

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka-1000

BRPD Circular No.-03

March 12, 2008
Date-----
Falgun 29, 1414

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 24, 2002 (also to the Annexure-1 containing the constituents of Capital) and BRPD Circular No. 07, dated August 28, 2006 on the captioned subject.

02. Constituents of Supplementary Capital (Tier-2) have been reviewed and it has been decided to add a new component namely Revaluation reserves of the Securities which are held for the fulfilment of Statutory Liquidity Requirement (SLR) by a banking company. These securities are treated as Held to Maturity (HTM) or Investment Securities as stated in BRPD Circular No. 15 of October 31, 2005.

As such the components of Supplementary Capital now stands as under:

- A. General Provision maintained against Unclassified loans
- B. Assets Revaluation Reserves
- C. All other Preference Shares
- D. Perpetual Subordinated debt
- E. Exchange Equalization Account
- F. Revaluation reserves of HTM Securities (Upto 50% of the revaluation reserves)

03. All other instructions as stipulated in BRPD Circular No.10, dated November 24, 2002 will remain unchanged.

Please acknowledge receipt.

Yours sincerely,

(Md Jahangir Alam)
General Manager (In charge)
Phone: 7117825