



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	1125.56 crores
• Surplus unallocated	0.02 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	10.17 crores
b. The total amount of Tier 2 capital (net of deductions from Tier 2 capital)	52.42 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	1168.11

Table DF-3 - CAPITAL ADEQUACY
Quantitative Disclosure

a) **Capital Requirements for Credit Risk: Standardized Approach**

(Rs.In crores)

Portfolios subject to Standardized Approach	581.61
Securitization Exposures	NIL
Total	581.61

b) **Capital Requirements for Market Risk: Standardized Duration Approach**

(In Crores)

Interest Rate Risk	31.01
Foreign Exchange Risk (Including Gold)	2.70
Equity Risk	14.99
Total	48.70

c) **Capital Requirements for Operational Risk: Basic Indicator Approach**

Operational Risk	65.34 crores
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d) **Total Capital Ratio for the Bank**

Capital Adequacy Ratio	15.11
Tier I capital Ratio	14.43
Tier II capital Ratio	0.68

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	8737.60 3393.15
b. Geographic distribution of exposures, Fund based and Non-Fund based separately	FB	NFB
• Domestic	8737.60	3393.15
• 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)	146.32	
• Substandard	73.91	
• Doubtful	50.58	
• Loss	21.83	
f. Net NPAs	46.30	
g. NPA Ratios		
• Gross NPAs to gross advances	1.67%	
• Net NPAs to net advances	0.54%	
h. Movement of NPAs (Gross)		
• Opening Balance	115.00	
• Additions	56.62	
• Reductions	25.30	

• Closing Balance	146.32
j. Movement of provisions for NPAs	
• Opening Balance	76.18
• Provisions made during the period	4.75
• Write off	0.03
• Write back of excess provisions / Transfers	-
• Closing Balance	80.90
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	7.28
• Provisions made during the period	2.49
• Write-off	-
• Write-back of excess provisions	-
• Closing Balance	9.77

Residual Contractual Maturity Breakdown of 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
567.34	180.75	288.10	303.51	1760.47	2111.38	2417.04	4112.43	965.52	939.25

(Covers Gross Assets for Domestic Operations)

INDUSTRY WISE EXPOSURES

	(Rs.in crores)
Industry Name	Outstanding
Mining and Quarrying (incl. Coal)	49.57
Food Processing	59.45
Sugar	0.12
Edible Oils and Vanaspati	14.62
Tea	0.00
Others	44.71
Beverage & Tobacco	6.06
Textiles	705.19
Cotton Textiles	552.24
Jute Textiles	0.98
Man-Made Textiles	3.79
Other Textiles	148.18
Leather & Leather Products	3.32
Wood and Wood Products	19.19
Paper & Paper Products	46.97
Petroleum, Coal Products and Nuclear Fuels	44.07
Chemicals and Chemical Products	63.04
Fertiliser	10.11
Drugs & Pharmaceuticals	15.30
Petro Chemicals	0.61
Others	37.02
Rubber, Plastic & their Products	17.37
Glass and Glass Ware	0.30
Cement and Cement Products	112.35
Basic Metal and Metal Products	149.98

Iron and Steel	116.23
Other Metal and Metal Products	33.75
All Engineering	37.40
Electronics	6.44
Others	30.96
Vehicles, Vehicle Parts and Transport Equipments	3.92
Gems & Jewellery	3.77
Construction	4.62
Infrastructure	964.25
Power	849.80
Telecommunications	2.49
Roads & Ports	47.72
Other Infrastructure	64.24
Other Industries	318.17
Of which	
(a) Printing Press & Allied Processing	83.58
INDUSTRY (Total of Small, Medium and Large Scale)	2608.99

Table DF – 5

CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Quantitative Disclosures

The following are exposure and risk weighted assets of Borrowers who were externally rated by the agencies above mentioned.

(in crores)

Exposure	Risk weighted Assets
1461.85	849.04

Risk weight wise exposure and risk weighted assets for fund based exposure of the bank

(in crores)

Risk Weight	As on 30.09.2010		
	Bal o/s (in crores)	RWA	RWA% to gross advance
0%	2074.60	0	0
20%	317.26	63.45	0.72
30%	34.37	10.31	0.12
50%	697.48	312.40	3.58
75%	2783.14	2080.27	23.81
100%	2078.13	2068.97	23.68
125%	596.65	745.78	8.54
150%	155.97	227.40	2.60
Gross advances	8737.60	5508.58	63.05

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)	Rs.3275.34 crores
Net amount of Financial collaterals used for risk mitigation	Rs.2757.55 crores

Table DF – 7- Securitisation: disclosure for standardized approach**Quantitative Disclosures**

The bank does not have any securitization exposure

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	344.59	31.01
Equity Position Risk	166.55	14.99
Foreign Exchange Risk	30.00	2.70
Total	541.14	48.70

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 30.09.2010 is Rs.65.34 Crores.

Table DF – 10 - INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)**Quantitative Disclosures:**

The increase or decrease in earnings and economic value for upward and downward rate shocks based on the assets and liabilities outstanding as on 30.09.2010 are as follows.

- § Earnings at Risk on Net interest income for 100 Basis points interest rate shock is 5.30%
- § Change in Market Value of Equity for 200 basis points interest rate shock is 17.04%