



# CITY UNION BANK LTD.,

"NARAYANA" Administrative Office,

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

Phone : 0435 - 2402322 - Fax : 0435 - 2431746

E-mail : [shares@cityunionbank.com](mailto:shares@cityunionbank.com) Website: [www.cityunionbank.com](http://www.cityunionbank.com)

CIN - L65110TN1904PLC001287

C.O/Shares/LR-5/2019-20

01<sup>st</sup> August, 2019

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

BSE Ltd.  
DCS - CRD  
Phiroze Jeejeebhoy Towers  
25<sup>th</sup> Floor, Dalal Street  
**Mumbai 400 001**

**Scrip Code: CUB**

**Scrip Code: 532210**

Dear Sir / Madam,

Sub : Annual Report together with Notice for FY 2019

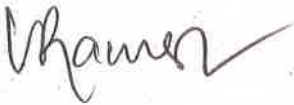
Ref : Reg.30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015  
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Pursuant to SEBI Listing Regulations cited above, we enclose herewith a copy of Notice of Annual General Meeting of the Bank together with Annual Report for FY 2018-19 for your reference and records.

The same has also been made available in the Bank's website [www.cityunionbank.com](http://www.cityunionbank.com).

Thanking you

Yours faithfully  
for **CITY UNION BANK LIMITED**

  
(V RAMESH)  
General Manager - CFO & CS



Encl : a/a

# CITY UNION BANK LIMITED

CIN: L65110TN1904PLC001287

Regd. Off.: 149, T.S.R (Big) Street, Kumbakonam - 612 001

Phone: 0435 - 2432322 e-mail: shares@cityunionbank.com

website: www.cityunionbank.com

## NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Annual General Meeting of the members of **CITY UNION BANK LIMITED** will be held on Thursday, the 29<sup>th</sup> day of August 2019, at 10:00 a.m, at "RAYA MAHAL", 45-46, Gandhi Adigal Salai, Kumbakonam - 612001, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Bank for the Financial Year ended 31<sup>st</sup> March 2019 and the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares for the Financial Year 2018-19.
3. Appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as Statutory Central Auditors of the Bank for FY 2019-20.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 as may be applicable and the Banking Regulation Act, 1949 (including any statutory modifications or re-enactments thereof for the time being in force), the Rules, Circulars and Guidelines issued by the Reserve Bank of India from time to time and the approval from RBI vide its letter no. DBS.ARS.No.7003/08.13.005/2018-19 dt. 18<sup>th</sup> June 2019, approval of the members be and is hereby accorded for the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai (Firm Registration No.004207S), as Statutory Central Auditors of the Bank for a third term for FY 2019-20 from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank on a remuneration of ₹ 29,15,000/- (Rupees Twenty Nine Lakhs Fifteen Thousand only) and

reimbursement of out of pocket expenses that may be incurred by them during the course of Statutory Audit, Tax Audit & LFAR and issuing other certifications prescribed by the Regulators, with the power to the Board including Audit Committee thereof to alter and vary the terms of conditions of appointment, the remuneration etc., including by reason of necessity on account of conditions as may be stipulated by RBI and / or any other authority, in such manner and to such extent as may be mutually agreed with the Statutory Central Auditors."

### SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** the Board of Directors of the Bank be and is hereby authorized to appoint, in consultation with Statutory Central Auditors of the Bank, the Branch Auditors who are qualified to act as Auditors, including Statutory Auditors pursuant to Section 139, 143(8) and other applicable provisions of the Companies Act, 2013 and the Rules made there under for the purpose of audit of the branches of the Bank for the financial year 2019-20 and to decide the Branch Offices to be audited by such Branch Auditors and to fix their remuneration and reimbursement of out of pocket expenses incurred in connection with the Audit, based on the recommendation of the Audit Committee of the Board."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Article 26 of the Articles of Association of the Bank and the approval of RBI vide its letter no. DBR.APPT.No.8631/08.42.001/2018-19 dt. 10<sup>th</sup> April 2019 in terms of Section 10B (1A) of the Banking Regulation Act, 1949 and other applicable provisions of Companies Act, 2013, and the Regulation 17 of the SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof for the time being in force), the appointment of **Shri. R. Mohan (DIN 06902614)** as

Part-time Chairman of the Bank for a period of three years w.e.f., 4<sup>th</sup> May 2019 as per the following terms and conditions approved by RBI, be and is hereby ratified and approved.”

Sl.No.	Terms of Appointment	
1	Remuneration	₹ 1,00,000/- per month
2	Sitting Fees for attending Board and Committee Meetings	As applicable to other Directors of the Bank.
3	Conveyance Allowance	Office Car with driver
4	Telephone	Provision of residential, mobile phone and internet facility
5	Travelling and Halting Allowances	As applicable to MD & CEO of the Bank
6	Insurance cover	Insurance cover upto ₹ 50,00,000/- for journey by Air/Road/Rail for official purposes.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolutions:**

“**RESOLVED THAT** pursuant to Article 26 of the Articles of Association of the Bank, Section 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable rules, applicable provisions of the Banking Regulation Act, 1949 (including any modifications or re-enactments thereof for the time being in force), pursuant to the recommendation of the Compensation and Remuneration Committee of the Board, approval of the Board of Directors of the Bank and the Reserve Bank of India vide its letter no.DBR.Appt.No.3770/08.42.001/2018-19 dt. 31<sup>st</sup> October 2018, a variable pay of ₹ 3,00,000 (Rupees Three Lakhs only) paid to **Dr. N. Kamakodi (DIN 02039618)** Managing Director & CEO of the Bank for

FY 2016-17 be and is hereby ratified and approved.

**RESOLVED FURTHER THAT** pursuant to Section 197 of the Companies Act, 2013 and the relevant rules there under, applicable provisions of the Banking Regulation Act, 1949 (including any modifications or re-enactments thereof for the time being in force), the rules, circular, guidelines and directions, if any, issued by the Reserve Bank in this regard, the Articles of Association of the Bank and the approval accorded by the Reserve Bank of India vide its letter no.DBR.Appt.No.8199/08.42.001/2018-19 dt. 29<sup>th</sup> March 2019, consent of the members be and is hereby accorded for revision in remuneration of Dr. N. Kamakodi from ₹ 81,00,000/- per annum (Rupees Eighty One Lakhs only) to ₹ 84,00,000/- per annum (Rupees Eighty Four Lakhs only) alongwith such other terms as set out in the explanatory statement to the notice w.e.f., 1<sup>st</sup> May 2018 as per the following terms and conditions approved by RBI.”

- A. Revised Compensation w.e.f, 1<sup>st</sup> May 2018

Sl.No.	Particulars	Revised Pay
	<b>SALARY</b>	
01	Fixed pay	₹ 84 lakh per annum.
	<b>PERQUISITES</b>	
02	House Rent Allowance	Provision for free furnished accommodation or 12% of fixed pay per month

Sl.No.	Particulars	Revised Pay
03	Entertainment Allowance	On actual basis and subscriptions to 2 clubs.
04	Medical aid including hospitalization	Reimbursement of actual medical expenses for self, spouse, dependent children and parents.
05	Subscription to Newspapers / Journals	Reimbursement of actual expenses incurred on subscription to Newspapers & Magazines including e-journals and other media as required.
06	Travelling & Halting including Boarding Allowances	Reimbursement of actual travelling expenses i.e., if by train equivalent to the highest class / by air equivalent to the highest class plus any other transport and incidental expenses incurred while undertaking business travel.
07	Telephone, mobile and internet facility	Reimbursement on actual basis.
08	Education allowance for children	Reimbursement of expenses on actual basis for two children subject to a maximum of ₹ 15.00 lakhs for two children on production of original bill receipts.
09	Leave	As applicable to other Executives of the Bank
10	Encashment of Privilege Leave	As applicable to other Executives of the Bank
11	Leave Fare Concession	Once in a year anywhere in India or outside India for self and family by eligible class including incidentals.
12	Provident Fund	Bank's contribution to provident fund at 10% of the Basic pay
13	Pension	As applicable to other Executives of the Bank
14	Gratuity	As applicable to other officer of the Bank. However, as and when actual payment is proposed to be made, prior approval of RBI should be obtained.
15	Superannuation medical benefits	The Bank will reimburse the actual hospitalization and other medical expenses or pay the full premium under suitable medical insurance plan for him and dependent family members.
16	Conveyance	Free use of two Bank's car with driver for official purposes. If the car is used for private purposes, the MD & CEO should reimburse the Bank @ ₹ 250/- per month for journeys not exceeding 750 kms in a month.  Charges for private use of Bank's car beyond 750 kms limit will be recoverable from the MD & CEO @ 60% of the rate fixed by Regional Transport Authority.
17	Insurance cover	For journeys by air, rail or road on official purposes, the MD & CEO will be provided with insurance cover of ₹ 2,00,00,000/-

B. Variable Pay of ₹ 20 Lakhs for FY 2017-18

**RESOLVED FURTHER THAT** the Board of Directors / respective Committees be and are hereby authorized to make necessary applications with the RBI for revision of remuneration and other terms and conditions of Dr. N. Kamakodi, MD & CEO from time to time and for payment thereof subject to the condition that the total remuneration shall not exceed the maximum ceiling limit prescribed under Schedule V of the Companies Act, 2013.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of the Sections 149, 152 and other applicable provisions, if any, of the Companies Act 2013, read with Companies (Appointment and Qualification of Director) Rules, 2014 and pursuant to Section 10A(2A) of the Banking Regulation Act, 1949 (including any modifications or re-enactments thereof for the time being in force), approval of the members be and is hereby accorded for the appointment of **Shri. Vaidyanathan Kalyanasundaram (DIN 07120706)** who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director on the Board of the Bank for a period of five years **w.e.f. 29<sup>th</sup> August 2019** and that he shall not be liable to retirement by rotation.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of the Sections 149, 152 and other applicable provisions, if any, of the Companies Act 2013, read with Companies (Appointment and Qualification of Director) Rules, 2014 and pursuant to Section 10A(2A) of the Banking Regulation Act, 1949 (including any modifications or re-enactments thereof for the time being in force), approval of the members be and is hereby accorded for the appointment of **Shri. Thirukkarugavur Krishnamoorthy Ramkumar (DIN 02688194)** who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director on the Board of the Bank for a period of five years **w.e.f. 29<sup>th</sup> August 2019** and that

he shall not be liable to retirement by rotation.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made there under (“the Act”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the SEBI Listing Regulations”), Section 10A(2A) and other relevant provisions of the Banking Regulations Act, 1949 (“Banking Act”) (including any modifications or re-enactments thereof for the time being in force), Rules, Circulars, Guidelines issued by the Reserve Bank of India (“RBI”) as applicable from time to time, provisions of Articles of Association of the Bank and pursuant to the recommendation of the Nomination Committee and the Board of Directors of the Bank, approval of the members be and is hereby accorded for the re-appointment of **Smt. Abarna Bhaskar (DIN 06971635)** as an Independent Director on the Board of the Bank for a second term w.e.f., 25<sup>th</sup> October 2019 for such remaining period as permitted under the Banking Regulation Act to act as a Director from the date of her first appointment as Director in the Bank or for a maximum period of five years as permitted under the Companies Act, 2013 whichever is earlier.”

10. **To authorize the Board to offer, issue and allot shares by way of Qualified Institutions Placement**

To consider and if thought fit, to pass with or without modification(s), the following resolutions as **Special Resolutions:**

**“RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Bank, the SEBI Listing Regulations, 2015 and subject to the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, the provisions of the Foreign Exchange Management Act, 1999, applicable rules, regulations, guidelines or laws and / or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India, SEBI and any

other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the “appropriate authorities”) and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and / or sanction (hereinafter referred to as the “requisite approvals”) which may be agreed to by the Board of Directors of the Bank (herein after called the “Board”) which term shall be deemed to include any Committee which the Board may constitute and Board be and is hereby authorized, to offer, issue and allot, by way of Qualified Institutions Placement (QIP), to Qualified Institutional Buyers (QIB), in terms of Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, whether or not such investors are existing members of the Bank, through one or more placements to raise an amount not exceeding ₹ 500 crore by issue of Equity shares of ₹ 1/- each at such price or prices, (whether at prevailing market prices or at permissible discount or premium to market prices in terms of applicable regulations) as the Board or the appointed Committee thereof may determine at its discretion in accordance with the relevant guidelines and where necessary in consultation with Lead Managers and / or Co-Managers and other Advisors.

**RESOLVED FURTHER THAT** the QIP issue shall be completed within 365 days from the date of this resolution. The Bank may in accordance with applicable law, also offer a discount of such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the ICDR Regulations.

**RESOLVED FURTHER THAT** pursuant to Regulation 176 (1) of SEBI ICDR Regulations, the Bank be and is hereby authorised to offer equity shares at a discount of not more than 5% on the issue price or such other percentage as may be permitted under the applicable laws from time to time.

**RESOLVED FURTHER THAT** the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Bank or the appointed Committee thereof decide to open the proposed issue as the case may be (“Relevant Date”).

**RESOLVED FURTHER THAT** minimum 10% of the equity shares to be issued and allotted under QIP pursuant to Chapter VI of SEBI ICDR Regulations shall be allotted to Mutual Fund(s) and if the Mutual Fund(s) do not subscribe to said minimum

percentage or any part thereof, such minimum portion or part thereof may be allotted to other QIBs.

**RESOLVED FURTHER THAT** such of shares to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.

**RESOLVED FURTHER THAT** the Equity shares so issued shall rank paripassu with the existing Equity shares of the Bank in all respects.

**RESOLVED FURTHER THAT** the Equity shares to be offered and allotted to the QIBs shall be in dematerialized form.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Equity shares the Board or a Committee be and is hereby authorized on behalf of the Bank to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement document(s) and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

**RESOLVED FURTHER THAT** the Board or the Committee be and is hereby authorized to appoint the Lead Managers / Co-Managers / Advisors in the offerings of securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents etc., with Lead Managers / Co-Managers / Advisors and to seek the listing of such securities.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to apply for listing of the new Equity shares as may be issued with the BSE Limited and National Stock Exchange of India Limited.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make necessary application(s) to the National Securities Depository Limited and / or Central Depository Services (India) Limited for admission of the above said Equity shares to be allotted on QIP basis.

**RESOLVED FURTHER THAT** the Board shall have all the powers to modify, reapply, redo, make necessary changes, approach and to do all requisite filings / re-submission of any document(s) and other compliances and to do all such acts and deeds that are necessary to comply with the terms and conditions subject to which approvals, sanction, permission etc., as may be provided by the Stock Exchanges, SEBI, RBI, GOI and any other appropriate authority, without being required to seek any further approval of the members and that the members shall be deemed to have given their approval thereto for all such acts, deeds, matters and / or things expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee/ Sub-Committee of the Board or the Managing Director and Chief Executive Officer or any other Officer / Authorised representative of the Bank to give effect to the aforesaid resolution(s)."

#### 11. To alter the Articles of Association of the Bank

To consider and if thought fit, to pass, with or without

modification(s), the following resolutions as **Special Resolutions**:

**"RESOLVED THAT** pursuant to the provisions of Section 14 of the Companies Act, 2013, and other applicable provisions read with the Rules and Regulations made there under (including any modifications or re-enactments thereof for the time being in force), the existing heading viz "Application of table A" OF ACT 1 OF 1956" be and is hereby deleted and in its place the heading "Application of Table-F of the Companies Act, 2013" be and is hereby inserted:-

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 14 of the Companies Act, 2013, and other applicable provisions read with the Rules and Regulations made there under (including any modifications or re-enactments thereof for the time being in force), the existing article numbers 2(a), 2(o), 3, 4(iv), 5(1)(ii), 5(3), 6(iv), 9(i), 13(2a)(ii), 13(3), 16(c), 21 and 24 be and are hereby deleted and in its place new articles as detailed hereunder be and are hereby substituted with the respective articles:

Article no.	New Article
2(a)	"The Act" or "the said Act" means The Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force.
2 (o)	"Regulatory Agencies" means any authority appointed under the Act or Banking Act or under any other law and includes the Central Government, National Company Law Tribunal (NCLT), the Registrar and the Reserve Bank of India acting through any of its duly authorised officers under the Banking Act or any other authority authorised to exercise any power under any other law for the time being in force.
3	Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 94 of the Act shall be furnished to every member at his request within the period and on payment of such sum as may be prescribed under the Act.
4(iv)	In addition to and without derogating from the powers for this purpose conferred on the Directors under Article No.4(ii) the Company in General Meeting may, subject to provisions of Section 62 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members of the company or not) in such proportion and on such terms and conditions and either at a premium or at par as such General Meeting may determine and with full powers to give to any person (whether a member of the company or not) the option to call for or be allotted shares of any class of the Company either at par or at a premium, such option being exercisable at such time and for such considerations as may be directed by such General Meeting or the company in General Meeting may, subject to the provisions of Section 62 of the Act, make any other provisions whatsoever for the issue, allotment or disposal of any shares.

Article no.	New Article
5(1)(ii)	The Company shall within two months after allotment or within one month after the application for registration of the transfer of any shares or debentures is completed, deliver the certificates of all the shares and debentures so allotted or transferred.
5(3)	If a certificate is worn out, defaced or if there is no further space on the back thereof for endorsement of transfer, it shall, if required, be replaced by a new certificate upon payment of upto ₹ 20/- per certificate provided however that such new certificates shall not be issued except upon delivery of the said worn out or defaced or used up certificate for the purpose of cancellation.
6(iv)	All securities held by a depository shall be dematerialised and be in fungible form.
9(i)	Shares in the Company shall be transferred by an instrument in writing in the prescribed form and shall in all respects comply with the provisions of the Act and any modifications thereof and the rules prescribed thereunder. No instrument of transfer would be required and the provisions of Section 56 of the Act will not apply if the transfer of shares is effected by the transferor and transferee, both of whom are entered as beneficial owners in the records of the depository.
13(2a) (ii)	The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 days from the date of offer and not exceeding 30 days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
13(3)	In addition to and without derogating from the powers for the purpose conferred on the Directors under article 4(iv), the company in General Meeting may, in accordance with the provisions of Section 62 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the company) shall be offered to such persons (whether members or holders of debentures of the Company or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 53 of the Act) as such General Meeting shall determine.
16(c)	No business shall be transacted at any General Meeting unless the quorum of members is present at the time when the meeting precedes to business. Save as provided herein the quorum of the General Meetings shall be as provided in Section 103 of the Act.
21	A director need not hold any qualification shares for being appointed or continuing as a Director.
24	A director vacating office for non-attendance at board meetings under Section 167(1)(b) of the Act may be re-appointed by the Board of Directors if they think fit.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 14 of the Companies Act, 2013, and other applicable provisions read with the Rules and Regulations made there under (including any modifications or re-enactments thereof for the time being in force), new article No. 16 (h) be and is hereby inserted after the existing Article No. 16(g) of the Articles of Association as detailed hereunder:-

“16(h) A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once.”

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 14 of the Companies Act, 2013, and other applicable provisions read with the Rules and Regulations made there under (including any modifications or re-enactments thereof for the time being in force), new article No. 35 together with the sub-heading be and is hereby inserted after the existing Article No. 34 of the Articles of Association as detailed hereunder:-

**“APPLICABILITY OF AMENDMENTS TO ACTS, REGULATIONS, RULES**



35. Any amendments to the Companies Act, 2013, Banking Regulation Act, 1949, Depositories Act, 1996, SEBI Act and other applicable laws to the Bank and its Rules, Regulations, etc shall automatically apply to the Company without modification of the applicable articles of the existing Articles of Association.”

**RESOLVED FURTHER THAT** Shri. V. Ramesh, Company Secretary of the Bank be and is hereby

authorized to carry out necessary alterations, modifications or amendments in the proposed altered Articles of Association as may be suggested / directed by the Registrar of Companies, Chennai and / or such other authorities under the provisions of the Companies Act, 2013, to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters, including, as may be considered necessary, proper or expedient in order to give effect to the above resolution.”

By Order of the Board  
For **CITY UNION BANK LIMITED**

Place : Chennai  
Date : 18<sup>th</sup> July 2019

**V. Ramesh**  
Company Secretary

**NOTES:**

**1. PROXY**

A member/beneficial owner entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself / herself and such a proxy need not be a member of the Bank. A person shall not act as proxy for more than **fifty (50) members** and holding in the aggregate not more than 10% of the total share capital of the Bank carrying voting rights. The proxies in order to be effective should be lodged with the registered office of the Bank not less than 48 hours before the commencement of the meeting.

**2. EXPLANATORY STATEMENT**

The relative explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Ordinary Business covered under Agenda item No.3 and for all the Special Business is annexed hereto.

3. In case of joint holding, only the first holder will be entitled to vote.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Bank a certified copy of the Board resolution authorizing their representative to attend the Meeting on their behalf.

**5. BOOK CLOSURE**

The Register of Members and Share Transfer Books of the Bank will remain closed from **22<sup>nd</sup> August 2019 to 29<sup>th</sup> August 2019** (both days inclusive).

**6. DIVIDEND ENTITLEMENT**

Dividend, when approved, will be paid to such members whose names appear in the Register of Members of the Bank as on **Wednesday, the 21<sup>st</sup> August 2019**.

In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as on **21<sup>st</sup> August 2019** as per details furnished by the Depositories for this purpose.

members at the registered office of the Bank on all working days between 10:00 a.m. to 12:00 noon upto the date of AGM. This notice and the Annual Report will also be available on the Bank's website **www.cityunionbank.com**, for download.

**8. MULTIPLE FOLIOS**

If any shareholder is holding more than one folio for the same set of names, the shareholder(s) concerned may please write to the Registrars and Share Transfer Agents of the Bank M/s Karvy Fintech Private Limited, Hyderabad (Karvy), so that their holdings can be consolidated into one folio. This would help the shareholder(s) concerned to effectively monitor their holdings and also the dividend receivable.

**9. DEMATERIALIZATION OF SHARES**

The shares of the Bank have been traded compulsorily in dematerialized form with effect from 25<sup>th</sup> June 2001 in the Stock Exchanges. The shareholders who have not so far dematerialized their shares are requested to do so in their own interest having regard to the safety and benefits attached thereto. Further, SEBI has notified that, any investor who is desirous of transferring

shares (which are held in physical form) after 1<sup>st</sup> April 2019 can do so only after shares are dematerialized.

**10. UNCLAIMED DIVIDENDS / SHARE TRANSFERRED TO IEPF AUTHORITY**

In terms of the relevant provisions of Section 124 and 125 of the Companies Act, 2013 and the relevant Rules of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the unclaimed dividend and the underlying equity shares of the Bank for FY 2010-11 has been transferred to IEPF authority.

The unclaimed dividend for FY 2011-12 and underlying shares is due for transfer during FY 2019-20 pursuant to aforesaid provisions. For details on year wise unclaimed dividends to be transferred / shares already transferred to IEPF, kindly refer to the Corporate Governance section of the Annual Report.

The shareholders are requested to contact Karvy Fintech Private Limited (Karvy) / Bank for claiming their unclaimed Dividend and/ or shares transferred to IEPF Authority and also visit the website of the Bank in this regard.

Further, the dividend warrants if any, lying with the shareholders in respect of such period(s) have to be submitted for revalidation to the Company Secretary, City Union Bank Limited, "NARAYANA", Administrative Office, No. 24-B, Gandhi Nagar, Kumbakonam - 612 001.

11. Members holding shares in electronic form may note that Bank account details registered against their respective depository accounts will be used by the Bank for payment of dividend. The Bank or "Karvy" cannot act on any request received directly from the members holding shares in electronic form for any change of Bank account details or Bank mandates. Such changes are to be advised only through the Depository Participant of the members.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to "Karvy".
13. Members who have not registered their e-mail address so far are requested to register their e-mail address with depository participants or Karvy so that they can receive the Annual Report

and other communication from the Bank electronically.

14. In terms of Section 108 of the Companies Act, 2013 read with the Rules made there under and Regulation 44 of the SEBI Listing Regulations, the Bank is providing remote e-voting facility to its members holding shares in physical / de-mat mode, as on the cut-off date being **21<sup>st</sup> August 2019**, to exercise their right to vote by electronic means on all business items specified in the accompanying notice. The remote e-voting will commence on **25<sup>th</sup> August 2019 (9:00 a.m.)**, and close on **28<sup>th</sup> August 2019 (5:00 p.m.)**. The detailed procedure is appended to this notice.
15. The Board of Directors of the Bank has appointed M/s. B.K. Sundaram & Associates, Practicing Company Secretaries, Tiruchirapalli as Scrutinizer to scrutinize and report the voting process in a fair and transparent manner.
16. The Bank continues to support the "Green Initiative" announced by the Government of India, and in this regard the electronic copies of the Annual Report and Notice along with Attendance Slip and Proxy Form are being sent by e-mail to those shareholders whose e-mail address have been registered with Karvy / their Depository Participants (DP's) unless the member has requested for a hard copy of the same.
17. **Update your KYC : The shareholders holding the shares in Physical / Demat to update their KYC details with the Bank / "Karvy" (RTA) or with their respective Depository Participant (DP) by submitting -**
  - a) **ID Proof : Self Attested copy of PAN Card**
  - b) **Address Proof : Self Attested copy of Passport / Aadhar Card / Bank Pass Book / Voter Card / Driving Licence**
18. **The shareholders are requested to update their Bank ECS Mandate by way of submitting duly signed copy of PAN card along with cancelled cheque leaf with the Bank / "Karvy" (RTA) or with their respective Depository Participant (DP) for receiving the corporate benefits by way of electronic credit to their respective Bank A/c. in time without any hassle.**
19. All relevant papers and documents relating to the subject matters of the meeting notice are open for inspection during normal business hours on all working days at the Registered Office of the Bank till the conclusion of the AGM.

## EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013 and Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### Item no. 3:

*Although not required set out pursuant to the provisions of SEBI Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018*

The Members of the Bank in their meeting held on 1<sup>st</sup> September 2018 had appointed M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as the Statutory Auditors of the Bank to hold the office until the conclusion of the ensuing Annual General Meeting of the Bank ('AGM').

The RBI vide its letter no.DBS.ARS.No.7003/08.13.005/2018-19 dated 18<sup>th</sup> June 2019, had approved the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai (Firm Registration no.004207S) to act as Statutory Central Auditors for FY 2019-20.

The Board recommends the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai for a third term to hold the office from the conclusion of the ensuing AGM until the conclusion of the next AGM of the Bank on a remuneration/ fees of ₹ 29,15,000/- (Rupees Twenty Nine Lakhs Fifteen Thousand Only) for conducting Statutory Audit, Tax Audit & LFR and other Certification matters prescribed by the Regulators at its head office, branches and other offices, plus goods and service tax as applicable, and reimbursement of out of pocket expenses that may be incurred by them during the course of Audit. Further, the above fees / remuneration may vary depending upon the number of branches taken up for Audit by the Statutory Central Auditors for a financial year (including new branches opened, if any during FY 2020) and also on account of any other special assignments handled by them as per the requirements of Regulators, Statutory Authority or otherwise.

M/s. Sundaram & Srinivasan, Chartered Accountants was founded in the year 1943 at Chennai by Shri. T. C. Minakshi Sundaram and Shri. K. V. Srinivasan. The firm has rich experience in diverse industrial segments viz., Banking, Insurance, Telecommunication, Automation etc. The head office is located at Alwarpet, Chennai and has branches at Madurai and Bengaluru.

The Statutory Auditors have confirmed their eligibility to be appointed as Statutory Auditors in terms of Section 141 and Section 139 of the Companies Act, 2013 and other applicable rules.

Approval of the shareholders is sought for the appointment of M/s. Sundaram & Srinivasan as Statutory Central Auditors and fixation of remuneration including authorization to the Audit Committee and the Board of Directors to revise the remuneration of the Auditors, in consultation with the Auditors, pursuant to the complexity and volume of the assignments, during the course of audit.

The Board recommends the Resolution set out at Item No.3 of the Notice for approval by members.

None of the Directors and Key Managerial Personnel and their relatives are concerned or interested in this resolution.

### Item No.4

In terms of the provisions of Companies Act, 2013 and the Rules, if any, made there under, the Branch Offices of the Bank have to be audited either by Statutory Central Auditors or other qualified Auditors. The Bank has been seeking the approval of shareholders for this subject matter every year, on a regular basis. Accordingly, Bank intends to entrust the Audit of its Branch Offices either to the Statutory Auditors or to other qualified Auditors in consultation with Statutory Central Auditors on such remuneration and on such terms and conditions as the Board deems fit based on the recommendations of the Audit Committee of the Board.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval by members.

None of the Directors and Key Managerial Personnel and their relatives are concerned or interested in this resolution.

### Item No.5

The Reserve Bank of India vide its letter no. DBR.APPT.No.13995/08.42.001/2015-16 dt. 6<sup>th</sup> May 2016 accorded its approval for the appointment of Shri. S. Mahalingam to hold the office in capacity of Part-time Chairman till 3<sup>rd</sup> May 2019. Shri. Mahalingam retired from the Board of the Bank on 03<sup>rd</sup> May 2019. To fill the imminent vacancy, the Board of Directors at their meeting held on 28<sup>th</sup> January 2019, proposed the name of Shri. R. Mohan, Independent Director of the Board to succeed Shri. S. Mahalingam, as Part-time Chairman of the Bank. A thorough evaluation and fit and proper exercise for such appointment was made and recommended to the Board by the Nomination Committee of the Board.

**NOTICE**

The Bank made an application to the RBI for the appointment of Shri. R. Mohan as Part-time Chairman of the Bank and the RBI vide its letter no. DBR.APPT.No.8631/08.42.001/2018-19 dt.10<sup>th</sup> April 2019 has accorded its approval for such appointment for a period of three years w.e.f. 4<sup>th</sup> May 2019 on the terms as set out in the agenda. The appointment is in conformity with the provisions of Section 10B (1A) r/w Section 35B of the Banking Regulation Act, 1949 and Article 26 of the Articles of Association of the Bank.

The detailed profile of Shri. R. Mohan pursuant to SEBI Listing Regulations 2015 and the Secretarial Standards on General Meetings issued by the Institute of Company Secretary of India (ICSI) is furnished separately as part of this Notice.

Approval of the shareholders is sought for the ratification and confirmation of the appointment of Shri. R. Mohan as per the terms of appointment approved by RBI.

The Board recommends the Resolution set out at Item No.5 of the Notice for approval by members as an Ordinary Resolution.

Save and except Shri. R. Mohan and his relatives, none of the Directors and Key Managerial Personnel and their relatives are concerned or interested in this resolution.

**Item No.6**

Based on the recommendation made by the Compensation and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 26<sup>th</sup> February 2019 approved revision in remuneration for Dr. N. Kamakodi (DIN 02039618), Managing Director & CEO of the Bank in accordance with the Compensation Policy of the Bank keeping in view the significant performance made by the Bank under his stewardship. The last such revision in compensation for MD & CEO was made during the year 2017 at the time of his re-appointment.

Under the leadership of Dr. Kamakodi as MD & CEO since the year 2011, the Bank witnessed excellent and consistent growth in all spheres and has crossed several milestones against many macro-economic challenges. The Bank has maintained healthy governance practices and has won many awards and accolades in the category of Old generation Private Sector Bank under his guidance.

As per the RBI guidelines on Compensation to Whole Time Directors of Private Sector Banks, higher proportions of responsibility should have higher proportion of variable pay and in this regard a variable pay was also approved by the Board for FY 2017 and 2018 subject to the approval of members. During the reporting year, as per RBI's

approval letter no.DBR.Appt.No.3770/08.42.001/2018-19 dt.31<sup>st</sup> October 2018, the Bank has paid a variable pay of ₹ 3 lakhs to Dr. Kamakodi for FY 2017.

Further, the RBI vide its letter no.DBR.Appt.No. 8199/08.42.001/2018-19 dt.29<sup>th</sup> March 2019 has approved the revised compensation structure for Dr. Kamakodi w.e.f., 1<sup>st</sup> May 2018 and also a variable pay for FY 2018 as set out in the said Agenda.

Approval of the shareholders is sought for the ratification and confirmation of the payment of revised remuneration to Dr. N. Kamakodi, MD & CEO and approval is also sought for authorizing the Board of Directors / respective committees to take necessary applications with the RBI for revising the remuneration and other terms & conditions of the appointment of Dr. N Kamakodi, from time to time and payment thereof.

Your Board therefore recommends passing of Resolution as set out in Item No.6 of the Notice as Ordinary Resolution.

Save and except Dr. N. Kamakodi and his relatives, none of the Directors and Key Managerial Personnel and their relatives are concerned or interested in this resolution.

**Item No.7 and 8**

In accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of an Independent Director requires approval of members.

The Board of Directors of the Bank pursuant to provisions of Section 161 of the Companies Act, 2013 and Article 19 of the Articles of Association of the Bank co-opted Shri. Vaidyanathan Kalyanasundaram (DIN 07120706) and Shri. Thirukkarugavur Krishnamoorthy Ramkumar (DIN 02688194) as Additional Directors on the Board of the Bank in their Meeting held on 3<sup>rd</sup> May 2019 and 17<sup>th</sup> June 2019.

The appointment of Shri. K. Vaidyanathan and Shri. T.K. Ramkumar are in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949. They are not disqualified from being appointed as a Directors in terms of Section 164 of the Companies Act, 2013 and has given their consent to act as Director. The Bank has also received a declaration from them that they meet the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations, 2015. In the opinion of the Board, both of them fulfil the conditions as specified in the Companies Act, 2013, Banking Regulation Act, 1949 and SEBI Listing Regulations, 2015 for appointment as Independent Directors. Shri. K. Vaidyanathan and Shri. T. K. Ramkumar

are Independent of the management and possesses appropriate skills, experience and knowledge to effectively represent on the Board of the Bank.

**Justification for appointment**

Shri. K. Vaidyanathan is having vast experience and knowledge in the field of Accountancy and Corporate Finance and Shri. T.K. Ramkumar is having vast experience and knowledge in the field of Law. The Board is of the opinion that the aforesaid Independent Directors could guide the Bank in the matters relating to their respective fields which would assist the Board to take informative decisions and get updated knowledge in the fields of Accountancy, Corporate Finance and Law.

As per Banking Regulation Act, a person can continue as Director upon completion of 70 years of age subject to obtaining necessary approval from RBI. Shri. K. Vaidyanathan is now 67 years of age and considering the aforesaid provision, the Board recommends his appointment for a maximum period of five years as permitted under the Companies Act, 2013 whichever is earlier.

The detailed profile of Shri. K. Vaidyanathan and Shri. T. K. Ramkumar pursuant to SEBI Listing Regulations 2015 and the Secretarial Standards on General Meetings issued by the Institute of Company Secretary of India (ICSI) is furnished separately as part of this Notice. The Board recommends the appointment of Shri. K. Vaidyanathan and Shri. T. K. Ramkumar as Independent Directors on the Board of the Bank not liable to retire by rotation as set out at Item No.7 and 8 of the Notice for approval by Members by way of Ordinary Resolution.

Save and except Shri. K. Vaidyanathan and Shri. T. K. Ramkumar and their relatives, none of the Directors and Key Managerial Personnel and their relatives are concerned or interested in resolutions set out in Item No.7 and 8 of this notice.

**Item No.9**

In accordance with the provisions of Section 149(10) of the Companies Act, 2013, an Independent Director can hold office for a maximum term of upto five (5) consecutive years on the Board of the company and shall be eligible for re-appointment for another term of five years subject to passing of Special Resolution by the members and disclosure of such appointment on Board's Report. Further, in respect of Banking Companies, the provisions of section 10A(2) of the Banking Regulation Act, 1949 ('Banking Act') specifies that the overall tenure of Non-Executive Directors should not exceed a period of eight (8) consecutive years.

Smt. Abarna Bhaskar (DIN 06971635) currently an Independent Director on the Board of the Bank was appointed as an Independent Director w.e.f., 25<sup>th</sup> October 2014 which was duly approved by the shareholders in their meeting held on 24<sup>th</sup> August 2015. Her current term is due to expire on 24<sup>th</sup> October 2019.

Pursuant to the recommendations of the Nomination Committee of the Bank, the Board of Directors of the Bank at its meeting held on 18<sup>th</sup> July 2019 considered and approved the proposal to re-appoint Smt. Abarna Bhaskar as Independent Director for a second term w.e.f. 25<sup>th</sup> October 2019 for such remaining period as permitted under the Banking Regulation Act to act as a Director from the date of her first appointment as Director in the Bank or for a maximum period of five years as permitted under the Companies Act, 2013 whichever is earlier.

The appointment of Smt. Abarna Bhaskar is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949. She is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as Director on a second term. The Bank has also received a declaration from her that she meets the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations, 2015. In the opinion of the Board, she fulfils the conditions as specified in the Companies Act, 2013, Banking Regulation Act, 1949 and SEBI Listing Regulations, 2015 for such appointment and should continue her term to complete the balance tenure under the Banking Act as Independent Director. Smt. Abarna Bhaskar is Independent of the management and possesses appropriate skills, experience and knowledge to effectively represent on the Board of the Bank. Further, in terms of section 149(13), Independent Directors shall not be liable to retire by rotation and accordingly Smt. Abarna Bhaskar shall not retire by rotation.

The Board of Directors at its meeting held on 26<sup>th</sup> February 2019, evaluated the performance of Smt. Abarna Bhaskar for FY 2018-19 on various parameters as approved by the Nomination Committee viz., Qualification, Experience, Knowledge & Competency, Availability & Attendance, Independence, Contribution, Integrity, Independent views and judgment etc. The overall involvement and performance of the Director was found to be satisfactory.

The detailed profile of Smt. Abarna Bhaskar pursuant to SEBI Listing Regulations, 2015 and the Secretarial Standards on General Meetings issued by the Institute of Company Secretary of India (ICSI) is furnished separately as part of this Notice. The Board recommends the appointment of Smt. Abarna Bhaskar as an Independent

**NOTICE**

Director on the Board of the Bank not liable to retire by rotation as set out at Item No.9 of the Notice for approval by Members as a Special Resolution.

Save and except Smt. Abarna Bhaskar and her relatives, none of the Directors and Key Managerial Personnel and their relatives are concerned or interested in this resolution.

**Item No.10**

The present Authorized Capital of the Bank is ₹ 100 Crore and the Issued and Paid up Capital is ₹ 73.45 crore divided into 73,45,00,818 fully paid equity shares of ₹1/- each. The net worth of the Bank at the end of Financial Year 2018-19 stood at ₹ 4,808 crore.

It is in this context we bring to your notice that the Bank had been seeking shareholders approval with an enabling resolution to go for QIP issue almost every year. As per statutory guidelines, the special resolution has a validity period of 365 days and that if this agenda is approved by the shareholders by way of a special resolution, practically the Bank can raise funds through QIP at shorter notice as a matter of operational convenience.

Though we sought shareholders approval in earlier years, we utilized it only once during July 2014 considering the capital requirements and market trend. Similarly, we would like to seek the shareholders approval for QIP issue upto ₹ 500 Crore (Rupees Five Hundred Crore only) including premium. It will be used judiciously at appropriate time depending upon the need and

opportunity available.

None of the Directors and Key Managerial Personnel and their relatives are concerned or interested in this resolution.

The proposed resolution is in the best interests of the Bank and hence the Directors recommend passing of resolution set out under Item No.10 as a Special Resolution.

**Item No.11**

The Articles of Association of the Bank was based on the provisions of the erstwhile Companies Act, 1956. The Ministry of Corporate Affairs has repealed the aforesaid Act by introducing Companies Act, 2013 ('the Act'). The Board of Directors at their Meeting held on 18<sup>th</sup> July 2019, proposed to partially alter the Bank's Articles of Association in line with the provisions of the Companies Act, 2013 read with Rules made thereunder, including modifications or amendments made, if any.

Pursuant to the provisions of Section 14 all other applicable provisions of the Companies Act, 2013 read with Rules made thereunder, approval of the members of the Bank is sought to the proposed substitutions and insertions of Articles of Association by means of Special Resolutions. The details of the existing articles and the reasons for proposed alterations/ insertions as given in the resolutions are set out below.

Clause no.	Existing Articles	Reason(s) for Alteration/ Substitution
Sub-heading	Application of table A' OF ACT 1 OF 1956	APPLICATION OF TABLE F OF COMPANIES ACT, 2013
2(a)	"The Act" or "the said Act" means The Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force.	Change of Act from 1956 to 2013.
2(o)	"Regulatory Agencies" means any authority appointed under the Act or Banking Act or under any other law and includes the Central Government, Company Law Board, the Registrar and the Reserve Bank of India acting through any of its duly authorised officers under the Banking Act or any other authority authorised to exercise any power under any other law for the time being in force.	Replacing Company Law Board by NCLT
3	Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be furnished to every member at his request within the period and on payment of such sum as may be prescribed under the Act.	Renumbering Sections of erstwhile Companies act, 1956 with Corresponding Sections of the Companies Act, 2013.

Clause no.	Existing Articles	Reason(s) for Alteration/ Substitution
4(iv)	In addition to and without derogating from the powers for this purpose conferred on the Directors under Article No.4(ii) the Company in General Meeting may, subject to provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members of the company or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 79 of the Act and subject to the provisions of the Banking Act) as such General Meeting may determine and with full powers to give to any person (whether a member of the company or not) the option to call for or be allotted shares of any class of the Company either at par or at a premium or subject as aforesaid at discount, such option being exercisable at such time and for such considerations as may be directed by such General Meeting or the company in General Meeting may, subject to the provisions of Section 81 of the Act, make any other provisions whatsoever for the issue, allotment or disposal of any shares.	Renumbering Sections of erstwhile Companies Act, 1956 with Corresponding Sections of the Companies Act, 2013 along with deletion of non applicable provision.
5(1)(ii)	The Company shall within three months after allotment or within one month after the application for registration of the transfer of any shares or debentures is completed and keep ready for delivery, deliver the certificates of all the shares and debentures so allotted or transferred.	Duration of allotment changed from two months to three as per Companies Act, 2013.
5(3)	If a certificate is worn out, defaced or if there is no further space on the back thereof for endorsement of transfer, it shall, if required, be replaced by a new certificate free of charge provided however that such new certificates shall not be issued except upon delivery of the said worn out or defaced or used up certificate for the purpose of cancellation.	Inclusion of payment terms for issue of new certificates.
6(iv)	All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.	Deletion of relevant line containing old Sections.
9(i)	Shares in the Company shall be transferred by an instrument in writing in the prescribed form and shall in all respects comply with the provisions of the Act and any modifications thereof and the rules prescribed thereunder. No instrument of transfer would be required and the provisions of Section 108 of the Act will not apply if the transfer of shares is affected by the transferor and transferee, both of whom are entered as beneficial owners in the records of the depository.	-- do --

Clause no.	Existing Articles	Reason(s) for Alteration/ Substitution
13(2a)(ii)	The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 days from the date of offer within which the offer, if not accepted, will be deemed to have been declined.	Inclusion of maximum time of 30 days from the date of the offer for accepting the offer, as per the Companies Act, 2013.
13(3)	In addition to and without derogating from the powers for the purpose conferred on the Directors under article 4(iv), the company in General Meeting may, in accordance with the provisions of section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the company) shall be offered to such persons (whether members or holders of debentures of the Company or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 79 of the Act) as such General Meeting shall determine.	Renumbering Sections of erstwhile Companies act, 1956 with Corresponding Sections of the Companies Act, 2013.
16(C)	Ten shareholders present in person at a General Meeting shall form the quorum for the meeting.	Modified as per requirements of the Companies Act, 2013.
21	Subject to the provisions of the Banking Act and these presents, the qualification for a person being a Director shall be the holding of shares of the paid-up value of not less than ₹ 1000/-.	As requirement of qualification shares is dispensed under the provisions of the Companies Act, 2013
24	A Director vacating Office for non-attendance at Board Meetings under Section 283(1)(g) of the Act may be re-appointed by the Board of Directors if they think fit.	Renumbering Sections of erstwhile Companies act, 1956 with Corresponding Sections of the Companies Act, 2013.
<b>New Article No.</b>	<b>Reason for insertion</b>	
16(h)	New clause inserted to indicate about the voting through electronic means.	
35	New clause inserted to indicate the applicability of the new Act, Rules and Regulations and modifications thereof.	

A copy of the existing and the proposed revised Articles of Association of the Bank are available for inspection at the Registered Office of the Bank on all working days during normal business hours till the conclusion of the AGM.

It is declared pursuant to Section 102 of the Companies Act, 2013 that none of the Directors / relatives of Directors are interested in the resolutions except in their capacity as Directors / shareholders of the Bank. It is

further declared with reference to the proviso to sub-section 2 of Section 102 of the Companies Act, 2013 that the proposed resolution does not have any bearing with the business of any other company.

The Resolutions as set out in agenda Item No.11 above are recommended to be passed by the members by way of Special Resolutions.

By Order of the Board  
For **CITY UNION BANK LIMITED**

Place : Chennai  
Date : 18<sup>th</sup> July 2019

**V. Ramesh**  
Company Secretary



**Profile of Directors being recommended for appointment pursuant to Regulation 26(4) and 36 (3) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by ICSI**

Particulars	Name of Director (Sarvasree)				
	Dr. N. Kamakodi	R. Mohan	K.Vaidyanathan	T.K.Ramkumar	
Father's Name	V. Narayanan	R. Ramabadrhan	G. Kalyanasundaram	T. Krishnamoorthy	
Date of Birth	26.07.1974	16.05.1955	28.03.1952	01.12.1955	
Qualification	B Tech., MBA, CAIIB, Ph.D	B.Sc, MBA, CAIIB	B.Sc, FCMA, FCS	B.Com., BL.	
Brief resume including experience	<p>Dr. N. Kamakodi, aged 44 years is qualified as B.Tech, MBA, CAIIB and Ph.D. He started his career as a production engineer with Reliance Industries Ltd., at the Hazira Project, Gujarat and continued there till the year 1998. Thereafter he joined the Chinese University of Hongkong to pursue his MBA degree. After completing MBA, he conceived and developed an off-shore BPO unit in the year 2000 and was associated till the year 2003. In the year 2003, he joined City union Bank as Deputy General Manager-HR and elevated to the position of General Manager (Credit) during April 2005 and was in charge of Credit Sanction, Monitoring and Recovery. In September 2006, he took charge as Executive Director of the Bank and in January 2011 he was re-designated as Executive President. In May 2011, he assumed charge as MD &amp; CEO of the Bank. Within a span of 16 years, he has demonstrated his skill and ability to achieve major developments in the bank that included rapid branch expansion, high growth trajectory, introduction of Employee Stock Option Schemes and adoption of technology to take the bank almost on par with the high tech banks in the industry.</p>	<p>Please refer Directors Report forming part of Annual Report FY 2019.</p>			
				<p>Smt. Abarna Bhaskar aged 58 years is a qualified Chartered Accountant with a practical experience in Banking more particularly in the finalization of bank accounts and is a practicing chartered accountant for over a decade. She has held senior level positions in Foreign and Indian Banks viz. Bank of Muscat, National Bank of Oman, First Gulf Bank and ING Vysya Bank. By virtue of her association in senior management roles in both Foreign and Indian Banks she could gather lot of experience in Risk Management practices. She therefore brings to our Board her rich experience on the Risk Management side also.</p>	

Expertise	Banking	Banking, Agriculture & SSI	Accountancy and Finance	Law	Accountancy and Banking
Date of appointment in the Bank (in current term)	01.05.2011	28.06.2014	03.05.2019	17.06.2019	25.10.2014
Relationship with other Directors or Key Managerial Personnel of the Bank	Nil	Nil	Nil	Nil	Nil
Memberships in Board committees	Please refer Corporate Governance section forming part of Annual Report FY 2019.				
Other outside Directorships held	Nil	Nil	1. Zenith Infotech (Singapore) Pte. Ltd, Singapore, 2. Zenith Infotech Services Sdn. Bhd. KL, Malaysia	Nil	Nil
Remuneration sought to be paid	As per RBI and Members approval set out in this notice.	As per RBI and Members approval set out in this notice.			
Remuneration last drawn	₹ 92,72,505/-	₹ 20,50,000/-	NA	₹ 1,55,616/-*	₹ 19,90,000/-
Number of Board meetings attended during the year	Please refer Corporate Governance section forming part of Annual Report FY 2019.				
Equity Shareholding	20,85,900	1,45,200	100	1,64,310	36,377

\*Shri. T K Ramkumar retired in his first term on 10<sup>th</sup> June 2017 and the Profit linked commission for FY 2018 is paid in FY 2019 on pro-rata basis.

