

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular Letter No. 06

02 August, 2007
Date: -----
18 Shraavan, 1414

The Chief Executives
All Scheduled Banking Companies functioning in Bangladesh

Dear Sirs:

The Oriental Bank Limited (Reconstruction) Scheme, 2007.

Copies of two notifications no. BRPD(R-1)651/9(10)/2007-446 and 447 issued by the Bangladesh Bank on the above subject are enclosed herewith for your perusal and necessary action.

Please acknowledge receipt.

Enclosure: 06(six) pages.

Yours Sincerely,
Sd/-
(Naba Gopal Banik)
General Manager
Phone: 7117825

Bangladesh Bank
Head Office
Dhaka

No.BRPD(R-1)651/9(10)/2007-447

02 August, 2007
Date: _____
18 Shravan, 1414

Notification

The Bangladesh Bank has fixed 5 August 2007 as the appointed date in accordance with the provision of Sub-section 2 of Section 1 of the Oriental Bank Limited (Reconstruction) Scheme, 2007 prepared in exercise of the power conferred under Sub-section 4 of Section 77 of the Banking Companies Act, 1991 (Act No. 14 of 1991). However, the appointed date(s) for the purpose of Sub-section 2(e) of Section 3 and Section 7 shall be notified later on.

Dr. Salehuddin Ahmed
Governor
Bangladesh Bank

Bangladesh Bank
Head Office
Dhaka

No.BRPD(R-1)651/9(10)/2007-446

02 August, 2007
Date: _____
18 Shraavan, 1414

Notification

The Oriental Bank Limited (Reconstruction) Scheme, 2007.

Whereas in exercise of the powers conferred on it under Section 77(2) of the Banking Companies Act, 1991(Act No.14 of 1991), the Government of the People's Republic of Bangladesh made an order of moratorium with effect from 25 January 2007 on the business activities of the Oriental Bank Limited run on the principles of Islamic Shariah;

Whereas it has been observed from the report of the inspection conducted by the Bangladesh Bank that the Oriental Bank Limited had been engaged in activities detrimental to the interest of its depositors and is facing severe liquidity crisis for making payment of liabilities;

And whereas the Bangladesh Bank is satisfied that in the public interest and in the interest of the depositors, it is necessary to make a scheme for the reconstruction of the Oriental Bank Limited in terms of Section 77(4) of the Banking Companies Act, 1991;

Now, therefore, the Bangladesh Bank is pleased to make the following scheme, namely:-

1. Short Title and Commencement.-

- (1) This Scheme may be called the Oriental Bank Limited (Reconstruction) Scheme, 2007.
- (2) The various provisions of the Scheme shall take effect on such date(s) as the Bangladesh Bank may, by notification in the official Gazette, appoint.

2. Definitions.-

In the Scheme, unless there is anything repugnant to the subject or context-

- (a) "Appointed day" means the various appointed days under Section 1(2),
- (b) "Bank" means the Oriental Bank Limited run on the principles of Islamic Shariah,
- (c) "Depositor" means the depositors of the Oriental Bank Limited,
- (d) "Ka" and "Kha" Group Shareholders mean "Sponsor Shareholders" and "General (including Depositors) Shareholders" respectively; "Ka" Group Shares include "Group-A" Shares as stated in Section 4(b) of the Articles of Association of the Bank and "Kha" Group Shares include "Group-B" Shares as mentioned in Section 4(b) of the Articles of Association of the Bank and the Shares to be issued in favour of the Depositors subject to Section 3(2) of the Scheme,
- (e) "Scheme" means the Oriental Bank Limited (Reconstruction) Scheme, 2007.

3. Capital.-

- (1) The Authorized Capital of the Bank shall be Tk. 1,000 crores (divided into 1,00,00,000 Ordinary Shares of Tk.1,000 each)
- (2) The Paid-up Capital of the Bank shall be Tk 700 crores which shall be divided into the following categories:

Group	Shareholder	Value (Taka)
Ka	Sponsor Shareholders	400,00,00,000
Kha	General (including Depositors) Shareholders	300,00,00,000
	Total	700,00,00,000

- (a) The total amount of Paid-up Shares of Tk. 44,82,08,000 in terms of face value categorized as “Group-A” and “Group-B” shares in the of Articles of Association of the Bank, forfeited in favour of the Bangladesh Bank under Section 14A(3) of Banking Companies Act, 1991, shall be reckoned as “Group-Ka” shares.
- (b) The shares of Tk.4,50,49,000 in terms of face value categorized as “Group-A” shares in the of Articles of Association of the Bank paid up before 25 January 2007 shall be treated as “Group-Ka” shares.
- (c) The unpaid "Group-Ka" shares of Tk.350,67,43,000 in terms of face value shall be sold through open tender. The amount in excess of the face value shall be treated as share premium.
- (d) The total amount of shares of Tk. 2,58,49,000 in terms of face value categorized as “Group-B” shares in the Articles of Association of the Bank and paid up before 25 January 2007 by the Government to the tune of Tk.1,10,42,000 and by the General Public amounting to Tk.1,48,07,000 shall be treated as “Group-Kha” shares.
- (e) “Group-Kha” shares shall be issued in the following rates amongst the depositors whose names were in the books of accounts of the Bank as on 25 January 2007 and whose deposits shall remain upto the appointed day after adjustment as per Section 6 of the Scheme having those subscribed thereby:

The amount of deposit balance	The rate of deposit balance fixed for subscription of shares
Tk. 01 crore or above	25%
Tk. 50 lac or above but less than Tk. 01 crore	20%
Tk. 10 lac or above but less than Tk. 50 lac	10%
less than Tk.10 lac	10%

Provided that in case of the depositors whose deposit balance is less than Tk.10 lac, subscription of shares with above fixed portion of deposit shall be optional.

