



CITY UNION BANK

CIN - L65110TN1904PLC001287

Regd. Office, No. 149, TSR (Big) Street, Kumbakonam - 612 001.

Phone : 0435 - 2432322 : Fax : 0435 - 2431746

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

C.O/Shares/LR-2/5/2018-19

24th May 2018

National Stock Exchange of India Ltd.,
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 Madam / Sir,

Sub: Outcome of Board Meeting

This is in continuation to our communication dated 14th May 2018.

In terms of Regulation 30 of SEBI Listing Regulations 2015, we forward herewith a copy of Annual Audited accounts (standalone) for the Financial Year ended 31st March 2018, which have been approved by the Board of Directors of the Bank at its meeting held today. Further pursuant to Reg.33 (3)(d) of SEBI (LODR) (Amendment) Regulations 2016 enclosed herewith a disclosure on unqualified audit opinion on such standalone financial results.

The Board at the above meeting also recommended the following:

1. A dividend @ 30 paisa per equity share i.e., 30 % on face value of Re.1/- per equity share of the Bank, subject to requisite approvals.
2. Issue of bonus shares in the ratio of 1:10 i.e., one equity share of Re.1/- each for every ten fully paid up equity shares held as on the record date, subject to the approval of the members of the Bank. The proposal for issue of bonus shares was not part of the original agenda for the Board meeting held today and was decided during the course of the meeting.

Further, Pursuant to Regulation 30 of SEBI Listing Regulations 2015, please find below disclosure regarding issue of Bonus shares:

Whether bonus is out of free reserves created out of profits or securities premium account	The bonus shares will be issued out of securities premium of the Bank available as at March 31, 2018.
Bonus Ratio	1:10 i.e. 1 (one) equity shares of Re.1/- each for every 10 (ten) fully paid-up equity shares already held as on the record date to be decided.
Details of share capital – pre and post bonus issue	The pre-bonus paid-up share capital as on the date of this letter is 66,47,29,209 consisting of 66,47,29,209 equity shares of Re.1/- each. The post-bonus paid-up share capital is



	expected to be around 73,12,02,129 consisting of 73,12,02,129 equity shares of Re.1/- each. The actual number of bonus shares to be issued will be determined based on the paid-up share capital as on the record date as well as the adjustments which will need to be done to the outstanding unexercised grant of stock options on the record date.
Free reserves and / or share premium required for implementing the bonus issue	Rs.6.65 crore (based on estimated bonus shares as per item above). The actual amount will be determined based on the paid-up share capital as on the record date as well as the adjustments outstanding unexercised grant of stock options on the record date.
Free reserves and / or share premium available for capitalization and the date as on which such balance is available	Securities premium of Rs.838.88 crores as on March 31, 2018.
Whether the aforesaid figures are audited	Yes
Estimated date by which such bonus shares would be credited / dispatched	Within 2 months from the date of Board approval i.e. by July 23, 2018.

A copy of the financial results is being uploaded in the Bank's website www.cityunionbank.com and an extract of the same shall be published in a manner as prescribed under SEBI Listing Regulations.

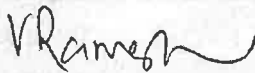
Time of commencement of Board meeting : 8.35 am.

Time of closure of Board meeting : 10.45 am.

Kindly take note of the above.