**REMOTE e-VOTING**

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with **Rule 20 of the Companies (Management and Administration) Rules, 2014** as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Bank is pleased to offer remote e-voting facility to its Members to exercise their right to vote at the ensuing Annual General Meeting (AGM) by electronic means in respect of the businesses to be transacted at the AGM, through the remote e-voting platform provided by “Karvy”.

Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their rights at the meeting. Facility of voting through physical ballot shall also be made available at the meeting venue.

- i. The remote e-voting facility will be available during the following period:
  - a) Day, date and time of commencement of remote e-voting: **Sunday, the 25<sup>th</sup> August 2019 at 9:00 a.m.**
- b) Day, date and time of closure of remote e-voting beyond which remote e-voting will not be allowed: **Wednesday, the 28<sup>th</sup> August 2019 at 5:00 p.m.**
- ii. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their shares of the paid up equity share as on the cut-off date being **21<sup>st</sup> August 2019**.
- iii. Any person who acquires shares of the Bank and become Member of the Bank after the dispatch of the AGM Notice and holds shares as on the cut-off date i.e. **21<sup>st</sup> August 2019** may obtain the User Id and password in the manner as mentioned below:
  - a) If the mobile number of the member is registered against Folio No. / DP - Client ID, the Member may send SMS:  
  
 MYEPWD<space> E-voting Event Number +Folio number or DP - Client ID to +91-9212993399

Example for NSDL:	Example for CDSL:	Example for Physical:
MYEPWD<SPACE>IN12345612345678	MYEPWD<SPACE>1402345612345678	MYEPWD<SPACE>(EVENTNO)XXXX1234567890

- b) If e-mail address or mobile number of the member is registered against Folio No. / DP-Client ID, then on the home page of **https://evoting.karvy.com**, the Member may click “Forgot Password” and enter Folio No. or DPID - Client ID and PAN to generate a password.
- c) Member may call Karvy's Toll free number 1-800-3454-001.
- d) Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com)
- iv. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.
- v. Details of Website: <https://evoting.karvy.com>
- vi. Details of persons to be contacted for issues relating to e-voting:

Shri. Prem Kumar  
 KarvyFintech Private Limited  
 (Unit: **CITY UNION BANK LTD.**)  
 Karvy Selenium Tower B, Plot 31-32,  
 Gachibowli, Financial District, Nanakramguda,  
 Hyderabad - 500 032  
 Tel. No.: +91 40 67161509  
 Toll Free No.: 18003454001  
 Fax No.: +91 40 23420814  
 E-mail: [evoting.karvy.com](mailto:evoting.karvy.com)

- vii. Details of Scrutinizer:  
  
 M/s. B. K. Sundaram & Associates, Practicing Company Secretaries, 30, Pandamangalam Agraharam, Woraiyur, Tiruchirapalli – 620 003.

viii. The procedure and instructions for remote e-voting facility are as follows:

- A. In case of shareholders receive email from Karvy:
- i. Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'.
  - ii. Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No. / DP - Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote
  - iii. After entering these details appropriately, click on "LOGIN".

You will now reach password change menu wherein they are required to mandatorily change your login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like \*, #, @, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- iv. You need to login again with the new credentials.
- v. On successful login, the system will prompt you to select the E-voting Event Number for e-voting.
- vi. If you are holding shares in de-mat form and had logged on to https://evoting.karvy.com and casted your vote earlier for any other company, then your existing login id and password are to be used.
- vii. On the voting page, enter the number of shares (which represents the number of

votes) as on the cut-off date i.e. **21<sup>st</sup> August 2019** under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed your total shareholding as on the cut-off date.

- viii. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- ix. Members holding multiple folios / de-mat accounts shall choose the voting process separately for each of the folios / de-mat accounts.
- x. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- xi. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote.
- xii. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

**xiii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail ID: bkksoffice@gmail.com with a copy to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."**

- B. In case of shareholders receiving Notice by post:
- i. Initial password is provided at the bottom of the Attendance Slip
  - ii. Please follow all steps from Sl. No. (i) to Sl. No. (xiii) above, to cast vote.

- C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download Section of <https://evoting.karvy.com> or contact Shri. Prem Kumar of Karvy Fintech Private Limited at 040-6716 1509 or at 1800-3454-001 (toll free).
- D. The Scrutinizer's decision on the validity of the vote shall be final.
- E. Once the vote on a resolution stated in this notice is cast by shareholder through remote e-voting, the shareholder shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the Meeting, however such member shall not be allowed to vote again.
- F. The Scrutinizer after scrutinizing the votes cast through remote e-voting and through poll, if any, at the Meeting, will make a consolidated Scrutinizer's Report and submit the same forthwith not later than two days of conclusion of the Meeting to the Chairman of the Bank or a person authorised by him in writing, who shall countersign the same.
- G. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Bank ([www.cityunionbank.com](http://www.cityunionbank.com)) and on the website of Karvy (<https://evoting.karvy.com>). The results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.

Annual  
**Report**  
2018 - 2019



**CUB**  
Trust and Excellence  
SINCE 1904

**CITY UNION BANK LIMITED**



**Our Bank's and Employees' contribution of ₹ 1 crore presented to Hon'ble Chief Minister of Tamil Nadu Shri. Edappadi K. Palaniswami by our MD & CEO Dr. N. Kamakodi towards Gaja Cyclone Relief Fund**



**CUB and its employees contributed ₹ 1 crore to Kerala Chief Minister's Distress Relief Fund (CMDRF) as part of "Let's Support Kerala" initiative.**

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### Statutory Central Auditors

M/s. Sundaram & Srinivasan,  
Chartered Accountants,  
New No.4, Old No.23, C P Ramaswamy Road,  
Alwarpet, Chennai - 600018.

### Secretarial Auditors

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

### Registrar & Share Transfer Agents

Karvy Fintech 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 / 67161592  
email: einward.ris@karvy.com

### Registered Office

149, T.S.R (Big) Street,  
Kumbakonam - 612 001.  
Phone: 0435 - 2432322  
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

### Customer Call Center

044 - 71225000, 7299075077 / 78 / 79 / 80 / 81 / 82  
e-mail: customercare@cityunionbank.com



Scan QR Code to  
Download Annual Report



**BOARD OF DIRECTORS**

NON-EXECUTIVE PART-TIME  
CHAIRMAN



**S. MAHALINGAM** B.Com (Hons.), F.C.A.  
Upto 3<sup>rd</sup> May, 2019



**R. MOHAN** B.Sc., MBA, CAIIB.  
w.e.f. 4<sup>th</sup> May, 2019

MD & CEO



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

DIRECTORS



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



**M. NARAYANAN**  
B.Sc., Grad CWA., F.C.A., DISA.



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



**N. SUBRAMANIAM**  
PGDM-IIM(A), F.C.A., F.C.S., CWA.



**V.N. SHIVA SHANKAR**  
B.Com., B.L., A.C.S., AICWA.



**Dr. T.S. SRIDHAR** I.A.S. (Retd.)  
MA., Ph.D.



**K. VAIDYANATHAN**  
B.Sc., FCMA., FCS.



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

**SENIOR EXECUTIVES**



**R. VENKATASUBRAMANIAN**  
Chief General Manager



**K.P. SRIDHAR**  
Senior General Manager



**V. RAMESH**  
General Manager



**K. MAHARAJAN**  
General Manager



**S. MOHAN**  
General Manager

**DEPUTY GENERAL MANAGERS**



**S. RAMESH**



**R. SUBRAMANIAN**



**S. RAJAM**



**J. SRIDHARAN**



**J. RAMASAMY**



**G. SANKARAN**



**V. GOPALAKRISHNAN**



**K. JAYARAMAN**



**C. GANESAN**



**R. LAKSHMINARAYANAN**



**R. RAJARAMAN**



**R. BALAJI**



**V. GANESAN**



**V. RAVI**



**S. VENKATESAN**

**ASSISTANT GENERAL MANAGERS**

RAJASEKARAN J  
CHANDRASEKAR J  
UMA R  
VENKATESH S  
GANESH B  
SUBBARAMAN R  
MOHAN S  
NARAYANAN R  
THOTA VENKATASARAVANAN S

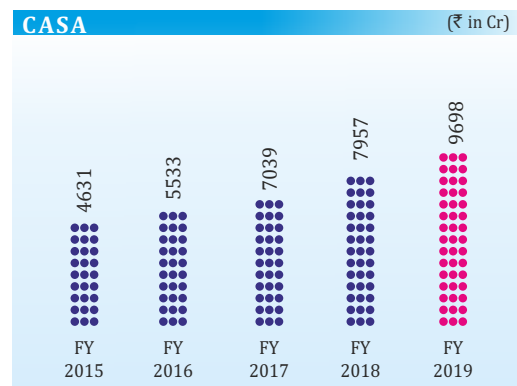
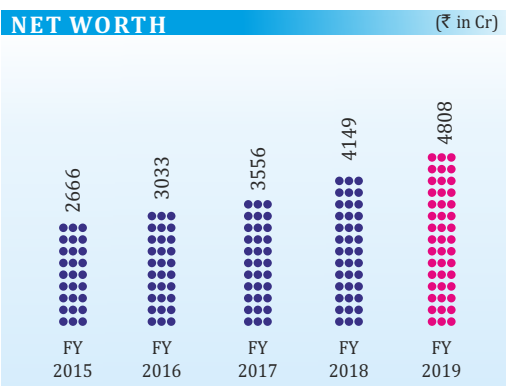
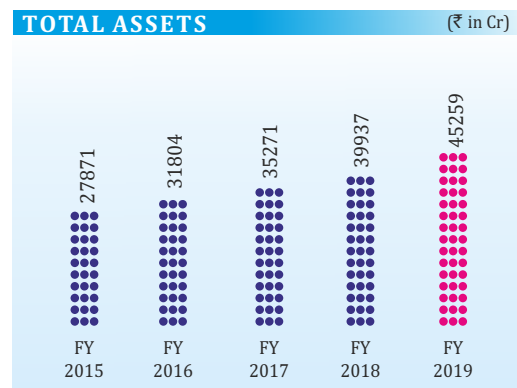
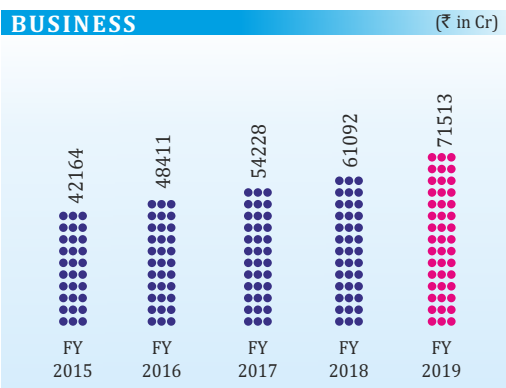
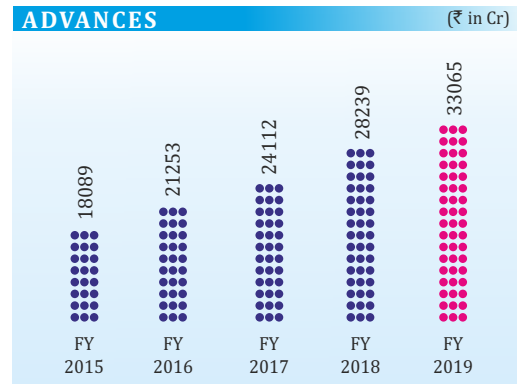
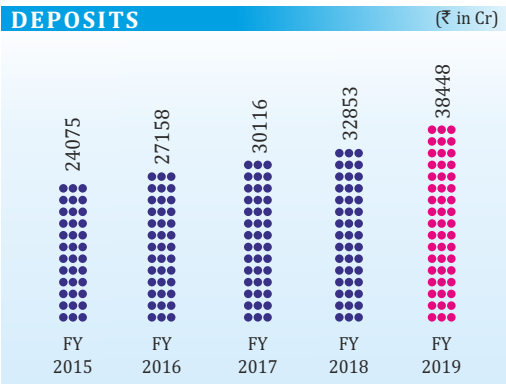
RAMESH KUMAR S  
SURESH T V  
GANESAN J  
RAJA B  
SIVAKUMAR V  
KANAGASUNDARAM G  
BALACHANDAR K V  
VENKATAKRISHNAN K  
GURUMURTHY V

GANESAN V  
SUNDARARAMAN G  
SWAMINATHAN K  
KUMAR RM  
VENKATESWARAN B  
ELANGO VAN T K  
SADAGOPAN J  
DEVNATHAN V  
SADIQ BATCHA I

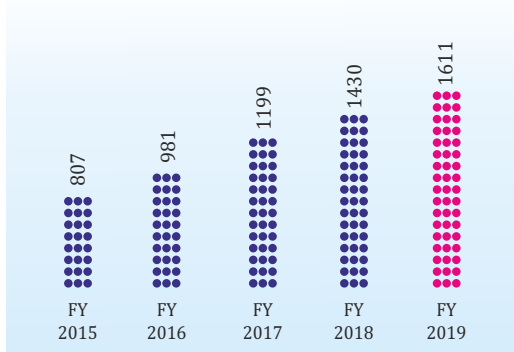
RAVICHANDRAN R  
GANESAN S  
NAZEER AHAMED M  
MOHANAKUMARAMANGALAM N  
KANDASAMY N  
SRINIVASAN S  
SURESH V K

**CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

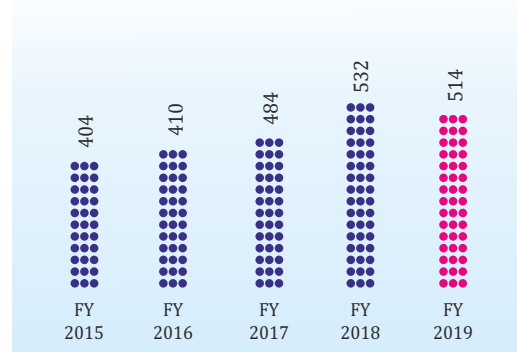
**V. RAMESH**



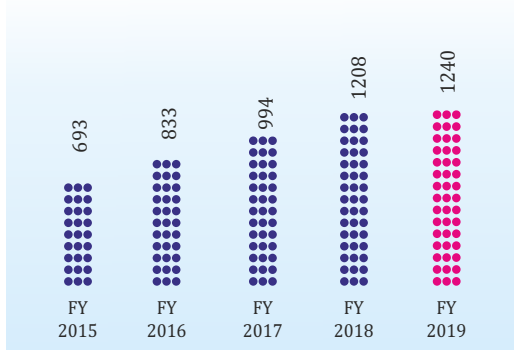
**NET INTEREST INCOME** (₹ in Cr)



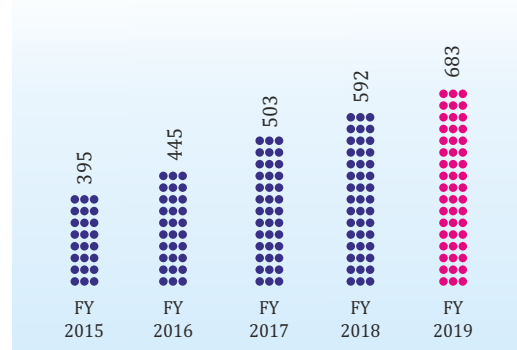
**NON INTEREST INCOME** (₹ in Cr)



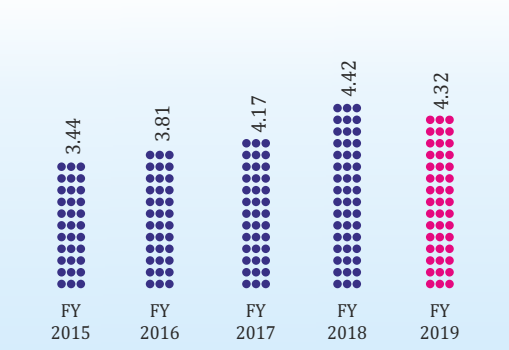
**GROSS PROFIT** (₹ in Cr)



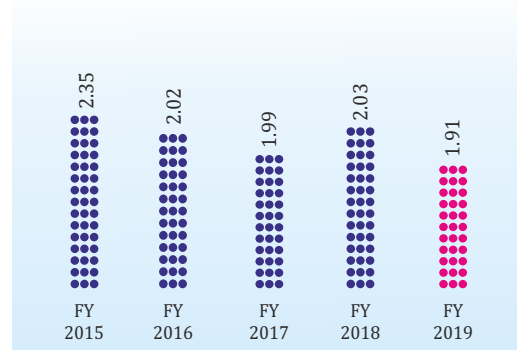
**NET PROFIT** (₹ in Cr)



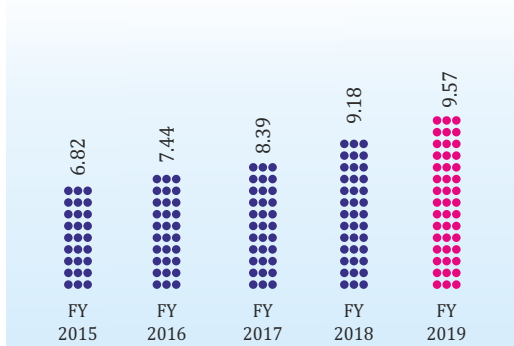
**NET INTEREST MARGIN** (%)



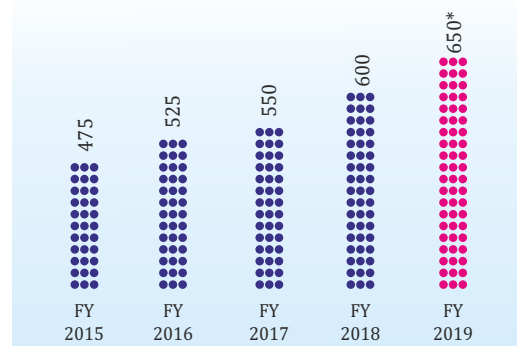
**SLIPPAGE RATIO** (%)



**BASIC EARNING PER SHARE** (%)



**BRANCHES\***



\* Including Banking outlets

**CUB** gives you  
the **power to prosper...**  
through **Smart Banking!**

**Convenient, privileged and cutting-edge...**



## Corporate Social Responsibility (CSR) Initiatives of CUB

Bamini River, Tiruvarur District



(Before)



(After)

## *Corporate Social Responsibility (CSR) Initiatives of CUB*

Kozhumangalam Lake, Eda Keelaiyur, Tiruvarur District



(Before)



(After)

## Corporate Social Responsibility (CSR) Initiatives of CUB

Vellaiyan Lake, Okkanadu Melaiyur, Thanjavur District



(Before)



(After)



## *Corporate Social Responsibility (CSR) Initiatives of CUB*

Parthanpalli Village Tank, Nagapattinam District



(Before)



(After)

## Corporate Social Responsibility (CSR) Initiatives of CUB

Cleaning & Desilting of Sengamalam Tank,  
Thiruthuraipoondi, Tiruvarur District



(Before)



(After)

## *Corporate Social Responsibility (CSR) Initiatives of CUB*



Construction of Class rooms and Computer Lab at Govt. High School,  
Tippirajapuram, Thanjavur District



Our contribution of ₹ 40 lakhs to the families of the martyrs of  
Pulwama terror attack in Jammu & Kashmir presented by Shri V. Gopalakrishnan, DGM  
to Mr. Rajeev Rai Bhatnagar, Director General, CRPF

## Corporate Social Responsibility (CSR) Initiatives of CUB



Providing relief measures to the affected people of "Cyclone-Gaja"



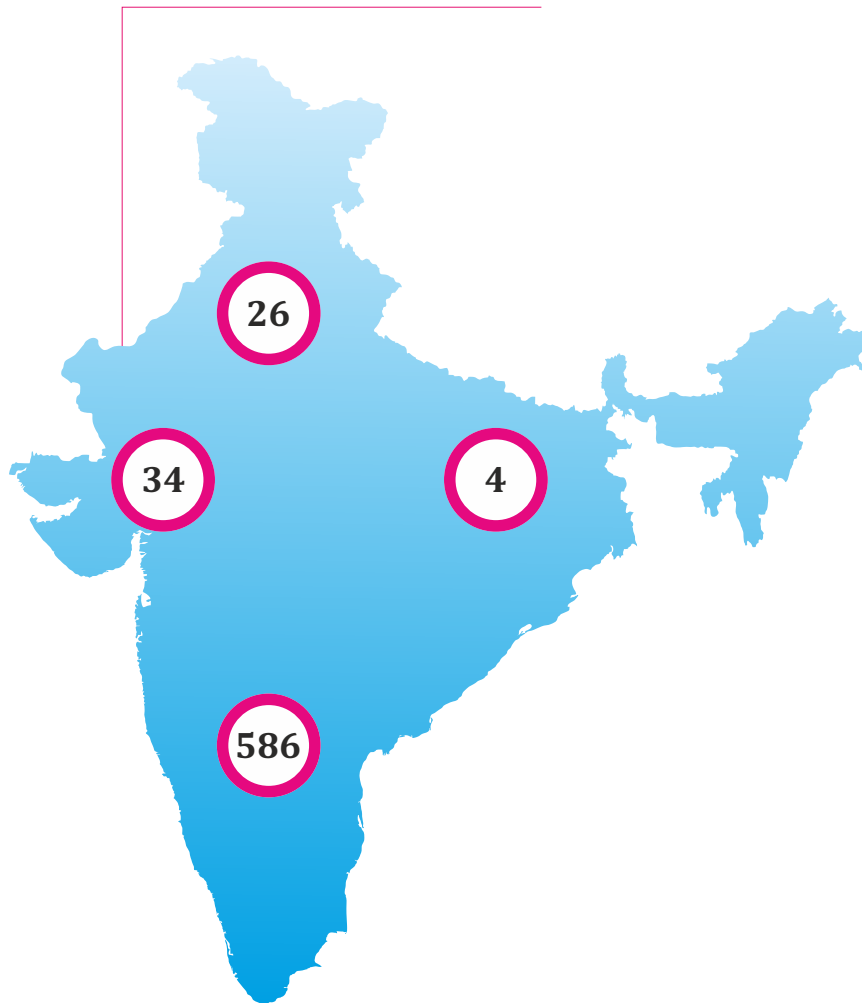
## 650<sup>th</sup> Branch - Keelakorkai, Thanjavur District



Inauguration of our 650<sup>th</sup> Branch on 27<sup>th</sup> March, 2019



## REGIONWISE BRANCHES



## BANK NETWORK

**1685**

ATMs  
OF WHICH

**991**

CASH DEPOSIT  
& WITHDRAWAL  
MACHINES

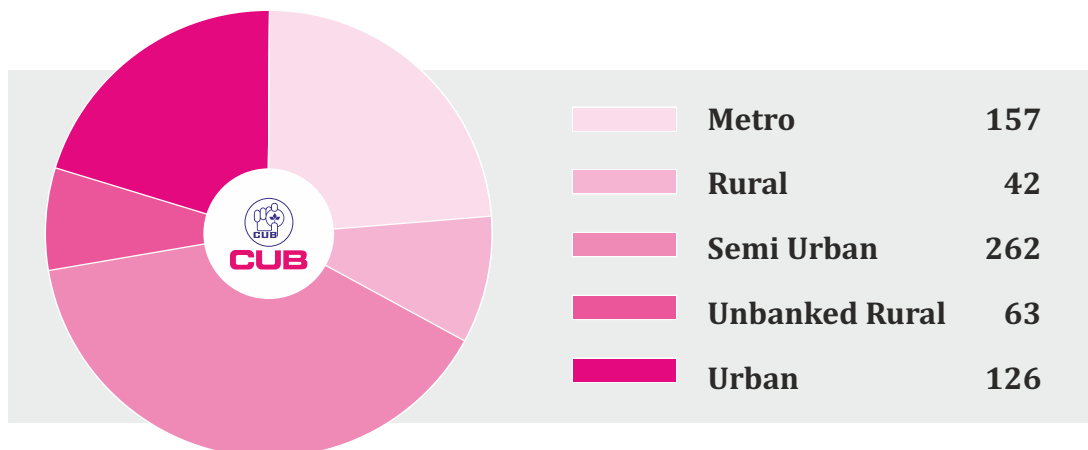
AND

**694**

CASH  
WITHDRAWAL  
MACHINE

**650**

BRANCHES



## Riding on technology... Catering the needs of every generation.

Our technological services give customers of all age groups, from all walks of life, the convenience of banking from wherever they are.

### CUB TECHNOLOGICAL SERVICES

- | VISA Debit Card
- | Net Banking, Mobile Banking
- | Anywhere Banking
- | Transfer of Funds through RTGS/NEFT
- | Payment of Utility Bills
- | Free SMS alerts for inward clearing cheques



115  
years

TRUST AND EXCELLENCE  
SINCE 1904

# Directors' Report



*Dear Shareholders*

The Board of Directors of your Bank 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 31<sup>st</sup> March, 2019.

## STATE OF AFFAIRS OF THE BANK

The Bank continued to grow during the reporting year having recorded a total business of ₹71,513 crore, an increase of 17% over the previous year figure of ₹61,092 crore in FY 2018. The Bank has shown commendable progress despite various challenges faced by the Banking Industry during the reporting year. The Bank has posted a 15% increase in net profit figure to record ₹683 crore as compared to ₹592 crore during FY 2018. The Net Interest Income of the Bank stood at ₹1,611.50 crore, a 13% increase over FY 2018 position and the Net Interest Margin of the Bank stood at 4.32%. The key performance indicators i.e., the Return on Assets of the Bank stood at 1.64%, Return on Equity at 15.25% and the Cost to Income ratio at 41.67%. The performance of the Bank depicts an overall healthy growth. The financial performance has been discussed in detail in the forthcoming paras.

During the year the Bank has opened 50 additional branches to total 650 branches and has 1,685 ATM's as at 31<sup>st</sup> March, 2019. In the digital front, the Bank continued to upgrade and strengthen its Information Technology framework to ensure smooth and secure customer friendly Banking. Also, measures are being undertaken to comply with the directions issued by the Reserve Bank of India with respect to strengthening of the Cyber Security and Information Technology framework of the Bank.

As on the date of this report there have been various changes in the composition of your Board. Shri. R. Mohan,

Independent Director on the Board of the Bank assumed charge as Part-Time Non-Executive Chairman of the Bank w.e.f., 4<sup>th</sup> May, 2019 pursuant to approval accorded by RBI consequent upon the retirement of Shri. S. Mahalingam from the close of business hours of 3<sup>rd</sup> May, 2019. Further, Prof. V. Kamakoti retired from the Board on 26<sup>th</sup> April, 2019. Shri. K. Vaidyanathan and Shri. T. K. Ramkumar have been co-opted by the Board of the Bank as Additional Directors w.e.f., 3<sup>rd</sup> May, 2019 and 17<sup>th</sup> June, 2019 respectively to hold the office upto the ensuing Annual General Meeting. As on date the Board has a total strength of 10 Directors, all Independent except the Managing Director & CEO.

During the year, the Bank has taken all possible measures to improve the Asset quality position of the Bank. Your Bank had resorted to constant monitoring of advances to reduce slippages and speeded up its recovery process. During the year, the recovery stands improved to ₹248 crore as against ₹206 crore in FY 2018. However, the Net NPA stood at 1.81% as compared to 1.70% in FY 2018 on account of fresh additions in NPA list. Thus, on account of sustained efforts in the matter of recovery the Bank was able to keep the slippage fairly under control. Based on the Limited Review conducted by Reserve Bank of India for FY 2018, the Bank does not have the requirement of reporting any divergence as per RBI circular No.RBI/2016-17/283/DBR.BP.BC.No.63/21.04.018/2016-17 dated 18<sup>th</sup> April, 2017.



Further informations on the State of Affairs of the Bank have been discussed in detail in the Management Discussion and Analysis Report forming part of this Annual Report.

**Financial Highlights**

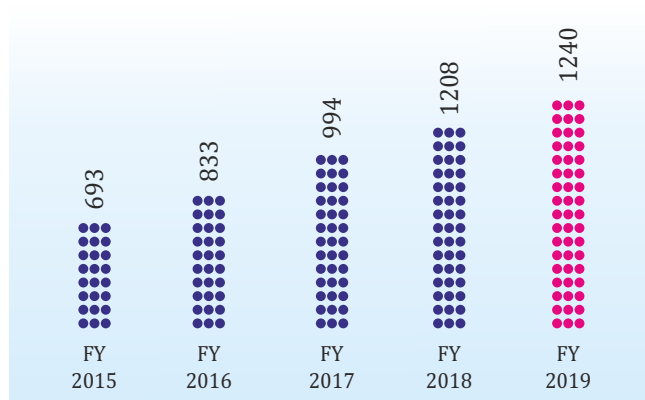
(₹ in crore)

Particulars	2018-19	2017-18	Growth (%)
Share Capital	73	66	11%
Reserves & Surplus	4,767	4,097	16%
Deposits	38,448	32,853	17%
Advances (Gross)	33,065	28,239	17%
Investments (Gross)	7,863	8,015	-ve
Total Assets / Liabilities	45,259	39,937	13%
Total Income	4,282	3,935	9%
Total Expenses	3,042	2,727	12%
Net Interest Income	1,611	1,430	13%
Operating Profit	1,240	1,208	3%
Provisions & Contingencies	557	616	-ve
Net Profit (A)	683	592	15%
<b>Appropriations</b>			
Balance of Profit brought forward (B)	37	33	—
Amount available for appropriations (A+B)	720	625	—
Transfers to:			
- Statutory Reserve	200	150	—
- Capital Reserve	6	29	—
- General Reserve	340	334	—
- Investment Reserve Account	31	—	—
- Special Reserve under IT Act, 1961	60	50	—
- Dividend & Dividend Tax*	26	24	—
- Balance of Profit carried forward	57	38	—
<b>Total</b>	720	625	—

\*Dividend & Dividend Distribution Tax reported as per MCA notification on revised AS 4 dated 30<sup>th</sup> March, 2016.

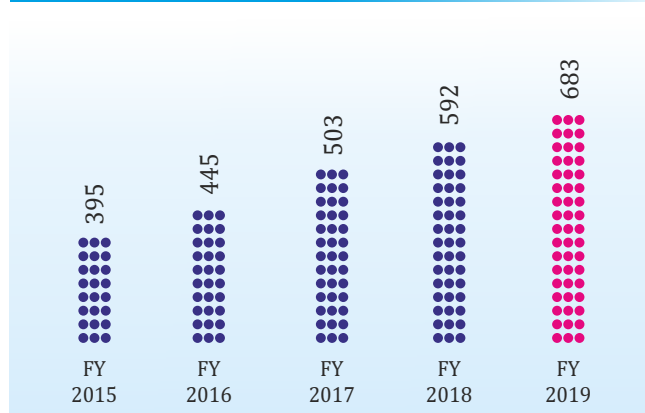
The deposits and advances for the current year stood at ₹38,448 crore and ₹ 33,065 crore respectively. The total business stood at ₹ 71,513 crore as compared to ₹ 61,092 crore for the previous year registering a growth of 17%. The size of the Balance Sheet as on 31<sup>st</sup> March, 2019 is ₹45,259 crore as compared to the previous year position of ₹39,937 crore recording an increase of 13%.

**GROSS PROFIT** (₹ in Cr)



During the year the Bank earned a Gross Profit of ₹1,240 crore registering an increase of 3% as compared to previous year's figure of ₹1,208 crore.

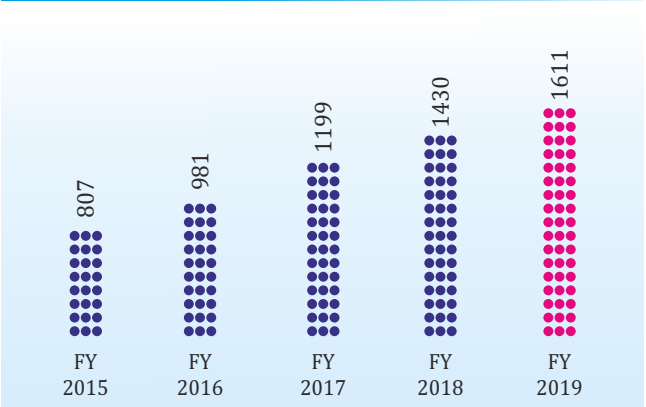
**NET PROFIT** (₹ in Cr)



The Net profit of the Bank for the current year was ₹ 683 crore as against ₹592 crore for the previous year, registering a growth of 15%.

A total income of ₹ 4,282 crore was earned by the Bank in FY 2019 as against ₹ 3,935 crore in FY 2018 registering a growth of 9%. The total expenditure of the Bank increased by 12% to record ₹ 3,042 crore as compared to previous year figure of ₹ 2,727 crore.

**NET INTEREST INCOME** (₹ in Cr)



The Net Interest Income for the year under review increased by 13% from ₹1,430 crore to ₹1,611 crore. The non-interest income of the Bank decreased from ₹532 crore to ₹514 crore registering 3% decline on account of non availability of opportunity under treasury operations.

**DEPOSITS**

The Bank's total deposits for the year under review increased by ₹5,595 crore from ₹32,853 crore to ₹38,448 crore registering a growth of 17% over previous year. During the current year CASA increased by ₹1,741 crore from ₹7,957 crore to ₹9,698 crore recording a growth of 22%. The cost of deposit of the Bank decreased from 6.29% to 6.17% in the reporting year.

**DEPOSITS** (₹ in Cr)



**ADVANCES**

The Gross Advances of the Bank increased by ₹4,826 crore to ₹33,065 crore from ₹28,239 crore, posting a growth of 17%. The yield on advances declined to 10.95% from 11.46% during the reporting year due to stiff competition among Banks.

CSR Initiatives

Statutory Reports

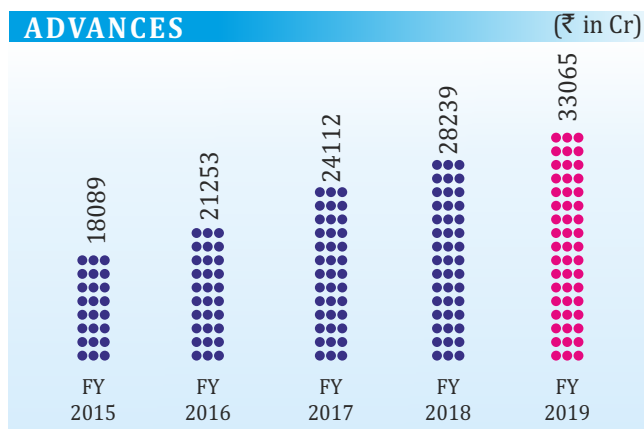
Financial Statements

List of Branches

Basel III

The Gross and Net NPA for the year under review stood at 2.95% and 1.81% respectively as compared to 3.03% and 1.70% in the previous year.

The provision for tax for the reporting year increased to ₹242 crore from ₹198 crore in previous year. The provision for NPA stood at ₹270 crore vis-a-vis ₹303 crore last year. The total provision reduced by ₹59 crore to ₹557 crore from ₹616 crore. During the reporting year, your Bank has earned an income of ₹12.38 crore by way of sale of Priority Sector Lending Certificate.



## TREASURY OPERATIONS

### Domestic Treasury

The yield on 10 year benchmark touched a high of 8.20% and closed at 7.35% in March 2019 on account of various factors viz., surging crude oil prices, CPI being higher than RBI target for several months, rate hike by the Central Bank of Advanced economies, protective trade policies by the USA disrupting global trade ties, sanctions by US over Iran, pressure to reduce imports of Iranian Oil, depreciation in rupee to historical low level and stance of

### Capital Adequacy Ratio:

CRAR	BASEL II	BASEL III
Minimum Prescribed CRAR	9.00%	10.875% (P.Y. 10.875%)*
CUB CRAR	15.76% (P.Y. 16.46%)	15.55% (P.Y. 16.22%)

\*As per the concept of Capital Conservation Buffer (CCB) under BASEL III norms, the 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

Central Bank on inflation targets, however, yield came off its high on Reserve Bank of India's announcement of series of OMO purchases, easing inflation pressure after the sharp fall in global crude oil prices, optimism over the policy decisions of RBI, sharp fall in US treasury yields and strengthening rupee on strong domestic data. Through the timely sale of securities, the Bank had booked profit to the tune of ₹32.56 crore despite unfavourable market conditions. It was ₹93.83 crore during the previous year.

### Forex Treasury

During the financial year 2018-19, the movement of rupee was driven by the global events. USD / INR moved from ₹65.01 in April, 2018 to ₹69.18 in March, 2019. Domestic currency sharply fell to record low level of ₹74.48 on the concerns of possible spill over of economic crisis in Turkey, Venezuela and Argentina to other emerging markets. Further, uncertainty over Brexit negotiations weighed on global currencies. However, with sustained intervention by RBI and the softening of global crude oil prices the rupee regained its strength and closed at ₹69.18. The profit on exchange stood at ₹54.46 crore as against ₹74.35 crore during the previous year.

## NET WORTH & CAPITAL ADEQUACY RATIO

### Net Worth

The paid up share capital of the Bank increased from ₹66 crore as on 31<sup>st</sup> March, 2018 to ₹73 crore as on 31<sup>st</sup> March, 2019. During the reporting period the Bank has allotted 6,65,35,268 bonus equity shares and 32,36,341 equity shares to employees under Employee Stock Options pursuant to CUB ESOS Scheme 2008.

The Net worth of the Bank improved to ₹4,808.27 crore as on 31<sup>st</sup> March, 2019 from ₹4,149.34 crore as of 31<sup>st</sup> March, 2018.

each year up to 31<sup>st</sup> March, 2019. The Reserve Bank of India vide notification No. DBR.BP.BC.No.20/21.06.201/2018-19 dt. 10<sup>th</sup> January, 2019 notified Review of transitional arrangement under Basel III Capital

Regulations under which it has been decided to defer the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from 31<sup>st</sup> March, 2019 to 31<sup>st</sup> March, 2020. Accordingly, minimum capital conservation ratios under Capital Conservation Buffer Framework will apply till the CCB attains the level of 2.5% on 31<sup>st</sup> March, 2020. The CCB as on 31<sup>st</sup> March, 2019 is 1.875%. As aforesaid the Bank is maintaining CRAR well above the prescribed minimum by RBI.

## SHAREHOLDERS' RETURN

### DIVIDEND

The Board of Directors of your Bank are pleased to recommend a dividend of ₹0.50 per equity share of Face Value of ₹1/- each for the year ended 31<sup>st</sup> March, 2019 (previous year ₹0.30 per equity share) subject to the approval of the shareholders at the ensuing Annual General Meeting. The dividend is subject to Dividend Distribution tax to be paid by the Bank. The dividend payout is in accordance with the Bank's Dividend Distribution Policy.

### BONUS

The Board at its meeting held on 24<sup>th</sup> May, 2018 recommended the issue of Bonus shares subject to the approval of shareholders through Postal Ballot, in the proportion of 1 Bonus equity share of face value of ₹1 each for every 10 equity shares of face value of ₹1 each already held by the shareholders (i.e. 1:10) as on the Record Date i.e. 11<sup>th</sup> July, 2018.

Based on the report of the Scrutinizers on the voting process, the result of the voting was announced by the Chairman of the Bank on 3<sup>rd</sup> July, 2018 passed with requisite majority. Accordingly 6,65,35,268 Bonus equity shares were issued and allotted to the shareholders.

Further as reported in the previous year's Annual Report on the entitlement of dividend on the aforesaid Bonus equity shares, the Bank has duly paid the dividend on such shares.

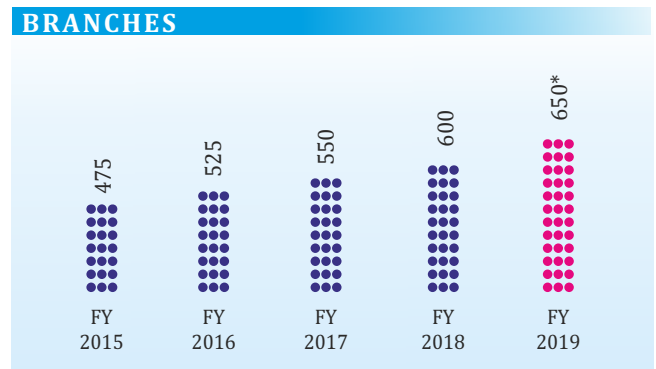
### BRANCH EXPANSION

During the financial year the Bank expanded its branch network by adding 50 more branches and 64 ATM's across the country totaling 650 branches and 1,685 ATM's as on 31<sup>st</sup> March, 2019. The Bank has a major presence in the State of Tamil Nadu and is spreading its presence in other states too by tapping potential markets. Out of the additional branches opened during FY2019, the Bank had opened 40 Branches in Tamil Nadu inclusive of 11 Banking Outlets, 4 branches in Karnataka, 4 Branches in

Telangana, 1 Branch each in Gujarat and Maharashtra. As on date, 90% of the Bank's total branches are operational in South, 5% in West, 4% in North and 1% in Eastern parts of India.

The branches opened during the year were as per the guidelines issued by the RBI on opening of Branches in unbanked and under banked regions.

## NO. OF BRANCHES



\* Including Banking outlets

## FINANCIAL INCLUSION

Financial Inclusion is defined as "the process of ensuring easy access of financial services to the vulnerable groups such as weaker sections / low income groups in the society at an affordable cost". It is an attempt for achieving inclusive growth of the society by making availability of finance to the deprived sections.

The concept of financial inclusion is being successfully implemented in the Bank by expanding its presence in India, not only through brick and mortar model of branches but also through Business Correspondent (BC) outlets in unbanked rural areas in order to have better outreach to the needy groups. A new scheme, Prime Minister Jandhan Yojana (PMJDY) has been introduced replacing the Basic Savings Deposit Accounts (BSBD). Also insurance linked schemes such as Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) have been successfully implemented by us besides the Atal Pension Yojana (APY) and made available to the rural underprivileged poor, easy access to financial services.

The BC outlets are established with the help of technology "e-lounge", which caters to the need of the rural poor by facilitating easy financial access. The Bank also facilitates Aadhaar Enabled Payment System (AePS) which helps to reach the rural people for easy cash acceptance, transfer

CSR Initiatives

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List of Branches

Basel III

and withdrawal system. The Bank has already established 21 of such BC outlets and planning to increase to 50 in the current financial year. The Bank not only facilitates opening of savings bank account but also extend overdrafts besides creating awareness on pension schemes / other welfare schemes.

With the help of the Reserve Bank of India the Bank conducts financial literacy campaigns to promote banking habits in the vulnerable groups. The Bank also conducts with the help of Banking Correspondents frequent campaigns on an ongoing basis to further scale up financial inclusion.

### 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 26<sup>th</sup> 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 grant of 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. The shares are offered at prevailing market prices at the time of grant to the employees, however the same shall vary pursuant to corporate action viz., Rights Issue, Bonus Issue etc. There were no material changes in the ESOS of the Bank during the period under review and the same is in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014. The disclosures pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 have been set out in the website of the Bank (weblink: <https://www.cityunionbank.com/investor>) and also the same is annexed hereto as *Annexure I*. In addition, the shareholders of the Bank at its meeting held on 23<sup>rd</sup> August, 2017 approved new CUB ESOS Scheme 2017 for 3,00,00,000 options on terms and conditions similar to previous one. No options have been granted to any employees of the Bank during the reporting year under this scheme.

### HUMAN RESOURCE DEVELOPMENT

The human resource agenda of the Bank aims at employee empowerment and orienting them towards the realization of the Bank's vision. As usual during the year,

the HR took steps towards learning & skill development, performance appraisal, job rotation, fast track promotions at junior management levels, senior management promotions and congenial working environment.

Creation of a work force with a pool of best talent is a challenging task and so also the maintaining of working standards over a period of time. In tune with the future expansion plans your Bank is constantly upgrading and revisiting its manpower resources. In this endeavor the Bank has recruited people taking into account the business requirements. The new recruits were given orientation programme which not only aimed at imparting knowledge to them but also ensured their harmonious integration with the organization.

There exists a good training infrastructure which seeks to upgrade the operational efficiency (functional / behavioral skill levels) across all grades through a combination of both in house and external programmes. The Bank continued to depute its employees to various training institutions like SIBSTC, NIBM, CAB, CAFRAL, IDRBT etc. Further, considering the need to equip employees in Technology matters in the given Digital Banking scenario, the Bank has during the year imparted Cyber Security Training to identified employees.

There exists a cordial relationship between the management and the employees. It is pertinent to mention here that there has not even been a single occasion of employee unrest in the Banking history of CUB.

As on 31<sup>st</sup> March, 2019, the Bank has 5,518 on roll employees comprising of 53 employees in Executive cadre, 2,070 in Management cadre, 3,126 in Clerical cadre and 269 in Sub-ordinate Staff cadre.

### AUTOMATION

'Technology' plays a vital role in managing and fulfilling the current demand and enhanced quality service to the customers. Changes are happening in the Banking technology and in Digital Payments systems quite frequently. Digital Payment system is a second wave of automation in Banking which encourages self service in Banking system paving way to a transformation of Banking with huge gains. With this, the technical level employees can focus on higher value projects for delivering next wave of productivity to bring about an

improvement in customer experiences. The Bank is deploying all possible technology enabled & digital payment systems to cater the needs of the customers. The Bank, as on 31<sup>st</sup> March, 2019, has put 991 Cash Dispenser Machines, 694 Bulk Note Recycling Machines (BRM), 420 Passbook Kiosks and 395 Cheque Deposit Kiosks to encourage self service customer transactions. The Bank has also been spreading its Self Service Bank branches (e-Lounge) to cater customer needs and enabling our ATMs / BRMs for cardless deposit and withdrawals. The Bank has deployed CBS BāNCS for transaction processing system developed by M/s. Tata Consultancy Services, covering 100% of its business, which is being used by many major & peer Banks. As on 31<sup>st</sup> March, 2019 the Banking transactions through Alternate Channels constitute around 91.84%.

Some of the recent technological initiatives/ advancements are as follows:

- | CUB e-Wallet, Unified Payment Interface (UPI), BHIM and '\*99#' a NUUP (National Unified USSD Platform) by taking part in Bharat Bill Payment System (BBPS) and Bharat QR - Scan & Pay made available in BHIM/UPI.
- | Instant account opening through Welcome Kit, Selfie Banking using eKYC, enabling DBT, Aadhaar Enabled Payment System (AEPS).
- | 'chat-bot' service, powered by 'Artificial Intelligence' that interact with the customers via chat interface either auditory (Ask Lakshmi) or textual (Chat-Box in website and social media) to facilitate general customer queries on Banking.
- | FASTag facility for making payments by vehicles in Toll Plazas electronically through rechargeable prepaid instruments.
- | Generation of ATM PIN for ATM cards via Green PIN option at the Bank's ATMs with the help of OTP on customers' registered mobile.
- | Customers can apply for Virtual Credit Card through Internet / Mobile Banking just by choosing their fixed deposit account.
- | Customers are provided the facility to block their Net-Banking / Mobile Banking / UPI by sending SMS to

9281056789 in the prescribed format - BLOCK {LOGINID} from their registered mobile number.

- | Customers can now set their own limit for the ATM, POS and Ecomm Channel transactions. They can disable a particular channel and can enable whenever required from Mobile and Net Banking.
- | EMV CHIP card to all its customers to enhance additional security for card based transactions. Also, the Bank has started accepting EMV CHIP cards by reading CHIP and process in secured manner.
- | The Bank has initiated process for PCI DSS certification. The Bank has also implemented TSS and Anti-Skimming mechanism in all our ATMs to facilitate secure customer transactions.

