

BANGLADESH GOVERNMENT SECURITIES REPORT FOR FY 2019-20



BANGLADESH BANK

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REPORT FOR FY 2019-20

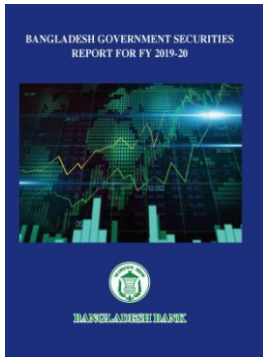


Debt Management Department

Bangladesh Bank

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List of Acronyms

Acronym	Elaboration
ALS	Assured Liquidity Support
AB	Amanat Bima Trust Tahbil
BB	Bangladesh Bank
BB Bills	Bangladesh Bank Bills
BBS	Bangladesh Bureau of Statistics
BDT	Bangladeshi Taka
BGIIB	Bangladesh Government Islamic Investment Bond
BGTB	Bangladesh Government Treasury Bonds
BPID	Business Partner ID
BSEC	Bangladesh Securities and Exchange Commission
CBS	Core Banking System
CB	Corporate Bodies
CB Repo	Central Bank Repo
CDBL	Central Depository Bangladesh Limited
CDMC	Cash and Debt Management Committee
CDMTC	Cash and Debt Management Technical Committee
CSE	Chittagong Stock Exchange
C-Money	Call Money
DMD	Debt Management Department
DSE	Dhaka Stock Exchange
DvP	Delivery versus Payment
FIDP	Financial Institutions Development Project
FnI	Foreign Investors
FRTB	Floating-Rate Treasury Bond
FY	Financial Year
GDP	Gross Domestic Product
GI	General Insurance Companies
GSOM	Government Securities Order Matching Trading Platform
G-Sec	Government Securities
HTM	Held-to-Maturity
HFT	Held-for-Trading
IB Repo	Interbank Repo
IC	Investment Companies
IDRA	Insurance Development and Regulatory Authority
IN	Individual
IPO	Initial Public Offering
ISIN	International Securities Identification Numbers

LI	Life Insurance Companies
LSF	Liquidity Support Facilities
MI Module	Market Infrastructure Module
MF	Mutual Fund
MPD	Monetary Policy Department
MoF	Ministry of Finance
FI	Financial Institution
NBR	National Board of Revenue
NFCA	Non-Resident Foreign Currency Account
NITA	Non-Resident Investors Taka Account
NPD	Non-Primary Dealers
NRI	Non-resident Investors
NSD	National Savings Directorate
OMO	Open market operations
OTC	Over-the-Counter
PCB	Private Commercial Bank
PD	Primary Dealer
PF	Provident Fund
SCB	State-Owned Commercial bank
SD	Statistics Department
SLR	Statutory Liquidity Ratio
T-Bill	Treasury Bill
T-Bond	Treasury Bond
TWS	Trader Work Station
WAR	Weighted Average Rate

Executive Summary

As per the Bangladesh Bank Order-1972, Bangladesh Bank provides the functional and advisory services to the Government of Bangladesh on matters related to the Government's debt management policy and the issuance of various treasury instruments. The Debt Management Department (DMD) of Bangladesh Bank is also responsible for regulating and supervising the primary dealer (PD) system and developing the primary and secondary markets of government securities (G-Sec). Alongside performing the responsibilities mentioned above, DMD has been annually publishing a report detailing the trends and activities concerning G-Sec since 2017. This report is an effort to disseminate information to the investors and the other stakeholders aiming to develop an efficient G-Sec market by offering informational transparency.

Overview of G-Sec Market of Bangladesh

To cover the budgetary deficits, the Government borrows funds from domestic sources by issuing tradable and non-tradable securities. Tradable securities, such as T-bills (14-day, 91-day, 182-day, and 364-day) and T-bonds (2- year, 3-year FRTB, 5-year, 10-year, 15-year, 20-year) are available in the market; whereas, non-tradable securities include Sanchayapatras, Sanchayabonds, and Prize bond. Resident Individuals and institutions, such as banks, NBFIs, insurance companies, corporations, provident funds, pension funds, etc. can purchase and trade T-bills and T-bonds. In contrast, foreign/non-resident individuals and institutions can invest only in T-bonds.

Primary Market Operations

During FY 2019-2020, the net issuance of T-bonds and T-bills was BDT 61,531.25 crore and 18,707.07 crore, respectively. The gross financing through T-bills for the financial year was BDT 145,303.61 crore, which was attributed to the cash management requirement of the government. At the end of June 2020, the level of the treasury auction yield curve (based on the cut-off rate) for T-bills was lower than that of the preceding period. The yields of 2 and 10-year T-bonds were higher than the previous one, whereas the 5, 15, and 20-year ones were lower. The trend of cut-off rates showed that the T-bonds with shorter maturities experienced an upward trend, whereas the higher maturities showed a downward trend in yields compared to the previous year.

G-Sec Outstanding

At the end of FY 2019-20, the total outstanding of the Government's borrowing from the banking sector stood at BDT 279,601.97 crore, which constituted 10.00% of the GDP (compared to 7.86% at the end of June 2019). The total outstanding amount of T-bills was 62,783.52 crore, and T-bonds was 216,818.45 crore. In FY 2019-20, the banking sector was the leading investor category, with 73.79% of the total outstanding of G-Sec. Long-term investors, like insurance companies and provident funds, accounted for 12.39% of the total holding. Bangladesh Bank held almost an identical share (about 12.40%) for its monetary operations.

Secondary Market Trading of G-Sec

During FY 2019-20, the total amount of G-Sec traded on an outright basis in the secondary market (BDT 59,479.32 crore) observed an upward trend compared to the preceding fiscal year. The trading activity of the investors in the secondary market illustrated that PD banks were the dominant traders accounting for 45.28% of buying and 52.30% of selling activities. The non-PD local banks were in the second position, followed by foreign banks. PD banks were net sellers, and

other commercial banks were net buyers. For the first time, the trading activities of FIs and other investors were significant in FY 2019-20, which accounted for 20.43% of selling and 14.98% of buying. The interbank repo transactions, which amounted to BDT 555,564.86 crore in FY 2019-20, a 103.10% increased from FY 2018-19.

Open Market Operation

Repo transaction with BB has been exhibiting an increasing trend since FY 2018-19. The total repo facilities availed by the banks and FIs during FY 2019-20 was 282,201.15 crore, which was around three times higher than the preceding FY. Understandably, the liquidity needs of the banks and FIs increased dramatically during the latter half of FY 2019-20 because of the impact of the ongoing pandemic. As observed over the years, banks and NBFIs continued to manage their liquidity by availing more of the interbank repo and call money facilities. On the other hand, alongside the repo facilities, BB provides assured liquidity support (ALS) to the PDs against G-Sec allotted to them at auctions for up to 60 days at a stretch from the date of issuance.

From time to time, BB conducts reverse repo operations (on an overnight basis) to control the money supply in the economy. The investment of banks in the reverse repo stood at 1,174,795.52 in FY 2015-16. Since then, in the subsequent FYs, no reverse repo facilities were availed by any banks or FI. However, for sterilization purposes and to manage liquidity in the banking system to keep the growth of the reserve money in line with the preferred level, BB has been issuing BB bills over the past few years. BB bills with different maturities of 07, 14, and 30 days are issued for this purpose. However, in 2019-20, this was sparse as BB issued only 150.00 crore of BB bills.

Market Analysis

Amidst the Covid-19 pandemic, the money market in Bangladesh experienced mild liquidity pressure, especially in the latter half of FY 2019-20. Similar borrowing pressure was visible in the interbank repo and call money market as both the call money market and the IB repo market play significant roles in day-to-day liquidity management of the banking sector. The weighted-average interbank repo rate increased by 37 basis points from FY 2018-19 to FY 2019-20, indicating a mild liquidity pressure in the market, especially in the last two quarters of FY 2019-20.

The average yields of T-bills across different maturities were relatively stable during the FY 2019-20; however, the rates increased significantly compared to the previous FY. The average yield on T-bonds observed an upturn in FY 2018-19, which continued during FY 2019-20. The trend of the primary market bid to coverage ratio indicates the liquidity situation in the market. In the first half of FY 2019-20, the ratio was 2.02, whereas, in the latter half, it was at 2.16. On the other hand, the trend in turnover velocity ratio during FY 2019-20 increased significantly (around 132%), indicating a stronger liquidity situation in the secondary G-Sec market.

The scenario of Government Debt

At the end of FY 2019-20, the total outstanding of government borrowing from the banking sector and non-banking sector stood at BDT 279,601.97 and 303,696.23 crore, respectively. In the budget of the FY 2019-20, the Government planned to borrow BDT 82,421.00 crore and BDT 14,924.00 crore from banking and non-banking sources, respectively.

During the period, the Government's actual net borrowing was BDT 80,238.32 crore through T-bills and T-bonds, which was 97.35% of the target. At the end of June 2020, the interest rates of 3-

monthly interest-bearing Sanchayapatra, 5-year Bangladesh Sanchayapatra, Poribar Sanchayapatra, and Pensioner Sanchayapatra were 11.04%, 11.28%, 11.52%, and 11.76%, respectively, whereas, at the same time, the cut-off rates of the T-bonds with 2, 5, 10, 15 and 20 years maturities were 7.80%, 8.05%, 8.66%, 8.70%, and 8.94%, respectively.

Since FY 2014-15, the outstanding domestic debt of the public sector is on an increasing trajectory. A similar trend is visible for the external debt of the public sector. However, in FY 2019-20, the external debt of the public sector increased nominally. The outstanding amount of public debt from the banking sector as a proportion of GDP increased gradually. Conversely, NSD instruments as a percentage of GDP increased significantly over the years, which decreased in FY 2019-20. The trend of external debt to GDP ratio has been topsy-turvy over the years, which declined in FY 2019-20.

Since FY 2018-19, due to the steps taken by the Government and BB, the sale of T-bills and T-bonds increased while the net sale of NSD instruments declined. During FY 2019-20, BB took several steps to broaden the investor-base of T-bills and T-bonds, and consequently, the outstanding of debt using those instruments increased compared to the previous term. The treasury instruments became popular among the general investors in recent times, primarily because of the steps taken by BB and the Government concerning the investors' awareness.

Recent Initiatives in Developing the Bond Market

The "Comprehensive Framework on the Development of the Bond Market in Bangladesh," composed by a committee formed by the DMD to outline the plan for developing the bond market of the country, recommended several actions for different agencies of the government. Accordingly, stakeholders of the bond market (e.g., Bangladesh Bank, Ministry of Finance, NBR, BSEC, and IDRA) have started to implement the recommendations of the framework.

To broaden the investor-base of G-Sec, BB took various initiatives in FY 2019-20. For the awareness of general investors, currently, BB started to advertise the investment process in G-Sec in national daily newspapers. Additionally, to meet the demands of the broadened base of investors, DMD directed banks and FIs to open separate G-Sec trading windows to provide full-fledged cliental services. On the other hand, to combat the effects of the global pandemic of Covid-19, in March 2020, BB offered the banks and financial institutions the opportunity to sell their G-Sec holding (in excess of SLR) to BB. Similarly, for the institutions willing to trade on borrowed funds against their holdings rather than an outright sale, in May 2020, BB offered 360-day term-repo facilities to the banks and FIs.

In December 2019, BB and BSEC took initiatives to facilitate the trading of treasury bills and bonds on the Dhaka Stock Exchange (DSE) platform alongside the existing platform (MI Module) of BB. The relevant departments of BB and DSE are currently working together to make this transition smooth and efficient.

Table-I: Key Indicators of G-Sec

(Taka in Crore)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Outstanding Balance of G-Sec	153,662.69	153,673.38	161,767.56	199,363.65	279,601.97
T-Bills	25,936.29	24,550.76	26,344.94	44,076.45	62,783.52
T-Bonds	127,726.40	129,122.62	135,422.62	155,287.20	216,818.45
Outstanding Balance of NSD Certificate	140,261.63	192,679.09	239,209.39	289,267.88	303,696.23
Outstanding Balance of Public Sector's External Debt (in BDT)	250,927.04	279,696.55	341,350.31	384,604.13	385,985.87
Outstanding as a Percentage of GDP					
G-Sec	8.87	7.78	7.23	7.86	10.00
NSD Certificate	8.09	9.75	10.69	11.41	10.86
Public Sector's External Debt	14.48	14.16	15.25	15.16	13.80
Net Issuance of T-Bills and T-bonds					
T-Bills	(5,493.19)	(1,385.53)	1,794.18	17,731.51	18,707.07
T-Bonds	12,453.34	1,396.22	6,300.00	19,864.58	61,531.25
Outright Transactions in G-Sec					
Secondary Trading	67,513.02	40,058.40	15,334.40	18,309.82	59,479.32
IB Repo	408,160.39	190,605.22	144,862.09	273,547.50	555,564.86
Open Market Operations					
CB Repo and ALS	1,762.24	115.67	572.86	94,587.62	554,779.90
Reverse Repo with BB	1,174,795.52	-	-	-	-
Issuance of BB Bills	324,062.90	1,132,530.90	833,633.20	79,883.00	150.00
The Yield of G-Sec as of 30 June (%)					
91-day T-Bills	4.13	4.09	4.58	7.19	6.50
182-day T-Bills	4.70	4.32	4.59	7.38	6.77
364-day T-Bills	5.29	4.49	4.99	7.39	7.25
02-year T-Bonds	6.09	5.05	4.99	7.55	7.80
05-year T-Bonds	6.60	5.83	6.10	8.10	8.05
10-year T-Bonds	7.29	6.86	7.50	8.44	8.66
15-year T-Bonds	8.00	7.70	8.06	8.90	8.70
20-year T-Bonds	8.50	8.05	8.90	9.29	8.94
Money Market Interest Rates (%)					
Repo Rate	6.75	6.75	6.00	6.00	5.25
Reverse Repo Rate	4.75	4.75	4.75	4.75	4.75
WAR of Call Money	3.70	3.78	3.67	3.90	4.64
WAR of IB Repo	3.66	3.20	3.97	4.68	5.05

Source: SD, DMD, BB; and NSD

Table-II: The G-Sec Market in Bangladesh: Over the Years

Year	Event
1972	Introduction of the issuance of 90-day (3-month) treasury bills (T-Bills) in August on a tap basis
1995	In October, treasury bills started being sold through auction at the market-determined rate
1996	Introduction of 30-day and 180-day treasury bills in February
1997	In March, the auction of 1-year treasury bills was introduced
1998	Issuance of 30-day, 90-day, 180-day, and 1-year bills through weekly auctions
1998	In September, existing T-bills were replaced by newly introduced 28-day, 91-day, 182-day, 364-day
2002	Introduction of Central Bank Repo facility against T-bills
2002	Introduction of IB Repo facility against G-Sec
2003	Issuance of Bangladesh Government Treasury bonds (BGTB) Rules, 2003 in September
2003	Introduction of Primary Dealer (PD) system
2003	Issuance of 5-year and 10-year BGTBs
2006	Introduction of auction calendar for the first time based on a deficit budget
2007	Issuance of 15-year and 20-year BGTBs
2007	Introduction of liquidity Support (LS) to the PDs against government securities (G-Sec)
2007	Introduction of bidding commitments and underwriting obligations on PDs for T-bills and BGTB auctions
2007	Introduction of underwriting commission for the PDs
2008	Suspension of the issuance of the 28-day T-bills
2008	Introduction of mark-to-market requirements under the accounting framework for government securities (G-Sec)
2009	Introduction of automated delivery versus payment (DvP) settlement system
2011	Introduction of the Market Infrastructure (MI) Module for the automation of G-Sec management and operations
2013	Introduction of re-issuance of BGTBs
2013	Issuance of 2-year BGTB
2014	Issuance of the circular directing funded pension provident funds of banks to be invested in G-Sec
2016	Introduction of Government Securities Order Matching Trading Platform (GSOM) in August
2016	Introduction of 14-day T-bills
2017	Started publishing report on G-Sec on an annual basis (from FY 2016-17)
2017	Publication of Bangladesh Compound Rate (BCR) as a reference rate
2018	Introduction of the secondary market yield curve (on a test basis)
2019	Introduction of 3-Year Floating-Rate Treasury Bond (FRTB)
2019	A working committee comprising members of BB, BSEC, and a commercial bank published the 'Comprehensive Framework on the Development of the Bond Market in Bangladesh.'
2020	Strategic decision was taken to enlist G-Sec on DSE's trading platform

Chapter 1

An Overview of the G-Sec Market

Preamble

G-Sec Available in Bangladesh

Investment Process of Tradable G-Sec



Chapter 1

An Overview of the G-Sec Market

1.1. Preamble

For the development of an economy, the debt securities market plays a critical role. This market offers stable opportunities to obtain long-term financing by providing an alternative source of finance while providing a secure source of income to investors. Concerning the fixed-income securities market, in Bangladesh, the government securities (G-Sec) hold the prime position as the corporate bond market is yet to flourish. As we know, borrowing by the Government from the banking and non-banking sector is integral in covering the deficit budget. For that reason, debt financing and its management process are fundamental to our economy. When the government is on a budget deficit, borrowing is done by the issuance of government debt instruments like treasury bills (T-bills), treasury bonds (T-bonds), and Savings Certificates or from external sources.

Previously, until 2003, only the commercial banks were allowed to purchase the treasury securities. Back then, 30-day, 91-day, 180-day, and 1-year T-bills were available in the market. However, despite the tradability of the instruments, secondary trading was not common at that time due to a limited number of buyers and sellers. To deal with this issue, the Ministry of Finance (MoF) and BB took several initiatives to establish an effective secondary market for debt securities under the Financial Institutions Development Project (FIDP) financed by the World Bank Group. Subsequently, financial institutions (FIs) were also allowed to participate in the secondary market of G-sec alongside the banks. Following the recommendations of the project mentioned above, G-Sec trading started through an electronic registration by listing those instruments in the Central Depository of Bangladesh Limited (CDBL) in 2003.

Afterward, BB introduced the Primary Dealer (PD) system in 2003 and appointed eight banks and one FI as PDs for primary issuance and secondary trading of G-sec. Alongside the short-term T-bills, 5-year and 10-year T-bonds were introduced to implement the long-term development plans of the Government of Bangladesh. For this purpose, to address the borrowing need of the deficit budget, in FY 2006-07, the auction calendar was published by the Government for the first time to bring transparency in the market. This phenomenon actually led to avoiding a mismatch between cash and debt management of the Government.

Later, in FY 2007-08, to fulfill the long-term financing needs of the Government, alongside the existing ones, 15-year and 20-year T-bonds were introduced that offered long-term investment avenues to investors like the insurance companies, provident funds, etc. Afterward, BB enhanced the scope of the PD system with incentives and liquidity support against collateralized securities. Following those steps, in 2007, BB introduced bidding commitments and underwriting obligations on the PDs for T-bills and bonds auctions to strengthen their role as market makers. Currently, there are 22 banks performing the role of PDs to bring dynamism in the primary and secondary markets of G-sec.

In 2008, BB introduced the mark-to-market requirements for G-Sec under the accounting framework. Afterward, in 2009, BB took steps to eliminate the settlement risk through the

introduction of an automated Delivery versus Payment (DvP) system. In 2011, BB introduced the Market Infrastructure (MI) Module for the automation of G-Sec that performs as the depository along with offering the transaction and settlement platform for G-Sec in the primary and secondary markets.

1.2. G-Sec Available in Bangladesh

The G-Sec market in Bangladesh consists of both tradable and non-tradable securities. The different types of securities are described below:

1.2.1. Tradable Securities: Among the tradable securities, the Government issues 91-day, 182-day, and 364-day T-Bills and 2, 5, 10, 15, and 20-year T-bonds. In 2019, the first-ever floating-rate note was introduced in the market. The Floating-Rate Treasury Bond (FRTB) is with a maturity of 3 years and is currently being listed in the market. Moreover, for the purpose of short-term cash management, the Government occasionally issues 14-day treasury bills.

1.2.1.1. Treasury Bills: T-bills are zero-coupon money-market instruments of the government, which are risk-free and tradable in the secondary market. T-bills are issued to meet the short-term funding requirements of the Government. T-bills are scripless and issued at a discount with the face value redeemed at maturity.

1.2.1.2. Treasury Bonds: T-bonds are pure-vanilla bonds that carry periodic (half-yearly/quarterly) coupon payments with the redemption of the face value at maturity. These are issued in scripless form and tradable in the secondary market.

1.2.2. Non-tradable Securities: The Government introduced different types of savings instruments that are not allowed to be traded in the secondary market.

1.2.2.1. National Savings Certificates (Sanchayapatra): Sanchayapatras (3-monthly interest-bearing Sanchayapatra, 5-year Bangladesh Sanchayapatra, Poribar Sanchayapatra, and Pensioner Sanchayapatra) and Bangladesh Prizebond are different types of savings certificates.

1.2.2.2. Sanchayabonds: The US Dollar Premium Bond, US Dollar Investment Bond, and Wage Earners Development Bond are Sanchayabonds, which are only available to the non-resident Bangladeshi investors.

1.2.2.3. Special Purpose Treasury Bonds (SPTB): Occasionally, the Government issues Special Purpose Treasury Bonds (SPTB) for special purposes, which are not tradable in the secondary market.

1.2.2.4. Prizebond: Prizebonds are lottery bonds issued by the Government, which are non-interest bearing securities. The eligible investors (any Bangladeshi) can purchase and sell prize bonds at any branch of any bank and post offices in Bangladesh. The lotteries of the Prizebonds are held four times each year.

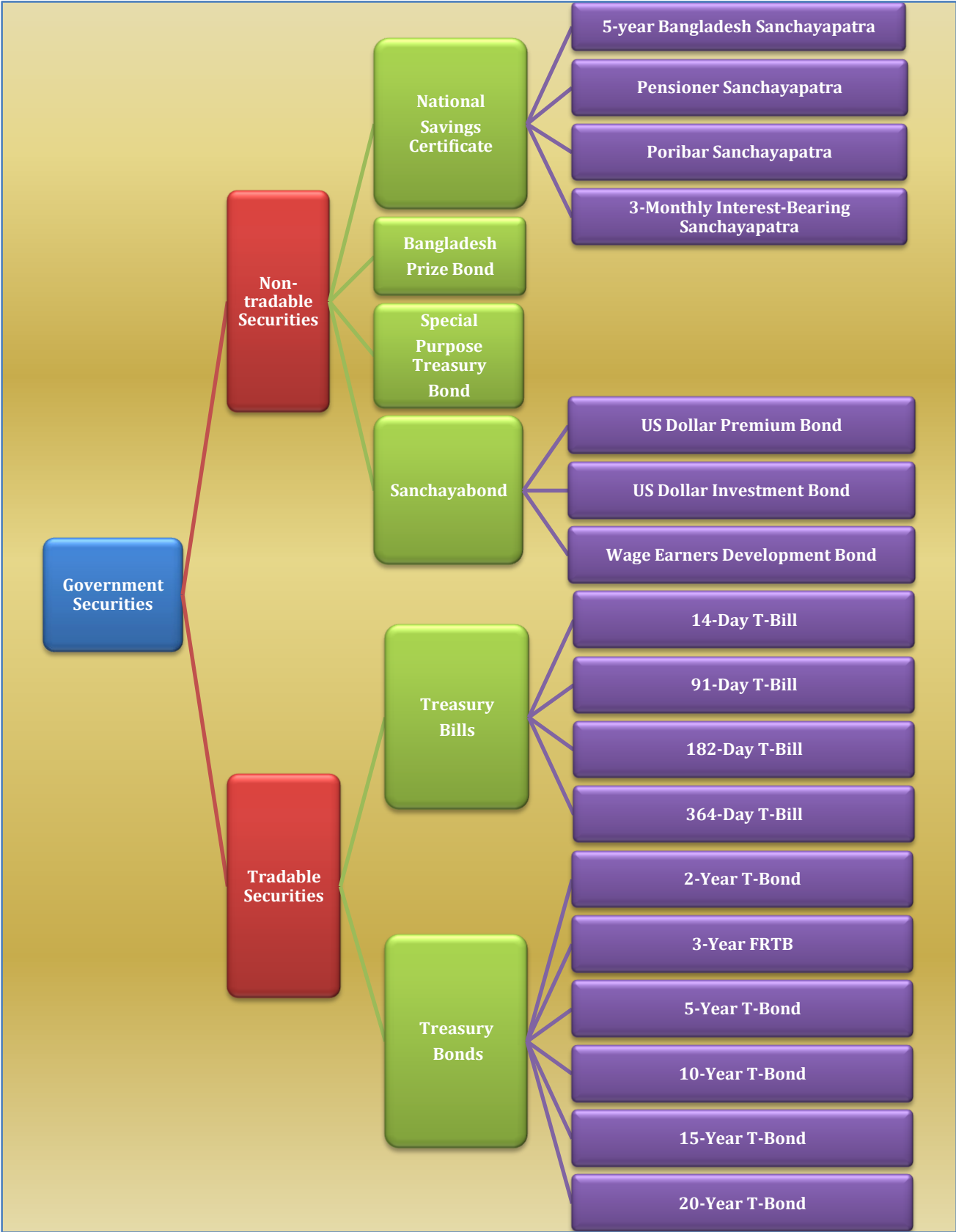


Figure 1: Government Securities in Bangladesh

1.3. Investment Process of Tradable G-Sec

1.3.1. Procedure for Investment and Trading by Resident Investors: Resident Individuals and institutions such as banks, FIs, insurance companies, corporations, provident funds, pension funds, mutual funds, etc. are eligible to purchase the T-bills and bonds from the primary and the secondary market. All investors can also trade G-Sec in the secondary market through the trader work station (TWS) and over-the-counter (OTC) in the MI module. The process of investing in G-Sec is illustrated in the figure below:



Figure 2: Operational Procedure for Investment and Trading by Resident Investors

1.3.2. Procedure for Investment and Trading by Non-Resident Investors: Foreign/non-resident individuals/institutions can purchase T-bonds from the primary and secondary markets through PDs and other banks/FIs in Bangladesh. The purchase value of bonds should be conducted through the investor's fund in a non-resident foreign currency (NRFC) account or non-resident investors taka account (NITA) maintained with any bank in Bangladesh. Coupon payments and resale/redemption proceeds are freely repatriable abroad in foreign currency after

the deduction of applicable taxes. T-bonds purchased by a non-resident may freely be resold at any time (no lock-in period) to any resident or non-resident individual/investor.



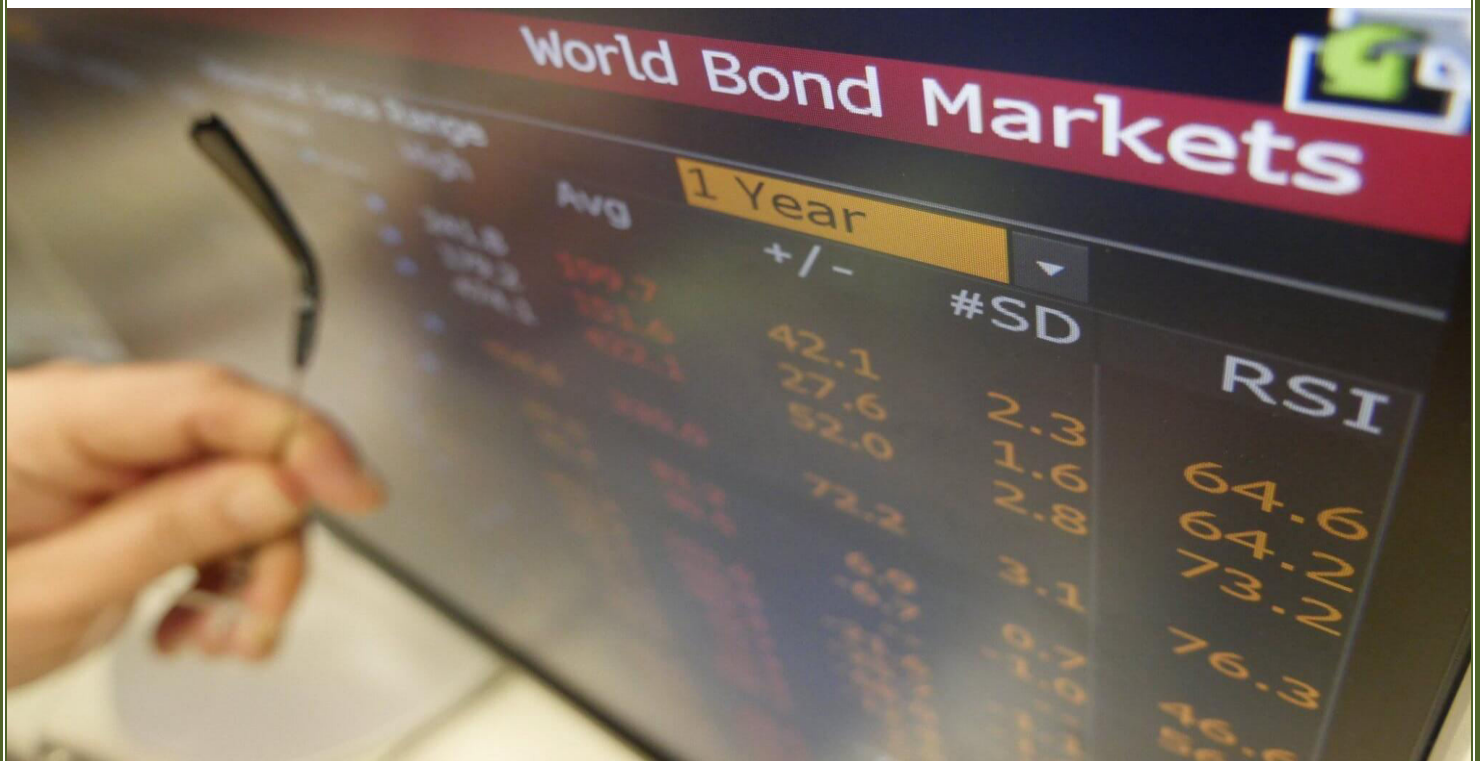
Figure 3: Operational Procedure for Investment and Trading by Non-Resident Investors

NB: Banks and FIs in Bangladesh act as dealers of the G-Sec. For this purpose, operational activities (BP ID opening, sale/purchase through the MI Module, etc.) are done by the banks and FIs.

Chapter 2

Primary Market Operations of G-Sec

Issuance Details
Auction Management
Primary Dealer (PD) System
Net Issuance of T-Bonds and T-Bills
Primary Market Yield Curve



Chapter 2

Primary Market Operations of G-Sec

2.1. Issuance Details

The Debt Management Department (DMD) of BB performs as the debt manager of the Government in consultation with the Ministry of Finance (MoF). These concerning laws, rules, regulations, and notifications empower BB to issue new debt securities and manage public debt on behalf of the Government. The Cash and Debt Management Committee (CDMC), chaired by the Secretary, Finance Division, MoF, is in charge of the efficient management and supervision of the Government's borrowings. The Cash and Debt Management Technical Committee (CDMTC) assists the CDMC for the purpose of cash and debt management.

