

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular No.-04

07 April 2005
Date-----
24 Chaitra, 1411

Chief Executive
All Scheduled Banks in Bangladesh

Dear Sir,

Revised Policy on Loan Classification and Provisioning.

Please refer to BRPD Circular No. 16, dated 06 December, 1998 on the above subject.

It has been mentioned in the above circular that any loan classified by Bangladesh Bank's Inspection Team will be deemed as final and the same shall not be declassified either before the next inspection conducted by Bangladesh Bank or without prior approval of Bangladesh bank.

The issue has been reviewed and it has been decided that loan classified by Bangladesh Bank's Inspection Team can be declassified without prior approval of Bangladesh Bank. But such declassification has to be approved by the Board of Directors of the respective bank. Before submitting such type of cases to the Board of Directors, the Managing Director and the respective Branch Manager of the bank will have to certify that the terms and conditions of declassification have been duly fulfilled by the borrowers.

The bank will have to inform such declassifications to the Department of Banking Inspection/ concerned offices of Bangladesh Bank within 15 days of such decision taken by the Board of Directors. Bangladesh Bank will examine these matters on case-to-case basis and if any irregularities/deviations id detected, necessary legal action will be taken against the concerned officials.

This instruction will be effective immediately.

Yours faithfully,

(Naba Gopal Banik)
General Manager
Phone: 7117825