

PARTICIPATION AGREEMENT

Between

**BANGLADESH BANK
(Central Bank of Bangladesh)**

And

[Name of the Bank/Financial Institution in Bangladesh]

As participant in the

Refinance Scheme for Environment Friendly Products/Projects/Initiatives

PARTICIPATION AGREEMENT

PARTIES

This Participation Agreement (hereinafter also referred to as “Participation Agreement” or ‘Agreement’) is signed on the day of, 20.....

Between

Bangladesh Bank (hereinafter also called as ‘BB’), established by the Bangladesh Bank Order, 1972 (President’s Order No.127 of 1972) having its Head Office at Motijheel C/A, Dhaka, Bangladesh represented by the **Sustainable Finance Department (hereinafter also called as ‘SFD’)**.

And

[Name of the Bank/Financial Institution] (hereinafter also called as “Participating Financial Institution” or ‘PFI’), duly established under the Companies Act 1994 and carrying on its business under the Bank Company Act 1991 (**Amended up-to 2023**)/ Financial Institutions Act 1993 (Amended up-to 2003), having license from Bangladesh Bank under BB License No..... dated, as participant in the **Refinance Scheme for Environment Friendly Products/Projects/Initiatives**.

PREAMBLE

Whereas, (A) BB introduced a refinancing scheme (revolving fund) of Taka 400 (Four Hundred) crore to offer refinance facility against the Bank/Financial Institution’s finance to promote smooth financing in green products/projects/initiatives in Bangladesh.

(B) Ways of offering refinance facilities to the PFIs against their financing in green products/projects/initiatives identified/proclaimed by Bangladesh Bank will be determined based on the terms and conditions set forth in the SFD Circular No.02, dated 30 August 2023 and also as per the circulars/circular letters to be issued in this regard time to time by BB.

(C) It is required for the PFI which is interested in availing refinance facilities under BB’s Refinance Scheme for Environment Friendly Products/Projects/Initiatives to enter into a participation agreement with BB.

(D) The PFI that is willing to avail refinance facilities from the above-mentioned refinance scheme/fund will be determined based on the terms and conditions set forth in the SFD Circular No.02, dated 30 August 2023 and also as per the circulars/circular letters to be issued in this regard time to time by BB and also has to agree to comply with the terms and conditions of this participation agreement.

Now, therefore, the parties hereby agree as follows:

Article-I

Section-1: Definitions and Related Terms.

Unless the context otherwise requires, the terms defined in this section, for the purposes of this agreement and of any agreement supplemental thereto, have the respective meaning herein specified, as follows:

- a) 'BB' means Bangladesh Bank. This is the central bank of the Peoples Republic of Bangladesh established by the Bangladesh Bank Order, 1972 (President's Order No.127 of 1972) for the purpose of carrying out the functions of central banking in Bangladesh, as represented by its Governor.
- b) 'SFD' means Sustainable Finance Department of Bangladesh Bank.
- c) 'PFI' means Participating Financial Institution (Scheduled Bank/Financial Institution) that wishes to participate in the Refinance Scheme for Environment Friendly Products/Projects/Initiatives.
- d) 'Bank' means any scheduled bank operating its business in Bangladesh having banking license from Bangladesh Bank.
- e) 'Financial Institution' means any financial institution operating its business in Bangladesh having license from Bangladesh Bank.
- f) 'Financing' means the lending of PFI to the beneficiary/ultimate borrower under the refinancing scheme.
- g) 'Refinancing' means the funding of BB that will be provided to the PFI against their financing under the Refinance Scheme for Environment Friendly Products/Projects/Initiatives.
- h) 'Beneficiary' means any person/institution that may get loan/investment for green products/projects/initiatives under the refinance scheme.
- i) 'Taka' (hereinafter also called as 'Tk') means the currency of the People's Republic of Bangladesh.
- j) 'Fund' means refinance scheme fund for green products/projects/initiatives.

Article-II

Section-1: Eligibility for availing Refinance Facilities under the Scheme.

