATM cards to the new / existing customers. With this facility, customers can themselves create their own PINs through the ATMs / Internet / Mobile banking facilities.

Proliferation of ATMs:



EMV Chip Master Debit card with NFC enabled DESFire Chip cards are the current highly secured credit/debit cards available in the market. The Bank is one among the early adopters of this technology. The Bank has already issued these Smart Cards to all the students and staff members of SASTRA University. These cards work as ID card also for all staff members and students. The Bank has created a fully digital and cashless environment in SASTRA campus. Students pay their fees through ATM, Internet Banking, Mobile Banking and Kiosks which is available inside that campus. Students pay their canteen and Library payment through Bharat QR by scanning the dynamic QR generated automatically from app. Similar facility is under process for other colleges / universities too.

e-KYC

The Bank has introduced e-KYC service, a paperless, instant and secure facility which enables AADHAAR registered individuals to open an account with the Bank by simply providing their Unique Identification Number and fingerprints scan.

CUB easy

The Bank has introduced specialized Mobile Application "CUB easy" to open account for prospective customers using their Aadhaar through Mobile phone. This Cub easy mobile app is a simple and convenient way to open an Account with CUB online.

Efforts of the bank during Demonetization period

During Demonetization period, the Bank staff worked on extended timings and on holidays to render service to the customers and general public.

The Bank encouraged digital payments to overcome the currency crunch during demonetization time. The following new initiatives were implemented:

- e-wallet through which funds transfer can be done instantly and bill payments can be done by the customers and non customers also.
- QR code payments and acceptance through the mobile banking and wallets.
- On a mass scale, POS machines were deployed to the customers. Merchant Discount Rate and rent to our new POS were waived for machines procured by merchants from 8th November, 2016 to 31st March, 2017.
- ATM cassettes recalibrated in record time.

24 X 7 Customer care



A customer friendly interactive voice response system (IVRS) is in place to promote customer support in multiple languages on a 24X7 basis.

DIRECTORS' REPORT

The Board of Directors is pleased to present the Annual Report on business and operations of the Bank together with the Audited Financial Statements for the Financial Year ended 31st March, 2017.

Financial Highlights

(₹ in crore)

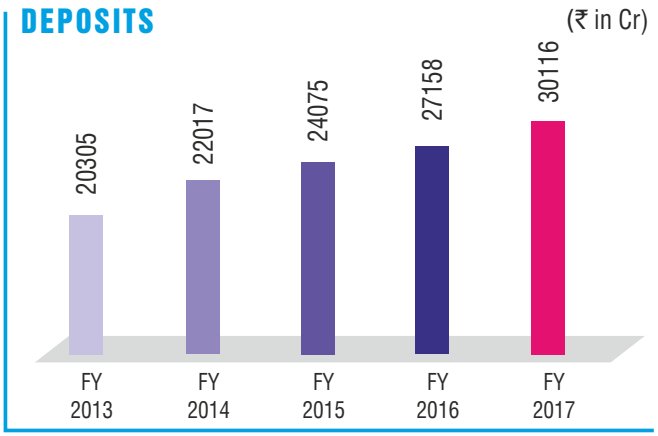
Particulars	2016-17	2015-16	Growth (%)
Share Capital	60	60	--
Reserves & Surplus	3,510	2,992	17%
Deposits	30,116	27,158	11%
Advances (Gross)	24,112	21,253	13%
Investments (Gross) *	7,082	6,828	4%
Total Assets / Liabilities	35,271	31,804	11%
Net Interest Income	1,199	981	22%
Operating Profit	994	833	19%
Net Profit	503	445	13%

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

During the year the Bank earned an operating profit of ₹994 crore registering an increase of 19% as compared to previous year's figure of ₹833 crore. The net profit of the Bank for the current year was ₹503 crore as against ₹445 crore of last year, registering a growth of 13%. The deposits and advances for the current year stood at ₹30,116 crore and ₹24,112 crore respectively. The total business stood at ₹54,228 crore as compared to ₹48,411 crore of the previous year registering a growth of 12%. The size of the balance sheet as on 31st March, 2017 was ₹35,271 crore as compared to the previous year position of ₹ 31,804 crore showing an increase of 11%.

DEPOSITS

The Bank's total deposits for the year under review increased by ₹2,958 crore from ₹27,158 crore to ₹30,116 crore registering a growth of 11% over previous year. During the current year CASA increased by ₹1,506 crore to ₹7,039 crore from ₹5,533 crore recording a significant growth of 27% primarily due to the impact of demonetization of higher denomination currencies in November 2016. The cost of deposit of the Bank decreased from 7.62% in the previous year to 6.82% in the current year.

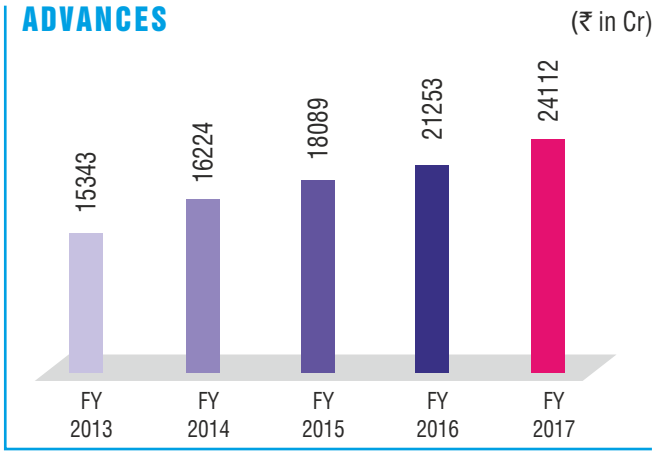


ADVANCES

The Gross Advances of the Bank increased by ₹2,859 crore to ₹24,112 crore from ₹21,253 crore, posting a growth of 13%. The yield on advances declined to 12.10% from 12.83% during the financial year due to stiff competition among Banks.

The Gross and Net NPA for the year under review stood at 2.83% and 1.71% respectively as compared to previous year figure of 2.41% and 1.53%.

Priority Sector Advances stood at ₹11,813.52 crore as at 31st March, 2017 as compared to previous year amount of ₹10,272 crore. The Bank has achieved 51.57% of Adjusted Net Bank Credit (ANBC) against the regulatory



prescription of 40% of ANBC on Priority Sector lending requirements on an average basis as prescribed by RBI. The total agricultural advances stood at ₹3,707.09 crore as at 31st March, 2017 as against ₹3,391 crore as on 31st March, 2016. The Bank has achieved 18.13% of ANBC against the RBI prescribed level of 18% on an average basis.

TREASURY OPERATIONS

Domestic Treasury

The gross investments increased by ₹254 crore to ₹7,082 crore as on 31st March, 2017 from ₹6,828 crore as on 31st March, 2016 registering a growth of 4% and out of this, the investments in Government Bonds alone amounted to ₹ 6,698 crore.

During the financial year 2016-17, the yield on Government of India (GOI) securities moved down. The yield on 10 year benchmark security moved from 7.41% to 6.69% on account of rate cut announced by RBI during the first half of the FY. During the month of November 2016, it dropped down sharply and touched a low of 6.12% on account of demonetization announced by GOI. The yield reversed its course and rose upto 6.95% during February 2017 after RBI took measures to suck out the excess liquidity and also on change in RBI's policy stance from accommodative to neutral .

It is noteworthy to mention that during the year the Bank earned a profit of ₹108 crore by taking advantage of yield movement on Govt. Securities as compared to ₹45 crore last year. The average yield on investments declined from 7.45 % in the previous year to 7.23 % in the current financial year.

Forex Treasury

Indian Rupee witnessed swings during the period under review. USD / INR opened at ₹66.26 and closed at ₹64.84 after touching a high of ₹68.86 during the course of the financial year. Indian Rupee against USD strengthened on the back of inflows in equity and debt markets. The Bank earned an exchange profit of ₹98 crore compared to ₹81 crore last year.

OPERATING RESULTS HIGHLIGHTS

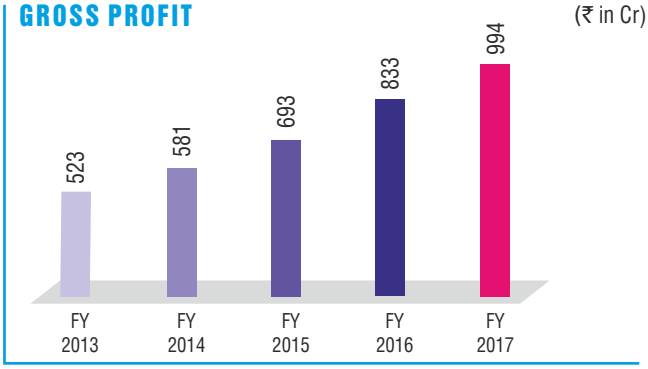
(₹ in crore)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Total Income	3658	3354
Total Expenses	2664	2521
Operating Profit	994	833
Provisions & Contingencies	491	388
Net Profit	503	445
Net Interest Income	1199	981

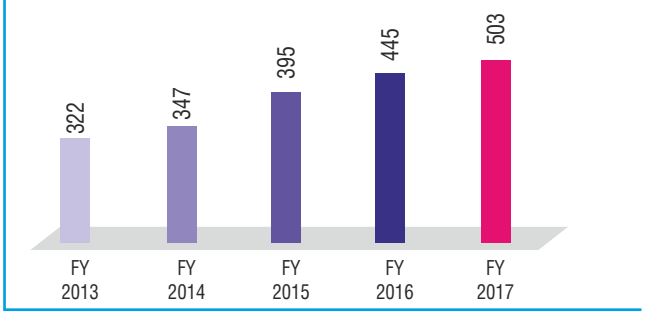
A total income of ₹3,658 crore was earned by the Bank as against ₹3,354 crore posting a growth of 9%. The total expenditure of the Bank increased by 6% to record ₹2,664 crore as compared to previous year figure of ₹2,521 crore.

The operating profit increased by ₹161 crore to ₹994 crore from ₹833 crore thereby recording a growth of 19%. The net profit increased from ₹445 crore to ₹503 crore achieving a growth rate of 13%.

GROSS PROFIT (₹ in Cr)

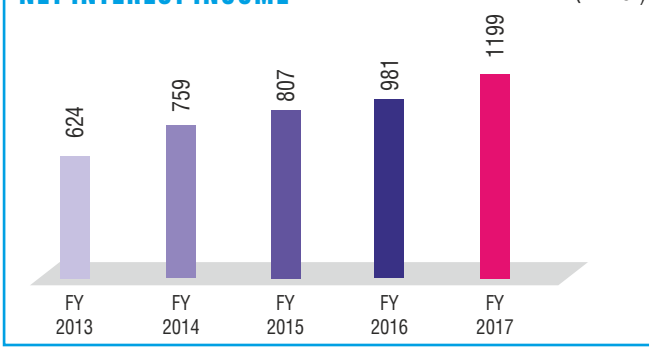


NET PROFIT (₹ in Cr)



The Net Interest Income for the year under review increased by ₹218 crore from ₹981 crore to ₹1,199 crore. The non-interest income of the Bank increased to ₹484 crore from ₹410 crore.

NET INTEREST INCOME (₹ in Cr)



The provision for tax for the year increased to ₹190 crore from ₹158 crore. The provision for NPA stood at ₹252 crore vis-a-vis ₹205 crore last year. The total provisions increased by ₹103 crore to ₹491 crore from ₹388 crore.

APPROPRIATIONS

The appropriations from net profit were made as under:

(₹ in crore)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Net Profit	502.77	444.69
Balance of Profit brought forward	7.44	6.96
Amount available for appropriations	510.21	451.65
Transfers to		
- Statutory Reserve	130.00	115.00
- Capital Reserve	27.53	8.71
- General Reserve	275.00	188.00
- Special Reserve under IT Act, 1961	45.00	40.00
- Dividend & Dividend Tax	0.00	92.49
- Balance of Profit carried forward	32.68	7.45
Total	510.21	451.65

In accordance with the revised accounting standards AS-4 contingencies and events occurring after the balance sheet date notified by the Ministry of Corporate Affairs on 30th March, 2016, the proposed dividend including corporate dividend tax has not been shown as an appropriation from the Profit and Loss appropriation account as of 31st March, 2017 and consequently not reported the same under Other Liabilities and Provisions as of 31st March, 2017. For computation of Capital Adequacy Ratio as at 31st March, 2017, Bank has adjusted the proposed dividend and tax thereon for determining Capital Funds.

NET WORTH & CAPITAL ADEQUACY RATIO

The paid up share capital of the Bank increased from ₹59.82 crore as on 31st March, 2016 to ₹60.11 crore as on 31st March, 2017. During the period the Bank has allotted 28,73,602 equity shares arising out of the exercise of Employee Stock Options to employees of the Bank pursuant to CUB ESOS Scheme.

The Net worth of the Bank improved to ₹3,556 crore as on 31st March, 2017 from ₹3,033 crore as of 31st March, 2016.

Capital Adequacy Ratio:

As per BASEL	II	III
Minimum Prescribed CRAR	9%	10.25% (PY. 9.625%)
CUB CRAR	16.09% (PY. 15.80%)	15.83% (PY. 15.58%)

The concept of Capital Conservation Buffer (CCB) has been newly introduced under BASEL III norms wherein Bank is required to maintain CCB of 2.50% at the end of March 2019 in a phased manner beginning from 31st March, 2016 @ 0.625% in each year up to 31st March, 2019.

During the current financial year i.e., 2017-18, the Bank redeemed the entire Non Convertible Debentures of ₹ 10 lakh each issued under private placement route on 30th March, 2007 carrying a coupon rate of interest @10% with tenure of 121 months representing Tier II Capital - Series II totalling ₹10 crore, that matured on 30th April, 2017.

REWARD TO SHAREHOLDERS

A. DIVIDEND

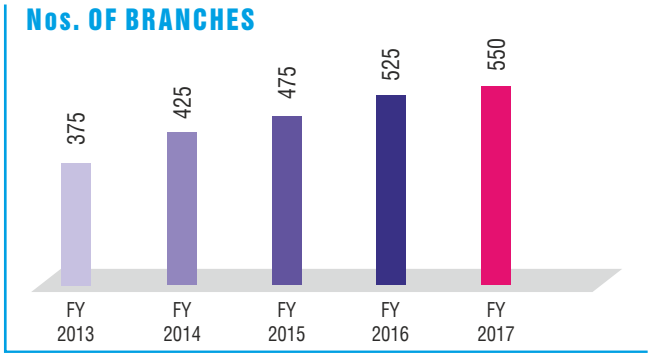
Your Directors are pleased to recommend a dividend of ₹0.30 per equity share of face value of ₹1/- each (previous year ₹1.20 per equity share) for the year ended 31st March, 2017.

B. BONUS

During the month of May 2017, the Board of Directors of your Bank recommended the issue of 1 bonus equity share for every 10 equity shares of face value of ₹1/- each (1:10) already held by the shareholders on a record date subject to shareholders' approval by Postal Ballot. Further as resolved by the Board, the shares allotted to the shareholders pursuant to bonus issue are also eligible to participate in dividend to be declared by the shareholders at the ensuing Annual General Meeting. The dividend payout ratio works out to 4.32% which is in accordance with the Dividend Distribution Policy of the Bank. The Board recommends the dividend for approval by the shareholders at the ensuing Annual General Meeting.

BRANCH EXPANSION

During the financial year the Bank has expanded its branch network by adding 25 more branches and 161 ATM's across the country totalling to 550 branches and 1,486 ATM's as on 31st March, 2017. The Bank has a major presence in the state of Tamil Nadu and is keen to further enlarge its presence by tapping potential markets, not only in Tamil Nadu but in other states too.



SOCIAL BANKING

A. FINANCIAL INCLUSION

There have been persistent efforts made by the Government of India and the Reserve Bank of India in promoting financial inclusion as one of the important national objectives of the country. In line with the directions issued by the Govt. of India and RBI, the Bank has adopted Financial Inclusion as

one of the key business measures to promote social inclusion by serving the un-served and the under-served population.

The Bank, following RBI directions, has covered all the allotted 45 villages having population of over 2,000 and 101 villages having population of over 1,000 and below 2,000 by introducing ICT (Information, Communication & Technology) based services, thus providing efficient and cost-effective banking services in the un-banked and remote villages of the country, paving the way for the inclusive growth. Further, during the year under review, Basic Savings Bank Deposits (BSBD) accounts numbering 1,04,794 were opened and 94,203 biometric smart cards were issued to the beneficiaries. Savings Bank linked overdraft facility, micro insurance products, Electronic Benefit Fund Transfer (EBT) payments have been extended to such account holders.

i. PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY):

'Pradhan Mantri Jan-Dhan Yojana' (PMJDY) is a flagship financial inclusion programme of Govt. of India which was launched by our Hon'ble Prime Minister on 28th August, 2014 across the country. Under this programme the Bank has been allotted 264 wards apart from 146 villages already allotted under the Rural Financial Inclusion scheme. The Bank had conducted survey of all 1,80,211 households in all these 264 wards.

The Bank has opened 85,759 PMJDY accounts as on date through all its branches and Rupay cards were issued for the account holders under the scheme. As the overdraft facility is one of the features under PMJDY scheme, Bank is considering the same based on conditions fixed by IBA to the PMJDY account holders from ₹1,000 to ₹ 5,000.

ii. PRADHAN MANTRI JEEVAN JYOTHI BIMA YOJANA (PMJJBY):

This scheme was launched by Hon'ble Prime Minister, on 9th May, 2015. The scheme provides life insurance cover to people in the age group of 18 - 50 years. Risk cover is available up to 55 years, subject to payment of premium of ₹330/- p.a. Risk coverage is ₹2 lakh in case of death due to any reason. The Insurance premium for the scheme is auto debited from the bank account of the respective subscriber. The Bank has a tie up with LIC for this scheme.

iii. PRADHAN MANTRI SURAKSHA BIMA YOJANA (PMSBY):

This Scheme provides financial cover against personal accident of the subscribers. It is open for the age group between 18 - 70 years at a nominal annual premium of ₹12/-. Risk cover is ₹2.00 lakh for death due to accident or full disability and ₹1.00 lakh for partial disability. The Insurance Premium for the scheme is auto debited from the bank account of the respective subscriber. The Bank is having a tie up with the New India Assurance Co. Ltd for this scheme.

iv. ATAL PENSION YOJANA (APY):

Government of India launched Atal Pension Yojana for the benefit of all citizens especially for the poor and under privileged. Under APY, it is open for the age group between 18-40 years. After completion of 60 years of age, the subscribers will be given guaranteed minimum pension ranging between ₹1,000 - ₹ 5,000 per month depending upon their contribution.

The enrollment as on 31st March, 2017 in the schemes is 49,369 (PMJJBY),72,460 (PMSBY) and 3,842 (APY) respectively.

B. FINANCIAL LITERACY

The Bank believes lack of financial literacy among rural population is primarily responsible for low penetration of financial services. As a measure, the Bank has given more importance in schools and rural villages where the Bank's personnel have personally visited for imparting financial education.

During the reporting cycle, the Bank has conducted such literacy programmes in fourteen (14) villages around Tamil Nadu and twelve (12) meetings in schools. Adequate measures have been taken under this process to impart financial education for the underprivileged sections including educational institutions. Further the Bank has tied up with two agencies viz., Common Wealth Inclusive Growth Foundation and Bharathi Women Development Centre which has engaged the services of 146 Business Correspondents to serve the remote and unbanked regions in Tamilnadu. The villagers were educated about the Indian Banking system, the use of technology, digital products, security aspects etc.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

The Bank implemented an Employee Stock Option Scheme 'CUB ESOS 2008 for grant of stock options to eligible employees of the Bank. The Shareholders of the Bank approved the scheme on 26th April, 2008 at an 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 & Remuneration Committee at the time of issuing stock options. The Bank offers ESOS to its employees which vests over a period of five years from the date of grant of options i.e., 15% options each for first three years and 25% and 30% for fourth and fifth year respectively. Further, the shares are offered at prevailing market prices and no discount is offered. The details of employee stock option are appended hereto as Annexure I.

HUMAN RESOURCE DEVELOPMENT

The Bank has enhanced the focus to drive customer experience and service quality with interventions in back office functions. The Bank has been improving productivity through process simplification, automation and continuous training. The Bank continues its focus on engagement and retention through initiatives that provide a holistic environment where employees get opportunities to realize their potential. Talent management being an integral part of overall performance management process in the bank aims to provide long term, sustained and meaningful careers to employees across the organization. The Bank is committed to developing its capabilities as an organization and as individuals to meet current and future business challenges. The Bank also deputes its employees to various training institutions like SIBSTC, NIBM, CAB, CAFRAL, IDRBT etc. There exists a cordial relationship between the management and the employees. Further, during the reporting cycle the management of the Bank has entered into a pay settlement with CUB Officers' Association and CUB Staff Union for the benefit of its employees with attractive pay structure and benefits, at par with Industry peers.

As on 31st March, 2017, the Bank has 4,689 employees, comprising of 54 Executives in top management cadre, 1690 Officers, 2635 Clerks and 310 Subordinate staff as compared to 4,517 employees in the previous year.

AUTOMATION

In today's Banking scenario, Technology plays a pivotal role in managing and fulfilling the growing customer demand. The Bank has been at the forefront of this digital revolution among banks in India.

In the use of Information and Communication Technology (ICT), the Bank has focused upon the following aspects:

1. Bring in advanced products in the area of Automation and Artificial Intelligence: The Bank has been a pioneer in installing 'CUB Lakshmi', First Banking Robot at T. Nagar Branch, Chennai. Currently, the Robot interacts with customers to answer queries. In future, the Robot will handle more tasks.

2. Enhance the service levels and productivity: Customers can now perform a large number of tasks through CUB Net Banking and CUB Mobile Banking, use ATMs for regular transactions and visit e-Lounges in many branches to carry out a number of banking transaction. Through these facilities, 83 % of Customers' transactions are now being carried out outside of the branches.

3. Offer new mobile based products such as e Wallet and support the Government in ushering a cashless environment: The Bank has also helped in creating a cashless environment in SASTRA University using smart cards of CUB, which also serves as their ID Card.

4. Be in the forefront on creating a cyber security environment and ensure uninterrupted services to customers.

5. Run an efficient IT operations using Open Source environment and in managing a large network.

A Separate section in this Annual Report has details on the extensive Technological Banking activities carried out by the Bank.

AWARDS & ACCOLADES

- Best Small sized Bank for FY. 2015-16 by Business World - PWC Best Banks' Survey 2016.
- Financial Express Best Bank award in the category "Top old Private Sector Bank" for FY. 2015-16.

BOARD MEETINGS

All Board meetings of the Bank were held in accordance with the Companies Act, 2013, the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and SEBI Listing Regulations, 2015. The meetings were held to discuss and decide on various business policies, strategies and other businesses in the best interests of the Bank.

During the year under report, 15 meetings were duly held. The complete details on such meetings are provided in the Corporate Governance Report as part of this Annual Report.

BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Appointments

Pursuant to the approval accorded by the Reserve Bank of India, Dr. N. Kamakodi was appointed as the Managing Director & CEO of the Bank for a period of three years w.e.f., 1st May, 2014 till 30th April, 2017. In view of this, the Board of Directors of the Bank based on the recommendations made by the Nomination Committee and taking into record the continued achievements made by the Bank under the able leadership of Dr. N. Kamakodi, resolved that Dr. N. Kamakodi be re-appointed as the Managing Director & CEO of the Bank for a further term, subject to approval by the RBI under the provisions of Section 35B of the Banking Regulation Act, 1949.

The RBI vide its letter no.DBR.Appt.No.12580/ 08.42.001/2016-17 dt. 24th April, 2017 conveyed its approval for the re-appointment of Dr. N. Kamakodi as the Managing Director & CEO of the Bank for a further period of three years w.e.f., 1st May, 2017 till 30th April, 2020. Further, as per the relevant provisions of Section 196 of the Companies Act, 2013, the re-appointment of Managing / Whole Time Director requires the approval of shareholders. Accordingly, the re-appointment of Dr. N. Kamakodi is being recommended for approval by the shareholders in the Notice calling this Annual General Meeting. The relevant details pursuant to SEBI Listing Regulations 2015 are disclosed separately in such notice.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Bank, Justice (Retd.) S.R. Singharavelu, Non-Executive Director of the Bank, retire by rotation at the ensuing Annual General Meeting of the Bank and being eligible, has offered himself for re-appointment.

Shri. Subramaniam Narayanan, who is having specialized knowledge on Accountancy and Finance, was co-opted as Additional Director on the Board of the Bank on 20th June, 2017 to represent the minority sector, subject to approval by the Reserve Bank of India. In the opinion of the Board, Shri. Subramaniam is a dynamic and competent person who can effectively participate and represent in the Board of our Bank. The Board recommends his appointment as Independent Director on the Board of the Bank for approval by shareholders in the Notice calling this Annual General Meeting. The relevant details of Shri. Subramaniam Narayanan pursuant to SEBI Listing Regulations, 2015 is disclosed separately in such Notice.

Shri. R. Mohan, is currently a Non-Executive Director on the Board of the Bank representing the majority sector Banking, Agriculture and SSI. He was appointed as Non-Executive Director on 28th June, 2014 and at present as per the provisions of Section 149(6) of the Companies Act, 2013 he is eligible to represent the Board as an Independent Director. The Director meets the criteria prescribed therein to become an Independent Director and has furnished a declaration to that effect. Accordingly, the appointment of Shri. R. Mohan as Independent Director is being recommended for approval by the shareholders in the Notice calling this Annual General Meeting. The relevant details of Shri. R. Mohan pursuant to SEBI Listing Regulations, 2015 is disclosed separately in such Notice.

Cessation

Shri. R.G. Chandramogan retired as an Independent Director from the Board of the Bank on 29th July, 2016, on account of completion of two terms of 8 years each with a prescribed cooling period as per the provisions of Banking Regulation Act ,1949.

This was his second tenure of service on the Board of Bank.

Shri. T. K. Ramkumar retired as Independent Director of the Bank on 10th June, 2017, on account of completion of 8 years tenure as per the provisions of Banking Regulation Act, 1949.

The Board hereby places on record its warm appreciation over the excellent services rendered by Shri. R. G. Chandramogan and Shri. T. K. Ramkumar during their tenure.

Key Managerial Personnel

The following officials of the Bank continue to be the "Key Managerial Personnel" pursuant to the provisions of Section 203 of the Companies Act, 2013 :

Sl.No.	Name	Designation
1.	Dr. N. Kamakodi	MD & CEO
2.	Shri. V. Ramesh	General Manager - CFO & CS

Declaration by Independent Directors

The Bank has received relevant declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations'), and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013.

Familiarization Program for Independent Directors

The details of programme for familiarization of Independent Directors with the Bank, their roles, rights and responsibilities in the Bank and related matters are provided separately under the Corporate Governance Report forming part of Annual Report.

Performance Evaluation of the Board

In line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, there exists a structured criterion as approved by the Nomination committee of the Board for carrying out the performance evaluation of the Board as a whole, its committees as well as Independent Directors.

During the year under review, the Securities and Exchange Board of India (SEBI) has issued a detailed guideline on Board Evaluation to bring more clarity in the evaluation process. Accordingly the criteria were aligned by the Nomination committee to meet the requirements of such guidelines and the necessary evaluations/ review were carried out by the Board / Independent Directors in their separate meeting to determine the effectiveness of the Board, its Committees, Chairman and individual Directors. Additional information on performance evaluation is given in Corporate Governance section forming part of this report.

AUDITORS

Statutory Auditor

M/s. P. Chandrasekar, Chartered Accountants, Bengaluru, the present Statutory Central Auditors, will complete their four (4) years term at the ensuing Annual General meeting (AGM) and accordingly in terms of RBI letter no. DBS.ARS No/08.13.005/2015-16 dt. 9th June, 2016, they will retire at the ensuing AGM. In terms of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors has recommended the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as Statutory Central Auditors of the Bank subject to the approval by RBI, to hold office from the conclusion of ensuing AGM on such remuneration to be decided by the Board.

The Bank has received the consent from the proposed Auditor and confirmation to the effect that they are not disqualified to be appointed as Statutory Central Auditors of the Bank in terms of Companies Act, 2013 and the rules made there under. Members are kindly requested to consider and approve the appointment as Statutory Central Auditors of the Bank for FY. 2017-18.

Secretarial Auditor

Pursuant to 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, as Secretarial Auditor to conduct the Secretarial Audit of the Bank for the Financial Year 2016-17. The report of Secretarial Auditor 'Secretarial Audit Report' is annexed to this report as Annexure II.

DIRECTORS RESPONSIBILITY STATEMENT

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

i) In the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.

ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the Profit & Loss of the Bank for that period.

iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of applicable laws governing banks in India for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.

iv) The Directors had prepared the annual accounts on a going concern basis.

v) The Directors had laid down adequate internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and

vi) The Directors has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INSIDER TRADING NORMS

The Bank has formulated a Code of Conduct pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, to regulate, monitor and ensure reporting of trading by the employees and other connected persons to comply with the provisions of SEBI Listing Regulations. Such policy is adopted to maintain highest ethical standards in dealing with securities of the Bank by persons to whom it is applicable. The code of conduct and related policy are available in the Bank's website (weblink: http://investor.cityunionbank.com/about-cub/insider-trading).

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE BANK

There are no material changes and commitments affecting the financial position of the Bank which has occurred between the end of the financial year of the Bank i.e., 31st March, 2017 and the date of Directors Report i.e., 20th June, 2017.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, no significant and material orders were passed by the Regulators or courts or tribunals impacting the going concern status and Bank's operation in future.

REMUNERATION / COMPENSATION POLICY

The Bank has adopted a Compensation Policy in accordance with the directives issued by the Reserve Bank of India. The Bank has constituted a Compensation & Remuneration Committee which oversees the framing, implementation and review of the Compensation Policy of the Bank. The Remuneration policy of the Bank is briefed under Corporate Governance Report as part of Annual Report.

RISK MANAGEMENT POLICY

The bank has in place an integrated Risk Management framework supported by detailed policies and processes for management of Credit Risk, Market Risk, Liquidity Risk, Operational Risk and various other Risks.

The details of identification, assessment, mitigations, monitoring and the management of all risks are mentioned in the Management Discussion and Analysis section appended to this Report.

DIVIDEND DISTRIBUTION POLICY

Pursuant to an amendment notification issued by the Securities Exchange Board of India during the year 2016, the Bank has framed a policy on Dividend Distribution taking into account the guidelines prescribed by the Reserve Bank of India on 'Declaration of Dividend by Scheduled Commercial Banks'.The same is available at the website of the Bank. (weblink: http://investor.cityunionbank.com/downloads/DividendDistributionPolicy.pdf).

BUSINESS RESPONSIBILITY REPORT

As per SEBI Listing Regulations, 2015, a Business Responsibility Report describing the Bank's social, environmental and governance aspects are attached as part of this Annual Report.

DEPOSITS

Being a Banking company, the disclosures as required pursuant to Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014 read with Section 73 & 74 of the Companies Act, 2013 are not applicable to the Bank.

INTERNAL FINANCIAL CONTROLS

The Bank has put in place adequate internal financial controls commensurate with the size and scale of operations. The Bank has, in all material aspects,

adequate internal control systems over financial reporting and these controls have taken into consideration, the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Such internal financial controls over financial reporting were operating effectively as at the end of the financial year.

STATUTORY DISCLOSURES

Conservation of Energy and Technology Absorption

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

However every effort is being made to conserve energy. On the technological front, the Bank continues to offer excellent service to its customers by adopting the latest and providing innovative technological solutions. A seperate report on technology is furnished as part of this report.

Foreign Exchange Earnings and Outgo

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

Employees and Related Disclosures

Disclosures under Section 197 of the Companies Act, 2013

The disclosures pursuant to the provisions of Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are furnished as Annexure III.

During the financial year there are no employee(s) of the Bank who were in receipt of remuneration either employed throughout the financial year or part thereof, was in receipt of remuneration for that year which in the aggregate or as the case may be at a rate which is not less than the limits specified under Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended.

Further, the Bank do not have any employee(s) who was employed throughout the financial year or part thereof and was in receipt of remuneration in that year which in the aggregate or as the case may be at a rate, which in the aggregate, is in excess of that drawn by the Managing Director and holds by himself or along with his spouse and dependent children not less than 2% of equity shares of the Bank.

Disclosure under Section 22 of Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act 2013.

The Bank gives utmost importance towards maintaining and upholding the dignity of each and every women working in the Bank. The Bank has a policy on Prevention of Sexual Harassment at workplace which provides for adequate safeguards and protection for women employees working in the organization. The details of complaints received and disposed under such policy is as follows:

Number of complaints pending as on the beginning of the financial year	Nil
Number of complaints filed during the financial year	1
Number of complaints pending as on the end of the financial year	Nil

RELATED PARTY TRANSACTIONS

The Board of Directors of the Bank has adopted a policy on Related Party transactions which is in line with the Companies Act, 2013 and SEBI listing regulations, 2015. 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://investor.cityunionbank.com/downloads/documents/CUB_Related_Party_Transaction.pdf)

LOANS, GUARANTEES OR INVESTMENTS

All loans, guarantees or investments made in securities by the Bank are exempt pursuant to the provisions of section 186 (11) of the Companies Act, 2013 and hence does not attract any disclosure required under section 134 (3)(g) of the Companies Act , 2013.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a), of the Companies Act, 2013 (the Act), read with Rule 12(1) of Companies (Management & administration) Rules, 2014 the extract of Annual Return in form MGT - 9 as provided under

Sub-section (3) of Section 92 of the Act is appended to this Annual Report as Annexure IV.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, and the related notifications / circulars / guidelines issued by MCA, the Bank has established a Corporate Social Responsibility (CSR) Committee. The statutory disclosures on the committee composition and a Report on CSR activities undertaken during the year is annexed as Annexure V to this report.

CORPORATE GOVERNANCE

Corporate Governance of the Bank is an ethically driven business process that rests on the fundamental pillar of high ethical values aimed at enhancing organization's brand and reputation and to protect the interests of all the stakeholders by taking ethical business decisions. The Bank is committed to achieving the highest standards of Corporate Governance and also adheres to the Corporate Governance requirements set by the Regulators / applicable laws. Accordingly, the Board functions as trustees of the shareholder's and seeks to ensure that the long term economic value for its shareholders is achieved while balancing the interest of all the stakeholders.

A separate section on Corporate Governance Standards followed by the Bank and the relevant disclosures, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and rules made there under are disclosed there at as part of this report.

MANAGEMENT DISCUSSION & ANALYSIS

A detailed Management Discussion and Analysis Report for the year under review as stipulated in SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 is presented as a separate section as part of this Annual Report.

Place : Chennai
Date : 20th June, 2017

WHISTLE BLOWER / VIGIL MECHANISM

A vigil mechanism has been implemented through the adoption of Whistle Blower Policy with an objective to enable any employee or Director, raise genuine concern or report evidence of activity by the Bank or its employee or Director that may constitute: Instances of corporate fraud; unethical business conduct; a violation of Central or State Laws, rules, regulations and / or any other regulatory or judicial directives; any unlawful act, whether criminal or civil; malpractice; serious irregularities; impropriety, abuse or wrong doing; deliberate breaches and non-compliance with the Bank's policies; questionable accounting / audit matters / financial malpractice.

Safeguards to avoid discrimination, retaliation, or harassment, and confidentiality have been incorporated in the policy. All employees and directors have access to the Chairman of the Audit Committee in appropriate and exceptional circumstances.

The Policy has been uploaded on the Bank's intranet as well as website (weblink: http://investor.cityunionbank.com/downloads/ Whistleblower%20Policy.pdf).

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 and 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. R. G. Chandramogan and Shri. T. K. Ramkumar, Independent Directors who retired on account of completion of tenure.

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

For and on behalf of the Board
S. Mahalingam
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 for the Financial Year 2016-17

Particulars	ESOS 2008					
	Series I	Series II	Series III	Series IV	Series V	Series VI
Total number of options granted (Including additional grant upon rights issue)	2,27,81,250	3,68,408	31,23,128	43,56,000	96,17,000	15,00,500
Pricing Formula	₹ 13.00 Per Option	₹ 32.00 Per Option	₹ 47.00 Per Option	₹ 46.95 Per Option	₹ 93.20 Per Option	₹ 88.05 Per Option
Revised price pursuant to Right Issue	₹ 11.60 Per Option	₹ 29.60 Per Option	₹ 41.60 Per Option	NA	NA	NA
No. of options outstanding as on 01.04.2016	9,01,716	33,048	9,57,223	27,91,850	96,17,000	15,00,500
No. of options granted during the year	0	0	0	0	0	0
No. of options lapsed during the year	1,59,219	4,860	88,818	1,38,800	9,75,475	28,500
No. of options exercised during the year	7,42,497	11,556	4,80,533	5,78,425	9,40,350	1,20,241
No. of shares arising as a result of exercise of option during the year	7,42,497	11,556	4,80,533	5,78,425	9,40,350	1,20,241
Variation in terms of Options	Not Applicable					
Money realized by exercise of Options during the year	86,12,965	3,42,058	1,99,90,173	2,71,57,054	8,76,40,620	1,05,87,220
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	0	16,632	3,87,872	20,74,625	77,01,175	13,51,759
Employee wise details of Options granted						
i) Senior Management Personnel	NIL	NIL	NIL	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	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	NIL

Particulars	ESOS 2008					
	Series I	Series II	Series III	Series IV	Series V	Series VI
Allotment of shares made during the Financial Year under ESOS						
No of shares allotted under ESOS during the year	7,42,497	11,556	4,80,533	5,78,425	9,40,350	1,20,241
The price at which such shares are allotted	₹ 11.60	₹ 29.60	₹ 41.60	₹ 46.95	₹ 93.20	₹ 88.05
Employee wise details of the shares allotted to						
I) Senior Management Personnel						
Dr. N. Kamakodi	-	-	-	-	75,000	-
Shri. R. Venkatasubramanian	-	-	-	-	15,000	-
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	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	NIL

Employee compensation cost calculated as per the intrinsic value method for the financial year 2016-17 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 2016-17 would be ₹29,79,458/-. Consequently, net profit would have been reduced by ₹29,79,458/- and EPS would get reduced by ₹ 0.005 per share.

Weighted Average Details

Particulars	
Weighted Average Market Price (In ₹)	82.63
Weighted Average Exercise Price (In ₹)	82.63
Weighted Average Risk Free Interest Rate (%)	7.70
Weighted Average Stock Volatility	0.03
Weighted Average Fair Value of Options (In ₹)	24.90

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2017

[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
M/s. CITY UNION BANK LIMITED
Kumbakonam

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. City Union Bank Limited (CIN: L65110TN1904PLC001287) (hereinafter called "the BANK") for the audit period covering the financial year ended on 31st March, 2017.

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, 2017 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, 2017, 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;

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, 2015;

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, 2011

e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2015

f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2008

(iv) The following Acts, Rules and Regulations specifically applicable to the Bank

a) The Banking Regulations Act, 1949

b) The Reserve Bank of India Act, 1934

c) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

d) The Bankers' Books Evidence Act, 1891

e) Recovery of Debts due to Banks and Financial Institution Act, 1993

f) Credit Information Companies (Regulation) Act, 2005

g) Prevention of Money Laundering Act, 2002

h) The Deposit Insurance and Credit Guarantee Corporation Act, 1961

i) Industrial Disputes (Banking and Insurance Companies) Act, 1949

j) Information Technology Act, 2000

k) SEBI (Bankers to an Issue) Regulations, 1994

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the 'Bank' has 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.

(ii) The Securities and Exchange Board of India (Delisting of Equity Shares Regulations), 2009

(iii) 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

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 : 5th June, 2017

Note: This report has to be read along with the Annexure which forms an integral part of this report.

ANNEXURE TO SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

CITY UNION BANK LIMITED

1. Maintenance of secretarial records with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.

2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Audit. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.

3. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and other specifically applicable Acts, Rules and Regulations and occurrence of events and we have covered the same in our report.

FOR B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES

Sd/-
(B. KALYANASUNDARAM)
COMPANY SECRETARY
ACS. No. A672 CP. No. 2209

Place : TIRUCHIRAPALLI
Date : 5th June, 2017

ANNEXURE - III

Details pursuant to the provisions of Section 197 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 2017.	MD & CEO : 15.12x The remuneration of MD & CEO is regulated by RBI guidelines.
2.	The percentage increase in remuneration of each, CFO, CEO, CS in the financial year.	MD & CEO : -9.31% CFO & CS : 55.65% The remuneration of MD & CEO has decreased in comparison with the previous year as a result of decrease in expenditure incurred in connection with other facilities provided. The remuneration of CFO & CS has increased from the previous year as a result of revision 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 18.97%. This increase in median remuneration is on account of the revised wage settlement signed with the CUB Staff Union and Officers' Association, effective from 1st July, 2016.
4.	No. of permanent employees on rolls of the Bank.	There were 4,689 employees as on 31st March, 2017.
5.	Average percentage increase already 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 employee salaries have increased by 22.53% in the Financial Year 2016-17. Average Managerial Personnel salaries have decreased by -9.31% in the Financial Year 2016-17. Employee salaries increased as a result of the revision of salaries and exercise of ESOP's during this year. Salaries of Managerial Personnel have decreased in comparison with the previous year as a result of decrease in value of perquisites.
6.	Affirmation that the remuneration is as per the remuneration policy of the Bank.	Yes, it is confirmed.

ANNEXURE 'IV'

EXTRACT OF THE ANNUAL RETURN
Form MGT - 9 as on the financial year ended on 31st March 2017

[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, BSE & NSE
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. 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: 040-23420814 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. SHAREHOLDING 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	Nil
(b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Foreign									
(a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (2)	Nil	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	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	34139329	0	34139329	5.71	54871831	0	54871831	9.13	3.42
(b) Banks / FI	519443	5000	524443	0.09	678276	5000	683276	0.11	0.02
(c) Central Govt.	0	0	0	0	0	0	0	0	0
(d) State Govt(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	22595827	0	22595827	3.78	22442948	0	22442948	3.73	-0.05
(g) FIIs	228825068	0	228825068	38.25	220572360	0	220572360	36.70	-1.55
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others	0	0	0	0	0	0	0	0	0
Sub-Total (B)(1)	286079667	5000	286084667	47.82	298565415	5000	298570415	49.67	1.85
(2) Non- Institutions									
(a) Bodies Corporate									
i. Indian	45638787	2119442	47758229	7.98	41193414	684472	41877886	6.97	-1.01
ii. Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	127523136	29803613	157326749	26.30	120778480	28884108	149662588	24.90	-1.40
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	96710018	2604828	99314846	16.60	102971018	161990	103133008	17.16	0.56
(c) Others									
i. Trusts	2683220	63676	2746896	0.46	2687718	63676	2751394	0.46	0.00
ii. NRI	4645847	0	4645847	0.78	3015525	0	3015525	0.50	-0.28

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	0	0	0	0	0	0	0	0	0
iv. Clearing Members	283824	0	283824	0.05	624968	0	624968	0.10	0.05
v. NBFC	30221	0	30221	0.01	18668	0	18668	0.00	-0.01
vi. NRI Non - Repatriation	0	0	0	0	1410429	0	1410429	0.23	0.23
Sub-Total (B)(2)	277515053	34591559	312106612	52.18	272700220	29794246	302494466	50.33	-1.85
Total Public Shareholding	563594720	34596559	598191279	100.00	571265635	29799246	601064881	100.00	100
B = (B) (1) + (B) (2)									
C. Shares held by custodian for									
GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	563594720	34596559	598191279	100.00	571265635	29799246	601064881	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 in Share holding 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 promoter(s) 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 promotors 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 ten 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.	**NTASIAN Discovery Master Fund**	2,25,63,416	3.77	2,25,63,416	3.77
	Add : Market Purchase on 27.05.2016	7,85,000	0.13	2,33,48,416	3.90
	Market Purchase on 03.06.2016	6,28,000	0.10	2,39,76,416	4.01
	As on 31.03.2017	-	-	**2,39,76,416**	**3.99**
2.	**Lavender Investments Ltd**	2,36,08,955	3.95	2,36,08,955	3.95
	Change in shareholding	-	-	-	-
	As on 31.03.2017	-	-	**2,36,08,955**	**3.93**
3.	**Life Insurance Corporation of India**	2,04,91,606	3.43	2,04,91,606	3.43
	Add : Market Purchase on 12.08.2016	1,33,450	0.02	2,06,25,056	3.45
	Market Purchase on 19.08.2016	1,99,634	0.03	2,08,24,690	3.48
	Market Purchase on 26.08.2016	37,243	0.01	2,08,61,933	3.49
	Market Purchase on 02.09.2016	1,44,111	0.02	2,10,06,044	3.51
	Market Purchase on 09.09.2016	14,109	0.00	2,10,20,153	3.51
	As on 31.03.2017	-	-	**2,10,20,153**	**3.50**

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

Sl.No.	For Each of the Top ten 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.	**Smallcap World Fund, INC.**	1,98,13,000	3.31	1,98,13,000	3.31
	Add : Market Purchase on 29.04.2016	16,026	0.00	1,98,29,026	3.31
	Market Purchase on 06.05.2016	1,32,191	0.02	1,99,61,217	3.34
	As on 31.03.2017	-	-	**1,99,61,217**	**3.32**
5.	**GKFF Ventures**	2,34,93,712	3.93	2,34,93,712	3.93
	Less : Market Sale on 28.10.2016	(10,00,000)	0.17	2,24,93,712	3.76
	Market Sale on 04.11.2016	(40,00,000)	0.67	1,84,93,712	3.09
	Market Sale on 11.11.2016	(4,25,000)	0.07	1,80,68,712	3.02
	Market Sale on 18.11.2016	(14,534)	0.00	1,80,54,178	3.02
	As on 31.03.2017	-	-	**1,80,54,178**	**3.00**
6.	**Ardisia Limited**	1,46,53,000	2.45	1,46,53,000	2.45
	Change in shareholding	-	-	-	-
	As on 31.03.2017	-	-	**1,46,53,000**	**2.44**
7.	**HDFC Trustee Company Ltd - A/c**				
	HDFC MID - Capoppor	-	-	-	-
	Add : Market Purchase on 04.11.2016	16,00,000	0.27	16,00,000	0.27
	Market Purchase on 11.11.2016	68,05,000	1.14	84,05,000	1.41
	Market Purchase on 18.11.2016	20,00,000	0.33	1,04,05,000	1.74
	Market Purchase on 02.12.2016	10,00,000	0.17	1,14,05,000	1.91
	Market Purchase on 16.12.2016	10,00,000	0.17	1,24,05,000	2.07
	Market Purchase on 23.12.2016	5,00,000	0.08	1,29,05,000	2.15
	Market Purchase on 30.12.2016	59,000	0.01	1,29,64,000	2.16
	Market Purchase on 06.01.2017	3,50,000	0.06	1,33,14,000	2.22
	Market Purchase on 13.01.2017	1,67,000	0.03	1,34,81,000	2.24
	Market Purchase on 20.01.2017	18,000	-	1,34,99,000	2.25
	As on 31.03.2017	-	-	**1,34,99,000**	**2.25**

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

Sl.No.	For Each of the Top ten 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
8.	**Smt. Vilasini Vaidyanathan**	1,25,00,000	2.09	1,25,00,000	2.09
	Change in shareholding	-	-	-	-
	As on 31.03.2017	-	-	**1,25,00,000**	**2.08**
9.	**Smt. Visalam G**	1,25,00,000	2.09	1,25,00,000	2.09
	Change in shareholding	-	-	-	-
	As on 31.03.2017	-	-	**1,25,00,000**	**2.08**
10.	**Aberdeen Global - Asian Smaller Companies Fund**	-	-	-	-
	Add : Market Purchase on 04.11.2016	42,52,517	0.71	42,52,517	0.71
	Market Purchase on 11.11.2016	24,55,198	0.41	67,07,715	1.12
	Market Purchase on 18.11.2016	20,92,285	0.35	88,00,000	1.47
	Market Purchase on 25.11.2016	5,71,250	0.10	93,71,250	1.57
	Market Purchase on 02.12.2016	2,78,750	0.05	96,50,000	1.61
	Market Purchase on 06.01.2017	60,656	0.01	97,10,656	1.62
	Market Purchase on 13.01.2017	2,52,257	0.04	99,62,913	1.66
	Market Purchase on 20.01.2017	1,00,970	0.02	1,00,63,883	1.67
	Market Purchase on 24.03.2017	15,00,000	0.25	1,15,63,883	1.92
	As on 31.03.2017	-	-	**1,15,63,883**	**1.92**
11.	**TVF Fund #**	1,04,51,432	1.75	1,04,51,432	1.75
	Add : Market Purchase on 06.05.2016	1,05,191	0.02	1,05,56,623	1.76
	Market Purchase on 13.05.2016	8,84,512	0.15	1,14,41,135	1.91
	Market Purchase on 20.05.2016	37,711	0.01	1,14,78,846	1.92
	As on 31.03.2017	-	-	**1,14,78,846**	**1.91**

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

Sl.No.	For Each of the Top ten 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
12.	**Acacia Partners, LP ***	87,83,077	1.47	87,83,077	1.47
	Less : Market Sale on 04.11.2016	(49,43,077)	0.83	38,40,000	0.64
	Market Sale on 24.02.2017	(14,20,000)	0.24	24,20,000	0.40
	Market Sale on 03.03.2017	(5,00,000)	0.08	19,20,000	0.32
	Market Sale on 17.03.2017	(10,15,909)	0.17	9,04,091	0.15
	Market Sale on 24.03.2017	(4,61,373)	0.08	4,42,718	0.07
	Market Sale on 31.03.2017	(4,42,718)	0.07	0	0.00
	As on 31.03.2017	-	-	**0**	**0.00**

Note: Total paid up equity shares as on 1st April, 2016 - 59,81,91,279 and as on 31st March, 2017 - 60,10,64,881.

* The top ten shareholding as on 31st March, 2017 excludes Acacia Partners LP, as they have sold their entire shareholding.

Not in the list of Top ten shareholders as on 31st March, 2017. The same is reflected above since the shareholders were one among the Top ten shareholders as on 1st April, 2016.

(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 (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	S. Mahalingam	6,250	0.00	6,250	0.00
	Change in shareholding	-	-	-	-
	As on 31.03.2017	-	-	**6,250**	**0.00**
2.	Dr. N. Kamakodi	16,15,626	0.27	16,15,626	0.27
	Add : ESOP allotment on 22.12.2016	75,000	0.01	16,90,626	0.28
	As on 31.03.2017	-	-	**16,90,626**	**0.28**
3.	T. K. Ramkumar	1,35,794	0.02	1,35,794	0.02
	Change in shareholding	-	-	-	-
	As on 31.03.2017	-	-	**1,35,794**	**0.02**
4.	Justice (Retd.) SR Singharavelu	8,619	0.00	8,619	0.00
	Change in shareholding		-	-	-
	As on 31.03.2017	-	-	**8,619**	**0.00**
5.	C.R. Muralidharan	1,287	0.00	1,287	0.00
	Change in shareholding	-	-	-	-
	As on 31.03.2017	-	-	**1,287**	**0.00**
6.	Prof. V. Kamakoti	1,250	0.00	1,250	0.00
	Change in shareholding	-	-	-	-
	As on 31.03.2017	-	-	**1,250**	**0.00**
7.	R. Mohan	1,20,200	0.02	1,20,200	0.02
	Less: Market Sales on 27.05.2016	(200)	0.00	1,20,000	0.02
	As on 31.03.2017	-	-	**1,20,000**	**0.02**
8.	Smt. CA. Abarna Bhaskar	30,064	0.01	30,064	0.01
	Change in shareholding	-	-	-	-
	As on 31.03.2017	-	-	**30,064**	**0.01**

Sl.No.	For Each of the Directors and KMP Sarvashri	Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
9	M. Narayanan#	10,52,138	0.18	10,52,138	0.18
	Less: Transfer on 14.07.2016	10,34,295	0.17	17,843	0.00
	As on 31.03.2017	-	-	**17,843**	**0.00**
10	S. Bernard#	695	0.00	695	0.00
	Add: Market purchase on 29.07.2016	1	0.00	696	0.00
	Market purchase on 09.09.2016	8	0.00	704	0.00
	As on 31.03.2017	-	-	**704**	**0.00**
11	S. Balasubramanian*	10,57,424	0.18	10,57,424	0.18
	Less : Market sale on 08.07.2016	(5,000)	0.00	10,52,424	0.18
	As on 31.03.2017	-	-	**10,52,424**	**0.18**
12	R.G. Chandramogan*	20,267	0.00	20,267	0.00
	Add : Market purchase on 23.09.2016	1,88,500	0.03	2,08,767	0.03
	Market purchase on 30.09.2016	56,701	0.01	2,65,468	0.04
	Market purchase on 07.10.2016	1,82,481	0.03	4,47,949	0.07
	Market purchase on 24.02.2017	12,300	0.00	4,60,249	0.08
	Market purchase on 03.03.2017	12,800	0.00	4,73,049	0.08
	Market purchase on 10.03.2017	6,767	0.00	4,79,816	0.08
	As on 31.03.2017	-	-	**4,79,816**	**0.08**
13	V. Ramesh (KMP)	1,39,501	0.02	1,39,501	0.02
	Add : ESOP allotment on 22.12.2016	3,000	0.00	1,42,501	0.02
	Market purchase on 17.03.2017	100	0.00	1,42,601	0.02
	As on 31.03.2017	-	-	**1,42,601**	**0.02**

#for the Directors appointed during the reporting cycle, the shareholding as at the beginning of the year is disclosed based on their holdings as on the date of their appointment.

*Shri. S. Balasubramanian, Part-Time Chairman and Sri. R.G. Chandramogan, Director of the Bank has retired from the services of the Bank on 3rd May, 2016 and 29th July, 2016 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	66,454.56	Nil	66,454.56
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	338.31	Nil	338.31
Total (i+ii+iii)	**Nil**	**66,792.87**	**Nil**	**66,792.87**
Change in Indebtedness during the financial year				
Addition	Nil	1530,451.23	Nil	1530,451.23
Reduction	Nil	1544,068.96	Nil	1544,068.96
Net Change	**Nil**	**13,617.73**	**Nil**	**13,617.73**
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	53099.73	Nil	53,099.73
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	75.41	Nil	75.41
Total (i+ii+iii)	**Nil**	**53,175.14**	**Nil**	**53,175.14**

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
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	48.00	48.00
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	11.14	11.14
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2	Stock Option - Perquisites	0.40	0.40
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	-	-
5	Others, please specify	-	-
Total (A)		**59.54**	**59.54**
Ceiling as per the Act		The remuneration paid to MD & CEO is well within ceiling limits as prescribed under the provisions of the Companies Act, 2013	

B. Remuneration to other Directors:

Sl.No.	Particulars of Remuneration	Name of Directors (Shri. / Smt)	Total Amount (₹)
1	Independent Directors - Fee for attending Board / Committee meetings	Remuneration and sitting fees paid to Shri. S. Mahalingam, Independent Part-Time Chairman (including value of perquisites) for the period from 04th May, 2016 to 31st March, 2017.	13,62,904 10,60,000
		T.K. Ramkumar	10,70,000
		C.R. Muralidharan	9,90,000
		Prof. V. Kamakoti	9,00,000
		Abarna Bhaskar	12,50,000
		M. Narayanan	9,30,000
		S. Bernard	8,00,000
		R. G. Chandramogan	2,00,000
	- Commission	NA	-
	- Others, please specify	NA	-
		Total (1)	**85,62,904**
2	Other Non-Executive Directors - Fee for attending Board / Committee meetings	Justice (Retd.) S.R. Singharavelu	9,20,000
		R. Mohan	11,20,000
		Remuneration paid to Shri. S. Balasubramanian, Part-Time Non-Executive Chairman (including the value of perquisites) for the period from 1st April, 2016 to 3rd May, 2016	1,09,677
	- Commission	NA	-
	- Others, please specify	NA	-
		Total (2)	**21,49,677**
		Total (B) = (1) + (2)	**1,07,12,581**
		Total Managerial Remuneration	**1,07,12,581**
		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	
		CFO & CS	Total
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	19.47	19.47
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	1.20	1.20
	© Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2	Stock Option	0.65	0.65
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify	-	-
	Total	**21.32**	**21.32**

Note : The above remuneration details given is for Sri.V Ramesh – General Manager - CFO & CS for the entire Financial Year 2016-17.

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 'V' to Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on Bank's CSR policy and the overview of activities undertaken:

   CSR has always remained an integral part of the Bank. The Bank is committed towards serving the society in which it operates. The Bank understands the challenges and hazard faced by the environment in this contemporary world and has always ensured in making effective and meaning full contributions to positively impact the society in which it operates.

   During the FY. 2016-17 the Bank has effectively carried out CSR activities covering diverse range of activities to have a high social impact. The main objective of the Bank's CSR policy is to bring about an overall positive development in improving the living standards of the society. During the year the Bank has made an active contribution towards the following causes.

a) providing basic amenities to the communities under Swachh Bharat Mission,

b) Financial literacy and Educational aid,

c) Rural sports,

d) Preventive Health care,

e) Environment sustainability and Preservation,

f) Restoration & Renovation of Historical Temples and promotion of arts & culture.

g) Measures for benefit of armed forces veterans, war widows and their dependence.

   The complete details on the manner of spending are provided at the end of this report.

