

BASEL II – PILLAR 3 DISCLOSURES FOR THE YEAR ENDED 30-SEPTEMBER -2012

Table DF- 1

Scope of application

Qualitative Disclosures

- a) The name of the top bank in the group to which the Framework applies.

THE LAKSHMI VILAS BANK LTD

- b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated; (ii) that are pro-rata consolidated; (iii) that are given a deduction treatment; and (iv) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).

No group affiliation

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****Qualitative Disclosures**

(a)

Tier 1 capital includes Equity share capital, Reserves comprising of statutory reserves, capital and other revenue reserves, share premium and Balance in profit and loss account and excludes Deferred Tax Asset (DTA).

Tier 2 Capital consists of the general provisions, Tier II bonds – subordinated Debt (Discounted value) as on 30.09.2012.

Quantitative Disclosures

a. The amount of Tier I capital as on 30.09.2012 :

	Rs.in.cr
Paid-up share capital	97.54
Innovative instruments	0.00
Amounts deducted from Tier I capital (DTA), fixed assets, including goodwill and investments.	-16.75
Reserves	774.43
Total Tier I Capital	855.22

b. The total amount of Tier II capital (net of deductions from Tier II capital)

	Rs.in.cr
General Provisions (including floating provisions)	39.86
Tier II Bonds (Eligible for Tier II capital at different rates and different maturities)	328.00
Revaluation Reserves	35.65
Total Tier II Capital	403.51

c. Debt capital instruments eligible for inclusion in Upper Tier II 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 II capital - NIL

e. Other deductions from capital, if any (DTA and fixed assets software) – NIL

f. Total eligible capital (Tier I & Tier II) : **Rs1258.73Cr**

Table DF- 3

Capital Adequacy

Quantitative Disclosures	
a) Capital requirements for credit risk:	
• Portfolio subject to standardized approach	Rs. 712.08 Cr
• Securitisation exposures	Nil
b) Capital requirements for market risk:	
• Standardised duration approach:	
- Interest rate risk	Rs 44.72 Cr
- Foreign exchange risk (including gold)	Rs. 1.64 Cr
- Equity risk	Rs. 3.31 Cr
c) Capital requirements for operational risk:	
• Basic indicator approach	Rs.66.53 Cr
d) Total and Tier 1 Capital ratio:	Not applicable
• For the top consolidated group; and	
• For significant bank subsidiaries (stand alone or sub-consolidated depending on how the framework is applied).	

Table DF- 4

Credit Risk – General Disclosures

Quantitative Disclosures										
a) Total gross credit risk exposures, Fund based and Non-fund based separately.										
	<table border="1"> <thead> <tr> <th>Credit Risk Exposures</th> <th>Rs.in.cr</th> </tr> </thead> <tbody> <tr> <td>Fund Based *</td> <td>16226.42</td> </tr> <tr> <td>Non Fund Based</td> <td>1454.09</td> </tr> <tr> <td>Total Fund & Non Fund Based</td> <td>17680.51</td> </tr> </tbody> </table>	Credit Risk Exposures	Rs.in.cr	Fund Based *	16226.42	Non Fund Based	1454.09	Total Fund & Non Fund Based	17680.51	
Credit Risk Exposures	Rs.in.cr									
Fund Based *	16226.42									
Non Fund Based	1454.09									
Total Fund & Non Fund Based	17680.51									
* It includes loans/advances, fixed assets, other assets, cash, bank balances, balance with RBI and investments										
b) Geographic distribution of exposures, Fund based and Non-fund based separately.										
• Overseas	- NIL									
• Domestic										
	<table border="1"> <thead> <tr> <th></th> <th colspan="2">Rs.in.cr</th> </tr> <tr> <th></th> <th>FUND BASED</th> <th>NON FUND BASED</th> </tr> </thead> <tbody> <tr> <td>TOTAL ADVANCES</td> <td>16226.42</td> <td>1454.09</td> </tr> </tbody> </table>		Rs.in.cr			FUND BASED	NON FUND BASED	TOTAL ADVANCES	16226.42	1454.09
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	FUND BASED	NON FUND BASED								
TOTAL ADVANCES	16226.42	1454.09								

c) Industry type distribution of Fund based outstanding.

