

# **ANNEXURE**

## Major Policy Announcements: January-March, 2021

<p>BRPD Circular Letter No. 01: January 04, 2021 Enlistment of Insurance companies by Bank</p>	<p>All the scheduled banks operating in Bangladesh are instructed to adhere to the instructions contained the BRPD Circular Letter No. 06 dated 13 March 2021, i.e., taking into account of the credit ratings of the respective insurance companies while accepting insurance policy/cover-note for enlisting private insurance companies.</p>										
<p>BRPD Circular No. 03: January 31, 2021 Loan Classification</p>	<p>The deferral benefit of the classification of all categories of loans and investments which was provided from January/ 2020 to December/ 2020, owing to the adverse economic impacts caused by the COVID-19 pandemic shall no longer be extended from 1 January 2021.</p> <p>To facilitate the payment of the installments of the loans and investments, only 50 percent tenure of the remaining term of the existing unclassified term loans/investments on 1 January 2021 has been allowed to extend on the basis of banker-customer relationship considering adverse impact of COVID-19 pandemic and payable outstanding of the loans/investment of the borrower. However, the said extension cannot be more than 2 years.</p>										
<p>BRPD Circular Letter No. 14 Date: February 23, 2021 Guidelines on Internal Credit Risk Rating System</p>	<p>Scheduled banks operating in Bangladesh have been allowed to consider any of the audited financial statements of 2020 and 2019 to prepare the Credit Risk Rating of the investors to contain the adverse impacts of COVID-19 within tolerable levels. Therefore, the Internal Credit Risk Rating Scores have been substituted as the following:</p> <p><b>1.8 Internal Credit Risk Rating Scores</b></p> <p>The ICRR consists of 4-notched rating system covering the Quantitative and Qualitative parameters. The ratings and scores are mentioned below:</p> <table border="1" data-bbox="690 1263 1141 1446"> <thead> <tr> <th>Rating</th> <th>Scores Aggregate</th> </tr> </thead> <tbody> <tr> <td>Excellent</td> <td>≥75%</td> </tr> <tr> <td>Good</td> <td>≥65% to &lt;75%</td> </tr> <tr> <td>Marginal</td> <td>≥55% to &lt;65%</td> </tr> <tr> <td>Unacceptable</td> <td>&lt;55%</td> </tr> </tbody> </table> <p><b>1.10 Management Action Triggers</b></p> <p>d) In deriving ICRR, whatever score a borrower gets in the qualitative part, if the score in the quantitative part is less than 45%, the borrower's ICRR shall be "Unacceptable".</p>	Rating	Scores Aggregate	Excellent	≥75%	Good	≥65% to <75%	Marginal	≥55% to <65%	Unacceptable	<55%
Rating	Scores Aggregate										
Excellent	≥75%										
Good	≥65% to <75%										
Marginal	≥55% to <65%										
Unacceptable	<55%										
<p>BRPD Circular No. 05 March 24, 2021 Loan Classification</p>	<p>The imposed/levied interests, if unrealized/unpaid, on continuous loan(s)/investment(s) from 01 January 2020 to 31 December 2020, the tenure of which already expired and was not renewed by the bank under existing policy have been allowed to be paid in 6 (six) equal quarterly installments from March/2021 to June/2022. Such loan(s)/investment(s) shall not be deemed as classified until 30 June 2022, if regular installments from March/2021 to June/2022 along with the unpaid interest of 2020 are cleared.</p> <p>Demand or demand natured loan(s)/investment(s) have been permitted to be paid in 8 (eight) equal quarterly installments</p>										