2.2. Auction Management

BB's responsibility is to conduct auctions of T-bills and T-bonds on behalf of the Government. The auction committee, chaired by a Deputy Governor of BB, determines the cut-off rate or price of the auction of G-Sec. The auction committee holds the right to devolve securities on PD or BB (if required) and accept/reject bids of an auction.

2.2.1. Auction Calendar: Auction calendars are published periodically by BB with the prior approval of the MoF.

2.2.2. Auction Notice: An auction notice is provided as per the auction calendar for the auction of T-bonds, mentioning the auction amount, day, method, etc.

2.2.3. Auction Day: Weekly auctions of T-bills (usually on Sunday) and T-bonds (usually on Tuesday) of a particular tenor are held following a pre-announced auction calendar for a specified amount.

2.2.4. Auction Methods: An auction can either be price-based or yield-based at multiple rates, as determined by BB. In the multiple rate method, successful orders are allotted at the offered rate. The bid amount is BDT 100,000 (one lac) and its multiples.

2.2.5. Conducting Auction: The auctions are conducted for a pre-determined notified amount. PDs can place orders within a prescribed cut-off time, and other members (Banks and FIs) can submit bids through PDs. In contrast, members (PDs and non-PDs) can submit bids on behalf of their clients (resident and non-resident individuals and institutions, such as insurance companies, corporate bodies, provident funds, pension funds, mutual funds, etc.). Allotment of securities is done by crediting respective securities accounts of successful bidders upon receiving confirmation of the transfer of funds.

2.2.6. Devolvement: In case the notified amount is not fully allotted at the cut-off rate determined by the auction committee, the residual amount could be devolved (if required) on Bangladesh Bank and/or primary dealers. The amount devolved on BB, if any, is decided by the auction committee, and the residual amount could be devolved on the PDs based on their underwriting obligations.

2.2.7. Non-competitive Bid: PDs may submit non-competitive bids on behalf of individuals or institutional clients who do not maintain a current account with BB. The maximum accepted amount of non-competitive bids in an auction is determined by BB.

2.2.8. Re-issuance: BB started re-issuance of T-bonds in 2013 to reduce the number of securities in the market and to develop benchmark securities to construct a secondary market yield curve. Re-issuance of an existing instrument is conducted in a way similar to the issuance of new securities through an auction. In case of a re-issuance, understandably, the coupon rate and the dates of coupon payments are the same as the initially issued bond.

2.3. Primary Dealer (PD) system

In 2003, BB introduced the PD system in Bangladesh with a view to bringing efficiency in the G-Sec market. A group of banks was appointed by BB to deal exclusively with the G-Sec. PDs play a crucial role in the primary market while providing essential liquidity in the secondary market as market makers. At present, 22 banks are performing the role of PD (Appendix-1).

2.3.1. Roles and responsibilities of a PD

2.3.1.1. Bidding Commitment: PDs are obliged to participate in all primary auctions of T-bills and T-bonds.

2.3.1.2. Underwriting Obligation: Each PD is required to place a bid(s) at least for an amount equal to its underwriting obligation.

2.3.1.3. Devolvement of Securities: In the event that enough bids are not submitted for the notified amount in the primary auction, or if the auction committee decides to accept a rate that does not cover the corresponding notified amount, the remaining amount could be devolved on PDs.

2.3.1.4. Secondary Obligation: PDs are required to actively participate in the secondary trading of G-Sec. For active market-making, the PDs are directed to quote firm two-way prices and keeping its trading window open throughout each business day. Furthermore, each PD needs to attain a target of BDT 240.00 crore of turnovers on a quarterly basis.

2.3.2. Privileges of a PD

2.3.2.1. Underwriting Commission: A PD is entitled to receive an underwriting commission on the amount of G-Sec underwritten or its obligation (whichever is lower) at rates prescribed by the Government from time to time.

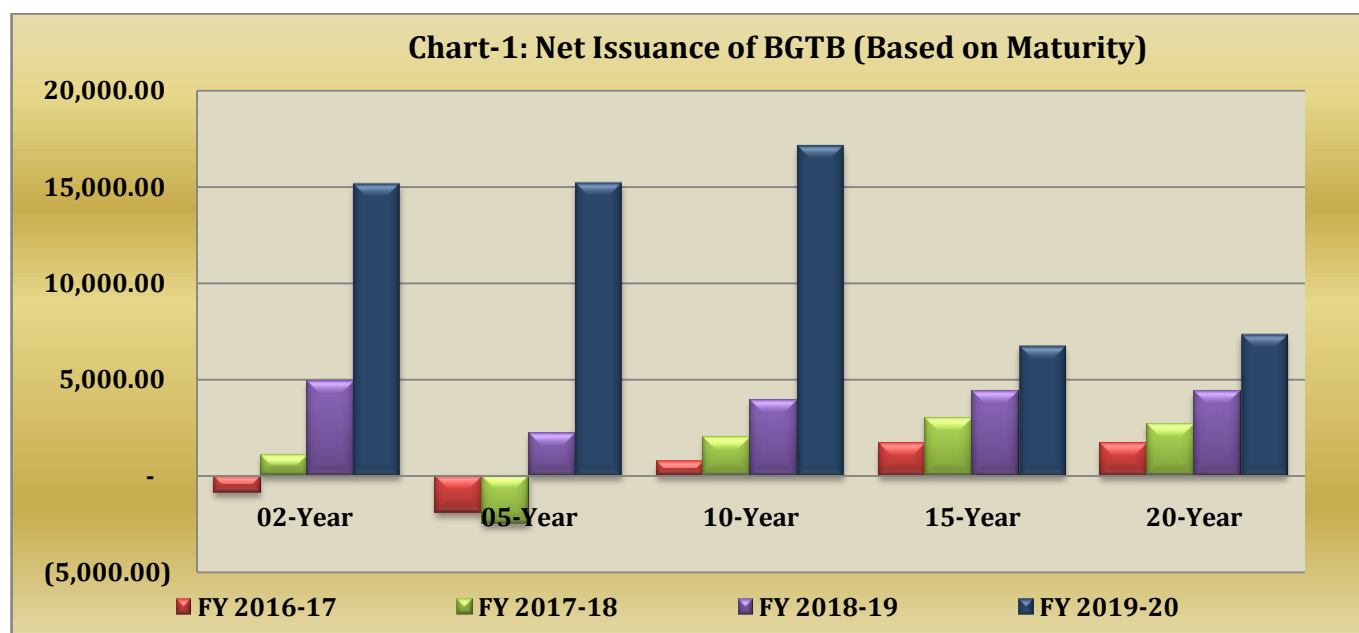
2.3.2.2. Liquidity Support: A PD is assured of receiving liquidity support from BB in the form of repos against the T-Bills and T-Bonds purchased from primary auction up to a specific period.

2.4. Net Issuance of T-Bonds and T-Bills

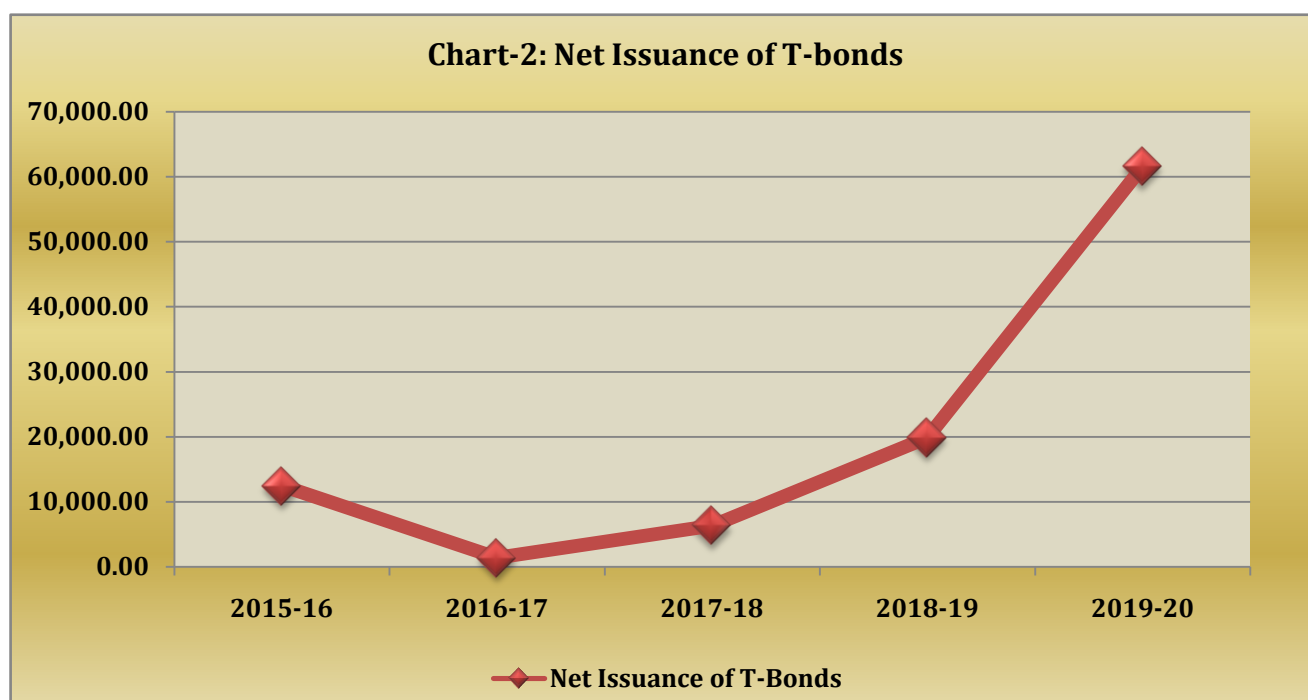
2.4.1. Net Issuance of T-Bonds: In FY 2019-20, the total T-bonds were issued worth BDT 75,600.00 crore while total repayments amounted to BDT 14,068.75 crore. Therefore, in 2019-20, the total net issuance was 61,531.25, which was 209.75% higher than that of the previous fiscal year. The details of issuance of T-bonds are presented below:

(Taka in Crore)							
FY	Issuance	2-year	5-year	10-year	15-year	20-year	Total
2015-16	a) Issue	5,800.00	6,000.00	5,800.00	3,450.00	3,100.00	24,150.00
	b) Repayment	5,700.00	5,250.00	746.66	-	-	11,696.66
	c) Net Issuance (a-b)	100.00	750.00	5,053.34	3,450.00	3,100.00	12,453.34
2016-17	a) Issue	3,150.00	4,250.00	4,300.00	1,700.00	1,700.00	15,100.00
	b) Repayment	4,006.00	6,150.00	3,547.78	-	-	13,703.78
	c) Net Issuance (a-b)	(856.00)	(1,900.00)	752.22	1,700.00	1,700.00	1,396.22
2017-18	a) Issue	6,900.00	5,700.00	6,800.00	3,000.00	2,700.00	25,100.00
	b) Repayment	5,800.00	8,200.00	4,800.00	-	-	18,800.00
	c) Net Issuance (a-b)	1,100.00	(2,500.00)	2,000.00	3,000.00	2,700.00	6,300.00
2018-19	a) Issue	9,800.00	9,400.00	8,475.00	4,400.00	4,400.00	36,475.00
	b) Repayment	4,850.00	7,200.00	4,560.42	-	-	16,610.42
	c) Net Issuance (a-b)	4,950.00	2,200.00	3,914.58	4,400.00	4,400.00	19,864.58
2019-20	a) Issue	21,200.00	20,800.00	19,500.00	6,750.00	7,350.00	75,600.00
	b) Repayment	5,500.00	5,620.00	2,948.75	-	-	14,068.75
	c) Net Issuance (a-b)	15,700.00	15,180.00	16,551.25	6,750.00	7,350.00	61,531.25

Source: DMD, BB.



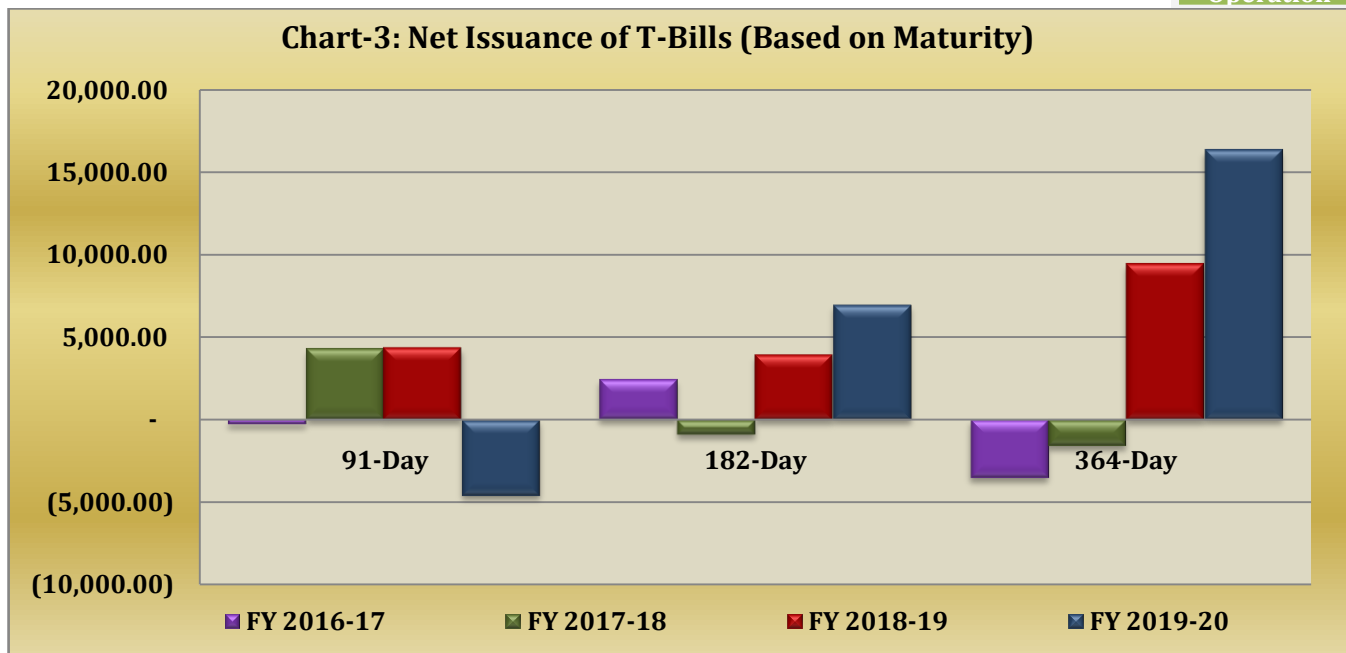
The increasing trend of net issuance of T-bonds continued in FY 2019-20 as it was BDT 41,666.67 crore higher than that of FY 2018-19. During this period, the net issuance of 2, 5, and 10-year T-bonds increased significantly, while for 15 and 20-year T-bonds, it increased a fair bit.



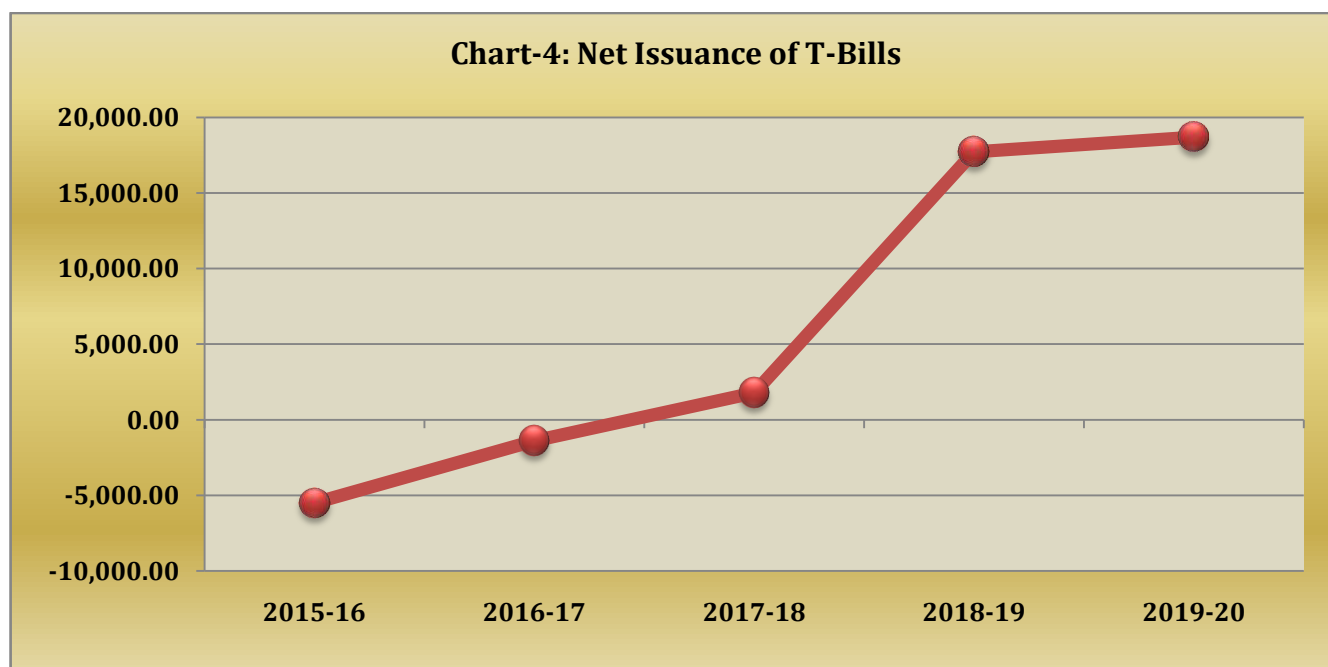
2.4.2. Net Issuance of T-Bills: The net financing through T-bills for FY 2019-20 was positive, which is primarily used as cash management instruments of the Government. The total amount raised by the Government through treasury bills was BDT 145,303.61 crore, while total repayments amounted to BDT 126,596.53 crore. Thus, the net issuance stood at BDT 18,707.07 crore at the end of FY 2019-20. The details of the issuance are presented below:

Financial Year	Issuance	91-day	182-day	364-day	Total
2015-16	a) Issue	31,474.93	13,711.39	12,282.58	57,468.90
	b) Repayment	30,943.08	15,903.58	16,115.43	62,962.09
	c) Net Issuance (a-b)	531.85	(2,192.19)	(3,832.85)	(5,493.19)
2016-17	a) Issue	31,750.39	14,999.16	8,768.43	55,517.98
	b) Repayment	32,044.47	12,576.45	12,282.58	56,903.50
	c) Net Issuance (a-b)	(294.08)	2,422.70	(3,514.15)	(1,385.53)
2017-18	a) Issue	30,151.55	12,538.77	7,188.64	49,878.96
	b) Repayment	25,878.50	13,437.87	8,768.41	48,084.78
	c) Net Issuance (a-b)	4,273.05	(899.10)	(1,579.77)	1,794.18
2018-19	a) Issue	56,794.32	17,084.99	16,614.29	90,493.60
	b) Repayment	52,423.97	13,149.46	7,188.65	72,762.09
	c) Net Issuance (a-b)	4,370.35	3,935.53	9,425.64	17,731.51
2019-20	a) Issue	75,446.58	36,917.41	32,939.62	145,303.61
	b) Repayment	80,022.85	29,959.39	16,614.29	126,596.53
	c) Net Issuance (a-b)	(4,576.27)	6,958.02	16,325.33	18,707.07

Source: DMD, BB.



Unlike the previous FYs, in FY 2019-20, the net issuance of the 91-day T-bills became negative, whereas, in contrast, the net issuance of 182 and 364-day T-bills remained positive. However, as far as the total issuance was concerned, the 91-day T-bills ranked the highest during this FY 2019-20. Overall, the net issuance of T-bills in FY 2019-20 was 5.50% higher than the previous fiscal year.



2.5. Primary Market Yield Curve

The yield curve for the T-bonds and T-bills are developed by BB on the basis of data collected from primary auctions. In the absence of a vibrant secondary market as well as an effective secondary yield curve for G-Sec, the primary market yield curves are being used for the valuation of the instruments.

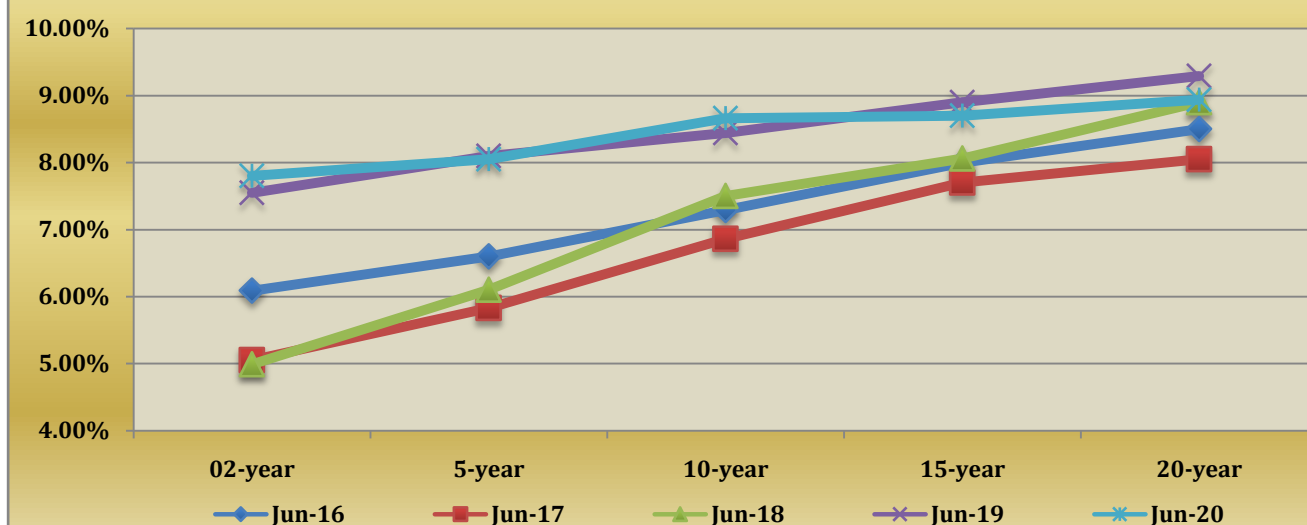
2.5.1. Cut-Off Yield and Yield Curve of T-Bonds: The cut-off yield curve at the end of June 2020 crossed over and under the previous one (June 2019) multiple times. The cut-off yields of 2 and 10-year T-bonds were higher than the previous one, whereas the 5, 15, and 20-year ones were slightly lower. The details of the cut-off yields for T-bonds are presented below:

Table-3: Cut-off Yield of T-Bonds

(In percentage)						
Tenor	June 2016	June 2017	June 2018	June 2019	June 2020	Change (From 2019 to 20)
02 year T-Bond	6.09%	5.05%	4.99%	7.55%	7.80%	3.31%
05 year T-Bond	6.60%	5.83%	6.10%	8.10%	8.05%	-0.62%
10 year T-Bond	7.29%	6.86%	7.50%	8.44%	8.66%	2.61%
15 year T-Bond	8.00%	7.70%	8.06%	8.90%	8.70%	-2.25%
20 year T-Bond	8.50%	8.05%	8.90%	9.29%	8.94%	-3.77%

Source: DMD, BB.

Chart-5: Yield Curve of T-Bonds



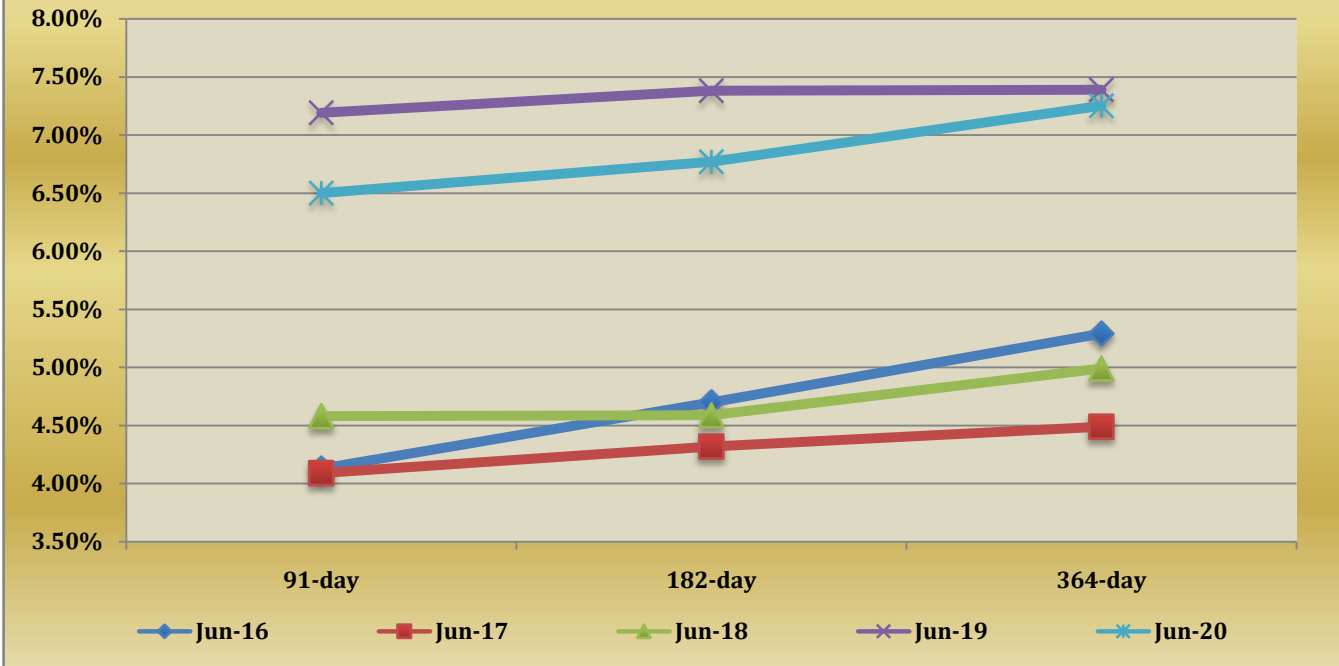
2.5.2. Cut-Off Yield and Yield Curve of T-Bills: At the end of June 2020, the cut-off yields of all types of T-bills were lower than the end of the preceding fiscal year. In comparison with the preceding term, at the end of June 2020, the cut-off yields for 91-day, 182-day, and 364-day T-bills were 9.60%, 8.27%, and 1.89% lower, respectively.

Table-4: Cut-Off Yield of T-Bills

(In percentage)						
Tenor	June 2016	June 2017	June 2018	June 2019	June 2020	Change (From 2019 to 20)
91-day	4.13%	4.09%	4.58%	7.19%	6.50%	-9.60%
182-day	4.70%	4.32%	4.59%	7.38%	6.77%	-8.27%
364-day	5.29%	4.49%	4.99%	7.39%	7.25%	-1.89%

Source: DMD, BB.

Chart-6: Yield Curve of T-Bills



Chapter 3

Trends of Outstanding G-Sec

Composition of Marketable G-Sec
Maturity Pattern of Outstanding T-Bonds
Holding Pattern of G-Sec
Non-Resident Investors



Chapter 3

Trends of Outstanding G-Sec

3.1. Composition of Marketable G-Sec

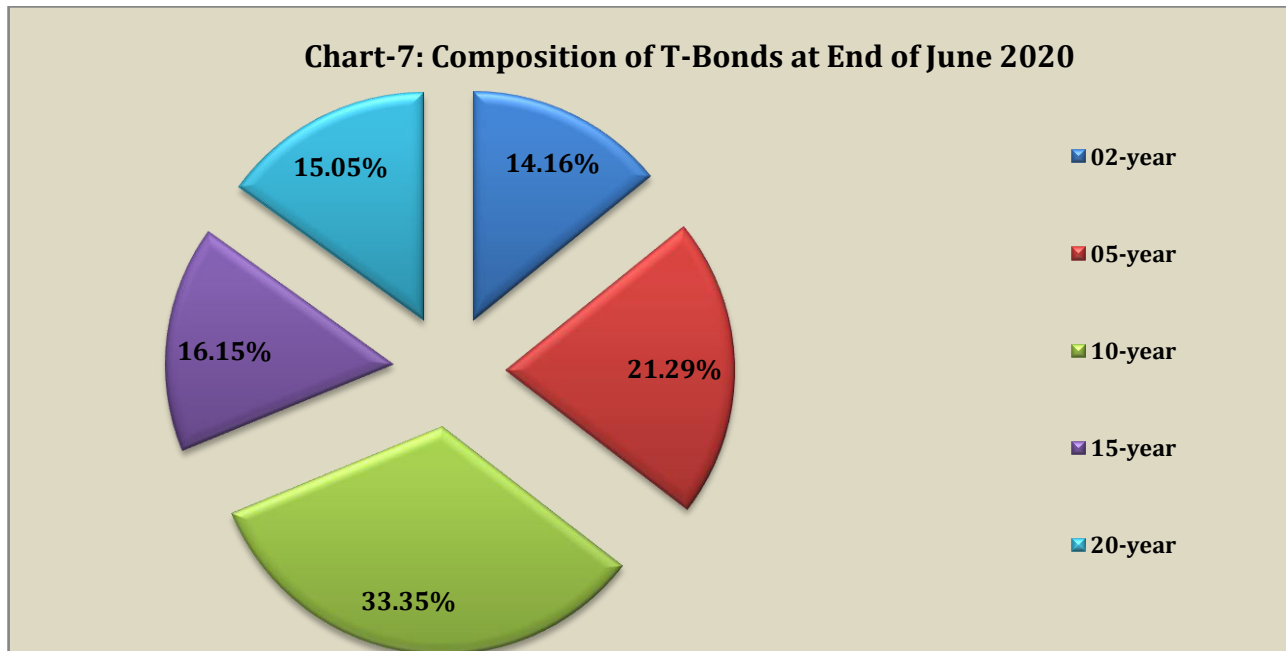
At the end of June 2020, the total outstanding public debt from the banking sectors increased to BDT 279,601.97 crore from BDT 199,363.65 crore at the end of June 2019. The increase in debt from the banking sector was significant due to substantial policy measures taken in selling non-tradable securities.