2. Web-link of the Bank's CSR Policy: http://investor.cityunionbank.com/downloads/corp_social_res.pdf

3. CSR Committee Composition as on the latest date:

Dr. N. Kamakodi, MD & CEO	: Chairman of the Committee
Shri. T.K. Ramkumar (upto 10.06.2017)	: Member
Prof. V. Kamakoti	: Member
Shri. R Mohan	: Member
Shri. S Bernard	: Member

4. Average Net profits (Before Tax) for the last three financial years: ₹512.43 crore

5. CSR Expenditure (2% of item No. 4 above): ₹10.25 crore

6. Total amount spent: ₹8.16 crore

7. Amount unspent: ₹2.09 crore (The Amount has already been sanctioned and will be released in due course)

8. Manner of spending:

(₹ 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 and Drinking water	Safe drinking water to community, Sanitation, construction of toilets, water tank & pipelines	Tamilnadu	3.93	3.83	11.32	Amount given to various municipality / implementing Agencies / organizations
2.	Literacy and Rural Sports	Educational support, building schools & college blocks, technological aid to schools, providing scholarship for students from Rural Areas through SASTRA University, contribution to various sports activities	Uttar Pradesh Karnataka and Tamilnadu	3.64	2.03	4.04	Amount given to various implementing Agencies / organizations
3.	Healthcare	Amount given to public health centre, hospitals, cancer detection camp	Tamilnadu	1.09	1.03	1.79	Amount given to various implementing Agencies / organizations
4.	Restoration and Renovation of sites of Historical Importance	Ancient Temple renovations, Art and cultural welfare.	Tamilnadu	0.66	0.55	2.87	Amount given to various implementing Agencies / organizations
5.	Environment sustainability and Social Community Development	Construction cost provided for community Building for common cause, Donation & charity for Mahamaham festival & protection of animals and welfare	Tamilnadu	0.92	0.71	1.98	Amount given to Kumbakonam Municipality / various implementing Agencies / organizations / animal welfare
6.	Disaster Relief (FY. 2015-16)	Donation for flood relief at Chennai	Tamilnadu	-	-	0.64	Donation given to Tamilnadu and relief materials to affected people during FY. 2015-16.
7.	Measures for benefit of armed forces veterans, war windows and their dependence	Conducting workshop "SANJOG 2016" for the children of war widows / Jawans etc.,	Tamilnadu	0.01	0.01	0.01	Amount given for conducting the workshop on "SANJOG 2016" for the children of war widows / Jawans etc.,
		Total		**10.25**	**8.16**	**22.65**	**--**

An amount of ₹0.18 crore & ₹0.32 crore was spent during the FY. 2016-17 out of unspent amount of ₹0.38 crore & ₹0.87 crore allocated during the FY. 2014-15 & 2015-16 respectively on CSR activities as per the projected budget.

The CSR Committee of the Board hereby confirms that the implementation and monitoring of CSR Policy is in compliance with the Companies Act, 2013 and the CSR Policy of the Bank.

S. Mahalingam
Chairman

ANNUAL BUSINESS RESPONSIBILITY REPORT (ABBR)

Section A: General Information about the Company

Corporate Identification no.(CIN) of the Company	L65110TN1904PLC001287
Name of the Company	CITY UNION BANK LIMITED
Registered address	No.149 T.S.R. (Big) Street, Kumbakonam - 612001
Website	www.cityunionbank.com
E-mail Id	shares@cityunionbank.com vramesh@cityunionbank.com
Financial Year Reported	2016-17
Sector(s) that the company is engaged in (Industrial activity code wise)	National Industries Classification 2008 Section K : Financial and Insurance Activities Division 64, Code No.64191
List three key products / services that the company manufactures / provides (as in Balance Sheet)	Retail Banking, Corporate Banking and Treasury
Total number of locations where business activity is undertaken by the company	
a. Number of international locations (provide details of major 5)	Nil
b. Number of national locations	The Bank has 550 branches with 1,486 ATMs, as on 31st March, 2017.
Markets served by the company - Local / State / National / International	National

Section B: Financial Details of the Company

1.	Paid up capital (INR)	60,10,64,881/-
2.	Total Turnover (INR)	542,282,296,384.65
3.	Total Profit after Taxes (INR)	5,027,687,928.39
4.	Total spending on corporate social responsibility (CSR) as percentage of profit after tax (%)	1.62%
5.	List of activities in which expenditure in 4 above has been incurred	Refer Page No. 49 of Annual report

Section C: Other Details

Does the company have any subsidiary company/ companies?	No
Do the subsidiary company / companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	No
Do any other entity / entities (eg: suppliers, distributors etc.,) that the company does business with, participate in the BR initiatives of the company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of Director / Directors responsible for BR

a) Details of Director(s) responsible for implementation of the BR policy(s)		
DIN Number	:	00121727
Name	:	S. Mahalingam
Designation	:	Chairman
b) Details of the BR head		
DIN Number (if applicable)	:	06902614
Name	:	R. Mohan
Designation	:	Non Executive Director
Telephone number	:	93823 20980
E-mail id	:	meetmohanr@gmail.com

2. Principle wise (as per NVGs) BR Policy(s)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These briefly are as follows:

P1. Business should conduct and govern themselves with ethics, transparency and accountability.

P2. Business should provide goods and services that are safe and contribute to sustainability throughout the life cycle.

P3. Business should promote the well being of all employees

P4. Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5. Business should respect and promote human rights.

P6. Business should respect, protect and make efforts to restore the environment.

P7. Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8. Business should support inclusive growth and equitable development.

P9. Business should engage with and provide value to the customers and consumers in a responsible manner.

a) Details of compliance

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy or policies for	Y	Y	Y	Y	Y	N	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	-	-	Y	Y
3.	Does the policy confirm to any national / international standards? If yes, specify	Y	Y	Y	Y	Y	-	-	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / Appropriate Board Director?	Y	Y	Y	Y	Y	-	-	Y	Y
5.	Does the company have a specified Committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	-	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	*N1	*N1	*N1	*N1	*N1	-	-	N2	N3
7.	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	-	-	Y	Y

Details of compliance

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8.	Does the company have in-house structure to implement the policy(s)	Y	Y	Y	Y	Y	-	-	Y	Y
9.	Does the company have a grievance redressal mechanism related to the policy(s) to address stakeholders grievances related to the policy(s)?	Y	Y	Y	Y	Y	-	-	Y	Y
10.	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	-	-	Y	Y

*Notes :

1. The Bank has policies on this which are available internally to its employees.
2. CSR weblink: **http://investor.cityunionbank.com/downloads/corp_social_res.pdf**
3. Customer Rights Policy weblink: **https://www.cityunionbank.com/downloads/customer_rights_policy.pdf**

Principle wise policies :

Principle	Policy details
1.	The Bank has policies as follows: Whistle Blower Policy, HR Policy, Fraud Risk Management, Code of Fair Practices and Disclosures on UPSI, Compliance Policy, KYC policy, Related Party Transactions, Code of Conduct for Directors and Senior Management and Protected Disclosure Scheme.
2.	The Bank has policies on Information Technology, Information Security System and Information System Audit which contributes to safe and secure services to all relevant stakeholders. Further, the Bank as part of the service sector provides financial product services to various stakeholders contributing to their business cycle.
3.	Compensation Policy, Staff Rotation Policy, HR Policy, Mandatory Leave Policy, Training Policy and Policy on Prevention of Sexual Harassment.
4.	The Bank through its Loan policy and Financial Inclusion programs addresses this principle to the benefit of disadvantaged, marginalized and the vulnerable.
5.	The Bank has a Policy on Customer. The Bank well recognizes and respects all human beings and their rights for efficient and smooth conduct of business.

Principle wise policies:

Principle	Policy details
6.	Given its nature and scope of activities the Bank does not have direct bearing on the applicability of the principle. Hence there is no specific policy. However, under CSR, the Bank takes up activities which promotes clean environment.
7.	The MD & CEO of the Bank is a member of Indian Banks Association (IBA) and advocates on various issues during IBA meetings.
8.	Bank carries out all the mandates of the Government as well as Reserve Bank of India in order to foster inclusive growth and equitable development. In addition, activities under Corporate Social Responsibility furthers these objectives.
9.	Customer Rights Policy, Policy on Outsourcing of Financial Services, Bank Deposits, Loan Policy, Information Security System Policy, Policy on Grievance Redressal.

b) If answer to the question at serial no.1 against any principle is 'No' please explain why.

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles							✓		
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within the next six months									
5.	It is planned to be done within the next one year									
6.	Any other reason						N1			

N1. The Bank does not have any specific policy on this principle. However, the activities under such principle are covered through the Bank's Information Technology Policy and Information Security System Policy.

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committees of the Board or CEO to assess the BR performance of the company. Within 3 months, 3-6 months, 1 year, more than 1 year.

Most of the parameters are reviewed as part of Committee Meetings and Board Meetings held during the year.

b) Does the company publish a BR or a sustainability report? What is the hyperlink for viewing the report? How frequently it is published?

Reporting Business Responsibility Statement for the first time.

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs and Others?

   Yes, it relates to the Bank and its employees only.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

   7903 Complaints from the stakeholders (Shareholders & Customers) have been received during the reporting year and 99.07 % cases were resolved.

Principle 2

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities

   a. Social Banking through Financial Inclusion programs, distribution of Government Insurance and Pension Schemes, Swayam Graha home Loan schemes.

   b. Agricultural Business. The Bank has a major presence in South India and considering the potential for Agri-business, the Banks provides various kinds of financing to tap this sector in line with the guidelines issued by RBI.

   c. Lending business to sustainable sectors as per the Bank's loan policy and RBI guidelines.

2. For each such product, provide the following details in respect of resource use (energy, water, raw materials etc.) per unit of product (optional).

   a. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain.

   b. Reduction during usage by consumer (energy, water) has been achieved since the previous year.

   Considering the nature of business carried out by the Bank, this is not applicable to us.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?
   If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.

   This principle has no scope in Banking services.

4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The Bank makes use of services of people belonging to weaker sections in the surrounding areas for the upkeep and maintenance of premises.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and Waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.

The Bank belongs to Financial Services Sector and paper waste and e-waste are the identifiable waste products for recycle.The Bank has tie-ups with local vendors for disposal of such wastes

Principle 3

1. Please indicate the total number of employees : 4689.
2. Please indicate the total number of employees hired on temporary / contractual / casual basis : 79.
3. Please indicate the number of permanent women employees : 1244.
4. Please indicate number of permanent employees with disabilities

   The Bank is an equal opportunity employer and treats all employees at par.

   The number of employees with the disabilities are : 23.

5. Do you have an employee association that is recognized by management

   Yes, there is an employee association recognized by the management.

6. What percentage of your permanent employees are members of this recognized employee association?

   All the confirmed employees are members of the employee's association.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on the end of the financial year
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual Harassment	1	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

   a. Permanent employees
   b. Permanent women employees
   c. Casual / Temporary / Contractual employees
   d. Employees with disabilities

   2154 permanent employees were imparted classroom-based training during the year which is over 45.93% of the Bank's total employees. This was done in our training centre.

   This apart, employees including officers / executives are recommended for various training programs / workshops conducted by CAFRAL, SIBSTC, RBI Staff College etc.

Principle 4

1. Has the company mapped its internal and external stakeholders?

   Yes.

2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?

   The Bank identifies the disadvantaged and marginalized sections through its financial inclusion programs.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof.

   In the financial inclusion program, financial literacy classes are undertaken to educate the marginalized section. Agricultural and Rural Banking services are also provided.

Principle 5

1. Does the policy of the company on Human Rights cover only the company or extends to the Group/ Joint Ventures/ Suppliers / Contractors / NGOs / others?

   The Bank does not have any specific policy on Human Rights. However, the Bank has put in place a policy on Consumer Rights which takes care of the human rights of all relevant stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

   7903 complaints from the stakeholders (Shareholders & Customers) have been received during the reporting year and 99.07 % cases were resolved.

Principle 6

1. Does the policy related to principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractor / NGOs / Others

   As stated earlier there is no specific policy on this principle.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc? if yes, please give hyperlink for web page.

Though Banking business does not have a direct bearing on this principle under Corporate Social Responsibility, the Bank has supported planting of saplings / trees towards green environment.

3. Does the company identify and assess potential environmental risks?

   Yes.

4. Does the company have any project related to clean development mechanism? If so, provide details thereof. If yes, whether any environmental compliance report is filed?

   No.

5. Has the company taken any other initiatives on - clean technology, energy efficiency, renewable energy etc., if yes, please give hyperlink for the webpage.

   No.

6. Are the emissions / waste generated by the company within the [permissible limits given by CPCB / SPCB for the financial year being reported?

   Not applicable.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e., not resolved to satisfaction) as on end of financial year.

   None.

Principle 7

1. Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:

   City Union Bank Ltd. (CUB) is a member of Indian Bank's Association (IBA).

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).

Yes, the MD & CEO of the Bank in capacity of member of Governing Council of IBA, actively participates in IBA council meetings. During the meetings, the MD & CEO of the Bank has advocated on various development policies .

Principle 8

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to principle 8? If yes details thereof.

   The Bank has a Corporate Social Responsibility (CSR) Policy which contributes to inclusive growth and equitable development. The Bank undertakes financial literacy and inclusive banking measures to enlighten the weaker sections. The Bank has a lending policy which covers various sectors including MSME for equitable development.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

   The programmes are undertaken either directly or through outside agencies as per suitability.

3. Have you done any impact assessment of your initiative?

   The assessment of CSR activities of the Bank is done by the Board at its meeting.

4. What is your companies direct contribution to community development projects - amount in INR and the details of the projects undertaken?

   During the year 2016-17, the Bank has spent ₹8.16 crore towards various CSR initiatives. For further details on CSR activities please refer Annexure V to Director's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.

   Yes, a separate trust floated by the Bank called CSR Foundation takes care of this aspect.

Principle 9

1. What percentages of customer complaints/ consumer cases are pending as on the end of the financial year?

   Refer Principle 1 Point No.2.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / NA / Remarks (additional information).

   Yes, all requisite information's are made available to the customers through website, SMS alerts etc. The Bank maintains utmost transparency in dealing with all stakeholders.

3. Is there any case by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year? if so, provide details thereof.

   None.

4. Did your company carry our any consumer survey / customer satisfaction trends?

   Yes, the Bank conducts monthly customer meets at branch level comprising of Manager, Office members and customers to effectively address and implement their grievances and suggestions. Also, frequent branch visits are also made by the top executives of the Bank to ensure the efficacy of the process.

REPORT ON CORPORATE GOVERNANCE

(Forming part of the Directors' Report for the year ended 31st March, 2017)

Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Directors present the Bank's Report on Corporate Governance for the year ended 31st March, 2017.

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 and responsibility, ethical and 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 Board of Directors of the Bank is constituted in accordance with the Articles of Association of the Bank, the provisions of Banking Regulation Act, 1949, the Companies Act, 2013 and the SEBI Listing Regulations, 2015. The composition of the Board as on 31st March, 2017 was ten Directors comprising of Independent Part-Time Chairman, Managing Director & CEO, six Independent Directors (including one woman Director) and two Non-Independent Non-Executive Directors. None of the Directors of the Bank are related to one another.

The Board's actions and decisions are aligned with the best interests of the Bank. The Board periodically evaluates the Bank's strategic direction, risk and its mitigation measures, financial and business reports, management policies and their effectiveness etc. Frequent interaction with the Bank's senior management sets the agenda for meetings and provides roadmap for the Banks future growth.

Name of the Director Sarvashri	Sector Representation	Category	No. of other Directorships held	No. of shares
S.Mahalingam (DIN:00121727)	Accountancy, Finance and Technology	Chairman (w.e.f. 04.05.2016)	11	6,250
Dr. N.Kamakodi (DIN:02039618)	Banking	Managing Director & CEO	Nil	16,90,626
T.K.Ramkumar (DIN:02688194)	Law	Independent Director	Nil	1,35,794

Name of the Director Sarvashri	Sector Representation	Category	No. of other Directorships held	No. of shares
C.R.Muralidharan (DIN:02443277)	Banking	Independent Director	3	1,287
Justice.(Retd.) S.R.Singharavelu (DIN:03022233)	Agriculture & Rural Economy	Non-Independent Non-Executive Director	Nil	8,619
Prof. V. Kamakoti (DIN:03537382)	Technology	Independent Director	Nil	1,250
R. Mohan (DIN:06902614)	Banking, Agriculture and SSI	Non-Independent Non-Executive Director	Nil	1,20,000
Smt. Abarna Bhaskar (DIN:06971635)	Accountancy and Banking	Independent Director	Nil	30,064
M. Narayanan (DIN:00682297)	Accountancy, Agriculture & Rural Economy	Independent Director (w.e.f. 03.05.2016)	Nil	17,843
S. Bernard (DIN:01719441)	Banking and Accountancy	Independent Director (w.e.f. 21.07.2016)	Nil	704

Attendance at Board Meetings, previous Annual General Meeting, number of other Directorships and Committee membership(s) / Chairmanship(s) of each Director is as under:

Name of the Director Sarvashri	Board Meetings		Attendance at AGM held on 22.08.2016	Directorship in other Public Ltd., Companies	Committee Membership (Chairmanship) in other Companies
	Held during the Tenure	Meeting Attended			
S.Balasubramanian (up to 03.05.2016)	01	01	Yes*	Nil	Nil
S.Mahalingam	15	15	Yes	6	6 (2)
Dr. N.Kamakodi	15	15	Yes	Nil	Nil
R.G.Chandramogan (up to 29.07.2016)	4	3	No	1	Nil
T.K.RamKumar	15	14	Yes	Nil	Nil
C.R.Muralidharan	15	15	Yes	3	1(1)
Justice.(Retd.) S.R.Singharavelu	15	13	Yes	Nil	Nil
Prof. V.Kamakoti	15	14	Yes	Nil	Nil
R. Mohan	15	15	Yes	Nil	Nil
Smt. Abarna Bhaskar	15	15	Yes	Nil	Nil
M. Narayanan (w.e.f. 03.05.2016)	15	15	Yes	Nil	Nil
S. Bernard (w.e.f. 21.07.2016)	12	12	Yes	Nil	Nil

Meetings held on: 03.05.2016, 23.05.2016, 21.06.2016, 21.07.2016, 10.08.2016, 22.08.2016, 19.09.2016, 21.10.2016, 10.11.2016, 26.11.2016, 22.12.2016, 21.01.2017, 08.02.2017, 27.02.2017 and 27.03.2017

Note: As per Regulation 26 of SEBI Listing Regulations 2015, the Directorship and Committee positions held by the Directors in other Public Limited Companies (including unlisted entities) only have been considered and also, only Audit and Stakeholders Relationship Committee have been considered for reckoning Committee positions. Further, none of the Directors of the Bank were members of more than 10 committees or acted as Chairman of more than 5 committees across all Public Limited Companies.

** participated in the capacity as a Member.*

The meetings were conducted in line with the provisions of Companies Act, 2013, SEBI Listing Regulations, 2015 and the Secretarial Standards on Board Meetings issued by the Institute of Company Secretaries of India (ICSI). All 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 to enable the Board members schedule and prepare for the meeting. 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 Bank, in order to facilitate informed decision making in the best of its interests, has constituted certain committees with pre-defined terms of reference and have delegated specific powers for effective functioning. These committees monitor the activities falling within their terms of reference. The Bank has 12 committees as of 31st March, 2017 which are as follows:

I. Audit Committee

The terms and reference of the Audit Committee are in consonance with the RBI guidelines, SEBI Listing Regulations and the Companies Act, 2013 and the same is detailed herein below:

a. 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.

b. 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.

c. 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. Review the performance of Concurrent Auditors.

e. 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.

f. To discuss significant Audit findings including Concurrent Audit and follow up thereon.

g. Reviewing the adequacy of the Audit and compliance functions, including their policies, procedures, techniques and other regulatory requirements.

h. 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.

i. Review of all reports as per the calendar of reviews stipulated by the RBI.

j. Review of Compliance Report on Corporate Governance.

k. Review Independent evaluation of Operational Risk Management function.

l. Review of risk management and internal financial controls.

m. Compliance functions in the Bank and compliance in respect of Annual Financial Inspection by RBI.

n. To review the functioning of the Whistle Blower mechanism.

o. Any other functions as may be stipulated by SEBI, Companies Act, RBI, Stock Exchanges and any other regulatory authorities from time to time.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S.Balasubramanian (up to 03.05.2016)	01	01
S. Mahalingam	15	15
T.K.Ramkumar	15	14
C.R.Muralidharan	15	15
Smt. Abarna Bhaskar	15	15
M. Narayanan (since 23.05.2016)	14	14
Meetings held on: 03.05.2016, 23.05.2016, 21.06.2016, 21.07.2016, 10.08.2016, 22.08.2016, 19.09.2016, 21.10.2016, 10.11.2016, 26.11.2016, 22.12.2016, 21.01.2017, 08.02.2017, 27.02.2017 and 27.03.2017		

The Company Secretary of the Bank acted as the Secretary of the Committee in all the meetings.

II. Stakeholders Relationship Committee

The Committee has been constituted in accordance with the provisions of Companies Act, 2013 and SEBI Listing Regulations, 2015. The Committee meets to attend the following matters as detailed below :

a. Reviewing and redressing the complaints received from Shareholders / Investor grievance mechanism and any other security holders for non receipt of dividends / dividend warrant, annual reports, non receipt of share certificates, etc.,

b. Overseeing the shareholders services mechanism of the Bank by obtaining quarterly report on Grievances and Redressal.

c. Any other matters connected with Investors as may be stipulated by SEBI, Companies Act, RBI, Stock Exchanges and any other regulatory authorities from time to time.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Mahalingam	04	04
Prof. V. Kamakoti	04	04
T. K. Ramkumar	04	03
Justice (Retd.) S.R. Singharavelu	04	04
Smt. Abarna Bhaskar	04	04
Meetings held on: 23.05.2016, 21.07.2016, 10.11.2016 and 21.01.2017		

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

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

III. Credit Committee

Terms of reference :

a. To consider and sanction credit proposals falling beyond the sanctioning powers of MD & CEO and within the specified limit as prescribed by the Board from time to time.

b. Review the performance of Credit Appraisal Committee (CRAPCO) which scrutinize the credit proposals above ₹1crore and above.

c. Reviewing any other matters relating to credit sanction as and when recommended by the Board.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S.Balasubramanian (upto 03.05.2016)	01	01
Dr. N.Kamakodi	15	15
R.G.Chandramogan (upto 21.07.2016)	04	03
Justice (Retd) S.R.Singharavelu	15	13
R. Mohan	15	15
Smt. Abarna Bhaskar (since 23.05.2016)	14	14
S. Bernard (since 22.08.2016)	10	10
Meetings held on: 03.05.2016, 23.05.2016, 21.06.2016, 21.07.2016, 10.08.2016, 22.08.2016, 19.09.2016, 21.10.2016, 10.11.2016, 26.11.2016, 22.12.2016, 21.01.2017, 27.02.2017, 15.03.2017 and 27.03.2017		

IV. Committee to Review NPA and Suit accounts

Terms of reference :

a. To review NPA in Domestic and Forex Credits

b. To review Suit / Non-Suit and Technically written off accounts above ₹50 lakh

c. To review large NPA accounts of more than ₹1 crore

d. To review fresh slippages during the quarter including quick mortality cases

e. To review recovery / account closed / regularized during the period and

f. To review performance of NPA accounts sold to ARCs

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
Dr. N. Kamakodi	04	04
T.K. Ramkumar	04	04
Justice (Retd.) S.R.Singharavelu	04	04
R. Mohan	04	04
Smt. Abarna Bhaskar	04	04
Meetings held on: 21.06.2016, 19.09.2016, 22.12.2016 and 27.03.2017		

V. Risk Management Committee

The terms and reference of the Risk Management Committee of the Board of Directors is detailed herein below:

a. To oversee the performance of Risk Management function in pursuance of the Risk Management Guidelines issued periodically by RBI & Board.

b. To recommend to the Board in defining risk appetite, tolerance and to initiate risk mitigation techniques.

c. To review systems of Risk Management framework, compliance to identify, measure, control and report key risks and internal controls.

d. To prepare framework for alignment of business strategy with the Board's risk appetite / directives / guidelines.

e. To review the Asset Liability Management (ALM) of the Bank on regular basis.

f. 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.

g. 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, Disaster Recovery Plan, Key Risk Indicators and Significant Risk Exposures.

h. To review the effectiveness of the Bank's internal control, risk management framework, in relation to its core strategic objectives, and to issue necessary directions thereof.

i. To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.

j. Any other functions as may be stipulated by SEBI, Ministry of Corporate Affairs, RBI, Stock Exchanges and any other statutory authorities from time to time.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S.Mahalingam	04	04
Dr. N.Kamakodi	04	04
C.R.Muralidharan	04	04
Prof. V.Kamakoti	04	03
R. Mohan	04	04
Meetings held on: 21.06.2016, 19.09.2016, 22.12.2016 and 27.03.2017		

VI. Customer Service Committee

The Reserve Bank of India (RBI) as per the recommendations of Shri. S. S. Tarapore Committee set up the Banking Codes and Standards Board of India (BCSBI) to ensure effective customer service by the Banks. The BCSBI ensures that the common person as a consumer of financial services from the Banking Industry is in no way at a disadvantageous position and really gets what he / she has been promised.

In accordance with BCSBI guidelines, 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 terms of references are as mentioned below :

a. Bringing about ongoing improvements in the quality of customer service provided by the Bank, 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.

b. Provide guidance in improving the customer service level.

c. 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.

d. 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.

e. To examine any other issues having a bearing on the quality of customer service rendered.

f. To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.

g. To review the details and basis of awards, if any, passed by the Banking Ombudsmen on the Bank.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
Dr. N. Kamakodi	02	02
T.K.Ramkumar	02	02
Justice (Retd.) S.R.Singharavelu	02	02
R. Mohan	02	02
Prof. V.Kamakoti	02	02
Meetings held on: 21.06.2016 and 27.03.2017		

VII. Nomination Committee

The terms of reference of Nomination Committee of the Board of Directors are as follows:

a. Undertake the 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.

b. To carry out the performance evaluation of every Director.

c. To examine the vacancies that will come up at the Board on account of retirement or otherwise i.e., Succession planning.

d. To determine / review the criteria for the performance evaluation of Independent Directors and the Board of Directors, and to determine the continuance of an Independent Director(s) based on the report of evaluation of Independent Directors.

e. Identifying persons who may be appointed in senior management and recommend to the Board of Directors as to their appointment and removal.

f. To ensure the Board diversity in terms of the Banking Regulation Act, the Reserve Bank of India guidelines, the Companies Act, 2013, SEBI Listing Regulations etc., at all times.

g. Any other functions as may be stipulated by SEBI, Companies Act, RBI, Stock Exchanges and any other regulatory authorities from time to time.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S.Balasubramanian (upto 03.05.2016)	01	01
R. G. Chandramogan (upto 21.07.2016)	02	02
Prof. V. Kamakoti	04	04
Justice (Retd) S.R. Singharavelu	04	03
Smt. Abarna Bhaskar	04	04
R. Mohan (since 21.07.2016)	03	03
S. Bernard (since 22.12.2016)	02	02
Meetings held on: 03.05.2016, 21.07.2016, 22.12.2016 and 27.03.2017		

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 ₹ 1 crore and above.

The terms of reference of the Committee are as mentioned below:

a. Identify the lacunae, if any, in the systems that facilitated perpetration of the fraud and put in place measures to plug the same.

b. Identify the reasons for delay in detection, if any, reporting to top management of the Bank and Reserve Bank of India.

c. Monitoring the progress of police investigation and recovery position.

d. Ensuring that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.

e. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.

f. 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
Dr. N Kamakodi	01	01
T.K. Ramkumar	01	01
C.R.Muralidharan	01	01
Justice (Retd) S.R. Singharavelu	01	01
Smt. Abarna Bhaskar	01	01
Meeting held on: 21.06.2016		

IX. Compensation & Remuneration Committee

The terms of reference of Compensation and Remuneration Committee of the Board of Directors are as follows:

a. The Committee shall formulate and review the remuneration / compensation policy of the Bank as per the directions of RBI.

b. To administer the Employee Stock Option Scheme of the Bank.

c. Review of compensation to employees and executives including the Managing Director & CEO of the Bank.

d. Recommendation of remuneration including variable pay for MD & CEO of the Bank.

e. Compensation to the Non-Executive Directors subject to the limits contained under the Companies Act, 2013 and the Reserve Bank of India guidelines.

f. Any other functions as may be stipulated by SEBI, Ministry of Corporate Affairs, RBI, Stock Exchanges and any other statutory authorities from time to time.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Mahalingam	04	04
T.K.Ramkumar	04	04
R. Mohan	04	04
Smt. Abarna Bhaskar	04	04
S. Bernard	04	04
Meetings held on: 21.10.2016, 10.11.2016, 26.11.2016 and 22.12.2016		

X. Information Technology Strategy Committee

The Board of the Bank, pursuant to the recommendation of the Gopalakrishna Committee has constituted Information Technology Strategy Committee with the objective to perform the functions as mentioned below:

a. Approving IT strategy and policy documents;

b. Ensuring that the management has put an effective strategic planning process in place;

c. Ensuring that the IT strategy is aligned with business strategy;

d. Ensuring that the IT organizational structure serves business requirements and direction;

e. Supervising the implementation of the processes and practices that ensures IT delivers value to the businesses;

f. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

g. To determine the IT resources needed to achieve strategic goals and provide direction for sourcing and use of IT resources;

h. Ensuring proper balance of IT investments for sustaining Bank's growth;

i. Assess the exposure towards IT risks and its controls and evaluating effectiveness of management's monitoring of IT risks;

j. Assessing Senior Management's performance in implementing IT strategies;

k. Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines.

