

The Republic of the Union of Myanmar

Central Bank of Myanmar

Notification No. (16/2017)

14th Waxing Day of Waso 1379 ME

July 7, 2017

In exercise of the powers conferred under Sections 34 and 184 of the Financial Institutions Law, the Central Bank of Myanmar hereby issues the following Regulations:

1. These Regulations shall be called Capital Adequacy Regulation (CAR).
2. These Regulations shall apply to all banks.
3. Capital Adequacy Ratio is a measure of the amount of a bank's capital expressed as a percentage of its risk weighted assets. Banks are required to maintain the Capital Adequacy Ratio as follows:
 - (a) Regulatory capital adequacy ratio is 8%;
 - (b) The minimum Tier I Capital Adequacy Ratio is 4%.
 - (c) In meeting the capital adequacy ratio, elements of Tier 2 or supplementary capital, may be included subject to approval of the Central Bank of Myanmar up to a maximum of 100% of Tier 1 or core capital.
4. A bank may increase its paid up capital by-
 - (a) amendment to its constituent documents approved by the general meeting of the shareholders; and
 - (b) the written approval of the Central Bank of Myanmar.
5. The initial paid-up capital and any subsequent increases in paid up capital must be deposited at the Central Bank of Myanmar. Subsequent to verification by the Central Bank of Myanmar, the bank may move the funds to their account.
6. Every bank must report the position of capital and capital adequacy ratio at the end of each month in the attached form to the Banking Supervision Department of the Central Bank of Myanmar.
7. When a bank's capital falls below limits as mentioned under above paragraphs 3, the bank shall present a capital improvement plan to the Banking Supervision Department of the Central Bank of Myanmar within 30 days of becoming aware of such shortfall.
8. When a bank is under a capital improvement plan it shall not lend, apply for new branches or carry out any activities which further deteriorate its capital position.
9. Banks are required to meet the minimum capital adequacy ratios in paragraph 3 within six months from the date of these regulations.
10. After the authorized transition period of six months, if a bank fails to improve its capital position within three months of the shortfall in its capital, the Central Bank of Myanmar may impose the administrative action under Section 154 of the Financial Institutions Law.

11. Failure to comply with these Regulations constitute a violation and is subject to corrective actions or sanctions as may be imposed under section 94 and 96 of the Financial Institutions Law and administrative penalties under section 154 of the said Law.
12. Following instructions are hereby repealed:
- (a) The Central Bank of Myanmar Instruction No.1 dated August 4, 1992;
 - (b) The Central Bank of Myanmar Instruction No.5 dated January 12, 1995;
 - (c) The Central Bank of Myanmar Instruction No.19 dated April 30, 2003;
 - (d) The Central Bank of Myanmar Memorandum No. MaBaBa- BS-49 dated December 3, 2007;
 - (e) The Central Bank of Myanmar Instruction No. 8/2011 dated December 14, 2011;
 - (f) The Central Bank of Myanmar Memorandum No. 1590/982-kaka (1)/ 2012-2013 dated March 5, 2013.
13. These Regulations shall come into effect immediately.

Sd./xxxxxxx
(Kyaw Kyaw Maung)
Governor

Capital Adequacy Form		
Central Bank of Myanmar		
Banking Supervision Department		
Capital Adequacy Worksheet		
	Bank Name:	
	Bank Code No:	
	Date/Period	
	Tier 1 (Core) Capital:	Thousands of Kyat
1	Total equity capital	-
1a	Paid in Capital (Common Stock)	-
1b	Perpetual non-cumulative preference shares	
1c	Surplus	
1d	Retained Earnings	
1e	Statutory Reserves	-
1f	Capital Grants	
	Minus:	
1g	Profit & Loss of Current Year if negative	
1h	Intangible Assets	
1i	Net Deferred Tax Assets	
1j	Pre-operating expenses	
1k	Related party lending	
1l	Total Tier 1 (Core) Capital	
2	Tier 2 (Supplementary) Capital:	
2a	General loan loss reserve on credit(1.25% of total risk weight asset)	
2b	Revaluation Reserves on Fixed Assets	-
2c	Cumulative Foreign Exchange Translation Adjustment	
2d	Profit/Loss of Current Year (if positive)	-
2e	Total Tier 2 (Supplementary) Capital	-
3	Allowable Portion of Tier 2 (Supplementary) Capital	-
4	Deducted Equity Investments	-
5	Regulatory Capital = Tier 1 + Allowable Tier 2 – Deducted Equity Investments	
	Risk-Weight Categories	
6	0% risk weight:	
6a	Cash in Kyat and Fully-convertible Foreign Currencies	
6b	Direct Claims on Central Banks and Central Governments of OECD Member Countries	
6c	Direct Claims on CBM	-
6d	Loans Collateralized by Blocked Deposits	-
6e	Direct Claims on Government Securities	

6f	Total	-
6g	0% Risk-Weight Total (Above Total 6f x 0%)	0
7	20% risk weight	
7a	Loans Collateralized by Claims on Central Banks and Central Governments of OECD Member Countries	
7b	Direct Claims on Banks Licensed in OECD Member Countries	
7c	Short-term Claims on Banks Licensed In Non- OECD Member Countries	
7d	Loans Collateralized by Claims on or Guaranteed by Multilateral Lending Institutions	
7e	Cash Items in Process of Collection	-
7f	Total	
7g	20% Risk-Weight Total (Above Total x 20%)	
8	50% risk weight	
8a	Qualifying Residential Mortgage Loans	-
8b	Total	-
8c	50% Risk-Weight Total (Above Total x 50%)	-
9	100% risk weight	-
9a	All Other Assets	-
9b	<i>Minus:</i> Intangible Assets	-
9c	Net Deferred Tax Assets	-
9d	Pre operating expenses	
9e	Deducted Equity Investments	-
9f	<i>Equals:</i> Total	-
9g	100% Risk-Weight Total (Above Total x 100%)	-
10	Off-balance-sheet items with 0% Credit Conversion Factor	
10a	Unused Portions of Commitments with Original Maturity of 1 Year or Less	
10b	Unused Portions of Commitments that are unconditionally cancelable	
10c	Total	-
10d	0% Credit Conversion Factor Total (Above Total x 0%)	-
11	Off-balance-sheet items with 20% Credit Conversion Factor	
11a	Commercial Letters of Credit	
11a(i)	0 % Risk Weight	-
11a (ii)	20% Risk Weight	-
11a (iii)	50% Risk Weight	-
11a (iv)	100% Risk Weight	-
11b	Total	-
11c	Risk-Weighted Total	-
11d	20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)	

12	Off-balance sheet items with 100% Credit Conversion Factor	
12a	Guarantees and Standby Letters of Credit	
12a(i)	0 % Risk Weight	-
12a(ii)	20% Risk Weight	-
12a(iii)	50% Risk Weight	-
12a(iv)	100% Risk Weight	-
12b	Total	-
12c	Risk-Weighted Total	-
12d	Others	
12d(i)	0 % Risk Weight	-
12d(ii)	20% Risk Weight	-
12d(iii)	50% Risk Weight	-
12d(iv)	100% Risk Weight	-
12e	Total	-
12f	Risk-Weighted Total	-
12g	100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)	
13	Total Risk-Weighted Assets	
14	Tier 1 Capital Ratio	%
	(Tier 1 Capital as % of Total Risk-Weighted Assets)	
15	Regulatory Capital Ratio	%
	(Regulatory Capital as % of Total Risk-Weighted Assets)	