Thanking you

Yours faithfully
for CITY UNION BANK LIMITED


V Ramesh
General Manager – CFO & CS



Encl.: a/a

City Union Bank Ltd.,

CIN NO.L65110TN1904PLC001287

Regd.Office: 149 T.S.R. (Big) Street, Kumbakonam 612001

AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31st MARCH, 2018

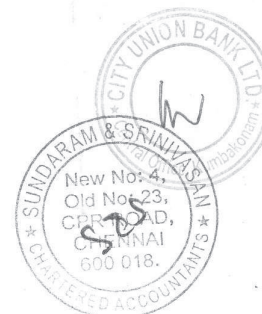
Particulars	(Rs in Lakhs)				
	Quarter ended			Year ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
	Audited	Reviewed	Audited	Audited	
1. Interest earned (a+b+c+d)	87066.19	86535.63	79990.46	340242.16	317378.73
a) Interest/Discount on Advances/Bills	72355.20	72461.41	65199.12	284039.52	259021.47
b) Income on Investments	13752.90	13145.96	13553.01	52276.07	53850.39
c) Interest on balances with RBI and other Inter Bank funds	581.70	533.15	763.68	2268.92	2725.68
d) Others	376.39	395.11	474.65	1657.65	1781.19
2. Other Income	11982.35	12169.24	12584.59	53210.04	48394.67
3. Total Income (1 + 2)	99048.54	98704.87	92575.05	393452.20	365773.40
4. Interest Expended	50271.91	50022.62	48934.56	197212.12	197502.06
5. Operating Expenses (i) + (ii)	19349.04	19037.08	18876.63	75464.87	68897.49
(i) Employees Cost	7676.27	7987.60	7777.87	31588.36	29813.68
(ii) Other Operating expenses	11672.77	11049.48	11098.76	43876.51	39083.81
6. Total Expenditure (4) + (5) excluding provisions and contingencies	69620.95	69059.70	67811.19	272676.99	266399.55
7. Operating Profit before provisions and contingencies (3) - (6)	29427.59	29645.17	24763.86	120775.21	99373.85
8. Provisions (other than tax) and contingencies	8615.01	8566.00	7126.00	41775.42	30096.97
9. Exceptional Items	0.00	0.00	0.00	0.00	0.00
10. Profit / (Loss) from Ordinary Activities before tax (7)-(8)-(9)	20812.58	21079.17	17637.86	78999.79	69276.88
11. Tax Expenses	5600.00	5600.00	4750.00	19800.00	19000.00
12. Net Profit / (Loss) from Ordinary Activities after tax (10) - (11)	15212.58	15479.17	12887.86	59199.79	50276.88
13. Extra ordinary items (Net of Tax Expense)	0.00	0.00	0.00	0.00	0.00
14. Net Profit / (Loss) for the period (12) - (13)	15212.58	15479.17	12887.86	59199.79	50276.88
15. Paid up equity share Capital (Face value of Re.1/- each)	6647.29	6634.74	6010.65	6647.29	6010.65
16. Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)				409676.24	351009.10
17. Analytical ratios					
i) % of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii) Capital Adequacy Ratio (%) - Basel III	16.22%	14.93%	15.83%	16.22%	15.83%
iii) Earning Per Share (EPS)					
Basic EPS - before/after extra ordinary items (Not annualised) (Rs.)	2.29	2.33	2.14	9.18	8.39
Diluted EPS - before/after extra ordinary items (Not annualised) (Rs.)	2.28	2.30	2.10	9.15	8.24
iv) NPA Ratios					
(a) Gross NPA	85655.16	85979.32	68198.27	85655.16	68198.27
(b) Net NPA	47478.05	44782.35	40834.36	47478.05	40834.36
(c) % of Gross NPA	3.03	3.30	2.83	3.03	2.83
(d) % of Net NPA	1.70	1.74	1.71	1.70	1.71
v) Return on Assets - Annualised	1.58%	1.64%	1.50%	1.60%	1.50%

Statement of Assets & Liabilities		(Rs in Lakhs)	
		31.03.2018	31.03.2017
Capital and Liabilities		(Audited)	
Capital		6647.29	6010.65
Reserves & Surplus		409676.24	351009.10
Deposits		3285262.18	3011573.84
Borrowings		173588.05	53099.73
Other Liabilities & Provisions		118550.77	105384.28
Total		3993724.53	3527077.60
Assets			
Cash & Balance with RBI		186179.77	148418.52
Balances with Banks and Money at Call		77464.60	139478.99
Investments		787910.61	703145.04
Advances		2785278.58	2383269.94
Fixed Assets		22312.66	21508.00
Other Assets		134578.31	131257.11
Total		3993724.53	3527077.60

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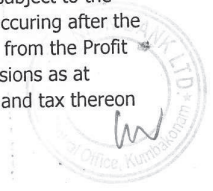
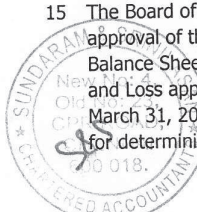
FOR CITY UNION BANK LTD.

