



CITY UNION BANK LIMITED

CIN : L65110TN1904PLC001287

Regd. Office : 149, T.S.R. (Big) Street, Kumbakonam - 612 001, Thanjavur District, Tamil Nadu.

Telephone No : 0435 - 2402322 Fax : 0435 - 2431746

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

C.O/Shares/LR-5/2021-22

27th July, 2021

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

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

Scrip Code: CUB

Scrip Code: 532210

Dear Sir / Madam,

Sub : Annual Report together with Notice for FY 2021

Ref .: Regulation 34 and Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Pursuant to the Regulations cited on the subject matter, we hereby inform that the electronic dispatch of Annual Report together with the Notice calling the ensuing Annual General Meeting of the Bank for FY 2021, has been commenced on 27th July, 2021. As per the circulars issued by the Ministry of Corporate Affairs (MCA) dated 13th January 2021, 05th May, 2020, 8th April, 2020 and 13th April, 2020 read with SEBI circular dated 15th January 2021 and 12th May, 2020, the dispatch of such Notice and Annual Report for FY 2021 has been made only in electronic mode to the members of the Bank as on the cut-off date being 16th July 2021. A copy of aforesaid Notice and Annual Report is enclosed for your reference and records and the same has also been made available in the Bank's website www.cityunionbank.com.

In addition to above, as per the provisions of Section 108 of the Companies Act, 2013 r/w the Rules made there under and Regulation 44 of the SEBI Listing Regulations, the Bank will provide remote e-voting facility to its members holding shares in physical / De-mat mode, as on the **cut-off date**, being **12th August 2021**, to exercise their right to vote by electronic means on all relevant business items specified in the Notice. **The remote e-voting shall commence on Sunday, the 15th August 2021 (9:00 a.m. IST), and conclude on Wednesday, the 18th August 2021 (5:00 p.m. IST).**

This is for your kind information and dissemination to all concerned please.

Thanking you

Yours faithfully
for **CITY UNION BANK LIMITED**

(V. RAMESH)
Sr. General Manager - CFO & CS



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

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

website: www.cityunionbank.in

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 19th day of August, 2021**, at **11:00 a.m.** The Annual General Meeting shall be held by the means of Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") on account of continuing COVID -19 pandemic and in accordance with the relevant circulars issued by the Ministry of Corporate Affairs, 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 31st March, 2021 and the reports of Directors and Auditors thereon.
2. To confirm the Interim Dividend of 30% (i.e. ₹ 0.30 paise per equity share of face value of ₹ 1/- each fully paid up) approved by the Board of Directors and already paid to shareholders, for the Financial Year 2020-21.
3. To declare Final Dividend of 20% (i.e. ₹ 0.20 Paise per equity share on face value of ₹ 1/- each fully paid up) for the Financial Year 2020-21.
4. Appointment of **M/s Jagannathan & Sarabeswaran**, Chartered Accountants, Chennai and **M/s K. Gopal Rao & Co.**, Chartered Accountants, Chennai as the Joint Statutory Central Auditors of the Bank on a first term for FY 2021-22.

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.CO.DOS.RPD.No.S201/08-13-005/2021-2022 dt.21.06.2021, approval of the members be and is hereby accorded for the appointment of

M/s Jagannathan & Sarabeswaran, Chartered Accountants, Chennai (**FRN.001204S**) and **M/s K. Gopal Rao & Co.**, Chartered Accountants, Chennai (**FRN 000956S**) as the Joint Statutory Central Auditors of the Bank on a first term for FY 2021-22 in the place of retiring auditors M/s. Sundaram and Srinivasan, Chartered Accountants, Chennai from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank at an overall remuneration of ₹ 60,00,000/- (Rupees Sixty Lacs only) to be allocated by the Bank between such Joint Auditors as may be mutually agreed by the Bank and such Joint Auditors depending on their respective scope of work and reimbursement of out of pocket expenses that may be incurred by them during the course of Statutory Audit, Tax Audit & L FAR, CSITE audit and issuing other certifications prescribed by the Regulators, with the power to the Board including Audit Committee thereof to alter and vary the terms and conditions of their appointment, 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 Joint Statutory Central Auditors."

SPECIAL BUSINESS

5. 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 the joint 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 2021-22 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."

6. Ratification of payment of Variable Pay to Dr. N. Kamakodi (DIN 02039618), MD & CEO of the Bank for FY 2020 and approval for Remuneration upon reappointment w.e.f. 1st May, 2020

To consider and if thought fit, to pass with or without modification(s), the following resolutions 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), the payment of ₹ 30 Lacs as Variable Pay for FY 2020 paid to **Dr. N. Kamakodi (DIN 02039618)** during FY 2021 as per the recommendations of Compensation and

Remuneration Committee of the Board, approval of the Board of Directors of the Bank and of RBI vide its letter no. DOR.GOV.No.4068/ 08.42.001/2020-21 dt.26-03-2021, 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.DOR.Appt.No.1629/08.42.001/2021-21 dt.03-12-2020, consent of the members be and is hereby accorded for revision in remuneration of Dr. N. Kamakodi effective from the date of his re-appointment i.e., 1st May, 2020 along with such other terms mentioned hereunder.”

| Sl.No. | Particulars | Amount (in ₹) |
|------------------|--|-----------------------------|
| PART - A | | |
| FIXED PAY | | |
| 1. | Salary | 87,00,000 |
| 2. | Dearness Allowance | - |
| 3. | Retiral / Superannuation benefits: | |
| | a. Provident Fund | 8,70,000 |
| | b. Gratuity | 4,18,269 |
| | c. Pension | 3,48,000 |
| 4. | Leave Fare Concession / Allowance | 10,00,000 |
| 5. | Entertainment Allowance | 50,000 |
| 6. | Perquisites: | |
| | i. Free Furnished House & its maintenance / House Rent Allowance | 28,80,000 |
| | ii. Conveyance Allowance / Free use of Bank's car: | |
| | a. Official Purposes | Free use of Bank's two cars |

| Sl.No. | Particulars | Amount (in ₹) |
|---------------------------|--|---|
| PART - A FIXED PAY | | |
| | b. Private Purposes | Reimbursable @ ₹ 250 for journeys not exceeding 750 km per month, beyond which 60% of the RTA rate to be recoverable. |
| | iii. Driver's salary | 36,600 |
| | iv. Club Membership(s) | 5,00,000 |
| | v. Subscription to newspapers, journals etc. | 12,000 |
| | vi. Insurance Premium | 50,000 (coverage of INR 2 crore for official journeys by air/ rail/ road) |
| | vii. Telephone, mobile and internet facility | 1,00,000 |
| | viii. Education allowance | 20,00,000 (reimbursable for two children on production of original bills) |
| TOTAL FIXED PAY | | 1,69,52,869 |

Details of expenses to be reimbursed

| Sl.No. | Particulars | Amount |
|--------|--|---|
| 1 | Travelling and Halting including Boarding | Reimbursement of actual travelling expenses (if by train, equivalent to the highest class / if by air, equivalent to the highest class plus any other transport and incidental expenses incurred while undertaking business travel) |
| 2 | Reimbursement of medical expenses | Reimbursement of actual medical expenses for self, spouse, dependent children and parents on production of bills. Superannuation medical benefit: The Bank will reimburse the actual hospitalization and other medical expenses or pay the full premium under suitable medical insurance plan for self and dependent family members. |
| 3 | Casual Leave and Encashment of Privilege Leave | As applicable to other executives of the Bank. |

“RESOLVED FURTHER THAT approval of the shareholders be and is hereby accorded for payment of Variable Pay to Dr. N. Kamakodi for each financial year as may be approved by RBI within the overall variable Pay ceiling set out below pursuant to RBI guidelines on Compensation of Whole Time

Directors/ Chief Executive Officers / Material Risk Takers and Control Function staff dt. 4th November, 2019 based on the achievement of performance parameters fixed by the Compensation & Remuneration Committee of the Bank.”

| Sl.No. | Variable Pay: For each Financial Year / Performance Period - upto 200% of Fixed Pay. This would be paid only after duly evaluating performance in each Financial Year. | |
|--------|---|---|
| 1 | Cash Component | Total Cash Component: 50% of Variable Pay |
| 2 | Non Cash Component (share-linked instruments) | No. of Share-linked instruments: 50% of Variable Pay |

“RESOLVED FURTHER THAT the Board of Directors / concerned Committees be and are hereby authorized to file necessary applications, clarifications or documents from time to time with the RBI for revision of remuneration / modification of any terms and conditions of Dr. N. Kamakodi, MD & CEO and to make payments 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. Re-appointment of Shri. M. Narayanan (DIN 00682297), Director, as Independent Director on the Board for a second term w.e.f. 22nd August, 2021

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 **Shri. M. Narayanan (DIN 00682297)** as an Independent Director on the Board of the Bank for a second term **w.e.f. 22nd August, 2021** for the remaining period as permitted under the Banking Regulation Act, 1949 from the date of his first appointment in the Bank.”

8. 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 (Rupees Five hundred crore only)** 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).”

9. Amendment of Memorandum 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 13 of the Companies Act, 2013 read with Section 49C of the Banking Regulation Act, 1949 and approval of the Reserve Bank of India vide its letter no.DOR.AUT.NO.S146/24.01.002/2021-22 dt.02.06.2021 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), and subject to the approval of the Registrar of Companies, Chennai and/or such other authorities under the provisions of the Companies Act, 2013, after the existing clause no.3 (v) of the Memorandum of Association of the

Bank, a new sub clause “w” be and is hereby inserted as follows:-

Clause 3(w): To act as agents for insurance products such as life, health, pension & employees benefit, fire, marine, cargo, marine hull, aviation, oil & energy, engineering, accident liability, motor vehicles, transit & other products and to carry on the business of insurance, re-insurance and risk management either directly or as an insurance agent, corporate agent, insurance broker or otherwise in line with the guidelines issued by the Reserve Bank and other Sectoral Regulators.”

"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**

Sd/-

V. Ramesh

Company Secretary

Place : Kumbakonam

Date : 19th July, 2021



NOTICE

NOTES:

1. In order to follow social distancing norms in respect of Covid-19 pandemic prevalent in the country, the Ministry of Corporate Affairs vide its circular dated 05th May, 2020 read with circulars dated 8th April, 2020, 13th April, 2020 and 13th January, 2021 (“collectively referred to as MCA circulars”) directed the companies / issued clarifications / extended relaxations, to hold the Annual General Meetings through video conferencing (“VC”) / Other Audio Visual Means (“OAVM”) and accordingly the **Annual General Meeting of the Bank will be held through VC/ OAVM only. The physical attendance of members at the AGM venue has been dispensed** and attendance slips are not issued to the shareholders. Also, since AGM will be held through VC / OAVM, the route map is not annexed to this notice.

2. In compliance with the MCA circular dt. 13th January, 2021 and SEBI circular dated 15th January, 2021 on extended relaxations with regard to conduct of AGMs, the Notice of this AGM alongwith the Annual Report 2020-21 is being sent through electronic mode only to those shareholders whose e-mail addresses are registered with the Bank / Depositories. Members may note that the Annual Report together with Notice shall be available in the website of the Bank and stock exchanges viz. www.cityunionbank.com ; www.nseindia.com ; www.bseindia.com.

Attending e-AGM & Remote e-Voting: Members will be provided with a facility to attend the e-AGM through video conferencing platform provided by **National Securities Depositories Limited (“NSDL”)**. 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. Such remote e-voting platform is also provided by NSDL only. The user manual for the above is set out at the end of this notice.

3. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

4. At the time of logging-in to the system to attend the AGM or during the course of AGM, if a member loses the connection, the same shall not be a ground for complaint.

5. **The Chairman reserves the right to limit the number of Members asking questions depending on either the availability of time or live streaming concerns or any other unforeseen situations if any, at the time of AGM.**

6. **PROXY**

Since the AGM is being conducted through VC / OAVM, the facility of Proxy form is not applicable. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

7. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG format) of its Board or governing body Resolution / Authorization etc., authorizing its representative to attend the e-AGM on its behalf and to vote either through remote e-voting or during the e-AGM. The e-mail may be sent directly to the scrutinizer at scrutinizer@cityunionbank.in with a copy marked at evoting@nsdl.co.in.

8. **EXPLANATORY STATEMENT**

The relative explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the relevant Ordinary Business and for all the Special Business is annexed hereto.

9. All relevant documents referred to in this Notice requiring the approval of the members at the meeting shall be available for inspection by the members at the registered office of the Bank on all working days between 10:00 a.m. to 12:00 noon up to the previous date of AGM i.e. 18th August, 2021. However, members seeking to inspect are requested to drop an e-mail to shares@cityunionbank.in.

10. **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 Integrated Registry Management Services Private Limited, Chennai (RTA), so that their holdings can be consolidated into one folio. This would help the shareholder(s) concerned to effectively monitor their holdings.

11. **DEMATERIALIZATION OF SHARES**

The shares of the Bank have been traded compulsorily in dematerialized form with effect from 25th 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 01st April, 2019 can do so only after shares are dematerialized.

12. 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 2012-13 has been transferred to IEPF authority.

The unclaimed dividend for FY 2013-14 will be transferred to IEPF authority and also the underlying shares 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 RTA / 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.

13. 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 our RTA.
14. 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 / RTA or with their respective Depository Participant (DP).

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. 2

Explanatory Statement for this Ordinary Business Item is not required under the provisions of the Companies Act, 2013. However the explanatory statement is being given to add more clarity on the resolution set out in Item No. 2 of the accompanying notice

The Board of Directors of the Bank at its meeting held on 28th May, 2021, declared an Interim Dividend of ₹ 0.30 paise per equity share of face value of ₹ 1/- each fully paid up, for the Financial Year 2020-21. The payment of the Interim Dividend was made on 21st June, 2021. The Members are now requested to confirm the payment of such Interim Dividend for FY 2020-21.

Members may note that in light of the Reserve Bank of India (RBI) circular dated 22nd April, 2021, all Banks were directed to pay dividend on equity shares from the profits for the financial year ended 31st March, 2021, subject to the quantum of dividend not resulting in the dividend pay-out ratio exceeding 50%. Accordingly, the Board of the Bank has declared and paid such interim dividend to shareholders as aforesaid.

The Directors and Key Managerial personnel of the Bank and their relatives may be deemed to be concerned or interested in the passing of this resolution, to the extent of dividend received as per their respective shareholding, if any, in the Bank.

The Board recommends the passing of the Resolution in Item No.2 of the accompanying Notice.

Item No.4

Explanatory Statement for this Ordinary Business Item is not required under the provisions of the Companies Act, 2013. However the explanatory statement is being given pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

The Shareholders at the AGM held on 14th August, 2020 appointed M/s Sundaram & Srinivasan, Chartered Accountants, Chennai as the Statutory Central Auditors of the Bank to hold the office until the conclusion of the ensuing Annual General Meeting of the Bank ('AGM').

The Reserve Bank of India vide its circular no.Ref.No.DoS.CO.ARG / SEC.01 /08.91.001 / 2021-22 dated 27th April, 2021 notified guidelines for appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) applicable w.e.f. FY 2021-22 and onwards as per which, the Bank should appoint minimum two SCAs. As per such guidelines, the Bank has also framed and approved a policy on appointment of Statutory Central Auditors (SCAs) / Statutory Auditors and the same is hosted in the website of the Bank.

Accordingly, in response to the application made by the Bank, the RBI vide its letter no.CO.DOS.RPD.No.S201/08-13-005/2021-2022 dt.21.06.2021, accorded its approval for the appointment of **M/s Jagannathan & Sarabeswaran**, Chartered Accountants, Chennai (**FRN 001204S**) and **M/s K. Gopal Rao & Co.**, Chartered Accountants, Chennai (**FRN 000956S**) as the Joint Statutory Central Auditors of the Bank on a first term for FY2021-22.

Profile of SCAs / Credentials:

| | |
|---|--|
| <p>M/s Jagannathan & Sarabeswaran, Chartered Accountants, Chennai (FRN 001204S)</p> | <p>M/s Jagannathan & Sarabeswaran, Chartered Accountants was established in the year 1969 at Chennai. The firm consists of 5 (five) full time partners and 20 professional staffs and has over 52 years of rich experience in diverse sectors viz., Banking, Information Technology, Tourism & Hotels, Hospital, Engineering, Manufacturing etc. The head office is located at Alwarpet, Chennai. The firm also specializes in Tax Audit, Tax Representation and Tax Advisory services. With special reference to professional services in the field of Banking, Finance and Insurance, the firm offers Central Statutory Audit Services, Branch Audits, Concurrent Audits to various Public and Private Sector Banks and also Statutory Central Audit to Foreign Bank. Besides providing above services, they are also specialized in performing credit audits. To mention, they have provided Concurrent Audit to the Reserve Bank of India during the period 2005 to 2008. They have also handled due diligence, project consultancy and financial advisory services.</p> |
|---|--|

**M/s K. Gopal Rao & Co.,
Chartered Accountants,
Chennai (FRN 000956S)**

M/s K. Gopal Rao & Co., Chartered Accountants was established in the year 1978. The firm consists of 12 (Twelve) full time partners and 30 professional staffs. The firm is headquartered at Chennai with branch offices at Tiruvallur and associate offices at Madurai, Trichy, Bangalore, Coimbatore and Hyderabad. The firm offers Audit and Assurance, Tax advisory and consulting services to various sectors. With special reference to Professional Services in the field of Banking, the firm offers Central Statutory Audit services, Branch Audits, Concurrent Audits to various Public & Private sector Banks. As part of Tax advisory services, the firm offers services on International Taxation, Transfer Pricing, Business Tax Advisory, Taxation for Non Profit Organizations and Indirect Taxation. The firm is also a registered Public Accounting firm with the Comptroller and Auditor General of India Office, New Delhi. It has diversified clientele with National and International operations. Apart from Statutory Audits, it also offers Information systems Audit and Internal Audit services. As part of Internal Audit Services, the firm is also experienced to conduct Risk Based Internal Audit of the Banks as per BASEL II norms.

For FY 2020-21, the Bank has paid a total Remuneration of ₹ 33 Lacs to the existing Statutory Central Auditors M/s Sundaram & Srinivasan, Chartered Accountants, Chennai which is as per the approval accorded by the shareholders at its previous meeting held on 14th August, 2020. In addition, a Professional fee of ₹ 7.2 Lacs has been paid to them for Branch Audit and ₹ 20 Lacs for Special Assignment (CSD / CSITE Audit) besides reimbursement of ₹ 9.80 Lacs for Travelling & out of pocket expenses. There is no material change in the fee recommended to the proposed Auditors viz. M/s Jagannathan & Sarabeswaran, Chartered Accountants, Chennai and M/s K. Gopal Rao & Co., Chartered Accountants, Chennai. As aforesaid, from FY 2021-22 onwards, the statutory audit of the Bank should be conducted by minimum 2 Audit firms pursuant to extant RBI guidelines on appointment of Statutory Auditors of Private Sector Banks and accordingly a consolidated remuneration is being recommended to the shareholders for its approval which would be mutually discussed with such Auditors depending upon the scope of work.

The Board is of the view that the rich experience of the aforesaid Auditors in Audit and Consulting field would definitely benefit the Bank as they possess appropriate skills, expertise and competencies in the context of the Banking Industry. In the opinion of the Board, the proposed Auditors are eligible for appointment as the Joint Statutory Central Auditors of the Bank and fulfill all the conditions specified in relevant provisions of the Companies Act, 2013, the guidelines issued by the Reserve Bank of India for appointment of Statutory Auditors of Private Sector Banks and the Banking Regulation Act, 1949. The proposed Auditors are independent of the Management of the Bank. Hence, the Board recommends to shareholders the appointment of **M/s Jagannathan & Sarabeswaran**, Chartered

Accountants, Chennai (**FRN 001204S**) and **M/s K. Gopal Rao & Co.**, Chartered Accountants, Chennai (**FRN 000956S**) for a first term to hold the office from the conclusion of the ensuing AGM until the conclusion of the next AGM of the Bank on a total remuneration / fees of ₹ 60 Lacs to be allocated by the Bank between such Joint Auditors as may be mutually agreed by the Bank and such Joint Auditors depending on their respective scope of work. Further, the above remuneration may vary depending upon the number of branches taken up by them for the financial year and also on account of any other special assignments to be handled by them as per the requirements of Regulators, Statutory Authority and reimbursement other out of pocket expenses incurred by them during the course of audit.

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

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

Item No.5

In terms of the provisions of the Companies Act, 2013 and the Rules, made there under, the Branch Offices of the Bank have to be audited either by Statutory Central Auditors or by other qualified Auditors as a regular audit work on a yearly basis. Accordingly, the Bank intends to entrust the Audit of its Branch Offices either to the Statutory Central 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.

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

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

Item No.6

As per the provisions of Section 196 and 197 of the Companies Act, 2013, the terms & conditions for appointment and remuneration payable to Managing / Whole Time Director require the approval of shareholders. The re-appointment of Dr. N. Kamakodi, MD & CEO, has already been approved by RBI vide its communication dated 20th April, 2020 and by the shareholders at the AGM held on 14th August, 2020. However, the remuneration for MD & CEO to take effect upon his re-appointment was pending for approval by RBI.

The Reserve Bank of India issued guidelines on Compensation to Whole time Directors, CEOs, Material Risk Takers and Control Function Staffs of Private Sector Banks dt. 4th November, 2019 to take effect from 1st April, 2020. Therefore, the compensation structure of Bank's MD & CEO needed realignment in line with revised guidelines. As per the guideline, the MD & CEO of the Bank is eligible for remuneration in the form of Fixed Pay and Variable Pay. Further, pursuant to such guideline, the Bank while computing the total Fixed Pay of MD and CEO, shall quantify the monetary value of all perquisites proposed to be paid to him and include the same in salary component. Accordingly, to comply with such guidelines, the Bank made an application to RBI in the prescribed format seeking its approval for remuneration of Dr. N. Kamakodi,

to take effect upon his re-appointment i.e. from 1st May, 2020. The Reserve Bank of India vide its letter number DOR.Appt.No.1629/08.42.001/2020-21 dt.03rd December, 2020 accorded its approval for fixed pay to Dr. N. Kamakodi, MD & CEO of the Bank w.e.f. 1st May, 2020 as placed before the shareholder under Agenda item No.6 of the AGM Notice. The application for Variable Pay to Dr. Kamakodi for FY 2021 will be made to RBI during the current financial year. The revised guideline explicitly lays down that out of overall compensation package, the variable pay shall be atleast 100% subject to maximum of 300% of fixed pay. The variable pay should be in the form of share-linked instruments or a mix of cash and share-linked instruments.

In the Compensation Structure of MD & CEO presented in the resolution, there exists a proper balance between Fixed Pay and Variable Pay as per the extant guidelines where minimum 50% of the Variable Pay is deferred. The Board of Directors of your Bank will evaluate the performance of the Managing Director & CEO for each financial year during his tenure on the recommendations of the Compensation & Remuneration Committee which would evaluate the MD & CEO on performance based metrics (both Qualitative and Quantitative) and determine the amount of variable pay payable to MD & CEO for each FY within an upper ceiling of 200% of fixed pay subject to approval of RBI.

Save and except Dr. N. Kamakodi and the shareholders who are relatives of Dr. N. Kamakodi, none of the Directors and Key Managerial Personnel and their relatives are concerned or interested in the Agenda item.

The Board recommends the Resolution set out at Item No.6 of the Notice for approval of members by passing Ordinary Resolutions.

Additional Details pursuant to Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosures Requirements) Regulation 2015 and Secretarial Standard issued by ICSI.

| | |
|---|--|
| Name of the Director | Dr. N. Kamakodi (DIN 02039618) |
| Father's Name | Shri. V. Narayanan |
| Date of Birth / Age | 26 th July, 1974 / 46 Years |
| Qualification | B Tech., MBA, CAIIB, Ph.D |
| Brief resume including experience | Dr. N. Kamakodi 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 in charge of Credit during April 2005. 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 & CEO of the Bank. Within a span of 18 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. |
| Expertise | Banking |
| Date of appointment in the Bank (in current term) | 1 st May, 2020. However, he was initially appointed as MD & CEO of the Bank by the RBI on 1 st May, 2011. |
| Relationship with other Directors or Key Managerial Personnel of the Bank | Nil |
| Membership in Board Committees | Refer Corporate Governance section forming part of Annual Report FY 2020 -21. |
| Other outside Directorships held | Nil |
| Remuneration sought to be paid w.e.f. 01 st May, 2020 | Fixed Pay of ₹ 1,69,52,869 p.a. and Variable Pay with prior approval of RBI within the overall ceilings pursuant to extant RBI guidelines. The remuneration is subject to the approval / ratification by the shareholders at this meeting. |
| Remuneration last drawn for FY 2021 | ₹ 2,52,62,598/- (inclusive of perquisite income and Variable Pay for FY 2019 and FY 2020) |
| Number of Board meetings attended during the year | 12 Board meetings were held during FY 2020-21 and all meetings were duly attended by Dr. Kamakodi. |
| Equity Shareholding as on 31 st March, 2021 | 24,18,650 Equity Shares of ₹ 1/- each. |

Item No.7

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.

Shri. M. Narayanan (DIN 00682297) currently an Independent Director on the Board of the Bank was co-opted as an Additional Director w.e.f., 03rd May, 2016 and he was elected as an Independent Director by the shareholders in their meeting held on 22nd August, 2016. His current term as an Independent Director is due to expire on 21st August, 2021.

Pursuant to the recommendations of the Nomination Committee of the Bank, the Board of Directors of the Bank at its meeting held on 25th June, 2021 has considered and approved the proposal to re-appoint Shri. M. Narayanan as Independent Director for a second term from w.e.f. 22nd August, 2021 for the remaining period as permitted under the Banking Regulation Act, 1949 from the date of his first appointment in the Bank subject to approval by shareholders.

The appointment of Shri. Narayanan is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949. He is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act,

2013 and has given his consent to act as Director on a second term. The Bank has also received a declaration from him that he 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, he fulfils the conditions as specified in the Companies Act, 2013, Banking Regulation Act, 1949 and SEBI Listing Regulations, 2015 for such re-appointment and should continue his term to complete the balance tenure under the Banking Act as Independent Director. Shri. Narayanan 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 he shall not retire by rotation.

The Board of Directors at its meeting held on 23rd March, 2021, evaluated the performance of Shri. M. Narayanan for FY 2020-21 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.

Save and except Shri. M. Narayanan and the shareholders who are relatives of Shri. M. Narayanan, none of the Directors and Key Managerial Personnel and their relatives are concerned or interested in the agenda item.

The Board recommends the appointment of Shri. M. Narayanan as an Independent Director on the Board of the Bank not liable to retire by rotation as set out at Item No.7 of the Notice for approval by Members as a Special Resolution.

Additional Details pursuant to Regulation 26(4) and 36 (3) of SEBI (Listing Obligations and Disclosures Requirements) Regulation 2015 and Secretarial Standard issued by ICSI

| | |
|---|---|
| Name of the Director | M. Narayanan |
| Father's Name | Shri. M. Mahalingam |
| Date of Birth / Age | 5 th April, 1959 / 62 years |
| Qualification | B Sc., FCA, Grad CWA, DISA |
| Brief resume including experience | As a professional, Shri. Narayanan has extensive knowledge and experience in the field of Accountancy, Finance & Taxation and has handled such areas at various levels upto CFO while in service for over 20 years in companies of repute (BHEL, Dalmia Cements, Fenner, RAMCO Cements & Dishnet). He hails from an Agricultural family. He has been actively involved in Agriculture for over 30 years and in this context he also possesses sound understanding of Rural Economy. Presently he is practicing as a Chartered Accountant for over ten years handling Taxation, providing virtual CFO and Management Consultancy services to MSME companies, undertaking Internal Audit of corporates in all segments (MSME to Large) and is an Independent Director of your Bank. |
| Expertise | Accountancy, Agriculture & Rural Economy |
| Date of appointment in the Bank (in current term) | 03 rd May, 2016 |
| Relationship with other Directors or Key Managerial Personnel of the Bank | Nil |
| Membership in Board Committees | Refer Corporate Governance section forming part of Annual Report FY2020-21. |
| Other outside Directorships held | Nil |
| Remuneration sought to be paid | The Director is not liable for any remuneration except sitting fee for attending Board and Committee meetings together with reimbursement of out of pocket expenses for attending the meetings and Profit Linked Commission for each financial year depending on the performance of the Bank & within the overall limit as approved by the shareholders at their meeting held on 01 st September, 2018. |
| Remuneration last drawn for FY 2021 | ₹ 15,00,000/- for FY 2021 |
| Number of Board meetings attended during the year | 12 Board meetings were held during FY 2020-21 and all meetings were duly attended by Shri. M. Narayanan. |
| Equity Shareholding as on 31 st March, 2021 | 21,589 Equity shares of ₹ 1/- each |

NOTICE

Item No.8

The present Authorized Capital of the Bank is ₹ 100 crore and the Issued and Paid up Capital is ₹ 73.88 crore divided into 73,88,22,111 fully paid equity shares of ₹ 1/- each. The net worth of the Bank at the end of Financial Year 2020-21 stood at ₹ 5,799 crore.

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

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 now seek the members 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.8 as a Special Resolution.

Place : Kumbakonam

Date : 19th July, 2021

Item No.9

The Bank has been undertaking Insurance business since the year 2003. During the year 2016, as per the requirement of IRDAI, the Bank obtained Certificate of Registration from IRDAI (License no.CA0023) being valid upto 31st March, 2019, to act as a Corporate Agent in undertaking Insurance business under Life & Health sector. The said license stands renewed up-till 31st March, 2022. For FY 2021, the Bank has made an income of ₹ 11.75 crore from Bancassurance business (Life – ₹ 10.42 crore and Star Health ₹ 1.33 crore). Being a Corporate Agent, the Bank is subject to inspection by IRDAI.

The Insurance Regulatory and Development Authority of India (“IRDAI”) conducted on-site inspection of the Bank and in its inspection report, it has advised the Bank to include a clause for “Corporate Agent” as part of its Main Objects in the Memorandum of Association of the Bank. In view of this, the proposal of the Bank to amend the MOA, the RBI vide its letter no. DoR.AUT.NO.S146/24.01.002/2021-22 dt.02.06.2021 has conveyed its no objection pursuant to the provisions of Section 49C of the Banking Regulation Act 1949. Further, as per Section 13 of the Companies Act, 2013, alteration in MOA is subject to shareholders approval. Accordingly, the Board of Directors of your Bank recommend passing of resolution set out under Item No.9 as a Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives are interested in the passing of the above resolution.

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

Sd/-
V. Ramesh
Company Secretary

INSTRUCTIONS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING

The remote e-voting period **begins on Sunday 15th August, 2021 at 9:00 A.M.** and **ends on Wednesday, 18th August, 2021 at 5:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date **(cut-off date) i.e. 12th August, 2021**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:





Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|--|--|
| <p>Individual Shareholders holding securities in demat mode with NSDL.</p> | <p>Existing IDEAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDEAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>If you are not registered for IDEAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDEAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> |

| Type of shareholders | Login Method |
|---|--|
| | <p style="text-align: center;">NSDL Mobile App is available on</p> <p style="text-align: center;">  App Store  Google Play </p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div> |
| <p>Individual Shareholders holding securities in demat mode with CDSL</p> | <p>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/loginorwww.cdslindia.com and click on New System Myeasi.</p> <p>After successful login of Easi / Easiest, the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at: https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p> |
| <p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p> | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

IMPORTANT NOTE: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is

launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12***** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The ".pdf" file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in Process for those shareholders whose email-ids are not registered.
1. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
6. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

7. Now, you will have to click on "Login" button.
8. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to scrutinizer@cityunionbank.in with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the

"Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

- 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 www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to **Mr. Bandam Srinivas, Asst. Vice President** at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to shares@cityunionbank.in.
- In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to shares@cityunionbank.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
- Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
- In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

- The procedure for e-Voting on the day of the AGM is

same as the instructions mentioned above for remote e-voting.

- Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

- Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC / OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC / OAVM link placed under Join General Meeting menu. The link for VC / OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- The Members can join the e-AGM through "VC/OAVM" 30 minutes before time scheduled for the AGM and will be available for members on first-come-first-serve basis.

4. Shareholders, who would like to express their views / have questions may send their questions in advance mentioning their name demat account number / folio number, email id, mobile number at shares@cityunionbank.in. The same will be replied by the Bank suitably.

5. **Speaker Registration before e-AGM :**

Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID / folio number, PAN,

mobile number at shares@cityunionbank.in from **Friday 13th August, 2021 at 9:00 A.M. and till Sunday, 15th August, 2021 at 5:00 P.M.** Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Bank reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

6. Speakers are requested to keep their questions / clarifications on the business items as short as possible and to the point.



NOTICE

CUB CITY UNION BANK LIMITED

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NOTICE _____

CUB CITY UNION BANK LIMITED

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Annual
Report
2020 - 2021



CUB
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SINCE 1904

CITY UNION BANK LIMITED



CITY UNION BANK

www.cityunionbank.com

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[city union bank](https://www.youtube.com/c/cityunionbank)

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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

Integrated Registry Management
Services Private Limited,
(Unit : CITY UNION BANK LIMITED)
II Floor, "Kences Towers"
No.1 Ramakrishna Street, Off North Usman Road,
T. Nagar, Chennai - 600 017,
Tamil Nadu, India.
Ph:044-28140801-803
Fax: 044-28142479
e-mail:corpserv@integratedindia.com

Registered Office

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

Customer Call Center

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



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BOARD OF DIRECTORS



R. MOHAN B.Sc., MBA., CAIIB.
NON-EXECUTIVE PART-TIME CHAIRMAN



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



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



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



N. SUBRAMANIAM
PGDM-IIM(A), 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 GENERAL MANAGERS



V. RAMESH



S. MOHAN



K. MAHARAJAN

GENERAL MANAGERS



S. RAMESH



J. SRIDHARAN



R. LAKSHMINARAYANAN



S. RAJAM



G. SANKARAN



V. GOPALAKRISHNAN



K. JAYARAMAN



R. SRINIVASAN



M. KALYANARAMAN

DEPUTY GENERAL MANAGERS

GANESAN C
BALAJI R
GANESAN V
VENKATESAN S
VENKATESH S

UMA R
VENKATASUBRAMANIAN V
VENKAT KISHNA V
SUNDARARAMAN G
BALACHANDAR K V

GANESAN J
MOHAN S
SIVAKUMAR V
NARAYANAN R

ASSISTANT GENERAL MANAGERS

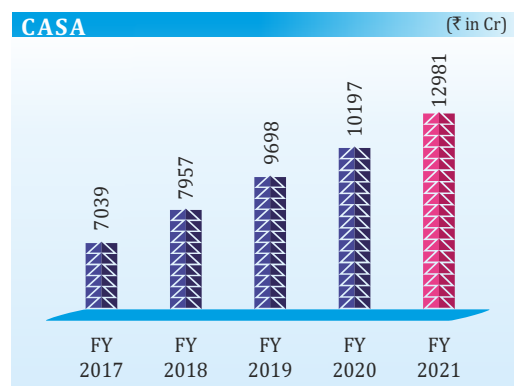
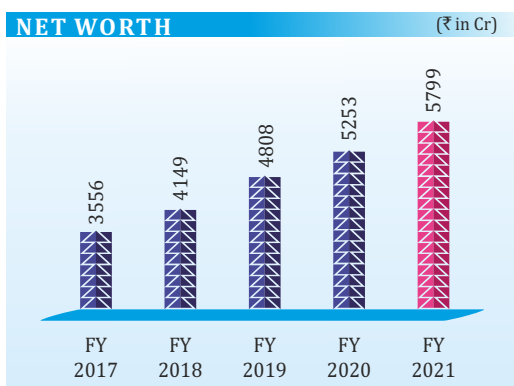
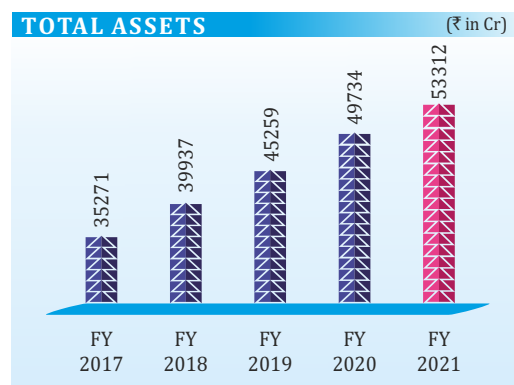
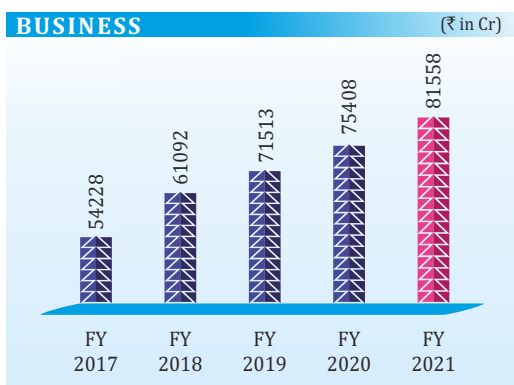
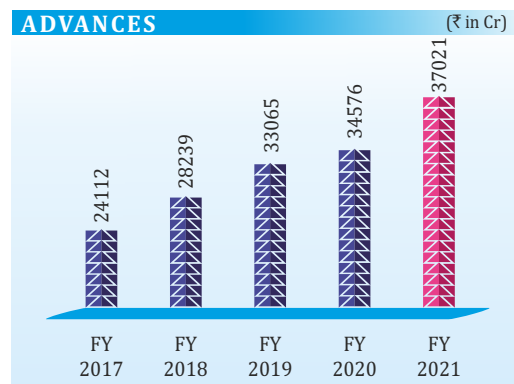
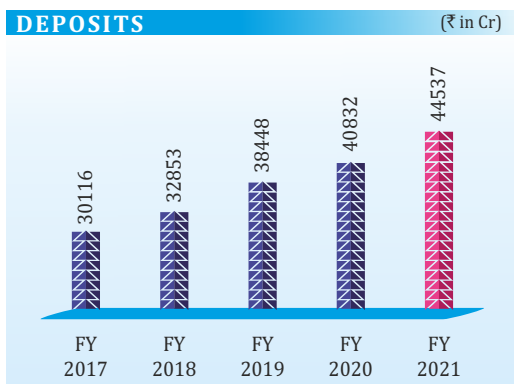
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SUBBARAMAN R
THOTA VENKATASARAVANAN S
SURESH T V
RAJA B
VENKATAKRISHNAN K
SWAMINATHAN K
SADAGOPAN J
SADIQ BATCHA I
NAZEER AHAMED M

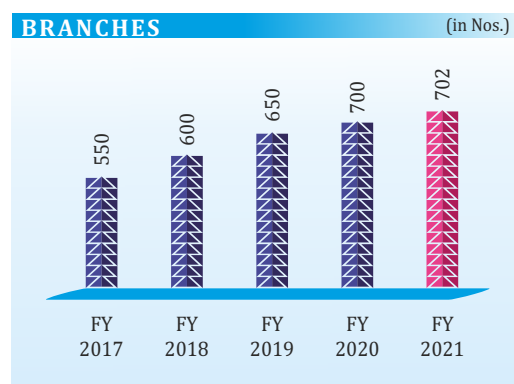
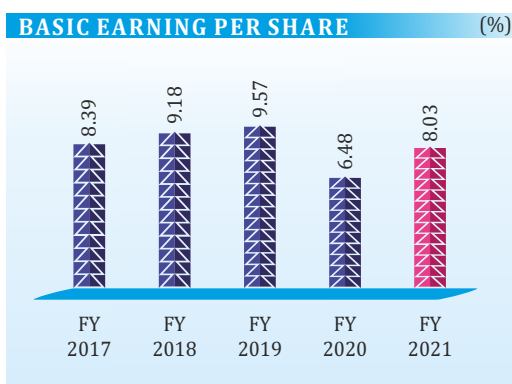
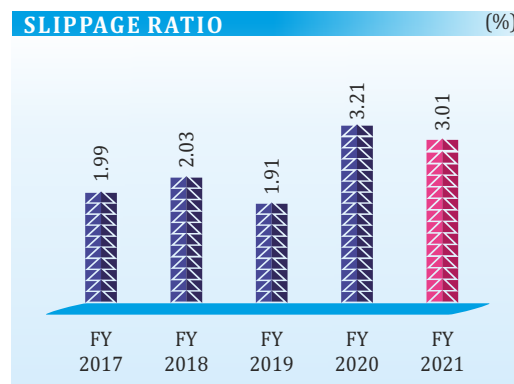
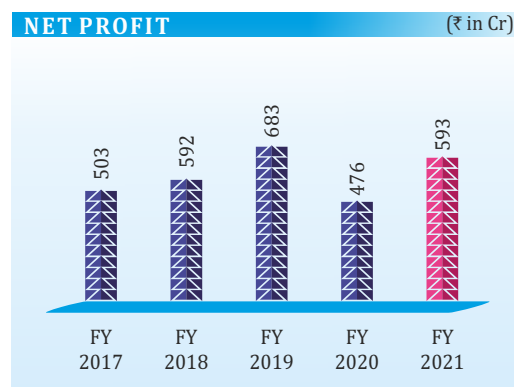
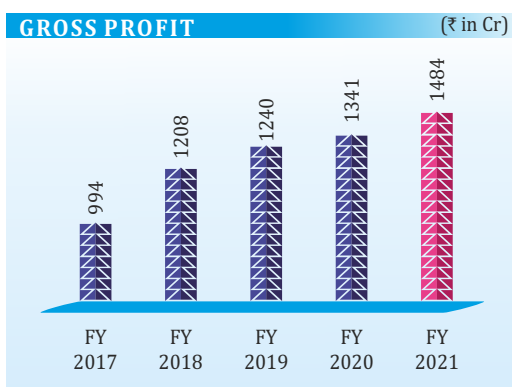
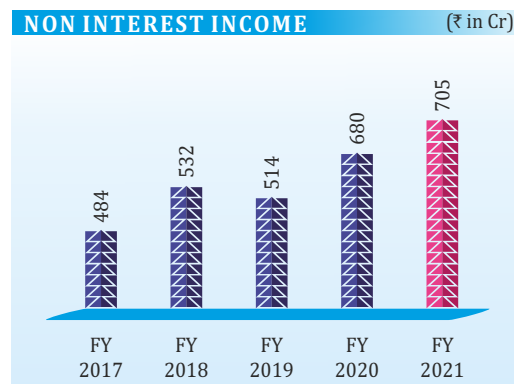
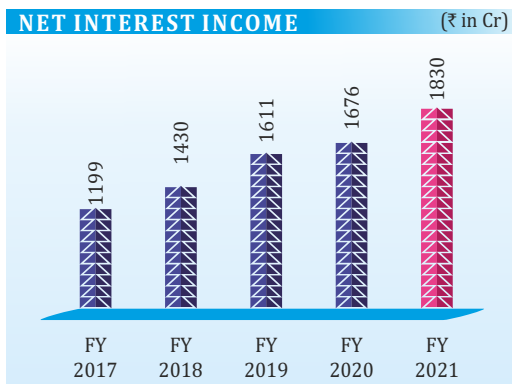
MOHANKUMARAMANGALAM N
VAIDYANATHAN N
KANNAPIRAN C
SWAMINATHAN R
SUYAMBULINGA RAJA G
GUHAN V
RAGHUNATHA REDDY S
NARAYANAN V N
RAJAN M T

RAMAKRISHNA G
SRINIVASAN R
GANESAN S
RAJAGANESAN A
GANESAN P
SENTHILKUMAR T
SENTHILKUMAR S
GANESH V
MUTHUKUMARAN P

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

V. RAMESH





CUB - CSR Initiatives

Cleaning and Desilting work at Thirukkollikadu Tank, Thiruvarur Dist., TN.



(Before)



(After)

CUB - CSR Initiatives

Cleaning and Desilting work at Sri Vrija Pushkarani, Thirunangur, Mayiladuthurai Dist., TN.



(Before)



(After)

CSR Initiatives

Statutory Reports

Financial Statements

List of Branches

Basel III

CUB - CSR Initiatives

Cleaning and Desilting work at Pachayappan Tank, Kumbakonam, TN.



