



TAMILNAD MERCANTILE BANK LIMITED

Risk Management Department
HEAD OFFICE, THOOTHUKUDI

Additional Disclosures in Terms of Compliance of Basel II requirements as stipulated by Reserve Bank of India

Table DF-1 – Scope of application

Quantitative Disclosures	
c. The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries.	Not Applicable
d. The aggregate amounts (e.g. Current book value) of the bank's total interests in insurance entities, which are risk-weighted as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction	Not applicable

Table DF-2 - Capital Structure

Quantitative Disclosures	
a. The amount of Tier 1 capital, with separate disclosure of:	
• Paid up share capital	0.28 crore
• Reserves	970.69 crores
• Surplus unallocated	68.55 crores
• Innovative instruments (Perpetual Debt Instrument as Tier 1 capital)	Nil
• Other capital instruments	Nil
• Amounts deducted from Tier 1 capital, including goodwill and investments	3.92 crores
b. The total amount of Tier 2 capital (net of deductions from Tier 2 capital)	45.22 crores
c. Debt capital instruments eligible for inclusion in Upper Tier 2 capital	
• Total amount outstanding	Nil
• Of which amount raised during the current year	Nil
• Amount eligible to be reckoned as capital funds	Nil
d. Subordinated debt eligible for inclusion in Lower Tier 2 Capital	
• Total amount outstanding	Nil
• Of which amount raised during the current year	Nil
• Amount eligible to be reckoned as capital funds	Nil
e. Other deductions from capital, if any	NIL
f. Total eligible capital	1080.82 crores

Table DF-3 - CAPITAL ADEQUACY

Quantitative Disclosure

a) Capital Requirements for Credit Risk: Standardized Approach

(Rs.In crores)

Portfolios subject to Standardized Approach	485.28
Securitization Exposures	NIL
Total	485.28

b) Capital Requirements for Market Risk: Standardized Duration Approach

(In Crores)

Interest Rate Risk	38.16
Foreign Exchange Risk (Including Gold)	2.70
Equity Risk	39.62
Total	80.48

c) Capital Requirements for Operational Risk: Basic Indicator Approach

Operational Risk	55.33 crores
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d) Total Capital Ratio for the Bank

Total CRAR	15.66%
Total CRAR (subject to application of Prudential Floor) 100% of the CRAR calculated through Basel I norms	13.86%
Tier 1 CRAR	15.01%

Table DF – 4 - CREDIT RISK: GENERAL DISCLOSURES

Quantitative Disclosures	(Rs.in crores)	
	Applicability to our Bank	
a. Total gross credit risk exposures, Fund based and Non-Fund based separately	FB NFB	6973.53 1888.34
b. Geographic distribution of exposures, Fund based and Non-Fund based separately	FB	NFB
• Domestic	6973.53	1888.34
• Overseas	-	-
c. Industry type distribution of exposures, fund based and non-fund based separately.	Annexed	
d. Residual contractual maturity breakdown of assets	Annexed	
e. Amount of NPAs (Gross)		
• Substandard	47.65	
• Doubtful	62.69	
• Loss	21.96	
f. Net NPAs	47.57	
g. NPA Ratios		
• Gross NPAs to gross advances	1.90	
• Net NPAs to net advances	0.69	
h. Movement of NPAs (Gross)		
• Opening Balance	120.40	
• Additions	33.59	
• Reductions	21.69	
• Closing Balance	132.30	
j. Movement of provisions for NPAs		
• Opening Balance	82.03	
• Provisions made during the period	7.49	
• Write off		

• Write back of excess provisions / Transfers	4.79
• Closing Balance	84.73
k. Amount of Non-Performing investments	-
l. Amount of provisions held for non-performing investments	-
m. Movement of provisions for depreciation on investments	-
• Opening Balance	17.76
• Provisions made during the period	0.18
• Write-off	-
• Write-back of excess provisions	-
• Closing Balance	17.94

Residual Contractual Maturity Breakdown of Loan assets

(Rs.in crores)

Day1	2-7D	8-14D	15-28D	29D-3M	3-6M	6M-1 Year	>1 to 3 Years	>3 to 5 Years	>5 Years
86.40	57.48	62.57	151.56	707.23	1111.10	1365.36	2219.37	677.31	447.91

(as per RBI guidelines for ALM returns)