	<p>from March/2021 to June/2022. If the installments are paid on a quarterly basis, those loans/investments are not allowed to be declassified.</p> <p>However, if the installment of any quarter is not paid as per aforementioned criteria, such provision on loans/ investments shall remain revoked from that quarter and those loans/investments shall have to be classified as per proper norms.</p>
<p>DFIM Circular No. 01 Date: February 24, 2021 Regarding Dividend Declaration by Financial Institutions.</p>	<p>Financial institutions which are enjoying deferral facilities from the Bangladesh Bank to adjust deficit without maintaining required provisions/ conservable resource shall not declare any form of cash dividend prior to maintaining entire provisions/ resource conservation. They are, however, allowed to declare 5 percent stock dividend upon approval of the Bangladesh Bank.</p> <p>For those of which the rate of classified loans is above 10 percent shall not announce any form of dividend without prior approval of the Bangladesh Bank.</p> <p>For those of which the CAR% (Capital Adequacy Ratio) is below 10 percent and the rate of classified loans is above 10 percent shall be barred from the declaration of any form of dividend.</p> <p>The rate of cash dividend of the financial institutions shall have to be limited to 15 percent considering the overall situation [Through DFIM Circular Letter No. 04, dated march 22, 2021, financial institutions are allowed to declare total 30 percent dividend including 15 percent in cash considering the overall situation].</p>
<p>DOS Circular No. 01 Date: February 07, 2021 Dividend Declaration Policy for Banks</p>	<p>After maintaining required provisions and executing all other necessary expenses without deferral facility from the Bangladesh Bank in a calendar year under consideration, banks which shall be able to maintain 15 percent and above capital including 2.5 percent capital conservation buffer against risk-weighted assets are allowed to declare total 30 percent dividend including 15 percent in cash according to their financial capacity [through DOS Circular Letter No. 07, dated march 16, 2021, they are allowed to declare total 35 percent dividend including 17.50 percent in cash]. For banks of which capital shall be between 13.5 percent and less than 15 percent, total 25 percent dividend is allowed to declare including 12.5 percent in cash on approval of Bangladesh Bank. And for banks which shall be capable of maintaining minimum 11.875 percent capital conservation including minimum capital conservation buffer may declare total 15 percent dividend including maximum 7.5 percent in cash on approval of Bangladesh Bank.</p> <p>After maintaining required provisions and executing all other necessary expenses without deferral facility from the Bangladesh Bank in a calendar year under consideration, banks whose capital shall be minimum 12.5% percent and above including minimum capital conservation buffer against</p>

	<p>risk-weighted assets, total 12 percent dividend is allowed to disburse including 6% percent in cash on approval of Bangladesh Bank. For banks whose capital shall be between 11.875 percent and less than 12.5 per cent, total 10 percent dividend is allowed to disburse including 5% percent in cash on approval of Bangladesh Bank. And for banks whose capital shall be between 11.875 percent and 10.625% percent, on approval of Bangladesh Bank, they are allowed to announce 5 (five) percent stock dividend.</p>
<p>FE Circular No. 01 January 04, 2021 Remittance against current account transactions</p>	<p>Authorized Dealers (ADs) have been permitted to remit admissible expenses up to 1(one) percent of annual sales as declared in the previous year's income tax return of the concerned remitter-companies or USD 100,000 whichever is higher.</p>
<p>FE Circular No. 02 January 07, 2021 Transfer of remunerations to Foreign Currency (FC) accounts maintained by foreign nationals employed in Bangladesh</p>	<p>Authorized Dealers (ADs) have been allowed to, at the request of their clients (employers) from their Taka account, transfer up to 75 percent of net monthly income of the expatriate employees by converting Taka in equivalent foreign currency to FC accounts of the employees.</p>
<p>FE Circular No. 03 January 14, 2021 Advance payments against imports under buyer's credit.</p>	<p>Advance payments against permissible imports have been allowed to be executed directly by external financiers and/or offshore banking operations of scheduled banks, subject to repayment guarantees irrespective of amount acceptable to ADs received from banks abroad and compliance of other relevant instructions including reporting routine on IMP formalities, inter alia, to Bangladesh Bank. In this context, ADs shall observe extended due diligence with regard to the transactions including KYC and AML/CFT standards. ADs shall also satisfy themselves regarding the enforceability of repayment guarantees.</p>
<p>FEPD Circular Letter No. 01 January 21, 2021 Endorsement of foreign exchange on passports</p>	<p>Endorsement on passports is applicable against release of foreign exchange either in cash or in non-cash form like international cards, etc. or both out of eligible entitlements of travels. The endorsement is equally applicable for release of foreign exchange in cash irrespective of entitlements/sources to persons other than those holding foreign passports. However, foreign exchange can be released without endorsement on passports in non-cash form like international cards, etc. out of balances held in private foreign currency accounts and resident foreign currency deposit accounts of concerned account-holders. As usual, ADs shall comply with threshold limit in case of release of foreign exchange in USD notes and official visits shall remain out of the purview of endorsement.</p>
<p>FEPD Circular No. 05 January 27, 2021 Enhancement of loan limit from Export Development Fund (EDF).</p>	<p>The enhanced limit of USD 30.00 million from Export Development Fund (EDF) has been allowed to continue for disbursements until June 30, 2021, to member mills of BGMEA and BTMA.</p>