(Before)



(After)

CUB - CSR Initiatives



Handing over of Pachayappan Tank after renovation to "Kumbakonam Municipality" in the presence of Shri M. Govinda Rao, I.A.S., District Collector, Thanjavur, TN.

CUB - CSR Initiatives



Financial support to Amar Seva Sangam, Ayikudi, Tenkasi Dist., TN. for Health, Therapeutic and Livelihood Services to Daily wage Earners and Childrens



CUB - CSR Initiatives



Distribution of Oxygen Concentrators to Hospitals & Health centres in Pudukottai Dist., TN., in the presence of Hon'ble Law Minister of Tamilnadu Govt. Shri. S. Raghupathy



CUB - CSR Initiatives



Providing Battery Vehicles for Garbage collection to Karur Municipality through our Karur Branch



CUB - CSR Initiatives

Cleaning and Desilting work at Nagakudaiyan lake in Nagapattinam Dist., TN.



(Before)



(After)

CSR Initiatives

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Basel III





Avail Digital Channels for all your Banking Needs



| | | | | | |
|----|-------------------------------|-----------------------------------|---------------------------|--------------------------|---|
| 10 | Start Banking | Video KYC | Generate Insta PIN (MPIN) | Whatsapp Banking | Insta Loan |
| 20 | Deposits | Open E-Deposits | Loan Against Deposits | TDS Interest Certificate | Submit online 15G/15 H |
| 30 | Channels | NEFT/ RTGS/ IMPS | UPI | FASTag Recharge | Wealth Management |
| 40 | Manage Cards/ Service Request | Set Card Limit/ Transaction Limit | Card Block | Cheque Book Request | Enable/Disable Domestic/ International Transactions |

Above transactions can be carried out through *Net Banking and Mobile Banking*

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 cityunionbankltd
 cubltd
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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 31st March, 2021.

ECONOMY OVERVIEW AND BANK'S PERFORMANCE

The year gone has left a scar on the global economy. The year 2021 commenced with both hope and fear. The economies across the world fell off a cliff during the first few months of FY 2021 plunging to the depths of contraction not fathomed before but in the later half of the year, the global economy started to climb from the depth to which it had plummeted during the time of lockdown in the month of April 2020. The Vaccine approvals during December 2020 revived the hopes of turnaround from pandemic but the renewed waves and variants of the virus posed concerns on outlook. The strength of recovery was projected to vary significantly across countries depending on access to medical facilities, policy support, exposure to cross country spillovers etc. The World Economic Outlook had projected the global growth at 6% in 2021 moderating to 4.4% in 2022.

Indian Industry's passage through pandemic has been both deep losses and windows of opportunity. To quote a few, the manufacturing sector witnessed worst contraction, mining sector continued to be languish, crude oil and natural gas production dropped due to infrastructure & operational difficulties. At the same time the pandemic opened the gates for pharmaceuticals and medical exports. The service sector suffered heavily and contact intensive sectors like aviation, tourism, hospitality suffered grievously. The health of the Banking sector emerged as a priority for the Regulator and a number of measures were put in place to mitigate the

impact of pandemic which included inter-alia easier access to working capital, moratorium, asset classification standstill, restriction on dividend payouts etc. With India experiencing a second wave since March 2021, there has been localized lockdowns in states where it has impacted the economic activity. However, with Covid-19 second wave showing signs of decline in early June 21 and the availability of sufficient vaccines by September 2021, growth in second half of FY 2021-22 is likely to pick up which would trigger positive outcome for the Indian economy.

Under the above circumstances, the Bank recorded a total business of ₹ 81,558 crore, an increase of 8% over the previous year figure of ₹ 75,408 crore in FY 2020. The Net Profit of the Bank has increased to ₹ 593 crore from ₹ 476 crore. The Net Interest Income of the Bank stood ₹1,830 crore, a 9% increase over FY 2020 position. The key performance indicators i.e., the Return on Assets of the Bank stood at 1.15%, Return on Equity stood at 10.73%, Net Interest Margin of the Bank stood at 4% and the Cost to Income ratio stood at 41.45% during the reporting year. The financial performance has been discussed in detail in the forthcoming paragraphs. During the year the Bank opened 2 additional branches to total 702 branches and has 1,724 ATM's as at 31st March, 2021. On the digital front, the Bank continued to upgrade and strengthen its Information Technology framework to ensure smooth and secure customer friendly Banking. Further information on the State of Affairs of the Bank has been discussed in detail in the Management Discussion and Analysis Report forming part of this Report.

CSR Initiatives

Statutory Reports

Financial Statements

List of Branches

Basel III

Financial Highlights

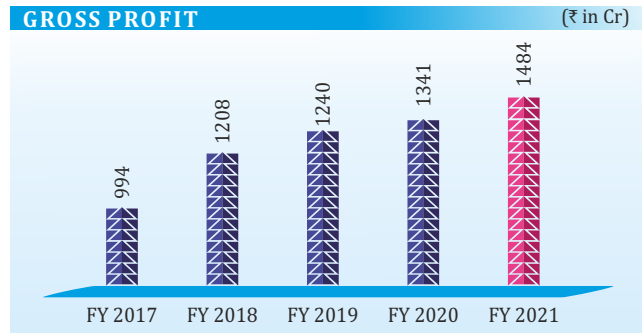
(₹ in crore)

| Particulars | 2020-21 | 2019-20 | Growth (%) |
|---|------------|------------|------------|
| Share Capital | 74 | 74 | - |
| Reserves & Surplus | 5,769 | 5,222 | 10% |
| Deposits | 44,537 | 40,832 | 9% |
| Advances (Gross) | 37,021 | 34,576 | 7% |
| Investments (Gross) | 9,523 | 9,236 | 3% |
| Total Assets / Liabilities | 53,312 | 49,734 | 7% |
| Total Income | 4,839 | 4,848 | -ve |
| Total Expenses | 3,356 | 3,507 | -ve |
| Net Interest Income | 1,830 | 1,676 | 9% |
| Operating Profit | 1,484 | 1,341 | 11% |
| Provisions & Contingencies | 891 | 865 | 3% |
| Net Profit (A) | 593 | 476 | 25% |
| Appropriations | | | |
| Balance of Profit brought forward (B) | 58 | 57 | — |
| Amount available for appropriations (A+B) | 651 | 533 | — |
| Transfers to: | | | |
| - Statutory Reserve | 150 | 140 | — |
| - Capital Reserve | 105 | 81 | — |
| - General Reserve | 220 | 145 | — |
| - Investment Reserve Account | 0 | 0 | — |
| - Special Reserve under IT Act, 1961 | 70 | 65 | — |
| - Dividend & Dividend Tax* | 45 | 44 | — |
| - Balance of Profit carried forward | 61 | 58 | — |
| Total | 651 | 533 | — |

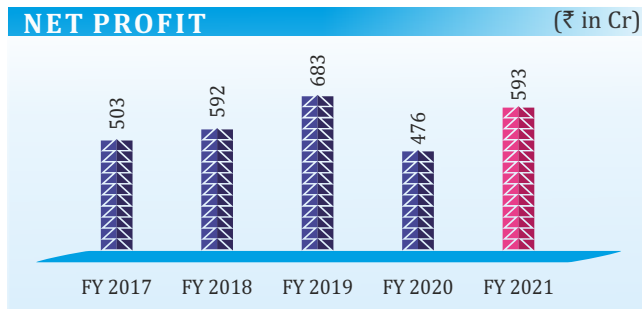
*Dividend & Dividend distribution Tax reported as per MCA notification on revised AS 4 dated 30th March, 2016.

The Deposits and Advances for the current year stood at ₹ 44,537 crore and ₹ 37,021 crore respectively. The total business stood at ₹ 81,558 crore as compared to ₹ 75,408 crore for the previous year registering a growth of 8%.

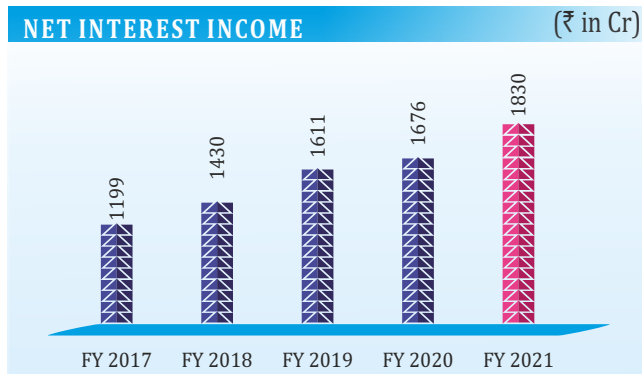
The size of the Balance Sheet as on 31st March, 2021 is ₹ 53,312 crore as compared to ₹ 49,734 crore last year recording an increase of 7%.



During the year the Bank earned a Gross profit of ₹ 1,484 crore as compared to previous year's figure of ₹1,341 crore registering an increase of 11%. The Net profit of the Bank for the current year was ₹ 593 crore as against ₹ 476 crore last year.



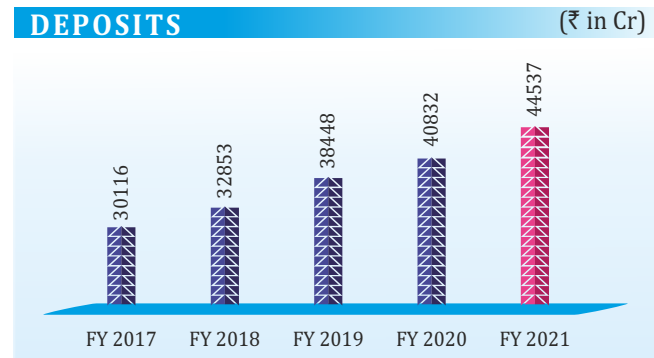
The Total Income earned by the Bank marginally declined for FY 2021 at ₹ 4,839 crore as against ₹ 4,848 crore in FY 2020. The total expenditure of the Bank decreased by 4% to record ₹ 3,356 crore as compared to ₹ 3,507 crore in the previous year due to reduction in operational expense.



Net Interest Income for the year FY 2021 under review increased by 9% to ₹ 1,830 crore from ₹ 1,676 crore last year. The non-interest income of the Bank increased from ₹ 680 crore to ₹ 705 crore registering a growth of 4% on account of increase in treasury income.

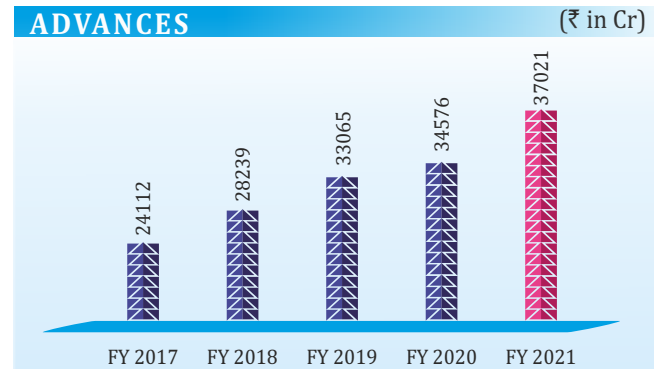
DEPOSITS

The Bank's total Deposits for the year under review increased by ₹3,705 crore to record ₹ 44,537 crore from ₹40,832 crore registering a growth of 9% over previous year. During the current year CASA increased by ₹ 2,784 crore to record ₹12,981 crore from ₹10,197 crore depicting a growth of 27%. The cost of deposit of the Bank decreased to 5.36% from 6.20% as recorded in the previous year.



ADVANCES

Gross Advances of the Bank increased by ₹ 2,445 crore to ₹ 37,021 crore from ₹ 34,576 crore, posting a growth of 7%. The yield on advances declined to 9.91% from 10.76% during the reporting year due to introduction of ECLGS Scheme in which interest was capped at 9.25% and gold loans with lower rate of interest. For FY 2021, the Bank had achieved the target / sub-targets prescribed by RBI for Priority sector, Agriculture, Micro Enterprises, Small / Marginal farmers and weaker section.



The Gross NPA and Net NPA for the year under review stood at 5.11% and 2.97% respectively as compared to 4.09% and 2.29% in the previous year.

The provision for tax for the reporting year decreased to ₹100 crore from ₹110 crore in previous year. The provision made for NPA for the financial year was ₹ 599 crore vis-a-vis ₹ 631 crore last year. The total provision increased by ₹ 26 crore to ₹ 891 crore from ₹ 865 crore.

TREASURY OPERATIONS

Domestic Treasury

The Gross Investments increased by ₹ 287 crore to ₹ 9,523 crore as on 31st March, 2021 from ₹ 9,236 crore as on 31st March, 2020. Out of this, the investments in Government bonds alone account to ₹ 9,333 crore constituting 98% of the total investments. The Non-SLR investments declined by ₹ 107 crore mainly on account of redemption of Security Receipts to the extent of ₹ 105 crore. The Bank utilized the volatile yield movements during the year and through the timely sale of securities, the Bank could book a profit to the tune of ₹ 233.41 crore as against ₹ 159.60 crore made last year.

Forex Treasury

During the financial year 2020-21, Indian Rupee strengthened against USD by 3.70%. Indian rupee against USD opened at 75.95 and closed at 73.10. Major reason attributed for stronger rupee were corporate dollar inflows, gain in local equities and upbeat in risk appetite. During the first half of the financial year, due to the outbreak of the corona virus pandemic rupee depreciated. The large FPI inflows throughout the year favoured rupee amid the pandemic. The Central Bank's reserves during the financial year grew by 22%. During the FY 2020-21, profit on our foreign exchange operation stood at ₹ 91.91 crore as against ₹ 84.62 crore during the previous year.

NET WORTH & CAPITAL ADEQUACY RATIO

Net Worth

The paid-up Share Capital of the Bank increased from ₹ 73.73 crore as on 31st March, 2020 to ₹ 73.88 crore as on 31st March, 2021. During the reporting period the Bank has allotted 15,02,890 equity Shares to employees under Employee Stock Options pursuant to CUB ESOS Scheme 2008.

The Net worth of the Bank stands improved to ₹ 5,798.85 crore as on 31st March, 2021 from ₹ 5,253.24 crore as on 31st March, 2020.

Capital Adequacy Ratio

As per Basel III 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 ongoing basis. Besides this minimum capital requirement, Basel III also requires creation of capital conservation buffer and countercyclical buffer of 2.50% at the end of March 2018 in a phased manner beginning from 31st March, 2015 @ 0.625% in each year up to 31st March, 2018. RBI had issued circulars regarding the extension of transitional period for full implementation of Basel III Capital Regulations based on the economic situation and also due to the continuing stress on account of COVID-19 crisis. The last tranche of 'Capital Conservation Buffer Framework' has been deferred from 1st April, 2021 to 1st October, 2021 and it shall continue to apply till the CCB attains the level of 2.5% on 1st October, 2021.

The CRAR required to be maintained for the period ended is 10.875%. The Bank has maintained Tier I CRAR of 18.45% and total CRAR of 19.52% as at 31st March, 2021 which are well above the norm prescribed by RBI.

SHAREHOLDERS' RETURN

Dividend

Pursuant to RBI circular Nos.DOR.BP.BC.No.29/21.02.067 / 2020-21 dt. 4th December, 2020 and DOR.ACC.REC. 7/21.02.067/2021-22 dt. 22nd April, 2021 read with Dividend Distribution Policy of the Bank, the Board of the Bank at its meeting held on 28th May, 2021 had declared an Interim Dividend of ₹ 0.30 per equity share of Face Value of ₹1/- each for the year ended 31st March, 2021 (previous year ₹ 0.50 per equity share) and the dividend has been paid within prescribed time to all shareholders subject to applicable taxes as per the amendments introduced by the Finance Act, 2020 w.e.f. 1st April, 2020. In case any shareholder has not claimed such dividend or of previous years, they may kindly approach the Bank or its RTA.

The Dividend Distribution Policy of the Bank referred above has been framed in terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the same has been uploaded in the website of the Bank. Weblink:

<https://www.cityunionbank.com/downloads/DividendDistributionPolicy.pdf>

BRANCH EXPANSION

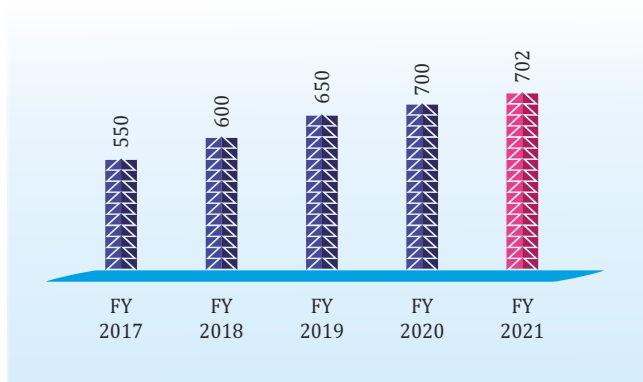
Our Bank did not go for any aggressive branch expansion during the year and it added only 2 branches to total 702 as on 31st March, 2021. The total number of ATMs stood at 1,724 (includes 766 Bulk Note Recycler Machines (BRM) which performs the job of accepting and dispensing cash).

During the reporting year, the Bank has replaced old BRM machines with new ones and closed loss making off site ATMs, the details of which are as follows:

| Particulars | ATM | BRM | Total |
|-------------|-----|-----|-------|
| Opened | 33 | 174 | 207 |
| Closed | 70 | 206 | 276 |

BRANCHES

(in Nos.)



As said earlier considering the lockdown situation, the Bank did not resort to expanding its geographical network. At the same time it also closed some of its inoperative / loss making ATMs and BRMs.

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.

FINANCIAL INCLUSION

Financial Inclusion is a concept where the banking financial solution and services are offered to every individual without any forms of discrimination as was as to ensure even the under privileged get easy access to banking channels. The objectives of financial inclusion are to provide the following:

- Basic no frills banking account for making and receiving payments.
- Servicing products (including investment and pension)
- Simple credit products and overdrafts linked with no frills account
- Remittance or money transfer facilities
- Micro Insurance (life) and Non-Micro Insurance (non-life)
- Micro Pension

The concept of Financial Inclusion is being successfully implemented in your Bank. Your Bank is showing tremendous progress in providing basic banking services, especially to the rural citizens. We have got 1,08,169 No Frills accounts and 47 number of OD linked with such accounts. Your Bank has made successful implementation of PMJDY and other Government schemes, at the villages for connecting the underprivileged with our banking network, by conducting frequent campaigns. The Bank has 85,952 PMJDY accounts for March 2021.

By way of establishing BC Outlets, at the unbanked areas and with the introduction of technology products, we are able to provide all the banking services to the rural poor. We have 9 BC outlets in the unbanked areas and 132 BCs are rendering services to the village level beneficiaries.

Your Bank is very much keen in creating an awareness for the Government schemes for Pension, Insurance etc., such as Atal Pension Yojana, MUDRA, PMJJBY, PMSBY etc. We have 63,951 accounts under PMJJBY, 1,03,356 accounts under PMSBY and 30,255 accounts under PMAPY schemes. The Bank has e-KYC system and Aadhaar enabled Payment System (AePS) which helps to render quick services to the rural poor. Besides, the Bank has deployed POS machines at various locations which are very much helpful for doing merchant transactions.

The Customer base of your Bank has recorded an increase through Financial Inclusion and by rendering services through technology products in the unbanked areas, we have created confidence in the minds of the people to get uninterrupted banking services. The Business Correspondents make regular visits to the Villages and provide the banking services at their doorstep. Your Bank is proud to extend its contribution to the social welfare schemes of the Government for our Nation building.

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'Financial Literacy Week' is being conducted by the Bank with the aim of furthering financial literacy and also for developing credit discipline and encourage availing credit from formal financial institutions by the customers. As per the objectives of the National Strategy for Financial Education 2020-25, focus will be on the following three topics with a view to improve credit and reduce NPAs:

- Timely repayment and credit score
- Borrowing from Formal Institutions only
- Responsible Borrowing

The Bank conducted campaigns at various places for observing the Financial Literacy Week in an effective manner and to educate its customers properly.

HUMAN RESOURCE DEVELOPMENT

Development of Human resources is an important factor for the growth of any organisation and it involves various aspects including training for improving managerial skills. Your Bank places great value on developing and nurturing its human capital as a critical resource in its efforts for value creation. All CUBians (Employees) periodically undergo in-house and external training programmes for developing their functional and behavioural skills. The Bank has two Staff Training Colleges one at Kumbakonam and other at Chennai both of which has got a state of the art infrastructure facilities and expert faculty members to impart training. Executives and Officers are sponsored to undergo training programmes at IIMs, NIBM, CAB, CAFRAL, SIBSTC, IDRBT etc. There also exists a capacity building program in the Bank as per which employees are encouraged to qualify / get certified in various areas of Banking to grow personally as well as professionally, thereby contributing to overall growth of the organization. Further, as a part of succession planning, recruitment and promotion including lateral entries are undertaken periodically.

In the context of COVID 19, considering the need to adhere to safety norms & to continue the professional development of its employees, the Bank has developed an e-learning Management System (LMS). LMS is a software application for administration, documentation, tracking, reporting and delivery of educational courses / training programmes. It facilitates online learning process at users' convenience.

During November 2020, the Board of the Bank constituted

a Settlement Committee to consider the Charter of demands made by CUB Officers Association (CUBOA) & CUB Staff Union (CUBSU) and revise the pay structure of Employees. To mention, it was even in times of pandemic the management of the Bank negotiated and agreed for a new Pay Settlement with CUB Officers Association (CUBOA) & CUB Staff Union (CUBSU) for the benefit of employees. Further, with a view to motivate and boost employee morale, it has advanced the Pay Settlement in December 2020 itself which was supposed to be taken up for negotiation only in September 2021. The new settlement came into effect from 1st January, 2021. Further, based on the recommendations made by the Compensation & Remuneration Committee of the Board, the Board of the Bank during March 2021 approved a revised pay structure for Executives of the Bank to take effect retrospectively from January 2021.

As in the past the Bank has maintained a cordial and healthy industrial relationship with the employees and we are happy to mention here that there has not been even a single occasion of employee unrest in the Banking history of CUB.

As on 31st March, 2021, the Bank has 5,843 on-roll employees comprising of 50 employees in Executive cadre, 2,349 in Management cadre, 3,192 in Clerical cadre and 252 in Subordinate Staff cadre.

Besides above, the HR function of the Bank also determines and offers employee stock options to employees to create a sense of ownership, the details of which are detailed below.

Employees Stock Option Scheme (ESOS)

The Bank implemented an Employee Stock Option Scheme 'CUB ESOS 2008' for grant of stock options to eligible employees of the Bank. The Shareholders of the Bank approved the scheme on 26th April, 2008 at an Extra Ordinary General meeting of the Bank. The maximum aggregate number of options that may be granted under this scheme is 5,00,00,000. As per the scheme, exercise price of the options shall be decided by the Compensation & Remuneration Committee at the time of 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 as amended from time to time ("SEBI SBEB Regulations"). As at the end of 31st March, 2021, the Bank has granted 4.83 crore options and only 0.17 crore options are yet to be granted under the scheme.

The disclosures pursuant to Regulation 14 of SEBI SBEB Regulations have been set out in the website of the Bank and also the same is annexed hereto as **Annexure I** *weblink*:

https://www.cityunionbank.com/downloads/ESOP_2021.pdf

In addition, the shareholders of the Bank at its meeting held on 23rd August, 2017 approved new CUB ESOS Scheme 2017 for 3,00,00,000 options on terms and conditions similar to previous one. During the reporting year out of 3,00,00,000 options 34,62,000 stock options were granted to the eligible employees under CUB ESOS Scheme 2017.

AUTOMATION

'Technology' has carved a niche place in Bank's service to the customers, managing and fulfilling customer demands and providing enhanced quality service. Due to the advancement of Information Technology, availability of Internet services through Mobile phones at affordable cost and customer's inclination, particularly the millennials, digital banking has become the order of the day. Due to COVID-19 pandemic, lockdown at various states and social distancing, technology services enable banks and other service industries deliver the service to customers through digital channels.

The Bank has implemented various Digital solutions / products to enable customers to remove the time and distance barriers in availing Banking services. The Bank, as on 31st March, 2021, had 702 branches, 1,724 ATM / BRM (ATMs - 958, BRM - 766), Passbook Kiosk - 633 and Cheque deposit Kiosk - 543 for customer use. 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 is deploying all possible technology enabled & digital payment systems to cater to the needs of

customers. One such product was the "Video KYC" based account opening implemented by the Bank which has become handy in the days of pandemic. Further, the Bank has introduced Social Media Banking through Whatsapp, Facebook, Twitter and YouTube. Other products & services include:

- All-in-One Mobile Banking app with interactive voice chat which offers a variety of services to its customers.
- CUB e-Wallet, Wealth Management, ASBA, Unified Payment Interface (UPI), BHIM and '*99#' a NUUP (National Unified USSD Platform), Bharat Bill Payment System (BBPS), Bharat QR – Scan & Pay in BHIM / UPI etc.
- Instant account opening through Welcome Kit, Video KYC through Selfie Banking, enabling DBT, Aadhaar Enabled Payment System (AEPS).
- The Bank has efficient Fraud / Risk monitoring solution which detects anomalies in the customer transaction patterns and prevents frauds.
- FASTag facility to make payments at Vehicle Toll Plazas.
- Chat-bot service, powered by 'Artificial Intelligence' (AskLakshmi) available.
- Green PIN for PIN generation for ATM cards.
- Virtual Credit Card through Internet / Mobile banking. SBI co-branded credit cards also available for customers.
- Customers can now set their own limit for the ATM, POS and E-com channel transactions. They can enable / disable International usage of the card also through Net / Mobile Banking.
- Facility has been provided to customers to block Net-Banking / Mobile Banking / UPI by sending SMS to 9281056789 in the prescribed format - BLOCK {LOGINID} from the registered mobile number.
- EMV CHIP cards to enhance additional security for card based transactions. The Bank also offers Prepaid / gift cards and Travel Cards to the customers.
- A customer friendly Contact Centre (Call Centre) with Interactive Voice Response System (IVRS), is put in place to promote customer support on multi-languages on 24x7 basis.
- PCI DSS certification for the digital card environment.

Cyber Security Measures

As the convenience in doing banking transactions through digital channels increases so also, the risks in cyber environment. New types of cyber frauds are emerging with the introduction of new digital channels. As the Bankers are the custodians of Depositors' money, we take utmost care to ensure cyber security measures are implemented.

The solutions implemented in our Bank cover the protection, detection and response for all cyber security threats and risks. The Bank has established a 24*7 Security Operation Centre (SOC). The SOC takes steps to prevent attempts from the IOC (Indicators of Compromise) and IOA (Indicators of Attack) which are received from regulators. The Bank participates in the quarterly cyber drills conducted by IDRBT to enhance our threat detection and prevention capabilities.

Efforts are being taken by the Bank to ensure efficient security implementation by educating & training concerned employees.

OTHER BUSINESS ACTIVITY

During FY 2019, the Bank started the marketing and distribution of Health Insurance and Mutual Fund products in tie up with following organizations, to offer additional services to all its stakeholders.

- 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.

The services are fully functional and during the reporting year the Bank has earned an income of ₹ 16.49 crore as against ₹ 11.75 crore from such services in the previous year.

SUBSIDIARIES AND ASSOCIATES

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

BOARD MEETING

The 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 12 (twelve) meetings were held, such details along with the constitution of the Board and its committees are given under report on Corporate Governance forming part of this report.

BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

M. Narayanan (DIN 00682297)

Shri. M. Narayanan currently an Independent Director on the Board of the Bank was co-opted as an Additional Director w.e.f. 3rd May, 2016, which was duly approved by the shareholders in their meeting held on 22nd August, 2016. His current term is due to expire on 21st August, 2021.

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') specify that the overall tenure of non-executive Directors should not exceed a period of eight (8) consecutive years.

Keeping in view the provisions of both the Companies Act, 2013 and the Banking Regulation Act, 1949 and pursuant to the recommendations of the Nomination Committee, the Board of Directors of the Bank at its meeting held on 25th June, 2021 considered and approved the proposal to re-appoint Shri. M. Narayanan as Independent Director on the Board of the Bank w.e.f., 22nd August, 2021 for the remaining period upto 2nd May, 2024 as permitted under the Banking Regulation Act from the date of his first appointment in the Bank subject to the approval of Shareholders by means of Special Resolution at the ensuing Annual General Meeting of the Bank.

Accordingly, the Board recommends the re-appointment of Shri. M. Narayanan for a second term 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.

Dr. N. Kamakodi, MD & CEO (DIN 02039618)

As per the provisions of Section 196 of the Companies Act, 2013, the terms & conditions for appointment and remuneration payable to Managing / Whole Time Director requires the approval of shareholders. The re-appointment of Dr. N. Kamakodi, MD & CEO, has already been approved by RBI vide its communication dated 20th April, 2020 followed by the shareholders at its previous meeting held on 14th August, 2020.

The Reserve Bank of India issued guidelines on Compensation to Whole time Directors, CEOs, Material Risk Takers and Control Function Staffs of Private Sector Banks dt. 4th November, 2019, as per which all Private Sector Banks while computing the total Fixed Pay of Whole time Directors and CEOs, shall quantify the monetary value of all perquisites proposed to be paid to them and include the same in salary component. Accordingly, the Bank made an application to RBI in the prescribed format seeking its approval for remuneration of Dr. N. Kamakodi, to take effect upon re-appointment i.e. 1st May, 2020.

The Reserve Bank of India vide its letter number D O R . A p p t . N o . 1 6 2 9 / 0 8 . 4 2 . 0 0 1 / 2 0 2 0 - 2 1 dt. 3rd December, 2020 accorded its approval for a fixed pay of Dr. N. Kamakodi, MD & CEO of the Bank w.e.f. 1st May, 2020. To mention, the shareholders at its earlier meeting held on 14th August, 2020, approved the re-appointment as aforesaid together with the terms of remuneration as may be approved by RBI and agreed to by the Board. In view of this, the remuneration so approved by RBI as aforesaid, is set out in the notice calling this Annual General Meeting for approval by members.

Shri. S Bernard (DIN : 01719441)

Shri. S. Bernard, Independent Director on the Board of the Bank vacated his office of Director on the close of business hours of 19th August, 2020 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 Bernard during his tenure.

Directors 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 including MD & CEO is required to retire by rotation at this Annual General Meeting.

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 the Companies Act, 2013.

Further, in compliance with MCA notification No.G.S.R.805(E) dt. 22nd October, 2019, all Independent Directors of the Bank have registered themselves in the Independent Directors data bank of Indian Institute of Corporate Affairs.

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, MD & CEO and Chairman.

The necessary evaluations / review were carried out by the Board and Independent Directors to determine the effectiveness of the Board, its Committees, MD & CEO 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, Chief Financial Officer & 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 Central Auditor

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, the present Statutory Central Auditors, of the Bank will complete their four (4) years term at the ensuing Annual General meeting ('AGM') and accordingly in terms of RBI letter No.DOS.ARG.No.PS-13/08.13.005/2019-20 dt. 17th June, 2020 read with relevant provisions of Companies Act, 2013, they will retire at the conclusion of ensuing AGM.

The Reserve Bank of India vide its Circular No. Ref. No. DoS.CO.ARG / SEC.01 / 08.91.001 / 2021-22 dated 27th April, 2021 notified guidelines for appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) applicable w.e.f. FY 2021-22 and onwards as per which, the Bank is subject to appoint minimum two SCAs. In terms of such guideline read with the policy of the Bank on appointment of SCAs and the provisions of Section 139 of the Companies Act, 2013, the Board, as per the recommendations of Audit Committee had considered & approved the appointment of M/s. Jagannathan & Sarabeswaran, Chartered Accountants (FRN 001204S) and M/s. K Gopal Rao & Co., Chartered Accountants (FRN 000956S) as SCAs of the Bank for FY 2021-22 subject to the approval of RBI. In this regard an application was made to RBI seeking its approval for appointment of Statutory Central Auditors of the Bank for FY 2021-22. The RBI vide its letter no. Ref CO.DOS.RPD.No.S201/08-13-005/2021-2022 dt. June 21, 2021 has accorded its approval for their appointment which will be effective from the conclusion of present AGM.

With respect to the above appointments, the Bank has

received the consent from such Auditors and confirmation to the effect that they are not disqualified to be appointed as Statutory Central Auditors of the Bank in terms of Companies Act, 2013 & the rules made there under. Members are kindly requested to consider and approve their appointments as Statutory Central Auditors of the Bank which is recommended as per new guidelines of RBI, for FY 2021-22.

The Statutory Central Auditors have furnished their Report for FY 2021 which forms part of his report and there are no qualifications, reservations or adverse remarks made by the Auditors in their report. The Auditors while making reference to the impact of the pandemic COVID-19 on the global economy, has mentioned about the relief provided by the Bank to some of the borrowers, in line with the "COVID-19 Regulatory Package" announced by RBI (Refer Notes on Accounts No.12.14). Further, the Auditors of the Bank has not reported any fraud under section 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 2020-2021. The report of Secretarial Auditor 'Secretarial Audit Report' in the prescribed format is annexed to this report as **Annexure II**.

Pursuant to Regulations 24A of SEBI Listing Regulations 2015, read with relevant SEBI circular the Bank has obtained Secretarial Compliance Report certified by such auditor for the financial year ended 31st March, 2021, on compliance of all applicable SEBI regulations and circulars / guidelines issued thereunder and the copy of the same was submitted with the stock exchanges.

There are no observations, reservations or adverse remarks made by the Secretarial Auditor in their report.

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 have been followed along with proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments 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 at the end of the financial year and of the Profit & Loss of the Bank for that period.
- iii) The Directors have 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 have prepared the annual accounts on a going concern basis.
- v) The Directors have 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 have 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 as amended from time to time ("SEBI PIT Regulations") 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 from time to time.

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/InsiderTrading_Mar2020.pdf)

The Bank has taken necessary steps with Integrated Registry Management Services Private Limited, {the new Registrar & Transfer Agent of the Bank (RTA) w.e.f. 22nd January, 2021} for incorporating the PAN in the database to facilitate reporting of trading by designated

persons and other connected persons in accordance with SEBI PIT Regulations. Earlier till appointment of new RTA, the same was facilitated by KFin Technologies Private Limited (the erstwhile RTA).

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE BANK AND SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no material changes and commitments affecting the financial position of the Bank which has occurred between the end of the financial year of the Bank i.e., 31st March, 2021 and the date of Directors Report i.e., 25th June, 2021.

During the year under review, no significant and material orders have been passed by the Regulators. However, during May 2021 the Reserve Bank of India has imposed a monetary penalty of ₹ 1 crore (Rupees One crore only) for non compliance with certain RBI directions procedural aspects relating to obtaining of collaterals in respect of some loans to MSME Sector & Education and prescribing margin for Agriculture Credit.

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 conducts the preliminary assessment for appointment of Directors on the Board of the Bank and makes suitable recommendations to the Board for its consideration.

The Nomination Committee identifies and assesses the qualifications and positive attributes of the proposed candidate for the position of Director 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 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 the proposed candidate for the position of Director u/s 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, the Bank has a 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 detailed in the Management Discussion and Analysis section appended to this Report.

BUSINESS RESPONSIBILITY REPORT

As per Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Bank has prepared the Business Responsibility Report describing the Bank's social, environmental and governance aspects. The same is set out as a separate report forming part of this 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 have 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

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 do 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

The web-link for the Annual Return pursuant to Section 92(3) of the Companies Act, 2013 is as follows. Weblink: <https://www.cityunionbank.com/downloads/FY%202019-2020.pdf>

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, and the related notifications / circulars / guidelines issued by MCA, the Bank has established Corporate Social Responsibility (CSR) Committee. The Bank has established CUB Foundation, a non-profit entity to identify suitable deserving projects, recommend 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 III** 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 (RBI), provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the composition of the Audit Committee are 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 aim to ensure value creation for all its stakeholders through ethical decision making and maintaining transparency.

A detailed report 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 furnished separately which forms part of this report.

MANAGEMENT DISCUSSION & ANALYSIS

A detailed Management Discussion and Analysis Report for the year under review as stipulated in SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 is presented as a separate section forming part of this 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 solar panels wherever feasible and power saving LED bulbs at majority of Branches and Central Office.

On the technological front, the Bank continued to offer reliable and secure banking service to its customers by facilitating the latest customer friendly technological solutions.

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 IV**.

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 V**.

Disclosure under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank is keen in 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.

There exists an online Grievance redressal forum for women employees in the intranet server of the Bank wherein women employees of the Bank can file their Grievance / complaint under the act. No complaint was received in this regard during FY 2020-2021.

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>

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There exists an online forum for all employees in the intranet server of the Bank to report genuine concerns under the mechanism. No application / compliant was received in this regard during FY 2020-21.

All employees and Directors have access to the Chairman of the Audit Committee under extraordinary 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.

Place : Kumbakonam
Date : 25th June, 2021

ACKNOWLEDGEMENT

The Board of Directors of the Bank would like to take this opportunity to thank all the Customers and Stakeholders and wish to place on record its sincere appreciation for the assistance and co-operation received from the Reserve Bank of India (RBI), SEBI, IRDAI, NABARD, NHB, SIDBI, EXIM BANK, ECGC, DICGC, NPCI, Stock Exchanges, Depositories, Integrated Registry Management Services Private Limited, KFin Technologies Pvt. Ltd., Life Insurance Corporation of India, United India Insurance, New India Assurance, Star Health and Allied Insurance Company Limited, BSE Star Mutual Fund, FISDOM, 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, members of the Staff and all other employees.

For and on behalf of the Board

R. Mohan
DIN: 06902614
Chairman

ANNEXURE I

**DISCLOSURE PURSUANT TO REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA
(SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AS ON 31STMARCH 31, 2021**

| Particulars | CUB ESOS 2008 | CUB ESOS 2017 |
|--|--|-----------------|
| Date of Shareholder's approval | April 26, 2008 | August 23, 2017 |
| Total number of options approved under ESOS | 5 crore | 3 crore |
| Vesting requirements | There shall be a minimum period of one year between the grant of options and vesting of options. The vesting shall happen in one or more tranches under each Series, subject to the terms and conditions of vesting as may be stipulated by the Board which may include satisfactory performance of the employees. Each tranche shall be open for exercise to employees with a period of three (3) years from date of vesting. | |
| Exercise price or pricing formula | The latest available closing price on the National Stock Exchange of India Limited (NSE prior to meeting of the Nomination and Remuneration Committee of Directors (NRC) / Board of directors approving and granting the options | |
| Maximum term of options granted | 5 years | |
| Source of shares (primary, secondary or combination) | Primary | |
| Variation in terms of options | No | |

The Company has adopted Black-Scholes model to arrive value of options granted under ESOS 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.

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| 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 | 3,70,071 | 31,68,056 | 46,78,936 | 1,09,45,549 | 17,55,378 | 46,09,500 |
| Pricing Formula | ₹ 11.60 | ₹ 29.60 | ₹ 41.60 | ₹ 46.95 | ₹ 93.20 | ₹ 88.05 | ₹ 179.00 |
| Revised price due to rights & bonus issue | ₹ 10.55 | ₹ 26.91 | ₹ 37.82 | ₹ 42.68 | ₹ 84.73 | ₹ 80.05 | 0 |
| No. of options outstanding as on 1st April, 2020 | 0 | 0 | 0 | 2,26,696 | 22,88,832 | 8,01,505 | 41,41,375 |
| No of additional options granted pursuant to Bonus Issue during the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| No. of fresh options granted during the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| No. of options lapsed during the year | 0 | 0 | 0 | 18,149 | 69,642 | 22,205 | 83,025 |
| No. of options exercised during the year | 0 | 0 | 0 | 75,870 | 11,64,715 | 2,55,255 | 7,050 |
| No. of shares arising as a result of exercise of options during the year | 0 | 0 | 0 | 75,870 | 11,64,715 | 2,55,255 | 7,050 |
| Variation in terms of options | Not Applicable | | | | | | |
| Vesting Period | 1 st Year - 15%, 2 nd Year - 15%, 3 rd Year - 15%, 4 th Year - 25% and 5 th Year - 30% | | | | | | |
| Money realized by exercise of options during the year | 0 | 0 | 0 | 29,43,756 | 8,97,17,996 | 1,85,74,906 | 12,61,950 |
| 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 31st March, 2021 | 0 | 0 | 0 | 1,32,677 | 10,54,475 | 5,24,045 | 40,51,300 |
| 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 |

| Particulars | ESOS 2008 | | | | | | |
|---|-----------|-----------|------------|-----------|----------|-----------|------------|
| | Series I | Series II | Series III | Series IV | Series V | Series VI | Series VII |
| 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 |
| Allotment of shares made during the Financial Year under ESOS | | | | | | | |
| Employee wise details of the shares allotted to | | | | | | | |
| i) Senior Managerial Personnel | | | | | | | |
| Dr. N. Kamakodi | - | - | - | - | 1,81,500 | - | - |
| Shri. R. Venkatasubramanian (retired w.e.f 30.06.2020) | - | - | - | - | 8,000 | - | - |
| Shri. K. P. Sridhar (retired w.e.f 30.06.2020) | - | - | - | - | 42,350 | - | - |
| Shri. K. Maharajan | - | - | - | - | 3,630 | 3,630 | - |
| Shri. V. Ramesh | - | - | - | - | 3,630 | 3,025 | - |
| Shri. S. Mohan | - | - | - | - | 7,260 | - | - |
| Shri. J. Sridharan | - | - | - | - | 3,630 | 3,025 | - |
| Shri. S. Rajam | - | - | - | - | 16,940 | - | - |
| Shri. R. Lakshminarayan | - | - | - | - | - | 6,655 | - |
| Shri. K. Jayaraman | - | - | - | - | 16,335 | - | - |
| Shri. G. Sankaran | - | - | - | - | 12,705 | - | - |
| Shri. V. Gopalakrishnan | - | - | - | - | 19,965 | - | - |
| Shri. R. Balaji | - | - | - | - | 9,075 | - | - |
| Shri. S. Venkatesh | - | - | - | - | 3,630 | - | - |
| Shri. R. Uma | - | - | - | - | 9,075 | - | - |
| Shri. S. Venkatesan | - | - | - | - | 9,075 | - | - |
| Shri. J. Ramaswamy | - | - | - | - | 29,948 | - | - |
| Shri. R. Subramanian (retired w.e.f 31.03.2020) | - | - | - | - | 6,655 | 6,655 | - |
| Shri. V. Ravi (retired w.e.f 30.06.2020) | - | - | - | - | 5,445 | 3,630 | - |
| Shri. V. Ganesan | - | - | - | - | 6,050 | - | - |
| 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 2020-21 is Nil. If the Employee compensation cost was calculated as per fair value method as prescribed under SEBI (Share Based Employee Benefits)

Regulations, 2014, the total cost to be recognized in the financial statement for the Financial Year 2020-21 would be ₹ 3,45,95,813/-. Consequently, net profit would have been reduced by ₹ 3,45,95,813/-and EPS would have been reduced by ₹ 0.047 per share.

Weighted Average Details

| Particulars | |
|--|--------|
| Weighted Average Market Price (In ₹) | 151.99 |
| Weighted Average Exercise Price (In ₹) | 151.99 |
| Weighted Average Risk Free Interest Rate (%) | 7.47 |
| Weighted Average Stock Volatility | 0.0100 |
| Weighted Average Fair Value of Options (In ₹) | 45.45 |

CUB ESOS Scheme 2017

During the Financial Year 2020-21, the Board of Directors in their meeting held on June 18, 2020 granted 34,62,000 Employee stock options under CUB ESOS Scheme 2017.

The option movement since inception of the Scheme is detailed hereunder.

| Particulars | |
|---|-----------|
| Number of options outstanding at the beginning of the period | NA |
| Number of options granted during the year | 34,62,000 |
| Number of options forfeited / lapsed during the year | NA |
| Number of options vested during the year | NA |
| Number of options exercised during the year | NA |
| Number of shares arising as a result of exercise of options | NA |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | NA |
| Loan repaid by the Trust during the year from exercise price received | NA |
| Number of options outstanding at the end of the year | 34,62,000 |
| Number of options exercisable at the end of the year | NA |
| Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted | NA |

Weighted Average Details

| Particulars | |
|--|--------|
| Weighted Avg Market Price (In ₹) | 132.95 |
| Weighted Avg Exercise Price (In ₹) | 132.95 |
| Weighted Avg Risk Free Interest Rate (%) | 5.47 |
| Weighted Avg Stock Volatility | 0.22 |
| Weighted Avg Fair Value of Options (In ₹) | 38.50 |

ANNEXURE - II

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021 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 31st March, 2021.