Composition and meeting details:

Name of the Member Sarvashri	No. of Meetings held during the tenure	Attendance
S. Mahalingam	04	04
Dr. N Kamakodi	04	04
T.K. Ramkumar	04	04
C.R. Muralidharan	04	04
Prof. V Kamakoti	04	03
Smt. Abarna Bhaskar	04	04
M. Narayanan	04	04
Meetings held on: 21.06.2016, 19.09.2016, 22.12.2016 and 27.03.2017		

XI. Corporate Social Responsibility Committee

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

The Committee approves the CSR activities of the Bank as recommended by CUB Foundation. The activities as approved by the Committee are placed before the Board for its information.

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 and review 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 Ministry of Corporate Affairs, Reserve Bank of India, SEBI, Stock Exchanges 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
Dr. N. Kamakodi	05	05
R.G. Chandramogan (upto 21.06.2016)	01	Nil
T.K. Ramkumar	05	05
Prof. V. Kamakoti	05	04
R. Mohan	05	05
S. Bernard (since 19.09.2016)	04	04
Meetings held on: 21.06.2016, 19.09.2016, 10.11.2016, 08.02.2017 and 27.03.2017		

XII. Premises Committee

The Premises Committee is constituted to decide on the purchase of new premises / vacant building / flats for accommodation of 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
Dr. N. Kamakodi	Nil	
T.K. Ramkumar		
R. Mohan		
S. Bernard		

XIII. Meeting of Independent Directors

The Independent Directors of the Bank met on 27th March, 2017, inter alia to discuss and review the following for the FY. 2016-17:

a. the performance of Non-Independent Directors and the Board as a whole;

b. the performance of the Chairman of the Bank taking into account the views of Executive and Non-Executive Directors; and

c. the quality, quantity and timeliness of flow of information 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 and they have expressed their satisfaction after review of the above aspects.

4. REMUNERATION PAID TO THE DIRECTORS DURING THE YEAR ENDED 31st MARCH 2017

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.

Remuneration paid to Chairperson and MD & CEO

Shri. S. Balasubramanian, Part-Time Non-Executive Chairman, was paid a total remuneration of ₹1,09,677/- for the period from 1st April, 2016 to 3rd May, 2016.

Shri. S. Mahalingam, Chairman, (since 4th May, 2016), previously Independent Director of the Bank was paid a remuneration of ₹13,62,904/- for the period from 4th May, 2016 to 31st March, 2017 and a sum of ₹10,60,000/- was paid to him towards sitting fees for attending Board and Committee meetings for the FY. 2016-17.

Dr. N. Kamakodi, Managing Director & CEO of the Bank was paid a total remuneration of ₹59,54,193/- for the period from 1st April, 2016 to 31st March, 2017.

Remuneration to Non-Executive Directors

No remuneration was paid to the Non-Executive Directors except sitting fees of ₹50,000/- and ₹10,000/- respectively for attending each Board / Committee meeting and other expenses viz., travelling, boarding and lodging etc., incurred in connection thereto. Apart from sitting fees Shri. S. Mahalingam, Independent Part-Time Chairman of the Bank who shall also be entitled to remuneration as approved by the Reserve Bank of India in line with the provisions of the Banking Regulation Act, 1949.

5. GENERAL BODY MEETINGS

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

Sl.No.	Date	Time	Venue	Special Resolutions considered there at
1.	22.08.2016	10:15 a.m.	"Raya Mahal", 45 - 46, Gandhi Adigal Salai, Kumbakonam - 612 001.	Resolution No. : 9 Issue of shares under Qualified Institutions Placement (QIP) route. Resolution No. : 10 Issue of shares under Rights Issue with reservation for employees aggregating to 5% of the post issue capital.
2.	22.08.2015	10:25 a.m.		Resolution No. : 7 Issue of shares under Qualified Institutions Placement (QIP) route.
3.	23.08.2014	10:35 a.m.		Resolution No. : 14 To increase FII limit in the Bank upto 40% of paid up capital.

I. Special Resolution Passed through EGM - NIL

II. Special Resolution passed through Postal Ballot & voting pattern

Date	Agenda
22.08.2016	Resolution No. : 9 Issue of shares under Qualified Institutions Placement (QIP) route. Resolution No. : 10 Issue of shares under Rights Issue with reservation for employees aggregating to 5% of the post issue capital.
	Details of Voting pattern
Resolution No.9	No. of valid votes polled - 242124627 No. of votes in favour - 242104857 No. of votes against - 19770
Resolution No.10	No. of valid votes polled - 266793792 No. of votes in favour - 266713980 No. of votes against - 79812
Scrutinizer	M/s B.K.Sundaram & Associates, Practising Company Secretaries, Tiruchirapalli, was appointed as scrutinizer to conduct the e-voting / postal ballot exercise.

In terms of Regulation 44 of the SEBI Listing Regulations, remote e-voting is being provided to all members to exercise their votes in respect of all shareholders' resolutions intended to be moved at the ensuing AGM of the Bank. The detailed procedure for such voting is prescribed under Notice of AGM forming part of Annual Report.

6. PERFORMANCE EVALUATION

In line with the provisions of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulations 2015, the Bank this year under review carried a formal evaluation process for assessing the performance of the Board, Board Committees, Chairman, Non-Independent and Independent Directors. The evaluation was conducted through a structured questionnaire covering various aspects of Board Governance, Composition, Competencies, Guidance etc. The Board carried out an annual evaluation of its own performance, all individual Directors including Independent Directors (excluding the Director being evaluated) and of its Committees.

The Independent Directors in their separate meeting reviewed the performance of Chairman, Non-Independent Directors and the timeliness of flow of information between Board and Management, in their separate meeting.

Further, pursuant to Section 178 of Companies Act 2013, Nomination Committee carried out the evaluation of every Director's performance. The overall performance of the Board, Board Committees and Individual Directors was agreed to be satisfactory by all the Directors for FY. 2016-17.

7. DISCLOSURES

Related Party Transactions

The Board of Directors of the Bank has formulated a policy on Related Party transactions pursuant to the provisions of the Companies Act, 2013 and listing regulations. There were no significant "Related Party Transactions" of any material, financial and 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:// investor.cityunionbank.com/ downloads/ documents /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 such matter during the year under report.

8. WHISTLE BLOWER MECHANISM / VIGIL MECHANISM

The Bank promotes ethical practices in all its business activities and has put in place a well defined whistle blower mechanism as per the requirements of RBI, the Companies Act, 2013 and the SEBI Listing Regulations, 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 POLICY

a) Remuneration to Executive Directors

There exists a Board approved Compensation Policy which deals with the remuneration and other corporate benefits to the Whole Time / Executive Director.The remuneration of MD&CEO is recommended by the Compensation and Remuneration Committee to the Board of Directors for its approval. The remuneration or revision in remuneration is subject to the approval by the Reserve Bank of India in terms of the Banking Regulation Act, 1949.

b) Remuneration of Non-Executive Directors

All Non Executive and other Independent Directors shall be entitled to sitting fees for attending the Board and Committee meetings. Apart from sitting fees Shri. S. Mahalingam, Independent Part-Time Chairman of the Bank shall also be entitled to remuneration as approved by the Reserve Bank of India in line with the provisions of the Banking Regulation Act, 1949.

10. ADHERENCE TO CODE OF CORPORATE GOVERNANCE

The Bank has in place a comprehensive Code of Conduct applicable to all members of the Board and Senior Management of the Bank depending on their roles and responsibilities. The code gives guidance and support needed for ethical conduct of business and compliance of law. The copy of the Code of Conduct is available in the Bank's website (weblink: http://investor.cityunionbank.com/downloads/documents/CUB_Code_of_Conduct.pdf) and the compliance of the same is affirmed by all Directors and senior management heads annually.

A declaration to this effect signed by the Bank's MD & CEO of the Bank is published at the end of this report.

Further, the Bank has complied with all the applicable requirements as prescribed under the SEBI Listing Regulations, 2015. A certificate to this effect from the Bank's Statutory Auditors M/s. P. Chandrasekar, Chartered Accountants, is annexed.

11. MEANS OF COMMUNICATION

a) Quarterly results

The Bank's quarterly results are disseminated to the Stock Exchanges within the prescribed time through NEAPS (National Electronic Application Processing System) to National Stock Exchange of India Ltd., and through BSE Corporate Compliance and Listing Centre to BSE Ltd., besides publication in "Dinamalar" / "Daily Thanthi" / "Dinamani", local Tamil newspapers and in "Business Line", a national English newspaper. The results are also displayed on the Bank's website (www.cityunionbank.com)

b) News releases and presentations to Institutional Investors /Analysts

Official news releases and presentations are submitted to Stock Exchanges. The detailed presentations are made to Institutional Investors and Financial Analysts on the Bank's unaudited quarterly and audited financial results.The presentations and conference call transcripts are also uploaded on the Bank's website.

c) Website

The Bank's website contains a separate section "Investors" wherein all shareholders information's and disclosures are available. The Annual Report for previous financial years is also available which is downloadable in a user friendly manner.

12. OTHER DISCLOSURES

a. The Bank has also ensured the implementation of non-mandatory requirements viz:

- The Chairman's Office of the Bank is held by a Independent Part-Time Chairman at the Bank's Administrative Office situated at Kumbakonam.
- The Bank is having separate post for Chairman and MD & CEO.

b. 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. M Narayanan and Smt. CA. Abarna Bhaskar attended a seminar on latest developments relating to regulation and supervision of Commercial Banks conducted by CAFRAL in Bangalore. The complete details are available in the Bank's website under Investors Section.

13. GREEN INITIATIVE

The Bank has promoted and administered the green initiative proposed by the Ministry of Corporate Affairs and is effecting the electronic delivery of Notice of Annual General Meeting and Annual Report to the shareholders whose e-mail IDs are registered with the respective depository participants. The Companies Act, 2013 and Rules thereunder, Listing Regulations provides for circulation of Financial Statements electronically to its shareholders.

14. GENERAL SHAREHOLDER INFORMATION

Date, Time and Venue of AGM	23rd August, 2017 10:15 a.m. Raya Mahal, 45-46, Gandhi Adigal Salai, Kumbakonam - 612 001.
Financial Year	1st April, 2016 to 31st March, 2017
Book Closure	16th August, 2017 to 23rd August, 2017 (Both days inclusive)
Dividend Payment Date	From 29th August, 2017
Registrar & Share Transfer Agent	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 - 23420814 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, 'NARAYANA', 24B, 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, Bengaluru
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 The listing fees payable to the Stock Exchanges for the Financial Year 2017-18, have been paid.

Market Price Data : Low / High during each month of the Financial Year 1st April, 2016 to 31st March, 2017

Month	NSE		BSE	
	Low	High	Low	High
April, 2016	92.85	99.00	93.00	98.90
May, 2016	93.20	108.00	93.25	107.90
June, 2016	103.45	119.40	103.50	119.40
July, 2016	117.10	131.00	116.45	131.00
Aug, 2016	123.30	136.40	123.00	136.50
Sep, 2016	128.20	147.90	127.35	147.55
Oct, 2016	131.55	150.90	131.25	150.85
Nov, 2016	128.00	153.00	128.20	152.85
Dec, 2016	127.10	140.90	127.35	144.00
Jan, 2017	128.20	155.00	128.50	155.30
Feb, 2017	144.00	168.50	144.20	168.50
Mar, 2017	136.50	152.65	137.00	152.50

Distribution of Shareholding

(i) Share Distribution Schedule as on 31st March, 2017

Sl. No.	Category (No. of shares)	No. of Holders	% of Holders	No. of Shares	% to Share Capital
1.	1 - 5000	84552	92.65	53424708	8.89
2.	5001 - 10000	3093	3.39	22300161	3.71
3.	10001 - 20000	1721	1.89	24135079	4.01
4.	20001 - 30000	623	0.68	15397295	2.56
5.	30001 - 40000	295	0.32	10521423	1.75
6.	40001 - 50000	179	0.20	8042281	1.34
7.	50001 - 100000	400	0.44	28312881	4.71
8.	100001 & above	393	0.43	438931053	73.03
	TOTAL	**91256**	**100.00**	**601064881**	**100.00**

(ii) Shareholding Pattern as on 31st March, 2017

Sl. No.	Category	No. of Holders (Folios)	% of Holders	No. of Shares	% to Shares
1.	BANKS	7	0.01	533276	0.09
2.	BODIES CORPORATE	1040	1.14	41877886	6.97
3.	CLEARING MEMBERS	138	0.15	624968	0.10
4.	DIRECTORS	12	0.01	2012437	0.33
5.	F.I.I.'s	7	0.01	3574041	0.60
6.	INDIAN FINANCIAL INSTITUTIONS	5	0.01	22592948	3.76
7.	MUTUAL FUNDS	74	0.08	54871831	9.13
8.	NON RESIDENT INDIANS	1434	1.57	4425954	0.74
9.	RELATIVES OF DIRECTORS	25	0.03	16234020	2.70
10.	RESIDENT INDIVIDUALS	86155	94.40	219764280	36.56
11.	EMPLOYEES	2238	2.45	14784859	2.46
12.	TRUSTS	7	0.01	2751394	0.46
13.	FOREIGN PORTFOLIO INVESTMENTS	108	0.12	216998319	36.10
14.	NBFC	6	0.01	18668	0.00
	TOTAL	**91256**	**100.00**	**601064881**	**100.00**

15. SHARE TRANSFER SYSTEM AND RELATED MATTERS

Share Transfers

M/s. Karvy Computershare Pvt., Ltd., Hyderabad, the Registrar and Share Transfer Agents (RTA) of the Bank, 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 Regulation 40(9) of the SEBI Listing Regulations and files a copy of the certificate with the Stock Exchanges. In addition, a half yearly compliance certificate signed by the Compliance Officer of the Bank and Authorised Signatory of the Bank's RTA is being submitted to the Stock Exchanges certifying compliance with Regulation 7(2) of SEBI Listing Regulations.

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 are 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 Executive Level Committee formed for the purpose. Such Executive Level Committee reports the transfer of securities to the Board of Directors in their meeting. A quarterly report on summary of all investor grievances and informations as received from the Bank's RTA are placed before the Stakeholder's Relationship Committee for information and noting, which includes complaints received through SEBI Complaints Redress System "SCORES", if any.

Composition and meeting details:

Name (Sarvashri)	Designation
R. Venkatasubramanian	Senior General Manager
V. Ramesh	General Manager
K. Jayaraman	Deputy General Manager

Meetings held on:
04.04.2016, 18.04.2016, 18.05.2016, 27.05.2016, 20.06.2016, 04.07.2016, 08.07.2016, 16.07.2016, 18.07.2016, 26.07.2016, 01.08.2016, 19.08.2016, 24.08.2016, 20.09.2016, 05.10.2016, 07.10.2016, 14.10.2016, 31.10.2016, 08.11.2016, 16.11.2016, 21.11.2016, 07.12.2016, 22.12.2016, 30.12.2016, 02.01.2017, 10.01.2017, 25.01.2017, 04.02.2017, 28.02.2017 and 31.03.2017.

Total No. of shares transferred in physical form during the year 1st April, 2016 to 31st March, 2017.

No. of Transfers : 45 No. of Shares : 78,872

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.

Bank 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 etc., and get the credit in their registered Bank account by way of NEFT / RTGS / Direct credit.

As per the Bank's records on 31st March, 2017, only 88% 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, loss, misplace, re-validation etc., and save their precious time involved in encashing the physical warrants.

Shares kept under Unclaimed Share Suspense Account

DISCLOSURE UNDER SCHEDULE V (F) OF SEBI LISTING REGULATIONS, 2015			
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 1st April, 2016	89	2,46,330
2.	No. of shareholders who approached the issuer for transfer of shares from the unclaimed suspense a/c during FY. 2016-17	19	22,325
3.	No. of shareholders to whom shares were transferred from the unclaimed suspense a/c during FY. 2016-17	19	22,325
4.	Aggregate no. of shareholders and the outstanding shares lying in the unclaimed suspense a/c at 31st March, 2017	70	2,24,005

The voting rights on the shares outstanding in the suspense account as on 31st March, 2017, 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, 2017 is ₹60,10,64,881/- which is duly listed in the Stock Exchanges NSE and BSE. Out of this 57,12,65,635 shares (95.04%) are held in Demat mode and 2,97,99,246 shares (4.96%) in physical form.

DECLARATION UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SEBI LISTING REGULATIONS 2015

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, 2017.

Date: 27th April, 2017
Place: Kumbakonam

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, 2017, as stipulated in Regulations 17 to 27, Clauses (b) to (i) of sub regulation (2) of Regulation 46, paras C, D and E of Schedule V of Chapter IV and other relevant regulations of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ('LODR').

The compliance of conditions of Corporate Governance is the responsibility of the management and 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 aforesaid provisions of LODR.

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. This certificate is solely given for the purpose of compliance of above requirements and may not be suitable for any other purpose(s).

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

P. Chandrasekaran
Partner
M.No. : 26307

Place: Bengaluru
Date : 20th June, 2017

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Scenario:

Global

During the year 2016-17, the global economic scenario witnessed subdued cross border trade, weak investment, sluggish productivity and policy uncertainties. The overall growth remained below potential. Emerging markets and developing economies witnessed a steady improvement and is expected to pick-up growth in 2017. There was an increase in global commodity prices towards the end of 2016 against slump observed in 2015 with an upward swing in price of crude oil, industrial metals, gold and agricultural commodities. The IMF has forecast a higher Global GDP growth at 3.5% in 2017 and further to 3.6% in 2018 from 3.1% in 2016. Though the core inflation rates remained broadly stable, the headline inflation rates have gone up globally. The increase in prices resulted in deflationary conditions worldwide which resulted in an increase in interest rates in most of the advanced economies, with US Federal Reserve backed by improved growth prospects, raising the monetary policy rate by 50 bps during December 2016 and March 2017.

Since April 2017 the global economic activity has expanded at a modest pace supported by firm growth in advanced and some emerging economies. The US market has faced tightening labour conditions thereby generating wage gains. The Chinese economy is stabilizing especially in manufacturing sector while the Euro segment has witnessed steady increase in retail sector. The Japanese economy has witnessed accelerated growth due to increased exports supported by depreciated Yen and industrial activity.

Indian

In line with the global economy, Indian economy during FY.2017 could see a moderation in GDP from 7.9% in 2016 to 7.1%. On value added basis real GVA (gross value added) growth estimate for FY.2017 has been revised down to 6.7% from 7.8%. Industrial production and credit growth to Industry continued to remain weak. The general economic slowdown continued during the first quarter and could see some movement during the second quarter. On the positive side, the economy was buoyed by the implementation of 7th pay commission. Besides, a good monsoon helped retain agricultural production buoyant. As per the estimates released by the Ministry of Agriculture, the foodgrains achieved a record output of 273 million tones.

However, private investment has remained anaemic. Low capacity industrial utilization, continued debt overhang of corporate and worsening NPA position of banking sector remained the biggest impediment to private investment.

The overall domestic price pressure remained contained in FY. 2017. The Consumer Price Index (CPI) inflation averaged 4.5% in FY. 2017 (as against 4.9% in FY. 2016), displayed a downward trend largely helped by reduced inflation in goods and services. On the other hand, the Core CPI inflation has averaged 4.7% in FY 2017 as against 4.3% in FY. 2016. The Whole Sale Price Index (WPI) inflation, increased to 3.7% in FY2017 due to reversal of favorable base effect and pick up in oil and commodity prices. A favorable monsoon resulted in decline in food inflation and rationalization of minimum support prices by the Government.

On the fiscal front, the real GDP seems to have slowed in FY. 2017 from FY. 2016. India is expected to remain for some time as one of the fastest growing major economies globally. The real GDP growth will remain between 6.75% - 7.50% in FY.2018. FY.2017 was marked by two major domestic policy developments, Demonetization of Specified Bank Notes (SBN) and the passage of the Constitutional amendment and follow up legislation, paving the way for Goods and Service Tax (GST) implementation.

Demonetization - A bold move by the Government of India

The Government of India took a historic step on 8th November 2016 by demonetizing two higher denomination currency notes ₹500/- and ₹1,000/- with the objective of eliminating the circulation of counterfeit notes, money laundering activities and prevention of corruptive practices involving cash transactions. There was a transient loss in growth momentum after the announcement of demonetization though there was a significant increase in Current Account Deposits (CA),

Savings Account Deposits (SA). Credit growth declined on account of cash dependent sectors and poor utilization of credit during the period. A part of real GVA growth slowdown in FY.2017 owed to first half which slowed to 6.8% as against 8.1% in same period in FY.2016. Q3 FY.2017 - the period when demonetization took place slowed further down to 6.6%. The negative impact of demonetization is expected to be a short term phenomenon. In the long run, impact of withdrawing old currency notes of certain high value denominations is expected to be beneficial, as it is part of a series of strong steps taken by the Government to crush the black economy.

Goods and Service Tax (GST) - A path breaking National Reform

The Government during the year 2016 made a constitutional amendment by introducing the concept of GST in India. GST is a path breaking indirect tax reform which will create a common national market by dismantling inter-state trade barriers. GST will subsume multiple indirect taxes viz., Excise Duty, Service Tax, VAT, Central Sales Tax, Luxury Tax etc., and pave way for growth in economic activity.

It is expected to be rolled out w.e.f., 1st July, 2017, but there are many challenges to be addressed such as meeting the needs of the complex legislative process in the States, arriving at decisions on rates at GST Council, developing a robust IT infrastructure, educating organisations, especially the small ones, etc.

Monetary Policy and Interest Rates

The Reserve Bank of India continued with its accommodative stance in FY.2017. The new liquidity frame work was designed to align the liquidity conditions with accommodative monetary stance for smoother monetary policy transmission over the medium term. It started the year by cutting repo rate by 25 bps in April 2016, to maintain liquidity in the Banking Sector over a period of time. However, in the second bi-monthly Monetary Policy statement 2017-18, the Monetary Policy Committee considering the macro economic situation decided to keep the policy rates unchanged. The RBI is focused in keeping the inflation level close to 4% in order to restore the health in the Banking sector.

INR also remained mostly resilient, helped by improving macro fundamentals, particularly external account. The INR weakened to 68.80 against USD in Q3FY.2017, partly due to global realignment of risk post US Presidential election outcome. The Rupee, however, ended the year at 64.85, rallying by 4.7% by end Q4FY. 2017 from end Q3FY.2017.

The government is showing a renewed focus to address credit quality issues through an ordinance which empower RBI to intervene in resolving NPA assets and these directions will lead to swifter recovery measures by the Banks.

The current state of economy underscores the need to revive the health of Banking sector, generate the environment for the revival of private investment and remove infrastructural bottlenecks.

CUB's Performance

City Union Bank achieved a moderate credit growth during the year. The biggest challenge faced by the Banking system was dealing with stressed assets, restructured debts and NPA accounts which resulted in credit growth remaining subdued during the year. Despite these challenges, the Bank was able to post a growth in its business by 12% with Deposit growing by 11% and Advances growing by 13%. The Bank has been continuing its focus towards MSMEs and Traders which is continuous to be a key driver for the Bank's overall growth.

The Bank has also succeeded in making Banking operations more efficient by use of technology. The Bank has always focused on meeting the financial needs of its customers by the wide range of its services and by paying attention to customer centric Banking aimed at deepening the relationship and contributing to overall growth from each of its target customers. It is committed to the best practices in terms of product offerings, technology, service levels, risk management, audit and compliance. The Bank is committed to do so by 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.

Deposits

The deposits of the Bank increased to ₹30,115.74 crore as on 31st March, 2017 compared to ₹27,158.13 crore as on 31st March, 2016. Total CASA increased by 27% from ₹5,532.56 crore last year to ₹7,038.95 crore in FY. 2016-17. The proportion of current and savings deposits to total deposits was at 23% as on 31st March, 2017.

Investments

The total investments increased by 4% from ₹ 6,828.17 crore as at 31st March, 2016 to ₹7,081.82 crore as at 31st March, 2017 primarily due to an increase in investments in Govt. Securities by ₹ 290.87 crore.

Asset Quality and Composition

i. **Loan Composition**

The Bank closely monitors the performance of various Industrial sectors periodically to assess the sector wise potential risks for facilitating informed decision making w.r.t. advances. The Bank recorded a total Gross Advances figure of ₹24,112 crore as at 31st March, 2017 of which ₹5,808 crore were advanced to Major Industries and ₹18,304 crore was advanced to other sectors. A comparative position of Banks Loan Portfolio is set out hereunder:

A. Industrial Deployment

Industry	Amount (₹ in cr.)		% to Total Advances	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Major Industries	**5,807.92**	**4,791.70**	**24%**	**23%**
Textile	2,473.91	1,940.03	10%	9%
Metal	1,254.82	1,079.69	5%	5%
Paper & Paper Products	615.05	486.28	3%	2%
Food Processing	88.62	112.30	0%	1%
Chemicals	340.48	212.67	1%	1%
Rubber & Plastics	161.88	207.59	1%	1%
Engineering	458.92	403.64	2%	2%
Beverage & Tobacco	10.98	29.47	0%	0%
Automobiles	189.01	119.68	1%	1%
Other Industries	214.25	200.36	1%	1%
All other Advances (Agri.,Trade Service, Gold Loan etc.)	**18,304.58**	**16,461.40**	**76%**	**77%**
TOTAL	**24,112.49**	**21,253.10**	**100%**	**100%**

B. Sectoral Deployment

Industry	Amount (₹ in cr.)		% to Total Advances	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Agriculture	3,707.09	3,391.10	15%	16%
MSME	8,171.85	7,295.56	34%	34%
Large Industries	1,760.42	1,425.78	7%	7%
Retail Traders	1,021.07	1,070.96	4%	5%
Wholesale Traders	3,264.39	2,728.06	14%	13%
Commercial Real Estate	1,239.90	1,162.35	5%	5%
JL Non Agriculture	286.27	249.90	1%	1%
Housing Loans	1,665.21	1,454.62	7%	7%
Other Personal Loan	719.55	598.27	3%	3%
Loans Collateralised by deposits	427.39	413.39	2%	2%
Infrastructure	185.87	114.50	1%	1%
NBFC	225.89	200.07	1%	1%
Others	1,437.60	1,148.56	6%	5%
TOTAL	**24,112.49**	**21,253.10**	**100%**	**100%**

ii. Priority Sector Lending

As per the guidelines of RBI on priority sector lending, the Banks are required to lend 40% of their Adjusted Net Bank Credit (ANBC), to fund certain types of activities carried out by specified borrowers. The Bank has achieved 51.57% of Adjusted Net Bank Credit (ANBC) against the regulatory prescription of 40% stated above. The Priority Sector Advances as at 31st March, 2017 stood at ₹11,813.52 crore as compared to previous year amount of ₹10,272 crore. Further, out of the overall target of 40%, Banks are required to lend a minimum 18% of their ANBC to agriculture sector. In respect of this, the Bank had achieved 18.13% of ANBC. The total agricultural advances stood at ₹3,707.09 crore as at 31st March, 2017 as against ₹3,391 crore as on 31st March, 2016. As prescribed by RBI guidelines, the Bank's priority sector lending achievement is computed on quarterly average basis for fiscal 2017.

iii. Asset Quality

In fiscal 2017, the gross additions to NPAs were ₹479.61 crore (1.99%) as compared to ₹428.99 crore (2.02%) in FY 2016. In view of this, the Gross NPA as at 31st March, 2017 was ₹681.98 crore (2.83%) as against ₹511.98 crore (2.41%) in FY. 2016. The rise in NPAs was on account of instable economic conditions during the year affecting various sectors / industries. Out of the total gross NPA of the Bank as on 31st March, 2017, NPA in Iron & Steel industry accounted for ₹162.04 cr and ₹47.07 cr in textiles industry. There has been a recovery of NPAs to the tune of ₹146.15 cr in the FY. 2017 as against ₹128.05 cr in FY.2016. The provision coverage was 61% as on 31st March, 2017.

During FY.2016-17, the RBI inspecting team identified a divergence for the FY. 2015-16 to the tune of ₹82.50 crore (Standards accounts into NPA) based on subjective reasons.

Out of ₹82.50 crore identified, the Bank had classified ₹65.10 crore as NPA in Q1 & Q2 FY. 2017 during the normal course of business before RBI inspection. The balance of ₹17.40 crore was classified as NPA in Q3 FY. 2017 after the completion of RBI inspection.