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

During the year, the Board of Directors of your Bank, considering the business potential to earn income from Insurance and Mutual Fund sectors, has approved a business plan on marketing and distribution of Health Insurance and Mutual Fund products to offer additional services to all its stakeholders. The Bank is in the process of making necessary tie-ups / agreements with the Insurance and Mutual Fund Companies mentioned hereunder for marketing and distribution of their products subject to necessary regulatory approvals.

- | Star Health and Allied Insurance Co. Ltd., for distribution of Health Insurance products.
- | Integrated Enterprises India Ltd., for distribution of Mutual Fund products through online platform to our customers in Demat form and through branch network.
- | BSE Star Mutual Fund to offer Mutual Fund products through web based platform and through branch network.
- | Finwizard Technology Pvt. Ltd. (widely known as FISDOM) to offer Mobile based Mutual Fund Investment solution.

## AWARDS & ACCOLADES

- | IBA Banking technology award for Best use of Data and Analytics for Business Outcome.
- | Aadhaar Excellence Award by UIDAI.

## SUBSIDIARIES AND ASSOCIATES

Your Bank does not have any Subsidiaries or Associates to report during the year under report.

## 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 Obligations and Disclosure Requirements) Regulations, 2015. During the year fourteen (14) meetings were held, the details of which are given under report on Corporate Governance forming part of this report.

## BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

### Appointment(s) / Re-Appointment(s)

#### Shri. R. Mohan (DIN: 06902614)

Pursuant to the provisions of Section 35B and Section 10B (1A) of the Banking Regulation Act, 1949, Shri. R. Mohan, Independent Director, was appointed as Part-Time Chairman of the Bank for a period of three (3) years w.e.f 4<sup>th</sup> May, 2019. The Reserve Bank of India approved his appointment vide its letter No. DBR.Appt.No.8631/08.42.001/2018-19 dt. 10<sup>th</sup> April, 2019. Shri. R. Mohan, B.Sc., CAIIB, MBA aged 63 years joined the Bank in the year 1975 as probationer and worked his way up in his long career with the institution. Shri. Mohan has worked at all level of Banking operations at Operational, Executive and Supervisory levels. In the year 2006, he was elevated to the position of General Manager and thereafter in the year 2011 he was promoted as the Chief General Manager of the Bank to oversee the entire Banking operations. After his retirement in May 2014, the Board of the Bank considering his proven competency, loyal service and his managerial skills offered him a seat in the Board to have his expert guidance in the areas of Banking, Agriculture and SSI.

In the opinion of the Board Shri. R. Mohan is a Banking veteran who can effectively lead the Board of the Bank and take it to greater heights. The Board recommends his appointment as the Chairman of the Bank for approval by shareholders in the Notice calling this Annual General Meeting. The relevant details of Shri. R. Mohan pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 is disclosed separately in such Notice.

#### Shri. K. Vaidyanathan (DIN: 07120706)

Shri. K. Vaidyanathan was co-opted as an Additional Director into the Board of the Bank w.e.f., 3<sup>rd</sup> May, 2019 to hold the office till the ensuing Annual General Meeting.

Shri. K. Vaidyanathan aged 67 years is a Fellow member of the Institute of Cost Accountants of India and also the Institute of Company Secretaries of India. He has over 40 years of rich domain experience in Financial and Management Accounting, Corporate Finance, Taxation, Auditing, Commercial, Regulatory Compliances, Secretarial Practice and Corporate Governance. Shri. Vaidyanathan has worked with the Govt. of India, Central Public Sector Enterprises (CPSEs) and various Private Companies of repute. During his professional journey he has held the position of Chief Finance Officer and Company Secretary in medium sized IT Services Company, General Manager in Reliance Industries Ltd., Dy. General Manager in Bharat Earth Movers Ltd., Dy. Director in the Oil Prices Review Committee constituted by Govt. of India and Managerial positions in Cochin Refineries Ltd., Bongaigaon Refinery and Petrochemicals Ltd., Indian Audit Department.

In the opinion of the Board Shri. K. Vaidyanathan is a competent professional who can effectively participate and represent in the Board of the Bank. The Board recommends his appointment as an Independent Director on the Board of the Bank (not liable to retire by rotation) for approval by shareholders in the Notice calling this Annual General Meeting. The relevant details of Shri. K. Vaidyanathan pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 is disclosed separately in such Notice.

**Shri. T. K. Ramkumar (DIN: 02688194)**

Shri. T. K. Ramkumar was co-opted as an Additional Director into the Board of the Bank w.e.f., 17<sup>th</sup> June, 2019 to hold the office till the ensuing Annual General Meeting.

Shri. T.K. Ramkumar aged 63 years is an Advocate and Partner in M/s Ram and Rajan Associates, Chennai. He possess rich experience in Banking Law, Civil Law, Intellectual Property Rights etc. Shri. T. K. Ramkumar was earlier in the Board of the Bank from 11<sup>th</sup> June, 2009 to 10<sup>th</sup> June, 2017. Pursuant to RBI circular No.DBOD.No.BC.94/16.13.100/92 dt. 9<sup>th</sup> March, 1992, he has been co-opted for a second term. Shri. Ramkumar is quite a knowledgeable person whose contribution in the first term was very much useful to the Bank, especially in the area of Law.

In the opinion of the Board Shri. T. K. Ramkumar is a competent professional who can effectively participate and represent in the Board of the Bank. The Board recommends his appointment as an Independent Director on the Board of the Bank (not liable to retire by rotation) for approval by shareholders in the Notice calling this Annual General Meeting. The relevant details of Shri. T. K. Ramkumar pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 is disclosed separately in such Notice.

**Retirement(s)****Shri. S. Mahalingam (DIN: 00121727)**

Shri. S. Mahalingam, Part-Time Chairman of the Bank vacated his office from the close of business hours of 3<sup>rd</sup> May, 2019 on account of completion of tenure as per his appointment terms approved by RBI vide letter No.DBR.APPT.No.13995/08.42.001/2015-16 dt. 6<sup>th</sup> May, 2016.

**Prof. V. Kamakoti (DIN: 03537382)**

Prof. V. Kamakoti, Independent Director on the Board of the Bank vacated his office of Director on the close of business hours of 26<sup>th</sup> April, 2019 on account of completion of tenure in terms of the provisions of Section 10A(2A)(i) of the Banking Regulation Act, 1949.

The Board hereby places on record its warm appreciation over the excellent services rendered by Shri. S. Mahalingam and Prof. V. Kamakoti during their tenure.

**Directors to retire by Rotation** - The application of provisions of Section 152(6) arises only when the Board of Directors of the public company comprises of such number of directors who are not prohibited or restricted by the Act to retire by rotation. All Directors on the Board, except the Managing Director and CEO of the Bank are Independent Directors. Hence the provisions of Section 152(6) of Companies Act, 2013 relating to retirement of directors by rotation do not apply considering the present composition of the Board of Directors. Independent Directors are not required to retire in terms of Section 149(13) of the said Act. Accordingly no director is required to retire by rotation at this Annual General Meeting.

The shareholders re-appointed Dr. N. Kamakoti as Managing Director & CEO for a period of 3 years w.e.f. 1<sup>st</sup> May, 2017 at the AGM held on 23<sup>rd</sup> August, 2017. The Managing Director & CEO is not liable to retire by rotation at the ensuing AGM.

**Declaration by Independent Directors**

The Bank has received relevant declarations from all the Independent Directors under Section 149(6) and 149(7) of the Companies Act, 2013, notifications issued by the Ministry of Corporate Affairs and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Board is satisfied that the Independent Directors meet the criteria of independence as stipulated under the aforesaid provisions of 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 this Annual Report.

**Performance Evaluation**

In line with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant notifications/ guidelines



issued by SEBI in this regard, 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.

The necessary evaluations / review were carried out by the Board and Independent Directors to determine the effectiveness of the Board, its Committees, Chairman and individual Directors. Additional information on performance evaluation is set out in Corporate Governance section forming part of this report.

### Key Managerial Personnel

Dr. N. Kamakodi, Managing Director & CEO and Shri. V. Ramesh, CFO & Company Secretary, continue to be the "Key Managerial Personnel" of the Bank pursuant to the provisions of Section 2(51) read with Section 203 of the Companies Act, 2013.

## AUDITORS

### Statutory Auditor

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai was appointed as the Statutory Central Auditors of the Bank in the previous Annual General Meeting ('AGM') held on 1<sup>st</sup> September, 2018. The term of the present Auditor will conclude at the conclusion of the Annual General Meeting of the Bank and being eligible has offered themselves for re-appointment. Consent has been received from the present Auditors for their re-appointment and also a 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 & the rules made there under has also been received. An application has been made to the Reserve Bank of India seeking its approval for the appointment of M/s. Sundaram and Srinivasan, Chartered Accountants, Chennai to act as Statutory Central Auditors for the Financial Year 2019-20. Members are requested to consider and approve their appointment as Statutory Central Auditors of the Bank for FY 2019-20.

The Statutory Auditors have furnished their report for FY 2019 which forms part of this report and there are no qualifications, reservations or adverse remarks made by the Auditors in their report. Further, the Auditor of the

Bank has not reported any fraud u/s 143(12) of the Companies Act, 2013.

### 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, Practising Company Secretaries, Tiruchirapalli as Secretarial Auditor to conduct the Secretarial Audit of the Bank for the Financial Year 2018-19. The report of Secretarial Auditor 'Secretarial Audit Report' in the prescribed format is annexed to this report as *Annexure II*.

There are no observations, reservations or adverse remarks made by the Secretarial Auditor in their report except they have recorded a fact as to the levy of penalty by RBI on account of delay in implementation of time bound and strengthening of Swift Related Controls.

### Cost Audit

The requirement of maintaining cost records u/s 148(1) of the Companies Act, 2013 is not applicable to the Bank.

## 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 as 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 had 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 / revised the Code of Conduct pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 to regulate, monitor and ensure reporting of trading by the designated persons and other connected persons. The said code had been reviewed and amended by the Board of Directors of the Bank in accordance with the amendments notified by SEBI during January, 2019.

The code 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: <https://www.cityunionbank.com/downloads/Code%20for%20Prevention%20of%20Insider%20Trading.pdf>

The Bank has taken necessary steps with RTA for incorporating the PAN in the database to facilitate reporting of trading by designated persons and other connected persons in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

### 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., 31<sup>st</sup> March, 2019 and the date of Directors Report i.e., 17<sup>th</sup> June, 2019.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, the Reserve Bank of India vide letter dt. 31<sup>st</sup> January, 2019 imposed a penalty of

₹30 million on the Bank for delay in adherence to its directives on "Time bound implementation and strengthening of Swift Related Controls" contained in the RBI circular of 20<sup>th</sup> February, 2018. Although the Bank complied with such directions in true letter and spirit, the RBI was not convinced with respect to implementation of few controls within the prescribed time and imposed a penalty for the delay as aforesaid. As on date, the said Swift Related Control stands fully implemented.

### POLICIES

#### Directors Appointments and Remuneration / Compensation Policy

The Bank has formulated and adopted a policy on Board Diversity as per which the Nomination Committee of the Board of Directors of the Bank conduct the preliminary assessment for appointment of Directors on the Board of the Bank and make suitable recommendations to the Board for its consideration.

The Nomination Committee identifies and assesses the qualifications and positive attributes of the incumbent based on the disclosures / declarations received from such person under the Companies Act, 2013, the Banking Regulation Act, 1949 and also RBI guidelines. The Nomination Committee makes a thorough scrutiny of the prospective candidate and certifies the fit and proper status of the incumbent to the Board after exercising above due diligence process.

Apart from the above, the Nomination Committee while appointment of an Independent Director also considers the Declaration on Independence furnished by such incumbent u/s 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, the Bank has Compensation Policy which is 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 forming 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 on the Risk Management framework of the Bank is set out 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 in compliance with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is available at the website of the Bank weblink: <https://www.cityunionbank.com/downloads/DividendDistributionPolicy.pdf>

## BUSINESS RESPONSIBILITY REPORT

As per Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all top 500 listed entities (as at the end of financial year based on market capitalization) shall report a Business Responsibility Report describing the Bank's social, environmental and governance aspects. The same is set out as a separate report forming part of Annual Report.

## DEPOSITS UNDER CHAPTER V OF COMPANIES ACT, 2013

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 your Bank.

## INTERNAL FINANCIAL CONTROLS SYSTEMS & ADEQUACY

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. More details have been set out in Management Discussion and Analysis Report which forms part of this report.

## 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. During the reporting year, no contracts or arrangements were made by the Bank attracting the provisions of Section 188 of the Companies Act, 2013 or SEBI Listing Regulations. A detailed policy on the Related Party Transaction is available at the Bank's website weblink: [https://www.cityunionbank.com/downloads/documents/CUB\\_Related\\_Party\\_Transaction.pdf](https://www.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.

## ANNUAL RETURN u/s 92(3) of Companies Act, 2013

Pursuant to Section 134(3)(a), of the Companies Act, 2013 (the Act), read with Rule 12(1) of Companies (Management & Administration) Rules, 2014 an Annual Return in form MGT - 9 as provided under Sub-section (3) of Section 92 of the Act is set out as **Annexure III**.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with the 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 Corporate Social Responsibility (CSR) Committee. The Bank has established CUB Foundation, a non-profit entity to identify, which recommends and oversee the CSR initiatives of the Bank.

A Report on CSR activities as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is furnished under **Annexure IV** to this report.

### DISCLOSURE TO BE MADE UNDER SECTION 177(8) OF COMPANIES ACT, 2013

The Board of the Bank had constituted the Audit Committee under the extant guidelines of Reserve Bank of India, provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the composition of the Audit Committee is furnished in the Corporate Governance Report.

### CORPORATE GOVERNANCE

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. The Corporate Governance practices followed by the Bank aims to ensure value creation for all its stakeholders through ethical decision making and maintaining transparency.

A detailed section on Corporate Governance standards followed by the Bank as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and rules made there under along with Certificate of Compliance from the Statutory Auditors are disclosed separately forming part of this Annual 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 forming part of this Annual Report.

### OTHER DISCLOSURES

#### Conservation of Energy and Technology Absorption

In respect of the nature of activities carried out by the Bank, w.r.t. the provisions of Section 134(m) of the Companies Act, 2013 relating to conservation of energy and technology absorption the Bank has taken every effort to conserve energy. The Bank has been installing

energy efficient equipments at all its branches including installation of power saving LED bulbs at majority of Branches and Central Office. Further, to make use of alternate source of energy, the Bank has installed solar power panels at some of its branches and has planned to implement the same at other branches too subject to feasibility.

On the technological front, the Bank continued to offer excellent Banking service by facilitating the latest customer friendly and secure technological solutions to its customers. The elaborate details on the same is provided under separate head "Automation" in 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 / OTHER 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 V**.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure VI**.

#### 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 woman 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 Bank has complied with the requirement of constitution of Internal Complaints Committee under the Sexual Harassment of

Women at work place (Prevention, Prohibition and Redressal) Act, 2013. No complaint was received in this regard during FY 2018-19.

### Whistle Blower / Vigil Mechanism

Pursuant to the provisions of Section 177(9) and (10) of the Companies Act, 2013, a vigil mechanism for Directors and employees to report genuine concerns has been established. The Bank has a policy on whistle blower / vigil mechanism which is uploaded in the website of the Bank as well as intranet weblink: <https://www.cityunionbank.com/downloads/Whistleblower%20Policy.pdf>

All employees and directors have access to the Chairman of the Audit Committee in appropriate and exceptional circumstances.

### Compliance with Secretarial Standards and applicable laws

It is hereby confirmed that the Bank has complied with the Secretarial Standards issued by the Institute of Company

Secretaries of India (SS-1 and SS-2) respectively relating to Meetings of the Board, its Committees and Shareholders. Further proper systems are in place to ensure compliance of all laws applicable to the Bank.

### 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 sincere appreciation for the assistance and co-operation received from the Reserve Bank of India, NABARD, NHB, IDBI, SIDBI, EXIM BANK, ECGC, DICGC, SEBI, IRDA, Stock Exchanges, Depositories, Karvy Fintech Pvt. Ltd., Life Insurance Corporation of India, United India Insurance, New India Assurance, Tata Consultancy Services, CCIL, CIBIL, Correspondent Banks, Exchange Houses and other authorities.

Your Directors also place on record their warm appreciation for the committed services rendered by the Bank's Executives, Staff and other employees.

For and on behalf of the Board

**R. Mohan**  
Chairman

Place : Chennai  
Date : 17<sup>th</sup> June, 2019

**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 2018-19

Particulars	ESOS 2008						
	Series I	Series II	Series III	Series IV	Series V	Series VI	Series VII
Total number of options granted (Including additional grant upon Rights & Bonus Issue)	2,27,81,250	37,0071	31,68,056	46,78,936	1,09,45,549	17,55,378	46,09,500
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	₹ 179.00 Per Option
Revised price due to Rights & Bonus Issue	₹ 10.55 Per Option	₹ 26.91 Per Option	₹ 34.38 Per Option	₹ 38.80 Per Option	₹ 77.03 Per Option	₹ 72.77 Per Option	-
No. of options outstanding as on 1 <sup>st</sup> April, 2018	0	9,979	1,31,522	12,56,172	60,44,644	12,96,241	0
No. of additional options granted pursuant to Bonus Issue during the year	0	0	6,141	1,15,473	5,58,431	1,19,702	0
No. of fresh options granted during the year	0	0	0	0	0	0	46,09,500
No. of options lapsed during the year	0	9,979	11,934	30,223	2,13,683	14,190	0
No. of options exercised during the year	0	0	1,25,729	9,27,570	18,98,154	2,84,888	0
No. of shares arising as a result of exercise of options during the year	0	0	1,25,729	9,27,570	18,98,154	2,84,888	0
Variation in terms of options	Not Applicable						
Vesting Period	1 <sup>st</sup> Year - 15%, 2 <sup>nd</sup> Year - 15%, 3 <sup>rd</sup> Year - 15%, 4 <sup>th</sup> Year - 25% and 5 <sup>th</sup> Year - 30%						
Money realized by exercise of options during the year	0	0	1,04,99,248	3,90,98,337	18,61,83,923	1,33,49,858	0
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 31 <sup>st</sup> March, 2019	0	0	0	4,13,852	44,91,238	11,16,865	46,09,500
Employee wise details of options granted							
i) Senior Management Personnel	NIL	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	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	NIL

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Particulars	ESOS 2008						
	Series I	Series II	Series III	Series IV	Series V	Series VI	Series VII
<b>Allotment of shares made during the Financial Year under ESOS</b>							
Employee wise details of the shares allotted to							
<b>i) Senior Management Personnel</b>							
Shri. R Venkatasubramanian	-	-	-	-	16,500	-	-
Shri. K P Sridhar	-	-	-	-	9,075	-	-
Shri. V Ramesh	-	-	-	-	1,650	1,650	-
Shri. K Maharajan	-	-	-	-	-	1,815	-
Shri. K Jayaraman	-	-	-	-	7,425	-	-
Shri. V Gopalakrishnan	-	-	-	-	1,560	-	-
Shri. G Sankaran	-	-	-	-	5,775	-	-
Shri. R Lakshminarayanan	-	-	-	-	-	1,815	-
Shri. J Sridharan	-	-	-	-	1,650	3,630	-
Shri. V Ganesan	-	-	-	-	6,930	-	-
Shri. S Ramesh	-	-	-	-	13,310	-	-
Shri. R Subramanian	-	-	-	-	-	1,815	-
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	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	NIL

Employee compensation cost calculated as per the intrinsic value method for the Financial Year 2018-19 is NIL. If the Employee compensation cost was calculated as per fair value method as prescribed under SEBI (Share Based Employees Benefits) Regulation 2014, the total cost

to be recognized in the financial statement for the Financial Year 2018-19 would be ₹ 6,03,41,281/-. Consequently, net profit would have been reduced by ₹ 6,03,41,281/- and EPS would have been reduced by ₹ 0.082 per share.

**Weighted Average Details**

Particulars	
Weighted Average Market Price (In ₹ )	128.06
Weighted Average Exercise Price (In ₹ )	128.06
Weighted Average Risk Free Interest Rate (%)	7.58
Weighted Average Stock Volatility	0.022
Weighted Average Fair Value of Options (In ₹ )	38.67

**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.

For and on behalf of the Board

Place : Chennai  
Date : 17<sup>th</sup> June, 2019

**R. Mohan**  
Chairman

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## ANNEXURE - II

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2019  
FORM NO. MR-3

[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 of*

## CITY UNION BANK LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. City Union Bank Limited (CIN: L65110TN1904PLC001287) (hereinafter called "the BANK") for the audit period covering the financial year ended on 31<sup>st</sup> March, 2019.

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 31<sup>st</sup> March, 2019 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 31<sup>st</sup> March, 2019, 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 (Prohibition of Insider Trading) Regulations 2015;
  - b) 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;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- (iv) The following Acts, Rules and Regulations are specifically applicable to the Bank:
- a) The Banking Regulations Act, 1949
  - b) The Reserve Bank of India Act, 1934
  - c) Securitization 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

- l) Negotiable Instruments Act, 1881
- m) Insurance Regulatory and Development Authority of India Act, 1999

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, subject to the observation made infra.

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) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

**We further report that:**

The Board of Directors of the 'Bank' is duly constituted

with proper balance of 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, to make requisite disclosures to the concerned authorities and thereby ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

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

- RBI under Section 47A (1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949 had imposed monetary penalty of Rs.3 Crores on Bank for delay in adherence to its directives on "Time Bound implementation and strengthening of SWIFT - related operational controls".

FOR M/s. **B.K. Sundaram & Associates**  
Company Secretaries

Sd/-  
**B. Kalyanasundaram**  
Company Secretary  
ACS. No. A672 CP. No. 2209

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Place : Tiruchirapalli  
Date : 17<sup>th</sup> June, 2019

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 31<sup>ST</sup> MARCH, 2019****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 regarding the compliance by the listed entity only.
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 **M/s. B.K. Sundaram & Associates**  
Company Secretaries

Place : Tiruchirappalli  
Date : 17<sup>th</sup> June, 2019

Sd/-  
**B. Kalyanasundaram**  
Company Secretary  
ACS. No. A672 CP. No. 2209

**ANNEXURE - III**

**EXTRACT OF THE ANNUAL RETURN  
Form MGT - 9 as on the financial year ended on 31<sup>st</sup> March, 2019**

[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	<b>CITY UNION BANK LTD.</b>
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 Fintech Private Ltd., Unit : <b>CITY UNION BANK LTD.</b> Karvy Selenium Tower B, Plot No.31&32, Financial Dist., Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana State, India. Tel : 040 - 67161509, Fax: 040-23420812 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	% of Total Shares	Demat	Physical	% of Total Shares	
<b>(A) Promoters</b>	/						
<b>(1) Indian</b>	/						
(a) Individual / HUF	/						
(b) Central Govt.	/						
(c) State Govt. (s)	/						
(d) Bodies Corporate	/						
(e) Banks / FI	/						
(f) Any Other	/						
<b>Sub-Total (A) (1)</b>	NIL						
<b>(2) Foreign</b>	/						
(a) NRIs - Individuals	/						
(b) Other - Individuals	/						
(c) Bodies Corporate	/						
(d) Banks / FI	/						
(e) Any Other	/						
<b>Sub-Total (A) (2)</b>	/						
<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	/						

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 of during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	107886227	0	107886227	16.23	164801495	0	164801495	22.44	6.21
(b) Banks / FI	25003648	5500	25009148	3.76	27668238	6050	27674288	3.77	0.01
(c) Central Govt.	0	0	0	0	0	0	0	0	0.00
(d) State Govt(s)	0	0	0	0	0	0	0	0	0.00
(e) Venture Capital funds	0	0	0	0	0	0	0	0	0.00
(f) Insurance Companies	1968484	0	1968484	0.30	399910	0	399910	0.05	-0.25
(g) FIs	201939621	0	201939621	30.38	178900494	0	178900494	24.36	-6.02
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
(l) Others - Alternate Investment Fund	889158	0	889158	0.13	3507933	0	3507933	0.48	0.35
<b>Sub-Total (B)(1)</b>	<b>337687138</b>	<b>5500</b>	<b>337692638</b>	<b>50.80</b>	<b>375278070</b>	<b>6050</b>	<b>375284120</b>	<b>51.10</b>	<b>0.30</b>
<b>(2) Non- Institutions</b>									
(a) Bodies Corporate									
i. Indian	44281936	631975	44913911	6.76	59294411	592514	59886925	8.15	1.39
ii. Overseas	0	0	0	0.00	0	0	0	0	0.00
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	129553166	25546519	155099685	23.33	141706670	20362890	162069560	22.07	-1.26
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	113077552	1820558	114898110	17.28	125997238	1327165	127324403	17.33	0.05
(c) Others									
i. Trusts	2977585	70043	3047628	0.46	57245	77047	134292	0.02	-0.44
ii. NRI	2947418	0	2947418	0.44	3511830	0	3511830	0.48	0.04

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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	0.00	0	0	0	0	0.00
iv. Clearing Members	1346932	0	1346932	0.20	502629	0	502629	0.07	-0.13
v. NBFC	12145	0	12145	0.00	18528	0	18528	0	0.00
vi. NRI Non - Repatriation	3187535	10	3187545	0.48	3880790	1	3880791	0.52	0.04
vii. IEPF	1583197	0	1583197	0.24	1887740	0	1887740	0.26	0.02
d. Qualified Foreign Investor	0	0	0	0.00	0	0	0	0	0.00
Sub-Total (B)(2)	298967466	28069105	327036571	49.20	336857081	22359617	359216698	48.90	-0.30
Total Public Shareholding									
B = (B) (1) + (B) (2)	636654604	28074605	664729209	100.00	712135151	22365667	734500818	100.00	0.00
C. Shares held by custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	636654604	28074605	664729209	100.00	712135151	22365667	734500818	100.00	0

(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	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% of Shares Pledged / encumbered to total shares	
Not applicable										

(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 Bank	No. of Shares	% of total Shares of the Bank
Not applicable					

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

Sl.No.	Name of the Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Bank	No. of Shares	% of total Shares of the Bank
1	<b>HDFC TRUSTEE COMPANY LTD - A/C</b> <b>HDFC MID - CAP OPPORTUNITIES</b> Add : Market Purchase on 11.05.2018 Bonus shares on 27.07.2018 Less : Market Sale on 01.02.2019 Market Sale on 08.02.2019 <b>As on 31.03.2019</b>	29670317 50000 2972031 (179080) (287980) -	4.46 0.01 0.41 0.02 0.04 -	29670317 29720317 32692348 32513268 32225288 <b>32225288</b>	4.46 4.47 4.47 4.43 4.39 <b>4.39</b>
2	<b>LIFE INSURANCE CORPORATION OF INDIA</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	24455723 2445572 -	3.68 0.33 -	24455723 26901295 <b>26901295</b>	3.68 3.68 <b>3.66</b>
3	<b>GKFF VENTURES</b> Add : Bonus shares on 27.07.2018 Less : Market Sale on 29.03.2019 <b>As on 31.03.2019</b>	18467918 1846791 (100000) -	2.78 0.25 0.01 -	18467918 20314709 20214709 <b>20214709</b>	2.78 2.78 2.75 <b>2.75</b>



(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	<b>SMALLCAP WORLD FUND, INC</b> Add : Bonus shares on 27.07.2018 Market Purchase on 07.12.2018 Market Purchase on 11.01.2019 Market Purchase on 01.02.2019 Less : Market Sale on 15.02.2019 Market Sale on 22.02.2019 Market Sale on 01.03.2019 Market Sale on 08.03.2019 Market Sale on 15.03.2019 Market Sale on 22.03.2019 <b>As on 31.03.2019</b>	21957338 2195733 804422 590523 377961 (465362) (163523) (908944) (1020982) (2041758) (1479681) -	3.30 0.30 0.11 0.08 0.05 0.06 0.02 0.12 0.14 0.28 0.20 -	21957338 24153071 24957493 25548016 25925977 25460615 25297092 24388148 23367166 21325408 19845727 <b>19845727</b>	3.30 3.30 3.41 3.49 3.54 3.47 3.45 3.32 3.18 2.90 2.70 <b>2.70</b>
5	<b>AXIS EMERGING OPPORTUNITIES FUND - SERIES 1 (1400 DAYS)</b> Add : Market Purchase on 06.04.2018 Market Purchase on 01.06.2018 Market Purchase on 08.06.2018 Less : Market Sale on 08.06.2018 Add : Market Purchase on 13.07.2018 Market Purchase on 20.07.2018 Bonus shares on 27.07.2018 Market Purchase on 27.07.2018 Market Purchase on 31.08.2018	14193296 314368 208023 1899977 (76258) 380000 19187 1691936 86116 419091	2.14 0.05 0.03 0.29 0.01 0.05 0.00 0.23 0.01 0.06	14193296 14507664 14715687 16615664 16539406 16919406 16938593 18630529 18716645 19135736	2.14 2.18 2.21 2.50 2.49 2.31 2.31 2.55 2.56 2.61

(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
	Market Purchase on 07.09.2018	183814	0.03	19319550	2.64
	Market Purchase on 14.09.2018	100000	0.01	19419550	2.65
	Less : Market Sale on 28.09.2018	(55000)	0.01	19364550	2.65
	Market Sale on 05.10.2018	(220000)	0.03	19144550	2.62
	Add : Market Purchase on 26.10.2018	91000	0.01	19235550	2.63
	Less : Market Sale on 23.11.2018	(25000)	0.00	19210550	2.62
	Add : Market Purchase on 30.11.2018	222269	0.03	19432819	2.66
	Less : Market Sale on 07.12.2018	(1446751)	0.20	17986068	2.46
	Add : Market Purchase on 14.12.2018	120609	0.02	18106677	2.47
	Less : Market Sale on 14.12.2018	(472999)	0.06	17633678	2.41
	Market Sale on 21.12.2018	(12920)	0.00	17620758	2.41
	Add : Market Purchase on 04.01.2019	26879	0.00	17647637	2.41
	Market Purchase on 11.01.2019	408000	0.06	18055637	2.47
	Less : Market Sale on 11.01.2019	(408061)	0.06	17647576	2.41
	Market Sale on 18.01.2019	(3433)	0.00	17644143	2.41
	Market Sale on 25.01.2019	(484494)	0.07	17159649	2.34
	Add : Market Purchase on 01.02.2019	210000	0.03	17369649	2.37
	Market Purchase on 08.02.2019	90000	0.01	17459649	2.38
	Less : Market Sale on 08.02.2019	(200000)	0.03	17259649	2.35
	Add : Market Purchase on 22.02.2019	226396	0.03	17486045	2.38
	Market Purchase on 01.03.2019	823000	0.11	18309045	2.49
	Market Purchase on 08.03.2019	622000	0.08	18931045	2.58
	Market Purchase on 29.03.2019	219000	0.03	19150045	2.61
	<b>As on 31.03.2019</b>	-	-	<b>19150045</b>	<b>2.61</b>

(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
6	<b>L&amp;T MUTUAL FUND TRUSTEE LIMITED-L&amp;T EMERGING BUSINESSES FUND</b>	8122838	1.22	8122838	1.22
	Add : Market Purchase on 20.04.2018	288430	0.04	8411268	1.27
	Market Purchase on 27.04.2018	998300	0.15	9409568	1.42
	Market Purchase on 04.05.2018	763667	0.11	10173235	1.53
	Market Purchase on 18.05.2018	717300	0.11	10890535	1.64
	Market Purchase on 01.06.2018	262405	0.04	11152940	1.68
	Market Purchase on 08.06.2018	25000	0.00	11177940	1.68
	Bonus shares on 27.07.2018	1117792	0.15	12295732	1.68
	Market Purchase on 07.09.2018	220000	0.03	12515732	1.71
	Market Purchase on 28.09.2018	86570	0.01	12602302	1.72
	Less : Market Sale on 05.10.2018	(500000)	0.07	12102302	1.65
	Add : Market Purchase on 09.11.2018	190800	0.03	12293102	1.68
	Market Purchase on 07.12.2018	192000	0.03	12485102	1.71
	Market Purchase on 11.01.2019	837625	0.11	13322727	1.82
	Market Purchase on 25.01.2019	399814	0.05	13722541	1.87
	Market Purchase on 01.02.2019	999580	0.14	14722121	2.01
	Market Purchase on 08.02.2019	197706	0.03	14919827	2.03
	Market Purchase on 15.03.2019	239160	0.03	15158987	2.06
	Market Purchase on 22.03.2019	223540	0.03	15382527	2.09
	Market Purchase on 29.03.2019	957911	0.13	16340438	2.22
	As on 31.03.2019	-	-	<b>16340438</b>	<b>2.22</b>

(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
7	<b>VISALAM G</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	13750000	2.07	13750000	2.07
		1375000	0.19	15125000	2.07
		-	-	<b>15125000</b>	<b>2.06</b>
8	<b>VILASINI VAIDYANATHAN</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	13750000	2.07	13750000	2.07
		1375000	0.19	15125000	2.07
		-	-	<b>15125000</b>	<b>2.06</b>
9	<b>HDFC STANDARD LIFE INSURANCE COMPANY LIMITED</b> Add : Market Purchase on 06.04.2018 Market Purchase on 13.04.2018 Market Purchase on 27.04.2018 Market Purchase on 04.05.2018 Market Purchase on 18.05.2018 Market Purchase on 25.05.2018 Less : Market Sale on 01.06.2018 Add : Market Purchase on 29.06.2018 Market Purchase on 20.07.2018 Bonus shares on 27.07.2018 Market Purchase on 03.08.2018 Market Purchase on 07.09.2018 Market Purchase on 14.09.2018 Market Purchase on 21.09.2018 Market Purchase on 28.09.2018	10243574 436644 50000 134619 123826 26157 15398 (100000) 250000 20000 1118021 225000 8992 49598 141410 226086	1.54 0.07 0.01 0.02 0.02 0.00 0.00 0.02 0.04 0.00 0.15 0.03 0.00 0.01 0.02 0.03	10243574 10680218 10730218 10864837 10988663 11014820 11030218 10930218 11180218 11200218 12318239 12543239 12552231 12601829 12743239 12969325	1.54 1.61 1.61 1.63 1.65 1.66 1.66 1.64 1.68 1.53 1.68 1.71 1.72 1.72 1.74 1.77

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(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
	Market Purchase on 05.10.2018	51258	0.01	13020583	1.78
	Market Purchase on 12.10.2018	175034	0.02	13195617	1.80
	Market Purchase on 19.10.2018	1050422	0.14	14246039	1.95
	Market Purchase on 26.10.2018	9584	0.00	14255623	1.95
	Market Purchase on 02.11.2018	102183	0.01	14357806	1.96
	Market Purchase on 09.11.2018	1100157	0.15	15457963	2.11
	Market Purchase on 16.11.2018	354699	0.05	15812662	2.16
	Market Purchase on 23.11.2018	193890	0.03	16006552	2.19
	Market Purchase on 30.11.2018	13148	0.00	16019700	2.19
	Market Purchase on 07.12.2018	7564	0.00	16027264	2.19
	Market Purchase on 14.12.2018	43536	0.01	16070800	2.20
	Market Purchase on 21.12.2018	327	0.00	16071127	2.20
	Market Purchase on 28.12.2018	96	0.00	16071223	2.20
	Less : Market Sale on 04.01.2019	(700000)	0.10	15371223	2.10
	Market Sale on 11.01.2019	(1016823)	0.14	14354400	1.96
	Add : Market Purchase on 18.01.2019	231	0.00	14354631	1.96
	Market Purchase on 25.01.2019	204	0.00	14354835	1.96
	Market Purchase on 15.02.2019	196	0.00	14355031	1.96
	Market Purchase on 22.02.2019	225000	0.03	14580031	1.99
	Market Purchase on 01.03.2019	86956	0.01	14666987	2.00
	Market Purchase on 08.03.2019	13636	0.00	14680623	2.00
	Market Purchase on 15.03.2019	276059	0.04	14956682	2.04
	Market Purchase on 22.03.2019	775	0.00	14957457	2.04
	Less : Market Sale on 29.03.2019	(4700)	0.00	14952757	2.04
	<b>As on 31.03.2019</b>	-	-	<b>14952757</b>	<b>2.04</b>

(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		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
10	<b>FRANKLIN TEMPLETON MUTUAL FUND A/C</b> <b>FRANKLIN INDIA</b> Add : Market Purchase on 01.06.2018 Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	11980788 1310263 1329105 -	1.80 0.20 0.18 -	11980788 13291051 14620156 <b>14620156</b>	1.80 2.00 2.00 <b>1.99</b>
11	<b>TVF FUND LTD #</b> Less : Market Sale on 20.04.2018 Market Sale on 27.04.2018 Add : Bonus shares on 27.07.2018 Less : Market Sale on 11.01.2019 Market Sale on 25.01.2019 Market Sale on 01.02.2019 <b>As on 31.03.2019</b>	10252541 (900000) (1000000) 835254 (800000) (195108) (400000) -	1.54 0.14 0.15 0.11 0.11 0.03 0.05 -	10252541 9352541 8352541 9187795 8387795 8192687 7792687 <b>7792687</b>	1.54 1.41 1.26 1.26 1.15 1.12 1.06 <b>1.06</b>
12	<b>ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND #</b> Less : Market Sale on 27.04.2018 Market Sale on 01.06.2018 Market Sale on 08.06.2018 Market Sale on 15.06.2018 Add : Bonus shares on 27.07.2018 Less : Market Sale on 24.08.2018 Market Sale on 31.08.2018 Market Sale on 07.09.2018	13955928 (360000) (3010000) (403957) (166043) 1001592 (543535) (226465) (670000)	2.10 0.05 0.45 0.06 0.02 0.14 0.07 0.03 0.09	13955928 13595928 10585928 10181971 10015928 11017520 10473985 10247520 9577520	2.10 2.05 1.59 1.53 1.51 1.51 1.43 1.40 1.31

(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
	Market Sale on 28.12.2018	(208631)	0.03	9368889	1.28
	Market Sale on 31.12.2018	(171267)	0.02	9197622	1.26
	Market Sale on 04.01.2019	(44357)	0.01	9153265	1.25
	Market Sale on 11.01.2019	(402008)	0.05	8751257	1.20
	Market Sale on 18.01.2019	(473737)	0.06	8277520	1.13
	Market Sale on 25.01.2019	(557309)	0.08	7720211	1.05
	Market Sale on 01.02.2019	(1262907)	0.17	6457304	0.88
	Market Sale on 08.02.2019	(399784)	0.05	6057520	0.83
	<b>As on 31.03.2019</b>	-	-	<b>6057520</b>	<b>0.82</b>
13	<b>NTASAIN DISCOVERY MASTER FUND #</b>	26374057	3.97	26374057	3.97
	Less : Market Sale on 27.04.2018	(2000000)	0.30	24374057	3.67
	Market Sale on 04.05.2018	(684160)	0.10	23689897	3.56
	Market Sale on 11.05.2018	(552936)	0.08	23136961	3.48
	Market Sale on 18.05.2018	(847178)	0.13	22289783	3.35
	Market Sale on 25.05.2018	(553852)	0.08	21735931	3.27
	Market Sale on 22.06.2018	(80897)	0.01	21655034	3.25
	Market Sale on 29.06.2018	(361903)	0.05	21293131	3.20
	Market Sale on 06.07.2018	(1755000)	0.26	19538131	2.94
	Market Sale on 20.07.2018	(1400000)	0.19	18138131	2.48
	Add : Bonus shares on 27.07.2018	1953813	0.27	20091944	2.75
	Less : Market Sale on 27.07.2018	(2500000)	0.34	17591944	2.40
	Market Sale on 19.10.2018	(1161354)	0.16	16430590	2.24
	Market Sale on 02.11.2018	(820000)	0.11	15610590	2.13

(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
	Market Sale on 09.11.2018	(734860)	0.10	14875730	2.03
	Market Sale on 16.11.2018	(842111)	0.12	14033619	1.92
	Market Sale on 23.11.2018	(415860)	0.06	13617759	1.86
	Market Sale on 30.11.2018	(357043)	0.05	13260716	1.81
	Market Sale on 07.12.2018	(3065984)	0.42	10194732	1.39
	Market Sale on 14.12.2018	(1260277)	0.17	8934455	1.22
	Market Sale on 21.12.2018	(8934455)	1.22	0	0.00
	<b>As on 31.03.2019</b>	-	-	<b>0</b>	<b>0.00</b>

# Not in the list of Top ten shareholders as on 31<sup>st</sup> March, 2019. The same is reflected above since the shareholders were one among the Top ten Shareholders as on 1<sup>st</sup> April, 2018.

Note :

- Total paid up equity shares as on 1<sup>st</sup> April, 2018 - 66,47,29,209 and as on 31<sup>st</sup> March, 2019 - 73,45,00,818.
- As the Company is listed, its shares are traded on a daily basis and hence the above dates refer to the respective beneficiary position dates.
- The holdings of the shareholders have been combined based on PAN and Folio No. / DP-Client ID.



(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 (01.04.2018)		Cumulative Shareholding during the year (31.03.2019)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	<b>S. Mahalingam</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	6,875	0.00	6,875	0.00
2	<b>Dr. N. Kamakodi</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	18,96,274	0.29	18,96,274	0.29
3	<b>Prof. V. Kamakoti</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	1,375	0.00	1,375	0.00
4	<b>R. Mohan</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	132,000	0.02	1,32,000	0.02
5	<b>Smt. CA. Abarna Bhaskar</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	3,307	0.00	36,377	0.01
6	<b>M. Narayanan</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	19,627	0.00	19,627	0.00
7	<b>S. Bernard</b> Add : Bonus shares on 27.07.2018 Add : Market Purchase on 12.10.2018 <b>As on 31.03.2019</b>	774	0.00	774	0.00
8	<b>Subramaniam Narayanan</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	26,100	0.00	2,87,108	0.04
		-	-	2,87,108	0.04

(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 (01.04.2018)		Cumulative Shareholding during the year (31.03.2019)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
9	<b>V N Shiva Shankar</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	6,37,384	0.10	6,37,384	0.10
10	<b>Dr. T S Sridhar</b> Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	100	0.00	100	0.00
11	<b>V Ramesh (KMP)</b> Add : ESOP allotment on 12.06.2018 Add : Market purchase on 13.07.2018 Add : Bonus shares on 27.07.2018 <b>As on 31.03.2019</b>	1,58,521 3,300 29 16,185 -	0.02 0.00 0.00 0.00 -	1,58,521 1,61,821 1,61,850 1,78,035 <b>1,78,035</b>	0.02 0.02 0.02 0.02 <b>0.02</b>

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**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment (₹ in lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	12369.88	161218.17	NIL	173588.05
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	23.64	81.81	NIL	105.45
<b>Total (i+ii+iii)</b>	<b>12393.52</b>	<b>161299.98</b>	<b>NIL</b>	<b>173693.50</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	923903.95	1752189.25	NIL	2676093.20
Reduction	936297.47	1865229.11	NIL	2801526.58
<b>Net Change</b>	<b>-12393.52</b>	<b>-113039.86</b>	<b>NIL</b>	<b>-125433.38</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	NIL	48090.85	NIL	48090.85
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	169.26	NIL	169.26
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>48260.11</b>	<b>NIL</b>	<b>48260.11</b>

Note: Secured loan represents CBLO Borrowings

**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		89.73
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	81.00	
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	8.73	
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	
2	Stock Option - Perquisites		-
3	Sweat Equity		-
4	Commission - as % of profit - others, specify		-
5	Others, please specify		
	- Variable pay		3.00
	<b>Total (A)</b>		<b>92.73</b>
	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	Shri. S. Mahalingam - Remuneration (including value of perquisites) - Sitting fees Prof. V. Kamakoti Abarna Bhaskar R. Mohan M. Narayanan S. Bernard Subramaniam Narayanan V.N. Shiva Shankar Dr. T.S. Sridhar <b>Total</b>	15,00,000 9,40,000 10,20,000 11,90,000 12,50,000 8,70,000 10,40,000 9,90,000 7,80,000 7,10,000 <b>102,90,000</b>
	- Commission	Prof. V. Kamakoti Abarna Bhaskar R. Mohan M. Narayanan S. Bernard Subramaniam Narayanan V.N. Shiva Shankar Dr. T.S. Sridhar T.K. Ramkumar (Retd. on 10 <sup>th</sup> June, 2017) C.R. Muralidharan (Retd. on 24 <sup>th</sup> February, 2018) <b>Total</b>	8,00,000 8,00,000 8,00,000 8,00,000 8,00,000 6,24,658 1,16,164 1,16,164 1,55,616 7,23,288 <b>57,35,890</b>
	- Others, please specify	NA <b>Total (1)</b>	- <b>160,25,890</b>

**B. Remuneration to other Directors : (Contd.)**

Sl.No.	Particulars of Remuneration	Name of Directors (Shri. / Smt)	Total Amount (₹)
2	Other Non-Executive Directors		
	- Fee for attending Board / Committee meetings		-
	- Commission	Justice (Retd.) S.R. Singharavelu	7,23,288
	- Others, please specify	NA	-
		<b>Total (2)</b>	<b>7,23,288</b>
		<b>Total (B) = (1)+(2)</b>	<b>1,67,49,178</b>
		<b>Total Managerial Remuneration (A+B)</b>	<b>2,60,21,683</b>
		<b>Overall Ceiling as per the Act</b>	<b>NA</b>

Note : Profit linked Commission for FY 2017 - 18 has been paid during FY 2018 - 19.

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

Sl.No.	Particulars of Remuneration	Key Managerial Personnel	
		CFO & CS	Total
1	Gross Salary		27.85
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	27.58	
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.27	
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	
2	Stock Option		2.61
3	Sweat Equity		-
4	Commission		-
	- as % of profit		
	- others, specify		
5	Others, please specify		-
	<b>Total</b>		<b>30.46</b>

Note : The above remuneration details given is for Sri.V Ramesh – General Manager - CFO & CS for the entire FY 2018-19.

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)
<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

**R. Mohan**  
Chairman

Place : Chennai  
Date : 17<sup>th</sup> June, 2019

**ANNEXURE IV****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 meaningful contributions to positively impact the society in which it operates.

During the FY 2018-19 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) Cleanliness & Swatchh Bharat Mission
- b) Literacy & Rural Sports
- c) Health Care
- d) Restoration & Renovation of sites of Historical Importance
- e) Environment Sustainability and Social Community Development
- f) Animal Welfare
- g) Promoting Scientific programs & Scientific Learning, Technology Incubators

- h) Disaster Relief

- i) Measure for the benefit of Armed Forces Veterans, War widows and their dependants.