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 electronically by the 'Bank', its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the 'Bank' has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the 'Bank' has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the 'Bank' for the financial year ended on 31st March, 2021, 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

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- 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.

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

- (i) The Securities and Exchange Board of India (Buy back 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

Place : Tiruchirapalli
Date : 25th June, 2021

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 having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

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

Sd/-

B. Kalyanasundaram

Company Secretary

ACS. No. A672 CP. No. 2209

UDIN: A000672C000494935

Peer Review Cert No. : 1215/2021

ICSI Unique code: S1994TN013100

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

**ANNEXURE TO SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

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. The audit was conducted in accordance with applicable Standards issued by the Institute of Company Secretaries of India. 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 electronically 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

Sd/-

B. Kalyanasundaram

Company Secretary

ACS. No. A672 CP. No. 2209

UDIN: A000672C000494935

Peer Review Cert No. : 1215/2021

ICSI Unique code: S1994TN013100

Place : Tiruchirapalli

Date : 25th June, 2021

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ANNEXURE - III ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company

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 2020-21 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 & Swachh 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 dependents

2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-------------------|--------------------------------------|--|--|
| 1 | R. Mohan | Chairman | 4 | 4 |
| 2 | Dr. N. Kamakodi | MD & CEO, Chairman of the Committee | 4 | 4 |
| 3 | Abarna Bhaskar | Independent Director | 4 | 3 |
| 4 | Dr. T. S. Sridhar | Independent Director | 4 | 4 |
| 5 | T.K. Ramkumar | Independent Director | 4 | 4 |

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

<https://www.cityunionbank.com/images/csr2021.pdf>

4. Provide the details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The Impact Assessment Report on the CSR projects related to the FY 2019 and FY 2020 as applicable in pursuance of the aforesaid Rule is provided in Annexure III.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|--------------|----------------|--|---|
| 1 | 2019-2020 | Nil | Nil |
| 2 | 2018-2019 | Nil | Nil |
| 3 | 2017-2018 | Nil | Nil |
| TOTAL | | Nil | Nil |

6. Average net profit of the company as per section 135(5) : ₹ 7,66,24,63,566/-*

*Net Profits computed after making necessary adjustments u/s 198 of the Companies Act, 2013.

7. (a) Two percent of average net profit of the company as per section 135(5) : ₹ 15,32,49,271/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL

(c) Amount required to be set off for the financial year, if any : NIL

(d) Total CSR obligation for the financial year (7a+7b- 7c) : ₹15,32,49,271/-

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (in Rs.) | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
|--|---|------------------|---|--------|------------------|
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 10,95,43,883 | 4,53,75,117 | 15.04.2021 | PM Care | 25877 | 16.09.2020 |

NOTE: CSR FY 2021 - An amount of ₹15,49,19,000/ has been budgeted which is in excess by ₹16,69,729/- over the actual CSR obligation mentioned above.

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(b) Details of CSR amount spent against ongoing projects for the financial year:

| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes / No) | Location of the project | | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current financial Year (in ₹) | Amount transferred to unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation Direct (Yes / No) | Mode of Implementation through Direct Implementing Agency | |
|---------|---|---|-----------------------|-------------------------|----------------|------------------|---|---|--|--|---|----------------------|
| | | | | State | District | | | | | | Name | CSR Registration No. |
| 1 | Desiltation works, Sanitation, Swachh Bharat, safe drinking water, donation of Ambulance, medical equipment, fogging sprayer machine, hospital maintenance, free medicines to poor & needy. | Clause I of Sch VII | No | Tamilnadu | Thiruvavur | 3 Yrs | 1300000 | 1000000 | 300000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 800000 | 0 | 800000 | No | No | NA |
| | | | No | Tamilnadu | Thiruvavur | | 2500000 | 1000000 | 1500000 | Yes | No | NA |
| | | | No | Tamilnadu | Mayiladuthurai | | 7500000 | 2460141 | 5039859 | Yes | No | NA |
| | | | No | Tamilnadu | Tiruppur | | 5000000 | 2500000 | 2500000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 1400000 | 0 | 1400000 | No | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 3000000 | 2970500 | 29500 | Yes | No | NA |
| | | | No | Tamilnadu | Karur | | 1500000 | 1428572 | 71428 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 877000 | 876256 | 744 | Yes | No | NA |
| | | | No | Tamilnadu | Coimbatore | | 1700000 | 1659636 | 40364 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 600000 | 250000 | 350000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 735000 | 0 | 735000 | No | No | NA |
| | | | No | Tamilnadu | Chennai | | 750000 | 0 | 750000 | No | No | NA |
| | | | No | Tamilnadu | Coimbatore | | 1000000 | 0 | 1000000 | No | No | NA |
| Yes | Tamilnadu | Thanjavur | 2200000 | 1865756 | 334244 | Yes | No | NA | | | | |
| No | Tamilnadu | Trichy | 100000 | 95220 | 4780 | Yes | No | NA | | | | |
| Yes | Tamilnadu | Thanjavur | 150000 | 13000 | 137000 | Yes | No | NA | | | | |
| 2 | Construction of class rooms, Library, renovation work at school premises, aiding for special education and vocational education. | Clause II of Sch VII | No | Tamilnadu | Thiruvavur | 3 Yrs | 1000000 | 0 | 1000000 | No | No | NA |
| | | | No | Tamilnadu | Chennai | | 500000 | 400000 | 100000 | Yes | No | NA |
| | | | No | Tamilnadu | Mayiladuthurai | | 1000000 | 0 | 1000000 | No | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 3000000 | 1500000 | 1500000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 2000000 | 0 | 2000000 | No | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 500000 | 0 | 500000 | No | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 2000000 | 1000000 | 1000000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 500000 | 495000 | 5000 | Yes | No | NA |
| | | | No | Gujarat | Rajkot | | 1000000 | 0 | 1000000 | No | No | NA |
| | | | No | Tamilnadu | Thiruvavur | | 250000 | 180000 | 70000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 600000 | 0 | 600000 | No | No | NA |
| No | Tamilnadu | Chennai | 10000000 | 0 | 10000000 | No | No | NA | | | | |
| 3 | Construction of Community halls | Clause III of Sch VII | No | Tamilnadu | Mayiladuthurai | 3 Yrs | 250000 | 212852 | 37148 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 500000 | 0 | 500000 | No | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 500000 | 0 | 500000 | No | No | NA |
| 4 | Renovation & maintenance of Historical Sites and promotion of culture | Clause V of Sch VII | No | Tamilnadu | Thiruvavur | 3 Yrs | 950000 | 800000 | 150000 | Yes | No | NA |
| | | | No | Tamilnadu | Cuddalore | | 800000 | 370578 | 429422 | Yes | No | NA |
| | | | No | Tamilnadu | Chennai | | 250000 | 0 | 250000 | No | No | NA |
| | | | No | Tamilnadu | Chennai | | 300000 | 0 | 300000 | No | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 300000 | 0 | 300000 | No | No | NA |
| | | | No | Tamilnadu | Thiruvavur | | 500000 | 266818 | 233182 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 1000000 | 700000 | 300000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 11600000 | 9810000 | 1790000 | Yes | No | NA |
| Yes | Tamilnadu | Thanjavur | 150000 | 0 | 150000 | Yes | No | NA | | | | |
| 5 | Construction of AC bus stop, CCTV camera & its maintenance and community development project. | Clause X of Sch VII | Yes | Tamilnadu | Thanjavur | 3 Yrs | 3300000 | 2500000 | 800000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 2000000 | 0 | 2000000 | No | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 1800000 | 1300000 | 500000 | Yes | No | NA |
| | | | No | Tamilnadu | Thiruvavur | | 1000000 | 0 | 1000000 | No | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | | 1250000 | 388073 | 861927 | Yes | No | NA |

(b) Details of CSR amount spent against ongoing projects for the financial year: (Contd.)

| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current financial Year (in ₹) | Amount transferred to unspent CSR Account for the project as per section 135(6) (in ₹) | Mode of Implementation Direct (Yes/No.) | Mode of Implementation through Direct Implementing Agency | |
|--------------|---|---|---------------------------------|-------------------------------|-----------|------------------|---|---|--|---|---|----------------------|
| | | | | State | District | | | | | | Name | CSR Registration No. |
| 6 | Ex-gratia to temporary / casual / daily wage workers / security guards as per MCA circular no.15/2020 and Covid-19 relief measures. | Clause XII of Sch VII | PAN India branches -- Yes | Tamilnadu | NA | 3 Yrs | 9300000 | 9243000 | 57000 | Yes | No | NA |
| | | | | Tamilnadu, Karnataka & Kerala | -- | | 7500000 | 6305621 | 1194379 | Yes | No | NA |
| | | | | Tamilnadu, | Thanjavur | | 5000000 | 4786201 | 213799 | Yes | No | NA |
| Total | | | | | | | 101712000 | 56377224 | 45334776 | - | - | - |

(c) Details of CSR amount spent against other than ongoing projects for the Financial year:

| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | | Amount spent for the project (in ₹) | Mode of Implementation Direct (Yes/No.) | Mode of Implementation through Direct Implementing Agency | |
|--------------|--|---|---------------------|-------------------------|--------------|-------------------------------------|---|---|----------------------|
| | | | | State | District | | | Name | CSR Registration No. |
| 1 | Desiltation works, Sanitation, Swachh Bharat, safe drinking water, medical equipment, hospital maintenance | Clause I of Sch VII | No | Tamilnadu | Nagapattinam | 1000000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 1000000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 2000000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 2500000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 800000 | Yes | No | NA |
| | | | No | Tamilnadu | Karur | 857000 | Yes | No | NA |
| | | | No | Tamilnadu | Chennai | 500000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 1000000 | Yes | No | NA |
| | | | No | Tamilnadu | Coimbatore | 1000000 | Yes | No | NA |
| | | | No | Karnataka | Bangalore* | 5000000 | Yes | No | NA |
| No | Tamilnadu | Chennai | 600000 | Yes | No | NA | | | |
| No | Tamilnadu | Virudhnagar | 500000 | Yes | No | NA | | | |
| 2 | Promoting education / special education and livelihood enhancement project | Clause II of Sch VII | No | Tamilnadu | Chennai | 750000 | Yes | No | NA |
| | | | No | Tamilnadu | Nagapattinam | 200000 | Yes | No | NA |
| | | | No | Tamilnadu | Coimbatore | 500000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 200000 | Yes | No | NA |
| | | | No | Tamilnadu | Madurai | 150000 | Yes | No | NA |
| | | | No | Tamilnadu | Chennai | 200000 | Yes | No | NA |
| 3 | Construction of Goshala & its maintenance | Clause IV of Sch VII | Yes | Tamilnadu | Thanjavur | 600000 | Yes | No | NA |
| 4 | Renovation of Historical Sites / temple and construction of school to promote cultural music | Clause V of Sch VII | No | Tamilnadu | Chennai | 500000 | Yes | No | NA |
| | | | No | Tamilnadu | Chennai | 1000000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 700000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 500000 | Yes | No | NA |
| | | | No | Kerala | Kottayam | 1000000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 600000 | Yes | No | NA |
| | | | Yes | Tamilnadu | Thanjavur | 1000000 | Yes | No | NA |
| No | Tamilnadu | Mayiladuthurai | 550000 | Yes | No | NA | | | |
| Total | | | | | | 52207000 | - | - | - |

- (d) Amount spent in Administrative Overheads : ₹ 9,59,659 (Budgeted - ₹ 10,00,000 & Unspent - ₹ 40,341)
- (e) Amount spent on Impact Assessment, if applicable : NA
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 10,95,43,883
- (g) Excess amount for set off, if any

| Sl. No. | Particulars | Amount (in ₹) |
|---------|---|---------------|
| (i) | Two percent of average net profit of the company as per Section 135(5) | 153249271 |
| (ii) | Total amount spent for the Financial Year | 109543883 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | 0 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | 0 |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | 0 |

9. (a) Details of Unspent CSR amount for the preceding three Financial Year(s):

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹). | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|--------------|--------------------------|--|--|--|---------------|------------------|--|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| 1 | 2019-2020 | 22121383 | 9139324 | PM Care Fund | 25877 | 16.09.2020 | 12982059 |
| 2 | 2018-2019 | 14680737 | 10849266 | Nil | Nil | Nil | 3831471 |
| 3 | 2017-2018 | 0 | 0 | Nil | Nil | Nil | 0 |
| TOTAL | | 36802120 | 19988590 | Nil | Nil | Nil | 16813530 |

(b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year(s):

| Sl. No. | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the project - Completed / Ongoing |
|--------------|------------|--|---|------------------|---|--|---|---|
| 1 | CSR18 | Sanitation | 2019-20 | 3 Yrs | 3530000 | 324000 | 3058000 | Ongoing |
| 2 | CSR24 | Promoting Education | 2019-20 | | 15150000 | 350000 | 14915507 | Ongoing |
| 3 | CSR30 | Promoting Education | 2019-20 | | 5500000 | 108000 | 3833066 | Ongoing |
| 4 | CSR07 | Preventive Health Care | 2019-20 | | 6825000 | 2000000 | 4825000 | Ongoing |
| 5 | CSR43 | Preventive Health Care | 2019-20 | | 750000 | 44000 | 706373 | Ongoing |
| 6 | CSR44 | Protection of National Heritage & Sites of Historical importance | 2019-20 | | 1800000 | 400000 | 710000 | Ongoing |
| 7 | CSR04 | Environment Sustainability | 2019-20 | | 550000 | 61313 | 550000 | Completed |
| 8 | CSR21 | Environment Sustainability | 2019-20 | | 4075000 | 181511 | 3306511 | Ongoing |
| 9 | CSR22 | Environment Sustainability | 2019-20 | | 5000000 | 13034 | 5000000 | Completed |
| 10 | CSR28 | Environment Sustainability | 2019-20 | | 4600000 | 5653 | 4579382 | Ongoing |
| 11 | CSR38 | Environment Sustainability | 2019-20 | | 4150000 | 133939 | 4107066 | Ongoing |
| 12 | CSR46 | Environment Sustainability | 2019-20 | | 1050000 | 756000 | 1049786 | Ongoing |
| 13 | CSR27 | Environment Sustainability | 2019-20 | | 23200000 | 4761874 | 19907850 | Ongoing |
| 14 | CSR03 | Swachh Bharat Mission | 2018-19 | | 10000000 | 179200 | 9995200 | Ongoing |
| 15 | CSR11 | Sanitation | 2018-19 | | 700000 | 78929 | 700000 | Completed |
| 16 | CSR33 | Cleanliness | 2018-19 | | 1050000 | 220066 | 608009 | Ongoing |
| 17 | CSR50 | Cleanliness & Drinking Water | 2018-19 | | 475000 | 16000 | 474769 | Ongoing |
| 18 | CSR38 | Promoting Education | 2018-19 | | 1016000 | 100000 | 959054 | Ongoing |
| 19 | CSR23 | Protection of National Heritage & Sites of Historical importance | 2018-19 | | 1450000 | 21071 | 1445822 | Ongoing |
| 20 | CSR41 | Protection of National Heritage & Sites of Historical importance | 2018-19 | | 1450000 | 200000 | 1397000 | Ongoing |
| 21 | CSR01 | Environment Sustainability | 2018-19 | | 28000000 | 10000000 | 27475537 | Ongoing |
| 22 | CSR40 | Protection of Flora & Fauna | 2018-19 | | 300000 | 14000 | 299345 | Ongoing |
| 23 | CSR46 | Environment Sustainability | 2018-19 | | 1000000 | 20000 | 1000000 | Completed |
| TOTAL | | | | | 121621000 | 19988590 | 110903277 | - |

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10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (asset-wise details).

| (a) Date of creation of the capital asset(s) | (b) Amount of CSR spent for creation of capital asset. | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | | Provide details of the capital asset(s) created (including complete address and location of the capital asset). | |
|---|---|--|---|---|-------------|
| | | (c) Name | (d) Address | Capital Asset | Location |
| 03.03.2021 | 1428572 | Municipal Authority | Commissioner, Karur Municipality, Karur | Garbage vehicle (6 nos.) | Karur |
| 09.02.2021 | 180000 | George High School | Vishnupuram, Pin - 609501. Thiruvarur Dt. | Furniture | Vishnupuram |
| 21.07.2020 | 1659636 | Rashtriya Sanardhana Seva Sangam | No.6, 4 th Street, VNR Nagar, Vadavalli, Coimbatore - 641041 | Ambulance Van | Coimbatore |
| 11.02.2021 | 1000000 | Srimad Venkatramana Bagavatha Swamigal Annadhana Trust | 115, Salai Street, Ayyampetai - 614201 | Building Construction | Ayyampetai |
| 27.07.2020 | 2500000 | Municipal Authority | Commissioner, Kumbakonam Municipality, Kumbakonam | AC Bus Stop (7 nos.) | Kumbakonam |
| 11.11.2020 | 212852 | Mekkirimangalam Panchayat | President, Kuttalam Taluk, Mayuram Dt. | Infrastructure for Public Community hall | Kuttalam |

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).

The amount has already been sanctioned / budgeted and will be spent / disbursed as per the requirement of CSR beneficiaries and the same shall be reported in succeeding Financial Year.

Date: 25th June, 2021
Place: Kumbakonam

Dr. N. Kamakodi
DIN : 02039618
Managing Director & CEO
(Chairman of CSR Committee)

IMPACT ASSESSMENT REPORT ON CSR ACTIVITIES (Forming Part of Annexure-III)

Scope of Impact Assessment:

The Notification issued by MCA dated 22.01.2021 states that, every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

Accordingly, during the year, an Impact Assessment was conducted on the following projects of ₹ One crore & above under took by the bank during the year 2018-19 & 2019-20 to ensure that the projects completed are in compliance with the regulations stated by the MCA and to verify the effectiveness and efficiency of the projects.

1. Solid Waste Management
2. Conservation of Water bodies
 - a) Restoration of Groundwater recharge
 - b) Restoration of water ponds / tanks
3. Preventive Health Care services
4. Contribution to Research & Development
5. Swachh Bharat Mission

The impact assessment report is furnished below;

1. Solid Waste Management Project (Outlay ₹ 2.08 cr)

Project Introduction :

The solid waste dumps existing in the Cities are the biggest degrading factors of the environmental elements such as the soil, water and air. They also have a negative impact on the land prices and development in their vicinity. Moreover the population in the surroundings are affected with health issues. Hence it is important to close the dump sites which will eliminate a major setback of our cities. Thus the Solid Waste Management Project has been initiated by City Union Bank in order to protect the land from further degradation.

Objectives :

The Objectives of the Project is to reclaim the land by processing the solid waste materials through the process of bio-mining. The principal objectives of solid waste management are to control, collect, treat, utilise and dispose of the solid wastes in an economical manner consistent with the protection of public health.

Project Details :

The project has been undertaken in association with the Kumbakonam Municipality, Tamilnadu. The work is conducted at the Municipal Compost Yard, Thepperumanallur, Karikulam, and Kumbakonam. The method of bio-mining is being used for disposing the solid waste accumulated in the dump yard. The project is conducted by a private company for removal of waste through bio-mining.

Data Collection :

The vendor has been able to treat a total quantity of 60,308.004 metric cube of solid waste from the dump yard and has been able to reclaim the land of 10.5 acres completely.

Key Observations :

- The Solid Waste has been disposed off efficiently by the process of bio-mining completely without any residues.
- Liberation of dumped landfills.
- The project has improved the quality of air in the surrounding areas.
- In the land reclaimed, a processing plant and a compost pad has been setup for processing of waste.
- Conservation of energy.
- Reduction in Environmental pollution.

Recommendation :

Concerned Authorities may be insisted to create awareness among general public regarding the segregation of biodegradable and non-biodegradable wastes, protection of land from becoming dump yard.

2. Conservation of Water bodies

a) Restoration of Groundwater recharge (Outlay ₹ 1.50 cr)

Project Introduction :

Conservation of Water is the need of the hour in the present scenario. In recent times there has been a rise in the amount of pollutants disposed / discharged into the rivers by industries and other polluting factors, and hence there has been an increased importance for conservation of water. This project has been initiated to conserve water for drinking, farming and for other basic amenities, especially in delta region which will increase the ground water level.

Objectives :

- Conservation of rainwater to recharge the groundwater levels.
- Recharge of groundwater levels to use them for basic amenities by the general public.
- Conserving water for the purpose of agriculture activities.
- To avoid pollution of water.
- To protect the environment from drought.

Project Details :

The project focuses on the recharge of groundwater by desiltation of older ponds for the collection of water. The project has been conducted at Thiruvarur and Thanjavur Districts for recharge of groundwater. The project included cleaning, desilting and deepening of various lakes such as Bamini River, Vellaiyan Lake & Kozhumangalam Lake with the help provided by Cauvery Delta Farmers Association.

Key Observations :

- Recharge of Groundwater table.
- Serves as a waterhole for domestic animals.
- Improvement in the quality of the groundwater.
- Conservation of Water has been achieved.
- Availability of water in abundance for the general public and for the purposes of agriculture.

Recommendation :

Local Bodies may be insisted to;

- Ensure that there is no pollution of ponds.
- Conserve water by desiltation on regular basis.
- Create awareness among the locals regarding the conservation of water.

b) Restoration of water ponds / tanks (Outlay - ₹ 2.80 cr)

Project Introduction :

Conservation of Water has been the utmost priority in the present era. Due to the lack of importance given to conservation of water in the previous decades, there has been a reduction in the ground water level. To mitigate this issue CUB has been one of the major contributors in lending their hands to support this initiative. On a mission to conserve water for future generations to sustain, CUB has undertaken this project of renovating the water ponds / tanks to help conserve water by stagnating the rainwater which shall pave way for recharge of the groundwater levels.

Objectives :

- Conservation of rainwater to recharge the groundwater levels as means of basic amenities for public.
- Conserving water for agricultural activities.
- To avoid pollution of water.
- To protect the environment from drought.

Project Details :

The project's main focus is to save water by stagnating the rain water in one place and thereby forming a pond which shall increase the groundwater tables, thereby helping the flora and fauna to blossom in the surrounding environment. The project was conducted in the town of Kumbakonam thereby supporting the human population settled in and around Kumbakonam. The project is to develop the Ayekulam Tank (outlay - ₹ 1.50 cr) and Pachayappan Tank (outlay - ₹ 1.30 cr) which can store gallons of water and thereby providing water supply during the summer seasons. Also included in the project, was the

construction of footpath around the tank and children's play area for the general public to utilise the tank not only as means of water supply but also to maintain their good health and improve their immune system.

Key Observations :

- The work was done in an efficient manner by usage of machines and vehicles.
- Recharge of Groundwater table.
- Waterhole for domestic animals.
- The quality of the groundwater has also improved drastically.
- Conservation of Water has been achieved.
- The impact of the project is that water is available for usage in abundance for the general public and also for the purposes of agriculture.

Recommendation :

Local Bodies may be insisted to maintain the tank properly and monitor at regular intervals.

3. Preventive Health Care services (Outlay - ₹2.01 cr)

Project Introduction :

"Heath Is Wealth" should be the prime motive in this fast growing world economy. A nation's wealth not only depends on the growth of its economy but also on the health of its citizens. CUB has its concern over the health of the society and is always on the lookout to provide help for the needy. CUB along with Rajiv Gandhi University of Health Sciences has come out with the project to provide health camps to the general public of the state of Karnataka.

Objectives :

- To guide the society to a healthier future.
- To promote the importance of maintaining a healthy life.
- To keep an eye on the kind of diseases the society is being affected with.
- To provide high quality medical treatment.

Project Details :

The Rajiv Gandhi University had decided to conduct health camps all over Karnataka State to screen for non-communicable diseases in all age groups. The present day major diseases screened were Diabetes, Hypertension, OBG, Cardicular Diseases, Cancer and Eye diseases. Hence a lot of logistics, infrastructure arrangements, medical equipments and drugs are required for the proposed camps which are provided by CUB.

Key Observations :

- The society at large has benefitted through health camps.
- Various medical treatments were provided for different kind of diseases and the health camps served as a pathway for curing them.
- Awareness among the public has been created regarding the importance of maintaining a healthy life.
- General well-being of the public has been created through health camps.

Recommendation :

- Health camps to be held at frequent intervals.
- Health camps to be held in interior areas where access to good medical infrastructure is not available.

4. Contribution to Research & Development (Outlay - ₹2.10 cr)

Project Introduction :

Indian Institute of Technology (IIT) has been one of the mainstays in providing quality education which has enhanced the standard of living in the society, in an indirect way. IIT has been proactive in promoting quality education to the society and is always on the lookout to bring in new platforms for the development of the students. IIT is providing education under various fields and innovation is the key to their success.

Objectives :

- To provide quality education along with innovation.
- To explore new areas in the field of education.

Project Details :

IIT, Chennai has planned to expand its services into Development of Open Source Platforms and Capacity Building for which CUB has accepted to support them in the best possible way. Since CUB promotes scientific programs and learning, CUB and IIT together are into this project to develop the new platform.

Key Observations :

- The bank has funded for the development of low cost financial analytics platforms for banks & insurance companies which shall serve as an alternative to proprietary products for financial institutions.
- It has helped students to come up with new ideas and innovation based on the field of education.
- More opportunities are provided for students to choose among various fields of education.

Recommendation :

- More innovative projects need to be funded.
- Funding to focus on multiple areas.

5. Contribution to Swachh Bharat Mission (Outlay - ₹2.00 cr)**Project Introduction :**

Waste in any form is a threat to the society. Improper disposal of such waste leads to widespread diseases. It is important to create a proper procedure for disposal of such waste to avoid the spread of any disease. For this reason the government has started an initiative for

proper disposal of waste, that is, the Swachh Bharat Mission. CUB with its solicitude towards the society has taken up this project to contribute to this Mission.

Objectives :

- Construction of Bio toilets
- Cleaning and maintenance of Water tanks
- Construction and Maintenance of Parks as a Green Initiative
- Conservation of flora and fauna
- Construction of toilets at various public schools

Project Details :

CUB has contributed to the Swachh Bharat Mission by generously donating funds to various municipalities for undertaking the cleanliness project.

Key Observations :

- The project is undertaken in and around Kumbakonam, the temple town. Being the town considered as a pilgrimage spot, various people travelling to the town have benefitted and more tourists are being attracted due to the good maintenance of the town.
- The walls of schools are painted to create awareness among students and the general public.
- Toilets have been placed at right areas and hence littering of the place has been avoided.
- Adequate numbers of dustbins are placed at various places and hence the town looks neat and clean.

Recommendation :

The work on Swachh Bharat Mission may be more wide spread across cities.

For **M/s. Bala Consultancy Services**

Sd/-

B. Sivapriya

Partner

Date: 10th May, 2021

Place: Chennai

ANNEXURE - IV

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 2021. | MD & CEO : 47.48x 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 : -11.60% CFO & CS : -1.01% The remuneration of MD & CEO has decreased in comparison with the previous year as a result decrease in the Perquisite Income. The remuneration on CFO & CS has decreased in comparison with the previous year as a result decrease in the Perquisite Income. |
| 3 | The percentage increase in the median remuneration of employees in the financial year. | The median remuneration of the employees were increased by 5.04% This increase in median remuneration is on account of the revision in remuneration and increase in DA. |
| 4 | No. of permanent employees on rolls of the Bank. | There was 5,843 employees as on 31 st March, 2021. |
| 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 1.33% in the Financial Year 2020-21. Average Managerial personnel salaries have decreased by 10.44% in the Financial Year 2020-21. Employees' salaries increased as a result of annual increment, increase in DA and revision in remuneration 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 : Kumbakonam
Date : 25th June, 2021

R. Mohan
DIN : 06902614
Chairman

ANNEXURE - V

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 31st March, 2021.

| Sl. No. | Emp No. | Name (Sarvashri) | Designation | Qualification | Age | Remuneration received (₹) | Experience (in yrs.) | Date of Commencement of employment | Last employment |
|---------|---------|------------------|-------------|--------------------------|-----|---------------------------|----------------------|------------------------------------|------------------------------------|
| 1. | 1997 | Kamakodi N | MD & CEO | B.Tech, MBA, CAIIB, Ph.D | 46 | 2,52,89,905 | 17 | 18-06-2003 | Director - BuPro Solutions (P) Ltd |
| 2. | 1101 | Ramaswamy J | DGM | B.Com, CCA | 57 | 40,14,030 | 31 | 10-11-1989 | Not Applicable |
| 3. | 2006 | Maharajan K | SGM | B.Com,AICWA,CAIIB | 56 | 37,92,215 | 17 | 05-09-2003 | Bharat Overseas Bank Ltd |
| 4. | 1560 | Gopalakrishnan V | GM | BA | 49 | 35,88,079 | 24 | 04-04-1996 | Not Applicable |
| 5. | 856 | Ramesh V | SGM | MSc, ACS, JAIIB | 57 | 34,94,982 | 35 | 13-03-1986 | Not Applicable |
| 6. | 1036 | Mohan S | SGM | MA, ACS, CAIIB | 57 | 34,34,129 | 31 | 03-04-1989 | Not Applicable |
| 7. | 1059 | Rajam S | GM | B.Com, CAIIB, PGDFM | 54 | 34,20,775 | 31 | 03-04-1989 | Not Applicable |
| 8. | 970 | Balaji R | DGM | B.com | 54 | 33,33,697 | 32 | 02-06-1988 | Not Applicable |
| 9. | 1656 | Narayanan R | AGM | M.A. Economics | 49 | 32,64,324 | 24 | 13-11-1996 | Not Applicable |
| 10. | 1443 | Sankaran G | GM | B.Sc, PGDCA, JAIIB | 46 | 31,36,944 | 26 | 16-03-1995 | Not Applicable |

Note:

All the above employees are in the pay roll of the Bank and neither of them are related to each other.
Remuneration includes Salary and taxable perquisites as per Income Tax Act, 1961

For and on behalf of the Board

R. Mohan

DIN : 06902614

Chairman

Place : Kumbakonam
Date : 25th June, 2021

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ANNUAL BUSINESS RESPONSIBILITY REPORT (ABRR)

Section A : General Information about the Company

| | |
|---|--|
| Corporate Identification No.(CIN) of the Company | L65110TN1904PLC001287 |
| Name of the Company | CITY UNION BANK LIMITED |
| Registered address | No.149 T.S.R. (Big) Street, Kumbakonam - 612001 |
| Website | www.cityunionbank.com |
| e-mail Id | shares@cityunionbank.in vramesh@cityunionbank.in |
| Financial Year Reported | 2020-21 |
| 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 | 702 Branches |
| Markets served by the Company - Local / State / National / International | National |

Section B : Financial Details of the Company

| | | |
|----|---|--|
| 1. | Paid up capital (INR) | ₹ 73,88,22,111 |
| 2. | Total Turnover (INR) | ₹ 4839,45,15,302.27 |
| 3. | Total Profit after Taxes (INR) | ₹ 592,82,28,338.01 |
| 4. | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 1.85% |
| 5. | List of activities in which expenditure in 4 above has been incurred | Refer Annual Report on CSR forming part of this 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 | Statutory Reports |

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? (N4) | 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 & promotes the rights of all its customers through customer policy and all employees through banks internal policy namely HR Policy. The weblink of policies are as follows:

N2. CSR weblink: <https://www.cityunionbank.com/images/csr2021.pdf>

N3. Customer Rights Policy weblink: https://www.cityunionbank.com/downloads/customer_rights_policy.pdf

N4. The policies are reviewed by the Management / Board on a periodical basis.

Principle wise policies :

| Principle | Policy details |
|-----------|--|
| P1. | The Bank has policies as follows: Whistle Blower Policy, Protected Disclosure Scheme, HR Policy, Fraud Risk Management, Code of Fair Practices and Disclosures on UPSI, Policy on Compensation, KYC & AML Policy, Related Party Transactions, Code of Conduct for Directors and Senior Management, Policy on Collection of Cheques, Grievance Redressal, Bank Deposits, Death Claim, Safe Deposit Locker and Policy on Solicitation of Insurance Business. |
| P2. | The Bank has policies on Information Technology, Information Security System, Information System Audit, Credit Card Policy, Safe Deposit Locker and Policy on Bank Deposits which contribute 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 rights and a HR Policy. 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, Death Claim Policy, Policy on Collection of Cheques, Policy on Compensation, Insurance Products, Safe Deposit Locker, Bank Deposits, Loan Policy, Information System Security Policy and 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.

1 year. The performance of the Bank under certain principles / parameters like ensuring safe services, restoration of environment, equitable development etc. are normally assessed on an annual basis by various Board Level Committees.

- 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 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 2,964 complaints were received from the Stakeholders (Shareholders & Customers) during the reporting year and 3,041(99.90%) cases were resolved, which includes 80 cases pending as on the beginning of the financial year received from customers. Members may please refer Corporate Governance Report for shareholders complaints and Notes to accounts for customer complaints in this Annual Report.

Principle 2

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

- a. Social Banking through Financial inclusion programs, distribution of Government Insurance

and Pension Schemes, Swayam Graha Home Loan schemes.

- b. Agricultural Business: The Bank has a major presence in South India and considering the potential for Agri-Business, the Bank 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 Bank. However, the Bank aims to reduce the adverse impact on environment to the maximum possible extent in its various operations. The Bank 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 installed LED lights in almost all its branches and Solar Panels wherever feasible.

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?

Yes, the Bank makes use of services of people belonging to weaker sections in the surrounding areas for the upkeep and maintenance of premises. Further, in order to encourage and uplift the local and small vendors, the Bank procures goods like

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stationery, housekeeping items on a regular basis from them and on marketing front gives job orders to local vendors etc.

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

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

Principle 3

1. Please indicate the total number of employees : 5,843
2. Please indicate the total number of employees hired on temporary / contractual / casual basis : 79

3. Please indicate the number of permanent women employees: 1,605
4. Please indicate number of permanent employees with disabilities : 14
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 - 61.26 %
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 - 11.29%
 - b. Permanent women employees – 10.34%
 - c. Casual / Temporary / Contractual employees – 3.79%
 - d. Employees with disabilities – 0%

disadvantaged, vulnerable and marginalized stakeholders?

Yes, 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

Principle 4

1. Has the Company mapped its internal and external stakeholders?
Yes
2. Out of the above, has the Company identified the

of its efforts to educate the marginalized section. Around 17% 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 Report on Corporate Governance forming part of this Annual Report.

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, as part of Corporate Social Responsibility initiatives, the Bank supports such cause.

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

Yes. The Bank identifies potential environmental

risks and takes all possible measures to mitigate such risks through 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.

Refer para 2 of Principle 2.

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

Not Applicable.

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

None

Principle 7

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

No.

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 Indian Banks Association ("IBA") who actively participates and 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.

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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?

Yes. The Bank has engaged services of an external consultant to conduct an impact assessment of CSR activities of the Bank for the reporting year and accordingly after due audit of CSR activities, an Impact assessment Report has been furnished by them for FY 2018 - 2019 and FY 2019 - 2020.

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

During the year 2020-21, the Bank has spent ₹ 10.95 crore towards various CSR initiatives. For further details on CSR activities please refer Annexure III to Directors' 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?

0.10% of customer complaints are pending as on 31st March 2021.

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 on the services offered by the Bank are made available to the customers through website, SMS alerts etc. The Bank maintains utmost transparency in dealing with all its stakeholders.

3. Is there any case by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour 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, branch visits are 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. A yearly customer meet is also conducted to get the feedback from the customers on the Bank's service.

REPORT ON CORPORATE GOVERNANCE

(Forming part of the Directors' Report for the year ended 31st March, 2021)

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 Directors Report for the Financial Year ended 31st March, 2021.

1. BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

City Union Bank Limited, (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 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 governance practices of the Bank aims to:

- a) 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) 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 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 Regulation 17 of 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 31st March, 2021, the Board comprised nine members consisting of Independent Part-Time Chairman,

Managing Director & CEO, and seven 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 the top 500 listed entities should have at least 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 / competence for effective and dynamic Board composition which is in line with Section 10A(2) of Banking Regulation Act, 1949 and relevant circular 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 31st March, 2021 have special knowledge and practical experience in the above major areas which is detailed hereunder along with other disclosures.

| Name of the Director Sarvashri | Expertise/Core Skills/ Sector Representation | Category | Total No. of other Directorships held | No. of shares |
|--|--|---------------------------|---|------------------|
| R. Mohan (DIN:06902614) | Banking, Agriculture and SSI | Chairman (Independent) | Nil | 1,45,200 |
| Dr. N. Kamakodi (DIN:02039618) | Banking | Managing Director & CEO | Nil | 24,18,650 |
| Smt. Abarna Bhaskar (DIN:06971635) | Accountancy and Banking | Independent Director | Nil | 40,377 |
| M. Narayanan (DIN:00682297) | Accountancy, Agriculture & Rural Economy | Independent Director | Nil | 21,589 |
| Subramaniam Narayanan (DIN :00166621) | Accountancy and Finance | Independent Director | 3 | 2 |
| V.N. Shiva Shankar (DIN : 00929256) | Law and Accountancy | Independent Director | 5 | 7,26,122 |
| Dr. T. S. Sridhar (DIN : 01681108) | Agriculture & Rural Economy, SSI and Co-operation | Independent Director | Nil | 210 |
| K. Vaidyanathan (DIN : 07120706) | Accountancy and Finance | Independent Director | 2 | 100 |
| T. K. Ramkumar (DIN : 02688194) | Law | Independent Director | Nil | 1,64,310 |

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 has handled Finance, Accounts & Taxation at various levels upto CFO while in service for over 20 years in companies of repute. Presently he is practicing as a Chartered Accountant for over ten years handling Taxation, providing virtual CFO and Management Consultancy services to MSME companies, undertaking Internal Audit of corporates in all segments (MSME to Large). In addition to the skill sets set out in the aforesaid table, he also possess expertise in System Audit. He is also an active Agriculturalist.

Shri. Subramaniam Narayanan is a qualified Chartered Accountant, Cost and Management Accountant, Company Secretary and MBA from IIM- Ahmedabad. Apart from skill sets given above, he brings into the Board the skill sets of Payment & Settlement System, Treasury, Risk Management, Information Technology 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 various asset classes including bonds, currencies, and equities in both Domestic & International markets.

Shri. V. N. Shiva Shankar is a qualified lawyer, CS and Cost / Management Accountant with over 25 years of rich experience in Indian Corporate Sector. In addition to the skill sets mentioned in the above table he holds expertise in Risk Management functions also.

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.

Shri. K. Vaidyanathan is a qualified Cost Accountant and Company Secretary. He has over 40 years of rich domain experience in Financial and Management Accounting, Corporate Finance, Auditing and Regulatory Compliance. He is a Practicing Company Secretary. He also holds expertise in Compliance and Business Management.

Shri. T. K. Ramkumar is one of the leading Lawyers in Chennai possessing special knowledge in Banking Law, Company Law and Intellectual Property Rights with over 40 years of experience. He is also an active environmentalist.

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 14.08.2020 | Directorship in other Public Ltd., Companies | Directorship in other Listed entities | Committee Membership (Chairperson) in other Companies |
|-----------------------------------|---------------------------|---------------------|--|---|--|---|
| | Held during the Tenure | Meeting Attended | | | | |
| R. Mohan | 12 | 12 | Yes | Nil | Nil | Nil |
| Dr. N. Kamakodi | 12 | 12 | Yes | Nil | Nil | Nil |
| Smt. Abarna Bhaskar | 12 | 11 | Yes | Nil | Nil | Nil |
| M. Narayanan | 12 | 12 | Yes | Nil | Nil | Nil |
| Subramaniam Narayanan | 12 | 12 | Yes | Nil | Nil | Nil |
| V. N. Shiva Shankar | 12 | 12 | Yes | 3 | Nil | Nil |
| Dr. T. S. Sridhar | 12 | 12 | Yes | Nil | Nil | Nil |
| K. Vaidyanathan | 12 | 12 | Yes | Nil | Nil | Nil |
| T. K. Ramkumar | 12 | 12 | Yes | Nil | Nil | Nil |
| S. Bernard (upto 19.08.2020) | 5 | 5 | Yes | Nil | Nil | Nil |

Meetings date: 02.05.2020, 30.05.2020, 18.06.2020, 13.07.2020, 13.08.2020, 25.09.2020, 02.11.2020, 27.11.2020, 24.12.2020, 03.02.2021, 04.03.2021 and 23.03.2021.

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 of the Board and its Committees 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 focussed discussions at the meetings. Executives of the Bank were also invited to attend the Board meetings wherever required, 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.

The complete details are available in the Bank's website under Investor's Section. web link:

https://www.cityunionbank.com/downloads/Familiarisation%20programe_training_190621.pdf

D. DIRECTORS' REMUNERATION

i. REMUNERATION POLICY

Remuneration to Executive Director

There exists a Board approved Compensation Policy which also deals with the remuneration and other corporate benefits to the Whole Time / Executive Director. Such Compensation Policy is framed in accordance with the guidelines issued by the Reserve Bank of India. The remuneration of MD & CEO is recommended by the Compensation and Remuneration Committee to the Board of Directors for its 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.

Further as per extant guidelines issued by the Reserve Bank of India in respect of compensation to Whole Time Directors of Private Sector Bank applicable with effect from 1st April, 2020 all fixed items of compensation, including the perquisites will be treated as part of fixed pay. Perquisites that are

reimbursable would also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contribution towards superannuation / retirement benefits will also be treated as part of fixed pay.

The variable compensation for Whole Time Directors, MD & CEO as fixed based on review of organization performance, key business ratios, qualitative and quantitative metrics, leadership, employee development, supervisory observation(s) if any etc. Such variable compensation shall be paid in form of cash, Stock options and / or Share linked instruments as may be recommended by the Compensation & Remuneration Committee, Board and approved by RBI for each financial year.

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. R. Mohan, 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", the Companies Act, 2013 and the Compensation Policy of the Bank.

The shareholders of the Bank at their meeting held on 1st September, 2018, have passed a resolution with requisite majority, for payment of such commission to Non-Executive Directors for every financial year commencing from 1st April, 2017 in line with RBI guidelines on Compensation of Non Executive Directors of Private Sector Banks and the provisions of Companies Act, 2013. The Compensation and Remuneration Committee based on overall performance of the Bank and of the Director, recommends such commission if any, to the Board for its approval.

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

Remuneration to Key Managerial Personnel (KMP) and Other Employees

The Bank has two KMPs, Dr. N. Kamakodi, MD & CEO and Shri. V. Ramesh, Company Secretary. The KMP (except MD & CEO) and other employees are remunerated pursuant to a separate memorandum of understanding entered into with the Officers Association, Staff Union and Executives.

ii. REMUNERATION PAID DURING FY 2020-21

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 new stock options have been granted to the MD & CEO of the Bank.

During the year under review, all Independent Non-Executive Directors were paid Profit Linked Commission for FY 2019-20 (except 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 2021.

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 |
|--|-------------------|--------------|-------------|--------------|--------------------------|--------------------|
| EXECUTIVE DIRECTOR | | | | | | |
| Dr. N. Kamakodi | 89,75,000 | 60,00,000 | 1,02,87,598 | - | - | 2,52,62,598 |
| NON-EXECUTIVE INDEPENDENT DIRECTORS | | | | | | |
| R. Mohan | 12,00,000 | - | - | 9,50,000 | 63,115* | 22,13,115 |
| Abarna Bhaskar | - | - | - | 10,10,000 | 7,00,000 | 17,10,000 |
| M. Narayanan | - | - | - | 8,00,000 | 7,00,000 | 15,00,000 |
| Subramaniam Narayanan | - | - | - | 11,00,000 | 7,00,000 | 18,00,000 |
| V. N. Shiva Shankar | - | - | - | 6,80,000 | 7,00,000 | 13,80,000 |
| Dr. T. S. Sridhar | - | - | - | 7,00,000 | 7,00,000 | 14,00,000 |
| K. Vaidyanathan (Since 03.05.2019) | - | - | - | 6,90,000 | 6,38,798 | 13,28,798 |
| T.K. Ramkumar (Since 17.06.2019) | - | - | - | 7,60,000 | 5,52,732 | 13,12,732 |
| S. Bernard (upto 19.08.2020) | - | - | - | 3,60,000 | 7,00,000 | 10,60,000 |
| Prof. V. Kamakoti (upto 26.04.2019) | - | - | - | - | 49,727 | 49,727 |

Note *PLC is paid upto his term as an Independent Director till 3rd May, 2019 and w.e.f. 4th May, 2019 he was appointed as the Part-time Chairman of the Bank with the approval of RBI.