Rs. in Cr

Industry	Balance Outstanding	% to gross credit
Spinning Mills	423.68	3.88
NBFCs (including Asset Finance Companies)	330.14	3.03
Drugs & Pharmaceuticals	66.40	0.61
Iron & Steel (manufacturing)	453.24	4.16
Infrastructure Projects	1001.53	9.18
Electricity (Power generation & distribution)	33.86	0.31
Engineering (Manufacturing)	218.41	2.00
Food Processing	230.75	2.12
Sugar	53.28	0.49
Cement	115.37	1.06

Industries having outstanding balance more than 5% of gross credit of the bank

Industry	Balance Outstanding	% to gross credit
Infrastructure Projects	1001.53	9.18

d) Residual contractual maturity breakdown of assets

Rs.in.cr

	Cash	Balance With RBI	Balance With Other Banks	Investments	Call Money Placements	Advances	Fixed Assets	Other Assets
Overdue to Day 1	209.37	75.09	22.23	85.13	0.00	113.29	0.00	16.22
2-7 Days	0.00	10.63	0.00	66.02	0.00	273.15	0.00	2.35
8-14 Days	0.00	8.97	0.00	49.46	0.00	270.30	0.00	2.74
15-28 Days	0.00	12.80	0.00	69.59	0.00	510.98	0.00	5.47
29 Days to 3 Months	0.00	42.68	0.00	305.97	0.00	1707.73	0.00	24.23
3-6 Months	0.00	77.60	0.00	551.13	0.00	702.87	0.00	35.17
6 Months-1 Year	0.00	133.82	0.00	799.60	0.00	1766.04	0.00	0.00
1-3 Years	0.00	251.23	3.94	1410.37	0.00	4032.59	0.00	533.26
3-5 Years	0.00	36.55	0.01	323.53	0.00	654.43	0.00	1.92
Over 5 Years	0.00	82.09	0.00	747.26	0.00	690.66	190.02	7.91
Total	209.37	731.45	26.18	4408.06	0.00	10722.04	190.02	629.27

e) Amount of NPAs (Gross)

Rs.in.cr

Substandard	366.64
Doubtful 1	62.24
Doubtful 2	31.30
Doubtful 3	11.54
Loss	18.90
Total	490.62

f) Net NPAs **Rs. 316.26 cr**

g) NPA Ratios

- Gross NPAs to gross advances 4.50 %
- Net NPAs to net advances 2.95 %

h) Movement of NPAs (Gross)

Rs.in.cr

Opening balance	375.73
Additions	144.39
Reductions	29.50
Closing balance	490.62

i) Movement of provisions for NPAs

Rs.in.cr

Opening balance	83.17
Provisions made during the period	34.14
Write-off	0.02
Write-back of excess provisions	9.66
Closing balance	107.63

j) Amount of Non-performing investments - Rs. 7.82Cr

k) Amount of provisions held for non-performing investments - Rs. 6.18Cr*

*An amount of Rs 1.64 Crore received towards part settlement is parked under sundries account

l) Movement of provisions for depreciation on investments

Rs.in.cr

Opening balance	15.39
Provisions made during the period	-----
Write-off/ Write-back of excess provisions	7.14
Closing balance	8.25

Table DF- 5

Credit Risk: Disclosures for portfolios subject to the standardized approach

Quantitative Disclosures

a) For exposure amounts after risk mitigation subject to the standardized approach, amount of a bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted:

