

BANGLADESH GOVERNMENT SECURITIES REPORT FOR FY 2022-23



BANGLADESH BANK

Bangladesh Government Securities Report for FY 2022-23



**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
CCP	Central Counterparty
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
IBLF	Islamic Banks Liquidity Facility
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
MLS	Mudarabah Liquidity Support
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

Bangladesh Bank, in accordance with the Bangladesh Bank Order, 1972, provides functional and advisory services to the Government of Bangladesh on matters relating to the government's debt management policy and the issuance of various treasury instruments. Debt Management Department (DMD) of Bangladesh Bank is also in charge of regulating and supervising the Primary Dealer (PD) system, as well as developing the primary and secondary markets for government securities (G-Sec). Along with the responsibilities outlined above, DMD has been publishing an annual report detailing G-Sec trends and activities since 2017. This report is an attempt to disseminate information to investors and other stakeholders with the goal of developing an efficient G-Sec market through information transparency.

Overview of G-Sec Market of Bangladesh

The government borrows funds from domestic sources to cover budgetary deficits by issuing tradable and non-tradable securities. Tradable securities include 14-day, 91-day, 182-day, and 364-day T-bills, as well as 2-year, 5-year, 10-year, 15-year, 20-year T-bonds and 3-year FRTB; non-tradable securities include Sanchayapatras, Sanchayabonds, and Prize bonds. T-bills and T-bonds can be purchased and traded by resident individuals as well as institutions such as banks, FIs, insurance companies, corporations, provident funds, pension funds, and so on. Foreign individuals and institutions, on the other hand, can only invest in T-bonds.

Primary Market Operations

During FY 2022-2023, the net issuance of T-bonds and T-bills was BDT 53,808.23 crore and 46,656.64 crore, respectively. The gross financing through T-bills for FY 2022-2023 was BDT 235,574.16 crore which was significantly higher than the gross financing through T-bonds (BDT 84,258.23 crore). This was attributed to the cash management requirement of the government. Focusing on the Islamic Shariah-compliant prospective investors, the first-ever Bangladesh Government Investment Sukuk (BGIS) was issued on December 28, 2020. In the FY 2021-22, BB has raised total BDT 10,000.00 crore by issuing 2nd & 3rd Sukuk. However, government has not issued any new Sukuk in the FY 2022-23.

At the end of June 2023, the cut-off yields of all types of T-bills and T-bonds were moderately higher than the end of the previous fiscal years. The year-to-year percentage changes in cut-off yields of T-bills were comparatively higher than that of the T-bonds which could be explained by more supply of T-bills than T-bonds during the concerned period. However, in June 2023, the yield curve of T-bills and T-bonds showed close proximity to the yield curve of other fiscal years except in June 2021 which pointed the impact of COVID-19 pandemic.

G-Sec Outstanding

The total outstanding of the government's borrowing from the banking sector at the end of FY 2022-23 was BDT 507,763.34 crore (BDT 123,680.51 crore from T-bill, BDT 366,082.83 crore from T-bond and 18,000 crore from Sukuk), constituting 11.44% of GDP compared to 10.24% at the end of June 2022. The banking sector was the leading investor category in FY 2022-23, accounting for 61.57 percent of total G-Sec outstanding. Long-term investors such as insurance companies, trust tahbil and provident funds made up 9.66 percent and individual & other institutional investor hold 2.04 percent of the total holdings. BB retained approximately 26.73 percent of total G-Sec outstanding for monetary operations and market development.

Secondary Market Trading of G-Sec

During FY 2022-23, the total BDT 109,023.91 crore G-Sec have been traded through BB's Electronic System on an outright basis in the secondary market, which was significantly lower than the preceding fiscal year. The trading activity of the investors in the secondary market illustrated that PD banks were the dominant traders accounting for 43.59 percent of buying and 66.47 percent of selling activities. The non-PD local banks were in the second position, followed by the foreign banks. PD banks were net sellers, and other commercial banks were net buyers. The T-bonds have also been trading in Stock Exchange (DSE & CSE) since 10 October 2022 and in total 40 trades took place in FY 2022-23 having a cumulative amount of BDT 23.88 crore. The interbank repo transactions, which amounted to BDT 929,012.68 crore in FY 2022-23, were 46.62 percent higher than the previous fiscal year.

Open Market Operation

In FY 2022-23, the amount of ALS and repo transactions with BB increased to 1,308,779.36 crore from 175,987.00 crore in preceding FY. Both the repo and ALS have contributed to this significant enhancement. Due to tightening situation in the foreign exchange market in FY 2022-23, BB supported the commercial banks by selling dollars in the market. This might have a contractionary effect on liquidity of the commercial banks in local currency which caused a significant enhancement of repo transaction volume. Further, net issuance of G-Sec in FY 2022-23 is considerably higher than the previous FY which supports the increase in ALS with BB.

In order to manage the liquidity, in FY 2022-23, Shari'ah based banks availed BDT 96,042.00 crore through Islamic Banks Liquidity Facility (IBLF) and BDT 199.00 crore through Mudarabah Liquidity Support (MLS) from BB.

From time to time, BB conducts reverse repo operations (on an overnight basis) to control the money supply in the economy. However, since FY 2016-17, no reverse repo operation has been

conducted. Again, to manage liquidity and for sterilization purposes, from time to time, BB issues BB bills with different maturities of 07, 14, and 30 days. Considering the prevailing market scenario, BB has not issued any BB bills in FY 2022-23.

Market Analysis

BB has increased the overnight repo rate from 5.50 percent to 5.75 percent in September 29, 2022 which was further increased to 6.00 percent in January 15, 2023. The reverse repo rate has also been increased from 4.00 percent to 4.25 percent in January 15, 2023. In resemblance, the average rate of borrowing through IB repo and the call money rate increased extensively in FY 2022-23. It played a substantial role in the day-to-day liquidity management of the banking sector.

During FY 2022-23, the average yields of T-bills and bonds of all maturities increased significantly. This could be explained by the upward move in the post-COVID economic recovery and financing requirement by the government for its ongoing development projects. Compared to the previous fiscal year, the yields are sure to increase which became evident in both halves of this FY. The trend of the primary market bid to coverage ratio indicates the liquidity in the market. In FY 2022-23, the ratio dropped below 2.0 (ending up at 1.87), indicating less excess liquidity in the market. Hence, the demand of G-Sec among the investors has decreased in this FY. At the same time, the trend in turnover velocity ratio during FY 2022-23 decreased significantly (around 58 percent), indicating some liquidity crunch in the secondary G-Sec market as well.

Comparative scenario of Government Debt

At the end of FY 2022-23, the outstanding public debt from the banking and non-banking sectors was BDT 507,763.34 crore and 362,482.59 crore respectively. In FY 2022-23, net issuance of T-bills and T-bonds were moderately higher than previous FY. At the end of June 2023, the interest rates of 3-monthly profit-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 rates of the T-bonds with 2, 5, 10, 15 and 20 years maturities were 8.15%, 8.75%, 8.60%, 8.65%, and 8.80% respectively.

In FY 2022-23, the outstanding domestic debt of the public sector has been on an increasing trajectory. A similar trend is visible for the external debt of the public sector. External debt in BDT term has increased due to the considerable change (from BDT/USD 93.45 to BDT/USD 106.00) in exchange rate compare to previous year. Conversely, net issuance of NSD Certificates has decreased radically than preceding year because of noteworthy amount of repayment and

decrease in the sale of the certificates. The sale of the NSD certificates was reduced due to government introduction of slab based rate (regressive rate) and maximum investment limit in NSD certificates in FY 2021-22.

Recent Initiatives in Developing the Bond Market

In December 2019, BB and BSEC took initiatives to facilitate the trading of T-bonds on the Dhaka Stock Exchange (DSE) and Chattogram Stock Exchange (CSE) platform alongside the existing BB's Electronic System (MI Module). Trading of T-Bonds has been started in DSE & CSE from 10 October, 2022. Now investors can trade T-bonds in DSE & CSE platform and BB's Electronic System.

In order to protect the interest of investors and the market as a whole and to harmonize the secondary market of G-sec, 'Guidelines on the Secondary Trading of Government Securities' has been issued in June, 2023. The said guideline includes the trading process of G-sec in the secondary market, principles & policies regarding fund and securities settlement, responsibilities of concerned stakeholders, dispute management, transaction fees, and reporting etc.

In order to support the liquidity management and deepen the financial system, in FY 2022-23, BB has introduced Islamic Banks Liquidity Facility (IBLF) for Shari'ah based banking system in Bangladesh. This is a short term liquidity facility whose tenor is 14 days and underlying eligible securities is unencumbered Bangladesh Govt. Investment Sukuk (BGIS). Further, with a view to ensure financial stability and the resilience of Islamic Banks, BB has launched a new Shari'ah compliant financial instrument, namely, 'Mudarabah Liquidity Support (MLS)' for the Shari'ah based banks. Claims of banks on the Government of Bangladesh arising from subsidies or incentives like claims against remittance incentives, claims against financial stimulus shall be considered as collateral. The tenor of MLS is 7/14/28 days.

Considering the need for a credible benchmark and trend in global reformation of benchmarks/reference rates, BB has taken an initiative to publish a credible and robust money market reference rates (both interbank risk free reference rate and unsecured reference rate) in near future.

Table-I: Key Indicators of G-Sec

(Taka in Crore)					
Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Outstanding Balance of G-Sec	199,363.65	279,601.97	319,187.30	389,298.47	489,763.34
T-Bills	44,076.45	62,783.52	51,268.85	77,023.87	123,680.51
T-Bonds	155,287.20	216,818.45	267,918.45	312,274.6	366,082.83
Outstanding Balance of Sukuk	-	-	8,000.00	18,000.00	18,000.00
Outstanding Balance of NSD Certificate	289,267.88	303,696.23	345,655.77	365,571.52	362,482.59
Outstanding Balance of Public Sector's External Debt (in BDT)	384,604.13	438,478.95	503,366.09	653,280.35	804,017.21
Outstanding as a Percentage of GDP					
G-Sec	7.86	10.00	10.34	9.79	11.03
Sukuk	-	-	0.26	0.45	0.41
NSD Certificate	11.41	10.86	11.20	9.19	8.17
Public Sector's External Debt	15.16	15.68	16.30	16.43	18.11
Net Issuance of T-Bills and T-Bonds					
T-Bills	17,731.51	18,707.07	(11,514.67)	25,755.02	46,656.64
T-Bonds	19,864.58	61,531.25	51,100.00	44,856.15	53,808.23
Outright Transactions in G-Sec					
Secondary Trading	18,309.82	59,479.32	137,773.08	205,324.55	109,023.91
IB Repo	273,547.50	555,564.86	740,373.48	633,635.90	929,012.68
Open Market Operations					
CB Repo and ALS	94,587.62	554,779.90	32,967.57	175,987.00	1,308,779.36
Reverse Repo with BB	-	-	-	-	-
Issuance of BB Bills	79,883.00	150.00	-	68,905.51	-
The Yield of G-Sec as of 30 June (%)					
91-day T-Bills	7.19	6.50	0.35	5.99	6.95
182-day T-Bills	7.38	6.77	0.58	6.59	7.25
364-day T-Bills	7.39	7.25	1.07	6.66	8.30
02-year T-Bonds	7.55	7.80	2.57	7.21	8.16
05-year T-Bonds	8.10	8.05	3.88	7.80	8.75
10-year T-Bonds	8.44	8.66	5.40	8.10	8.60
15-year T-Bonds	8.90	8.70	5.85	8.55	8.65
20-year T-Bonds	9.29	8.94	6.07	8.65	8.80
Money Market Interest Rates (%)					
Repo Rate	6.00	5.25	4.75	5.50	6.00
Reverse Repo Rate	4.75	4.75	4.00	4.00	4.25
WAR of Call Money	3.90	4.64	2.75	3.06	5.89
WAR of IB Repo	4.68	5.05	1.40	2.61	6.66

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 T-Bonds 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 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
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 to enlist G-Sec on DSE's trading platform
2020	Directing banks and FIs to open a separate cliental services window for G-Sec
2020	Selection of benchmark securities for PDs to post two-way quotes to increase market liquidity
2020	Formulation of Sukuk guidelines for issuing Government Sukuk in the market
2020	Introduction of Bangladesh Government Investment Sukuk in the market in Bangladesh

2021	A strategic decision in establishing a central counterparty (CCP) for G-Sec
2021	Strategic decision to develop secondary market yield curve of G-Sec
2022	MOU with the DSE, CSE, and CDBL to begin secondary trading of G-Sec on the DSE and CSE platform
2022	Developed secondary market yield curve of T-bonds based on daily secondary market transactions data and publishing this curve in BB's Website on experimental basis
2022	Strategic decision to develop and publish money market reference rates
2022	Introduction of secondary trading of T-Bonds in Stock Exchange (DSE and CSE)
2022	Introduction of Islamic Banks Liquidity Facility (IBLF) for shari'ah based banking system in Bangladesh
2023	Issuance of Guidelines on the Secondary Trading of Government Securities
2023	Introduction of Mudarabah Liquidity Support (MLS) for the islamic banking system in Bangladesh

Chapter 1

An Overview of the G-Sec Market

Preamble

G-Sec Market in Bangladesh

Investment Process of Tradable G-Sec in BB's System

Investment and Trading Process of T-bonds in DSE & CSE



Chapter 1

An Overview of the G-Sec Market in Bangladesh

1.1. Preamble

The debt securities market is vital to an economy's development. This market offers solid opportunities for long-term financing by providing an alternative source of capital as well as a secure source of income for investors. Since the corporate bond market is yet to mature, the government securities market dominates the fixed-income securities market. As we all know, the government's borrowing from the banking and non-banking sectors is critical to filling the deficit budget. When the government has a budget deficit, it borrows by issuing Treasury Bills (T-bills), Treasury Bonds (T-bonds), Savings Certificates, or borrowing from other sources.

Until 2003, only commercial banks were permitted to purchase Treasury securities. At that time, 30-day, 91-day, 180-day, and 1-year T-bills were available. Despite the instruments' tradability, secondary trading was uncommon due to a lack of buyers and sellers. The Ministry of Finance (MoF) and BB took numerous steps to establish a viable secondary market for debt securities as a part of Financial Institutions Development Project (FIDP), funded by World Bank Group. Following that, FIs were permitted to participate in the G-Sec secondary market alongside banks. According to the project's recommendations, G-Sec trading began in 2003 with electronic registration and listing in the Central Depository of Bangladesh Limited (CDBL).

BB also launched the Primary Dealer (PD) system in 2003, appointing eight banks and one FI as PDs for primary issuance and market development of G-Sec. To help the government achieve its long-term development goals, 5-year and 10-year T-bonds were launched alongside short-term T-bills. To meet the borrowing needs of the deficit budget, the government announced the yearly auction schedule for the first time in fiscal year 2006-07, bringing transparency to the market.

Following that, in FY 2007-08, 15-year and 20-year T-bonds were issued to meet the Government's long-term financing needs, providing long-term investment opportunities to investors such as insurance companies, provident funds, and pension funds. At the time, BB broadened the reach of the PD system by providing incentives and liquidity support in exchange for collateralized instruments. By introducing bidding commitments and underwriting obligations on PDs for T-bill and bond auctions, BB strengthened its role as market maker. Currently, 24 banks are acting as PDs to energize the G-Sec primary and secondary markets.

As part of the accounting framework, BB implemented mark-to-market requirements for G-Sec in 2008. BB implemented an automated delivery-versus-payment (DvP) mechanism in 2009 to reduce the risk of settlement. In 2011, BB introduced the Market Infrastructure (MI) Module for

G-Sec automation, which functions as both a depository and a trading platform. With a view to develop the secondary market of G-Sec, trading of T-bonds has been started in stock exchange (DSE & CSE) from 10 October, 2022. A guideline on secondary trading of G-Sec has also been issued on 6 June 2023.

1.2. G-Sec Market in Bangladesh

The G-Sec market in Bangladesh offers both tradable and non-tradable instruments. The available securities and instruments are as follows:

1.2.1. Tradable Securities: As marketable instruments, the government issues 91-day, 182-day, and 364-day T-bills, as well as 2, 5, 10, 15, and 20-year T-bonds. In 2019, the Floating-Rate Treasury Bond (FRTB) with a three-year maturity was introduced. Furthermore, the government issues 14-day T-Bills on occasion for short-term financial management.

1.2.1.1. Treasury Bills (T-bills): T-bills are risk-free money-market instruments issued by the government and traded on the secondary market. T-bills are issued by the government to meet its short-term funding needs. T-bills are scripless and sold at a discount, with the face value redeemed when they mature.

1.2.1.2. Treasury Bonds (T-bonds): T-bonds are plain vanilla bonds with periodic (half-yearly/quarterly) coupon payments and face value redemption at maturity. These, like T-bills, are issued in a scripless form and are tradable in the secondary market.

1.2.1.3. Bangladesh Government Investment Sukuk: Till now, the government has issued three Bangladesh Government Investment Sukuk. The first one, an Ijarah (lease) Sukuk, was issued in 2020 to fund a project to provide safe drinking water to the public. The second one, also Ijarah (lease) Sukuk, was issued in 2021 for the development of infrastructure in government primary schools. The third, istisna'a (manufacturing) and Ijarah (lease) Sukuk, was issued in 2022 to finance the implementation of the Important Rural Infrastructure Development Project (IRIDP)-3 for social impact. BB served as both the Special Purpose Vehicle (SPV) and the trustee in the issuance of the Bangladesh Government Investment Sukuk.

1.2.2. Non-tradable Instruments: The Government issues different types of savings instruments that are not tradable in the secondary market. All savings instruments are collectively referred to National Savings Schemes.

1.2.2.1. Sanchayapatra: 3-monthly profit-bearing Sanchayapatra, 5-year Bangladesh Sanchayapatra, Poribar Sanchayapatra, and Pensioner Sanchayapatra are the available types of Sanchayapatra.

1.2.2.2. Sanchayabonds: The US Dollar Premium Bond, US Dollar Investment Bond, and Wage Earner Development Bond are Sanchayabonds, only available for non-resident Bangladeshi investors.

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

1.2.2.4. Prizebond: Prizebonds are lottery bonds issued by the Government that bear no interest payments. Any Bangladeshi can purchase and sell prizebonds at any branch of any bank, any branch of Bangladesh Bank, any bureau of Department of National Savings and any post offices in Bangladesh. The lotteries of the Prizebond are held every quarter.

1.2.2.5. Post Office Savings Bank & Life Insurance: Government offers two different types of accounts (general & fixed) and life insurance facilities through Post office.

