

Banking Regulation and Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular No. 10

March 10, 2010
Date:-----
Falgun 26, 1416

Chief Executives
All Scheduled Banks in Bangladesh

Dear Sir,

Partial modification of Guidelines on 'Risk Based Capital Adequacy (RBCA) for banks' (Revised regulatory capital framework in line with Basel II)

Please refer to BRPD Circular No. 20, dated December 29, 2009 regarding implementation of 'Risk Based Capital Adequacy (RBCA) for banks.

According to the circular, Basel II regime has been started from January 01, 2010 and the 'Guidelines on RBCA for banks' has fully come into force from the aforesaid date. The overall situation has since been reviewed and it has been decided that all scheduled banks will maintain regulatory Capital Adequacy Ratio (CAR) and Minimum Capital Requirement (MCR) as per following timetable:

Capital Adequacy Ratio (CAR)	From January 01, 2010 - June 30, 2010	From July 01, 2010 - June 30, 2011	From July 01, 2011 to onwards
	CAR \geq 8%	CAR \geq 9%	CAR \geq 10%
$\text{CAR} = \frac{\text{Eligible Regulatory Capital}}{\text{Risk Weighted Assets (RWA)}} \times 100$			
MCR	8% of RWA**	9% of RWA**	10% of RWA**
**MCR will be the above stipulated percentage of RWA or the amount of MCR fixed by Bangladesh Bank from time to time which one is higher.			
In every case, at least 50% of the CAR and MCR must be constituted by Tier-I capital components.			

Concerned paragraphs of the RBCA guidelines, Section 4(a) and 4(b) will be replaced by the above paragraph. All other instructions as stipulated in the RBCA guidelines will remain unchanged till further instructions.

Please acknowledge receipt.

Yours sincerely,

(K. M. Abdul Wadood)
Deputy General Manager
Phone: 7125021