FINANCIAL PERFORMANCE

The financial performance of the Bank during the financial year ended 31st March, 2017 remained healthy with a total income of ₹3,657.73 crore as compared to ₹3,354.19 crore during the previous year recording growth of 9% and the total net revenues (net interest

income plus other income) increased by 21% to ₹1,682.71 crore from ₹1,391.01 crore in the previous financial year. The Net Interest Income grew by 22% supported by loan growth of 13% coupled with a net interest margin (NIM) of 4.17% for the year ended 31st March, 2017.

Other income earned for the financial year ended 31st March, 2017 stood at ₹483.95 crore. The integrated treasury operations played a major role and during the FY. 2017, the yield on GOI securities moved down.

The yield on 10 year benchmark moved from 7.41% to 6.69% on account of rate cut and accommodative measures by RBI during the first half of FY. 2017. This downward trend which continued during the month of November 2016 on account of huge inflow of funds into the banking system on the demonetization announcement made by GOI, reversed its course after RBI took measures to suck out the excess liquidity, as also on change in RBI's policy stance from accommodative to neutral. This volatile movement in yield enabled the Bank to earn profit on sale of securities to the tune of ₹107.78 crore as compared to previous year figure of ₹45.34 crore. The Profit on exchange transactions increased from ₹ 80.58 crore last year to ₹97.84 crore in FY. 2017 as surplus cash were deployed in overseas market to earn increased return.

During FY. 2017, operating expenses increased by 24% from ₹557.73 crore in FY. 2015-16 to ₹688.97 crore in FY. 2016-17. The establishment expenses increased from ₹213.17 crore last year to ₹298.14 crore in FY.16-17 on account of the wage revision consequent upon the agreement we entered with Staff Union and Officers' Association of the Bank effective from 1st July, 2016 for the next 5 years. During the year, the Bank opened 25 new branches and installed 161 ATMs which resulted in higher infrastructure and staffing expenses. The other operating expenses increased from ₹344.56 crore to ₹390.83 crore which was due to normal increase in expenses like Rent, Lighting, Printing and Stationery, Telephones and Repairs and Maintenance etc. Cost to income ratio was at 40.94% for the year ended 31st March, 2017 as against 40.10% for the previous year.

Thus, the Bank has recorded a growth of 19% in Operating Profit from ₹833.28 crore in FY.2015-16 to ₹993.74 crore in FY. 2016-17. The operating profit to NII constitutes 83%.

The total provisions for FY.17 were increased by 26% from ₹388.59 crore to ₹490.97 crore. Tax provision increased to ₹190 crore as against ₹158 crore last year. The provision for Bad and Doubtful debts increased from ₹205 crore last year to ₹251.50 crore in FY. 2016-17.

As a result of the above, the Bank's Net Profit increased by 13% from ₹444.69 crore last year to ₹502.77 crore in FY. 2016-17.

Return on Assets of the Bank remains at the same level of 1.50% when compared to last year. Return on Equity stands at 15.26% vs 15.60% last year. The basic earnings per share increased from ₹7.44 to ₹8.39 per equity share and the diluted earnings per share stood ₹8.24 vs ₹7.27 last year. The book value per share of the Bank increased from ₹51.02 to ₹ 59.40 as on 31st March, 2017, as compared with previous year.

C. 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 grew by (₹ in cr)	2957.61	3083.18
Cost of Deposits (%)	6.82%	7.62%
Gross advances grew by (₹ in cr)	2859.39	3164.56
Yield on Advances (%)	12.10%	12.83%
Total Yield on Investments (%)	8.68%	8.08%
Net Interest Income grew by (₹ in cr)	217.73	173.67
Number of Branches increased to (in nos.)	550	525
Staff productivity increased to (₹ in cr)	11.53	10.69

D. Segmentwise Performance

I. Deposits of the Bank comprise of the following:-

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total (%)
1.	Demand Deposit	2409.21	8.00
2.	Savings Deposit	4629.74	15.37
3.	Term Deposit	23076.79	76.63
	Total	**30115.74**	**100.00**

II. Investments of the Bank consist of the following:-

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total (%)
1.	Government Securities	6697.86	94.58
2.	Other Approved Securities	Nil	Nil
3.	Shares, Debentures / Bonds and Mutual funds	36.79	0.52
4.	Security Receipts	347.17	4.90
	Total	**7081.82**	**100.00**

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	369.61	37.19
Corporate Banking	262.68	26.43
Retail Banking	354.28	35.65
Other Banking Operations	7.17	0.72
Total	993.74	100.00

RISK MANAGEMENT

The main objective of the risk management of the Bank is to balance between risk and return. The Bank operates within the Board approved risk appetite statement which was circulated to each of the Departments. Integral to Bank's business, the Bank takes on various types of risks, 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.

The Bank has in place, a 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 the risk level and direction, portfolio composition, risk appetite for all risks and also the stress tests for each risk.

The 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. Risk Management practices have been aligned with the best industry practices and are adaptable to a dynamic operating environment and market conditions.

The Bank is BASEL II compliant since 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. The Bank has implemented "Internal Capital Adequacy Assessment Process" (ICAAP) in line with the Basel III requirement.

The overall risk of the Bank is being 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
10. Integrated Risk Management Policy
11. Loan Policy (Including Recovery Policy)
12. Rupee Treasury & Forex Policy
13. Policy on Unhedged Foreign currency exposures of corporate including SME's

On the advice of the said three Committees and based on the said policy norms, the Bank is able to identify, measure, monitor, analyze, control and mitigate the risks at every stage, prescribe 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 and remedial / preventive steps have been taken to mitigate risks in all areas.

INTERNAL CONTROL SYSTEMS

The Bank's Internal Audit Department assesses business and control risk of all branches and businesses to formulate a risk based internal audit plan as recommended by the RBI. The Bank's Internal Audit function provides an independent assurance to its Board of Directors and Senior Management and effectiveness of its internal controls, risk management systems, governance systems and processes on an on-going basis to ensure that the audited units comply with both internal and regulatory guidelines.

In line with the RBI's guideline on Audit, the Bank has adopted a Risk-Based approach of Internal Audit (RBIA). The primary focus of the audit is on key risk areas, which are of substantial importance to the Bank.

Further, the Bank also subjects its operations to Concurrent Audit by audit firms to complement its

internal audit function. The concurrent audit covers core activities such as credit portfolio, general computer controls, fraud risk management, financial markets, operations, policies and procedures. For each component, various check list / risk control matrix are prepared to identify those which have a material bearing. These controls are then tested for their operating effectiveness.

The Bank takes corrective steps to minimize the risk, should there be any. The Senior Management of the Bank is involved in taking corrective measures. The results of the audit reports are circulated to the relevant management teams and the Audit Committee of the Board for their information, guidance and monitoring.

HUMAN RESOURCE / INDUSTRIAL RELATIONS

Developing leadership skills across various levels in the Bank is one of the key focus areas for capability building. The Bank follows an institutionalized approach in identifying individuals with potential to becoming future leaders. The realization that Human Resource Development has a greater role to play in business growth had led to formulation of strategies in alignment with the business. The Bank believes that an engaged employee is passionate and productive of his work and ensures that there are new initiatives, to keep up the motivation. The Bank endeavors to ensure that every employee feels proud to be a part of the Bank where each one strives to deliver the best - to be best of their ability, to the best of their skills - to shape up an organization which is the best place to work in.

The Bank also ensures that each and every employee is apprised of his / her goals to be achieved. Regular communication channels, e-mail newsletters, other communication blogs etc., are used to keep the communication dynamic and timely. The Human Resources strategy of the Bank is developed to support the business and human resources department planning is recognized as a fundamental part of the business planning process. The strength of the work force as on 31st March, 2017 was 4,689 consisting of a fairly young workforce with an average age of 32.85 years. As in the past the Bank has maintained a cordial and healthy industrial state with the employees.

The pro-active role of the HR in foreseeing the necessities of business and employees mark the institution as an employee friendly one. Through educating and promoting the use of technological products and channels, the essence of digital growth is ensured among the employees.

OUTLOOK

While reviewing the monetary policy, RBI had maintained the repo rate at 6.25%. As reviewed by RBI, several issues have to be factored into the inflation projections. First it needs to be assessed whether or not the unusually low momentum in the reading for April will endure. It is to be seen whether there will be any policy interventions to arrest the slump in the price of pulses on account of the supply growth caused by a record outflow imports. RBI is of the view the easing of inflation excluding food and fuel may be transient in view of its underlying stickness in a situation of rising rural wages growth and strong consumption demand. At this juncture, global political and financial risks materializing into imported inflation and the disbursement of allowances under the 7th central pay commission's award are expected to play a major risk factor to affect the economy.

It is expected that the reduction in Banks lending rates post demonetization should support both consumption and investment demand of households and stress free corporate. Further, with the advent of financial reforms viz., GST, Insolvency and Bankruptcy Code, abolition of Foreign Investment and Promotion Board (FIPB), there is a scope for improvement in the business environment through private investments.

In this scenario, the Bank believes that with sound risk management and strong capital adequacy ratio, Bank is confident of achieving a higher share of business and profits ably supported by sophisticated technology and motivated staff work force.

INDEPENDENT AUDITORS' REPORT

To

The Members of CITY UNION BANK LIMITED

Report on the Standalone Financial Results

1. We have audited the accompanying standalone annual financial statements of City Union Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31st March, 2017, the Profit & Loss Account and the Cash Flow statement for the year then ended and a summary of significant accounting policies and notes to the standalone financial statements.

Management's Responsibility for the Standalone 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 standalone 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 provisions of Section 29 of the Banking Regulation Act, 1949 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 in so far as they apply to the Bank and the guidelines issued by the Reserve Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. 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. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143 (10) of the Act. 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.

4. 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 financial 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. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements together with the 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 of the state of affairs of the Bank as at 31st March, 2017, its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

6. The Balance Sheet and the Profit & Loss Account 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 read with the Rule 7 of the Companies (Accounts) Rules, 2014.

7. As required sub section (3) of Section 30 of the Banking Regulation Act,1949 and the appointment letter dt. 26th August, 2016, 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; and

   (c) The financial results incorporate the relevant returns of 5 branches / offices of the Bank audited by us and 548 branches / offices audited by the other auditors, specially appointed for this purpose.

8. Further, as required by Section 143(3) of the Companies Act, 2013, we further report that;

   (a) 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;

   (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report; and

   (g) 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;

      i. The Bank disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 12.1 to the standalone financial statements;

      ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts - Refer Note 10.1 to the standalone financial statements; and

      iii. There has been no delay in transferring the funds to the Investor Education and Protection Fund Account by the Bank.

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

P. Chandrasekaran
Partner
M.No. : 26037

Place: Chennai
Date : 29th May, 2017

Annexure 1

To The Independent Auditors' Report of even date on the Standalone Financial Statements of City Union Bank Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143(3) of the Companies Act 2013 ("the Act")

To The Members of CITY UNION BANK LIMITED

We have audited the Internal financial controls over financial reporting of City Union Bank Limited ("the Bank") as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its Business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial Reporting

Because of inherent limitations of internal financial controls over financial reporting, including the possibility of collusion improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

P. Chandrasekaran
Partner
M.No. : 26037

Place: Chennai
Date : 29th May, 2017

BALANCE SHEET AS ON 31st MARCH, 2017

(₹ in thousands)

	Schedule No.	AS ON 31.03.2017	AS ON 31.03.2016
CAPITAL AND LIABILITIES			
Share Capital	1	**60,10,65**	59,81,91
Reserves and Surplus	2	**3510,09,10**	2992,17,66
Deposits	3	**30115,73,84**	27158,13,13
Borrowings	4	**530,99,73**	664,54,57
Other Liabilities & Provisions	5	**1053,84,28**	929,28,86
Total		**35270,77,60**	**31803,96,13**
ASSETS			
Cash and Balances with Reserve Bank of India	6	**1484,18,52**	1412,56,81
Balances with Banks & Money at Call and Short Notice	7	**1394,78,99**	1237,50,29
Investments	8	**7031,45,04**	6826,45,14
Advances	9	**23832,69,94**	21056,91,62
Fixed Assets	10	**215,08,00**	217,55,60
Other Assets	11	**1312,57,11**	1052,96,67
Total		**35270,77,60**	31803,96,13
Contingent Liabilities	12	**7176,34,90**	6504,39,93
Bills for Collection		**256,96,81**	309,84,65

V. RAMESH
GM - CFO & CS

R. VENKATASUBRAMANIAN
Senior General Manager

K. JAYARAMAN
Deputy General Manager

Dr. N. KAMAKODI
MD & CEO

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

S. MAHALINGAM
Chairman

R. MOHAN
ABARNA BHASKAR
M. NARAYANAN
S. BERNARD

Directors

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

P. Chandrasekaran
Partner
M.No. : 26037

Chennai
29th May, 2017

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2017

(₹ in thousands)

	Schedule No.	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
I INCOME			
Interest Earned	13	3173,78,73	2944,20,78
Other Income	14	483,94,67	409,97,77
Total		3657,73,40	**3354,18,55**
II EXPENDITURE			
Interest Expended	15	1975,02,06	1963,17,39
Operating Expenses	16	688,97,49	557,72,85
Provisions and Contingencies		490,96,97	388,59,00
Total		3154,96,52	**2909,49,24**
III PROFIT / LOSS			
Net Profit		502,76,88	444,69,31
Profit brought forward		7,44,59	6,96,06
Total		510,21,47	**451,65,37**
IV APPROPRIATIONS			
Statutory Reserves		130,00,00	115,00,00
Capital Reserve		27,53,07	8,71,28
General Reserve		275,00,00	188,00,00
Special Reserve under IT Act, 1961		45,00,00	40,00,00
Dividend & Dividend Tax		Nil	92,49,50
Balance carried over to Balance Sheet		32,68,40	7,44,59
Total		510,21,47	**451,65,37**

V. RAMESH
GM - CFO & CS

R. VENKATASUBRAMANIAN
Senior General Manager

K. JAYARAMAN
Deputy General Manager

Dr. N. KAMAKODI
MD & CEO

T.K. RAMKUMAR
C.R. MURALIDHARAN
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29th May, 2017

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in thousands)

		AS ON 31.03.2017		AS ON 31.03.2016
SCHEDULE - 1 CAPITAL				
Authorised Capital		100,00,00		100,00,00
(100,00,00,000 Equity Shares of ₹ 1/- each)				
Issued Capital		60,10,65		59,81,91
(60,10,64,881 / 59,81,91,279 Equity Shares of ₹ 1/- each)				
Subscribed and Paid-up Capital	60,10,65		59,81,91	
(60,10,64,881 / 59,81,91,279 Equity Shares of ₹ 1/- each)				
Less: Calls unpaid	Nil	60,10,65	Nil	59,81,91
Total		60,10,65		**59,81,91**
SCHEDULE - 2 RESERVES AND SURPLUS				
I. Statutory Reserves				
Opening Balance	806,00,00		691,00,00	
Additions during the year	130,00,00	936,00,00	115,00,00	806,00,00
II. Capital Reserves				
Opening Balance	62,66,36		53,95,07	
Additions during the year	27,53,07	90,19,43	8,71,29	62,66,36
III. Share Premium				
Opening Balance	805,18,72		801,07,41	
Additions during the year	15,14,56	820,33,28	4,11,31	805,18,72
IV. Revenue and Other Reserves				
i) General Reserve				
Opening Balance	1117,50,00		929,50,00	
Deductions during the year	Nil		Nil	
Additions during the year	275,00,00	1392,50,00	188,00,00	1117,50,00
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	191,00,00		151,00,00	
Additions during the year	45,00,00	236,00,00	40,00,00	191,00,00
V. Balance in Profit and Loss Account		32,68,40		7,44,59
Total		3510,09,10		**2992,17,66**

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

		AS ON 31.03.2017		AS ON 31.03.2016
SCHEDULE - 3 DEPOSITS				
A I. Demand Deposits				
i) From Banks	41,46		28,88	
ii) From Others	2408,79,34	2409,20,80	1918,94,08	1919,22,96
II. Savings Deposits		4629,73,87		3613,33,41
III. Term Deposits				
i) From Banks	148,60,05		138,03,12	
ii) From Others	22928,19,12	23076,79,17	21487,53,64	21625,56,76
Total		30115,73,84		**27158,13,13**
B i) Deposits of Branches in India		30115,73,84		27158,13,13
ii) Deposits of Branches outside India		Nil		Nil
Total		30115,73,84		**27158,13,13**
SCHEDULE - 4 BORROWINGS				
I. Borrowings in India				
i) Reserve Bank of India		475,00,00		552,00,00
ii) Other Banks		9,75,82		6,76
iii) Other Institutions and Agencies		36,23,91		72,47,81
iv) Subordinated Debt		10,00,00		40,00,00
II. Borrowings from outside India		Nil		Nil
Total		530,99,73		**664,54,57**
III. Secured Borrowings included in I		Nil		Nil
SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS				
I. Bills Payable		231,34,43		178,38,00
II. Inter-Office Adjustments (Net)		Nil		Nil
III. Interest Accrued		214,12,81		224,88,08
IV. Others (including Provisions)		608,37,04		526,02,78
Total		1053,84,28		**929,28,86**
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I Cash in Hand (including Foreign Currency Notes)		284,84,02		262,80,68
II Balances with Reserve Bank of India				
i) In Current Accounts		1199,34,50		1149,76,13
ii) In Other Accounts		Nil		Nil
Total		1484,18,52		**1412,56,81**

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2017	AS ON 31.03.2016
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
a) In Current Accounts	89,31,38	202,53,12
b) In Other Deposit Accounts	7,26,00	11,00,00
	96,57,38	**213,53,12**
ii) Money at Call and Short notice		
a) With Banks	Nil	Nil
b) With Other Institutions	Nil	Nil
Total	96,57,38	**213,53,12**
II. Outside India		
In Current Accounts	7,70,11	30,14,67
In Deposit Accounts	1290,51,50	993,82,50
Total	1298,21,61	**1023,97,17**
Grand Total	1394,78,99	**1237,50,29**
SCHEDULE - 8 INVESTMENTS		
I. In India		
i) Government Securities	6690,59,26	6406,98,61
ii) Other Approved Securities	Nil	Nil
iii) Shares	15,66,81	16,89,59
iv) Debentures and Bonds	21,11,70	30,33,74
v) Subsidiaries / Joint Ventures	Nil	Nil
vi) Others	304,07,27	372,23,20
Total	7031,45,04	**6826,45,14**
Gross Investments in India	7081,82,04	6828,17,14
Less : Provision for Investment Depreciation	50,37,00	1,72,00
Net Investments in India	7031,45,04	**6826,45,14**
II. Outside India	Nil	Nil
Grand Total	7031,45,04	6826,45,14

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2017	AS ON 31.03.2016
SCHEDULE - 9 ADVANCES		
A. i) Bills Purchased and Discounted	242,54,40	259,46,62
ii) Cash Credits,Overdrafts and Loans repayable on Demand	15325,37,94	13672,16,61
iii) Term Loans	8264,77,60	7125,28,39
Total	23832,69,94	**21056,91,62**
B. i) Secured by Tangible Assets (includes Advances against Book Debts)	23363,22,32	20340,15,74
ii) Covered by Bank / Goverment Guarantees	126,46,00	310,27,69
iii) Unsecured	343,01,62	406,48,19
Total	23832,69,94	**21056,91,62**
C. I. Advances in India		
i) Priority Sector	8618,52,09	10272,42,07
ii) Public Sector	126,46,00	310,27,69
iii) Others	15087,71,85	10474,21,86
Total	23832,69,94	**21056,91,62**
II. Advances outside India	Nil	Nil
Grand Total	23832,69,94	**21056,91,62**
SCHEDULE - 10 FIXED ASSETS		
I. Premises		
i) At Cost as at 31st March of the preceding year	63,14,52	57,50,73
ii) Additions during the year	2,45,14	5,63,79
iii) Sales / Adjustments during the year	Nil	Nil
Total	65,59,66	63,14,52
iv) Depreciation to date	10,99,41	10,39,89
Total	54,60,25	**52,74,63**

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	AS ON 31.03.2017	AS ON 31.03.2016
II. Other Fixed Assets (including Furniture and Fixtures)		
i) At Cost as at 31st March of the preceding year	429,75,83	376,13,66
ii) Additions during the year	48,40,25	54,77,21
Total	478,16,08	**430,90,87**
iii) Deductions / Adjustments during the year	77,75	1,15,04
Total	477,38,33	**429,75,83**
iv) Depreciation to date	316,90,58	264,94,86
Total	160,47,75	**164,80,97**
Grand Total	215,08,00	**217,55,60**

SCHEDULE - 11 OTHER ASSETS

I. Inter office Adjustments	18,92,00	Nil
II. Interest accrued	118,58,91	123,02,41
III. Tax paid in advance / Tax deducted at source	526,11,38	426,17,12
IV. Stationery and Stamps	59,89	68,15
V. Others	648,34,93	503,08,99
Total	1312,57,11	**1052,96,67**

SCHEDULE - 12 CONTINGENT LIABILITIES

I. Claims against the Bank not acknowledged as Debts	4,24,08	3,93,11
II. Liability for Partly Paid Investments	Nil	Nil
III. Liability on account of outstanding Forward Exchange Contracts	5381,62,82	4788,55,90
IV. Guarantees given on behalf of Constituents		
- In India	1323,37,66	1312,90,72
- Outside India	10,54,07	40,02,32
V. Acceptances, endorsements and other obligations	430,00,50	343,90,18
VI. Other items for which the Bank is contingently liable	26,55,77	15,07,70
Total	7176,34,90	**6504,39,93**

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
SCHEDULE - 13 INTEREST EARNED		
I. Interest / Discount on Advances / Bills	2590,21,47	2367,59,63
II. Income on Investments	538,50,39	540,97,09
III. Interest on Balances with Reserve Bank of India and other Inter-Bank funds	27,25,68	12,89,66
IV. Others	17,81,19	22,74,40
Total	3173,78,73	2944,20,78
SCHEDULE - 14 OTHER INCOME		
I. Commission, Exchange and Brokerage	43,94,18	44,55,92
II. Profit / Loss on sale of Investments (Net)	107,77,65	45,33,55
III. Profit / Loss on revaluation (Amortization)	Nil	Nil
IV. Profit / Loss on sale of Land, Buildings and Other Assets	6,40	-41,80
V. Profit on Exchange transactions (Net)	97,84,08	80,57,86
VI. Miscellaneous Income	234,32,36	239,92,24
Total	483,94,67	409,97,77
SCHEDULE - 15 INTEREST EXPENDED		
I. Interest on Deposits	1941,83,42	1922,97,14
II. Interest on RBI / Inter-Bank Borrowings	25,11,88	27,90,93
III. Others	8,06,76	12,29,32
Total	1975,02,06	1963,17,39
SCHEDULE - 16 OPERATING EXPENSES		
I. Payments to and Provision for Employees	298,13,68	213,16,84
II. Rent, Taxes and Lighting	109,95,24	100,42,03
III. Printing and Stationery	10,59,51	8,61,15
IV. Advertisement and Publicity	16,57,99	17,86,14
V. Depreciation on Bank's Property	53,01,33	52,42,82
VI. Directors' Fees, Allowances and Expenses	95,70	77,61
VII. Auditors' Fees and Expenses	1,36,68	1,51,59
VIII. Law Charges	41,75	25,28
IX. Postage, Telegrams, Telephone, etc.	13,89,40	12,14,48
X. Repairs and Maintenance	67,87,06	47,23,21
XI. Insurance	28,93,33	26,12,23
XII. Other Expenditure	87,25,82	77,19,47
Total	688,97,49	557,72,85

NOTES ON ACCOUNTS

1. CAPITAL

(₹ in crore)

Sl. No.	Particulars	31st March 2017	31st March 2016
		Basel III	Basel III
i)	Common Equity Tier 1 Capital Ratio (%)	14.10%	14.47%
ii)	Tier 1 Capital Ratio (%)	15.35%	15.09%
iii)	Tier 2 Capital Ratio (%)	0.48%	0.49%
iv)	Total Capital Ratio (CRAR) (%)	15.83%	15.58%
v)	Percentage of shareholding of the Government of India in Public Sector Banks	NA	NA
vi)	Amount of Equity Capital raised	0.29*	0.16
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 2016-17, the Bank has allotted 28,73,602 (PY. 16,23,479) equity shares aggregating to ₹15.43 crore (PY. ₹4.28 crore) pursuant to exercise of shares under ESOP.

2. INVESTMENTS

(₹ in crore)

Sl. No.	Particulars	31st March 2017	31st March 2016
1.	Value of Investments		
	(i) Gross value of Investments		
	(a) In India	7081.82	6828.17
	(b) Outside India	Nil	Nil
	(ii) Provision for Depreciation		
	(a) In India	50.37	1.72
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investments		
	(a) In India	7031.45	6826.45
	(b) Outside India	Nil	Nil
2.	Movement of provision held towards depreciation on Investments		
	(i) Opening Balance	1.72	1.72
	(ii) Add: Provision made during the year	48.65	Nil
	(iii) Less: Write-off / Write-back of excess provision during the year	Nil	Nil
	(iv) Closing Balance	50.37	1.72

2.1. Repo Transactions (in face value terms)

(₹ in crore)

Particulars	Outstanding during the year			As at 31st March 2017
	Minimum	Maximum	Daily Average	
Securities sold under Repo				
i) Government Securities	52.00	1976.00	379.74	**494.00**
ii) Corporate Debt Securities	Nil	Nil	Nil	**Nil**
Securities purchased under Reverse Repo				
i) Government Securities	20.80	1797.12	286.09	**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	13.04	10.11	Nil	Nil	2.00
2.	Financial Institutions	2.80	1.00	Nil	Nil	1.00
3.	Banks	13.43	9.50	Nil	Nil	Nil
4.	Private Corporates	7.52	2.57	Nil	Nil	2.57
5.	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
6.	Others (Security Receipts)	347.17	347.17	Nil	Nil	347.17
	Total (1 to 6)	**383.96**	**370.35**	**Nil**	**Nil**	**352.74**
7.	Provision held towards depreciation	50.37	***	***	***	***
	BALANCE	**333.59**	**370.35**	**Nil**	**Nil**	**352.74**

ii) Non - Performing Non - SLR Investments

(₹ in crore)

Particulars	31st March 2017	31st March 2016
Opening Balance	**Nil**	Nil
Additions during the year since 1st April	**Nil**	Nil
Reductions during the above period	**Nil**	Nil
Closing Balance	**Nil**	Nil
Total provisions held	**Nil**	Nil

2.3 Sale and Transfer to / from HTM category

During the year ended 31st March, 2017, the Bank has sold Government Securities from Held to Maturity category exceeding 5% of the book value of investments held in HTM category at the beginning of the year. The profit booked out of sale of HTM securities has been transferred to Capital Reserve. The market value of investments under HTM category as on 31st March, 2017 was ₹6,006.45 crore and as the market value was higher than the book value, the provision thereof is not required to be made.

3. DERIVATIVES

3.1 Forward Rate Agreement / Interest Rate Swap

(₹ in crore)

Sl. No.	Particulars	31st March 2017	31st March 2016
(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	31st March 2017	31st March 2016
(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 31st March, 2017 (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	
		31st March 2017	31st March 2016	31st March 2017	31st March 2016
(i)	Derivatives (Notional Principal Amount)				
	a) for hedging	894.94	1178.63	Nil	Nil
	b) for trading	4486.69	3609.92	Nil	Nil
(ii)	Marked to Market Positions (1)				
	a) Assets (+)	190.09	56.26	Nil	Nil
	b) Liability (-)	97.93	34.19	Nil	Nil

3.3.2 Quantitative Disclosure : (Contd.)

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31st March 2017	31st March 2016	31st March 2017	31st March 2016
(iii)	Credit Exposure (2) @	297.72	152.03	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

@ Ô Out of the total credit exposure of ₹297.72 crore (PY. ₹152.03 crore), exposure to the tune of ₹266.09 crore (PY. ₹112.88 crore) is accepted for guaranteed settlement by Clearing Corporation of India (CCIL) and exposure to the tune of ₹24.05 crore (PY. ₹31.46 crore) are other Inter-Bank deals not guaranteed by CCIL. Balance of ₹7.58 crore (PY. ₹7.69 crore) is out of forward contracts outstanding with customers.