V. Ramani
Company Secretary



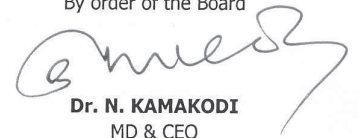
Notes :

- 1 The above financial results for the quarter / year ended 31st March 2018 have been reviewed by the Audit Committee of the Board at its meeting held on 23rd May 2018 and approved by the Board of Directors at their meeting held on 24th May 2018. The same have been audited by the Statutory Central Auditors of the Bank in line with the guidelines issued by Reserve Bank of India and as per the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015.
- 2 There has been no change in the accounting policies followed during the year ended 31st March 2018 as compared to those followed in the preceding financial year ended 31st March 2017.
- 3 The above working results for the quarter / year ended 31st March 2018 have been arrived at after considering various provisions as per RBI guidelines for Standard Assets, Non Performing Assets and Depreciation on Investments, Employee benefits, taxes & other usual and necessary provisions.
- 4 RBI Circular DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018 permitted banks to continue the exposures to MSME borrowers registered under Goods & Service Tax (GST) to be classified as Standard Assets where the dues between September 1, 2017 and January 31, 2018 are paid not later than 180 days from their respective original due dates. In accordance with the provisions of the circular, the bank had not recognised interest income of Rs.17 lakhs and created a standard assets provision of Rs.81 lakhs in respect of such accounts.
- 5 In terms of RBI circular DBR.BP.BC.No.63/21.04.018/2016-17 dated 18th April 2017, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts wherever either a) the additional provisioning requirements assessed by RBI exceed 15% of the published net profit after tax for the reference period or, b) the additional Gross NPAs identified by RBI exceed 15% of the published incremental Gross NPAs for the reference period, or both. Accordingly, RBI inspection has been concluded with position relating to 31.03.2017 and we do not have requirement of reporting divergence as per RBI / SEBI guidelines for the said period and the same was informed to stock exchanges through our filing dated 30.01.2018.
- 6 In accordance with the RBI guidelines, the bank has shifted securities amounting to Rs.318.73 cr from HTM to AFS category and Rs.434.53 cr from AFS to HTM category during the first quarter of FY 2017-18. The resulting depreciation of Rs.10.24 cr has been charged to Profit & Loss account in the June quarter. Further, as per Reserve Bank of India Cir No.RBI/2017-18/70 DBR.No.Ret.BC.90/12.02.001/2017-18 dated October 04, 2017, during the quarter ended 31st December 2017, the bank has shifted securities amounting to Rs. 290.97 cr from HTM to AFS category and there was no impact on the Profit & Loss account.
- 7 During the year, the Bank has sold SLR securities with a book value of Rs.1580.82 cr from Held to Maturity category which has exceeded 5% of the book value of the investments of Rs.5819.34 cr held in HTM category at the beginning of the year. As on 31st March 2018, the book value of SLR securities held under HTM was Rs.6000.50 cr with a market value of Rs.5967.18 cr resulting in depreciation of Rs.33.32 cr. The book value of the Non SLR securities in the HTM category as on 31st March 2018 was Rs.1.56 cr and the Market value of such securities was Rs.1.84 cr resulting in an appreciation of Rs.0.28 cr.
- 8 The Reserve Bank of India vide its circular RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated 02nd April 2018, permitted banks to spread provisioning for Mark to Market (MTM) losses on investments held in AFS and HFT category for the quarters ended 31st December 2017 and 31st March 2018 equally over four quarters respectively (commencing with the quarter in which the loss is incurred). The Bank has not availed the said dispensation and has recognised the entire Mark to Market loss on investments in the respective quarters.
- 9 The figure for the last quarter of the current year and for the previous year are the balancing figures between the audited figures in respect of the full financial year and the unaudited published year to date figures up to the third quarter.
- 10 Other Income relates to income from non-fund based banking activities including commission, fees, gains from securities transactions, ATM sharing fees, income from PSLC certificates (Net), recoveries from accounts written off and other miscellaneous income.
- 11 As informed to the Stock Exchanges on 08.12.2017, during the third quarter, there were certain improper transactions amounting to Rs.31.55 cr through VISA, MASTER & NPCI networks through ATM switch which were approved outside the Bank's network. The bank has a cyber insurance cover for Rs.25 cr and insurance claim has been lodged. The bank has provided a sum of Rs.7 cr during the third quarter.
- 12 As informed to the Stock Exchanges on 17.02.2018, during Q4 FY 18, three fraudulent remittances amounting to Rs.12.13 cr had gone through our SWIFT system which were not initiated by us. Out of this, the bank received back Rs.3.25 cr. An amount of Rs.2.22 cr have been blocked and for getting back the remaining amount the bank is taking efforts. During the quarter, the bank has made a provision of Rs.6.66 cr.
- 13 In accordance with the RBI circular DBOD. No.BP.BC.1/21.06.201/2015-16 dated 1st July 2015, read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31.03.2015, Banks are required to make Pillar III disclosures under Basel III capital regulations. Accordingly, Pillar 3 disclosures under Basel III capital regulations have been made available on the Bank's website (www.cityunionbank.com). These disclosures have not been subjected to audit by the Statutory Central Auditors.
- 14 Pursuant to RBI circular FMRD.DIRD.10/14.03.002/2015-16 dated May 19, 2016, as amended, the Bank has with effect from November 26, 2016 considered its repo/reverse repo transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) of RBI as Borrowings/Lendings, as the case may be. Hitherto, the repo/reverse repo transactions were included under investments. Figures for the previous period's/year have been regrouped/reclassified to conform to current period's/year classification. The above regrouping/reclassification has no impact on the profit of the Bank for the quarter / year ended 31st March 2018 or the previous periods/year.
- 15 The Board of Directors recommend a dividend of 30% (30 paise) per equity share of Re.1/- each for the year 2017-18, subject to the approval of the members at the ensuing Annual General Meeting. In accordance with AS 4, Contingencies and Events occurring after the Balance Sheet date notified by the MCA on March 30, 2016, the proposed dividend has not been shown as appropriation from the Profit and Loss appropriation account as of March 31, 2018 and correspondingly not reported under Other Liabilities and Provisions as at March 31, 2018. For computation of capital adequacy ratio as at 31.03.2018, Bank has adjusted the proposed dividend and tax thereon for determining capital funds.