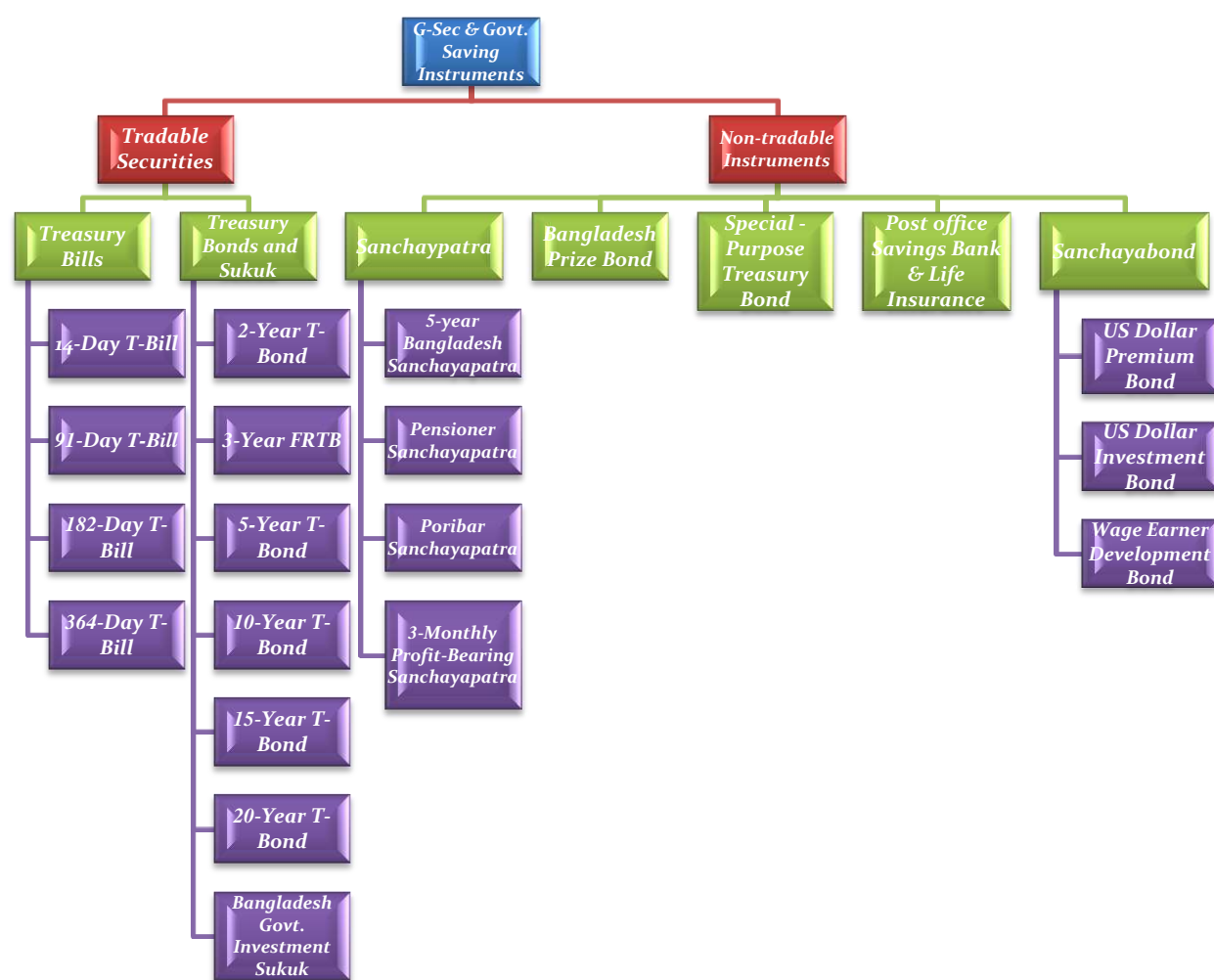


Figure 1: Government Securities and Savings Instruments in Bangladesh

1.3. Investment Process of Tradable G-Sec in BB's Electronic System

1.3.1. Procedure for Investment and Trading by Resident Investors: T-bills and T-bonds can be purchased from the primary and secondary markets by individuals and institutions (e.g., banks, financial institutions, insurance companies, corporations, provident funds, pension funds, and mutual funds) in BB's Electronic System (MI module). All investors can trade G-Sec in the secondary market via the Order Matching System (OMS) and Over-the-Counter (OTC) in the MI module. The following diagram depicts the process of investing in G-Sec:

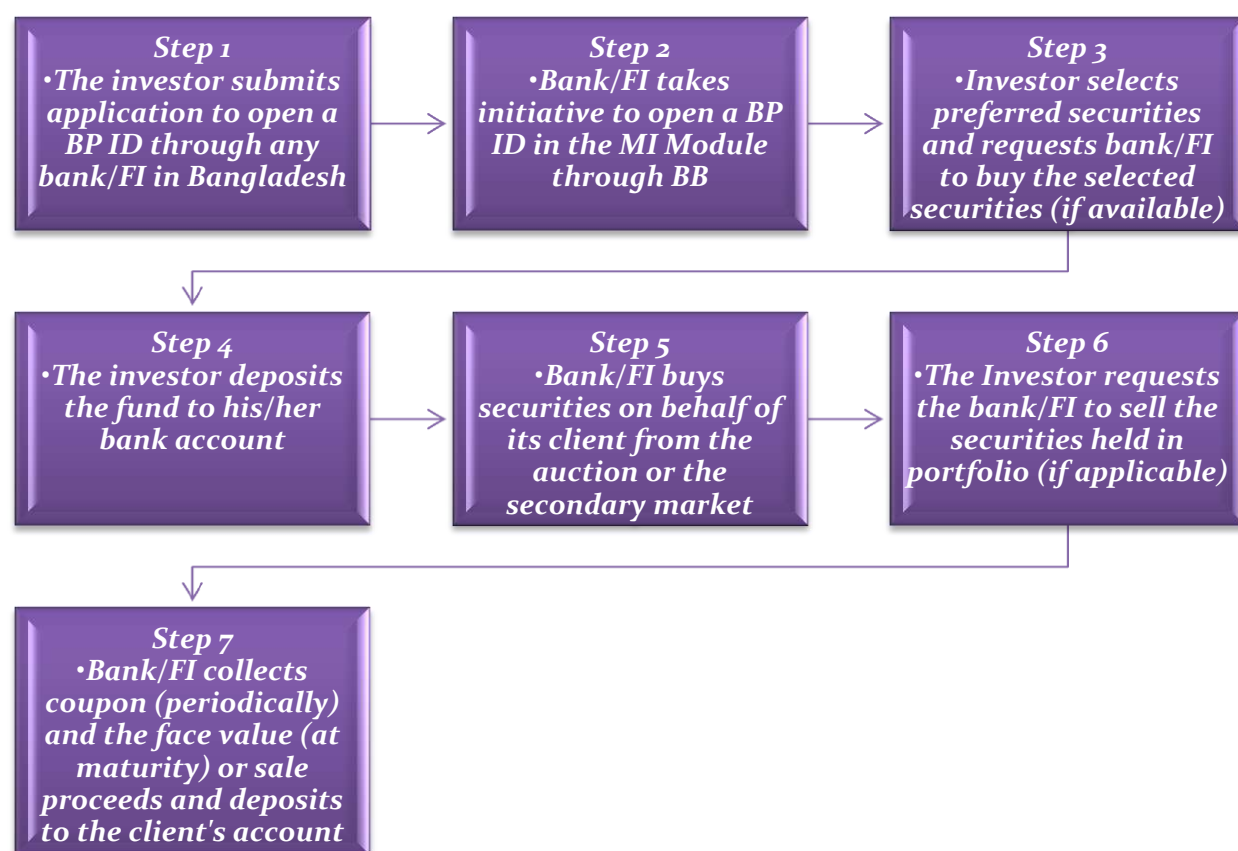


Figure 2: Operational Procedure for Investment and Trading by Resident Investors

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. T-bonds can be purchased using a non-resident foreign currency account or a Non-Resident Investor Taka Account (NITA) with any conventional Bangladeshi bank. Coupon payments and resale/redemption proceeds are freely repatriable in foreign currency after deducting applicable taxes. T-bonds purchased by a non-resident can be resold at any time to any resident or non-resident individual/investor.

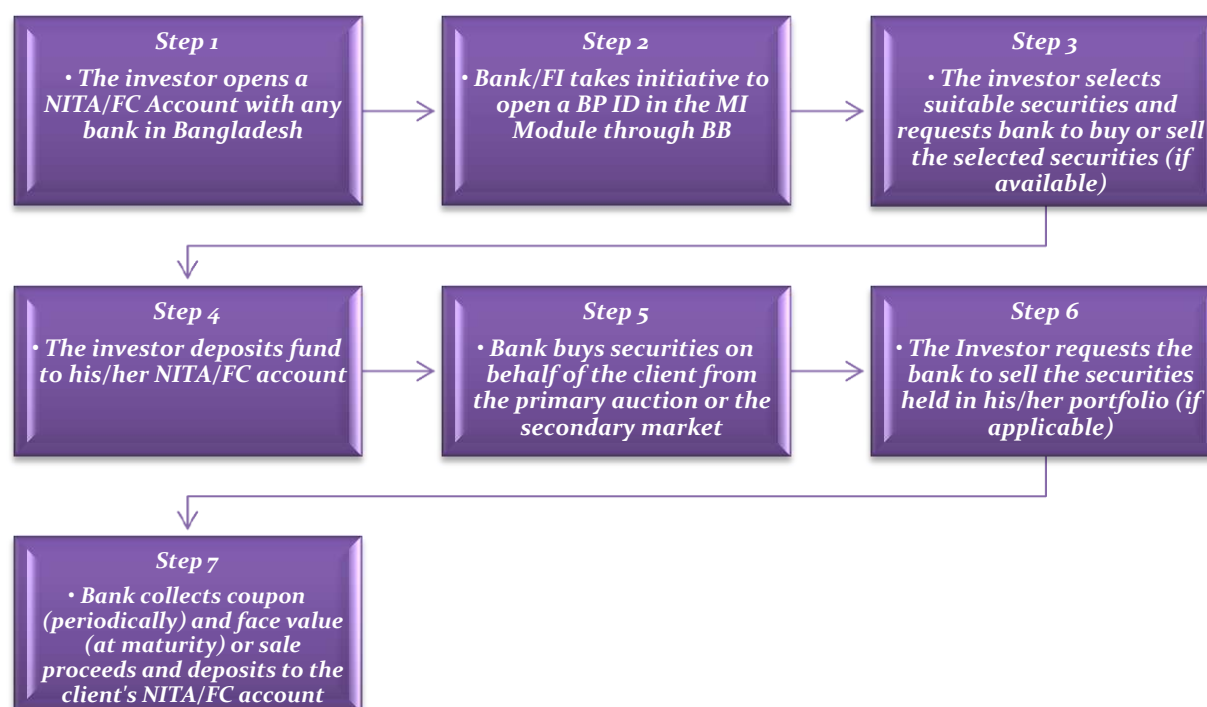


Figure 3: Operational Procedure for Investment and Trading by Non-Resident Investors

Banks and FIs in Bangladesh act as dealers as well as brokers of the G-Sec for operational activities (e.g., BPID opening) and sell or buy G-Sec on behalf of their clients. BPID opening form as well as the list of necessary documents to open BPID is available in BB website via DMD Circular No. 01/2021 dated 22 February, 2021.

1.4. Investment and Trading Process of Treasury Bond Through Stock Exchange (DSE & CSE) Platform

The trading of T-Bonds in DSE & CSE platform has been started in 10 October, 2022. Any investor having a BOID can purchase T-Bonds from Stock Exchange (DSE & CSE) platform. After the trade a BPID will be opened (if not available beforehand) against the investor in order to settle the securities in BB's Electronic System. Coupon and maturity payment is settled through the investor's corresponding bank's current account maintained with BB and the bank settles the fund with investor's bank account accordingly. Investors are eligible to trade both in BB's Electronic System and in the Stock Exchange. Details of the trading procedure are available in Guidelines on the Secondary Trading of Government Securities, 2023 published through DMD Circular No. 03 dated 06 June, 2023.

In addition, the investors of Stock Exchange can purchase T-Bonds from primary market through their respective brokerage houses. For this purpose, brokerage houses, on behalf of their clients, participate in the primary auctions held in BB's Electronic System. After purchasing required T-Bonds the brokerage houses distribute the holding to respective clients.

Primary Market Operations of G-Sec

Issuance Details

Auction Management

Primary Dealer (PD) System

Net Issuance of T-Bonds, T-Bills and Sukuk

Primary Market Yield Curve



Chapter 2

Primary Market Operations of G-Sec

2.1. Issuance Details

Debt Management Department (DMD) of Bangladesh Bank manages the government's debt in collaboration with the Ministry of Finance (MoF). সরকারি ঋণ আইন, ২০২২ (Sorkari Rin Ain, 2022), the Public Debt Rules, 1946, the Bangladesh Government Treasury Bond Rules, 2003, and the Bangladesh Bank Order, 1972 bestow BB the authority to issue new debt securities and manage the government's debt. The Cash and Debt Management Committee (CDMC), responsible for the efficient regulation and management of the government's borrowings, is chaired by the Senior Secretary, Finance Division, MoF. The Cash and Debt Management Technical Committee (CDMTC), which is comprised of the officials of different ministries and BB, assists the CDMC for the purposes of cash and debt management.

2.2. Auction Management

BB is in charge of conducting T-bill and T-bond auctions on behalf of the government. The auction committee, which is chaired by a Deputy Governor of BB, determines the cut-off rate or price of the G-Sec auction. The auction committee has the authority to devolve securities to PD or BB (if needed) as well as accept or decline auction bids.

2.2.1. Auction Calendar: With the prior approval of the MoF, BB periodically publishes the auction calendars.

2.2.2. Auction Notice: As per the auction calendar, an auction notice is published by BB for the auction of T-bonds, by mentioning the auction amount, day, method, etc.

2.2.3. Auction Day: Weekly auctions of T-bills are usually held on Sunday and for T-bonds on Tuesday for a particular tenor 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 announced by BB. In the multiple rate method, successful orders are allotted at the offered rate by the participants. The bid amounts are BDT 100,000 (one lac) and its multiples.

2.2.5. Conducting Auction: The auctions are held for a predetermined amount that has been announced. Members (banks and FIs) can submit bids via PDs, and PDs can place orders within a specified time frame. Members, on the other hand, have the ability to submit bids on behalf of their clients (resident and non-resident persons and organizations such as insurance companies, corporate bodies, provident funds, pension funds, and other similar entities). After receiving confirmation of the transfer of funds, securities are allocated by crediting the respective securities accounts of successful bidders.

2.2.6. Devolvement: If the notified amount is not entirely allotted at the cut-off rate, the auction committee may devolve (if necessary) the remaining amount on Bangladesh Bank and/or primary dealers. The auction committee determines the amount devolved to BB, if any, and the remaining amount may be devolved to the PDs based on their underwriting commitments.

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

2.2.8. Re-issuance: To reduce the number of securities in the market, BB began re-issuing T-bonds in 2013. This was also implemented, with a focus on the creation of benchmark securities in order to construct a secondary market yield curve. The re-issuance of an existing instrument is done in the same way that new securities are issued through auctions. The coupon rate and coupon payment dates for re-issuance are the same as for the original bond.

2.3. Primary Dealer (PD) system

In 2003, BB introduced the PD system to garner efficiency in the G-Sec market. Back then, a group of banks was appointed by BB to exclusively deal with the G-Sec. PDs play a crucial role in the primary market while providing liquidity in the secondary market as market makers. At this moment, 24 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 the 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 equivalent to its underwriting obligation.

2.3.1.3. Devolvement of Securities: In the event in which sufficient number of bids is not submitted for the notified amount in the primary auction, or if the auction committee chooses 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 partake in the secondary trading of G-Sec. For active market-making, vide BB's DMD circular no. 06/2021, the PDs are directed to quote two-way prices against the benchmark securities on each business day.

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 approved by the Government from time to time on a quarterly basis. Three Best PDs are selected from each quarter on the basis of their primary & secondary performance and rewarded extra commission at approved rates.

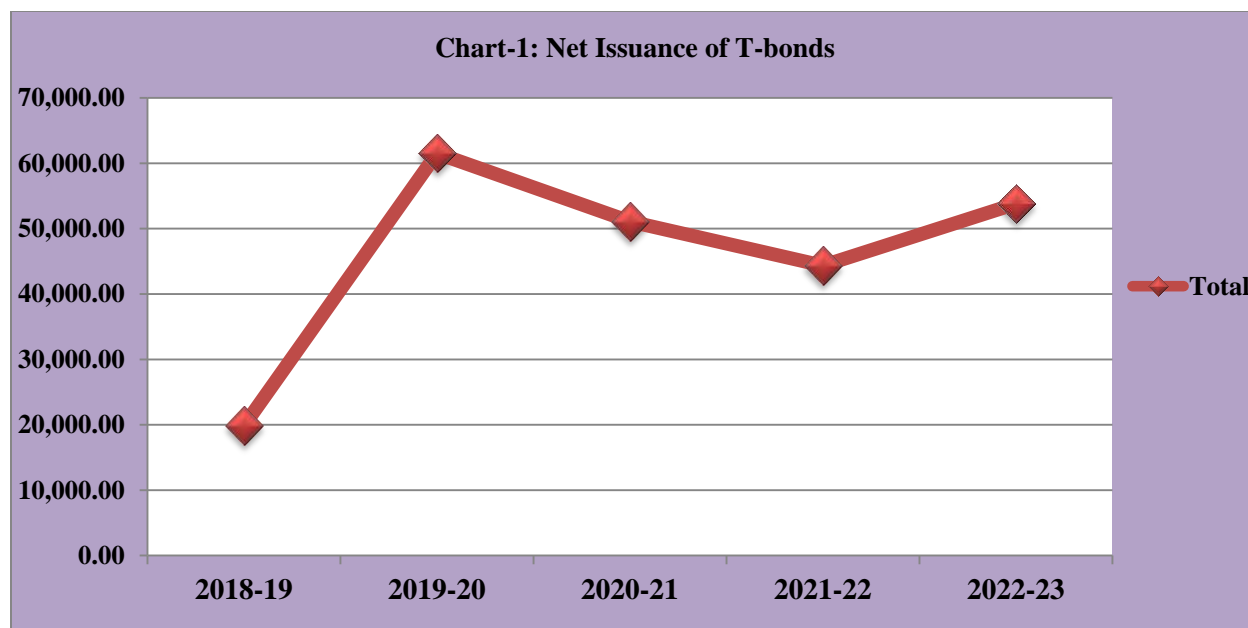
2.3.2.2. Liquidity Support: A PD is assured of receiving liquidity facilities from BB in the form of repos against the T-Bills and T-Bonds purchased from primary auction up to a specific period. Certain hair-cut is applied before providing ALS.

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

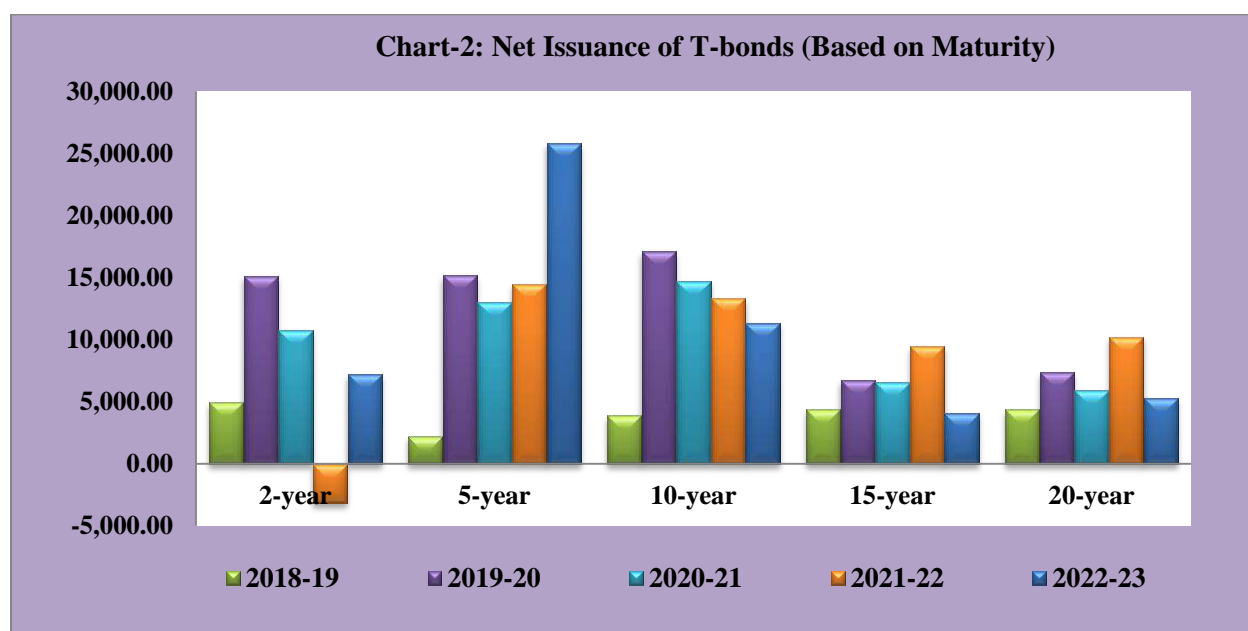
2.4.1. Net Issuance of T-Bonds: In FY 2022-23, the total T-bonds were issued worth BDT 84,258.23 crore while total repayments amounted to BDT 30,450.00 crore. Therefore, during this FY, the total net issuance of T-bonds was BDT 53,808.23 crore. This net issuance was 21.31% higher than that of the previous fiscal year. The particulars of issuance of T-bonds are presented below:

Table-1: Net Issuance of T-Bonds							
(Taka in Crore)							
FY	Issuance	2-year	5-year	10-year	15-year	20-year	Total
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	6,070.00	5,620.00	2,378.75	-	-	14,068.75
	c) Net Issuance (a-b)	15,130.00	15,180.00	17,121.25	6,750.00	7,350.00	61,531.25
2020-21	a) Issue	22,800.00	21,500.00	19,500.00	6,600.00	5,950.00	76,350.00
	b) Repayment	12,000.00	8,500.00	4,750.00	0	0	25,250.00
	c) Net Issuance (a-b)	10,800.00	13,000.00	14,750.00	6,600.00	5,950.00	51,100.00
2021-22	a) Issue	20,000.00	19,762.35	19,500.00	9,465.77	10,228.03	78,956.15
	b) Repayment	23,200.00	5,250.00	6,150.00	0	0	34,600.00
	c) Net Issuance (a-b)	-3,200.00	14,512.35	13,350.00	9,465.77	10,228.03	44,356.15
2022-23	a) Issue	28,500.00	25,800.00	19,300.00	5,328.00	5,330.23	84,258.23
	b) Repayment	21,300.00	0	7,950.00	1,200.00	0	30,450.00
	c) Net Issuance (a-b)	7,200.00	25,800.00	11,350.00	4,128.00	5,330.23	53,808.23

Source: DMD, BB.



There was a sharp increase in net issuance of T-bonds from FY 2018-19 to FY 2019-20. After that it declined till FY 2021-22. However, the net issuance increased again in FY 2022-23. The net issuance of 2 and 5-year tenor T-bonds increased while 10, 15 and 20-year tenor T-bond declined from previous year.