- (f) The “Group-Kha” shares may be sold through IPO in favour of the General Public afterwards upto the limit of the Authorised Capital.

- (g) If “Group-Ka” share is not sold through open tender and the “Group-Kha” share is not optionally subscribed by the depositors whose deposit balance is less than Tk. 10 lac, the unsold/unsubscribed shares shall be disposed of in the manner to be determined by Bangladesh Bank.
- (h) The share value of “Group-Ka” as per provision in Sub-section 3(2)(a & c) shall have to be paid up in cash and the share value of “Group-Kha” as per provision in Sub-section 3(2)(e) shall be deemed to be paid up with the deposit of the depositors at the prescribed rates.
- (i) If any changed situation in respect of share capital arises, the disposal given by Bangladesh Bank shall be final.

4. Board of Directors.-

- (1) The Board of Directors of the Bank shall be formed comprising of not more than 13 (thirteen) Directors, excluding the Chief Executive Officer, of whom 10 (ten) shall be from the "Group-Ka" and 03 (three) from the “Group-Kha” Shareholders.
- (2) The Chief Executive Officer of the Bank shall be an ex-officio member of the Board of Directors without having voting right.
- (3) The Chairman of the Board of Directors shall be elected by the Directors from amongst themselves.
- (4) The first Board of Directors shall be subject to prior approval of the Bangladesh Bank and its tenure shall be 03 (three) years.

5. Chief Executive Officer.-

The Chief Executive Officer of the Bank shall be appointed in accordance with the provisions of the Banking Companies Act, 1991:

Provided that the first Chief Executive Officer shall be appointed by the Bangladesh Bank for a period not exceeding 03 (three) years.

6. Liabilities.-

- (1) Only the principal amount (excluding profit) of the liabilities as recorded in the books of accounts of the Bank on 25 January 2007 shall be the payable liabilities of the Bank, subject to adjustments as per provision of the Scheme.
- (2) The balances of respective deposit accounts shall be determined having adjusted the liabilities to the Bank of the respective depositors from their deposit balances.

7. Payment of Liabilities of the Bank.-

- (1) The liabilities after having subscribed the share value as per Section 3(2)(e) of the Scheme from the payable liability determined in accordance with the provisions in Section 6 of the Scheme

shall be paid out in cash or in the mode the depositors want these to be paid out as per following schedule:-

<u>Amount</u>	<u>Earliest Settlement Date</u>
First Tk 1,00,000	Within 06 months after 02 months of the appointed day.
Further Tk 1,00,000	Within 12 months after 06 months of the appointed day.
Further Tk 1,00,000	Within 18 months after 12 months of the appointed day.
Further Tk 1,00,000	Within 24 months after 18 months of the appointed day.
Further Tk 1,00,000	Within 30 months after 24 months of the appointed day.
Further Tk 1,00,000	Within 36 months after 30 months of the appointed day.
Further Tk 1,00,000	Within 42 months after 36 months of the appointed day.
Further Tk 1,00,000	Within 48 months after 42 months of the appointed day.
Further Tk 1,00,000	Within 54 months after 48 months of the appointed day.
Further Tk 1,00,000	Within 60 months after 54 months of the appointed day.
The remaining balance	After 60 months of the appointed day.

- (2) The amount paid by the Bank after 25 January 2007 in favour of the depositors shall be treated as paid out portions within 06 months after 02 months of the appointed day.
- (3) The tax, VAT, duty, etc. as applicable shall be realized duly at the time of payment of the Bank's liability.

8. The Profit Payable on Deposits after the Appointed Day.-

Notwithstanding anything contained in contrary in any contract, any profit accrued on the deposits taken after 25 January 2007 shall be payable at such rate as may be determined by the Board of Directors subject to the provisions of the Scheme.

9. Issues not included in the Scheme.-

Bangladesh Bank, with the approval of the Government, shall give required instructions regarding the issues not included in the Scheme for fulfilling the purpose of the Scheme and such instructions shall be deemed to be the provisions of the Scheme.

10. Power for Remedial Measures.-

If there arises any inconveniences or complications to put any provision of the Scheme into effect Bangladesh Bank shall have the right of adopting remedial measures:

Provided that no order under this Section shall be passed after five years from the date the Scheme takes effect.

11. Priority of the Scheme.-

This Scheme shall have its priority over the Memorandum and the Articles of Association of the Bank. Any decision taken by the shareholders not conforming to the provisions of the Scheme shall be deemed void.

12. Amendment to the Memorandum and the Articles of Association.-

The Memorandum and the Articles of Association of the Bank shall be amended in accordance with the provisions of the Scheme.

13. Safeguard of Actions.-

No objection from any one shall be tenable against any action taken by the Government and the Bangladesh Bank after 25 January 2007 in the interest of the Bank

14. Interpretation.-

Where any question arises as to the interpretation of any provision of the Scheme, the decision of the Bangladesh Bank in this regard shall be final and legally binding on all concerned.

15. Alteration of the Scheme.-

Bangladesh Bank reserves the right to alter the Scheme if situation so arises in order to accommodate unforeseen circumstances including litigation.

Dr. Salehuddin Ahmed
Governor
Bangladesh Bank