

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular No. 32

Kartick 12, 1417
Date: -----
October 27, 2010

General Provision on loan against shares etc.

Please refer to BRPD circular no. 05/2006 on Loan Classification and Provisioning.

According to the circular banks are required to maintain 1% general provision on unclassified loans/advances against Continuous, Demand and Term loans; 2% against Housing Finance (HF) and Loans for Professionals to set up business (LP) and 5% against other loans (other than HF & LP). It is to mention in this regard that banks are also required to maintain 1% general provision on unclassified amount of the funded loan disbursed to stock dealers enlisted with Stock Exchange, separate subsidiary company established by a bank company for dealing business in share brokerage and merchant banking and any other company or institution or individual for dealing such business.

It is mentionable in this context that bank loan/bank financing to above mentioned dealers/subsidiary companies/any other company or institution or individual become vulnerable due to volatility of market prices of shares/debentures. Considering the investment risks in the capital market it has now been decided that banks shall maintain 2% general provision instead of 1% against unclassified amount of any kind of funded loan disbursed to stock dealers enlisted with Stock Exchange, separate subsidiary company established by a bank company for dealing business in share brokerage and merchant banking and any other company or institution or individual for dealing such business.

In this context, the existing CI-1 format has been amended. Banks are advised to submit data in the revised CI-1 format. This instruction shall come into force with immediate effect.

Please acknowledge receipt.

Yours sincerely

sd/-

(Md. Jahangir Alam)
General Manager
Phone: 7117825

Enclosure: Revised CL-1 format

BANK NAME

BRANCH NAME :

Stamp of Branch Serial No. (As provided by Bangladesh Bank)

(Taka in thousand)

| SL No. | Categories of Loans | Total | Balance outstanding | | | | | Base for provision | | | | Amount of provision required | Interest suspense on | | | |
|----------|---|-------|---------------------|-----|------------|----|-----|--------------------|----|----|-----|------------------------------|-----------------------|-----|-----------------|-------|
| | | | Unclassified(UC) | | Classified | | | SMA | SS | DF | B/L | | UC(standard) (if any) | SMA | Classified A/Cs | Total |
| | | | Standard | SMA | SS | DF | B/L | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 1 | Continuous Loan (CL-2) | | | | | | | | | | | | | | | |
| | I) Small & Medium Enterprise Financing (SMEF) | | | | | | | | | | | | | | | |
| | II) Consumer Financing (CF) | | | | | | | | | | | | | | | |
| | III) Loans to BHs/MBs/SDs against Shares etc | | | | | | | | | | | | | | | |
| | IV) Other than SMEF, CF, BHs/ MBs./SDs | | | | | | | | | | | | | | | |
| | Sub-total of I, II, III & IV | | | | | | | | | | | | | | | |
| 2 | Demand Loan (CL-3) | | | | | | | | | | | | | | | |
| | I) Small & Medium Enterprise Financing (SMEF) | | | | | | | | | | | | | | | |
| | II) Consumer Financing (CF) | | | | | | | | | | | | | | | |
| | III) Loans to BHs/MBs/SDs against Shares etc. | | | | | | | | | | | | | | | |
| | IV) Other than SMEF, CF, BHs/ MBs./SDs | | | | | | | | | | | | | | | |
| | Sub-total of I, II, III & IV | | | | | | | | | | | | | | | |
| 3 | Term loan Upto 5 years (CL-4) | | | | | | | | | | | | | | | |
| | I) Small & Medium Enterprise Financing (SMEF) | | | | | | | | | | | | | | | |
| | II) Consumer Financing (Other than HF & LP) | | | | | | | | | | | | | | | |
| | III) Housing Finance (HF) | | | | | | | | | | | | | | | |
| | IV) Loans for professionals to set up business (LP) | | | | | | | | | | | | | | | |
| | V) Loans to BHs/MBs/SDs against Shares etc | | | | | | | | | | | | | | | |
| | VI) Others | | | | | | | | | | | | | | | |
| | Sub-total of I, II, III, IV, V & VI | | | | | | | | | | | | | | | |
| 4 | Term loan over 5 years (CL-5) | | | | | | | | | | | | | | | |
| | I) Small & Medium Enterprise Financing (SMEF) | | | | | | | | | | | | | | | |
| | II) Consumer Financing (Other than HF & LP) | | | | | | | | | | | | | | | |
| | III) Housing Finance (HF) | | | | | | | | | | | | | | | |
| | IV) Loans for professionals to set up business (LP) | | | | | | | | | | | | | | | |
| | V) Loans to BHs/MBs/SDs against Shares etc | | | | | | | | | | | | | | | |
| | VI) Others | | | | | | | | | | | | | | | |
| | Sub-total of I, II, III, IV, V & VI | | | | | | | | | | | | | | | |
| 5 | Short term Agri. Credit and Microcredit (CL-6) | | | | | | | | | | | | | | | |
| | I) Short Term Agri. Credit | | | | | | | | | | | | | | | |
| | II) Microcredit | | | | | | | | | | | | | | | |
| | Sub-total of I & II | | | | | | | | | | | | | | | |
| | Sub-total (1+2+3+4+5) | | | | | | | | | | | | | | | |
| | Staff Loan | | | | | | | | | | | | | | | |
| | Grand Total | | | | | | | | | | | | | | | |

CHECK LIST

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| CL-2 | | CL-5 | |
| CL-3 | | CL-6 | |
| CL-4 | | | |

Rate of Provision :**Amount of Actual Provision (Taka in thousand) :**

| Particulars | Short Term Agri. Credit | Consumer financing | | | SMEF | Loans to BHs/MBs/SDs against Shares etc | All other Credit | |
|-------------|-------------------------|--------------------|------|------|------|---|------------------|------|
| | | Other than HF,LP | HF | LP | | | | |
| UC | Standard | 5% | 5% | 2% | 2% | 1% | 2% | 1% |
| | SMA | - | 5% | 5% | 5% | 5% | 5% | 5% |
| Classified | SS | 5% | 20% | 20% | 20% | 20% | 20% | 20% |
| | DF | 5% | 50% | 50% | 50% | 50% | 50% | 50% |
| | B/L | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

NB: CF=CONSUMER FINANCE, HF=HOUSING FINANCE, LP=LOANS FOR PROFESSIONALS TO SET UP BUSINESS, SMA=SPECIAL MENTION ACCOUNT, SS=SUBSTANDARD, DF=DOUBTFUL, B/L=BAD/LOSS, BHs/ MBs./SDs= LOANS TO BROKERAGE HOUSES/MERCHANT BANKS/STOCK DEALERS AGAINST SHARES ETC.