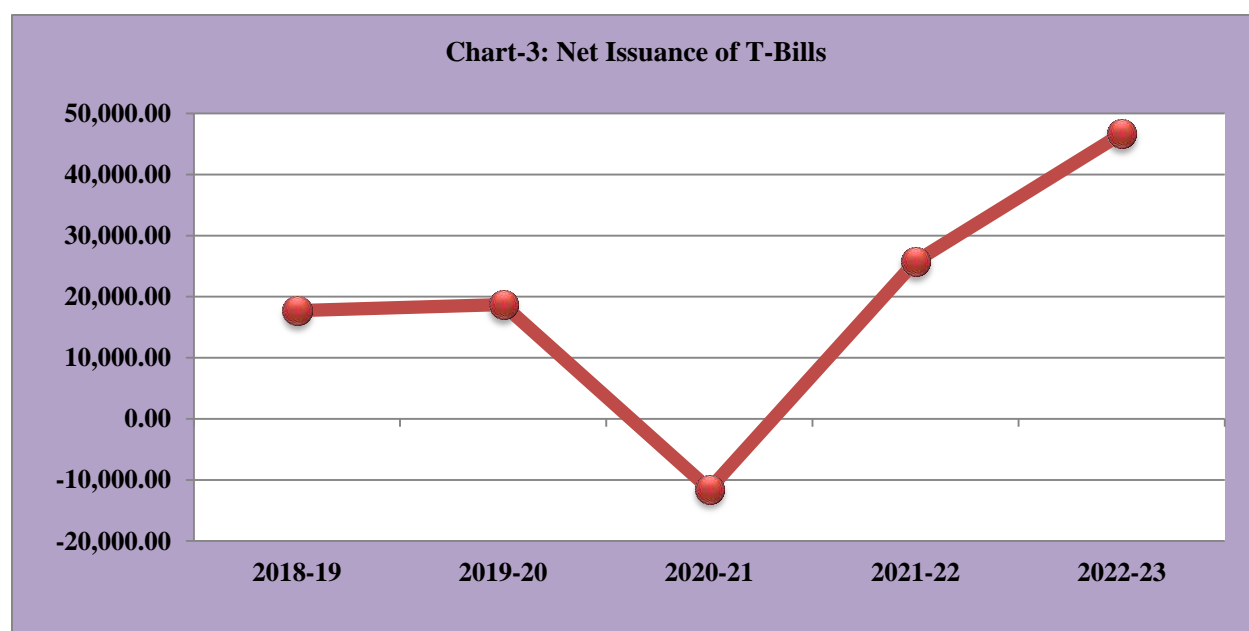


2.4.2. Net Issuance of T-Bills: In FY 2022-23, the net financing through T-bills was less than T-bonds. The total amount raised by the Government through treasury bills was BDT 235,574.16 crore, while total repayments amounted to BDT 188,917.52 crore. Thus, the net issuance stood at BDT 46,656.64 crore at the end of FY 2022-23.

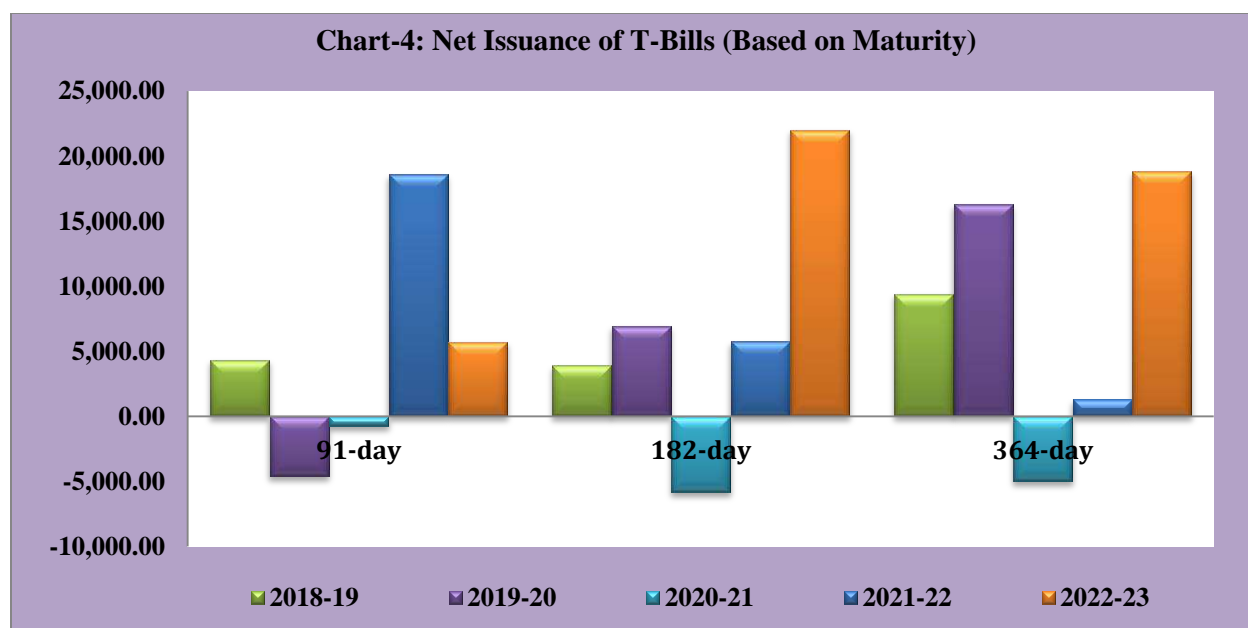
The details of T-Bill issuance are presented below:

Table-2: Net Issuance of T-Bills					
(Taka in Crore)					
FY	Issuance	91-day	182-day	364-day	Total
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
2020-21	a) Issue	55,817.56	27,403.78	27,982.28	111,203.62
	b) Repayment	56,581.92	33,196.74	32,939.62	122,718.28
	c) Net Issuance (a-b)	-764.37	-5,792.96	-4,957.35	-11,514.67
2021-22	a) Issue	73,802.31	31,550.83	29,328.44	134,681.58
	b) Repayment	55,165.83	25,778.45	27,982.28	108,926.57
	c) Net Issuance (a-b)	18,636.47	5,772.38	1,346.16	25,755.02
2022-23	a) Issue	130,099.13	57,280.45	48,194.58	235,574.16
	b) Repayment	124,350.49	35,238.59	29,328.44	188,917.52
	c) Net Issuance (a-b)	5,748.64	22,041.86	18,866.14	46,656.64

Source: DMD, BB.



As evident from the chart, after a decline in FY2020-21, there is an increasing trend of the net issuance of T-Bills. In FY 2022-23, the net issuance of 91-days T-Bills declined while 182-days and 364-days T-Bills increased from the previous year. Overall, the net issuance of T-bills in FY 2022-23 was 81.16% higher than that of the previous fiscal year.



2.4.3. Net Issuance of Bangladesh Government Investment Sukuk: Government has not issued any new Sukuk in the FY 2022-23. It is to be mentioned here that the first ever Bangladesh Government Investment Sukuk worth BDT 8,000 crore was issued on December 28, 2020. On December 30, 2021, the Government has issued its 2nd Sukuk for raising BDT 5,000.00 crore to fund “Development of Infrastructure in Government Primary Schools” Project. It is an Ijarah (lease) Sukuk based on ijarah contract. In the first half of 2022, the Government has issued its 3rd Sukuk which was based on istisna'a (manufacturing) and ijarah (lease) contract. From the 3rd Sukuk government has raised BDT 5,000.00 crore to finance the implementation of the “Important Rural Infrastructure Development Project (IRIDP)-3” for social impact. BB has been acting as the SPV and trustee to issue Government Sukuk.

Table-3: Net Issuance of Bangladesh Government Investment Sukuk					
(Taka in Crore)					
Sl No	Date of Issue	Instruments/Project's name of Sukuk	Tenor (year)	Profit Rate (%)	Net Issuance
1	December 28, 2020	Safe Water Supply to the Whole Country	5	4.69	8,000.00
2	December 30, 2021	Need Based Infrastructure Development of Government Primary Schools Project (1st Phase)	5	4.65	5,000.00
3	April 20, 2022	IRIDP-3 Social Impact Sukuk	5	4.75	5,000.00
Total					18,000.00
Source: DMD, BB.					

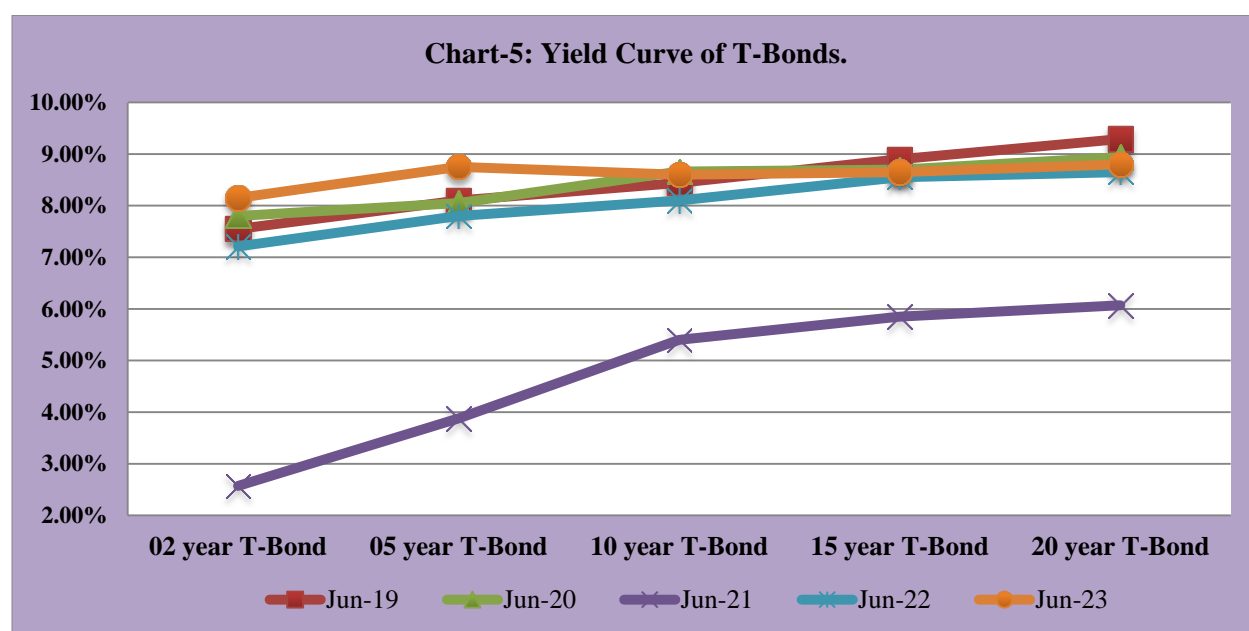
2.5. Primary Market Yield Curve

BB constructs the primary yield curves for the T-bonds and T-bills based on the data collected from primary auctions. In the dearth of a lively secondary market and thus, an effective secondary yield curve for G-Sec, the primary market yield curves are being used for the valuation of the instruments. In the FY 2021-22, BB has constructed secondary market yield curve which is being published in BB's Website on experimental basis and this yield curve will be used for the valuation of the G-Sec instruments in near future.

2.5.1. Cut-Off Yield and Yield Curve of T-Bonds: The cut-off yield at the end of June 2023 increased to a higher rate than previous year. As evident from the chart below, the cut-off yields for all tenors have notably increased in this FY. The details of the cut-off yields for T-bonds are illustrated below:

Table-4: Cut-off Yield of T-Bonds						
(In percentage)						
Tenor	June 2019	June 2020	June 2021	June 2022	June 2023	Change (From 2022 to 2023)
02 year T-Bond	7.55%	7.80%	2.57%	7.21%	8.15%	13.04%
05 year T-Bond	8.10%	8.05%	3.88%	7.80%	8.75%	12.18%
10 year T-Bond	8.44%	8.66%	5.40%	8.10%	8.60%	6.17%
15 year T-Bond	8.90%	8.70%	5.85%	8.55%	8.65%	1.17%
20 year T-Bond	9.29%	8.94%	6.07%	8.65%	8.80%	1.73%

Source: DMD, BB.

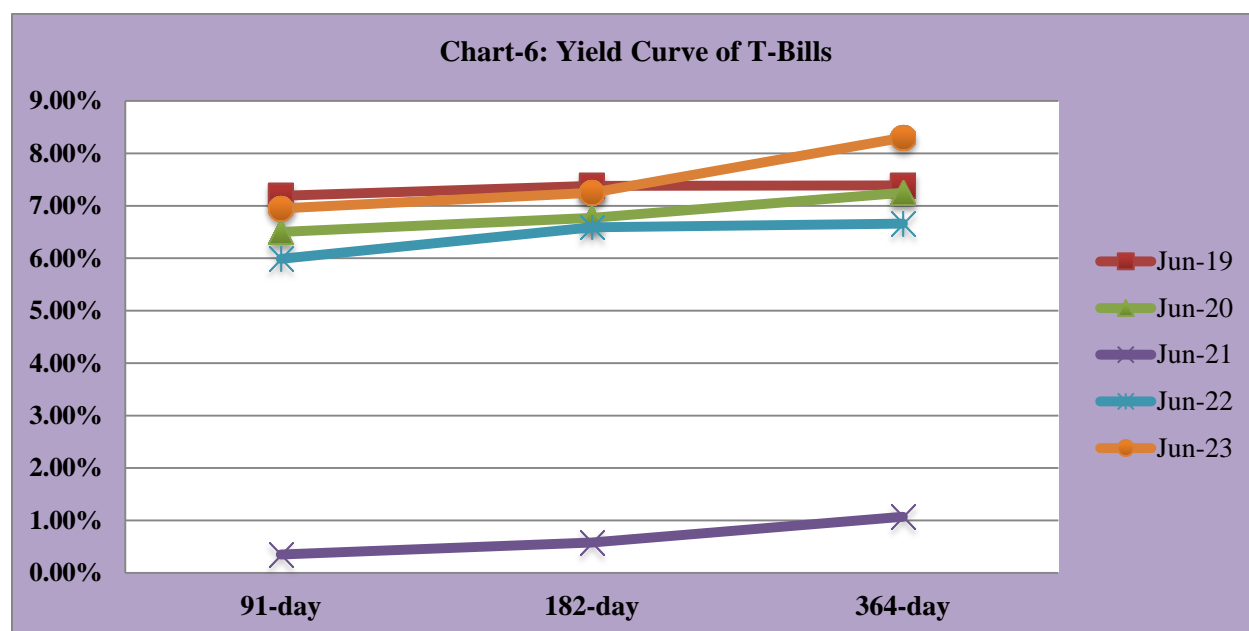


2.5.2. Cut-Off Yield and Yield Curve of T-Bills: The cut-off yields of all types of T-bills were in a decreasing trend from June 2019 to June 2021. In June 2022, the cut-off yields of all types of T-bills increased significantly from previous year. At the end of June 2023, the cut-off yields for 91-day, 182-day, and 364-day T-bills further increased by 16.03%, 10.02% and 24.62% respectively from June 2022.

Table-5: Cut-Off Yield of T-Bills						
(in percentage)						
Tenor	June 2019	June 2020	June 2021	June 2022	June 2023	Change (From 2022 to 2023)
91-day T-Bill	7.19%	6.50%	0.35%	5.99%	6.95%	16.03%
182-day T-Bill	7.38%	6.77%	0.58%	6.59%	7.25%	10.02%
364-day T-Bill	7.39%	7.25%	1.07%	6.66%	8.30%	24.62%

Source: DMD, BB.

From the below chart, it is evident that in June, 2021 the cut-off yields of all types of T-bills were extensively lower than the other fiscal years and in June 2023, cut-off yields of all types of T-bills were close to other fiscal year rates.



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

Bangladesh Government Investment Sukuk



Chapter 3

Trends of Outstanding G-Sec

3.1. Composition of Marketable G-Sec

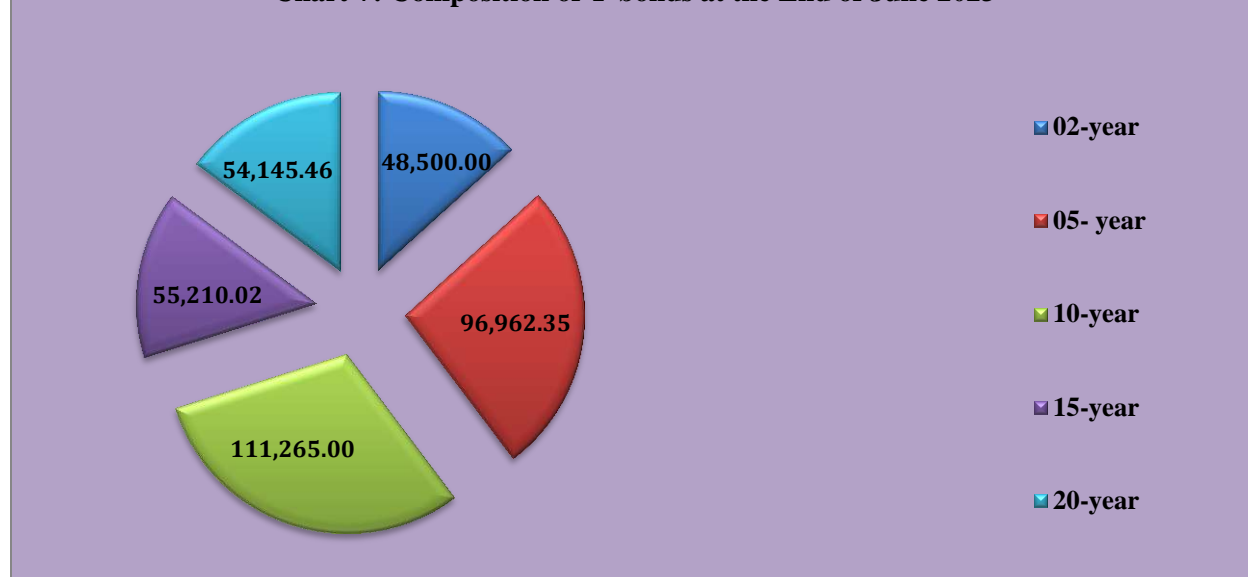
At the end of June 2023, the total public debt from the banking sector, through issuance of T-bill and T-bonds, has increased to BDT 489,763.34 crore from BDT 389,298.47 crore of the preceding fiscal year-end. The increase in debt from the banking sector was significant due to substantial policy measures taken to lessen non-tradable securities and demands related to budget implementation. The composition and trend of the marketable G-Sec over the years is presented below:

Table-6: Composition of Marketable G-Sec										
(Taka in Crore)										
Issuance	June 2019		June 2020		June 2021		June 2022		June 2023	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(a) T-Bills										
91-day	16,574.45	37	11,998.17	19	11,233.81	22	29,870.28	39	35,618.92	29
182-day	10,887.71	25	17,845.73	28	12,052.77	24	17,825.15	23	39,867.01	32
364-day	16,614.29	38	32,939.62	52	27,982.28	55	29,328.44	38	48,194.58	39
Total T-Bill	44,076.45	100	62,783.52	100	51,268.85	100	77,023.87	100	123,680.51	100
(b) T-Bonds										
02-year	14,500.00	10	30,700.00	14	44,500.00	17	41,300.00	13	48,500.00	13
05- year	31,470.00	20	46,150.00	21	56,650.00	21	71,162.35	23	96,962.35	27
10-year	55,763.75	36	72,315.00	33	86,565.00	32	99,915.00	32	111,265.00	30
15-year	28,266.25	18	35,016.25	17	41,616.25	16	51,082.02	16	55,210.02	15
20-year	25,287.20	16	32,637.20	15	38,587.20	14	48,815.23	16	54,145.46	15
Total T-Bond	155,287.20	100	216,818.45	100	267,918.45	100	312,274.60	100	366,082.83	100
Grand Total (a+b)	199,363.65		279,601.97		319,187.30		389,298.47		489,763.34	

Source: DMD, BB

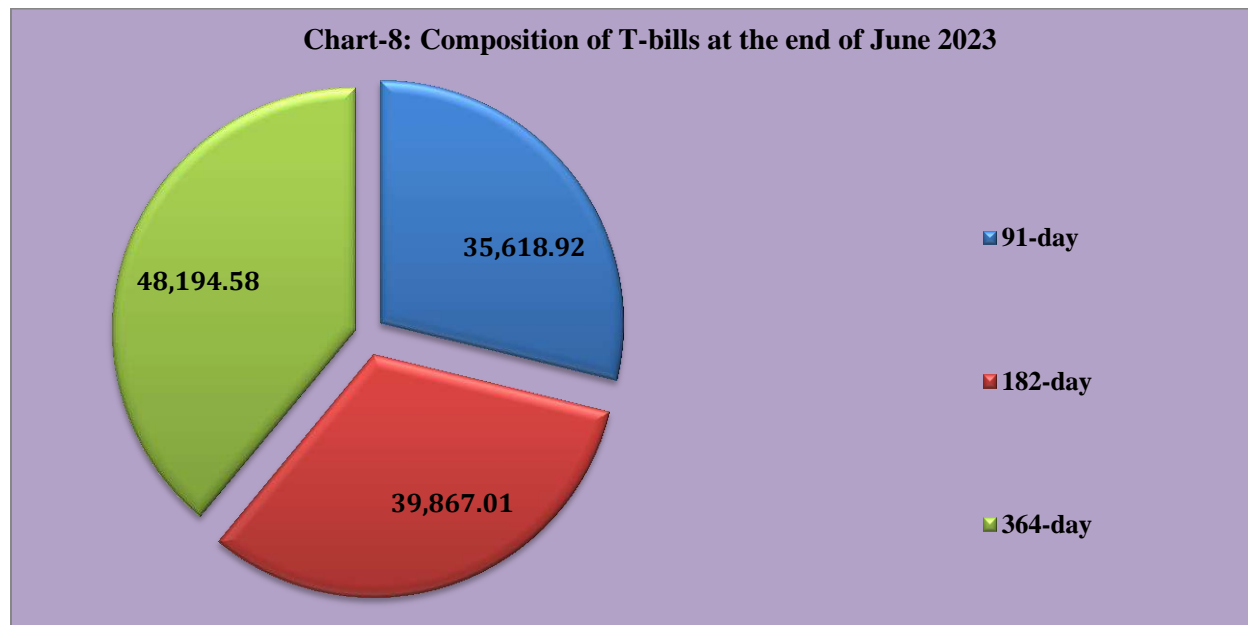
3.1.1. Composition of T-Bonds: At the end of June 2023, similar to the previous fiscal years, the 10-year T-bonds held the most foremost portion among T-bonds, with around 30%. In contrast, 2-year T-bonds ranked the lowest concerning the composition, with a measly 13%.