The Variable Pay paid to MD & CEO during FY 2021 pertains to FY 2019 (₹30 Lakhs) & FY 2020 (₹30 Lakhs) which is approved by the RBI and Profit Linked Commission paid to Independent Directors during FY 2021 pertains to FY 2019-20.

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

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 on an annual basis conducts a formal annual evaluation process for assessing the performance of the Board, Board Level Committees, Part-time Chairman, Non-Independent and Independent Directors. The evaluation is 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.

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The Independent Directors in their separate meeting conducts the evaluation of Board, Chairman and Managing 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 Level 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 the financial year 2020-21.

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.

G. DIRECTOR'S AND OFFICER'S INSURANCE

The Bank has undertaken Directors and Officers insurance (D and O Insurance) for all its Directors, including independent Directors for a specific quantum and coverage of risks as determined by the Board of Directors of the Bank.

H. COMPLIANCE OF LAWS

The Board periodically reviews the compliance reports of all laws applicable to the Bank.

3. COMPOSITION OF COMMITTEES OF THE DIRECTOR AND THEIR ATTENDANCE AT THE MEETINGS AS ON 31ST MARCH, 2021

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 following Committees as of 31st March, 2021. The details on composition and attendance of members in various Committees along with terms and reference are detailed hereunder:

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.

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Composition and meeting details:

| Name of the Member Sarvashri | Category | No. of Meetings held during the tenure | Attendance |
|--|-------------|--|------------|
| M. Narayanan (Chairperson) | Independent | 12 | 12 |
| Smt. Abarna Bhaskar | Independent | 12 | 11 |
| Subramaniam Narayanan | Independent | 12 | 12 |
| S.Bernard (upto 13.08.2020) | Independent | 05 | 05 |
| Meeting date: 02.05.2020, 30.05.2020, 17.06.2020, 13.07.2020, 13.08.2020, 25.09.2020, 02.11.2020, 27.11.2020, 24.12.2020, 03.02.2021, 04.03.2021 and 23.03.2021. | | | |

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

II. Stakeholders Relationship Committee

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

- a. Reviewing and redressing the complaints received

from shareholders / Investor grievance mechanism and any other security holders 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.,

b. Overseeing the Shareholders Services Mechanism of the Bank by obtaining quarterly report on Grievances and Redressal.

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

Composition and meeting details:

| Name of the Member Sarvashri | Category | No. of Meetings held during the tenure | Attendance |
|-------------------------------------|-------------|---|------------|
| Subramaniam Narayanan (Chairperson) | Independent | 04 | 04 |
| Dr. T. S. Sridhar | Independent | 04 | 04 |
| V. N. Shiva Shankar | Independent | 04 | 04 |
| K. Vaidyanathan | Independent | 04 | 04 |

Meeting date: 02.05.2020, 13.08.2020, 02.11.2020 and 03.02.2021.

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

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

| | | |
|--------------------------------------|---|---|
| Pending at the beginning of the year | : | 0 |
| Received during the year | : | 2 |
| Disposed off during the year | : | 2 |
| 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.

Composition and meeting details:

| Name of the Member Sarvashri | Category | No. of Meetings held during the tenure | Attendance |
|---------------------------------|-------------|---|------------|
| R. Mohan (Chairperson) | Independent | 12 | 12 |
| Dr. N. Kamakodi | Executive | 12 | 12 |
| Smt. Abarna Bhaskar | Independent | 12 | 11 |
| Subramaniam Narayanan | Independent | 12 | 12 |

Meeting date: 02.05.2020, 30.05.2020, 18.06.2020, 13.07.2020, 13.08.2020, 25.09.2020, 02.11.2020, 27.11.2020, 24.12.2020, 03.02.2021, 04.03.2021 and 23.03.2021.

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.

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 |
|-----------------------------------|-------------|---|------------|
| V. N. Shiva Shankar (Chairperson) | Independent | 04 | 04 |
| Dr. N. Kamakodi | Executive | 04 | 04 |
| Smt. Abarna Bhaskar | Independent | 04 | 03 |
| M. Narayanan | Independent | 04 | 04 |
| T. K. Ramkumar | Independent | 04 | 04 |

Meeting date: 13.08.2020, 25.09.2020, 27.11.2020 and 04.03.2021.

V. Risk Management Committee

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.
- To review the Asset Liability Management (ALM) of the Bank on regular basis.
- To decide the policy and strategy for Integrated Risk Management containing various risk

exposures of the Bank including the credit, market, liquidity, operational, reputation risk and other risks specified under Pillar II.

- To review risk return profile of the Bank, Capital Adequacy based on the risk profile of the Bank's Balance Sheet, Basel - II implementation, assessment of Pillar II risk under Internal Capital Adequacy Assessment Process (ICAAP), Business Continuity Plan and Disaster Recovery Plan, Key Risk Indicators and Significant Risk Exposures.
- To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives, and to issue necessary directions thereon.
- To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.
- 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.

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Composition and meeting details:

| Name of the Member Sarvashri | Category | No. of Meetings held during the tenure | Attendance |
|--|-------------|---|------------|
| Subramaniam Narayanan (Chairperson) | Independent | 04 | 04 |
| R. Mohan | Independent | 04 | 04 |
| Dr. N. Kamakodi | Executive | 04 | 04 |
| Abarna Bhaskar | Independent | 04 | 03 |
| K. Vaidyanathan | Independent | 04 | 04 |
| Meeting date: 13.07.2020, 25.09.2020, 27.11.2020 and 04.03.2021. | | | |

VI. Customer Service Committee

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.

- 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.
- Provide guidance in improving the customer service level.

- 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.
- 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.
- Examine any other issues having a bearing on the quality of customer service rendered.
- Ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.
- 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 |
|---|-------------|---|------------|
| Dr. T. S. Sridhar (Chairperson) | Independent | 02 | 02 |
| R. Mohan | Independent | 02 | 02 |
| Dr. N. Kamakodi | Executive | 02 | 02 |
| Subramaniam Narayanan | Independent | 02 | 02 |
| Meeting date: 02.11.2020 and 23.03.2021 | | | |

VII. Nomination Committee

The Nomination Committee is constituted as per Section 178 of the Companies Act, 2013 & SEBI Listing Regulations, 2015. The terms of reference of which are as follows:

- 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.
- Carry out the performance evaluation of every Director
- Examine the vacancies that will come up at the Board on account of retirement or otherwise i.e., succession planning.
- 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.
- Identify persons who may be appointed in senior management and recommend to the Board of Directors as to their appointment and removal.
- 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.
- Any other functions as may be stipulated by SEBI, MCA, 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 |
|---------------------------------|-------------|---|------------|
| M. Narayanan (Chairperson) | Independent | 01 | 01 |
| R. Mohan | Independent | 01 | 01 |
| Smt. Abarna Bhaskar | Independent | 01 | 01 |
| S. Bernard | Independent | 01 | 01 |
| Meeting date: 02.05.2020 | | | |

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.

- Identify the lacunae, if any, in the systems that facilitated perpetration of the fraud including cyber frauds 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 | 04 |
| Dr. N. Kamakodi | Executive | 05 | 05 |
| S. Bernard (upto 13.07.2020) | Independent | 02 | 02 |
| Subramaniam Narayanan | Independent | 05 | 05 |
| T K Ramkumar | Independent | 05 | 05 |
| Meeting date: 02.05.2020, 13.07.2020, 25.09.2020, 24.12.2020 and 04.03.2021. | | | |

IX. Compensation & Remuneration Committee

The Committee is constituted in accordance with SEBI Regulations and RBI guidelines.

- 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 (Share Based Employee Benefits) 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 |
|--|-------------|---|------------|
| Subramaniam Narayanan (Chairperson) | Independent | 08 | 08 |
| R. Mohan | Independent | 08 | 08 |
| Smt. Abarna Bhaskar | Independent | 08 | 07 |
| S. Bernard (Upto 18.06.2020) | Independent | 03 | 03 |
| Meeting date: 02.05.2020, 30.05.2020, 18.06.2020, 25.09.2020, 27.11.2020, 24.12.2020, 04.03.2021 and 23.03.2021. | | | |

X. Information Technology Strategy Committee

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

- 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;

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

Composition and meeting details:

| Name of the Member Sarvashri | Category | No. of Meetings held during the tenure | Attendance |
|-------------------------------------|-------------|---|------------|
| Subramaniam Narayanan (Chairperson) | Independent | 03 | 03 |
| R. Mohan | Independent | 03 | 03 |
| Dr. N. Kamakodi | Executive | 03 | 03 |
| Smt. Abarna Bhaskar | Independent | 03 | 03 |
| M. Narayanan | Independent | 03 | 03 |
| T.K. Ramkumar | Independent | 03 | 03 |

Meeting date: 13.07.2020, 02.11.2020 and 23.03.2021.

XI. Corporate Social Responsibility Committee

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

- a. To formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013.
- b. To decide on the outlay of funds for a period, based on the nature of project and adjusted Net Income (NI) for last 3 years (i.e. 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.

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Composition and meeting details:

| Name of the Member Sarvashri | Category | No. of Meetings held during the tenure | Attendance |
|--|-------------|---|------------|
| Dr. N. Kamakodi (Chairperson) | Executive | 04 | 04 |
| R. Mohan | Independent | 04 | 04 |
| Smt. Abarna Bhaskar | Independent | 04 | 03 |
| Dr. T S Sridhar | Independent | 04 | 04 |
| T K Ramkumar | Independent | 04 | 04 |
| Meeting date: 13.07.2020, 25.09.2020, 27.11.2020 and 04.03.2021. | | | |

XII. Premises Committee

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 | - | - |
| Dr. N. Kamakodi | Executive | - | - |
| M. Narayanan | Independent | - | - |
| S. Bernard (upto 19.08.2020) | Independent | - | - |
| Meeting date: The members did not meet during the year. | | | |

XIII. Settlement Committee

During the year the Board of the Bank constituted a Special Committee (Adhoc) to scrutinize and finalize the salary settlement on behalf of the Management with CUB STAFF Union and CUB Officers Association.

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 |
| K. Vaidyanathan | Independent | 01 | 01 |
| Meeting date: 17.12.2020 | | | |

Meeting of Independent Directors

The Independent Directors of the Bank met on 23rd March, 2021, to discuss and review the following for FY 2020-21:

- 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. | 14.08.2020 | 10:15 a.m. | As per MCA notifications dt.13.04.2021, 05.05.2020, 13.04.2020 and 08.04.2020 read with relevant SEBI circulars, meeting was conducted through Video Conferencing from CUB, Administrative Office, Kumbakonam - 612001, Tamil Nadu. | <p>Resolution No.6 Issue of shares under Qualified Institutions Placement (QIP) route.</p> <p>Resolution No.7 To Issue Unsecured Perpetual Debt Instruments, Tier II Debt Capital Instruments on a Private Placement basis.</p> |
| 2. | 29.08.2019 | 10:00 a.m. | "Raya Mahal", 45-46, Gandhi Adigal Salai, Kumbakonam - 612001 | <p>Resolution No.9 Re-appointment of Smt. Abarna Bhaskar as Independent Director.</p> <p>Resolution No.10 Issue of shares under Qualified Institutions Placement (QIP) route.</p> <p>Resolution No.11 Amendment to Articles of Association of the Bank.</p> |
| 3. | 01.09.2018 | 10:31 a.m. | | <p>Resolution No.8 Issue of shares under Qualified Institutions Placement (QIP) route.</p> |

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

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 e-AGM of the Bank. The detailed procedure for such voting is prescribed under Notice calling this e-AGM forming part of this Annual Report.

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

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. WHISTLEBLOWER / 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. There exists an online forum for all employees in the intranet server of the Bank to report genuine concerns under the mechanism. No application / complaint was received in this regard during FY 2021.

D. SUBSIDIARIES

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

E. IMPLEMENTATION OF NON-MANDATORY REQUIREMENTS

- a. The Chairman's Office of the Bank is held by Part-time Independent Chairman at the Bank's Administrative Office situated at Kumbakonam. The terms of his 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 2021 and the same has been reported to concerned stock exchanges within due timelines.

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. 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 2021 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 CENTRAL AUDITORS

The Statutory Central Auditors were paid a remuneration of ₹ 33.00 lakhs towards Audit services for FY 2021 including certification fee besides a remuneration of ₹7.20 lakhs towards branch audit, ₹20.00 lakhs for special assignment (CSITE / IT system Audit) and ₹9.80 lakhs as reimbursement of out of pocket expenses.

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

No. of Complaints pending at the beginning of the financial year : Nil

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

6. CERTIFICATION BY MD & CEO and 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

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).

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:

Tamil Newspapers : Dinamalar / Daily Thanthi / Dinakaran / The Hindu

National English Newspapers : Business Line / Economic Times / Financial Express / Business Standard

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 shareholder informations 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 ID's are registered with the respective Depository Participant. The Companies Act, 2013 and SEBI Listing Regulations provide for circulation of Financial Statements electronically to shareholders. 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.

10. GENERAL SHAREHOLDER INFORMATION

| | | |
|--|---|---|
| Date, Time and Venue of AGM | 19 th August, 2021 11:00 a.m. | |
| | The meeting will be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) as per MCA notifications dated 13 th January, 2021, 5 th May 2020, 13 th April, 2020, 8 th April, 2020 read with SEBI Circular dated 15 th January 2021. Further details are set out in the Notice calling this AGM. | |
| Financial Year | 1 st April, 2020 to 31 st March, 2021 | |
| Interim Dividend Payment Date (FY 2021) | Declared on 28 th May, 2021 and paid on 21 st June, 2021 | |
| Registrar and Transfer Agent | Till 26th January 2021 K Fin Technologies Private Ltd. (Unit: CUB) 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 | From 27th January 2021 Integrated Registry Management Services Private Limited, (Unit: CUB) II Floor, "Kences Towers" No.1 Ramakrishna Street, Off North Usman Road, T. Nagar, Chennai - 600 017, Tamil Nadu, India. Ph: 044-28140801-803, Fax: 044-28142479 e-mail: corpserve@integratedindia.com |

| | |
|---|---|
| Bank's Address for Correspondence | CITY UNION BANK LIMITED Shares Department, Administrative Office, 'NARAYANA', 24B, Gandhi Nagar, Kumbakonam - 612 001, Tamil Nadu, India Ph: 0435 - 2402322, Fax: 0435 - 2431746 E-mail: shares@cityunionbank.in Website: www.cityunionbank.com |
| Company Secretary & Compliance Officer | Shri. V. Ramesh |
| Statutory Central Auditors | M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai |
| Listing on Stock Exchange and ISIN | 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. The annual listing fees payable to the Stock Exchanges for the Financial Year 2020-21 have been paid. ISIN : INE491A01021 |
| Commodity Price Risk or Foreign Exchange Risk and Hedging Activities | The details are given under "Other disclosures" Sl. No.5 of this report. |
| Plant Operations | The Company being a Banking entity, disclosure on plant operations is not applicable. |
| Credit Rating | 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.

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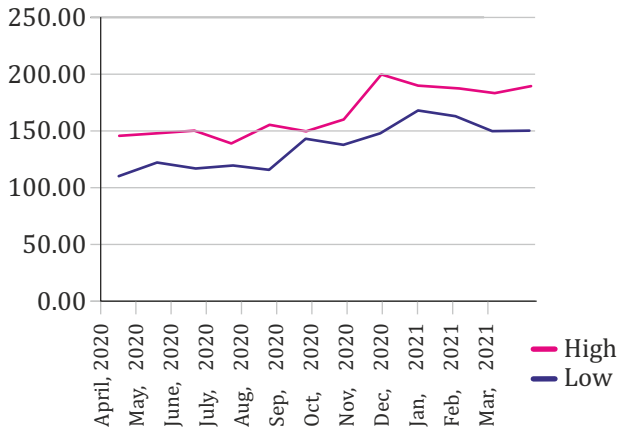
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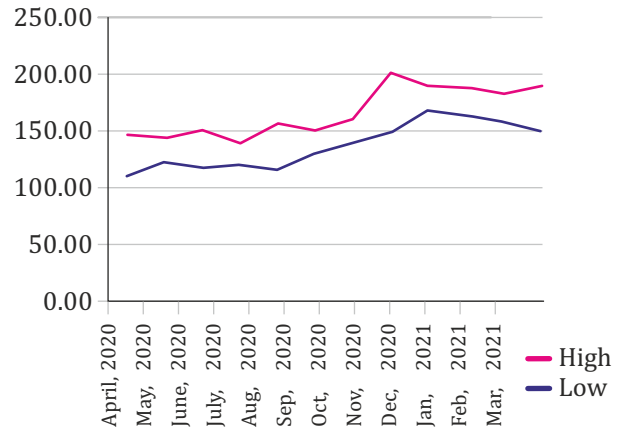
ii. Market Price Data : Low / High during each month of the Financial Year 1st April, 2020 to 31st March, 2021

| Month | BSE | | NSE | |
|-------------|--------|--------|--------|--------|
| | Low | High | Low | High |
| April, 2020 | 110.10 | 145.60 | 110.00 | 145.90 |
| May, 2020 | 122.55 | 147.90 | 122.00 | 144.30 |
| June, 2020 | 118.00 | 150.50 | 118.20 | 150.75 |
| July, 2020 | 119.75 | 139.40 | 119.75 | 139.50 |
| Aug, 2020 | 115.55 | 155.70 | 115.60 | 155.90 |
| Sep, 2020 | 143.50 | 150.40 | 129.30 | 150.50 |
| Oct, 2020 | 137.60 | 159.95 | 138.70 | 160.00 |
| Nov, 2020 | 148.25 | 199.80 | 148.50 | 200.00 |
| Dec, 2020 | 168.30 | 190.00 | 168.20 | 189.80 |
| Jan, 2021 | 163.40 | 187.50 | 163.65 | 187.65 |
| Feb, 2021 | 150.10 | 183.85 | 158.75 | 183.30 |
| Mar, 2021 | 150.10 | 189.60 | 150.00 | 189.70 |

BSE - Market Price movements



NSE - Market Price movements



iii. a. Performance of the Bank's Equity shares as compared with NSE Nifty Indices during FY 2020-21



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b. Performance of the Bank's Equity shares as compared with BSE Sensex indices during FY 2020-21



11. DISTRIBUTION OF SHAREHOLDING

(a) Share Distribution Schedule as on 31st March, 2021

| Sl. No. | Category (No. of shares) | No. of Holders | % of Holders | No. of Shares | % to Share Capital |
|--------------|-----------------------------|-----------------|-----------------|---------------------|-----------------------|
| 1. | 1 - 500 | 1,08,760 | 74.36 | 1,19,18,176 | 1.61 |
| 2. | 501 - 1000 | 13,518 | 9.24 | 98,98,638 | 1.34 |
| 3. | 1001 - 2000 | 10,568 | 7.23 | 1,54,43,068 | 2.09 |
| 4. | 2001 - 3000 | 3,067 | 2.10 | 75,61,202 | 1.02 |
| 5. | 3001 - 4000 | 2,264 | 1.55 | 78,83,984 | 1.07 |
| 6. | 4001 - 5000 | 1,296 | 0.88 | 59,44,450 | 0.81 |
| 7. | 5001 - 10000 | 2,924 | 2.00 | 2,09,02,126 | 2.83 |
| 8. | 10001 & above | 3,858 | 2.64 | 65,92,70,467 | 89.23 |
| TOTAL | | 1,46,255 | 100.00 | 73,88,22,111 | 100.00 |

(b) Shareholding Pattern as on 31st March, 2021

| Sl. No. | Category | No. of Shares | % of Shares |
|---------|--|---------------------|---------------|
| 1 | MUTUAL FUNDS | 21,40,03,190 | 28.97 |
| 2 | FOREIGN PORTFOLIO - CORPORATE | 13,30,07,151 | 18.00 |
| 3 | FOREIGN INSTITUTIONAL INVESTORS (FIIs) | 1,45,730 | 0.02 |
| 4 | FOREIGN PORTFOLIO INVESTORS (FPIs) | 6,250 | 0.00 |
| 5 | INSURANCE COMPANIES | 4,15,54,906 | 5.62 |
| 6 | TRUSTS | 1,32,155 | 0.02 |
| 7 | ALTERNATIVE INVESTMENT FUND | 43,15,327 | 0.58 |
| 8 | NON RESIDENT INDIANS | 39,04,290 | 0.53 |
| 9 | NON RESIDENT INDIAN NON REPATRIABLE | 46,77,756 | 0.63 |
| 10 | CLEARING MEMBERS | 41,66,854 | 0.56 |
| 11 | INDIAN FINANCIAL INSTITUTIONS | 2,88,20,641 | 3.91 |
| 12 | BANKS | 59,075 | 0.01 |
| 13 | BODIES CORPORATES | 2,36,30,141 | 3.20 |
| 14 | DIRECTORS | 35,16,560 | 0.48 |
| 15 | DIRECTORS RELATIVES | 1,97,12,129 | 2.67 |
| 16 | RESIDENT INDIVIDUALS & H U F | 25,50,04,022 | 34.51 |
| 17 | N B F C | 13,008 | 0.00 |
| 18 | I E P F | 20,22,742 | 0.27 |
| 19 | LIMITED LIABILITY PARTNERSHIP | 1,30,184 | 0.02 |
| 20 | Total: | 73,88,22,111 | 100.00 |

*Disclosed in line with SEBI circular HO/CFD/CMD/CIR/P/2017/128 dated 19/12/2017 on holding of specified securities.

12. SHARE TRANSFER SYSTEM AND RELATED MATTERS

a. Shares Transfers

M/s. KFin Technologies Private Limited, Hyderabad was the Registrar and Transfer Agent of the Bank for a period upto 26th January, 2021. Subsequently w.e.f 27th January, 2021. onwards M/s. Integrated Registry Management Services Private Limited, Chennai, has been appointed as the Registrar and Share Transfer Agents (RTA) of the Bank to monitors the share transfer process. As per SEBI circular all share transfers shall only take place in demat mode with effect from 1st 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 monthly meetings. A quarterly report on summary of all Investor Grievances and information 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 shareholder 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 appended at the end of this report please note that the Nomination shall be automatically rescinded of 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 20th April, 2018 has constituted a Committee on "Strengthening the Guidelines and Raising Industry Standards" for RTA, Issuer Companies and Bankers to an Issue with the 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 31st March, 2021, 94% 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.

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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 st April, 2020 | 5 | 3048 |
| 2. | No. of shareholders who approached the issuer for transfer of shares from the unclaimed suspense a/c during FY 2020-21 | 3 | 879 |
| 3. | No. of shareholders to whom shares were transferred from the unclaimed suspense a/c during FY 2020-21 | 0 | 0 |
| 4. | Aggregate No. of shareholders and the outstanding shares lying in the unclaimed suspense a/c at 31 st March, 2021 | 5 | 3048 |

Note: Earlier, the Bank had maintained unclaimed suspense account with Karvy Stock Brock Broking Limited (KSBL). During the year, the National Stock Exchange of India Ltd suspended the license of KSBL for non compliance of regulatory provisions and subsequently all the accounts were transferred to IIFL Securities Limited. The Bank is in process of activation of the demat account with IIFL. Once the process is completed, the Bank shall proceed to transfer the shares to the respective shareholders.

14. TRANSFER OF UNCLAIMED / UNPAID AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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 & shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Bank's website. Weblink :

<https://www.cityunionbank.com/investor/about-cub/unclaimed-dividend>

In light of the aforesaid provisions, the details of unclaimed dividends and shares transferred to IEPF during FY 2021 are as follows:

| Financial Year | Amount of unclaimed dividend transferred | Number of shares transferred |
|----------------|--|------------------------------|
| 2012 - 13 | 41,71,485 | 14,709 |

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 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 pursuant to IEPF Rules as amended from time to time.

Set-out below details on outstanding dividends and the dates by which it can be claimed by the shareholders from the Bank / RTA:

| Financial Year | Outstanding Dividend as on 31.03.2021 (in ₹) | Date of declaration | Last Date for claiming unclaimed dividend |
|-------------------|--|---------------------|---|
| 2019-20 (Interim) | 52,78,696.00 | 19.03.2020 | 24.04.2027 |
| 2018-19 | 34,90,019.50 | 29.08.2019 | 04.10.2026 |
| 2017-18 | 28,24,837.20 | 01.09.2018 | 06.10.2025 |
| 2016-17 | 24,97,077.00 | 23.08.2017 | 28.09.2024 |
| 2015-16 (Interim) | 68,05,352.00 | 12.03.2016 | 17.04.2023 |
| 2015-16 (Final) | 17,85,242.00 | 22.08.2016 | 27.09.2023 |
| 2014-15 | 63,15,692.00 | 24.08.2015 | 29.09.2022 |
| 2013-14 | 64,29,947.00 | 23.08.2014 | 28.09.2021 |

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15. Dematerialisation of shares

The paid up capital of the Bank as on 31st March, 2021 is ₹ 73,88,22,111 which is duly listed in the stock exchanges NSE and BSE. Out of this

72,33,85,634 shares (97.91%) are held in De-mat mode and 1,54,36,477 shares (2.09%) 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 31st March, 2021.

Date: 28th April, 2021
Place: Kumbakonam

Dr. N. Kamakodi
DIN: 02039618
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)

1. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. 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 electronically 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.
2. 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 31st March, 2021 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 - Chairman |
| 2 | NARAYANAN KAMAKODI | 02039618 | 01-05-2011 | 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 | ABARNA BHASKAR | 06971635 | 25-10-2014 | Independent Director - Women Director |
| 8 | VAIDYANATHAN KALYANASUNDARAM | 07120706 | 03-05-2019 | Independent Director |

| Sl. No. | Name of the Director as per DIN Sarvashri | DIN | Date of Appointment in the Company | Designation and remarks if any |
|---------|---|----------|------------------------------------|--------------------------------|
| 9 | TIRUKKARUGAVUR KRISHNAMOORTHY RAMKUMAR | 02688194 | 17-06-2019 | Independent Director |

3. 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

ACS.No. : A672 CP No. 2209

UDIN: A000672C000494913

Peer Review Cert No. 1215/2021

ICSI Unique Code: S1994TN013100

Place: Tiruchirappalli
Date : 25th June, 2021

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

We hereby certify that for the financial ended 31st March, 2021, 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 financial year ended 31st March, 2021 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.

Place: Kumbakonam
Date : 28th May, 2021

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.

Sd/-

Dr. N. Kamakodi
Managing Director & CEO

Sd/-

V. Ramesh
Chief Financial Officer

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by City Union Bank Limited ("the Bank"), for the year ended on 31st March, 2021, 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
UDIN : 21217914AAAAJP5890

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Place: Kumbakonam
Date : 28th May, 2021

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Scenario:

Global

In the year 2020, the global economic landscape was overcast with COVID-19 a virus which had resulted in over 175 million infections and over 3.50 million casualties worldwide. The global economy witnessed an unprecedented downturn in FY 2020-21 due to the Covid-19 pandemic. No major country except China showed positive growth during the year. Central banks across the Globe provided liquidity support along with various credit extension policies to a wide range of borrowers. This was augmented with the Government measures to support firms and households with a number of measures, such as wage subsidies, liquidity support, unemployment insurance and nutrition assistance. These measures increased the momentum of economic activity in the latter part of the year. The IMF (International Monetary Fund) predicted in its April 2021 World Economic Outlook that the global economy is projected to grow at 6.0 per cent in the year 2021.

Global Trade contracted by around 8.5 per cent with the decline in services trade outpacing the decline in merchandise trade in the year 2020. The trade volumes however rebounded in the second half of the year due to increase in demand for consumption durables and resumption of supply chains. However trade in services remained subdued. Overall trade volumes contracted by 8.5% in 2020. Oil and Crude prices have been continuously rising since May 2020. As the recovery strengthens in 2021 global trade is expected to accelerate. The IMF has projected an expansion of 8.4 per cent in trade volumes of goods and services. Cross-border services such as Tourism and Transportation is likely to remain subdued until the pandemic recedes globally and restrictions on international travel ease and confidence of customer returns. A collective global effort to fight the pandemic will bring better results, than individual countries fighting alone & the G20 countries goal of a strong, sustainable and inclusive growth is within sight and reach.

Indian

In India, the economy moved from an unprecedented contraction in Q1 of 2020-21 to positive territory by Q3 (Oct - Dec 2020) due to supportive financial conditions aided by RBI's liquidity measures. Indian industry's passage through the pandemic year has been one of both

deep losses and abundant opportunities. The Manufacturing sector suffered the worst with huge losses in Q1. The mining sector suffered the steepest contraction in FY 2020-21 due to supply bottlenecks. Crude oil and natural gas production declined due to lack of critical infrastructure and equipment amidst the operational bottlenecks in the pandemic. The pharmaceuticals sector witnessed a boom aided by the production-linked incentive scheme (PLI) introduced for bulk drugs and medical devices, which augmented the domestic pharmaceutical production and medical exports. The automobiles sector witnessed strong growth on account of consumer preferences for personal vehicles over public transport amidst pandemic. The services sector suffered heavily in the initial period as contact intensive sectors such as aviation, tourism, and hospitality exhibited symptoms of heavy stress. The IT sector displayed resilience amidst the pandemic. The construction sector experienced a boost with the expansion in physical infrastructure with construction of national highways (13,000 kms in 2020-21). FASTags, the facility of cashless tolling which was made mandatory in February 2021 resulted in strong growth of National Electronic Toll Collection (NETC). E-commerce platform witnessed robust growth with rising waves of digitization.

With India experiencing a second wave since March 2021, there has been localized lockdowns in states which has impacted the economic activity. However with Covid-19 second showing signs of decline in early June 21, and the likely availability of sufficient vaccines by September 2021, growth in second half of FY21-22 is likely to pick up which would trigger positive outcomes for the Indian economy.

MONETARY POLICY AND INTEREST RATES

The Reserve Bank of India continued with its accommodative stance and undertook several measures, system wide as well as institution - instrument and sector specific, to arrest the downturn in domestic economic activity, to ease financial conditions and to ease the functioning of financial markets while maintaining financial stability and soundness of payment and settlement systems. The overall total support extended by RBI for the economy upto 5th May, 2021, amounted to ₹ 15.7 lakh crore which constituted around 8 per cent of nominal GDP in 2020-21.

The Reserve Bank of India on the basis of an assessment of the current and evolving macroeconomic situation, made the following changes at its Monetary Policy Committee (MPC) meeting held on 4th June, 2021:

- Policy Repo Rate under the Liquidity Adjustment Facility (LAF) unchanged 4.0 per cent.
- Reverse Repo Rate under Liquidity Adjustment Facility (LAF) was maintained at 3.35 percent.
- Marginal Standing Facility (MSF) Rate and the Bank Rate maintained at 4.25 per cent.

Some of the domestic aspects relied on by MPC for its underlying decision is given below:

- Headline inflation moderated to 4.3 per cent in April from 5.5 per cent in March 2021 while Food inflation fell to 2.7 per cent in April from 5.2 per cent in March 2021.
- Industrial production registered a broad-based improvement in March 2021.
- Highest GST collections during April 2021 with indications of going low in May 2021.
- System liquidity remained in large surplus in April and May 2021.
- Increase in India's foreign exchange reserves by US\$ 21.2 billion in 2021-22 (up to May 28) to US\$ 598.2 billion.

The MPC noted the ongoing impact of second wave of COVID-19 and stressed on policy support from all sides i.e. Fiscal, Monetary and Sectoral to nurture recovery and expedite return to normalcy and decided to continue with its accommodative stance as long as necessary at least during the current financial year and into the next financial year to revive growth on a durable basis and mitigate the impact of Covid-19 on the economy, while ensuring that inflation remains within the target going forward.

DOMESTIC TREASURY

The Bank had utilized the volatile yield movements during the year and through the timely sale of securities, the Bank could book a profit to the tune of ₹ 233.41 crore as against ₹ 159.60 crore made last year. The Gross Investments increased by ₹ 287 crore to ₹ 9,523 crore as on 31st March, 2021 from ₹ 9,236 crore as on 31st March,

2020. Out of this, the investments in Government bonds alone account to ₹ 9,333 crore constituting 98% of the total investments. The Non-SLR investments declined by ₹ 107 crore mainly on account of partial redemption of Security Receipts to the extent of ₹ 105 crore.

FOREX TREASURY

During the financial year 2020-21, Indian Rupee strengthened against USD by 3.7%. Indian Rupee against USD opened at 75.95 and closed at 73.10. Major reason attributed for stronger rupee were corporate Dollar inflows, gain in local equities and upbeat risk appetite. During the first half of the financial year due to the outbreak of pandemic, the rupee depreciated. The large FPI inflows throughout the year favoured rupee amid the pandemic. The Central Bank's reserves during the financial year grew by 22%. During the FY 2020-21, profit on our foreign exchange operation stood at ₹ 91.91 crore as against ₹ 84.61 crore during the previous year.

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 wherein Intraday Limit, Overnight Limit, Per Deal Limit, Stop Loss and Book Profit Limits have been stipulated. The Bank offers only forward contracts 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.

NOTABLE UPDATES IN BANKING INDUSTRY

The RBI had announced additional regulatory measures to ease Financial Stress on 7th April, 2021 in its Statement on Development and Regulatory Policies. The notable among them are as follows:

- TLTRO on Tap Scheme extended by a period of six months till 30th September, 2021. All exposures under this facility exempted from reckoning under the large exposure framework (LEF).
- Fresh support of ₹ 50,000 crore extended to All India Financial Institutions (AIFIs) for new lending in FY 2021-22 at the prevailing Policy Repo Rate.
- Enhancement of limit of maximum balance per individual customer at day end from ₹ 1 lakh to ₹ 2 lakh for Payment Banks thereby benefiting MSMSE's, Small Traders and Merchants.

- Constitution of a Committee to undertake a comprehensive review of the working in ARC's (Asset Reconstruction Companies) in the financial sector ecosystem.
- Priority Sector Lending (PSL) classification for 'on-lending' by Banks to NBFC's extended up to 30th September, 2021 for Agriculture / MSME / Housing Sectors to ensure sustained credit availability.
- Enhancement of Loan limits per borrower from ₹ 50 lakh to ₹ 75 lakh against the pledge / hypothecation of agricultural products backed by Negotiable Warehouse Receipts (NWR's) / electronic NWR's (e-NWRs).
- The enhanced Way and Means Advances (WMA) limit of ₹ 51,560 crore to State Governments / Union Territories extended for a further period of six months till 30th September, 2021.
- Membership to the RBI-operated Centralized Payment Systems (CPSs) - RTGS & NEFT extended to payment system operators regulated by RBI to minimize settlement risk in the financial system and enhance the reach of digital financial services to all the segments.
- Interoperability of Prepaid Payment Instruments (PPIs) to incentivize migration of PPI's to full KYC. The limit of outstanding balance in such PPI's increased from ₹ 1 lakh to ₹ 2 lakh.
- Cash Withdrawal extended to Full- KYC PPI's issued by non - banks in addition to banks.
- RBI has extended the time limit for parking ECB proceeds in term deposits with AD Category- 1 Banks in India drawn down on or before 1st March, 2020 till 1st March, 2022 in view of the difficulty faced by the borrowers in utilizing the already drawn down ECB's due to Covid-19 pandemic induced lockdown.
- Term Liquidity Facility of ₹ 50,000 crore to ease access to Emergency Health Services for ramping up Covid related health care infrastructure and services in the country with tenors upto 3 years at the repo rate is opened till 31st March, 2022. Priority Sector classification is also extended to such scheme.
- Special Long Term Repo Operations (SLTRO) of ₹ 10,000 crore at repo rate for Small Finance Banks to be deployed for fresh lending upto ₹ 10 lakh per borrower. This facility available till 31st October, 2021.
- Lending by Small Finance Banks (SFB's) to Micro-Finance Institutions (MFI's) with asset size up to ₹ 500 crore for on-lending to individual borrowers to be classified as Priority Sector Lending.
- Borrowers i.e. individuals and small businesses and MSME's having aggregate exposures upto ₹ 25 crore, classified as standard as on 31st March, 2021 and not availed restructuring under the earlier scheme shall be considered under Resolution Framework 2.0. It may be invoked up to 30th September, 2021 and implemented within 90 days of invocation.
- Credit exposure to MSME's upto ₹ 25 lakh disbursed upto 1st October, 2021 shall not be reckoned for calculation of Cash Reserve Ratio (CRR). This is being extended till 31st December, 2021
- Special liquidity facility of ₹ 16,000 crore extended to SIDBI to meet the credit aspirational needs of MSME's and small borrowers.
- National Automated Clearing House (NACH) is a bulk payment system operated by NPCI. Presently it is available on when bank's are functional. In the interest of customer and to take advantage of RTGS facility, NACH facility has been made available all through the week effective from 1st August, 2021.

YOUR BANK'S PERFORMANCE

In the current market scenario largely affected by the Covid-19 pandemic, City Union Bank recorded a reasonable growth rate during the year. During the year, apart from the raging pandemic, the biggest challenge faced by the Banking system was dealing with mounting stressed assets, restructured debts and NPA accounts. Despite these challenges, the Bank was able to post an 8% growth in its total business, with Deposits growing by 9% and Gross Advances growing by 7%. The total business of the Bank as on 31st March, 2021 stood at ₹ 81,558 crore.

Financial Performance

The performance of the Bank during the financial year ended 31st March, 2021 remained stable with a Net Interest Income of ₹ 1,829.67 crore as compared to ₹ 1,675.19 crore during the previous year recording a growth of 9%. The Total Income of the Bank stood at ₹ 4,839.45 crore as compared to ₹ 4,848.55 crore last year.

As on 31st March, 2021, the Deposits of the Bank increased to ₹ 44,537.36 crore as compared to ₹ 40,832.49 crore as at 31st March, 2020 registering a growth of 9%. The total CASA improved by 27% from ₹ 10,196.95 crore last year to ₹ 12,981.44 crore in FY 2020-21. The proportion of CASA to total deposits was at 29.15% as on 31st March, 2021. The cost of deposits stands decreased to 5.36% for FY 2021 against 6.20% for FY 2020.

The Gross Advances of the Bank increased by ₹ 2,444.38 crore to ₹ 37,020.55 crore from ₹ 34,576.17 crore, posting a growth of 7%. The Net Interest Margin (NIM) of the Bank stood at 4% for the year ended 31st March, 2021, as against 3.98% in the previous year. The yield on advances declined to 9.91% from 10.76% during the financial year due to provision for Covid-19 pandemic and also stiff competition among banks. Other income earned for the financial year ended 31st March, 2021 has improved significantly to ₹ 704.77 crore from ₹ 679.95 crore last year mainly on account of treasury income. The Return on Assets as on 31st March, 2021 was 1.15% and for 31st March, 2020 it was 1%.

The investment of the Bank rose to ₹ 9,523.23 crore in FY 2021 against ₹ 9,236.25 crore in FY 2020. During FY 2021, operating expenses increased marginally by 4% to ₹ 1,050.59 crore from ₹ 1,013.74 crore in FY 2020. The staff expenses increased from ₹ 420.65 crore last year to ₹ 463.72 crore in FY 2021. As on 31st March, 2021, the total number of Branches was 702 & the total number of ATM's were 1,724. The other operating expenses

decreased marginally from ₹ 593.09 crore to ₹ 586.87 crore. The cost to Income ratio decreased to 41.45% for the year ended 31st March, 2021 as against 43.04% in the previous year.

The Bank has recorded a growth of 11% in Operating Profit from ₹ 1,341.40 crore in FY 2019-20 to ₹ 1,483.84 crore in FY 2020-21. The Operating Profit to NII constitutes 81%. The total provisions for FY 2021 marginally increased to ₹ 891.02 crore from ₹ 865.08 crore in FY 2020. Tax provision decreased to ₹ 100 crore in FY 2021 as against ₹ 110 crore last year on account of reduction in tax rate. The provision for NPA decreased to ₹ 599 crore in FY 2021 against ₹ 631 crore in FY 2020. The Bank recorded a Net Profit of ₹ 592.82 crore as on 31st March, 2021 as against ₹ 476.32 crore in 31st March, 2020 registering a growth of 24%.

Return on Assets of the Bank for the FY 2021 stands at 1.15% and Return on Equity was at 10.73%. The basic earnings per share stood at ₹ 8.03 per share as compared to ₹ 6.48 per share last year.

Branch Expansion:

Our Bank did not go for aggressive branch expansion during the year on account of Covid-19 pandemic and it added only 2 branches totalling 702 as on 31st March, 2021. The total number of ATM's stood at 1,724 (includes 766 Bulk Note Recycler Machines (BRM) which performs the job of accepting and dispensing cash).

Operational Performance

The incremental growth in the operational performance as well as certain key percentages is are as follows :

(₹ in cr)

| Particulars | FY 2021 | FY 2020 |
|--------------------------------|----------|----------|
| Deposits (₹ in cr) | 3,704.87 | 2,384.54 |
| Gross advances (₹ in cr) | 2,444.38 | 1,510.92 |
| Net Interest Income (₹ in cr) | 154.48 | 63.70 |
| Number of Branches (in Nos.) | 2 | 50 |
| Staff productivity (₹ in cr) | 13.94 | 13.13 |
| Cost of Deposits (%) | 5.36% | 6.20% |
| Yield on Advances (%) | 9.91% | 10.76% |
| Total Yield on Investments (%) | 5.86% | 8.44% |

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Segmentwise Performance

A. Deposits of the Bank comprise of the following :

| Sl. No. | Particulars | FY 2020-21 | | FY 2019-20 | |
|---------|-----------------|------------------------|----------------------------|------------------------|----------------------------|
| | | Amount (₹ in crore) | Percentage to total (%) | Amount (₹ in crore) | Percentage to total (%) |
| 1. | Demand Deposit | 3,753.71 | 8.43 | 2924.40 | 7.16 |
| 2. | Savings Deposit | 9,227.72 | 20.72 | 7272.55 | 17.81 |
| 3. | Term Deposit | 31,555.93 | 70.85 | 30635.54 | 75.03 |
| | Total | 44,537.36 | 100.00 | 40832.49 | 100.00 |

The total investments stood at ₹9,523.23 crore as at 31st March, 2021 against ₹9,236.25 crore as at 31st March, 2020.

B. Investments of the Bank consist of the following :

| Sl. No. | Particulars | Amount (₹ in crore) | Percentage to total (%) |
|---------|--|------------------------|----------------------------|
| 1. | Government Securities | 9,332.78 | 98.00 |
| 2. | Other Approved Securities | NIL | NIL |
| 3. | Shares, Debentures / Bonds and Mutual funds | 47.37 | 0.50 |
| 4. | Security Receipts | 142.86 | 1.50 |
| | Investments in India | 9,523.01 | 100.00 |
| 5. | Investments in Equity Shares of SWIFT (Investment outside India) | 0.22 | NIL |
| | Total Investments | 9,523.23 | 100.00 |

C. 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 | 571.59 | 38.52 |
| Corporate Banking | 344.50 | 23.22 |
| Retail Banking | 546.85 | 36.85 |
| Other Banking Operations | 20.90 | 1.41 |
| Total | 1,483.84 | 100.00 |

During the year the total Revenue generated from Treasury Operations amounted to ₹ 945.60 crore as against ₹ 908.95 crore in previous year. The increase in Treasury income could be attributed to the fact that the Indian Rupee performed better with RBI's intervention and our Bank booked significant profit through timely sale of securities. The total revenue generated

from Corporate / Wholesale Banking amounted to ₹ 1,137.26 crore as against ₹ 1,327.97 crore last year. The Retail Banking segment generated revenues of ₹ 2,729.50 crore as against ₹ 2,588.82 crore last year. This can be attributed to a good performance in the domestic Banking space by our Bank due to growth in Deposits and Advances.