FE Circular No. 06  
Date: February 10, 2021  
Repatriation facilities by MFSPs to  
ITES exporters

Mobile Financial Service Providers (MFSPs) licensed by Bangladesh Bank have been allowed to repatriate export proceeds in association with internationally recognized OPGSPs/digital wallets and/or aggregators having operation in multiple countries (hereinafter referred to as foreign payment service providers, PSPs).

In accordance with above decision, MFSPs shall -

(a) have standing arrangements with foreign PSPs.

(b) maintain settlement accounts in equivalent Taka with ADs, under agreements for this particular purpose, through whom repatriation of export proceeds shall be channeled by foreign PSPs.

(c) make fund available to digital wallets of eligible exporters upon credit of the fund in settlement accounts.

(d) maintain electronic records of transactions in details and make available to Bangladesh Bank as and when required.

ADs shall observe, in connection with operation of the transactions, the following instructions:

(a) ADs shall transfer the fund, on receipt in their nostro accounts, to settlement accounts in equivalent Taka of MFSPs. While executing the transfer, ADs shall comply with deduction and payment of taxes, if applicable.

(b) As an alternative to (a) above, ADs may maintain accounts in the name of foreign PSPs at their desire in foreign currency/Taka as per foreign exchange regulations (cf. paragraph 1(i), chapter 13 and paragraph 8(b), chapter 14 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1) to facilitate the said transfer by debit the accounts. Overdraft facilities may be allowed for the accounts so maintained provided that ADs shall have payment guarantees, from banks acceptable to them, for the adequate amounts based on the transaction flows.

(c) ADs may maintain ERQ accounts in the name of ITES exporters to be arranged in association with MFSPs up to the extent of permissible limit from repatriated proceeds. In this case, ADs shall make fund available to ERQ accounts as per standing arrangement in foreign currency before transfer of the fund to settlement accounts of MFSPs.

MFSPs entering into arrangements with foreign PSPs shall intimate through their designated ADs to Payment Systems Department and Foreign Exchange Policy Department at Bangladesh Bank head office with necessary details. They shall observe admissible procedures to execute transactions in accordance with regulatory instructions issued by Bangladesh Bank from time to time.

Due diligence in respect of the transactions needs to be observed regarding foreign exchange/payment systems regulations, KYC and AML/CFT standards and relevant laws/regulations in force. As usual, ADs shall observe usual reporting routine to Bangladesh Bank with specification of purposes.