4. ASSET QUALITY

4.1. Non-Performing Assets

(₹ in crore)

Sl. No.	Particulars	31st March 2017	31st March 2016
(i)	**Net NPAs to Net Advances (%)**	1.71%	1.53%
(ii)	**Movement of Gross NPAs**		
	Opening balance	511.98	335.82
	Additions during the year	479.61	428.99
	Reductions during the year	309.61	252.83
	Closing balance	681.98	511.98
(iii)	**Movement of Net NPAs**		
	Opening balance	323.15	232.79
	Additions during the year (Net)	366.08	292.83
	Reductions during the year	280.89	202.47
	Closing balance	408.34	323.15
(iv)	**Movement of provision for NPAs (excluding provision on Standard Assets)**		
	Opening balance	186.67	103.03
	Provisions made during the year	251.50	205.00
	Write-off / Write-back of excess provisions	167.86	121.36
	Closing balance	270.31	186.67

Divergence in Asset Classification and Provisioning for NPAs: (RBI/DBR.BP.BC. No. 63/21.04.018/ 2016-17 dated 18th April, 2017)

(₹ in crore)

Sl. No.	Particulars	Amount
1.	Gross NPAs as on 31st March, 2016 as reported by the Bank	511.98
2.	Gross NPAs as on 31st March, 2016 as assessed by RBI	594.48
3.	Divergence in Gross NPAs (2-1)	82.50
4.	Net NPAs as on 31st March, 2016 as reported by the Bank	323.15
5.	Net NPAs as on 31st March, 2016 as assessed by RBI	390.05
6.	Divergence in Net NPAs (5-4)	66.90
7.	Provisions for NPAs as on 31st March, 2016 as reported by the Bank	186.67
8.	Provisions for NPAs as on 31st March, 2016 as assessed by RBI	202.27
9.	Divergence in Provisioning (8-7)	15.60
10.	Reported Net Profit after Tax (PAT) for the year ended 31st March, 2016	444.69
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31st March, 2016 after taking into account the divergence in provisioning.	429.09

4.2 Particulars of Accounts Restructured

As per Annexure I.

Disclosures on the scheme for sustainable Structuring of Stressed Assets (S4A), as at 31st March, 2017

There were no accounts during the year where S4A has been applied.

Disclosures on Flexible Structuring of Existing Loans

There were no borrowers taken up for flexibility structuring during the year.

Disclosures on Strategic Debt Restructuring Sheme (accounts which are currently under the stand-still period)

There were no accounts during the year where SDR has been invoked.

Disclosures on change in Ownership outside SDR scheme (accounts which are currently under the stand-still period)

There were no accounts during the year where Bank has decided to effect change in ownership.

Disclosures on change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

There were no project loan accounts during the year where Bank has decided to effect change in ownership.

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

A. Details of Sales

(₹ in crore)

Sl. No.	Particulars	31st March 2017	31st March 2016
a.	Number of Accounts	2	Nil
b.	Aggregate value (Net of provision) of accounts sold to SC / RC	0.21	Nil
c.	Aggregate consideration	0.57	Nil
d.	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
e.	Aggregate gain / loss over net book value	0.36	Nil

B. Details of Book - Value of 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	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Book value of Investments in Security Receipts	346.33	372.80	0.84	1.03	347.17	373.83

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	31st March 2017	31st March 2016
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	31st March 2017	31st March 2016
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	31st March 2017	31st March 2016
Provision towards Standard Assets	**103.88**	95.88

5. BUSINESS RATIOS

Particulars	31st March 2017	31st March 2016
Interest Income as a percentage to Working Funds	**9.47%**	9.91%
Non-Interest Income as a percentage to Working Funds	**1.44%**	1.38%
Operating Profit as a percentage to Working Funds	**2.97%**	2.81%
Return on Assets	**1.50%**	1.50%
Business per employee (₹ in crore)	**11.53**	10.69
Profit per employee (₹ in crore)	**0.11**	0.10

6. ASSET LIABILITY MANAGEMENT

Maturity Pattern of certain items of Assets and Liabilities - 31st March, 2017 (₹ in crore)

Period	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 Day	63.54	68.26	826.17	9.76	21.00	16.48
2 to 7 days	711.96	1062.53	465.01	225.00	262.94	268.30
8 to 14 days	946.63	817.18	479.90	250.00	69.38	1.86
15 to 30 Days	766.74	363.70	507.31	10.00	744.83	716.58
31 days to 60 days	877.58	293.46	710.35	0.00	121.17	61.82
61 days to 90 days	734.67	505.11	461.14	0.00	540.62	510.60
Over 3 months & upto 6 months	1700.11	1132.35	1080.07	18.12	844.07	822.33
Over 6 months & upto 1 year	3042.61	2633.60	1170.70	18.12	981.22	1111.53
Over 1 year & upto 3 years	18650.88	12919.64	1053.37	0.00	44.75	178.95
Over 3 years & upto 5 years	1877.21	2003.61	11.43	0.00	6.04	53.53
Over 5 years	743.81	2033.26	266.00	0.00	0.00	0.00
Total	**30115.74**	**23832.70**	**7031.45**	**531.00**	**3636.02**	**3741.98**

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	31st March 2017	31st March 2016
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; *	1665.21	1454.59
	(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 ₹ 1353.69 cr + NFB ₹ 7.14 cr)	1360.83	1261.59
	(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 to National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	0.03
	Total Exposure to Real Estate Sector	3026.04	2716.21

* includes individual housing loans eligible for inclusion in priority sector advances amounting to ₹661.58 cr for the year ended 31st March, 2017 and ₹660.29 cr for previous year 31st March, 2016.

7.2 Exposure to Capital Market

(₹ in crore)

Sl. No.	Particulars	31st March 2017	31st March 2016
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.	14.67	15.90
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	Nil
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	2.68	2.02
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.	70.22	31.74
5.	Secured and Unsecured Advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	60.87	55.38
6.	Loans sanctioned to corporate 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	148.44	**105.04**

7.3 Risk Category-wise Country Exposure *

(₹ in crore)

Risk Category	Exposure (net) as at March 2017	Provision held as at March 2017	Exposure (net) as at March 2016	Provision held as at March 2016
Insignificant	1204.64	0.54	782.26	0.35
Low	220.16	Nil	370.11	Nil
Moderately Low	0.11	Nil	0.82	Nil
Moderate	Nil	Nil	0.25	Nil
Moderately High	Nil	Nil	0.10	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Total	1424.91	0.54	**1153.54**	**0.35**

* 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	31st March 2017	31st March 2016
Provision for Income Tax	180.00	150.94
Deferred Tax	10.00	7.06

8. Penalties imposed by RBI

During the year, RBI has imposed penalty of ₹69,000/- on discrepancies detected during Soiled Notes Remittance.

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**
There are no material prior period items of Income / Expenditure during the year requiring disclosure.

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	31st March 2017
Present value of Obligation as at the beginning of the year	37.63
Interest cost	2.83
Current service cost	0.32
Past service cost - (non vested benefits)	Nil
Past service cost - (vested benefits)	Nil
Benefits paid	(4.44)
Actuarial (gain) / loss on obligation	16.20
Present value of obligation at year end	**52.54**

b) Amount recognized in Balance Sheet :

(₹ in crore)

Particulars	31st March 2017
Closing Present value Obligation	52.54
Fair value of Plan Assets	Nil
Difference	52.54
Unrecognised transitional liability	Nil
Unrecognised past service cost - non vested benefits	Nil
Liability recognized in the Balance sheet	**52.54**

c) Expenses recognized in Profit & Loss account :

(₹ in crore)

Particulars	31st March 2017
Current Service cost	0.32
Interest cost	2.83
Expected return on Plan Assets	Nil
Net Actuarial (gain) / loss recognised in the year	16.20
Total expenses recognized in the Profit & Loss Account	**19.35**

d) Principal actuarial assumption at the Balance Sheet Date :

Particulars	31st March 2017
Discount factor	6.66%
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	789.19	702.53	988.33	868.64	1869.19	1775.29	11.02	7.73	3657.73	3354.19
Result	369.61	303.39	262.68	234.13	354.28	290.93	7.17	4.83	993.74	833.28
Unallocated Expenses									Nil	Nil
Operating Profit									**993.74**	**833.28**
Other Prov & Contingencies									300.97	230.59
Exceptional Profit / Loss									Nil	Nil
Income Taxes									190.00	158.00
Net Profit									**502.77**	**444.69**
Other Information										
Segment Assets	9365.27	8932.02	8571.46	7207.19	16407.40	14917.51	Nil	Nil	34344.13	31056.72
Unallocated Assets									926.65	747.24
Total Assets									**35270.78**	**31803.96**
Segment Liabilities	8743.24	8475.33	7669.03	6433.84	14679.94	13316.76	Nil	Nil	31092.21	28225.93
Unallocated Liabilities									608.37	526.03
Total Liabilities									**31700.58**	**28751.96**
Segment Capital	622.03	456.69	902.43	773.35	1727.46	1600.75	Nil	Nil	3251.92	2830.79
Unallocated Capital									318.28	221.21
Capital Employed									**3570.20**	**3052.00**

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:

(₹)

Particulars	31st March 2017	31st March 2016
Remuneration	48,00,000	49,92,500
Outstanding Housing Loan	42,67,813	43,02,240

vi) Leases - AS-19

a) Lease rent paid for operating leases are recognized as an expense in the Profit & Loss Account in the year to which it relates.

b) Future lease rents and escalation in the rent are determined on the basis of agreed terms.

c) At the expiry of initial lease term, generally the Bank has an option to extend the lease for a further pre-determined period.

d) The Bank does not have any financial lease.

vii) Earning Per share - AS 20

The details of EPS computation is set out below :

Particulars	31st March 2017	31st March 2016
Earnings for the year (₹ in crore)	502.77	444.69
Basic weighted average number of shares (Nos.)	59,89,78,567	59,76,01,326
Basic EPS (₹)	8.39	7.44
Dilutive effect of stock options (Nos.)	1,15,12,063	1,43,03,796
Diluted weighted average number of shares (Nos.)	61,04,90,630	61,19,05,122
Diluted EPS (₹)	8.24	7.27
Nominal value of shares (₹)	1	1

viii) Consolidated Financial Statements (CFS) - AS 21

The Bank has no subsidiaries.

ix) Accounting for Taxes on Income - AS 22

The major components of the Deferred Tax Asset and Liabilities as at 31st March, 2017 are as follows:

Particulars	31st March 2017	31st March 2016
Deferred Tax Liability:		
Depreciation on Fixed Assets	9.28	9.60
Accrued Interest on Investments	29.47	29.47
Special Reserve under IT Act	81.68	66.20
Total Deferred Tax Liability (A)	120.43	105.27
Deferred Tax Asset:		
Provision for Advances (NPA)	17.67	17.67
Leave Encashment	18.18	13.02
Provision for FITL	1.32	1.32
Total Deferred Tax Asset (B)	37.17	32.01
Net Deferred Tax Liability / (Asset) : (A - B)	83.26	73.26

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

The Bank has no Associates.

xi) Discontinuing Operations - AS 24

The Bank has not discontinued any operations.

xii) 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.

xiii) 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.

xiv) 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	31st March 2017	31st March 2016
Provision for		
- Depreciation on Investments (net)	48.98	Nil
- Non Performing Assets	251.50	205.00
- Standard Assets	8.00	21.18
- Income Tax	190.00	158.00
- Restructured Accounts	-2.50	-10.50
- Unhedged Exposure	0.00	0.83
- Country Exposure	0.19	0.03
- Others	-5.20	14.05
Total	490.97	388.59

10.2.1 Movement in Countercyclical Provisioning Buffer for NPA

(₹ in crore)

Sl.No.	Particulars	31st March 2017	31st March 2016
a)	Opening Balance	9.65	9.65
b)	Additions during the year	Nil	Nil
c)	Deductions during the year	Nil	Nil
d)	Closing Balance	9.65	9.65

10.2.2 Movement in Floating Provisions

(₹ in crore)

Sl.No.	Particulars	31st March 2017	31st March 2016
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	3	10	13
b)	No. of complaints received during the year	222	7676*	7898
c)	No. of complaints redressed during the year	221	7617	7838
d)	No. of complaints pending at the end of the year	4	69	73

* of which 4,237 complaints related to operation in other Bank ATMs.

Classification of customer complaints (General) received during the quarter ended 31st March, 2017 compared to the previous quarters :

Sl. No.	Classification	Complaints received during the quarter ended									
		31.03.2016		30.06.2016		30.09.2016		31.12.2016		31.03.2017	
		No.	%	No.	%	No.	%	No.	%	No.	%
1.	Advances	3	7.32	3	5.08	6	11.54	1	1.82	2	3.57
2.	ATM	11	26.83	4	6.78	3	5.77	7	12.73	3	5.36
3.	Credit Card	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Customer Services	4	9.76	2	3.39	3	5.77	6	10.91	3	5.36
5.	Demat	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6.	Deposits	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
7.	General Banking	13	31.71	9	15.25	6	11.54	7	12.73	11	19.64
8.	Govt. Schemes	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9.	Miscellaneous	1	2.44	7	11.86	6	11.54	3	5.45	6	10.71
10.	NRI services	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11.	Remittances	3	7.32	1	1.69	Nil	Nil	Nil	Nil	2	3.57
12.	Technology	6	14.63	33	55.93	28	53.85	31	56.36	29	51.79
	TOTAL	**41**	**100.00**	**59**	**100.00**	**52**	**100.00**	**55**	**100.00**	**56**	**100.00**

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 Number of frauds reported, amount involved in such frauds, quantum of provisions made during the year and quantum of unamortised provision debited from "Other Reserves" as at the end of the year.

Sl.No.	Particulars	31st March 2017
a)	Number of frauds reported during the year	3
b)	Amount involved (₹ in crore)	23.03
c)	Provisions made during the year (₹ in crore)	0.35
d)	Quantum of unamortised provision debited from 'Other Reserves'	-

10.6 Letters of Comfort

The Bank has not issued any letters of comfort to other Banks / Branches during the year. However, letter of undertaking aggregating to ₹163.45 crore was outstanding as on 31st March, 2017. In the Bank's assessment, no financial impact is likely to arise.

10.7 Provisioning Coverage Ratio (PCR)

The Provisioning Coverage Ratio (PCR) of the Bank as on 31st March, 2017 is 61%. (PY. 60%)

10.8 Bancassurance Business

Income from Bancassurance Business for the financial year 2016-17 is ₹ 6.24 cr. (PY. ₹ 4.42 cr)

10.9 Concentration of Deposits, Advances, Exposures and NPAs

10.9.1 Concentration of Deposits

(₹ in crore)

Particulars	31st March 2017	31st March 2016
Total Deposits of twenty largest depositors	2938.48	3062.98
Percentage of Deposits of twenty largest depositors to total Deposits of the Bank	9.75%	11.28%

10.9.2 Concentration of Advances

(₹ in crore)

Particulars	31st March 2017	31st March 2016
Total Advances to twenty largest borrowers	1260.56	1117.85
Percentage of Advances to twenty largest borrowers to total Advances of the Bank	5.23%	5.25%

10.9.3 Concentration of Exposures

(₹ in crore)

Particulars	31st March 2017	31st March 2016
Total Exposure to twenty largest borrowers / customers	1761.40	1648.22
Percentage of Exposures to twenty largest borrowers / customers to total Exposure of the Bank on borrowers / customers	5.81%	5.92%

10.9.4 Concentration of NPAs

(₹ in crore)

Particulars	31st March 2017	31st March 2016
Total Exposure to top four NPA accounts	195.96	163.61

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	3707.09	57.10	1.54%	3391.10	53.72	1.58%
2.	Advances to industries sector eligible as priority sector lending	3965.24	70.66	1.78%	3205.83	31.88	0.99%
3.	Services	3258.79	57.99	1.78%	2754.63	66.41	2.41%
4.	Personal Loans	Nil	Nil	Nil	Nil	Nil	Nil
5.	All other priority	882.40	62.30	7.06%	920.86	51.07	5.55%
	Sub-Total (A)	**11813.52**	**248.05**	**2.10%**	**10272.42**	**203.08**	**1.98%**
B	**Non Priority Sector**						
1.	Agriculture and allied activities	Nil	Nil	Nil	Nil	Nil	Nil
2.	Industry	2252.16	162.19	7.20%	1928.78	112.31	5.82%
3.	Services	1766.52	28.11	1.59%	1554.97	32.44	2.09%
4.	Personal Loans	1008.43	88.40	8.77%	861.37	44.11	5.12%
5.	All other Non-Priority	7271.86	155.23	2.13%	6635.56	120.04	1.81%
	Sub-Total (B)	**12298.97**	**433.93**	**3.53%**	**10980.68**	**308.90**	**2.81%**
	Total (A+B)	**24112.49**	**681.98**	**2.83%**	**21253.10**	**511.98**	**2.41%**

10.11 Movement of NPAs

(₹ in crore)

Particulars	31st March 2017	31st March 2016
Gross NPAs as on 1st April	**511.98**	335.82
Additions (Fresh NPAs) during the year	**479.61**	428.99
Sub-Total (A)	**991.59**	764.81
Less:-		
(i) Upgradations	**55.68**	54.61
(ii) Recoveries (excluding recoveries made from upgraded accounts)	**90.47**	73.44
(iii) Technical / Prudential write-offs	**156.38**	118.97
(iv) Write-offs other than those under (iii) above	**7.08**	5.81
Sub-Total (B)	**309.61**	252.83
Gross NPAs as on 31st March (A-B)	**681.98**	511.98

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

(₹ in crore)

Particulars	31st March 2017	31st March 2016
Opening Balance of Technical / Prudential written-off accounts as at 1st April	296.03	212.42
Add : Technical / Prudential write-offs during the year	156.38	118.97
Sub-Total (A)	452.41	331.39
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	84.72	35.36
Closing Balance as at 31st March (A - B)	367.69	296.03

10.12 Overseas Assets, NPAs and Revenue

(₹ in crore)

Particulars	31st March 2017
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 and 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:** 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.	4 meetings were held during the financial year (Compensation and Remuneration Committee) and the total remuneration paid during the year ₹2,00,000/-	3 meetings were held during the financial year and the total remuneration paid during the year ₹1,20,000/-
(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, 2017 - 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	15.03	6.66
Add : Amounts transferred to DEAF during the year	11.64	8.43
Less : Amounts reimbursed by DEAF towards claims	0.12	0.06
Closing balance of amounts transferred to DEAF	26.55	15.03

10.20 Unhedged Foreign Currency Exposure

a) 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.

b) The provision required for UFC exposure as on 31st March, 2017 is ₹0.94 crore only against which a provision of ₹1.96 crore has already been made.

c) The incremental capital requirement for the unhedged forex exposure as on 31st March, 2017 has been determined based on the additional risk weight value of ₹0.37 crore for the UFC exposure.

11. Liquidity Coverage Ratio

11.1 Disclosure Format

As per Annexure II.

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 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 made as per Income Computation Disclosures Standards (ICDS) after considering various judicial decisions on certain disputed issues.

In the opinion of the management, no provision is considered necessary for earlier years towards disputed tax liability since for the tax claim of ₹525 cr (under Appeal) (previous year ₹409 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, 2017. 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 28,73,602 (PY. 16,23,479) equity shares during the year to its eligible employees who have exercised their options granted under ESOP of the Bank.

12.4 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.

12.5 CSR activities :

(₹ in crore)

Particulars	2016 - 17	2015 - 16
Amount earmarked for CSR activities	10.25	8.92
Amount spent during FY 2015-16	Nil	10.45
Amount spent during FY 2016-17	8.66	Nil

(accounted under Schedule - 16 : Operating Expenses - XII Other Expenditure)

12.6 There are no dues to Micro and Small Enterprises calling for disclosure as at 31st March, 2017 as per the records available.

12.7 Implementation of Ind AS:

The Ministry of Corporate Affairs (MCA) has notified Accounting Standard (Ind AS) as issued by The Institute of Chartered Accountants of India (ICAI) for implementation beginning from 1st April, 2018 onwards with comparative figures of 2017.

Accordingly, the Ind AS quarterly financials of FY.2017-18 should be published with comparison from June 2018 onwards.

As advised by RBI, the Bank has submitted proforma Ind AS financial statements to RBI for the half year ended 30th September, 2016 in prescribed format.

12.8 Priority Sector Lending Certificates (PSLC)

During the year, PSLC purchased (SF / MF) ₹650 cr and PSLC sold ₹3,845 cr (Micro Enterprises ₹1,000 cr and General ₹2,845 cr).

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

ANNEXURE - I

DISCLOSURE ON RESTRUCTURED ACCOUNTS - YEAR ENDED 31st March, 2017

(₹ in crore)

Sl. No.	Type of Restructuring		Under CDR MECHANISM					Under SME Debt Restructuring Mechanism					OTHERS					TOTAL				
	Asset Classification 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	0	0	2	0	2	31	1	1	0	**33**	7	0	0	0	**7**	38	3	3	0	**44**
		Amount outstanding	0.00	0.00	84.63	0.00	84.63	27.72	0.29	0.13	0.00	**28.14**	176.08	0.00	0.00	0.00	**176.08**	203.80	0.29	84.76	0.00	**288.85**
		Provision thereon	0.00	0.00	3.31	0.00	3.31	0.61	0.02	0.00	0.00	**0.63**	2.88	0.00	0.00	0.00	**2.88**	3.49	0.02	3.31	0.00	**6.82**
2	Fresh restructuring during the year	No. of borrowers	0	0	0	0	0	0	0	2	0	**2**	0	0	0	0	**0**	0	0	2	0	**2**
		Amount outstanding	0.00	0.00	7.29	0.00	7.29	1.01	0.62	22.71	0.00	**24.34**	18.60	0.00	8.92	0.00	**27.52**	19.61	0.62	38.92	0.00	**59.15**
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.42	0.00	**0.42**	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.42	0.00	**0.42**
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	**0**	0	0	0	0	**0**
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	**0.00**
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	**0.00**
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	0	0	0	0	0	3	0	0	0	**3**	0	0	0	0	**0**	3	0	0	0	**3**
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	7.68	0.00	0.00	0.00	**7.68**	0.00	0.00	0.00	0.00	**0.00**	7.68	0.00	0.00	0.00	**7.68**
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	**0.05**	0.00	0.00	0.00	0.00	**0.00**	0.05	0.00	0.00	0.00	**0.05**
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	-10	8	2	0	**0**	0	0	0	0	**0**	-10	8	2	0	**0**
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	-10.62	10.35	0.27	0.00	**0.00**	0.00	0.00	0.00	0.00	**0.00**	-10.62	10.35	0.27	0.00	**0.00**
		Provision thereon	0.00	0.00	0.00	0.00	0.00	-0.25	0.22	0.03	0.00	**0.00**	0.00	0.00	0.00	0.00	**0.00**	-0.25	0.22	0.03	0.00	**0.00**
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	5	1	1	0	**7**	1	0	0	0	**1**	6	0	1	0	**7**
		Amount outstanding	0.00	0.00	12.50	0.00	12.50	3.10	1.07	3.90	0.00	**8.07**	66.20	0.00	2.39	0.00	**68.59**	69.30	1.07	18.79	0.00	**89.16**
		Provision thereon	0.00	0.00	1.87	0.00	1.87	0.17	0.00	0.02	0.00	**0.19**	0.00	0.00	0.00	0.00	**0.00**	0.17	0.00	1.89	0.00	**2.06**
7	Restructured Accounts as on March 31, of the FY 17 (closing figures*)	No. of borrowers	0	0	2	0	2	13	8	4	0	**25**	6	0	0	0	**6**	19	11	6	0	**36**
		Amount outstanding	0.00	0.00	79.42	0.00	79.42	7.33	10.19	19.21	0.00	**36.73**	128.48	0.00	6.53	0.00	**135.01**	135.81	10.19	105.16	0.00	**251.16**
		Provision thereon	0.00	0.00	1.44	0.00	1.44	0.14	0.24	0.43	0.00	**0.81**	2.88	0.00	0.00	0.00	**2.88**	3.02	0.24	1.87	0.00	**5.13**

Both Opening and Closing Figures are excluding the figures of standard restructured advances which do not attract higher provisioning and risk weight

1. Provision thereon figures represent erosion in fair value.
2. SI No. 2 includes : Fresh Restructuring includes additional facility to existing borrowers under SME - ₹.1.01cr and NSME - ₹ 18.60 cr. but the borrower count is not taken into account for those existing borrowers given additional facility.
   SI No. 2 figures reported under SSA & DA are those borrowers who were standard more than 2 years at the beginning of the FY and whose accounts became NPA in the current FY.
3. SI No.6 includes Repayment, Exisiting borrower under CDR - ₹ 12.50 cr, SME - ₹ 8.07 cr & NSME - ₹ 68.60 lakhs. Since these borrowers from whose a/c repayment has come are still o/s in March 17, their count is also not taken into account. SI No.6 includes repayment done by borrowers whose A/c was standard more than 2 yrs at the beginning of Current FY and slipped as NPA during this FY.
4. Provision of ₹ 3.02 cr is for Standard < 2 years arrived on the basis of ROI Method.

ANNEXURE - II

LIQUIDITY COVERAGE RATIO DISCLOSURE

(₹ in crore)

Liquidity Coverage Ratio		Current year for the Quarter ended								Previous Year *	
		Mar - 17		Dec - 16		Sep - 16		Jun - 16		Mar - 16	
	Particulars	Total Unweighted Value (Avg)	Total Weighted Value (Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)
	High Quality Liquid Assets										
1	Total High Quality Liquid Assets (HQLA)	**4657.80**		**5308.33**		**4269.05**		**4027.03**		**3406.56**	
	Cash Outflows										
2	Retail Deposits and deposits from small business customers, of which:	21783.96	1792.45	21571.32	1772.95	20118.38	1658.15	19452.27	1590.70	16679.83	1326.77
	(i) Stable Deposits	7718.82	385.94	7683.74	384.19	7073.70	353.68	7090.62	354.53	6824.93	341.24
	(ii) Unstable Deposits	14065.14	1406.51	13887.58	1388.76	13044.68	1304.47	12361.65	1236.17	9854.90	985.53
3	Unsecured Wholesale funding	3339.82	1514.03	3072.70	1327.83	2338.71	1145.78	1922.51	960.99	2175.49	1171.38
	(i) Operational Deposits (all counterparties)	0.47	0.12	0.52	0.13	0.25	0.06	0.24	0.06	0.27	0.07
	(ii) Non operational deposits (all counterparties)	3339.35	1513.91	3072.18	1327.70	2338.46	1145.72	1922.27	960.93	2175.22	1171.31
	(iii) Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Secured Wholesale funding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Additional requirements, of which	3309.94	327.55	3579.03	316.25	3141.81	311.36	3020.57	231.79	2799.11	207.04
	(i) Outflows related to derivative exposures, derivative exposures and other collateral requirements	113.04	113.04	80.04	80.04	113.55	113.54	28.02	28.02	24.10	24.10
	(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Credit and liquidity facilities	3196.90	214.51	3498.99	236.21	3028.26	197.82	2992.55	203.77	2775.01	182.94
6	Other Contractual Funding Obligations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Other Contingent Funding Obligations	1789.63	53.69	1796.74	53.90	1785.62	53.57	1736.54	52.09	1725.35	86.27
8	TOTAL CASH OUTFLOWS	30223.35	3687.72	30019.79	3470.93	27384.52	3168.86	26131.89	2835.57	23379.78	2791.46
	Cash Inflows										
9	Secured Lending	261.96	130.98	543.10	271.55	499.07	249.53	454.95	227.47	451.51	225.75
10	Inflows from fully performing exposures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0
11	Other Cash Inflows	388.08	388.08	424.36	426.94	19.91	19.90	59.11	59.11	86.74	86.74
12	Total Cash Inflows	650.04	519.06	967.46	698.49	518.98	269.43	514.06	286.58	538.25	312.49
	Cash outflows less cash inflows	29573.31	3168.66	29052.33	2772.44	26865.54	2899.43	25617.83	2548.99	22841.53	2478.97
	25% of Total Cash Outflows	7555.84	921.93	7504.95	867.73	6846.13	792.21	6532.97	708.89	5844.95	697.87
	Total Net cash outflows in 30 days	29573.31	3168.66	29052.33	2772.44	26865.54	2899.43	25617.83	2548.99	22841.53	2478.97
	Liquidity Coverage Ratio (%)	**147.00%**		**191.47%**		**147.24%**		**157.99%**		**137.42%**	

* Average of January - March 2016 alone furnished as applicable to previous year

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 recognised 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 recognised 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

u Held to Maturity

u Available for Sale

u 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 Securitisation 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 at 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 and 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 With effective from 1st April, 2014, in accordance with the Companies Act, 2013, the Bank has provided depreciation based on useful life of the assets in line with Schedule II of the Companies Act, 2013. Further the method of depreciation is on Straight line method (SLM) in respect of all fixed assets.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, 2017

(₹ in thousands)