Revenues generated from other Banking operations rose to ₹ 27.09 crore this year, compared to ₹ 22.81 crore last year. Thus all the segments except Corporate Banking showed an increasing trend in revenue generation for our Bank.

ASSET QUALITY AND LOAN COMPOSITION

A. Asset Quality

The Gross NPA as at 31st March, 2021 increased to ₹ 1,893.19 crore (5.11%) as against ₹ 1,413.40 crore (4.09%) in FY 2020. The Net NPA stands increased to ₹ 1,075.19 crore (2.97%) in FY 2021 as against ₹ 778.49 crore in FY 2020 (2.29%). The Provision Coverage Ratio was 64% as at 31st March, 2021 (Previous year 65%).

Our Bank had closed the FY2019-20 with the Covid provision of ₹125 crore, which was made during Q4 of FY2020 to meet our future contingencies. Bank further made a Covid provision of ₹100 crore in Q1, ₹115 crore in Q2, and ₹125 crore in Q3 of FY 2020-21. In Overall, Covid provisions stood at ₹ 465 crore as on 31st December, 2020. During Q4 the Bank has utilized a

sum of ₹ 309 crore from Covid adhoc provisions and transferred the same to provision for bad debts. During FY 2021 we have made an additional adhoc Covid provision for ₹ 31 crore. Thus the adhoc Covid provision of ₹ 156 crore prevails.

Priority Sector Advances stood at ₹ 20,647.60 crore as on 31st March, 2021 as compared to previous year amount of ₹ 17,506.89 crore. The total agricultural advances stood at ₹ 4,816.20 crore as on 31st March, 2021 against ₹ 5,463.85 crore as on 31st March, 2020. During the year the Bank had achieved all its targets / sub-targets as specified by RBI.

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 regarding advances. As aforesaid, the Bank improved its Gross Advances to ₹ 37,020.55 crore as at 31st March, 2021 of which ₹ 8,445.24 crore were directed to major industries and ₹ 28,575.31 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 st March, 2021 | 31 st March, 2020 | 31 st March, 2021 | 31 st March, 2020 |
| Major Industries | 8,445.24 | 8,149.57 | 23% | 24 % |
| Textile | 3,896.91 | 3,719.36 | 11% | 11% |
| Metal | 1,519.04 | 1,660.10 | 4% | 5% |
| Paper & Paper Products | 689.02 | 710.38 | 2% | 2% |
| Food Processing | 258.05 | 87.98 | 0% | 0% |
| Chemicals | 388.57 | 355.85 | 1% | 1% |
| Rubber & Plastics | 430.43 | 423.45 | 1% | 1% |
| Engineering | 567.37 | 576.05 | 2% | 2% |
| Beverage & Tobacco | 41.84 | 38.37 | - | - |
| Automobiles | 215.08 | 192.15 | 1% | 1% |
| Other Industries | 438.93 | 385.88 | 1% | 1% |
| All other Advances | | | | |
| (Agri., Trade Service, Gold Loan etc.) | 28,575.31 | 26,426.60 | 77% | 76% |
| TOTAL | 37,020.55 | 34,576.17 | 100% | 100% |

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Sectoral Deployment

| Sector | Amount (₹ in cr.) | | % to Total Advances | |
|----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 st March, 2021 | 31 st March, 2020 | 31 st March, 2021 | 31 st March, 2020 |
| Agriculture | 4,816.19 | 5,463.85 | 13% | 16% |
| MSME | 14,644.03 | 10,753.12 | 39% | 31% |
| Large Industries | 678.08 | 2,138.67 | 2% | 6% |
| Retail Traders | 582.74 | 943.08 | 2% | 3% |
| Wholesale Traders | 4,655.13 | 4,806.78 | 13% | 13% |
| Commercial Real Estate | 2,536.04 | 2,770.03 | 7% | 8% |
| JL Non Agriculture | 3,460.10 | 713.06 | 9% | 2% |
| Housing Loans | 2,101.58 | 2,283.29 | 6% | 7% |
| Other Personal Loan | 802.90 | 1,017.67 | 2% | 3% |
| Loans Collateralized by deposits | 535.52 | 585.87 | 1% | 2% |
| Infrastructure | 313.64 | 372.99 | 1% | 1% |
| NBFC | 251.76 | 288.59 | 1% | 1% |
| Others | 1,642.84 | 2,439.17 | 4% | 7% |
| TOTAL | 37,020.55 | 34,576.17 | 100% | 100% |

OPPORTUNITIES AND THREATS

City Union Bank is a prominent and major player not only in Tamil Nadu but in all the Southern states of India. It has also enlarged its presence in the Northern states. Presently the Bank has a network of 702 branches with 630 branches located in South India and 72 branches in other states. With the Forex and Treasury income playing a significant factor in our earnings, there exists enormous scope to expanding our banking services in overseas frontiers, thereby catering to our Indian Diaspora. This will augment our NRE Deposits and Foreign exchange portfolio and boost our exchange income. The concept of Digital Banking which has gained increased momentum during the time of the pandemic would continue to add up numbers in the growth of the Bank.

The presence of innumerable Co-operative Banks and NBFC's (Non Banking Finance Companies) has been giving tough competition to Commercial Banks. Regional Co-Operative Bank with their rural connect have been successful in garnering huge deposit base, especially by offering tailor made products catering to the rural profile. The Covid-19 pandemic has fast tracked Digital

Transformation of the payment ecosystem in India. Besides augmenting the broad based use of technology, the pandemic has augmented the proliferation of digital modes of payment, leading the country towards less-cash alternatives. Digital transactions gained traction with a growing preference for contactless transactions.

Going forward Banks fear that a surge in Covid cases due to second and third wave will impact the growth rates and credit costs at varying degrees, leading to delayed economic recovery and lower credit off take from the Corporate sector due to restricted borrowings. Continued Policy support by the Reserve Bank of India (RBI) especially in the form a Resolution Framework 2.0 stipulates a maximum aggregate exposure of upto ₹ 50 crore as on 31st March, 2021 for MSME's and non- MSME small businesses, which shall aid in their economic recovery. The Central Government on 28th June, 2021 has also increased the threshold for Emergency Credit - Linked Guarantee Scheme (ECLGS) to ₹ 4.5 lakh crore from the current ₹ 3 lakh crore to revive the sectors severely affected by the corona virus pandemic.

The ECLGS scheme aims to provide 100% guaranteed coverage to Banks, NBFC's and other lending institutions to enable them to extend emergency credit to business units affected by the pandemic to meet their working capital requirements. There is plethora of opportunities in the banking sector in the coming days and the Bank should seize those opportunities to achieve a higher growth orbit in the years to come.

RISK MANAGEMENT

The identification, measurement, monitoring and management of risks remain main focus areas of our Bank. Business and revenues are to be weighed in the context of the risks implicit in the bank's growth. The Bank is exposed to a variety of risks notably, Credit Risk, Market Risk and Operational Risk. The main objective of risk management department is to strike a proper balance between risk and return, and it operates within the Board approved risk policy, which is communicated to all the departments.

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. Under the supervision of the Risk Management Committee of the Directors, the Risk Management Committee of Executives functions to ensure that the policy guidelines approved by the Board are implemented and adhered to. It guides the policies, procedures and systems for managing and controlling various types of risks.

The Bank has a Risk Management team headed by the Chief Risk Officer, who reports directly to MD & CEO / Risk Management Committee (RMC) of the Board. In case the CRO reports to the MD & CEO, the RMC shall meet the CRO on one to one basis, without the presence of the MD & CEO, at least once on a quarterly basis. The overall risks faced by the Bank and the risk appetite are evaluated by the team which frames 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 the dynamic operating environment and market conditions.

The Bank is BASEL II compliant since 31st March, 2009. The Bank has implemented the BASEL III Capital Regulations from 1st April, 2013, by computing the Capital and Risk weighted Assets as per RBI guidelines dated 2nd May, 2012. The Bank presently adopts Standardized Approach for Credit 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.

As regards, the details on CRAR, shareholders may kindly refer to the Capital Adequacy" para under the Directors Report.

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 FY 2022, along with the plans and strategies for meeting the same. 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 2 of Basel III framework.

The overall risk of the Bank is being managed through three committees viz.

1. Credit Risk Management Committee (CRMC)
2. Asset-Liability Committee (ALCO)
3. Operational Risk Management Committee (ORMC)

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

1. Credit Risk Management Policy
2. Asset and Liability Management Policy
3. Operational Risk Management Policy
4. Stress Testing Policy
5. Pillar 3 Disclosure Policy
6. Business Continuity Plan Policy
7. Inspection and Audit Policy
8. Internal Capital Adequacy Assessment Process (ICAAP) Policy

9. Credit Risk Mitigation and Collateral Management Policy
10. Integrated Risk Management Policy
11. Loan Policy (Including Recovery Policy)
12. Integrated Treasury Policy
13. Policy on Unhedged Foreign Currency exposures of corporates including SMEs
14. Market Risk Management Policy
15. New Product Assessment Policy
16. Risk & Control Self-Assessment standards (RCSA)
17. Pricing Policy
18. MCLR Policy

These policies are subject to review on a periodical basis depending upon the guidelines / directions are given by RBI from time to time or whenever any situations warranting review.

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 3 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 2 risks while preparing the Internal Capital Adequacy Assessment Process (ICAAP) document on annual basis.

The Banks are expected to maintain a "Leverage Ratio" in excess of 3.50% (from 30th June, 2019) 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 over reliance on leverage. This ratio is meant to be a supplementary measure to risk based capital requirements. For the year ended 31st March, 2021, Leverage Ratio of our Bank stood at 10.05%, the computation of which is duly disclosed in Templates DF17 and DF18 of Basel III - Pillar 3 disclosure as per the extant guidelines of RBI.

RBI has introduced Liquidity Coverage Ratio (LCR) under

Basel III guidelines from 1st 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), which are unencumbered and 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% (which was the minimum requirement prescribed by RBI before 17th April, 2020). Due to the COVID-19 pandemic, the minimum requirement was 80% up to 30th September, 2020, after which it was 90% up to 31st March, 2021. From 1st April, 2021, the minimum requirement will be restored to 100%.

In order to further familiarize our operational staff on the various risk aspects Bank has formulated RCSA (Risk Control Self Assessment) standards. To start with workshops followed by questionnaires have been conducted for two products - LAD & JL's highlighting the operational risks involved in those loans. Bank has planned to conduct more such workshops in the coming years covering other products.

INTERNAL CONTROL SYSTEMS

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.

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. Periodic cash inspection is carried out at our Currency Chest to test the accuracy of chest transactions. Risk Based Internal Audit (RBIA) conducted at branches focuses on prioritizing the audit assignment and audit resources based on the level of control risks and inherent business risks. Management audit focuses on identifying the adequacy, and effectiveness of processes adopted for decision making at various departments in Head office, Currency chests, Computer System Department, Business Development Centre, International Banking Division, Central Processing Centres (CPC's) etc. The Concurrent Audit serves as an early warning system to ensure detection of lapses, irregularities and as a tool to prevent frauds. The Information Systems Audit (ISA) focuses on the risks and

assesses the adequacy of controls implemented for mitigating the risks. It collects and evaluates the evidence to determine whether all the safeguards are in place.

Inspection and Audit independently evaluates the adequacy, operational effectiveness and efficiency of all internal controls, risk management, governance systems and processes of our Bank. The Audit committee of the Board provides direction and reviews the adequacy of internal audit function, including its reporting structure, coverage and frequency of audits. Inspection and Audit is responsible for self-assessment of the Bank's internal financial controls, by testing and validating the effectiveness of controls on an on-going basis. The Bank also makes an incognito visit to branches in Tamil Nadu on a yearly basis to ensure effective functioning of the branches and also to ensure adherence to RBI guidelines like display of information to public, issue of coins etc.

Our Bank has an exclusive Compliance Department headed by a Chief Compliance officer to ensure effective implementation and compliance of all the directives issued by various Regulators, its Board of Directors and its Own Internal Control Policy(s).

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

In addition to what is stated in the Directors Report, the Bank believes that the organizational success depends mainly on the quality of employees. Human Resource Development and Industrial atmosphere plays a prominent role in an organization's growth and our Bank has always maintained cordial relations among its employees at all times. As part of HR strategy, the Bank offers to its employees various monetary and non-monetary benefits based on their performance and ensures that each employee feels part of the Bank and strives to deliver to the best of his abilities.

It needs a mention here that during the reporting year, the management of the Bank considering the risks and efforts put by all employees during hard & continuing phases of COVID pandemic, has granted COVID incentive in monetary terms to all employees of the Bank. Further, during FY 2021, the management of the Bank has entered into pay settlements with CUB Officers Association (CUBOA) and CUB Staff Union (CUBSU) containing various monetary & non-monetary benefits. In fact the settlement which is due in September 2021, was advanced and made effective from 1st January 2021. Further the pay structure of all executives was also revised w.e.f January 2021.

The Human Resource function continued to build & provide a cordial and safe work atmosphere to all employees by implementing the Covid guidelines issued by Health Ministry and State guidelines on staff strength at workplace. Further, awareness is being created on a daily basis with regard to precautions and safety measures to be adopted by employees while on and off the work place. Concerning the health of its employees, Covid vaccine camps are frequently organized at Bank's premises and the Bank encourages all its employees to get vaccinated for the safety of self and others.

OUTLOOK

As the recovery strengthens in latter half of 2021, global trade is expected to accelerate. The IMF projects an expansion of 8.4 per cent in trade volumes of goods and services. Inflation however is expected to remain low in developed economies and in most of the emerging market economies due to slack in economic activity. Cross-border services such as tourism and transportation is likely to remain subdued until the pandemic related international travel ease and confidence of the tourists' returns.

In the era of digital payments, various initiatives such as innovation hub, regulatory sandbox, and offline payment solutions are underway to ensure that India maintains its competency in the digital ecosystem. The RBI is in the process of extending the geo-tagging in place to capture location of Bank branches, ATM's and BC's to cover payment system touch points, enabling accurate capture of their locations. The prospects for Fin Tech in India's financial system in FY 2021-22 will depend upon degree of digital usage and cyber security features in place.

FY 2020-21 has left a deep scar on the economy. The health of the Banking Sector emerged as top most priority for the Reserve Bank of India as it sought to provide more cushion to the sector already ravaged by the pandemic. The timely measures of RBI have infused a sense of optimism amongst banks. Containing measures like lockdown and stoppage of transportation, which paralyzed the business enterprises had their impact on banks in terms of loan recoveries. As said earlier plethora of steps taken by RBI and Government of India like Resolution Plan, ECLGS (Emergency Credit link Guarantee Scheme) etc, would help both banks and their borrowers to withstand the damage caused by the pandemic. These measures along with vaccination drives and a collective effort at the global level to arrest the pandemic are all expected to propel the global economy to stronger position in the year ahead.

INDEPENDENT AUDITOR'S 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 31st March, 2021, 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 16 branches and office audited by us and 691 branches & offices audited by other 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 Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") as applicable to banks and other the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31st March, 2021, 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 ICAI's Code of Ethics. We believe

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

Emphasis of Matter

We draw attention to Note No. 12.14 of the Other Notes forming part of financial results which describes the impact and complications due to the outbreak of second wave of novel coronavirus (COVID-19). The situation continues to remain uncertain and in view of its impact on the Bank's financial results, which is significantly dependent on future developments.

Our Opinion is not modified in respect of this matter.

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. We have determined the matters described below to be the key audit matters to be communicated in our report.

A. Identification of Non-Performing Assets ('NPA') and Provisions on Advances including Implementation of COVID-19 Reserve Bank of India Regulatory Package

(Reference to Schedule 9 read with Statement of Accounting Policies Note 6 and Note No. 12.14 of the Other Notes forming part of Financial Results - Schedule to the Financial Statements)

(₹ in thousands)

| | |
|---------------------|--------------|
| Gross Advances | 37,02,05,458 |
| Provisions | 86,27,170 |
| Net Advances | 36,15,78,288 |
| COVID-19 Provisions | 15,05,505 |

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 judgment 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.

Due to the ongoing pandemic and second wave of COVID-19, during our audit we have also identified implementation of the "COVID-19 Regulatory Package - Asset Classification and Provisioning" ('Regulatory Package') issued by the RBI on 17th April, 2020 as a matter of significance in measurement of provision for advances. Since the Bank is permitted to grant moratorium on repayment of loan installments and / or deferment of interest due between 1st March, 2020 to 31st August, 2020 including relaxation in certain parameters, to all eligible borrowers, without considering the same as restructuring, as per RBI's announcement on 27th March, 2020 separate asset classification and provisioning norms have been also prescribed by the RBI in the Regulatory package for such borrowers availing the moratorium benefit.

Since the identification of NPAs and provisioning for such advances requires considerable level of estimation and given its significance to the overall audit including possible observations by RBI which could result in disclosures in the financial statements and regulatory changes due to COVID-19 we have identified this as a key audit matter.

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 31st March, 2021 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. Held discussion with the management of the Bank on sectors wherein there has been stress and the steps taken by the Bank to mitigate such sectorial risks.

Obtained an understanding of implementation of the Regulatory Package and with respect to borrowers to whom a moratorium was granted, on a sample basis, we tested that such moratorium was granted in accordance with the board approved policy. We re-performed the calculations for the additional general provisions made in accordance with the "Regulatory Package".

We assessed the appropriateness and adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs including the additional disclosures required to be made in accordance with the Regulatory Package.

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 focussed on valuation of investments as a key audit matter because of the management judgment involved in determining the value of investments based on the policy of the Bank, impairment assessment for HTM book and the overall 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 31st March, 2021, 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 Chairman's Statement, CSR initiatives, Director's Report, Annexures to Director's Report, Shareholder's Information, Business Responsibility Report, Corporate Governance Report, Management Discussions & Analysis Report, List of Branches, Basel III Disclosures, Decade of 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 safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments

and estimates that are reasonable and prudent; and 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 judgment and maintain professional skepticism throughout the audit. We also:

- 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.

- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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 16 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 31st March, 2021 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2021 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 8th November, 2016 to 30th December, 2016 as envisaged in notification G.S.R. 308(E) dated 30th 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.

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Basel III

For **M/s. Sundaram & Srinivasan**

Chartered Accountants

(Firm No.004207S)

P. Menakshi Sundaram

Partner

M. No.217914

UDIN - 21217914AAAAIK7183

Place: Kumbakonam

Date : 28th May, 2021

Annexure A

**To the Independent Auditors' Report of even date on the
financial statements of City Union Bank Limited [Refer paragraph 2(g)]
Report on other legal and regulatory requirements in our Independent Auditors' 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 31st March, 2021 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 31st March, 2021, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion 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

UDIN - 21217914AAAAIK7183

Place: Kumbakonam
Date : 28th May, 2021

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Basel III

BALANCE SHEET AS ON 31st MARCH, 2021

(₹ in thousands)

| | SCHEDULE No. | AS ON 31.03.2021 | AS ON 31.03.2020 |
|---|-----------------|---------------------|---------------------|
| CAPITAL AND LIABILITIES | | | |
| Share Capital | 1 | 73,88,22 | 73,73,19 |
| Reserves and Surplus | 2 | 5768,59,40 | 5222,33,54 |
| Deposits | 3 | 44537,36,37 | 40832,49,36 |
| Borrowings | 4 | 1345,69,57 | 2032,40,31 |
| Other Liabilities & Provisions | 5 | 1586,14,75 | 1572,56,91 |
| Total | | 53311,68,31 | 49733,53,31 |
| ASSETS | | | |
| Cash and Balances with Reserve Bank of India | 6 | 2792,71,05 | 2030,36,77 |
| Balances with Banks & Money at Call and Short Notice | 7 | 2822,34,99 | 2691,28,00 |
| Investments | 8 | 9435,94,42 | 9116,78,61 |
| Advances | 9 | 36157,82,88 | 33927,44,61 |
| Fixed Assets | 10 | 232,69,01 | 245,16,20 |
| Other Assets | 11 | 1870,15,96 | 1722,49,12 |
| Total | | 53311,68,31 | 49733,53,31 |
| Contingent Liabilities | 12 | 8191,54,23 | 8502,70,70 |
| Bills for Collection | | 372,62,32 | 335,78,77 |

V. RAMESH
SGM - CFO & CS

Dr. N. KAMAKODI
MD & CEO

R. MOHAN
Chairman

M. NARAYANAN

K. VAIDYANATHAN

Directors

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

Kumbakonam
28th May, 2021

P. Menakshi Sundaram
Partner
M. No.217914



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2021

(₹ in thousands)

| | SCHEDULE No. | YEAR ENDED 31.03.2021 | YEAR ENDED 31.03.2020 |
|--|-----------------|--------------------------|--------------------------|
| I INCOME | | | |
| Interest Earned | 13 | 4134,68,49 | 4168,60,28 |
| Other Income | 14 | 704,76,66 | 679,94,62 |
| Total | | 4839,45,15 | 4848,54,90 |
| II EXPENDITURE | | | |
| Interest Expended | 15 | 2305,01,82 | 2493,41,19 |
| Operating Expenses | 16 | 1050,59,27 | 1013,73,97 |
| Provisions and Contingencies | | 891,01,78 | 865,08,19 |
| Total | | 4246,62,87 | 4372,23,35 |
| III PROFIT / LOSS | | | |
| Net Profit / loss(-) for the year | | 592,82,28 | 476,31,55 |
| Profit / loss (-) brought forward | | 57,93,59 | 57,02,21 |
| Total | | 650,75,87 | 533,33,76 |
| IV APPROPRIATIONS | | | |
| - Transfer to Statutory Reserves | | 150,00,00 | 140,00,00 |
| - Transfer to Capital Reserve | | 104,86,03 | 81,08,09 |
| - Transfer to General Reserve | | 220,00,00 | 145,00,00 |
| - Investment Reserve Account | | Nil | Nil |
| - Transfer to Special Reserve under IT Act, 1961 | | 70,00,00 | 65,00,00 |
| - Dividend paid | | 36,86,60 | 36,76,39 |
| - Dividend Tax paid | | 7,57,79 | 7,55,69 |
| - Balance carried over to Balance Sheet | | 61,45,45 | 57,93,59 |
| Total | | 650,75,87 | 533,33,76 |

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(Firm No.004207S)

Kumbakonam
28th May, 2021

P. Menakshi Sundaram
Partner
M. No.217914



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in thousands)

| | AS ON 31.03.2021 | AS ON 31.03.2020 |
|--|---------------------|---------------------|
| SCHEDULE - 1 CAPITAL | | |
| Authorised Capital (100,00,00,000 equity shares of ₹1/- each) | <u>100,00,00</u> | <u>100,00,00</u> |
| Issued Capital (73,88,22,111 / 73,73,19,221 equity shares of ₹1/- each) | <u>73,88,22</u> | <u>73,73,19</u> |
| Subscribed and Paid-up Capital (73,88,22,111 / 73,73,19,221 equity shares of ₹1/- each) | 73,88,22 | 73,73,19 |
| Less: Calls unpaid | Nil | Nil |
| Add: Forfeited shares | Nil | Nil |
| Total | <u>73,88,22</u> | <u>73,73,19</u> |
| SCHEDULE - 2 RESERVES AND SURPLUS | | |
| I. Statutory Reserves | | |
| Opening Balance | 1426,00,00 | 1286,00,00 |
| Additions during the year | 150,00,00 | 140,00,00 |
| Deductions during the year | Nil | Nil |
| | <u>1576,00,00</u> | <u>1426,00,00</u> |
| II. Capital Reserves | | |
| Opening Balance | 206,64,33 | 125,56,24 |
| Additions during the year | 104,86,03 | 81,08,09 |
| Deductions during the year | Nil | Nil |
| | <u>311,50,36</u> | <u>206,64,33</u> |
| III. Share Premium | | |
| Opening Balance | 876,07,63 | 853,04,30 |
| Additions during the year | 11,09,97 | 23,03,33 |
| Deductions during the year | Nil | Nil |
| | <u>887,17,60</u> | <u>876,07,63</u> |
| IV. Revenue and Other Reserves | | |
| i) General Reserve | | |
| Opening Balance | 2211,50,00 | 2066,50,00 |
| Additions during the year | 220,00,00 | 145,00,00 |
| Deductions during the year | 13,22,00 | Nil |
| | <u>2418,28,00</u> | <u>2211,50,00</u> |
| ii) Investment Reserve Account | | |
| Opening Balance | 33,17,99 | 33,17,99 |
| Additions during the year | Nil | Nil |
| Deductions during the year | Nil | Nil |
| | <u>33,17,99</u> | <u>33,17,99</u> |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

| | AS ON 31.03.2021 | AS ON 31.03.2020 |
|---|---------------------|---------------------|
| iii) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 | | |
| Opening Balance | 411,00,00 | 346,00,00 |
| Additions during the year | 70,00,00 | 65,00,00 |
| Deductions during the year | Nil | Nil |
| | 481,00,00 | 411,00,00 |
| V. Balance in Profit and Loss Account | 61,45,45 | 57,93,59 |
| Total | 5768,59,40 | 5222,33,54 |
| SCHEDULE - 3 DEPOSITS | | |
| A I. Demand Deposits | | |
| i) From Banks | 5,56,57 | 4944 |
| ii) From Others | 3748,14,91 | 2923,90,39 |
| | 3753,71,48 | 2924,39,83 |
| II. Savings Bank Deposits | 9227,72,34 | 7272,55,45 |
| III. Term Deposits | | |
| i) From Banks | 109,57,78 | 15,20,00 |
| ii) From Others | 31446,34,77 | 30620,34,08 |
| | 31555,92,55 | 30635,54,08 |
| Total (I, II & III) | 44537,36,37 | 40832,49,36 |
| B i) Deposits of Branches in India | 44537,36,37 | 40832,49,36 |
| ii) Deposits of Branches outside India | Nil | Nil |
| Total | 44537,36,37 | 40832,49,36 |
| SCHEDULE - 4 BORROWINGS | | |
| I. Borrowings in India | | |
| i) Reserve Bank of India | Nil | 412,00,00 |
| ii) Other Banks | Nil | Nil |
| iii) Other Institutions and Agencies | 1345,69,57 | 1620,40,31 |
| iv) Subordinated Debt | Nil | Nil |
| II. Borrowings from outside India | Nil | Nil |
| Total (I & II) | 1345,69,57 | 2032,40,31 |
| III. Secured Borrowings included in (I & II) above | 1096,99,57 | 854,38,78 |

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SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

| | AS ON 31.03.2021 | AS ON 31.03.2020 |
|--|---------------------|---------------------|
| SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS | | |
| I. Bills Payable | 184,71,35 | 200,61,79 |
| II. Inter-Office Adjustments (Net) | Nil | Nil |
| III. Interest Accrued | 230,95,56 | 267,36,07 |
| IV. Others (including Provisions) | 1170,47,84 | 1104,59,05 |
| Total | 1586,14,75 | 1572,56,91 |
| SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA | | |
| I Cash in Hand (including Foreign Currency Notes) | 795,44,32 | 527,51,50 |
| II Balances with Reserve Bank of India | | |
| i) In Current Accounts | 1997,26,73 | 1502,85,27 |
| ii) In Other Accounts | Nil | Nil |
| Total | 2792,71,05 | 2030,36,77 |
| SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE | | |
| I. In India | | |
| i) Balances with Banks | | |
| a) In Current Accounts | 35,31,44 | 32,82,04 |
| b) In Other Deposit Accounts | 5,00,00 | 5,00,00 |
| | 40,31,44 | 37,82,04 |
| ii) Money at Call and Short notice | | |
| a) With Banks | Nil | 40,00,00 |
| b) With Other Institutions | Nil | Nil |
| Total | 40,31,44 | 77,82,04 |
| II. Outside India | | |
| i) In Current Accounts | 3,85,55 | 3,01,71 |
| ii) In Deposit Accounts | 2778,18,00 | 2610,44,25 |
| iii) Money at call and short notice | Nil | Nil |
| Total | 2782,03,55 | 2613,45,96 |
| Grand Total | 2822,34,99 | 2691,28,00 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

| | AS ON 31.03.2021 | AS ON 31.03.2020 |
|---|---------------------|---------------------|
| SCHEDULE - 8 INVESTMENTS | | |
| I. Investments in India in | | |
| i) Government Securities | 9330,88,27 | 8939,49,29 |
| ii) Other Approved Securities | Nil | Nil |
| iii) Shares | 3,65,57 | 7,14,09 |
| iv) Debentures and Bonds | 41,77,73 | 41,70,55 |
| v) Subsidiaries / Joint Ventures | Nil | Nil |
| vi) Others | 59,62,85 | 128,22,90 |
| Inside India Total | 9435,94,42 | 9116,56,83 |
| Gross Investments in India | 9523,22,93 | 9236,02,99 |
| Less : Provision for Investment Depreciation | 85,13,73 | 119,13,16 |
| Less : Provision for Non Performing Investments | 2,14,78 | 33,00 |
| Net Investments in India | 9435,94,42 | 9116,56,83 |
| II. Outside India | Nil | 21,78 |
| Grand Total | 9435,94,42 | 9116,78,61 |
| SCHEDULE - 9 ADVANCES | | |
| A. i) Bills Purchased and Discounted | 214,77,35 | 185,82,12 |
| ii) Cash Credits, Overdrafts and Loans repayable on Demand | 21950,35,86 | 21041,45,73 |
| iii) Term Loans | 13992,69,67 | 12700,16,76 |
| Total | 36157,82,88 | 33927,44,61 |
| B. i) Secured by Tangible Assets (includes Advances against Book Debts) | 35722,45,84 | 33564,62,50 |
| ii) Covered by Bank / Government Guarantees | 127,30,50 | 101,80,00 |
| iii) Unsecured | 308,06,54 | 261,02,11 |
| Total | 36157,82,88 | 33927,44,61 |
| C. I. Advances in India | | |
| i) Priority Sector | 20651,20,87 | 17506,89,55 |
| ii) Public Sector | 127,30,50 | 101,80,00 |
| iii) Banks | Nil | Nil |
| iv) Others | 15379,31,51 | 16318,75,06 |
| Total | 36157,82,88 | 33927,44,61 |
| II. Advances outside India | Nil | Nil |
| Grand Total | 36157,82,88 | 33927,44,61 |

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SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

| | AS ON 31.03.2021 | AS ON 31.03.2020 |
|---|---------------------|---------------------|
| SCHEDULE - 10 FIXED ASSETS | | |
| I. Premises | | |
| i) At Cost as at 31 st March of the preceding year | 68,21,48 | 68,21,48 |
| ii) Additions during the year | 18,88 | Nil |
| iii) Deductions during the year | Nil | Nil |
| Total | 68,40,36 | 68,21,48 |
| iv) Depreciation to date | 13,23,77 | 12,65,56 |
| Total | 55,16,59 | 55,55,92 |
| II. Other Fixed Assets (including Furniture and Fixtures) | | |
| i) At Cost as at 31 st March of the preceding year | 691,03,24 | 621,62,70 |
| ii) Additions during the year | 75,98,89 | 75,03,10 |
| Total | 767,02,13 | 696,65,80 |
| iii) Deductions / Adjustments during the year | 37,97,29 | 5,62,56 |
| Total | 729,04,84 | 691,03,24 |
| iv) Depreciation to date | 551,52,42 | 501,42,96 |
| Total | 177,52,42 | 189,60,28 |
| Grand Total | 232,69,01 | 245,16,20 |
| SCHEDULE - 11 OTHER ASSETS | | |
| I. Inter office Adjustments | Nil | Nil |
| II. Interest accrued | 105,86,97 | 141,81,97 |
| III. Tax paid in advance / Tax deducted at source | 985,62,86 | 851,62,07 |
| IV. Stationery and Stamps | 71,08 | 60,81 |
| V. Non-Banking assets acquired in satisfaction of claims | Nil | Nil |
| VI. Others | 777,95,05 | 728,44,27 |
| Total | 1870,15,96 | 1722,49,12 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

| | AS ON 31.03.2021 | AS ON 31.03.2020 |
|---|---------------------|---------------------|
| SCHEDULE - 12 CONTINGENT LIABILITIES | | |
| I. Claims against the Bank not acknowledged as Debts | 8,12,11 | 4,95,36 |
| II. Liability for Partly Paid Investments | Nil | Nil |
| III. Liability on account of outstanding Forward Exchange Contracts | 6338,34,42 | 6455,07,44 |
| IV. Guarantees given on behalf of Constituents | | |
| - In India | 1438,66,52 | 1455,20,47 |
| - Outside India | 13,47,96 | 16,07,68 |
| V. Acceptances, endorsements and other obligations | 340,99,65 | 529,24,43 |
| VI. Other items for which the Bank is contingently liable | 51,93,57 | 42,15,32 |
| Total | 8191,54,23 | 8502,70,70 |

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SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ in thousands)

| | YEAR ENDED 31.03.2021 | YEAR ENDED 31.03.2020 |
|--|--------------------------|--------------------------|
| SCHEDULE - 13 INTEREST EARNED | | |
| I. Interest / Discount on Advances / Bills | 3507,81,08 | 3494,57,62 |
| II. Income on Investments | 582,80,85 | 609,91,77 |
| III. Interest on Balances with Reserve Bank of India and other Inter-Bank funds | 37,47,77 | 54,81,34 |
| IV. Others | 6,58,79 | 9,29,55 |
| Total | 4134,68,49 | 4168,60,28 |
| SCHEDULE - 14 OTHER INCOME | | |
| I. Commission, Exchange and Brokerage | 51,39,58 | 55,40,81 |
| II. Profit / Loss on sale of Investments (Net) | 233,40,71 | 159,59,90 |
| III. Profit / Loss on revaluation of Investments | Nil | Nil |
| IV. Profit / Loss on sale of Land, Buildings and Other Assets | 24,86 | 15,39 |
| V. Profit on Exchange transactions (Net) | 91,90,82 | 84,61,82 |
| VI. Income earned by way of dividends etc. from subsidiaries, companies and / or joint ventures abroad / in India | Nil | Nil |
| VII. Miscellaneous Income | 327,80,69 | 380,16,70 |
| Total | 704,76,66 | 679,94,62 |
| SCHEDULE - 15 INTEREST EXPENDED | | |
| I. Interest on Deposits | 2234,74,62 | 2436,91,20 |
| II. Interest on RBI / Inter-Bank Borrowings | 29,32,60 | 12,47,36 |
| III. Others | 40,94,60 | 44,02,63 |
| Total | 2305,01,82 | 24934119 |
| SCHEDULE - 16 OPERATING EXPENSES | | |
| I. Payments to and Provision for Employees | 463,71,85 | 420,65,36 |
| II. Rent, Taxes and Lighting | 158,72,67 | 160,21,18 |
| III. Printing and Stationery | 9,11,92 | 11,34,30 |
| IV. Advertisement and Publicity | 9,55,46 | 23,03,87 |
| V. Depreciation on Bank's Property | 87,47,36 | 78,98,76 |
| VI. Directors' Fees, Allowances and Expenses | 1,26,12 | 1,51,85 |
| VII. Auditors' Fees and Expenses(including Branch Auditor's fees & expenses) | 2,51,77 | 2,02,49 |
| VIII. Law Charges | 1,23,00 | 1,37,43 |
| IX. Postage, Telegrams, Telephone, etc. | 24,90,07 | 25,16,52 |
| X. Repairs and Maintenance | 83,26,90 | 93,22,45 |
| XI. Insurance | 53,21,55 | 43,73,85 |
| XII. Other Expenditure | 155,60,60 | 152,45,91 |
| Total | 1050,59,27 | 1013,73,97 |

NOTES ON ACCOUNTS

1. CAPITAL

(₹ in crore)

| Sl. No. | Particulars | 31 st March 2021 | 31 st March 2020 |
|---------|---|-----------------------------|-----------------------------|
| | | Basel III | Basel III |
| i) | Common Equity Tier 1 Capital Ratio (%) | 16.58% | 13.93% |
| ii) | Tier 1 Capital Ratio (%) | 18.45% | 15.80% |
| iii) | Tier 2 Capital Ratio (%) | 1.07% | 0.96% |
| iv) | Total Capital Ratio (CRAR) (%) | 19.52% | 16.76% |
| v) | Percentage of shareholding of the Government of India in Public Sector Banks | NA | NA |
| vi) | Amount of Equity Capital raised | 0.15* | 0.28 |
| 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 2020-21, the Bank has allotted 15,02,890 (P.Y. 28,18,403) equity shares aggregating to ₹ 11.25 cr (P.Y. ₹ 23.32 cr) pursuant to exercise of options under ESOP.

2. INVESTMENTS

(₹ in crore)

| Sl. No. | Particulars | 31 st March 2021 | 31 st March 2020 |
|---------|--|-----------------------------|-----------------------------|
| 1. | Value of Investments | | |
| | (i) Gross value of Investments | | |
| | (a) In India | 9523.01 | 9236.03 |
| | (b) Outside India | 0.22 | 0.22 |
| | (ii) Provision for | | |
| | (a) Depreciation in India | 85.14 | 119.13 |
| | (b) Depreciation outside India | Nil | Nil |
| | (c) Non-performing Investments | 2.15 | 0.33 |
| | (iii) Net Value of Investments | | |
| | (a) In India | 9435.94 | 9116.57 |
| | (b) Outside India | 0.00 | 0.22 |
| 2. | Movement of provision held towards depreciation on Investments | | |
| | (i) Opening Balance | 119.13 | 151.13 |
| | (ii) Add: Provision made during the year | 16.00 | 0.00 |
| | (iii) Less: Write-off / Write-back of excess provision during the year | 49.99 | 32.00 |
| | (iv) Closing Balance | 85.14 | 119.13 |

2.1. Repo Transactions (in face value terms)

(₹ in crore)

| Particulars | Minimum Outstanding during the year | Maximum Outstanding during the year | Daily Average Outstanding during the year | As at 31 st March 2021 |
|---|-------------------------------------|-------------------------------------|---|-----------------------------------|
| Securities sold under Repo | | | | |
| i) Government Securities | 130.25 | 557.95 | 186.69 | Nil |
| ii) Corporate Debt Securities | Nil | Nil | Nil | Nil |
| Securities purchased under Reverse Repo | | | | |
| i) Government Securities | 22.45 | 1021.55 | 290.33 | 352.47 |
| ii) Corporate Debt Securities | Nil | Nil | Nil | Nil |

2.2 Non-SLR Investment Portfolio

i) Issuer Composition of Non-SLR Investments

(₹ in crore)

| Sl. No. | Issuer | Amount | Extent of Private Placement | Extent of below "Investment Grade" Securities | Extent of "Unrated Securities" | Extent of "Unlisted Securities" |
|---------|---|---------------|-----------------------------|---|--------------------------------|---------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1. | PSUs | 3.60 | 3.60 | Nil | Nil | 3.60 |
| 2. | Financial Institutions | 1.95 | Nil | Nil | Nil | 1.78 |
| 3. | Banks | 40.36 | 35.00 | Nil | Nil | Nil |
| 4. | Private Corporates | 0.46 | 0.33 | Nil | Nil | 0.33 |
| 5. | Subsidiaries / Joint Ventures | Nil | Nil | Nil | Nil | Nil |
| 6. | Others (Security Receipts / SWIFT Shares/CCIL Pref Shares) | 144.07 | 144.07 | Nil | Nil | 144.07 |
| | Total (1 to 6) | 190.44 | 183.00 | Nil | Nil | 149.78 |
| 7. | Provision held towards depreciation (including NPI Provision) | 85.38 | - | - | - | - |
| | BALANCE | 105.06 | 183.00 | Nil | Nil | 149.78 |

ii) Non - Performing Non - SLR Investments

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|---|-----------------------------|-----------------------------|
| Opening Balance | 0.33 | 0.33 |
| Additions during the year since 1 st April | 1.82 | Nil |
| Reductions during the above period | Nil | Nil |
| Closing Balance | 2.15 | 0.33 |
| Total provisions held | 2.15 | 0.33 |

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 **exceeds** 5 percent of the book value of investments held in HTM category at the beginning of

the year. The profit booked out of sale of HTM securities has been transferred to Capital Reserve.

The details of HTM category as on 31st March, 2021 are furnished below:

(₹ in crore)

| Segment | Book Value | Market Value | Excess of Book value over Market value for which provision is not made |
|---------|------------|--------------|--|
| SLR | 8431.49 | 8430.11 | 1.38 |
| NON SLR | 1.78 | 1.97 | - |

All SLR securities held under HTM have been valued as per FIMMDA/FBIL rates.

During the year ended 31st March 2021, the Bank has sold securities from HTM category exceeding 5% of the book value of investments held in HTM category at the beginning of the year, with due approval. The book value of HTM investment sold during the year ended 31st March 2021 was ₹3,665.16 cr. The 5% threshold limit referred to above is excluding the one time transfers of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year, additional shifting of securities explicitly permitted by the Reserve Bank of India from time to time and direct sales from HTM for bringing down SLR holding in HTM category, sales to Reserve Bank of India under pre-announced open market auctions and repurchase of Government Securities by Government of India from banks.

The Book value of SLR securities as on 31st March, 2021 under HTM stood at ₹ 8,431.49 cr which was in

excess of Market value (₹ 8,430.11 cr) by ₹1.38cr. The Book value of Non SLR securities under HTM as on 31st March, 2021 stood at ₹1.78 cr. The Market value of Non SLR securities under HTM was ₹1.97 cr having an appreciation of ₹ 0.19 cr over the book value. The total closing position of HTM category stands at ₹8,433.27 cr with a market value of ₹8,432.08 cr having a depreciation of ₹1.19 cr for which no provision is needed as per extant guidelines.

2.4 Investment Fluctuation Reserve:

RBI Circular RBI/2017-18/147 DBR.No. BPBC.102/21.04.048 2017-18 dated 2nd April, 2018, the Bank has appropriated Investment Fluctuation Reserve during the FY 2018-19 which is considered adequate for FY 2020-21 also and arrived as below:

(₹ in crore)

| I | Transfer to Investment Fluctuation Reserve | Amount |
|-----|---|---------|
| (a) | Net Profit on Sale of Investments during the year | 233.41 |
| (b) | Net Profit for the year less Mandatory Provisions | 592.82 |
| (c) | (a) or (b) lower of the above | 233.41 |
| (d) | Total of HFT & AFS Portfolio as on 31 st March, 2021 | 1089.96 |
| (e) | 2% on the (d) | 21.80 |
| | Investment Fluctuation Reserve created as at 31 st March, 2021 upto a maximum of (e) | Nil |

3. DERIVATIVES

3.1 Forward Rate Agreement / Interest Rate Swap

(₹ in crore)

| Sl. No. | Particulars | 31 st March 2021 | 31 st March 2020 |
|---------|--|-----------------------------|-----------------------------|
| (i) | The notional principal of swap agreements | Nil | Nil |
| (ii) | Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements | Nil | Nil |
| (iii) | Collateral required by the Bank upon entering into swaps | Nil | Nil |
| (iv) | Concentration of credit risk arising from the swaps | Nil | Nil |
| (v) | The fair value of the swap book | Nil | Nil |

3.2 Exchange Traded Interest Rate Derivatives

(₹ in crore)

| Sl. No. | Particulars | 31 st March 2021 | 31 st March 2020 |
|---------|---|-----------------------------|-----------------------------|
| (i) | Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) | Nil | Nil |
| (ii) | Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March, 2021 (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 appropriate authority / 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 and counter party banker. 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 | |
|---------|--|----------------------|------------|---------------------------|------------|
| | | 31.03.2021 | 31.03.2020 | 31.03.2021 | 31.03.2020 |
| (i) | Derivatives (Notional Principal Amount) | | | | |
| | a) for hedging | 1700.07 | 2346.09 | Nil | Nil |
| | b) for trading | 4638.27 | 4108.99 | Nil | Nil |
| (ii) | Marked to Market Positions | | | | |
| | a) Assets (+) | 77.55 | 63.32 | Nil | Nil |
| | b) Liability (-) | -31.35 | -165.31 | Nil | Nil |
| (iii) | Credit Exposure @ | 237.99 | 229.16 | 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 ₹237.99 crore (P.Y. ₹229.16 crore), exposure to the tune of ₹159.86 crore (P.Y. ₹142.43 crore) is accepted for guaranteed settlement by Clearing Corporation of India (CCIL) and

exposure to the tune of ₹ 69.50 crore (P.Y. ₹ 57.73 crore) are other Inter-Bank deals not guaranteed by CCIL. Balance of ₹ 8.64 crore (P.Y. ₹ 29.01 crore) is out of forward contracts outstanding with customers.