Table-5: Composition of Marketable G-Sec

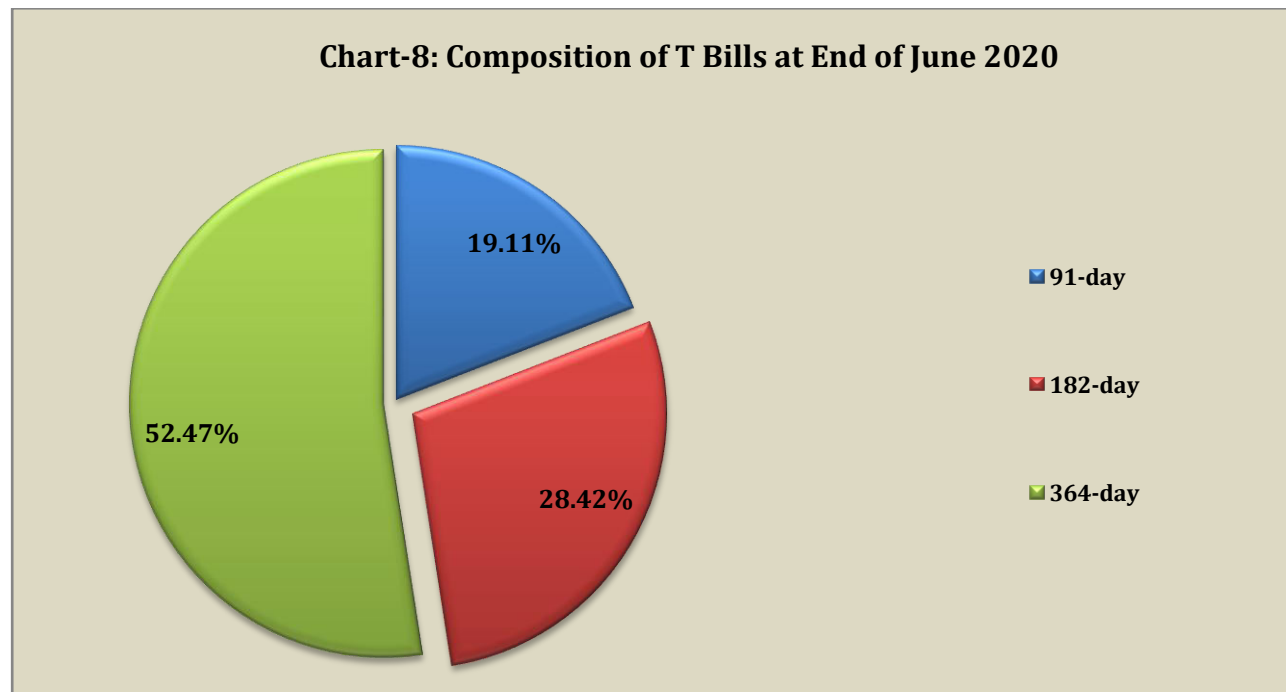
(Taka in Crore)								
Issuance	June 2017		June 2018		June 2019		June 2020	
	Amount	%	Amount	%	Amount	%	Amount	%
(a) T-Bills								
91-day	7,931.05	32	12,204.10	46	16,574.45	37	11,998.17	19
182-day	7,851.28	32	6,952.18	27	10,887.71	25	17,845.73	28
364-day	8,768.43	36	7,188.65	27	16,614.29	38	32,939.62	53
Total T-Bill	24,550.76	100	26,344.94	100	44,076.45	100	62,783.52	100
(b) T-Bonds								
02-year	8,950.00	7	10,050.00	7	14,500.00	10	30,700.00	14
05-year	31,270.00	24	28,770.00	21	31,470.00	20	46,150.00	21
10-year	49,849.17	39	51,849.17	38	55,763.75	36	72,315.00	33
15-year	20,866.25	16	23,866.25	18	28,266.25	18	35,016.25	17
20-year	18,187.20	14	20,887.20	16	25,287.20	16	32,637.20	15
Total T-Bond	129,122.62	100	135,422.62	100	155,287.20	10	216,818.45	100
Grand Total	153,673.38		161,767.56		199,363.65		279,601.97	

Source: DMD, BB

3.1.1. Composition of T-Bonds: At the end of June 2020, the 10-year T-bonds held the largest portion among T-bonds with 33.35%, followed by 05-year, 15-year, and 20-year. In contrast, 02-year T-bonds ranked the lowest with respect to the composition.



3.1.2. Composition of T-Bills: In FY 2019-20, the outstanding balance of 364-day T-bills held the majority with 52.47% to meet the short-term financing requirement of the Government, followed by 182-day and 91-day T-bills.



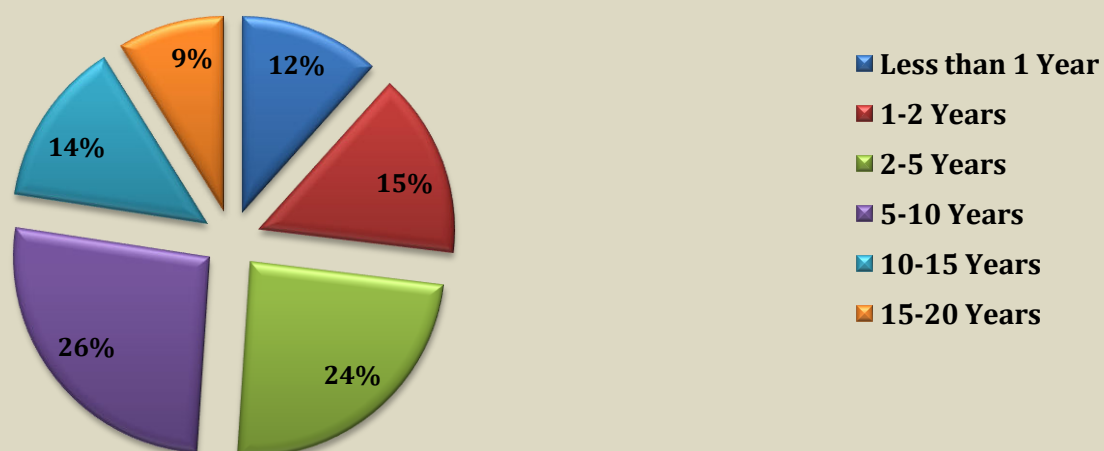
3.2. Maturity Pattern of Outstanding T-Bonds

At the end of June 2020, the highest portion of the T-bonds was in the bucket of 2-5 years, with around 24%. In contrast, only around 9% of the securities were in the bucket of 15-20 years. As the following table illustrates, the majority of the T-bonds had a tenor between two and ten years.

Table-6: Maturity Profile of Outstanding T-Bonds

(Taka in Crore)								
Maturity Buckets	June 2017		June 2018		June 2019		June 2020	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
< 1 Year	18,800.00	14	16,610.42	12	14,068.75	9	25,250.00	12
1-2 Years	14,910.42	12	13,768.75	10	25,250.00	16	33,100.00	15
2-5 Years	30,218.75	23	36,500.00	27	35,930.00	24	52,331.25	24
5-10 Years	35,576.25	28	35,726.25	26	42,634.45	28	57,146.20	26
10-15 Years	18,837.20	15	21,137.20	16	23,824.00	15	29,741.00	14
15-20 Years	10,780.00	8	11,680.00	9	13,580.00	8	19,250.00	9
Total	129,122.62	100	135,422.62	100	155,287.20	100	216,818.45	100.00

Source: DMD, BB

Chart-9: Maturity Profile at the End of June 2020

3.3. Holding Pattern of G-Sec

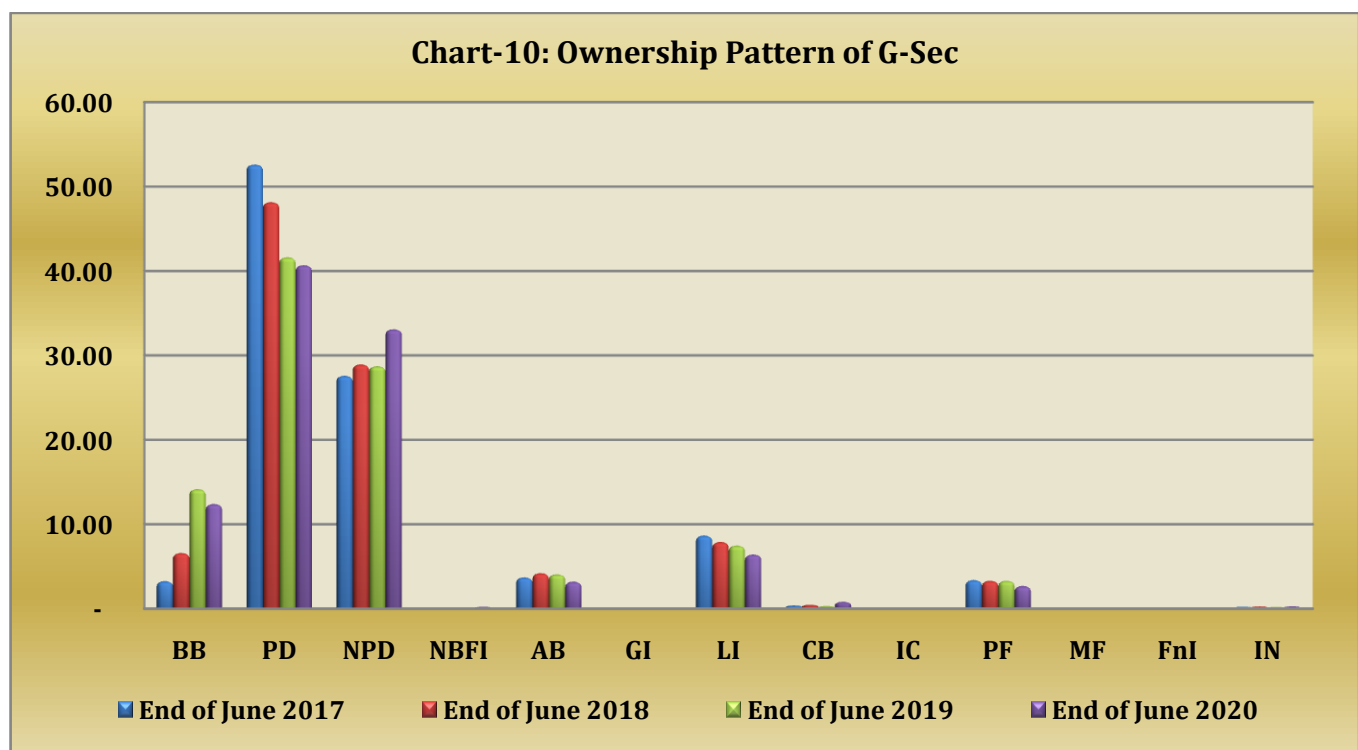
The holding pattern of government securities shows that banks were the largest investor-class while accounting for 73.79% of overall holding, with PDs being 40.69% and non-PDs 33.10% in FY 2019-20. Long-term investors like insurance and provident funds accounted for 12.39% of the total holding. The holding of Bangladesh Bank decreased to 12.40% in this FY 2019-20 from the previous period's 14.18%. Financial Institutions, corporate bodies, investment companies, foreign investors, individuals, and the other investors held the remaining portion, which was insignificant compared to the portfolio held by the banks.

Table-7: Ownership Pattern of G-Sec

(Taka in crore)

Sl No	Category	June 2017		June 2018		June 2019		June 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
1.	Bangladesh Bank (BB)	5,031.14	3.27	10,682.93	6.60	28,256.70	14.18	34,671.57	12.40
2.	Primary Dealers (PD)	80,869.92	52.62	77,924.32	48.17	83,010.82	41.64	113,779.43	40.69
3.	Non-Primary Dealers (NPD)	42,407.06	27.60	46,835.11	28.95	57,292.95	28.74	92,534.67	33.10
4.	Financial Institution (FI)	0.03	0.00	36.96	0.02	48.91	0.02	603.84	0.22
5.	Amanat Bima Trust Tahbil (AB)	5,694.31	3.71	6,804.23	4.21	8,115.58	4.07	8,980.62	3.21
6.	General Insurance Companies (GI)	136.22	0.09	107.13	0.07	109.50	0.05	162.61	0.06
7.	Life Insurance Companies (LI)	13,329.12	8.67	12,799.68	7.91	14,907.12	7.48	17,936.89	6.42
8.	Corporate Bodies (CB)	578.83	0.38	738.83	0.46	601.28	0.30	2,282.81	0.82
9.	Investment Companies (IC)	11.13	0.01	14.81	0.01	17.51	0.01	229.29	0.08
10.	Provident/Pension/Trust/Gratuity Fund (PF)	5,220.26	3.40	5,352.22	3.31	6,592.00	3.31	7,565.96	2.70
11.	Mutual Fund (MF)	6.00	0.00	33.28	0.02	6.00	0.00	97.22	0.03
12.	Foreign Investors (Fnl)	43.00	0.03	23.00	0.01	0.00	0.00	0.00	0.00
13.	Individual (IN)	346.36	0.23	415.06	0.26	405.28	0.20	757.07	0.27
Total		153,673.38	100	161,767.56	100	199,363.65	100	279,601.97	100

Source: DMD, BB.

Chart-10: Ownership Pattern of G-Sec

3.4. Non-Resident Investors (NRI)

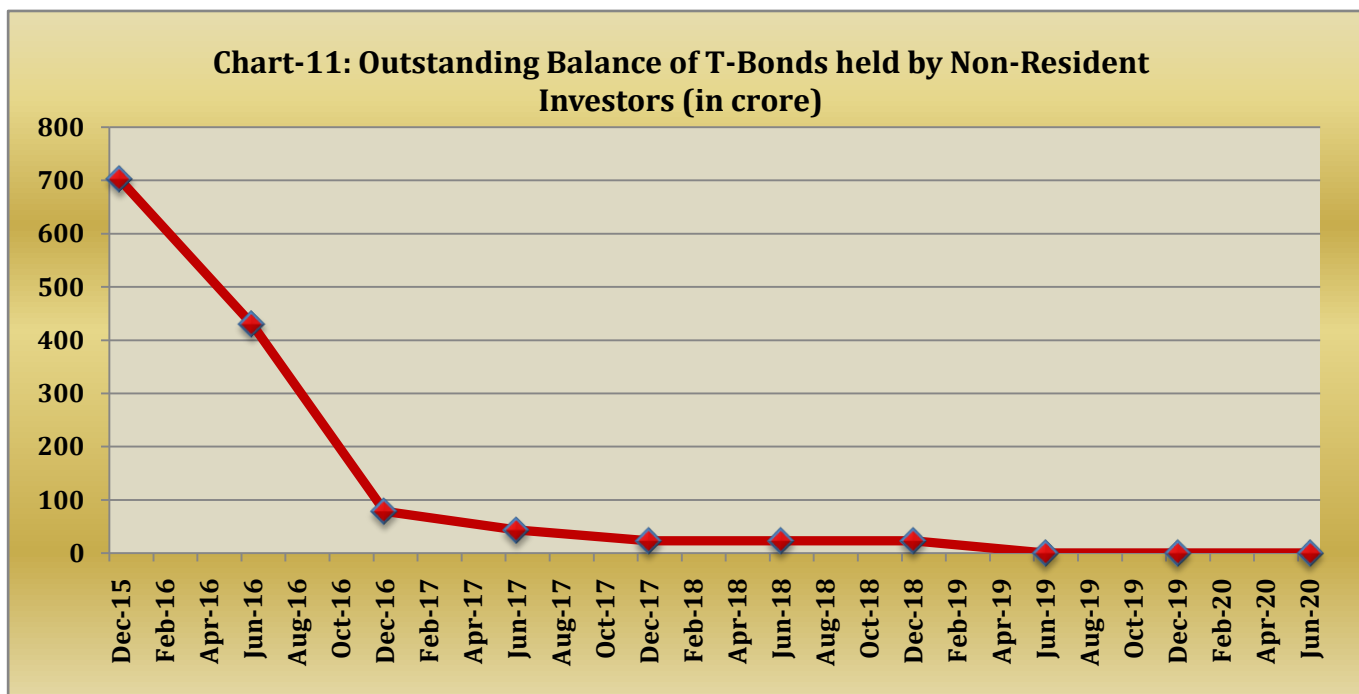
Foreign investors started to invest in T-bonds from April 2013, and it gradually increased till December 2014. Afterward, it gradually decreased due to the maturing of existing T-bonds, followed by no new investments by NRIs. At the end of June 2018, net investment by foreign investors stood at BDT 23 crore only. Since June 2019, there has been no foreign investment in G-Sec. Presumably, due to the decreasing trend of yield on G-sec and fluctuation in exchange rates, the G-Sec market did not attract new foreign investors.

Table-8: Outstanding Balance of T-Bonds held by Non-Resident Investors

(Taka in Crore)		
SL No.	Month	Outstanding Balance
1	December 2013	934.24
2	June 2014	1,353.28
3	December 2014	1,781.94
4	June 2015	1,452.17
5	December 2015	700.37
6	June 2016	428.81
7	December 2016	78.41
8	June 2017	43.00
9	December 2017	23.00
10	June 2018	23.00
11	December 2018	23.00
12	June 2019	0.00
13	December 2019	0.00
14	June 2020	0.00

Source: DMD, BB.

Chart-11: Outstanding Balance of T-Bonds held by Non-Resident Investors (in crore)



Chapter 4

Secondary Market of G-Sec

Over-the-Counter (OTC)

Trader Work Station (TWS)

Government Securities Order Matching Trading Platform (GSOM)

Secondary Market Yield Curve of G-Sec

Trading Pattern of G-Sec



Chapter 4

Secondary Market of G-Sec

G-Sec issued through auctions or private placements can be freely traded in the secondary market. In October 2011, BB introduced the automation process of trading and settlement of G-Sec transactions. The secondary market of G-Sec in Bangladesh is comprised of Over-the-Counter (OTC) and an automated order-matching platform (Trader-Work-Station-TWS). Both mechanisms are integral parts of the Market Infrastructure (MI) module, an automated auction and trading platform for G-Sec.

4.1. Over-the-Counter (OTC)

In the OTC mechanism, trades occur based on negotiations between the members outside of the trading platform (e.g., over the telephone). If a deal is struck through negotiation, it has to be reported in the system afterward for settlement. Either the buyer or seller member would input the transaction details and be referred to as the 'instructing party.' The counterparty would confirm/accept the trade and be referred to as the 'confirming party.' Upon confirmation, the trade would be up for settlement. Once they complete the trading process and the system accepts the trade, the data would automatically flow to the Core Banking System (CBS) of BB for clearing and for the settlement of funds on a real-time basis. Subsequently, the traded securities would automatically be transferred to the buyer's securities account in the MI module.

4.2. Trader Work Station (TWS)

TWS, an anonymous order-matching system, is an electronic, screen-based, order-driven trading system for G-Sec trading. It provides users access to trade in the secondary market on a real-time basis. Order management and matching are core components of the trading solution. The matching-engine of the trading solution provides algorithms that enable the members to trade instantaneously. TWS has brought transparency in secondary market transactions of G-Sec. Members (PDs and Non-PDs) can place bids (buy orders) and offers (sell orders) directly on the TWS screen. In that system, trades are automatically transmitted to the CBS for fund settlement. Other investors (individuals and institutions, insurance companies, corporations, provident funds, pension funds, etc.) can trade G-Sec through banks and FIs working in Bangladesh.

4.3. Government Securities Order-Matching Trading Platform (GSOM)

In August 2016, BB introduced a web-based platform to make buy and sale orders of G-Sec visible through GSOM. This web-based terminal (<https://gsom.bb.org.bd>) makes the entire order-book (bids and asks price/yield, including securities details) visible on a real-time basis. Resident individuals and institutions such as banks, non-bank financial institutions, insurance companies, corporations, provident funds, pension funds, etc. as well as foreigners/non-resident individuals/institutions can observe and search the order information in GSOM. However, only Member Dealers are eligible to change or modify or cancel the order information through TWS. A specimen of the GSOM screen is presented below:

SL.	ISIN	Maturity	Re-Mat	Bid Amt (Cr.)	Bid Yield	Bid Price	Offer Price	Offer Yield	Offer Amt (Cr.)	LTP	LTY	LTA	TTA	Trades	Type
1.	BD0920011105	07-JUL-20	-0.19	10.00	8.79	100.0000	-	-	-	-	-	-	-	-	BGTB
2.	BD0920051101	04-AUG-20	-0.11	25.00	8.82	100.0000	-	-	-	-	-	-	-	-	BGTB
3.	BD0921411106	04-MAY-21	0.64	0.05	8.23	101.5885	-	-	-	-	-	-	-	-	BGTB
4.	BD0921451102	08-JUN-21	0.73	0.05	8.25	101.6704	-	-	-	-	-	-	-	-	BGTB
5.	BD0927191157	21-NOV-27	7.18	-	-	-	128.9279	6.85	0.01	-	-	-	-	-	BGTB
6.	BD0928481201	25-JUN-28	7.78	-	-	-	151.4255	6.51	0.14	-	-	-	-	-	BGTB
Total :				35.10					0.15						

Figure-4: Government Securities Order-Matching (GSOM) Order-book

4.4. Secondary Market Yield Curve of G-Sec

BB developed a secondary market yield curve of T-bonds on the basis of previous one-month secondary market trading data. At the initial stage, all the traded data of T-bonds in the secondary market (both OTC and TWS) and the cut-off rate of the re-issuance bonds were pondered to construct the curve. Linear interpolation and extrapolation methods are used to derive the yield of a particular maturity. At present, it is visible on the GSOM platform under a separate tab.

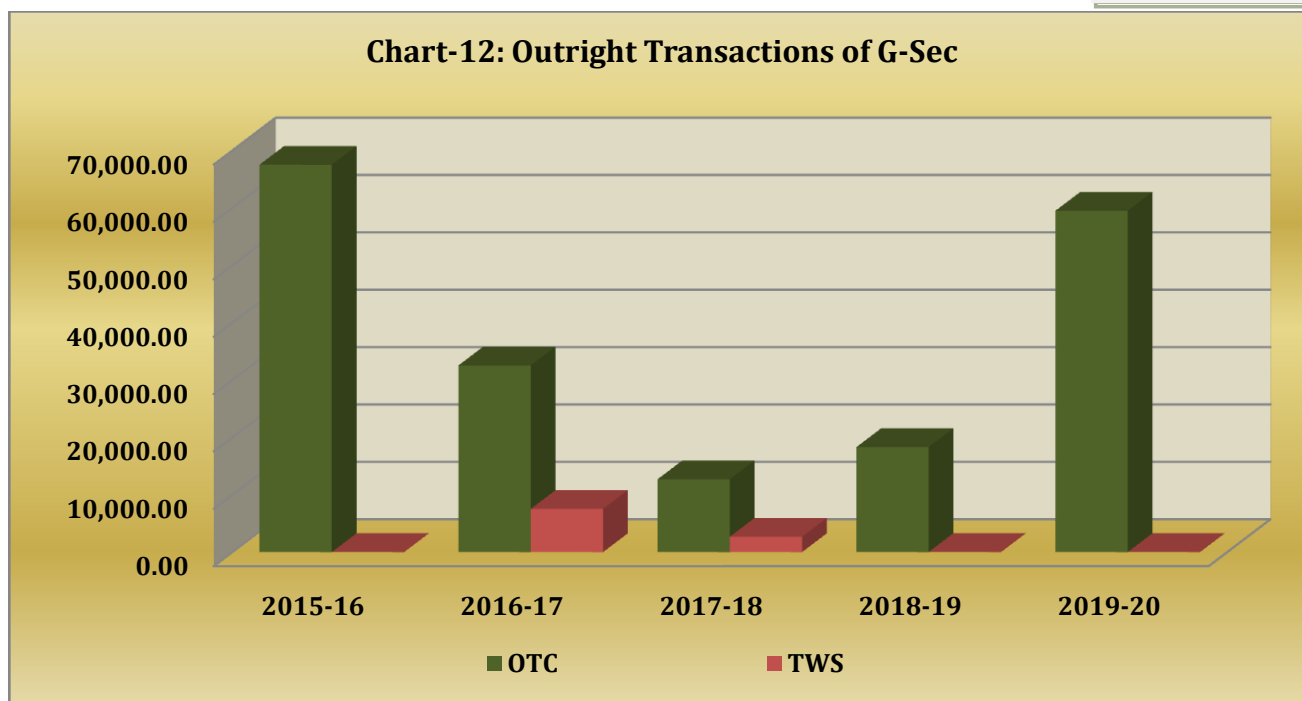
4.5. Trading Pattern of G-Sec

4.5.1. Outright Transactions: The total volume of government securities transacted on an outright basis during the FY 2019-20 stood at BDT 59,479.32 crore, which was considerably higher than the preceding FY's. The increase in volume was largely due to awareness activities takes by BB, as well as due to the increased issuance of government securities. In FY 2019-20, the transaction volume of treasury securities increased significantly compared to that of the previous FY.

Table-9: Outright Transactions of G-Sec

Period	OTC						TWS			Grand Total
	T-Bonds			T-Bills			Total			
	T-Bonds	T-Bills	Total	T-Bonds	T-Bills	Total	T-Bonds	T-Bills	Total	
2015-16	59,499.98	8,012.98	67,512.96	0.06	-	0.06	67,513.02			
2016-17	25,469.64	7,059.24	32,528.88	6,791.52	738.00	7,529.52	40,058.40			
2017-18	12,370.16	297.24	12,667.40	2,667.00	-	2,667.00	15,334.40			
2018-19	12,797.36	5,491.92	18,289.28	20.54	-	20.54	18,309.82			
2019-20	50,470.90	9,005.18	59,476.08	3.24	-	3.24	59,479.32			

Source: DMD, BB.



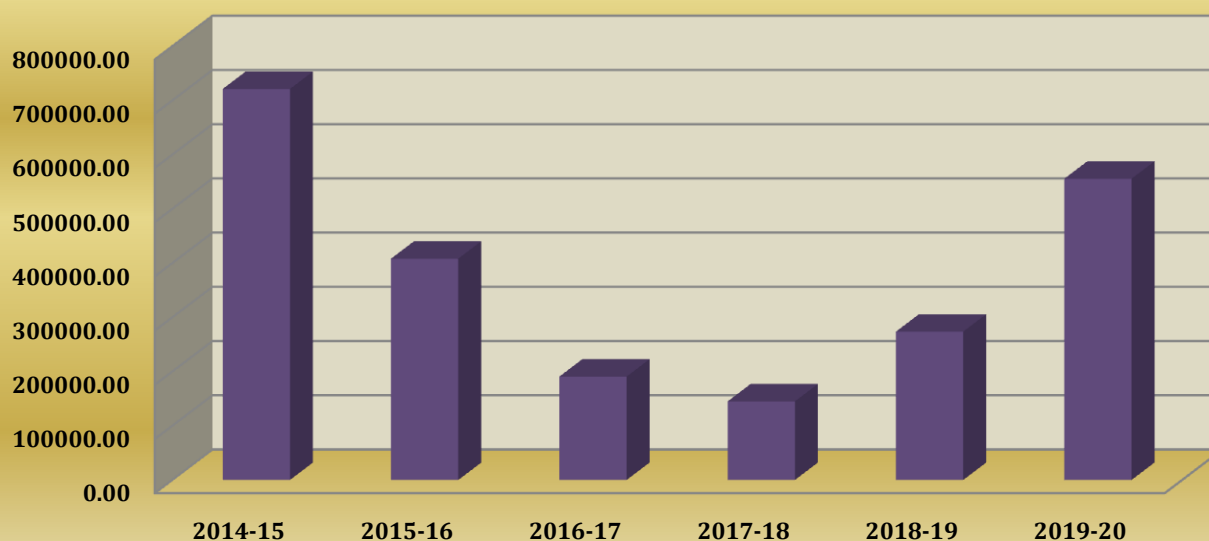
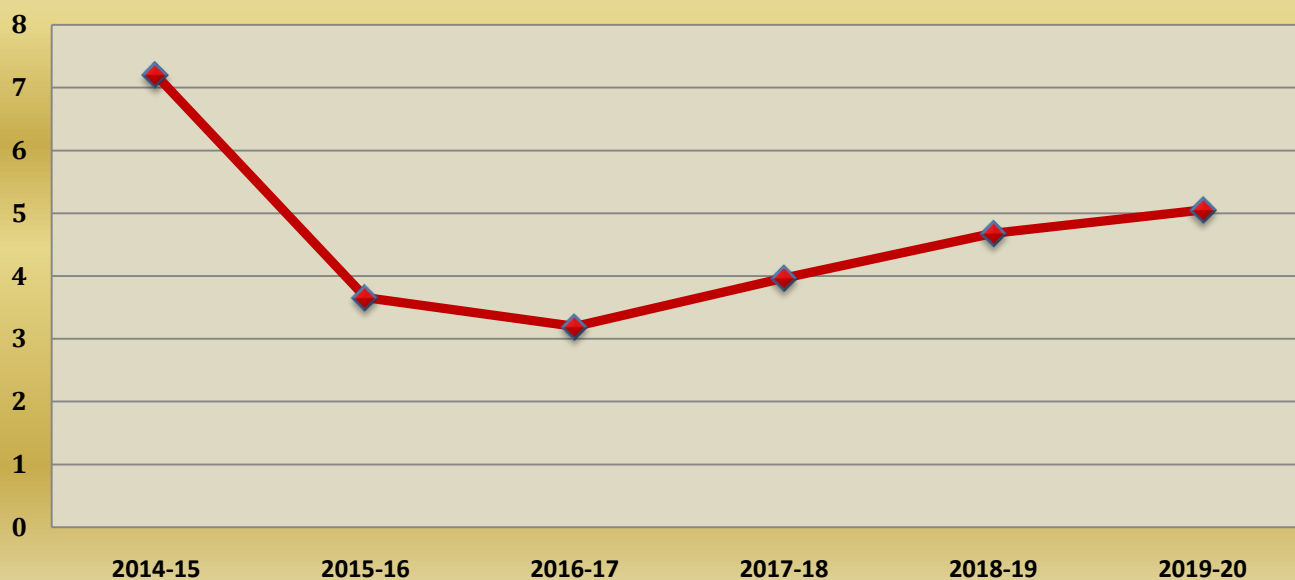
4.5.2. Inter-Bank Repo Transactions: The interbank repo rate is determined by the demand and supply of funds in the financial sector. The total amount of overall interbank repo transactions was BDT 555,564.86 crore in FY 2019-20, which was more than twice of the previous FY's.