	2016 - 17	2015 - 16
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per P&L account	**502,76,88**	444,69,31
Adjustments for		
Depreciation	**53,01,33**	52,42,82
Provisions & Contingencies - Tax	**190,00,00**	158,00,00
Provisions & Contingencies - Others	**300,96,97**	230,59,00
Profit on sale of Investments	**-107,77,65**	-45,33,55
Profit on sale of Assets	**-6,40**	41,80
Foreign exchange fluctuations	**-97,84,08**	-80,57,86
Operating Profit before working capital changes	**841,07,05**	760,21,52
Adjustments for		
Funds advanced to Customers	**-3024,78,32**	-3285,91,58
Other Operating Assets	**-57,76,86**	286,02,06
Deposits from Customers	**2957,60,71**	3083,17,57
Borrowings from Banks	**-133,54,84**	495,72,93
Other Operating Liabilities	**-53,93,11**	-211,62,05
Purchase and sale of Investments (Net)	**-146,20,22**	-910,44,16
Cash Generated from Operations	**382,44,41**	217,16,29
Taxation - Income Tax	**-98,83,50**	31,29,28
Net Cash flow from Operating Activities - A	**283,60,91**	248,45,57
Cash flow from Investing Activities		
Purchase of Fixed Assets	**-50,85,39**	-60,41,00
Sale of Fixed Assets	**53,08**	42,17
Net Cash used in Investing Activities - B	**-50,32,31**	-59,98,83
Cash flow from Financing Activities		
Proceeds from issue of Share Capital	**28,74**	16,23
Proceeds from Share Premium	**15,14,56**	4,11,31
Dividend Paid	**-17,37,93**	-66,04,72
Tax on distributed profits	**-2,43,55**	-13,39,56
Net cash flow from Financing Activities - C	**-4,38,18**	-75,16,74
Net increase in Cash and Cash equivalents (A+B+C)	**228,90,42**	113,30,00
Cash and Cash equivalents at 31.03.2016	**2650,07,09**	2536,77,09
Cash and Cash equivalents 31.03.2017	**2878,97,51**	2650,07,09

For and on behalf of the Board

Chennai
29th May, 2017

Dr. N. KAMAKODI
MD & CEO

V. RAMESH
GM - CFO & CS

S. MAHALINGAM
Chairman

R. VENKATASUBRAMANIAN
Senior General Manager

K. JAYARAMAN
Deputy General Manager

T.K. RAMKUMAR
C.R. MURALIDHARAN
Justice (Retd.) S.R. SINGHARAVELU
Prof. V. KAMAKOTI
Directors

R. MOHAN
ABARNA BHASKAR
M. NARAYANAN
S. BERNARD

As per our separate report of even date

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

Chennai
29th May, 2017

P. Chandrasekaran
Partner
M.No. 26037

Details of Nostro Accounts

Sl. No.	Name of the Bank	Place	Currency
1.	Mashreq Bank	UAE	AED
2.	National Australia Bank	Melbourne	AUD
3.	Standard Chartered Bank	London	CAD
4.	Zuercher Kantonal Bank	Zurich	CHF
5.	Standard Chartered Bank	Frankfurt	EUR
6.	Commerz Bank	Frankfurt	EUR
7.	Wells Fargo Bank	London	EUR
8.	Standard Chartered Bank	London	GBP
9.	State Bank of India	Tokyo	JPY
10.	SkandeneviskaEnskilda Banken	Stockholm	SEK
11.	Standard Chartered Bank	Singapore	SGD
12.	Indian Overseas Bank	Singapore	SGD
13.	Bank of America	NewYork	USD
14.	Standard Chartered Bank	NewYork	USD
15.	Wells Fargo Bank	NewYork	USD
16.	State Bank of India	Sydney	AUD

Bank's SWIFT address : CIUBIN5M

LIST OF BRANCHES

ANDHRA PRADESH
ADONI
AMALAPURAM
ANAKAPALLI
ANANTHPUR
BHIMAVARAM
CHILAKALURIPET
CHIRALA
CHITTOOR
DHARMAVARAM
ELURU
GAJUWAKA
GUDIVADA
GUDUR
GUNTUR
GUNTUR - II
HINDUPUR
KADAPA
KAKINADA
KAVALI
KURNOOL
MACHILIPATNAM
MADANAPALLI
NANDYAL
NARASARAOPET
NELLORE
ONGOLE
PRODATTUR
RAJAMUNDRY
SRIKAKULAM
TANUKU
TENALI
TIRUPATHI
THULLURU
TUNI
VIJAYAWADA
VIJAYAWADA - II
VISHAKAPATINAM
VIZIANAGARAM

CHANDIGARH
CHANDIGARH

CHATTISHGARH
RAIPUR

GUJARAT
AHMEDABAD
AHMEDABAD- RAIPUR
ANKALESWAR
BHAVNAGAR
GANDHIDHAM
JAMNAGAR
RAJKOT
SURAT
SURAT II
VADODARA (BARODA)
VAPI

HARYANA
GURGAON
FARITHABAD

KARNATAKA
BENGALURU - BANASHANKARI
BENGALURU - BANASWADI
BENGALURU - BASAVANGUDI
BENGALURU - BOMMASANDRA
BENGALURU - DOD BALLAPUR
BENGALURU - HSR LAYOUT
BENGALURU - INDIRA NAGAR
BENGALURU - J. P. NAGAR
BENGALURU - JAYA NAGAR
BENGALURU - K.R.PURAM
BENGALURU - KORAMANGALA
BENGALURU - MALLESWARAM
BENGALURU - MARTHAHALLI
BENGALURU - PEENYA
BENGALURU - R.T.NAGAR
BENGALURU - RAJAJINAGAR
BENGALURU - SULTANPET
BENGALURU - VIJAYANAGAR
BENGALURU - WHITE FIELD
BELGAUM
BELLARY
DAVENGERE
HUBLI
KENGERI
MANGALORE
MYSORE
RAMANAGARA
TIPTUR
TUMKUR
YELAHANKA

KERALA
ALAPUZHA
ALUWA
ANGAMALY
CALICUT
CHAVAKKAD
EDAPALLI
ERNAKULAM
KANNUR
KOLLAM
KOTTAYAM
PALGHAT
THIRUVALLA
THIRUVANANTHAPURAM
THRIPUNITHURA
TRISSUR
TRISSUR - EAST FORT

MADHYA PRADESH
BHOPAL
INDORE

MAHARASHTRA
AMRAVATHI
AURANGABAD
ICHALKARANJI
KOLHAPUR
MUMBAI - ANDHERI
MUMBAI - CHEMBUR
MUMBAI - DOMBVILI
MUMBAI - FORT
MUMBAI - KALYAN
MUMBAI - KHAR (WEST)
MUMBAI - MIRA ROAD
MUMBAI - NERUL
MUMBAI - THANE (WEST)
MUMBAI - VASHI
NAGPUR
NASHIK
PUNE

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

ODISHA
BHUBANESWAR

PUDUCHERRY
ARIYANKUPPAM
KARAIKAL
PUDUCHERRY
REDDIARPALAYAM
VILLIANUR

PUNJAB
AMRITSAR
JALANDHAR
LUDHIANA

RAJASTHAN
BALOTRA
BHILWARA
JAIPUR
JODHPUR
PALI

TAMIL NADU
ADUTHURAI
AGARAMTHEN
AGARATHIRUMALAM
ALANGUDI
ALANGANALLUR
ALANGULAM
AMBASAMUDRAM
AMMAPETTAI
ANNALAGRAHARAM
ANTHIYUR
ARAKKONAM
ARANI
ARIYALUR
ARUPUKOTTAI
ATHANA KOTTAI
ATTUR
AVINASHI
AYYEMPETTAI
BALAKRISHNAPURAM
BARGUR
BATLAGUNDU
BHAVANI
BODINAYAKANUR
CHENNAI - ABHIRAMAPURAM
CHENNAI - ADAMBAKKAM
CHENNAI - ADYAR
CHENNAI - AMBATTUR
CHENNAI - ANAKAPUTHUR
CHENNAI - ANNA NAGAR
CHENNAI - ANNA NAGAR WEST
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 - GERUGAMBAKKAM
CHENNAI - ILLALUR
CHENNAI - JALLADIAMPET
CHENNAI - K K NAGAR
CHENNAI - KARAPAKKAM
CHENNAI - KATTUPAKKAM
CHENNAI - KELAMBAKKAM
CHENNAI - KOILAMBAKKAM
CHENNAI - KOLATHUR
CHENNAI - KORATTUR
CHENNAI - KOTTIVAKKAM
CHENNAI - KUNDRATHUR
CHENNAI - MADHAVARAM
CHENNAI - MADIPAKKAM
CHENNAI - MADURAVOYAL
CHENNAI - MANALI
CHENNAI - MANAPAKKAM
CHENNAI - MANDAVELI
CHENNAI - MANGADU

LIST OF BRANCHES (Contd.)

CHENNAI - MANNIVAKKAM
CHENNAI - MARAIMALAI NAGAR
CHENNAI - MEDAVAKKAM
CHENNAI - MELAKOTTAIYUR
CHENNAI - MELAVALAMPETTAI
CHENNAI - MINJUR
CHENNAI - MOUNT ROAD
CHENNAI - MUDICHUR
CHENNAI - MUGAPPAIR
CHENNAI - MYLAPORE
CHENNAI - NANGANALLUR
CHENNAI - NANMANGALAM
CHENNAI - NAVALUR
CHENNAI - NUNGAMPAKKAM
CHENNAI - ORAGADAM
CHENNAI - PADAPPAI
CHENNAI - PAKKAM
CHENNAI - PALLAVARAM
CHENNAI - PAMMAL
CHENNAI - PERAMBUR
CHENNAI - PERUMBAKKAM
CHENNAI - PERUNGALATHUR
CHENNAI - POLICHALUR
CHENNAI - POONAMALLEE
CHENNAI - PURASAWALKAM
CHENNAI - RAMAPURAM
CHENNAI - REDHILLS
CHENNAI - RENGARAJAPURAM
CHENNAI - ROYAPURAM
CHENNAI - SAIDAPET
CHENNAI - SELAIYUR
CHENNAI - SEMMANJERI
CHENNAI - SINGAPERUMAL KOIL
CHENNAI - SITHALAPAKKAM
CHENNAI - T NAGAR
CHENNAI - TAMBARAM
CHENNAI - TEYNAMPET
CHENNAI - THIMMAVARAM
CHENNAI - THIRUMAZHISAI
CHENNAI - THIRUMUDIVAKKAM
CHENNAI - THIRUMULLAI VOYAL
CHENNAI - THIRUNINDRAVUR
CHENNAI - THIRUVALLUR
CHENNAI - THIRUVERKADU
CHENNAI - THIRUVOTTIYUR
CHENNAI - THORAIPAKKAM
CHENNAI - TIRUVANMIYUR
CHENNAI - TRIPLICANE
CHENNAI - URAPAKKAM
CHENNAI - VALASARAVAKKAM
CHENNAI - VANAGARAM
CHENNAI - VEERAPURAM
CHENNAI - VELACHERY
CHENNAI - VELAPPANCHAVADI
CHENNAI - VELLANOOR
CHENNAI - VEPPAMPATTU
CHENNAI - VILLIVAKKAM
CHEYYARU
CHIDAMBARAM
CHINNALAPATTI
CHINNAMANUR
CHINTHAMANI
CHITLAPAKKAM
COIMBATORE - CHINNIAMPALAYAM
COIMBATORE - GANAPATHY
COIMBATORE - KOVAIPUDUR
COIMBATORE - MALUMICHAMPATTI
COIMBATORE - OPPANAKARA STREET
COIMBATORE - P N PALAYAM
COIMBATORE - PANNIMADAI
COIMBATORE - PERIYANAIKENPALAYAM
COIMBATORE - PERUR
COIMBATORE - R.S.PURAM
COIMBATORE - RAM NAGAR
COIMBATORE - RAMANATHAPURAM
COIMBATORE - SAIBABA COLONY
COIMBATORE - SARAVANAMPATTI
COIMBATORE - SINGANALLUR
COIMBATORE - SIVANANDA COLONY
COIMBATORE - SUNDARAPURAM
COIMBATORE - TVS NAGAR
COIMBATORE - VADAVALLI
COIMBATORE - VILANKURICHI
CUDDALORE
CUMBUM
DARAPURAM
DEVAKOTTAI
DEVANANCHERY
DHALAVOIPURAM
DHARASURAM
DHARMAPURI
DINDIGUL
ELLAMPILLAI
ERAVANCHERY
ERODE
ERODE - PALLIPALAYAM
ERODE - PERUNDURAI
ERODE - SURAMPATTI
ERODE - THINDAL
GINGEE
GOBICHETTIPALAYAM
GUMMIDIPOONDI
HARUR
HOSUR
IDAPPADI
IKKARAIPOOLUVAMPATTI
IRUNAGALUR
ILAYANGUDI
JALAKANDAPURAM
JAYANKONDAM
KADAYANALLUR
KALAYARKOIL
KALLAKURICHI
KANCHEEPURAM
KANGEYAM
KARADIPATTI
KARAIKUDI
KARAMADAI
KARUR
KATPADI
KATTUMANNARKOIL
KEELAKARAI
KEELAPALUVUR
KINATHUKADAVU
KODANGIPALAYAM
KODAVASAL
KOMARAPALAYAM
KOOTHANALLUR
KORADACHERY
KORANATTU KARUPPUR
KOTTUR
KOVILPATTI
KRISHNAGIRI
KULASEKARAM
KUMBAKONAM - GANDHINAGAR
KUMBAKONAM - MAIN
KUMBAKONAM - TOWN
KUNIAMUTHUR
KUNNATHUR
KURICHI
KUTTALAM
MADAPATTU
MADUKKUR
MADURAI - ANNA NAGAR
MADURAI - CHOCKIKULAM
MADURAI - MAIN
MADURAI - KOODALNAGAR
MADURAI - OTHAKADAI
MADURAI - S.S. COLONY
MADURAI - T V S NAGAR
MADURAI - THIRUNAGAR
MADURAI - VILAKKUTHOON
MADURAPAKKAM
MADURAPURI
MANAMADURAI
MANAPPARAI
MANGAIMADAM
MANIAKARANPALAYAM
MANJAKOLLAI
MANJAKUDI
MANJANAYACKANPATTI
MANNARGUDI
MARTHANDAM
MAYILADUTHURAI
MELAKABISTHALAM
MELUR
METTUPALAYAM
MODAKURICHI
MUSIRI
NACHIAR KOIL
NADUKKADAI
NADUPATTY
NAGAPATTINAM
NAGERKOIL
NAGORE
NALLUR
NAMAKKAL
NANJIKOTTAI
NANNILAM
NARANAMANGALAM
NATHAM
NEDUNKUNDRAM
NEYVELI
NILAKKOTTAI
NORTH POIGAINALLUR
ODDANCHATRAM
ODDERPALAYAM
OMALUR
PADUR
PALANI
PALAVATHANKATTALAI
PALAYAMKOTTAI
PALLADAM
PANRUTI
PARAMAKUDI
PATTEESWARAM
PATTUKOTTAI
PERAMBALAUR
PERIYAKULAM
PERUMANALLUR
POLLACHI
PONNAMARAVATHI
PONNERI
PORAYAR
PUDUKKOTTAI
PULIYANKUDI
PULIYUR
RAJAPALAYAM
RAMANATHAPURAM
RANIPET
RASIPURAM
RISHIVANDIYAM
S.PUDUR
SAHUPURAM
SAKKOTTAI
SALEM - FAIR LANDS
SALEM - MAIN
SALEM - SHEVAPET
SANKAGIRI
SANKARANKOIL
SANNANALLUR
SANOORAPATTI
SATHYAMANGALAM
SATTUR
SEMBANARKOIL
SENGURICHI

LIST OF BRANCHES (Contd.)

SILLATUR
SIRKALI
SITHARKADU
SIVAGANGAI
SIVAKASI
SOMANUR
SRIPERAMBUDUR
SRIVILLIPUTHUR
SULUR
SURAMANGALAM
TENKASI
THACKALAI
THALAIYUTHU
THAMARANGKOTTAI
THANJAVUR - MAIN
THANJAVUR - MEDICAL COLLEGE ROAD
THARAMANGALAM
THENI
THEPPARUMANALLUR
THILLAINAYAGAPURAM
THIMMACHIPURAM
THIRUCHENGODU
THIRUINDALUR
THIRUMALAISAMUDRAM
THIRUMANGALAM
THIRUNAGESWARAM
THIRUPPALAI
THIRUTHURAIPOONDI
THIRUVALANCHUZHI
THIRUVENCHERY
THOGUR
THONDAMUTHUR
TINDIVANAM
TIRUKKATTUPALLI
TIRUKOILUR
TIRUMAKOTTAI
TIRUMARUGAL
TIRUNELLIKAVAL
TIRUNELVELI
TIRUNELVELI JUNCTION
TIRUPANANDAL
TIRUPATHUR
TIRUPOONDI
TIRUPPUR
TIRUPPUR - VEERAPANDY
TIRUTTANI
TIRUVANNAMALAI
TIRUVARUR - TOWN
TIRUVARUR - VIJAYAPURAM
TIRUVIDAIMARUTHUR
TRICHY - CANTONMENT
TRICHY - K.K.NAGAR
TRICHY - KARUMANDAPAM
TRICHY - KATTUR
TRICHY - MAIN
TRICHY - SRINIVASA NAGAR
TRICHY - SRIRANGAM
TRICHY - THILLAINAGAR
TRICHY - THUVAKUDI
TUTICORIN
UDUMALPET
ULLIKOTTAI
UNAIYUR
USILAMPATTI
UTHUKULI
UTHIRAMERUR
VADAKKUTHU
VADALUR
VALAJANAGARAM
VALANGAIMAN
VALLAM
VANDHAVASI
VANIYAMBADI
VARADARAJAPURAM
VAZHAPADI
VEDARANYAM
VEERAPANDI
VEERAPANDI PUDUR
VEERAPERUMANALLUR
VELLAKOVIL
VELLORE
VELLORE - AMBUR
VELLORE - GUDIYATHAM
VELLORE - MELVISHARAM
VELLORE - SATHUVACHARI
VENGAI VASAL
VILANDAI
VILANDAKANDAM
VILLUPURAM
VIRUDHACHALAM
VIRUDHUNAGAR

TELENGANA

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

UTTAR PRADESH

ALLAHABAD
KANPUR
LUCKNOW
VARANASI

WEST BENGAL

KOLKATA - MAIN
KOLKATA - RASH BEHARI AVENUE

EXTENSION COUNTERS

SRM UNIVERSITY, KATTANKULATHUR - CHENNAI
SRM UNIVERSITY, RAMAPURAM - CHENNAI
SRM UNIVERSITY, MODI NAGAR - GHAZIABAD
PUBLIC HEALTH CENTRE, WEST MAMBALAM - CHENNAI
SHRIRAM COLLEGE, PERUMALPETTU
SHRIRAM COLLEGE VEPAPAMPATTU
THIYAGARAJA COLLEGE OF ENGINEERING - TIRUPARANKUNDRAM
SAINT ANGELOES COLLEGE, LUCKNOW

INTERNATIONAL BANKING DIVISION

T NAGAR, CHENNAI

SERVICE BRANCH

ANNA SALAI, CHENNAI

BASEL- III - PILLAR 3 DISCLOSURE AS ON 31st March, 2017

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 2016-17, the Bank has allotted 28,73,602 equity shares of face value of ₹1/- each pursuant to exercise of stock options by employees and the Equity Share Capital of the Bank as on 31st March, 2017 stood at ₹60.11 crore and the share premium collected was ₹15.15 crore.
Tier II Capital	The Bank has not raised Tier II capital during the year 2016-17. The details of Lower Tier II capital to the tune of ₹10.00 crore raised in earlier year 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.

Date of Issue	Amount (₹ in crore)	Tenure (Months)	Coupon %	Rating
30th March, 2007	10.00*	121	10.00% Annual	CARE "A+"

* Tier – II bond of ₹10.00 crore issued on 30th March, 2007 was redeemed on its due date i.e. 30th April, 2017.

Quantitative Disclosures :

(₹ in crore)

Sl. No.	Description	Amount	
1.	Common Tier - I Capital		**3546.12**
	- Paid-up Share Capital - Total	60.11	
	- Reserves & Surplus	3486.01	
	Amount deducted from Tier I Capital (if any)		**14.32**
	- Intangible Assets	14.11	
	- Cross holdings	0.21	
	Total Eligible Tier I Capital		**3531.80**

Quantitative Disclosures : (Contd.)

Sl. No.	Description	Amount	
02.	**Tier - II Capital**		**108.76**
	a) Revenue Reserves (Investment Reserve)	2.38	
	b) Provision for Country Risk exposure	0.54	
	c) Provision for Unhedged exposure	1.96	
	d) Provision for Standard Assets	103.88	
	Less: Cross Holdings		0.00
	Total Tier II Capital		108.76
03.	**Total Eligible Capital** (Tier I and Tier II)		3640.56

Table DF - 2
CAPITAL ADEQUACY

Qualitative Disclosure :

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, in which, the transitional period for full implementation of Basel III Capital Regulations in India is extended upto 31st March, 2019, instead of 31st March, 2018. Another circular on "Prudential Guidelines on Capital Adequacy and Liquidity Standards - Amendments" has been issued by RBI on 31st March, 2015. The Basel III Capital Regulations have been consolidated in Master Circular - Basel III Capital Regulations vide circular No. DBOD.No. BP.BC.1/21.06.201/2015-16 dated 1st July, 2015.

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 (i.e. 0.625% every year from March 2016 to March 2019 towards Capital Conservation Buffer) 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 2016.

For 31st March, 2017, Banks are required to maintain a minimum Pillar 1 Capital (Tier-I + Tier-II) to Risk-weighted Assets Ratio (CRAR) of 9.00% on an on-going basis, besides phase in 1.25% towards capital conservation buffer upto 31st December, 2017. (totally, 10.25%)

- Tier 1 Capital comprises of :
  - o Common Equity Tier 1 Capital (with a minimum of 5.5%)
  - o Additional Tier 1 Capital
  - o Total Tier 1 Capital of minimum 7%
- Tier 2 Capital: admitted maximum up to 2% (subject to maximum of 1.25% of the total credit risk-weighted assets under the standardized approach).
- Total Tier 1 + Tier 2 should be more than 10.25%
- Capital Conservation Buffer (CCB) (with a minimum of 2.5% for 31st March, 2019) 1.25% from 31st March, 2017 to 31st December, 2017
- Total capital including CCB should be 11.5% for 31st March, 2019 and 10.25% for the quarters ending from 31st March, 2017 to 31st December, 2017.

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 undertakes stress testing periodically 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 being assessed in the ICAAP document.

C. Quantitative Disclosures :

(₹ in crore)

a)	Capital requirements for Credit Risk: (@ 9.00% on Risk weighted Assets)		
	• Portfolios subject to Standardised Approach		1791.81
	• Securitisation exposures		Nil
b)	Capital requirements for Market Risk:		
	• Standardised Duration approach		67.21
	F Interest Rate Risk	18.49	
	F Equity Risk	46.72	
	F Foreign Exchange Risk	2.00	
c)	Capital requirements for Operational Risk:		
	• Basic indicator approach		180.16
	Minimum capital required (a+b+c)		2039.18
d)	Capital Conservation Buffer (CCB) at 1.25%		287.51
	Minimum Total Capital + CCB		2326.69
	Total Capital Funds available		3640.56
	Total Risk Weighted Assets		23001.02
	Common Equity Tier I CRAR %		14.10
e)	Capital Conservation Buffer		1.25
	Tier I CRAR %		15.35
	Tier II CRAR %		0.48
	Total CRAR %		15.83

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 mitigating the risk in various areas and monitoring the same.

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

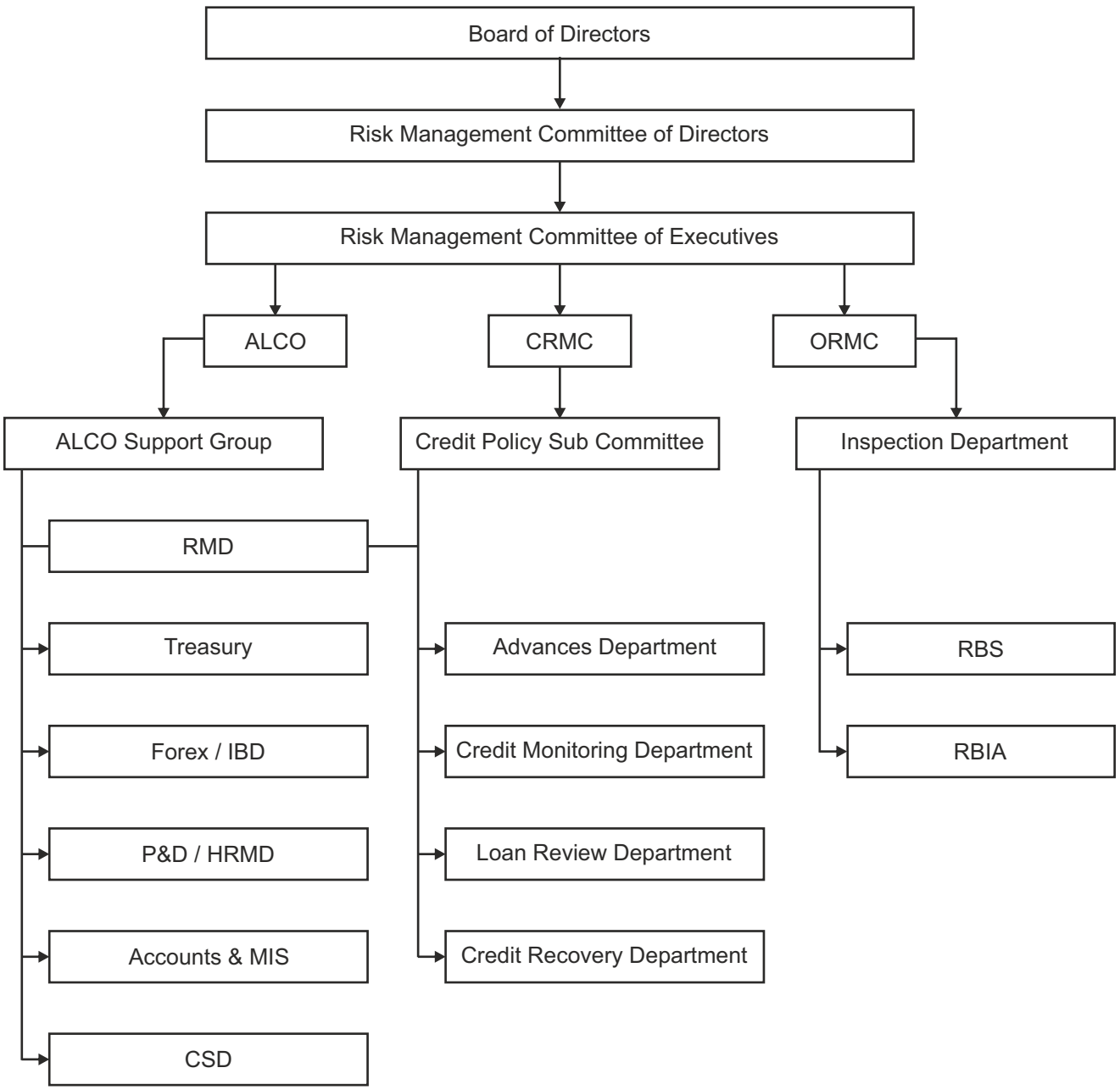


Table DF - 3

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 organization 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, 2015).

Quantitative Disclosures :

Total Gross Credit Risk Exposures including Geographic Distribution of Exposure : (₹ in crore)

Exposure as on 31st March 2017	Domestic	Overseas	Total
Fund based	27137.09	Nil	27137.09
Non-fund based	2810.67	Nil	2810.67
Investment (Non SLR)	383.96	Nil	383.96
Total	**30331.72**	**Nil**	**30331.72**

Industry type distribution of exposures as on 31st March, 2017

(₹ in crore)

Sl. No.	INDUSTRY / ACTIVITY	Funded Exposure	Non-Funded Exposure	Investment exposure (Non SLR)	Total Exposure
1.	Mining and Quarrying	60.76	2.66	0.00	63.42
2.	Iron and Steel	1000.26	287.45	0.26	1287.97
3.	Other Metal and Metal Products	386.92	63.03	0.00	449.95
4.	Engineering (of which Electronics)	165.12	48.55	0.00	213.67
5.	Others (incl Electrical & Home Appliances)	369.81	138.98	0.00	508.79
6.	Cotton Textiles	1232.09	126.10	0.00	1358.19
7.	Other textiles (Other than Cotton)	1685.62	46.61	0.00	1732.23
8.	Food Processing	103.97	74.32	0.00	178.29
9.	Beverages and Tobacco	12.20	4.18	0.00	16.38
10.	Leather and Leather Products	14.07	0.48	0.00	14.55
11.	Wood and Wood Products	64.52	119.36	0.00	183.88
12.	Paper and Paper Products	650.60	62.75	0.00	713.35
13.	Petroleum, Coal Products and Nuclear Fuels	44.39	1.04	0.00	45.43
14.	Drugs and Pharmaceuticals	48.21	7.97	0.96	57.14
15.	Chemicals and Chemical Products (Dyes, Paints, etc.)	334.74	152.84	0.00	487.58
16.	Rubber, Plastic and their Products	177.32	6.40	0.00	183.72
17.	Glass & Glassware	21.46	0.09	0.00	21.55
18.	Cement and Cement Products	10.21	0.00	0.00	10.21
19.	Vehicles, Vehicle Parts and Transport Equipments & Auto parts	197.29	31.10	0.08	228.47
20.	Gems and Jewellery	67.96	3.48	0.00	71.44
21.	Construction	961.11	7.14	0.00	968.25
22.	Infrastructure	186.72	20.26	11.43	218.41
23.	Other Industries	97.48	56.20	0.00	153.68
24.	Non Metallic Minerals	97.68	0.14	0.00	97.82
25.	Publication & Printing	102.46	7.46	0.00	109.92
26.	Computer Software	13.83	0.70	0.00	14.53
	All Industries Total	**8106.80**	1269.29	**12.73**	9388.82
	Residuary other Advances	19030.29	1541.38	371.23	20942.90
	Gross Exposure (funded, non-funded & investment exposure)	27137.09	2810.67	**383.96**	30331.72

The exposure to Other Textiles industry accounted for 5.29% of Total Gross Exposure as of 31st March, 2017. The coverage of advances to the above industry occupies the top position among the total industry sectors.