Chart-7: Composition of T-bonds at the End of June 2023



3.1.2. Composition of T-Bills: At the end of FY 2022-23, 364-day T-bills held the highest portion which is 39% followed by 182 day T-bills with 32% holding. T-bills are primarily issued to meet the short-term financing obligations of the Government.

Chart-8: Composition of T-bills at the end of June 2023



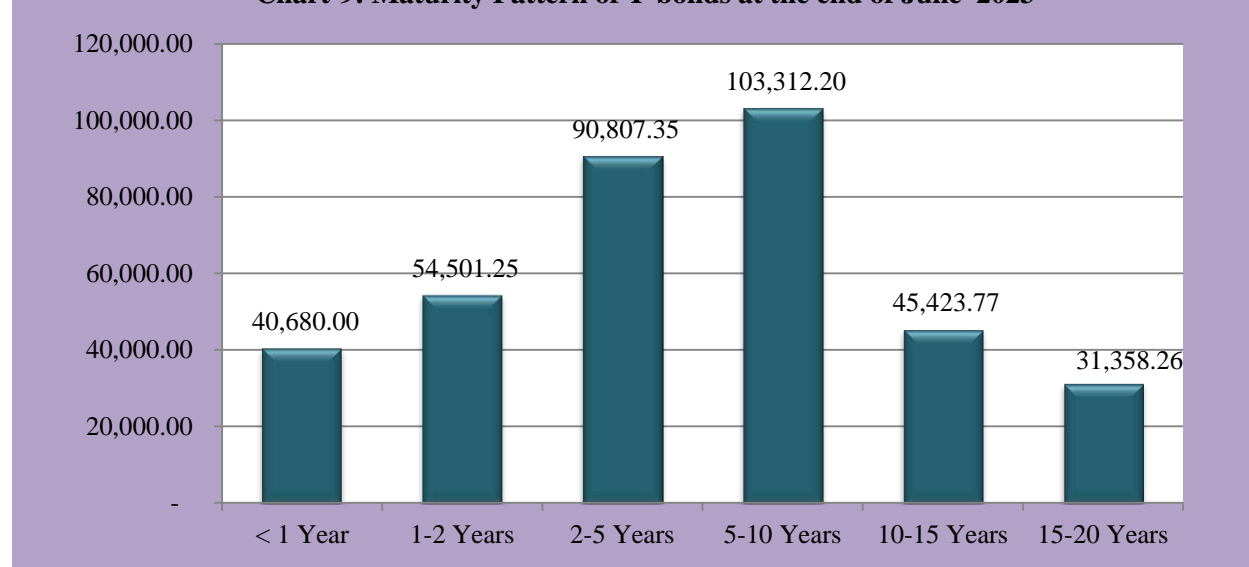
3.2. Maturity Pattern of Outstanding T-Bonds

At the end of June 2023, akin to the previous FYs, the highest portion of the T-bonds was in the bucket of 5-10 years, with around 28 percent of the total portfolio. On the contrary, only around 9 percent of the bonds were in the bucket of 15-20 years. The following table illustrates the majority buckets of T-bonds over the past five FYs:

Table-7: Maturity Pattern of Outstanding T-Bonds

Maturity Buckets	(Taka in Crore)									
	June 2019		June 2020		June 2021		June 2022		June 2023	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
< 1 Year	14,068.75	9	25,250.00	12	34,600.00	13	30,450.00	10	40,680.00	11
1-2 Years	25,250.00	16	33,100.00	15	30,450.00	11	38,680.00	12	54,501.25	15
2-5 Years	35,930.00	24	59,951.25	28	72,301.25	27	81,908.60	26	90,807.35	25
5-10 Years	42,634.45	28	49,526.20	23	79,621.20	30	93,312.20	30	103,312.20	28
10-15 Years	23,824.00	15	39,141.00	17	35,146.00	13	41,895.77	13	45,423.77	12
15-20 Years	13,580.00	8	9,850.00	5	15,800.00	6	26,028.03	8	31,358.26	9
Total	155,287.20	100	216,818.45	100	267,918.45	100	312,274.60	100	366,082.83	100

Source: DMD, BB

Chart-9: Maturity Pattern of T-bonds at the end of June 2023

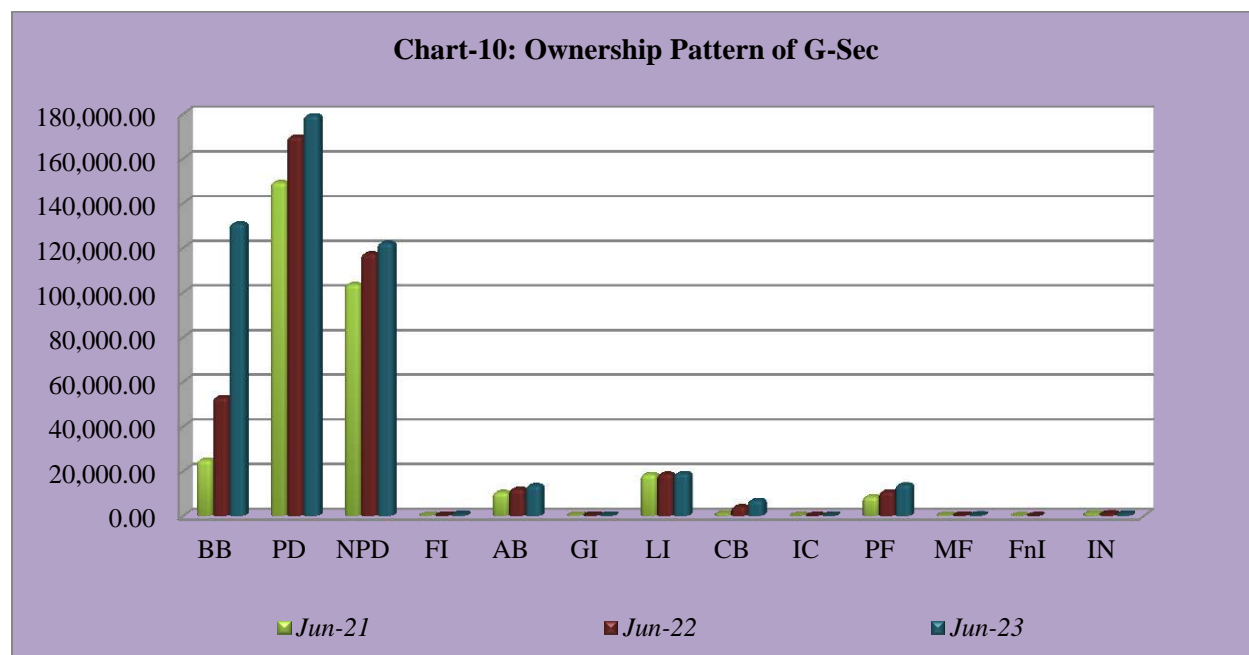
3.3. Holding Pattern of G-Sec

G-Sec's holding pattern revealed that banks were the central investor class, accounting for 61.57 percent of total holdings which is lower than previous fiscal year's holding (73.80 percent). This means depth of market is increasing. In FY 2022-23, PDs held 36.62 percent of the total G-Sec outstanding, while non-PDs held 24.95 percent in contrast to 43.63 percent and 30.17 percent respectively in FY 2021-22. By the end of June 2023, BB's share has increased to 26.73 percent due to increased devolvment on central bank while investment of corporate bodies increased to 1.44 percent from 1.08 percent. Financial Institutions, investment companies, individuals, and the other investors hold the remainder, which was inconsequential compared to the portion owned by the banks. Like the past few FYs, foreign investors did not hold any G-Sec.

The detailed picture of G-Sec holding is illustrated in the following chart:

Table-8: Ownership Pattern of G-Sec							
(Taka in Crore)							
Sl	Category	June 2021		June 2022		June 2023	
		Amount	%	Amount	%	Amount	%
1.	Bangladesh Bank (BB)	25,096.39	7.86	53,193.80	13.66	130,889.88	26.73
2.	Primary Dealers (PD)	149,397.33	46.81	169,858.53	43.63	179,331.96	36.62
3.	Non-Primary Dealers (NPD)	103,707.31	32.49	117,452.80	30.17	122,228.78	24.95
4.	Financial Institution (FI)	118.06	0.04	424.62	0.11	948.19	0.19
5.	Amanat Bima Trust Tahbil (AB)	10,642.80	3.33	12,113.23	3.11	13,671.11	2.79
6.	General Insurance Companies (GI)	302.81	0.09	485.96	0.12	487.83	0.10
7.	Life Insurance Companies (LI)	18,666.70	5.85	18,834.66	4.84	19,091.08	3.90
8.	Corporate Bodies (CB)	1,085.10	0.34	4,219.27	1.08	7,061.29	1.44
9.	Investment Companies (IC)	27.17	0.01	51.59	0.01	262.78	0.05
10.	Provident/Pension/Trust/Gratuity Fund (PF)	8,726.78	2.73	10,926.33	2.81	14,053.80	2.87
11.	Mutual Fund (MF)	251.10	0.08	469.47	0.12	634.18	0.13
12.	Foreign Investors (FnI)	-	-	-	-	-	-
13.	Individual (IN)	1165.75	0.37	1268.21	0.33	1,102.46	0.23
Total		319,187.30	100	389,298.47	100	489,763.34	100

Source: DMD, BB



3.4. Non-Resident Investors (NRI)

Foreign investors began to acquire T-bonds in April 2013, and the number gradually climbed until December 2014. Following that, it rapidly reduced as existing T-bonds matured, followed by no new foreign investments. At the end of December 2018, foreign investors had made a net investment of BDT 23 crore. From June 2019 to June 2022 there has been no foreign investment in G-Sec. However, the non-resident investment stood BDT 3.00 crore at the end of June 2023. Though the trend of the yield on G-sec has increased so much in recent fiscal year it failed to draw the attention of the foreign investors in recent times. The following table presents the direction of G-Sec holding by NRIs over the past few years.

Table-9: 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- June 2022	0.00
13	June 2023	3.00

Source: DMD, BB.

3.5. Bangladesh Government Investment Sukuk

Focusing on the Islamic Shariah-compliant prospective investors, on December 28, 2020, the first-ever Bangladesh Government Investment Sukuk was issued. This Ijarah (lease) Sukuk has been issued to execute a project intending to provide safe water to the public. The Government has raised BDT 8,000 crore against this project by issuing Sukuk. On December 30, 2021, the Government has issued its 2nd Sukuk while raising BDT 5,000.00 crore to fund its Development of Infrastructure in Government Primary Schools Project. In the first half of 2022, the Government has issued its 3rd Sukuk which was based on istisna'a (manufacturing) and ijarah (lease) contract. From the 3rd Sukuk government has raised BDT 5,000.00 crore to finance the implementation of the Important Rural Infrastructure Development Project (IRIDP)-3 for social impact. However, government has not issued any Sukuk during the FY 2022-23. BB has been acting as the SPV and trustee to issue Government Sukuk.

Table-10: Outstanding of Bangladesh Government Investment Sukuk

(Taka in Crore)						
Sl	Issuance	Tenor (Year)	June 2022		June 2023	
			Amount	%	Amount	%
1	Safe Water Supply to the Whole Country	5	8,000.00	44.00	8,000.00	44.00
2	Need Based Infrastructure Development of Government Primary Schools Project (1st Phase)	5	5,000.00	28.00	5,000.00	28.00
3	IRIDP-3 Social Impact Sukuk	5	5,000.00	28.00	5,000.00	28.00
Total Sukuk			18,000.00	100.00	18,000.00	100.00

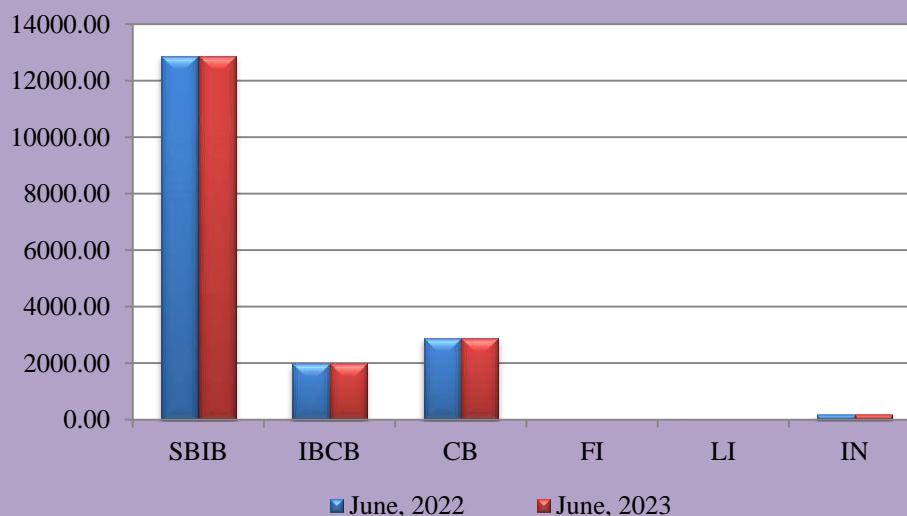
Source: DMD, BB

3.5.1 Ownership pattern of Sukuk: Sukuk's holding pattern revealed that Shariah Based Islamic Bank were the most fundamental investor class, accounting for 71.64 percent of total holdings in FY 2022-23. The detailed picture of Sukuk holdings is illustrated in the following table:

Table-11: Ownership Pattern of Bangladesh Government Investment Sukuk

(Taka in Crore)					
Sl	Category	June, 2022		June, 2023	
		Amount	%	Amount	%
1	Shariah Based Islamic Bank (SBIB)	12,895.67	71.64	12,895.67	71.64
2	Islamic Branch and Windows of Conventional Banks (IBCB)	1,994.58	11.08	2,015.20	11.20
3	Conventional Bank (CB)	2,899.05	16.11	2,877.84	15.99
4	Financial Institution (FI)	-	-	-	-
5	Life Insurance (LI)	4.36	0.02	5.86	0.03
6	Individual (IN)	206.34	1.15	205.43	1.14
Total		18,000.00	100.00	18,000.00	100.00

Source: DMD, BB

Chart-11: Ownership Pattern of Bangladesh Government Investment Sukuk

Chapter 4

Secondary Market of G-Sec

Secondary Trading of G-Sec

Benchmark Securities

Mandatory Two-way Price Quote

Secondary Market Yield Curve of G-Sec

Trading Pattern of G-Sec



Chapter 4

Secondary Market of G-Sec

G-Sec issued through auctions can be freely traded in the secondary market. BB has been operating a Market Infrastructure (MI) module for automated auction, trading and settlement system for G-Sec transactions since October 2011. Besides, the trading of T-Bonds has been started in Stock Exchange (DSE & CSE) platform from 10 October, 2022.

4.1. Secondary Trading of G-Sec

The secondary G-Sec market in Bangladesh is comprised of trading in BB's own electronic system and trading through Stock Exchange (DSE & CSE) platform.

4.1.1. Secondary trading through BB's Electronic System: Secondary trading in BB's Electronic System takes place in two ways:

4.1.1.1. Over-the-Counter (OTC): Trades are made through the OTC process, which involves members negotiating outside the trading site (e.g., over the telephone). If a bargain is reached through negotiation, it must be reported to the system for settlement subsequently. The 'instructing party' is the one who enters the transaction details, whether they are the purchaser or the seller. The counterparty, also regarded as the confirming party, would confirm/accept the trade. The trade would be ready for payment after confirmation. When customers finish the trading procedure, and the system accepts the transaction, the data is automatically sent to BB's Core Banking System (CBS) for real-time clearing and settlement of funds. Following that, the traded securities would be sent automatically to the buyer's securities account in the MI module.

4.1.1.2. Government Securities Order-Matching Trading Platform (GSOM): GSOM is an anonymous order-matching trading system of G-Sec that is electronic, screen-based, and order-driven. It gives users the ability to trade on the secondary market in real-time. The trading solution's primary components are order processing and matching. The trading solution's matching engine delivers algorithms that allow members to trade instantly. GSOM has improved the transparency of G-Sec's secondary market transactions. Bids (purchase orders) and offers (sell orders) can be placed immediately on the trader work station screen by Member Dealers (banks and FIs). Trades are automatically forwarded to the CBS for fund settlement under that system. Other investors, such as individuals and institutions, insurance companies, corporations, provident funds, pension funds, etc., are eligible to trade G-Sec through member dealers working in Bangladesh.

This web-based interface (<https://gsom.bb.org.bd>) displays the whole order book in real-time (bids and asks price/yield, as well as securities data). In GSOM, both residents and non-resident persons and institutions can obtain information. Though, only Member Dealers are eligible to change or modify or cancel the order information through GSOM. An example of the GSOM screen is presented below:

Sl. No.	ISIN	Security Name	Security Type	Issue Date	Maturity/Expiry Date	Coupon Rate	Coupon Frequency	Last Coupon Date	Next Coupon Date	Issue Price	Remaining Maturity	Market Yield	Market Price	Outstanding BDT (in Akr)
1	BD0922181104	10Y BOTB 14.11.2022	Treasury Bond	14-NOV-2012	14-NOV-2022	11.75	HPLY	14-JAN-2022	14-NOV-2022	100.00	9.0603	5.3110	100.3474	7,000.00
2	BD0922181159	15Y BOTB 14.11.2022	Treasury Bond	14-NOV-2007	14-NOV-2022	12.04	HPLY	14-JAN-2022	14-NOV-2022	100.00	9.0403	5.3110	100.4160	1,000.00
3	BD0922221108	10Y BOTB 12.12.2022	Treasury Bond	12-DEC-2012	12-DEC-2022	11.80	HPLY	12-JUN-2022	12-DEC-2022	100.00	9.1379	5.8527	100.8905	7,000.00
4	BD0922221157	15Y BOTB 12.12.2022	Treasury Bond	12-DEC-2007	12-DEC-2022	12.89	HPLY	12-JUN-2022	12-DEC-2022	100.00	9.1379	5.8527	100.9452	1,000.00
5	BD0923041022	02Y BOTB 09.01.2023	Treasury Bond	09-JAN-2021	09-JAN-2023	3.14	HPLY	09-JUL-2022	09-JAN-2023	100.00	9.3051	5.9179	99.4214	45,000.00
6	BD0923041152	15Y BOTB 09.01.2023	Treasury Bond	09-JAN-2008	09-JAN-2023	12.22	HPLY	09-JUL-2022	09-JAN-2023	100.00	9.2137	5.9944	101.2585	1,000.00
7	BD0923061101	10Y BOTB 09.01.2023	Treasury Bond	09-JAN-2013	09-JAN-2023	11.90	HPLY	09-JUL-2022	09-JAN-2023	100.00	9.2137	5.9944	101.1930	7,000.00
8	BD0923061107	10Y BOTB 13.02.2023	Treasury Bond	13-FEB-2013	13-FEB-2023	12.00	HPLY	13-AUG-2022	13-FEB-2023	100.00	9.3096	6.4217	101.4530	7,000.00
9	BD0923061156	15Y BOTB 13.02.2023	Treasury Bond	13-FEB-2008	13-FEB-2023	12.22	HPLY	13-AUG-2022	13-FEB-2023	100.00	9.3096	6.4217	101.7604	1,000.00
10	BD0923091152	15Y BOTB 12.03.2023	Treasury Bond	12-MAR-2008	12-MAR-2023	12.22	HPLY	12-SEP-2022	12-MAR-2023	100.00	9.3816	6.7514	102.0039	1,000.00
11	BD0923091101	10Y BOTB 12.03.2023	Treasury Bond	12-MAR-2013	12-MAR-2023	12.10	HPLY	12-SEP-2022	12-MAR-2023	100.00	9.3861	6.7634	101.9499	13,000.00
12	BD0923091029	02Y BOTB 07.04.2023	Treasury Bond	07-APR-2021	07-APR-2023	2.99	HPLY	07-OCT-2022	07-APR-2023	100.00	9.4548	7.0488	98.1943	43,000.00
13	BD0923091151	15Y BOTB 09.04.2023	Treasury Bond	09-APR-2008	09-APR-2023	12.22	HPLY	09-OCT-2022	09-APR-2023	100.00	9.4603	7.0643	103.2187	1,000.00
14	BD0923091109	10Y BOTB 10.09.2023	Treasury Bond	10-APR-2013	10-APR-2023	12.10	HPLY	10-OCT-2022	10-APR-2023	100.00	9.4609	7.0552	102.2499	7,000.00
15	BD0923091152	15Y BOTB 14.09.2023	Treasury Bond	14-MAY-2008	14-MAY-2023	12.22	HPLY	14-MAY-2022	14-SEP-2022	100.00	9.5592	7.0249	102.7914	1,000.00
16	BD0923091151	15Y BOTB 11.09.2023	Treasury Bond	11-JUN-2008	11-JUN-2023	12.22	HPLY	11-JUN-2022	11-DEC-2022	100.00	9.4329	6.9953	103.1847	1,000.00
17	BD0923091026	02Y BOTB 07.07.2023	Treasury Bond	07-JUL-2021	07-JUL-2023	2.34	HPLY	07-JUL-2022	07-JAN-2023	100.00	9.7041	6.9460	96.8150	45,000.00

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

4.1.2. Secondary Trading through Stock Exchange: Any investor having a BOID can purchase T-Bonds from Stock Exchange (DSE & CSE) platform. After the purchase a BPID will be opened (if not available beforehand) against the investor in order to settle the securities in BB's Electronic System.

