

Appendix - 1
Chronology of Major Policy Announcements: FY19

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A. Policy Announcements on Banking and Financial Sector Development

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| July 2018 | <ul style="list-style-type: none"> ● Bangladesh Bank has announced Agricultural and Rural Credit Policy and Program for FY19. The circular is focused on ensuring self-sufficiency in food production, reducing poverty and development of agricultural sector. The disbursement target of agricultural and rural credit has been set to BDT 21800.0 crore for the FY19, which is 6.86 percent higher than the previous fiscal year. |
| July 2018 | <ul style="list-style-type: none"> ● Bangladesh Bank has issued the regulations titled "Bangladesh Mobile Financial Services (MFS) Regulations, 2018" replacing the previously issued "Guidelines on Mobile Financial Services for the Banks". |
| August 2018 | <ul style="list-style-type: none"> ● To avail credit facilities for the establishment of Food Processing & Agro-based projects under Entrepreneurship Support Fund (ESF), Expression of Interest (EOI) needs to be submitted to ESF Unit of Bangladesh Bank and for availing credit facilities for ICT projects EOI has to be submitted to Investment Corporation of Bangladesh (ICB). |
| August 2018 | <ul style="list-style-type: none"> ● For Bank Guarantee containing validity equivalent to one quarter or less, Banks are allowed to realize bank guarantee commission for maximum one quarter by self consideration. But for Bank Guarantee containing validity equivalent to more than one quarter, Banks are instructed to realize commission up to validity period only. |
| September 2018 | <ul style="list-style-type: none"> ● As per outline of Bank Company Act, 1991 (amended in 2013), any fund, cheque, draft or bill of exchange, except those of Govt., Minor and Court, payable at any branch of any bank company in Bangladesh, if not transacted or communicated or inquired for a period of ten years or more, shall be regarded as unclaimed deposit and valuables. Hence banks are directed to issue a-three-month acknowledgement notice to the latest address of the owner or anyone on behalf of the owner by registered mail. If not acknowledged or responded within next three months of the notice, those funds and valuables shall be treated as Public Funds and the same are required to be transferred to Bangladesh Bank. |
| September 2018 | <ul style="list-style-type: none"> ● Bangladesh Bank has formulated "Integrity Award Guidelines for Financial Institutions" to encourage and recognize the officials and staff of financial institutions along with Govt. bodies in practicing integrity in service. As per the guidelines, a maximum of two officials or staffs from two different categories can be nominated each year for the award. |
| October 2018 | <ul style="list-style-type: none"> ● Each scheduled bank shall prepare a comprehensive risk management guideline following the latest Risk Management Guidelines issued by Bangladesh Bank and the same needs to be approved by the respective bank's board and submit a copy to the Department of Off-site Supervision (DOS) of Bangladesh Bank. Each |