<p>FE Circular No. 07 Date: February 10, 2021 Purchase of foreign currency from digital wallets of incoming tourists/passengers</p>	<p>Authorized Dealers (ADs) have been allowed to provide acquiring services to facilitate their transactions while visiting Bangladesh. With regards to arrangement of counterparties abroad for the settlement of payment against transactions to be captured from digital wallets, ADs shall observe the following instructions:</p> <p>(a) ADs shall have standing arrangements with internationally recognized digital wallet service providers/ Online Payment Gateway Service Providers (OPGSPs) and/ or aggregators having operation in multiple countries (hereinafter referred to as foreign payment service providers, PSPs)</p> <p>(b) Under the arrangement with foreign PSPs, ADs shall maintain foreign currency accounts or Taka accounts in terms of paragraph 1(i), chapter 13 and paragraph 8(b), chapter 14 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1.</p> <p>(c) ADs shall realize payments by debit the accounts maintained as per (b) above and arrange transaction facilities to incoming tourists/passengers for which ADs shall have adequate technological supports.</p> <p>(d) Overdraft facilities will be allowed for the accounts so maintained in Bangladesh provided that ADs shall have payment guarantees, from banks acceptable to them, for the adequate amounts based on the transaction flows.</p> <p>In accordance with the above arrangement, ADs shall purchase foreign currency from wallets of incoming tourists/passengers by (i) making payments in equivalent Taka in cash and/or (ii) issuance of one time prepaid cards in Taka during their stay in Bangladesh. In addition, ADs shall arrange local transactions through POS under merchant arrangements with concerned vendors. Reconversion facility in terms of paragraph 9, chapter 12 of GFET can be made through credit to the respective accounts of foreign PSPs so maintained.</p> <p>ADs shall exercise due diligence in respect of the transactions with foreign PSPs and comply with the foreign exchange regulations, AML/CFT regulations and relevant laws/regulations in force.</p> <p>As usual, ADs shall observe reporting routine to Bangladesh Bank. In this context, debit to accounts maintained as per 2(b) above shall be treated as inward remittance on account of travel related receipts and vice versa.</p>
<p>FE Circular Letter No. 02 Date: 24 February, 2021 Financing facilities from stimulus packages to industries operating in EPZs/EZs/HTPs.</p>	<p>Industries operating in different zones are eligible to access to finance in Taka from stimulus packages as per BRPD Circular Letter No. 50 of October 01, 2020 and 53 of October 29, 2020. This is to clarify that these circular letters shall be considered to have been issued in terms of Section 18(2) of the Foreign Exchange Regulation Act, 1947 (amended up to 2015). Hence, Type A and Type B industries operating in different zones may access to finance in Taka</p>

	from concerned stimulus packages. Likewise, Type C industries will be eligible for financing in Taka from stimulus packages as admissible to such industries outside zone areas.
FEPD Circular No. 08 March 14, 2021 Relaxation of foreign exchange regulations for trade transactions - extended facilities	Given the ongoing situation due to COVID-19, it has been decided to continue the policy supports for the following counts: (a) As per FE Circular No. 49 of November 18, 2020, time for repatriation of export proceeds is extendable to 210 days instead of 120 days from the date of shipment, with validity up to March 31, 2021. Now the facility shall be extended up to June 30, 2021. (b) As per FE Circular No. 30 of July 23, 2020, back to back LCs opened under supplier's/buyer's credit are extendable to additional 180 days within permissible rate of interest. The facility remains valid up to March 31, 2021 which shall be extended up to June 30, 2021. (c) As per FE Circular No. 30 of July 23, 2020, loan from Export Development Fund (EDF) is extendable to additional 180 days instead of 90 days for the period up to March 31, 2021. Now the facility shall be extended up to June 30, 2021. (d) As per FE Circular No. 44 of October 06, 2020, refinancing from EDF up to 180 days is allowable to settle import payments against back to back LCs established under supplier's/buyer's credit. The facility remains valid up to March 31, 2021 which shall be extended up to June 30, 2021.
FEPD Circular No. 09 March 22, 2021 Export Development Fund (EDF) to Type B industries in Export Processing Zones	EDF loan will be admissible against back to back import LCs for input procurements by Type B industries in EPZs producing readymade garment for export.
FEPD Circular No. 10 March 22, 2021 Import of Empty LPG Cylinder on deferred payment basis	Usance period upto 360 days has been allowed for import of empty LPG cylinder by industrial units for their own use.
FEPD Circular No. 12 March 24, 2021 Relaxation of foreign exchange regulations for trade transactions - extended facilities	Given the ongoing situation due to COVID-19, it has been decided to continue the policy supports till June 30, 2021 for the following counts: (a) Advance payment up to USD 500,000.00 or equivalent for import of coronavirus related life-saving drugs, medical kits/equipment and other essential medical items as per FE Circular No. 15 of March 23, 2020; (b) Usance period up to 360 days instead of 180 days for input imports by industrial importers as per paragraph 33(a)(ii), chapter 7 of the Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol-1 and FE Circular No. 16 of March 23, 2020 depending on the actual needs of the concerned clients; and (c) Usance periods up to 360 days instead of 180 days against imports of agricultural implements and chemical

