

DFIM Circular No-10

Date: 03 October 2021

Chief Executives/Managing Directors
All Financial Institutions in Bangladesh

Dear Sir,

Classification and Provisioning of 'Other Assets' of Financial Institutions

All unadjusted prepaid entries, unadjusted prepaid legal expenses, protested bills and other expenses/losses are shown as 'Other Assets', although these are not real asset. The instructions for classification and provisioning of 'Other Assets' are as follows:

a. Unadjusted Prepaid Entries: Any prepaid expenses for salary and allowances, travelling, entertainment, advertisement and business development etc. remain unadjusted for 12 (twelve) months or beyond will be classified as 'Bad and Loss' and 100% provision must be maintained.

b. Unadjusted Prepaid Legal Expenses: As there is uncertainty in any unsettled legal actions, unadjusted expenses related to these legal actions will be classified as 'Doubtful' and 50% provision must be maintained. For settled legal actions if there remain any unadjusted expenses, these will be classified as 'Bad and Loss' and 100% provision must be maintained.

c. Protested Bills: Protested Bill is originated from fraud-forgery, robbery, fund embezzlement and other causes. If there is any possibility of recovery of that Protested Bill, it will be classified as 'Doubtful' in qualitative judgment and 50% provision must be maintained. If there is no possibility of recovery, it will be treated as 'Bad and Loss' and 100% provision must be maintained.

d. Other Expenses/Losses: Other expenses/losses shown in 'Other Assets' will be classified as 'Bad and Loss' and 100% provision must be maintained.

In terms of the above policies the Financial Institutions will conduct their classification and provisioning of 'Other Assets' on quarterly basis i.e. 31 March, 30 June, 30 September and 31 December. Financial Institutions will submit Classification and Provisioning Statement of Other Assets within 30 (Thirty) days after the end of the each quarter in Department of Financial Institutions and Markets of Bangladesh Bank and upload the same in Enterprise Data Warehouse (EDW) of Bangladesh Bank. Financial Institutions will ensure reflection of the position of other assets classification and provisioning in Annual Financial Statements with the instructions laid out in this circular.

These instructions will be effective from the quarter ended September 2021.

Instructions provided in section 5.5 of FID Circular No-08, dated-03 August 2002 and template (FICL 5) for 'Other Assets' attached with FID Circular No-06, dated-20 August 2006 hereby stand superseded by this circular.

Please acknowledge receipt.

Enclosure-01 (One)

Yours Sincerely,



(Md. Zulkar Nayn)
General Manager

Department of Financial Institutions and Markets
Phone-9530178