- scheduled bank shall review the guideline at least once a year for adapting the changing environment. Besides, each bank shall reconstruct its risk management organogram and appoint a Chief Risk Officer (CRO) as head of Risk Management Department (RMD) following the instructions of the revised risk management guidelines issued by BB.
- October 2018
- Decisions have been taken to provide special financial policy assistance for the agriculture and SME sectors' borrowers affected by the recent Padma river corrosion of some Upazilas of Shariatpur district. Under the assistance, agriculture and SME sectors' borrowers and entrepreneurs who suffered from severe loss, the outstanding loans are allowed to be rescheduled on the basis of banker-customer relationship, even relaxation in down-payment is allowed on some cases along with maximum of 6 months grace period.
- The affected borrowers who have rescheduled their loans are allowed to avail fresh fund without compromised amount.
- It has also been prioritized to access to finance on import substitute crops at 4 percent concessional rate. Simultaneously proper initiatives have to be undertaken by the banks to waive interest to the affected to comply with the ministry of finance. Meanwhile, fresh certificate cases/suits have been discouraged and banker-customer relationship has been encouraged to avoid outstanding loans turn scraped or terminated. Finally, to avoid harassment in getting fresh loans, continued vigilance and development of banker-customer relationship have hereby been suggested.
- October 2018
- Provisioning requirement for the bank guarantees has been modified in accordance with their respective counter-guarantees. Provision requirements (percent of the exposure amount) are NIL, 0.50, 0.75 and 1 for BB rating grade equivalence of the Bank/financial institution/organization providing the counter-guarantee 1, 2, 3 or 4 and others respectively.
- October 2018
- All the scheduled banks have precisely been advised to take due measures to transfer employees including branch manager except those ranking from MD to DMD or equivalence and employed under special purpose or as specialist, in every three year.
- October 2018
- "Credit Risk Grading Manual" has been replaced afresh with circulating "Guidelines on Internal Credit Risk Rating System for Banks".
- December 2018
- As per government decision, after transferring interest of outstanding balance of loans, if necessary entire or part of principal amount provided in Jute Sector to block account, provisions to be given to repay within 10 years including 2 years moratorium benefits to the borrowers considering merit-demerit of each account based on banker-customer relationship. Interest then has to be imposed on those accounts at cost of fund rate. If the borrower fails to repay in 4 consecutive

- installments in a year, the existing provisions shall be terminated and prevailing interest rate and rules shall be reinstated. Once the accounts transferred to block accounts, all subdued suits and claims shall be settled through negotiation.
- December 2018
- Small term agricultural loan can be rescheduled under banker-customer relationship by relaxing down payment condition and to some extent without down payment. After rescheduling fresh small term agricultural loans can be granted to those borrowers without collateral or fresh deposit as well. For rescheduling loans of subdued Certificate suits, those cases have to be either withdrawn or settled through negotiation.
- December 2018
- School banking accounts can be converted to general savings accounts immediately with the consent of the account holder of aged above 18.
- February 2019
- Banks are now allowed to write off the default loans, recovery of which remained suspended for long time and with no chances of recovery in near future that have been hovering in the bad/loss category consecutively for three years or more according to the policy. Besides, lenders do not have to file any law suit with the Artha Rin Adalat (Money Loan Court) to write off a delinquent loan worth Tk 2 lakh. After deducting Interest Suspense from the corresponding loan/investment account, the rest entire outstanding balance would be then maintained as provisions. And no loan/investment can be partially written-off. At the same time, written-off loan/investment cannot be rescheduled or restructured as well.
- February 2019
- Scheduled banks in Bangladesh will have to invest at least 75 percent of the outstanding amount of the offshore financing in the country, in accordance with the policy introduced by the central bank. Foreign entities with presence in Bangladesh and abroad are eligible to borrow foreign currency loans from the Offshore Banking Units (OBUs). Besides, local enterprises located at economic zones, export processing zones, private export processing zones, and hi-tech parks can take loans from the units. OBUs will have to mobilize major funds from external sources and will not be allowed to collect more than 20 percent of their regulatory capital from domestic banking operation.
- March 2019
- A person exceeding 65 years is not allowed to be appointed or posted in the financial institutions. But in case of special necessity, a person exceeding 65 years can be appointed or posted on contractual basis in the post of counselor and adviser. All other financial institutions will follow state-owned commercial banks and financial institutions in formulating policy for retirement age for regular employees.
- March 2019
- Government of the People's Republic of Bangladesh has constituted a Loan fund in Bangladesh Bank to support the RMG factories through medium to long term finance under the "Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments (RMG) Sector Project

(SREUP)" sponsored by AFD (Agence Française de Développement). The loan fund size of the project is EUR 50 million and the total fund size for Technical Assistance (TA) is EUR 14.29 million.