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:  
[https://www.cityunionbank.com/downloads/corp\\_social\\_res.pdf](https://www.cityunionbank.com/downloads/corp_social_res.pdf)

3. CSR Committee Composition as on the latest date:

Dr. N.Kamakodi	:	Chairman of the Committee
Smt. Abarna Bhaskar	:	Member
Dr. T.S. Sridhar	:	Member
Shri. R. Mohan	:	Member
Shri. S. Bernard	:	Member

4. Average Net profits (Before Tax) for the last three financial years: ₹ 695.15 crore

5. CSR Expenditure (2% of Item No. 4 above) : ₹13.90 crore.

6. Total amount spent: ₹ 9.35 crore

7. Amount unspent : ₹4.55 crore (The amount has already been sanctioned and will be released in due course)

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Report on Corporate Social Responsibility

(₹ in crore)

Sl. No.	Sector	Projects	Locations	Budget project wise	Amount spent during FY 2019	Cumulative expenditure up to reporting period	Amount Spent : Direct or Through Agency
1	Cleanliness & Swachh Bharat Mission (N1)	Sanitation, Safe Drinking water, construction of toilets, water tanks and pipelines, Solid waste management	Kumbakonam, Thanjavur, Coimbatore, Karur, Tirukkodikaval	2.20	2.21	19.30	Direct
2	Literacy and Rural Sports (N2)	Construction of school building & classrooms, Financial Literacy Programs, Promoting Rural sports & nationally recognised sports, promotion of Scientific learning. Construction of Smart Class	Chennai, Kumbakonam, Karur, Swamimalai, Thirumalaisamu dram	1.97	2.32	9.04	Direct
3	Healthcare (N3)	Construction of hospital building, for Cancer patients, Provision of ambulance van, Provision of health infrastructure at public health centre, Providing health care to the poor & financial assistance to trust	Kumbakonam, Trichy, Mumbai, Chennai & Dhalavaipuram	0.91	0.82	3.72	Direct
4	Protection of Art & Culture including Restoration of sites of historical importance (N4)	Protection of heritage sites and monuments of archaeological importance. Providing Steel sheds to temple, Banyan Tree events,	Kumbakonam, Thanjavur, Chennai, Trichy, Thiruppanandal	0.99	0.91	4.23	Direct
5	Environment Sustainability and Social Community Development (N5)	Infrastructure development for Polagam -Providing Shed & Toilet at Shankara Mutt- Lalgudi Contribution towards Ground water recharge pools, Maintenance of water bodies, Providing CCTV cameras for regulating road traffic. Providing Infrastructure facilities at Jammath Building- Jumma Masjid -Nadukkadai	Kumbakonam, Lalgudi, Nadukkadai	6.10	3.95	6.60	Direct
6	Disaster Relief (N6)	Donation for Flood Relief to Kerala	Kerala, Nagapattinam	0.51	1.67	2.31	Direct

Report on Corporate Social Responsibility

(₹ in crore)

Sl. No.	Sector	Projects	Locations	Budget project wise	Amount spent during FY 2019	Cumulative expenditure up to reporting period	Amount Spent : Direct or Through Agency
7	Measures for benefit of Armed forces veterans, war widows and their dependents (N7)	Conducting workshop "Sanjog 2016" for the childrens of war widows and jawans	Tamilnadu	-	0.41	0.42	Direct
8	Animal Welfare	Ghoshala Maintenance at a) Sri Foundation, Srirangam, Nangavaram, b) Vittal Samasthan-Govindapuram, c) Construction of Animal Protection shelter	Srirangam, Govindapuram-Kumbakonam, Padappagudi village, near Avoor	0.12	0.10	0.10	Direct
9	Contribution of funds to Technology Incubators	Development of open source platform, Employment enablement, Financial analytics -IIT Chennai,	IIT, Chennai	1.10	1.10	1.10	Direct
		<b>TOTAL</b>		<b>13.90</b>	<b>13.49</b>	<b>46.82</b>	

Note:

- N1 The total Amount spent includes the unspent amount of ₹0.15 cr, ₹0.02 cr and ₹1.01 cr for FY 2015, FY 2017 and FY 2018 respectively.
- N2 The total Amount spent includes the unspent amount of ₹0.04 cr, ₹0.05 cr, ₹0.55 cr and ₹0.40 cr for FY 2015, FY 2016, FY 2017 and FY 2018 respectively.
- N3 The total Amount spent includes the unspent amount of ₹0.02 cr and ₹0.02 cr for FY 2015 and FY 2017 respectively.
- N4 The total Amount spent includes the unspent amount of ₹0.05 cr, ₹0.08 cr and ₹0.12 cr for FY 2016, FY 2017 and FY 2018 respectively.
- N5 The total Amount spent includes the unspent amount of ₹0.02 cr, ₹0.03 cr and ₹0.01 cr for FY 2016, FY 2017 and FY 2018 respectively.
- N6 The total Amount spent includes the unspent amount of ₹0.29 cr, ₹0.12 cr and ₹0.75 cr for FY 2016, FY 2017 and FY 2018 respectively.
- N7 The total Amount spent includes the unspent amount of ₹0.41 cr for FY 2017.

CSR Initiatives

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**DETAILS OF UNSPENT AMOUNT OUTSTANDING AS ON 31<sup>st</sup> March, 2019**

(₹ in crore)

Details	Financial Year	2018-19
Unspent amount		4.55

The unspent amounts relating to FY 2015, 2016, 2017 and 2018 as furnished in the previous year Annual Report of FY 2018 has been fully spent during FY 2019 and only, an amount of ₹4.55 cr is outstanding which pertains to FY 2019. The unspent amount for FY 2019 has been duly budgeted and will be disbursed as per requirements of CSR beneficiary.

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

For and on behalf of the Board

Place : Chennai  
Date : 17<sup>th</sup> June, 2019**R. Mohan**  
Chairman

**ANNEXURE - V**

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 2019.	MD & CEO: 19.94x 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: (-)53.92% CFO & CS: 17.52% During FY 2018-19, MD & CEO has not exercised any stock options, on account of which the remuneration of MD & CEO has decreased in comparison to the previous year.  The remuneration of CFO & CS has increased from the previous year as a result of increase in perquisite income, annual increment and performance linked pay.
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees was increased by 11.58%  This increase in median remuneration is on account of the annual increment, performance linked pay and increase in DA.
4	No. of permanent employees on rolls of the Bank.	There were 5,518 employees as on 31 <sup>st</sup> March, 2019.
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 employees salaries have increased by 14.27% in the Financial Year 2018-19.  Average Managerial personnel salaries have decreased by 45.77% in the Financial Year 2018-19.  Employees salaries increased as a result of annual increment, performance linked pay and increase in DA.  Salaries of Managerial personnel have decreased in comparison with 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.

For and on behalf of the Board

Place : Chennai  
Date : 17<sup>th</sup> June, 2019

**R. Mohan**  
Chairman



## ANNEXURE - VI

**Details of Top Ten Employees of the Bank in terms of Remuneration drawn pursuant to Sec 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 for the year ended 31<sup>st</sup> March, 2019**

Sl. No.	Name (Sarvashri)	Designation	Qualification	Age	Remuneration received (₹)*	Experience (in yrs.)	a. Date of Commencement of employment b. Nature of employment, whether contractual or otherwise	Last employment
1.	Dr. N Kamakodi	MD & CEO	B.Tech,MBA,CAIIB,Ph.D	44	92,72,505	16	18-06-2003	Director - BuPro Solutions (P) Ltd.
2.	Venkatasubramanian R	CGM	M.Com,MBA,M.Phil,CAIIB	57	48,62,810	9	14-10-2009	Kotak Mahindra Bank
3.	Ganesh V	CM	MA,JAIB	44	43,64,230	8	15-10-2010	UTI Bank,CenturianBank,Indusind Bank Ltd.
4.	Sridhar K P	SGM	MA,CAIIB	57	40,71,934	9	24-05-2010	State Bank of India
5.	Ramesh S	DGM	B.Sc,CAIIB	56	35,06,784	33	12-03-1986	Not Applicable
6.	Mohan Sivalingam R	CM	B.Com,CAIIB	58	34,31,231	8	10-11-2010	TamilNad Mercantile Bank Ltd.
7.	Suyambulinga Raja G	CM	B.Com,JAIB	45	33,65,424	8	02-02-2011	Indusind Bank Ltd.
8.	Narayanan S	CM	BA,CAIIB	57	32,92,866	11	09-07-2008	Sundaram Finance Ltd.
9.	Maharajan K	GM	B.Com,AICWA,CAIIB	54	32,33,959	16	05-09-2003	Bharat Overseas Bank Ltd.
10.	SadiqBatcha I	AGM	B.Sc,JAIB	51	30,78,342	8	15-06-2011	HDFC Bank

\* Remuneration includes Salary and Taxable Perquisites as per Income Tax Act, 1961

For and on behalf of the Board

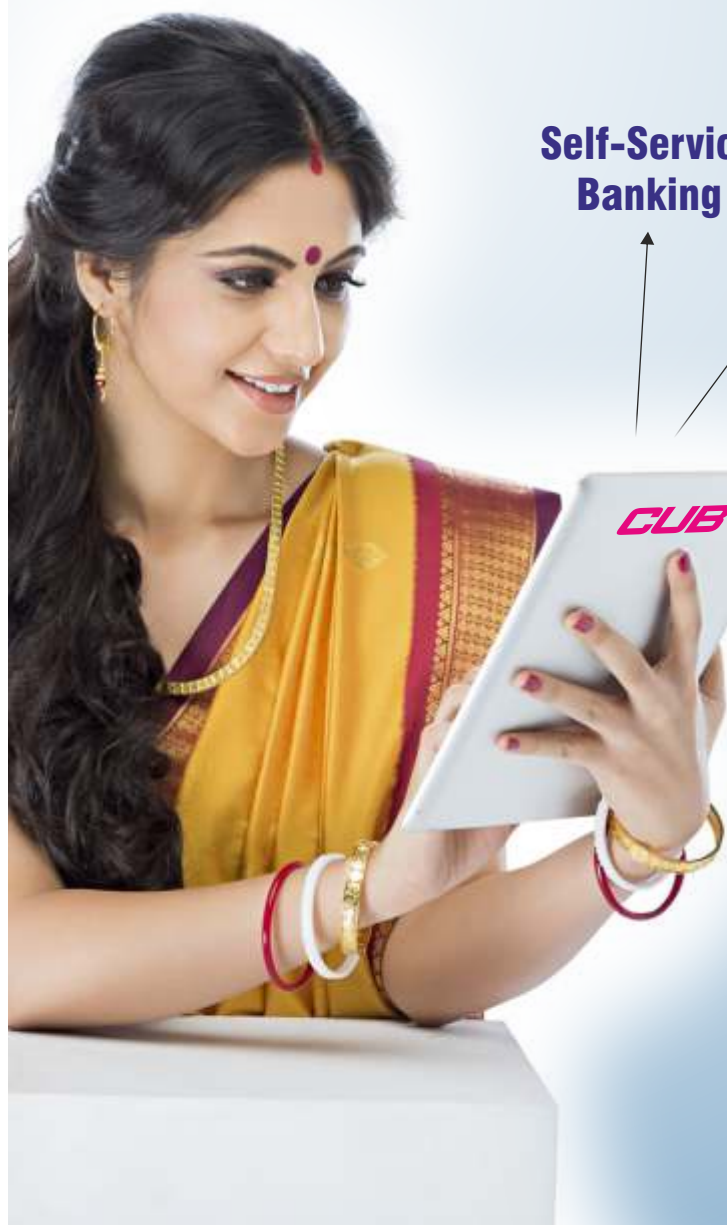
Place : Chennai  
Date : 17<sup>th</sup> June, 2019

**R. Mohan**  
Chairman

# We brighten up lives... blending tradition and technology.



Augmenting Banking Technology constantly,  
we make Banking an awesome experience for our customers



**Digital Payment System**

**Self-Service Banking**



**Mobile Banking / E-wallet**

**Social Media Banking**

**Personal & Corporate Internet Banking**

**ANNUAL BUSINESS RESPONSIBILITY REPORT (ABRR)****Section A : General Information about the Company**

Corporate Identification no.(CIN) of the Company	L65110TN1904PLC001287
Name of the Company	<b>CITY UNION BANK LIMITED</b>
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	2018-19
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 650 branches including 21 Banking outlets manned by BCs with 1,685 ATMs, as on 31 <sup>st</sup> March, 2019
Markets served by the Company - Local / State / National / International	National

**Section B : Financial Details of the Company**

1.	Paid up capital (INR)	₹ 73,45,00,818
2.	Total Turnover (INR)	₹ 42,81,55,53,715
3.	Total Profit after Taxes (INR)	₹ 682,85,14,207
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	<b>1.37%</b>
5.	List of activities in which expenditure in 4 above has been incurred	Refer Page No. 58 of Annual Report

**Section C : Other Details**

Does the Company have any Subsidiary Company / Companies?	No	CSR Initiatives
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).	NA	
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)		List of Branches
DIN Number	06902614	
Name	R Mohan	
Designation	Non Executive Part-time Chairman	Basel III
b) Details of the BR Head		
DIN Number (if applicable)	06971635	
Name	Abarna Bhaskar	
Designation	Independent Director	
Telephone number	9980902995	
e-mail Id	abarnabhaskar@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	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify	Y	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	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	Y
6.	Indicate the link for the policy to be viewed online?*	N1	N1	N1	N1	N1	N2	-	N2	N3
7.	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	-	Y	Y

Details of compliance (Contd.)

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	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	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	Y

\*Notes :

N1. The Bank has policies on this which are available internally to its employees. As regards P5, the Bank respects and promotes the rights of all its Customers through Customer Policy.

N2. CSR weblink: [https://www.cityunionbank.com/downloads/corp\\_social\\_res.pdf](https://www.cityunionbank.com/downloads/corp_social_res.pdf)

N3. Customer Rights Policy weblink: [https://www.cityunionbank.com/downloads/customer\\_rights\\_policy.pdf](https://www.cityunionbank.com/downloads/customer_rights_policy.pdf)

Principle wise policies :

Principle	Policy details
P1.	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.
P2.	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.
P3.	Compensation Policy, Staff Rotation Policy, HR Policy, Mandatory Leave Policy, Training Policy and Policy on Prevention of Sexual Harassment.
P4.	The Bank through its Loan policy and Financial Inclusion programs addresses this principle to the benefit of disadvantaged, marginalized and the vulnerable.
P5.	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.

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**Principle wise policies :**

Principle	Policy details
P6.	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.
P7.	The Bank does not have any specific policy on the principle. For advocacy on policies relating to the Banking Industry, the Bank works through Industry Associations / Committees such as Indian Banks Association (IBA), State Level Bankers Committee (SLBC), State Level Security Committee (SLSC) and other Committees as may be determined by RBI from time to time. The Bank deposes Executives to represent the view of the Bank at such meetings. Also, the MD & CEO of the Bank is a member of IBA representing the Bank.
P8.	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.
P9.	Customer Rights Policy, Policy on Outsourcing of Financial Services, Bank Deposits, Loan Policy, Information System Security 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									

### 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.

The Bank has constituted a CSR Committee headed by the Managing Director & CEO of the Bank. The Committee met 5 times during the year wherein most of the parameters were reviewed during such meetings.

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

No

### 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's 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.

A total of 32,073 complaints were received from the Stakeholders (Shareholders & Customers) during the reporting year and 99.96% cases were resolved. Members may please refer Pg. No. 82 for shareholders complaints and Pg. No. 147 for Customer complaints in this Annual Report.

#### Principle 2

1. List up to 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, SwayamGraha 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.

However, the Bank aims to reduce the impact on environment to the maximum possible extent in its various operations. The Bank during the year has taken efforts to make efficient use of drained / waste water from RO plants for various purposes thus promoting better water management. Towards electricity consumption, the Bank has started installing solar batteries in a few branches thus reducing the dependence on thermal power.

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 waste.

### Principle 3

1. Please indicate the total number of employees : 5,518
2. Please indicate the total number of employees hired on temporary / contractual / casual basis : 70

3. Please indicate the number of permanent women employees : 1,502
4. Please indicate number of permanent employees with disabilities : 15
5. Do you have an employee association that is recognized by management?  
Yes, CUB Officers Association (CUBOA) and CUB Staff Union (CUBSU) are recognized by the Management.
6. What percentage of your permanent employees is members of this recognized employee association?  
Number of CUBOA - 100%  
Number of CUBSU - 57%
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	Nil	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

3,929 permanent employees were imparted classroom-based training during the year which is 71.20% of the Bank's total employees. This apart, employees including employees in Management cadre Executives are recommended for various training programs / workshops conducted by CAFRAL, SIBSTC, NIBM, 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 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

The Bank engages with the disadvantaged, vulnerable and marginalized stakeholders in various ways by offering various services including that for Agricultural and Government sponsored schemes. The Bank undertakes financial literacy classes as part of its efforts to educate the marginalized section. Around 16% of the total number of Bank's branches is operational in rural and unbanked areas to engage with the disadvantaged, vulnerable and marginalized sections of the society.

**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?

Kindly refer Section E, Principle 1 (2).

**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. However, the Bank caters to the environment and sustainability aspects through its

CSR activities.

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 supports green initiative by undertaking Annual Maintenance of Public Parks in various places in Tamil Nadu. The Bank has also carried out various projects towards water conservation and rejuvenation by taking up cleaning, desilting and deepening of a network of lakes in Thanjavur and Thiruvavur Districts.

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

Yes. The Bank identifies and acknowledges potential environmental risks and all it takes possible measures to mitigate such risks thro' its CSR activities.

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.

The Bank has started installing solar power generating equipments in select branches and based on the experience it will be installed in more number of branches in the coming years.

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

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**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)

The MD & CEO of the Bank is a member of IBA who actively represents the Bank in IBA council meetings. During such meetings, the MD & CEO of the Bank voices his views on various development policies beneficial for Banking Industry.

**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 CSR programmes are undertaken directly by the Bank through its CUB Foundation

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

The assessment of CSR activities of the Bank is carried out by respective Executives responsible for CSR.

4. What is your Companies direct contribution to community development projects – Amount in INR and the details of the projects undertaken?

During the year 2018-19, the Bank has spent ₹13.49 crore towards various CSR initiatives. For further details on CSR activities please refer **Annexure IV** 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 CUB 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 out 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. Through customer interaction, on the spot survey is done to assess the perception and expectation of customer on products and services.

## Spreading smiles through Smart Banking Solutions

We ride on technology, taking with us the digitally driven modern customers. Booking tickets to business transactions, our technological solutions makes banking more simple and life more cozy.

• POS TERMINAL •

• CUB TRACKER •

• CUB NET SPEND ANALYZER •

• INTERNET BANKING •

• ANY BRANCH BANKING •

• SELF-SERVICE BANKING •

• ELECTRONIC MONEY TRANSFER •

• DIGI - DHAN PRODUCTS •

• CUB EASY •

• ROBO LAKSHMI •

Digital Banking  
that makes life dearer





## REPORT ON CORPORATE GOVERNANCE

(Forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2019)

Corporate Governance is the system of rules, practices and processes by which an Institution is operated, directed and governed. The main principles of good corporate governance is conducting the business with integrity, being transparent in all transactions, making all the necessary disclosures and complying with the applicable laws, accountability and responsibility towards all the stakeholders and commitment to conduct the business in an ethical manner.

This Report on Corporate Governance is set out pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and forms part of the Director's Report for the financial year ended 31<sup>st</sup> March, 2019.

### 1. BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

City Union Bank Ltd., (herein after called the "Bank") believes that a good Corporate Governance structure is the one which directs and controls the affairs of the Bank to sustain and improve value creation for all stakeholders. Bank's governance framework recognizes Transparency, Integrity, Honesty and Accountability as core values, and the management believes that the practice of each of these creates the right corporate culture fulfilling the purpose of Corporate Governance.

The Bank's governance code is available on the Bank's website [www.cityunionbank.com](http://www.cityunionbank.com) for general information to all stakeholders. However it is to be recognized that Corporate Governance is not just a destination but a consistent journey to consolidate and enhance sustainable value creation to the Bank by adhering to the core values.

The Bank continues to believe strongly in adopting and adhering to the best governance practices and benchmarking itself against the industries best practices. The Bank always endeavours to achieve the highest levels of governance as a part of its accountability and responsibility towards the shareholder and all other stakeholders. Transparency, Fairness, Responsibility and Integrity continue to be at

the epicentre in achievement of good Corporate Governance and the Bank is strongly committed to adhering to the principles for enhancing the stakeholders' values.

The code aims:

- a) to enhance the long term wealth creation of all its stakeholders, provide good management standards, adopt prudent risk management techniques and comply with the required benchmark of capital adequacy, thereby safeguarding the interest of all its stakeholders such as shareholders, investors, depositors, creditors, borrowers and employees to maximise benefits to all.
- 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 equal 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) 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.
- c) To make employees accountable and take responsibility for completion of work within specified time lines, while adhering to risk controls and policy framework.
- 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 Clause 17 of Articles of Association of the Bank, the Banking Regulation Act, 1949, Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations, 2015, as amended from time to time.

## A. COMPOSITION

As per SEBI Listing Regulations where the Chairperson of the Board of Directors is a Non-Executive Director, at least one third of the Board should comprise of Independent Directors. As on 31<sup>st</sup> March, 2019, the Board comprised ten members consisting of Independent Part-Time Chairman, Managing Director & CEO, and eight Independent Directors. Independent Directors constitute 90% of the Board strength which is more than the requirements of the Companies Act, 2013 and SEBI Listing Regulations. The Listing Regulations also mandate that Board of Directors of top 500 listed entities should have atleast one Independent Woman Director. The Bank has one Woman Director who is Independent. None of the Directors of the Bank are related to one another.

The Board has identified the following core skills/ expertise/ competencies for effective and dynamic Board composition which is in line with Section 10A(2) of Banking Regulation Act, 1949 and circulars issued by RBI.

- i. Accountancy
- ii. Agriculture and Rural Economy
- iii. Banking
- iv. Co-operation
- v. Economics
- vi. Finance
- vii. Law
- viii. Small-scale industry
- ix. Human Resource
- x. Information Technology
- xi. Risk Management
- xii. Payment and Settlement Systems
- xiii. Business Management

The majority of Directors on the Board as on 31<sup>st</sup> March, 2019 have special knowledge and practical experience in the above areas which is detailed hereunder alongwith other disclosures.

Name of the Director Sarvashri	Expertise/Core Skills/ Sector Representation	Category	No. of other Directorships held	No. of shares
S. Mahalingam (DIN:00121727)	Accountancy, Finance and Technology	Chairman	12	7,562
Dr. N. Kamakodi (DIN:02039618)	Banking	Managing Director & CEO	Nil	20,85,900
Prof. V. Kamakoti (DIN:03537382)	Technology	Independent Director	1	1,512
R. Mohan (DIN:06902614)	Banking, Agriculture and SSI	Independent Director	Nil	1,45,200
Smt. Abarna Bhaskar (DIN:06971635)	Accountancy and Banking	Independent Director	Nil	36,377
M. Narayanan (DIN:00682297)	Accountancy, Agriculture & Rural Economy	Independent Director	Nil	21,589
S. Bernard (DIN:01719441)	Banking and Accountancy	Independent Director	Nil	1,101
Subramaniam Narayanan (DIN :00166621)	Accountancy and Finance	Independent Director	8	2,87,108

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Name of the Director Sarvashri	Expertise/Core Skills/Sector Representation	Category	No. of other Directorships held	No. of shares
V. N. Shiva Shankar (DIN : 00929256)	Law and Accountancy	Independent Director	7	7,01,122
Dr. T. S. Sridhar (DIN : 01681108)	Agriculture & Rural Economy, SSI and Co-operation	Independent Director	Nil	110

As the Banking level scope is changing, different levels of expertise are required at the Board level to govern the affairs of the Bank. In addition to the skill sets mentioned in the above table some of the Board members possess experience / expertise in other areas as follows:

Smt. Abarna Bhaskar is a qualified Chartered Accountant. She has Banking experience with both Indian and International Banks. She has hands on experience in supervising the Risk Management Department apart from handling Finance, Accounts and Taxation at various Banks.

Shri. M. Narayanan is a qualified Chartered Accountant and Cost Accountant. He is also having expertise in System Audit.

Shri. Subramaniam Narayanan is a qualified Chartered Accountant, Cost and Management Accountant, Company Secretary and MBA from IIM - Ahmedabad. Apart from skill sets given in above table, he brings into the Board the skill sets of IT and Business Management through his experience in serving the Board of IT companies. Though he started his career as a Banker, he has gained experience across asset classes including bonds, currencies, equities in both Domestic & International markets.

Dr. T. S. Sridhar is qualified as MA., Ph.D (Economics) and is a retired IAS Officer who holds 37 years of rich experience in Rural Development and Administration of Govt. Schemes. Apart from the skill sets mentioned in the above table he holds expertise in Human Resource and Economics as well.

#### Names of other Directorships held by Directors in Listed Entities

Name of the Director Sarvashri	Name of Company(s)	Category
S. Mahalingam	Sundaram Finance Limited Sundram Fasteners Limited JSW Steel Limited	Independent Director Independent Director Independent Director
Subramaniam Narayanan	Nucleus Software Exports Limited# Ganesha Ecoshpere Limited	Independent Director Independent Director

# ceased to be Director from the close of business hours of 31<sup>st</sup> March, 2019

**B. 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 01.09.2018	Directorship in other Public Ltd., Companies	Committee Membership (Chairmanship) in other Companies
	Held during the Tenure	Meeting Attended			
S. Mahalingam	14	13	Yes	7	6 (4)
Dr. N. Kamakodi	14	14	Yes	Nil	Nil
Prof. V.Kamakoti	14	14	Yes	1	Nil
R. Mohan	14	14	Yes	Nil	Nil
Smt. Abarna Bhaskar	14	13	Yes	Nil	Nil
M. Narayanan	14	13	Yes	Nil	Nil
S. Bernard	14	14	Yes	Nil	Nil
Subramaniam Narayanan	14	12	Yes	2	1(1)
V. N. Shiva Shankar	14	14	Yes	2	Nil
Dr. T. S. Sridhar	14	14	Yes	Nil	Nil

Meetings held on: 01.04.2018, 20.04.2018, 24.05.2018, 22.06.2018, 26.07.2018, 08.08.2018, 31.08.2018, 26.09.2018, 02.11.2018, 27.11.2018, 15.12.2018, 28.01.2019, 26.02.2019 and 18.03.2019.

*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.*

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.

**C. FAMILIARISATION PROGRAMMES**

The Bank in compliance with the requirement of the Listing Regulations conducts familiarization programmes for Independent Directors to enable them familiarize with the Bank, its management, their

roles, responsibilities, nature of the Banking Industry, Business model, Risk management, system and Technology of the Bank etc. The Directors are also encouraged to attend programmes organised by various Institutions to familiarise them with latest business / industry trends.

During the year, Shri. S. Bernard, Dr. T. S. Sridhar and Shri. V.N. Shiva Shankar, Independent Directors of the Bank were deputed to attend awareness programme organized by Institute for Development and Research in Banking Technology (IDRBT) on "IT and Cyber Security" which covers the areas viz., principles of Cyber Security, IT/Cyber Security Governance, Operational Risk & IT, Cyber Risk Mitigation, Cyber Insurance, Internal Audit Framework etc. The complete details are available in the Bank's website under investors section. web link : [https://www.cityunionbank.com/downloads/Familiarisation\\_programme.pdf](https://www.cityunionbank.com/downloads/Familiarisation_programme.pdf)

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**D. DIRECTOR'S REMUNERATION****i. REMUNERATION POLICY****Remuneration to Executive Director**

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 their approval. However, 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. Such Compensation Policy is framed in accordance with the guidelines issued by the Reserve Bank of India.

**Remuneration to Non-Executive Director**

All Non-Executive Directors of the Bank are paid sitting fees for attending Board and Committee meetings to the tune of ₹50,000/- and ₹10,000/- respectively for each such meeting as per the provisions of the Companies Act, 2013. Further, except Shri. S. Mahalingam, Independent Part-Time Chairman of the Bank whose remuneration is determined by the RBI pursuant to the provisions of the Banking Regulation Act, 1949, all other Non-Executive Directors are eligible for profit linked commission pursuant to the RBI guidelines on "Compensation of Non-Executive Directors of Private Sector Banks" and the Companies Act, 2013 for every

financial year commencing from 1<sup>st</sup> April, 2017 as approved by the shareholders in their meeting held on 1<sup>st</sup> September, 2018, upon recommendation by the Compensation and Remuneration Committee based on overall performance of the Bank and the Director.

Besides above, the Bank shall not pay any other form of remuneration to Non-Executive Directors of the Bank.

**Remuneration to Key Managerial Personnel (KMP) and Other Employees**

The employees and KMPs are remunerated pursuant to a separate memorandum of understanding entered into with the Officers Association, Staff Union and Executives.

**ii. REMUNERATION PAID DURING FY 2018-19**

The Bank remunerates the Chairman and the Managing Director & CEO in accordance with the terms and conditions as approved by the Reserve Bank of India and Shareholders. Also, during the year no stock options have been granted to or exercised by the MD & CEO of the Bank.

During the year under review, all Independent Non-Executive Directors were paid Profit Linked Commission for FY 2017-18 (except for Part-Time Chairman) in addition to sitting fees for attending Board and Committee meetings.

Further, there are no instances of service contracts, notice period and severance fees between the Bank and its Directors during FY 2019.

The details of remuneration paid to Directors are furnished below:

(in ₹)

Name of Director (Sarvashri)	Salary/ Fixed Pay	Variable pay	Perquisites	Sitting Fees	Profit linked commission	Total Remuneration
<b>EXECUTIVE DIRECTOR</b>						
Dr. N. Kamakodi	81,00,000	3,00,000	8,72,505	-	-	92,72,505
<b>NON-EXECUTIVE INDEPENDENT DIRECTORS</b>						
S. Mahalingam	15,00,000	-	-	9,40,000	-	24,40,000
T. K. Ramkumar (upto 10.06.2017)	-	-	-	-	1,55,616	1,55,616

The details of remuneration paid to Directors are furnished below: (Contd.)

(in ₹)

Name of Director (Sarvashri)	Salary/ Fixed Pay	Variable pay	Perquisites	Sitting Fees	Profit linked commission	Total Remuneration
<b>NON-EXECUTIVE INDEPENDENT DIRECTORS</b>						
C. R. Muralidharan (upto 24.02.2018)	-	-	-	-	7,23,288	7,23,288
Justice S. R. Singharavelu (upto 24.02.2018)	-	-	-	-	7,23,288	7,23,288
Prof. V. Kamakoti	-	-	-	10,20,000	8,00,000	18,20,000
Abarna Bhaskar	-	-	-	11,90,000	8,00,000	19,90,000
R. Mohan	-	-	-	12,50,000	8,00,000	20,50,000
S. Bernard	-	-	-	10,40,000	8,00,000	18,40,000
M. Narayanan	-	-	-	8,70,000	8,00,000	16,70,000
Subramaniam Narayanan	-	-	-	9,90,000	6,24,658	16,14,658
V. N. Shiva Shankar (since 07.02.2018)	-	-	-	7,80,000	1,16,164	8,96,164
Dr. T. S. Sridhar (since 07.02.2018)	-	-	-	7,10,000	1,16,164	8,26,164

*Note 1* RBI vide its approval dt.29<sup>th</sup> March, 2019, revised the salary of Executive Director from ₹81 lakhs p.a. to ₹84 lakhs p.a. w.e.f. 1<sup>st</sup> May, 2018. The incremental pay / arrear shall be paid during the current financial year and variable pay paid to him during the FY2019 pertains to FY2017.

*Note 2* The Director's viz., Shri. T. K. Ramkumar, Shri. C. R. Muralidharan and Justice (Retd.) S. R. Singharavelu retired during FY2017-18.

*Note 3* The Profit Linked Commission for FY 2017-18 as approved by the shareholders in its previous meeting held on 1<sup>st</sup> September, 2018 was paid to Directors during the reporting year, based on their tenure served during such period.

It is confirmed that no single Non-Executive Director has been remunerated exceeding 50% of total annual remuneration paid to all Non-Executive Directors.

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## E. PERFORMANCE EVALUATION

### i. PROCESS

In line with the provisions of the Companies Act, 2013 and Regulation 17 & 19 of SEBI Listing Regulations, 2015, the Bank during the year under review carried a formal annual 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., as approved by the Nomination Committee. The Nomination Committee reviews the performance evaluation criteria from time to time as per requirement.

The Board carries 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 conducts the evaluation of Board, Chairman and Executive Director and also, the timeliness of flow of information between Board & Management.

### ii. PERFORMANCE EVALUATION CRITERIA

#### Individual Directors and Chairperson (Including MD & CEO and Independent Directors)

An annual internal assessment of all Directors on the Board of the Bank is carried out by the entire Board of Directors based on criteria's as approved by the Nomination Committee viz. Qualification, Experience, Knowledge & Competency, Availability & Attendance, Contribution, Integrity, Independent views and judgement.

In addition to above criteria the fulfilment of Independence criteria by Independent Directors were also taken on record.

In respect of evaluation of Chairperson, additional criteria such as leadership capabilities, Board level working relationships were taken into account.

Managing Director & CEO was assessed on additional criteria viz., Business Conduct, Updates, Management tact, Strategic Planning, Compliance and Governance areas.

While undertaking the evaluation process, the Director being evaluated did not participate.

### iii. Board as Whole

Assessment is done based on structure of the Board including Directors Competency & Diverse Expertise, Frequency of Meetings, quality of information supplied, Agenda, effectiveness of discussions, Action Taken Reports, implementation and monitoring of Strategy(s), Investor Grievance Redressal, Risk Management, Management of conflict of interests, understanding of Regulatory, Statutory and Industry Environment, Corporate Governance.

### iv. Board Committees

The evaluation is done based on parameters viz., composition of the committee, Terms of reference, Meetings, recommendation of agenda item by Chairman, structure of Committee meetings, Reconstitution, Rotation of members etc.

### v. Outcome of Evaluation

The reports of all evaluations conducted as aforesaid were placed before the Board and it was agreed by all Directors that the overall performance of the Board, Board Committees and individual Directors was satisfactory for FY 2018-19.

## F. CRITERIA FOR APPOINTMENT OF INDEPENDENT DIRECTORS

The detailed criteria for appointment of Independent Directors are mentioned under the Directors Report forming part of this Annual Report. The terms of appointment of Independent Directors is hosted in the website of the Bank as per Regulation 46 of SEBI Listing Regulations.

All Independent Directors on the Board have confirmed that they meet the criteria of Independence under the Companies Act, 2013 and SEBI Listing Regulations. Further, the Board confirms that all Independent Directors fulfils the conditions specified under SEBI Listing Regulations and are Independent of the management.

## 3. COMPOSITION OF COMMITTEES OF THE DIRECTOR AND THEIR ATTENDANCE AT THE MEETINGS AS ON 31<sup>ST</sup> MARCH, 2019

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 13 Committees as of 31<sup>st</sup> March, 2019 which is as follows:

#### I. Audit Committee

The terms and reference of the Audit Committee are in consonance with the RBI guidelines, SEBI Listing Regulations and in accordance with Section 177 of 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 statements are correct, sufficient and credible.
- b. Recommend to the Board the appointment, re-appointment or if required, the replacement or removal 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. 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. Review with the management, the quarterly Financial Statements before submission to the Board for approval and secure the certificate from CFO in terms of requirements under the SEBI Listing Regulations, 2015.
- f. Review, 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.

- g. Discuss significant Audit findings including those of Concurrent Audit and follow up thereon.
- h. Review the adequacy of the Audit and compliance functions, including their policies, procedures, techniques and other regulatory requirements.
- i. Review 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.
- j. Review of all reports as per the Calendar of Reviews stipulated by the RBI.
- k. Review of Compliance Report on Corporate Governance.
- l. Review of risk management, internal financial controls and Independent evaluation of Operational Risk Management Function.
- m. Review compliance functions in the Bank and monitor compliance in respect of Annual Financial Inspection by RBI.
- n. Review the functioning of the Whistle Blower mechanism.
- o. Any other function 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	Category	No. of Meetings held during the tenure	Attendance
Smt. Abarna Bhaskar (Chairperson)	Independent	13	12
S. Mahalingam	Independent	13	12
M. Narayanan	Independent	13	12
Subramaniam Narayanan	Independent	13	11
R. Mohan	Independent	13	13
Meetings held on: 20.04.2018, 23.05.2018, 22.06.2018, 26.07.2018, 08.08.2018, 31.08.2018, 26.09.2018, 01.11.2018, 27.11.2018, 15.12.2018, 28.01.2019, 26.02.2019 and 18.03.2019.			

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

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## 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:

- Reviewing and redressing the complaints received from shareholders / Investor grievance mechanism and any other security holders with respect to transfer of shares, issuance of fresh share certificates, non receipt of dividends / dividend warrant, annual reports, non receipt of share certificates, etc.,
- Overseeing the Shareholders Services Mechanism of the Bank by obtaining quarterly report on Grievances and Redressal.
- 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	Category	No. of Meetings held during the tenure	Attendance
Prof. V. Kamakoti (Chairperson)	Independent	04	04
S. Mahalingam	Independent	04	03
Smt. Abarna Bhaskar	Independent	04	04
Subramaniam Narayanan	Independent	04	03
V. N. Shiva Shankar	Independent	04	04

Meetings held on: 20.04.2018, 26.07.2018, 02.11.2018 and 28.01.2019.

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

The Investors complaints received during the year under review is as follows:

Pending at the beginning of the year	:	0
Received during the year	:	4
Disposed off during the year	:	4
Pending at the end of the year	:	0

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

## III. Credit Committee of the Board

Terms of reference:

- 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.
- Review the performance of Credit Appraisal Committee (CRAPCO) which scrutinize the credit proposals above ₹1 crore & above.
- Reviewing any other matters relating to credit sanction as and when recommended by the Board.

Composition and meeting details:

Name of the Member Sarvashri	Category	No. of Meetings held during the tenure	Attendance
R. Mohan (Chairperson)	Independent	13	13
Dr. N. Kamakodi	Executive	13	13
Smt. Abarna Bhaskar	Independent	13	12
S. Bernard	Independent	13	13
Subramaniam Narayanan	Independent	13	11
Meetings held on: 20.04.2018, 24.05.2018, 22.06.2018, 26.07.2018, 08.08.2018, 31.08.2018, 26.09.2018, 02.11.2018, 27.11.2018, 15.12.2018, 28.01.2019, 26.02.2019 and 18.03.2019.			

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#### IV. Committee of the Board for Reviewing NPA and Suit accounts

Terms of reference - To review:

- NPA in Domestic and Forex Credits with special thrust on accounts of ₹10 crore and above.
- Suit / Non-Suit and Technically written off accounts above ₹50 lakh.
- Fresh slippages during the quarter including quick mortality cases
- Recovery / account closed / regularized during the period and
- Performance of NPA accounts sold to ARCs

Composition and meeting details:

Name of the Member Sarvashri	Category	No. of Meetings held during the tenure	Attendance
M. Narayanan (Chairperson)	Independent	04	03
V.N. Shiva Shankar	Independent	04	04
Dr. N. Kamakodi	Executive	04	04
R. Mohan	Independent	04	04
Smt. Abarna Bhaskar	Independent	04	03
Meetings held on: 22.06.2018, 31.08.2018, 27.11.2018 and 26.02.2019			

#### V. Risk Management Committee of the Board

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

- To oversee the performance of Risk Management function in pursuance of the Risk Management Guidelines issued periodically by RBI & Board.
- Defining risk appetite, tolerance and to initiate risk mitigation techniques with the approval of the Board
- To review systems of Risk Management framework, compliance to identify, measure, control and report key risks and internal controls.
- To prepare framework for alignment of business strategy with the Board's risk appetite / directives / guidelines.

- 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 and Disaster Recovery Plan, Key Risk Indicators and Significant Risk Exposures.
- h. To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives, and to issue necessary directions thereof.
- 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	Category	No. of Meetings held during the tenure	Attendance
Subramaniam Narayanan (Chairperson)	Independent	04	04
S. Mahalingam	Independent	04	04
Dr. N. Kamakodi	Executive	04	04
Prof. V. Kamakoti	Independent	04	04
R. Mohan	Independent	04	04
Meetings held on: 22.06.2018, 31.08.2018, 27.11.2018 and 18.03.2019			

## VI. Customer Service Committee of the Board

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. Bring about ongoing improvements in the quality of customer service provided by the Bank and exploring innovative measures towards enhancing the quality of customer service and improving the level of customer satisfaction of all categories of the Bank's clientele.

- b. Provide guidance in improving the customer service level.
- c. Comply 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. 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. Examine any other issues having a bearing on the quality of customer service rendered.
- f. Ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.
- g. 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	Category	No. of Meetings held during the tenure	Attendance
Prof. V. Kamakoti (Chairperson)	Independent	01	01
Dr. N. Kamakodi	Executive	01	01
R. Mohan	Independent	01	01
Subramaniam Narayanan	Independent	01	01
Dr. T. S. Sridhar	Independent	01	01
Meetings held on: 18.03.2019			

## VII. Nomination Committee of the Board

The terms of reference of Nomination Committee cover the matters specified under Section 178 of the Companies Act, 2013 & SEBI Listing Regulations, 2015 which 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. Carry out the performance evaluation of every Director
- c. Examine the vacancies that will come up at the Board on account of retirement or otherwise i.e., succession planning.
- d. 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. Identify persons who may be appointed in senior management and recommend to the Board of Directors as to their appointment and removal.
- f. Ensure Board diversity in terms of the Banking Regulation Act, 1949 the Reserve Bank of India guidelines, the Companies Act, 2013, SEBI Listing Regulations, 2015 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.

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Composition and meeting details:

Name of the Member Sarvashri	Category	No. of Meetings held during the tenure	Attendance
S. Bernard (Chairperson)	Independent	02	02
Prof. V. Kamakoti	Independent	02	02
Smt. Abarna Bhaskar	Independent	02	02
M. Narayanan	Independent	02	02
R. Mohan	Independent	02	02
Meetings held on: 20.04.2018 and 28.01.2019			

### VIII. Committee of the Board for Monitoring and Follow up of 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 involving ₹ 1 crore and above.

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

- Identify the *lacunae*, if any, in the systems that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay in detection, if any, reporting to top management of the Bank and Reserve Bank of India.

- Monitor the progress of Police investigation and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place additional measures as may be desired to strengthen preventive measures against frauds.

Composition and meeting details:

Name of the Member Sarvashri	Category	No. of Meetings held during the tenure	Attendance
Smt. Abarna Bhaskar (Chairperson)	Independent	05	05
Dr. N. Kamakodi	Executive	05	05
Prof. V. Kamakoti	Independent	05	05
S. Bernard	Independent	05	05
Subramaniam Narayanan	Independent	05	05
Meetings held on: 22.06.2018, 31.08.2018, 26.09.2018, 15.12.2018 and 18.03.2019			

## IX. Compensation & Remuneration Committee of the Board

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

- Formulate and review the Remuneration / Compensation Policy of the Bank as per the directions of RBI.
- Administer the Employee Stock Option Scheme of the Bank as formulated in SEBI (SBEB) Regulation, 2014.
- Review of compensation to employees and

executives including the Managing Director & CEO of the Bank.

- Recommend Remuneration including Variable Pay for MD & CEO of the Bank.
- Recommend Compensation to the Non-Executive Directors subject to the limits contained under the Companies Act, 2013 and the Reserve Bank of India guidelines.
- 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	Category	No. of Meetings held during the tenure	Attendance
S. Bernard (Chairperson)	Independent	07	07
S. Mahalingam	Independent	07	06
Prof. V. Kamakoti	Independent	07	07
R. Mohan	Independent	07	07
Smt. Abarna Bhaskar	Independent	07	07
Meetings held on: 24.05.2018, 12.06.2018, 26.07.2018, 31.08.2018, 15.12.2018, 28.01.2019 and 26.02.2019			

## X. Information Technology Strategy Committee of the Board

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:

- Approving IT strategy and policy documents;
- Ensuring that the management has put an effective strategic planning process in place;
- Ensuring that the IT strategy is aligned with business strategy;
- Ensuring that the IT organizational structure serves business requirements and direction;
- Supervising the implementation of the processes

and practices that ensures IT delivers value to the businesses;

- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Determining the IT resources needed to achieve strategic goals and provide direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Bank's growth;
- Assessing the exposure towards IT risks and its controls and evaluating effectiveness of management's monitoring of IT risks;
- Assessing Senior Management's performance in implementing IT strategies;
- Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines.

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Composition and meeting details:

Name of the Member Sarvashri	Category	No. of Meetings held during the tenure	Attendance
Prof. V. Kamakoti (Chairperson)	Independent	04	04
S. Mahalingam	Independent	04	04
Dr. N. Kamakodi	Executive	04	04
R. Mohan	Independent	04	04
Smt. Abarna Bhaskar	Independent	04	04
M. Narayanan	Independent	04	04
Subramaniam Narayanan	Independent	04	04
Meetings held on: 22.06.2018, 31.08.2018, 15.12.2018 and 18.03.2019			

#### XI. Corporate Social Responsibility Committee of the Board

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 of 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 decide on the outlay of funds for a period, based on the nature of project and adjusted Net Income (NI) for last 3 years (ie 2% as per the Act) and fund the 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 programmes 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	Category	No. of Meetings held during the tenure	Attendance
Dr. N. Kamakodi (Chairperson)	Executive	05	05
Prof. V. Kamakoti	Independent	05	05
R. Mohan	Independent	05	05
Smt. Abarna Bhaskar	Independent	05	05
S. Bernard	Independent	05	05
Meetings held on: 20.04.2018, 24.05.2018, 26.07.2018, 26.09.2018 and 26.02.2019			

**XII. Premises Committee of the Board**

The Premises Committee was 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	Category	No. of Meetings held during the tenure	Attendance
R. Mohan (Chairperson)	Independent	01	01
Dr. N. Kamakodi	Executive	01	01
M. Narayanan	Independent	01	01
S. Bernard	Independent	01	01
Meetings held on: 26.07.2018			

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**XIII. Committee of the Board for Bonus Issue**

During the year a Special Committee was constituted for the purpose of Issue of Bonus shares to the shareholders of the Bank.

Composition and meeting details :

Name of the Member Sarvashri	Category	No. of Meetings held during the tenure	Attendance
R. Mohan (Chairperson)	Independent	01	01
Dr. N. Kamakodi	Executive	01	01
S. Bernard	Independent	01	01
Meetings held on: 13.07.2018			

**Meeting of Independent Directors**

The Independent Directors of the Bank met on 26<sup>th</sup> February, 2019, to discuss and review the following for the FY 2018-19:

- the performance of Non-Independent Directors and the Board as a whole;
- the performance of the Chairman of the Bank taking into account the views of Executive and Non-Executive Directors, and;
- the quality, quantity and timeliness of 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 meetings.



#### 4. GENERAL BODY MEETINGS

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

Sl.No.	Date	Time	Venue	Special Resolutions considered there at
1.	01.09.2018	10:31 a.m.	"Raya Mahal", 45 - 46, Gandhi Adigal Salai, Kumbakonam - 612 001.	Resolution No.8  Issue of shares under Qualified Institutions Placement (QIP) route.
2.	23.08.2017	10:15 a.m.		Resolution No.10  Issue of shares under Qualified Institutions Placement (QIP) route.  Resolution No.11  Issue / Grant of Stock Option to employees of the Bank under 'CUB ESOS SCHEME 2017'
3.	22.08.2016	10:15 a.m.		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.

In terms of Regulation 44 of the SEBI Listing Regulations, 2015 remote e-voting facility 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 this Annual Report.

Whether any Special Resolution passed last year through Postal Ballot & Voting pattern details - NIL

Person who conducted Postal Ballot exercise - NA

Whether any Special Resolution is proposed to be conducted through Postal Ballot: No

Procedure for Postal Ballot : NA

#### 5. OTHER DISCLOSURES

##### A. 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 & 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:

[https://www.cityunionbank.com/downloads/documents/CUB\\_Related\\_Party\\_Transaction.pdf](https://www.cityunionbank.com/downloads/documents/CUB_Related_Party_Transaction.pdf)

## B. STRICTURES AND PENALTIES

The Bank has complied with all the requirements regarding capital market related matters and has not been imposed with any penalty or stricture by Stock Exchanges, RBI and SEBI / other Regulatory Authorities on any such matter during last three years.

## C. WHISTLE BLOWER / 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.

## D. SUBSIDIARIES

The Bank does not have any Subsidiaries and hence relevant disclosures regarding material subsidiaries prescribed under Listing Regulations does not arise.

## E. IMPLEMENTATION OF NON-MANDATORY REQUIREMENTS

a. The Chairman's Office of the Bank is held by Part-time Chairman at the Banks Administrative Office situated at Kumbakonam. The terms of remuneration is approved by the Reserve Bank of India.

b. Unmodified Audit Opinion / Reporting: The Auditors have expressed an unmodified opinion on the Financial Statements of the Bank for FY 2019.

## F. COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of SEBI Listing Regulations, 2015.

## G. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

For managing Foreign Exchange Risk, the Bank has Integrated Treasury Policy duly approved by the board where, Intraday Limit, Overnight Limit, Per Deal Limit, Stop Loss and Book Profit Limits have been stipulated. There are no breaches in the prescribed limit during the year. The Bank offers only forward contract for hedging and is not running books for any other derivative products.