INDUSTRY WISE EXPOSURES

Industry Name	(Rs.in crores) Outstanding
Mining and Quarrying (incl. Coal)	6.56
Food Processing	44.83
Sugar	0.15
Edible Oils and Vanaspati	18.47
Tea	0.00
Others	26.21
Beverage & Tobacco	4.27
Textiles	660.40
Cotton Textiles	533.68
Jute Textiles	0.22
Man-Made Textiles	1.71
Other Textiles	124.79
Leather & Leather Products	2.83
Wood and Wood Products	30.68
Paper & Paper Products	21.87
Petroleum, Coal Products and Nuclear Fuels	3.07
Chemicals and Chemical Products	60.17
Fertiliser	9.22
Drugs & Pharmaceuticals	15.55
Petro Chemicals	0.69
Others	34.71
Rubber, Plastic & their Products	14.18
Glass and Glass Ware	0.15
Cement and Cement Products	149.70
Basic Metal and Metal Products	88.13
Iron and Steel	72.35
Other Metal and Metal Products	15.78
All Engineering	26.58
Electronics	8.70
Others	17.88

Vehicles, Vehicle Parts and Transport Equipments	2.62
Gems & Jewellery	3.69
Construction	3.65
Infrastructure	387.19
Power	308.74
Telecommunications	2.70
Roads & Ports	0.01
Other Infrastructure	75.74
Other Industries	326.75
Major Components of other industries	-
(a) Printing Press & Allied Processing	76.12
INDUSTRY (Total of Small, Medium and Large Scale)	1837.32

Table DF – 5**CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH****Quantitative Disclosures**

Classification	Exposure after Mitigation (EAM)	EAM covered under External Rating	EAM not covered under External Rating	Exposure not eligible for External Rating
Advances				
Below 100% risk weight	2925.33	75.01	-	2850.32
At 100% risk weight	2103.40	828.63	968.63	306.14
Above 100% risk weight	492.20	-	-	492.20
Deducted claims (LOD, JL and OD against deposits, OD/TL against LIC etc.)	1340.18	-	-	1340.18
Total	6861.11	903.64	968.63	4988.84
OTHER ASSETS / INVESTMENTS(*)				
Below 100% risk weight	2961.81	-	-	2961.81
At 100% risk weight	230.76	1.00	-	229.76
Above 100% risk weight	-	-	-	-
Deducted Items	-	-	-	-
Total	3192.57	1.00	-	3191.57

(*)Only the investments in HTM category are taken into account for computation of credit risk

Table DF – 6**CREDIT RISK MITIGATION: DISCLOSURE FOR STANDARDISED APPROACH****Quantitative Disclosures: (DF6)****(Rs.in crores)**

Total Eligible Financial Collateral after application of haircuts (both for Fund based and Non fund Based limits)	1943.32 crores
Net amount of Financial collaterals used for risk mitigation	1881.08 crores

Table DF – 7- Securitisation: disclosure for standardized approach

Quantitative Disclosures

The bank does not have any securitization exposure
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Table DF-8

MARKET RISK: DISCLOSURES RELATING TO MARKET RISK IN TRADING BOOK

Quantitative Disclosures:

- a) In line with the RBI's guidelines, the bank has computed capital for market risk as per Standardized Duration Approach (SDA) of Basel II framework for maintaining capital.

(Rs.in crores)

Type of Market Risk	Risk Weighted Asset (Notional)	Capital Requirement
Interest Rate Risk	424.00	38.16
Equity Position Risk	440.20	39.62
Foreign Exchange Risk	30.00	2.70
Total	894.20	80.48

Table DF – 9 - OPERATIONAL RISK: GENERAL DISCLOSURES

Quantitative Disclosures:

- a) In line with the final guidelines issued by RBI, our Bank has adopted the Basic Indicator Approach for computing capital for Operational Risk. As per the guidelines, the capital for Operational Risk is equal to the average over the previous three years of 15% of positive annual Gross Income as defined by RBI. As per such estimate, the capital requirement for operational risk as on 30.09.2009 is Rs.55.33 Crores.

Table DF – 10 - INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Quantitative Disclosures:

EaR based on Traditional Gap Analysis

(Rs.in cr)

Time Bucket	Impact on NII			
	0.25%	0.50%	0.75%	1%
1 to 28 days	0.56	-1.11	-1.67	-2.23
>29 days to 3 months	-0.866	-1.72	-2.58	-3.44
>3 months to 6 months	-1.63	-3.27	-4.90	-6.53
>6 months to 1 Year	-0.21	-0.41	-0.62	-0.83
Total Impact on NII(in crores)	-3.26	-6.52	-9.77	-13.03
% of EaR to NII	-0.98	-1.95	-2.93	-3.90

Interest Rate Risk based on Duration Gap Analysis

The rate shock in resulting in change in Economic Value of Equity for 200 basis point increase / decrease has been estimated as follows.

Modified Duration Gap (DGAP)	1.19%
Modified Duration of Equity (MDE)	11.62%
For 200 bps rate shock, the drop in market value of equity value by	23.24%