4. ASSET QUALITY

4.1. Non-Performing Assets

(₹ in crore)

| Sl. No. | Particulars | 31 st March 2021 | 31 st March 2020 |
|---------|--|-----------------------------|-----------------------------|
| (i) | Net NPAs to Net Advances (%) | 2.97% | 2.29% |
| (ii) | Movement of Gross NPAs | | |
| | Opening balance | 1413.40 | 977.05 |
| | Additions during the year | 1113.05 | 1110.47 |
| | Reductions during the year | 633.26 | 674.12 |
| | Closing balance | 1893.19 | 1413.40 |
| (iii) | Movement of Net NPAs | | |
| | Opening balance | 778.49 | 591.46 |
| | Additions during the year (Net) | 887.84 | 833.85 |
| | Reductions during the year | 591.14 | 646.82 |
| | Closing balance | 1075.19 | 778.49 |
| (iv) | Movement of provision for NPAs (excluding provision on Standard Assets) | | |
| | Opening balance | 630.87 | 381.28 |
| | Provisions made during the year | 599.00 | 631.00 |
| | Write-off / Write-back of excess provisions | 411.87 | 381.41 |
| | Closing balance | 818.00 | 630.87 |

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 1st January, 2019) and RBI/ DBR.BP.BC.No. 34/21.04.048/2019-20 dated 11th February, 2020 and (RBI/DOR. No.BP.BC/4/ 21.04.048/2020-21 dated 6th August, 2020) on Micro, Small and Medium Enterprises (MSME) Sector- Restructuring of Advances as on 31st March, 2021

MSME

| Number of Accounts Restructured (during the FY 2020-21) - MSME | Amount outstanding as on 31.03.2021 (₹ in Crore) | Total No. of Standard Restructured Accounts (MSME) Outstanding as on 31.03.2021 | Total Amount of Standard Restructured Advances (MSME) outstanding as on 31.03.2021 (₹ in Crore) |
|--|--|---|---|
| 224 | 998.37 | 285 | 1226.40 |

Restructured under Natural Calamities (Cyclone Gaja 2018)

No account was restructured under Gaja Cyclone Relief during the FY 2020-2021.

| Total No. of Standard Restructured Accounts Outstanding as on 31.03.2021 (Gaja Relief) | Total Amount of Standard Restructured Advances outstanding as on 31.03.2021 (Gaja Relief) (₹ in crore) |
|--|--|
| 55 | 27.92 |

4.2.3 Disclosures on the scheme for Sustainable Structuring of Stressed Assets (S4A), as at 31st March, 2021.

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 st March 2021 | 31 st March 2020 |
|---------|--|-----------------------------|-----------------------------|
| a. | Number of Accounts | *1 | 1 |
| b. | Aggregate value (Net of provision) of accounts sold to SC / RC *{Book balance of ₹ 59.67 Crore Less Provision of ₹ 59.67 Crore} | Nil | Nil |
| c. | Aggregate consideration | 6.85 | 13.90 |
| d. | Additional consideration realized in respect of accounts transferred in earlier years | Nil | Nil |
| e. | Aggregate gain / (loss) over net book value | 6.85 | 13.90 |

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 31st March, 2021 - 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 | 142.86 | 247.36 | 0.00 | 0.00 | 142.86 | 247.36 |

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 | - | 142.86 | *0.00 |
| Provision held against (i) | - | 83.23 | - |
| ii) Book value of SRs backed by NPAs sold by other Banks / Financial Institutions / Non-Banking Financial Companies as underlying | - | - | - |
| Provision held against (ii) | - | - | - |
| Total (i) + (ii) | - | 142.86 | - |

* includes 9 SRs with book value of ₹ 1/- each

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 st March 2021 | 31 st March 2020 |
|---------|---|-----------------------------|-----------------------------|
| 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 st March 2021 | 31 st March 2020 |
|---------|---|-----------------------------|-----------------------------|
| 1. | Number of accounts sold during the year | Nil | Nil |
| 2. | Aggregate outstanding | Nil | Nil |
| 3. | Aggregate consideration received | Nil | Nil |

4.5 Provisions on Standard Assets

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|-----------------------------------|-----------------------------|-----------------------------|
| Provision towards Standard Assets | 250.63 | 146.13 |

5. BUSINESS RATIOS

| Particulars | 31 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Interest Income as a percentage to Working Funds | 7.99% | 8.72% |
| Non-Interest Income as a percentage to Working Funds | 1.36% | 1.42% |
| Operating Profit as a percentage to Working Funds | 2.87% | 2.81% |
| Return on Assets | 1.15% | 1.00% |
| Business per employee (₹ in crore) | 13.94 | 13.13 |
| Profit per employee (₹ in crore) | 0.10 | 0.08 |

6. ASSET LIABILITY MANAGEMENT

Maturity Pattern of certain items of Assets and Liabilities - 31st March, 2021

(₹ in crore)

| Period | Deposits | Advances | Investments | Borrowings | Foreign Currency Assets | Foreign Currency Liabilities |
|-------------------------------|-----------------|-----------------|----------------|----------------|-------------------------|------------------------------|
| 1 Day | 755.52 | 262.50 | 2810.75 | 1097.00 | 53.55 | 35.45 |
| 2 to 7 days | 1140.07 | 1879.36 | 241.53 | 0.00 | 767.45 | 803.72 |
| 8 to 14 days | 986.08 | 1181.04 | 238.00 | 0.00 | 64.31 | 44.99 |
| 15 to 30 Days | 530.35 | 367.68 | 264.76 | 0.00 | 1097.32 | 1008.06 |
| 31 days to 60 days | 844.08 | 787.79 | 366.54 | 0.00 | 652.16 | 611.20 |
| 61 days to 90 days | 931.20 | 730.75 | 483.77 | 0.00 | 270.56 | 132.71 |
| Over 3 months & upto 6 months | 1791.05 | 2556.84 | 1192.88 | 0.00 | 1086.03 | 827.31 |
| Over 6 months & upto 1 year | 3148.20 | 5779.23 | 829.91 | 0.00 | 1011.43 | 1034.18 |
| Over 1 year & upto 3 years | 30579.73 | 15809.93 | 2814.99 | 248.70 | 19.68 | 466.19 |
| Over 3 years & upto 5 years | 2854.98 | 3848.23 | 89.19 | 0.00 | 0.34 | 57.02 |
| Over 5 years | 976.10 | 2954.48 | 103.62 | 0.00 | 0.00 | 0.00 |
| Total | 44537.36 | 36157.83 | 9435.94 | 1345.70 | 5022.83 | 5020.83 |

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

7. EXPOSURES

7.1 Exposure to Real Estate Sector

(₹ in crore)

| | Category | 31 st March 2021 | 31 st March 2020 | |
|----------------|--|-----------------------------|-----------------------------|----------------------|
| A) | Direct exposure | | | CSR Initiatives |
| | (i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;* | 2102.02 | 2329.49 | |
| | (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 ₹ 2,536.04 cr + NFB ₹ 44.16 cr) | 2580.20 | 2994.22 | Statutory Reports |
| | (iii) Investment in Mortgage Backed Securities (MBS) and other securitised exposures - | | | Financial Statements |
| a. Residential | Nil | Nil | | |
| | b. Commercial Real Estate | Nil | Nil | List of Branches |
| B) | Indirect Exposure Fund based and non-fund based exposures to National Housing Bank (NHB) and Housing Finance Companies (HFCs) | Nil | Nil | Basel III |
| | Total Exposure to Real Estate Sector | 4682.22 | 5323.71 | |

* includes individual housing loans eligible for inclusion in priority sector advances amounting to ₹ 709.72 cr (P.Y. ₹820.89 cr) for the year ended 31st March, 2021.

7.2 Exposure to Capital Market

(₹ in crore)

| Sl. No. | Particulars | 31 st March 2021 | 31 st March 2020 |
|---------|--|-----------------------------|-----------------------------|
| 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. | 4.80 | 6.47 |
| 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. | 1.89 | 2.44 |
| 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. | 0.30 | 65.45 |
| 5. | Secured and Unsecured Advances to stock brokers and guarantees issued on behalf of stock brokers and market makers. | 0.89 | 77.74 |
| 6. | Loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources. | Nil | Nil |
| 7. | Bridge loans to companies against expected equity flows / issues. | Nil | Nil |
| 8. | Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds. | Nil | Nil |
| 9. | Financing to stock brokers for margin trading. | Nil | Nil |
| 10. | All exposures to venture capital funds (both registered and unregistered). | Nil | Nil |
| | Total Exposure to Capital Market | 7.88 | 152.10 |

7.3 Risk Category-wise Country Exposure *

(₹ in crore)

| Risk Category | Exposure (net) as at March 2021 | Provision held as at March 2021 | Exposure (net) as at March 2020 | Provision held as at March 2020 |
|-----------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Insignificant | 2479.53 | 4.00 | 1952.84 | 2.72 |
| Low | 423.15 | Nil | 778.37 | 1.28 |
| Moderately Low | 37.28 | Nil | 0.86 | Nil |
| Moderate | Nil | Nil | 4.62 | Nil |
| Moderately High | Nil | Nil | Nil | Nil |
| High | Nil | Nil | Nil | Nil |
| Very High | Nil | Nil | Nil | Nil |
| Restricted | Nil | Nil | Nil | Nil |
| Off-credit | Nil | Nil | Nil | Nil |
| Total | 2939.96 | 4.00 | 2736.69 | 4.00 |

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

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

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

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

7.6 Amount of Provision for Income Tax for the year

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Provision for Income Tax (Current Tax) | 196.03 | 232.29 |
| Deferred Tax Assets | -112.65 | -101.98 |
| Deferred Tax Liabilities | 16.62 | -20.31 |
| Provision for Income Tax - Net | 100.00 | 110.00 |

8. PENALTIES IMPOSED BY RBI

During the year, RBI has imposed penalty of ₹ 1,400/- on discrepancies detected towards Soiled Notes Remittance.

9. DISCLOSURES AS PER ACCOUNTING STANDARDS

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

i) Prior Period Items - AS 5

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

ii) Revenue Recognition - AS 9

As mentioned in 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.

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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 st March 2021 | 31 st March 2020 |
|---|-----------------------------|-----------------------------|
| Present value of Obligation as at the beginning of the year | 87.40 | 72.99 |
| Interest cost | 6.16 | 5.38 |
| Current service cost | Nil | Nil |
| Past service cost - (non vested benefits) | Nil | Nil |
| Past service cost - (vested benefits) | Nil | Nil |
| Benefits paid | (12.69) | (11.73) |
| Actuarial gain / (loss) on obligation | 23.82 | 20.76 |
| Present value of obligation at the year end | 104.69 | 87.40 |

ii) Amount recognized in Balance Sheet :

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Closing Present value Obligation | 104.69 | 87.40 |
| Fair value of Plan Assets | Nil | Nil |
| Difference | 104.69 | 87.40 |
| Unrecognised transitional liability | Nil | Nil |
| Unrecognised past service cost - non vested benefits | Nil | Nil |
| Liability recognized in the Balance sheet | 104.69 | 87.40 |

iii) Expenses recognized in Profit & Loss account :

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|---|-----------------------------|-----------------------------|
| Current Service cost | Nil | Nil |
| Interest cost | 6.16 | 5.38 |
| Expected return on Plan Assets | Nil | Nil |
| Net Actuarial (gain) / loss recognised in the year | 23.82 | 20.76 |
| Total expenses recognized in the Profit & Loss Account | 29.98 | 26.14 |

iv) **Principal actuarial assumption at the Balance Sheet Date :**

| Particulars | 31 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Discount factor | 6.87% | 6.61% |
| Salary escalation rate | 6.00% | 6.00% |
| Attrition rate | 6.00% | 6.00% |
| Expected rate of return on Plan Assets | 0.00% | 0.00% |

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 | 945.60 | 908.95 | 1137.26 | 1327.97 | 2729.50 | 2588.82 | 27.09 | 22.81 | 4839.45 | 4848.55 |
| Result | 571.59 | 472.58 | 344.50 | 359.06 | 546.85 | 492.68 | 20.90 | 17.08 | 1483.84 | 1341.40 |
| Unallocated Expenses | | | | | | | | | 0.00 | 0.00 |
| Operating Profit | | | | | | | | | 1483.84 | 1341.40 |
| Other Prov & Contingencies | | | | | | | | | 791.02 | 755.08 |
| Income Taxes | | | | | | | | | 100.00 | 110.00 |
| Extra ordinary Profit / Loss | | | | | | | | | 0.00 | 0.00 |
| Net Profit | | | | | | | | | 592.82 | 476.32 |
| Other Information: | | | | | | | | | | |
| Segment Assets | 13032.50 | 12422.13 | 11071.50 | 12143.71 | 27417.10 | 23545.35 | Nil | Nil | 51521.10 | 48111.19 |
| Unallocated Assets | | | | | | | | | 1790.58 | 1622.34 |
| Total Assets | | | | | | | | | 53311.68 | 49733.53 |
| Segment Liabilities | 11606.32 | 11067.55 | 9979.49 | 10978.74 | 24712.91 | 21286.59 | Nil | Nil | 46298.72 | 43332.88 |
| Unallocated Liabilities | | | | | | | | | 1170.48 | 1104.58 |
| Total Liabilities | | | | | | | | | 47469.20 | 44437.46 |
| Segment Capital | 1426.18 | 1354.58 | 1092.01 | 1164.97 | 2704.19 | 2258.76 | Nil | Nil | 5222.38 | 4778.31 |
| Unallocated Capital | | | | | | | | | 620.10 | 517.76 |
| Capital Employed | | | | | | | | | 5842.48 | 5296.07 |

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 st March 2021 | 31 st March 2020 |
|--------------------------|-----------------------------|-----------------------------|
| Remuneration | 1,17,00,000 | 1,26,83,000 |
| Outstanding Housing Loan | 39,25,835 | 40,40,579 |

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 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Earnings for the year (₹ in crore) | 592.82 | 476.32 |
| Basic weighted average number of shares (Nos.) | 73,78,98,705 | 73,53,31,633 |
| Basic EPS (₹) | 8.03 | 6.48 |
| Dilutive effect of stock options (Nos.) | 57,62,497 | 74,58,408 |
| Diluted weighted average number of shares (Nos.) | 74,36,61,202 | 74,27,90,041 |
| Diluted EPS (₹) | 7.97 | 6.41 |
| 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 31st March, 2021 are as follows:

(₹ in crore)

| Components | 31 st March 2021 | 31 st March 2020 |
|---|-----------------------------|-----------------------------|
| Deferred Tax Liability: | | |
| Depreciation on Fixed Assets | - | 1.00 |
| Special Reserve under IT Act | 121.07 | 103.45 |
| Total Deferred Tax Liability (A) | 121.07 | 104.45 |
| Deferred Tax Asset: | | |
| Provision for Advances (NPA) | 173.89 | 101.55 |
| Leave Encashment | 26.35 | 22.00 |
| Provision for FITL | 0.96 | 0.96 |
| Provision for Standard Assets | 63.08 | 36.78 |
| Provision for COVID-19 - General Provision | 37.90 | 31.46 |
| Depreciation on Fixed Assets | 3.22 | - |
| Total Deferred Tax Asset (B) | 305.40 | 192.75 |
| Net Deferred Tax Liability / (Asset) : (A - B) | (184.33) | (88.30) |

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.

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10. ADDITIONAL DISCLOSURES

10.1 Break up of Provisions and Contingencies

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|-------------------------------------|-----------------------------|-----------------------------|
| Provision for | | |
| - Depreciation on Investments (net) | 16.00 | -31.67 |
| - Non Performing Investments | 1.82 | - |
| - Non Performing Assets | 599.00 | 631.00 |
| - Covid - 19 | 31.00 | 125.00 |
| - Standard Assets | 104.50 | 19.25 |
| - Income Tax (including Def Tax) | 100.00 | 110.00 |
| - Restructured Accounts | 26.50 | 6.90 |
| - Country Exposure | - | 3.50 |
| - Others | 12.20 | 1.10 |
| Total | 891.02 | 865.08 |

10.2.1 Movement in Countercyclical Provisioning Buffer for NPA

(₹ in crore)

| Sl.No. | Particulars | 31 st March 2021 | 31 st March 2020 |
|--------|----------------------------|-----------------------------|-----------------------------|
| a) | Opening Balance | 9.65 | 9.65 |
| b) | Additions during the year | Nil | Nil |
| c) | Deductions during the year | 9.65 | Nil |
| d) | Closing Balance | Nil | 9.65 |

10.2.2 Movement in Floating Provisions

(₹ in crore)

| Sl.No. | Particulars | 31 st March 2021 | 31 st March 2020 |
|--------|----------------------------|-----------------------------|-----------------------------|
| a) | Opening Balance | 9.00 | 9.00 |
| b) | Additions during the year | Nil | Nil |
| c) | Deductions during the year | 9.00 | Nil |
| d) | Closing Balance | Nil | 9.00 |

10.2.3 Movement in Floating Provisions

Reference to RBI circular DBR. No. BP.BC. 79/21.04.048/2014-15 dt 30th March, 2015. The Bank was holding a Countercyclical Provisioning Buffer. RBI vide its circular DOR.STR.REC.10/21.04.048/2021-22 dated 5th May, 2021 has allowed banks to utilise 100% of floating provisions / countercyclical provisioning buffer with the approval of the Board. Accordingly, the Bank had utilised the balance held in floating provision and countercyclical provisioning buffer totalling to ₹ 18.65 cr for making specific provision.

10.3 Drawdown from Reserves

The Bank has not drawn any amount from Reserves during the year, except as mentioned in Note No. 10.5 below.

10.4 Customer Complaints

In terms of RBI circular CEPD.CO.PRD.Cir. No.01/13.01.013/20-21 dated 27.01.2021 relating to "Strengthening of Grievance Redress Mechanism in Banks"

Summary information on complaints received by the Bank from customer and from the Office of the Banking Ombudsman (OBOs)

| Sl.No. | Particulars | 2020 - 21 | 2019 - 20 |
|--|---|-----------|-----------|
| Complaints received by the Bank from its customers | | | |
| 1 | Number of complaints pending at beginning of the year | 80 | 52 |
| 2 | Number of complaints received during the year | 2962 | 1660 |
| 3 | Number of complaints disposed during the year | 3039 | 1632 |
| 3.1 | Of which, number of complaints rejected by the Bank | 0 | 0 |
| 4 | Number of complaints pending at the end of the year | 3 | 80 |
| Maintainable complaints received by the Bank from OBOs | | | |
| 5 | Number of maintainable complaints received by the Bank from OBOs | 252 | 194 |
| 5.1 | Of 5, Number of complaints resolved in favour of the Bank by BOs | 241 | 185 |
| 5.2 | Of 5, Number of complaints resolved through conciliation / mediation / advisories issued by BOs | 11 | 9 |
| 5.3 | Of 5, Number of complaints resolved after passing of Awards by BOs against the Bank | 0 | 0 |
| 6 | Number of Awards unimplemented within the stipulated time (other than those appealed) | 0 | 0 |

Top five grounds of complaints received by the Bank from customers: (FY 2020-21)

| Grounds of complaints | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase / decreased in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|---|---|---|--|---|---|
| Internet / Mobile / Electronic Banking | 15 | 1339 | 134% | 0 | 0 |
| Account opening / Difficulty in operation of a/cs | 15 | 590 | 37% | 3 | 1 |

| Grounds of complaints | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase / decreased in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|--|---|---|--|---|---|
| ATM / Debit cards | 14 | 517 | 47% | 0 | 0 |
| Loans and Advances | 12 | 258 | 215% | 0 | 0 |
| Levy of charges without prior notice / Excessive charges / Foreclosure charges | 12 | 123 | (-) 22% | 0 | 0 |

Top five grounds of complaints received by the Bank from customers: (FY 2019-20)

| Grounds of complaints | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase / decreased in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|--|---|---|--|---|---|
| Internet / Mobile / Electronic Banking | 4 | 572 | 33% | 15 | 2 |
| Account opening / Difficulty in operation of accounts | 15 | 431 | (-) 20% | 15 | 4 |
| ATM / Debit cards | 8 | 351 | (-) 1% | 14 | 3 |
| Levy of charges without prior notice / Excessive charges / Foreclosure charges | 5 | 157 | 9% | 12 | 2 |
| Loans and Advances | 8 | 82 | (-) 6% | 12 | 2 |

10.5 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. ₹ in crore

| Sl.No. | Particulars | 31 st March 2021 | 31 st March 2020 |
|--------|--|-----------------------------|-----------------------------|
| a) | Number of frauds reported during the year | *10 | 10 |
| b) | Amount involved | *19.61 | 46.30 |
| c) | Provisions made during the year | *19.03 | 2.27 |
| d) | Quantum of unamortised provision debited from 'Other Reserves' | 13.22 | Nil |

* The Bank had reported 9 frauds during the FY 20-21. The Central Statutory Auditor had identified one more borrowal account M/s.The Government Tele-Communication Employee Co-operative Society Limited classifying as fraud amounting to ₹ 17.62 crore. As per RBI circular DBR.No.BP.BC.83/21.04.048/2014-15 date 1st April, 2015 and DBR No. BP.BC.92/21.04.048/2015-16 dated 18th April, 2016 granted an option to spread provision in respect of frauds for a period not exceeding 4 quarters from the quarter in which such fraud has been detected /declared. Based on the classification of fraud by the leader bank, an account is classified as fraud amounting to ₹ 17.62 cr, provision amounting to ₹ 4.40 cr was provided in Q4 FY 2021 the remaining provision of ₹13.22 cr is created by transfer from General Reserves under Reserves & Surplus.

Other than above, 219 incidents of Phishing / Vishing / Skimming frauds amounting to ₹ 0.58 crore, where there is no loss to the Bank are reported to RBI during the year.

10.6.1 Letters of Comfort:

The Bank has not issued any letters of comfort to other Banks / branches during the year.

behalf of its customers for availing Trade Credits for Import of Goods into India and outstanding as of 31st March, 2021 was NIL.

10.6.2 Guarantees for Trade Credits:

The Bank had not issued guarantee in any form on

10.7 Provisioning Coverage Ratio (PCR)

The Provisioning Coverage Ratio (PCR) of the Bank as on 31st March, 2021 is 64 %. (P.Y. 65%)

10.8 Bancassurance Business (₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Income from Life Insurance (LIC) | 12.99 | 10.42 |
| Income from Non-Life Insurance (Star Health) | 3.50 | 1.33 |
| Total | 16.49 | 11.75 |

10.9 Concentration of Deposits, Advances, Exposures and NPAs

10.9.1 Concentration of Deposits (₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|---|-----------------------------|-----------------------------|
| Total Deposits of twenty largest depositors | 4731.36 | 3736.13 |
| Percentage of Deposits of twenty largest depositors to total Deposits of the Bank | 10.62% | 9.15% |

10.9.2 Concentration of Advances

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Total Advances to twenty largest borrowers | 1704.35 | 1862.25 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the Bank | 4.60% | 5.39% |

10.9.3 Concentration of Exposures

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Total Exposure to twenty largest borrowers / customers | 2136.28 | 2084.42 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers | 5.04% | 5.19% |

10.9.4 Concentration of NPAs

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|---|-----------------------------|-----------------------------|
| Total Exposure to top four NPA accounts | 245.36 | 273.95 |

10.10 Sector - wise Advances

(₹ in crore)

| Sl. No. | Sector | Current Year | | | Previous Year | | |
|----------|---|----------------------------|----------------|--|----------------------------|---------------|--|
| | | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector |
| A | Priority Sector | | | | | | |
| 1. | Agriculture and allied activities | 4816.86 | 169.34 | 3.52% | 5463.85 | 134.21 | 2.46% |
| 2. | Advances to industries sector eligible as priority sector lending | 8260.27 | 403.25 | 4.88% | 6171.37 | 266.49 | 4.32% |
| 3. | Services | 6634.36 | 401.42 | 6.05% | 4784.79 | 184.30 | 3.85% |
| 4. | Personal Loans | Nil | Nil | Nil | Nil | Nil | Nil |
| 5. | All other priority | 939.72 | 93.48 | 9.95% | 1086.88 | 91.53 | 8.42% |
| | Sub-Total (A) | 20651.21 | 1067.49 | 5.17% | 17506.89 | 676.53 | 3.86% |

10.10 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 |
| B | Non Priority Sector | | | | | | |
| 1. | Agriculture and allied activities | Nil | Nil | Nil | Nil | Nil | Nil |
| 2. | Industry | 678.42 | 198.40 | 29.24% | 2421.37 | 393.73 | 16.26% |
| 3. | Services | 781.41 | 64.78 | 8.29% | 1639.25 | 8.72 | 0.53% |
| 4. | Personal Loans | 4887.89 | 84.45 | 1.73% | 2501.20 | 63.16 | 2.53% |
| 5. | All other Non-Priority | 10021.62 | 478.07 | 4.77% | 10507.46 | 271.26 | 2.58% |
| | Sub-Total (B) | 16369.34 | 825.70 | 5.04% | 17069.28 | 736.87 | 4.32% |
| | Total (A+B) | 37020.55 | 1893.19 | 5.11% | 34576.17 | 1413.40 | 4.09% |

10.11 Movement of NPAs

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 20 |
|--|-----------------------------|---------------------------|
| Gross NPAs as on 1st April | 1413.40 | 977.05 |
| Additions (Fresh NPAs) during the year | 1113.05 | 1110.47 |
| Sub-Total (A) | 2526.45 | 2087.52 |
| Less:- | | |
| (i) Upgradations | 26.39 | 135.98 |
| (ii) Recoveries (excluding recoveries made from upgraded accounts) | 195.00 | 164.29 |
| (iii) Technical / Prudential write-offs | 396.10 | 367.01 |
| (iv) Write-offs other than those under (iii) above | 15.77 | 6.84 |
| Sub-Total (B) | 633.26 | 674.12 |
| Gross NPAs as on 31st March (A-B) | *1893.19 | 1413.40 |

*The above amount does not include Non-fund based exposure amounting to ₹ 5.68 crore as per RBI circular IRAC provisioning norms, the Bank shall be made provision only on funded exposure.

Stock of technical write-offs and the recoveries made thereon

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Opening Balance of Technical / Prudential written-off accounts as at 1 st April | 834.71 | 622.36 |
| Add : Technical / Prudential write-offs during the year | 396.10 | 367.01 |
| Sub-Total (A) | 1230.81 | 989.37 |
| Less : Recoveries made from previously technical / prudential written-off accounts during the year (B) | 172.23 | 154.66 |
| Closing Balance as at 31 st March (A - B) | *1058.58 | 834.71 |

*The above amount does not include Non-fund based exposure amounting to ₹ 6.29 crore as per RBI circular IRAC provisioning norms & the Bank shall be made provision only on funded exposure.

10.12 Overseas Assets, NPAs and Revenue

(₹ in crore)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|---------------|-----------------------------|-----------------------------|
| Total Assets | Nil | Nil |
| Total NPAs | Nil | Nil |
| Total Revenue | Nil | Nil |

10.13 Off-Balance Sheet SPVs sponsored

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

10.14 Unamortized Pension and Gratuity Liabilities – Nil.

10.15 Disclosures on Remuneration

Qualitative Disclosures :

| | | |
|-----|--|--|
| (a) | Information relating to the composition and mandate of the Remuneration Committee. | The Compensation & Remuneration Committee comprised of four members constituted to oversee the framing, review and implementation of Compensation Policy of the Bank. (As on 31 st March, 2021 there are only three members as Shri. S. Bernard, Director, retired on 19 th August, 2020). |
| (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>i) Alignment of compensation with prudent risk taking Effective Supervisory oversight. Sound Compensation Practices.</p> |

| Qualitative Disclosures : | | |
|---------------------------|---|--|
| (c) | Description of the ways in which current and future risks are taken in to account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks. | Compensation related to the types of risks and symmetric with risk outcomes. |
| (d) | Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration. | Qualitative features such as skills, knowledge and abilities are factored in. |
| (e) | A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting. | i) ESOP and Reservation in Rights Issue to be the components of share based payment. ii) Exgratia, payment to be denied only in extreme cases of indiscipline, misuse of trust etc. |
| (f) | Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms. | Exgratia, Performance Linked Pay (PLP) and ESOPs form part of variable remuneration components. |

Quantitative Disclosures

The Quantitative Disclosures pertaining to the MD & CEO as on 31st March, 2021 & 31st March, 2020 is given below:

| Particulars | Current Year | Previous Year |
|--|--|--|
| (g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members. | 8 meetings (Compensation & Remuneration Committee) were held during the financial year and the total remuneration & commission paid to the members during the year is ₹ 24,23,115/- (including commission of ₹ 21,63,115/-). | 4 meetings were held during the financial year (Compensation Committee) and the total remuneration and commission paid during the year ₹ 31,60,000/- (including commission of ₹ 30,00,000/-) |
| (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 |

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| | Particulars | Current Year | Previous Year |
|-----|--|---|---|
| (j) | Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred. | <p>Fixed: ₹ 1,69,52,869/- per annum w.e.f., 1st May, 2020 as per RBI mail approval dt. 3rd December, 2020. [The RBI, as per its circular DOR. Appt. BC. No.23/29.67.001/2019-20 dt. 4th November, 2019, has directed the Banks to include all perquisites as part of fixed pay].</p> <p>Variable Pay of ₹ 30,00,000/- (approved by RBI vide e-mail dt. 20th April, 2020) paid on 30th April, 2020 for FY 2019.</p> <p>Variable Pay of ₹ 30,00,000/- (approved by RBI vide its letter dt. 26th March, 2021) paid on 26th March, 2021 for FY 2020.</p> <p>For FY 2020-21 the proposal for variable pay will be made to RBI.</p> <p>No. of Stock Options granted during FY 2020-21: Nil</p> <p>The option vested during FY 19-20 i.e., 1,81,500 options has been exercised in FY 2020-21.</p> <p>Deferred: Nil.</p> | <p>Fixed: ₹87,00,000/- per annum (paid / payable w.e.f., 1st May, 2019 as per RBI mail approval dt. 20th April, 2020). HRA - 12% of the fixed pay per month from May 18.</p> <p>Variable: Pertain to FY 2018-19 payable to MD & CEO based on approval from RBI dt. 20th April, 2020 which will be paid on subsequent date. For FY 2020 the proposal will be made to RBI.</p> <p>No. of Stock options granted during the FY 19-20: Nil</p> <p>The option vested during FY 18-19 i.e. 1,51,250/- has been exercised during FY 19-20. Further, during FY 19-20, 1,81,500 options has been vested and will be exercised in the subsequent financial year.</p> <p>Deferred: Nil</p> |

| Particulars | | Current Year | Previous Year |
|-------------|---|------------------|---------------|
| (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. | | |
| | (iii) Total amount of reductions during the financial year due to ex-post implicit adjustments. | | |
| (l) | Number of MRTs identified | NIL | NIL |
| (m) | (I) Number of cases where malus has been exercised. | NIL | NIL |
| | (ii) Number of cases where clawback has been exercised. | | |
| | (ii) Number of cases where both malus and clawback have been exercised. | | |
| (n) | General Quantitative Disclosure: The mean pay for the Bank as a whole (excluding sub-staff) and deviation of the pay of each of its WTDs from the mean pay. | ₹ 1,43,39,304.52 | NIL |

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10.16 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 31st March, 2021 - Nil.

| Sl.No. | Particulars | FY 2021 | FY 2020 |
|--------|---|---------|---------|
| 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 | | |

10.17 Credit Default Swaps

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

10.18 Intra-Group Exposures

| | |
|--|-----|
| Disclosure under proprietary model price | Nil |
| Disclosure under standard model price | Nil |

Hence explanation to rationale behind model is not applicable.

10.19 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| Opening balance of amounts transferred to DEAF | 42.15 | 36.91 |
| Add : Amounts transferred to DEAF during the year | 10.01 | 5.34 |
| Less : Amounts reimbursed by DEAF towards claims | 0.23 | 0.10 |
| Closing balance of amounts transferred to DEAF | 51.93 | 42.15 |

10.20 Unhedged Foreign Currency Exposure

- In terms of RBI circular No. DBOD. NO. BP. BC. 85/21.06.200/2013-14 dated 15th January, 2014 with regard to Capital and Provisioning Requirements for exposures to entities with Unhedged Foreign Currency Exposure (UFCE), the Bank has a policy approved by the Board of Directors.
- The provision required for UFCE as on 31st March, 2021 is ₹ 1.49 crore only against which a provision of ₹ 2.22 crore has already been made..
- The incremental capital requirement for the UFCE as on 31st March, 2021 has been determined based on the additional risk weight of ₹ 0.60 crore.

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.

As part of the various COVID-19 financial measures by RBI vide its press release dated 17th April, 2020, the LCR requirement for SCB is being brought down from 100% to 80% with immediate effect. The requirement was gradually restored back in two phases – back to 90% in 1st October, 2020 and 100% with effect from 1st April, 2021.

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 3.00% of NDTL as allowed for MSF), Facility to avail liquidity for liquidity coverage ratio at 15.00% 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.

12.1 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 ₹ 1,052 cr (under Appeal) (previous year ₹ 960 cr) and for Service Tax ₹ 11.77 cr (previous year ₹ 30.42 cr) based on the Opinion / Appellate orders decided in its favour on similar issues.

12.2 Inter Branch Reconciliation

Reconciliation of Central Office accounts maintained by branches has been completed upto 31st March, 2021. 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 15,02,890 (P.Y. 28,18,403) 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. BP.BC.2 / 21.06.201 / 2013-14 dated 1st July, 2013, Banks are required to make quarterly Pillar III disclosures under Basel III capital requirements with effect from 30th September, 2013. The disclosures have been made available on the Bank's web site.

12.5 CSR activities (accounted under Schedule-16 – Operating expenses – XII Other Expenditure) (₹ in crore)

| Particulars | FY 2020 - 21 | FY 2019 - 20 |
|--|--------------|--------------|
| Amount earmarked for CSR activities | 15.49 | 16.05 |
| Amount carried forward from previous year | 3.69 | 4.70 |
| Amount spent during FY 2019-20 | - | 13.83 |
| Amount spent for FY 2020-21 | 10.95 | - |
| Unspent amount of previous year(s) spent during current year | 2.01 | 3.23 |
| Amount un-spent as at 31 st March, 2021 *(₹4.54 cr FY 2020-21, ₹1.30 cr FY 2019-20 and ₹0.38 cr FY 2018-19) | *6.22 | 3.69 |

12.6 There are no dues to Micro and Small Enterprises requiring disclosure as at 31st March, 2021 as per the records available.

12.7 Implementation of IndAS:

As advised by RBI, the Bank has submitted proforma IndAS financials for the period ending 30th June, 2020, 30th September, 2020 and 31st December, 2020 in prescribed format.

In terms of RBI notification DBR.BP.BC. No.29/21.07.001/2018-19 dated 22nd March, 2019 has deferred the implementation of IndAS until further notice from RBI.

12.8 Priority Sector Lending Certificates (PSLC)

During the year, Priority Sector Lending Certificate (PSLC) purchased totalling to ₹ 3,787.50 cr (Small & Marginal Farmers ₹2,207.50 cr and Agriculture ₹ 1,580.00 cr) and PSLC Micro Enterprises sold for ₹3,492.50 cr on various dates.

12.9 In accordance with RBI instruction, the Bank has made a provision of 5% amounting to ₹3.27 cr against exposure in the long term food credit advance to Punjab State Government.

12.10 In terms of RBI circular DOR.ACC.REC.

7/21.02.067/2021-22 dated 22nd April, 2021 banks may pay dividend on equity shares from the profits for the financial year ended 31st March, 2021 subject to the quantum of dividend being not more than 50% of the amount determined as per the dividend payout ratio prescribed in para 4 of the said circular. Based on the said circular the Board of Directors have declared an interim dividend of 30 paise (30%) per equity shares for the year ended 31st March, 2021 (previous year 50%).

12.11 In terms of RBI circular No. DBR.No.BP.BC. 64/21.04.048/2016-17 dated 18th April, 2017. No provision is required to be made since we do not have any exposure in telecom sector.

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

12.13 Certain improper transactions which had happened during FY 2017-18 amounting to ₹ 31.55 crore "through VISA, MASTER & NPCI networks through ATM switch which were approved outside the Bank's network. The Bank had a Cyber Insurance Cover for ₹ 25 crore and insurance claim lodged was earlier rejected. The Bank had fully provided for the same. Subsequent to

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arbitration, the insurance company on 20th October, 2020 had signed the settlement agreement and discharged with the Bank for an amount of ₹ 15 crore. The Bank is in receipt of the said amount and accordingly, the amount has been written back.

12.14 The outbreak of Covid-19 pandemic continues to spread across the globe and India resulting in significant volatility in the Global and Indian economy. The extent to which the Covid-19 pandemic will impact the Bank's result will depend on the future development which are highly uncertain including any new strains of the pandemic and action to contain its spread by way of statewise lockdown or to mitigate the impact including further stimulus and regulatory packages, if any. Also, if the pandemic continues there will be a slowdown in the economic activity resulting in increased defaults and resultant increase in provision requirements. In accordance with the 'COVID-19 Regulatory Packages' announced by the RBI on 27th March, 2020, 17th April, 2020 and 22nd May, 2020 to provide relief to borrowers on account of COVID-19 pandemic whose accounts were standard as on 29th February, 2020, the Bank, in accordance with the Board approved policy had offered moratorium to all eligible borrowers for repayment of loan instalments and / or deferment of interest due between 1st March, 2020 to 31st August, 2020 including relaxation in certain parameters, without considering the same as restructuring. The Honourable Supreme Court in a writ petition bearing No.825 of 2020 by Gajendra Sharma Vs Union of India & Anr had vide its interim order dated 3rd September, 2020 has directed the Banks that the accounts which were not declared as Non-Performing Assets (NPA) till

31st August, 2020 shall not be declared as NPA till further orders, pending disposal of the case by the Hon'ble Supreme Court. Pursuant to Supreme Court's final order vacating the stay dated 23rd March, 2021, and the related RBI notification issued on 7th April, 2021, the bank has classified these borrowal accounts as per extant RBI instruction / IRAC norms and utilised the adhoc provision so created to the extant applicable.

12.15 In terms of Department of Financial services vide its letter dated 23rd October, 2020, the bank had paid ₹ 14.84 cr towards ex-gratia interest to all eligible retail loans, MSME loans and credit card dues which was standard as at 29th February, 2020 and the claim for which has already been received. Now, in accordance with RBI Notification dated 7th April, 2021, the Bank is required to refund 'interest on interest' charged to borrowers during the moratorium period as per methodology for calculation of such interest on interest calculated by IBA. The Bank is in the process of implementing the said methodology and calculation of interest relief due to eligible customers. The Bank has provided ₹ 21.02 cr on an estimated basis for providing such interest relief to eligible borrowers.

12.16 Based on the SCN issued and subsequent representation made by the Bank in addition to the personal hearing and submission of additional documents, RBI vide its order ref. CO.EDFD.DECB.No.S15/02.02.002/2021-2022 dated 20th May, 2021 had levied a penalty of ₹1 crore (Rupees one crore only). Being an event occurring after the Balance Sheet date as specified in AS-4, the Bank had provided for the said amount as on 31st March, 2021.

In terms of RBI circular DOR.No. BP. BC. 62/21.04.048/2019-20 dated 17th April, 2020 “COVID 19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets”.