The Bank has no exposure in commodity and hence there is no commodity price risk.

## H. UTILISATION OF FUNDS RAISED THROUGH QIP / PREFERENTIAL ALLOTMENT

During FY 2019 the Bank has not raised any funds either through Preferential Allotment or Qualified Institutions Placement (QIP).

## I. CERTIFICATE UNDER REGULATION 34(3) OF SEBI LISTING REGULATIONS

The Bank has obtained a certificate pursuant to Regulation 34(3) read with Schedule V of Listing Regulations, from M/s B. K. Sundaram & Associates, Practicing Company Secretaries, Trichy, confirming that none of the Directors on the Board of the Bank have been debarred or discontinued from being appointed or continuing as Directors of the Bank either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities. The said certificate is set out at the end of this report.

## J. REMUNERATION TO STATUTORY AUDITORS

During FY 2019 the Statutory Auditors were paid a remuneration of ₹41.50 lakhs and reimbursement of out of pocket expenses of ₹6.50 lakhs.

## K. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

No. of Complaints received during the financial year : Nil

No. of Complaints disposed during the financial year : Nil

No. of Complaints pending as on the end of financial year : Nil

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## 6. CERTIFICATION BY MD & CEO / CFO

Pursuant to provisions of Regulation 17(8) read with Schedule II Part B of Listing Regulations, the Managing Director & CEO and Chief Financial Officer of the Bank have given a certificate which is set out at the end of this report.

## 7. 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 is available in the Bank's website weblink:

[https://www.cityunionbank.com/downloads/documents/CUB\\_Code\\_of\\_Conduct.pdf](https://www.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 set out 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 obtained from the Bank's Statutory Central Auditors M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai is furnished at the end of this report.

## 8. 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 & Listing Centre to BSE Ltd. The results are also displayed on the Bank's website ([www.cityunionbank.com](http://www.cityunionbank.com)).

### B. NEWSPAPERS WHEREIN RESULTS ARE NORMALLY PUBLISHED

In compliance with Regulation 47 of the SEBI Listing Regulations, the financial results are mandated to be published in at least one English Language

national daily newspaper circulating in whole of India and also in one daily newspaper published in the language of the region where registered office is situated. Accordingly, the Bank normally furnishes the same in:

- | Dinamalar / Daily Thanthi / Dinamani, local Tamil newspapers
- | Business Line, a national English newspaper

### C. NEWS RELEASES AND PRESENTATIONS TO INSTITUTIONAL INVESTORS / ANALYST

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.

### D. WEBSITE

The Bank's website contains a separate section "Investors" wherein all shareholders information's and disclosures along with Annual Report for previous financial years are available.

## 9. 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.

Further, as per Regulation 36 of Listing Regulations, the Bank sends soft copies of Annual Report to all shareholders who have registered their e-mail addresses either with the Bank or Depository. Hard copies are sent to shareholders who have not registered as above and also, provided to those who demand for the same in writing to the Bank or RTA.

## 10. GENERAL SHAREHOLDER INFORMATION

<b>Date, Time and Venue of AGM</b>	29 <sup>th</sup> August, 2019 10:00 a.m. Raya Mahal, 45-46, Gandhi Adigal Salai, Kumbakonam, Tamil Nadu State, Pincode - 612 001.	CSR Initiatives
<b>Financial Year</b>	1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019	Statutory Reports
<b>Book Closure</b>	22 <sup>nd</sup> August, 2019 to 29 <sup>th</sup> August, 2019 (Both days inclusive)	
<b>Dividend Payment Date</b>	30 <sup>th</sup> August, 2019	Financial Statements
<b>Registrar &amp; Share Transfer Agent</b>	Karvy Fintech Private Ltd., (Formerly Karvy Computer Share Pvt. Ltd.) Unit: <b>CITY UNION BANK LIMITED</b> Karvy Selenium Tower B, Plot No. 31 & 32, Financial Dist., Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana State, India. Ph: 040 - 67161509 / 67161592 Fax: 040 - 23420814 Toll Free No : 1800 - 345 - 4001 E-mail: einward.ris@karvy.com	
<b>Bank's Address for Correspondence</b>	<b>CITY UNION BANK LIMITED</b> 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	List of Branches
<b>Company Secretary &amp; Compliance Officer</b>	Shri. V. Ramesh	Basel III
<b>Statutory Central Auditors</b>	M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai	
<b>Listing on Stock Exchange and ISIN</b>	The shares of the Bank have been listed at: 1. BSE Ltd., Scrip Code - 532210 Address : Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001  2. National Stock Exchange of India Ltd., Scrip Code - CUB Address : Exchange Plaza, Plot C-1, Block G, Bandra Kurla Complex, Bandra East, Mumbai - 400 051.	

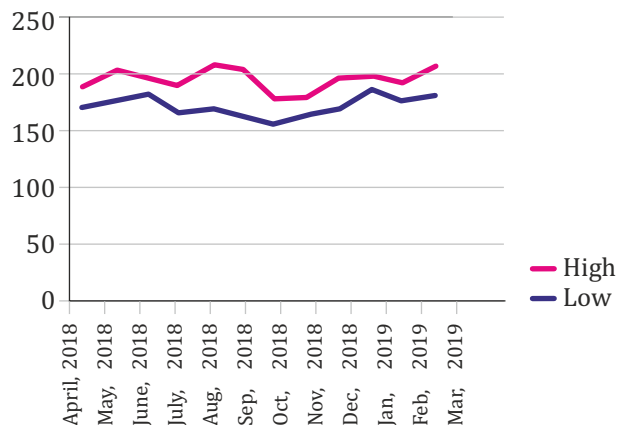
	It is hereby confirmed that the Annual Listing Fees payable to the Stock Exchanges for the Financial Year 2019-20, have been paid.  ISIN : INE491A01021
<b>Commodity Price Risk or Foreign Exchange Risk and Hedging Activities</b>	The details are given under "Other disclosures" Sl. No.5 of this report.
<b>Plant Operations</b>	The Company being a Banking entity, disclosure on plant operations is not applicable.
<b>Credit Rating</b>	a. [ICRA]A1+ (ICRA A One Plus) rating from ICRA to the Certificate of Deposit programme of the Bank. Further, issuer rating has been provided by ICRA as [ICRA]AA- (ICRA Double A Minus) rating to the Bank.  b. CRISIL A1+(CRISIL A One Plus) rating from CRISIL to the Certificate of Deposit Programme of the Bank.

i. During the year the Bank has not issued any Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or warrants or any convertible instruments.

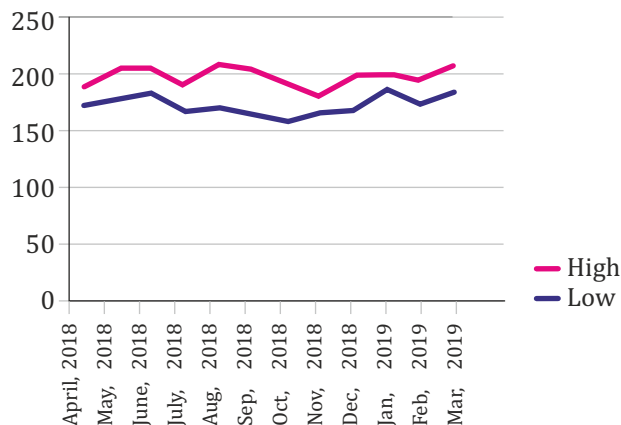
ii. **Market Price Data** : Low / High during each month of the Financial Year 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019

Month	NSE		BSE	
	Low	High	Low	High
April, 2018	170.00	189.55	170.00	188.00
May, 2018	176.00	203.35	176.25	203.25
June, 2018	182.00	196.00	181.90	202.90
July, 2018	165.20	190.00	165.00	189.45
Aug, 2018	169.50	207.00	169.40	207.15
Sep, 2018	162.05	203.40	162.20	203.00
Oct, 2018	157.10	178.30	157.00	191.00
Nov, 2018	163.00	179.60	163.15	179.40
Dec, 2018	168.05	196.30	165.90	196.40
Jan, 2019	185.10	198.00	185.00	198.35
Feb, 2019	175.50	192.60	172.00	193.50
Mar, 2019	181.05	206.00	182.00	205.65

NSE - Market Price movements



BSE - Market Price movements



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iii. a. Performance of the Bank's Equity shares as compared with NSE Nifty Indices during FY 2018-19



b. Performance of the Bank's Equity shares as compared with BSE Sensex indices during FY 2018-19



## 11. DISTRIBUTION OF SHAREHOLDING

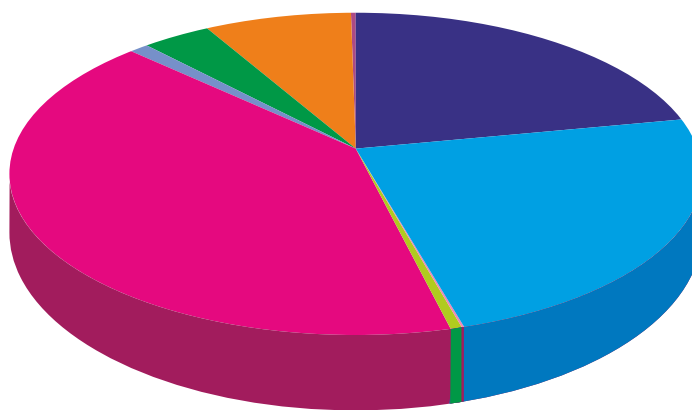
(a) Share Distribution Schedule as on 31<sup>st</sup> March, 2019

Sl. No.	Category (No. of shares)	No. of Holders	% of Holders	No. of Shares	% to Share Capital
1.	1 - 5000	94111	92.72	57915945	7.89
2.	5001 - 10000	3205	3.16	22875920	3.11
3.	10001 - 20000	1959	1.93	27450683	3.74
4.	20001 - 30000	682	0.67	16662968	2.27
5.	30001 - 40000	338	0.33	11574487	1.58
6.	40001 - 50000	219	0.22	9882742	1.34
7.	50001 - 100000	447	0.44	31283431	4.26
8.	100001 & above	541	0.53	556854642	75.81
<b>TOTAL</b>		<b>101502</b>	<b>100.00</b>	<b>734500818</b>	<b>100.00</b>

(b) Shareholding Pattern as on 31<sup>st</sup> March, 2019

Sl. No.	Category	No. of Shares	% of Shares
1	MUTUAL FUNDS	164801495	22.44
2	FOREIGN PORTFOLIO - CORP	177262186	24.13
3	FOREIGN INSTITUTIONAL INVESTORS	1630608	0.22
4	TRUSTS	134292	0.02
5	ALTERNATIVE INVESTMENT FUND	3507933	0.48
6	RESIDENT INDIVIDUALS	234743192	31.96
7	INSURANCE COMPANIES	399910	0.05
8	EMPLOYEES	18366058	2.50
9	NON RESIDENT INDIANS	3511830	0.48
10	CLEARING MEMBERS	502629	0.07
11	INDIAN FINANCIAL INSTITUTIONS	27324795	3.72
12	FOREIGN PORTFOLIO INVESTORS	7700	0.00
13	BANKS	349493	0.05
14	DIRECTORS	3287581	0.45
15	NON RESIDENT INDIAN NON REPATRIABLE	3880791	0.53
16	BODIES CORPORATES	59886925	8.15
17	NBFC	18528	0.00
18	DIRECTORS AND THEIR RELATIVES	18101777	2.46
19	I E P F	1887740	0.26
20	H U F	14895355	2.03
<b>Total</b>		<b>734500818</b>	<b>100.00</b>

Disclosed in line with SEBI circular HO / CMD / CIR / P / 2017 / 128 Dt. 19th December, 2017 on holding of specified securities.



- Mutual Funds
- FII & FPI
- Trusts & Clearing Members
- Alternative Investment Fund
- Resident Individuals
- NRI
- IFI
- Bodies Corporates
- I E P F

## 12. SHARE TRANSFER SYSTEM AND RELATED MATTERS

### a. Shares Transfers

Karvy Fintech Pvt. Ltd., Hyderabad, the Registrar and Share Transfer Agents (RTA) of the Bank, monitors the share transfer process. As per SEBI circular all share transfers shall only take place in demat mode with effect from 1<sup>st</sup> April, 2019. Now, the shares of the Bank are traded only in demat mode. 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, 2015.

Also, as required under Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018, 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.

As regards shareholders grievance matters viz. share transfers, transmission, issuance of 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 information's as received from the Bank's RTA are placed before the Stakeholders Relationship Committee for information and noting, which includes complaints received through SEBI Complaints Redress System "SCORES", if any.

### b. Nomination Facility

Section 72 of the Companies Act, 2013 provides that every holder of a securities of a Company may, at any



time nominate, in the prescribed manner, any person to whom his Securities shall vest in the event of his death. Where the Securities of a Company are held by more than one person jointly, the joint holders may together nominate any person to whom all the rights in the Securities shall vest in the event of death of all the joint holders.

In view of the above, Shareholders may avail of the Nomination Facility. The relevant Nomination Form is available on the website of the Bank and the Shareholders may download the same or write to the Bank at its Registered Office or to Karvy, for the same. Please note that the Nomination shall be automatically rescinded on transfer / dematerialization of the shares.

#### c. Updation of Permanent Account Number (PAN) and Bank details:

SEBI vide its Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20<sup>th</sup> April, 2018 has constituted a Committee on "Strengthening the Guidelines and Raising Industry Standards" for RTA,

Issuer Companies and Bankers to an Issue with an objective to streamline and strengthen the procedure and processes with regard to handling & maintenance of records, transfer of securities and payment of dividend / interest / redemption of securities. In this regard our Bank has issued notice / letter to the shareholders who have not updated the PAN and Bank account details in order to process the corporate benefits through ECS facility. The Bank has already provided the Electronic Clearing Service 'ECS' facility to its shareholder(s) who have already registered 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 31<sup>st</sup> March, 2019, only 90.81% 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 en-cashing the physical warrants.

### 13. DETAILS OF 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 1 <sup>st</sup> April, 2018	32	46,890
2.	No. of shareholders who approached the issuer for transfer of shares from the unclaimed suspense a/c during FY 2018-19	26	45,112
3.	No. of shareholders to whom shares were transferred from the unclaimed suspense a/c during FY 2018-19	20	41,943
4.	Aggregate no. of shareholders and the outstanding shares lying in the unclaimed suspense a/c at 31 <sup>st</sup> March, 2019	12	7,835

During the year the Bank issued Bonus shares to the existing shareholders in the ratio of 1:10 and accordingly the outstanding shares lying in Unclaimed Suspense Account as on the record date being 11<sup>th</sup> July, 2018 was 28,881 shares and hence as on 31<sup>st</sup> March, 2019 increased by 2,888 bonus equity shares (28,881\*1/10). The voting rights on the shares outstanding in the suspense account as on 31<sup>st</sup> March, 2019, shall remain frozen till the rightful owner of such shares claims the shares.

#### 14. TRANSFER OF UNCLAIMED / UNPAID AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") dividend, if not claimed for a consecutive period of 7 years from the date of transfer to the Unpaid Dividend Account of the company, are liable to be transferred to the Investors Education and Protection Fund ("IEPF").

Further, all shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend

account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is specific order of Court, Tribunal or Statutory Authority, restraining any transfer of shares.

In the interest of shareholders, the Bank sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividend and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Bank's website. Weblink :

[https://www.cityunionbank.com/downloads/IEPF\\_SHARES\\_TO\\_BE\\_TRANSFERED.pdf](https://www.cityunionbank.com/downloads/IEPF_SHARES_TO_BE_TRANSFERED.pdf)

In light of the aforesaid provisions, the details of unclaimed dividends and shares transferred to IEPF during FY 2019 are as follows:

Financial Year	Amount of unclaimed dividend transferred	Number of shares transferred
2010 - 11	41,97,443	1,46,301

The members who have claim on the above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form IEPF - 5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and send a physical copy of the same, duly signed to the Bank along

with requisite documents enumerated in such form. No claims shall lie against the Bank in respect of dividends / shares so transferred. The members / claimants can file only one consolidated claim in a financial year as per the extent IEPF Rules.

The following table give information relating to outstanding dividends and the dates by which it can be claimed by the shareholders from the Bank's Registrar and Share Transfer Agent:

Financial Year	Date of declaration	Last Date for claiming unclaimed dividend
2017-18	01.09.2018	06.10.2025
2016-17	23.08.2017	28.09.2024
2015-16 (I)	12.03.2016	17.04.2023
2015-16 (F)	22.08.2016	27.09.2023
2014-15	24.08.2015	29.09.2022
2013-14	23.08.2014	28.09.2021
2012-13	20.05.2013	25.06.2020
2011-12	31.08.2012	06.10.2019

## 15. Dematerialisation of shares

The paid up capital of the Bank as on 31<sup>st</sup> March, 2019 is ₹ 73,45,00,818 which is duly listed in the stock exchanges NSE and BSE. Out of this

71,21,35,151 shares (96.95%) are held in De-mat mode and 2,23,65,667 shares (3.05%) in physical form.

### DECLARATION UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

I confirm that all the Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Bank as applicable to them for the year ended 31<sup>st</sup> March, 2019.

Date: 24<sup>th</sup> April, 2019  
Place: Kumbakonam

**Dr. N. Kamakodi**  
Managing Director & CEO

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

- We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CITY UNION BANK LIMITED** having CIN: L65110TN1904PLC001287 and having registered office at 149, T.S.R. (Big) Street, Kumbakonam – 612 001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In our opinion and to the best of our information and according to the verifications of relevant records (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on the date of Financial Year ended on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of the company by the Securities and Exchange Board of India and / or the Registrar of Companies or such other authority under the Ministry of Corporate Affairs, New Delhi.

Sl. No.	Name of the Director as per DIN Sarvashri	DIN	Date of Appointment in the Company	Designation and remarks if any
1	MAHALINGAM SETURAMAN	00121727	22-07-2013	Independent Director - Chairman
2	NARAYANAN KAMAKODI	02039618	27-08-2011	Managing Director
3	NARAYANAN SUBRAMANIAM	00166621	20-06-2017	Independent Director
4	MAHALINGAM NARAYANAN	00682297	03-05-2016	Independent Director
5	SHIVASHANKAR NARAYANAN VELLUR	00929256	07-02-2018	Independent Director
6	THIRUVALLIANGUDI SRINIVASAN SRIDHAR	01681108	07-02-2018	Independent Director
7	BERNARD STEPHEN	01719441	21-07-2016	Independent Director
8	RAMABADRAN MOHAN	06902614	28-06-2014	Independent Director

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Sl. No.	Name of the Director as per DIN Sarvashri	DIN	Date of Appointment in the Company	Designation and remarks if any
9	Smt. ABARNA BHASKAR	06971635	25-10-2014	Independent Director - Women Director
10	Prof. VEEZHINATHAN KAMAKOTI	03537382	27-04-2011	Independent Director

3. We further certify that there had been changes in the constitution of the Board between 31<sup>st</sup> March, 2019 and the date of this Certificate (17<sup>th</sup> June, 2019) as detailed hereunder and the newly appointed director and the re-designated director are in order and none of such director and re-designated director

have been debarred or disqualified from being appointed or continuing as Directors of the company by the Securities and Exchange Board of India and /or the Registrar of Companies or such other authority under the Ministry of Corporate Affairs, New Delhi.

Sl. No.	Name of the Director as per DIN Sarvashri	DIN	Date of Appointment in the Company	Designation and remarks if any
1	RAMABADRAN MOHAN	06902614	28-06-2014	Independent Director Designated as Chairman w.e.f. 4 <sup>th</sup> May, 2019
2	VAIDYANATHAN KALYANASUNDARAM	07120706	03-05-2019	Additional Director Co-opted w.e.f. 3 <sup>rd</sup> May, 2019
3	VEEZHINATHAN KAMAKOTI	03537382	27-04-2011	Independent Director retired on the close of business hours of 26 <sup>th</sup> April, 2019
4	MAHALINGAM SETURAMAN	00121727	22-07-2013	Independent Director & Chairman -retired on the close of business hours of 3 <sup>rd</sup> May, 2019
5	THIRUKKARUGAVUR KRISHNAMOORTHY RAMKUMAR	02688194	17-06-2019	Additional Director Co-opted w.e.f. 17 <sup>th</sup> June, 2019

4. It is the responsibility of the Board of Directors of the Company to ensure the eligibility for the appointments of Directors and their continuance as

Directors on the Board. Our responsibility is to express an opinion on the matter of non-disqualification of Directors in the Board.

For **M/s. B.K. Sundaram & Associates**  
Company Secretaries

Sd/-  
**B. Kalyanasundaram**  
Company Secretary  
M.No. : A672 CP No. 2209

Place: Tiruchirappalli  
Date : 17<sup>th</sup> June, 2019

**CERTIFICATION BY  
THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

We, Dr. N.Kamakodi, Managing Director & CEO and V. Ramesh, Chief Financial Officer hereby certify that for the Financial Year ended 31<sup>st</sup> March, 2019, on the basis of the review of the financial statements and the Cash Flow Statement and to the best of our knowledge and belief,

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. there are, to the best of our knowledge and belief, no transactions entered into by the Bank for the FY ended 31<sup>st</sup> March, 2019 which is fraudulent, illegal or violative of the Bank's code of conduct.
4. we accept responsibility for establishing and

maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.

5. We further certify that :
  - (a) there have been no significant changes in internal control over financial reporting during the year.
  - (b) there have been no significant changes in accounting policies during the year.
  - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Bank's internal control system over financial reporting.

Place: Chennai  
Date : 17<sup>th</sup> May, 2019

Sd/-  
**Dr. N. Kamakodi**  
Managing Director & CEO

Sd/-  
**V. Ramesh**  
Chief Financial Officer

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**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 31<sup>st</sup> March, 2019, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Sub Regulation (2) of Regulation 46, paras C, D, E and F of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Bank's Management. Our examination was carried out in accordance with the guidance note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India

and 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 SEBI Listing Regulations, 2015.

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

For **M/s. Sundaram & Srinivasan**  
Chartered Accountants  
(Firm No. 004207S)

**P. Meenakshi Sundaram**  
Partner  
M.No. : 217914

Place: Chennai  
Date : 17<sup>th</sup> June, 2019

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economic Scenario:

#### Global

During the year 2018-19, global economic activity exhibited increased signs of weakness on rising trade tensions. Among advanced economies (AEs), economic activity in US slowed down in Q4 after a buoyant Q3 and the Euro area growth lost pace in Q3, impacted by weaker trade growth, uncertainty due to brexit concerns and new vehicle emission standards. The Japanese economy also contracted in Q3 on subdued external and domestic demand.

Economic activity also decelerated in major emerging market economies (EMEs) in Q3. In China, growth slowed down on weak domestic demand. The ongoing trade tensions and the possible cooling of the housing market posed major risks to growth in China.

Crude oil prices remained volatile, reflecting evolving demand supply conditions underpinned by the production stance of the OPEC plus, rising shale output, weakening global demand and geo-political concerns. The strengthening of the US dollar had weakened gold price, however prices picked up since the last week of May, 2019 on escalating trade tensions, reviving its demand as safe haven asset. Inflation remains below target in several economies, though it has shown an uptick since March, 2019.

Global financial markets have been driven mainly by rising policy rates in the US, volatile crude oil prices and expectations of a slowdown compared with earlier projections. Among Advanced Economies, equity markets in the US witnessed a selloff on the weakening outlook for corporate earnings caused by rising borrowing costs, while the European stock markets declined on political uncertainties. The Japanese stock market also shed gains on global cues and the gradual strengthening of the yen. The 10-year yield in the US, which surged on robust economic data softened subsequently on the unchanged Fed stance. Among other Advanced Economies, bond yields in the Euro area and Japan softened on weak economic sentiment. In most EMEs, bond softened on falling crude oil prices and steadying currencies.

#### Indian

The Reserve Bank's Monetary Policy Committee (MPC) lowered the GDP growth projections for FY 2020 to 7.2% from 7.4% in its February policy meet owing to weakening domestic investment activity as reflected in a slowdown in production and imports of capital goods. Besides, it

noted that moderation of growth in the global economy might impact India's exports thus hurting growth prospects. The GDP growth has been projected in the range of 6.8% to 7.10% in the first of FY 2020 and 7.3% to 7.4% in the second half with risks, evenly balanced.

Retail inflation which was pegged at 2.8% for Q4 FY 2019 in its last policy meet has been revised downwards to 2.4%. The MPC noted that Consumer Price Index (CPI) inflation excluding food and fuel in February was lower than expected which has, imparted some downward bias to headline inflation. Other factors that led to downward revision of the CPI inflation include international crude oil prices, which have increased by around 10% since the last policy and further moderation of inflation expectations of households as well as input and output price expectations of producers as per RBI's poll surveys. For the first half of FY 2020 inflation figure is projected at 2.9% to 3.0% and 3.5% to 3.8% for the second half of the fiscal.

The equity markets started the year on a positive sentiment as the GST council had cut tax rate for major products. The equity markets posted significant gains as the NIFTY crossed 11,500 marks from 10,000 levels at the close of previous year. During the month of September 2018, Global market witnessed a sell off on account of escalating tensions following missile attack on Syria. Consequently, domestic indices saw a sharp correction. Repayment default of a leading financial service corporate intensified liquidity pressure in corporate bond market on account of which, Non-Banking financial companies faced liquidity crisis. Towards the end of the financial year 2018-19, equity markets remained cautious on Geopolitical tensions and uncertainty over outcome of General Elections. However, the strength in rupee against the dollar supported the NIFTY closing at 11,623.

### MONETARY POLICY AND INTEREST RATES

The Reserve Bank of India shifted its policy stance to a calibrated tightening in October, 2018 and changed the stance to neutral in February, 2019. During the year, RBI has increased the policy repo rate by 25 bps each in the month of June, 2018 and August, 2018 citing the concerns over inflation. Reserve Bank of India in its Monetary Policy Committee meet in December, 2018 decided to reduce the SLR by 25 basis points every calendar quarter until the SLR reaches 18 percent of Net Demand & Time Liabilities (NDTL). The crude oil prices in the global market eased during the second half of the financial year 2018-19, which reflected in the domestic inflation prints. In the second bi-monthly Monetary Policy statement 2019-20, the Monetary Policy Committee cut the policy

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rate by 25bps to 5.75% from 6% in June, 2019. Further, the MPC reiterated its commitment to achieving the medium term target for headline inflation of 4 percent on a durable basis. The MPC also decided to change the stance of Monetary Policy from neutral to accommodative.

### DOMESTIC TREASURY

The yield on 10 year benchmark touched a high of 8.20% and closed at 7.35% in March, 2019 amidst surging crude oil prices, CPI being higher than RBI target for several months, rate hike by the Central bank of Advanced economies, protective trade policies by the USA disrupting global trade ties, sanctions by US over Iran, pressure to reduce imports of Iranian Oil, depreciation in rupee to historical low level and projections of Central Bank on inflation targets. However, yield came off its high on Reserve Bank of India's announcement of series of OMO purchases, easing inflation pressure after the sharp fall in global crude oil prices, Optimism over the policy decisions of RBI, sharp fall in US treasury yields and strengthening rupee on strong domestic data. Through the timely sale of securities, the Bank had booked profit to the tune of ₹ 32.56 crore despite unfavourable market conditions as against ₹ 93.83 crore during the previous year.

### FOREX TREASURY

During the financial year 2018-19, the movement of rupee was driven by the global events. USD / INR moved from ₹ 65.01 in April, 2018 to ₹ 69.18 in March, 2019. Domestic currency sharply fell to record low level of ₹ 74.48 on the concern of possible spill over of economic crisis in Turkey, Venezuela and Argentina to other emerging markets. Further, uncertainty over Brexit negotiations weighed on global currencies. However, with sustained intervention by RBI and the softening of global crude prices the rupee regained its strength and closed at ₹ 69.18. The profit on exchange stood at ₹ 54.46 crore as against ₹ 74.35 crore during the previous year.

### SOME NOTABLE UPDATES IN BANKING INDUSTRY

- | Improved RTGS (Real Time Gross Settlement) services for customer as the time window for Customer transactions has been extended from 4.30p.m. to 6 p.m. from 1<sup>st</sup> June, 2019 onwards.
- | Promotion of Digital Payments: RBI has appointed a Committee headed by Mr. Nandan Nilekani for Promotion of Digital Payments in Payment and Settlement Systems in India: Vision 2019-2021. The aim of the initiative is to enhance Financial Inclusion through digitization.
- | Bank Credit grew by 13.2% in the Financial Year 2018-2019 as compared to 10.3% in the previous

financial year, mainly aided by loans to services and retail sector. Deposits also gained momentum by growing at 10 % as compared to 6.7% a year ago.

- | Tackling Fund Diversion: RBI has proposed strict rules on opening and running of current accounts of Corporate Borrowers in order to tackle fund diversion. Its applicable to Corporates who have borrowed and used credit facilities of more than ₹ 50 crore from the Banking system.
- | To promote Digital Transactions, RBI has decided to do away with the charges it levies on fund transfers through RTGS and NEFT routes. In its statement on developmental and regulatory policies, the RBI has emphasized that Banks will be required to pass on the benefits to customers.
- | The Reserve Bank of India has permitted one-time restructuring of existing loans falling under MSME category which were in default but remain standard as on 1<sup>st</sup> January, 2019, without downgrading the asset classification. The package of relief is to be implemented on or before 31<sup>st</sup> March, 2020.
- | The RBI has released draft norms for "on tap" license for small finance banks.
- | The Reserve Bank of India (RBI) has allowed Banks to offer cheque book facility and other services to the No-Frills account holders, with a direction that Banks should not insist on any minimum balance for such account holders.
- | The Ministry of New and Renewable Energy has asked the Reserve Bank of India (RBI) to remove the Priority Sector Lending limit for the renewable energy sector as it will encourage Banks to lend more, thereby helping developers to access easy Bank finance.

### YOUR BANK'S PERFORMANCE

City Union Bank maintained its growth rate 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 total business by 17% with both Deposits and Advances each growing by 17%. The total Business of the Bank as on 31<sup>st</sup> March, 2019 stood at ₹ 71,513 crore.

The Bank has made efficient use of technology to fulfill various Banking needs of its customers. The Bank offers wide range of customer centric services in order to deepen the customer relationship and attain overall business growth. 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 compliance, ethical standards, professional integrity and Governance practices. 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.

### Financial Performance

The performance of the Bank during the financial year ended 31<sup>st</sup> March, 2019 remained healthy with a total income of ₹ 4,281.55 crore as compared to ₹ 3,934.52 crore during the previous year recording growth of 9% and net interest income increased by 13% to ₹ 1,611.49 crore from ₹ 1,430.30 crore in the previous financial year.

The deposits of the Bank increased to ₹ 38,447.95 crore as on 31<sup>st</sup> March, 2019 compared to ₹ 32,852.62 crore as on 31<sup>st</sup> March, 2018. Total CASA improved by 22% from ₹ 7,956.67 crore last year to ₹ 9,698.19 crore in FY 2018-19. The proportion of Current and Savings Deposits to total deposits was at 25 % as on 31<sup>st</sup> March, 2019.

The Gross Advances of the Bank increased by ₹ 4,826.67 crore to ₹ 33,065.25 crore from ₹ 28,238.58 crore, posting a growth of 17 % coupled with a Net Interest Margin (NIM) of 4.32% for the year ended 31<sup>st</sup> March 2019. The yield on advances declined to 10.95 % from 11.46 % during the financial year due to stiff competition among Banks. Other income earned for the financial year ended 31<sup>st</sup> March, 2019 stood at ₹ 514.39 crore.

The yield on 10 year benchmark touched a high of 8.20% and closed at 7.35% in March, 2019, amidst surging crude oil prices, CPI being higher than RBI target for several months. Despite positive triggers provided by

Government of India, overall negative sentiments weighed on markets. Through the timely sale of securities, the Bank had booked a profit to the tune of ₹32.56 crore despite unfavorable market conditions as against ₹93.83 crore during the previous year.

During FY 2019, operating expenses increased by 17% from ₹754.65 crore in FY 2017-18 to ₹ 885.89 crore in FY 2018-19. The establishment expenses increased from ₹ 315.88 crore last year to ₹ 364.44 crore in FY 18-19 on account of increase in salary. During the year, the Bank opened 50 new branches and increased the number of ATMs to 1685 which resulted in higher infrastructure and staffing expenses. The other operating expenses increased from ₹ 438.77 crore to ₹ 521.45 crore which was due to normal increase in expenses like Rent, Lighting, Printing & Stationery, Telephones and Repairs & Maintenances etc. Cost to income ratio was at 41.67% for the year ended 31<sup>st</sup> March, 2019 as against 38.46% for the previous year.

Thus, the Bank has recorded a growth of 3% in Operating Profit from ₹ 1,207.75 crore in FY 2017-18 to ₹ 1,239.99 crore in FY 2018-19. The Operating Profit to NII constitutes 76.95%.

The total provisions for FY 19 decreased to ₹ 557.14 crore from ₹ 615.75 crore in FY 18. Tax provision increased to ₹ 242 crore as against ₹ 198 crore last year. After making the said provision, the Net Profit of the Bank grew 15% from ₹ 592 crore last year to ₹ 682.85 crore in FY 2018-19.

Return on Assets of the Bank for the FY 2019-20 stands improved from 1.60% to 1.64% when compared to last year. Return on equity stands at 15.25% for FY 2018-19 as against 15.37% during the previous year. The basic earnings per share increased from ₹ 9.18 to ₹ 9.57 per equity share and the diluted earnings per share stood at ₹ 9.49 vs ₹ 9.15 last year. The book value per share of the Bank increased from ₹ 62.63 to ₹ 65.91 as on 31<sup>st</sup> March, 2019 as compared with previous year.

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### Operational Performance

The incremental growth in the operational performance as well as certain key percentages can be enumerated as per following parameters :

(₹ in cr)

Particulars	FY 2019	FY 2018
Deposits (₹ in cr)	5,595.33	2,736.88
Gross advances (₹ in cr)	4,826.67	4,120.09
Net Interest Income (₹ in cr)	181.19	231.53
Number of Branches (in Nos.)	50	50
Staff productivity (₹ in cr)	12.96	11.48
Cost of Deposits (%)	6.17%	6.29%
Yield on Advances (%)	10.95%	11.46%
Total Yield on Investments (%)	7.36%	8.19%

**Segmentwise Performance**

Deposits of the Bank comprise of the following :

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total (%)
1.	Demand Deposit	3214.50	8.36
2.	Savings Deposit	6483.69	16.86
3.	Term Deposit	28749.76	74.78
	<b>Total</b>	<b>38447.95</b>	<b>100%</b>

The total investments stood at ₹7,863.33 crore as at 31<sup>st</sup> March, 2019 as against ₹8,014.98 crore as at 31<sup>st</sup> March, 2018.

Investments of the Bank consist of the following :

Sl. No.	Particulars	Amount (₹ in crore)	Percentage to total (%)
1.	Government Securities	7476.38	95.08
2.	Other Approved Securities	Nil	Nil
3.	Shares, Debentures / Bonds and Mutual funds	61.73	0.79
4.	Security Receipts	325.00	4.13
	<b>Investments in India</b>	<b>7863.11</b>	<b>100.00</b>
5.	Investments in Equity Shares of SWIFT (Investment outside India)	0.22	Nil
	<b>Total Investments</b>	<b>7863.33</b>	<b>100.00</b>

**Performance of various Business Segments**

The Bank operates under four Business Segments namely Treasury, Corporate / Wholesale Banking, Retail Banking, and Other Banking Operations. The segment wise contributions are as under :

Segments	Gross Profit (₹ in crore)	Percentage to total (%)
Treasury	365.33	29.46
Corporate Banking	323.94	26.12
Retail Banking	534.68	43.13
Other Banking Operations	16.04	1.29
<b>Total</b>	<b>1239.99</b>	<b>100.00</b>

During the year the total Revenue generated from Treasury Operations amounted to ₹ 663.93 crore as against ₹ 713.63 crore in previous year. The reduction in Treasury income could be attributed to various external reasons. The total revenue generated from Corporate / Wholesale Banking amounted to ₹ 1,251.84 crore as against ₹ 1,012.89 crore last year. The Retail Banking Segment generated revenues of ₹ 2,344.84 crore as

against ₹ 2,193.98 crore last year. This can be attributed to a strong performance in the domestic Banking space by our Bank due to strong growth in Deposits and Advances. Revenues generated from Other Banking operations rose to ₹ 20.95 crore this year, compared to ₹ 14.02 crore last year. Thus barring Treasury Segment all the other segments showed an increasing trend in Revenue Generation.

## ASSET QUALITY AND LOAN COMPOSITION

## A. Asset Quality

The Gross NPA as at 31<sup>st</sup> March, 2019 increased to ₹ 977.05 crore (2.95%) as against ₹ 856.55 crore (3.03%) in FY 2018, while the Net NPA increased to ₹591.46 crore (1.81%) in FY2019 as against ₹474.78 crore in FY 2018 (1.70%). The Provision coverage was 63% as at 31<sup>st</sup> March, 2019 (Previous Year 64%).

During the year the Banking Industry witnessed turmoil on asset quality and NPAs were on the rise. However, constant monitoring of advances by your Bank helped to reduce slippages and speed up its recovery process to restrict the NPA level. The Bank continued to concentrate on lending to MSMEs especially of small ticket loans and improvement in Retail / Wholesale trade. During the year, the recovery stands improved to ₹ 247.56 crore as against ₹205.54 crore in FY 2018. Thus, through the process of sustained recoveries the Bank was able to maintain slippage level around 2% of advances.

Priority Sector Advances stood at ₹16,413.06 crore as at 31<sup>st</sup> March, 2019 as compared to previous year amount of ₹ 14,796.72 crore. The total agricultural advances stood at ₹4,878.49 crore as at 31<sup>st</sup> March, 2019 as against ₹4,083.42 crore as on 31<sup>st</sup> March, 2018.

## B. 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 with respect to Advances. As aforesaid, the Bank improved its Gross Advances to ₹33,065.20 crore as at 31<sup>st</sup> March, 2019 of which ₹7,972.20 crore were directed to major industries and ₹25,093 crore to other sectors.

A comparative position of Bank's Industrial & Sectoral Deployment portfolio is set out here under.

Industry Name	Amount (₹ in cr.)		% to Total Advances	
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Major Industries</b>	<b>7972.21</b>	<b>6798.44</b>	<b>24%</b>	<b>24%</b>
Textile	3503.08	3004.25	11%	11%
Metal	1621.42	1411.41	4%	5%
Paper & Paper Products	706.60	650.96	2%	2%
Food Processing	194.07	126.05	1%	-
Chemicals	303.85	359.86	1%	1%
Rubber & Plastics	385.34	186.66	1%	1%

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Industry Name	Amount (₹ in cr.)		% to Total Advances	
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Engineering	622.29	519.52	2%	2%
Beverage & Tobacco	43.11	39.33	-	-
Automobiles	235.69	212.17	1%	1%
Other Industries	356.76	288.23	1%	1%
<b>All other Advances</b>				
<b>(Agri., Trade Service, Gold Loan etc.)</b>	<b>25093.04</b>	<b>21440.14</b>	<b>76%</b>	<b>76%</b>
<b>TOTAL</b>	<b>33065.25</b>	<b>28238.58</b>	<b>100%</b>	<b>100%</b>

### Sectoral Deployment

Sector	Amount (₹ in cr.)		% to Total Advances	
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Agriculture	4878.49	4083.41	15%	14%
MSME	10280.96	9580.75	31%	34%
Large Industries	2218.80	1888.83	7%	7%
Retail Traders	1137.17	1046.66	3%	4%
Wholesale Traders	4588.37	4085.28	14%	14%
Commercial Real Estate	1954.80	1399.21	6%	5%
JL Non Agriculture	350.64	371.66	1%	1%
Housing Loans	2109.07	1857.82	6%	7%
Other Personal Loan	1317.72	1041.63	4%	3%
Loans Collateralised by deposits	582.88	497.68	2%	2%
Infrastructure	353.39	172.90	1%	1%
NBFC	249.37	273.01	1%	1%
Others	3043.59	1939.74	9%	7%
<b>TOTAL</b>	<b>33065.25</b>	<b>28238.58</b>	<b>100%</b>	<b>100%</b>

### OPPORTUNITIES AND THREATS

The Bank is a prominent and major player in South India. However we have not much expanded our base and network in the Northern, Western & Eastern regions of India. There is an ample opportunity for the Bank in the years to come, to enlarge Pan India presence and become a major player in the National Banking Scenario.

The opening up of the domestic Banking space to Post Offices have resulted in India Postal Payment Bank offering Banking services through their Postal network. With their vast network and large customer base they have been able to cater to the Banking needs of unbanked segments. Through their existing network of Post offices they are able to service their customers at lower cost compared to Banks.

Emergence of payment and numerous Small Finance Banks have also further dented the Retail Banking space. Competition has become stiff and it has become imperative for Banks to constantly innovate and offer better customer service to remain afloat. Moreover various Fintech companies using technology to serve customers at lower costs may pose threat to the Banks. The Bank is therefore constantly upgrading its Digital Banking segment to effectively compete with the latest technological advancements.

## 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 policy which was circulated to each of the departments. Integral to Bank business, the Bank takes on various types of risk, the most important of which are Credit Risk, Market Risk and Operational Risk. The identification, measurement, monitoring and management of risk remain a key focus area for the Bank. Sound risk management and balancing risk-reward trade-offs are critical to the Bank's success. Business and revenue growth are therefore to be weighed in context of the risks implicit in the Bank's business strategy.

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 assesses the Bank's risk profile and key areas of risk in particular. The responsibility of the Committee is to develop and implement a proper risk management framework and internal control system in the Bank. Also it articulates the Bank's policy for the oversight and management of business risks. Under the supervision of the Board level Committee, the functions of the Risk Management Committee of Executives is 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 level of risk involved in the business and direction, portfolio composition, risk appetite for all risks and also conducting various stress tests and scenario analysis for each types of risk associated with the business.

The Bank has a Risk Management team headed by the Chief Risk Officer who reports to MD & CEO / Board of the Bank. 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 31<sup>st</sup> March, 2009. The Bank has implemented the BASEL III Capital Regulations from 1<sup>st</sup> April, 2013, by computing the Capital and Risk Weighted Assets as per RBI guidelines dated 2<sup>nd</sup> May, 2012. The Bank presently adopts Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk. Necessary initiatives have been taken for moving over to advanced approaches under BASEL III as per the timelines indicated by RBI. The Risk Management Department of the Bank effectively functions to measure, monitor and control all risks paving way for effective Enterprise-wide Risk Management.

The Bank has formulated "Internal Capital Adequacy Assessment Process" (ICAAP) document and implemented the same in line with the Basel III requirement commensurate with the Bank's size, level of complexity, risk profile and scope of operations. The ICAAP document includes the capital adequacy assessment and projections of capital requirement for the next three financial years from FY2020, along with the plans and strategies for meeting the same with the necessary capital requirement. The purpose of the document is to inform the Board and the Reserve Bank of India about the Bank's Internal Capital Adequacy assessment process and the Bank's approach to capital and risk management. The document also endeavours to furnish detailed information on the Bank's assessment of the holistic risks, how the Bank intends to identify, assess, monitor, manage and control those underlying risks besides maintaining adequate capital necessary for its current and future internal capital requirements. Thus ICAAP is an important component of Supervisory Review Process (SRP) under Pillar-II of Basel-III framework.

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

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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. Integrated Treasury Policy
13. Policy on Unhedged Foreign currency exposures of corporate including SME's
14. Market Risk Management Policy
15. New Product Assessment Policy

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 Pillar III Disclosures under Basel III framework are reported in the Bank's website on Quarterly basis and also in the Annual report in the prescribed format as per the Disclosure Policy and RBI norm.

Stress tests and scenario analysis are conducted on a periodical basis to gauge the level of risk in the assumed crisis situation and remedial / preventive steps have been taken to mitigate risks in all areas. Further, the results of Stress tests are duly being factored into, under Pillar II risks while preparing the Internal Capital Adequacy Assessment Process (ICAAP) document on annual basis.

For the year ended 31<sup>st</sup> March, 2019, the Banks are expected to maintain a "Leverage Ratio" in excess of 4.5% on a quarterly basis under Basel-III framework prescribed by Reserve Bank of India. The Basel III Leverage Ratio framework aims to prevent Banks from having an overreliance on leverage. This ratio is meant to be a supplementary measure to risk based capital requirements. Leverage Ratio of our Bank stood at 10.01%, which are duly disclosed in DF17 and DF18 of Basel III - Pillar III disclosures as per the extant guidelines of RBI.

RBI has introduced Liquidity Coverage Ratio (LCR) under Basel-III guidelines from 1<sup>st</sup> January, 2015. 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 lasting for 30 calendar days. 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 a 30 calendar day time horizon under a significantly severe liquidity stress scenario. The Bank has been maintaining the LCR above 100%, as per the extant norm prescribed by RBI.

## INTERNAL CONTROL SYSTEMS

The Bank recognizes the importance of good internal control mechanism which is pivotal to long term sustainability of any organization. A good system of Internal control ensures that all the internal regulations and regulatory guidelines are strictly adhered to by all the departments while achieving the goals of the Bank.

The Inspection Department of the Bank ensures adherences to the laid down systems and procedures of the Bank. The Bank's Inspection function undertakes internal audit to assess the business and control risk of all branches and has formulated a risk based internal audit plan as recommended by the RBI. The inspection function provides an independent assurance to its Board of Directors and Senior Management as to the effectiveness of its internal controls, risk management systems, governance systems & processes on an on-going basis to ensure that the audited units comply with both internal and regulatory guidelines. There exists a system of periodical inspection of the branches, Credit Inspection, Jewel Loan Inspection and Concurrent Audit. The system of regular KYC inspection has been introduced in all the branches ensuring compliance of all KYC and AML Regulations

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. The Bank has in place adequate internal control systems and procedures and has taken into consideration the essential components of Internal Control as stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

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.

Our Bank is having an exclusive Compliance Department headed by a Compliance Officer to ensure effective implementation and compliance of all the directives issued by various Regulator's, its Board of Directors and its own Internal Control Policy.

### HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

The Bank attaches very high value to its dedicated and loyal human resources across all cadres. It provides congenial working environment, recognizes in house talents, fosters mutual trust and rewards sincere and hardworking employees through Performance Linked Incentive Scheme(PLP) and grant of ESOP (Employee Stock Option Scheme) to create a sense of ownership among the employees. For more details please refer Directors Report.

### OUTLOOK

Fiscal year 2018-19 was one of the most challenging years for the Banking sector. The growth remained lopsided as industrial credit growth continued to remain sluggish. Amid slowing economic growth and prolonged crisis in Non-Banking financial firms, the improvement in the financials of the Banks could prove to be a silver lining and propel credit growth. Various analysts have pointed out that the fourth quarter results of most Banks indicate a positive trend, as there has been a significant decline in NPAs (Non Performing assets) and a steady improvement in operating metrics. The operating metrics of most of the Banks remained healthy in the fourth quarter of 2018-19 with a 21% growth in net interest income. Banks seem to be on the path to recovery with decline in NPAs. Corporate loan growth has shown a revival albeit at a slow pace and in the absence of a strong traction in the capex cycle,

corporate loan growth will be muted. However loans to micro, small and medium enterprises and MFI's will continue to dominate. With the beginning of the new fiscal, there has been an apparent reversal in two of the biggest challenges facing the sector i.e., credit off take and asset quality. The onset of the festive season is likely to see a positive momentum in the retail segment, particularly retail loans.

