CITY UNION BANK LIMITED

ANNUAL GENERAL MEETING 13-08-2025

CHAIRMAN'S SPEECH

Ladies and Gentlemen, esteemed shareholders of City Union Bank, and distinguished guests, it is an honour to welcome you all to our Annual General Meeting.

I hope this moment finds you and your loved ones in good health and high spirits.

Before we get into the main discussion, I, on behalf of the Board and the entire team, extend a warm welcome to our new Executive Director Shri. V. Ramesh on the Board of the bank, who was inducted after our previous meeting with your approval.

This Annual General Meeting is a pivotal moment for us to connect with our valued stakeholders and we are hosting this e-AGM with utmost efficiency as per the statutory guidelines.

The Annual Report and the Notice of this meeting have been e-mailed to all the registered shareholders and with your kind permission, I consider the reports as read.

I will keep my speech concise, focusing on our financial performance of FY 25 and our efforts to navigate the Macro economic challenges.

GLOBAL ECONOMY

In FY 25, the Global economy demonstrated resilience in the face of several external pressures and challenges, ensuring stability in growth. The growth forecasts for FY 25 was 3.2% and for FY 26 is 3.3%, which is one of the lowest medium - term forecasts in a decade. The emerging market economies were confronted with structural challenges due to escalating trade tensions, protectionist policies, geo political tensions and decline in Chinese economy. The Advanced economies experienced modest acceleration between 1.7% to 1.8% during the year.

The world since the past few months has been gripped in the midst of a major tariff war. The world has witnessed a huge blow to the Multilateral Trading System. The concept of Most Favoured Nations on which the pillar of world trade rests, has been eroded especially since the announcement of high reciprocal tariffs on imports from most countries of the world by the President Trump led US Administration. In response, China among other countries retaliated provoking a further dose of tariff leading to a full scale trade war with USA, bringing the rate of tariffs applied on imports from China to a staggering 145%. The current global environment continues to be challenging and though, the financial markets volatility and geopolitical uncertainties have abated from their peaks in recent months, the trade negotiations challenges continue to linger. The Global growth, though revised upwards by the International Monetary Fund **("IMF**"), remains muted**.** The pace of disinflation is slowing down, with some developed economies even experiencing an increase in inflation. Globally, policy makers are faced with muted growth and with an emergence of a new global order, policymakers will have tough times navigating a world characterized by modest growth and elevated public debt levels.

INDIAN ECONOMY

The Indian economy ended FY 25 on a positive note with real Gross Domestic Product growth accelerating to 7.4 % in Q4. The real GDP growth for FY 25 stood at 6.5 % compared to 9.2 % in FY 24 in line with RBI's projections. India remained a bright spot in the global landscape despite the challenges faced, as a result of increased consumer expenditure and government investments. In the near future sustained demand from rural areas, revival in urban consumption, increased government capital expenditure, higher capacity utilization and healthy balance sheets of banks and corporates are expected to support growth. Agricultural prospects appear bright on the back of an above normal south-west monsoon forecast, Industrial sector is on a recovery path, while Services Sector is expected to maintain the growth momentum. Considering all these major factors, real GDP growth for FY 26 is now projected at 6.5% with Q1 at 6.5%, Q2 at 6.7%, Q3 at 6.6% and Q4 at 6.3% with the risks being evenly balanced. Real GDP growth for Q1 FY 27 is projected at 6.6% with the risks evenly balanced.

The CPI headline inflation declined for the eighth consecutive month to a 77th month low of 2.1% year on year in June 2025. Fuel group continued an inflationary trend with a hike in LPG prices. Core Inflation increased to 4.4 % in June 2025, driven primarily by a sharp rise in Gold prices. The CPI inflation for FY 26 is projected at 3.1 %, with Q2 at 2.1 %, Q3 at 3.1 %, Q4 at 4.4 % and Q1 FY 27 is projected at 4.9 % with the risks evenly balanced.

The Indian economy exhibited a picture of strength, stability and opportunity with strong balance sheets of five major sectors namely Corporates, Banks, Households, Government and the External sector. India continues to remain an attractive investment destination with robust flows in the form of FDI, FCB and NRI deposits. Foreign Exchange Reserves stood at US$ 688.9 Billion as on August 1, 2025, sufficient to cover more than 11 months of merchandise imports. The overall India's external sector remained resilient.