- May 2019
- For any continuous/demand/fixed term loan, a borrower shall be identified as "Good Borrower" if, at the end of September of the respective year, the classification status of the loan of the borrower remains "Unclassified-Standard" during the previous/last four (4) quarters. Additionally, transactions have to be satisfactory as per the sanction/renewal letter in case of continuous loan. For demand loan, it has to be adjusted during the period retaining the "UnclassifiedStandard" status. And when it comes to fixed term loan, all 12 installments in a year against their term-loans have to be repaid accordingly within the stipulated timeframe. If the aforementioned criteria are met, a minimum 10 percent rebate facility has to be offered to those good borrowers against their payment of interest/profit that banks realize after every year (from the month of October of previous year to September of current year) at the end of September. The same facility will have to be offered in the subsequent years if they maintain their status as good borrowers. Banks are also guided to take initiative to publish a brief sketch of the business-success including photographs of the best 10 good borrowers of the bank in the annual report.
- May 2019
- Bangladesh Bank has decided to provide Agricultural loan facility to the farmers affected by recent cyclone and subsequent tidal bore caused by Fani. To facilitate the decision, banks are guided to strengthen and intensify disbursement of agricultural loan activities to the affected areas. They are also instructed to suspend and delay loan recovery from the affected farmers for one year, relax down payment condition for rescheduling previous loan and disburse fresh loan without harassment within shortest possible time.
- May 2019
- Transaction limit through Mobile Financial Services (MFS) has been revised. From now on, a maximum of BDT 30,000 can be deposited (Cash-in) into an MFS account in a day. The monthly transaction ceiling has been fixed to BDT 2 lakh. An individual can now deposit money into his/her account five times a day. In a month, he/she can deposit 25 times. The daily withdrawal limit (Cash-out) is determined to BDT 25,000 and monthly ceiling to BDT 1.50 lakh. A person can withdraw money from an account maximum five times a day, twenty times a month. For account-to-account transfers (P2P), the ceiling has been raised to BDT 25,000 daily and to BDT 75,000 monthly. A person can maintain maximum BDT 3 lakh in his mobile account. However, the ceiling is not applicable to other mobile banking services like- P2B, B2P, G2P, B2B, merchant payment, online and e-commerce payments.

- May 2019
- The fund received under Annual Development Program (ADP) from Government, own fund of government or semi-government institutions, autonomous and semi-autonomous bodies' are allowed to be deposited in the Special Notice Deposit, Savings account or Fixed Deposit account in any scheduled bank or government approved 14 NBFIs in Bangladesh at maximum 6 percent interest rate. However, banks failed to bring down the interest rate of loans at 9 percent as promised would not avail this facility.
- June 2019
- Refinance scheme introduced by Bangladesh Bank in 2014 has been enhanced by BDT 100 crore to a consolidated amount of BDT 300 crore and extended by another 5 years. Banks shall avail this fund at Bank rate and, subject to repayment/adjustment of the Interest-principal amount semi-annually at a specific rate, offer loan at maximum 8 percent to the jute mills/jute exporters.

B. Policy Announcements on Monetary Sector Development

- January 2019
- It has been decided to publish cut-off yield in Bangladesh Bank website after converting cut-off yield of re-issued treasury bills and bonds determined by the latest auction through interpolation/extrapolation method to Standard Tenor Yield to facilitate the actual revaluation of government securities. Banks shall calculate their government securities on the basis of Standard Tenor Yield published in Bangladesh Bank website.
- May 2019
- The total investment (solo and consolidated) of scheduled bank in the capital market shall not include the investment in non-listed securities like- Equity Share, Non-convertible Cumulative Preference Share, Non-convertible Bond, Debenture, Open-end Mutual Fund.

C. Policy Announcements on External Sector Development

- July 2018
- Circular on export subsidy against export of intestines, horns and tendons (except bones) of cows and buffaloes, has been amended partially such that certificate from Export Promotion Bureau instead of Bangladesh Omasum Exporters Association will have to be submitted with the application for export subsidy.
- July 2018
- Foreign company, organisation or individual has to ensure to have specific approval/certificate issued by International Tax Wing of NBR for outward remittance enjoying regressive tax at source under double taxation avoidance treaty.
- July 2018
- To encourage deposit in Resident Foreign Currency Deposit (RFCD) Accounts, Authorised Dealers may apply interest on the balances of RFCD Accounts at Eurocurrency Deposit rate.
- July 2018
- To facilitate the transactions, Authorised Dealers may issue bid bonds on behalf of residents favouring foreign organisations or entities inviting tenders for supply of goods/services in Bangladesh or from Bangladesh to foreign countries.

