



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 as on 30.09.2011

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

(₹ in crore)

Quantitative Disclosures	
a. The amount of Tier 1 capital, with separate disclosure of:	1331.29
• Paid up share capital	0.28
• Reserves	1339.76
• Surplus unallocated	0.96
• Innovative instruments (Perpetual Debt Instrument as Tier 1 capital)	Nil
• Other capital instruments	Nil
• Amounts deducted from Tier 1 capital, including goodwill and investments	9.71
b. The total amount of Tier 2 capital (net of deductions from Tier 2 capital)	60.38
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	1391.67

Table DF-3 - CAPITAL ADEQUACY

Quantitative Disclosure

a) Capital Requirements for Credit Risk: Standardized Approach

(₹ in crore)

Portfolios subject to Standardized Approach	737.09
Securitization Exposures	NIL
Total	737.09

b) Capital Requirements for Market Risk: Standardized Duration Approach

(₹ in Crore)

Interest Rate Risk	30.52
Foreign Exchange Risk (Including Gold)	2.84
Equity Risk	4.06
Total	37.42

c) Capital Requirements for Operational Risk: Basic Indicator Approach

Operational Risk	₹ 85.93 crore
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d) Total Capital Ratio for the Bank

Capital Adequacy Ratio	14.56
Tier I capital Ratio	13.92
Tier II capital Ratio	0.64

Table DF – 4 - CREDIT RISK: GENERAL DISCLOSURES

Quantitative Disclosures	(₹ in crore)	
	Applicability to our Bank	
a. Total gross credit risk exposures, Fund based and Non-Fund based separately	FB NFB	11372.75 4048.81
b. Geographic distribution of exposures, Fund based and Non-Fund based separately	FB	NFB
• Domestic		11372.75
• 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)	179.80	
• Substandard	84.03	
• Doubtful	73.65	
• Loss	22.12	
f. Net NPAs	73.95	
g. NPA Ratios		
• Gross NPAs to gross advances	1.58%	
• Net NPAs to net advances	0.66%	
h. Movement of NPAs (Gross)		
• Opening Balance	141.13	
• Additions	97.52	
• Reductions	58.85	
• Closing Balance	179.80	
j. Movement of provisions for NPAs		
• Opening Balance	111.34	
• Provisions made during the period	34.56	
• Write off	32.30	
• Write back of excess provisions / Transfers	8.68	
• Closing Balance	104.92	
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	11.80	
• Provisions made during the period	10.10	
• Write-off	-	
• Write-back of excess provisions	-	
• Closing Balance	21.90	

Residual Contractual Maturity Breakdown of assets

(₹ in crore)

Day1	2-7D	8-14D	15-28D	29D-3M	3-6M	6M-1 Year	>1 to 3 Years	>3 to 5 Years	>5 Years
291.97	550.81	314.07	432.26	2054.44	2543.80	3718.15	4790.03	1434.16	1170.45

(Covers Gross Assets for Domestic Operations)

INDUSTRY WISE EXPOSURES

Industry Name	(₹ in crore) Outstanding
Mining and Quarrying (incl. Coal)	44.88
Food Processing	123.76
Sugar	12.98
Edible Oils and Vanaspati	28.24
Tea	0.00
Others	82.55
Beverage & Tobacco	10.16
Textiles	1103.43
Cotton Textiles	875.17

Jute Textiles	1.59
Man-Made Textiles	1.60
Other Textiles	225.07
Leather & Leather Products	19.34
Wood and Wood Products	32.12
Paper & Paper Products	58.42
Petroleum, Coal Products and Nuclear Fuels	30.75
Chemicals and Chemical Products	127.62
Fertiliser	10.27
Drugs & Pharmaceuticals	16.89
Petro Chemicals	0.76
Others	99.70
Rubber, Plastic & their Products	23.77
Glass and Glass Ware	2.59
Cement and Cement Products	30.88
Basic Metal and Metal Products	194.66
Iron and Steel	125.60
Other Metal and Metal Products	69.06
All Engineering	56.44
Electronics	15.30
Others	41.14
Vehicles, Vehicle Parts and Transport Equipments	3.95
Gems & Jewellery	12.49
Construction	8.24
Infrastructure	975.45
Power	677.25
Telecommunications	2.38
Roads & Ports	213.06
Other Infrastructure	82.77
Other Industries	485.26
INDUSTRY (Total of Small, Medium and Large Scale)	3344.23

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.

Exposure	Risk weighted Assets
₹ 1096.86 crore	1203.12

Risk weight wise exposure and risk weighted assets for fund based exposure of the bank**(in crore)**

Risk Weight	As on 30.09.2011		
	Bal o/s (Amount in ₹)	RWA	% of RWA to gross advance
0%	3038.72	0	0
20%	407.33	81.46	0.72
30%	9.89	2.97	0.03
50%	946.69	442.85	3.89
75%	3503.04	2619.94	23.04
100%	2273.70	2261.02	19.88
125%	740.11	925.05	8.13
150%	453.27	644.39	5.67
Gross advances	11372.75	6977.68	61.36

Table DF – 6**CREDIT RISK MITIGATION: DISCLOSURE FOR STANDARDISED APPROACH
Quantitative Disclosures: (DF6)****(₹ in crore)**

Total Eligible Financial Collateral after application of haircuts (both for Fund based and Non fund Based limits)	₹ 4495.07 crore
Net amount of Financial collaterals used for risk mitigation	₹ 3563.48 crore

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.

(₹ in crore)

Type of Market Risk	Risk Weighted Asset (Notional)	Capital Requirement
Interest Rate Risk	339.11	30.52
Equity Position Risk	45.11	4.06
Foreign Exchange Risk	31.55	2.84
Total	415.77	37.42

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 30.09.2011 is **Rs.85.93** Crore.

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 risk sensitive assets and liabilities outstanding as on 30.09.2011 are as follows.

- Earnings at Risk on Net interest income for 100 Basis points interest rate shock is 2.01%
- Change in Market Value of Equity for 200 basis points interest rate shock is 19.43%