- a) Only term loan/investment will be considered for refinance facility under this scheme. Consultancy Costs, Repair/Maintenance Expenses and Working Capital related with the green products/projects/initiatives shall not be considered under the refinance scheme.
- b) The ceiling for refinancing shall be equivalent to the loan/investment disbursed by the PFI or as determined by Bangladesh Bank based on production capacity of the product/project, actual cost, etc.
- c) PFI is not allowed/permitted to extend loan/investment facility in favor of loan/investment defaulted customers according to the provisions of the Bank Company Act/Financial Institution Act as well as existing provisions of the circulars/circular letters issued by Bangladesh Bank. So, application for refinance facility against the loans/investments of defaulted customers will not be considered. PFI will ensure before submission of refinance application to Bangladesh Bank that recent CIB Report of the PFI's client (including allied/sister concerns) is positive or unclassified.
- d) According to this agreement, the PFI will issue a Demand Promissory Note (DP Note) favoring Bangladesh Bank before disbursement of approved refinanced loan/investment to the PFI to ensure repayment of refinanced loan/investment with interest/profit.

- e) “Credit Purchase or Loan/Investment Taken Over” on reasonable ground by the PFI will be considered for refinance facility. But before submission of application for refinance facility against such financing, the PFI has to ensure that the loan/investment is not adversely classified or rescheduled due to adverse classification or not interest/profit waived. The client having history of loan/investment written-off will be disqualified for refinance facility.
- f) Financing in green products/projects/initiatives under “Syndicated Financing” will be considered for refinance facility. Refinancing facility will be provided in favor of Lead Bank/Financial Institution. However, Lead Bank/Financial Institution and other participating Bank/Financial Institution can apply separately. In case of Syndicated Financing, approved refinanced loan/investment amount will be disbursed in favor of the Lead Bank/Financial Institution and quarterly installments of repayment will be realized from its current/principal account maintained with Bangladesh Bank. Lead Bank/Financial Institution will be responsible for distributing refinance facility in pro-rata basis among other member Banks/Financial Institutions under syndication and also to collect installments from the member Banks/Financial Institutions. Lead Bank/Financial Institution will also perform all other responsibilities related with syndicated financing.

Article-III

Section-1: Rate of Interest/Profit under Refinance Scheme for Environment Friendly Products/Projects/Initiatives.

Section-1.1: Rate of Interest/Profit at the PFI End.

Bangladesh Bank will charge and realize interest/profit at 1% on refinanced loan/investment amount disbursed in favor of the PFI against their lending/financing under this scheme. This rate may be changed time to time by BB.

Section-1.2: Rate of Interest/Profit at the Customer/Beneficiary End.

- a) 1% will be considered as base rate in determining the rate of interest/profit at the customer/beneficiary end.
- b) PFI may impose/charge maximum 4% margin in addition to the base rate to determine the rate of interest/profit at the customer/beneficiary end for their direct financing to green products/projects/initiatives.
- c) If the PFI enjoys refinance facility in any green products/projects/initiatives before circulation of SFD Circular No.02, dated 30 August 2023 issued by BB, interest/**profit** rate of those products/projects/initiatives under the scheme will be continued.

Article-IV

Section-1: Application Procedure under Refinance Scheme for Environment Friendly Products/Projects/Initiatives.

- a) In case of the green products/projects/initiatives for which trial runs are required, the PFI will submit refinance application to Bangladesh Bank after completion of trial run of the project against its direct disbursed loan/investment.
- b) PFI will submit refinance application addressed to the Director, Sustainable Finance Department, Bangladesh Bank, Head Office, Dhaka, signed by the MD/CEO or the designated representative, one

level below of the PFI. PFI will provide necessary statement/information in prescribed formats during submission of refinance application.

Article-V

Section-1: Recovery of Refinanced Loan/Investment.

- a) Refinanced loan/investment amount with interest/profit will be repayable by the PFI in quarterly installments basis as per specific repayment schedule to be determined by BB considering the loan/investment disbursement date.
- b) Total loan/investment amount with interest/profit will be repayable by the beneficiary/ultimate borrower within the stipulated time as per the terms and conditions of the refinance scheme.
- c) Quarterly installments of refinanced loan/investment with interest/profit will be deducted in a fixed date from the PFI's "Current/Principal Account" maintained with BB as per specific repayment schedule.
- d) Loan/investment amount with interest/profit will be repayable by the beneficiary/ultimate borrower in quarterly installments basis as per fixed repayment schedule.
- e) If the refinance facility is approved, the remaining loan/investment recovery period at the customer level and the refinanced fund repayment period at the PFI level will be calculated from the date when the refinance is received.
- f) Interest/Profit Rate calculation, allowing grace period, charging Schedule of Charges and realization of Govt. Tax/Duty will be ascertained as per the instructions of SFD Circular No.02, dated 30 August 2023 and also as per the circulars/circular letters to be issued time to time by BB.
- g) If the refinancing facility is adjusted by the concerned borrower before the specified period, the concerned PFI shall inform Bangladesh Bank of the matter to be paid in one time. No additional charges/fees shall be levied at customer level for adjustment of loan/investment prior to maturity.