- 16 The Board of Directors at its meeting held on 24th May 2018 approved issue of Bonus shares, in the proportion of 1 : 10, i.e. 1 (one) bonus equity share of Re.1/- each for every 10 (ten) fully paid-up equity shares held as on the record date, subject to approval by the members of the Bank.
- 17 During the quarter / year, the bank has allotted 12,55,087 / 35,57,840 shares of face value of Re.1/- each to employees pursuant to the exercise of stock options by the employees.
- 18 RBI has advised banks to make higher provisions for those accounts referred under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC). The bank had exposure to two such accounts which were declared as NPA and fully provided in earlier years.
- 19 Number of Investor complaints pending at the beginning of the quarter - Nil. Received during the quarter - Nil : Disposed of during the quarter - Nil : Pending complaints as on 31st March 2018 : Nil
- 20 Figures of the corresponding period's/year's have been reclassified/regrouped, wherever considered necessary.

By order of the Board


Dr. N. KAMAKODI
MD & CEO

Place : Chennai
Dated : 24th May 2018

This is the statement referred to in our report of even date.

for Sundaram & Srinivasan,
Chartered Accountants,
Firm No. 004207S


P. Menakshi Sundaram
Partner.
M.No.217914

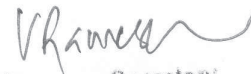


Place : Chennai
Dated : 24th May 2018

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For CITY UNION BANK LTD.,




Company Secretary

CITY UNION BANK LTD., CENTRAL OFFICE, KUMBAKONAM

SEGMENT REPORTING FOR THE PERIOD ENDED 31.03.2018

Segmentwise Results

(Rs in Lakhs)