On the other hand, an investor (existing holder of BPID) can transfer his bond portfolio from BB's Electronic System to Stock Exchange for trading there. For this purpose, the investor require to fill in the relevant transfer forms and submit it to the corresponding bank to block partial or entire portion of their holding of T-bond in BB's Electronic System. By blocking the intended holdings in BB's Electronic System, the bank sends the relevant transfer information to Stock Exchange. After trading, settlement of exchange traded securities takes place through the CDBL which is updated finally in the BB's Electronic System for the transfer of ownership from Seller BPID to Buyer BPID. Investors are eligible to trade both in BB's Electronic System and in the Stock Exchange.

4.2. Benchmark Securities

Fixed-income securities markets are regarded as dealer-oriented markets globally. Even in advanced economies, most fixed-income securities markets typically lack liquidity, despite the availability of numerous instruments. Unlike stocks, a significant portion of fixed-income

holdings may be classified as held-to-maturity, contributing to lower liquidity in those markets. As a result, the availability of active quotes is critical to maintaining liquidity in corporate bond or treasury markets.

With this in mind, BB chose 30 T-Bonds as 'benchmark securities' in the G-Sec market on November 10, 2020, via circular no. 06, out of more than 270 T-Bonds available in the market at that time. BB has been updating the list of benchmark securities on a regular basis. The latest update was done on 17 January, 2023 via DMD Circular Letter No. 01/2023.

The yields/quotes offered on those securities are being used to build the secondary yield curve for G-Sec. Furthermore, by including the yields of those benchmark securities, this BB initiative provided an opportunity of transition from the current linear interpolation-extrapolation methodology in constructing a yield curve to a more advanced cubic spline method.

4.3. Mandatory Two-way Price Quotation by the PDs

In June 2020, The Debt Management Department of BB directed all PDs to post two-way bid and ask (offer) quotes against the selected benchmark securities on each trading day. The benchmark securities are divided into six classes based on their tenor (remaining maturity), with five securities in each class. Every business day, all PDs post two-way quotes against at least one T-Bond from each class. To make the market more efficient and liquid, BB initially set the maximum bid-ask spread against each class and the minimum number of buy-sale quotes that PDs could post. The following order book of a T-Bond is an example of the two-way quotes posted by a PD:

As on Nov 13, 2022 12:36:36 PM BST

BANGLADESH BANK
Central Bank of Bangladesh

Govt. Securities Order Matching (GSOM)
Trading Platform

OMS YTM Curve MTM

ISIN: SEARCH BY ISIN

ISIN	Tenor	Issue Date	Maturity Date	Coupon Rate (%)
BD0923391020	02 Years	03-NOV-21	03-NOV-23	4.8

Buyer	Bid Amount (Cr.)	Bid Yield	Bid Price	Offer Price	Offer Yield	Offer Amount (Cr.)	Seller
JANATABK	2.00	7.50	97.5104	98.4208	6.50	2.00	PRIMEBK
PRIMEBK	2.00	7.75	97.2848	98.4839	6.43	1.00	COMMUTYBK
MEGHNABK	1.00	7.80	97.2398	98.5504	6.25	2.00	JANATABK
NRBCOM	1.00	7.80	97.2398	99.0000	5.87	2.00	JAMUNABK
MTBL	2.00	7.96	97.0932	99.0193	5.85	1.00	MEGHNABK
JAMUNABK	2.00	8.07	97.0000	99.0193	5.85	1.00	NRBCOM
COMMUTYBK	1.00	8.43	96.6741	-	-	-	-
Total :	11.00					9.00	

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Developed By: Information Systems Development and Support Department (ISDSD), Bangladesh Bank

Figure-5: Two-way (Bid-Ask) Quotes Posted by PDs

4.4. Secondary Market Yield Curve of G-Sec

BB creates a secondary market yield curve for T-bonds based on daily secondary market transaction data. All traded data of T-bonds in the secondary market (OTC and GSOM) and two way price quotes of the PD banks are used to construct the yield curve which is being published daily in BB's Website. Banks have been conducting valuation of securities held under their HFT category using the primary market yield curve. However, currently they are also conducting their weekly valuation using secondary market yield curve on experimental basis and sending both valuation to BB accordingly. BB is closely monitoring the valuation as reported by banks. It is expected that only secondary market yield curve will be used for the valuation of the G-Sec from FY 2023-24.

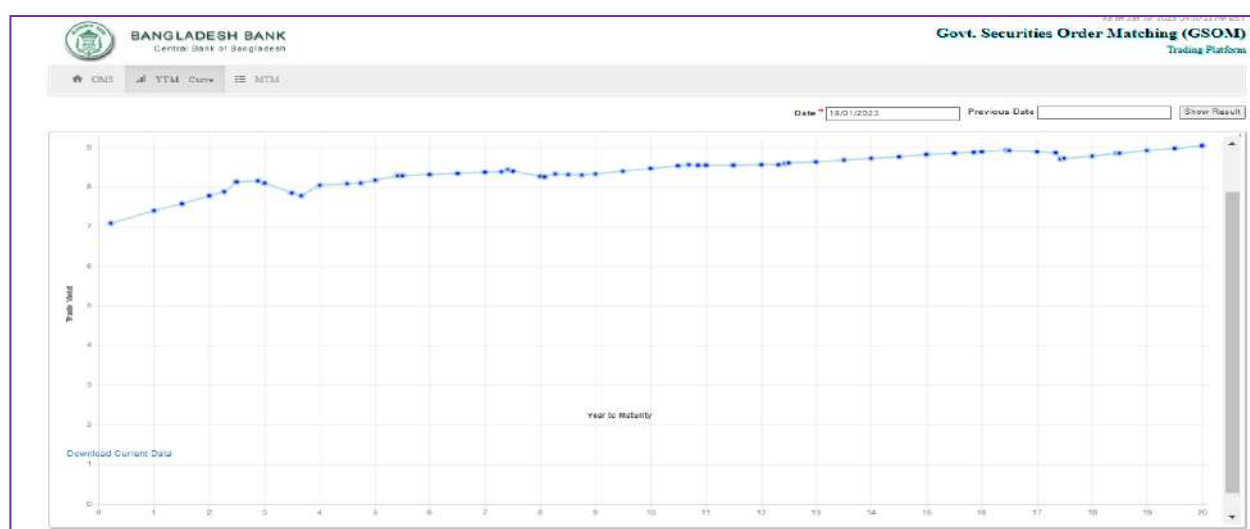


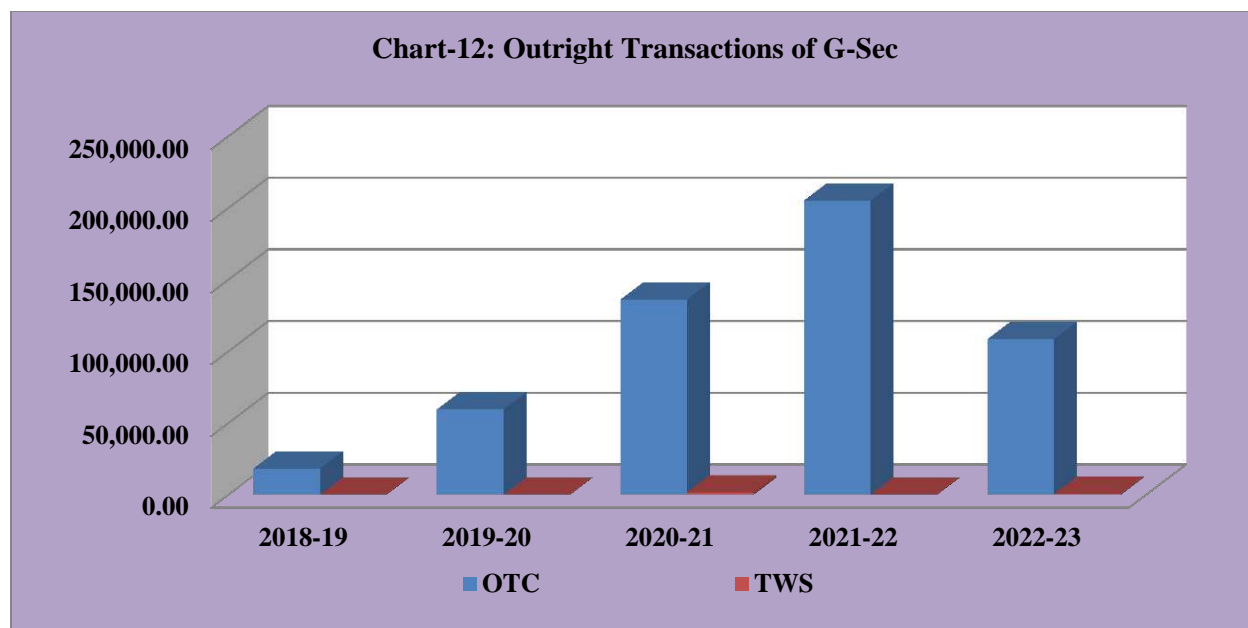
Figure-6: Secondary Market Yield Curve of G-Sec

4.5. Trading Pattern of G-Sec

4.5.1. Outright Transactions: The total volume of G-Sec transacted outright in FY 2022-23 stood at BDT 109,023.91 crore, which was significantly lower than the preceding FY's 205,324.54 crore BDT. The overall picture of secondary transactions of G-Sec is presented below:

Table-12: Outright Transactions of G-Sec							
(Taka in Crore)							
Period	OTC			TWS			Grand Total
	T-Bonds	T-Bills	Total	T-Bonds	T-Bills	Total	
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
2020-21	105,876.50	30,213.60	136,090.10	1,382.98	300.00	1,682.98	137,773.08
2021-22	188,655.24	16,507.71	205,162.95	161.59	-	161.59	205,324.54
2022-23	76,764.29	31,776.58	108,540.87	483.04	-	483.04	109,023.91
Source: DMD, BB.							

Source: DMD, BB.



It can be mentioned that in total 40 trades took place in DSE & CSE trading platform in FY 2022-23 having a cumulative amount of BDT 23.88 crore.

4.5.2. Inter-Bank Repo Transactions: The interbank repo rate is determined by the financial sector's demand and supply of funds. The total amount of overall interbank repo transactions in FY 2022-23 was BDT 929,012.68 crore, 46.62 percent higher than the previous FY's BDT 633,635.90 crore.

Table-13: 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
2018-19	273,547.50	88.83	4.68	17.88
2019-20	555,564.86	103.10	5.05	7.91
2020-21	740,373.48	33.26	1.40	(72.28)
2021-22	633,635.90	(14.42)	2.61	86.43
2022-23	929,012.68	46.62	6.66	155.17
Source: DMD, BB				

The weighted-average interbank repo rate increased by 405 basis points from FY 2021-22 to FY 2022-23, indicating demand for liquidity in the market. From FY 2018-19, volume of IB repo transactions increased significantly.

Chart-13: Transaction Volume of Inter-Bank Repo

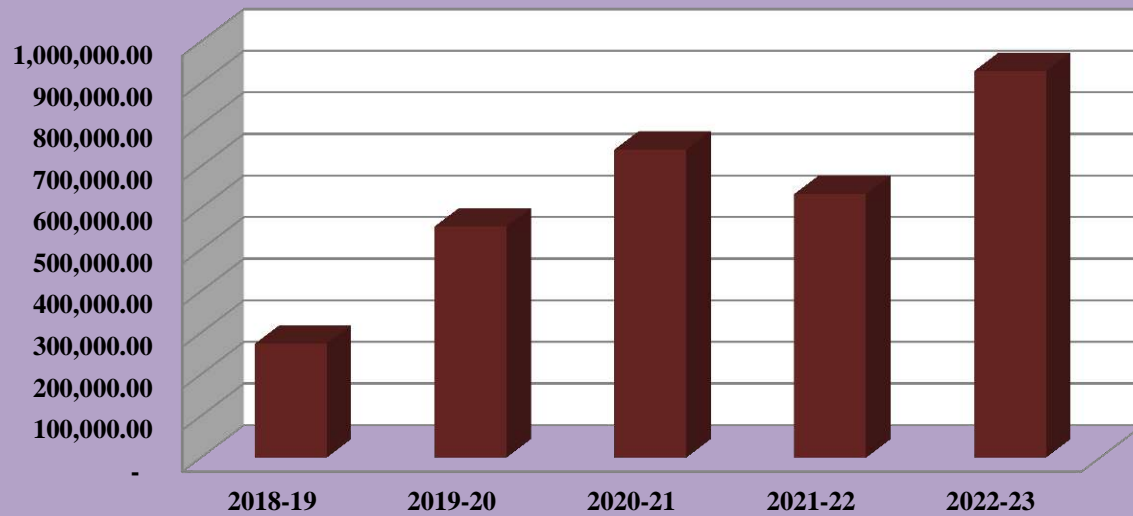


Chart-14: Weighted Average Rate of Inter-Bank Repo

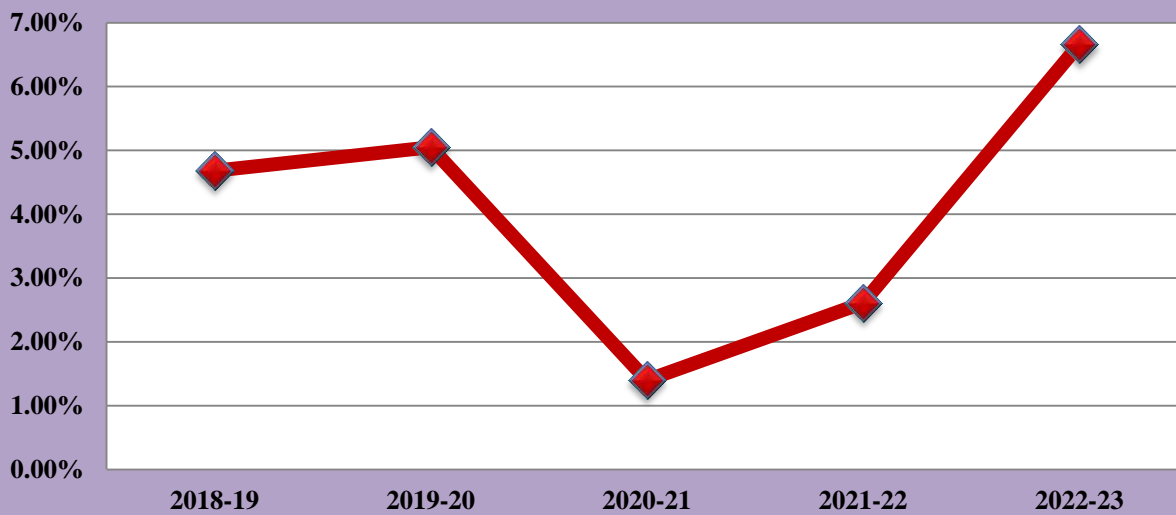
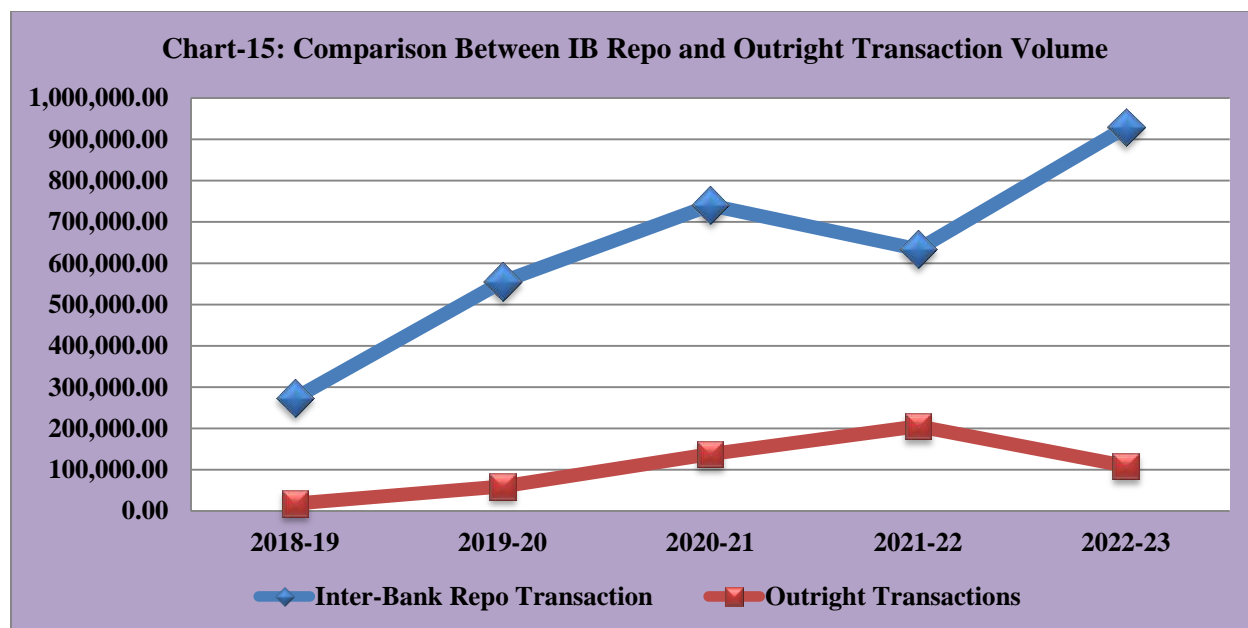


Table-14: Comparison Between IB Repo and Outright Transaction Volume of G-Sec

(Taka in Crore)		
Period	Inter-Bank Repo Transaction	Outright Transactions
2018-19	273,547.50	18,309.82
2019-20	555,564.86	59,479.32
2020-21	740,373.48	137,773.08
2021-22	633,635.90	205,324.54
2022-23	929,012.68	109,023.91

Source: DMD, BB



An active interbank repo market plays significant role in the liquidity management of the financial system. The weighted average IB repo rate showed an increasing trend in the first half of FY 2022-23 indicating growing demand for IB repo or less liquidity in the market during that period. However, the trend reversed in the second half signifying some relief in lower liquidity scenario of the market.

Table-15: Monthly IB Repo Transaction Volume of G-Sec in FY 2022-23		
(Taka in Crore)		
Month	Monthly IB Repo Transaction Volume	Monthly WAR of IB Repo (%)
July 2022	55,014.80	5.81
August 2022	73,268.58	6.13
September 2022	64,838.43	6.34
October 2022	103,939.04	6.67
November 2022	121,052.65	7.04
December 2022	84,919.67	7.57
January 2023	92,662.27	7.68
February 2023	74,902.12	6.43
March 2023	85,894.34	6.34
April 2023	63,639.93	6.36
May 2023	85,556.91	6.25
June 2023	23,323.95	6.18
Source: DMD, BB.		

