

# Karnali Development Bank Limited

Form No. 1

## Capital Adequacy Table At the month end of Poush, 2080

(Rs. in '000)

<b>1.1 RISK WEIGHTED EXPOSURES</b>		<b>Current Period</b>	<b>Previous Period</b>
	Risk Weighted Exposure for Credit Risk	3,347,866.40	3,400,100.80
	Risk Weighted Exposure for Operational Risk	637,367.00	637,367.00
	Risk Weighted Exposure for Market Risk	-	
<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>		<b>3,985,233.40</b>	<b>4,037,467.80</b>
<b>Adjustments under Pillar II</b>			
<b>SRP 6.4a</b>	<i>ALM policies &amp; practices are not satisfactory, add 1% of net interest income to RWE</i>	-	
<b>SRP 6.4a</b>	<i>Add .....% of the total deposit due to insufficient Liquid Assets</i>	-	
<b>SRP 6.4a</b>	<i>Add RWE equivalent to reciprocal of capital charge of 2-5% of gross income</i>	-	
<b>SRP 6.4a</b>	<i>Overall risk management policies and procedures are not satisfactory. Add 3% of RWE</i>	119,557.00	121,124.03
<b>SRP 6.4a</b>	<i>If desired level of disclosure requirement has not been achieved, Add .....% of RWE</i>	-	
<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>		<b>4,104,790.40</b>	<b>4,158,591.83</b>

<b>1.2 CAPITAL</b>		<b>Current Period</b>	<b>Previous Period</b>
<b>(A) Core Capital (Tier 1)</b>		<b>357,405.00</b>	<b>355,022.00</b>
	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)	14,110.00	11,727.00
	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		
<b>Adjustments under Pillar II</b>			
<b>SRP 6.4a</b>	Less: Shortfall in Provision	-	
<b>SRP 6.4a</b>	Less: Loans & Facilities extended to related parties and restricted lending	-	

<b>(B) Supplementary Capital (Tier 2)</b>		<b>59,794.00</b>	<b>61,659</b>
a	Cumulative and/or Redeemable Preference Share		
b	Subordinated Term Debt		
c	Hybrid Capital Instruments		
d	General loan loss provision	59,794.00	61,659.00
e	Exchange Equalization Reserve		
f	Investment Adjustment Reserve		
g	Other Reserves		
<b>Total Capital Fund (Tier I and Tier II)</b>		<b>417,199.00</b>	<b>416,681.00</b>

<b>1.3 CAPITAL ADEQUACY RATIOS</b>		<b>Current Period</b>	<b>Previous Period</b>
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		8.71%	8.54%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)		10.16%	10.02%