Particulars	Quarter ended			Year ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
	Audited	Reviewed	Audited	Audited	
Segment Revenue					
a) Treasury	17346	17116	16576	71363	77138
b) Corporate / wholesale banking	24596	24805	30541	101289	99444
c) Retail Banking	56559	56430	44898	219398	188089
d) Other Banking Operations	548	354	560	1402	1102
Total	99049	98705	92575	393452	365773
Less : Inter segment revenue	-	-	-	-	-
Total	99049	98705	92575	393452	365773
Segment Results					
a) Treasury	10921	8774	9403	39920	36736
b) Corporate / wholesale banking	4369	6156	7026	26331	26182
c) Retail Banking	13691	14468	7879	53539	35739
d) Other Banking Operations	446	247	456	985	717
Total	29427	29645	24764	120775	99374
Operating Profit	29427	29645	24764	120775	99374
Other Provisions & Contingencies	8615	8566	7126	41775	30097
Exceptional items	0	0	0	0	0
Profit Before Tax	20812	21079	17638	79000	69277
Taxes including Deferred Tax	5600	5600	4750	19800	19000
Net Profit	15212	15479	12888	59200	50277
Segmental Assets:					
a) Treasury	926149	922302	901236	926149	901236
b) Corporate / wholesale banking	987961	903204	869256	987961	869256
c) Retail Banking	1971073	1821808	1663921	1971073	1663921
d) Unallocated	108542	114326	92665	108542	92665
Total Assets	3993725	3761640	3527078	3993725	3527078
Segmental Liabilities:					
a) Treasury	824519	819073	804210	824519	804210
b) Corporate / wholesale banking	896766	817114	790963	896766	790963
c) Retail Banking	1789123	1648075	1514048	1789123	1514048
d) Unallocated	66993	77246	60837	66993	60837
Total	3577401	3361508	3170058	3577401	3170058
Capital Employed:					
Segment Assets - Segment Liabilities					
a) Treasury	101630	103229	97026	101630	97026
b) Corporate / wholesale banking	91195	86090	78293	91195	78293
c) Retail Banking	181950	173733	149873	181950	149873
d) Unallocated	41549	37080	31828	41549	31828
Total	416324	400132	357020	416324	357020

There are no significant residual operations carried on by the bank.

PART B : GEOGRAPHIC SEGMENTS:

The bank operates only in India



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FOR CITY UNION BANK LTD.,

V. Ramesh
Company Secretary.



Sundaram & Srinivasan
CHARTERED ACCOUNTANTS

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Website : www.sundaramandsrinivasan.com

Date

**Auditors Report on the Financial Results of City Union Bank Limited pursuant to
Regulation 33 of the Securities and Exchange Board of India
(Listing Obligations & Disclosure Requirements) Regulations 2015**

**To The Board of Directors of
City Union Bank Limited**

1. We have audited the accompanying annual Financial Results of **City Union Bank Limited** ("the Bank"), for the year ended 31st March 2018 ("the Financial Results"), attached herewith, being submitted by the Bank pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Regulations"). The disclosures relating to "Pillar 3 under Basel III Capital Regulations" and those relating to "Leverage Ratio", "Liquidity Coverage Ratio" under Capital Adequacy and Liquidity Standards issued by Reserve Bank of India ("RBI") as have been disclosed on the Bank's website and in respect of which a link have been provided in the Financial Results, which have neither been reviewed nor been audited by us.

Attention is drawn to the fact that the figures for the quarter ended 31st March 2018 and the corresponding quarter ended in the previous year as reported in these financial results ended 31st March 2018 are the balancing figures between the audited figures in respect of the full financial year and the published un-audited year-to-date figures upto the end of the third quarter of the relevant financial year.

2. These financial results have been prepared on the basis of the financial statements and the un-audited quarterly financial results upto the end of the third quarter which are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial results based on our audit of the annual financial statements which have been prepared in accordance with the recognition and measurement principles specified under the Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (together referred to as the "accounting principles generally accepted in India"), as applicable to Banks, provisions of Section 29 of the Banking Regulation Act, 1949, and Circulars, Guidelines and Directions issued by the Reserve Bank of India from time to time and other Accounting Principles generally accepted in India.