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| July 2018 | <ul style="list-style-type: none"> ● To bring wider scope in foreign investment, it has been decided to allow foreign investment in Alternative Investment Fund (AIF) registered under Bangladesh Securities and Exchange Commission (BSEC) (Alternative Investment) Rules, 2015. In this context, transactions relating to such investments may be made through Non-resident Investor's Taka Account (NITA) and Authorized Dealers shall carry out due diligence with regards to KYC/AML/CFT norms of the transactions. |
| October 2018 | <ul style="list-style-type: none"> ● It has now been decided that ADs are allowed to hold collaterals on behalf of overseas bank branches or correspondents or lenders against external loans as approved by Standing Committee on Non-Concessional Loan (SCNCL) within the purview of the aforementioned regulations. |
| October 2018 | <ul style="list-style-type: none"> ● It has been decided that 'C' type industries are also allowed to access short term foreign currency loans from their subsidiaries/associates operating in the same EPZ/EZ for the same purposes and in the same manner as applicable for Type A and B. |
| October 2018 | <ul style="list-style-type: none"> ● With a view to bringing operational flexibility in forward transactions, it has been decided that forward contracts under the purview of the regulatory instructions may be renewed/rolled over/extended for the new delivery period at the prevailing market rate, provided Authorised Dealers (ADs) are satisfied with documentary evidences that customers are unable to perform the contracts due to changes in the actual requirements or other valid exigencies. In order to widen the scope of forward contracts and to ensure sound management of risks associated with foreign exchange exposure, it has been decided that forward contracts may be executed on outright full settlement or net settlement on non-deliverable basis in conformity with the principle of satisfying bonafide needs of the resident business entities. |
| January 2019 | <ul style="list-style-type: none"> ● To avail export subsidy against export of Polyester Staple Fiber (PSF), it has been directed to submit certificates from Export Promotion Bureau instead of Bangladesh Pet Flakes Manufacturers and Exporters Association with the application form. |
| January 2019 | <ul style="list-style-type: none"> ● As per government decision, export subsidy against the export of Pet Bottle Flakes for the fiscal year 2018-19 shall be 10 percent instead of the existing 5 percent. |
| January 2019 | <ul style="list-style-type: none"> ● Usance period has to be enhanced up to 270 days from 180 days for import of unprocessed yarn for own use by industrial importers producing outputs for only local delivery against back to back LCs. This usance period is useable for imports within the limits of production capacity of the concerned factory as set by the Department of Textiles or up to deliver value realized in foreign currency in last twelve months, whichever is lower. |

