

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular No.01

Date : February 19, 2007

Falgun 07, 1413

Chief Executives
All Scheduled Banks in Bangladesh

Dear Sir,

Master Circular on Capital Adequacy of Banks

Please refer to our BRPD Circular No. 10 dated November 25, 2002 on the captioned subject and also to the Annexure-II containing Risk Weights Applicable for Balance-Sheet Items.

02. Risk Weights Applicable for On Balance-Sheet Items (Other Financial Institutions under Advances Head) have been reviewed and it has been decided to add an on-balance sheet item named **Claims on AAA rated Multilateral Development Banks (MDBs)** with risk weights of 20%.

As such items under **Advances** now stand as under:

7. Advances

a) Government

1) Ministry of Food	0%
2) President's Office, Prime Minister's Office, Parliament, Judiciary & Non-Food Ministries	0%
3) Autonomous & Semi-Autonomous bodies	20%

b) Other Financial Institutions:

1) Other Financial Institutions-Public	20%
2) Other Financial Institutions-Private	50%
3) Claims on AAA rated Multilateral Development Banks (MDBs)	20%

c) Major Non-financial Public Enterprises	50%
d) Other Non-financial Public Enterprises	50%
e) Local Authorities	20%
f) Private Sector	100%
g) Deposit Money Banks	20%

contd.....P/02

03. Risk Weights Applicable for Off-Balance Sheet Items (Contingent Assets as per contra) have also been reviewed and it has been decided to add an Off-balance sheet item named **Claims guaranteed by, or collateralized by securities issued by AAA rated Multilateral Development Banks (MDBs)** with risk weights of 20%.

As such items under Other Assets now stand as under:

10. **Other Assets**

a) Contingent Assets as per contra (Off-balance sheet items)	
1) Letter of Credit and Letter of Guarantee issued on account of Government	0%
2) Deposit Money Banks	20%
3) Others	50%
4) Claims guaranteed by, or collateralized by securities issued by AAA rated Multilateral Development Banks (MDBs)	20%
b) Fixed Assets	50%
c) Valuation adjustments	50%
d) Expenditure Account	0%
e) Other	100%

Note: Multilateral Development Banks (MDBs) are: the World Bank Group comprised of the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC), the Asian Development Bank (ADB), the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IADB), the European Investment Bank (EIB), the European Investment Fund (EIF), the Nordic Investment Bank (NIB), the Caribbean Development Bank (CDB), the Islamic Development Bank (IDB) and the Council of Europe Development Bank (CEDB).

Please acknowledge receipt.

Yours sincerely,

(Naba Gopal Banik)
General Manager
Phone : 7117825