Karnali Development Bank Limited

Form No. 1

Capital Adequacy Table

At the month end of Marg, 2080

(Rs. in '000)

1. 1 RISK WEIGHTED EXPOSURES		**Current Period**	**Previous Period**
	Risk Weighted Exposure for Credit Risk	3,400,100.80	3,371,563.40
	Risk Weighted Exposure for Operational Risk	637,367.00	637,367.00
	Risk Weighted Exposure for Market Risk	-	
	Total Risk Weighted Exposures (Before adjustments of Pillar II)	**4,037,467.80**	**4,008,930.40**
Adjustments under Pillar II			
SRP 6.4a	*ALM policies & practices are not satisfactory, add 1% of net interest income to RWE*	-	
SRP 6.4a	*Add .....% of the total deposit due to insufficient Liquid Assets*	-	
SRP 6.4a	*Add RWE equvalent to reciprocal of capital charge of 2-5% of gross income*	-	
SRP 6.4a	*Overall risk management policies and precedures are not satisfactory. Add 3% of RWE*	121,124.03	120,267.91
SRP 6.4a	*If desired level of disclosure requirement has not been achieved, Add .....% of RWE*	-	
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	**4,158,591.83**	**4,129,198.31**

1.2 CAPITAL		**Current Period**	**Previous Period**
(A) Core Capital (Tier 1)		**355,022.00**	**353,465.00**
	Paid up Equity Share Capital	502,830.00	502,830.00
	Irredeemable Non-cumulative preference shares		
	Share Premium		
	Proposed Bonus Equity Shares		
	Statutory General Reserves	19,232.00	19,232.00
	Retained Earnings	(178,767.00)	(178,767.00)
	Un-audited current year cumulative profit/(loss)	11,727.00	10,170.00
	Capital Redemption Reserve		
	Capital Adjustment Reserve		
	Debenture Redemption Reserve		
	Dividend Equalization Reserves		
	Other Free Reserve		
	Less: Goodwill		
	Less: Fictitious Assets		
	Less: Investment in equity in licensed Financial Institutions		
	Less: Investment in equity of institutions with financial interests		
	Less: Investment in equity of institutions in excess of limits		
	Less: Investments arising out of underwriting commitments		
	Less: Reciprocal crossholdings		
	Less: Purchase of land & building in excess of limit and unutilized		
	Less: Other Deductions		
Adjustments under Pillar II			
SRP 6.4a(	Less: Shortfall in Provision	-	
SRP 6.4a(	Less: Loans & Facilities extended to related parties and restricted lending	-	

(B) Supplementary Capital (Tier 2)		**61,659.00**	**61,659**
a	Cumulative and/or Redeemable Preference Share		
b	Subordinated Term Debt		
c	Hybrid Capital Instruments		
d	General loan loss provision	61,659.00	61,659.00
e	Exchange Equalization Reserve		
f	Investment Adjustment Reserve		
g	Other Reserves		
	Total Capital Fund (Tier I and Tier II)	**416,681.00**	**415,124.00**

1.3 CAPITAL ADEQUACY RATIOS	**Current Period**	**Previous Period**
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	8.54%	8.56%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	10.02%	10.05%