Particulars	Below 100% Risk Weight		100% Risk Weight		More than 100% Risk Weight		Grand Total	
	BV**	RWA**	BV	RWA	BV	RWA	BV	RWA
Fund Based								
Loans & Advances	6276.84	1855.87	3397.84	3010.79	1231.23	1758.20	10905.91	6624.86
Investments	3534.23	0.00	0.00	0.00	0.00	0.00	3534.23	0.00
Other Assets*	1402.73	13.06	383.56	383.56	0.00	0.00	1786.29	396.62
Loans & Advances Deducted (Taken for Mitigation purpose)	3183.92	0.00	387.05	0.00	0.00	0.00	3570.97	0.00
Total Fund Based	11213.80	1868.93	3781.40	3394.35	1231.23	1758.20	16226.43	7021.48
Non Fund Based inc. Contingent credit	448.22	319.06	383.53	383.53	126.90	188.96	957.65	890.55
Total Credit Risk Exposures	11662.02	2187.99	4164.93	3777.88	1358.13	1947.16	17184.08	7912.03

* other assets includes cash, balance with rbi, balance with other banks, fixed assets and others

** BV: Book Value; RWA: Risk Weighted Assets

Table DF- 6
Credit Risk Mitigation: Disclosures for Standardized Approach

Quantitative Disclosures

- a) For each separately disclosed credit risk portfolio the total exposure (after, where applicable, on- or off balance sheet netting) that is covered by eligible financial collateral after the application of haircuts.

Rs.in.cr

Collateral Type	Exposure	Financial Collateral Amount	Net Exposure
Deposits	941.14	941.14	0.00
Gold	2630.42	2235.86	394.56
Securities	0.00	0.00	0.00
KVP / NSC	0.00	0.00	0.00
Life Insurance Policies	0.00	0.00	0.00
Debt Securities	0.00	0.00	0.00
Mutual Funds	0.00	0.00	0.00

- b) For each separately disclosed portfolio the total exposure (after where applicable, on- or off balance sheet netting) that is covered by guarantees/credit derivatives (Whenever specifically permitted by RBI). **- NIL**

Table DF- 7
Securitisation Exposures: Disclosures for Standardized Approach

Quantitative Disclosures

NIL

Table DF- 8
Market risk in Trading Book

Quantitative Disclosures

- a) The capital requirements for:
- Interest rate risk Rs.44.72Cr
 - Equity position risk; and Rs.3.31Cr
 - Foreign exchange risk; Rs.1.64Cr

Table DF- 9

Operational Risk

Qualitative Disclosures

The Bank has put in place important policies like Operational Risk Management, Information System Security, Know your Customer (KYC) and Anti Money Laundering (AML), Business Continuity and Disaster Recovery Management. The updated manuals on all important functional areas have been circulated to the branches. Risk Based Internal Audit is introduced in 200 branches in our Bank.

The Operational Risk Management Policy outlines the Organisation structure and covers the process of identification, assessment / measurement and control of various operational risks. Internal control mechanism is in place to control and minimize the operational risks.

Capital charge for operational risk is computed as per the Basic Indicator Approach. The average of the gross income, as defined in the New Capital Adequacy Framework guidelines, for the previous 3 years i.e 2011-12, 2010-11, 2009-10 is considered for computing the capital charge. The required capital is **Rs. 66.53 Cr.**

Table DF- 10

Interest Rate Risk in the Banking Book (IRRBB)

Quantitative Disclosures

- a) The increase (decline) in earnings and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency (where the turnover is more than 5% of the total turnover).
- (i) **Earnings at Risk** – For a parallel shift of 200 bps, fall of NII is at Rs.21.82 Cr (-2.53% of Net worth).
- (ii) **Market Value of Equity (MVE)**- A '200 bps shock' is adopted as the standardized interest rate shock for arriving the MVE under the standardized stress scenario. The market values of above portfolios are calculated with respect to the 'shifted yield curves'. The MVE under the standardized shock is calculated as the difference between 'MV of assets under stress' and 'MV of liabilities under stress'.

Accordingly Change in MVE is estimated to fall by Rs.35.24 Cr (4.08% of Net worth).