Economic menu for new government: New Industrial Policy, Growth - oriented budget, fast forwarding disinvestment and solving of Banking crisis. As the new government takes oath, it is readying a list of the tasks for various ministries. These are likely to be incorporated into the larger plan for "India in 2022" a milestone in the India's history on the occasion of 75<sup>th</sup> Independence Day. The crucial, Finance Ministry has already its tasks cut out, which would be a growth oriented budget, aiming at fiscal consolidation. It would also have in its scheme of things the larger plan of merger of PSU Banks and merger of three prime national insurance companies viz, National Insurance Company, Oriental Insurance Company & United India Insurance Company. Further, another option is being considered to merge all the four companies (including New India Assurance Company) instead of the proposed three, to create a LIC type mega insurer in the general insurance space and avoid undercutting each other.

Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth. All these factors suggest that India's Banking sector is also poised for robust growth as the rapidly growing business enterprises would turn to Banks for their credit needs. The customer centric Banking through safe and secure technology has become the epicenter of Banking business. In the given scenario, your Bank believes that with the sound risk management and capital adequacy ratio it could achieve a higher share of business and profit, ably supported by sophisticated technology and a highly dedicated and motivated staff force.



**INDEPENDENT AUDITORS' REPORT***To the Members of***CITY UNION BANK LIMITED****Report on the Financial Statements****Opinion**

We have audited the financial statements of City Union Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Profit & Loss Account, and the Cash Flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the return of 14 branches and office audited by us and 639 branches & offices audited by branch statutory auditors. The branch audited by us and those audited by other auditors have been selected by the Bank in accordance with guidelines issued to the Bank by the Reserve Bank of India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulations Act, 1949 as well as Companies Act, 2013 (the 'Act') in the manner so required for Banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31<sup>st</sup> March, 2019 and Profit and its Cash Flows for the year ended on that date.

**Basis of Opinion**

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143 (10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* Section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the financial statements as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**A. Identification of Non-Performing Assets ('NPA') and Provisions on Advances**

(Reference to Schedule 9 read with Statement of Accounting Policies Note 6 – Schedule to the Financial Statements)

(₹ in thousands)

Gross Advances	3306,52,543
Provisions	39,19,135
Net Advances	3267,33,408

**Significant estimates and judgment involved****Key Audit Matter**

Identification of NPAs and provisions in respect of NPAs and restructured advances are made based on management's assessment in accordance with norms issued by Reserve Bank of India on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

The provision on NPA are based on the valuation of the security available and also requires management estimates and judgements. In case of restructured accounts, provision is made for diminution in fair value of restructured loans, in accordance with the RBI guidelines.

Accordingly, our audit focused on identification of NPAs and provision on advances as a key audit matter because of the level of management estimates and judgement involved in determining the provision and the valuation of the security of the NPA loans and the resultant impact on the financial statements of the Bank.

## Auditor's Response

Our key audit approach included assessing the design, implementation and operating effectiveness of key internal controls and substantive audit procedures over approval, recording and monitoring of loans, assessing the reliability of documentation, measurement of provisions, identification of NPA accounts and Valuation of Security for NPA accounts along with basis and rationale for various other management information's.

We have evaluated details for a sample of exposures for identification of NPA and calculation of Loan Loss provisions including valuation of primary and collaterals as at 31<sup>st</sup> March, 2019 involving certain degree of estimation.

We have evaluated and understood the Bank's internal control systems completeness, accuracy and relevance of data and to ensure that the same is in compliance with the RBI guidelines on the Prudential Norms on Income Recognition, Asset Classification & Provisioning.

We also selected samples to test potential cases of "ever greening" of loans.

We tested samples to ensure completeness of documentation, adherence of the approval process to the Bank's Policy and board minutes, credit review of customers, review of Special Mention Accounts (SMA) reports and other related documents including evaluation of the past trends of management judgement, governance and review of internal control.

## B. Valuation of Financial Instruments (Investments)

(Reference to Schedule 8 read with Statement of Accounting Policies Note 5 Schedule to the Financial Statements)

### Subjective estimates and judgment involved

#### Key Audit Matter

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments classified as HTM are carried at amortized cost and investments classified as AFS and HFT are Marked-to-Market on a periodic basis as per the RBI guidelines.

Accordingly, our audit was focused on valuation of investments as a key audit matter because of the management judgement involved in determining the value of investments based on the policy of the Bank, impairment assessment for HTM book and the over all impact on the financial statements of the Bank.

## Auditor's Response

Our audit approach included assessing the design, implementation and operating effectiveness of management's key internal controls over classification and valuation of Investments. The appropriateness of the valuation methodology and test checking the inputs used such as pricing, measure of volatility and discount factors. Compared the valuation methodology in accordance with the relevant Accounting Standards / RBI circulars, master directions and guidelines issued from time to time.

We test checked the investments and re-performed independent valuation where no direct observable inputs were used. We reviewed the assumptions used, by considering the alternate valuation method and sensitivity of other key factors assessing whether the financial statement disclosures appropriately reflect the Bank's exposure to investments valuation risks with reference to the requirements of the prevailing Accounting Standards and RBI guidelines.

## C. Information Technology - IT Systems and Controls

### Key Audit Matter

The Bank's Key Information Technology (IT) systems is used to record all the operational and financial transactions on a daily basis. The financial accounting and reporting process are highly dependent on information systems and hence we tested automated controls in IT systems.

In addition, large transaction volumes, ensuring integrity and data protection the Bank's Information systems has to be capable to handle the increased cyber risk emanating across the globe.

We have identified 'IT systems and controls' as key audit matter because of the level of process automation, large volume of automated transactions, level of cyber security established by the management and the complexity of the IT architecture of the Bank.

### Auditor's Response

We involved our IT Specialists to obtain a detailed understanding of the Bank's IT Systems and its related controls. We tested a sample of assessment in the areas of applications, databases and operating systems that are relevant to our audit in the fields of Core Banking Solutions (CBS) and Treasury Systems.

We obtained a detailed understanding on the General IT controls which includes evaluation of Bank's control to evaluate granting access right, segregation of duties, new user creation, removal of user rights and preventive controls.

We involved our IT Specialists to evaluate and review the security configuration on certain critical aspects of cyber security on network security, operational security, data and client information's, monitoring and recovery management.

### D. Direct and Indirect Taxes

(Reference to Notes to Accounts, Note 10.1 & 12.1 read with Statement of Accounting Policies Note 13 & 14 - Schedule to the Financial Statements)

#### Key Audit Matter

The Bank has evaluated tax positions including matters under dispute which involves significant judgements to determine the possible outcome of these disputes.

#### Auditor's Response

We have reviewed the nature of the amounts recoverable, obtained details of completed tax assessments and demands for the year ended 31<sup>st</sup> March, 2019, the sustainability and the likelihood of the amounts recoverable which are pending final resolution.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the CSR initiatives, Director's Report, Annexures to Director's Report, Shareholders Information, Business Responsibility Report, Corporate Governance Report, Management

Discussions & Analysis Report, List of Branches, Basel III Disclosures, Decade Progress included in the Bank's Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and the Basel III Disclosures, and accordingly, we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the auditor otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 1 Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 1 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to the financial

statement are in place and the operating effectiveness of such controls.

- 1 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 1 Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Bank to cease to continue as a going concern.
- 1 Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report

unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and 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.

1. As required Sub Section (3) of Section 30 of the Banking Regulation Act, 1949, we report that;
    - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
    - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
    - (c) Since the key operations of the Bank are automated with the key applications integrated to the Core Banking Systems, the audit is carried out centrally as all the necessary records and data required for the purpose of our audit are available therein. However, during the course of our audit we have visited 14 branches and offices. The returns received from the offices and branches of the Bank not visited by us have been found adequate for the purpose of our audit.
  2. Further, as required by Section 143(3) of the Companies Act, 2013, we 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 and proper returns adequate for the purposes of our audit have been received from offices and branches not visited by us;
- (c) The reports on the accounts of the offices and branches audited by other branch auditors of the Bank under Section 143(8) of the Companies Act, 2013 have been sent to us and have been properly dealt with by us in preparing this report;
  - (d) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the offices and branches not visited by us;
  - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the Accounting Policies prescribed by Reserve Bank of India;
  - (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the board of directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of section 164 (2) of the Act;
  - (g) 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 A" to this report; and
  - (h) 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 financial statements - Refer Note 12.1 to the 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 financial statements; and
- (iii) There has been no delay in transferring the funds to the Investor Education and Protection Fund Account by the Bank.
- (iv) The disclosures required on holdings as well as dealing in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 as envisaged in notification G.S.R. 308(E) dated

30<sup>th</sup> March, 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

- (v) With respect to the matter to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Companies Act, 2013 as amended:

In our opinion and to the best of our information and according to the explanations given to us, the entity being a Banking Company, Section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

For **M/s. Sundaram & Srinivasan**  
Chartered Accountants  
(Firm No.004207S)

**P. Menakshi Sundaram**  
Partner  
M. No.217914

Place: Chennai  
Date : 17<sup>th</sup> May, 2019

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## Annexure A

### *To the Independent Auditor's Report of even date on the Financial Statements of City Union Bank Limited [Refer Para 2(9)] Report on Other Legal and Regulatory requirements in Auditor's Report*

### *Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013*

*To the Members of*

## CITY UNION BANK LIMITED

### Opinion

We have audited the Internal Financial Controls over Financial Reporting ("ICFR") of City Union Bank Limited ("the Bank") as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

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 31<sup>st</sup> March, 2019, 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").

### Management's Responsibility for Internal Financial Controls over Financial Reporting

The Bank's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on 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 ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 on Audit of Internal Financial Controls over Financial Reporting 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 judgement, 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 on the Banks' Internal Financial Controls System over Financial Reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A Bank'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 Bank'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 Bank; (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 Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Bank'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.

For **M/s. Sundaram & Srinivasan**  
Chartered Accountants  
(Firm No.004207S)

**P. Menakshi Sundaram**  
Partner  
M. No.217914

Place: Chennai

Date : 17<sup>th</sup> May, 2019



**BALANCE SHEET AS ON 31<sup>st</sup> MARCH, 2019**

(₹ in thousands)

	SCHEDULE No.	AS ON 31.03.2019	AS ON 31.03.2018
<b>CAPITAL AND LIABILITIES</b>			
Share Capital	1	73,45,01	66,47,29
Reserves and Surplus	2	4767,30,74	4096,76,24
Deposits	3	38447,94,85	32852,62,18
Borrowings	4	480,90,85	1735,88,05
Other Liabilities & Provisions	5	1489,27,38	1185,50,77
<b>Total</b>		<b>45258,88,83</b>	<b>399372453</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	1993,12,09	1861,79,77
Balances with Banks & Money at Call and Short Notice	7	970,16,36	774,64,60
Investments	8	7712,20,06	7879,10,61
Advances	9	32673,34,08	27852,78,58
Fixed Assets	10	250,03,31	223,12,66
Other Assets	11	1660,02,93	1345,78,31
<b>Total</b>		<b>45258,88,83</b>	<b>39937,24,53</b>
Contingent Liabilities	12	4835,44,51	5715,99,82
Bills for Collection		460,81,36	319,08,72

**V. RAMESH**  
GM - CFO & CS

**R. VENKATASUBRAMANIAN**  
Chief General Manager

**J. GANESAN**  
Assistant General Manager

**Dr. N. KAMAKODI**  
MD & CEO

**ABARNA BHASKAR**  
**M. NARAYANAN**

**S. BERNARD**  
**N. SUBRAMANIAM**  
Directors

**R. MOHAN**  
Chairman

**V.N. SHIVASHANKAR**

**Dr. T.S. SRIDHAR**

**K. VAIDYANATHAN**

For **M/s. Sundaram & Srinivasan**  
Chartered Accountants  
(Firm No.004207S)

**P. Menakshi Sundaram**  
Partner  
M. No.217914

**Chennai**  
17<sup>th</sup> May, 2019

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in thousands)

	SCHEDULE No.	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018
<b>I INCOME</b>			
Interest Earned	13	3767,16,66	3402,42,16
Other Income	14	514,38,87	532,10,04
<b>Total</b>		<b>4281,55,53</b>	<b>3934,52,20</b>
<b>II EXPENDITURE</b>			
Interest Expended	15	2155,67,74	1972,12,12
Operating Expenses	16	885,88,62	754,64,87
Provisions and Contingencies		557,14,03	615,75,42
<b>Total</b>		<b>3598,70,39</b>	<b>3342,52,41</b>
<b>III PROFIT / LOSS</b>			
Net Profit		682,85,14	591,99,79
Profit brought forward		37,47,66	32,68,40
<b>Total</b>		<b>720,32,80</b>	<b>624,68,19</b>
<b>IV APPROPRIATIONS</b>			
- Transfer to Statutory Reserves		200,00,00	150,00,00
- Transfer to Capital Reserve		6,03,61	29,33,20
- Transfer to General Reserve		340,00,00	334,00,00
- Investment Reserve Account		30,80,00	Nil
- Transfer to Special Reserve under IT Act, 1961		60,00,00	50,00,00
- Dividend paid		21,95,66	19,83,52
- Dividend Tax paid		4,51,32	4,03,81
- Balance carried over to Balance Sheet		57,02,21	37,47,66
<b>Total</b>		<b>720,32,80</b>	<b>624,68,19</b>

**V. RAMESH**  
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**P. Menakshi Sundaram**  
Partner  
M. No.217914

**Chennai**  
17<sup>th</sup> May, 2019

**SCHEDULES FORMING PART OF THE ACCOUNTS**

(₹ in thousands)

	AS ON 31.03.2019	AS ON 31.03.2018
<b>SCHEDULE - 1 CAPITAL</b>		
Authorised Capital (100,00,00,000 Equity Shares of ₹ 1/- each)	<u>100,00,00</u>	<u>100,00,00</u>
Issued Capital (73,45,00,818 / 66,47,29,209 equity shares of ₹ 1/- each)	<u>73,45,01</u>	<u>66,47,29</u>
Subscribed and Paid-up Capital (73,45,00,818 / 66,47,29,209 equity shares of ₹ 1/- each)	73,45,01	66,47,29
Less: Calls unpaid	Nil	Nil
Add: Forfeited shares	Nil	Nil
<b>Total</b>	<u>73,45,01</u>	<u>66,47,29</u>
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
I. Statutory Reserves		
Opening Balance	1086,00,00	936,00,00
Additions during the year	200,00,00	150,00,00
Deductions during the year	Nil	Nil
	<u>1286,00,00</u>	<u>1086,00,00</u>
II. Capital Reserves		
Opening Balance	119,52,63	90,19,43
Additions during the year	6,03,61	29,33,20
Deductions during the year	Nil	Nil
	<u>125,56,24</u>	<u>119,52,63</u>
III. Share Premium		
Opening Balance	838,87,96	820,33,28
Additions during the year	20,81,69	24,55,74
Deductions during the year	6,65,35	6,01,06
	<u>853,04,30</u>	<u>838,87,96</u>
IV. Revenue and Other Reserves		
i) General Reserve		
Opening Balance	1726,50,00	1392,50,00
Additions during the year	340,00,00	334,00,00
Deductions during the year	Nil	Nil
	<u>2066,50,00</u>	<u>1726,50,00</u>
ii) Investment Reserve Account		
Opening Balance	2,37,99	2,37,99
Additions during the year	30,80,00	Nil
Deductions during the year	Nil	Nil
	<u>33,17,99</u>	<u>237,99</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

(₹ in thousands)

	AS ON 31.03.2019	AS ON 31.03.2018
iii) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	286,00,00	236,00,00
Additions during the year	60,00,00	50,00,00
Deductions during the year	Nil	Nil
	<b>346,00,00</b>	<b>286,00,00</b>
V. Balance in Profit and Loss Account	57,02,21	37,47,66
<b>Total</b>	<b>4767,30,74</b>	<b>4096,76,24</b>
<b>SCHEDULE - 3 DEPOSITS</b>		
A I. Demand Deposits		
i) From Banks	5,92,05	42,27
ii) From Others	3208,57,63	2785,75,10
	<b>3214,49,68</b>	<b>2786,17,37</b>
II. Savings Bank Deposits	6483,68,98	5170,50,12
III. Term Deposits		
i) From Banks	15,55,51	44,91,29
ii) From Others	28734,20,68	24851,03,40
	<b>28749,76,19</b>	<b>24895,94,69</b>
<b>Total (I, II &amp; III)</b>	<b>38447,94,85</b>	<b>32852,62,18</b>
B i) Deposits of Branches in India	38447,94,85	32852,62,18
ii) Deposits of Branches outside India	Nil	Nil
<b>Total</b>	<b>38447,94,85</b>	<b>32852,62,18</b>
<b>SCHEDULE - 4 BORROWINGS</b>		
I. Borrowings in India		
i) Reserve Bank of India	80,00,00	1054,00,00
ii) Other Banks	Nil	Nil
iii) Other Institutions and Agencies	400,90,85	681,88,05
iv) Subordinated Debt	Nil	Nil
II. Borrowings from outside India	Nil	Nil
<b>Total (I &amp; II)</b>	<b>480,90,85</b>	<b>1735,88,05</b>
III. Secured Borrowings included in (I & II) above	Nil	123,69,88

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**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

(₹ in thousands)

	AS ON 31.03.2019	AS ON 31.03.2018
<b>SCHEDULE - 5 OTHER LIABILITIES &amp; PROVISIONS</b>		
I. Bills Payable	420,58,99	297,68,98
II. Inter-Office Adjustments (Net)	Nil	Nil
III. Interest Accrued	254,51,74	217,88,77
IV. Others (including Provisions)	814,16,65	669,93,02
<b>Total</b>	<b>1489,27,38</b>	<b>1185,50,77</b>
<b>SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I Cash in Hand (including Foreign Currency Notes)	516,70,83	362,76,96
II Balances with Reserve Bank of India		
i) In Current Accounts	1476,41,26	1499,02,81
ii) In Other Accounts	Nil	Nil
<b>Total</b>	<b>1993,12,09</b>	<b>1861,79,77</b>
<b>SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
I. In India		
i) Balances with Banks		
a) In Current Accounts	55,60,80	71,92,90
b) In Other Deposit Accounts	Nil	Nil
	<b>55,60,80</b>	<b>71,92,90</b>
ii) Money at Call and Short notice		
a) With Banks	25,00,00	Nil
b) With Other Institutions	Nil	Nil
<b>Total</b>	<b>80,60,80</b>	<b>71,92,90</b>
II. Outside India		
i) In Current Accounts	11,28,71	2,08,58
ii) In Deposit Accounts	878,26,85	700,63,12
iii) Money at call and short notice	Nil	Nil
<b>Total</b>	<b>889,55,56</b>	<b>702,71,70</b>
<b>Grand Total</b>	<b>970,16,36</b>	<b>774,64,60</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

(₹ in thousands)

	AS ON 31.03.2019	AS ON 31.03.2018
<b>SCHEDULE - 8 INVESTMENTS</b>		
I. Investments in India in		
i) Government Securities	7476,37,85	7634,38,10
ii) Other Approved Securities	Nil	Nil
iii) Shares	9,95,67	10,21,29
iv) Debentures and Bonds	51,44,45	25,19,66
v) Subsidiaries / Joint Ventures	Nil	Nil
vi) Others	174,19,75	209,31,56
<b>Total</b>	<b>7711,97,72</b>	<b>7879,10,61</b>
<b>Gross Investments in India</b>	<b>7863,10,88</b>	<b>8014,97,61</b>
Less : Provision for Investment Depreciation	151,13,16	135,87,00
<b>Net Investments in India</b>	<b>7711,97,72</b>	<b>7879,10,61</b>
II. Outside India	22,34	Nil
<b>Grand Total</b>	<b>7712,20,06</b>	<b>7879,10,61</b>
<b>SCHEDULE - 9 ADVANCES</b>		
A. i) Bills Purchased and Discounted	283,89,78	239,12,84
ii) Cash Credits, Overdrafts and Loans repayable on Demand	21240,79,51	18245,87,99
iii) Term Loans	11148,64,79	9367,77,75
<b>Total</b>	<b>32673,34,08</b>	<b>27852,78,58</b>
B. i) Secured by Tangible Assets (includes Advances against Book Debts)	32331,56,81	27452,20,72
ii) Covered by Bank / Government Guarantees	61,10,00	57,23,00
iii) Unsecured	280,67,27	343,34,86
<b>Total</b>	<b>32673,34,08</b>	<b>27852,78,58</b>
C. I. Advances in India		
i) Priority Sector	16413,06,69	14796,72,19
ii) Public Sector	61,10,00	57,23,00
iii) Banks	Nil	Nil
iv) Others	16199,17,39	12998,83,39
<b>Total</b>	<b>32673,34,08</b>	<b>27852,78,58</b>
II. Advances outside India	Nil	Nil
<b>Grand Total</b>	<b>32673,34,08</b>	<b>27852,78,58</b>

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**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

(₹ in thousands)

	AS ON 31.03.2019	AS ON 31.03.2018
<b>SCHEDULE - 10 FIXED ASSETS</b>		
I. Premises		
i) At Cost as at 31 <sup>st</sup> March of the preceding year	65,66,96	65,59,66
ii) Additions during the year	2,96,19	730
iii) Deductions during the year	41,67	Nil
<b>Total</b>	<b>68,21,48</b>	<b>65,66,96</b>
iv) Depreciation to date	12,07,24	11,58,16
<b>Total</b>	<b>56,14,24</b>	<b>54,08,80</b>
II. Other Fixed Assets (including Furniture and Fixtures)		
i) At Cost as at 31 <sup>st</sup> March of the preceding year	537,00,73	477,38,33
ii) Additions during the year	86,50,47	61,27,37
<b>Total</b>	<b>623,51,20</b>	<b>538,65,70</b>
iii) Deductions / Adjustments during the year	1,88,50	1,64,97
<b>Total</b>	<b>621,62,70</b>	<b>537,00,73</b>
iv) Depreciation to date	427,73,63	367,96,87
<b>Total</b>	<b>193,89,07</b>	<b>169,03,86</b>
<b>Grand Total</b>	<b>250,03,31</b>	<b>223,12,66</b>
<b>SCHEDULE - 11 OTHER ASSETS</b>		
I. Inter office Adjustments	974	Nil
II. Interest accrued	144,28,89	141,46,28
III. Tax paid in advance / Tax deducted at source	860,58,41	649,28,05
IV. Stationery and Stamps	59,83	55,40
V. Non-Banking assets acquired in satisfaction of claims	Nil	Nil
VI. Others	654,46,06	554,48,58
<b>Total</b>	<b>1660,02,93</b>	<b>1345,78,31</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

(₹ in thousands)

	AS ON 31.03.2019	AS ON 31.03.2018
<b>SCHEDULE - 12 CONTINGENT LIABILITIES</b>		
I. Claims against the Bank not acknowledged as Debts	4,65,36	4,50,40
II. Liability for Partly Paid Investments	Nil	Nil
III. Liability on account of outstanding Forward Exchange Contracts	3020,72,67	3768,01,77
IV. Guarantees given on behalf of Constituents		
- In India	1352,97,80	1318,99,92
- Outside India	17,59,19	3,80,65
V. Acceptances, endorsements and other obligations	402,58,37	587,62,21
VI. Other items for which the Bank is contingently liable	36,91,12	33,04,87
<b>Total</b>	<b>4835,44,51</b>	<b>5715,99,82</b>
<b>SCHEDULE - 13 INTEREST EARNED</b>		
I. Interest / Discount on Advances / Bills	3177,65,50	2840,39,52
II. Income on Investments	553,59,81	522,76,07
III. Interest on Balances with Reserve Bank of India and other Inter-Bank funds	23,31,45	22,68,92
IV. Others	12,59,90	16,57,65
<b>Total</b>	<b>3767,16,66</b>	<b>3402,42,16</b>
<b>SCHEDULE - 14 OTHER INCOME</b>		
I. Commission, Exchange and Brokerage	54,53,91	49,47,05
II. Profit / Loss on sale of Investments (Net)	32,55,72	93,82,65
III. Profit / Loss on revaluation of Investments	Nil	Nil
IV. Profit / Loss on sale of Land, Buildings and Other Assets	2,67,36	-1,58
V. Profit on Exchange transactions (Net)	54,45,62	74,35,49
VI. Income earned by way of dividends etc. from subsidiaries, companies and / or joint ventures abroad / in India	Nil	Nil
VII. Miscellaneous Income	370,16,26	314,46,43
<b>Total</b>	<b>514,38,87</b>	<b>532,10,04</b>
<b>SCHEDULE - 15 INTEREST EXPENDED</b>		
I. Interest on Deposits	2107,95,06	1927,10,68
II. Interest on RBI / Inter-Bank Borrowings	22,53,36	37,99,45
III. Others	25,19,32	7,01,99
<b>Total</b>	<b>2155,67,74</b>	<b>1972,12,12</b>

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**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

(₹ in thousands)

	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018
<b>SCHEDULE - 16 OPERATING EXPENSES</b>		
I. Payments to and Provision for Employees	364,43,71	315,88,36
II. Rent, Taxes and Lighting	149,69,67	129,97,94
III. Printing and Stationery	12,91,39	11,43,73
IV. Advertisement and Publicity	19,31,07	18,12,31
V. Depreciation on Bank's Property	61,49,81	52,46,44
VI. Directors' Fees, Allowances and Expenses	1,57,96	1,45,83
VII. Auditors' Fees and Expenses(including Branch Auditor's fees & expenses)	1,68,95	1,41,64
VIII. Law Charges	77,98	73,71
IX. Postage, Telegrams, Telephone, etc.	23,48,52	13,36,80
X. Repairs and Maintenance	86,99,00	74,98,76
XI. Insurance	37,38,55	34,08,68
XII. Other Expenditure	126,12,01	100,70,67
<b>Total</b>	<b>885,88,62</b>	<b>754,64,87</b>

## NOTES ON ACCOUNTS

### 1. CAPITAL

(₹ in crore)

Sl. No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
		Basel III	Basel III
i)	Common Equity Tier 1 Capital Ratio (%)	13.16%	13.92%
ii)	Tier 1 Capital Ratio (%)	15.03%	15.79%
iii)	Tier 2 Capital Ratio (%)	0.52%	0.43%
iv)	Total Capital Ratio (CRAR) (%)	15.55%	16.22%
v)	Percentage of shareholding of the Government of India in Public Sector Banks	NA	NA
vi)	Amount of Equity Capital raised	6.98*	6.37*
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 2018-19, the Bank has allotted 32,36,341 (P.Y. 35,57,840) equity shares aggregating to ₹21.14 cr (P.Y. ₹24.56 cr) pursuant to exercise of options

under ESOP. The Bank has also issued 6,65,35,268 (P.Y. 6,01,06,488) shares of ₹1/-each in the ratio of one share for every ten shares held as Bonus shares.

### 2. INVESTMENTS

(₹ in crore)

Sl. No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
1.	Value of Investments		
	(i) Gross value of Investments		
	(a) In India	7863.11	8014.98
	(b) Outside India	0.22	Nil
	(ii) Provision for Depreciation		
	(a) In India	151.13	135.87
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investments		
	(a) In India	7711.98	7879.11
	(b) Outside India	0.22	Nil
2.	Movement of provision held towards depreciation on Investments		
	(i) Opening Balance	135.87	50.37
	(ii) Add: Provision made during the year	16.00	85.50
	(iii) Less: Write-off / Write-back of excess provision during the year	0.74	Nil
	(iv) Closing Balance	151.13	135.87

2.1. Repo Transactions (in face value terms)

(₹ in crore)

Particulars	Outstanding during the year			As at 31 <sup>st</sup> March 2019
	Minimum	Maximum	Daily Average	
Securities sold under Repo				
i) Government Securities	20.04	895.99	399.34	<b>80.29</b>
ii) Corporate Debt Securities	Nil	Nil	Nil	<b>Nil</b>
Securities purchased under Reverse Repo				
i) Government Securities	9.54	531.67	106.03	<b>Nil</b>
ii) Corporate Debt Securities	Nil	Nil	Nil	<b>Nil</b>

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	13.54	3.60	Nil	Nil	3.60
2.	Financial Institutions	2.82	1.00	Nil	Nil	1.00
3.	Banks	43.93	40.00	Nil	Nil	Nil
4.	Private Corporates	1.44	0.33	Nil	Nil	0.33
5.	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
6.	Others (Security Receipts / Swift Shares)	325.22	325.22	Nil	Nil	325.22
	<b>Total (1 to 6)</b>	<b>386.95</b>	<b>370.15</b>	<b>Nil</b>	<b>Nil</b>	<b>330.15</b>
7.	Provision held towards depreciation	151.13	***	***	***	***
	<b>BALANCE</b>	<b>235.82</b>	<b>370.15</b>	<b>Nil</b>	<b>Nil</b>	<b>330.15</b>

ii) Non - Performing Non - SLR Investments

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Opening Balance	Nil	Nil
Additions during the year since 1 <sup>st</sup> April	<b>0.33</b>	Nil
Reductions during the above period	Nil	Nil
Closing Balance	<b>0.33</b>	Nil
Total provisions held	<b>0.33</b>	Nil

### 2.3 Sale and Transfer to / from HTM category

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

2.4 RBI Circular DBR. No. BP.BC.113/ 21.04.048/ 2017-18 dated 15<sup>th</sup> June, 2018 provided Banks an option to spread provisioning for Mark to Market (MTM) losses on investments held in AFS and HFT categories for the quarter ended 30<sup>th</sup> June, 2018. The circular states that the provisioning for this quarter may be spread

equally over up to four quarters, commencing with the quarter ended 30<sup>th</sup> June, 2018. However, the Bank has not availed this option and had recognised the entire Mark to Market (MTM) loss on investments in Q1 FY 19.

### 2.5 Investment Fluctuation Reserve:

RBI Circular RBI/2017-18/147 DBR.No. BP.BC.102/21.04.048/2017-18 dated 2<sup>nd</sup> April, 2018, the Bank has appropriated Investment Fluctuation Reserve during the FY 2018-19 which is considered adequate and arrived as follow:

		(₹ in crore)
I	Transfer to Investment Fluctuation Reserve	Amount
(a)	Net Profit on Sale of Investments during the year	32.56
(b)	Net Profit for the Year less Mandatory Provisions	682.85
(c)	(a) or (b) lower of the above	32.56
(d)	Total of HFT & AFS Portfolio as on 31 <sup>st</sup> March, 2019	1539.38
(e)	2% on the (d)	30.80
Investment Fluctuation Reserve created as at 31 <sup>st</sup> March, 2019 upto a maximum of (e)		30.80

## 3. DERIVATIVES

### 3.1 Forward Rate Agreement / Interest Rate Swap

(₹ in crore)

Sl. No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the Bank upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

**3.2 Exchange Traded Interest Rate Derivatives**

(₹ in crore)

Sl. No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 <sup>st</sup> March, 2019 (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.

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**3.3.2 Quantitative Disclosures :**

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
(i)	Derivatives (Notional Principal Amount)				
	a) for hedging	1325.53	1780.52	Nil	Nil
	b) for trading	1793.10	1987.50	Nil	Nil
(ii)	Marked to Market Positions				
	a) Assets (+)	61.78	38.80	Nil	Nil
	b) Liability (-)	-13.06	18.39	Nil	Nil
(iii)	Credit Exposure @	129.46	125.92	Nil	Nil
(iv)	Likely impact of one percentage change in interest rate (100 * PV01)				
	a) on hedging derivatives	Nil	Nil	Nil	Nil
	b) on trading derivatives	Nil	Nil	Nil	Nil
(v)	Maximum and Minimum of (100 * PV01) observed during the year				
	a) on hedging	Nil	Nil	Nil	Nil
	b) on trading	Nil	Nil	Nil	Nil

@ Out of the total credit exposure of ₹ 129.46 crore (P.Y. ₹ 125.92 crore), exposure to the tune of ₹ 116.09 crore (P.Y. ₹ 75.42 crore) is accepted for guaranteed settlement by Clearing Corporation of

India (CCIL) and exposure to the tune of ₹ 4.44 crore (P.Y. ₹ 35.02 crore) are other Inter-Bank deals not guaranteed by CCIL. Balance of ₹ 8.93 crore (P.Y. ₹ 15.48 crore) is out of forward contracts outstanding with customers.

#### 4. ASSET QUALITY

##### 4.1. Non-Performing Assets

(₹ in crore)

Sl. No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
(i)	<b>Net NPAs to Net Advances (%)</b>	<b>1.81%</b>	1.70%
(ii)	<b>Movement of Gross NPAs</b>		
	Opening balance	<b>856.55</b>	681.98
	Additions during the year	<b>632.16</b>	574.87
	Reductions during the year	<b>511.66</b>	400.30
	Closing balance	<b>977.05</b>	856.55
(iii)	<b>Movement of Net NPAs</b>		
	Opening balance	<b>474.78</b>	408.34
	Additions during the year (Net)	<b>503.30</b>	400.38
	Reductions during the year	<b>386.62</b>	333.94
	Closing balance	<b>591.46</b>	474.78
(iv)	<b>Movement of provision for NPAs (excluding provision on Standard Assets)</b>		
	Opening balance	<b>377.18</b>	270.31
	Provisions made during the year	<b>270.00</b>	303.00
	Write-off / Write-back of excess provisions	<b>265.90</b>	196.13
	Closing balance	<b>381.28</b>	377.18

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

In terms of RBI circular No.DBR.BP.BC.No. 32/21.04.018/2018-19 dated 1<sup>st</sup> April, 2019 Banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's Annual Supervisory Review Process in their "Notes

to Accounts" to the financial statement if such divergence exceeds the threshold prescribed by the RBI. Since, the divergences identified by RBI for the Financial Year ended 31<sup>st</sup> March, 2018 are less than the prescribed thresholds hence there is no disclosure required relating to Asset Classification & provisioning on NPA.

##### 4.2.1 Particulars of Accounts Restructured

As per Annexure I.

##### 4.2.2 Disclosure on Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances (RBI/DBR.BP.BC.No. 18/21.04.048/2018-19 dated 1<sup>st</sup> January, 2019)

(₹ in crore)

Number of Accounts Restructured - MSME	Amount
18	34.98

Disclosure relating to Gaja Cyclone Relief Restructured Account Details are as given below

(₹ in crore)

Number of Accounts Restructured - GAJA Cyclone Relief	Amount
79	21.13

**4.2.3 Disclosures on the scheme for Sustainable Structuring of Stressed Assets (S4A), as at 31<sup>st</sup> March, 2019.**

There were no accounts during the year which were restructured under the S4A scheme.

**4.2.4 Disclosures on Flexible Structuring of Existing Loans.**

No borrowers had opted for flexible structuring of the loans during the year.

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

No borrowal accounts were restructured under the SDR scheme during the year.

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

No accounts were restructured outside the SDR scheme involving change in ownership.

**4.2.7 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	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
a.	Number of Accounts	Nil	Nil
b.	Aggregate value (Net of provision) of accounts sold to SC / RC	Nil	Nil
c.	Aggregate consideration	Nil	Nil
d.	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
e.	Aggregate gain / loss over net book value	Nil	Nil

Spread over any shortfall, if sale value is lower than NPV over a period of 2 years. This facility of spreading over shortfall for sale of upto 31<sup>st</sup> March, 2019 - 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	325.00	340.43	0.00	0.84	325.00	341.27

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. During the FY 2018-19, one of the ARC had declared NAV as "NIL" value and the Bank has written off the SR to an extent of ₹ 0.74 crore.



**C. Sale of Financial Assets to Securitization Company / Reconstruction Company**

(₹ in crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years
i) Book value of SRs backed by NPAs sold by the Bank as underlying	325.00	Nil	Nil
Provision held against (i)	150.80	Nil	Nil
ii) Book value of SRs backed by NPAs sold by other Banks / Financial Institutions / Non-Banking Financial Companies as underlying	Nil	Nil	Nil
Provision held against (ii)	Nil	Nil	Nil
Total (i) + (ii)	325.00	Nil	Nil

**4.4 Details of Non - Performing financial assets purchased / sold**

**4.4.1 Details of non performing financial assets purchased from other Banks :**

(₹ in crore)

Sl. No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
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 to other Banks :**

(₹ in crore)

Sl. No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
1.	Number of accounts sold during the year	Nil	Nil
2.	Aggregate outstanding	Nil	Nil
3.	Aggregate consideration received	Nil	Nil

**4.5 Provisions on Standard Assets**

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Provision towards Standard Assets	126.88	105.38

## 5. BUSINESS RATIOS

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Interest Income as a percentage to Working Funds	9.06%	9.21%
Non-Interest Income as a percentage to Working Funds	1.24%	1.44%
Operating Profit as a percentage to Working Funds	2.98%	3.27%
Return on Assets	1.64%	1.60%
Business per employee (₹ in crore)	12.96	11.48
Profit per employee (₹ in crore)	0.12	0.11

## 6. ASSET LIABILITY MANAGEMENT

### Maturity Pattern of certain items of Assets and Liabilities - 31<sup>st</sup> March, 2019

(₹ in crore)

Period	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 Day	373.63	75.07	1109.67	0.00	33.85	26.01
2 to 7 days	683.06	1187.84	393.20	80.00	533.98	348.98
8 to 14 days	1669.31	2051.29	387.84	0.00	108.14	88.02
15 to 30 Days	392.96	635.04	756.30	0.00	277.48	294.97
31 days to 60 days	678.54	583.11	627.90	0.00	123.85	32.93
61 days to 90 days	949.22	837.83	492.86	0.00	648.55	825.45
Over 3 months & upto 6 months	1590.21	735.30	1056.83	0.00	635.98	491.42
Over 6 months & upto 1 year	2660.44	3607.60	623.86	0.00	73.02	123.40
Over 1 year & upto 3 years	26164.95	17403.83	1795.80	330.00	13.97	194.05
Over 3 years & upto 5 years	2433.07	2667.61	74.76	70.91	0.46	22.21
Over 5 years	852.56	2888.82	393.18	0.00	0.00	0.00
<b>Total</b>	<b>38447.95</b>	<b>32673.34</b>	<b>7712.20</b>	<b>480.91</b>	<b>2449.28</b>	<b>2447.44</b>

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

## 7. EXPOSURES

### 7.1 Exposure to Real Estate Sector

(₹ in crore)

	Category	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
<b>A)</b>	<b>Direct exposure</b>		
	(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;*	<b>2150.34</b>	1896.46
	(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 include non-fund based (NFB) limits (Fund based ₹ 2164.73 cr + NFB ₹ 29.34 cr)	<b>2194.07</b>	1562.95
	(iii) Investment in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	<b>Nil</b>	Nil
	b. Commercial Real Estate	<b>Nil</b>	Nil
<b>B)</b>	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures to National Housing Bank (NHB) and Housing Finance Companies (HFCs)	<b>Nil</b>	Nil
	<b>Total Exposure to Real Estate Sector</b>	<b>4344.41</b>	<b>3459.41</b>

\* includes individual housing loans eligible for inclusion in priority sector advances amounting to ₹ 757.12 cr (P.Y. ₹ 719.06 cr) for the year ended 31<sup>st</sup> March, 2019.

## 7.2 Exposure to Capital Market

(₹ in crore)

Sl. No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
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.	9.51	9.21
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.	2.44	2.88
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.	85.64	50.20
5.	Secured and Unsecured Advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	81.65	68.23
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
	<b>Total Exposure to Capital Market</b>	<b>179.24</b>	<b>130.52</b>

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**7.3 Risk Category-wise Country Exposure \***

(₹ in crore)

Risk Category	Exposure (net) as at March 2019	Provision held as at March 2019	Exposure (net) as at March 2018	Provision held as at March 2018
Insignificant	1015.53	0.50	778.38	2.25
Low	20.99	Nil	94.85	Nil
Moderately Low	1.30	Nil	0.49	Nil
Moderate	Nil	Nil	0.83	Nil
Moderately High	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
<b>Total</b>	<b>1037.82</b>	<b>0.50</b>	<b>874.55</b>	<b>2.25</b>

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

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

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

**7.5 Unsecured Advances** - Advances secured by intangible securities such as Rights, licences, authorisations, etc. - Nil**7.6 Amount of Provision for Income-Tax for the year**

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Provision for Income Tax	272.37	216.89
Deferred Tax Assets	-50.75	-2.83
Deferred Tax Liabilities	20.38	-16.06
<b>Provision for Income Tax - Net</b>	<b>242.00</b>	<b>198.00</b>

**8. PENALTIES IMPOSED BY RBI**

(i) During the year, RBI has imposed penalty of ₹ 36,650/- on discrepancies detected towards Soiled Notes Remittance.

(ii) Reserve Bank of India vide its letter dated 31<sup>st</sup> January, 2019 had imposed monetary penalty of ₹ 3 crore (Rupees Three Crore only) in terms of Section 47A (i) (c) read with Section 46 (4) (i) of the Banking Regulation Act, 1949 on the Bank for delay in adherence to its directives on "Time bound implementation and strengthening of SWIFT-related operational controls" contained in the RBI circular dated 20<sup>th</sup> February, 2018.

**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 the Accounting Policy of Income / Expenditure of certain items are recognised on cash basis.

**iii) Effects of changes in Foreign Exchange Rates - AS 11**

The Bank is revaluing foreign currency transactions consistently at the weekly

average rate of the last week, prescribed by FEDAI, instead of the rate at the date of the transaction as per AS 11. The management is of the view that there is no material impact on the accounts for the year.

#### iv) 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 and is not funded.

- a) 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:

#### i) Changes in the present value of the obligations :

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019
Present value of Obligation as at the beginning of the year	60.73
Interest cost	4.83
Current service cost	Nil
Past service cost - (non vested benefits)	Nil
Past service cost - (vested benefits)	Nil
Benefits paid	(10.42)
Net Actuarial gain / (loss) recognized in the year	17.85
<b>Present value of obligation at the year end</b>	<b>72.99</b>

#### ii) Amount recognized in Balance Sheet :

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019
Closing Present value Obligation	72.99
Fair value of Plan Assets	Nil
Difference	72.99
Unrecognised transitional liability	Nil
Unrecognised past service cost - non vested benefits	Nil
<b>Liability recognized in the Balance sheet</b>	<b>72.99</b>

#### iii) Expenses recognized in Profit & Loss account :

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019
Current Service cost	Nil
Interest cost	4.83
Expected return on Plan Assets	Nil
Net Actuarial (gain) / loss recognised in the year	17.85
<b>Total expenses recognized in the Profit &amp; Loss Account</b>	<b>22.68</b>

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iv) Principal actuarial assumption at the Balance Sheet Date :

Particulars	31 <sup>st</sup> March 2019
Discount factor	7.55%
Salary escalation rate	6.00%
Attrition rate	6.00%
Expected rate of return on Plan Assets	Nil

v) Segment Reporting - AS 17

Summary of the Operating Segments of the Bank are as follows:

(₹ in crore)

BUSINESS SEGMENTS	TREASURY		CORPORATE / WHOLESALE BANKING		RETAIL BANKING		OTHER BANKING OPERATIONS		TOTAL	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Revenue	663.93	713.63	1251.84	1012.89	2344.84	2193.98	20.95	14.02	4281.56	3934.52
Result	365.33	399.20	323.94	263.31	534.68	535.39	16.04	9.85	1239.99	1207.75
Unallocated Expenses									0.00	0.00
<b>Operating Profit</b>									1239.99	1207.75
Other Prov & Contingencies									315.14	417.75
Income Taxes									242.00	198.00
Extra ordinary Profit / Loss									0.00	0.00
<b>Net Profit</b>									682.85	592.00
<b>Other Information</b>										
Segment Assets	9293.07	9261.49	12449.80	9879.61	22036.52	19710.73	Nil	Nil	43779.39	38851.83
Unallocated Assets									1479.50	1085.42
<b>Total Assets</b>									45258.89	39937.25
Segment Liabilities	8263.44	8245.19	11314.16	8967.66	20026.37	17891.23	Nil	Nil	39603.97	35104.08
Unallocated Liabilities									814.16	669.93
<b>Total Liabilities</b>									40418.13	35774.01
Segment Capital	1029.63	1016.30	1135.64	911.95	2010.15	1819.50	Nil	Nil	4175.42	3747.75
Unallocated Capital									665.34	415.49
<b>Capital Employed</b>									4840.76	4163.24

Part B - Geographic Segment - The Bank operates only in India.

**vi) Related Party disclosures - AS 18****(i) Related Parties:**

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

**(ii) Related Party Transactions:**

(in ₹)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Remuneration	1,15,99,000	81,25,000
Outstanding Housing Loan	41,36,804	42,12,687

Reserve Bank of India vide its letter DBR.Appt. No. 8199/08.42.01/2018-19 dated 29<sup>th</sup> March 2019, has revised the remuneration of the MD & CEO which shall be paid on a subsequent date.

**vii) 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.

**viii) Earning Per share - AS 20**

The details of EPS computation is set out below :

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Earnings for the year (₹ in crore)	682.85	591.99
Basic weighted average number of shares (Nos.)	71,33,39,443	64,48,91,384
Basic EPS (₹)	9.57	9.18
Dilutive effect of stock options (Nos.)	60,21,955	18,83,528
Diluted weighted average number of shares (Nos.)	71,93,61,398	64,67,36,455
Diluted EPS (₹)	9.49	9.15
Nominal value of shares (₹)	1	1

**ix) Consolidated Financial Statements (CFS) - AS 21**

The Bank has no Subsidiaries / Joint Venture / Associates. Hence reporting under CFS is not applicable.

**x) Accounting for Taxes on Income - AS 22**

The major components of the Deferred Tax Asset and Liabilities as at 31<sup>st</sup> March, 2019 are as follows:



(₹ in crore)

Components	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
<b>Deferred Tax Liability:</b>		
Depreciation on Fixed Assets	3.83	5.39
Special Reserve under IT Act	120.93	98.99
<b>Total Deferred Tax Liability (A)</b>	<b>124.76</b>	<b>104.38</b>
<b>Deferred Tax Asset:</b>		
Provision for Advances (NPA)	17.84	17.67
Leave Encashment	27.24	21.02
Provision for FITL	1.34	1.32
Provision for Standard Assets	44.34	0.00
<b>Total Deferred Tax Asset (B)</b>	<b>90.76</b>	<b>40.01</b>
<b>Net Deferred Tax Liability / (Asset) : (A - B)</b>	<b>34.00</b>	<b>64.37</b>

**xi) Accounting for Investments in Associates in CFS - AS 23**

The Bank has no Associates. Hence reporting under CFS - AS 23 is not applicable.

**xii) Discontinuing Operations - AS 24**

The Bank has not discontinued any of its operations. Hence reporting under CFS - AS 24 is not applicable.

**xiii) Interim Financial Reporting - AS 25**

Quarterly review have been carried out with reference to RBI and SEBI circulars & prescribed formats.

**xiv) 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.

**xv) 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.

**xvi) Provisions & Contingencies - AS 29**

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

## 10. ADDITIONAL DISCLOSURES

### 10.1 Break up of Provisions and Contingencies

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Provision for		
- Depreciation on Investments (net)	22.51	95.74
- Non Performing Assets	270.00	303.00
- Standard Assets	21.50	1.50
- Income Tax (including Def Tax)	242.00	198.00
- Restructured Accounts	-4.00	-0.80
- Country Exposure	-1.75	1.71
- Others	6.88	16.60
<b>Total</b>	<b>557.14</b>	<b>615.75</b>

#### 10.2.1 Movement in Countercyclical Provisioning Buffer for NPA

(₹ in crore)

Sl.No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
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

Reference to RBI Circular DBR No. BP.BC. 79 / 21.04.048 / 2014-15 dt 30<sup>th</sup> March, 2015. The Bank has not utilised Countercyclical provisioning Buffer for making NPA provisions.

