

**Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka**

BRPD Circular No. 19

December 27, 2012
Date: -----
Poush 13, 1419

**Chief Executives
All Scheduled Banks in Bangladesh**

Dear Sir,

Loan Classification and Provisioning

Please refer to BRPD Circular No.14 dated September 23, 2012 and attached CL formats on the captioned subject.

With a view to expediting the economic growth triggered by the comparatively small scale borrowers and promoting financial inclusion, following amendments have been brought into the circular:

1. "2. a) (4). Loans except Short-term Agricultural & Micro-Credit in the "Special Mention Account" and "Sub-Standard" will not be treated as defaulted loan for the purpose of section 27KaKa(3) [read with section 5(GaGa)] of the Banking Companies Act, 1991. However, Fixed Term Loans amounting up to Tk. 10.00 Lacs in the "Sub-Standard" category will also be treated as defaulted loan for the same purpose."

2. "2. a) (7) :

(A) In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting upto Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans:

- i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Sub-standard".
- ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Doubtful".

iii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as "Bad/Loss".

(B) In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting more than Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans:

i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as "Sub-standard".

ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Doubtful".

iii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Bad/Loss".

Explanation: If any Fixed Term Loan is repayable on monthly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 06 monthly installments. Similarly, if the loan is repayable on quarterly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 2 quarterly installments."

This circular will come into force with immediate effect and all others instructions as well as attached CL formats of [BRPD Circular No.14 dated September 23, 2012](#) will remain unchanged.

Please acknowledge receipt.

Yours sincerely,



(Md. Anwarul Islam)
Deputy General Manager
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