Table-10: Yearly IB Repo Transactions in G-Sec

(Taka in Crore)				
Period	Inter-Bank Repo Transaction Volume		Inter-Bank Repo Rate	
	Amount	Change (In %) from Previous Year	Yearly WAR of IB Repo Rate	Change (In %) from Previous Year
2014-15	7,21,188.89	104.56	7.19	4.35
2015-16	4,08,160.39	(43.40)	3.66	(49.10)
2016-17	1,90,605.22	(53.30)	3.20	(12.57)
2017-18	1,44,862.09	(24.00)	3.97	24.06
2018-19	2,73,547.50	88.83	4.68	17.88
2019-20		103.10	5.05	7.91

Source: DMD, BB

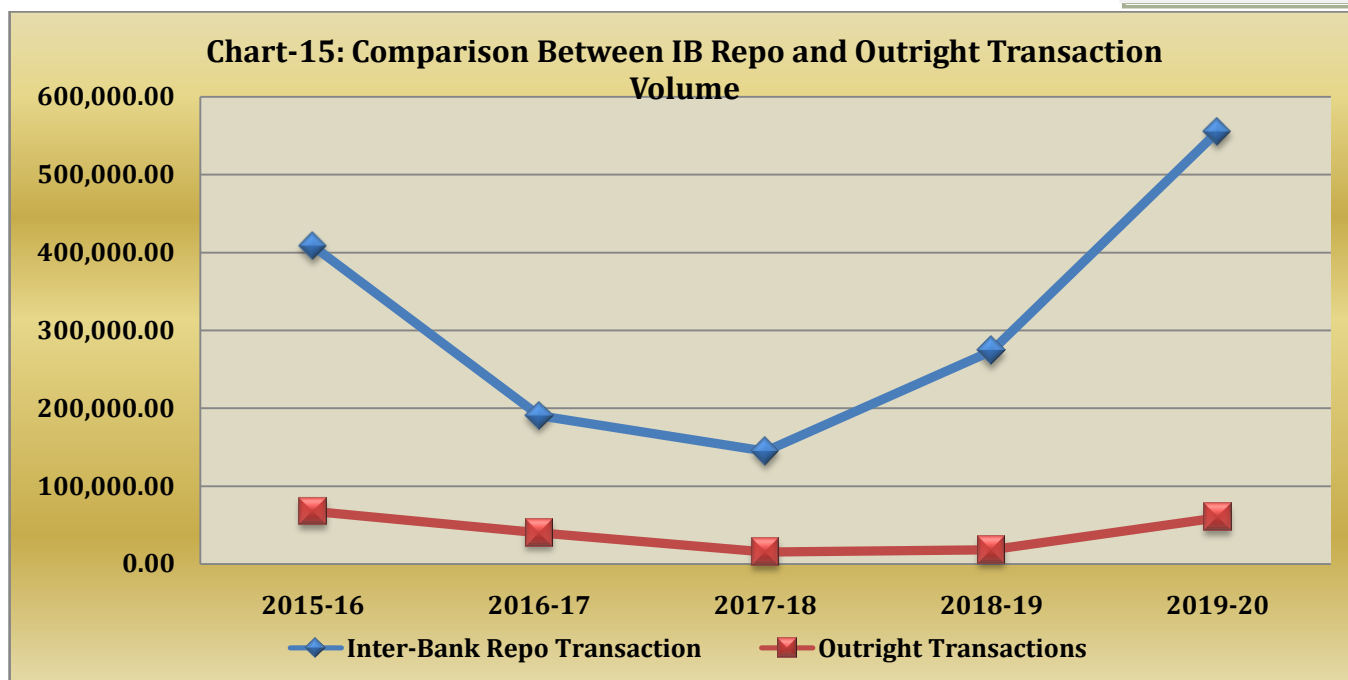
The weighted-average interbank repo rate increased by 37 basis points from FY 2018-19 to FY 2019-20. Since interbank repo transactions are collateral-based and government securities comprise the bulk of those collaterals, an adequate supply of government securities is required for the smooth functioning of this market.

Chart-13: Transaction Volume of Inter-Bank Repo**Chart-14: Weighted Average Rate of Inter-Bank Repo****Table-11: Comparison Between IB Repo and Outright Transaction Volume of G-Sec**

(Taka in Crore)

Period	Inter-Bank Repo Transaction	Outright Transactions
2015-16	408,160.39	67,513.02
2016-17	190,605.22	40,058.40
2017-18	144,862.09	15,334.40
2018-19	273,547.50	18,309.82
2019-20	555,564.86	59,479.32

Source: DMD, BB



Along with the interbank repo market, an active call money market, where uncollateralized transactions take place, play a significant role in liquidity management of the financial system. The interbank repo rate continued an upward trend in FY 2019-20, which started in July 2017.

Table-12: Monthly IB Repo Transaction Volume of G-Sec in FY 2019-20

(Taka in Crore)		
Month	Monthly IB Repo Transaction Volume	Monthly WAR of IB Repo (%)
July 19	19,370.13	2.73
August 19	36,435.36	5.66
September 19	65,263.19	5.78
October 19	44,831.00	4.27
November 19	30,261.79	3.27
December 19	44,246.89	4.47
January 20	58,649.70	5.46
February 20	67,690.52	5.80
March 20	64,886.26	5.97
April 20	30,306.68	4.55
May 20	38,541.89	4.68
June 20	55,081.46	4.82

Source: DMD, BB.

Chart-16: Monthly IB Repo Volume

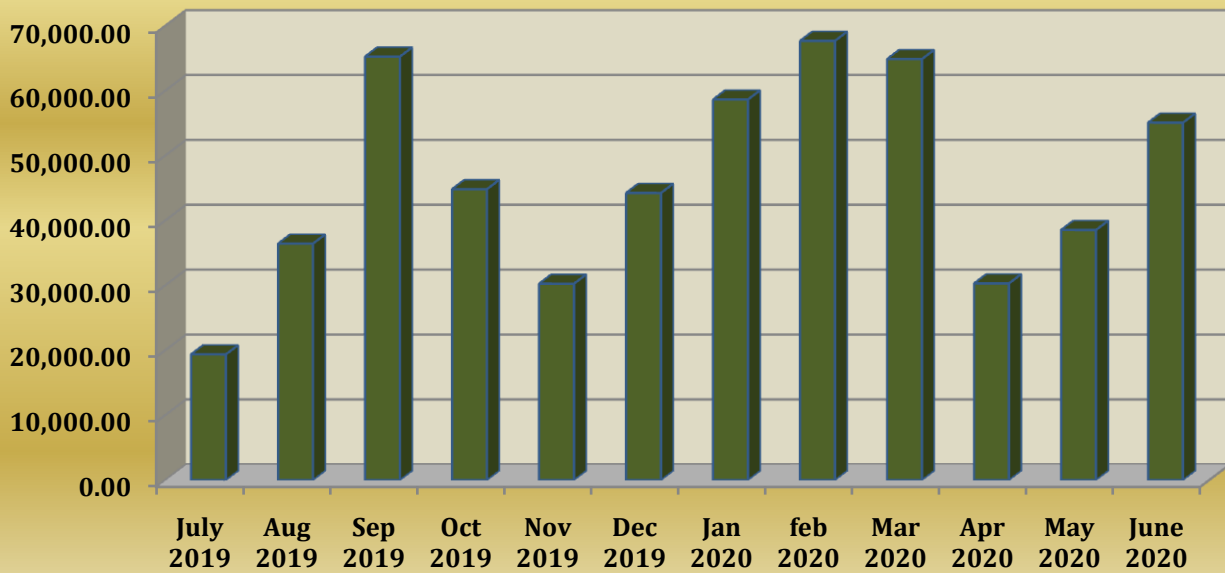
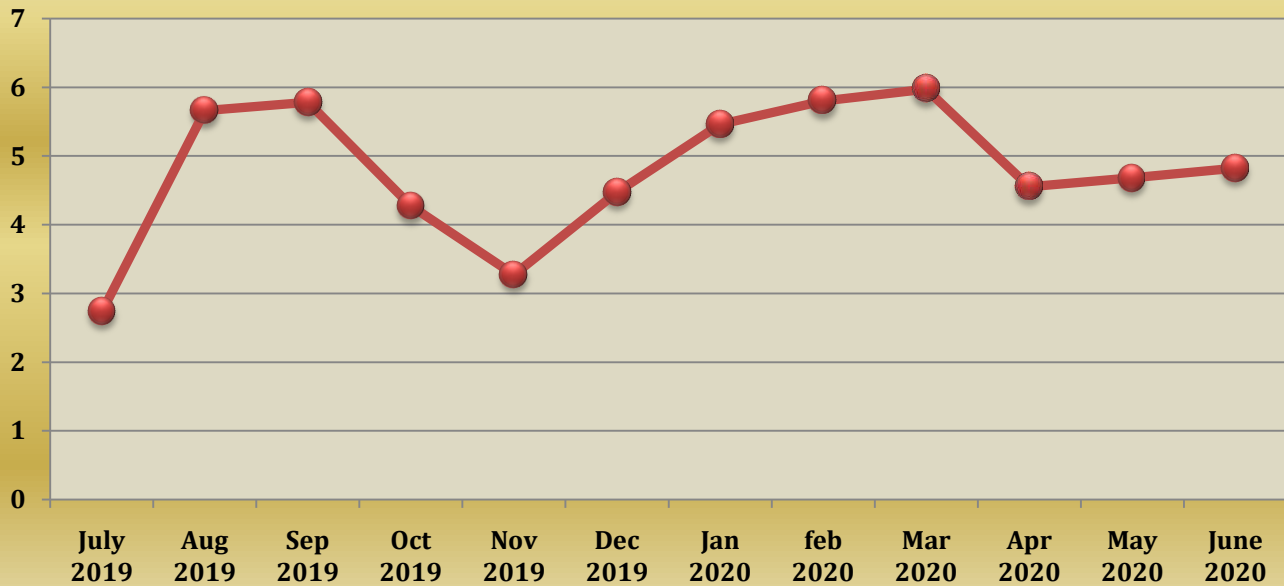


Chart-17: Monthly WAR of IB Repo



4.5.3. Top 10 Traded Securities: Among the top-10 traded securities, 5-year T-bonds traded the most, amounting around 28%, followed by 10, 2, 15, and 20-year T-bonds. The particulars of the top 10 traded securities for the FY 2019-20 and the previous financial years are presented in the table below:

Table-13: Top 10 Traded Securities

(Taka in Crore)							
SL. No.	ISIN	Tenor	Turnover (FY 2018-19)	SL. No.	ISIN	Tenor	Turnover (FY 2019-20)
1	BD0938141209	20-Year	1,740.00	1	BD0923021051	05-Year	3000.00
2	BD0928331109	10-Year	1,360.00	2	BD0921081024	02-Year	1338.46
3	BD0928131103	10-Year	1,158.00	3	BD0929061101	10-Year	1140.00
4	BD0909101182	91-Day	1,000.00	4	BD0933101158	15-Year	1108.11
5	BD0921011054	05-Year	900.00	5	BD0918250202	20-Year	920.00
6	BD0920011022	02-Year	866.00	6	BD0929221101	10-Year	874.10
7	BD0918238181	182-Day	752.00	7	BD0928331109	10-Year	675.00
8	BD0936433202	364-Day	700.00	8	BD0931401154	15-Year	602.10
9	BD0923021051	05-Year	700.00	9	BD0936401209	20-Year	600.00
10	BD0936437195	364-Day	460.00	10	BD0921011021	02-Year	554.45

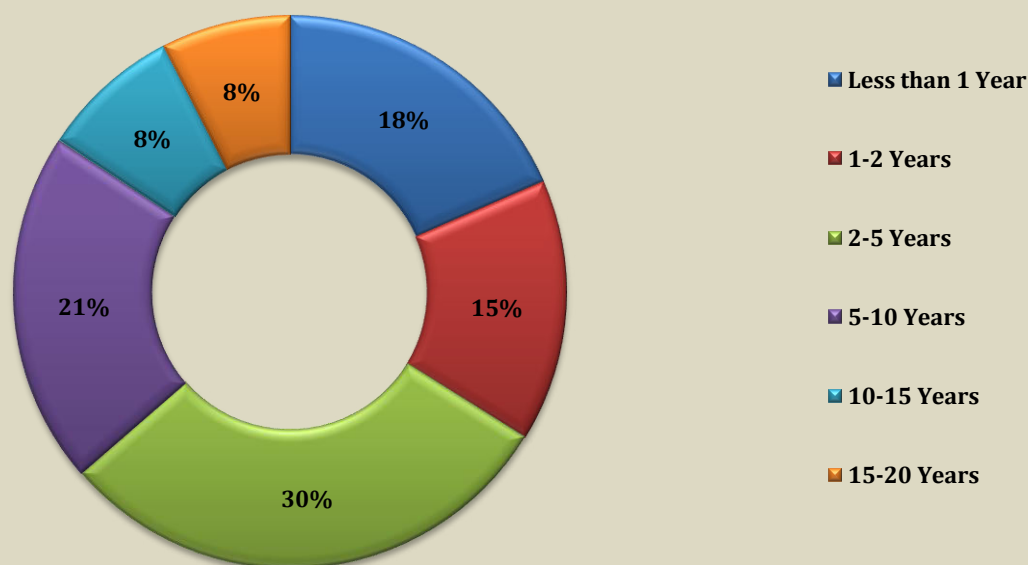
Source: DMD, BB.

4.5.4. Maturity Pattern of Outright Transactions: In the FY 2019-20, securities in the bucket of 2-5 years accounted for the highest share of trading with around 30%, followed by the 5-10 years bucket with around 21%. Securities with maturities between 10 and 15 years accounted for the lowest share, with around 8% in the FY 2019-20. The maturity distribution of T-bond transactions is illustrated in the table and chart below:

Table-14: Maturity Pattern of Outright Transactions

(Taka in Crore)				
Maturity Bucket	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Less than 1 Year	9,771.76	1,959.08	5,491.92	10,965.68
1-2 Years	3,369.98	1,482.68	1,182.60	9,152.18
2-5 Years	5,537.58	3,890.06	2,730.20	17,716.80
5-10 Years	14,462.88	5,400.32	5,422.26	12,287.37
10-15 Years	5,267.86	842.32	1,075.42	4,862.54
15-20 Years	1,648.34	1,759.94	2,407.42	4,494.74
Total	40,058.40	15,334.40	18,309.82	59,479.32

Source: DMD, BB

Chart-18: Maturity Pattern of Outright Transactions in FY 2019-20

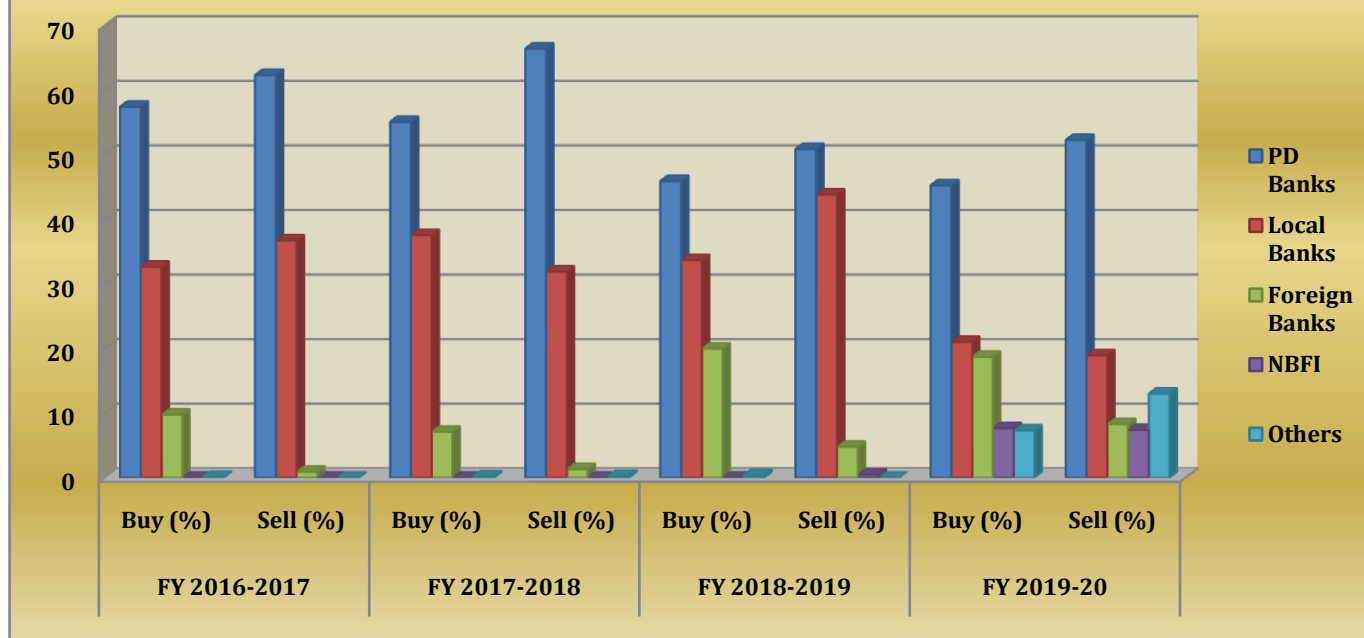
4.5.5. Category-wise Buying and Selling: Trading activity of the major investor categories illustrates that PD banks were the dominant traders, which accounted for 45.28% of buying and 52.30% of selling activities in FY 2019-20. In the subsequent position were the non-PD local banks, followed by foreign banks. For the first time, the trading activities of FIs and other investors were significant in FY 2019-20, which accounted for 20.43% of selling and 14.98% of buying. Yearly share of various categories/participants in the secondary market trading activity (buy and sell) of G-Sec is shown in the table and chart below:

Table-15: Category-wise Buying and Selling (% of Total Trade)

Category	FY 2016-2017		FY 2017-2018		FY 2018-2019		FY 2019-20	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
PD Banks	57.44	62.35	55.11	66.45	45.95	50.88	45.28	52.30
Local Banks	32.67	36.73	37.58	31.94	33.68	43.86	21.02	18.96
Foreign	9.77	0.91	7.12	1.34	20.00	4.78	18.72	8.31
FI	0.00	0.00	0.00	0.00	0.00	0.48	7.66	7.41
Others	0.12	0.01	0.18	0.27	0.37	0.00	7.32	13.02
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: DMD, BB.

Chart-19: Trading Activities by Category of Traders



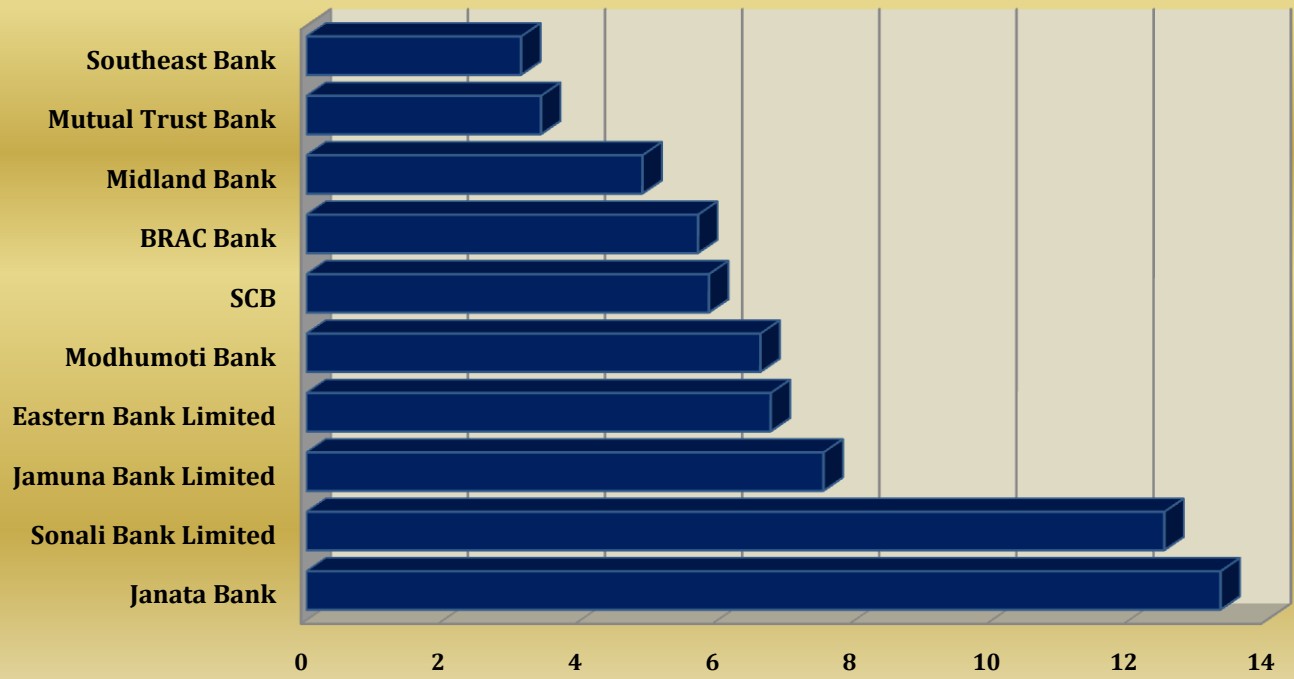
4.5.6. Top 10 Member Traders: In FY 2019-20, the top 10 member traders accounted for around 69.80% of total trade volume, which increased from 67.06% of the previous FY. Janata Bank Limited secured the highest position with 13.33%, followed by Sonali Bank Limited (12.51%) and Jamuna Bank Limited (7.54%). The trading patterns of member traders in FY 2019-20 along with the preceding two FYs are illustrated below:

Table-16: Top 10 Member Traders

SL. No.	Bank Name	% of Total Trade (FY 2017-18)	Bank Name	% of Total Trade (FY 2018-19)	Bank Name	% of Total Trade (FY 2019-20)
1	BRAC Bank Limited	14.73	Janata Bank	11.91	Janata Bank	13.33
2	AB Bank	13.67	Jamuna Bank	9.86	Sonali Bank	12.51
3	National Bank	13.04	BRAC Bank	8.67	Jamuna Bank	7.54
4	Midland Bank	8.84	Southeast Bank	7.61	Eastern Bank	6.77
5	The City Bank	7.26	City Bank	6.53	Modhumoti Bank	6.62
6	Jamuna Bank Limited	6.66	SCB	4.71	SCB	5.87
7	Eastern Bank	5.84	Bank Asia	4.61	BRAC Bank	5.71
8	Sonali Bank Limited	3.59	Eastern Bank	4.57	Midland Bank	4.90
9	SCB	3.37	National Bank	4.40	Mutual Trust	3.42
10	Modhumoti Bank	3.34	Sonali Bank	4.19	Southeast Bank	3.13

Source: DMD, BB.

Chart-20: Top Ten Member Traders of 2019-20 (Trading Percentage)



Chapter 5

Monetary Policy Tools: Open Market Operations (OMO)

Central Bank Repo and ALS Transactions

Reverse Repo and Bangladesh Bank Bills

Comparative Scenario of Open Market Operations



Chapter 5

Monetary Policy Tools: Open Market Operations (OMO)

As we know, monetary policy refers to the systematic measures taken by a central bank to influence the money supply, interest rates, and exchange rate to control inflation. Price stability is the prime goal of monetary policy to achieve high output growth and a low level of unemployment. To achieve price stability and interest rate stability, the stability of financial markets and foreign exchange markets are essential. Central Bank trades G-Sec as a means to implement the contractionary/expansionary goals of the monetary policy. OMO facilities are used to control the liquidity in the money market by using eligible securities without liquidation. BB usually uses some OMO tools like the central bank repo, reverse repo, and Bangladesh Bank bills to control the money supply to maintain price stability.

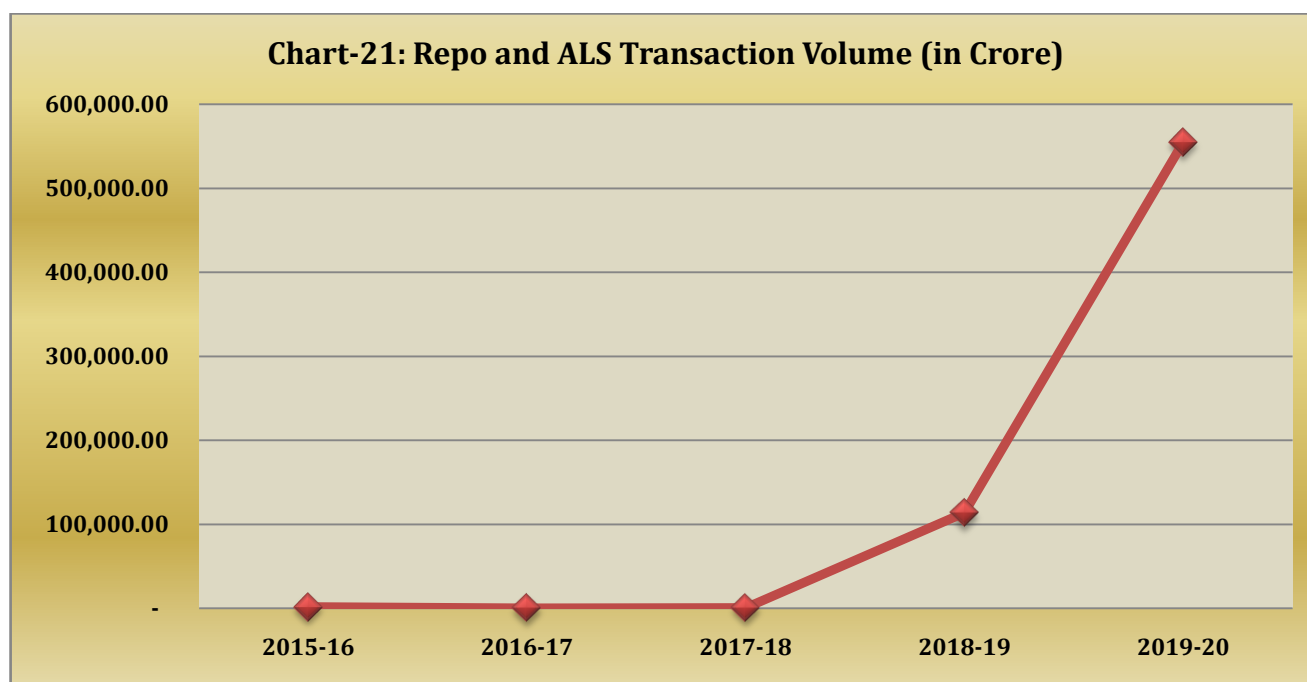
5.1. Central Bank Repo and ALS Transactions

BB provides the central bank repo facilities on an overnight (one-day) or 7, 14, and 28-day basis to the banks and FIs to resolve the temporary liquidity problem as well as to increase the money supply in the economy. Additionally, during the pandemic of Covid-19, BB introduced 360-day term-repo facilities for the banks and FIs to mitigate the impact of this unprecedented global crisis on the financial sector. Furthermore, BB provides special repo (liquidity facility) for particular circumstances. Along with the repo facilities, BB provides assured liquidity support (ALS) to the PDs against G-Sec allotted to them at auctions for up to 60 days at a stretch from the date of issuance.

ALS and repo transaction with BB has been exhibiting an increasing trend since FY 2017-18. The total ALS and repo facilities availed by the banks and FIs during FY 2019-20 was 554,779.90 crore, which was around five times higher than the preceding FY. Understandably, the liquidity needs of the banks and FIs increased dramatically during the latter half of FY 2019-20 because of the impact of Covid-19. The table and chart below illustrate the amount of ALS and repo facilities availed by the financial sector over the years:

Table-17: Repo and ALS Transaction Volume			
(Taka in Crore)			
Period	Repo with BB	ALS with BB	Repo and ALS with BB
2015-16	-	1,762.24	1,762.24
2016-17	-	115.67	115.67
2017-18	96.18	476.68	572.86
2018-19	94,587.62	18,951.72	113,539.34
2019-20	282,201.15	2 72,578.75	554,779.90

Source: DMD, BB



5.2. Reverse Repo and Bangladesh Bank Bills

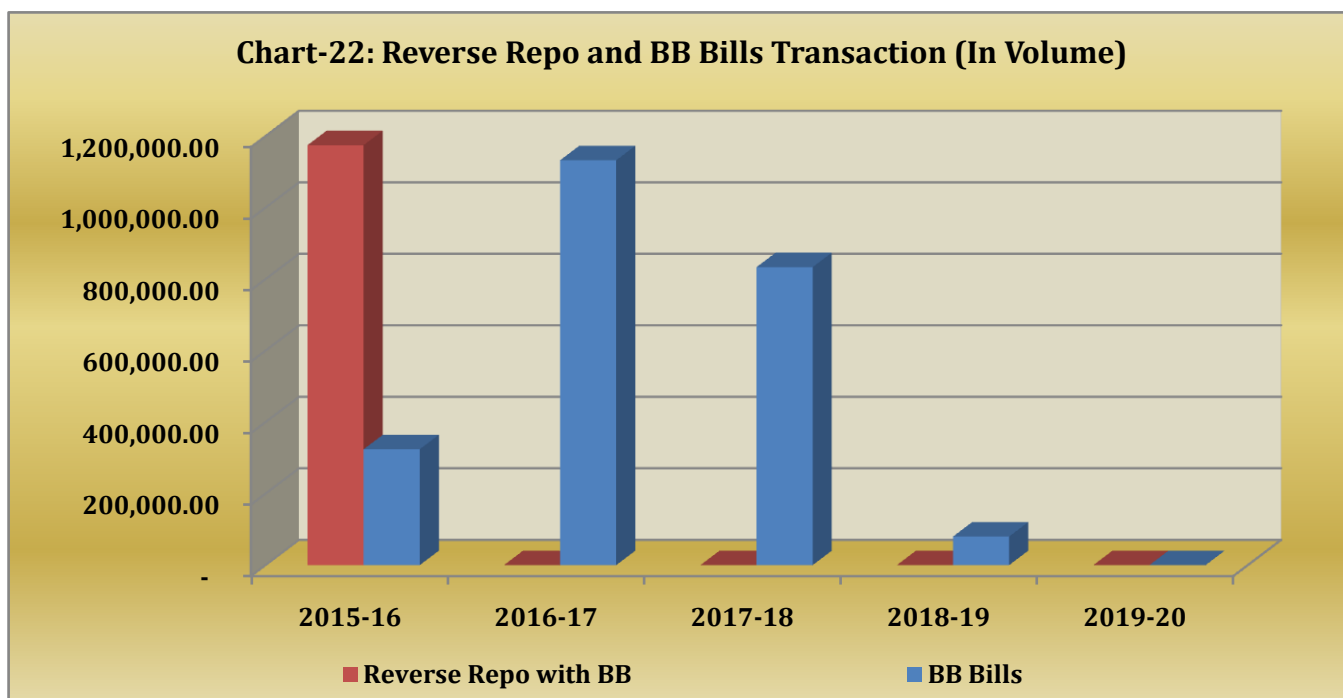
BB offers reverse repo operations as a monetary policy instrument, which is used to control the money supply in the economy, and it is provided on an overnight (one-day) basis. BB Bill, an alternate tool to the reverse repo facilities, is used by BB to control the money supply in the economy. BB bills with different maturities of 07, 14, and 30 days are issued for this purpose. The following table presents the information related to reverse repo and BB bills issuance over the past five FYs:

Table-18: Reverse Repo and BB Bills Transaction Volume

(Taka in Crore)			
Period	Reverse Repo with BB	BB Bills	Total
2015-16	1,174,795.52	324,062.90	1,498,858.42
2016-17	-	1,132,530.90	1,132,530.90
2017-18	-	833,633.20	833,633.20
2018-19	-	79,883.00	79,883.00
2019-20	-	150.00	150.00

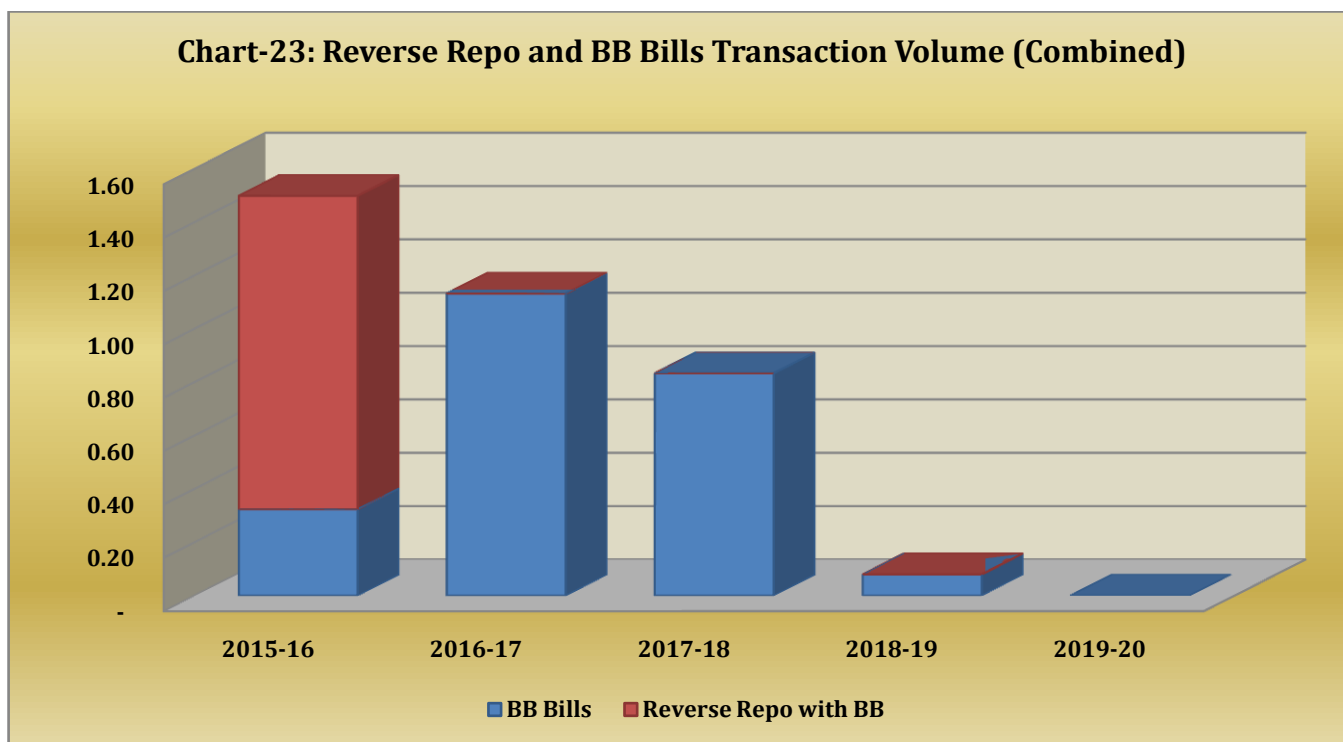
Source: DMD, BB.