Chart-16: Monthly IB Repo Volume

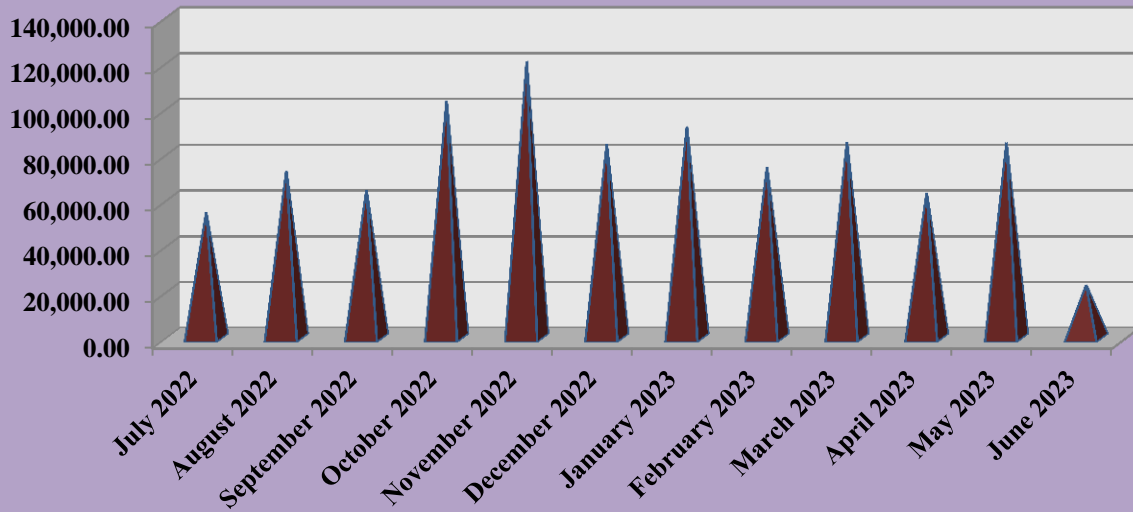
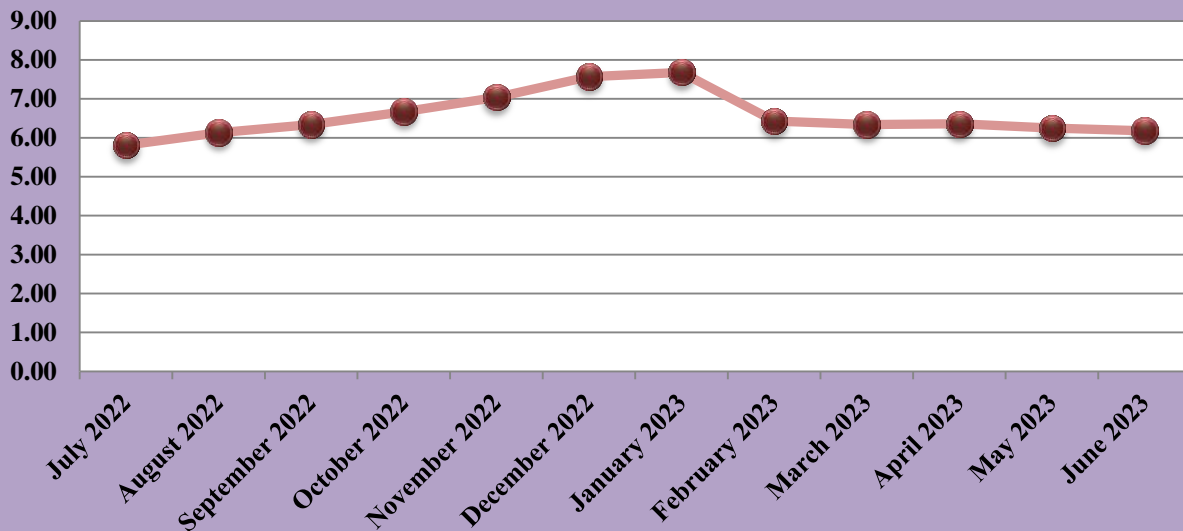


Chart-17: Monthly WAR of IB Repo



4.5.3. Top 10 Traded Securities: Among the top-10 traded securities, 15-year T-bonds traded the most, followed by 20 and 10-year T-bonds.

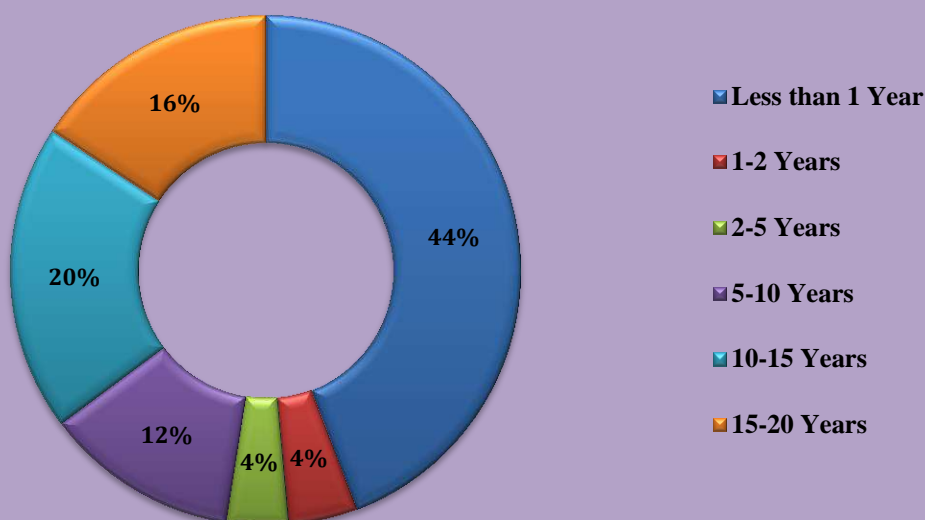
The following table shows the details of the top 10 traded securities for FY 2022-23 and previous financial years:

Table-16: Top 10 Traded Securities							
(Taka in Crore)							
Sl No.	ISIN	Tenor	Turnover (FY 2021-22)	SL. No.	ISIN	Tenor	Turnover (FY 2022-23)
1	BD0926431059	05-Year	16,122.10	1	BD0935441156	15-Year	6,726.22
2	BD0931301107	10-Year	8,817.53	2	BD0940401203	20-Year	5,623.61
3	BD0935441156	15-Year	8,813.00	3	BD0935391153	15-Year	4,461.79
4	BD0941451207	20-Year	7,358.22	4	BD0936491150	15-Year	4,266.57
5	BD0940441209	20-Year	6,804.45	5	BD0940441209	20-Year	3,885.86
6	BD0922051026	02-Year	6,328.24	6	BD0930031101	10-Year	3,241.03
7	BD0940401203	20-Year	6,204.45	7	BD0909138234	91-Day	2,997.61
8	BD0925251052	05-Year	5,919.94	8	BD0942781206	20-Year	2,542.90
9	BD0925021059	05-Year	5,739.76	9	BD0918244239	182-Day	2,043.96
10	BD0936491150	15-Year	5,736.30	10	BD0918203227	182-Day	2,003.89
Source: DMD, BB.							

4.5.4. Maturity Pattern of Outright Transactions: In the FY 2022-23, securities in the bucket of less than one year accounted for the highest share of trading, followed by the 10-15 years bucket securities. Securities of 2-5 years bucket changed hands with the least amount in current FY. The table and graphic below show the maturity distribution of T-bond transactions:

Table-17: Maturity Pattern of Outright Transactions					
(Taka in Crore)					
Maturity Bucket	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Less than 1 Year	5,491.92	10,965.68	30,513.60	40,161.79	48,191.51
1-2 Years	1,182.60	9,152.18	22,909.46	7,981.67	4,753.39
2-5 Years	2,730.20	17,716.80	27,661.30	53,198.87	4,309.20
5-10 Years	5,422.26	12,287.37	40,331.10	51,821.58	13,385.37
10-15 Years	1,075.42	4,862.54	7,190.22	24,858.74	21,199.12
15-20 Years	2,407.42	4,494.74	9,167.40	27,301.90	17,185.33
Total	18,309.82	59,479.32	137,773.08	205,324.6	109,023.91
Source: DMD, BB					

Chart-18: Maturity Pattern of Outright Transactions in FY 2022-23



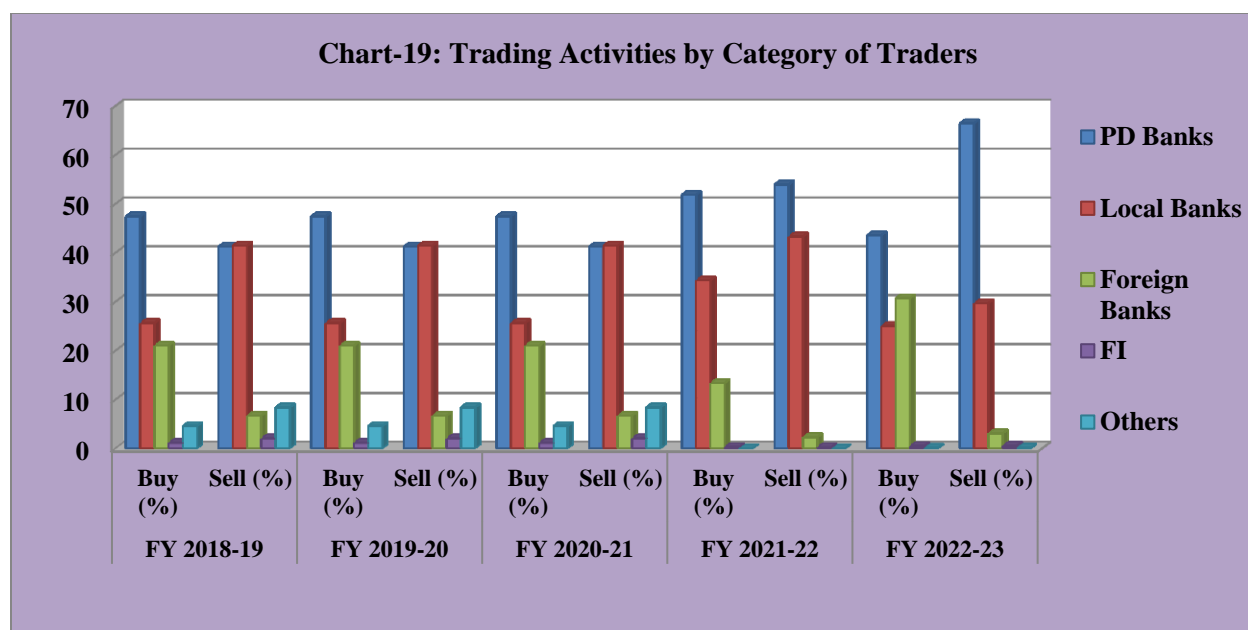
4.5.5. Category-wise Buying and Selling: The trading activity of the significant investor categories in secondary market illustrates that PD banks were the dominant traders, which accounted for around 44 percent of buying and around 66 percent of selling activities in FY 2022-23. The share of buying by PDs has decreased while share of selling has increased comparing to that of the previous FY. The local non-PD banks and foreign banks are other two notable segments for trading activity. As evident from the data below, the foreign banks continued their strategy of investing more into G-Sec than closing out their positions in all fiscal years.

The annual share of trading by various investor categories in the secondary market of G-Sec is shown in the table and chart below:

Table-18: Category-wise Buying and Selling (% of Total Trade)

Category	FY 2018-2019		FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
PD Banks	45.95	50.88	45.28	52.30	47.48	41.29	51.87	53.97	43.59	66.47
Local Banks	33.68	43.86	21.02	18.96	25.66	41.47	34.39	43.36	25.05	29.70
Foreign Banks	20.00	4.78	18.72	8.31	21.05	6.72	13.39	2.35	30.72	3.12
FI	0.00	0.48	7.66	7.41	1.19	2.09	0.30	0.28	0.51	0.57
Others	0.37	0.00	7.32	13.02	4.62	8.43	0.05	0.04	0.13	0.14
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: DMD, BB.

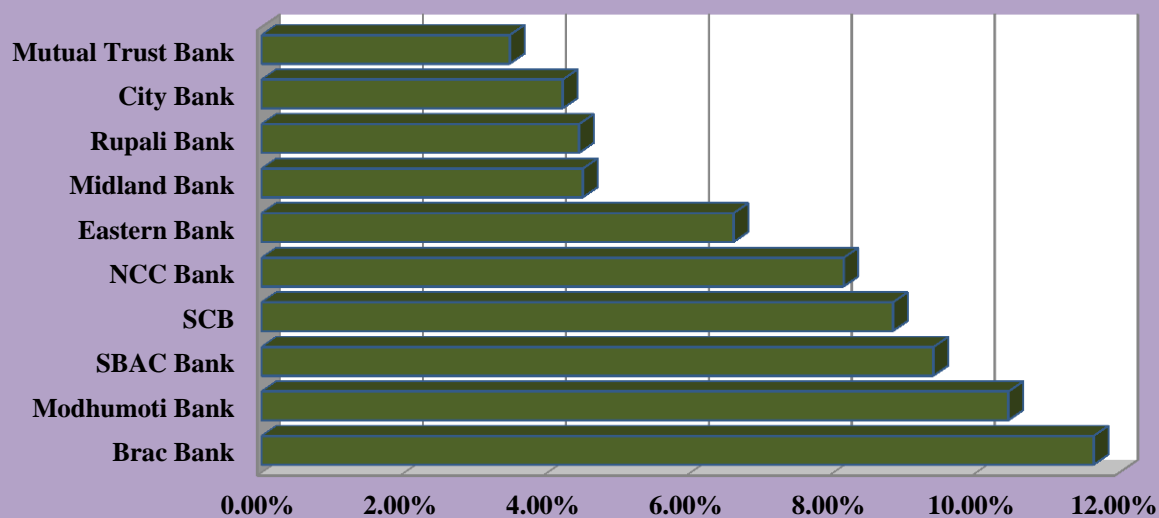


4.5.6. Top 10 Member Traders: In FY 2022-23, the trading by top 10 members accounted for around 71.67 percent which was moderately higher than the preceding FY (59.34 percent). This FY exhibited a more dispersed trading behavior by the investors like preceding FY. In this FY, Brac Bank Limited conducted the most significant portion of trade with 11.64 percent followed by Modhumoti Bank Limited (10.45 percent) and SBAC Bank Limited (9.40 percent).

The trading patterns of member traders in FY 2022-23, along with the preceding two FYs, are illustrated below:

Sl. No.	Bank Name	% of Total Trade (FY 2020-21)	Bank Name	% of Total Trade (FY 2021-22)	Bank Name	% of Total Trade (FY 2022-23)
1	SCB	8.43	Brac Bank	8.85	Brac Bank	11.64
2	Modhumoti Bank	7.62	SBAC Bank	7.54	Modhumoti Bank	10.45
3	NRBC Bank	6.06	Modhumoti Bank	7.43	SBAC Bank	9.40
4	BRAC Bank	5.93	Trust Bank	6.34	SCB	8.83
5	Trust Bank	5.61	Jamuna Bank	5.77	NCC Bank	8.14
6	Bank Asia	5.14	City Bank	5.24	Eastern Bank	6.60
7	Jamuna Bank	4.90	Eastern Bank	4.82	Midland Bank	4.49
8	Janata Bank	4.50	NRB Com	4.69	Rupali Bank	4.44
9	City Bank	3.85	Janata Bank	4.38	City Bank	4.21
10	Premier Bank	3.73	Premier Bank	4.28	Mutual Trust Bank	3.47

Source: DMD, BB.

Chart-20: Top Ten Member Traders of 2022-23 (Trading Percentage)

Chapter 5

Monetary Policy Tools: Open Market Operations (OMO)

Central Bank Liquidity Support

Reverse Repo and Bangladesh Bank Bills

Comparative Scenario of Open Market Operations



Chapter 5

Monetary Policy Tools: Open Market Operations (OMO)

The central bank adopts systematic actions to regulate the money supply, interest rates, and exchange rate in order to manage inflation under its monetary policy framework. Price stability is the ultimate goal of monetary policy for achieving high output growth and low unemployment. Financial markets and foreign exchange markets must be stable in order to achieve price and interest rate stability. The Central Bank trades G-Sec in order to carry out the monetary policy's contractionary and expansionary objectives. OMO facilities are used to manage liquidity in the money market by employing qualified securities without having to liquidate them. To maintain price stability, BB often uses OMO techniques such as central bank repo, reverse repo, and Bangladesh Bank bills to manage the money supply in the banking system.

5.1. Central Bank Liquidity Support

5.1.1. Repo and Assured Liquidity Support (ALS) Transactions for Conventional Banks:

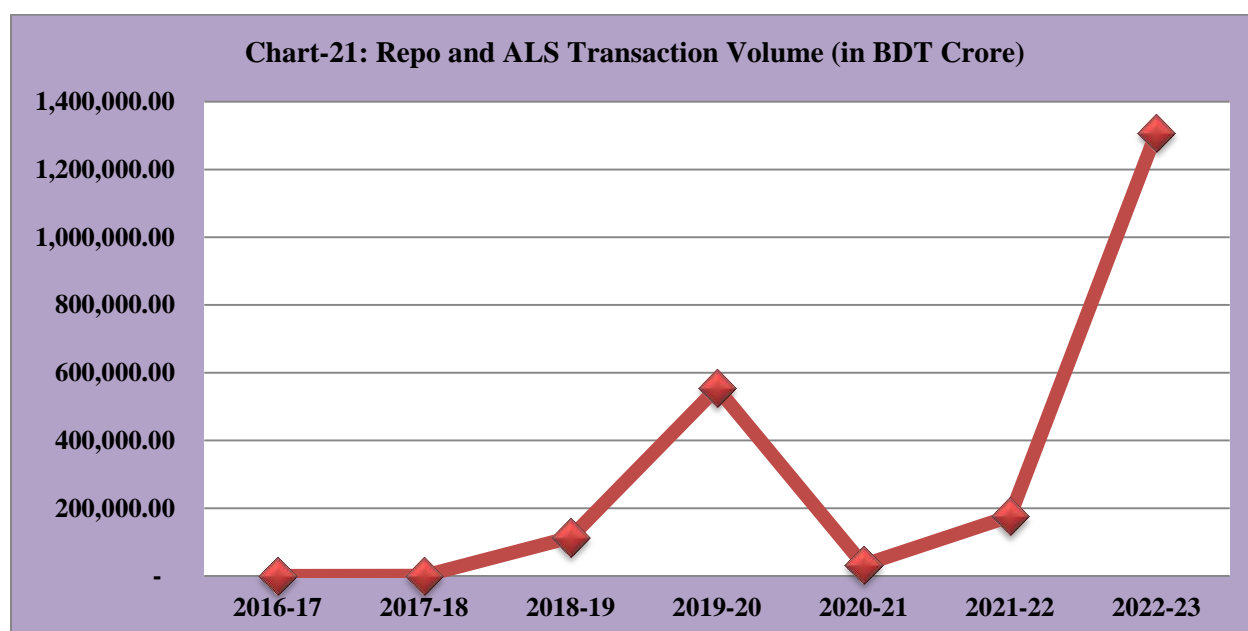
BB provides 1 (overnight), 7, 14, and 28-day central bank repo facilities to banks and FIs to alleviate transitory liquidity problems and boost the money supply in the economy. BB established 360-day term-repo facilities for banks and FIs during the Covid-19 pandemic to help alleviate the financial sector's impact from this unprecedented global pandemic. Furthermore, BB provides special repo (liquidity tool) for specific situations. In addition to repo facilities, BB offers PDs Assured Liquidity Support (ALS) against G-Sec allotted to them at auctions for up to 90 days from the date of issuance.

In FY 2022-23, the amount of ALS and repo transactions with BB has significantly increased to 1,308,779.36 crore from 175,987.00 crore in previous FY. Both the Repo and ALS have contributed to this notable enhancement. Due to tightening situation in the foreign exchange market in FY 2022-23, BB supported the commercial banks by selling dollars in the market. This might have a contractionary effect on liquidity of the commercial banks in local currency which caused a significant enhancement of repo transaction volume. Further, net issuance of G-Sec in FY 2022-23 is considerably higher than the previous FY which supports the increase in ALS with BB. The table and chart below demonstrate the amount of ALS and repo facilities availed by the financial sector over the past few years:

Table-20: Repo and ALS Transaction Volume

(Taka in Crore)			
Period	Repo with BB	ALS with BB	Repo and ALS with BB
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	272,578.75	554,779.90
2020-21	32,537.47	430.10	32,967.57
2021-22	16,826.99	159,160.01	175,987.00
2022-23	611,656.36	697,123.00	1,308,779.36

Source: DMD, BB



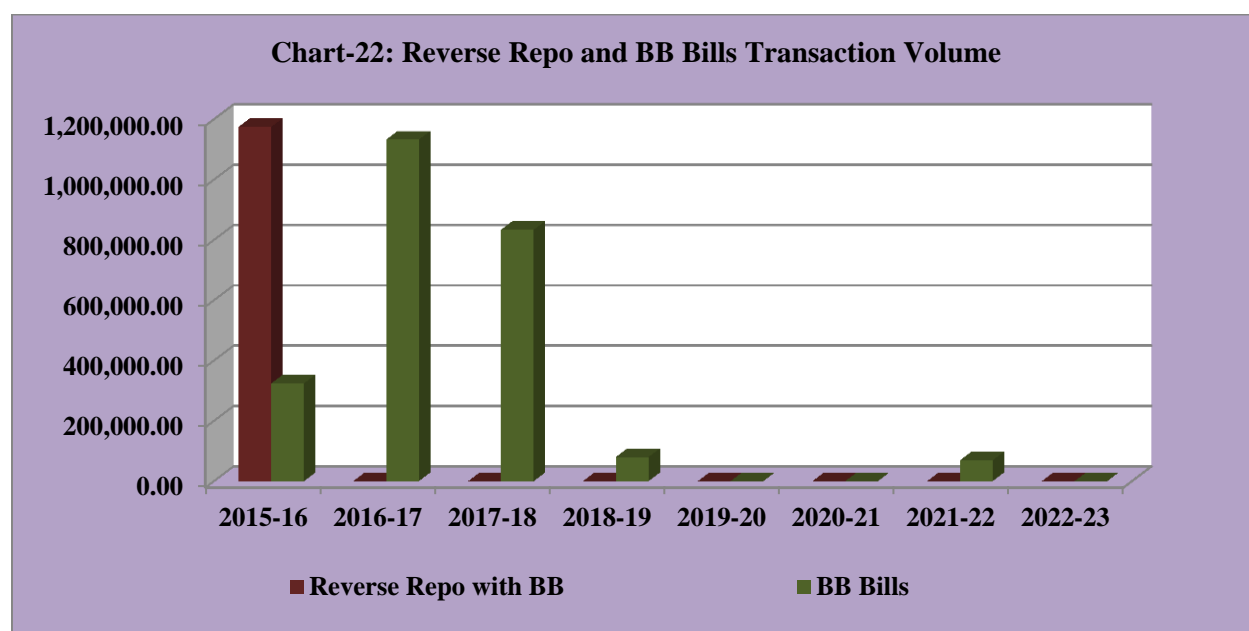
5.1.2. IBLF and MLS for Shari’ah based Banks: In order to support the liquidity management and deepen the financial system, on December 5, 2022, BB has introduced Islamic Banks Liquidity Facility (IBLF) for Shari’ah based banking system in Bangladesh. The tenor of the IBLF is 14 days and underlying eligible securities is unencumbered Bangladesh Govt. Investment Sukuk (BGIS). Further, on February 5, 2023, BB has introduced 7, 14 and 28 days collateralized Mudarabah Liquidity Support (MLS) for the Islamic banks in Bangladesh. In FY 2022-23, the amount of IBLF and MLS transactions with BB was BDT 96,042.00 crore and BDT 199.00 crore respectively.