Accounts where the resolution period was extended based on the above RBI guideline is given below:

| Particulars | As on 31 st March, 2021 |
|--|------------------------------------|
| No of accounts in which Resolution Period was extended | Nil |
| Amount involved (₹ in Lakh) | Nil |

In terms of RBI circular DOR.No. BP. BC. 63/21.04.048/2019-20 dated 17th April, 2020 “COVID 19 Regulatory Package – Asset Classification and Provisioning”, the disclosures are as follows: (₹ in crore)

| Sl. No. | Particulars | Amount |
|---------|---|---------|
| (i) | Amounts in SMA / Overdue categories, where the moratorium / deferment was extended (As of 31 st March, 2020) * | 2744.51 |
| (ii) | Amount where asset classification benefits is extended (As of 31 st March, 2020) | 125.61 |
| (iii) | Provisions made during the quarter ended 31 st March, 2020 and 30 st June, 2020 (Mandatory 10% Provision) | 13.00 |
| (iv) | Additional Adhoc Provision made during the year 2019-20 & 2020-21 * | 452.00 |
| (v) | Provisions adjusted during the year FY 2020-21 against slippages | 301.45 |
| (vi) | The residual provision under the head "Covid Provision" as on 31 st March, 2021 | 150.55 |

* During Q4 FY 2020 - ₹112 cr + Q1 FY 21 - ₹100 cr + Q2 FY 21 - 115 cr & Q3 FY 2021 - ₹125 cr

In terms of RBI circular DOR.No. BP. BC/3/21.04.048/2020-21 dated 6th August, 2020 , on Resolution Framework for “COVID 19 for the Quarter ending March 2021 disclosures are as follows:

| Type of Borrower | (A) Number of accounts where resolution plan has been implemented under this window | (B) Exposure to accounts mentioned at (A) before implementation of the plan | (C) Of (B), aggregate amount of debt that was converted into other securities | (D) Additional funding sanctioned, if any, including between invocation of the plan and implementation | (E) Increase in provisions on account of the implementation of the resolution plan |
|-------------------|--|--|--|---|---|
| Personal loans | 790 | 198.37 | - | - | 19.84 |
| Corporate persons | 50 | 282.18 | - | - | 28.22 |
| Of which MSMEs | 4 | 33.84 | - | - | 3.38 |
| Others | 322 | 114.46 | - | - | 11.44 |
| Total | 1162 | 595.01 | - | - | 59.50 |

ANNEXURE - I

DISCLOSURE ON RESTRUCTURED ACCOUNTS YEAR ENDED 31st March, 2021

(₹ in crore)

| Sl. No. | Type of Restructuring | | Under CDR Mechanism | | | | | Under SME Debt Restructuring Mechanism | | | | | Others | | | | | Total | | | | |
|---------|--|--------------------|---------------------|--------------|----------|------|-------|--|--------------|----------|------|---------|----------|--------------|----------|------|-------|----------|--------------|----------|------|---------|
| | | | Standard | Sub-Standard | Doubtful | Loss | Total | Standard | Sub-Standard | Doubtful | Loss | Total | Standard | Sub-Standard | Doubtful | Loss | Total | Standard | Sub-Standard | Doubtful | Loss | Total |
| 1 | Restructured Accounts as on 1 st April, 2020 (Opening figures)* | No. of borrowers | 0 | 0 | 0 | 0 | 0 | 104 | 4 | 11 | 0 | 119 | 47 | 0 | 5 | 0 | 52 | 151 | 4 | 16 | 0 | 171 |
| | | Amount outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 281.31 | 21.78 | 7.47 | 0.00 | 310.56 | 15.83 | 0.00 | 73.12 | 0.00 | 88.95 | 297.14 | 21.78 | 80.59 | 0.00 | 399.51 |
| | | Provision thereon | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8.58 | 0.90 | 0.16 | 0.00 | 9.64 | 0.00 | 0.00 | 0.72 | 0.00 | 0.72 | 8.58 | 0.90 | 0.88 | 0.00 | 10.36 |
| 2 | Fresh restructuring during the year | No. of borrowers | 0 | 0 | 0 | 0 | 0 | 224 | 0 | 0 | 0 | 224 | 0 | 0 | 0 | 0 | 0 | 224 | 0 | 0 | 0 | 224 |
| | | Amount outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1025.36 | 0.00 | 2.18 | 0.00 | 1027.54 | 8.59 | 0.00 | 0.00 | 0.00 | 8.59 | 1033.95 | 0.00 | 2.18 | 0.00 | 1036.13 |
| | | Provision thereon | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 29.03 | 0.00 | 0.00 | 0.00 | 29.03 | 0.00 | 0.00 | 0.00 | 0.00 | 29.03 | 0.00 | 0.00 | 0.00 | 0.00 | 29.03 |
| 3 | Upgradations to restructured standard category during the FY | No. of borrowers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | -1 | 0 | 0 | 1 | 0 | -1 | 0 | 0 |
| | | Amount outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 | 0.00 | -0.03 | 0.00 | 0.00 | 0.03 | 0.00 | -0.03 | 0.00 | 0.00 |
| | | Provision thereon | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No. of borrowers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0 | -1 | -1 | 0 | 0 | 0 | -1 |
| | | Amount outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -0.03 | 0.00 | 0.00 | 0.00 | -0.03 | -0.03 | 0.00 | 0.00 | 0.00 | -0.03 |
| | | 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 |
| 5 | Downgradations of restructured accounts during the FY | No. of borrowers | 0 | 0 | 0 | 0 | 0 | -19 | 3 | 16 | 0 | 0 | -3 | 0 | 3 | 0 | 0 | -22 | 3 | 19 | 0 | 0 |
| | | Amount outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -59.20 | 7.58 | 51.62 | 0.00 | 0.00 | -0.36 | 0.00 | 0.36 | 0.00 | 0.00 | -59.56 | 7.58 | 51.98 | 0.00 | 0.00 |
| | | Provision thereon | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -2.46 | 0.29 | 2.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -2.46 | 0.29 | 2.17 | 0.00 | 0.00 |
| 6 | Write-offs of restructured accounts during the FY | No. of borrowers | 0 | 0 | 0 | 0 | 0 | 4 | 4 | 2 | 0 | 10 | 9 | 0 | 0 | 0 | 9 | 13 | 4 | 2 | 0 | 19 |
| | | Amount outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.54 | 21.78 | 1.86 | 0.00 | 39.18 | 1.67 | 0.00 | 10.97 | 0.00 | 12.64 | 17.21 | 21.78 | 12.83 | 0.00 | 51.82 |
| | | Provision thereon | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.08 | 0.90 | 0.09 | 0.00 | 1.07 | 0.00 | 0.00 | 0.00 | 0.00 | 0.08 | 0.90 | 0.09 | 0.00 | 0.00 | 1.07 |
| 7 | Restructured Accounts as on 31 st March, 2021 (closing figures)* | No. of borrowers | 0 | 0 | 0 | 0 | 0 | 305 | 3 | 25 | 0 | 333 | 35 | 0 | 7 | 0 | 42 | 340 | 3 | 32 | 0 | 375 |
| | | Amount outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1231.93 | 7.58 | 59.41 | 0.00 | 1298.92 | 22.39 | 0.00 | 62.48 | 0.00 | 84.87 | 1254.32 | 7.58 | 121.89 | 0.00 | 1383.79 |
| | | Provision thereon | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 35.07 | 0.29 | 2.24 | 0.00 | 37.60 | 0.00 | 0.00 | 0.72 | 0.00 | 0.72 | 35.07 | 0.29 | 2.96 | 0.00 | 38.32 |

* Both Opening and Closing figures are excluding the figures of Standard Restructured Advances which do not attract higher provisioning and risk weight

- Provision there on figures represent erosion in fair value.
- In Sl.No. 1 - Under Restructured accounts as on 1st April, 2020- Under SME Debt Restructuring mentioned under Doubtful Column, the closing figure was 10 accounts of ₹ 3.07 Cr; One borrower account for ₹ 4.40 Cr which got restructured earlier moved from the list owing to performing asset under standard category for more than 2 years, this account turned into NPA during the FY 20-21 and hence shown as 11 accounts in the opening figure.
- Sl.No. 2 includes : Fresh Restructuring done under: 'One Time MSME Restructuring - ₹ 998.37 Cr (224 accounts). There is an increase in exposure of ₹ 26.99 Cr for the existing Restructured standard accounts. Sl.No. 2 : Figure reported under SME DA ₹ 2.18 Cr is increase in exposure of 16 accounts which were standard restructured accounts as on 31st March, 2020 which has subsequently become NPA as on 31st March, 2021.
- Sl.No. 6 includes repayment by the borrowers and Technical Written Off made by the Bank during the FY 2020-21. For Existing borrower, Written off under CDR - Nil, Written Off under SME - ₹ 21.78 Cr (4 accounts), Written Off under NSME - Nil. Repayment under CDR - Nil, under SME - ₹ 15.54 Cr; under NSME - ₹ 1.67 Cr
- Provision (Fair value Erosion) of ₹ 35.07 Cr pertains to Standard Restructured Advances < 2 years (arrived on the basis of ROI method.)
- Additional provision made during FY 2020-21 is ₹ 47.86 Crore (only for Standard < 2 years) in the Books of accounts relating to Standard Restructured Accounts - 5%. Ref RBI Circular DBR No. BP.BC.2/21.04.048/2015-16.

ANNEXURE - II

LIQUIDITY COVERAGE RATIO DISCLOSURE

(₹ in crore)

| Liquidity Coverage Ratio | | Current year for the Quarter ended | | | | | | | | Previous Year* | |
|-----------------------------------|--|------------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| | | Mar - 21 | | Dec - 20 | | Sep - 20 | | Jun - 20 | | Mar - 20 | |
| Particulars | | Total Unweighted Value (Avg) | Total Weighted Value (Avg) | Total Unweighted Value (Avg) | Total Weighted Value (Avg) | Total Unweighted Value (Avg) | Total Weighted Value (Avg) | Total Unweighted Value (Avg) | Total Weighted Value (Avg) | Total Unweighted Value (Avg) | Total Weighted Value (Avg) |
| High Quality Liquid Assets | | | | | | | | | | | |
| 1. | Total High Quality Liquid Assets (HQLA) | 9513.22 | | 10005.59 | | 9602.42 | | 8821.60 | | 7889.43 | |
| Cash Outflows | | | | | | | | | | | |
| 2. | Retail Deposits and Deposits from small business customers, of which: | 30293.15 | 2383.98 | 29756.43 | 2338.47 | 29405.27 | 2301.93 | 30722.88 | 2183.19 | 30703.37 | 2283.03 |
| | (i) Stable Deposits | 12906.72 | 645.34 | 12743.48 | 637.17 | 12772.00 | 638.60 | 17782.00 | 889.10 | 15746.16 | 787.31 |
| | (ii) Unstable Deposits | 17386.43 | 1738.64 | 17012.95 | 1701.30 | 16633.27 | 1663.33 | 12940.88 | 1294.09 | 14957.21 | 1495.72 |
| 3. | Unsecured Wholesale funding | 4762.44 | 1653.32 | 4259.86 | 1403.78 | 3874.57 | 1221.42 | 3711.88 | 1358.27 | 3713.81 | 1462.45 |
| | (i) Operational Deposits (all counterparties) | 9.86 | 2.47 | 8.69 | 2.17 | 8.80 | 2.20 | 5.89 | 1.47 | 0.39 | 0.10 |
| | (ii) Non Operational Deposits (all counterparties) | 4752.58 | 1650.85 | 4251.17 | 1401.61 | 3865.77 | 1219.22 | 3705.99 | 1356.80 | 3713.42 | 1462.35 |
| | (iii) Unsecured Debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. | Secured Wholesale funding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5. | Additional requirements | 4228.23 | 465.91 | 4776.91 | 479.39 | 6710.26 | 728.83 | 4520.47 | 571.59 | 3697.44 | 415.03 |
| | (i) Outflows related to derivative exposures and other collateral requirements | 179.43 | 179.43 | 151.21 | 151.21 | 247.07 | 247.07 | 312.07 | 312.07 | 188.88 | 188.88 |
| | (ii) Outflows related to loss of funding on debt products | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | (iii) Credit and liquidity facilities | 4048.80 | 286.48 | 4625.70 | 328.18 | 6463.19 | 481.76 | 4208.40 | 259.52 | 3508.56 | 226.15 |
| 6. | Other Contractual Funding Obligations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7. | Other Contingent Funding Obligations | 1829.14 | 54.87 | 1824.42 | 54.73 | 1797.56 | 53.93 | 1895.66 | 56.87 | 2001.44 | 60.04 |
| 8. | TOTAL CASH OUTFLOWS | 41112.96 | 4558.08 | 40617.62 | 4276.37 | 41787.66 | 4306.11 | 40850.89 | 4169.92 | 40116.06 | 4220.55 |
| Cash Inflows | | | | | | | | | | | |
| 9. | Secured Lending | 1533.27 | 766.64 | 1352.60 | 676.30 | 1095.79 | 547.90 | 841.15 | 420.58 | 963.21 | 481.61 |
| 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 |
| 11. | Other Cash Inflows | 281.41 | 281.41 | 159.60 | 159.60 | 199.97 | 199.97 | 366.09 | 366.09 | 372.34 | 372.34 |
| 12. | Total Cash Inflows | 1814.68 | 1048.05 | 1512.20 | 835.90 | 1295.76 | 747.87 | 1207.24 | 786.67 | 1335.55 | 853.95 |
| | | Total Adjusted Value | | Total Adjusted Value | | Total Adjusted Value | | Total Adjusted Value | | Total Adjusted Value | |
| 21. | TOTAL HQLA | 9513.22 | | 10005.59 | | 9602.42 | | 8821.60 | | 7889.43 | |
| 22. | TOTAL NET CASH OUTFLOWS | 3510.03 | | 3440.47 | | 3558.24 | | 3383.25 | | 3366.60 | |
| 23. | LIQUIDITY COVERAGE RATIO (%) | 271.03% | | 290.82% | | 269.86% | | 260.74% | | 234.34% | |

* Average of January 2021 - March 2021 alone furnished as applicable to previous year

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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;

- a. Interest on non-performed advances and non-performing investments is recognized as per norms laid down by Reserve Bank of India.
- b. Interest on overdue bills, commission, exchange, brokerage and rent on lockers are accounted on realization.
- c. Dividend is accounted when the right to receive the same is established.

In case of suit filed accounts, related legal and the expenses incurred are charged to Profit and Loss

Account and on recovery the same are accounted as income.

4. EFFECTS OF CHANGES IN THE FOREIGN EXCHANGE RATE

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

5. INVESTMENTS

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

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

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

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

vi) Others

- a) Securities classified under "Held to Maturity" category are valued at acquisition cost. Where the acquisition cost is higher than the face value, such excess of acquisition cost over the face value is amortised over the remaining period to maturity.
- b) Securities held in "Available for Sale" Category are valued scrip wise as under:
 - i) Government of India Securities are valued at market price as per quotation put out by 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 Securitisation 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 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 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 1st April, 2014, in accordance with the Companies Act, 2013, the Bank has provided depreciation based on useful life of the assets in line with Schedule II of the Companies Act, 2013. Further the method of depreciation is on Straight line method (SLM) in respect of all fixed assets. Depreciation on assets purchased and sold during the year is provided on pro rata basis.

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 31st MARCH, 2021

(₹ in thousands)

| | 2020 - 21 | 2019 - 20 |
|---|-----------------|-----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit as per P&L account | 5928228 | 4763155 |
| Adjustments for : | | |
| Depreciation | 874736 | 789876 |
| Provisions & Contingencies - Tax | 1000000 | 1100000 |
| Provisions & Contingencies - Others | 7910178 | 7550819 |
| Profit on sale of Investments | -2334071 | -1595990 |
| Profit on sale of Assets | -2486 | -1539 |
| Foreign exchange fluctuations | -919082 | -846182 |
| Operating Profit before working capital changes | 12457503 | 11760139 |
| Adjustments for : | | |
| Funds advanced to Customers | -28868828 | -18920053 |
| Other Operating Assets | 1242996 | 877667 |
| Deposits from Customers | 37048701 | 23845451 |
| Borrowing from Banks | -6867074 | 15514946 |
| Other Operating Liabilities | -4745473 | -2624186 |
| Purchase and sale of Investments (Net) | -375745 | -12455418 |
| Cash Generated from Operations | 9892080 | 17998546 |
| Taxation - Income Tax | -674084 | 363746 |
| Net Cash flow from Operating Activities - A | 9217996 | 18362292 |
| Cash flow from Investing Activities | | |
| Purchase of Fixed Assets | -761777 | -750310 |
| Sale of Fixed Assets | 382215 | 154433 |
| Net Cash used in Investing Activities - B | -379562 | -595877 |
| Cash flow from Financing Activities | | |
| Proceeds from issue of Share Capital | 1503 | 2818 |
| Proceeds from Share Premium | 110996 | 230334 |
| Dividend Paid | -16806 | -370802 |
| Tax on distributed profits | - | -45133 |
| Net Cash flow from Financing Activities - C | 95693 | -182783 |
| Net increase in Cash and Cash equivalents (A+B+C) | 8934127 | 17583632 |
| Cash and Cash equivalents at 31 st March 2020 | 47216477 | 29632845 |
| Cash and Cash equivalents as at 31st March 2021 | 56150604 | 47216477 |

For and on behalf of the Board

Kumbakonam
28th May, 2021

Dr. N. KAMAKODI
MD & CEO

V. RAMESH
SGM - CFO & CS

Dr. N. KAMAKODI
MD & CEO

R. MOHAN
Chairman

M. NARAYANAN

K. VAIDYANATHAN

Directors

As per our separate report of even date

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

Kumbakonam
28th May, 2021

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. | ICICI Bank | Toronto | CAD |
| 5. | Zuercher Kantonal Bank | Zurich | CHF |
| 6. | Commerz Bank | Frankfurt | EUR |
| 7. | Standard Chartered Bank | Frankfurt | EUR |
| 8. | Wells Fargo Bank | London | EUR |
| 9. | Standard Chartered Bank | London | GBP |
| 10. | State Bank of India | Tokyo | JPY |
| 11. | Standard Chartered Bank | Singapore | SGD |
| 12. | Bank of America | NewYork | USD |
| 13. | Standard Chartered Bank | NewYork | USD |
| 14. | Wells Fargo Bank | NewYork | USD |

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
MANGALAGIRI
MYLAVARAM
NANDYAL
NARASARAOPET
NELLORE
ONGOLE
PRODATTUR
RAJAMUNDRY
SRIKAKULAM
TADA
TADEPALLIGUDEM
TANUKU
THENALI
TIRUPATI
THULLURU
TUNI
VEDAYAPALEM
VIJAYAWADA- AUTO NAGAR
VIJAYAWADA- BHAVANARAYANA STREET
VIJAYAWADA- GOVERNORPET
VISHAKAPATINAM
VIZIANAGARAM

CHANDIGARH

CHANDIGARH

CHATTISHGARH

BHILAI
RAIPUR

GUJARAT

AHMEDABAD - NAVRANGPURA
AHMEDABAD - RAIPUR
ANAND
ANKALESWAR
BHAVNAGAR
GANDHIDHAM
JAMNAGAR
KATARGAM - SURAT
MORBI
RAJKOT
SURAT
SURAT II

VADODARA
VAPI

HARYANA

FARIDABAD
GURUGRAM

KARNATAKA

BALLARI
BELGAUM
BENGALURU - BANASHANKARI
BENGALURU - BANASWADI
BENGALURU - BASAVANGUDI
BENGALURU - BTM LAYOUT
BENGALURU - HSR LAYOUT
BENGALURU - HULIMAVU GATE
BENGALURU - INDIRA NAGAR
BENGALURU - ISRO LAYOUT
BENGALURU - J C ROAD
BENGALURU - J. P. NAGAR
BENGALURU - JAYA NAGAR
BENGALURU - K.R.PURAM
BENGALURU - KENGERI
BENGALURU - KORAMANGALA
BENGALURU - MALLESWARAM
BENGALURU - MARTHAHALLI
BENGALURU - MATHIKERE
BENGALURU - PEENYA
BENGALURU - R.T.NAGAR
BENGALURU - RAJAJINAGAR
BENGALURU - RAMANAGARA
BENGALURU - SULTANPET
BENGALURU - VIDYARANYAPURA
BENGALURU - VIJAYNAGAR
BENGALURU - WHITE FIELD
BENGALURU - YELAHANKA
BOMMASANDRA
DAVENGERE
DODDABALLAPUR
HASSAN
HOSKOTE
HUBLI
JIGANI
MANGALORE
MYSORE
RAICHUR
SHIMOGA
TIPTUR
TUMKUR

KERALA

ALAPUZHA
ALUVA
ANGAMALY
CALICUT
CHAVAKKAD
EDAPALLI
ERNAKULAM
GURUVAYUR
KANNUR
KOLLAM
KOTTAYAM
PALAKKAD
THIRUVALLA
THIRUVANANTHAPURAM
THIRIPUNITHURA
THRISSUR

THRISSUR - EAST FORT
VALLIKAVU

MADHYA PRADESH

BHOPAL
DEWAS
INDORE
UJJAIN

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
MUMBAI - VASHI
NAGPUR
NASHIK
PIMPRI
PUNE

NEW DELHI

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

ODISHA

BHUBANESWAR

PUDUCHERRY

ARIYANKUPPAM
KARAIKAL
LAWSPET
PUDUCHERRY
REDDIARPALAYAM
VILLIANUR

PUNJAB

AMRITSAR
JALANDHAR
LUDHIANA

RAJASTHAN

AJMER
BALOTRA
BHILWARA
BIKANER
JAIPUR
JODHPUR
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AGARAMTHEN
AGARATHIRUMALAM
ALANGANALLUR
ALANGUDI
ALANGULAM
AMBASAMUDRAM
AMBUR
ANAIMALAI
ANAKAPUTHUR
ANNALAGRAHARAM
ANTHIYUR
ARAKKONAM
ARANI
ARANTHANGI
ARCOT
ARIYALUR
ARUPUKOTTAI
ASANALLIKUPPAM
ASUR
ATHANAKOTTAI
ATTUR
AUNDIPATTI
AVINASI
AYAPPAKKAM
AYOTHIYAPATTINAM
AYYAPPANTHANGAL
AYYEMPETTAI
AZHINJIVAKKAM
BALAKRISHNAPURAM
BARGUR
BATLAGUNDU
BHAVANI
BODINAYAKANUR
CHENGALPET
CHENNAI - ABHIRAMAPURAM
CHENNAI - ADAMBAKKAM
CHENNAI - ADYAR
CHENNAI - AMBATTUR
CHENNAI - AMINJIKARAI
CHENNAI - ANNA NAGAR EAST
CHENNAI - ANNA NAGAR WEST
CHENNAI - ARUMBAKKAM
CHENNAI - ASHOK NAGAR
CHENNAI - AVADI
CHENNAI - CHINMAYA NAGAR
CHENNAI - CHOOLAI
CHENNAI - CHROME PET
CHENNAI - CHROMPET NEW COLONY
CHENNAI - EAST TAMBARAM
CHENNAI - EGMORE
CHENNAI - EKKATTUTHANGAL
CHENNAI - GEORGE TOWN
CHENNAI - HABIBULLA ROAD
CHENNAI - K K NAGAR
CHENNAI - KARAPAKKAM
CHENNAI - KATHIVAKKAM
CHENNAI - KOLATHUR
CHENNAI - KORATTUR
CHENNAI - KOTTIVAKKAM
CHENNAI - MADHAVARAM
CHENNAI - MANDAVELI
CHENNAI - MOUNT ROAD
CHENNAI - MUGALIVAKKAM
CHENNAI - MUGAPPAIR
CHENNAI - MYLAPORE

CHENNAI - NANGANALLUR
CHENNAI - NANMANGALAM
CHENNAI - NEELANGARAI
CHENNAI - NELSON MANICKAM ROAD
CHENNAI - NERKUNDRAM
CHENNAI - NUNGAMBAKKAM
CHENNAI - PADI
CHENNAI - PERAMBUR
CHENNAI - PERUNGUDI
CHENNAI - PURASAWALKAM
CHENNAI - PUZHUTHIVAKKAM
CHENNAI - RAMAPURAM
CHENNAI - RENGARAJAPURAM
CHENNAI - ROYAPETTAH
CHENNAI - ROYAPURAM
CHENNAI - SAIDAPET
CHENNAI - SALIGRAMAM
CHENNAI - SELAIYUR
CHENNAI - T NAGAR
CHENNAI - TAMBARAM
CHENNAI - TEYNAMPET
CHENNAI - THIRUMULLAIVOYAL
CHENNAI - THIRUVOTTIYUR
CHENNAI - THORAIPAKKAM
CHENNAI - TIRUVANMIYUR
CHENNAI - TRIPLICANE
CHENNAI - VADAPALANI
CHENNAI - VANAGARAM
CHENNAI - VELACHERY
CHENNAI - VILLIVAKKAM
CHENNAI - VINAYAGAPURAM
CHENNAI - ZAMIN PALLAVARAM
CHENNIMALAI
CHEYYARU
CHIDAMBARAM
CHINNA KANCHEEPURAM
CHINNALAPATTI
CHINNAMANUR
CHINNASALEM
CHINNIAMPALAYAM
CHINTHAMANI
CHITLAPAKKAM
COIMBATORE - GANAPATHY
COIMBATORE - KOVAIPUDUR
COIMBATORE - MANIAKARANPALAYAM
COIMBATORE - OPPANAKARA STREET
COIMBATORE - P N PALAYAM
COIMBATORE - R.S.PURAM
COIMBATORE - RAM NAGAR
COIMBATORE - RAMANATHAPURAM
COIMBATORE - SAIBABA COLONY
COIMBATORE - SINGANALLUR
COIMBATORE - SIVANANDA COLONY
COIMBATORE - SUNDARAPURAM
COIMBATORE - TVS NAGAR
COIMBATORE - VILANKURICHI
COLACHEL
CUDDALORE
CUMBUM
DARAPURAM
DEVAKOTTAI
DEVANANCHERY
DHALAVOIPURAM
DHARASURAM
DHARMAPURI
DINDIGUL
EACHANKUDI
EDAIYIRUPPU
ELLAMPILLAI

ERAVANCHERY
ERODE
ERODE - MOOLAPALAYAM
GERUGAMBAKKAM
GINGEE
GOBICHETTIPALAYAM
GUDIYATHAM
GUDUVANCHERY
GUMMIDIPOONDI
HARUR
HOSUR
IDAPPADI
IKKARAIPOLOUVAMPATTI
ILAYANGUDI
ILLALUR
ILUPPANATHAM
IRUNGALUR
JALAKANDAPURAM
JALLADIAMPET
JAYANKONDAM
KADAGAMBADI
KADAYANALLUR
KADUGUR
KALAHASTINATHAPURAM
KALAPATTI
KALAYARKOIL
KALLAKURICHI
KANCHEEPURAM
KANGAYAM
KANKODUTHAVANITHAM
KAPPANAMANGALAM
KARADIPATTI
KARAIKUDI
KARAMADAI
KARUR
KATHIRINATHAM
KATPADI
KATTUMANNARKOIL
KATTUPAKKAM
KEELAKARAI
KEELAKORUKKAI
KEELAPALUVUR
KELAMBAKKAM
KETTAVARAMPALAYAM
KIDARANKONDAN
KINATHUKADAVU
KODANGIPALAYAM
KODAVASAL
KOILAMBAKKAM
KOMARAPALAYAM
KOOTHANALLUR
KORADACHERY
KORANATTU KARUPPUR
KOTHANGUDI
KOTTUR
KOVILPATTI
KRISHNAGIRI
KULASEKARAM
KULATHUR
KUMBAKONAM - GANDHINAGAR
KUMBAKONAM - MAIN
KUMBAKONAM - TOWN
KUNDRATHUR
KUNIAMUTHUR
KUNNATHUR
KURICHI
KUTTALAM
MADAGUDI
MADAPATTU

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| | | |
|------------------------|------------------------|----------------------------------|
| MADAPURAM | ODDANCHATRAM | SEMMANJERI |
| MADATHUKULAM | ODDERPALAYAM | SENDAMANGALAM |
| MADIPAKKAM | OMALUR | SENGANUR |
| MADUKKUR | ORAGADAM | SENGURICHI |
| MADURAI - ANNA NAGAR | OTTAKOIL | SHOLINGANALLUR |
| MADURAI - CHOCHKIKULAM | PADAPPAI | SHOLINGHUR |
| MADURAI - K K NAGAR | PADUR | SILLATUR |
| MADURAI - K.PUDUR | PAKKAM | SINGAPERUMAL KOIL |
| MADURAI - KODAL NAGAR | PALANI | SIRKALI |
| MADURAI - MAIN | PALAVATHANKATTALAI | SITHALAPAKKAM |
| MADURAI - OTHAKADAI | PALAYAMKOTTAI | SITHARKADU |
| MADURAI - S.S. COLONY | PALAYANUR | SIVAGANGAI |
| MADURAI - T V S NAGAR | PALLADAM | SIVAGIRI |
| MADURAI - VILAKKUTHOON | PALLIPALAYAM | SIVAKASI |
| MADURAI - VILLAPURAM | PAMMAL | SOMANUR |
| MADURANTHAKAM | PANDARAVADAIMAPPADUGAI | SRIKANTAPURAM |
| MADURAPAKKAM | PANNIMADAI | SRIPERAMBUDUR |
| MADURAPURI | PANRUTI | SRIVILLIPUTHUR |
| MADURAVOYAL | PARAMAKUDI | SULTANPET |
| MALUMICHAMPATTI | PARUTHIKOTTAI | SULUR |
| MANALI | PATTEESWARAM | SURAMPATTI |
| MANAMADURAI | PATTUKOTTAI | SURANDAI |
| MANAPAKKAM | PERAMBALUR | TENKASI |
| MANAPPARAI | PERIYAKULAM | THALAIVASAL |
| MANGADU | PERIYAKURICHI | THALAIYUTHU |
| MANGAIMADAM | PERIYANAIKENPALAYAM | THAMARANGKOTTAI |
| MANGALAM | PERUMALPATTU | THAMMAMPATTI |
| MANJAKOLLAI | PERUMANALLUR | THANJAVUR - MAIN |
| MANJAKUDI | PERUMATHUNALLUR | THANJAVUR - MEDICAL COLLEGE ROAD |
| MANJANAYACKANPATTI | PERUMBAKKAM | THARAMANGALAM |
| MANNARGUDI | PERUNDURAI | THENI |
| MANNIVAKKAM | PERUNGALATHUR | THENNAMPALAYAM |
| MARAIMALAI NAGAR | PERUR | THEPPARUMANALLUR |
| MARTHANDAM | PICHANDAR KOIL | THILLAINAYAGAPURAM |
| MARUNGULAM | PODANUR | THIMMACHIPURAM |
| MAYILADUTHURAI | POLICHALUR | THIMMAKUDI |
| MEDAVAKKAM | POLLACHI | THIMMAVARAM |
| MELAIYUR | PONMAR | THINDAL |
| MELAKABISTHALAM | PONNAMARAVATHI | THIRUCHENGODU |
| MELAKOTTAIYUR | PONNERI | THIRUINDALUR |
| MELAVAMPETTAI | POONAMALLEE | THIRUMALAISAMUDRAM |
| MELUR | POONTHANDALAM | THIRUMANGALAM |
| MELVISHRAM | PORAYAR | THIRUMAZHISAI |
| METTUPALAYAM | PUDUKKOTTAI | THIRUMUDIVAKKAM |
| MINJUR | PULIYANKUDI | THIRUNAGAR |
| MODAKURICHI | PUNJAI PULIYAMPATTI | THIRUNAGESWARAM |
| MUDICHUR | RAJAPALAYAM | THIRUNEERMALAI |
| MUDIKONDAN | RAMANATHAPURAM | THIRUNINDRAVUR |
| MUSIRI | RAMESWARAM | THIRUPAPULIYUR |
| MUTHUPET | RANIPET | THIRUPPALAI |
| NACHIAR KOIL | RASIPURAM | THIRUTHANGAL |
| NADUKKADAI | REDDIKUPPAM | THIRUTHURAIPOONDI |
| NADUPATTY | REDHILLS | THIRUVALANJULI |
| NAGAPATTINAM | RISHIVANDIYAM | THIRUVALLUR |
| NAGERKOIL | S.PUDUR | THIRUVENCHERY |
| NAGORE | SAHUPURAM | THIRUVERKADU |
| NALLAMANGUDI | SAKKOTTAI | THISAYANVILAI |
| NALLUR | SALEM - AMMAPETTAI | THOGUR |
| NAMAKKAL | SALEM - FAIR LANDS | THONDAMUTHUR |
| NAMBIYUR | SALEM - MAIN | THUCKALAY |
| NANJIKOTTAI | SALEM - SHEVAPET | THUDIYALUR |
| NANNILAM | SALEM - SURAMANGALAM | THUVAKUDI |
| NARANAMANGALAM | SANKAGIRI | TINDIVANAM |
| NATHAM | SANKARANKOIL | TIRUCHERAI |
| NAVALUR | SANNANALLUR | TIRUCHULI |
| NEDUNKUNDRAM | SANOORAPATTI | TIRUKALUKUNDRAM |
| NEYVELI | SARAVANAMPATTI | TIRUKKATTUPALLI |
| NILAKKOTTAI | SATHYAMANGALAM | TIRUKOILUR |
| NORTH POIGAINALLUR | SATTUR | TIRUMAKOTTAI |
| | SEMBANARKOIL | |

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TIRUNELVELI
TIRUNELVELI JUNCTION
TIRUPANANDAL
TIRUPATHUR
TIRUPOONDI
TIRUPPUR
TIRUPPUR - VEERAPANDY
TIRUPPUR PN ROAD
TIRUTTANI
TIRUVANNAMALAI
TIRUVARUR - TOWN
TIRUVARUR - VIJAYAPURAM
TIRUVIDAIMARUTHUR
TRICHY - CANTONMENT
TRICHY - K.K.NAGAR
TRICHY - KARUMANDAPAM
TRICHY - KATTUR
TRICHY - MAIN
TRICHY - SRINIVASA NAGAR
TRICHY - SRIRANGAM
TRICHY - THILLAINAGAR
TUTICORIN
UDUMALPET
ULLIKOTTAI
UNAIYUR
URAPAKKAM
USILAMPATTI
UTHAMAPALAYAM
UTHIRAMERUR
UTHUKOTTAI
UTHUKULI
VADAKKUTHU
VADALUR
VADAMADURAI
VADAVALLI
VALAJANAGARAM
VALANGAIMAN
VALASARAVAKKAM
VALLAM
VALLIOOR
VANDHAVASI

VANIYAMBADI
VANNICONENDAL
VARADARAJAPURAM
VAZHAPADI
VEDARANYAM
VEDASANDUR
VEERAPANDI
VEERAPANDI PUDUR
VEERAPERUMANALLUR
VEERAPURAM
VELAPPANCHAVADI
VELLAKOVIL
VELLALAR AGARAM
VELLANOOR
VELLORE
VELLORE - SATHUVACHARI
VELUR
VENGAIVASAL
VENGATHUR
VEPPAMPATTU
VILANDAI
VILANDAKANDAM
VILATHIKULAM
VILLUPURAM
VIRASINGANKUPPAM
VIRUDHACHALAM
VIRUDHUNAGAR
WALAJABAD
WALAJAPET

TELENGANA

ADILABAD
HABSIGUDA
HANAMKONDA
HYDERABAD - A.S.RAO NAGAR
HYDERABAD - AMEERPET
HYDERABAD - BALANAGAR
HYDERABAD - BANJARA HILLS
HYDERABAD - BODUPPAL
HYDERABAD - DILSUKHNAGAR
HYDERABAD - KONDAPUR
HYDERABAD - KUKATPALLY
HYDERABAD - MAIN

HYDERABAD - MALKAJGIRI
HYDERABAD - SIDAMBAR BAZAAR
HYDERABAD - VANASTHALIPURAM
JAGTIAL
KAMAREDDY
KARIMNAGAR
KHAMMAM
MAHABUBNAGAR
MANCHERIAL
MANIKONDA
MEDCHAL
MEERPET
MEHDIPATNAM
MIYAPUR
NALGONDA
NIRMAL
NIZAMABAD
RAMACHANDRAPURAM
SECUNDERABAD - RANIGUNJ
SHAMSHABAD
SURYAPET
WARRANGAL

UTTAR PRADESH

ALLAHABAD
KANPUR
LUCKNOW
NOIDA
VARANASI

WEST BENGAL

KOLKATA - B.B.D. BAG
KOLKATA - RASH BEHARI AVENUE

EXTENSION COUNTERS

SRM UNIVERSITY - KATTANKULATHUR, CHENNAI
SRM UNIVERSITY - RAMAPURAM, CHENNAI
SRM UNIVERSITY-MODI NAGAR (GHAZIABAD)
PUBLIC HEALTH CENTRE, WEST MAMBALAM, CHENNAI
SHRIRAM COLLEGE, PERUMALPATTU
THIYAGARA COLLEGE OF ENGINEERING, TIRUPARANKUNDRAM
ST ANGELOES COLLEGE, LUCKNOW
SRM SONIPET- HARYANA

OTHER OFFICES

INTERNATIONAL BANKING DIVISION & DP DIVISION

1st Floor, No.48,
Mahalakshmi Street, T. Nagar,
Chennai - 600 017.

SERVICE BRANCH

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

COMPUTER SYSTEM DEPARTMENT

1st & 2nd 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)

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

CENTRALISED LOAN OPENING CELL (CLOC)

3rd 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

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

Chennai - Tambaram

1st Floor, 24/38, Rajaji Salai
(Opp. To PF Office),
Tambaram (West),
Kancheepuram Dt.,
Chennai - 600 045.

Coimbatore

1st Floor, 27-30, Sarojini Street,
Ram Nagar,
Coimbatore - 641009.

Hyderabad

Sama Towers, 1st Floor,
3-6-365/A/1, Liberty X Road,
Himayat Nagar,
Hyderabad - 500029

Madurai

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

Trichy

Smt. Indira Gandhi College Campus
Kaliammal Koil Street,
Tiruchirapalli - 620002.

Bengaluru

1st Floor, 253, 16th Cross,
5th Phase, 24th Main,
J P Nagar,
Bengaluru - 560 078.

Vijayawada

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

Erode

1st Floor, 907, Panner Selvam Park,
Brough Road, Erode - 638 001.

Mumbai

First Floor, Jains Arcade, 402,
14th Road Junction,
Khar West, Mumbai - 400052

Vellore

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

Puducherry

1st Floor, 119, Bussy Street,
Puducherry - 605 001.

New Delhi

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

Kumbakonam

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

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BASEL III - PILLAR 3 DISCLOSURE AS ON 31st MARCH, 2021**1. Scope of Application and Capital Adequacy****Table DF - 1
SCOPE OF APPLICATION**

City Union Bank Limited is an old premier Private Sector Bank which was incorporated on 31st October, 1904 with its Registered Office at Kumbakonam, Tamil Nadu, India. The Bank was included in the Second Schedule of Reserve Bank

of India Act, 1934, on 22nd March, 1945. The Bank does not have any Subsidiary / Associate companies under its Management.

Qualitative Disclosures :

| Type of Capital | Features |
|-------------------------------------|---|
| Common Equity Tier I Capital | <ul style="list-style-type: none"> During the financial year 2020-21, the Bank has allotted 15,02,890 equity shares of face value of ₹1/- each, pursuant to exercise of stock options by employees. The Equity Share Capital of the Bank as on 31st March, 2021 stood at ₹73.88 crore. The share premium collected during this year was ₹11.10 crore on account of issuance of stock options to the employees. The Share Premium account as on 31st March, 2021 stood at ₹887.18 crore. |
| Tier II Capital | The Bank has not raised Tier II Capital during the financial year 2020-21. |

Quantitative Disclosures :

(₹ in crore)

| Sl. No. | Description | Amount |
|---------|--|----------------|
| 1. | Tier - I Capital | 5787.13 |
| | a) Paid-up Capital | 73.88 |
| | b) Reserves & Surplus | 5713.25 |
| | Amount deducted from Tier I Capital (if any) | 227.95 |
| | a) Intangible Assets (includes net of DTA) | 227.95 |
| | b) Cross holdings | 0.00 |
| | Total Eligible Tier I Capital | 5559.18 |
| 2. | Tier - II Capital | 440.58 |
| | a) Revenue Reserves (Investment Reserve) | 33.18 |
| | b) Provision for Impact of COVID-19 | 150.55 |
| | c) Provision for Country Risk exposure | 4.00 |
| | d) Provision for Unhedged exposure | 2.22 |
| | e) Provision for Standard Assets | 250.63 |
| | Less: Cross Holdings | 0.00 |
| | Total Tier II Capital (A) | 440.58 |
| | 1.25% of Credit RWA (B) [1.25% x 25848.57] | 323.11 |
| | Total Eligible Tier II Capital (min of {A,B}) | 323.11 |
| | Total Eligible Capital (Tier I and Tier II) | 5882.29 |

Table DF - 2
CAPITAL ADEQUACY

Qualitative Disclosures :

A. A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.

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

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

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

Reserve Bank of India issued guidelines based on the Basel III reforms on capital regulation during May 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from 1st April, 2013 in India in phases and it was decided originally to implement 'Capital Conservation Buffer Framework' fully from 31st March, 2018. RBI issued detailed Guidelines on Composition of Capital Disclosure Requirements on 28th May, 2013.

RBI had issued circulars regarding the extension of transitional period for full implementation of Basel III

Capital Regulations based on the economic situation and also due to the continuing stress on account of COVID-19 crisis. The details of extension of 'Capital Conservation Buffer Framework' are furnished below:

| RBI circular dated | Deferred from | Implementation from |
|--------------------|---------------|---------------------|
| 27.03.2014 | 31.03.2018 | 31.03.2019 |
| 10.01.2019 | 31.03.2019 | 31.03.2020 |
| 27.03.2020 | 31.03.2020 | 30.09.2020 |
| 29.09.2020 | 30.09.2020 | 01.04.2021 |
| 05.02.2021 | 01.04.2021 | 01.10.2021 |

Accordingly, 'Capital Conservation Buffer Framework' on 'Basel III Capital Regulations', shall continue to apply till the CCB attains the level of 2.5% on 1st Oct, 2021.

RBI has issued circular on "Prudential Guidelines on Capital Adequacy and Liquidity Standards - Amendments" on 31st March, 2015. The Basel III Capital Regulations have been consolidated in Master Circular - Basel III Capital Regulations vide circular No. DBOD.No. BP.BC.1 / 21.06.201 / 2015-16 dated 1st July, 2015, which includes the introduction of Capital buffers.

Under the Basel II framework, the total regulatory Capital comprises 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.

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The Basel-III norms mainly seek to:

- Raise the quality of capital to ensure that the banks are capable of absorbing losses, 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.

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 extant RBI guidelines mentioned above, the transitional period for full implementation of Basel III Capital Regulations in India has been extended as under:

(% to RWAs)

| Capital Ratios (% to RWAs) | 31.03.2016 | 31.03.2017 | 31.03.2018 / 31.03.2019/ 31.03.2020/ 31.03.2021 | 01.10.2021* |
|--|------------|------------|--|-------------|
| Minimum Common Equity Tier I (CET-1) | 5.500 | 5.500 | 5.500 | 5.500 |
| Capital Conservation Buffer (CCB) | 0.625 | 1.250 | 1.875 | 2.500 |
| Minimum CET1 + CCB | 6.125 | 6.750 | 7.375 | 8.000 |
| Minimum Tier 1 Capital (excluding CCB) | 7.000 | 7.000 | 7.000 | 7.000 |
| Tier-2 Maximum allowed | 2.000 | 2.000 | 2.000 | 2.000 |
| Minimum Total Capital | 9.000 | 9.000 | 9.000 | 9.000 |
| Minimum Total Capital + CCB | 9.625 | 10.250 | 10.875 | 11.500 |

* As per the RBI guidelines vide their circular dt. 5th February, 2021

B. The Bank's approach in assessment of Capital Adequacy

The Bank is following Standardised Approach, Standardised 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) | | | CSR Initiatives |
| | <ul style="list-style-type: none"> Portfolios subject to Standardised Approach (25848.57 * 9.00%) Securitisation exposures | | 2326.37 Nil | |
| b) | Capital requirements for Market Risk: Standardised Duration approach | | 35.16 | Statutory Reports |
| | <ul style="list-style-type: none"> Interest Rate Risk Equity Risk Foreign Exchange Risk | 22.19 10.17 2.80 | | |
| c) | Capital requirements for Operational Risk: Basic indicator approach (3838.90 * 8.00%) | | 307.11 | |
| | Minimum Capital required (a+b+c) | | 2668.64 | Financial Statements |
| d) | Capital Conservation Buffer (CCB) at 1.875% (30126.99 * 1.875%) | | 564.88 | List of Branches |
| | Minimum Total Capital + CCB | | 3233.52 | |
| | Total Capital Funds available | | 5882.29 | |
| | Total Risk Weighted Assets | | 30126.99 | |
| e) | Common Equity Tier I CRAR % (excluding CCB) | | 16.575% | |
| | Capital Conservation Buffer | | 1.875% | |
| | Tier I CRAR | | 18.45% | |
| | Tier II CRAR | | 1.07% | |
| | Total CRAR % | | 19.52% | |

2. Risk Exposure and Assessment

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

The Bank has a comprehensive risk management system in order to address various risks and has set up an Integrated Risk Management Department (RMD), which is independent of operational departments. Bank has a Risk Management Committee of Board functioning at apex level for formulating,

implementing and reviewing bank's risk management measures pertaining to credit, market and operational risks. Apart from the Risk Management Committee of the Board at apex level, the Bank has a strong bank-wide risk management structure comprising of Risk Management Committee of Executives (RMCE) assisted by Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC) and Operational Risk Management Committee (ORMC) at senior management level. Credit Risk Management Committee deals with credit policies and procedures, Asset Liability Management Committee deals with Asset Liability Management (ALM) and Investment Policy of the Bank and Operational Risk Management Committee formulates policies and procedures for managing operational risks.