Chart-22: Reverse Repo and BB Bills Transaction (In Volume)



Since FY 2016-17, no reverse repo facilities were availed by the banks or FI. However, for sterilization purposes and to manage liquidity in the banking system to keep the growth of the reserve money in line with the preferred level, BB has been issuing BB bills over the past few years. In 2019-20, with lesser excess liquidity in the market, the issuance of BB bills was sparse as BB issued only 150.00 crore of BB bills. The combined scenario of the reverse repo and BB bills over the past five FYs is illustrated below:

Chart-23: Reverse Repo and BB Bills Transaction Volume (Combined)



5.3. Comparative Scenario of Open Market Operations

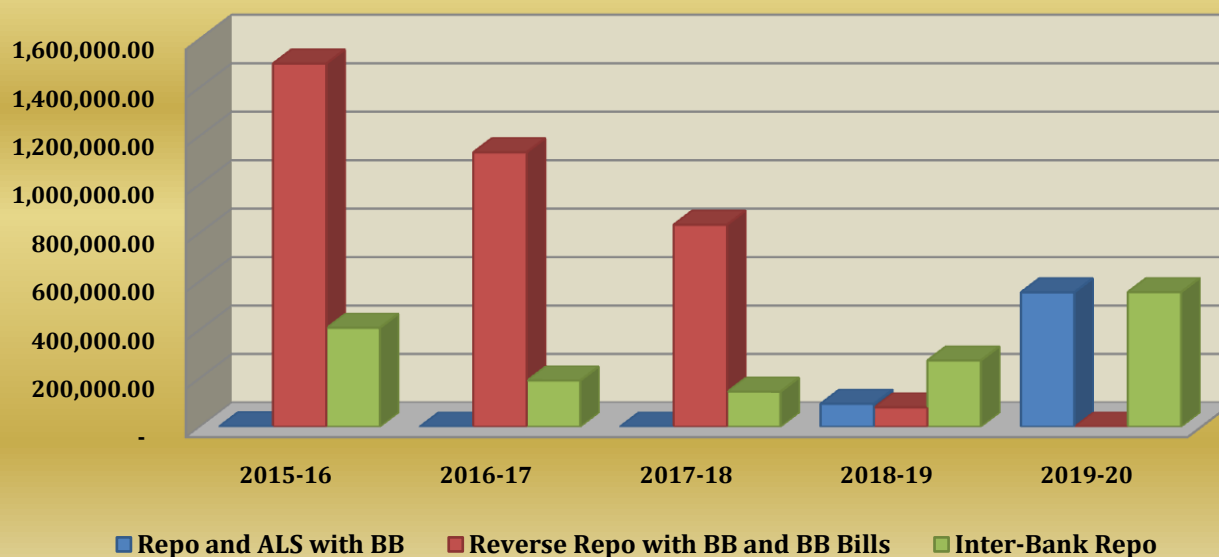
Between FY 2015-16 and FY 2017-18, there was significant excess liquidity in the market. Consequently, BB conducted different OMO (reverse repo, BB bills) to absorb the excess liquidity from the market. In FY 2018-19, the trend started to reverse as considerable absorption, and injection operations went on side by side. In FY 2019-20, the market suffered from somewhat of a liquidity crunch, which could be primarily attributed to the pandemic of Covid-19. The following table illustrates the trend of the repo, ALS, reverse repo, BB bills alongside the inter-bank repo transactions for comparison.

Table-19: Securities Used in Open Market Operations

(Taka in Crore)					
Period	Repo and ALS with BB	Reverse Repo with BB and BB Bills			Inter-Bank Repo
		Reverse Repo with BB	BB Bills	Total	
2015-16	1,762.24	1,174,795.52	324,062.90	1,498,858.42	408,160.39
2016-17	115.67	-	1,132,530.90	1,132,530.90	190,605.22
2017-18	572.86	-	833,633.20	833,633.20	144,862.09
2018-19	94,587.62	-	79,883.00	79,883.00	273,547.50
2019-20	554,779.90	-	150.00	150.00	555,564.86

Source: DMD, BB.

Chart-24: Repo and ALS, Reverse Repo and BB Bills, IB Repo Composition



Chapter 6

Market Analysis

Money Market
Capital Market
The G-Sec Market
Performance of BGIIB



Chapter 6

Market Analysis

6.1. Money Market

Amidst the Covid-19 pandemic, the money market of Bangladesh experienced liquidity pressure, especially in the latter half of FY 2019-20. BB reduced the overnight repo rate to 5.25% on April 9, 2020, to stimulate the market and to ease the money supply. Similar borrowing-lending activities were visible in the interbank repo and call money market as they played significant roles in day-to-day liquidity management of the banking sector.

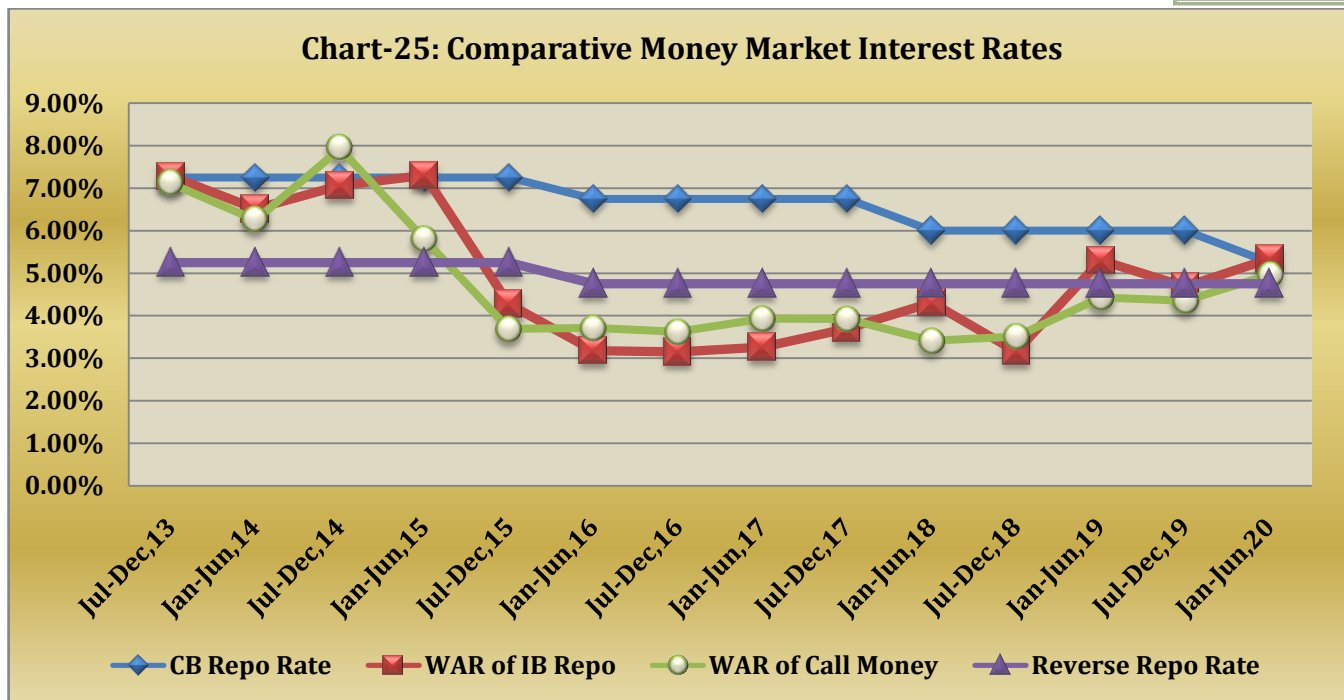
Table-20: Comparative Money Market Interest Rates

(In percentage)				
Period	CB Repo Rate	WAR of IB Repo	WAR of Call Money	Reverse Repo Rate
Jul-Dec,13 ¹	7.25	7.28	7.11	5.25
Jan-Jun,14	7.25	6.51	6.25	5.25
Jul-Dec,14	7.25	7.06	7.93	5.25
Jan-Jun,15	7.25	7.30	5.79	5.25
Jul-Dec,15	7.25	4.27	3.69	5.25
Jan-Jun,16 ²	6.75	3.18	3.71	4.75
Jul-Dec,16	6.75	3.15	3.62	4.75
Jan-Jun,17	6.75	3.26	3.93	4.75
Jul-Dec,17	6.75	3.70	3.92	4.75
Jan-Jun,18 ³	6.00	4.31	3.41	4.75
Jul-Dec,18	6.00	3.16	3.51	4.75
Jan-Jun,19	6.00	5.30	4.43	4.75
Jul-Dec,19	6.00	4.68	4.35	4.75
Jan-Jun,20 ⁴	5.25	5.34	4.96	4.75

Source: DMD, BB

¹MPD circular No-01, Dated 31 January 2013
²MPD circular No-01, Dated 14 January 2016
³MPD circular No-02, Dated 03 April 2018
⁴MPD circular No-04, Dated 09 April 2020

[On 29.07.2020, the repo rate was reduced to 4.75%, while the reverse repo rate was reduced to 4.00%].



As evident from the previous chapter, the reverse repo auction has not been availed by banks and FIs since July 2016. In contrast, during this FY 2019-20, 7-day BB bills were issued only in the first half, whereas the 14-day and 30-day BB bills were not issued throughout this FY. The table below presents the rates of reverse repo, and 7-day, 14-day, and 30-day BB bills over the years.

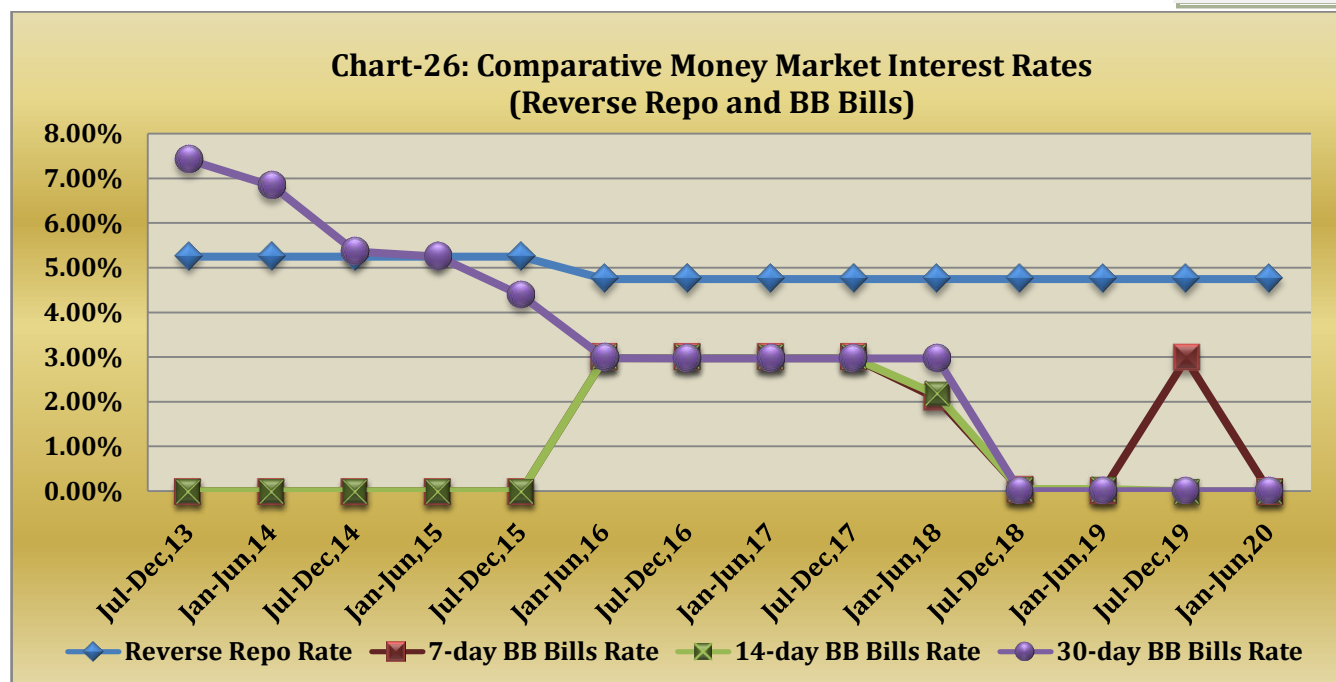
Table-21: Comparative Money Market Interest Rate (Reverse Repo and BB Bills)

Period	(in percentage)			
	Reverse Repo Rate	7-day BB Bills Rate	14-day BB Bills Rate	30-day BB Bills Rate
Jul-Dec,13 ¹	5.25	-	-	7.41
Jan-Jun,14	5.25	-	-	6.83
Jul-Dec,14	5.25	-	-	5.36
Jan-Jun,15	5.25	-	-	5.25
Jul-Dec,15	5.25	-	-	4.38
Jan-Jun,16 ²	4.75	2.98	2.98	2.98
Jul-Dec,16	4.75	2.98	2.98	2.97
Jan-Jun,17	4.75	2.98	2.98	2.97
Jul-Dec,17	4.75	2.98	2.98	2.97
Jan-Jun,18	4.75	2.08	2.16	2.97
Jul-Dec,18	4.75	0.05	0.05	-
Jan-Jun,19	4.75	0.02	0.05	-
Jul-Dec,19	4.75	2.96	-	-
Jan-Jun,20	4.75	-	-	-

Source: DMD, BB.

¹MPD circular No-01, Date 31 January 2013

²MPD circular No-01, Date 14 January 2016



6.2. Capital Market

6.2.1. Equity Market

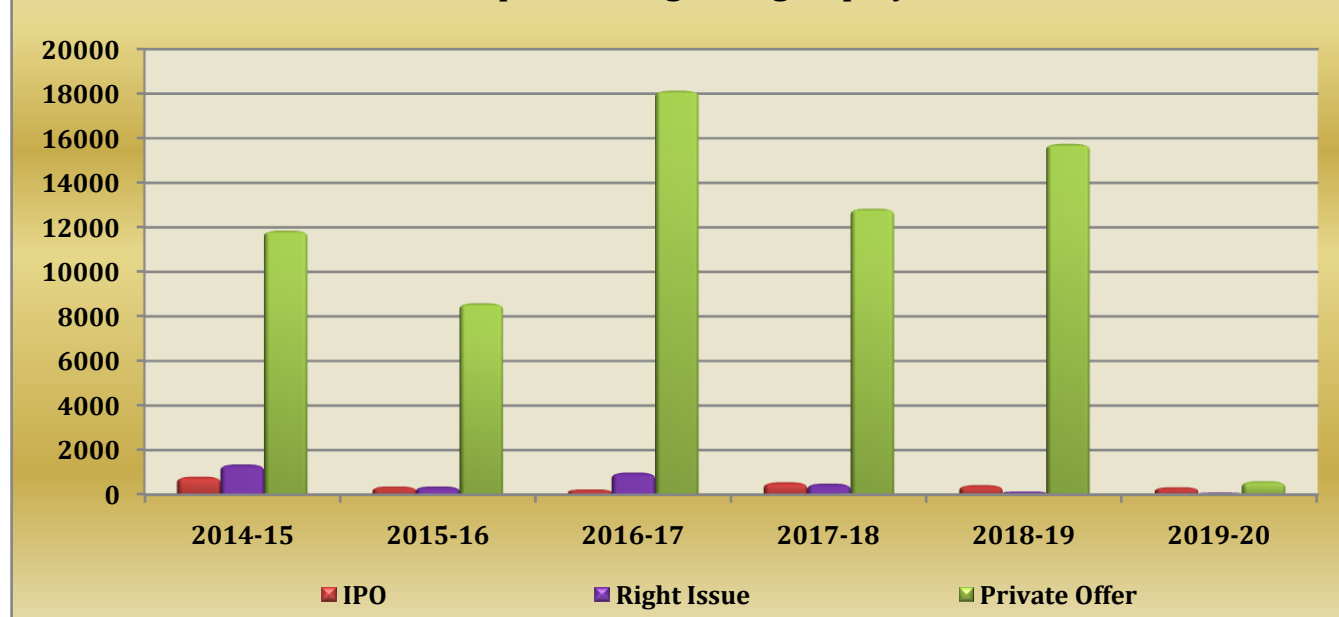
Bangladesh Securities and Exchange Commission (BSEC) regulates the issuance and trading activities of equity instruments in Bangladesh. The issuance of equity securities is governed by the Securities and Exchange Commission (Issue of Capital) Rules, 2001, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Securities and Exchange Commission (Rights Issue) Rules, 2006, and other relevant regulations. Under the supervision of BSEC, the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) are in operation in Bangladesh. The overview of the initial public offering (IPO), right issuance, and private offerings of equity instruments in Bangladesh are illustrated below:

Table-22: Capital Raising through Equity Issuance

Period	IPO		Right Issue		Private Offer		Total
	No. of Companies	Amount (Including Premium)	No. of Companies	Amount	No. of Companies	Amount	
2014-15	11	808.17	4	1,354.10	154	11,852.60	14,014.87
2015-16	9	368.00	3	365.80	146	8,592.50	9,326.30
2016-17	6	236.25	3	989.60	147	18,135.80	19,361.65
2017-18	13	553.25	4	491.50	194	12,840.40	13,885.15
2018-19	9	424.00	1	141.40	170	15,749.20	16,314.60
2019-20	4	333.08	1	89.93	8	602.63	1,025.64

(Taka in Crore)
Source: BSEC

Chart-27: Capital Raising through Equity Issuance



6.2.2. Corporate Bonds Market

For the issuance of debt instruments through private offers, issuers are required to apply under the Securities and Exchange Commission (Private Placement of Debt Securities) Rules, 2012. In contrast, for the issuance of debt instruments through public offers, an issuer is required to submit an application under Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 upon compliance with relevant requirements of the Securities and Exchange Commission (Private Placement of Debt Securities) Rules, 2012. The particulars of the corporate bonds and debentures issued through private offer and public offer are presented below:

Table-23: Issuance of Corporate Debt Securities in Bangladesh: Private Offer

(Taka in Crore)

Period	Corporate Bond		Corporate Debenture		Total	
	No. of Companies	Amount	No. of Companies	Amount	No. of Companies	Amount
2014-15	12	2,950.00	2	6.75	14	2,956.75
2015-16	13	4,059.12	2	27.20	15	4,086.32
2016-17	4	2,160.00	3	497.50	7	2,657.50
2017-18	29	10,698.50	3	518.00	32	11,216.50
2018-19	23	12,755.00	-	-	23	12,755.00
2019-20	17	8,591.46	-	-	17	8,591.46

Source: BSEC

Chart-28: Outstanding of Corporate Bond and Debenture: Private Offer

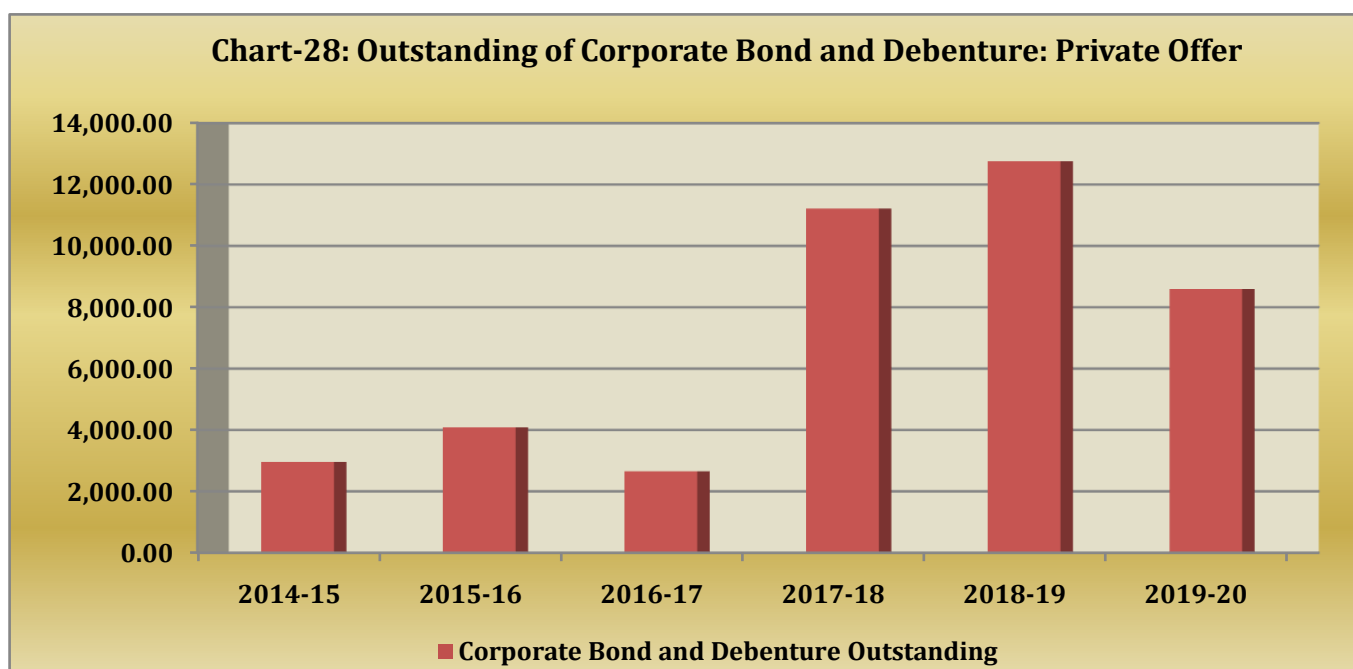


Table-24: Issuance of Corporate Debt Securities in Bangladesh: Public Offer

(Taka in Crore)

Serial no.	Corporate Bonds/Debentures	Year of issue	Features	Size
1.	IBBL Mudaraba Perpetual Bond	2007	Profit Sharing	300.00
2.	ACI 20% Convertible Zero-Coupon Bonds*	2010	20% Convertible	107.00
3.	BRAC Bank 25% Subordinated Convertible Bonds*	2011	25% Convertible	300.00

**converted to equity*

Source: BSEC

Currently, there is only one issue of the publicly listed corporate bond in Bangladesh. The IBBL Mudaraba Perpetual Bond, with a face value of 300.00 crore, is listed on the DSE and CSE; however, the secondary trading activity of the instrument was very insignificant. Although there are a few subordinated bonds issued by the banks to meet their tier-II capital requirements, the majority of those are currently being held by other banks through private placement.

6.2.3. Overview of Global Markets

The capital market of Bangladesh has been gradually expanding over the years. Key market indicators like the index value, market capitalization, turnover, and volume increased for the past few years at the Dhaka Stock Exchange (DSE). As a percentage of GDP, the total market capitalization stood at 12.30% at the end of FY 2019-20. The following table and the chart illustrate a comparative picture of different stock markets of some Asian countries along with the DSE:

Table-25: Overview of Global Markets

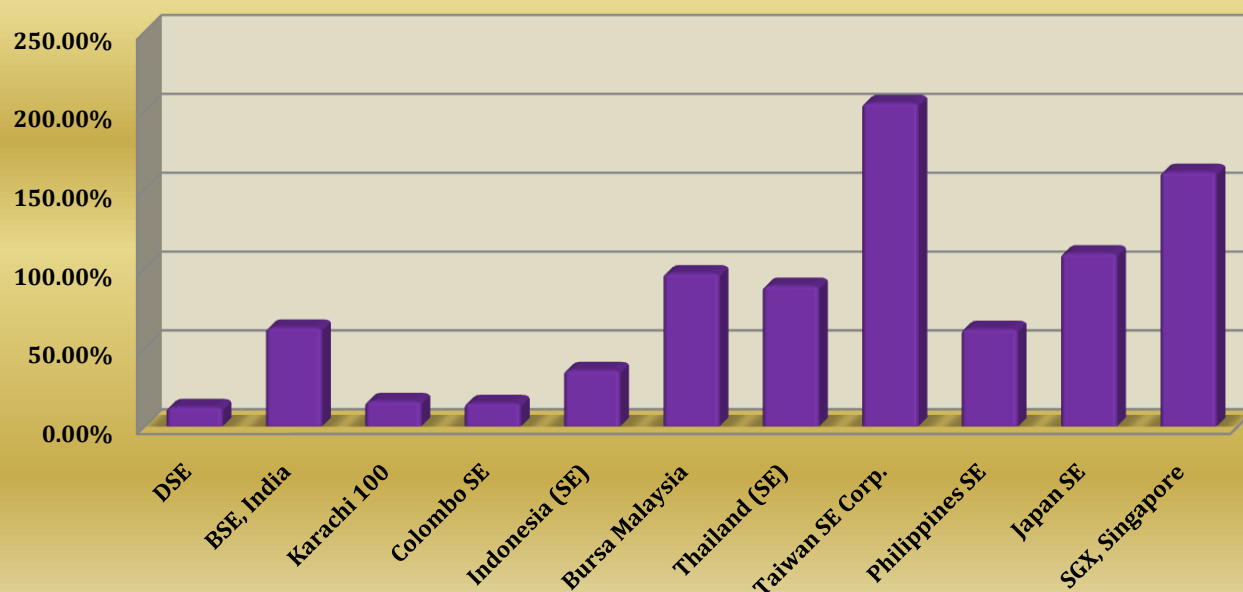
As of June 2020

SL No.	Name of the Capital Markets/Index	Country	Domestic Market Capitalization in US\$ Billion	Market Cap to GDP
1.	DSE*	Bangladesh	36.73	12.30%
2.	BSE	India	1,842.04	62.75%
3.	Karachi 100**	Pakistan	48.89	16.15%
4.	Colombo SE	Sri Lanka	12.91	14.92%
5.	Indonesia (SE)	Indonesia	398.34	35.83%
6.	Bursa Malaysia	Malaysia	355.02	97.19%
7.	Thailand (SE)	Thailand	472.52	89.29%
8.	Taiwan SE Corp.	Taiwan	1,202.39	205.15%
9.	Philippines SE	Philippines	221.05	61.95%
10.	Japan SE	Japan	5,664.05	109.89%
11.	SGX	Singapore	585.92	161.49%

Sources: BSEC, DSE
IMF World Economic Outlook Database October 2019
World Federation of Exchanges
Bangladesh Economic Review

*Total Market Capitalization (Equity, Mutual fund, Bond, etc.) is calculated for Market Cap to GDP ratio

**As of May 2019

Chart-29: Market Capitalization to GDP (%)

Among the countries featured on the list above, DSE had the lowest market capitalization to GDP ratio at the end of FY 2019-20.

6.3. The G-Sec Market

An efficient fixed-income securities market is integral for developing an efficient and competitive capital market in Bangladesh, particularly in the backdrop of the current liquidity situation of the

banking sector. A bond is basically a fixed-income debt instrument that offers an alternative to bank finance. As a result, along with a vibrant G-Sec market, an efficient corporate bond market can offer a solution to the excessive demand for bank financing, especially for medium and long-term investment financing.

