

Karnali Development Bank Limited

Form No. 1

Capital Adequacy Table

At the month end of Kartik, 2080

(Rs. in '000)

1. 1 RISK WEIGHTED EXPOSURES		Current Period	Previous Period
a	Risk Weighted Exposure for Credit Risk	3,378,071.50	3,371,563.40
b	Risk Weighted Exposure for Operational Risk	637,367.00	637,367.00
c	Risk Weighted Exposure for Market Risk	-	-
Total Risk Weighted Exposures (Before adjustments of Pillar II)		4,015,438.50	4,008,930.40
Adjustments under Pillar II			
SRP 6.4a (5)	<i>ALM policies & practices are not satisfactory, add 1% of net interest income to RWE</i>	-	-
SRP 6.4a (6)	<i>Add% of the total deposit due to insufficient Liquid Assets</i>	-	-
SRP 6.4a (7)	<i>Add RWE equivalent to reciprocal of capital charge of 2-5% of gross income</i>	-	-
SRP 6.4a (9)	<i>Overall risk management policies and precedures are not satisfactory. Add 3% of RWE</i>	120,463.16	120,267.91
SRP 6.4a (10)	<i>If desired level of disclosure requirement has not been achieved, Add% of RWE</i>	-	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		4,135,901.66	4,129,198.31

1.2 CAPITAL		Current Period	Previous Period
(A) Core Capital (Tier 1)		353,047.00	353,465.00
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)	9,752.00	10,170.00
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	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)		414,706.00	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)		10.03%	10.05%