

BASEL II – PILLAR 3 DISCLOSURES FOR THE YEAR ENDED 31 St MARCH -2013

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

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 31.03.2013.

Quantitative Disclosures

a. The amount of Tier I capital as on 31.03.2013 :

₹ in Lakhs

Paid-up share capital	9754.07
Innovative instruments	0.00
Amounts deducted from Tier I capital (DTA), fixed assets, including goodwill and investments.	3813.11
Reserves	83176.42
Total Tier I Capital	89117.38

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

₹ in Lakhs

General Provisions (including floating provisions)	4421.40
Tier II Bonds (after discounting)	22890.00
Revaluation Reserves	3500.53
Total Tier II Capital	30811.93

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 ₹ 22890.00Lacs

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

f. Total eligible capital (Tier I & Tier II) : ₹ 119929.31Lacs

Table DF- 3

Capital Adequacy

Quantitative Disclosures	
a) Capital requirements for credit risk:	
• Portfolio subject to standardized approach	`75482.97 Lacs
• Securitisation exposures	Nil
b) Capital requirements for market risk:	
• Standardised duration approach:	
- Interest rate risk	`4789.78 Lacs
- Foreign exchange risk (including gold)	`140.35 Lacs
- Equity risk	`575.16 Lacs
c) Capital requirements for operational risk:	
• Basic indicator approach	`6653.36 Lacs
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.

Credit Risk Exposures	`In Lacs
Fund Based *	1716480.02
Non Fund Based	150726.44
Total Fund & Non Fund Based	1867206.46

* 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

	.in.Lacs	
	FUND BASED	NON FUND BASED
TOTAL ADVANCES	1716480.02	150726.44

c) Industry type distribution of Fund based outstanding.

(` in Lacs)

S.No	Industry Name	Total Credit O/S	% to gross Credit
1	Mining and Quarrying	19012.71	1.60
2	Food Processing	35611.65	2.99
3	Beverages and Tobacco	6831.64	0.57
4	Textiles	73917.82	6.22
5	Leather and Leather products	648.71	0.05
6	Wood and Wood Products	7658.50	0.64
7	Paper and Paper Products	7614.90	0.64
8	Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	47.95	0.00
9	Chemicals and Chemical Products	31879.97	2.68
10	Rubber, Plastic and their Products	4125.50	0.35
11	Glass & Glassware	2608.19	0.22
12	Cement and Cement Products	15976.96	1.34
13	Basic Metal and Metal Products	73921.26	6.22
14	Engineering	27428.62	2.31
15	Vehicles, Vehicle Parts and Transport Equipments	1809.16	0.15
16	Gems and Jewellery	5655.07	0.48
17	Construction	2048.88	0.17
18	Infrastructure	105953.92	8.91
19	Other Industries	203368.42	17.10
	Total	626119.83	

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

S.NO	Industry	Balance O/s(Lacs)	% Gross Credit
1	Infrastructure	105953.92	8.91%

d) Residual contractual maturity breakdown of assets

	Cash	Balance With RBI	Balance With Other Banks	Investments	Call Money Placements	Advances	Fixed Assets	Other Assets
Overdue to1 Day	18460.10	840.30	2277.57	7313.16	0.00	12806.93	0.00	2783.08
2-7 Days	0.00	798.61	0.00	12208.85	0.00	28635.66	0.00	249.01
8-14 Days	0.00	871.84	0.00	10953.46	0.00	29810.68	0.00	290.01
15-28 Days	0.00	876.74	0.00	13444.17	0.00	53523.83	0.00	579.27
29 Days to 3 Months	0.00	4014.53	10000.00	30440.50	0.00	192018.66	0.00	2567.59
3-6 Months	0.00	6356.84	0.00	47515.63	0.00	74163.32	0.00	3727.63
6 Months-1 Year	0.00	12101.94	0.00	88525.99	0.00	207940.73	0.00	0.00
1-3 Years	0.00	18334.10	403.57	137089.09	0.00	446674.63	0.00	61712.70
3-5 Years	0.00	3400.45	1.25	27631.60	0.00	53617.28	0.00	38.53
Over 5 Years	0.00	6759.62	0.00	73255.31	0.00	71251.73	18982.02	1436.73
Total	18460.10	54354.97	12682.39	448377.78	0.00	1170443.44	18982.02	73384.54

e) Amount of NPAs (Gross)

\in.Lacs

Substandard	25936.08
Doubtful 1	15519.37
Doubtful 2	3335.53
Doubtful 3	285.74
Loss	914.07
Total	45990.78

f) Net NPAs \ 28380.90Lacs

g) NPA Ratios

- Gross NPAs to gross advances 3.87%
- Net NPAs to net advances 2.43 %

h) Movement of NPAs (Gross)

\ in.Lacs

Opening balance	48702.15
Additions	7429.33
Reductions	10140.70

Closing balance	45990.78
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i) Movement of provisions for NPAs

₹.in.Lacs

Opening balance	6771.26
Provisions made during the period	7614.30
Write-off	284.00
Write-back of excess provisions	4071.40
Closing balance	10030.16

j) Amount of Non-performing investments - ₹ 782.50Lacs

k) Amount of provisions held for non-performing investments - ₹ 618.50Lacs

l) Movement of provisions for depreciation on investments

₹.in.Lacs

Opening balance	1538.99
Provisions made during the period	923.57
Write-off/ Write-back of excess provisions	124.00
Closing balance	2338.56

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	671473.67	170338.83	350700.18	290053.53	167051.33	235550.90	1189225.18	695943.26
Investments	350116.54	0.00	0.00	0.00	0.00	0.00	350116.54	0.00
Other Assets*	132452.80	3390.47	44685.50	44685.50	0.00	0.00	177138.30	48075.97
Loans & Advances Deducted (Taken for Mitigation purpose)	386242.36	0.00	60646.65	0.00	0.00	0.00	446889.01	0.00
Total Fund Based	1154043.01	173729.30	395385.68	334739.03	167051.33	235550.90	1716480.02	744019.23
Non Fund Based inc. Contingent credit	39913.44	26424.33	43442.78	43442.78	16584.69	24813.35	99940.91	94680.46
Total Credit Risk Exposures	1193956.44	200153.63	438828.46	378181.82	183636.03	260364.25	1816420.93	838699.69

* 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.

inLacs

Collateral Type	Exposure	Financial Collateral Amount	Net Exposure
Deposits	120687.62	120687.62	0.00
Gold	313090.58	266126.99	46963.59
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 `4789.78 Lacs
 - Equity position risk; and . `575.16 Lacs
 - Foreign exchange risk; `140.35Lacs

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 all 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 `6653.36 Lacs

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 `1622.77 Lacs
(1.79%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 `4212.22 Lacs (4.65% of Net worth).