

Foreign Exchange Policy Department
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FE Circular No. 27

Date: July 03, 2025

All Offshore Banking Units and
Managing Director/Chief Executive Officer
All Scheduled Commercial Banks in Bangladesh

Dear Sirs,

Access to finance against funds held in OBUs as collateral

Please refer to FE Circular No. 11 of January 30, 2025 regarding guidelines for offshore banking business of scheduled commercial banks in Bangladesh. Paragraph D(5) *ibid* allows Offshore Banking Units (OBUs) to accept deposits in approved foreign currencies from fully foreign owned enterprises located at specialized zones and persons resident outside Bangladesh without limiting to non-resident Bangladeshi nationals, persons of Bangladeshi origin, foreign nationals and enterprises, companies/firms registered and operating abroad, foreign institutional investors.

02. To facilitate financing activities, it has been decided that OBUs may allow foreign currency deposits of non-resident account-holders for use by their domestic banking units (DBUs) as collateral against financing to resident companies/firms and individuals. The procedural formalities in this context are as follows:

- (a) There shall be a specific request from respective account-holders.
- (b) OBUs shall satisfy themselves regarding the bonafide relations between account-holders and borrowers in Bangladesh, such as non-resident Bangladeshis (NRBs) and their beneficiaries, foreign shareholders/investors and their investee companies, etc.
- (c) The collateral shall be used by DBUs for extending short term working capital loan in local currency.
- (d) There will be no charges/fees payable for the respective collateral.
- (e) The financing should be granted to borrowers subject to margin requirements considered necessary by DBUs to absorb exchange rate risk.

03. DBUs may extend loans in Taka, against collateral of deposits held in OBUs, to their NRB customers for which general permission is given in exercise of powers vested under Section 5(1)(a) of the FER Act, 1947.

04. In the event of the respective loan not being repaid, the deposits shall be liquidated subject to observance of the following instructions:

- (a) OBUs shall transfer the deposits as collateral to DBUs.
- (b) DBUs shall report the liquidated value as wage remittances in case of NRB-deposits used as collateral for respective lending.

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(c) For non-NRB deposits, the liquidated value should be reported as equity investment in terms of chapter 9 of the Guidelines for Foreign Exchange Transactions-2018, Vol.-1 (GFET). However, the encashment may be reported as loan proceeds as per underlying arrangements between borrowers and account-holders. In this case, future repayment by borrowers can be credited to deposit accounts maintained with OBUs subject to approval from Bangladesh Bank.

05. Balances held in private foreign currency accounts and non-resident foreign currency deposit accounts maintained as per section-I and II, chapter 13 of GFET may be used as collateral against short term working capital financing in local currency subject to observance of the instructions outlined at 2, 3 and 4 above.

06. The facility to use deposit fund as collateral shall not be applicable for balances of International Banking (IB) accounts maintained with OBUs as per Section 13(1) of the Offshore Banking Act, 2024. The balances held in IB accounts shall be useable in terms of the instructions contained in Section 13(5) of the Act.

07. As usual, DBUs shall adhere to all applicable credit norms and prudential parameters. This directive is issued by Bangladesh Bank in exercise of the powers conferred on it under Section 11(7) and Section 25(2) of the Offshore Banking Act, 2024; and Section 20(3) of the FER Act, 1947.

Please bring the contents of this circular to the notice of respective clientele.

Yours faithfully,



(Md. Harun-Ar-Rashid)
Director (FEPD)
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