

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

April 21, 2019

BRPD Circular No. 03

Date: -----

Baishakh 08, 1426

Managing Director/Chief Executive Officer
All Scheduled Banks in Bangladesh

Dear Sir,

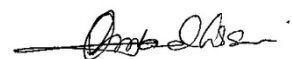
Loan Classification and Provisioning

Please refer to BRPD Circular No.14 dated September 23, 2012, BRPD Circular No. 19 dated December 27, 2012 and BRPD Circular No.08 dated August 02, 2015 on the captioned subject.

2. For the purpose of facilitating the existing business environment and aligning with the economic cycle, the following set of instructions shall have to be followed for the basis of loan classification under objective criteria.
 - 2.1. Any **Continuous Loan** if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Any **Demand Loan** if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Whereas, In case of any installment(s) or part of installment(s) of a **Fixed Term Loan** is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date.
 - 2.2. A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard (SS)".
 - 2.3. A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful (DF)".
 - 2.4. A Continuous loan, Demand loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be put into the "Bad/Loss (B/L)".
 - 2.5. Loans have to be treated as defaulted loan as per section 5(GaGa) of the Banking Companies Act, 1991 and to be reported accordingly as per formats given in BRPD Circular No.08 dated August 02, 2015. In this regard, a portion of the "Sub-standard (SS)" loans will be reported as defaulted loan.
3. All other instructions of BRPD Circular No.14 dated September 23, 2012 and its subsequent modifications will remain unchanged. BRPD Circular No. 19 dated December 27, 2012, hereby stand superseded by this circular.

This circular will come into force from 30 June 2019.

Yours sincerely,



(A.K.M. Amjad Hussain)
General Manager
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