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The Bank has formulated the following policies for mitigating the risk in various areas and monitoring the same :

- Integrated Risk Management Policy
- Loan Policy
- Credit Risk Management Policy
- Operational 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
- Credit Risk Mitigation & Collateral Management Policy
- Risk Rating Policy
- Pricing Policy
- New Product Assessment Policy
- Risk & Control Self-Assessment Standards (RCSA)
- Policy on Unhedged Foreign Currency Exposures of Corporates Including SMEs
- Market Risk Management Policy
- Business Continuity Plan Policy

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

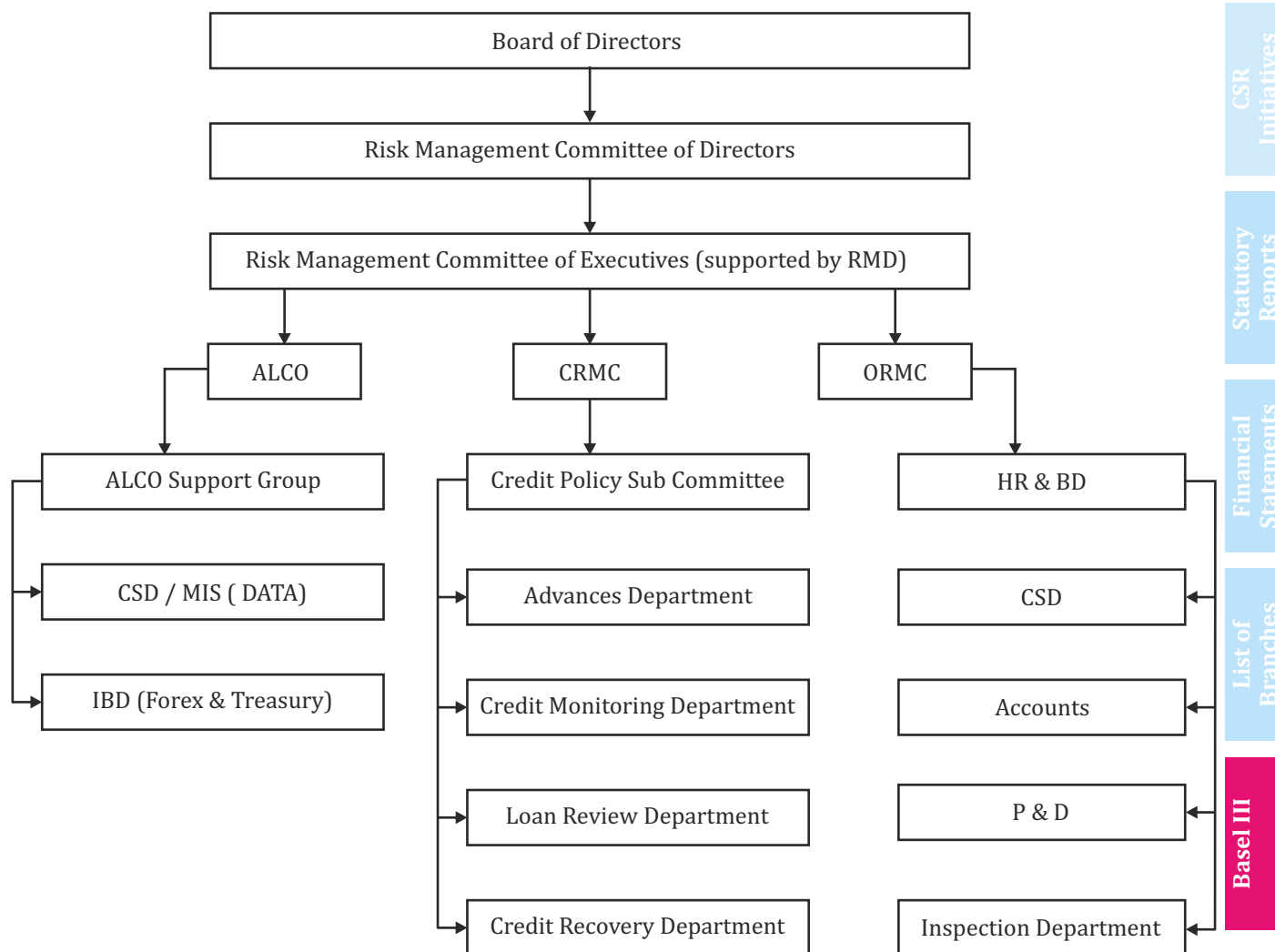


Table DF - 3

CREDIT RISK: GENERAL DISCLOSURES

Credit Risk

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

Credit Risk Management encompasses a host of management techniques, which help the bank's 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, benchmarks, 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 scorings assigned, 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 & responsibilities and the processes whereby the Credit Risk can be identified, quantified and managed. Credit Risk is monitored on a Bank wide basis and the compliance with regard to the risk limits approved by the Credit Risk Management Committee (CRMC) / Board is ensured.

The Bank adopts the definition of 'past due' and 'impaired credits' (for reporting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and provisioning (IRAC) norms (vide RBI Master Circular dated 1st July, 2015).

Quantitative Disclosures :

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

| Exposure as on 31 st March 2021 | Domestic | Overseas | Total |
|--|-----------------|-----------|-----------------|
| Fund based | 39800.84 | -- | 39800.84 |
| Non-Fund based | 2421.08 | -- | 2421.08 |
| Investment (Non SLR) | 190.44 | -- | 190.44 |
| Total | 42412.36 | -- | 42412.36 |

Industry type distribution of exposures as on 31st March, 2021

(₹ in crore)

| INDUSTRY / ACTIVITY | Funded Exposure | Non-Funded Exposure | Investment Exposure (Non SLR) | Total Exposure |
|---|-----------------|---------------------|-------------------------------|-----------------|
| Mining and Quarrying | 91.57 | 5.37 | 0.00 | 96.94 |
| Iron and Steel | 1094.15 | 173.00 | 0.33 | 1267.48 |
| Other Metal and Metal Products | 670.16 | 102.40 | 0.00 | 772.56 |
| Engineering of which Electronics | 126.48 | 51.88 | 0.00 | 178.36 |
| Others (incl Electrical & Home Appliances) | 521.03 | 116.43 | 0.00 | 637.46 |
| Cotton Textiles | 1871.33 | 81.90 | 0.00 | 1953.23 |
| Other Textiles | 2333.97 | 56.69 | 0.00 | 2390.66 |
| Food Processing | 284.34 | 53.78 | 0.00 | 338.12 |
| Beverages and Tobacco | 43.80 | 6.95 | 0.00 | 50.75 |
| Leather and Leather products | 33.82 | 0.00 | 0.00 | 33.82 |
| Wood and Wood Products | 103.99 | 37.39 | 0.00 | 141.38 |
| Paper and Paper Products | 760.50 | 26.92 | 0.00 | 787.42 |
| Petroleum, Coal Products and Nuclear Fuels | 95.66 | 0.52 | 0.00 | 96.18 |
| Drugs and Pharmaceuticals | 102.05 | 21.18 | 0.00 | 123.23 |
| Other Chemicals and Chemical Products | 330.49 | 143.56 | 0.00 | 474.05 |
| Rubber, Plastic and their Products | 471.96 | 48.28 | 0.00 | 520.24 |
| Glass & Glassware | 21.15 | 0.00 | 0.00 | 21.15 |
| Cement and Cement Products | 23.04 | 4.24 | 0.00 | 27.28 |
| Vehicles, Vehicle Parts and Transport Equipments & auto parts | 230.02 | 33.75 | 0.00 | 263.77 |
| Gems and Jewellery | 141.83 | 15.75 | 0.00 | 157.58 |
| Construction | 2021.73 | 26.08 | 0.00 | 2047.81 |
| Infrastructure | 342.77 | 34.11 | 0.02 | 376.90 |
| Other Industries | 193.91 | 18.45 | 0.00 | 212.36 |
| All Industries Total | 11909.75 | 1058.63 | 0.35 | 12968.73 |
| Residuary (other exposures) | 27891.09 | 1362.45 | 190.09 | 29443.63 |
| Total Gross Exposure | 39800.84 | 2421.08 | 190.44 | 42412.36 |

Note: The exposure to Other Textiles and Construction accounted for 5.64% and 4.83% of Total Gross Exposure respectively as of 31st March, 2021. The coverage of advances to the above industry occupies the top position among the industrial sectors.

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Residual contractual maturity breakdown of Assets as on 31st March, 2021

(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 | 920.76 | 262.50 | 2810.75 | 89.83 | 4083.84 |
| 2 to 7 days | 972.16 | 1879.36 | 241.52 | 37.81 | 3130.85 |
| 8 to 14 days | 46.28 | 1181.04 | 238.00 | 45.04 | 1510.36 |
| 15 to 30 days | 819.14 | 367.68 | 264.77 | 13.95 | 1465.54 |
| 31 days to 60 days | 436.82 | 787.79 | 366.54 | 9.69 | 1600.84 |
| 61 days to 90 days | 94.07 | 730.75 | 483.77 | 9.69 | 1318.28 |
| Over 3 months & upto 6 months | 821.83 | 2556.84 | 1192.88 | 167.54 | 4739.09 |
| Over 6 months & upto 1 Year | 933.60 | 5779.23 | 829.91 | 88.71 | 7631.45 |
| Over 1 year & upto 3 years | 550.55 | 15809.93 | 2814.99 | 383.97 | 19559.44 |
| Over 3 years & upto 5 years | 17.34 | 3848.23 | 89.19 | 115.81 | 4070.57 |
| Over 5 years | 2.51 | 2954.48 | 103.62 | 1140.81 | 4201.42 |
| Total | 5615.06 | 36157.83 | 9435.94 | 2102.85 | 53311.68 |

Gross NPA

(₹ in crore)

| | |
|------------------------|----------------|
| Sub-Standard | 1037.79 |
| Doubtful 1 | 442.16 |
| Doubtful 2 | 280.72 |
| Doubtful 3 | 122.71 |
| Loss | 9.81 |
| Gross NPA Total | 1893.19 |

Geographical wise NPA:

(₹ in crore)

| | |
|-----------------------------|----------------|
| Gross NPA - Domestic | 1893.19 |
| Gross NPA - Overseas | Nil |
| Gross NPA - Total | 1893.19 |

| Particulars | % |
|-----------------------------|-------|
| Gross NPA to Gross Advances | 5.11% |
| Net NPAs to Net Advances | 2.97% |

(₹ in crore)

| Major Industry | O/s Bal | Gross NPA | Provision held |
|----------------|---------|-----------|----------------|
| Other Textiles | 2026.60 | 51.34 | 16.29 |
| Construction | 1969.79 | 81.30 | 21.24 |

The movement of NPA is as under :

(₹ in crore)

| Sl.No. | Position | NPA |
|--------|---|---------|
| 1. | Opening Balance at the beginning of the year (1 st April, 2020) | 1413.40 |
| 2. | Additions made during the year | 1113.05 |
| 3. | Reductions during the year | 633.26 |
| 4. | Closing Balance at the end of the year (31 st March, 2021) [1+ 2 -3] | 1893.19 |

The movements of provisions for NPA are as under :

(₹ in crore)

| S.No. | Position | Total Provision |
|-------|--|-----------------|
| 1. | Opening balance at the beginning of the year (1 st April, 2020) | 630.87 |
| 2. | Provisions made during the year | 599.00 |
| 3. | Write-off / Write-back of excess provisions during the year | 411.87 |
| 4. | Closing Balance at the end of the year (31 st March, 2021) [1+2 -3] | 818.00 |

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Recovery made for 12 months period upto 31st March, 2021 which is directly taken to Income Account - ₹103.29 crore.

(₹ in crore)

| | | |
|----|--|------|
| 1. | Amount of non-performing investment | 2.15 |
| 2. | Amount of provision held for non-performing investment | 2.15 |

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The movement of provisions for depreciation on investments :

(₹ in crore)

| Sl.No. | Position | Total Provision |
|--------|---|-----------------|
| 1. | Opening balance at the beginning of the year 1 st April, 2020 | 119.13 |
| 2. | Provisions made during the year | 16.00 |
| 3. | Write-off during the year | 49.99 |
| 4. | Write-back of excess provisions during the year | 0.00 |
| 5. | Closing Balance at the end of the year (31 st March, 2021) [1+2 -3 -4] | 85.14 |

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CREDIT RISK: DISCLOSURES FOR PORTFOLIO SUBJECT TO THE STANDARDISED APPROACH

Qualitative Disclosures :

The Bank is accepting the ratings of the External Credit Rating Agencies approved by Reserve Bank of India, namely a) CRISIL, b) ICRA, c) CARE, d) India Ratings & Research Pvt Ltd, e) Brickwork, f) Acuite Ratings & Research Ltd and g) Infomerics Valuation and Rating Pvt. Ltd. to facilitate the corporate borrowers who enjoy credit facilities above ₹ 5.00 crore to get themselves rated. 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 borrowers. 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 % | 318.12 | 30205.61 | 30523.73 |
| At 100 % | 92.04 | 12554.96 | 12647.00 |
| More than 100 % | 1369.63 | 1279.30 | 2648.93 |
| Total outstanding after Mitigation | 1779.79 | 44039.87 | 45819.66 |
| Deducted (as per Risk Mitigation) | 198.84 | 8769.82 | 8968.66 |

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TABLE DF - 5

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

Qualitative Disclosures :

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

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

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

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

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

h) Debt Securities rated by a recognized Credit Rating Agency where these are either:

- at least BBB(-) when issued by Public Sector entities; or
- at least A when issued by other entities (including Banks and Primary Dealers); or
- at least PR3 / P3 / F3 / A3 for Short Term Debt Instruments

i) Debt securities not rated by Credit Rating Agency but

- issued by a Bank and
- listed on a recognized Stock Exchange; and
- classified as Senior Debt.

The Bank accepts guarantees from individuals with considerable net worth and the Corporates, besides guarantees 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 20.79% 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 :

(₹ in crore)

- 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 |
|--------------------|----------------------|-----------------------------|
| Funded - Credit | Bank's own deposits | 1172.95 |
| | Gold Jewels | 6476.23 |
| | LIC / KVP / NSC | 3.65 |
| Non Funded | Bank's own deposits | 417.97 |

(₹ in crore)

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 |
|--------------------|---------------|-----------------------------|
| Funded - Credit | Food Credit | 192.70 |
| | ECGC | 160.00 |
| | CGTSI | 24.09 |
| | ECLGS | 1960.15 |

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 Standardised 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 is 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 Standardised 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 :**Capital charge for market risk 31st March, 2021**

(₹ in crore)

| | |
|-----------------------|--------------|
| Interest Rate Risk | 22.19 |
| Equity Position Risk | 10.17 |
| Foreign Exchange Risk | 2.80 |
| Total | 35.16 |

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. 2017-18, 2018-19 & 2019-20 as defined in the Master Circular - Basel III Capital Regulations & New Capital Adequacy Framework guidelines. The required capital is ₹ 307.11 crore.

TABLE DF - 9

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)**Qualitative Disclosures**

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

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

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

The Bank has adopted Duration Gap Analysis for assessing the impact (as a percentage) on the Economic

Value of Equity (Economic Value Perspective) by applying a notional interest rate shock of 200 bps. RBI has issued draft guidelines vide DBOD.No. BP. 7 /21.04.098 / 2005-06 dated 17th April, 2006 on improvements to Banks' Asset Liability Management framework, covering interest rate risk and liquidity risk measurement / reporting frameworks and prudential limits. Subsequently, on 4th November, 2010 RBI issued a circular on Interest Rate Risk using Duration Gap Analysis and these guidelines have been taken into account while calculating IRRBB. The Bank calculates Modified Duration Gap on Assets & Liabilities and arrives at the impact on

Economic Value of Equity. The Bank is calculating IRRBB on a monthly basis.

Quantitative Disclosures

- The impact of change in Interest Rate i.e. Earnings at Risk for 200 bps interest rate shock as on 31st March, 2021 is ₹118.07 crore.
- The impact of change in market value of Equity for an interest rate shock of 200 bps as on 31st March, 2021 is 5.48%.

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 party.

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates),

which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward contracts.

Credit exposures on forward contracts

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

Counterparty Credit exposure as on 31st March, 2021

(₹ in crore)

| Nature | Notional Amount | Potential Exposure @2%/10% | Current Exposure | Total credit Exposure |
|-------------------|-----------------|----------------------------|------------------|-----------------------|
| Forward contracts | 6338.34 | 200.65 | 77.23 | 277.88 |

The capital requirement for Bank's exposure to Qualified Central Counter Party (QCCP) has been computed for the exposure to Clearing Corporation of India (CCIL) as on 31st March, 2021 amounting to ₹ 94.85 crore with risk weighted assets of ₹ 18.97 crore, which is forming part of credit risk total. In terms of RBI circular dated 28th March,

2013, the Credit Valuation Adjustment (CVA) risk capital charge has been computed, which amounted to ₹ 1.10 crore (the corresponding risk weighted value of ₹ 13.75 crore has also been added to credit risk weighted assets).

TABLE DF - 11
COMPOSITION OF CAPITAL

(₹ in millions)

| Basel III common disclosure - 31 st March, 2021 | | | Ref No. |
|--|---|-----------------|---------|
| | Common Equity Tier 1 Capital: Instruments and Reserves | | |
| 1. | Directly issued qualifying common Share Capital plus related stock surplus (Share Premium) | 9610.58 | - |
| 2. | Retained Earnings | 48260.73 | - |
| 3. | Accumulated other Comprehensive Income (and Other Reserves) | - | - |
| 4. | Directly issued Capital subject to phase out from CET1 (only applicable to Non-Joint Stock Companies) | - | - |
| | Public Sector Capital injections grandfathered until 1 st January, 2018 | - | - |
| 5. | Common Share Capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | - | - |
| 6. | Common Equity Tier 1 Capital before Regulatory Adjustments | 57871.31 | - |
| | Common Equity Tier 1 Capital : Regulatory Adjustments | | |
| 7. | Prudential valuation adjustments | - | - |
| 8. | Goodwill (net of related tax liability) | - | - |
| 9. | Intangibles other than mortgage-servicing rights (net of related tax liability) | 436.21 | - |
| 10. | Deferred Tax Assets (Net) | 1843.31 | - |
| 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 | 0.00 | - |
| 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 millions)

| Basel III common disclosure - 31 st March, 2021 | | | 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 | - | - | |
| 23. | of which : significant investments in the common stock of financial entities | - | - | Statutory Reports |
| 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 | - | - | |
| 26(d). | of which : Unamortised pension funds expenditures | - | - | List of Branches |
| 27. | Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions | - | - | |
| 28. | Total regulatory adjustments to Common Equity Tier 1 | 2279.52 | - | Basel III |
| 29. | Common Equity Tier 1 Capital (CET1) | 55591.79 | - | |
| | Additional Tier 1 Capital : Instruments | | | |
| 30. | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32) | - | - | |
| 31. | of which : classified as equity under applicable Accounting Standards (Perpetual Non-Cumulative Preference Shares) | - | - | |
| 32. | of which : classified as liabilities under applicable Accounting Standards (Perpetual Debt Instruments) | - | - | |
| 33. | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - | |
| 34. | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | - | - | |
| 35. | of which : instruments issued by subsidiaries subject to phase out | - | - | |
| 36. | Additional Tier 1 Capital before Regulatory Adjustments | - | - | |
| | Additional Tier 1 Capital: Regulatory Adjustments | | | |
| 37. | Investments in own Additional Tier 1 instruments | - | - | |
| 38. | Reciprocal cross-holdings in Additional Tier 1 instruments | - | - | |

(₹ in millions)

| Basel III common disclosure - 31 st March, 2021 | | 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. | Total Regulatory Adjustments to Additional Tier 1 Capital | - |
| 44. | Additional Tier 1 Capital (AT1) | - |
| 44(a). | Additional Tier 1 Capital reckoned for Capital Adequacy | - |
| 45. | Tier 1 Capital (T1 = CET1 + Admissible AT1) (29 + 44a) | 55591.79 |
| Tier 2 Capital : Instruments and Provisions | | |
| 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. | Provisions | 4405.85 |
| 51. | Tier 2 Capital before Regulatory Adjustments | 4405.85 |
| Tier 2 Capital: Regulatory Adjustments | | |
| 52. | Investments in own Tier 2 instruments | - |
| 53. | Reciprocal cross-holdings in Tier 2 instruments | - |
| 54. | Investments in the Capital of Banking, Financial and Insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share Capital of the entity (amount above the 10% threshold) | - |
| 55. | Significant investments in the Capital Banking, Financial and Insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | - |

(₹ in millions)

| Basel III common disclosure - 31 st March, 2021 | | | Ref No. |
|---|---|------------------|---------|
| 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. | Total Regulatory Adjustments to Tier 2 Capital | 0.00 | - |
| 58. | Tier 2 Capital (T2) | 4405.85 | - |
| 58(a). | Tier 2 Capital reckoned for Capital adequacy (1.25% of credit KWA) | 3231.07 | - |
| 58(b). | Excess Additional Tier 1 Capital reckoned as Tier 2 Capital | - | - |
| 58(c). | Total Tier 2 Capital admissible for Capital Adequacy (58a + 58b) | 3231.07 | - |
| 59. | Total Capital (TC = T1 + Admissible T2) (45 + 58c) | 58822.86 | - |
| 60. | Total Risk Weighted Assets (60a + 60b + 60c) | 301269.86 | - |
| 60(a). | of which : total credit risk weighted assets | 258485.66 | - |
| 60(b). | of which : total market risk weighted assets | 4395.23 | - |
| 60(c). | of which : total operational risk weighted assets | 38388.97 | - |
| Capital Ratios | | | |
| 61. | Common Equity Tier 1 (as a percentage of risk weighted assets) | 18.45% | - |
| 62. | Tier 1 (as a percentage of risk weighted assets) | 18.45% | - |
| 63. | Total Capital (as a percentage of risk weighted assets) | 19.52% | - |
| 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) | 18.45% | - |
| National Minima (if different from Basel III) | | | |
| 69. | National Common Equity Tier 1 minimum ratio (if different from Basel III minimum) | 5.50% | - |
| 70. | National Tier 1 minimum ratio (if different from Basel III minimum) | 7.00% | - |
| 71. | National total Capital minimum ratio (if different from Basel III minimum) (including CCB upto 31 st March, 2021) | 10.875% | - |
| Amounts below the thresholds for deduction (before risk weighting) | | | |
| 72. | Non-significant investments in the capital of other financial entities | - | - |
| 73. | Significant investments in the common stock of financial entities | - | - |
| 74. | Mortgage Servicing Rights (net of related tax liability) | - | - |
| 75. | Deferred tax assets arising from temporary differences (net of related tax liability) | - | - |

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| Basel III common disclosure - 31 st March, 2021 | | | Ref No. |
|--|--|---------|---------|
| Applicable caps on the inclusion of provisions in Tier 2 | | | |
| 76. | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to Standardised Approach (prior to application of cap) | 4405.85 | - |
| 77. | Cap on inclusion of provisions in Tier 2 under standardised approach | 3231.07 | - |
| 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 | - | - |
| Capital instruments subject to phase-out arrangements (only applicable between 31st March, 2018 and 31st March, 2022) | | | |
| 80. | Current cap on CET1 instruments subject to phase out arrangements | - | - |
| 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 | 1843.31 1843.31 |
| 19. | If investments in insurance subsidiaries are not deducted fully from Capital and instead considered under 10% threshold for deduction, the resultant increase in the Capital of Bank of which : Increase in Common Equity Tier 1 Capital of which : Increase in Additional Tier 1 Capital of which : Increase in Tier 2 Capital | - |
| 26(b). | If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then : (i) Increase in Common Equity Tier 1 Capital (ii) Increase in Risk Weighted Assets | - |
| 44(a). | Excess Additional Tier 1 Capital not reckoned for Capital Adequacy (difference between Additional Tier 1 Capital as reported in row 44 and admissible Additional Tier 1 Capital as reported in 44a) of which : Excess Additional Tier 1 Capital which is considered as Tier 2 Capital under row 58b | - |
| 50. | Eligible Provisions included in Tier 2 Capital Eligible Revaluation Reserves included in Tier 2 Capital Total of row 50 | 4405.85 - 4405.85 |
| 58(a). | Excess Tier 2 Capital not reckoned for Capital adequacy (difference between Tier 2 Capital as reported in row 58 and T2 as reported in 58a) | 1174.78 |

Table DF - 12

COMPOSITION OF CAPITAL - RECONCILIATION REQUIREMENTS

Step 1

(₹ in millions)

| Particulars as on 31 st March, 2021 | Balance Sheet as in financial statements | Balance Sheet under regulatory scope of consolidation | |
|--|--|---|-----------------------------|
| A Capital & Liabilities | | | |
| I Total Capital | 58424.76 | | ↑ NOT APPLICABLE ↓ |
| Paid-Up Capital | 738.82 | | |
| Reserves & Surplus | 57685.94 | | |
| Minority Interest | - | | |
| II Deposits | 445373.64 | | |
| of which : Deposits from Banks | 1151.43 | | |
| of which : Customer Deposits | 444222.21 | | |
| of which : Other Deposits (pl. specify) | - | | |
| III Borrowings | 13456.96 | | |
| of which : From RBI (REPO) | 0.00 | | |
| of which : From Banks | 0 | | |
| of which : From other Institutions & Agencies | 13456.96 | | |
| of which : Others (pl. specify) Outside India | 0 | | |
| of which : Capital Instruments | 0 | | |
| IV Other Liabilities & Provisions | 15861.47 | | |
| Total Liabilities | 533116.83 | | |
| B Assets | | | |
| I Cash and Balances with Reserve Bank of India | 27927.10 | | |
| Balance with Banks and Money at Call and Short Notice | 28223.50 | | |
| II Investments | 94359.44 | | |
| of which : Government Securities | 93308.83 | | |
| of which : Other Approved Securities | - | | |
| of which : Shares | 36.56 | | |
| of which : Debentures & Bonds | 417.77 | | |
| of which : Subsidiaries / Joint Ventures / Associates | - | | |
| of which : Others (Commercial Papers, Mutual Funds etc.) | 596.28 | | |
| III Loans and Advances | 361578.29 | | |
| of which : Loans and Advances to Banks | - | | |
| of which : Loans and Advances to Customers | 361578.29 | | |
| IV Fixed Assets | 2326.90 | | |
| V Other Assets | 18701.60 | | |
| of which : Goodwill and Intangible Assets | - | | |
| of which : Deferred Tax Assets | 3053.99 | | |
| VI Goodwill on Consolidation | - | | |
| VII Debit Balance in Profit & Loss Account | - | | |
| Total | 533116.83 | | |

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Step 2

1) As the Bank is not having any subsidiary, no disclosure relating any legal entity for regulatory consolidation is made.

2) Break up for DF-11 items is given below as shown in the Bank's financial statements:

Common Equity Tier 1 Capital : Instruments and Reserves

| Ref. No. | As per Balance Sheet | ₹ in millions | As shown in DF-11 Composition of Capital | As shown in DF-12 (Step1) Balance Sheet |
|----------|--|-----------------|--|---|
| a) | Paid-up Capital | 738.82 | Sl.No.1 | Paid-up Capital |
| b) | Share Premium | 8871.76 | | Reserves & Surplus |
| c) | Statutory Reserves | 15760.00 | Sl.No.2 | Reserves & Surplus |
| d) | Capital Reserves | 3115.04 | | Reserves & Surplus |
| e) | General Reserves | 24182.80 | | Reserves & Surplus |
| f) | Special Reserve under IT | 4810.00 | | Reserves & Surplus |
| g) | Balance in P&L (less dividend payable) | 392.89 | | Reserves & Surplus |
| | Total | 57871.31 | | |

Common Equity Tier 1 Capital : Regulatory Adjustments (deductions)

| Ref. No. | As per Balance Sheet | ₹ in millions | As shown in DF-11 Composition of Capital | As shown in DF-12 (Step1) Balance Sheet |
|----------|--|----------------|--|---|
| h) | Intangible Assets (Application software) | 436.21 | Sl.No.9 | Included in Fixed Assets |
| i) | Deferred Tax Assets (net) | 1843.31 | Sl.No.10 | Other Assets / Liabilities |
| | Total | 2279.52 | | |

Tier 2 Capital : Instruments and Provisions (Additions)

| Ref. No. | As per Balance Sheet | ₹ in millions | As shown in DF-11 Composition of Capital | As shown in DF-12 (Step1) Balance Sheet |
|----------|---|----------------|--|---|
| j) | Investment Reserve | 331.80 | Sl.No.50 | Reserves & Surplus |
| k) | Provision for Standard Assets | 2506.30 | | Other Liabilities & Provisions |
| l) | Provision for Country Risk Exposure | 40.00 | | |
| m) | Provision for Unhedged Foreign Currency Exposure (UFCE) | 22.24 | | |
| n) | Provision for impact of COVID - 19 | 1505.51 | | |
| | Total | 4405.85 | | |

Step 3

(₹ in millions)

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 | 9610.58 | 2(a) & 2 (b) |
| 2. | Retained Earnings | 48260.73 | 2(c) to 2 (g) |
| 3. | Accumulated other Comprehensive Income (and Other Reserves) | - | |
| 4. | Directly issued Capital subject to phase out from CET1 (only applicable to Non-Joint Stock Companies) | - | |
| 5. | Common Share Capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | - | |
| 6. | Common Equity Tier 1 Capital before Regulatory Adjustments | 57871.31 | (Sum of 1 & 2 above) |
| 7. | Prudential valuation adjustments | - | |
| 8. | Goodwill (net of related tax liability) | - | |

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Table DF - 13

MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

| Main Features of Regulatory Capital Instruments (Equity Shares & Bond Series I, II) | | | |
|---|--|--|----------------|
| Sl.No. | Description | Equity Shares | Bond Series II |
| 1. | Issuer | City Union Bank Ltd | |
| 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 | |
| Regulatory Treatment | | | |
| 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) | 738.82 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 | |

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

| Sl.No. | 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 | |

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Note: 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. | The Compensation & Remuneration Committee comprised of four members constituted to oversee the framing, review and implementation of Compensation Policy of the Bank. (As on 31 st March, 2021 there are only three members as Shri. S. Bernard, Director, retired on 19 th August, 2020). |
| (b) | Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy. | <p>Key Features:</p> <ul style="list-style-type: none"> a) Board oversees the design of the compensation package and operations. b) Compensation commensurate with the responsibility and accountability. <p>Objectives:</p> <ul style="list-style-type: none"> a) Alignment of compensation with prudent risk taking. b) Effective Supervisory oversight. c) Sound Compensation practices. |
| (c) | Description of the ways in which current and future risks are taken in to account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks. | Compensation related to the types of risks and symmetric with risk outcomes. |
| (d) | Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration. | Qualitative features such as skills, knowledge and abilities are factored in. |
| (e) | A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting. | <ul style="list-style-type: none"> a) ESOP and Reservation in Rights Issue to be the components of share based payment. b) Exgratia payment to be denied only in extreme cases of indiscipline, misuse of trust etc. |
| (f) | Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms. | Exgratia, Performance Linked Pay (PLP) and ESOPs form part of variable remuneration components. |

Quantitative Disclosures: The quantitative disclosures pertaining to the MD & CEO as on 31st March, 2021 and 31st March, 2020 is given below:

| | | Current Year 31st March, 2021 | Previous Year 31st March, 2020 | |
|-----|--|--|--|----------------------|
| (a) | Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members. | <ul style="list-style-type: none"> ▶ 8 meetings (Compensation & Remuneration Committee) were held during the financial year. ▶ The total remuneration and commission paid to the members during the year is ₹24,23,115/- (including commission of ₹21,63,115/-). | <ul style="list-style-type: none"> ▶ 4 meetings (Compensation Committee) were held during the financial year. ▶ The total remuneration and commission paid during the year ₹31,60,000/- (including commission of ₹30,00,000/-) | CSR Initiatives |
| (b) | <ol style="list-style-type: none"> 1. Number of employees having received a variable remuneration award during the financial year. 2. Number and total amount of sign – on awards made during the financial year. 3. Details of guaranteed bonus, if any, paid as joining / sign on bonus. 4. Details of severance pay, in addition to accrued benefits, if any. | <p>1</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> | <p>1</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> | Statutory Reports |
| (c) | <ol style="list-style-type: none"> 1. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. 2. Total amount of deferred remuneration paid out in the financial year. | <p>NIL</p> <p>NIL</p> | <p>NIL</p> <p>NIL</p> | Financial Statements |
| (d) | Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred. | <p>Fixed: ₹ 1,69,52,869/- per annum w.e.f, 1st May, 2020 as per RBI approval dt.3rd December, 2020.</p> <p>[The RBI, as per its circular D O R. App t. B C. No. 23/29.67.001/2019-20 dt.4thNovember,2019, has directed the Banks to include all perquisites as part of fixed pay].</p> | <p>Fixed: ₹ 87,00,000/- per annum (paid / payable w.e.f, 1st May, 2019 as per RBI mail approval dt.20th April, 2020)</p> <p>HRA – 12% of the fixed pay per month from May 2018.</p> | List of Branches |
| | | | | Basel III |

Quantitative Disclosures: The quantitative disclosures pertaining to the MD & CEO as on 31st March, 2021 and 31st March, 2020 is given below:

| | | Current Year 31st March, 2021 | Previous Year 31st March, 2020 |
|-----|---|--|--|
| | | <p>Variable Pay of ₹30,00,000/- (approved by RBI vide e-mail dt.20th April, 2020) paid on 30th April, 2020 for FY 2019.</p> <p>Variable Pay of ₹30,00,000/- (approved by RBI vide its letter dt.26th March, 2021) paid on 26th March, 2021 for FY 2020.</p> <p>For FY 2020-21 the proposal for variable pay will be made to RBI.</p> <p>No. of Stock Options granted during FY 2020-2021: Nil</p> <p>The option vested during FY 19-20 i.e., 1,81,500 options has been exercised in FY 2020-21.</p> <p>Deferred: Nil</p> | <p>Variable: Pertain to FY 2018-19 payable to MD & CEO based on approval from RBI dt.20th April, 2020 which will be paid on subsequent date. For FY 2020 the proposal will be made to RBI.</p> <p>No. of Stock options granted during the FY 2019-20: Nil</p> <p>The option vested during FY 2018-19 i.e., 1,51,250 shares has been exercised during FY 2019-20. Further, during FY 2019-20, 1,81,500 options has been vested and will be exercised in the subsequent financial years as per the ESOP.</p> <p>Deferred: Nil</p> |
| (e) | 1. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments. | NIL | NIL |
| | 2. Total amount of reductions during the financial year due to ex-post explicit adjustments. | NIL | NIL |
| | 3. Total amount of reductions during the financial year due to ex-post implicit adjustments. | NIL | NIL |
| (f) | Number of MRTs identified | NIL | NIL |

Quantitative Disclosures: The quantitative disclosures pertaining to the MD & CEO as on 31st March, 2021 and 31st March, 2020 is given below:

| | | Current Year 31 st March, 2021 | Previous Year 31 st March, 2020 |
|-----|---|--|---|
| (g) | ▶ Number of cases where malus has been exercised. | NIL | NIL |
| | ▶ Number of cases where clawback has been exercised. | NIL | NIL |
| | ▶ Number of cases where both malus and clawback have been exercised. | NIL | NIL |
| (h) | General Quantitative Disclosure: The mean pay for the Bank as a whole (excluding sub-staff) and deviation of the pay of each of its WTDs from the mean pay. | ₹ 1,43,39,304.52 | NIL |

Table DF - 16

EQUITIES - DISCLOSURE FOR BANKING BOOK POSITIONS

There are no equity investments as on 31st March, 2021 under Banking Book (HTM).

Table DF - 17

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. Previously, the

indicative benchmark Leverage Ratio prescribed was 4.50% (minimum), which has been reduced to 3.50% (minimum) as per the RBI circular on "Basel III Capital Regulations - Implementation of Leverage Ratio", vide DBR.BP.BC.No.49/21.06.201/2018-19 dated 28th June, 2019.

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

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SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE-31st March, 2021
(₹ in millions)

| Sl. No. | Item | Amount |
|---------|--|------------------|
| 1. | Total consolidated assets as per published financial statements | 533116.83 |
| 2. | Adjustment for investments in Banking, Financial, Insurance or Commercial Entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | 0.00 |
| 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 | 2835.35 |
| 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) | 19607.92 |
| 7. | Other adjustments (intangible) | (2279.52) |
| | Leverage Ratio exposure | 553280.58 |

Table DF - 18

LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE – 31st March, 2021

(₹ in millions)

| Sl. No. | Item | Amount |
|---------|--|------------------|
| | On - Balance Sheet Exposures | |
| 1. | On-Balance Sheet items (excluding Derivatives and SFTs, but including Collateral) | 533116.83 |
| 2. | (Asset amounts deducted in determining Basel III Tier 1 Capital) | (2279.52) |
| 3. | Total On-Balance Sheet exposures (excluding Derivatives and SFTs) (sum of lines 1 and 2) | 530837.31 |
| | Derivative Exposures | |
| 4. | Replacement cost associated with all Derivative transactions (i.e. net of eligible cash variation margin) | 2835.35 |
| 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. | Total Derivative Exposures (sum of lines 4 to 10) | 2835.35 |
| | Securities financing transaction exposures | |
| 12. | Gross SFT Assets (with no recognition of netting), after adjusting for sale accounting transactions | - |
| 13. | (Netted amounts of cash payables and cash receivables of gross SFT Assets) | - |
| 14. | CCR exposure for SFT Assets | - |
| 15. | Agent transaction exposures | - |
| 16. | Total securities financing transaction exposures (sum of lines 12 to 15) | - |
| | Other Off-Balance sheet exposures | |
| 17. | Off-Balance Sheet exposure at gross notional amount | 55033.57 |
| 18. | (Adjustments for conversion to credit equivalent amounts) | (35425.65) |
| 19. | Off-Balance Sheet items (sum of lines 17 and 18) | 19607.92 |
| | Capital and total exposures | |
| 20. | Tier 1 Capital | 55591.79 |
| 21. | Total exposures (sum of lines 3, 11, 16 and 19) | 553280.58 |
| | Leverage Ratio | |
| 22. | Basel III Leverage Ratio (20/21) | 10.05% |

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DECADE OF PROGRESS

| Year | (₹ in crore) | | | | | | | | | |
|--|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
| Paid up capital (Face value of ₹ 1 each) | 40.82 | 47.44 | 54.27 | 59.66 | 59.82 | 60.11 | 66.47 | 73.45 | 73.73 | 73.88 |
| Reserve fund and Other Reserves | 1202.28 | 1593.22 | 1970.66 | 2635.87 | 2992.18 | 3510.09 | 4096.76 | 4767.31 | 5222.34 | 5768.59 |
| Deposits | 16340.76 | 20304.75 | 22016.89 | 24074.96 | 27158.13 | 30115.74 | 32852.62 | 38447.95 | 40832.49 | 44537.36 |
| Advances | 12137.46 | 15246.06 | 16096.84 | 17965.50 | 21056.92 | 23832.70 | 27852.79 | 32673.34 | 33927.45 | 36157.83 |
| Investments | 4586.19 | 5266.80 | 5953.56 | 5870.67 | 6826.45 | 7031.45 | 7879.11 | 7712.20 | 9116.79 | 9435.94 |
| Net Profit | 280.25 | 322.02 | 347.07 | 395.02 | 444.69 | 502.77 | 592.00 | 682.85 | 476.32 | 592.82 |
| Dividend | Interim | - | - | - | 100% | - | - | - | 50% | 30%* |
| | Final | 100% | 100% | 100% | 110% | 30% | 30% | 50% | - | 20%# |
| No. of Branches | 300 | 375 | 425 | 475 | 525 | 550 | 600 | 650 | 700 | 702 |
| Total No. of Staff | 3347 | 3785 | 4215 | 4364 | 4517 | 4688 | 5319 | 5518 | 5741 | 5843 |
| Intrinsic value of Shares (₹) | 30.45 | 30.44 | 37.31 | 45.18 | 51.02 | 59.40 | 62.63 | 65.91 | 71.83 | 79.08 |
| Earning Rate (%) | 686.55 | 597.51 | 639.52 | 662.12 | 743.38 | 836.42 | 890.63 | 929.68 | 646.03 | 802.41 |

* Interim Dividend was declared during May 2021.

Subject to approval of shareholders at its ensuring meeting

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. Integrated Registry Management Services Private Limited, Chennai

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

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

DECLARATION

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

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

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

(Signature of the First / Sole shareholder)

Place :

Date :

CITY UNION BANK LIMITED NOMINATION FORM

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

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

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

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

(2) PARTICULARS OF NOMINEE(S)

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

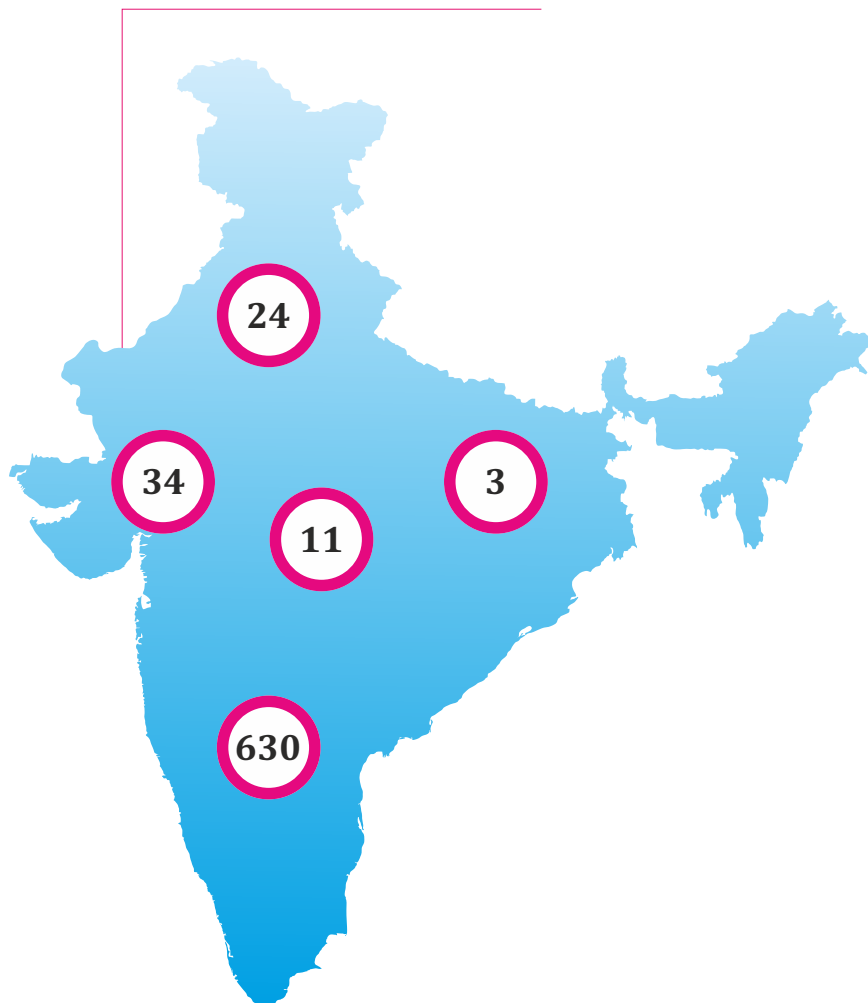
(3) IN CASE NOMINEE IS A MINOR

| | | |
|----------------------------|--|-------------------|
| Date of Birth: ___/___/___ | Date of attaining majority: ___/___/___ | Name of guardian: |
| Address of guardian: | | |
| Pin code: | | |

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

Note : The above form should be filled and submitted with the Bank's Registrar and Share Transfer Agent - Integrated Registry Management Services Private Limited, (Unit : CITY UNION BANK LIMITED) situated at II Floor, "Kences Towers" No.1 Ramakrishna Street, Off North Usman Road, T. Nagar, Chennai - 600 017, Tamil Nadu, India

REGIONWISE BRANCHES



BANK NETWORK

1724

ATMs
OF WHICH

766

CASH DEPOSIT
& WITHDRAWAL
MACHINES

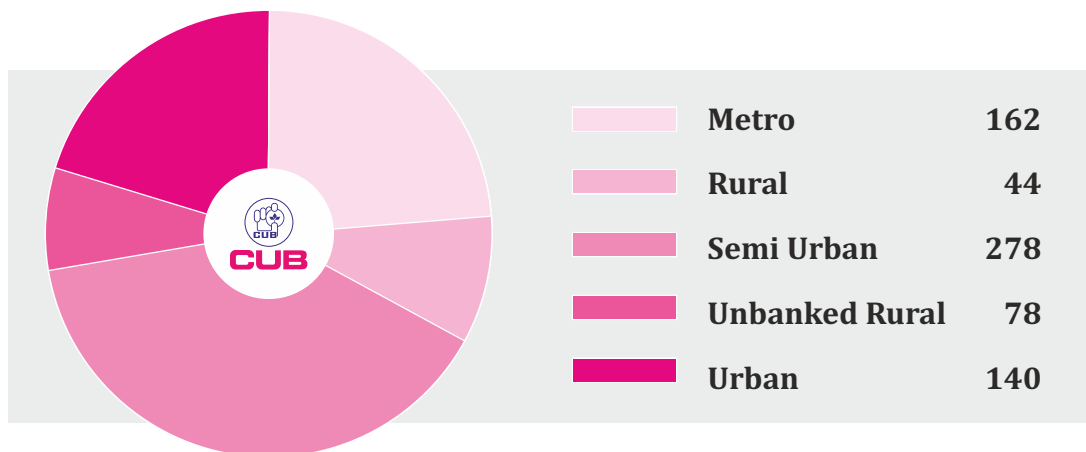
AND

958

CASH
WITHDRAWAL
MACHINE

702

BRANCHES



*An Inspiring
Banking
Journey
Continues!*



Thank you stakeholders

For your continued support and patronage

EXPERIENCE THE POWER OF **CUB All in One App**



Digital Banking Services



CITY UNION BANK



CUB
Trust and Excellence
SINCE 1904

CITY UNION BANK LIMITED

CIN: L65110TN1904PLC001287

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Kumbakonam - 612 001.
Phone: 0435 - 2432322
e-mail: shares@cityunionbank.in
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.in
Website: www.cityunionbank.com

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e-mail: customercare@cityunionbank.com