6.3.1. The trend of Primary Market Yield Curve of T-Bills

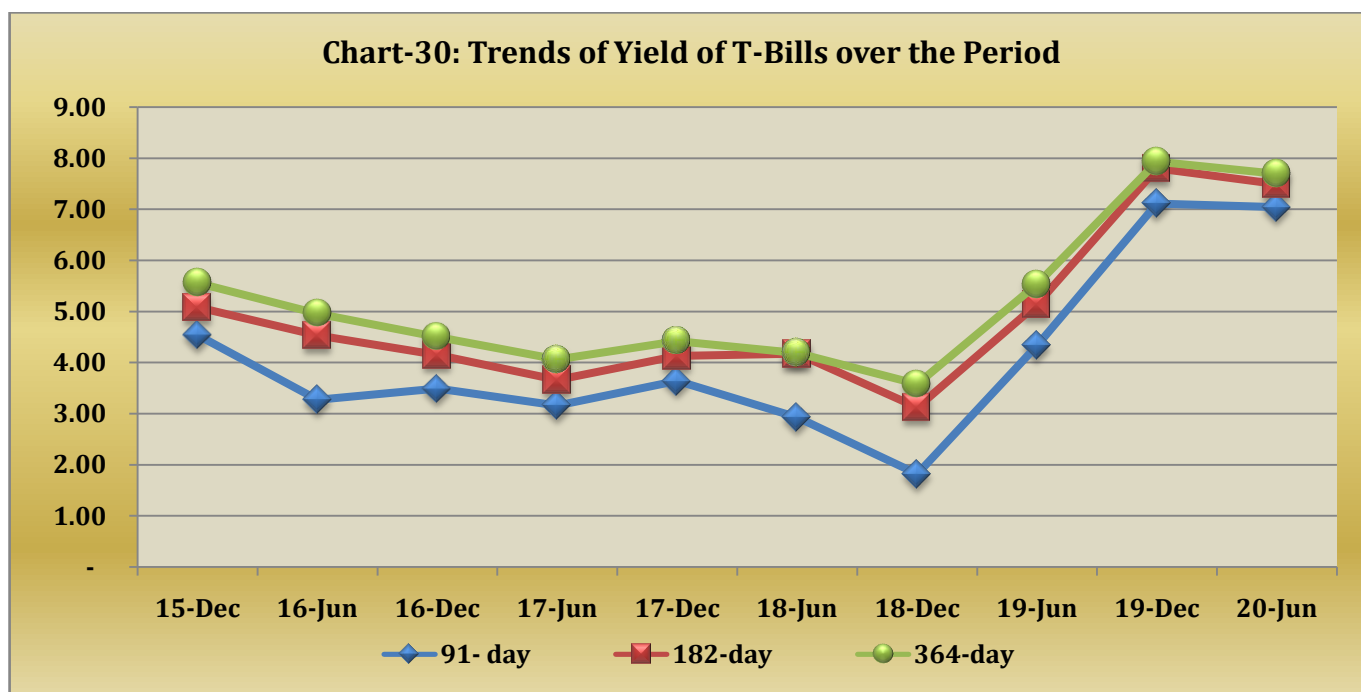
The average yields of T-bills across different maturities were relatively stable during the FY 2019-20. The average yield on T-bills increased significantly in this FY comparing to the previous one. The table below shows the trend of the average yield on T-bills over the years.

Table-26: Trends of Average Yield of T-Bills Over the Period

Particular	In %									
	FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
	Dec-15	Jun-16	Dec-16	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20
91-day	4.54	3.27	3.49	3.16	3.64	2.93	1.82	4.33	7.11	7.04
182-day	5.08	4.53	4.15	3.66	4.13	4.17	3.12	5.14	7.80	7.49
364-day	5.56	4.96	4.50	4.06	4.42	4.19	3.58	5.53	7.93	7.69

Source: DMD, BB.

Chart-30: Trends of Yield of T-Bills over the Period



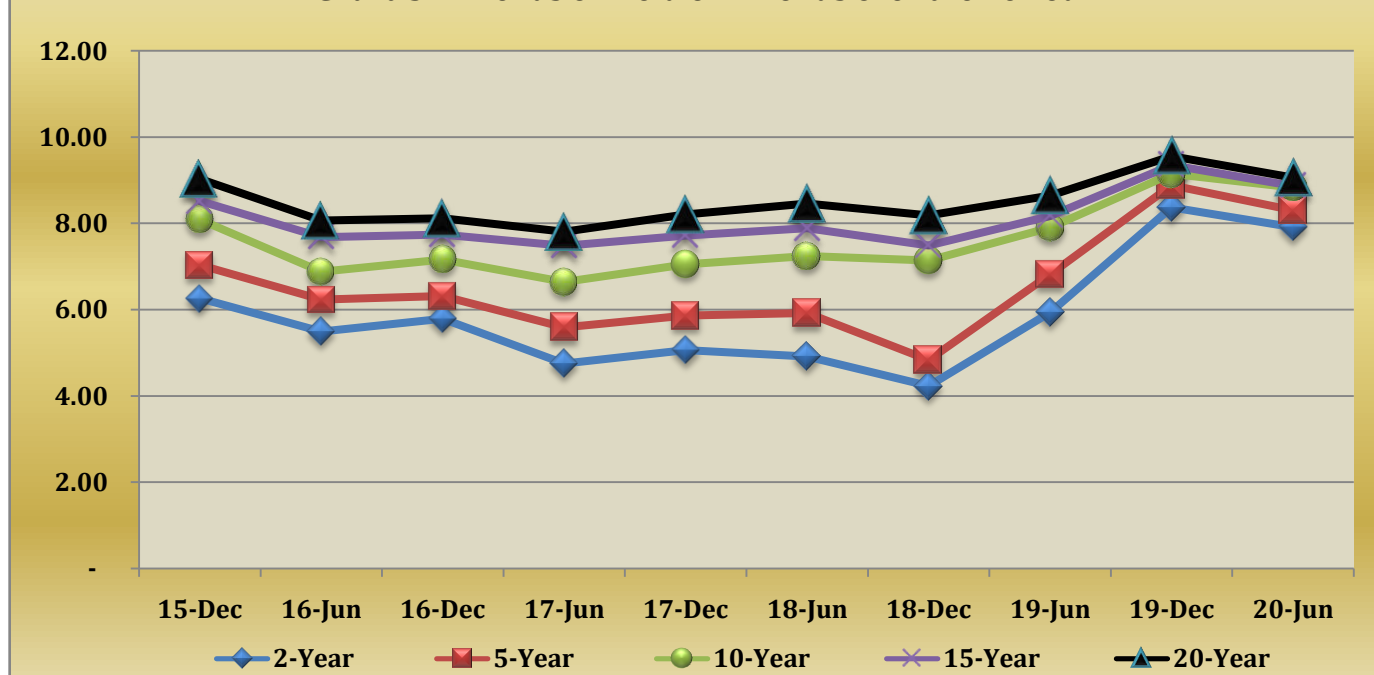
6.3.2. The trend of Primary Market Yield Curve of T-Bonds

The yield on T-bonds observed an upturn in FY 2018-19, which continued in the first half of FY 2019-20. The average yield curves of T-bonds decreased dramatically from June 2015 to June 2016 and maintained a downward trend until December 2018, and afterward, it took an upturn. In this FY, the average yield of T-bonds for all maturities increased significantly compared to the previous ones. The following table shows the trend of the average yield for T-bonds over the years.

Table-27: Trends of Average Yield of T-Bonds Over the Period

Particular	In %									
	FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
	Dec-15	Jun-16	Dec-16	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20
2-Year	6.26	5.49	5.79	4.75	5.06	4.91	4.23	5.94	8.37	7.91
5-Year	7.03	6.23	6.31	5.59	5.86	5.92	4.83	6.82	8.88	8.30
10-Year	8.09	6.88	7.16	6.64	7.05	7.24	7.14	7.90	9.15	8.83
15-Year	8.52	7.68	7.74	7.48	7.72	7.89	7.49	8.17	9.35	8.87
20-Year	9.03	8.07	8.12	7.81	8.21	8.46	8.19	8.65	9.56	9.06

Source: DMD, BB.

Chart-31: Trends of Yield of T-Bonds over the Period

6.3.3. The trend of Primary Market Yield Curve of T-Bills and T-Bonds

The yields of both T-bills and T-Bonds experienced an upward trend from FY 2018-19 to the first half of FY 2019-20. However, in the latter half of FY 2019-20, we observed a mild reversal of the trends. Previously, the interest rates of T Bills and Bonds observed a downward trend between 2013 and June 2015 and dropped significantly afterward till June 2016. Then, between December 2018 and June 2019, the interest rate observed a substantial upward turn, especially for T-bills.

6.3.4. Primary Market Liquidity Position

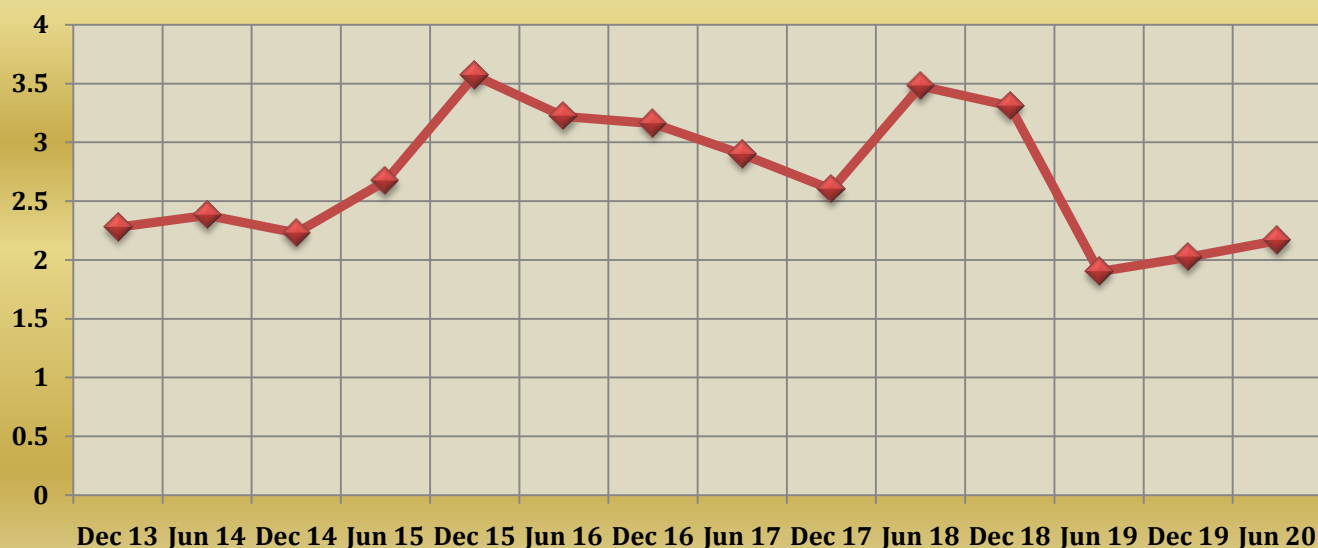
The trend of the primary market bid to coverage ratio indicates the liquidity situation in the market. From 2013 to December 2018, the bid coverage ratio of more than 2.0 indicated the market was liquid enough, and the demand for G-Sec was high. However, between January 2019 and June 2019, the average bid to coverage ratio dropped below the 2.0 (ending up at 1.90), indicating lesser excess liquidity in the market. In contrast, in FY 2019-20, for both halves, it was above 2.0 as in the first half and the latter half it was at 2.02 and 2.16, respectively.

Table-28: Primary Market Liquidity Position

(in times)

Serial No.	Period	Average Bid-Coverage Ratio
1	July-December,13	2.28
2	January-June,14	2.38
3	July-December,14	2.23
4	January-June,15	2.67
5	July-December,15	3.57
6	January-June,16	3.22
7	July-December,16	3.16
8	January-June,17	2.90
9	July-December,17	2.60
10	January-June,18	3.48
11	July-December,18	3.31
12	January-June,19	1.90
13	July-December,19	2.02
14	January-June,20	2.16

Source: DMD, BB.

Chart-32: Bid-Coverage Ratio

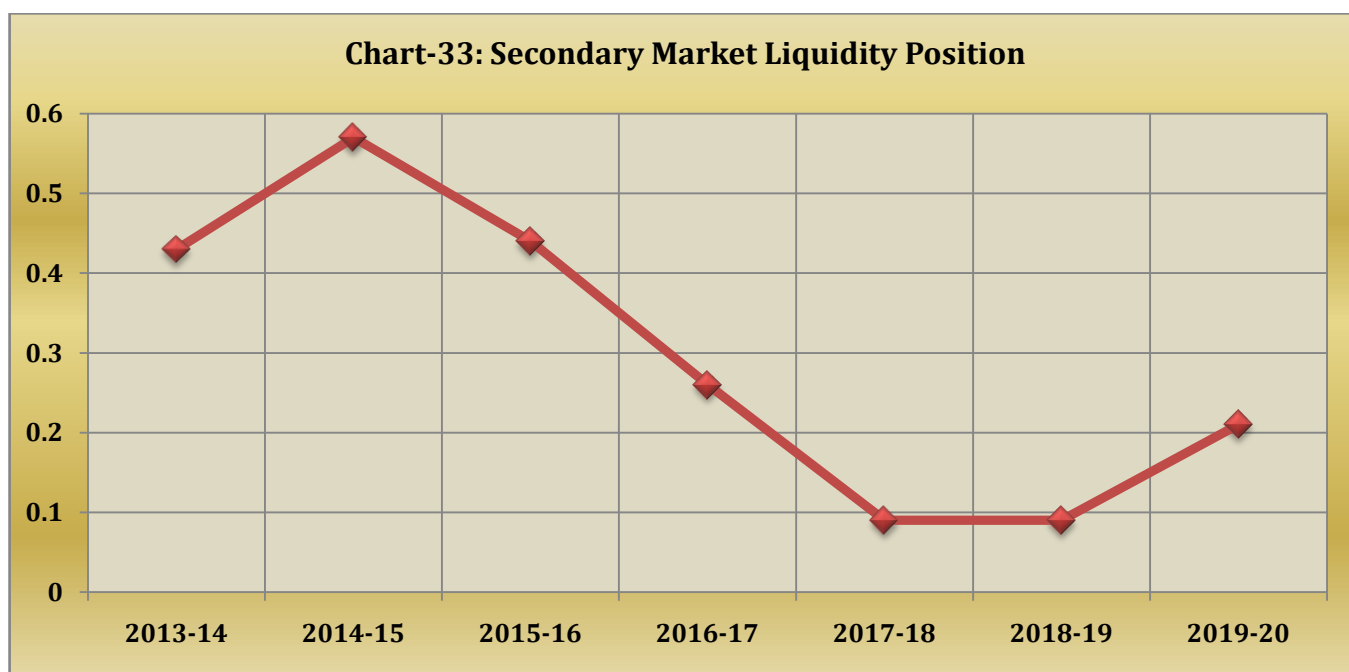
6.3.5. Secondary Market Liquidity Position

Traded turnover to market capitalization, also known as turnover velocity ratio, is an indicator of liquidity in the market. As it indicates a better liquidity situation, investors prefer a high turnover velocity ratio. The trend in turnover velocity ratio during FY 2019-20 increased significantly (around 132%), indicating a stronger liquidity situation in the secondary G-Sec market. The table below shows the turnover over the past seven FYs.

Table-29: Secondary Market Liquidity Position

(Taka in Crore)				
Financial Year	Outstanding Balances (T-bills and bonds)	Secondary trading turnover	Turnover (Times)	% of Increase/ (Decrease)
2013-14	143,410.91	61,978.52	0.43	-
2014-15	146,702.53	83,664.62	0.57	33
2015-16	153,662.69	67,513.02	0.44	(23)
2016-17	153,673.38	40,058.40	0.26	(41)
2017-18	161,767.56	15,334.40	0.09	(65)
2018-19	199,363.65	18,309.82	0.09	(-)
2019-20	279,601.97	59,479.32	0.21	132

Source: DMD, BB.

Chart-33: Secondary Market Liquidity Position

6.4. Performance of Bangladesh Government Islamic Investment Bond (BGIIB)

BB introduced Bangladesh Government Islamic Investment Bond (BGIIB) on behalf of the Government in 2004 as a Shariah-compliant instrument. The Government issues these instruments as guarantees against the pool of funds formed by the Shariah-based banks and individuals in order to develop the money market in the Islamic banking sector. This bond is issued to collect the surplus fund from the Islamic Shariah-based banks/financial institutions and deploy the funds in the deficit Islamic Shariah-based banks/financial institutions. The return of the bonds depends on profit or loss in line with the Islamic Shariah, the savings rates, the investment volume of the fund, and other related factors. These Bonds are governed by the principles of Mudaraba.

At present, there are two Islamic bonds in operation: the 3-month and 6-month BGIIB. Bangladeshi institutions, individuals, and non-resident Bangladeshis, who agree to share profit or loss in accordance with the Islamic Shariah, may purchase these bonds. The auction of the bond is held on every Thursday of the week in the Islamic bond system maintained by Bangladesh Bank.

Borrowing from a Shariah-compliant fund requires compliance with Islamic principles with respect to the usage and profit-sharing structure of the fund along with the approval from Shariah advisers. Therefore, the Government does not borrow money from the Islamic banking sector. The trend of the outstanding and remaining amounts of this bond is illustrated below:

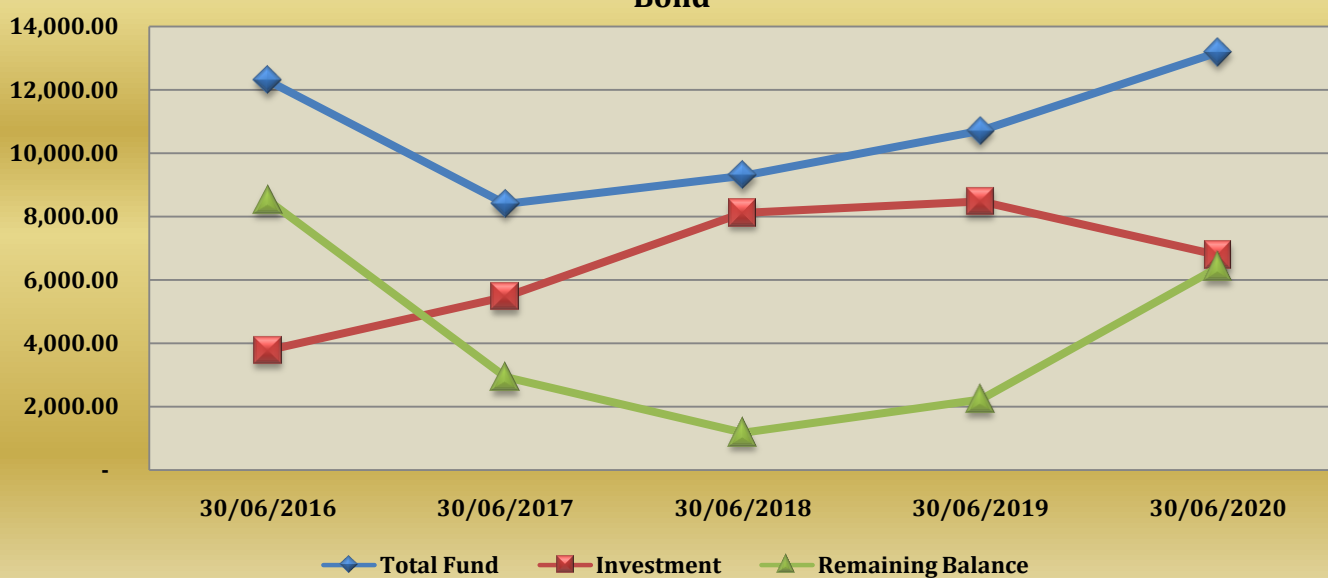
Table-30: Outstanding of Bangladesh Government Islamic Investment Bond

(Taka in crore)

Serial	Period	Total Fund	Investment	Remaining Balance
1	End of June 2016	12,293.50	3,779.57	8,513.93
2	End of June 2017	8,401.49	5,469.57	2,931.92
3	End of June 2018	9,294.78	8,119.57	1,175.21
4	End of June 2019	10,711.18	8,479.69	2,231.49
5	End of June 2020	13,188.38	6,782.09	6,406.29

Source: DMD, BB

Chart-34: Outstanding of Bangladesh Government Islamic Investment Bond



The total fund size of BGIIB increased comparing to the previous year; however, the investment amount declined in this period, pointing to the sufficient liquidity in the Shariah-based banking sector.

Chapter 7

Comparative Scenario of Government Debt

- Comparative Outstanding Balances of Tradable and Non-Tradable Securities
- Comparison of Net Issuance of Tradable and Non-Tradable Securities
- Comparison of Outstanding Balance of Public Sector's Domestic and External Debt
- Comparison of the Net Issuance of Public Sector's Domestic and External Debt
- Outstanding of Public Sector's Domestic and External Debt Compared to GDP
- Bond Outstanding to GDP: A Comparison with Other Asian Countries



Chapter 7

Comparative Scenario of Government Debt

7.1. Comparative Outstanding Balances of Tradable and Non-Tradable Securities

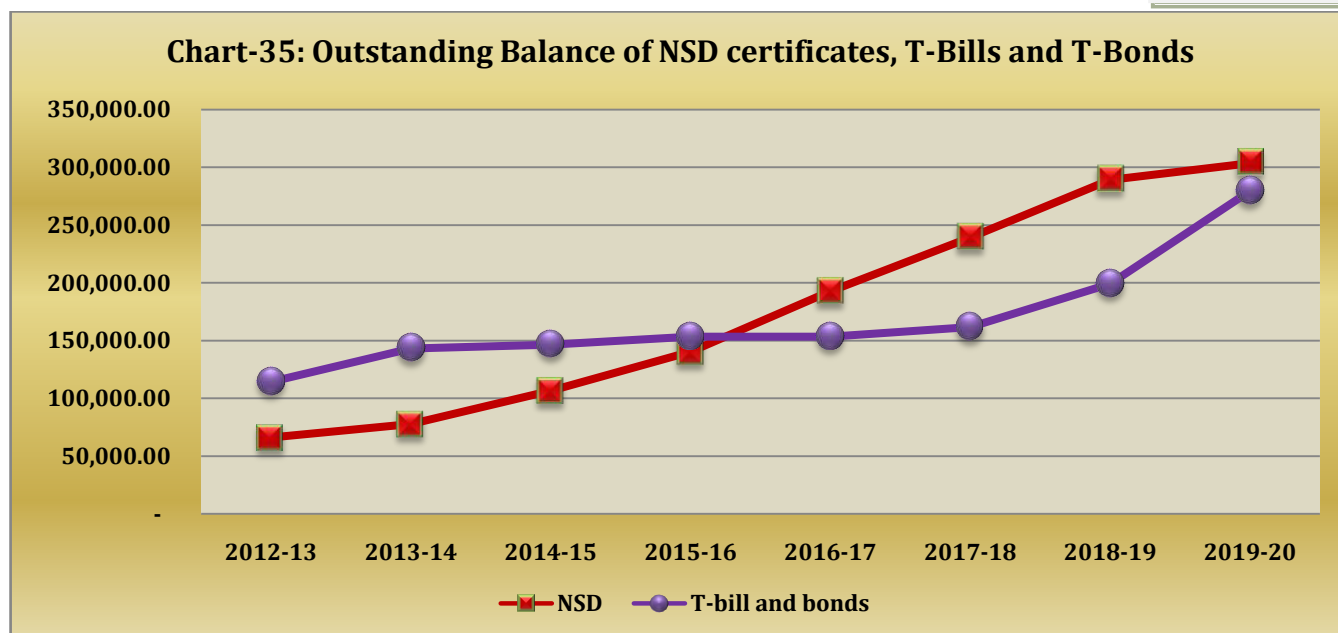
At the end of FY 2019-20, the total outstanding of government borrowing public debt from the banking sector and non-banking sector (NSD) stood at BDT 279,601.97 and 303,696.23 crore, respectively. In the budget of the FY 2019-20, BDT 97,345.00 crore was targeted as net borrowing from domestic sources by the Government, of which BDT 82,421.00 crore and BDT 14,924.00 crore from banking and non-banking sources, respectively. In FY 2019-20, the Government's actual net borrowing was BDT 80,238.32 crore through T-bills and T-bonds from the banking system, which was 97.35% of the budget. On the other hand, the Government's net borrowing through NSD instruments during this period was BDT 14,428.35 crore, which was 96.68 % of the budget. At the end of June 2020, the interest rates of 3-monthly interest-bearing Sanchayapatra, 5-year Bangladesh Sanchayapatra, Poribar Sanchayapatra, and Pensioner Sanchayapatra were 11.04%, 11.28%, 11.52%, and 11.76%, respectively, whereas, at the same time, the cut-off rates of the T-bonds with 2, 5, 10, 15 and 20 years maturities were 7.80%, 8.05%, 8.66%, 8.70%, and 8.94%, respectively.

The percentage outstanding of domestic public debt from the banking sectors (T-bills and T-bonds) decreased gradually from FY 2012-13 to 2017-18. In contrast, the outstanding liabilities from NSD certificates increased significantly during the period mentioned above. However, since FY 2018-19, due to the steps taken by the Government and BB, the sale of T-bills and T-bonds increased significantly. During FY 2019-20, BB took several steps to broaden the investor-base of T-bills and T-bonds, and consequently, the proportion of debt using those instruments increased by almost 7% compared to the previous term.

Table-31: Comparative Outstanding Balances of NSD Certificates, T-Bills and T-Bonds

(Taka in Crore)					
Period	Outstanding Balances		Total Amount	Total	
	NSD Certificates	T-Bills and T-Bonds		NSD certificates	T-Bills and T-Bonds
2014-15	106,573.03	146,702.53	253,275.56	42%	58%
2015-16	140,261.63	153,662.69	293,924.32	48%	52%
2016-17	192,679.09	153,673.38	346,352.47	56%	44%
2017-18	239,209.39	161,767.56	400,976.95	60%	40%
2018-19	289,267.88	199,363.65	488,631.53	59%	41%
2019-20	303,696.23	279,601.97	583,298.20	52%	48%

Source: DMD, BB, and NSD



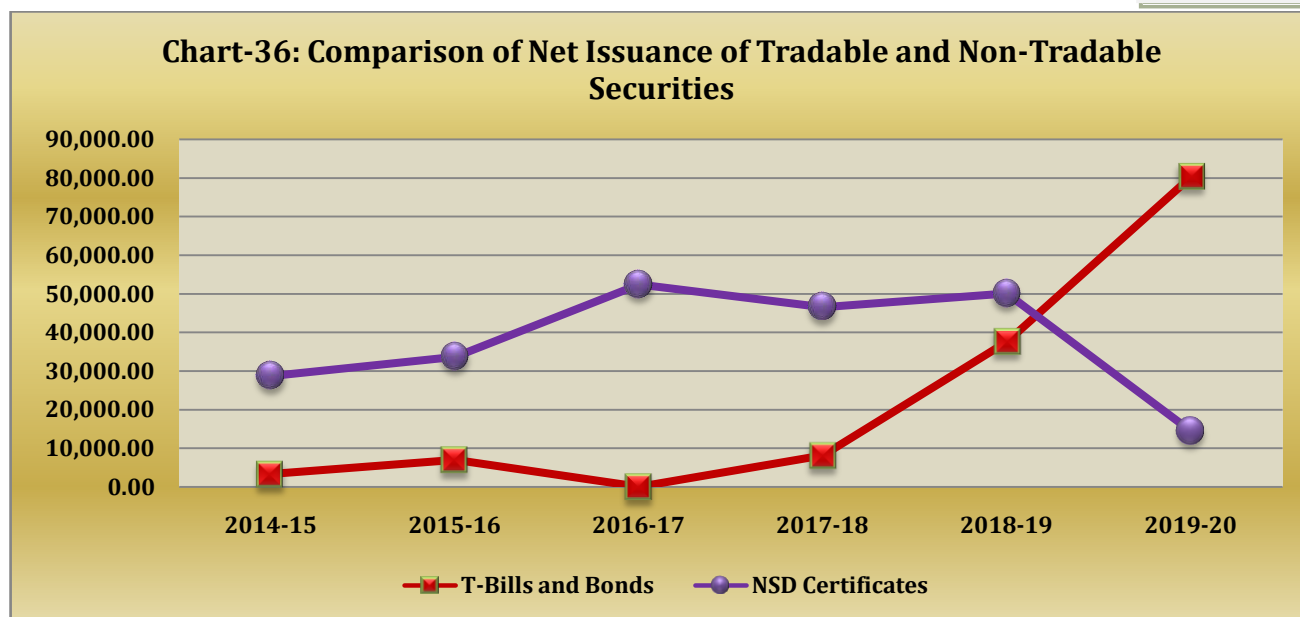
7.2. Comparison of Net Issuance of Tradable and Non-Tradable Securities

As mentioned before, in recent times, BB took numerous steps focusing on broadening the investor-base of T-bills and T-bonds. Those measures contributed to an increasing trend of G-Sec being issued, and as a result, the net issuance increased significantly over the years. This trend became more evident than ever as for the first time in recent years, the net issuance of tradable securities was higher than the non-tradable ones in this FY 2019-20. The table below presents the trend of the net issuance of tradable and non-tradable securities.

Table-32: Comparison of Net Issuance of Tradable and Non-Tradable Securities

(Taka in Crore)		
Financial Year	T-Bills and Bonds	NSD Certificates
2014-15	3,291.62	28,732.64
2015-16	6,960.16	33,688.60
2016-17	10.69	52,417.46
2017-18	8,094.18	46,530.30
2018-19	37,596.09	50,058.49
2019-20	80,238.32	14,428.35

Source: DMD, BB, and NSD



The chart above illustrates the trends clearly as, during this FY 2019-20, the crossing-over of the net issuance of tradable and non-tradable instruments occurred for the first time in the recent past.