Performance of the Indian Financial Sector

The Reserve Bank of India altered the monetary policy landscape towards the end of FY 25 by adopting a pro-growth stance and reducing the repo rate by 25 basis points in February 2025. RBI has followed-up with two more repo rate cuts - cumulatively adding to 100 bps - in the two subsequent monetary policy announcement.

In its June MPC meeting the Cash Reserve Ratio for all Banks were reduced by 100 basis points in four equal tranches of 25 basis points each to 3% of net demand and time liabilities. Accordingly, Banks are required to maintain the CRR at 3.75 %, 3.50 %, 3.25 % and 3 % of NDTL effective from the reporting fortnight beginning September 6, October 4, November 1, and November 29, 2025 respectively.

The RBI at the recently held MPC meeting in August 2025, took the following important measures based on the assessment of the current and evolving macroeconomic situation:

- Policy Repo rate under Liquidity Adjustment Facility kept unchanged at 5.50 per cent.
- Standing Deposit Facility under Liquidity Adjustment Facility remains unchanged at 5.25 %
- Bank Rate and Marginal Standing Facility Rate kept unchanged changed at 5.75 per cent

The MPC noted that the inflation outlook in the near term has become more benign and the average CPI inflation for FY 26 is expected to be significantly below the target, primarily driven by lower food inflation that has been witnessing deflationary territory since June 2025. The Core inflation, excluding precious metals averaged at 3.4 % in Q1 of FY 26.
The MPC continued to maintain its neutral stance for the current quarter as well.

MOVING TO PERFORMANCE OF YOUR BANK

In the face of war and economic turmoil, we prioritized stability, security and growth. Our efforts have yielded a positive results and I am pleased to share the highlights of our Bank's performance. The total Business of the Bank as on March 31, 2025 stood at ₹ 1,16,592 crore, achieving a significant growth of 14% with Deposits growing by 14% to ₹ 63,526 crore and Advances growing by 14% to ₹ 53,066 crore. After a few years of subdued progress in the wake of COVID, the Bank has entered a robust growth trajectory in its 121st year of existence in FY 25.

PROFITABILITY

Our Bank's overall performance has been strong, driven by our focus on customer-centric approach with the total income of the Bank at ₹ 6,732 crore as compared to ₹ 6,012 crore last year marking a remarkable 12% increase. The Net Interest Income stood at ₹ 2,316 crore as compared to ₹ 2,123 crore in the previous year. The Net Interest Margin of the Bank stood at 3.60 % for the year ended March 31, 2025. The yield on advances increased to 9.79 % from 9.72 % during the financial year. The Bank's Operating Profit increased to ₹ 1,679 crore in FY 25 from ₹ 1,517 crore in FY 24 mainly due to increase in Net Interest Income and Non-Interest Income. The Operating Profit to Net Interest Income constitutes 72.49 %. The total provision increased by ₹ 54 crore to ₹ 555 crore from ₹ 501 crore in the previous year. The Bank recorded a Net Profit of ₹ 1,124 crore as on March 31, 2025 as against ₹ 1,016 crore in March 31, 2024 registering a growth of 11 %.

INVESTMENTS / TREASURY OPERATIONS

The investment portfolio of the Bank rose to ₹ 17,346 in FY 25 as against ₹ 15,673 crores in FY 24 recording a growth of 11 %. Out of this, the investments in Government Bonds remained at ₹ 17,186 crore constituting 99 % of the total Investment. During the year, the Bank booked a profit of ₹ 55 crore by sale of securities as against ₹ 33 crore in the previous year and the, profit from our foreign exchange operation stood at ₹ 38 crore. During the year, the total yield on investments increased to 6.50 % from 6.27 %.

NET OWNED FUNDS & CAPITAL ADEQUACY RATIO

The paid-up Share Capital of the Bank increased to ₹ 74.10 crore as on March 31, 2025 from ₹ 74.07 crore in the previous year. During the reporting period, the Bank has allotted 3,13,830 equity Shares to employees under Employee Stock Options pursuant to CUB ESOS Scheme 2008 and CUB ESOS Scheme 2017.

