

Foreign Exchange Policy Department-2
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FEPD-2 Circular No. 02

Date: March 15, 2026

All Authorized Dealers in
Foreign Exchange in Bangladesh

**Access to finance from domestic sources against
overseas Bank Guarantees (BGs)/Standby Letters of Credit (SBLCs)**

Dear Sirs,

Pursuant to Section 18(2) of the Foreign Exchange Regulation Act, 1947, Bangladesh Bank has accorded general authorization to banks and finance companies licensed by Bangladesh Bank as well as resident individuals and institutions, to extend Taka loans to foreign-owned or foreign-controlled companies. Detailed instructions in this regard are outlined in paragraphs 4(2) and 4(3) of FE Circular No. 34 dated September 02, 2025. However, paragraph 3 & 6(1) of the said circular restricts lending against overseas guarantees or collateral located outside Bangladesh.

02. To facilitate financing activities and enhance access to domestic credit, it has now been decided that banks and finance companies may extend admissible Taka finance against overseas BGs or SBLCs to resident companies, irrespective of ownership or controlling status. Such financing shall be subject to compliance with applicable credit norms, prudential parameters, and the following conditions:

(a) Overseas BGs or SBLCs shall be unconditional, irrevocable, and payable on first demand, and shall be issued by a non-resident bank or institution having a satisfactory credit rating from a recognized international credit rating agency, with such rating being at least equivalent to 'BB Rating Grade 1–2' as per BRPD Circular No. 16 (Annex-2) dated October 30, 2018 and acceptable to the lending banks and finance companies in accordance with their internal credit policies, risk appetite frameworks, and country risk assessment standards;

(b) No fees, commissions, charges, or economic benefits of any kind shall be payable by the resident borrower, directly or indirectly, in respect of such overseas BGs or SBLCs;

(c) Lending banks and finance companies shall ensure that the governing law, dispute resolution mechanism, and enforceability of the overseas BGs or SBLCs are clearly established and legally vetted prior to credit disbursement;

(d) Bangladesh Bank shall be informed immediately in the event of liquidation or invocation of the overseas BGs or SBLCs due to payment default by borrowers;

(e) The lending banks/finance companies shall satisfy themselves about the financial soundness, repayment capacity, and overall creditworthiness of the borrowing entity based on audited financial statements, cash flow analysis, and other relevant financial indicators; and

(f) The renewed SBLC/BG against the respective Taka loan may be kept under lien. However, in such cases, the concerned institutions must ensure improvement in the borrower's business performance, including growth in turnover, profitability, and cash flow, as well as satisfactory account conduct, as assessed by the respective lending banks or finance companies.

03. Where financing is extended by finance companies, overseas BGs or SBLCs shall be routed through Authorized Dealers and issued in accordance with paragraph 11 of FE Circular No. 34/2025, against back-to-back overseas guarantees or equivalent cash deposits, as applicable.

04. The liquidated value of guarantees, as referred to in paragraph 2(d) above, shall be reported as equity investment in accordance with chapter 9 of the Guidelines for Foreign Exchange Transactions–2018, Vol. 1 (GFET), depending on the underlying arrangement between resident borrowers and foreign guarantors. Alternatively, where the underlying arrangements so provide, the amount may be reported as loan proceeds. In such cases, any future repayment by borrowers shall require prior approval from Foreign Exchange Policy Department-2 of Bangladesh Bank, head office.

05. Banks and finance companies shall maintain proper records relating to such financing arrangements, including guarantee documents, relationship evidence, legal opinions, and utilization of funds, and shall make such records available to Bangladesh Bank upon request for inspection or supervisory review.

All other relevant instructions in this regard shall remain unchanged. Please bring the contents of this circular to the notice of your concerned clientele.

Yours faithfully,



(Monoar Uddin Ahmed)
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