Karnali Development Bank Limited

Form No. 1

Capital Adequacy Table

At the month end of Ashwin, 2080

(Rs. in '000)

1. 1 RISK WEIGHTED EXPOSURES		Current Period	Previous Period
a	Risk Weighted Exposure for Credit Risk	3,371,563.40	3,395,258.95
b	Risk Weighted Exposure for Operational Risk	637,367.00	620,829.50
c	Risk Weighted Exposure for Market Risk	-	
	Total Risk Weighted Exposures (Before adjustments of Pillar II)	**4,008,930.40**	**4,016,088.45**
Adjustments under Pillar II			
SRP 6.4a (5)	*ALM policies & practices are not satisfactory, add 1% of net interest income to RWE*	-	
SRP 6.4a (6)	*Add .....% of the total deposit due to insufficient Liquid Assets*	-	
SRP 6.4a (7)	*Add RWE equvalent to reciprocal of capital charge of 2-5% of gross income*	-	
SRP 6.4a (9)	*Overall risk management policies and precedures are not satisfactory. Add 3% of RWE*	120,267.91	120,482.65
SRP 6.4a (10)	*If desired level of disclosure requirement has not been achieved, Add .....% of RWE*	-	
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	**4,129,198.31**	**4,136,571.10**

1.2 CAPITAL		Current Period	Previous Period
(A) Core Capital (Tier 1)		**353,465.00**	**358,016.00**
a	Paid up Equity Share Capital	502,830.00	502,830.00
b	Irredeemable Non-cumulative preference shares		
c	Share Premium		
d	Proposed Bonus Equity Shares		
e	Statutory General Reserves	19,232.00	19,232.00
f	Retained Earnings	(178,767.00)	(178,767.00)
g	Un-audited current year cumulative profit/(loss)	10,170.00	14,721.00
h	Capital Redemption Reserve		
i	Capital Adjustment Reserve		
j	Debenture Redemption Reserve		
k	Dividend Equalization Reserves		
l	Other Free Reserve		
n	Less: Goodwill		
o	Less: Fictitious Assets		
p	Less: Investment in equity in licensed Financial Institutions		
q	Less: Investment in equity of institutions with financial interests		
r	Less: Investment in equity of institutions in excess of limits		
s	Less: Investments arising out of underwriting commitments		
t	Less: Reciprocal crossholdings		
u	Less: Purchase of land & building in excess of limit and unutilized		
v	Less: Other Deductions		
Adjustments under Pillar II			
SRP 6.4a(1)	Less: Shortfall in Provision	-	
SRP 6.4a(2)	Less: Loans & Facilities extended to related parties and restricted lending	-	

(B) Supplementary Capital (Tier 2)		**61,659.00**	**64,680**
a	Cumulative and/or Redeemable Preference Share		
b	Subordinated Term Debt		
c	Hybrid Capital Instruments		
d	General loan loss provision	61,659.00	64,680.00
e	Exchange Equalization Reserve		
f	Investment Adjustment Reserve		
g	Other Reserves		
	Total Capital Fund (Tier I and Tier II)	**415,124.00**	**422,696.00**

1.3 CAPITAL ADEQUACY RATIOS	Current Period	Previous Period
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	8.56%	8.65%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	10.05%	10.22%