Residual contractual maturity breakdown of Assets as on 31st March, 2017

(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	372.15	68.26	826.17	103.88	1370.46
2 to 7 Days	1.80	1062.53	465.00	28.42	1557.75
8 to 14 Days	1.00	817.18	479.90	40.13	1338.21
15 to 30 Days	294.05	363.70	507.31	18.21	1183.27
31 days to 60 Days	142.57	293.46	710.35	8.31	1154.69
61 days to 90 Days	349.38	505.11	461.14	8.52	1324.15
Over 3 Months & upto 6 Months	567.42	1132.35	1080.07	114.41	2894.25
Over 6 Months & upto 1 Year	829.43	2633.60	1170.70	139.08	4772.81
Over 1 Year & upto 3 Years	268.69	12919.64	1053.37	164.19	14405.89
Over 3 Years & upto 5 Years	22.69	2003.62	11.43	352.91	2390.65
Over 5 Years	29.80	2033.25	266.01	549.59	2878.65
Total	**2878.98**	**23832.70**	**7031.45**	**1527.65**	**35270.78**

Amount of NPAs (Gross)	(₹ in crore)
Sub-Standard	349.99
Doubtful 1	137.15
Doubtful 2	173.05
Doubtful 3	17.85
Loss	3.94
Gross NPA Total	**681.98**

Geogrophical Area-wise NPA:	(₹ in crore)
Gross NPA - Domestic	**681.98**
Gross NPA - Overseas	**Nil**
Gross NPA - Total	**681.98**

The amount of Net NPAs is ₹ 408.34 crore

The NPA ratios are as under :

- Gross NPA to Gross Advances 2.83%
- Net NPAs to Net Advances 1.71%

Major Industry-wise NPA as on 31st March, 2017

(₹ in crore)

Industry	Gross NPA	Provision Held
Other Textiles	**16.65**	**3.70**

The movement of NPA is as under :

(₹ in crore)

i. Opening balance at the beginning of the year (1st April, 2016)	511.98
ii. Additions made during the year	479.61
iii. Reductions during the year	309.61
iv. Closing balance at the end of the year (31st March, 2017) [i + ii - iii]	681.98

The movements of provisions for NPAs are as under :

(₹ in crore)

Nature	Floating Provision	Specific Provision	Total Provision
i. Opening balance at the beginning of the year (1st April, 2016)	18.65	168.02	186.67
ii. Provisions made during the year	-	251.50	251.50
iii. Write-off / Write-back of excess provisions during the year	-	167.86	167.86
iv. Closing Balance at the end of year (31st March, 2017) [i+ ii -iii]	18.65	251.66	270.31

Recovery made during the year ended 31st March, 2017 directly taken to Income Account ₹47.01 crore

The amount of non-performing investment - Nil

The amount of provision held for non-performing investment is Nil

The movement of provisions for depreciation on investments :

(₹ in crore)

i. Opening balance at the beginning of the year 1st April, 2016	1.72
ii. Provisions made during the year	48.65
iii. Write-off during the year	Nil
iv. Write-back of excess provisions during the year	Nil
v. Closing Balance at the end of the year (31st March, 2017) [i + ii - iii - iv]	50.37

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 %	508.56	20570.17	21078.73
At 100 %	191.23	9562.35	9753.58
More than 100 %	590.25	1081.94	1672.19
Total outstanding after mitigation	1290.04	31214.46	32504.50
Deducted (as per Risk Mitigation)	6.33	3793.97	3800.30

TABLE DF - 5

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

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.

a) Cash or Cash equivalent (Bank Deposits / Certificate of Deposits issued by the Bank, etc.)
b) Gold Jewels
c) Indira Vikas Patras
d) Kisan Vikas Patras
e) National Savings Certificates
f) Life Insurance Policies with a declared surrender value
g) Securities issued by Central and State Governments
h) 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

i) Debt securities 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 13.50% 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 :

Portfolio category	Financial collateral	Quantum of exposure covered (₹ in crore)
1. Funded - Credit	Bank's own deposits	817.72
2. Funded - Credit	Gold jewels	2135.64
3. Funded - Credit	LIC / KVP / NSC	4.65
4. Non Funded	Bank's own deposits	536.08

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

Portfolio category	Guaranteed by	Quantum of exposure covered (₹ in crore)
1. Funded - Credit	Central Government	126.46
2. Funded - Credit	ECGC	103.00
3. Funded - Credit	CGTSI	47.12

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) Value 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 31st March, 2017 (₹ in crore)

Interest Rate Risk	18.49
Equity Position Risk	46.72
Foreign Exchange Risk	2.00
Total	**67.21**

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 based on the average of the gross income for the previous three years i.e. 2013-14, 2014-15 and 2015-16 as defined in the Master Circular – Basel III Capital Regulations & New Capital Adequacy Framework Guidelines. The required capital is ₹180.16 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. RBI has issued draft guidelines vide DBOD.No. BP. 7/21.04.098/ 2005-06 dated 17th April, 2006 on improvements to Banks' Asset Liability Management framework, covering interest rate risk and liquidity risk measurement / reporting frameworks and prudential limits. Subsequently, on 4th November, 2010, RBI issued a circular on Interest Rate Risk using Duration Gap Analysis and these guidelines have been taken into account while calculating IRRBB. The Bank calculates Modified Duration Gap on Assets & Liabilities and arrive at the impact on Economic Value of Equity. The Bank is calculating IRRBB on a monthly basis.

Quantitative Disclosures :

a) The impact of change in Interest Rate i.e. Earnings at Risk for 200 bps interest rate shock as on 31st March, 2017 is ₹106.06 crore.

b) The impact of change in market value of Equity for an interest rate shock of 200 bps as on 31st March, 2017 is 11.88%.

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, 2017

(₹ in crore)

Nature	Notional Amount	Potential Exposure @ 2%	Current exposure	Total credit exposure
Forward contracts	5381.63	97.70	189.86	287.56

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, 2017 amounting to ₹153.59 crore with risk weighted assets of ₹30.72 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 ₹0.36 crore (the corresponding risk weighted value of ₹4.48 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 from 31st March, 2017
(i.e. during the transition period of Basel III regulatory adjustments)

(₹ in million)

	Basel III common disclosure template to be used from 31st March, 2017		Ref No
Common Equity Tier 1 Capital: instruments and reserves			
1.	Directly issued qualifying common share capital plus related stock surplus (share premium)	8804.39	-
2.	Retained earnings	26656.75	-
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 grand fathered until 1st 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	35461.14	-
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)	141.14	-
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	2.03	-
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 from 31st March, 2017		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)	-	-
26(a).	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	-	-
26(b).	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	-	-
26(c).	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the Bank	-	-
26(d).	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**	143.17	-
29.	**Common Equity Tier 1 Capital (CET1)**	35317.97	-
	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 from 31st March, 2017		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)	-	-
41(a).	Investments in the Additional Tier 1 Capital of unconsolidated Insurance Subsidiaries	-	-
41(b).	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)**	-	-
44(a).	**Additional Tier 1 Capital reckoned for capital adequacy**	-	-
45.	**Tier 1 Capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	35317.97	-
	Tier 2 Capital : instruments and provisions		
46.	Directly issued qualifying Tier 2 instruments plus related stock surplus	Nil	-
47.	Directly issued capital instruments subject to phase out from Tier 2	Nil	-
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 from 31st March, 2017		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 ₹1038.80 mn c) Provision for Country Risk Exposure ₹5.40 mn d) Provision for Unhedged Exposure ₹19.64 mn	1087.64	-
51.	**Tier 2 Capital before regulatory adjustments**	1087.64	-
	Tier 2 Capital: regulatory adjustments		
52.	Investments in own Tier 2 instruments	-	-
53.	Reciprocal cross-holdings in Tier 2 instruments	-	-
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)	-	-
56(a).	of which : Investments in the Tier 2 Capital of unconsolidated Insurance Subsidiaries	-	-
56(b).	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**	-	-
58.	**Tier 2 Capital (T2)**	1087.64	-
58(a).	**Tier 2 Capital reckoned for Capital adequacy**	1087.64	-
58(b).	**Excess Additional Tier 1 Capital reckoned as Tier 2 Capital**	-	-
58(c).	**Total Tier 2 Capital admissible for Capital adequacy (58a+58b)**	1087.64	-
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 :	36405.62	-
60.	Total risk weighted assets (60a + 60b + 60c)	230010.19	-
60(a).	of which : total credit risk weighted assets	199089.46	-
60(b).	of which : total market risk weighted assets	8400.88	-
60(c).	of which : total operational risk weighted assets	22519.85	-

(₹ in million)

	Basel III common disclosure template to be used from 31st March, 2017		Ref No
Capital Ratios			
61.	Common Equity Tier 1 (as a percentage of risk weighted assets)	15.35%	-
62.	Tier 1 (as a percentage of risk weighted assets)	15.35%	-
63.	Total capital (as a percentage of risk weighted assets)	15.83%	-
64.	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.75%	-
65.	of which : capital conservation buffer requirement	1.25%	
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)	- 15.35%	- -
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) (upto 31.12.2016)	10.25%	-
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 from 31st March, 2017			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	-
26(b).	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	-
44(a).	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	1087.64
	Eligible Revaluation Reserves included in Tier 2 Capital	-
	Total of row 50	1087.64
58(a).	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	601.06	
Reserves & Surplus	35100.91	
Minority Interest	-	
Total Capital	35701.97	
II Deposits	301157.38	
of which : Deposits from Banks	1490.15	
of which : Customer deposits	299667.23	
of which : Other Deposits (pl. specify)	-	
III Borrowings	5309.97	
of which : From RBI (REPO)	4750.00	
of which : From Banks	97.58	
of which : From other Institutions & Agencies	362.39	
of which : Others (pl. specify) Outside India	-	
of which : Capital Instruments	100.00	
IV Other Liabilities & Provisions	10538.43	
Total	**352707.75**	
B Assets		
I Cash and Balances with Reserve Bank of India	14841.85	
Balance with Banks and Money at Call and Short Notice	13947.90	
II Investments	70314.50	
of which : Government Securities	66905.93	
of which : Other Approved Securities	-	
of which : Shares	156.68	
of which : Debentures & Bonds	211.17	
of which : Subsidiaries / Joint Ventures / Associates	-	
of which : Others (Commercial Papers, Mutual Funds etc.)	3040.73	
III Loans and Advances	238326.99	
of which : Loans and Advances to Banks	-	
of which : Loans and Advances to Customers	219716.56	
IV Fixed Assets	2150.80	
V Other Assets	13125.71	
of which : Goodwill and Intangible Assets	-	
of which : Deferred Tax Assets	371.78	
VI Goodwill on Consolidation	-	
VII Debit Balance in Profit & Loss Account	-	
Total	**352707.75**	

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 ₹601.06 million is included in CET I. (refer Item I of DF-11)

3) The break up for Reserves & Surplus ₹35,100.91 mn as shown in the Bank's financial 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	9360.00	Included in Regulatory CET I capital DF-11 (Sl.No.2)
b) Capital Reserves	901.94	Included in Regulatory CET I capital DF-11 (Sl.No.2)
c) Share Premium	8203.33	Included in Regulatory CET I capital DF-11 (Sl.No.1)
d) General Reserves	13925.00	Included in Regulatory CET I capital DF-11 (Sl.No.2)
e) Investment Reserve	23.80	Included in Regulatory Tier II capital DF-11 (Sl.No.50)
f) Special Reserve under IT	2360.00	Included in Regulatory CET I capital DF-11 (Sl.No.2)
g) Balance in P&L	326.84	Included in Regulatory CET I capital DF-11 (Sl.No.2)
Total	**35100.91**	

4) Proposed Dividend & tax thereon amounting to ₹217.03 mn has been deducted from Retained earnings shown in DF-11 (Sl. No.2)

5) Borrowings - The Tier II bonds shown as capital instruments under borrowings (under in step 1 - A(iii) above) has a book value of ₹100.00 mn, but the same has not been shown, as the amount admissible for regulatory Tier II capital after discounts and deductions amounted to 'nil' as shown in DF-11 (Sl.No.47) as of 31st March, 2017.

6) Other Liabilities - The following subheads are included in Other Liabilities in the Balance Sheet

a) Provision for Standard Assets - ₹1,038.80 mn

b) Provision for Unhedged Foreign Currency Exposure (UFCE) - ₹19.64 mn

c) Provision for Country Risk Exposure - ₹ 5.40 mn

However they are shown under Tier II capital for computation of Regulatory Capital (Sl.No.50:DF-11) 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	8804.39	2 & 3 (c)
2.	Retained earnings	26656.75	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	35461.14	(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 II
1.	Issuer	City Union Bank Ltd	City Union Bank Ltd
2.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for Private Placement)	INE491A01021	INE491A08026
3.	Governing law(s) of the instrument	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*
5.	Post-transitional Basel III rules	Common Equity Tier I	Eligible
6.	Eligible at solo / group / group & solo	Solo	Solo
7.	Instrument type	Common Equity Shares	Tier 2 Debt Instruments
8.	Amount recognized in regulatory capital (₹ in million, as of most recent reporting date)	601.06 million	Nil
9.	Par value of instrument	₹ 1 per equity share	₹ 10,00,000/- per bond
10.	Accounting classification	Shareholder's Equity	Borrowings-Liability
11.	Original date of issuance	Various	30th March 2007
12.	Perpetual or Dated	Perpetual	Dated
13.	Original maturity date	No Maturity	30th April 2017
14.	Issuer call subject to prior supervisory approval	Not Applicable	No Call Option
15.	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable
16.	Subsequent call dates, if applicable Coupons / dividends	Not Applicable Dividend	Not Applicable Coupon
17.	Fixed or Floating Dividend / Coupon	Not Applicable	Fixed
18.	Coupon rate and any related index	Not Applicable	10.00%
19.	Existence of a Dividend Stopper	Not Applicable	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 II
20.	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory
21.	Existence of step up or other incentive to redeem	No	No
22.	Noncumulative or cumulative	Noncumulative	Noncumulative
23.	Convertible or non-convertible	Not Applicable	Non Convertible
24.	If convertible, conversion trigger(s)	Not Applicable	Not Applicable
25.	If convertible, fully or partially	Not Applicable	Not Applicable
26.	If convertible, conversion rate	Not Applicable	Not Applicable
27.	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable
28.	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable
29.	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable
30.	Write-down feature	No	No
31.	If write-down, write-down trigger(s)	Not Applicable	Not Applicable
32.	If write-down, full or partial	Not Applicable	Not Applicable
33.	If write-down, permanent or temporary	Not Applicable	Not Applicable
34.	If temporary write-down, description of write-up mechanism	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
36.	Non-compliant transitioned features	No	No
37.	If yes, specify non-compliant features	No	Not Applicable

* Tier II bond of ₹ 10.00 crore issued on 30th March, 2007 was redeemed on its due date i.e. 30th April, 2017.

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 II	100 Nos - 10.00% Non Convertible Redeemable Debentures of ₹10,00,000/- each fully paid up - Tenure 121 Months, Date of Allotment : 30th March, 2007 Date of Redemption : 30th April, 2017 aggregating to ₹ 10.00 crore.

The above Tier - II bond of ₹10.00 crore issued on 30th March, 2007 was redeemed on its due date i.e. 30th April, 2017

Table DF - 15

REMUNERATION

Qualitative Disclosures:

(a)	Information relating to the composition and mandate of the Remuneration Committee.	Compensation and 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

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.	4 meetings were held during the financial year (Compensation and Remuneration Committee) and the total remuneration paid during the year ₹ 2,00,000/-	3 meetings were held during the financial year and the total remuneration paid during the year ₹ 1,20,000/-
(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 the 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

Table DF - 16

EQUITIES - DISCLOSURE FOR BANKING BOOK POSITIONS

There are no equity investments as on 31st March, 2017 under Banking Book (HTM).

Leverage Ratio

Leverage ratio is a non-risk based measure of all exposures for the Tier-I Capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage. Presently the indicative benchmark Leverage Ratio prescribed is 4.50% (minimum).

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I Capital)}}{\text{Exposure Measure}}$$

Table DF - 17

SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

(₹ in Million)

Sl. No.	Item	31st March 2017
1.	Total consolidated assets as per published financial statements	352707.76
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(2.03)
3.	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4.	Adjustments for derivative financial instruments	2875.58
5.	Adjustment for securities financing transactions (i.e. Repos and similar Secured Lending)	-
6.	Adjustment for Off-Balance Sheet items (i.e. conversion to credit equivalent amounts of Off- Balance Sheet exposures)	19309.03
7.	Other adjustments (intangible)	(141.14)
8.	**Leverage ratio exposure**	**374749.20**

Table DF - 18

LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE – 31st March 2017

(₹ in Million)

Sl. No.	Item	Leverage ratio framework
	On - Balance Sheet Exposures	
1.	On-Balance Sheet items (excluding Derivatives and SFTs, but including Collateral)	352707.76
2.	(Asset amounts deducted in determining Basel III Tier 1 Capital)	(143.17)
3.	**Total On-Balance Sheet exposures (excluding Derivatives and SFTs) (sum of lines 1 and 2)**	**352564.59**
	Derivative Exposures	
4.	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	2875.58
5.	Add-on amounts for PFE associated with all derivatives transactions	-
6.	Gross-up for derivatives collateral provided where deducted from the Balance Sheet Assets pursuant to the operative accounting framework	-
7.	(Deductions of receivables assets for cash variation margin provided in Derivatives transactions)	-
8.	(Exempted CCP leg of client-cleared trade exposures)	-
9.	Adjusted effective notional amount of written credit derivatives	-
10.	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11.	**Total Derivative Exposures (sum of lines 4 to 10)**	**2875.58**
	Securities financing transaction exposures	
12.	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13.	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14.	CCR exposure for SFT assets	-
15.	Agent transaction exposures	-
16.	**Total securities financing transaction exposures (sum of lines 12 to 15)**	-
	Other off-balance sheet exposures	
17.	Off-balance sheet exposure at gross notional amount	46341.90
18.	(Adjustments for conversion to credit equivalent amounts)	(27032.86)
19.	Off-Balance Sheet items (sum of lines 17 and 18)	19309.03
	Capital and total exposures	
20.	Tier 1 Capital	35317.97
21.	Total exposures (sum of lines 3, 11, 16 and 19)	374749.20
	Leverage Ratio	
22.	Basel III leverage ratio	9.42%

OTHER OFFICES

INTERNATIONAL BANKING DIVISION & DP DIVISION

I[st] Floor, No.48,
Mahalakshmi Street, T. Nagar,
Chennai - 600 017.

SERVICE BRANCH

706, Anna Salai
Chennai - 600 006.

COMPUTER SYSTEM DEPARTMENT

1[st] & 2[nd] Floor,
706, Anna Salai,
Chennai - 600 006.

BUSINESS DEVELOPMENT CENTRE

1[st] Floor, 63-A, C.P.Ramaswami Road,
Abiramapuram, Alwarpet,
Chennai - 600 018.

CUSTOMER DATA PROCESSING CELL (CDPC)

2[nd] Floor,
No.149, T.S.R Big Street,
Kumbakonam - 612 001.

CENTRALISED LOAN OPENING CELL (CLOC)

3[rd] Floor,
No.149, T.S.R Big Street,
Kumbakonam - 612 001.

CURRENCY CHEST

No.24B, Gandhi Nagar,
Kumbakonam - 612 001

CENTRAL PROCESSING CENTRES (CPCs)

Chennai - Abiramapuram
2[nd] Floor,
63-A, C.P.Ramaswami Road,
Abiramapuram, Alwarpet,
Chennai - 600 018

Chennai - Tambaram
24/38, Rajaji Salai
(Opp. To PF Office),
Tambaram (West),
Kancheepuram Dt.,
Chennai - 600 045.

Coimbatore
27-30, Sarojini Street,
Ram Nagar,
Coimbatore - 641009

Hyderabad
Sama Towers,
Liberty X Roads,
Himayat Nagar,
Hyderabad - 500029

Madurai
1[st] Floor, No.13, II St.,
Kamarajar Nagar,
Chokkikulam,
Madurai - 625 002.

Trichy
Ground Floor, MDS Plaza,
98,Promenade Road,
Cantonment,
Tiruchirapalli - 620001.

Bengaluru
I[st] Floor, 253, 16[th] Cross,
V Phase, 24[th] Main,
J P Nagar,
Bengaluru - 560 078.

Vijayawada
29-2-50 & 50/1, Ramamandiram
Street, Governorpet,
Vijayawada - 520 002.

Erode
907, Panner Selvam Park,
Brough Road, Erode - 638 001.

Mumbai
349-A, S-1, Silvanto,
Central Avenue Road,
Chembur, Mumbai - 400 071.

Vellore
1[st] Floor, No.29, Arcot Road,
(Ida Scudder Road),
Near Murugan Temple,
Vellore - 632 004

Puducherry
53 & 55, (Old No.27), Mission Street,
Singapore Plaza,Puducherry - 605 001

New Delhi
1[st] Floor, 18/7, Arya Samaj Road,
Karolbagh, New Delhi - 110 005.

Kumbakonam
1[st] Floor, No.149, T.S.R Big Street,
Kumbakonam - 612 001.

Decade of Progress

(₹ in crore)

Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Paid up Capital	32.00	32.00	39.96	40.50	40.82	47.44	54.27	59.66	59.82	60.11
Reserve fund and Other Reserves	534.86	628.92	785.68	966.12	1202.28	1593.22	1970.66	2635.87	2992.18	3510.09
Deposits	6424.96	8206.62	10284.59	12914.29	16340.76	20304.75	22016.89	24074.96	27158.13	30115.74
Advances	4537.06	5645.25	6833.46	9255.46	12137.46	15246.06	16096.84	17965.50	21056.92	23832.70
Investments	1717.96	2397.46	3210.43	3616.23	4586.19	5266.80	5953.56	5870.67	6826.45	7031.45
Net Profit	101.73	122.13	152.76	215.05	280.25	322.02	347.07	395.02	444.69	502.77
Dividend	50%	75%	75%	85%	100%	100%	100%	110%	120%	30%
No. of Branches	180	207	222	246	300	375	425	475	525	550
Total No. of Staff	2171	2452	2628	2836	3347	3785	4215	4364	4517	4689
Intrinsic value of Shares (₹)	• 17.78	20.65	20.64	24.85	30.45	30.44	37.31	45.18	51.02	59.40
Earning Rate (%)	317.91	381.66	381.90	530.95	686.55	597.51	639.52	662.12	743.38	836.42

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

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)

<table>
<tr><td colspan="2">Name:</td><td colspan="2">Date of Birth: _____/_____/_____</td><td rowspan="4">Please affix recent passport size photograph of the Nominee signed across</td></tr>
<tr><td>Father's / Mother's / Spouse's name:</td><td>Occupation:</td><td colspan="2">Nationality:</td></tr>
<tr><td colspan="2">e-mail Id:</td><td colspan="2">Relationship with the Security Holder:</td></tr>
<tr><td colspan="4">Address:</td></tr>
<tr><td colspan="2">Phone No.</td><td colspan="2">Pin code:</td><td></td></tr>
</table>

(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: CITI UNION BANK LIMITED) situated at Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500032, Telengana State, India.

CSR INITIATIVES



An initiative towards formation of Ground Water Recharge in Wateesamangalam, Valampiran, Paruthikottai and Semmangulam Lake & Desiltation work at Bamini River Bed near Mannargudi, Tiruvarur District in the presence of "Waterman" Mr Rajendra Singh, Rajasthan along with Dr N Kamakodi, MD & CEO.

The Bank has joined hands with Kumbakonam Municipality for removing the Garbage in around Kumbakonam by using Bio Mining Technology

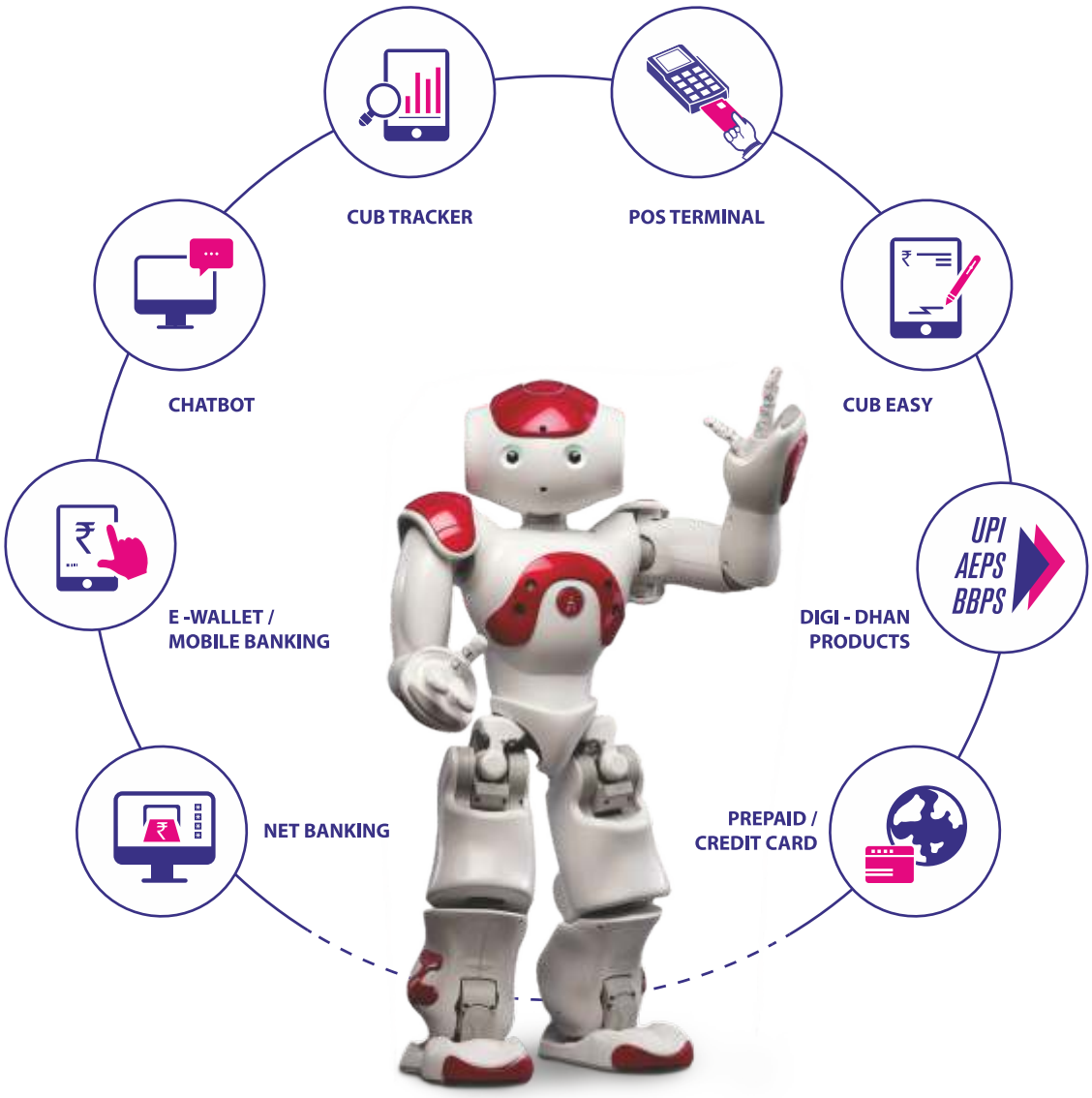




Delivery of Financial Services to Gypsies under Financial Inclusion near Jayankondam, Ariyalur District. As a part of CSR Initiative the Bank has joined hands with Jayankondam Municipality under Swatchh Bharath Mission to construct toilets for 47 families.

Making banking easy for you

with our wide range of technology solutions





Annual General Meeting 22.08.2016





Lakshmi
India's 1st banking Robot

"At the pinnacle of innovation, infusing artificial intelligence and enhanced machine learning to provide impeccable service"

CUB
Trust and Excellence
SINCE 1904

CITY UNION BANK LIMITED

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Phone: 0435 - 2432322 | Fax: 0435 - 2431746

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