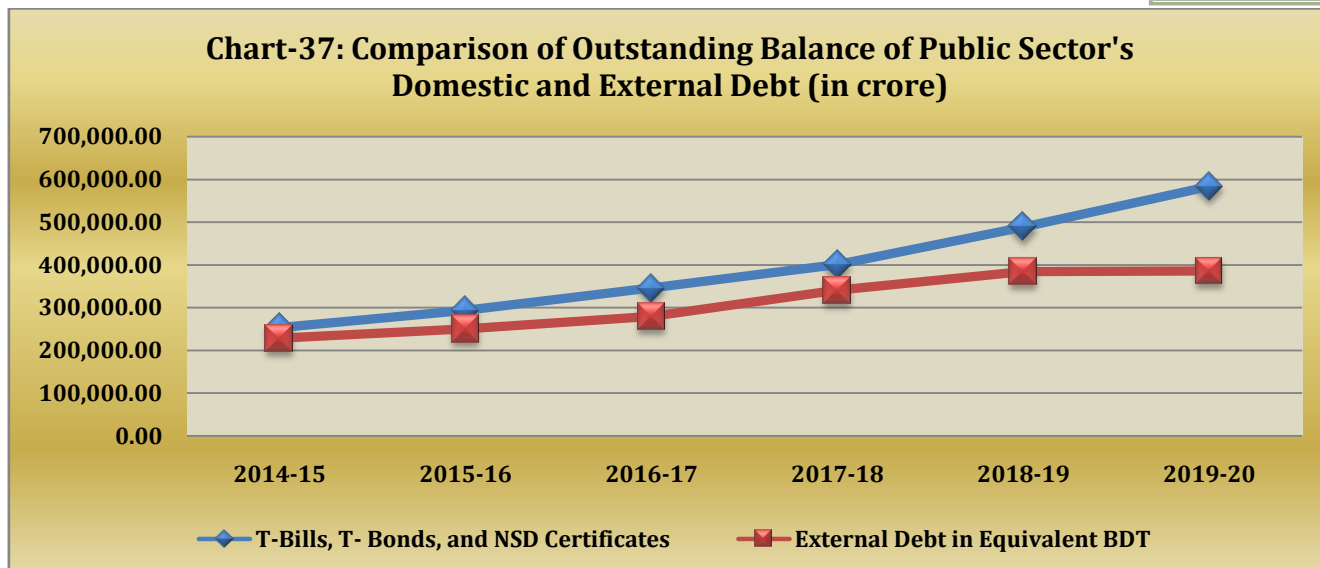
7.3. Comparison of Outstanding Balance of Public Sector's Domestic and External Debt

Since FY 2014-15, the outstanding domestic debt of the public sector is on an increasing trajectory. A similar trend is visible for the external debt of the public sector. However, in FY 2019-20, the external debt of the public sector increased nominally. The table below illustrates the overall amount and trends over the years:

Table-33: Comparison of Outstanding Balance of Public Sector's Domestic and External Debt

(Taka in Crore)		
Financial Year	T-Bills, T- Bonds, and NSD Certificates	External Debt in Equivalent BDT
2014-15	253,275.56	229,141.04
2015-16	293,924.32	250,927.04
2016-17	346,352.47	279,696.55
2017-18	400,976.95	341,350.31
2018-19	488,631.53	384,604.13
2019-20	583,298.20	385,985.87*

Source: SD and DMD, BB, and NSD
*Provisional data



7.4. Comparison of the Net Issuance of Public Sector's Domestic and External Debt

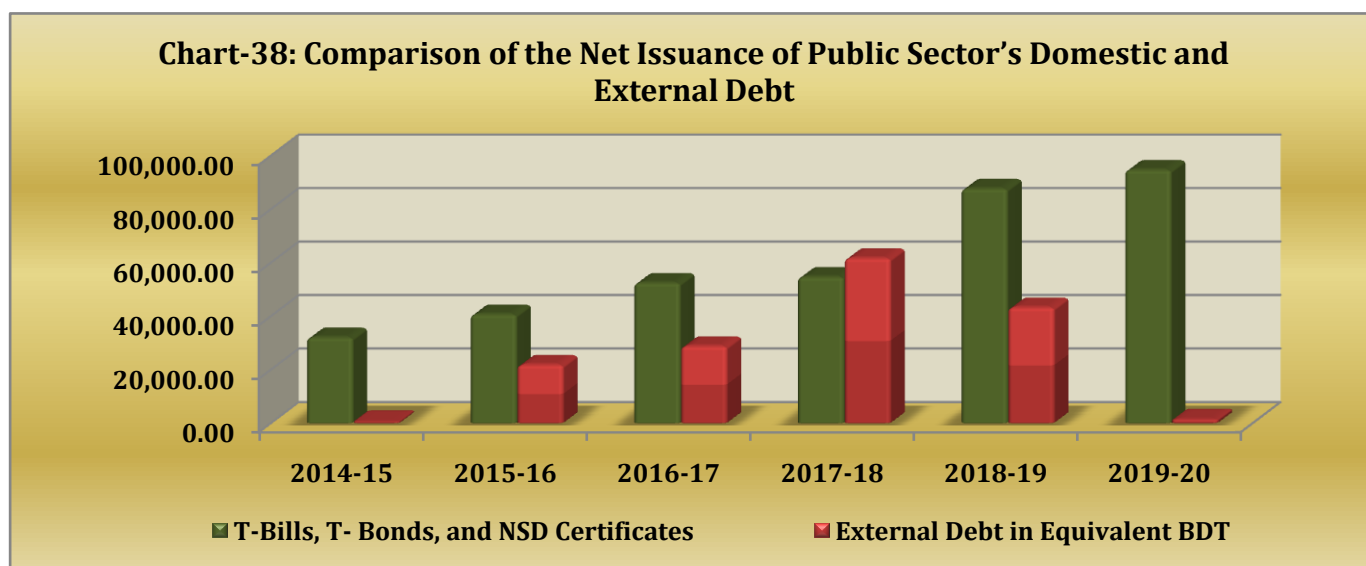
Similar to the total outstanding amount, the net amounts of both domestic and external debts of the public sector are on an increasing trend over the past FYs. The table below illustrates the net amounts of domestic and public debt over the past six FYs:

Table-34: Comparison of the Net Issuance of Public Sector's Domestic and External Debt

(Taka in Crore)

Financial Year	T-Bills, T- Bonds, and NSD Certificates	External Debt in Equivalent BDT
2014-15	32,024.26	580.30
2015-16	40,648.76	21,786.00
2016-17	52,428.15	28,769.51
2017-18	54,624.48	61,653.76
2018-19	87,654.58	43,253.81
2019-20	94,666.67	1,381.74*

Source: SD, DMD, BB, and NSD
*Provisional data



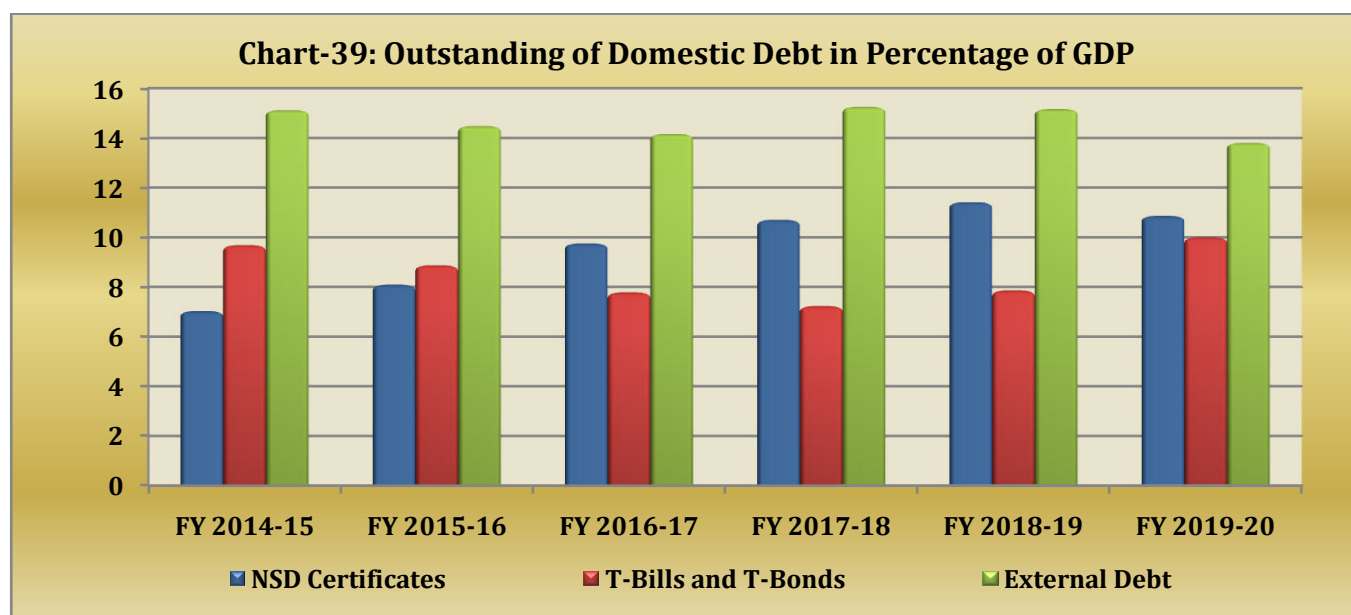
7.5. Outstanding of Public Sector's Domestic and External Debt Compared to GDP

Between FY 2014-15 and FY 2018-19, the Government borrowing through NSD certificates continued to increase as the interest rates of NSD certificates were significantly higher than the yields of the prevailing instruments in the G-Sec market. However, in FY 2019-20, the trend of borrowing through NSD certificates reversed, as the Government introduced a centralized database for NSD instruments, including a mandatory submission of the national ID number of the holders to ensure a higher level of transparency. The treasury instruments became popular among the general investors in recent times, primarily because of the steps taken by BB concerning the investors' awareness.

The outstanding amount of public debt from the banking sector as a proportion of GDP increased gradually. Conversely, NSD instruments as a percentage of GDP decreased in FY 2019-20. The trend of external debt-to-GDP ratio has been topsy-turvy over the years, which declined in FY 2019-20. The table below shows the proportion of domestic and external debt in comparison with the GDP:

(In percentage)						
Instruments	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
NSD Certificates	7.03	8.09	9.75	10.70	11.41	10.86
T-Bills and T-Bonds	9.68	8.87	7.78	7.23	7.86	10.00
External Debt	15.12	14.48	14.16	15.25	15.16	13.80

Source: BB, BBS, and NSD.



7.6. Bond Outstanding to GDP: A Comparison with Other Asian Countries

Comparing to some other Asian countries like South Korea, China, Thailand, Vietnam, Malaysia, etc., the fixed-income securities market of Bangladesh comprised a smaller portion of GDP. Among the countries mentioned, the Malaysian G-Sec market held the largest portion (60.40%) with

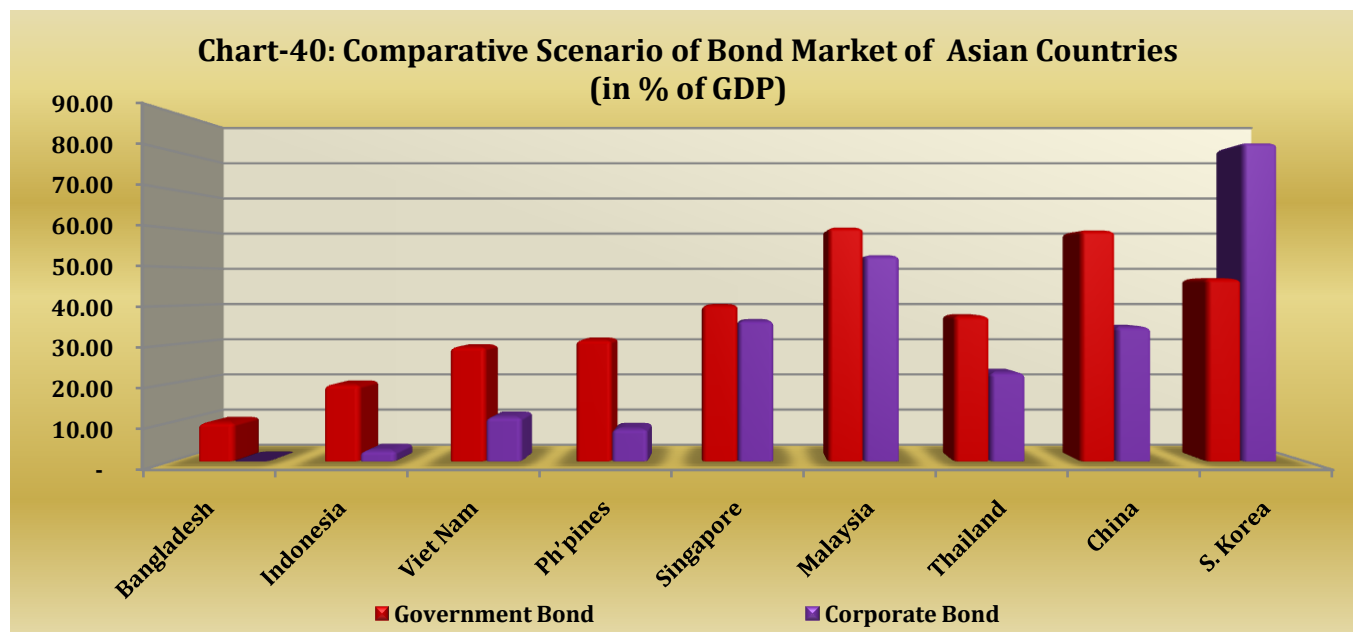
respect to their GDP, whereas it is only 10% in Bangladesh. As far as the corporate bond market was concerned, the South Korean one ranked the highest with 82.30%. In contrast, the portion of the listed corporate bonds was negligible in Bangladesh.

Table-36: Comparative Scenario of Bond Markets in Asia (In % of GDP)

(June 2020)									
Bonds	Bangladesh	Indonesia	Viet Nam	Ph'pines	Singapore	Malaysia	Thailand	China	S. Korea
Government	10.00	19.79	29.55	31.34	40.36	60.40	37.60	59.64	47.20
Corporate	0.01	2.74	11.42	8.35	36.29	53.20	22.91	34.78	82.30

Source: BB, DSE, and ADB.

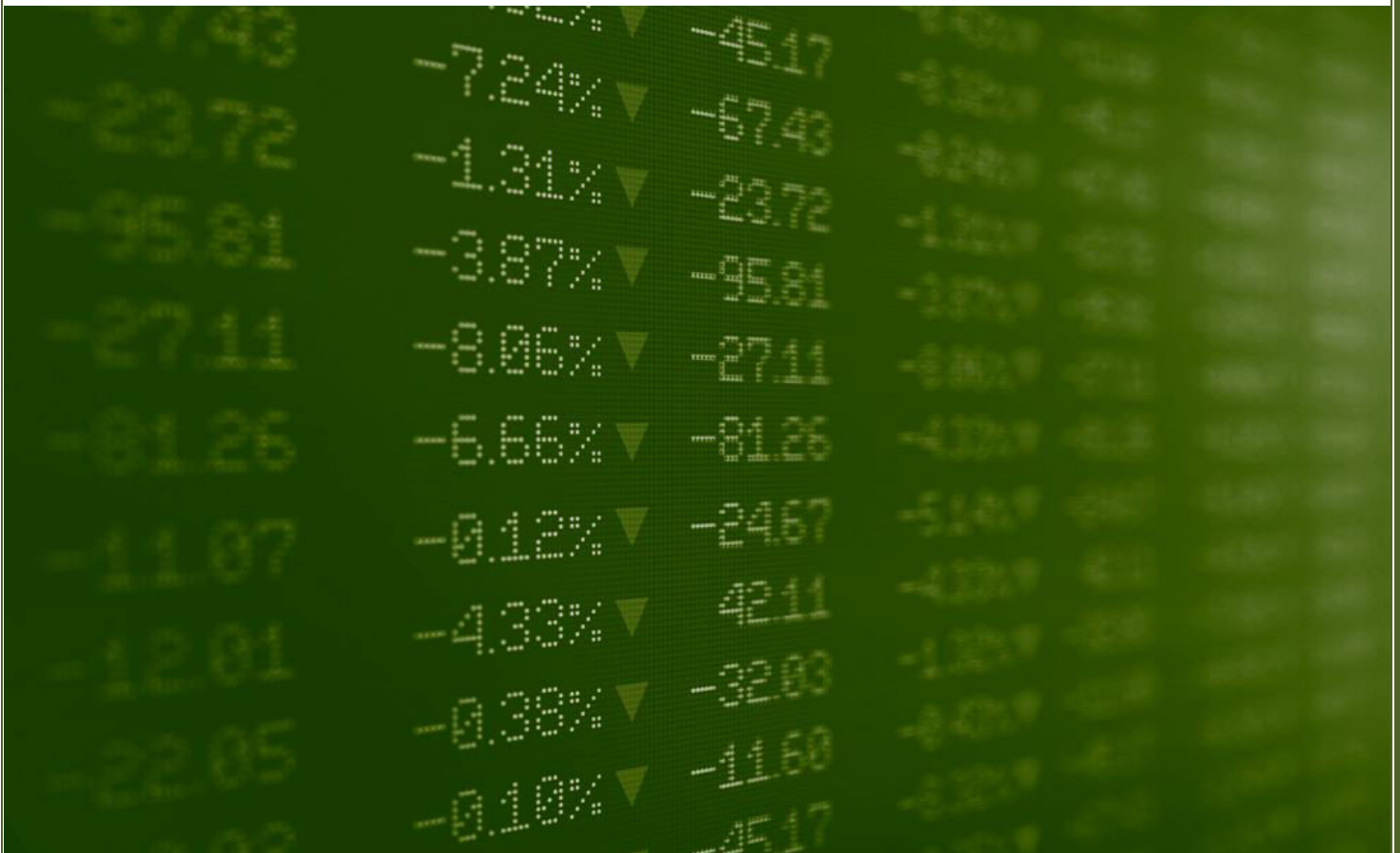
Chart-40: Comparative Scenario of Bond Market of Asian Countries (in % of GDP)



Chapter 8

Recent Initiatives in Developing the Bond Market

Recommendations of BB's Committee
Implementation of BB's Recommendations
Augmentation of the Investor-Base
Steps Taken During the Covid-19 Pandemic
Other Initiatives



Chapter 8

Recent Initiatives in Developing the Bond Market

8.1. Recommendations of BB's Committee

Under the Strategic Plan 2014-19 of BB, a committee headed by the General Manager, Debt Management Department of BB, was formed to identify the obstacles to the development of the fixed-income securities market in Bangladesh. The committee included the members of different related departments of BB as well as representatives of the Bangladesh Securities and Exchange Commission (BSEC) and a commercial bank. The committee published a detailed framework in 2019 titled 'Comprehensive Framework on the Development of the Bond Market in Bangladesh.' The publication outlined specific roles of different authorities in recommending the actions, which was circulated among the concerned authorities. A summary of the recommendations of the framework is presented below:

Table-37: Summary of Recommendations in Developing the Bond Market in Bangladesh

	Issues/Focus Area	Recommendations
Government Securities (G-Sec)	Proper Cash Management	<ul style="list-style-type: none"> ✓ MoF should establish a central IT-based cash management cell, where all the stakeholders (different line ministries) could input their expenditure and revenue plans periodically to adopt a clear issuance strategy; ✓ CDMC should focus on the development of the financial market along with the cash and debt management of the Government; ✓ CDMC may adopt a policy in regards to the management and investment of the surplus cash amount in the market by exploring alternative investment opportunities.
	Introduction of a Medium-Term Auction Calendar	Planning and publication of an auction-calendar at least on a half-yearly basis and conducting auctions as a preannounced auction calendar.
	Open-Limit on the Sale of Savings Certificates	<ul style="list-style-type: none"> ✓ To fulfill the borrowing from the banking sector as per the budgetary plan, the Government should sell the NSD instruments only to the targeted people (senior citizens, low-income people, etc.); ✓ While adding a social-security premium, the yield of the savings certificates could be set in line with the yield of the tradable securities.
	Lack of Sufficient Instrument Balance	Increasing the issuance of marketable government bonds to ensure a minimum net issuance every year.
	A Large Number of Securities (ISIN) in the Market	<ul style="list-style-type: none"> ✓ An intensive program of buyback and switching should be taken; ✓ Reissuance of the securities with tenors close to the preceding slab issued as a lesser tenor bond rather than a fresh one; ✓ Increasing the upper limit (at present 3,000 crore) of the bonds against a single ISIN.
	Lack of Benchmark	✓ Identifying benchmark securities in the market;

Securities	<ul style="list-style-type: none"> ✓ Issuing securities with even longer tenors (e.g., 30-year, 40-year).
Absence of an Effective and Realistic Secondary Yield Curve	<ul style="list-style-type: none"> ✓ Frequency of trading in the secondary market has to be increased; ✓ Examining whether the already developed secondary market yield curve fulfills the international standards.
Unavailability of Two-Way Price Quoting	<ul style="list-style-type: none"> ✓ Selecting the benchmark securities liquid enough for the primary dealers to be able to quote on a two-way basis in the secondary market; ✓ Establishing the infrastructure to enable the two-way price quoting system; ✓ Directing the PDs to quote two-way on a daily basis.
Introduction of a Central Counterparty (CCP)	<ul style="list-style-type: none"> ✓ To ensure secure transfer of securities and secondary trading of G-sec, we should have a depository guideline for smooth functioning; ✓ Analyzing the feasibility of introducing a legal entity like CCP to mitigate the counterparty default risks and settlement risks.
Restructuring of the Held-to-Maturity (HTM) and Held-for-Trading (HFT) Portfolio	Based on the market conditions, HTM and HFT portfolios should be restructured (revised) from time to time.
Absence of Established Pension/Provident Funds	<ul style="list-style-type: none"> ✓ Forming separate pension funds for civil servants rather than depending on budget allocation; ✓ Investing the funds in tradable government securities; ✓ Establishing a separate regulatory body to formulate policies and to regulate the entities dealing with public and private pension funds; ✓ Directing the Government/semi-government/ autonomous corporations as well as the corporations/ organizations in the private sector to invest a certain percentage of their provident and gratuity funds in government bonds instead of NSS certificates.
Other Recommendations Related to G-Sec	<p>a) Introducing foreign currency-denominated G-sec to,</p> <ul style="list-style-type: none"> ✓ Attract foreign investors; ✓ Increase inflow of foreign remittance; ✓ Reduce pressure on the local money market; ✓ Borrow funds at cheaper rates; ✓ Establishing creditworthiness in the global market; ✓ Widening the bond market. <p>b) Allowing G-sec to be traded on the DSE and CSE platforms along with the MI module to make the trading more convenient for the institutional/individual/foreign investors.</p> <p>c) Implementing a uniform tax treatment for all the Government debt instruments and other saving instruments for individual investors.</p> <p>d) Setting a holding period limit and the stop-loss limit for PDs based on the reviewed PD guidelines.</p> <p>e) Establishing clear rules for market-making and ensure two-way quotes for the benchmark bonds by reviewing the PD guidelines. In this regard, Bangladesh Bank should redesign the PD guidelines by addressing the concerned issues.</p> <p>f) Bangladesh Bank may consider securities trading activities to support the market-making process. For BB to actively participate in the trading of G-Sec, periodic discretionary trading-limits could be allowed to the DMD, BB.</p>

	Issues/Focus Area	Recommendations
Corporate Bond	Prolonged Approval Period	The required time to get approval for issuing corporate bonds should be reduced while simplifying the process.
	Issuance of Bonds in Multiple Steps (Shelf Offering)	For efficient utilization of funds, the issuers should be allowed to get the approval in one step, with the issuance taking place in multiple steps in case of public offerings.
	Absence of Debt-Instruments Issued by Different Government Bodies	<ul style="list-style-type: none"> ✓ Government/autonomous corporations/local government bodies/utility companies (e.g., BPC, PDB, ICB, HBFC, Power Generation Companies, and Bangladesh Railway) could consider issuing bonds to raise funds for the long-term projects; ✓ Additionally, to avoid the crowding-out effect, emphasis should be given to promoting increased issuance of corporate debt instruments along with increased issuance of the government securities.
	Bonds Issued By Banks through Private Placement Not Being Listed	✓ BSEC may take steps to enlist the instruments issued through private placement;
	Overreliance on Bank Financing	<ul style="list-style-type: none"> ✓ Policy measures are needed to be taken to ensure a competitive interest structure for the bonds in line with bank financing; ✓ In this regard, BSEC may conduct further studies to determine the aforementioned structure to smoothen the bond issuance process; ✓ Bangladesh Bank may consider revisiting the policies regarding loan rescheduling/restructuring to make those more rigorous and stringent.
	Absence of Instructions on Mandatory Issuance of Bonds after Reaching a Debt-Ceiling	Bangladesh Bank should conduct an analysis to determine the certain debt-ceiling, after which a portion of the marginal fund to be raised by issuing debt instruments.
	Absence of Secondary Yield Curve/Effective Valuation Tools	<ul style="list-style-type: none"> ✓ The introduction of diversified government debt instruments and frequent transactions of those instruments are needed for the secondary market to be able to offer an effective secondary yield curve; ✓ DMD, BB, should take the necessary steps to publish a reliable and effective yield curve for the G-Sec to be used as the benchmark/risk-free rate.
	Shortage of Special Purpose Vehicle/Entity (SPV/E)	Trust structures and favorable regulations should be formed to guarantee that the incomes generated through such assets are ring-fenced.
	Limited Role of the Trustees	The role and purview of the trustee should be defined by the BSEC clearly to ensure the protection of the funds of the investors in case of a default or late payment.
	Limited Confidence among the Investors in Relation to Credit Rating Agencies	The regulatory framework should be formulated for the local credit rating agencies to establish strategic partnerships with recognized international agencies (e.g., S&P, Fitch).
	Tax Disincentives to the Issuers	Consider removing the stamp duty and reducing the corporate tax rate/offer a tax-holiday period to the issuers.
	Tax Disincentives to the Investors	<ul style="list-style-type: none"> ✓ The Government should consider introducing a uniform tax treatment on government and non-government debt instruments for a specific period; ✓ Income from the corporate bonds could be placed outside of the scope of source-taxation, which means the tax on the interest of corporate bonds could be allowed to be paid at the time of

		submitting the income tax return instead of deduction at the source.
	High Cost Related to Issuance and Secondary Trading	Issuance costs and secondary transaction costs (amounting to almost 6% of issue size) should be reduced to incentivize bond issuance.
	Absence of a Separate Trading Platform for Fixed-income Securities	<ul style="list-style-type: none"> ✓ Stock exchanges should consider establishing a separate platform for trading of fixed-income securities for enhanced liquidity; ✓ A separate platform would also make the debt instruments more accessible to individual investors for secondary transactions.
	Nonexistence of Legal Framework for Local and International Guarantors	<ul style="list-style-type: none"> ✓ BSEC may draft the legal framework identifying the roles of local or international guarantors in ensuring the protection of investors' funds in the issuance of fixed-income instruments; ✓ The Government may consider establishing a separate credit guarantee corporation (or a regulatory body) to ensure the protection of the investors.
Additional Recommendations	Issues/Focus Area	Recommendations
	Amendment of the Insurance Rules 1958	The forthcoming Insurance Rules (to be issued under the Insurance Act, 2010) could be amended with instructions for the insurance companies to invest a minimum obligatory portion of their portfolio in Fixed-Income Securities
	Amendment of the Mutual Funds Act	BSEC should consider reducing/abolishing the rule regarding the minimum requirement of obligatory equities in the mutual funds' portfolios.
	Awareness Programs for the Investors and the Issuers	Bangladesh Bank and BSEC may arrange training programs for the institutional investors (e.g., insurance companies, mutual funds) and individual investors as well as for the potential issuers on a regular basis to promote awareness regarding the fixed-income securities.
	Incentives for the Foreign/Non-Resident Investors	<ul style="list-style-type: none"> ✓ The process of investing in corporate bonds should be simplified for the foreign/non-resident investors; ✓ Relevant hedging instruments need to be introduced to attract those investors.
	Including Investment-Grade Instruments in SLR	<ul style="list-style-type: none"> ✓ DOS and BRPD, BB may conduct further studies to analyze the viability of allowing investment-grade bond/debenture portfolio to be recognized as a part of the banks' SLR as well as in Repo transactions (with necessary haircut); ✓ The DFIM circular letter no. 01/2017 should be amended by setting the ceiling for the NBFIs in allowing maintaining their SLR with the balances held in banks and other NBFIs.
	Introduction of Inflation-Indexed Bonds	The Government, banks, NBFIs, and other corporate bodies may consider issuing inflation-indexed bonds to attract foreign investors by guaranteeing an inflation-adjusted return.
	Introduction of Diversified Products	A detailed analysis should be conducted to study the feasibility of introducing Credit Default Swap, Interest Rate Swap, Residential Mortgage-Backed Securities (RMBS), Asset-Backed Securitizations, green bonds, Sukuk, and other types of project-specific bonds.
	Introduction of Shariah-based Products	A detailed study should be conducted to analyze the feasibility of the introduction of Islamic finance products (e.g., Sukuk) in the market.

	Separate Rules for Debt Securities	<ul style="list-style-type: none"> ✓ Separate rules should be drafted by BSEC specifically focusing on the debt-securities as the tax, duty, and cost structure designed for equity issuance and trading can be disincentivizing for the fixed-income securities market as transaction sizes differ significantly; ✓ In order to stimulate the secondary trading of government securities, MoF and Bangladesh Bank may consider drafting rules allowing short-selling of government securities.
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8.2. Implementation of BB's Recommendations

Following the dissemination of the framework, different stakeholders (e.g., Bangladesh Bank, Ministry of Finance, NBR, BSEC, and IDRA) started to implement the recommendations of the framework. For example, previously, while issuing a bond, as issuer needed to 2% stamp duty on the issue size. Considering the size of issues of fixed-income securities, such a charge discouraged prospective issuers. Afterward, the National Board of Revenue (NBR) reduced the stamp duty to 0.10% of the issue size or a maximum BDT 10.00 lac on an issuance. This step should attract prospective issuers to raise funds by issuing bonds. Furthermore, in regards to the bonds traded on the platform of DSE, now the transaction tax is imposed on the commission rather than the total volume, which should stimulate the secondary transaction of those securities. Additionally, along the lines of the recommendations of the framework, IDRA imposed a minimum limit to be invested in G-Sec for the general and life insurance companies. Consequently, as the holders of a large portion of investable funds, the insurance companies would presumably be keener to invest in G-Sec, which would lead to the further development of the market.

8.3. Augmentation of the Investor-Base of G-Sec

During FY 2019-20, BB took numerous initiatives to broaden the investor-base of G-Sec. For the awareness of general investors, currently, BB is circulating advertisements in Bangla and English daily newspapers detailing the process to invest in G-Sec. Since the publication of those advertisements, the Debt Management Department (DMD), BB received an overwhelming response from the prospective eligible individual and institutional investors. Additionally, to meet the demands of the broadened base of investors, DMD directed banks and FIs to open separate G-Sec trading windows to provide full-fledged cliental services. In response to that direction, banks and FIs are already taking steps to establish those trading windows under their respective treasury divisions.

With an increasing number of participants, the G-Sec market would potentially be more efficient over time. Previously, at one stage, the only investors in the G-Sec market were the banks and FIs, which became a burden on those institutions as they are licensed primarily to lend to the private

sector. Considering those factors, BB and MoF took steps to expand the investor base by including individuals, insurance companies, provident funds, mutual funds, among others. With the relentless effort of BB and MoF, the dynamics of the G-Sec market altered, and at present, around 30% of the securities are owned by the individuals and institutional investors (other than banks and FIs). As the demand for G-Sec increased, the cost of borrowing of the Government reduced significantly. For example, around 10-11 years ago, the coupon rates of the 20-year treasury bonds used to be at around 15.5%, whereas at present, those rates are near to 9%. The drop in the coupon rates happened primarily due to the increased demand for G-Sec.

8.4. Steps Taken During the Covid-19 Pandemic

To combat the effects of the global pandemic of Covid-19, BB took several initiatives with a view to aiding the financial sector. As the nation-wide lockdown approached in March 2020, a threat of a potential liquidity shortage was looming large on the whole sector. To address this issue, in March 2020, DMD, BB issued the circular no. 01/2020 offering the banks and financial institutions the opportunity to sell their G-Sec holding (in excess of SLR) to BB at the market rate. This measure offered the banks and FIs an avenue to liquidate their holdings at short notice to meet any unexpected pressure on their liquidity requirements. Similarly, for the institutions willing to trade on borrowed funds against their holdings rather than an outright sale, in May 2020, BB offered 360-day term-repo facilities to the banks and FIs as per the DMD circular no. 02/2020. These steps assisted the banking sector immensely in addressing any prospective crunch situation as the sector came out mostly unscathed from this pandemic. Furthermore, BB also decreased the repo rate by 125 basis points to mitigate the prospective liquidity pressure on the banks and FIs in carrying out their operational activities.