Sundaram & Srinivasan
CHARTERED ACCOUNTANTS

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E-mail : yessendes@sundaramandsrinivasan.com
Website : www.sundaramandsrinivasan.com

Date

3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis of our opinion.
4. In our opinion and to the best of our information and according to the explanations given to us, these financial results:
- are presented in accordance with requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
 - the financial results give a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net profit and other financial information of the Bank for the year ended 31st March 2018;

Place: Chennai
Date: 24th May, 2018



For **Sundaram & Srinivasan**
Chartered Accountants
(Firm No.0042075)

P. Menakshi Sundaram
Partner
M. No. 217914



INDEPENDENT AUDITORS' REPORT

Date

To

The Members of **CITY UNION BANK LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of City Union Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31st March, 2018, the Profit & Loss Account, and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the return of 14 branches and office audited by us and 590 branches & offices audited by branch statutory auditors. The branch audited by us and those audited by other auditors have been selected by the Bank in accordance with guidelines issued to the Bank by the Reserve Bank of India.

Management's Responsibility for the Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and circulars and guidelines issued by the 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.





- Date
5. We conducted our audit of the Bank in accordance with Standards on Auditing (the "Standards") issued by the Institute of Chartered Accountants of India, as specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.
 6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments the auditor considers internal financial control relevant to the bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
 7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for the banking companies and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Bank as at 31st March, 2018, and its profit and its cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

9. 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.
10. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated 28th August, 2017, 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





Offices : Chennai - Mumbai - Bangalore - Madurai

Telephone { 2498 8762
2498 8463
4210 6952

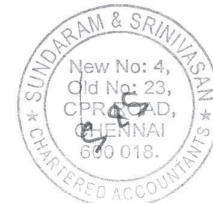
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Website : www.sundaramandsrinivasan.com

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(c) The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.

11. Further, as required by section 143(3) of the Companies Act, 2013, we report that;

- i. 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;
 - ii. 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 branches not visited by us;
 - iii. 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;
 - iv. 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 branches;
 - v. 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;
 - vi. On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of section 164 (2) of the Act;
 - vii. 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
 - viii. 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;
- a) The bank disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 12.1 to the financial statements;





Sundaram & Srinivasan
CHARTERED ACCOUNTANTS

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- b) 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
- c) There has been no delay in transferring the funds to the Investor Education and Protection Fund Account by the Bank.
- d) The disclosures required on holdings as well as dealing in Specified bank notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

For Sundaram & Srinivasan
Chartered Accountants
(Firm No.0042075)



P Menakshi Sundaram
Partner
M. No. 217914

Place: Chennai
Date: 24th May, 2018



"Annexure A" to the Independent Auditors' Report of even date on the financial statements of City Union Bank Limited [Refer Para 11(vii)]

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**

1. We have audited the Internal Financial Controls over Financial Reporting ("ICFR") of City Union Bank Limited ("the Bank") as of 31st March 2018 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

2. The Bank's Board of Directors is 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

3. 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.





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4. 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.
5. 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

6. 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

7. 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.





Sundaram & Srinivasan

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Opinion

8. 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 2018, 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.

Place: Chennai
Date: 24th May, 2018

For Sundaram & Srinivasan
Chartered Accountants
(Firm No.004207S)



P Menakshi Sundaram
Partner
M. No. 217914



CITY UNION BANK

CIN - L65110TN1904PLC001287

Regd. Office, No. 149, TSR (Big) Street, Kumbakonam - 612 001.

Phone : 0435 - 2432322 : Fax : 0435 - 2431746

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

C.O/Shares/LR-2/5/2018-19

24th May 2018

National Stock Exchange of India Ltd.,
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 Madam / Sir,

Sub: Declaration under Regulation 33 of SEBI LODR Amendment Regulations 2016

Pursuant to SEBI circular no.CIR/CFD/CMD/56/2016 dated 27th May 2016, we hereby confirm that M/s Sundaram and Srinivasan, Chartered Accountants, the Statutory Central Auditors of the Bank, have provided un-qualified audit opinion on the standalone financial results of the Bank for the year ended 31st March 2018.

This is for your information and records please.

Thanking you

Yours faithfully
for **CITY UNION BANK LIMITED**

V Ramesh
General Manager – CFO & CS

