

Annexure – 14
(Sub rule 2 of rule 22)
Quarterly Details as on 17 Oct 2011

1. Financial Highlights (as per unaudited figures)

a. Earning per Share (annualized):	NPR 23.08
b. Market Value per Share	NPR 264.00
c. Price Earning Ratio	11.44
d. Liquidity	30.08%*
e. Return on Average Total Assets	1.70%
f. Net worth per Share	NPR 136.78

*Calculated as per NRB circular 27/066/67 relating to amendment in Capital Adequacy framework form #8.

2. Related Party Disclosure

- a. Laxmi Capital Market is a wholly owned subsidiary of Laxmi Bank Ltd which is operating Merchant Banking activities.
- b. The Bank held call deposit of NPR 66M of Laxmi Capital Market Ltd as at this quarter end. For the quarter Laxmi Capital Market Ltd has earned NPR 2M as interest income from the Bank.

3. Management Analysis

- a. There have been changes in the Bank's reserve, income and liquidity position in line with the growth in business volumes. Reserves have grown through retention of profits.
- b. The Bank aims to achieve its financial goals through sustainable profitability and measured growth in balance sheet size. Our business models remain robust and we continue to seek sound growth.
- c. There were no incidents, which have had impact on reserve, profit or cash flow position of the Bank during the quarter under review.

4. Details relating to legal action

- a. Case filed by or against the organized institution during the quarter – There is no other major case except those arising in normal course of banking business related to lending and income tax.
- b. Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the Promoter or Director of organized institution – No such information has been received.
- c. Case relating to financial crime filed against any Promoter or Director – No such information has been received.

5. Analysis of share transaction and progress of organized institution

- a. Management view on share transaction of the organized institution at securities market – Some effect of the overall decrease in the stock index has been observed in the institution's share as well in the past. However since price and transaction of the bank's shares are being determined at Nepal Stock Exchange through open share market operations, management view on this is neutral.
- b. Maximum, minimum and last share price of the organized institution including total transaction number of shares and days of transaction during the quarter.

Maximum Price:	NPR 388.00
Minimum Price:	NPR 245.00
Last Price:	NPR 264.00
Transaction volume:	340,499 shares
Days of transaction:	51

6. Problems and Challenges

Internal

- Recruitment and retention of quality manpower
- Increasing cost of operation

External

- Competition both on maintaining lending yield and mobilizing deposits at lower cost
- Rapidly deteriorating business environment.
- Volatility in the Foreign Exchange rates caused by changes in the global economic conditions
- Unstable local socio-political situation
- Volatile liquidity conditions in the banking industry.

Strategy

- Re-pricing of assets / liabilities and increase in spread as per the market conditions
- New products and services being introduced / capitalize on existing array of services
- Strong risk management approaches / Portfolio management
- Identify new areas for investment
- Reinforcement of prudent banking fundamentals.

7. Corporate Governance

Laxmi Bank is committed to high standards of corporate governance, business integrity and professionalism in all our activities that assures all stakeholders that the bank is being managed ethically in compliance with best practices and applicable legislation and within predetermined risk parameters, and is also adding value to and protecting their investment.

8. Declaration by Chief Executive Officer on the Truthfulness and Accuracy of Information

I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in this report. I also hereby declare that to the best of my knowledge and belief, the information contained in this report is true, accurate and complete and there are no other matters concealed, the omission of which shall adversely affect the informed investment decision by the investors