#### 10.2.2 Movement in Floating Provisions

(₹ in crore)

Sl.No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
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	
		FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
a)	No. of complaints pending at the beginning of the year	63	4	108	69	171	73
b)	No. of complaints received during the year	1470	1063	30599	21051	32069	22114
c)	No. of complaints redressed during the year	1504	1004	30558	21012	32062	22016
d)	No. of complaints pending at the end of the year	29	63	149	108	178	171

Classification of customer complaints (General) received during the quarter ended 31<sup>st</sup> March, 2019 compared to the previous quarters:

Sl. No.	Classification	Complaints received during the quarter ended									
		31.03.2018		30.06.2018		30.09.2018		31.12.2018		31.03.2019	
		No.	%	No.	%	No.	%	No.	%	No.	%
1.	Credit / Debit cards	168	34.50	103	26.68	103	26.89	45	12.57	74	21.57
2.	Internet Banking / Mobile Banking / eBanking	118	24.23	82	21.24	112	29.24	124	34.64	87	25.36
3.	Staff Behaviour	2	0.41	0	0.00	0	0.00	1	0.28	0	0.00
4.	Discriminatory Pricing	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
5.	Retail	129	26.49	105	27.20	100	26.11	139	38.83	68	19.82
6.	Others	1	0.21	7	1.81	7	1.83	0	0.00	0	0.00
7.	Non-interest charges	23	4.72	37	9.59	29	7.57	20	5.58	38	11.08
8.	Delay in services	12	2.46	23	5.96	5	1.31	1	0.28	38	11.08
9.	Remittances	20	4.11	17	4.41	7	1.83	7	1.95	17	4.96
10.	Pension and Other Government services	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
11.	Loans and Advances - Sanction	13	2.67	10	2.59	20	5.22	21	5.87	17	4.96
12.	Liability Products - Credit of funds	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
13.	Third party service complaints	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
14.	Marketing agents such as (Direct Selling Agents) DSAs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
15.	Recovery and collection agents	1	0.21	2	0.52	0	0.00	0	0.00	4	1.17
16.	Others (to be specified)	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	<b>TOTAL</b>	487	100.00	386	100.00	383	100.00	358	100.00	343	100.00

#### 10.5 Awards passed by the Banking Ombudsman

Sl.No.	Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
a)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
b)	No. of Awards passed by Banking Ombudsman during the year	Nil	Nil
c)	No. of Awards implemented during the year	Nil	Nil
d)	No. of unimplemented Awards pending at the end of the year	Nil	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	31 <sup>st</sup> March 2019
a)	Number of frauds reported during the year	5
b)	Amount involved (₹ in crore)	8.43
c)	Provisions made during the year* (₹ in crore)	8.18
d)	Quantum of unamortised provision debited from 'Other Reserves'	Nil

\* One case was reported during the year amounting to ₹ 0.25 cr was fully recovered and hence no provision is required as on 31<sup>st</sup> March, 2019.

As informed to the Stock Exchanges on 8<sup>th</sup> December, 2017, during FY 2017-18, there were certain improper transactions amounting to ₹ 31.55 cr through VISA, MASTER & NPCI networks through ATM switch which were approved outside the Bank's network. The Bank has a Cyber Insurance Cover for ₹ 25 cr and insurance claim has been lodged. The Bank has made full provision to this effect in the FY 2017-18 & FY 2018-19.

As informed to the Stock Exchanges on 17<sup>th</sup> February, 2018, during FY 2017-18, three fraudulent remittances amounting to ₹ 12.13 cr had gone through our SWIFT system which were not initiated by us. Out of this, the Bank received back ₹ 3.25 cr. The Bank has provided the full amount in the FY 2017-18 & FY 2018-19.

### 10.7.1 Letters of Comfort:

The Bank has not issued any letters of comfort to other Banks / branches during the year.

### 10.7.2 Letter of Undertaking:

Letter of Undertaking (LOU) issued by the Bank towards Trade credit for Import of Goods into India and outstanding as of 31<sup>st</sup> March, 2019 was NIL. The Bank has not issued any LOU after 13<sup>th</sup> March, 2018 in compliance with RBI notification A.P (DIR SERIES) Circular No. 20 dated 13<sup>th</sup> March, 2018. The Bank has not issued any LOUs based on bullion agreement.

### 10.8 Provisioning Coverage Ratio (PCR)

The Provisioning Coverage Ratio (PCR) of the bank as on 31<sup>st</sup> March, 2019 is 63 %. (P.Y. 64%)

### 10.9 Bancassurance Business

Income from Bancassurance Business for the financial year 2018-19 is ₹ 9.26 cr (P.Y. ₹ 6.95 cr)

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## 10.10 Concentration of Deposits, Advances, Exposures and NPAs

### 10.10.1 Concentration of Deposits

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Total Deposits of twenty largest depositors	3502.66	2495.76
Percentage of Deposits of twenty largest depositors to total Deposits of the Bank	9.11%	7.60%

### 10.10.2 Concentration of Advances

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Total Advances to twenty largest borrowers	1840.62	1695.53
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	5.56%	6.00%

### 10.10.3 Concentration of Exposures

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Total Exposure to twenty largest borrowers / customers	2041.15	1918.33
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	5.39%	5.82%

### 10.10.4 Concentration of NPAs

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Total Exposure to top four NPA accounts	237.55	242.26

## 10.11 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
<b>A</b>	<b>Priority Sector</b>						
1.	Agriculture and allied activities	4878.49	84.27	1.73%	4083.42	68.94	1.69%
2.	Advances to industries sector eligible as priority sector lending	5857.47	179.46	3.06%	4829.66	85.18	1.76%
3.	Services	4640.15	103.91	2.24%	4936.69	73.91	1.50%

10.11 Sector - wise Advances (Contd.)

(₹ 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
4.	Personal Loans	Nil	Nil	Nil	Nil	Nil	Nil
5.	All other priority	1036.95	74.28	7.16%	946.95	57.05	6.02%
	<b>Sub-Total (A)</b>	<b>16413.06</b>	<b>441.92</b>	<b>2.69%</b>	<b>14796.72</b>	<b>285.08</b>	<b>1.93%</b>
<b>B</b>	<b>Non Priority Sector</b>						
1.	Agriculture and allied activities	Nil	Nil	Nil	Nil	Nil	Nil
2.	Industry	2551.11	235.81	9.24%	2299.22	241.98	10.52%
3.	Services	1541.69	34.03	2.21%	1170.84	23.67	2.02%
4.	Personal Loans	3112.05	72.92	2.34%	2062.55	69.92	3.39%
5.	All other Non-Priority	9447.34	192.37	2.04%	7909.25	235.90	2.98%
	<b>Sub-Total (B)</b>	<b>16652.19</b>	<b>535.13</b>	<b>3.21%</b>	<b>13441.86</b>	<b>571.47</b>	<b>4.25%</b>
	<b>Total (A+B)</b>	<b>33065.25</b>	<b>977.05</b>	<b>2.95%</b>	<b>28238.58</b>	<b>856.55</b>	<b>3.03%</b>

10.12 Movement of NPAs

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
<b>Gross NPAs as on 1<sup>st</sup> April</b>	<b>856.55</b>	681.98
Additions (Fresh NPAs) during the year	<b>632.16</b>	574.87
<b>Sub-Total (A)</b>	<b>1488.71</b>	1256.85
Less:-		
(i) Upgradations	<b>49.58</b>	43.25
(ii) Recoveries (excluding recoveries made from upgraded accounts)	<b>197.98</b>	162.29
(iii) Technical / Prudential write-offs	<b>256.45</b>	183.55
(iv) Write-offs other than those under (iii) above	<b>7.65</b>	11.21
<b>Sub-Total (B)</b>	<b>511.66</b>	400.30
<b>Gross NPAs as on 31<sup>st</sup> March (A-B)</b>	<b>977.05</b>	856.55

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

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Opening Balance of Technical / Prudential written-off accounts as at 1 <sup>st</sup> April	461.95	367.69
Add : Technical / Prudential write-offs during the year	256.45	183.55
<b>Sub-Total (A)</b>	<b>718.40</b>	551.24
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	96.04	89.29
Closing Balance as at 31 <sup>st</sup> March (A - B)	622.36	461.95

**10.13 Overseas Assets, NPAs and Revenue**

(₹ in crore)

Particulars	31 <sup>st</sup> March 2019
Total Assets	Nil
Total NPAs	Nil
Total Revenue	Nil

**10.14 Off-Balance Sheet SPVs sponsored**

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

**10.15 Unamortized Pension and Gratuity Liabilities – Nil.**

**10.16 Disclosures on Remuneration**

**Qualitative Disclosures :**

(a)	Information relating to the composition and mandate of the Remuneration Committee.	Compensation and Remuneration Committee comprising of <b>five members</b> 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.	<p><b>Key Features:</b></p> <ul style="list-style-type: none"> <li>i) Board oversees the design of the compensation package and operations.</li> <li>ii) Compensation commensurate with the responsibility and accountability.</li> </ul> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>i) Alignment of compensation with prudent risk taking.</li> <li>ii) Effective Supervisory oversight.</li> <li>iii) Sound Compensation Practices.</li> </ul>
(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.	<ul style="list-style-type: none"> <li>i) ESOP and Reservation in Rights Issue to be the components of share based payment.</li> <li>ii) Exgratia payment to be denied only in extreme cases of indiscipline, misuse of trust etc.</li> </ul>
(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.	Exgratia performance linked pay (PLP) and ESOPs form part of variable remuneration components.

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**Quantitative Disclosures**

The Quantitative Disclosures pertaining to the MD & CEO as on 31<sup>st</sup> March, 2019 & 31<sup>st</sup> March, 2018 is given below:

		Current Year	Previous Year
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	7 meetings were held during the financial year (Compensation Committee) and the total remuneration and commission paid during the year ₹35,40,000/- (including commission of ₹32,00,000/-)	5 meetings were held during the financial year (Compensation Committee) and the total remuneration and commission paid during the year ₹35,90,411/- (including commission of ₹33,50,411/-)
(h)	(i) Number of employees having received a variable remuneration award during the financial year.	1	1
	(ii) Number and total amount of sign-on awards made during the financial year.	NIL	NIL
	(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus.	NIL	NIL
	(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.	NIL	NIL
	(ii) Total amount of deferred remuneration paid out in financial year.		
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Fixed: ₹ 84,00,000/- per annum (paid / payable # w.e.f., 1 <sup>st</sup> May, 2018 as per RBI approval dt. 29 <sup>th</sup> March, 2019)  HRA - 12% of the fixed pay per month from May, 18.	Fixed: ₹ 81,00,000/- per annum # (w.e.f., 1 <sup>st</sup> May, 2017 as per RBI approval dt. 23 <sup>rd</sup> June, 2017)



		Current Year	Previous Year
	<p>* Pertain to FY 2017-18 payable to MD &amp; CEO based on approval from RBI dated 29<sup>th</sup> March, 2019 which shall be paid on subsequent date. For FY 2018-19, the proposal for variable pay will be made to RBI.</p> <p># In addition to the Fixed pay the Bank pays various perquisites as approved by RBI.</p> <p>Note : MD &amp; CEO, during FY 2017-18 : 82, 500 number of equity shares and during FY 2018-19 : 1,51,250 number of equity shares has been vested based on the RBI approval dated 14<sup>th</sup> October, 2015.</p>	<p>Variable: * (pertains to FY 2018-19)</p> <p>No. of Stock options granted during the FY 2018-19 : Nil</p> <p>Deferred : Nil</p>	<p>Variable: ₹ 20,00,000/-* (as per RBI approval dated 29<sup>th</sup> March, 2019 pertains to FY 2017-18)</p> <p>No. of Stock options granted during the FY 2017-18 : Nil</p> <p>Deferred : Nil</p>
(k)	<p>(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.</p> <p>(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.</p> <p>(iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.</p>	NIL	NIL

### 10.17 Disclosures relating to Securitization

The outstanding amount of securitized assets as per books of the SPVs sponsored by the Bank and total amount of exposures retained by the Bank as on 31<sup>st</sup> March, 2019 - Nil.

Sl.No.	Particulars	FY 2019	FY 2018
1.	No of SPVs sponsored by the Bank for securitization transactions		
2.	Total amount of securitized assets as per books of the SPVs sponsored by the Bank		
3.	Total amount of exposures retained by the Bank to comply with MRR as on the date of Balance Sheet		
	a) Off Balance Sheet exposures		
	First loss		
	Others		
	b) On Balance Sheet exposures		
	First loss		
	Others		
4.	Amount of exposure to securitization transactions other than MRR		
	a) Off Balance sheet exposures		
	i) Exposures to own securitizations		
	First Loss		
	Loss		
	ii) Exposures to third party securitizations		
	First Loss		
	Loss		
	b) On Balance Sheet exposures		
	i) Exposures to own securitizations		
	First Loss		
	Loss		
	ii) Exposures to third party securitizations		
	First Loss		
	Loss		

### 10.18 Credit Default Swaps

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

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**10.19 Intra-Group Exposures**

Disclosure under proprietary model price	Nil
Disclosure under standard model price	Nil

Hence explanation to rationale behind model is not applicable.

**10.20 Transfers to Depositor Education and Awareness Fund (DEAF)**

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	30.82	26.55
Add : Amounts transferred to DEAF during the year	6.23	4.82
Less : Amounts reimbursed by DEAF towards claims	0.14	0.55
Closing balance of amounts transferred to DEAF	36.91	30.82

**10.21 Unhedged Foreign Currency Exposure**

- In terms of RBI circular No. DBOD. No. BP. BC. 85/21.06.200/2013-14 dated 15<sup>th</sup> January, 2014 with regard to Capital and Provisioning Requirements for exposures to entities with Unhedged Foreign Currency Exposure, the Bank has a policy approved by the Board of Directors.
- The provision required for UFC exposure as at 31<sup>st</sup> March, 2019 is ₹ 2.62 cr and the same has been made.
- The incremental capital requirement for the unhedged forex exposure as on 31<sup>st</sup> March, 2019 has been determined based on the additional risk weight value of ₹ 20.77 cr for the UFC exposure.

**11. LIQUIDITY COVERAGE RATIO****11.1 Disclosure Format**

As per Annexure II.

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%

**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.

The main driver of the LCR is HQLA which consists of Cash in Hand, Excess CRR balance as on that particular day, 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 2.00% of NDTL as allowed for MSF), Facility to avail liquidity for liquidity coverage ratio at 13.00% of NDTL, Marketable securities representing claims on or claims guaranteed by sovereigns, PSEs or Multilateral Development Banks that are assigned a 20% risk weight under the Basel II Standardized Approach for Credit Risk and provided that they are not issued by a Bank / Financial Institution / NBFC or any of its affiliated entities, Marketable securities representing claims on or claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%, Common equity shares not issued by a Bank / Financial Institution / NBFC or any of its affiliated entities and included in NSE CNX Nifty and / or S & P BSE Sensex indices. As the LCR is well within the norms, there is no requirement for Intra period changes as well changes over time.

The Bank has a well-diversified funding portfolio. Retail deposits, considered as stable is the major funding source of the Bank, indicating lower dependence of the Bank on wholesale funds.

The impact of derivative exposures and currency mismatch in the LCR is very minimal. There is no such inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile.

The Liquidity risk management in the Bank is guided by the ALM Policy. The Bank's Liquidity management is centralized at Treasury Department as per the directions of ALCO.

### 12.5 CSR activities

(₹ in crore)

Particulars	FY 2018 - 19	FY 2017 - 18
Amount earmarked for CSR activities	13.90	12.00
Amount spent during FY 2017-18	Nil	10.69
Amount spent during FY 2018-19*	13.49	Nil

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

\*includes an unspent amount of ₹ 4.14 cr pertaining to previous years from the FY 2014-15 to FY 2017-18 disbursed during the FY 2018-19

### 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 Income Tax claim of ₹ 899 cr (under Appeal) (previous year ₹ 646 cr) and for Service Tax ₹ 18.82 cr (previous year ₹ 18.94 cr) based on the 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 31<sup>st</sup> March, 2019. 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 32,36,341 (P.Y. 35,57,840) 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 1<sup>st</sup> July, 2013, Banks are required to make quarterly Pillar III disclosures under Basel III capital requirements with effect from 30<sup>th</sup> September, 2013. The disclosures have been made available on the Bank's web site.

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**12.6** There are no dues to Micro and Small Enterprises requiring disclosure as at 31<sup>st</sup> March, 2019 as per the records available.

### **12.7 Implementation of Ind AS:**

The Ministry of Company Affairs (MCA) has notified Accounting Standard (Ind AS) as issued by The Institute of Chartered Accountants of India (ICAI) for implementation beginning from 1<sup>st</sup> April, 2019 onwards with comparative figures of 2018.

As advised by RBI, the Bank has submitted proforma IndAS financials for the period ending 30<sup>th</sup> June, 2018, 30<sup>th</sup> September, 2018 and 31<sup>st</sup> December, 2018 in prescribed format.

In terms of RBI notification DBR.BP.BC.No.29/21.07.001/2018-19 dated 22<sup>nd</sup> March, 2019 has deferred the implementation of Ind AS until further notice from RBI.

### **12.8 Priority Sector Lending Certificates (PSLC)**

During the year, PSLC purchased NIL and PSLC sold ₹ 2,220 cr (Micro Enterprises) on various dates.

**12.9** In accordance with RBI instruction, the Bank has made a provision of 5% amounting to ₹ 3.50 cr against exposure in the long term food credit advance to Punjab State Government.

**12.10** RBI Circular DBR No.BP.BC.100/21.04.048 /2017-18 dated 7<sup>th</sup> February, 2018 and DBR No.BP.BC.108/21.04.048/2017-18 dated 6<sup>th</sup> June, 2018 permitted Banks to continue the exposures to MSME borrowers to be classified as standard assets where the dues between 1<sup>st</sup> September, 2017 and 31<sup>st</sup> December, 2018 are paid not later than 180

days from their respective original due dates. During Q1 FY 2019, the Bank had reported 4 borrowal accounts totalling to ₹ 19.06 cr had availed this scheme. During Q2 FY 19, out of the above referred 4 borrowal accounts, two borrowal accounts amounting to ₹ 16.09 cr has been classified as NPA and remaining 2 accounts has been regularized and had moved out of the said dispensation. The Bank has not availed this dispensation during the current quarter.

**12.11** The Board of Directors recommended a dividend of 50% (50 paise) per equity share of face value of ₹ 1/- each for the year 2018-19, subject to the approval of the members at the ensuing Annual General Meeting. In accordance with AS 4, Contingencies and Events occurring after the Balance Sheet date notified by the MCA on 30<sup>th</sup> March, 2016, the proposed dividend has not been shown as appropriation from the Profit and Loss appropriation account as of 31<sup>st</sup> March, 2019 and correspondingly not reported under Other Liabilities and Provisions as at 31<sup>st</sup> March, 2019. For computation of capital adequacy ratio as at 31<sup>st</sup> March, 2019, Bank has adjusted the proposed dividend and tax thereon for determining capital funds.

**12.12** RBI has advised Banks to make higher provisions for those accounts referred under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC). The Bank had exposure to two such accounts which were declared as NPA and fully provided in earlier years.

**12.13** In terms of RBI circular no. DBR.No.BP.BC.64 /21.04.048/2016-17 dated 18<sup>th</sup> April, 2017. No provision is required to be made since we do not have any exposure in telecom sector.

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

**ANNEXURE - I**  
**DISCLOSURE ON RESTRUCTURED ACCOUNTS - YEAR ENDED 31<sup>st</sup> March, 2019**

(₹ in crore)

Sl. No.	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total							
		Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Total			
1	No. of borrowers	0	0	1	0	1	8	0	7	0	15	4	0	1	0	5	12	0	9	0	21
	Amount outstanding on 1 <sup>st</sup> April, 2018 (Opening figures)*	0.00	0.00	68.27	0.00	68.27	1.41	0.00	2.32	0.00	3.73	6.64	0.00	74.38	0.00	81.02	8.05	0.00	144.97	0.00	153.02
	Provision thereon	0.00	0.00	1.44	0.00	1.44	0.07	0.00	0.06	0.00	0.13	0.06	0.00	2.35	0.00	2.41	0.13	0.00	3.85	0.00	3.98
2	No. of borrowers	0	0	0	0	0	44	0	1	0	45	53	0	0	0	53	97	0	1	0	98
	Amount outstanding	0.00	0.00	0.00	0.00	0.00	40.89	0.00	12.02	0.00	52.91	15.23	0.00	0.02	0.00	15.25	56.12	0.00	12.04	0.00	68.16
	Provision thereon	0.00	0.00	0.00	0.00	0.00	3.07	0.00	0.39	0.00	3.46	0.76	0.00	0.00	0.00	0.76	3.83	0.00	0.39	0.00	4.22
3	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	No. of borrowers	0	0	0	0	0	5	0	0	0	5	2	0	0	0	2	7	0	0	0	7
	Amount outstanding	0.00	0.00	0.00	0.00	0.00	1.1	0.00	0.00	1.10	6.30	0.00	0.00	0.00	0.00	6.30	7.40	0.00	0.00	0.00	7.40
	Provision thereon	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00	0.03	0.05	0.00	0.00	0.00	0.00	0.05	0.08	0.00	0.00	0.00	0.08
5	No. of borrowers	0	0	0	0	0	0	0	0	0	0	-1	0	0	0	0	-1	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	-0.2	0.00	0.20	0.00	0.00	-0.20	0	0.20	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	-0.01	0.00	0.01	0.00	0.00	-0.01	0.00	0.01	0.00	0.00
6	No. of borrowers	0	0	1	0	1	3	0	4	0	7	1	0	0	0	1	4	0	5	0	9
	Amount outstanding	0.00	0.00	68.27	0.00	68.27	0.31	0.00	13.72	0.00	14.03	0.14	0.00	0.11	0.00	0.25	0.45	0.00	82.10	0.00	82.55
	Provision thereon	0.00	0.00	1.44	0.00	1.44	0.04	0.00	0.44	0.00	0.48	0.00	0.00	0.00	0.00	0.00	0.04	0.00	1.88	0.00	1.92
7	No. of borrowers	0	0	0	0	0	44	0	4	0	48	53	0	2	0	55	97	0	6	0	103
	Amount outstanding	0.00	0.00	0.00	0.00	0.00	40.89	0.00	0.62	0.00	41.51	15.23	0.00	74.49	0.00	89.72	56.12	0.00	75.11	0.00	131.23
	Provision thereon	0.00	0.00	0.00	0.00	0.00	3.07	0.00	0.01	0.00	3.08	0.76	0.00	2.36	0.00	3.12	3.83	0.00	2.37	0.00	6.20

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

1. Provision there on figures represent erosion in fair value and 5% additional provision only for Standard Accounts < 2 years.
2. Sl.No 2 includes : Fresh Restructuring done during the FY 2018-19, Fresh Restructuring under: MSME 2019 - ₹ 34.99 cr. and under Natural Calamities (Cyclone Gaja) : ₹ 21.13 cr. There is no additional facility sanctioned for the existing standard accounts.
3. Sl.No 2 figures reported under DA are those borrowers who were standard more than 2 years at the beginning of the FY 2018-19 and whose accounts become NPA in the current FY 2018-19. Sl.No 6 includes both repayment by the borrowers and Technical Written Off made by the Bank during the FY 2018-19. For Existing borrower, Written off under CDR - ₹ 68.27 cr, Written Off under SME - ₹ 13.52 cr., Written Off under MSME - Nil, Repayment under CDR - Nil, under SME - ₹ 0.19 cr., under MSME - ₹ 0.11 cr.
4. Provision (Fair value Erosion) of ₹ 1.02 cr is for standard < 2 years arrived on the basis of ROI method.
5. Additional provision made (₹ 2.81 cr only for Standard < 2 years) in the Books of accounts relating to Standard Restructured Accounts is 5%, with Ref to RBI Circular DBR No. BP.BC.2/21.04.048/2015-16 dated 1<sup>st</sup> July, 2015

**ANNEXURE - II**  
**LIQUIDITY COVERAGE RATIO DISCLOSURE**

(₹ in crore)

Liquidity Coverage Ratio	Current year for the Quarter ended												Previous Year *			
	Mar - 19			Dec - 18			Sep - 18			Jun - 18			Mar - 18			
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)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)		
<b>High Quality Liquid Assets</b>																
1. Total High Quality Liquid Assets (HQLA)	6304.09			5962.89			5387.79			5084.39			4663.03			
<b>Cash Outflows</b>																
2. Retail Deposits and Deposits from small business customers, of which:																
(i) Stable Deposits	26963.76	2263.10	26026.35	2179.35	25502.05	2134.44	24632.91	2054.32	23843.49	1985.38	8665.42	433.27	8179.52	408.98	7979.48	398.98
(ii) Unstable Deposits	18298.34	1829.83	17560.62	1756.06	17186.81	1718.68	16453.39	1645.34	15864.01	1586.40	3625.24	1584.45	3098.30	1292.66	3207.61	1297.32
3. Unsecured Wholesale funding	0.80	0.20	1.37	0.34	0.93	0.23	0.67	0.17	0.52	0.13	3624.44	1584.25	3256.62	1409.68	3207.09	1297.19
(i) Operational Deposits (all counterparties)	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
(ii) Non operational Deposits (all counterparties)	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
(iii) Unsecured debt	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. Secured Wholesale funding	3066.65	392.00	3220.03	298.29	3266.21	272.34	3385.77	366.07	3426.04	413.83	199.24	199.24	74.20	141.19	194.23	194.23
(i) Outflows related to derivative exposures, and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2867.41	192.76	3210.31	224.88	3231.81	219.60
(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	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	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
6. Other Contractual Funding Obligations	1812.88	54.39	1833.98	55.02	1845.40	55.36	1905.27	57.16	1859.48	55.78	35468.53	4293.94	33871.21	3872.05	32336.62	3752.31
7. Other Contingent Funding Obligations																
8. TOTAL CASH OUTFLOWS																
<b>Cash Inflows</b>																
9. Secured Lending	451.53	225.77	407.99	204.00	370.63	185.32	382.80	191.40	370.96	185.48	0.00	0.00	0.00	0.00	0.00	0.00
10. Inflows from fully performing exposures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	615.78	615.78	79.00	79.00	305.07	305.07
11. Other Cash Inflows	1067.31	841.55	537.82	333.83	449.63	264.32	603.62	412.22	676.03	490.55	0.00	0.00	0.00	0.00	0.00	0.00
12. Total Cash Inflows																
	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>
21. TOTAL HQLA	6304.09	5962.89	5387.79	5084.39	4663.03											
22. TOTAL NET CASH OUTFLOWS	3452.39	3577.93	3607.73	3357.99	3261.76											
23. LIQUIDITY COVERAGE RATIO (%)	182.60%	166.66%	149.34%	151.41%	142.96%											

\* Average of January - March 2018 alone furnished as applicable to previous year

## STATEMENT OF ACCOUNTING POLICIES

### 1. BASIS OF PREPARATION

The Bank's financial statements are prepared under the historical cost convention and on accrual basis of accounting, unless otherwise stated, by following going concern assumption and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprises applicable statutory provisions, regulatory norms / guidelines prescribed by the Reserve Bank of India, Accounting Standards, Banking Regulation Act, 1949, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and practices prevalent in the Banking Industry in India.

### 2. USE OF ESTIMATES

The preparation of financial statements require the management to make estimates and assumptions considered for Assets and Liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

### SIGNIFICANT ACCOUNTING POLICIES

#### 3. REVENUE RECOGNITION

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

- Interest on non-performed advances and non-performing investments is recognized as per norms laid down by Reserve Bank of India.
- Interest on overdue bills, commission, exchange, brokerage and rent on lockers are accounted on realization.
- 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.

#### 4. EFFECTS OF CHANGES IN THE FOREIGN EXCHANGE RATE

- 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.

- Income and Expenditure items have been translated at the exchange rates ruling on the date of the transactions.
- The Bank does not have a branch in any Foreign Country.
- 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.
- Foreign Currency Guarantees, Acceptances, Endorsements and other obligations are reported at the exchange rates prevailing on the date of the Balance Sheet.

#### 5. INVESTMENTS

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

- | Held to Maturity (HTM)
- | Available for Sale (AFS)
- | Held for Trading (HFT)

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

- Government Securities
  - Other Approved Securities
  - Shares
  - Debentures and Bonds
  - Subsidiaries / Joint Ventures and
  - Others
- 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.
  - Securities held in "Available for Sale" Category are valued scrip wise as under:
    - Government of India Securities are valued at market price as per quotation put out by



Fixed Income Money Market and Derivatives Association of India & Bloomberg / Financial Benchmark India Limited.

- 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 Fixed Income Money Market and Derivatives Association of India & Bloomberg / Financial Benchmark India Limited.
  - 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 Fixed Income Money Market and Derivatives Association of India & Bloomberg / Financial Benchmark India Limited.
  - vi) Debentures / Bonds are valued at market price, if quoted, otherwise on an appropriate YTM basis.
  - vii) Mutual Funds are valued at market price, if quoted, or at NAV or Market Price / Repurchase Price.
  - viii) Security Receipts are valued at NAV as declared by Securitization companies.
- c) Individual scrips under "Held for Trading" category are valued at Market Price.

5.2 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.

5.3 Shifting of securities from one category to another category is carried out at lower of acquisition cost / book value / market value on the date of transfer. The depreciation, if any on such transfer is fully provided for.

5.4 Profit / Loss on sale of Investments in any category is taken to the Profit & Loss Account. However, in case of sale of investment in "Held to Maturity" category, the profit is first credited to Profit and Loss Account and thereafter an amount equivalent to profit, net of Statutory Reserve and taxes, is appropriated to the Capital Reserve Account.

5.5 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.

5.6 The Investments shown in the Balance Sheet are net of Depreciation, if any.

5.7 The Non Performing Investments are identified and provided for, as per RBI guidelines.

## 6. LOANS / ADVANCES AND PROVISIONS THEREON

6.1 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.

6.2 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.

6.3 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.

6.4 NPAs are classified into Sub-standard, Doubtful and Loss Assets based on the following criteria stipulated by RBI:

- i. Sub-standard: A loan asset that has remained non-performing for a period of less than or equal to 12 months.
- ii. Doubtful : A loan asset that has remained in the sub-standard category for a period of 12 months.
- iii. Loss : A loan asset where loss has been identified but the amount has not been fully written off.

6.5 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities,

subject to minimum provisions as prescribed below:

**Substandard Assets :**

- i. A general provision of 15% on the total outstanding;
- ii. Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realizable value of security is not more than 10 percent ab-initio);
- iii. Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available - 20%.

**Doubtful Assets :**

- Secured portion**
- i. Upto one year - 25%
  - ii. One to three years - 40%
  - iii. More than three years - 100%
- Unsecured portion - 100%**

**Loss Assets :**

100% to be provided on the total outstanding;

**6.6 Floating Provisions:**

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extraordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

**6.7 Provision for Country Exposure :**

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories namely; insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedules of the Balance Sheet.

**7. FIXED ASSETS, DEPRECIATION & AMORTIZATION**

- 7.1 Premises and other Fixed Assets are accounted at acquisition cost less depreciation.
- 7.2 Depreciation has been provided on the composite value for premises acquired with land and building, where cost of the land is not separately identifiable.
- 7.3 With effect from 1<sup>st</sup> 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.

**8. STAFF BENEFITS**

- 8.1 Provision towards leave encashment is accounted on actuarial basis in accordance with the guidelines contained in Accounting Standard 15 (Revised 2005) issued by ICAI.
- 8.2 Liability for Gratuity to staff is contributed to the Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.
- 8.3 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.

**9. 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.

**10. 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) Retail Banking (d) Other Banking Operations.

## 11. 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.

## 12. 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.

## 13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

13.1 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) A reliable estimate of the amount of the obligation can be made.

13.2 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.

13.3 Contingent Assets are not recognized in the financial statements.

## 14. 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.

## 15. NET PROFIT

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

- 15.1 Provision for taxes on income in accordance with statutory requirements.
- 15.2 Provision for bad and doubtful advances and investments.
- 15.3 Contingent Provision for Standard Assets.
- 15.4 Other usual and necessary provisions.

## 16. SPECIAL RESERVES

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors of the Bank have passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**

(₹ in thousands)

	2018 - 19	2017 - 18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit as per P&amp;L account</b>	<b>682,85,14</b>	591,99,79
<b>Adjustments for :</b>		
Depreciation	61,49,81	52,46,44
Provisions & Contingencies - Tax	242,00,00	198,00,00
Provisions & Contingencies - Others	315,14,03	417,75,42
Profit on sale of Investments	-32,55,72	-93,82,65
Profit on sale of Assets	-2,67,36	1,58
Foreign exchange fluctuations	-54,45,62	-74,35,49
<b>Operating Profit before working capital changes</b>	<b>121,18,028</b>	<b>1092,05,09</b>
<b>Adjustments for :</b>		
Funds advanced to Customers	-5086,55,51	-4322,28,63
Other Operating Assets	-17,45,99	160,97,54
Deposits from Customers	5595,32,67	2736,88,34
Borrowing from Banks	-1254,97,20	1204,88,32
Other Operating Liabilities	-37,57,37	-89,03,07
Purchase and sale of Investments (Net)	177,91,74	-849,57,34
<b>Cash Generated from Operations</b>	<b>588,48,62</b>	<b>-66,09,75</b>
Taxation - Income Tax	-191,58,00	-116,99,79
<b>Net Cash flow from Operating Activities - A</b>	<b>396,90,62</b>	<b>-183,09,54</b>
<b>Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	-89,46,66	-61,34,67
Sale of Fixed Assets	2,77,39	81,99
<b>Net Cash used in Investing Activities - B</b>	<b>-86,69,27</b>	<b>-60,52,68</b>
<b>Cash flow from Financing Activities</b>		
Proceeds from issue of Share Capital	32,37	35,58
Proceeds from Share Premium	20,81,69	24,55,74
Dividend Paid	0	-19,78,43
Tax on distributed profits	-4,51,33	-4,03,80
<b>Net Cash flow from Financing Activities - C</b>	<b>16,62,73</b>	<b>1,09,08</b>
Net increase in Cash and Cash equivalents (A+B+C)	326,84,08	-242,53,14
Cash and Cash equivalents at 31.03.2018	2636,44,37	2878,97,51
<b>Cash and Cash equivalents as at 31.03.2019</b>	<b>2963,28,45</b>	<b>2636,44,37</b>

For and on behalf of the Board

Chennai  
17<sup>th</sup> May, 2019**Dr. N. KAMAKODI**  
MD & CEO**V. RAMESH**  
GM - CFO & CS**R. MOHAN**  
Chairman**R. VENKATASUBRAMANIAN**  
Chief General Manager**ABARNA BHASKAR**  
**M. NARAYANAN****V.N. SHIVASHANKAR****J. GANESAN**  
Assistant General Manager**S. BERNARD**  
**N. SUBRAMANIAM**

Directors

**Dr. T.S. SRIDHAR****K. VAIDYANATHAN**

As per our separate report of even date

For M/s. Sundaram & Srinivasan  
Chartered Accountants  
(Firm No.004207S)Chennai  
17<sup>th</sup> May, 2019**P. Menakshi Sundaram**  
Partner  
M. No.217914

**DETAILS OF NOSTRO ACCOUNTS**

Sl. No.	Name of the Bank	Place	Currency
1.	Masherq Bank	UAE	AED
2.	State Bank of India	Sydney	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.	SkandeneviskaEnskildaBanken	Stockholm	SEK
11.	Standard Chartered Bank	Singapore	SGD
12.	Bank of America	NewYork	USD
13.	Standard Chartered Bank	NewYork	USD
14.	Wells Fargo Bank	NewYork	USD

**Bank's SWIFT Address : CIUBIN5M**

**LIST OF BRANCHES****ANDHRA PRADESH**

ADONI  
AMALAPURAM  
ANAKAPALLI  
ANANTHPUR  
BHIMAVARAM  
CHILAKALURIPET  
CHIRALA  
CHITTOOR  
DHARMAVARAM  
ELURU  
GAJUWAKA  
GUDIVADA  
GUDUR  
GUNTAKAL  
GUNTUR - ARUNDELPET  
GUNTUR - PATNAM BAZAAR  
HINDUPUR  
KADAPA  
KAKINADA  
KAVALI  
KURNOOL  
MACHILIPATNAM  
MADANAPALLI  
NANDYAL  
NARASARAO PET  
NELLORE  
ONGOLE  
PRODATTUR  
RAJAMUNDRY  
SRIKAKULAM  
TANUKU  
TENALI  
THULLURU  
TIRUPATI  
TUNI  
VIJAYAWADA - BHAVANARAYANA STREET  
VIJAYAWADA - GOVERNORPET  
VISHAKAPATINAM  
VIZIANAGARAM

**CHANDIGARH**

CHANDIGARH

**CHATTISHGARH**

RAIPUR

**GUJARAT**

AHMEDABAD - NAVRANGPURA  
AHMEDABAD - RAIPUR  
ANKALESHWAR  
BHAVNAGAR  
GANDHIDHAM  
JAMNAGAR  
RAJKOT  
SURAT  
SURAT II  
SURAT - KATARGAM  
VADODARA (BARODA)  
VAPI

**HARYANA**

FARIDABAD  
GURUGRAM

**KARNATAKA**

BALLARI  
BELGAUM

BENGALURU - BANASHANKARI  
BENGALURU - BANASWADI  
BENGALURU - BASAVANGUDI  
BENGALURU - BOMMASANDRA  
BENGALURU - BTM LAYOUT  
BENGALURU - DODDABALLAPUR  
BENGALURU - HOSKOTE  
BENGALURU - HSR LAYOUT  
BENGALURU - HULIMAVU GATE  
BENGALURU - INDIRA NAGAR  
BENGALURU - ISRO LAYOUT  
BENGALURU - J C ROAD  
BENGALURU - J. P. NAGAR  
BENGALURU - JAYA NAGAR  
BENGALURU - JIGANI  
BENGALURU - KENGERI  
BENGALURU - KORAMANGALA  
BENGALURU - K.R.PURAM  
BENGALURU - MALLESWARAM  
BENGALURU - MARTHAHALLI  
BENGALURU - PEENYA  
BENGALURU - R.T.NAGAR  
BENGALURU - RAJAJINAGAR  
BENGALURU - RAMANAGARA  
BENGALURU - SULTANPET  
BENGALURU - VIDYARANYAPURA  
BENGALURU - VIJAYNAGAR  
BENGALURU - WHITE FIELD  
BENGALURU - YELAHANKA  
DAVENGERE  
HASSAN  
HUBLI  
MANGALURU  
MYSORE  
RAICHUR  
SHIMOGA  
TIPTUR  
TUMKUR

**KERALA**

ALAPUZHA  
ALUVA  
ANGAMALY  
CALICUT  
CHAVAKKAD  
EDAPALLI  
ERNAKULAM  
KANNUR  
KOLLAM  
KOTTAYAM  
PALAKKAD  
THIRUVALLA  
THIRUVANANTHAPURAM  
THIRUPUNITHURA  
THRISSUR  
THRISSUR - EAST FORT

**MADHYA PRADESH**

BHOPAL  
INDORE

**MAHARASHTRA**

AMRAVATI  
AURANGABAD  
BHIWANDI  
ICHALKARANJI  
KHARGHAR  
KOLHAPUR

MUMBAI - ANDHERI  
MUMBAI - CHEMBUR  
MUMBAI - DOMBIVILI  
MUMBAI - FORT  
MUMBAI - KALYAN  
MUMBAI - KHAR WEST  
MUMBAI - MIRA ROAD  
MUMBAI - NERUL  
MUMBAI - THANE WEST  
MUMBAI - VASHI  
NAGPUR  
NASHIK  
PUNE  
PUNE - PIMPRI

**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**

AJMER  
BALOTRA  
BHILWARA  
JAIPUR  
JODHPUR  
KISHANGARH  
KOTA  
PALI  
UDAIPUR

**TAMIL NADU**

ADUTHURAI  
AGARAMTHEN  
AGARATHIRUMALAM  
ALANGANALLUR  
ALANGUDI  
ALANGULAM  
AMBASAMUDRAM  
AMBUR  
ANAIMALAI  
ANNALAGRAHARAM  
ANTHIYUR  
ARAKKONAM  
ARANI  
ARANTHANGI  
ARIYALUR  
ARUPUKOTTAI  
ASUR

CSR  
InitiativesStatutory  
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Branches

Basel III

**LIST OF BRANCHES (Contd.)**

ATHANAKOTTAI	CHENNAI - NUNGAMBAKKAM	COIMBATORE - PANNIMADAI
ATTUR	CHENNAI - ORAGADAM	COIMBATORE - PERIYANAIKENPALAYAM
AVINASHI	CHENNAI - PADAPPAI	COIMBATORE - PERUR
AYYEMPETTAI	CHENNAI - PADI	COIMBATORE - PODANUR
BALAKRISHNAPURAM	CHENNAI - PAKKAM	COIMBATORE - R.S.PURAM
BARGUR	CHENNAI - PAMMAL	COIMBATORE - RAM NAGAR
BATLAGUNDU	CHENNAI - PERAMBUR	COIMBATORE - RAMANATHAPURAM
BHAVANI	CHENNAI - PERUMBAKKAM	COIMBATORE - SAIBABA COLONY
BODINAYAKANUR	CHENNAI - PERUNGALATHUR	COIMBATORE - SARAVANAMPATTI
CHENGALPET	CHENNAI - PERUNGUDI	COIMBATORE - SINGANALLUR
CHENNAI - ABHIRAMAPURAM	CHENNAI - POLICHALUR	COIMBATORE - SIVANANDA COLONY
CHENNAI - ADAMBAKKAM	CHENNAI - POONAMALLEE	COIMBATORE - SUNDARAPURAM
CHENNAI - ADYAR	CHENNAI - POONTHANDALAM	COIMBATORE - THONDAMUTHUR
CHENNAI - AMBATTUR	CHENNAI - PURASAWALKAM	COIMBATORE - THUDIYALUR
CHENNAI - AMINJIKARAI	CHENNAI - PUZHUTHIVAKKAM	COIMBATORE - TVS NAGAR
CHENNAI - ANAKAPUTHUR	CHENNAI - RAMAPURAM	COIMBATORE - VADAVALLI
CHENNAI - ANNA NAGAR EAST	CHENNAI - REDHILLS	COIMBATORE - VILANKURICHI
CHENNAI - ANNA NAGAR WEST	CHENNAI - RENGARAJAPURAM	COLACHEL
CHENNAI - ARUMBAKKAM	CHENNAI - ROYAPETTAH	CUDDALORE
CHENNAI - ASHOK NAGAR	CHENNAI - ROYAPURAM	CUMBUM
CHENNAI - AVADI	CHENNAI - SAIDAPET	DARAPURAM
CHENNAI - AYAPPAKKAM	CHENNAI - SELAIYUR	DEVAKOTTAI
CHENNAI - AYYAPPANTHANGAL	CHENNAI - SEMMANJERI	DEVANANCHERY
CHENNAI - CHINMAYA NAGAR	CHENNAI - SHOLINGANALLUR	DHALAVOIPURAM
CHENNAI - CHITLAPAKKAM	CHENNAI - SINGAPERUMAL KOIL	DHARASURAM
CHENNAI - CHOOLAI	CHENNAI - SITHALAPAKKAM	DHARMAPURI
CHENNAI - CHROMPET	CHENNAI - T NAGAR	DINDIGUL
CHENNAI - CHROMPET NEW COLONY	CHENNAI - TAMBARAM	EACHANKUDI
CHENNAI - EAST TAMBARAM	CHENNAI - TEYNAMPET	ELLAMPILLAI
CHENNAI - EGMORE	CHENNAI - THIRUMAZHISAI	ERAVANCHERY
CHENNAI - EKKATTUTHANGAL	CHENNAI - THIRUMUDIVAKKAM	ERODE
CHENNAI - GEORGE TOWN	CHENNAI - THIRUMULLAIVOYAL	ERODE - CHENNIMALAI
CHENNAI - GERUGAMBAKKAM	CHENNAI - THIRUNEERMALAI	ERODE - MOOLAPALAYAM
CHENNAI - GUDUVANCHERY	CHENNAI - THIRUNINDRAVUR	ERODE - NAMBIYUR
CHENNAI - HABIBULLA ROAD	CHENNAI - THIRUVERKADU	ERODE - PALLIPALAYAM
CHENNAI - ILLALUR	CHENNAI - THIRUVOTTIYUR	ERODE - PERUNDURAI
CHENNAI - JALLADIAMPET	CHENNAI - THORAIPAKKAM	ERODE - PUNJAI PULIYAMPATTI
CHENNAI - K K NAGAR	CHENNAI - TIRUVANMIYUR	ERODE - SIVAGIRI
CHENNAI - KARAPAKKAM	CHENNAI - TRIPLICANE	ERODE - SURAMPATTI
CHENNAI - KATHIVAKKAM	CHENNAI - URAPAKKAM	ERODE - THINDAL
CHENNAI - KATTUPAKKAM	CHENNAI - VADAPALANI	GINGEE
CHENNAI - KELAMBAKKAM	CHENNAI - VALASARAVAKKAM	GOBICHETTIPALAYAM
CHENNAI - KOILAMBAKKAM	CHENNAI - VANAGARAM	GUDIYATHAM
CHENNAI - KOLATHUR	CHENNAI - VEERAPURAM	GUMMIDIPOONDI
CHENNAI - KORATTUR	CHENNAI - VELACHERY	HARUR
CHENNAI - KOTTIVAKKAM	CHENNAI - VELAPPANCHAVADI	HOSUR
CHENNAI - KUNDRATHUR	CHENNAI - VELLANOOR	IDAPPADI
CHENNAI - MADHAVARAM	CHENNAI - VEPPAMPATTU	ILAYANGUDI
CHENNAI - MADIPAKKAM	CHENNAI - VILLIVAKKAM	IRUNGALUR
CHENNAI - MADURAVOYAL	CHENNAI - VINAYAGAPURAM	JALAKANDAPURAM
CHENNAI - MANALI	CHENNAI - ZAMIN PALLAVARAM	JAYANKONDAM
CHENNAI - MANAPAKKAM	CHEY YARU	KADAGAMBADI
CHENNAI - MANDAVELI	CHIDAMBARAM	KADAYANALLUR
CHENNAI - MANGADU	CHINNALAPATTI	KADUGUR
CHENNAI - MANNIVAKKAM	CHINNAMANUR	KALAHASTINATHAPURAM
CHENNAI - MARAIMALAI NAGAR	CHINNASALEM	KALAYARKOIL
CHENNAI - MEDAVAKKAM	CHINTHAMANI	KALLAKURICHI
CHENNAI - MOUNT ROAD	COIMBATORE - CHINNIAMPALAYAM	KANCHEEPURAM
CHENNAI - MUDICHUR	COIMBATORE - GANAPATHY	KANGAYAM
CHENNAI - MUGALIVAKKAM	COIMBATORE - IKKARAI BOLUVAMPATTI	KAPPANAMANGALAM
CHENNAI - MUGAPPAIR	COIMBATORE - ILUPPANATHAM	KARADIPATTI
CHENNAI - MYLAPORE	COIMBATORE - KALAPATTI	KARAIKUDI
CHENNAI - NANGANALLUR	COIMBATORE - KOVAIPUDUR	KARAMADAI
CHENNAI - NANMANGALAM	COIMBATORE - KUNIAMUTHUR	KARUR
CHENNAI - NAVALUR	COIMBATORE - MALUMICHAMPATTI	KATPADI
CHENNAI - NEELANGARAI	COIMBATORE - MANIAKARANPALAYAM	KATTUMANNARKOIL
CHENNAI - NELSON MANICKAM ROAD	COIMBATORE - OPPANAKARA STREET	KEELAKARAI
CHENNAI - NERKUNDRAM	COIMBATORE - P N PALAYAM	KEELAKORUKKAI