8.5. Other Initiatives

In December 2019, BB and BSEC took steps to facilitate the trading of treasury bills and bonds on the Dhaka Stock Exchange (DSE) platform alongside the existing platform (MI Module) of BB. A tripartite committee consisting of the members of BB, BSEC, and DSE submitted a report detailing the process of enlisting the T-bonds and T-bills on the trading platform of DSE to widen the investor base. The honorable Governor of BB approved the report mentioned above in February 2020, and the listing process of G-Sec is already underway. The relevant departments of BB and DSE are currently working together to make this transition smooth and efficient. We expect that the investors will be able to trade G-Sec in the largest stock exchange in Bangladesh alongside the existing platform of BB in the near future.

Chapter 9
Conclusion



Chapter 9

Conclusion

For an emerging economy, fostering the development of the fixed-income securities market is integral. With an efficient market in place, different financing options would be available to the Government or any public/private entity for long-term development projects. As we know, for a growing economy, infrastructural as well as other project developments, are critical. To undertake such projects, borrowing from the banking sector is fundamental for a while bridging the budget deficit. Additionally, this market would also present a stable opportunity for investors to secure a steady source of income. For any stable economy, a developed and diversified financial system with a sound debt and equity market augments risk-pooling and better risk-sharing opportunities to the deficit and surplus groups. In the presence of a developed market, the local, as well as the foreign investors, would have confidence in making investments with low liquidity risk.

During FY 2019-20, as the pandemic of Covid-19 hindered economic growth worldwide, our financial sector is still mostly unscathed. With the measures taken by BB to address the impacts of this pandemic, the banking sector remained liquid enough to combat any probable crisis scenario. Alongside facing the effects of this global crisis, BB took initiatives to augment the investor-base of G-Sec. As evident from the information and trends presented in this report, the increasing involvement in the secondary market points to better days in the fixed-income securities market in Bangladesh. With persistent cooperation among different regulatory bodies, the development of the G-Sec market and fixed-income securities market in general in Bangladesh should be just a matter of time.

Appendices

Appendix-1: List of Primary Dealers		
Sl.	Name of PD Banks	Website
1.	AB Bank Limited	http://www.abbl.com
2.	Agrani Bank Limited	http://www.agranibank.org
3.	Community Bank Bangladesh Limited	http://www.communitybankbd.com
4.	Jamuna Bank Ltd	http://www.jamunabankbd.com
5.	Janata Bank Limited	http://www.janatabank-bd.com
6.	Meghna Bank Limited	http://www.meghnabank.com.bd
7.	Mercantile Bank Limited	http://www.mblbd.com
8.	Midland Bank Limited	http://www.midlandbankbd.net/
9.	Modhumoti Bank Ltd.	http://modhumotibankltd.com/
10.	Mutual Trust Bank Limited	http://www.mutualtrustbank.com
11.	National Bank Limited	http://www.nblbd.com
12.	National Credit & Commerce Bank Ltd	http://www.nccbank.com.bd
13.	NRB Bank Limited	http://www.nrbbankbd.com
14.	NRB Commercial Bank Limited	http://www.nrbcommercialbank.com/
15.	NRB Global Bank Limited	http://www.nrbglobalbank.com
16.	Padma Bank Limited	http://www.padmabankbd.com/
17.	Prime Bank Ltd	https://www.primebank.com.bd/
18.	Shimanto Bank Limited	https://www.shimantobank.com/
19.	Sonali Bank Limited	http://www.sonalibank.com.bd
20.	South Bangla Agriculture & Commerce Bank Limited	http://www.sbacbank.com/
21.	Southeast Bank Limited	https://www.southeastbank.com.bd
22.	Uttara Bank Limited	http://www.uttarabank-bd.com

Appendix-2: List of Non-Primary Dealer Banks

Sl.	Non-PD Members	Website
1.	Bangladesh Commerce Bank Limited	http://bcblbd.com/
2.	Bank Al-Falah Limited	http://www.bankalfalah.com
3.	Bank Asia Limited	http://www.bankasia-bd.com
4.	BASIC Bank Limited	http://www.basicbanklimited.com
5.	BRAC Bank Limited	http://www.bracbank.com
6.	Citibank N.A	http://www.citi.com/domain/index.htm
7.	Commercial Bank of Ceylon Limited	http://www.combank.net/bdweb/
8.	Dhaka Bank Limited	http://dhakabankltd.com
9.	Dutch-Bangla Bank Limited	http://www.dutchbanglabank.com
10.	Eastern Bank Limited	http://www.ebl.com.bd
11.	Habib Bank Ltd.	http://globalhbl.com/Bangladesh/
12.	IFIC Bank Limited	http://www.ificbank.com.bd/
13.	National Bank of Pakistan	http://www.nbp.com.pk
14.	One Bank Limited	http://www.onebankbd.com
15.	Premier Bank Limited	http://www.premierbankltd.com
16.	Pubali Bank Limited	http://www.pubalibangla.com
17.	Rupali Bank Limited	https://rupalibank.org/en/
18.	Standard Bank Limited	http://www.standardbankbd.com
19.	Standard Chartered Bank	http://www.standardchartered.com/bd
20.	State Bank of India	https://bd.statebank/
21.	The City Bank Ltd.	http://www.thecitybank.com
22.	The Hong Kong and Shanghai Banking Corporation	http://www.hsbc.com.bd
23.	Trust Bank Limited	http://www.trustbank.com.bd
24.	United Commercial Bank Limited	http://www.ucb.com.bd/
25.	Woori Bank	http://www.wooribank.com

Appendix-3: List of Active Treasury Bonds (as of June 30, 2020)

(Taka in Crore)

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
1.	BD0920011022	2	4-Jul-18	4-Jul-20	5.04%	30,000.00
2.	BD0920111020	2	7-Nov-18	7-Nov-20	3.70%	30,000.00
3.	BD0921251023	2	6-Mar-19	6-Mar-21	5.40%	30,000.00
4.	BD0921011021	2	3-Jul-19	3-Jul-21	7.94%	30,000.00
5.	BD0921081024	2	4-Sep-19	4-Sep-21	8.73%	45,000.00
6.	BD0921201028	2	4-Dec-19	4-Dec-21	8.33%	45,000.00
7.	BD0922241023	2	8-Jan-20	8-Jan-22	8.27%	17,000.00
8.	BD0922361029	2	22-Apr-20	22-Apr-22	7.68%	45,000.00
9.	BD0922411022	2	3-Jun-20	3-Jun-22	7.80%	30,000.00
10.	BD0922281037	3	27-Mar-19	27-Mar-22	6.50%	5,000.00
11.	BD0920011055	5	16-Jul-15	16-Jul-20	8.60%	6,000.00
12.	BD0920061050	5	12-Aug-15	12-Aug-20	7.60%	6,000.00
13.	BD0920101054	5	9-Sep-15	9-Sep-20	7.49%	4,500.00
14.	BD0920141050	5	14-Oct-15	14-Oct-20	7.35%	4,000.00
15.	BD0920181056	5	11-Nov-15	11-Nov-20	5.15%	3,000.00
16.	BD0920221050	5	9-Dec-15	9-Dec-20	6.00%	4,500.00
17.	BD0921261055	5	13-Jan-16	13-Jan-21	6.44%	6,000.00
18.	BD0921301059	5	10-Feb-16	10-Feb-21	5.89%	500.00
19.	BD0921341055	5	9-Mar-16	9-Mar-21	5.94%	28,500.00
20.	BD0921381051	5	13-Apr-16	13-Apr-21	6.25%	17,000.00
21.	BD0921421055	5	11-May-16	11-May-21	6.24%	30,000.00
22.	BD0921011054	5	13-Jul-16	13-Jul-21	7.09%	24,500.00
23.	BD0922241056	5	11-Jan-17	11-Jan-22	5.84%	28,000.00
24.	BD0923021051	5	11-Jul-18	11-Jul-23	5.74%	29,000.00
25.	BD0923121059	5	14-Nov-18	14-Nov-23	4.50%	30,000.00
26.	BD0924261052	5	13-Mar-19	13-Mar-24	6.44%	27,000.00
27.	BD0924371059	5	12-Jun-19	12-Jun-24	8.10%	43,000.00
28.	BD0924021050	5	10-Jul-19	10-Jul-24	8.43%	30,000.00
29.	BD0924211057	5	11-Dec-19	11-Dec-24	8.97%	45,000.00
30.	BD0925251052	5	15-Jan-20	15-Jan-25	8.86%	20,000.00
31.	BD0925371058	5	29-Apr-20	29-Apr-25	8.12%	45,000.00
32.	BD0925421051	5	10-Jun-20	10-Jun-25	8.05%	30,000.00
33.	BD0920011105	10	7-Jul-10	7-Jul-20	8.79%	3,500.00
34.	BD0920051101	10	4-Aug-10	4-Aug-20	8.82%	3,500.00
35.	BD0920091107	10	8-Sep-10	8-Sep-20	8.85%	3,500.00
36.	BD0920131101	10	6-Oct-10	6-Oct-20	8.85%	4,000.00
37.	BD0920171107	10	3-Nov-10	3-Nov-20	8.90%	4,000.00
38.	BD0920211101	10	8-Dec-10	8-Dec-20	9.50%	4,000.00
39.	BD0921251106	10	5-Jan-11	5-Jan-21	9.53%	5,000.00
40.	BD0921291102	10	2-Feb-11	2-Feb-21	9.45%	5,000.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
41.	BD0921331106	10	2-Mar-11	2-Mar-21	9.45%	5,000.00
42.	BD0921371102	10	6-Apr-11	6-Apr-21	9.45%	5,000.00
43.	BD0921411106	10	4-May-11	4-May-21	9.45%	5,000.00
44.	BD0921451102	10	8-Jun-11	8-Jun-21	9.45%	5,000.00
45.	BD0921021103	10	13-Jul-11	13-Jul-21	9.45%	3,000.00
46.	BD0921061109	10	10-Aug-11	10-Aug-21	9.50%	3,000.00
47.	BD0921101103	10	14-Sep-11	14-Sep-21	9.53%	3,000.00
48.	BD0921141109	10	12-Oct-11	12-Oct-21	9.55%	5,000.00
49.	BD0921181105	10	10-Nov-11	10-Nov-21	9.55%	5,000.00
50.	BD0921221109	10	14-Dec-11	14-Dec-21	9.55%	5,000.00
51.	BD0922261104	10	11-Jan-12	11-Jan-22	11.25%	5,500.00
52.	BD0922301108	10	15-Feb-12	15-Feb-22	11.35%	5,500.00
53.	BD0922341104	10	14-Mar-12	14-Mar-22	11.40%	5,500.00
54.	BD0922381100	10	11-Apr-12	11-Apr-22	11.50%	7,000.00
55.	BD0922421104	10	16-May-12	16-May-22	11.56%	7,000.00
56.	BD0922461100	10	13-Jun-12	13-Jun-22	11.60%	7,000.00
57.	BD0922021102	10	11-Jul-12	11-Jul-22	11.65%	6,500.00
58.	BD0922061108	10	22-Aug-12	22-Aug-22	11.75%	6,500.00
59.	BD0922101102	10	12-Sep-12	12-Sep-22	11.75%	6,500.00
60.	BD0922141108	10	10-Oct-12	10-Oct-22	11.80%	7,000.00
61.	BD0922181104	10	14-Nov-12	14-Nov-22	11.75%	7,000.00
62.	BD0922221108	10	12-Dec-12	12-Dec-22	11.80%	7,000.00
63.	BD0923261103	10	9-Jan-13	9-Jan-23	11.90%	7,000.00
64.	BD0923301107	10	13-Feb-13	13-Feb-23	12.00%	7,000.00
65.	BD0923341103	10	13-Mar-13	13-Mar-23	12.10%	18,000.00
66.	BD0923381109	10	10-Apr-13	10-Apr-23	12.10%	7,000.00
67.	BD0923031100	10	17-Jul-13	17-Jul-23	11.22%	12,000.00
68.	BD0923191102	10	20-Nov-13	20-Nov-23	12.16%	14,000.00
69.	BD0924351101	10	19-Mar-14	19-Mar-24	11.75%	14,500.00
70.	BD0924031109	10	16-Jul-14	16-Jul-24	11.59%	16,000.00
71.	BD0924191101	10	19-Nov-14	19-Nov-24	10.92%	18,400.00
72.	BD0925381107	10	22-Apr-15	22-Apr-25	10.72%	28,000.00
73.	BD0925071104	10	19-Aug-15	19-Aug-25	8.39%	30,000.00
74.	BD0926271109	10	20-Jan-16	20-Jan-26	7.39%	26,000.00
75.	BD0926021108	10	20-Jul-16	20-Jul-26	7.59%	27,000.00
76.	BD0927251100	10	18-Jan-17	18-Jan-27	6.77%	26,000.00
77.	BD0927101107	10	18-Oct-17	18-Oct-27	7.00%	28,000.00
78.	BD0928331109	10	20-Jun-18	20-Jun-28	7.50%	28,000.00
79.	BD0928131103	10	22-Nov-18	22-Nov-28	7.15%	30,000.00
80.	BD0929311100	10	17-Apr-19	17-Apr-29	7.74%	26,750.00
81.	BD0929381103	10	19-Jun-19	19-Jun-29	8.44%	30,000.00
82.	BD0929061101	10	21-Aug-19	21-Aug-29	9.27%	40,000.00
83.	BD0929221101	10	18-Dec-19	18-Dec-29	9.23%	40,000.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
84.	BD0930261104	10	22-Jan-20	22-Jan-30	9.15%	20,000.00
85.	BD0930381100	10	7-May-20	7-May-30	8.74%	45,000.00
86.	BD0930431103	10	17-Jun-20	17-Jun-30	8.66%	30,000.00
87.	BD0922021151	15	11-Jul-07	11-Jul-22	14.00%	1,000.00
88.	BD0922061157	15	15-Aug-07	15-Aug-22	13.97%	1,000.00
89.	BD0922101151	15	12-Sep-07	12-Sep-22	13.48%	1,000.00
90.	BD0922141157	15	10-Oct-07	10-Oct-22	13.20%	1,000.00
91.	BD0922181153	15	14-Nov-07	14-Nov-22	12.94%	1,000.00
92.	BD0922221157	15	12-Dec-07	12-Dec-22	12.89%	1,000.00
93.	BD0923261152	15	9-Jan-08	9-Jan-23	12.22%	1,000.00
94.	BD0923301156	15	13-Feb-08	13-Feb-23	12.22%	1,000.00
95.	BD0923341152	15	12-Mar-08	12-Mar-23	12.22%	1,000.00
96.	BD0923381158	15	9-Apr-08	9-Apr-23	12.22%	1,000.00
97.	BD0923421152	15	14-May-08	14-May-23	12.22%	1,000.00
98.	BD0923461158	15	11-Jun-08	11-Jun-23	12.22%	1,000.00
99.	BD0923021150	15	9-Jul-08	9-Jul-23	12.14%	1,500.00
100.	BD0923061156	15	13-Aug-08	13-Aug-23	12.14%	1,500.00
101.	BD0923101150	15	10-Sep-08	10-Sep-23	12.14%	1,500.00
102.	BD0923141156	15	15-Oct-08	15-Oct-23	12.14%	1,500.00
103.	BD0923181152	15	12-Nov-08	12-Nov-23	12.14%	1,500.00
104.	BD0923221156	15	11-Dec-08	11-Dec-23	12.14%	1,500.00
105.	BD0924261151	15	14-Jan-09	14-Jan-24	12.14%	1,500.00
106.	BD0924301155	15	11-Feb-09	11-Feb-24	12.14%	1,500.00
107.	BD0924341151	15	11-Mar-09	11-Mar-24	12.14%	1,500.00
108.	BD0924381157	15	15-Apr-09	15-Apr-24	12.00%	1,500.00
109.	BD0924421151	15	13-May-09	13-May-24	10.60%	1,500.00
110.	BD0924461157	15	10-Jun-09	10-Jun-24	10.09%	800.00
111.	BD0924021159	15	15-Jul-09	15-Jul-24	9.39%	1,500.00
112.	BD0924061155	15	12-Aug-09	12-Aug-24	8.59%	1,500.00
113.	BD0924101159	15	9-Sep-09	9-Sep-24	8.80%	1,312.50
114.	BD0924141155	15	14-Oct-09	14-Oct-24	8.69%	1,500.00
115.	BD0924181151	15	9-Dec-09	9-Dec-24	8.69%	1,500.00
116.	BD0925231153	15	13-Jan-10	13-Jan-25	8.74%	1,000.00
117.	BD0925261150	15	10-Feb-10	10-Feb-25	8.74%	1,000.00
118.	BD0925301154	15	10-Mar-10	10-Mar-25	8.75%	1,000.00
119.	BD0925341150	15	15-Apr-10	15-Apr-25	8.77%	800.00
120.	BD0925381156	15	12-May-10	12-May-25	8.80%	750.00
121.	BD0925421150	15	9-Jun-10	9-Jun-25	8.80%	750.00
122.	BD0925021158	15	14-Jul-10	14-Jul-25	8.85%	1,400.00
123.	BD0925061154	15	11-Aug-10	11-Aug-25	8.86%	1,400.00
124.	BD0925101158	15	15-Sep-10	15-Sep-25	8.92%	1,400.00
125.	BD0925141154	15	13-Oct-10	13-Oct-25	8.95%	1,500.00
126.	BD0925181150	15	10-Nov-10	10-Nov-25	9.05%	1,500.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
127.	BD0925221154	15	15-Dec-10	15-Dec-25	9.12%	1,500.00
128.	BD0926261159	15	9-Feb-11	9-Feb-26	9.12%	2,000.00
129.	BD0926301153	15	9-Mar-11	9-Mar-26	9.20%	2,000.00
130.	BD0926341159	15	13-Apr-11	13-Apr-26	9.30%	2,500.00
131.	BD0926381155	15	11-May-11	11-May-26	9.35%	2,500.00
132.	BD0926421159	15	15-Jun-11	15-Jun-26	9.35%	2,500.00
133.	BD0926071152	15	17-Aug-11	17-Aug-26	9.65%	1,500.00
134.	BD0926111156	15	21-Sep-11	21-Sep-26	10.30%	1,500.00
135.	BD0926151152	15	18-Oct-11	18-Oct-26	10.99%	2,000.00
136.	BD0926191158	15	16-Nov-11	16-Nov-26	11.00%	2,000.00
137.	BD0926231152	15	20-Dec-11	20-Dec-26	11.00%	2,000.00
138.	BD0927271157	15	18-Jan-12	18-Jan-27	11.50%	2,750.00
139.	BD0927311151	15	22-Feb-12	22-Feb-27	11.60%	2,750.00
140.	BD0927351157	15	21-Mar-12	21-Mar-27	11.65%	2,750.00
141.	BD0927391153	15	18-Apr-12	18-Apr-27	11.70%	5,000.00
142.	BD0927431157	15	23-May-12	23-May-27	11.75%	5,000.00
143.	BD0927471153	15	20-Jun-12	20-Jun-27	11.80%	5,000.00
144.	BD0927031155	15	18-Jul-12	18-Jul-27	11.85%	3,500.00
145.	BD0927111155	15	19-Sep-12	19-Sep-27	11.88%	3,500.00
146.	BD0927151151	15	17-Oct-12	17-Oct-27	11.93%	1,000.00
147.	BD0927191157	15	21-Nov-12	21-Nov-27	12.00%	1,000.00
148.	BD0927231151	15	19-Dec-12	19-Dec-27	12.10%	1,000.00
149.	BD0928271156	15	16-Jan-13	16-Jan-28	12.20%	1,000.00
150.	BD0928311150	15	20-Feb-13	20-Feb-28	12.30%	1,000.00
151.	BD0928351156	15	20-Mar-13	20-Mar-28	12.38%	1,000.00
152.	BD0928391152	15	17-Apr-13	17-Apr-28	12.38%	2,000.00
153.	BD0928431156	15	22-May-13	22-May-28	12.38%	2,000.00
154.	BD0928471152	15	19-Jun-13	19-Jun-28	12.40%	2,000.00
155.	BD0928041153	15	24-Jul-13	24-Jul-28	12.40%	1,500.00
156.	BD0928081159	15	29-Aug-13	29-Aug-28	12.40%	1,500.00
157.	BD0928121153	15	25-Sep-13	25-Sep-28	12.42%	1,500.00
158.	BD0928161159	15	23-Oct-13	23-Oct-28	12.42%	1,500.00
159.	BD0928201153	15	27-Nov-13	27-Nov-28	12.29%	1,500.00
160.	BD0928241159	15	26-Dec-13	26-Dec-28	12.29%	1,500.00
161.	BD0929281154	15	29-Jan-14	29-Jan-29	12.20%	1,500.00
162.	BD0929321158	15	26-Feb-14	26-Feb-29	12.10%	1,500.00
163.	BD0929361154	15	27-Mar-14	27-Mar-29	12.00%	3,500.00
164.	BD0929401158	15	23-Apr-14	23-Apr-29	11.97%	3,500.00
165.	BD0929441154	15	28-May-14	28-May-29	11.97%	4,000.00
166.	BD0929481150	15	25-Jun-14	25-Jun-29	11.97%	4,000.00
167.	BD0929041152	15	23-Jul-14	23-Jul-29	11.87%	2,500.00
168.	BD0929081158	15	27-Aug-14	27-Aug-29	11.59%	2,500.00
169.	BD0929121152	15	24-Sep-14	24-Sep-29	11.50%	2,500.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
170.	BD0929161158	15	29-Oct-14	29-Oct-29	11.42%	2,500.00
171.	BD0929201152	15	26-Nov-14	26-Nov-29	11.47%	6,800.00
172.	BD0930041159	15	29-Jul-15	29-Jul-30	10.06%	30,000.00
173.	BD0930121159	15	23-Sep-15	23-Sep-30	8.44%	30,000.00
174.	BD0931401154	15	27-Apr-16	27-Apr-31	7.79%	28,500.00
175.	BD0933101158	15	26-Sep-18	26-Sep-33	7.20%	45,000.00
176.	BD0933141154	15	28-Nov-18	28-Nov-33	7.55%	36,500.00
177.	BD0935391153	15	13-May-20	13-May-35	8.90%	20,000.00
178.	BD0935441156	15	24-Jun-20	24-Jun-35	8.70%	3,000.00
179.	BD0927041204	20	25-Jul-07	25-Jul-27	15.95%	500.00
180.	BD0927081200	20	29-Aug-07	29-Aug-27	15.44%	500.00
181.	BD0927121204	20	26-Sep-07	26-Sep-27	14.23%	500.00
182.	BD0927161200	20	24-Oct-07	24-Oct-27	13.88%	500.00
183.	BD0927201204	20	28-Nov-07	28-Nov-27	13.49%	500.00
184.	BD0927241200	20	26-Dec-07	26-Dec-27	13.29%	500.00
185.	BD0928281205	20	23-Jan-08	23-Jan-28	13.19%	500.00
186.	BD0928321209	20	27-Feb-08	27-Feb-28	13.14%	500.00
187.	BD0928361205	20	27-Mar-08	27-Mar-28	13.14%	500.00
188.	BD0928401209	20	23-Apr-08	23-Apr-28	13.14%	500.00
189.	BD0928441205	20	28-May-08	28-May-28	13.13%	500.00
190.	BD0928481201	20	25-Jun-08	25-Jun-28	13.09%	500.00
191.	BD0928041203	20	23-Jul-08	23-Jul-28	13.07%	1,250.00
192.	BD0928081209	20	27-Aug-08	27-Aug-28	13.07%	1,250.00
193.	BD0928121203	20	24-Sep-08	24-Sep-28	13.07%	1,250.00
194.	BD0928161209	20	29-Oct-08	29-Oct-28	13.04%	1,250.00
195.	BD0928201203	20	26-Nov-08	26-Nov-28	13.04%	1,250.00
196.	BD0928241209	20	24-Dec-08	24-Dec-28	13.02%	1,250.00
197.	BD0929281204	20	28-Jan-09	28-Jan-29	13.00%	1,250.00
198.	BD0929321208	20	25-Feb-09	25-Feb-29	12.99%	1,250.00
199.	BD0929361204	20	25-Mar-09	25-Mar-29	12.98%	1,500.00
200.	BD0929401208	20	29-Apr-09	29-Apr-29	11.48%	1,500.00
201.	BD0929441204	20	27-May-09	27-May-29	11.09%	1,332.00
202.	BD0929481200	20	24-Jun-09	24-Jun-29	10.07%	800.00
203.	BD0929041202	20	29-Jul-09	29-Jul-29	8.97%	1,250.00
204.	BD0929081208	20	26-Aug-09	26-Aug-29	8.59%	30.00
205.	BD0929161208	20	28-Oct-09	28-Oct-29	9.10%	1,250.00
206.	BD0929201202	20	23-Dec-09	23-Dec-29	9.10%	1,500.00
207.	BD0930251204	20	24-Feb-10	24-Feb-30	9.11%	1,000.00
208.	BD0930281201	20	24-Mar-10	24-Mar-30	9.15%	1,000.00
209.	BD0930321205	20	27-Apr-10	27-Apr-30	9.17%	800.00
210.	BD0930361201	20	26-May-10	26-May-30	9.20%	750.00
211.	BD0930401205	20	24-Jun-10	24-Jun-30	9.15%	750.00
212.	BD0930041209	20	29-Jul-10	29-Jul-30	9.20%	1,250.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
213.	BD0930081205	20	25-Aug-10	25-Aug-30	9.23%	1,250.00
214.	BD0930121209	20	29-Sep-10	29-Sep-30	9.25%	1,250.00
215.	BD0930161205	20	27-Oct-10	27-Oct-30	9.25%	1,250.00
216.	BD0930201209	20	24-Nov-10	24-Nov-30	9.45%	1,250.00
217.	BD0930241205	20	29-Dec-10	29-Dec-30	9.57%	1,250.00
218.	BD0931281200	20	26-Jan-11	26-Jan-31	9.60%	1,500.00
219.	BD0931321204	20	23-Feb-11	23-Feb-31	9.60%	1,500.00
220.	BD0931361200	20	23-Mar-11	23-Mar-31	9.63%	1,600.00
221.	BD0931401204	20	27-Apr-11	27-Apr-31	9.65%	1,750.00
222.	BD0931441200	20	25-May-11	25-May-31	9.65%	1,750.00
223.	BD0931471207	20	29-Jun-11	29-Jun-31	9.65%	1,850.00
224.	BD0931041208	20	27-Jul-11	27-Jul-31	10.00%	1,500.00
225.	BD0931081204	20	24-Aug-11	24-Aug-31	10.25%	1,500.00
226.	BD0931121208	20	28-Sep-11	28-Sep-31	10.85%	1,500.00
227.	BD0931161204	20	26-Oct-11	26-Oct-31	11.50%	1,750.00
228.	BD0931201208	20	23-Nov-11	23-Nov-31	11.50%	1,750.00
229.	BD0931241204	20	28-Dec-11	28-Dec-31	11.50%	1,750.00
230.	BD0932281209	20	25-Jan-12	25-Jan-32	11.95%	2,500.00
231.	BD0932321203	20	29-Feb-12	29-Feb-32	12.00%	2,500.00
232.	BD0932361209	20	28-Mar-12	28-Mar-32	12.03%	2,500.00
233.	BD0932401203	20	26-Apr-12	26-Apr-32	12.07%	3,250.00
234.	BD0932441209	20	30-May-12	30-May-32	12.10%	3,250.00
235.	BD0932481205	20	27-Jun-12	27-Jun-32	12.12%	3,410.00
236.	BD0932041207	20	25-Jul-12	25-Jul-32	12.12%	3,000.00
237.	BD0932081203	20	29-Aug-12	29-Aug-32	12.16%	3,000.00
238.	BD0932121207	20	26-Sep-12	26-Sep-32	12.16%	3,000.00
239.	BD0932161203	20	25-Oct-12	25-Oct-32	12.16%	1,000.00
240.	BD0932201207	20	28-Nov-12	28-Nov-32	12.18%	1,000.00
241.	BD0932241203	20	26-Dec-12	26-Dec-32	12.28%	1,000.00
242.	BD0933281208	20	23-Jan-13	23-Jan-33	12.38%	1,000.00
243.	BD0933321202	20	27-Feb-13	27-Feb-33	12.48%	1,000.00
244.	BD0933361208	20	27-Mar-13	27-Mar-33	12.48%	1,000.00
245.	BD0933401202	20	24-Apr-13	24-Apr-33	12.48%	1,000.00
246.	BD0933441208	20	29-May-13	29-May-33	12.47%	1,000.00
247.	BD0933481204	20	26-Jun-13	26-Jun-33	12.48%	1,000.00
248.	BD0933041206	20	24-Jul-13	24-Jul-33	12.48%	1,500.00
249.	BD0933081202	20	29-Aug-13	29-Aug-33	12.48%	1,500.00
250.	BD0933121206	20	25-Sep-13	25-Sep-33	12.48%	1,500.00
251.	BD0933161202	20	23-Oct-13	23-Oct-33	12.48%	1,500.00
252.	BD0933201206	20	27-Nov-13	27-Nov-33	12.33%	1,500.00
253.	BD0933241202	20	26-Dec-13	26-Dec-33	12.33%	1,500.00
254.	BD0934281207	20	29-Jan-14	29-Jan-34	12.26%	1,500.00
255.	BD0934321201	20	26-Feb-14	26-Feb-34	12.24%	1,500.00

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256.	BD0934361207	20	27-Mar-14	27-Mar-34	12.14%	3,000.00
257.	BD0934401201	20	23-Apr-14	23-Apr-34	12.14%	3,000.00
258.	BD0934441207	20	28-May-14	28-May-34	12.14%	3,500.00
259.	BD0934481203	20	25-Jun-14	25-Jun-34	12.12%	3,500.00
260.	BD0934041205	20	23-Jul-14	23-Jul-34	12.10%	2,500.00
261.	BD0934081201	20	27-Aug-14	27-Aug-34	11.89%	2,500.00
262.	BD0934121205	20	24-Sep-14	24-Sep-34	11.98%	2,500.00
263.	BD0934161201	20	29-Oct-14	29-Oct-34	11.98%	2,500.00
264.	BD0934201205	20	26-Nov-14	26-Nov-34	11.98%	6,800.00
265.	BD0935041204	20	29-Jul-15	29-Jul-35	10.36%	26,000.00
266.	BD0935201204	20	25-Nov-15	25-Nov-35	8.70%	39,500.00
267.	BD0936401209	20	27-Apr-16	27-Apr-36	8.24%	28,500.00
268.	BD0938141209	20	28-Nov-18	28-Nov-38	8.24%	30,000.00
269.	BD0939391209	20	26-Jun-19	26-Jun-39	9.29%	36,500.00
270.	BD0940401203	20	20-May-20	20-May-40	9.20%	30,000.00
271.	BD0940441209	20	24-Jun-20	24-Jun-40	8.94%	2,000.00



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