

Banking Regulation and Policy Department
 Bangladesh Bank
 Head Office
 Dhaka

BRPD Circular Letter No.-08

Shrabon 08, 1419
 Date: -----
 July 23, 2012

Chief Executives
All Scheduled Banks in Bangladesh

Dear Sir,

Clarifications regarding some portions of
Guidelines on Risk Based Capital Adequacy (RBCA) for Banks

Please refer to BRPD Circular No. 35 dated December 29, 2010 through which "Revised Guidelines on Risk Based Capital Adequacy (RBCA) for Banks", December 2010 have been issued.

It has been observed that there is an understanding gap in calculating risk weighted assets against claims of banks (loans and equity investment) on Merchant banks, Brokerage houses and Exchange houses for the purpose of determining minimum required capital.

For minimizing the gap, references of the following table will be applicable for the above stated purpose:

Type of Loan/Investment	Applicable Portion of Guidelines on RBCA	Applicable Place of Reporting Format	Applicable Risk Weight	
			BB Rating Grade	Risk Weight
Loans/Advances to Exchange Houses by bank	Chapter 2. Credit Risk Table 2: Risk Weights for Balance Sheet Exposure: h. Claims on Corporate (excluding equity exposures)	Work Sheet-1 : h. Claims on Corporate		
			1	20%
			2	50%
			3,4	100%
			5,6	150%
		Unrated	125%	
Loans/Advances to Merchant Banks and Brokerage Houses by bank	Chapter 2. Credit Risk Table 2: Risk Weights for Balance Sheet Exposure n. Capital Market Exposures	Work Sheet-1 : o. Capital Market Exposures	125%	
Investments of banks in the shares (equity) of Merchant Banks, Brokerage Houses and Exchange Houses those are not listed in Stock Exchanges	Chapter 2. Credit Risk Table 2: Risk Weights for Balance Sheet Exposure p. Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	Work Sheet-1 p. Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	125%	
Investments of banks in the shares (equity) of Merchant Banks, Brokerage Houses and Exchange Houses those are listed in Stock Exchanges	Chapter 3. Market Risk 3.5.5.Capital charges for equity position risk	Work Sheet-3(c) : Capital Charge on Equities	At the rate of required minimum CAR as determined by Bangladesh Bank	

This Circular Letter will be come into effect from the September, 2012 quarter end for RBCA reporting.

Please acknowledge receipt.

Yours Sincerely,



(Chowdhury Md. Feroz Bin Alam)
 Deputy General Manager
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