5.2. Reverse Repo and Bangladesh Bank Bills

Reverse repo operations are used by BB to reduce or mop up the excess liquidity of the banking sector. They are available on an overnight (one-day) basis. BB Bill is a mechanism used by BB to control the liquidity of the banking sector as an alternative to reverse repo facilities. BB issues BB bills with maturities of 7, 14, and 30 days. The following table illustrates the particulars of reverse repo and BB bills issuance over the past eight FYs:

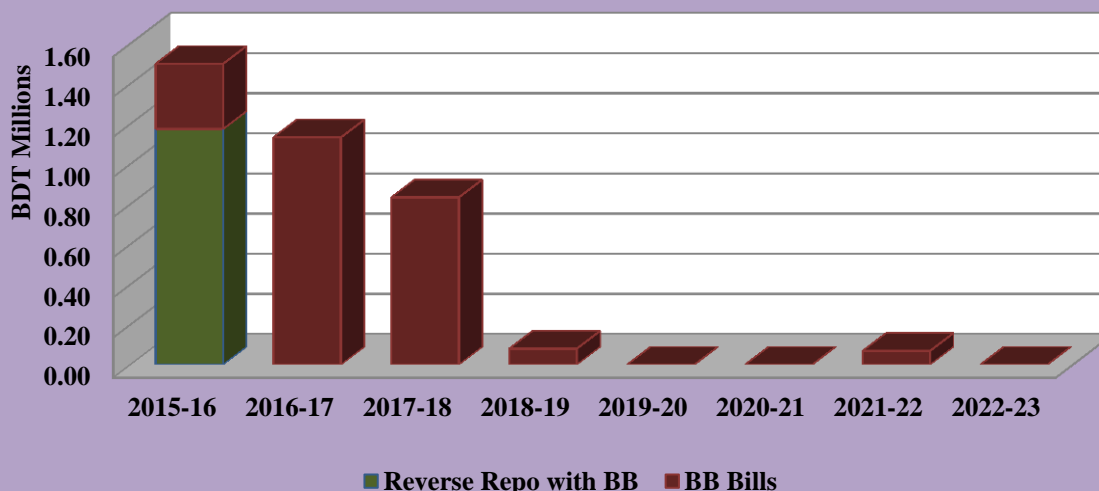
Table-21: Reverse Repo and BB Bills Transaction Volume			
(Taka in Crore)			
Period	Reverse Repo with BB	BB Bills	Total
2015-16	1,174,795.52	324,062.90	1,498,858.42
2016-17	-	1,132,530.90	1,132,530.90
2017-18	-	833,633.20	833,633.20
2018-19	-	79,883.00	79,883.00
2019-20	-	150.00	150.00
2020-21	-	-	-
2021-22	-	68,905.51	68,905.51
2022-23	-	-	-

Source: DMD, BB.



Since FY 2016-17, to manage liquidity and for sterilization purposes, from time to time, BB issues BB bills instead of reverse repo mechanism. Considering the prevailing market scenario, BB has not issued any BB bills in FY 2022-23. The collective state of the reverse repo and BB bills over the past FYs is presented below:

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



5.3. Comparative Scenario of Open Market Operations

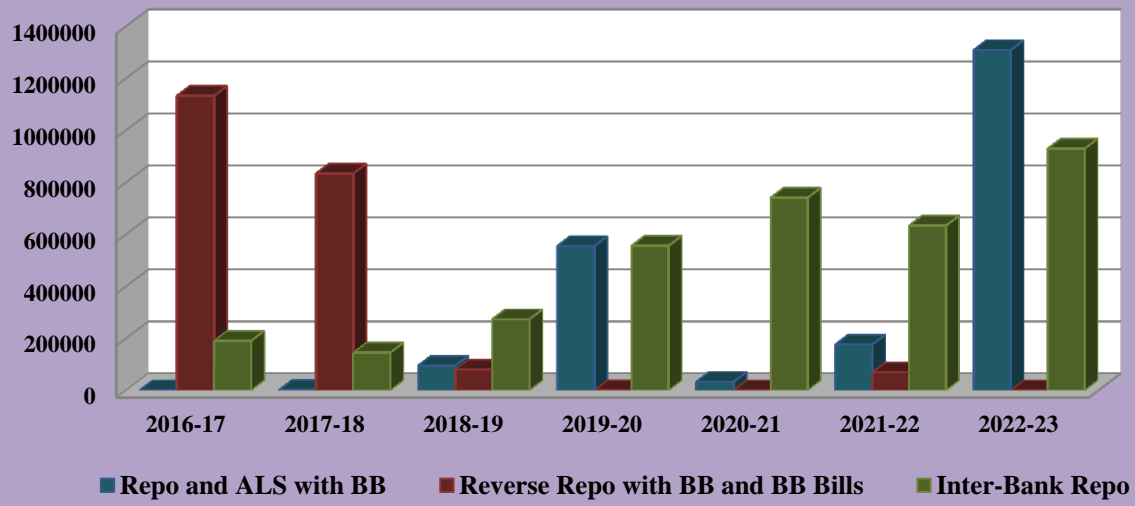
There was remarkable surplus liquidity in the banking sector between FY 2016-17 and FY 2017-18. As a result, BB used reverse repo, and BB bills to absorb the market's surplus liquidity. The tendency began to reverse in FY 2018-19, as significant absorption and injection activities coexisted. The market saw some liquidity issues in FY 2019-20, which could be linked mostly to the Covid-19 pandemic. In FY 2021-22 both absorption and injection activities coexisted but injection is higher than absorption. During the current FY (2022-23), the market showed some liquidity crunch possibly due to high volume of dollar purchase by commercial banks from BB. For comparison, the following table shows the trend of repo, ALS, reverse repo, and BB bills alongside inter-bank repo transactions:

Table-22: 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	
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
2020-21	32,967.57	-	-	-	740,373.48
2021-22	175,987.00	-	68,905.51	68,905.51	633,635.90
2022-23	1,308,779.36	-	-	-	929,012.68

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

The money market is characterized by trading in short-term financial assets that are often regarded as close substitutes for money. It is essential to the liquidity management of banks and FIs since they provide an avenue for equalizing lenders' short-term surplus funds with borrowers' requirements. Money market is also crucial for implementing monetary policy as interbank rates are often regarded as central bank's target rates. The money market generally includes unsecured instruments (lending and borrowing: call money, short-notice product and term product) and secured instruments (T-bills, repurchase agreements etc.) having maturity from one day to one year.

6.1.1. Unsecured Inter-bank Money Market Instruments: In 1st December 2021, BB has launched an automated dealing and settlement system named “EDSMoney” for inter-bank lending and borrowing (call money, short-notice product and term product). Until March 2022, EDSMoney ran concurrently with the previous c-money platform which was used for overnight unsecured money market transactions. EDSMoney Guidelines issued on 16 November 2021 for smooth functioning of interbank unsecured money market transactions. All scheduled banks and FIs (except Shariah compliant institutions) are participants of this platform. 50 Banks and 30 FIs are now operating through EDSMoney. For the purpose of EDSMoney, the products or instruments are categorized as Overnight, Short Notice and Term.

- a) Overnight Refers to funds placed/borrowed on an overnight basis that automatically matures on the following business day. Here, ‘call money’ means overnight transactions in the EDSMoney platform.
- b) Short Notice Refers to funds transacted for a period beyond overnight and not exceeding 14 days (maturity ranges from 2 days to 14 days).
- c) Term Refers to placement or borrowing of funds for periods from 15 days up to 1 year.

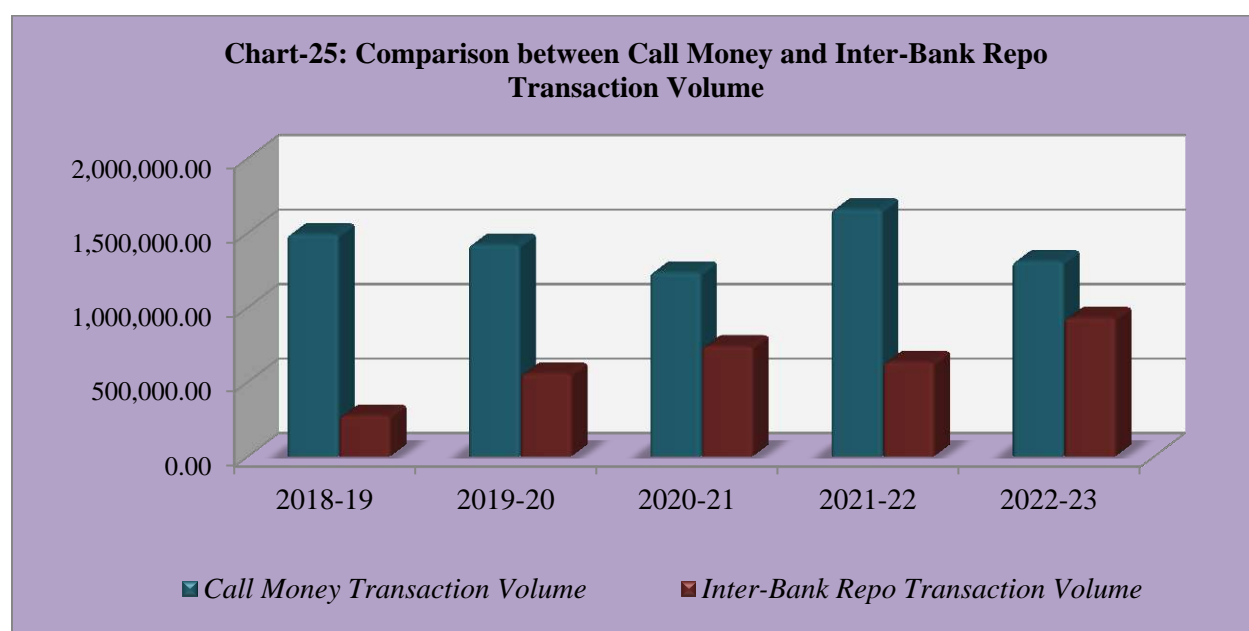
All dealings of Overnight, Short Notice and Term must be executed on the EDS-Money platform as per DMD Circular 02/2021, dated 16th November 2021 from 1st December, 2021. From there on, money market reference rates (both risk free reference rate and interbank unsecured reference rate) are going to be constituted and published as per strategic plan of Bangladesh Bank.

6.1.2. Secured Inter-bank Money Market Instruments: Interbank Repos & Reverse Repos are transactions in which one bank agrees to sell securities (T-bill & T-bond) to another bank and then to repurchase the same securities after a specified time, at a given price, and including interest at an agreed-upon rate. From October 2011, Interbank Repos and reverse repos are done through MI module trading platform.

6.1.3. Comparison between Call Money and Inter-Bank (IB) Repo Transactions: The call money transaction volume has been decreased in the fiscal year 2022-23 compared to the previous fiscal year. An opposite scenario has been occurred in the case of IB repo transaction volume. In FY 2022-23, the call money transaction volume was BDT 1,309,651.22 crore and inter-bank repo transaction volume was BDT 929,012.68 crore. The table below illustrates the trends of call money and IB repo transaction volume over the fiscal years:

Table-23: Comparison Between Call Money and Inter-Bank Repo Transaction Volume		
(Taka in Crore)		
Period	Call Money	Inter-Bank (IB) Repo
2018-19	1,490,849.23	273,547.50
2019-20	1,421,316.30	555,564.86
2020-21	1,234,904.50	740,373.48
2021-22	1,658,593.27	633,635.90
2022-23	1,309,651.22	929,012.68

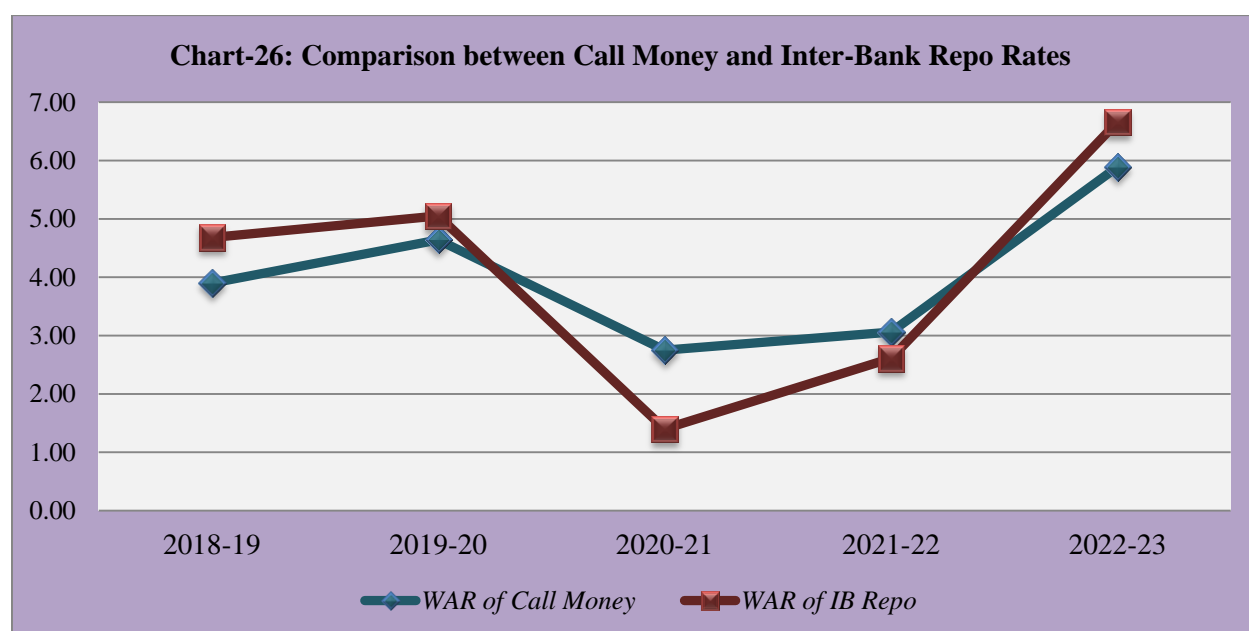
Source: DMD, BB



6.1.4. Comparison between Call Money and Inter-Bank (IB) Repo Rates: The average rate of borrowing through call money and IB repo increased extensively in FY 2022-23. In FY 2022-23, the average call money rate was 5.89% and average inter-bank repo rate was 6.66%. The rates are increased 92.48% and 155.17% respectively from the FY 2021-22. The following table illustrates the trends of call money and IB repo rates over the fiscal years:

Table-24: Comparison Between Call Money and Inter-Bank (IB) Repo Rates		
(In percentage)		
Period	WAR of Call Money	WAR of IB Repo
2018-19	3.90	4.68
2019-20	4.64	5.05
2020-21	2.75	1.40
2021-22	3.06	2.61
2022-23	5.89	6.66

Source: DMD, BB



6.1.5. Comparative Money Market Interest Rates: To reduce liquidity in the money market, BB has increased the overnight repo rate to 5.75% in September 29, 2022 which was further increased to 6.00% in January 15, 2023 and reverse repo rate increased from 4.00% to 4.25% effective from January 16, 2023. In resemblance, the average rate of borrowing through IB repo and the call money rate increased extensively in FY 2022-23. It played a substantial role in the day-to-day liquidity management of the banking sector. The following table illustrates the trend of money market rates in Bangladesh:

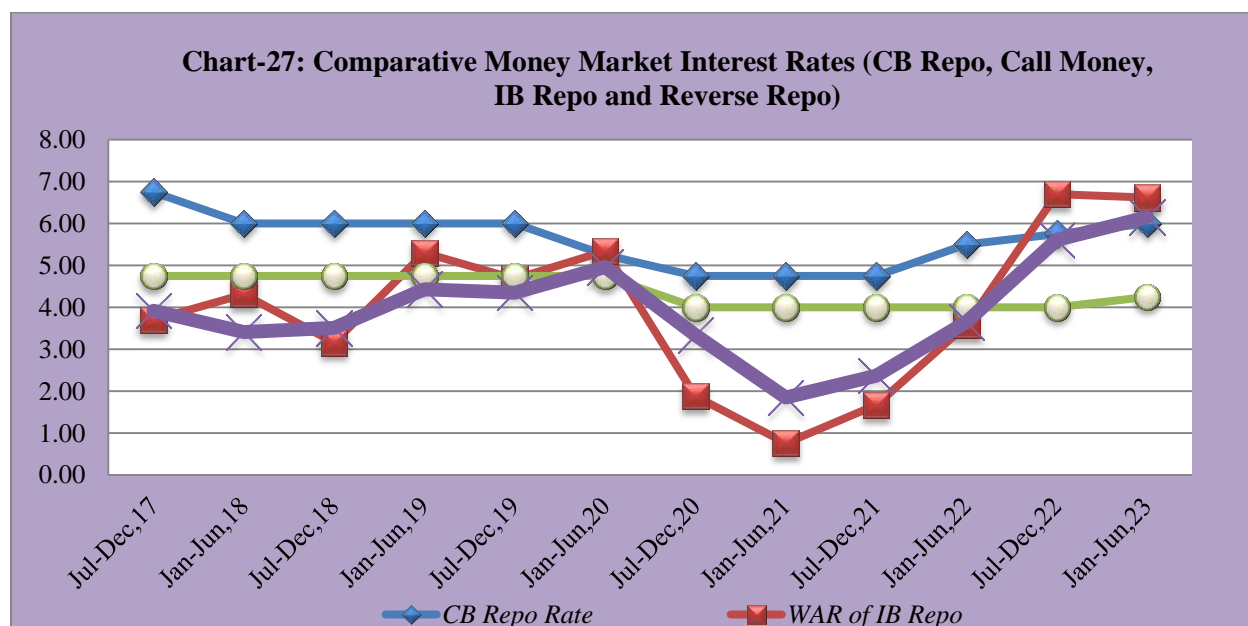
Table-25: Comparative Money Market Interest Rates

(In percentage)				
Period	CB Repo Rate	WAR of IB Repo	WAR of Call Money	Reverse Repo Rate
Jul-Dec,17	6.75	3.70	3.92	4.75
Jan-Jun,18	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	5.25	5.34	4.96	4.75
Jul-Dec,20	4.75	1.88	3.34	4.00
Jan-Jun,21	4.75	0.76	1.85	4.00
Jul-Dec,21	4.75	1.67	2.37	4.00
Jan-Jun,22	5.50	3.58	3.65	4.00
Jul-Dec,22 ¹	5.75	6.70	5.61	4.00
Jan-Jun,23 ²	6.00	6.62	6.15	4.25

Source: DMD, BB

1MPD circular No-03, Dated 29 September 2022. Repo rate was 5.50 percent till 01October, 2022. After that it was 5.75 percent till 15 January, 2023

2 MPD circular No-01, Dated 15 January 2023. Repo rate changed from 5.75 to 6.00 percent and reverse repo rate changed from 4.00 to 4.25 effective from 16 January 2023.

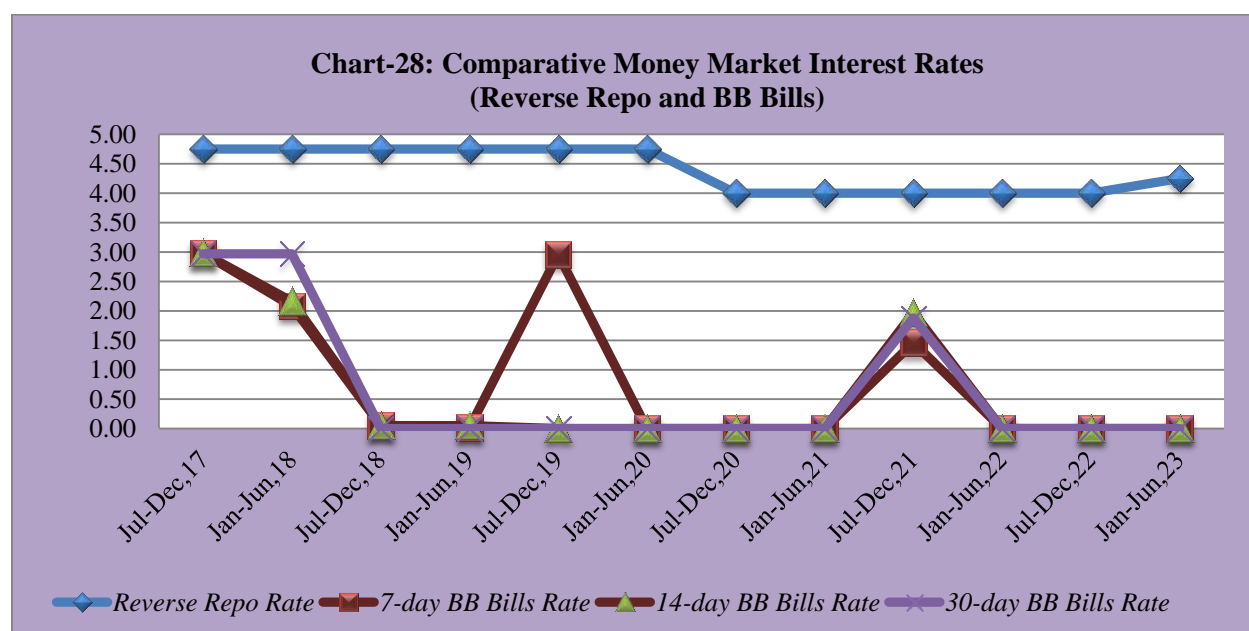


As discussed in the previous chapter, no banks or FIs availed the reverse repo facilities since July 2016, and that trend continued in FY 2022-23. In addition, no BB bills were issued in FY 2022-23.