The Net worth of the Bank stands improved to ₹ 9,417 crore as on March 31, 2025 from ₹ 8,374 crore in the previous year. As per Basel III regulations, Banks are required to maintain a minimum Pillar 1 Capital to Risk Weighted Assets Ratio of 11.50 % on an ongoing basis. The Bank has maintained a total CRAR of 23.75 % as at March 31, 2025 which is well above the norms prescribed by the RBI.

REWARDING SHAREHOLDERS

In pursuance of your Bank’s consistent philosophy of rewarding the shareholders, your Directors have recommended a dividend of 200 % for FY 25. The dividend payout for FY 25 is in accordance with the Dividend Distribution Policy of the Bank framed in terms of the SEBI Listing Regulations 2015.

BRANCHES

During the financial year, your Bank expanded its branch network by adding 75 new branches totaling 875 branches and 1,736 ATM's as on March 31, 2025.

TECHNOLOGY & AUTOMATION

I am delighted to share with you that amongst various products and process improvements the Bank has implemented in the reporting year with the use of technology, our Bank has stamped its presence in the area of sports with the launch of CUB – CSK and CUB – SRH Co-Branded Credit Cards. I hope most of you would have already got your card by now.

AWARDS AND ACCOLADES

It gives me immense pleasure to inform everyone that, during the year our Bank received 29 awards and accolades from various institutions like Indian Banks Association, Indian Chamber of Commerce, Economic Times, Global Fintech, Banking Frontiers, Express computer, IBEX etc.

RISK MANAGEMENT

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 of Directors which assesses the Bank's risk profile and key areas of risk in particular. The Bank's Risk Management team is headed by the Chief Risk Officer who reports directly to MD & CEO and Risk Management Committee of the Board.

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

CSR AND SUSTAINABILITY PRACTICES

Coming to our responsibility towards the society, I must say that CSR has always remained an integral part of the Bank. The Bank's CSR wing "Cub Foundation" is continuing to play a vital role, in supporting the community in the areas like Swachh Bharat, Health care, Literacy, Rural sports, Community Development, and Environment sustainability. It is noteworthy that CUB's CSR activities has created a behavioural change among the stakeholders, especially in the governance of water bodies and also, education system which is supported by smart classes in schools at rural areas.

During FY 25, your Bank spent ₹ 20.02 crore towards CSR activities.

Besides our focus on CSR, we recognize the importance of reducing our carbon footprint and promoting sustainable practices in our operations. We have implemented digital documentation and automation to minimize paper usage, reducing our environmental impact and enhancing operational efficiency.

HUMAN RESOURCES

The success of our bank is attributed to our commitment towards Human Resources development and a harmonious industrial atmosphere. The Bank offers its employees various monetary and non - monetary benefits, based on their performance in the form of ESOP, Performance Linked Pay (PLP) and Ex- gratia thereby ensuring that each employee strives hard to deliver to the best of his / her abilities. Our bank has a proud record of industrial peace, with no industrial unrest reported since our inception. In tune with the future expansion, the Bank is constantly upgrading and revisiting its manpower by developing a talent pool. As on March 31, 2025, the total employee strength of the bank stands at 7,605.

ACKNOWLEGEMENT

As I wrap up, I would like to express my sincere gratitude to the Reserve Bank of India, all Govt. bodies, Regulatory authorities, Shareholders, Customers, business associates, fellow board members, dedicated Executives and Employees of the Bank for their unwavering support and guidance that has fueled our progress. My special appreciation is due to our Employees Union and Officers Association, for their imperative role in developing a harmonious and collaborative work environment. We are committed to refining and Innovating our products to meet the ever-evolving needs of our customers. We are utilizing the cutting-edge technology without compromising on personal touch that our founder thoughtfully established a century ago.

By the divine grace and your support, I have all faith that as we enter our 121st year we will continue to soar to new heights of achievements.

Once again I offer my warmest felicitations to one and all.

Thank you,

G. Mahalingam
CHAIRMAN