Article-VI

Section-1: Eligible Green Products/Projects/Initiatives under Refinance Scheme.

Details of eligible green products/projects/initiatives, product features, maximum loan/investment limit, loan/investment coverage area, loan/investment tenor, grace period, eligible criteria to get refinance facility under the refinance scheme and other specified terms and conditions mentioned in the SFD Circular No. 02, dated 30 August 2023 and also as per the circulars/circular letters to be issued time to time by BB will be an integral part of this agreement. PFI must comply with all the terms and condition mentioned in the existing circulars/circular letters under the "Refinance Scheme for Environment Friendly Products/Projects/Initiatives".

Article-VII

Section-1: Proper Utilization of Refinanced Loan/Investment and Other Specified Conditions.

Section-1.1: Proper Utilization of Refinanced Loan/Investment.

- a) PFI will provide/furnish information/statement to BB regarding end-use/proper utilization of the refinanced loan/investment in the prescribed forms and manner asked by BB. Bangladesh Bank will preserve the right to conduct onsite inspection (if required) at any time to verify proper utilization of the refinanced loan/investment.
- b) If the following circumstances arise, the PFI is bound to return the refinanced loan/investment to BB at a time with bank rate as penal interest/profit in addition to Base Rate (1%) and punishment will also be taken against the PFI as per Bangladesh Bank Order 1972, Bank Company Act 1991 or Financial Institution Act 1993:
 - i) If it is found during BB's onsite inspection that the disbursed refinanced loan/investment is not utilized properly.
 - ii) If the PFI does not instantly inform BB about adverse classification of the client's loan/investment account against which refinanced facility is availed from BB.

Section-1.2: Other specified conditions.

- a) PFI should ensure the equity contribution by the entrepreneur for financing under this scheme and the ratio of debt and equity will be determined by the PFI as per the relationship with its customers. But the Debt/Investment-Equity Ratio will be maximum 70:30.
- b) Selection of borrower, loan/investment sanction, taking securities against loan/investment, disbursement, documentation, determination of debt/investment-equity ratio, proper utilization of loan/investment and monitoring will be decided on the basis of existing circulars/circular letters of Bangladesh Bank, own rules/guidelines of the PFI and Bank/Financial Institution-Customer relationship.
- c) Total responsibility regarding loan/investment risks and loan/investment recovery of disbursed loan/investment at the client's end will be vested at the PFI's end. PFI will ensure proper risk management (Credit Risk, Environmental and Social Risk etc.) of refinanced loan/investment.
- d) Repayment of refinanced loan/investment to BB will not be correlated with the recovery of loan/investment from the beneficiaries/ultimate borrowers.
- e) If the disbursed loan/investment account becomes adversely classified at the beneficiary/ultimate borrower's level, the refinance facility will be considered as void. PFI must instantly inform BB about adverse classification of such loan/investment. Bangladesh Bank will recover the outstanding refinanced loan/investment amount with interest/profit at a time.
- f) PFI will ensure duly compliance of required/applicable directions/provisions imposed/circulated by the Department of Environment, Bangladesh Fire service and Civil Defense Authority, Sustainable and Renewable Energy Development Authority (SREDA) and other regulatory bodies at regular interval during project implementation or before loan/investment disbursement.
- g) Bangladesh Bank will take appropriate/necessary steps according to the laws and regulations, if the PFI does not provide necessary information/statement sought by Bangladesh Bank regarding refinanced loan/investment within due time.

h) The refinance facility under the scheme will be continued up-to the availability of the fund until further instruction.

i) Bangladesh Bank preserves the right to change/amend or any addition/deletion regarding the products/products' features and also terms and conditions of the refinance scheme/fund. Circulars/Circular Letters to be issued time to time by Bangladesh Bank regarding such amendment will be integral part of this agreement.

IN WITNESS WHEREOF, the [*Name of the PFI*] has caused this agreement to be executed in its name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, and Bangladesh Bank as the administrator of the fund, has caused this agreement to be executed, all as of the date first above written.

BANGLADESH BANK

[BB SEAL]

[Signature]

Director
Sustainable Finance Department

[SEAL]

[*Name of the PFI*]

[Signature]

[PFI SEAL]

[Name of the authorized PFI representative]

[SEAL]

WITNESS:

1. [Signature]

[Name and designation of witness from BB]

[SEAL]

2. [Signature]

[Name and designation of witness from PFI]

[SEAL]