TAMILNAD MERCANTILE BANK LTD

PRESS RELEASE

Financial Performance of the bank for the year 2010-11

Flying High on Performance

Tamilnad Mercantile Bank Ltd [TMB] is a premier old Private Sector Scheduled Commercial Bank having Head Quarters in the south of Tamilnadu. The Bank has a long cherished history of 90 years of successful banking with continuous profit record and with strong financial fundamentals.

At present, the bank is having 235 branches, 185 Automated Teller Machines, 11 Extension Counters, 1 Service Branch, 2 Currency Chests, 6 Central Processing Centres, 2 Mobile Branch Banking units and 7 Regional Offices. Spread over 11 states and 3 Union Territories TMB serves its more than 2.8 million delighted customers. All the branches are fully computerized and inter connected with each other (through Core Banking Software “FINACLE” of INFOSYS) and enabled with Anywhere Banking/Internet Banking/RTGS/NEFT/WUMT facilities.
The bank has been awarded by “**The Analyst**” Magazine (published by ICFAI University – October 2010 issue) the **Winner among all the Private Sector Banks** in India on its annual survey based on the performance of the Indian Banks for the FY 2009-10 by adopting CAMEL Methodology. “**Business World**” in association with Price waterhouse cooper has ranked our Bank as **Best Bank** [Performance Wise] among Small Size Banks [Balance Sheet Size less than Rs.30000/- Crore] for the year 2009-10.

**Financial Performance of the bank for the year 2010-11**

The Board of Directors of Tamilnad Mercantile Bank Ltd took on record the audited results for the year ended 31.03.2011 at the meeting held in Tuticorin on 6th May, 2011. **Shri.A.K.Jagannathan, Managing Director & CEO** of the bank, in a press meet, has made the following announcement:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2010-11</th>
<th>2009-10</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>250.90</td>
<td>184.53</td>
<td>35.97</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>434.21</td>
<td>315.90</td>
<td>37.45</td>
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<tr>
<td>Net Interest Income</td>
<td>543.89</td>
<td>374.55</td>
<td>45.21</td>
</tr>
<tr>
<td>Other Income</td>
<td>188.34</td>
<td>172.80</td>
<td>8.99</td>
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<tr>
<td>CAR – Basel II (%)</td>
<td>15.13</td>
<td>15.54</td>
<td>-</td>
</tr>
<tr>
<td>Gross NPA (%)</td>
<td>1.30</td>
<td>1.37</td>
<td>-</td>
</tr>
<tr>
<td>Net NPA (%)</td>
<td>0.27</td>
<td>0.24</td>
<td>-</td>
</tr>
<tr>
<td>Net Interest Margin (%)</td>
<td>4.25</td>
<td>3.57</td>
<td>-</td>
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</tbody>
</table>

The bank has achieved tremendous momentum and progress towards sustained growth during the fiscal year 2010-11. A determined business strategy and relentless efforts of the top management team along with TMBians have resulted in significant growth of business while adding several new products and services to cater to the needs of the customers.

The total business of the bank at the end of March 2011 is Rs.24679 crore with a growth rate of 23.17%.

The Bank’s deposit portfolio recorded a decent growth of 18.47% during the year to touch Rs.13808 crore which is over and above the industry level growth rate of 18%. The advances crossed Rs.10871 crore and registered a robust growth of 29.69% as against the industry level growth rate of 23%.
The productivity measured by Business per employee improved to Rs.9.59 Crore from Rs.8.70 Crore and Business per branch grew to reach Rs.105.92 crores from the previous year level of Rs.92.76 crores. The profit per employee has increased to Rs.9.91 lacs from Rs.8.14 lacs.

Credit to Productive Sectors

By conscious design, the Bank gave much thrust to productive sectors like Agriculture, SME, Education etc., at a fast clip.

Advance to Priority sector has been increased from Rs.3637.15 crore to Rs.4642.79 crore surpassing the mandated minimum requirement of 40%, i.e. 55.39% of the bank’s adjusted net bank credit (ANBC).

Advance to Agriculture has been increased to Rs.1725.52 crore which constituted 20.59% of the bank’s adjusted net bank credit (ANBC) which is also more than the regulatory requirement of 18%.

Thrust has given to increase Education Loan and as a result the amount of advance given for education has increased to Rs.93.51 crore (an increase of 38.92% from 31.03.2010 [Rs.67.31 Crore]).

Profitability

Total income recorded a y-o-y growth of 20.76% to reach Rs.1559 crore compared to Rs.1291 crore during the preceding financial year. Sustaining the core earnings growth, the Bank’s interest income recorded a y-o-y growth of 22.59%. The non-interest income has grown to Rs.188.34 crore from Rs.172.80 crore a year ago due to the sustained initiative taken by the bank in cross selling their various third party products.

The Capital to Risk Adjusted Assets Ratio (CRAR) as per Basel II stood at 15.13% which is much more than the minimum level of 9% stipulated by RBI.

The operating profit of the Bank rose to reach Rs.434.21 crore registering a growth rate of 37.45% for the year ended 31st March 2011.
The net profit of the Bank rose to reach Rs.250.90 crore registering a growth rate of 35.97% for the year ended 31st March 2011. The Earnings Per Share (EPS) has improved from Rs.6487.15 to Rs.8820.32. Return on assets is 1.74% (1.54%)

**Asset Quality**

Sustained focus on Recovery, asset quality, stringent credit review and monitoring mechanism brought about a reduction in the Bank’s NPA. The gross NPA % has decreased from 1.37% to 1.30%, The Net NPA % is at **0.27%**.

**Major initiatives during the year 2010-2011**

- SMS Banking Alert Facility to the NRI Customers.
- The External Funds Transfer (NEFT/RTGS) facility provided to the customers through Internet Banking.
- TMB Porkuvial Deposit Scheme has been launched to attract retail depositors having aptitude for long term investments.
- The rating was assigned by the Credit Rating Information Services of India Ltd (CRISIL) is P1+ for Certificate of Deposits, which indicates that the highest degree of safety regarding timely payment on the instrument is **Very Strong**.
- The Bank became the Corporate Agent for General Insurance business with United India Insurance Company Ltd.
- TMB Royal Savings Bank Account Scheme has been launched to attract High Networth Individuals (HNI).
- Applications Supported by Blocked Amount (ASBA) Facility offered to the customers for applying to Initial Public Offers (IPOs)/FPOs/Right Issues.
- TMB Customer Care Service has been introduced to ensure compliant free service at Bank.
Vision for the Future and Plans for the current financial year 2011-2012

The vision of the bank is to emerge still stronger

- To increase the **branch network to 300** by adding 65 new branches and increase the **ATM network to 300** by adding 115 new A.T.Ms centres.

- **Net Profit of Rs.325.30 Crores**
- **Business Volume of Rs.31650 Crores**
- **Deposits Rs.18000 Crores**
- **Advances Rs.13650 Crores**
- **CASA Rs. 4680 Crores**
- **Forex Budget/Turnover Rs.13000 Crores**

**New initiatives for the current year**

- The Bank is going to apply with RBI for opening 66 new branches in the current financial year 2011-12.
- Entering into Bancassurance for Life
- Introducing Mobile Banking (Cash as well as Transfer)
- Retailing of Gold Coins through Tie-up