

**FINANCIAL INSTITUTIONS DEPARTMENT
BANGLADESH BANK
HEAD OFFICE
DHAKA**

FID CIRCULAR NO.01

Date : 26th May, 2004

All Non-Bank Financial Institutions
of Bangladesh

Dear Sirs ,

Credit, Bridge and Standby Facilities (CBSF)

Please refer to FID Circular No.02 dated 18.04.2000 and Circular No.15 dated 09.08.2000 related to Operational Directives of CBSF .

Clause G-1 of the Operational Directive attached as Annex-A with circular no.02 dated 18.04.2000 and Clause C-1 which was amended earlier through the circular no. 15 dated 09.08.2000 have been amended to read as follows :

OD No.and Applicable Agreement/Para /Section	OPERATIONAL DIRECTIVES
G-1: Allocation among CBSF Components: FMA, APP. A Ch.II,Para 2-5 MFA,Art.V,Sec .5.1	From now on separate allocation for different components of the remaining balance of CBSF shall no longer be there . In other words the remaining balance in the Credit pool shall be available for all program purposes except the original simple credit to participating financial institutions. Future credit for eligible subprojects will be on a 1:1 matching basis against eligible debt issuance . In addition , bridge financing for PFIs and/or standby repo financing for investors remains available . The FIs can accomplish the resource mobilization objective in two ways . The first method involves the securitization and sale of its credits or issuance of Asset Backed Securities (ABS) . The second method is to issue the FIs' bonds/debentures. Resource mobilization, as defined, includes Asset backed Securities (ABS), Collateralised Lease/Loan obligations (CLOs) covering the securitization of outstanding and new credits and the primary issuance of bonds or debentures. There will be a 1:1 ratio between eligible resource mobilization and borrowing for each FI. Under this formula , a FI may use an additional US\$1 of the Credit Component for every US\$1 equivalent of resource mobilization , until the maximum of US\$43 million (including US\$3m of GoB funds) in Credit is reached. All availments will be on a first come, first served basis. The Facility Adviser and BB will consider other forms of acceptable resource mobilization in addition to those already identified.
C-1 : Pricing of Credit Component : FMA,App.A Ch.II, Para 2 ; MFA,Art.V,Sec .5.2	The interest rate on a sub-loan or lease will be fixed at the weighted average awarded yield of Treasury Bills and Bonds of all maturities for the past three months , plus a margin of 50 basis points , provided that the interest rate so determined will not be less than the prevailing BB rate plus a margin of 150 basis points.

All other directives of the Operational Directives shall remain unchanged.

Yours truly,

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