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KEELAPALUVUR	NANNILAM	TENKASI
KETTAVARAMPALAYAM	NARANAMANGALAM	THALAIVASAL
KIDARANKONDAN	NATHAM	THALAIYUTHU
KINATHUKADAVU	NEDUNKUNDRAM	THAMARANGKOTTAI
KODANGIPALAYAM	NEYVELI	THANJAVUR - MAIN
KODAVASAL	NILAKKOTTAI	THANJAVUR - MEDICAL COLLEGE ROAD
KOMARAPALAYAM	NORTH POIGAINALLUR	THARAMANGALAM
KOOTHANALLUR	ODDANCHATRAM	THENI
KORADACHERY	ODDERPALAYAM	THENNAMPALAYAM
KORANATTU KARUPPUR	OMALUR	THEPPARUMANALLUR
KOTTUR	OTTAKOIL	THILLAINAYAGAPURAM
KOVILPATTI	PADUR	THIMMACHIPURAM
KRISHNAGIRI	PALANI	THIMMAKUDI
KULASEKARAM	PALAVATHANKATTALAI	THIMMAVARAM
KULATHUR - PULIYUR	PALAYAMKOTTAI	THIRUCHENGODU
KUMBAKONAM - GANDHINAGAR	PALLADAM	THIRUINDALUR
KUMBAKONAM - MAIN	PANDARAVADAIMAPPADUGAI	THIRUMALAISAMUDRAM
KUMBAKONAM - TOWN	PANRUTI	THIRUMANGALAM
KUNNATHUR	PARAMAKUDI	THIRUNAGESWARAM
KURICHI	PARUTHIKOTTAI	THIRUPPALAI
KUTTALAM	PATTEESWARAM	THIRUTHANGAL
MADAGUDI	PATTUKOTTAI	THIRUTHURAIPOONDI
MADAPATTU	PERAMBALUR	THIRUVALANJULI
MADUKKUR	PERIYAKULAM	THIRUVALLUR
MADURAI - ANNA NAGAR	PERIYAKURICHI	THIRUVENCHERY
MADURAI - CHOCKIKULAM	PERUMALPATTU	THISAYANVILAI
MADURAI - K.PUDUR	PERUMANALLUR	THOGRUR
MADURAI - KOODAL NAGAR	POLLACHI	TIRUCHULI
MADURAI - MAIN	PONNAMARAVATHI	THUCKALAY
MADURAI - OTHAKADAI	PONNERI	TINDIVANAM
MADURAI - S.S. COLONY	PORAYAR	TIRUCHERAI
MADURAI - T V S NAGAR	PUDUKKOTTAI	TIRUKKATTUPALLI
MADURAI - THIRUNAGAR	PULIYANKUDI	TIRUKOILUR
MADURAI - VILAKKUTHOON	RAJAPALAYAM	TIRUMAKOTTAI
MADURAI - VILLAPURAM	RAMANATHAPURAM	TIRUMARUGAL
MADURAPAKKAM	RANIPET	TIRUNELLIKAVAI
MADURAPURI	RASIPURAM	TIRUNELVELI
MANAMADURAI	RISHIVANDIYAM	TIRUNELVELI JUNCTION
MANAPPARAI	S.PUDUR	TIRUPANANDAL
MANGAIMADAM	SAHUPURAM	TIRUPATHUR
MANGALAM	SAKKOTTAI	TIRUPOONDI
MANJAKOLLAI	SALEM - AMMAPETTAI	TIRUPPUR
MANJAKUDI	SALEM - AYOTHIYAPATTINAM	TIRUPPUR - 15 VELAMPALAYAM
MANJANAYACKANPATTI	SALEM - FAIR LANDS	TIRUPPUR - NALLUR
MANNARGUDI	SALEM - MAIN	TIRUPPUR - PN ROAD
MARTHANDAM	SALEM - SHEVAPET	TIRUPPUR - VEERAPANDY
MARUNGULAM	SALEM - SURAMANGALAM	TIRUTTANI
MAYILADUTHURAI	SANKAGIRI	TIRUVANNAMALAI
MELAKABISTHALAM	SANKARANKOIL	TIRUVARUR - TOWN
MELAKOTTAIYUR	SANNANALLUR	TIRUVARUR - VIJAYAPURAM
MELAVALAMPETTAI	SANOORAPATTI	TIRUVIDAIMARUTHUR
MELUR	SATHYAMANGALAM	TRICHY - CANTONMENT
MELVISHRAM	SATTUR	TRICHY - K.K.NAGAR
METTUPALAYAM	SEMBANARKOIL	TRICHY - KARUMANDAPAM
MINJUR	SENDAMANGALAM	TRICHY - KATTUR
MODAKURICHI	SENGANUR	TRICHY - MAIN
MUDIKONDAN	SENGURICHI	TRICHY - PICHANDAR KOIL
MUSIRI	SHOLINGHUR	TRICHY - SRINIVASA NAGAR
MUTHUPET	SILLATUR	TRICHY - SRIRANGAM
NACHIAR KOIL	SIRKALI	TRICHY - THILLAINAGAR
NADUKKADAI	SITHARKADU	TRICHY - THUVAKUDI
NADUPATTY	SIVAGANGAI	TUTICORIN
NAGAPATTINAM	SIVAKASI	UDUMALPET
NAGERKOIL	SOMANUR	ULLIKOTTAI
NAGORE	SRIPERAMBUDUR	UNAIYUR
NALLAMANGUDI	SRIVILLIPUTHUR	USILAMPATTI
NAMAKKAL	SULUR	UTHIRAMERUR
NANJIKOTTAI	SURANDAI	UTHUKOTTAI

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VADALUR  
VADAMADURAI  
VALAJANAGARAM  
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VALLAM  
VANDHAVASI  
VANIYAMBADI  
VANNIKONENDAL  
VARADARAJAPURAM  
VAZHAPADI  
VEDARANYAM  
VEDASANDUR  
VEERAPANDI  
VEERAPANDI PUDUR  
VEERAPERUMANALLUR  
VELLAKOVIL  
VELLALAR AGARAM  
VELLORE  
VELLORE - SATHUVACHARI  
VENGAIVASAL  
VENGATHUR  
VILANDAI  
VILANDAKANDAM  
VILATHIKULAM  
VILLUPURAM  
VIRUDHACHALAM  
VIRUDHUNAGAR  
WALAJAPET

### TELENGANA

ADILABAD  
HANAMKONDA  
HYDERABAD - AMEERPET  
HYDERABAD - AS RAO NAGAR  
HYDERABAD - BALANAGAR  
HYDERABAD - BANJARA HILLS  
HYDERABAD - BODUPPAL  
HYDERABAD - DILSUKHNAGAR  
HYDERABAD - HABSIGUDA  
HYDERABAD - KONDAPUR  
HYDERABAD - KUKATPALLY  
HYDERABAD - MAIN  
HYDERABAD - MALKAJGIRI  
HYDERABAD - MEHDIPATNAM  
HYDERABAD - MIYAPUR  
HYDERABAD - SIDDIAMBER BAZAR  
HYDERABAD - VANASTHALIPURAM  
JAGTIAL  
KAMAREDDY  
KARIMNAGAR  
KHAMMAM  
MAHABUBNAGAR  
MANCHERIAL  
MANIKONDA  
MEDCHAL  
MEERPET

NALGONDA  
NIRMAL  
NIZAMABAD  
SECUNDERABAD - RANIGUNJ  
WARANGAL

### UTTAR PRADESH

ALLAHABAD  
KANPUR  
LUCKNOW  
VARANASI

### WEST BENGAL

KOLKATA - B.B.D. BAG  
KOLKATA - RASH BEHARI AVENUE

### EXTENSION COUNTERS

PUBLIC HEALTH CENTRE, WEST MAMBALAM, CHENNAI  
SHRIRAM COLLEGE, PERUMALPATTU  
SRM UNIVERSITY - KATTANKULATHUR, CHENNAI  
SRM SONIPET- HARYANA  
SRM UNIVERSITY - RAMAPURAM, CHENNAI  
SRM UNIVERSITY-MODI NAGAR (GHAZIABAD)  
ST ANGELOES COLLEGE, LUCKNOW  
THIYAGARA COLLEGE OF ENGINEERING, TIRUPARANKUNDRAM

## OTHER OFFICES

### INTERNATIONAL BANKING DIVISION & DP DIVISION

1<sup>st</sup> Floor, No.48,  
Mahalakshmi Street, T. Nagar,  
Chennai - 600 017.

### SERVICE BRANCH

1<sup>st</sup> Floor, 63-A, C.P.Ramaswami Road,  
Abiramapuram, Alwarpet,  
Chennai - 600 018.

### COMPUTER SYSTEM DEPARTMENT

1<sup>st</sup> & 2<sup>nd</sup> Floor,  
706, Anna Salai,  
Chennai - 600 006.

### BUSINESS DEVELOPMENT CENTRE

MCM Tower, 4th Floor, Super B3,  
Thiru Vi Ka Industrial Estate, Guindy,  
Chennai - 600 032

### CUSTOMER DATA PROCESSING CELL (CDPC)

2<sup>nd</sup> Floor,  
No.149, T.S.R Big Street,  
Kumbakonam - 612 001.

### CENTRALISED LOAN OPENING CELL (CLOC)

3<sup>rd</sup> 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<sup>nd</sup> 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<sup>st</sup> Floor, No.13, II St.,  
Kamarajar Nagar,  
Chokkikulam,  
Madurai - 625 002.

#### Trichy

Kaliammal Koil Street,  
Indira Gandhi College Campus  
Tiruchirapalli - 620002.

#### Bengaluru

1<sup>st</sup> Floor, 253, 16<sup>th</sup> Cross,  
V Phase, 24<sup>th</sup> Main,  
J P Nagar,  
Bengaluru - 560 078.

#### Vijayawada

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

#### Erode

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

#### Mumbai

First Floor, Jains Arcade,402,  
14th Road Junction,  
Khar West, Mumbai - 400052

#### Vellore

1<sup>st</sup> 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<sup>st</sup> Floor, 18/7, Arya Samaj Road,  
Karolbagh, New Delhi - 110 005.

#### Kumbakonam

1<sup>st</sup> Floor, No.149, T.S.R Big Street,  
Kumbakonam - 612 001.

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## We shape up Simple Ideas into Smart Innovation.

### **What does it require to take your business to the next level?**

Whether it is regular cash inflow, prompt banking services or a befitting financial advice, City Union Bank, the 115 year old Private Sector Bank, through its various SME Policies and Prompt Services, gives complete solutions to all your business needs.

- Precisely understanding the needs
- Timely Assistance
- Single Window Dispensation

**BASEL III - PILLAR 3 DISCLOSURE AS ON 31<sup>st</sup> MARCH, 2019****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 31<sup>st</sup> 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 22<sup>nd</sup> March, 1945. The Bank does not have any subsidiary / Associate companies under its Management.

**Qualitative Disclosures :**

## Summary

Type of Capital	Features
<b>Common Equity Tier I Capital</b>	During the year 2018-19, the Bank has allotted 32,36,341 equity shares of face value of ₹ 1/- each, pursuant to exercise of stock options by employees and allotment of one Bonus equity share for every 10 equity shares of face value of ₹ 1/- each (1:10) held by the existing shareholders on the Record date (i.e. 13 <sup>th</sup> July 2018) to the tune of 6,65,35,268. The Equity Share Capital of the Bank as on 31 <sup>st</sup> March, 2019 stood at ₹ 73.45 crore. Pursuant to the Bonus Issue, the Share Premium account has been adjusted to the tune of ₹ 6.65 crore and the share premium collected during this year was ₹ 20.82 crore on account of issuance of stock options to the employees. The Share Premium account as on 31 <sup>st</sup> March, 2019 stood at ₹ 853.04 crore.
<b>Tier II Capital</b>	The Bank has not raised Tier II capital during the year 2018-19.

**Quantitative Disclosures :**

(₹ in crore)

Sl. No.	Description	Amount
1.	Common Tier - I Capital	<b>4763.30</b>
	- Paid-up Share Capital - Total	73.45
	- Reserves & Surplus	4689.85
	Amount deducted from Tier I Capital (if any)	<b>32.49</b>
	- Intangible Assets	32.49
	- Cross holdings	0.00
	<b>Total Eligible Tier I Capital</b>	<b>4730.81</b>
2.	<b>Tier - II Capital</b>	<b>163.18</b>
	a) Revenue Reserves (Investment Reserve)	33.18
	b) Provision for Country Risk exposure	0.50
	c) Provision for Unhedged exposure	2.62
	d) Provision for Standard Assets	126.88
	Less: Cross Holdings	0.00
	<b>Total Tier II Capital</b>	<b>163.18</b>
3.	<b>Total Eligible Capital (Tier I and Tier II)</b>	<b>4893.99</b>

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## 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 26<sup>th</sup> June, 2004. Reserve Bank of India has issued final guidelines on 27<sup>th</sup> 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 31<sup>st</sup> 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 has 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 1<sup>st</sup> April, 2013 in India in phases and it was decided originally to implement fully as on 31<sup>st</sup> March, 2018. RBI issued detailed Guidelines on Composition of Capital Disclosure Requirements on 28<sup>th</sup> May, 2013. Another circular on "Implementation of Basel III Capital Regulations in India - Capital Planning" has been issued by RBI on 27<sup>th</sup> March, 2014, in which, the transitional period for full implementation of Basel III Capital Regulations in India is extended upto 31<sup>st</sup> March, 2019, instead of 31<sup>st</sup> March, 2018.

Further, on 10<sup>th</sup> January, 2019, RBI has issued a circular, in which, the transitional period for full

implementation of Basel III Capital Regulations in India is extended upto 31<sup>st</sup> March, 2020, instead of 31<sup>st</sup> March, 2019. Accordingly, 'Capital Conservation Buffer Framework' as applicable from 31<sup>st</sup> March, 2018 (i.e. CCB at 1.875%) will also apply from 31<sup>st</sup> March, 2019 till the CCB attains the level of 2.5% on 31<sup>st</sup> March, 2020.

RBI has issued circular on "Prudential Guidelines on Capital Adequacy and Liquidity Standards - Amendments" on 31<sup>st</sup> 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 1<sup>st</sup> 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. Besides these minimum capital requirements, Basel III also provides for creation of Capital Conservation Buffer (CCB) and countercyclical Capital Buffer (CCCB).

As per the circular on “Implementation of Basel III Capital Regulations in India – Capital Planning” issued by RBI

dated 27<sup>th</sup> March, 2014, the transitional period for full implementation of Basel III Capital Regulations in India is extended upto 31<sup>st</sup> March, 2019.

Further, on 10<sup>th</sup> January, 2019, RBI has issued a circular, in which, the transitional period for full implementation of Basel III Capital Regulations in India is extended upto 31<sup>st</sup> March, 2020, instead of 31<sup>st</sup> March, 2019. Accordingly, 'Capital Conservation Buffer Framework' as applicable from 31<sup>st</sup> March, 2018 (i.e. CCB at 1.875%) will also apply from 31<sup>st</sup> March, 2019 till the CCB attains the level of 2.5% on 31<sup>st</sup> March, 2020.

Transitional Arrangements as per the RBI norms :-

(% to RWA's)

Capital Ratios	31.03.2016	31.03.2017	31.03.2018 / 31.03.2019*	31.03.2020
Minimum Common Equity Tier I (CET-1)	5.50	5.50	5.50	5.50
Capital Conservation Buffer	0.625	1.250	1.875	2.50
Minimum CET1 + CCB	6.125	6.75	7.375	8.00
Minimum Tier 1 Capital (excluding CCB)	7.00	7.00	7.00	7.00
Tier-2 Maximum allowed	2.00	2.00	2.00	2.00
Minimum Total Capital	9.00	9.00	9.00	9.00
Minimum Total Capital + CCB	9.625	10.250	10.875	11.50

\* As per the recent guidelines by RBI vide their circular dated 10<sup>th</sup> January, 2019

### 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 an annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar – I and 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		2508.12
	┆ Securitisation exposures		Nil
b)	Capital requirements for Market Risk: Standardised Duration approach		45.04
	┆ Interest Rate Risk	14.21	
	┆ Equity Risk	28.83	
	┆ Foreign Exchange Risk	2.00	
c)	Capital requirements for Operational Risk: Basic indicator approach		242.98
	Minimum capital required (a+b+c)		2796.14
d)	Capital Conservation Buffer (CCB) at 1.875%		590.03
	Minimum Total Capital + CCB		3386.17
	Total Capital Funds available		4893.99
	Total Risk Weighted Assets		31468.23
e)	Common Equity Tier I CRAR % (excluding CCB)		13.155%
	Capital Conservation Buffer %		1.875%
	Tier I CRAR %		15.03%
	Tier II CRAR %		0.52%
	Total CRAR %		15.55%

**2. Risk Exposure and Assessment**

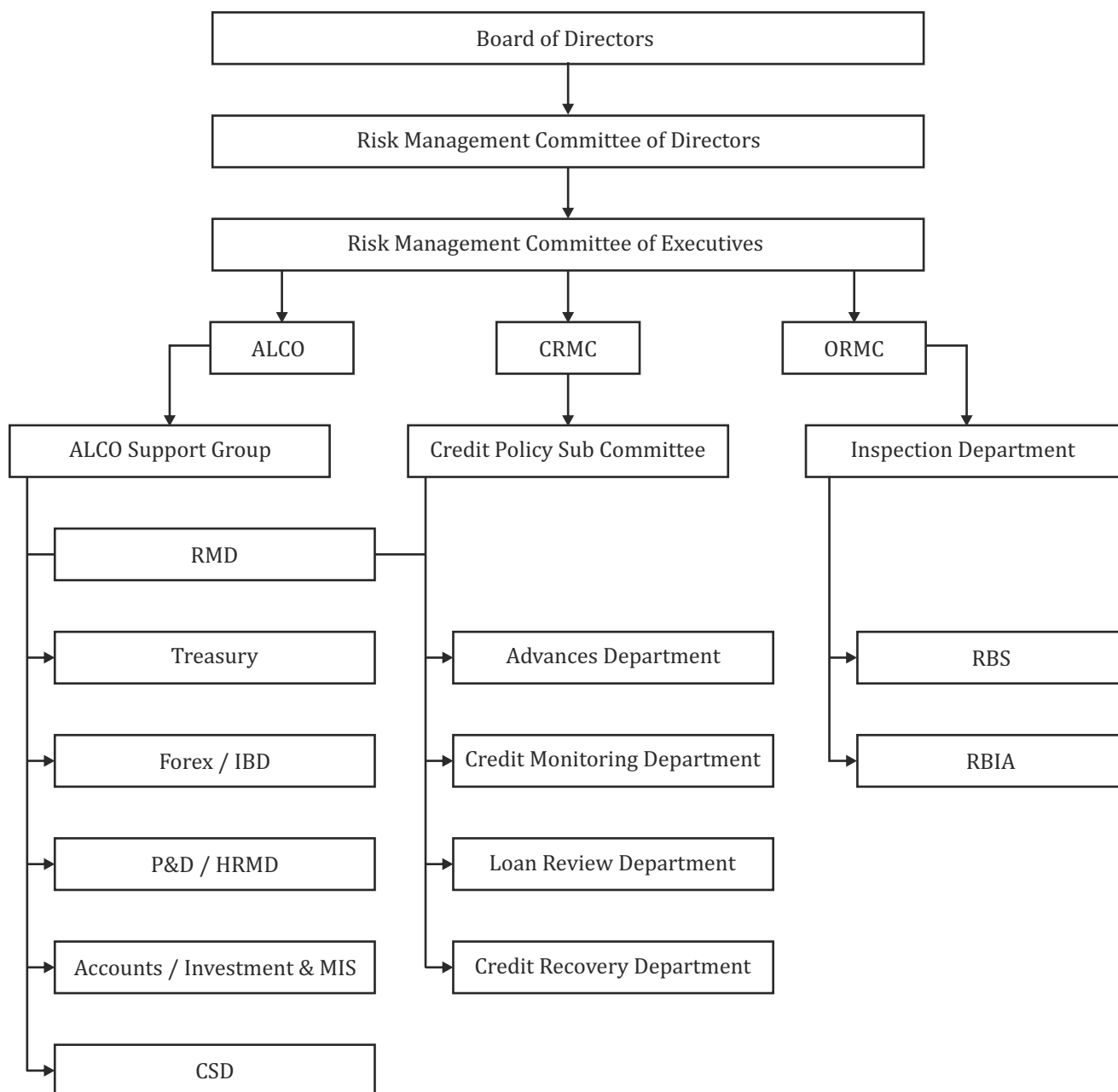
Risk is an integral part of Banking business in an ever dynamic environment, which is undergoing radical changes both on the technology front and product offerings. The main risks faced by the Bank are Credit Risk, Market Risk and Operational Risk. The Bank aims to achieve an optimum balance between 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, Integrated Treasury 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 Policy, 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 :



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## 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, roles 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 1<sup>st</sup> July, 2015).

**Quantitative Disclosures :**

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

Exposure as on 31 <sup>st</sup> March 2019	Domestic	Overseas	Total
Fund based	35022.27	Nil	35022.27
Non-Fund based	2445.93	Nil	2445.93
Investment (Non SLR)	387.47	Nil	387.47
<b>Total</b>	<b>37855.67</b>	<b>Nil</b>	<b>37855.67</b>

Industry type distribution of exposures as on 31<sup>st</sup> March, 2019

(₹ in crore)

Sl. No.	INDUSTRY / ACTIVITY	Funded Exposure	Non-Funded Exposure	Investment Exposure (Non SLR)	Total Exposure
1.	Mining and Quarrying	67.16	5.54	0.13	72.83
2.	Iron and Steel	1247.10	232.19	0.33	1479.62
3.	Other Metal and Metal Products	561.70	83.12	0.00	644.82
4.	Engineering (of which Electronics)	155.14	71.44	0.00	226.58
5.	Others (incl Electrical & Home Appliances)	528.56	152.36	0.09	681.01
6.	Cotton Textiles	1730.14	101.14	0.00	1831.28
7.	Other textiles (Other than Cotton)	1979.90	60.53	0.00	2040.43
8.	Food Processing	218.61	42.28	0.00	260.89
9.	Beverages and Tobacco	44.90	15.75	0.00	60.65
10.	Leather and Leather Products	28.75	0.52	0.00	29.27
11.	Wood and Wood Products	122.83	77.70	0.00	200.53
12.	Paper and Paper Products	747.11	39.19	0.00	786.30
13.	Petroleum, Coal Products and Nuclear Fuels	74.32	2.00	0.00	76.32
14.	Drugs and Pharmaceuticals	65.97	19.08	0.17	85.22
15.	Chemicals and Chemical Products (Dyes, Paints, etc.)	281.26	144.01	0.00	425.27
16.	Rubber, Plastic and their Products	429.78	35.37	0.00	465.15
17.	Glass & Glassware	19.45	0.00	0.00	19.45
18.	Cement and Cement Products	22.45	3.43	0.00	25.88
19.	Vehicles, Vehicle Parts and Transport Equipments & Auto parts	249.48	32.37	0.00	281.85
20.	Gems and Jewellery	97.50	20.86	0.00	118.36
21.	Construction	1502.99	29.34	0.00	1532.33
22.	Infrastructure	359.88	42.18	0.06	402.12
23.	Other Industries	119.63	10.08	0.00	129.71
	<b>All Industries Total</b>	<b>10654.61</b>	<b>1220.48</b>	<b>0.78</b>	<b>11875.87</b>
	Residuary other Advances	24367.66	1225.45	386.69	25979.80
	<b>Total Gross Exposure</b>	<b>35022.27</b>	<b>2445.93</b>	<b>387.47</b>	<b>37855.67</b>

Note: The exposure to Other Textiles Industry accounted for 5.39% of Total Gross Exposure as of 31<sup>st</sup> March, 2019. 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 31<sup>st</sup> March, 2019

(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	601.91	75.07	1109.67	77.42	1864.07
2 to 7 Days	255.87	1187.84	393.20	60.61	1897.52
8 to 14 Days	0.00	2051.29	387.84	78.21	2517.34
15 to 30 Days	295.46	635.04	756.30	25.15	1711.95
31 days to 60 Days	130.47	583.11	627.90	9.75	1351.23
61 days to 90 Days	309.88	837.83	492.86	10.08	1650.65
Over 3 Months & upto 6 Months	496.22	735.30	1056.83	146.89	2435.24
Over 6 Months & upto 1 Year	333.20	3607.60	623.86	192.02	4756.68
Over 1 Year & upto 3 Years	490.93	17403.84	1795.80	195.47	19886.05
Over 3 Years & upto 5 Years	15.19	2667.61	74.76	198.80	2956.36
Over 5 Years	34.15	2888.81	393.18	915.66	4231.80
Total	<b>2963.28</b>	<b>32673.34</b>	<b>7712.20</b>	<b>1910.06</b>	<b>45258.89</b>

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Amount of NPA (Gross)	(₹ in crore)
Sub-Standard	476.97
Doubtful 1	180.79
Doubtful 2	277.27
Doubtful 3	35.59
Loss	6.44
<b>Gross NPA Total</b>	<b>977.05</b>

Geographical Area-wise NPA:	(₹ in crore)
<b>Gross NPA - Domestic</b>	<b>977.05</b>
<b>Gross NPA - Overseas</b>	<b>Nil</b>
<b>Gross NPA - Total</b>	<b>977.05</b>

The amount of Net NPA is ₹ 591.46 crore

The NPA ratios are as under :

] Gross NPA to Gross Advances	2.95%
] Net NPAs to Net Advances	1.81%

Major Industry-wise NPA as on 31<sup>st</sup> March, 2019

(₹ in crore)

Industry	Gross NPA	Provision Held
<b>Other Textiles</b>	<b>37.59</b>	<b>7.41</b>

The movement of NPA is as under :

(₹ in crore)

I. Opening Balance at the beginning of the year (1 <sup>st</sup> April, 2018)	856.55
ii. Additions made during the year	632.16
iii. Reductions during the year	511.66
iv. Closing Balance at the end of the year (31 <sup>st</sup> March, 2019) [i + ii - iii]	977.05

The movements of provisions for NPA are as under :

(₹ in crore)

Nature	Floating Provision	Specific Provision	Total Provision
I. Opening balance at the beginning of the year (1 <sup>st</sup> April, 2018)	18.65	358.53	377.18
ii. Provisions made during the year	-	270.00	270.00
iii. Write-off / Write-back of excess provisions during the year	-	265.90	265.90
iv. Closing Balance at the end of the year (31 <sup>st</sup> March, 2019) [i+ ii -iii]	18.65	362.63	381.28

Recovery made during the year ended 31<sup>st</sup> March, 2019 which is directly taken to Income Account amounts to ₹ 89.75 crore.

The amount of non-performing investment - ₹ 0.33 crore.

The amount of provision held for non-performing investment is ₹ 0.33 crore.

The movement of provisions for depreciation on investments :

(₹ in crore)

I. Opening balance at the beginning of the year 1 <sup>st</sup> April, 2018	135.87
ii. Provisions made during the year	16.00
iii. Write-off during the year	0.74
iv. Write-back of excess provisions during the year	0.00
v. Closing Balance at the end of the year (31 <sup>st</sup> March, 2019) [i + ii - iii - iv]	151.13

**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, e) Brickwork, f) SMERA Ratings and g) Infomerics Valuation and Rating Pvt Ltd 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 :**

The exposures after risk mitigation as per Standardised Approach, (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 %	292.59	23402.55	23695.14
At 100 %	583.61	12901.48	13485.09
More than 100 %	1531.61	2296.93	3828.54
Total outstanding after Mitigation	2407.81	38600.96	41008.77
Deducted (as per Risk Mitigation)	2.65	4864.64	4867.29

**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:

- D Mitigation of Credit Risks and enhancing awareness on identification of appropriate collateral taking into account the spirit of Basel III / RBI guidelines
- D 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 :

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- J at least BBB(-) when issued by Public Sector entities; or
  - J at least A when issued by other entities (including Banks and Primary Dealers); or
  - J at least PR3 / P3 / F3 / A3 for Short Term Debt Instruments
- i) Debt securities not rated by Credit Rating Agency but
- Q issued by a Bank and
  - Q listed on a recognized Stock Exchange; and
  - Q 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 12.75% 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	1014.38
2. Funded - Credit	Gold Jewels	2917.33
3. Funded - Credit	LIC / KVP / NSC	4.04
4. Non Funded	Bank's own deposits	509.46

- 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	150.12
2. Funded - Credit	ECGC	150.00
3. Funded - Credit	CGTSI	27.38

**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 both investments and foreign exchange exposure 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), 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 Exchange Position.
- 2) The positions are marked to market at stipulated intervals. The Duration / Modified Duration for trading book is computed and its adherence to the prescribed duration limits is ensured.
- 3) The Bank is computing capital charge for both investments and foreign exchange exposure categories using Standardized Duration Approach as required under RBI guidelines.
- 4) Stress testing analysis is done by applying rate shocks on investment portfolio and also on foreign exchange open position..

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**Quantitative Disclosures :****The capital requirements for 31<sup>st</sup> March, 2019**

(₹ in crore)

Interest Rate Risk	14.21
Equity Position Risk	28.83
Foreign Exchange Risk	2.00
<b>Total</b>	<b>45.04</b>

**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. 2015-16, 2016-17 and 2017-18 as defined in the Master Circular – Basel III Capital Regulations & New Capital Adequacy Framework guidelines. The required capital is ₹ 242.98 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 17<sup>th</sup> 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 4<sup>th</sup> 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 31<sup>st</sup> March, 2019 is ₹ 68.50 crore.
- b) The impact of change in market value of Equity for an interest rate shock of 200 bps as on 31<sup>st</sup> March, 2019 is 6.12%.

**TABLE DF - 10****GENERAL DISCLOSURES FOR EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK**

Counterparty Credit Risk (CCR) is the risk that a counterparty 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 31<sup>st</sup> March, 2019**

(₹ in crore)

Nature	Notional Amount	Potential Exposure @2%/10%	Current Exposure	Total credit Exposure
Forward contracts	3020.73	74.63	61.60	136.23

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 31<sup>st</sup> March, 2019 amounting to ₹ 92.09 crore with risk weighted assets of ₹ 18.42 crore, which is forming part of credit risk total. In terms of RBI circular dated

28<sup>th</sup> March, 2013, the Credit Valuation Adjustment (CVA) risk capital charge has been computed, which amounted to ₹ 0.11 crore (the corresponding risk weighted value of ₹ 1.36 crore has also been added to credit risk weighted assets).



3. Composition of Capital Disclosure

TABLE DF - 11

COMPOSITION OF CAPITAL

(₹ in million)

Basel III common disclosure - 31 <sup>st</sup> March, 2019			Ref No.
<b>Common Equity Tier 1 Capital: Instruments and Reserves</b>			
1.	Directly issued qualifying common share capital plus related stock surplus (share premium)	9264.93	-
2.	Retained earnings	38368.09	-
3.	Accumulated other comprehensive income (and other reserves)	-	-
4.	Directly issued capital subject to phase out from CET1 (only applicable to Non-Joint Stock Companies) Public sector capital injections grandfathered until 1 <sup>st</sup> 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	47633.02	-
<b>Common Equity Tier 1 Capital : Regulatory Adjustments</b>			
7.	Prudential valuation adjustments	-	-
8.	Goodwill (net of related tax liability)	-	-
9.	Intangibles other than mortgage-servicing rights (net of related tax liability)	324.91	-
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	0.03	-
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)	-	-
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)	-	-

(₹ in million)

Basel III common disclosure - 31 <sup>st</sup> March, 2019			Ref No.	
20.	Mortgage Servicing Rights (amount above 10% threshold)	-	-	CSR Initiatives
21.	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	
22.	Amount exceeding the 15% threshold	-	-	Statutory Reports
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)	-	-	Financial Statements
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	-	-	List of Branches
26(d).	of which : Unamortised pension funds expenditures	-	-	
27.	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	Basel III
28.	Total regulatory adjustments to Common Equity Tier 1	324.94	-	
29.	Common Equity Tier 1 Capital (CET1)	47308.08	-	
<b>Additional Tier 1 Capital : Instruments</b>				
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	-	-	
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	-	-	
<b>Additional Tier 1 Capital: Regulatory Adjustments</b>				
37.	Investments in own Additional Tier 1 instruments	-	-	
38.	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	

(₹ in million)

Basel III common disclosure - 31 <sup>st</sup> March, 2019			Ref No.
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	-	-
42.	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
43.	<b>Total Regulatory adjustments to Additional Tier 1 Capital</b>	-	-
44.	<b>Additional Tier 1 Capital (AT1)</b>	-	-
44(a).	<b>Additional Tier 1 Capital reckoned for capital adequacy</b>	-	-
45.	<b>Tier 1 Capital (T1 = CET1 + Admissible AT1) (29 + 44a)</b>	47308.08	-
<b>Tier 2 Capital : Instruments and Provisions</b>			
46.	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-
47.	Directly issued capital instruments subject to phase out from Tier 2	-	-
48.	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-
49.	of which : instruments issued by subsidiaries subject to phase out	-	-
50.	Provision include the following		
	a) Investment Reserve ₹ 331.80 mn		
	b) Provision for Standard Asset ₹ 1268.80 mn	1631.84	
	c) Provision for Country Risk Exposure ₹ 5.00 mn		
	d) Provision for Unhedged Exposure ₹ 26.24 mn		-
51.	<b>Tier 2 Capital before Regulatory Adjustments</b>	<b>1631.84</b>	-
<b>Tier 2 Capital: Regulatory Adjustments</b>			
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)	-	-

(₹ in million)

Basel III common disclosure - 31 <sup>st</sup> March, 2019			Ref No.
55.	Significant investments in the Capital of 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	-	-
57.	<b>Total regulatory adjustments to Tier 2 Capital</b>	-	-
58.	<b>Tier 2 Capital (T2)</b>	1631.84	-
58(a).	<b>Tier 2 Capital reckoned for Capital adequacy</b>	1631.84	-
58(b).	<b>Excess Additional Tier 1 Capital reckoned as Tier 2 Capital</b>	-	-
58(c).	<b>Total Tier 2 Capital admissible for Capital Adequacy (58a+58b)</b>	1631.84	-
59.	<b>Total Capital (TC = T1 + Admissible T2) (45 + 58c)</b>	48939.92	-
60.	Total risk weighted assets (60a + 60b + 60c)	314682.30	-
60(a).	of which : total credit risk weighted assets	278679.99	-
60(b).	of which : total market risk weighted assets	5629.99	-
60(c).	of which : total operational risk weighted assets	30372.32	-
<b>Capital Ratios</b>			
61.	Common Equity Tier 1 (as a percentage of risk weighted assets)	15.03%	-
62.	Tier 1 (as a percentage of risk weighted assets)	15.03%	-
63.	Total capital (as a percentage of risk weighted assets)	15.55%	-
64.	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	7.375%	-
65.	of which : capital conservation buffer requirement	1.875%	-
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)	15.03%	-
<b>National minima (if different from Basel III)</b>			
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) (including CCB upto 31 <sup>st</sup> March, 2019)	10.875%	-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
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)	-	-

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(₹ in million)

Basel III common disclosure - 31 <sup>st</sup> March, 2019			Ref No.
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
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	-	-
<b>Capital instruments subject to phase-out arrangements (only applicable between 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2022)</b>			
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 44(a) of which : Excess Additional Tier 1 Capital which is considered as Tier 2 Capital under row 58(b)	-
50.	Eligible Provisions included in Tier 2 Capital	1631.84
	Eligible Revaluation Reserves included in Tier 2 Capital	-
	Total of row 50	1631.84
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 58(a)	-

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	CSR Initiatives	
	As on 31 <sup>st</sup> March, 2019	As on 31 <sup>st</sup> March, 2019		
<b>A Capital &amp; Liabilities</b>			Statutory Reports	
I Paid-Up Capital	734.50	NOT APPLICABLE		
Reserves & Surplus	47673.07			
Minority Interest	-			
Total Capital	<b>48407.57</b>			
II Deposits	<b>384479.48</b>			
of which : Deposits from Banks	214.75			
of which : Customer Deposits	384264.73			
of which : Other Deposits (pl. specify)				
III Borrowings	<b>4809.09</b>			
of which : From RBI (REPO)	800.00		Financial Statements	
of which : From Banks	-			
of which : From other Institutions & Agencies	4009.09			
of which : Others (pl. specify) Outside India	-			
of which : Capital Instruments	-			
IV Other Liabilities & Provisions	<b>14892.74</b>			
<b>Total</b>	<b>452588.88</b>			
<b>B Assets</b>				List of Branches
I Cash and Balances with Reserve Bank of India	<b>19931.21</b>	NOT APPLICABLE		
Balance with Banks and Money at Call and Short Notice	<b>9701.63</b>			
II Investments	<b>77122.01</b>			
of which : Government Securities	74763.78			
of which : Other Approved Securities	-			
of which : Shares	101.80			
of which : Debentures & Bonds	514.45			
of which : Subsidiaries / Joint Ventures / Associates	-			
of which : Others (Commercial Papers, Mutual Funds etc.)	1741.98			
III Loans and Advances	<b>326733.41</b>		Basel III	
of which : Loans and Advances to Banks	-			
of which : Loans and Advances to Customers	326733.41			
IV Fixed Assets	<b>2500.33</b>			
V Other Assets	<b>16600.29</b>			
of which : Goodwill and Intangible Assets	-			
of which : Deferred Tax Assets	907.63			
VI Goodwill on Consolidation	-			
VII Debit Balance in Profit & Loss Account	-			
<b>Total Assets</b>	<b>452588.88</b>			

Step 2

- As the Bank is not having any subsidiary, no disclosure relating to any legal entity for regulatory consolidation is made.
- The entire paid up capital of the Bank amounting to ₹ 734.50 mn is included in CET I. (refer Item I of DF-11)
- The break up for Reserves & Surplus is ₹ 47,673.07 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	12860.00	Included in Regulatory CET I capital DF-11 (Sl.No.2)
b) Capital Reserves	1255.62	Included in Regulatory CET I capital DF-11 (Sl.No.2)
c) Share Premium	8530.43	Included in Regulatory CET I capital DF-11 (Sl.No.1)
d) General Reserves	20665.00	Included in Regulatory CET I capital DF-11 (Sl.No.2)
e) Investment Reserve	331.80	Included in Regulatory Tier II capital DF-11 (Sl.No.50)
f) Special Reserve under IT Act	3460.00	Included in Regulatory CET I capital DF-11 (Sl.No.2)
g) Balance in P&L	570.22	Included in Regulatory CET I capital DF-11 (Sl.No.2)
<b>Total</b>	<b>47673.07</b>	

- 4) Proposed Dividend & tax thereon amounting to ₹442.76 mn has been deducted from Retained earnings shown in DF - 11 (Sl.No.2)
- 5) Other Liabilities - The following subheads are included in Other Liabilities in the Balance Sheet
- a) Provision for Standard Assets - ₹1,268.80 mn
- b) Provision for Unhedged Foreign Currency Exposure (UFCE) - ₹26.24 mn
- c) Provision for Country Risk Exposure - ₹5.00 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	9264.93	2 & 3 (c)
2.	Retained earnings	38368.09	3 (a, b, d, f & g) minus 4
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	47633.02	(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 )			
	Description	Equity Shares	Bond Series II
1.	Issuer	City Union Bank Ltd	↑ NIL ↓
2.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for Private Placement)	INE491A01021	
3.	Governing law(s) of the instrument	Applicable Indian Statutes and Regulatory Requirements	
<b>Regulatory Treatment</b>			
4.	Transitional Basel III rules	Common Equity Tier I	
5.	Post-transitional Basel III rules	Common Equity Tier I	
6.	Eligible at solo / group / group & solo	Solo	
7.	Instrument type	Common Equity Shares	
8.	Amount recognized in regulatory capital (₹ in million, as of most recent reporting date)	734.50 million	
9.	Par value of instrument	₹ 1 per equity share	
10.	Accounting classification	Shareholder's Equity	
11.	Original date of issuance	Various Dates	
12.	Perpetual or Dated	Perpetual	
13.	Original Maturity date	No Maturity	
14.	Issuer call subject to prior supervisory approval	Not Applicable	
15.	Optional call date, contingent call dates and redemption amount	Not Applicable	
16.	Subsequent call dates, if applicable Coupons / Dividends	Not Applicable Dividend	
17.	Fixed or Floating Dividend / Coupon	Not Applicable	
18.	Coupon Rate and any related index	Not Applicable	
19.	Existence of a Dividend Stopper	Not Applicable	

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**Table DF - 13 : Main Features of Regulatory Capital Instruments ( Equity Shares & Bond Series I, II )**

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

\* Tier - II Bond is nil

**Table DF - 14**

**FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS**

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

NIL

**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.	<p>Key Features:</p> <p>i) Board oversees the design of the compensation package and operations.</p> <p>ii) Compensation commensurate with the responsibility and accountability.</p> <p>Objectives:</p> <p>a) Alignment of compensation with prudent risk taking.</p> <p>b) Effective Supervisory oversight.</p> <p>c) Sound Compensation practices.</p>
(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.	<p>i) ESOP and Reservation in Rights Issue to be the components of share based payment.</p> <p>ii) Exgratia payment to be denied only in extreme cases of indiscipline, misuse of trust etc.</p>
(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.	Exgratia, Performance Linked Pay (PLP) and ESOPs form part of variable remuneration components.

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**Quantitative Disclosures: The quantitative disclosures pertaining to the MD & CEO as on 31<sup>st</sup> March, 2019 & 31<sup>st</sup> March, 2018 is given below:**

		<b>Current Year 31<sup>st</sup> March, 2019</b>	<b>Previous Year 31<sup>st</sup> March, 2018</b>
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	7 meetings were held during the financial year (Compensation and Remuneration Committee) and the total remuneration and commission paid during the year ₹ 35,40,000/- (including commission of ₹ 32,00,000/-).	5 meetings were held during the financial year (Compensation and Remuneration Committee) and the total remuneration and commission paid during the year ₹ 35,90,411/- (including commission of ₹ 33,50,411/-)
(h)	(i) Number of employees having received a variable remuneration award during the financial year.	1	1
	(ii) Number and total amount of sign - on awards made during the financial year.	NIL	NIL
	(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus.	NIL	NIL
	(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.	NIL	NIL
	(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.		
	* Û Pertain to FY 17-18 payable to MD & CEO based on approval from RBI dated 29 <sup>th</sup> March, 2019 which shall be paid on subsequent date. For FY 18-19, the proposal for variable pay will be made to RBI.	Fixed: ₹ 84,00,000/- per annum # (paid / payable w.e.f., 1 <sup>st</sup> May, 2018 as per RBI approval dt.29 <sup>th</sup> March, 2019)	Fixed: ₹ 81,00,000/- per annum # (w.e.f., 1 <sup>st</sup> May, 2017 as per RBI approval dt. 23 <sup>rd</sup> June, 2017)
	# Û In addition to the Fixed pay the Bank pays various perquisites as approved by RBI.	HRA - 12% of the fixed pay per month from May 18. Variable: * (pertains to FY 18-19)	Variable: ₹ 20,00,000/-* (as per RBI approval dated 29 <sup>th</sup> March, 2019 pertains to FY 17-18)
	Note : MD & CEO, during FY 17-18 : 82,500 number of equity shares and during FY 18-19 : 1,51,250 number of equity shares has been vested based on the RBI approval dated 14 <sup>th</sup> October, 2015.	No. of Stock options granted during the FY 18-19: NIL  Deferred: Nil	No. of Stock options granted during the FY 17-18 : NIL  Deferred: Nil

**Quantitative Disclosures: The quantitative disclosures pertaining to the MD & CEO as on 31<sup>st</sup> March, 2019 & 31<sup>st</sup> March, 2018 is given below:**

		Current Year 31 <sup>st</sup> March, 2019	Previous Year 31 <sup>st</sup> March, 2018
(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	NIL	NIL
	(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.	NIL	NIL
	(iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.	NIL	NIL

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### Table DF - 16

#### EQUITIES - DISCLOSURE FOR BANKING BOOK POSITIONS

There are no equity investments as on 31<sup>st</sup> March, 2019 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	31 <sup>st</sup> March, 2019
1.	Total consolidated assets as per published financial statements	452588.88
2.	Adjustment for investments in Banking, Financial, Insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(0.03)
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	1423.98
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)	18849.55
7.	Other adjustments (intangible)	(324.91)
8.	<b>Leverage Ratio exposure</b>	<b>472537.47</b>

**Table DF - 18**

**LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE – 31<sup>st</sup> March, 2019**

(₹ in million)

Sl. No.	Item	Leverage ratio framework
	<b>On - Balance Sheet Exposures</b>	
1.	On-Balance Sheet items (excluding Derivatives and SFTs, but including Collateral)	452588.88
2.	(Asset amounts deducted in determining Basel III Tier 1 Capital)	(324.94)
3.	<b>Total On-Balance Sheet exposures (excluding Derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>452263.94</b>
	<b>Derivative Exposures</b>	
4.	Replacement cost associated with all Derivative transactions (i.e. net of eligible cash variation margin)	1423.98
5.	Add-on amounts for PFE associated with all Derivative 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 Derivative 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.	<b>Total Derivative Exposures (sum of lines 4 to 10)</b>	<b>1423.98</b>
	<b>Securities financing transaction exposures</b>	
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.	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>-</b>
	<b>Other off-balance sheet exposures</b>	
17.	Off-balance sheet exposure at gross notional amount	45184.28
18.	(Adjustments for conversion to credit equivalent amounts)	(26334.73)
19.	<b>Off-Balance Sheet items (sum of lines 17 and 18)</b>	<b>18849.55</b>
	<b>Capital and total exposures</b>	
20.	Tier 1 Capital	47308.08
21.	Total exposures (sum of lines 3, 11, 16 and 19)	472537.47
	<b>Leverage Ratio</b>	
22.	<b>Basel III Leverage Ratio</b>	<b>10.01%</b>

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**DECADE OF PROGRESS**

(₹ in crore)

Year	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Paid up Capital (Face value of ₹ 1/- each)	39.96	40.50	40.82	47.44	54.27	59.66	59.82	60.11	66.47	73.45
Reserve fund and Other Reserves	785.68	966.12	1202.28	1593.22	1970.66	2635.87	2992.18	3510.09	4096.76	4767.31
Deposits	10284.59	12914.29	16340.76	20304.75	22016.89	24074.96	27158.13	30115.74	32852.62	38447.95
Advances	6833.46	9255.46	12137.46	15246.06	16096.84	17965.50	21056.92	23832.70	27852.79	32673.34
Investments	3210.43	3616.23	4586.19	5266.80	5953.56	5870.67	6826.45	7031.45	7879.11	7712.20
Net Profit	152.76	215.05	280.25	322.02	347.07	395.02	444.69	502.77	592.00	682.85
Dividend	75%	85%	100%	100%	100%	110%	120%	30%	30%	50%
No. of Branches	222	246	300	375	425	475	525	550	600	650
Total No. of Staff	2628	2836	3347	3785	4215	4364	4517	4688	5319	5518
Intrinsic value of Shares (₹)	20.64	24.85	30.45	30.44	37.31	45.18	51.02	59.40	62.63	65.91
Earning Rate (%)	381.90	530.95	686.55	597.51	639.52	662.12	743.38	836.42	890.63	929.68

## 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 Fintech 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)**

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

**(3) IN CASE NOMINEE IS A MINOR**

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

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

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



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extra wings...  
SAVINGS!!!*

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**(For Children of age 1 day to below 17 years)**

*Special Features :*

**ONE DAY TO 12 YEARS**

- One Toy Hundial
- Anywhere Banking
- Funds Transfer (RTGS/NEFT) at free of Cost

**ABOVE 12 YEARS - BELOW 17 YEARS**

- **Free ATM/Debit Card/Internet Banking** (subject to consent by parents/ guardians for using these facilities)
- **Remittance of school/ college fees at par**
- **Funds transfer (RTGS/NEFT) at free of cost**
- **Anywhere Banking**

*An Inspiring  
Banking  
Journey  
Continues!*



**Thank you stakeholders**

**For your continued support and patronage**



Annual General Meeting held at Kumbakonam on 1<sup>st</sup> September, 2018





# CITY UNION BANK LIMITED

CIN: L65110TN1904PLC001287

## Registered Office

149, T.S.R (Big) Street,  
Kumbakonam - 612 001.  
Phone: 0435 - 2432322

e-mail: [shares@cityunionbank.com](mailto:shares@cityunionbank.com)  
Website: [www.cityunionbank.com](http://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](mailto:shares@cityunionbank.com)  
Website: [www.cityunionbank.com](http://www.cityunionbank.com)

## Customer Call Center

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