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| January 2019 | <ul style="list-style-type: none"> ● ADs may endorse transport documents of title to cargo in favor of importer or other designated parties and deliver the same as per stipulations of export letter of credit/valid sales contract only if full exports proceed is received through normal banking channel before sending export documents to counterpart bank abroad for collection. |
| January 2019 | <ul style="list-style-type: none"> ● Balances held in FC accounts of Type A industrial enterprises of EPZs/EZs may be used for purchase of shares in zone areas or outside zone areas in Bangladesh. ADs receiving funds on account of share purchase shall observe all instructions including issuance of certificate and reporting routine. As such, dividend income out of such investment, and disinvestment proceeds (if any) approved by Bangladesh Bank may also be credited to their FC accounts, subject to compliance with regulations of taxes. |
| January 2019 | <ul style="list-style-type: none"> ● To facilitate import in small value, it has been decided that bullet payment will be permissible for imports amounting to USD 0.50 million or equivalent under supplier'/buyer's credit of goods admissible for usance period beyond 6 months but within one year. |
| January 2019 | <ul style="list-style-type: none"> ● ADs may, on account of Bangladeshi exporters, issue guarantees in favor of competent authorities/agencies in the country of import for the purposes of issuing performance bonds/guarantees in favour of overseas importers on account of Bangladeshi exporters, subject to usual norms, and export performance of the exporter and potential export expectation. |
| January 2019 | <ul style="list-style-type: none"> ● As per S.R.O No-237-Ain/2018/39/Shulka, dated July 17, 2018 regarding import through Land Custom Station formulated by National Board of Revenue, all dealer banks' branches have hereby been advised not to open Letter of Credit for any imported goods other than the importable listed goods approved by NBR through Land Custom Station. |
| March 2019 | <ul style="list-style-type: none"> ● To obtain authorised gold dealer license for importing gold bar and jewellery, both the authorised dealer bank and applicant organisation should have all other licenses/registrations/certificates update as per law of the land. Besides, applicant organisation should have bullion volt including telephone, mobile, e-mail etc. so that reporting to BB can be made easily. Additionally, applicant organisations have to be a resident sole proprietorship or partnership firm or registered limited company. |
| April 2019 | <ul style="list-style-type: none"> ● ADs may issue International Debit/Prepaid/Credit Card in favour of Bangladeshi medical centers accredited by Gulf Health Council (GHC) to pay only the registration fee for medical check-up services of Bangladeshi nationals proceeding abroad for employment in member countries of GHC. Each medical center may avail only one card from any one of the card issuing banks. |

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| May 2019 | <ul style="list-style-type: none"> ● Refinance from Export Development Fund (EDF) will also be admissible to ADs for bulk imports by manufacturer-exporters irrespective of sectors against eligible requirements, based on their export performance over the preceding twelve months or USD 500,000, whichever is lower. |
| May 2019 | <ul style="list-style-type: none"> ● All-in-cost ceiling per annum for usance period against imports under supplier's/buyer's credit is allowed to set at 6 month LIBOR plus 3.50 percent spread (maximum). |
| May 2019 | <ul style="list-style-type: none"> ● Authorised Dealers (ADs) may open and maintain Foreign Currency Account in the name of International Gateway (IGW) Operators having valid operator licence issued by BTRC under the following terms and conditions: <ol style="list-style-type: none"> a. Foreign currency received only from International Carrier for international incoming calls may be credited in the account; b. Balances of these accounts may be used to pay to International Carrier for international outgoing calls and to IGW Operator Switch or other IGW Operators for international incoming calls against invoices; c. Balances of these accounts are freely encashable to taka and d. ADs shall ensure deduction of applicable VAT & Taxes and deposit of the same to the Government Treasury. |
| May 2019 | <ul style="list-style-type: none"> ● Companies resident in Bangladesh are given general approval for extending interest-free Taka working capital loans to foreign owned/controlled companies in Bangladesh. |
| May 2019 | <ul style="list-style-type: none"> ● Usance period has been enhanced up to 360 days from 180 days for import of raw materials in the case of power generating enterprises only. |
| May 2019 | <ul style="list-style-type: none"> ● The validity period of Bangladesh Bank's approval for outward remittance has been extended from 30 days to 45 days. |
| June 2019 | <ul style="list-style-type: none"> ● International cards (debit/credit/prepaid) may be used for online purchase of air/ship tickets for travelling abroad by foreign nationals on e-commerce website accessible through the internet. To facilitate the transactions, ADs may, under merchant arrangement, provide acquiring services to airlines/shipping lines/general sales agent/ travel agents to realize the sales proceeds in foreign currency. |
| June 2019 | <ul style="list-style-type: none"> ● Financing from Green Transformation Fund (GTF) will be admissible to all manufacturer-exporters irrespective of sectors against the import of capital machinery and accessories for implementing specified green/environment-friendly initiatives. |