	<p>fertilizers admissible under paragraph 33(a)(iv), chapter 7 of GFET and Circular Letter No. 18 of April 26, 2020.</p> <p>For allowable additional time in settlement of import payments, separate permission to extend the validity of LCAF, in case of exceeding the stipulated period, will not be required.</p>
<p>PSD Circular No. 02 March 07, 2021 Regarding commercial advertisement in different Print/Electronic/Social Media.</p>	<p>All the Managing Directors/Chief Executive Officers of Mobile Financial Service (MFS) provider Banks and subsidiary institutions, Payment Service Provider (PSP) and payment Systems Operator (PSO) institutions have been asked to refrain from using satirical and aggressive words or running offensive propaganda against one another while launching commercial campaigns and advertisement regarding public relations in various Print/ Electronic/ Social media. They have also been directed to follow provisions of “National Broadcast Policy-2014” while conducting such campaigns.</p>
<p>SFD Circular Letter No. 01 February 03, 2020 Refinance Scheme for Green Products/Initiatives/Projects.</p>	<p>All the scheduled banks and financial institutions operating in Bangladesh have been advised to submit project related documents and information while applying for refinance facility against Green Products/ Initiatives/ Projects.</p>
<p>SMESPD Circular No. 03 February 01, 2020 Credit Guarantee Scheme for Cottage, Micro and Small Enterprises</p>	<p>Credit Guarantee Scheme shall be admissible for both Working Capital loans and Term Loan/Investment to Cottage, Micro and Small Enterprises. Participating banks and financial institutions are required applying for the guarantee registration within 15 days of every month.</p>
<p>SMESPD Circular No. 04 March 29, 2021 Establishment of Refinance Fund titled 'Start-up Fund' amounting BDT500 (Five Hundred) Crore by Bangladesh Bank &amp; Establishment of 'Start-up Fund' by Scheduled Banks from their own fund.</p>	<p>In order to promote new entrepreneurs and encourage self-employment opportunities, following two start-up funds have been formed:</p> <ol style="list-style-type: none"> <li>“Start-up Fund” by Bangladesh Bank worth BDT 500 (Five hundred) crore refinance fund</li> <li>Own “Start-up Fund” by the scheduled banks by setting aside 1% fund from their yearly operating profit.</li> </ol> <p><b>Policy regarding “Start-up” refinance fund proposed by Bangladesh Bank:</b></p> <p>The amount of the refinance fund is BDT 500 (Five hundred) crore with a tenure of 5 (five) years which is revolving in nature. To avail of the loan/investment, the initiative of the start-ups, innovations and developments of new products /services /processing/technologies for marketing, must be new and creative and their age shall have to be minimum 21 years and maximum 45 years while submitting proposal. The tenure of the loan at the customer level is maximum 5 (five) years with maximum 1 (one) year grace period which may be repaid quarterly/half-yearly installments. Bangladesh Bank shall charge 0.50% interest/profit on refinance at bank level and shall charge additional 2% interest if proven misuse of the fund. The rate of interest at the customer level shall be</p>

	<p>maximum 4% (0.50%+3.50%) simple interest rate annually. The highest ceiling for the loan is BDT 1 (one) crore, to be disbursed at least 3 (three) installments. Personal guarantee or educational certificates may be regarded as collateral for loan. Each bank shall preserve minimum 10 percent of the start-up loan for women entrepreneurs.</p> <p><b>Policy regarding forming “Start-up Fund” by the scheduled banks:</b></p> <p>Banks shall preserve 1% fund from their yearly operating profit each year from 2021 to subsequent 5 (five) years for the start-ups assuming 2020 as base year. They shall formulate separate policy to this end compatible with BB policy and shall have to be approved by their respective board of directors. The rate of interest for such loan shall be maximum 4% simple interest at individual level. Each bank shall preserve minimum 10 percent of the start-up loan for women entrepreneurs.</p>
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