

**Banking Regulation & Policy Department**  
**Bangladesh Bank**  
**Head Office**  
**Dhaka-1000**

**BRPD Circular No. 13**

**18 October 2018**  
**Date : -----**  
**03 Kartik 1425**

**Chief Executives**  
**All Scheduled Banks in Bangladesh**

Dear Sir,

**Loan Classification and Provisioning**

Please refer to **BRPD Circular No. 14, dated 23 September 2012** on the captioned subject.

02. As per the referred circular, banks are required to maintain 1% General Provision against the guarantees they issue for their clients since guarantee is an off-balance sheet exposure. However, through issuance of **BRPD Circular No. 07, dated 21 June 2018**, banks were given exemption from maintaining any provision for those guarantees against which the counter-guarantees are issued only by the Multilateral Development Banks (MDBs)/International Banks having a BB rating grade '1' equivalent outlined in the *Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)*. Now the provisioning requirement for the bank guarantees has been modified in accordance with their respective counter-guarantees in the following way:

<b>BB rating grade equivalence of the Bank/financial institution/organization providing the counter-guarantee</b>	<b>Provision requirement (% of the exposure amount)</b>
1	NIL
2	0.50
3 or 4	0.75
Others	1.00

03. Other instructions of the abovementioned BRPD circulars will deem to be unaltered.

This circular will come into force with immediate effect.

Yours sincerely,



(Abu Farah Md. Nasser)  
General Manager  
Phone: 9530252