The table below presents the rates of reverse repo, and 7-day, 14-day, and 30-day BB bills over the years:

Table-26: Comparative Money Market Interest Rate (Reverse Repo and BB Bills)				
(in percentage)				
Period	Reverse Repo Rate	7-day BB Bills Rate	14-day BB Bills Rate	30-day BB Bills Rate
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	-	-	-
Jul-Dec,20	4.00	-	-	-
Jan-Jun,21	4.00	-	-	-
Jul-Dec,21	4.00	1.46	1.97	1.88
Jan-Jun,22	4.00	-	-	-
Jul-Dec,22	4.00	-	-	-
Jan-Jun,23	4.25	-	-	-

Source: DMD, BB.



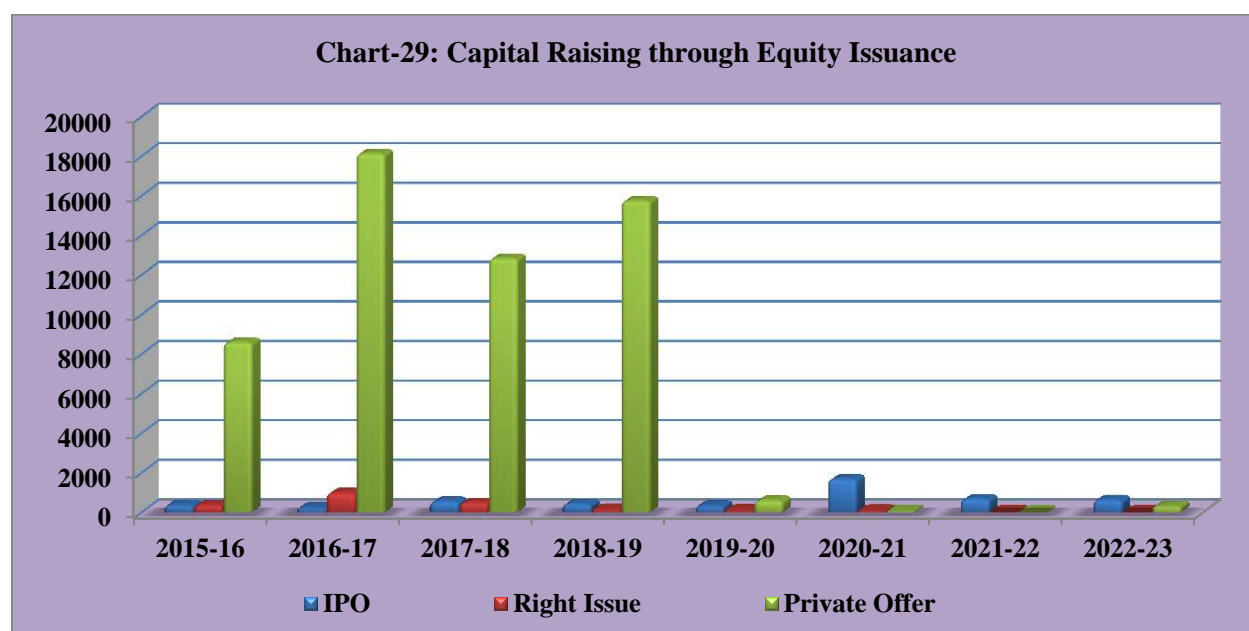
6.2. Capital Market

A capital market is a place that allows the trading of funding instruments such as shares, debentures, debt instruments, bonds, ETFs, etc. It is a source for raising funds for individuals, firms, and governments. The securities exchanged here would typically be a long-term investment with over a year lock-in period. The most common capital markets are the stock/equity market and the bond market.

6.2.1. Equity Market: The Bangladesh Securities and Exchange Commission (BSEC) is the country's capital market regulator. They are in charge to regulate the issuance and trading of equity instruments. The issuance of equity securities is governed by the Securities and Exchange Commission (Issue of Capital) Rules, 2001, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, and the Securities and Exchange Commission (Rights Issue) Rules, 2006. The Bangladesh Securities and Exchange Commission regulates the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). The following is an overview of Bangladesh's initial public offerings (IPOs), rights issuances, and private equity offers:

Table-27: Capital Raising through Equity Issuance							
(Taka in Crore)							
Period	IPO		Right Issue		Private Offer		Total
	No. of Companies	Amount (Including Premium)	No. of Companies	Amount	No. of Companies	Amount	
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
2020-21	16	1,684.79	2	77.77	1	62.52	1,825.08
2021-22	8	674.36	1	10.98	-	-	685.34
2022-23	6	641.26	-	-	2	309.70	950.96

Source: BSEC



6.2.2. Corporate Bonds Market: For the issuance of debt instruments, issuers must apply under the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021. This rule applies to the issuance of debt securities via private offer or public issue or offer. This rule shall also apply to the issuance of Shari'ah-based securities, such as Sukuk, via private offer or public issue or offer, as well as the issuance of asset-backed securities (ABS) via public issue or offer. The following table and the chart depict the corporate bonds and debentures issued through private offer and public offer during the previous few years:

Table-28: 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
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
2020-21	23	10,967.00	-	-	23	10,967.00
2021-22	26	12,785.24	-	-	26	12,785.24
2022-23	17	8,267.50	-	-	17	8,267.50

Source: BSEC

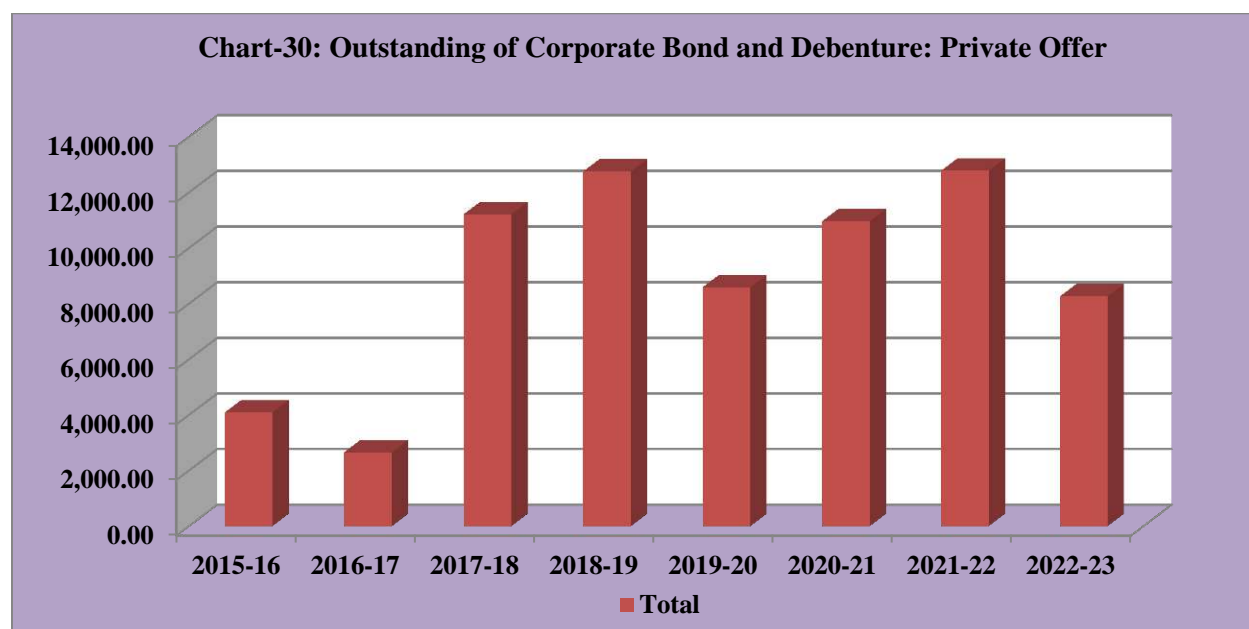


Table-29: Issuance of Corporate Debt Securities in Bangladesh: Public Offer

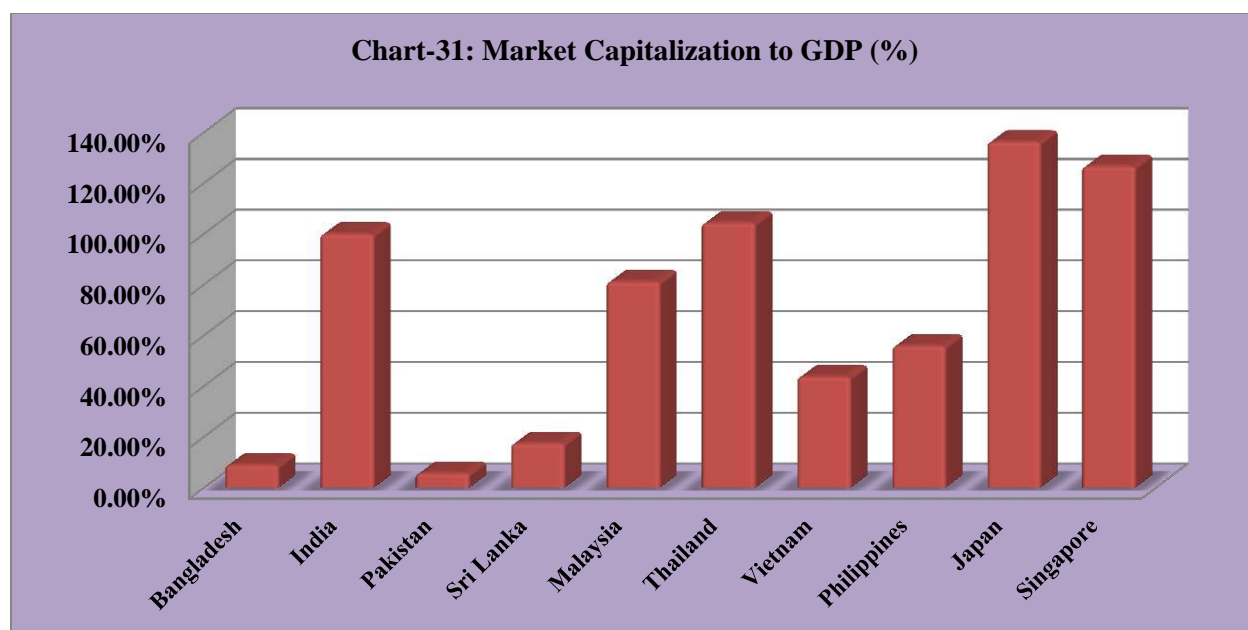
(Taka in Crore)				
Sl No.	Corporate Bonds/Debentures	Year of issue	Features	Size
1.	IBBL Mudaraba Perpetual Bond	2007	Profit Sharing	300.00
2.	ACI 20% Convertible Zero-Coupon Bonds*	2010	20% Convertible	107.00
3.	BRAC Bank 25% Subordinated Convertible Bonds*	2011	25% Convertible	300.00
4.	BEXIMCO Green-Sukuk Al Istisna'a. (Secured Convertible or Redeemable Asset-Backed Green-Sukuk)	2021	20% Convertible per annum & Profit = 9%	3,000.00
*Converted to equity				Source: BSEC

In Bangladesh, there is now only two issue of a publicly-traded corporate bond. The IBBL Mudaraba Perpetual Bond is listed on the DSE and CSE and has a face value of 300.00 crores; nevertheless, secondary trading activity for the product remained minimal. Second one is BEXIMCO Green-Sukuk (Istisna'a and and Ijarah) which was issued in August 31, 2021 against the construction of solar project and financing & refinancing (non-interest bearing) of textile machineries and raised BDT 3,000.00 crore from IPO. Secondary trading of BEXIMCO Green-Sukuk was started from January 14, 2022. However, banks have issued a few subordinated bonds to meet their tier-II capital requirements.

6.2.3. Overview of Global Markets: Bangladesh's capital market has been steadily growing throughout the years. The Dhaka Stock Exchange's key market indices, including index value, market capitalization, turnover, and volume, have all decreased in recent year than preceding year. The entire market capitalization as a percentage of GDP was 17.39 percent at the end of FY 2022-23 which was 13.02 percent in the previous FY. A comparison is presented in the table and chart below:

Table-30: Overview of Global Markets

(June 2023)					
SL No.	Name of the Capital Markets/Index	Country	Domestic Market Capitalization in US\$ Billion	GDP in US\$ Billion	Market Cap to GDP
01	DSE	Bangladesh	70.99	408.17	17.39%
02	NSE	India	3,588.69	3,584.81	100.11%
03	PSX	Pakistan	21.84	378.42	5.77%
04	Colombo SE	Sri Lanka	12.69	72.17	17.58%
05	Bursa Malaysia	Malaysia	345.06	424.59	81.27%
06	Thailand (SE)	Thailand	534.89	512.18	104.43%
07	HSX	Vietnam	189.48	432.51	43.81%
08	Philippines SE	Philippines	240.00	428.54	56.00%
09	JPX	Japan	5,843.97	4,286.15	136.35%
10	SGX	Singapore	600.35	473.79	126.71%
Source: BSEC, The World Federation of Exchange					



DSE had the lowest market capitalization to GDP ratio at the end of FY 2021-22 among the countries featured above.

6.3. The G-Sec Market

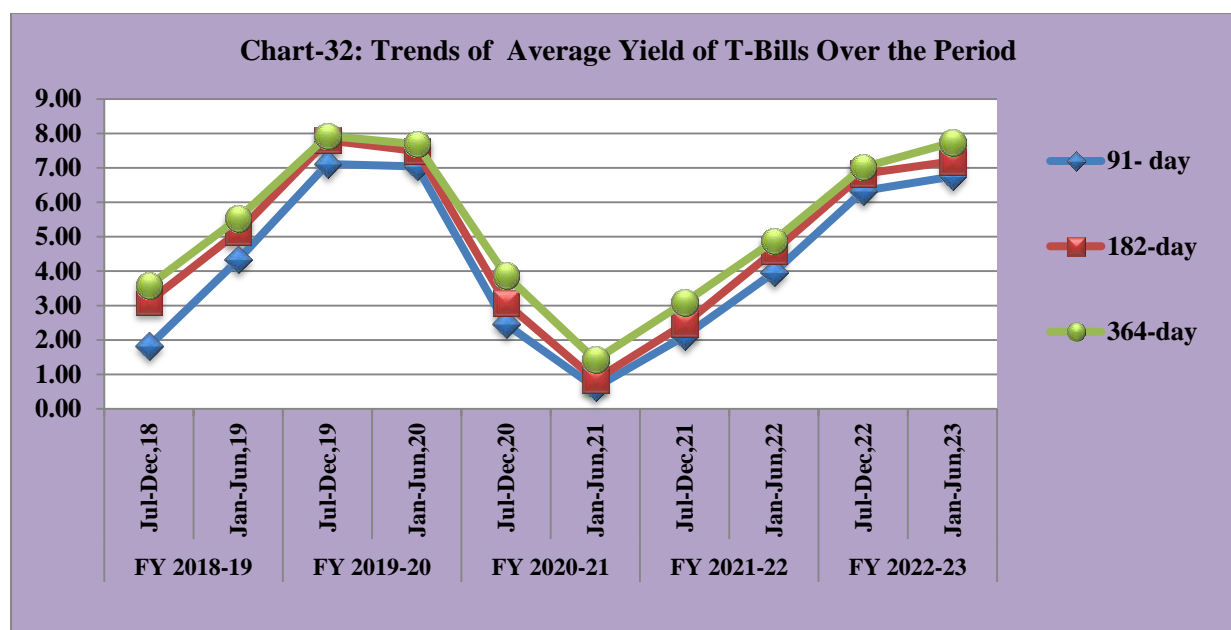
An effective fixed-income securities market is critical for Bangladesh's capital market to develop efficiently and competitively, especially given the banking sector's current liquidity condition.

A bond is a fixed-income debt product that can be used instead of bank financing. As a result, in addition to a thriving G-Sec market, a well-functioning corporate bond market can help to alleviate the overabundance of bank funding, particularly for medium- and long-term investment financing.

6.3.1. The trend of Primary Market Yield Curve of T-Bills: During FY 2022-23, the average yields of T-bills of all maturities increased significantly. Compared to the previous fiscal year, the increase in yields became evident in both halves of this FY and average yields of T-bills increased further in second half than first half. The trajectory of the average yield of T-Bills is presented below:

Table-31: Trends of Average Yield of T-Bills Over the Period										
(in percentage)										
Particular	2018-19		2019-20		2020-21		2021-22		2022-23	
	Jul-Dec,18	Jan-Jun,19	Jul-Dec,19	Jan-Jun,20	Jul-Dec,20	Jan-Jun,21	Jul-Dec,21	Jan-Jun,22	Jul-Dec,22	Jan-Jun,23
91- day	1.82	4.33	7.11	7.04	2.46	0.62	2.11	3.96	6.33	6.75
182-day	3.12	5.14	7.80	7.49	3.07	0.85	2.47	4.58	6.83	7.19
364-day	3.58	5.53	7.93	7.69	3.87	1.42	3.09	4.88	7.02	7.74

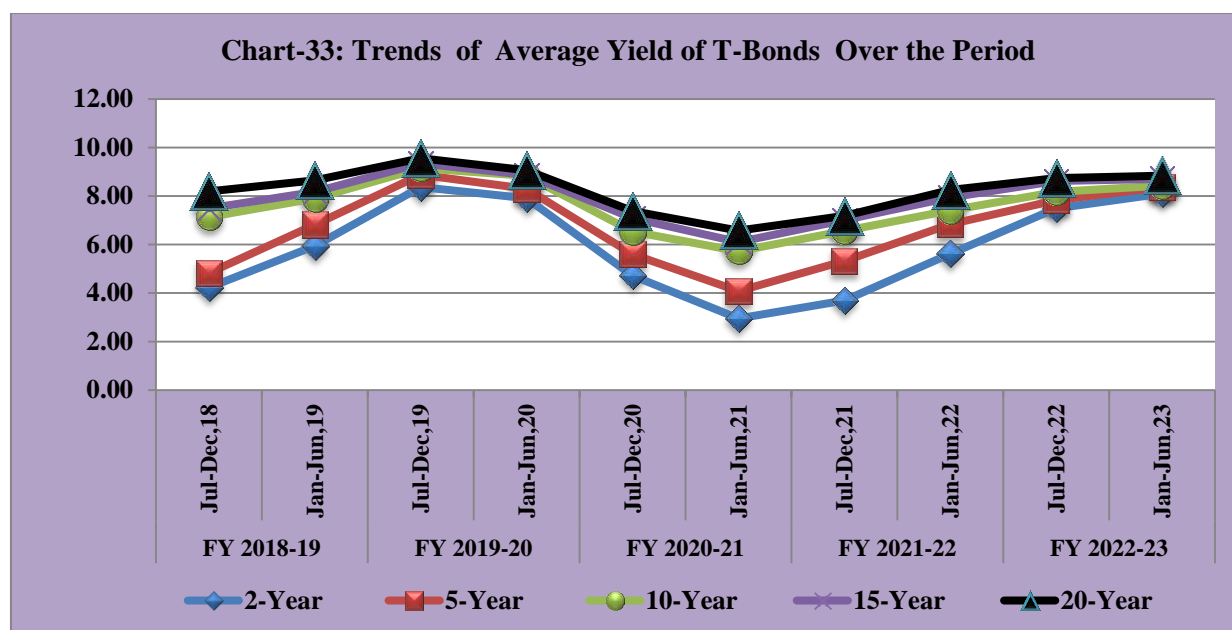
Source: DMD, BB.



6.3.2. The trend of Primary Market Yield Curve of T-Bonds: Similar to the yields of T-bills, in this FY 2022-23, the average yield of T-bonds for all maturities increased considerably than previous FY. The following table highlights the trend of the average yield for T-bonds over the years.

Table-32: Trends of Average Yield of T-Bonds Over the Period										
(in percentage)										
Maturities	2018-19		2019-20		2020-21		2021-22		2022-23	
	Jul-Dec,18	Jan-Jun,19	Jul-Dec,19	Jan-Jun,20	Jul-Dec,20	Jan-Jun,21	Jul-Dec,21	Jan-Jun,22	Jul-Dec,22	Jan-Jun,23
2-Year	4.23	5.94	8.37	7.91	4.72	2.95	3.69	5.62	7.49	8.10
5-Year	4.83	6.82	8.88	8.30	5.60	4.08	5.32	6.84	7.83	8.37
10-Year	7.14	7.90	9.15	8.83	6.54	5.73	6.56	7.41	8.17	8.43
15-Year	7.49	8.17	9.35	8.87	7.09	6.10	7.01	7.94	8.62	8.71
20-Year	8.19	8.65	9.56	9.06	7.38	6.58	7.18	8.25	8.74	8.84

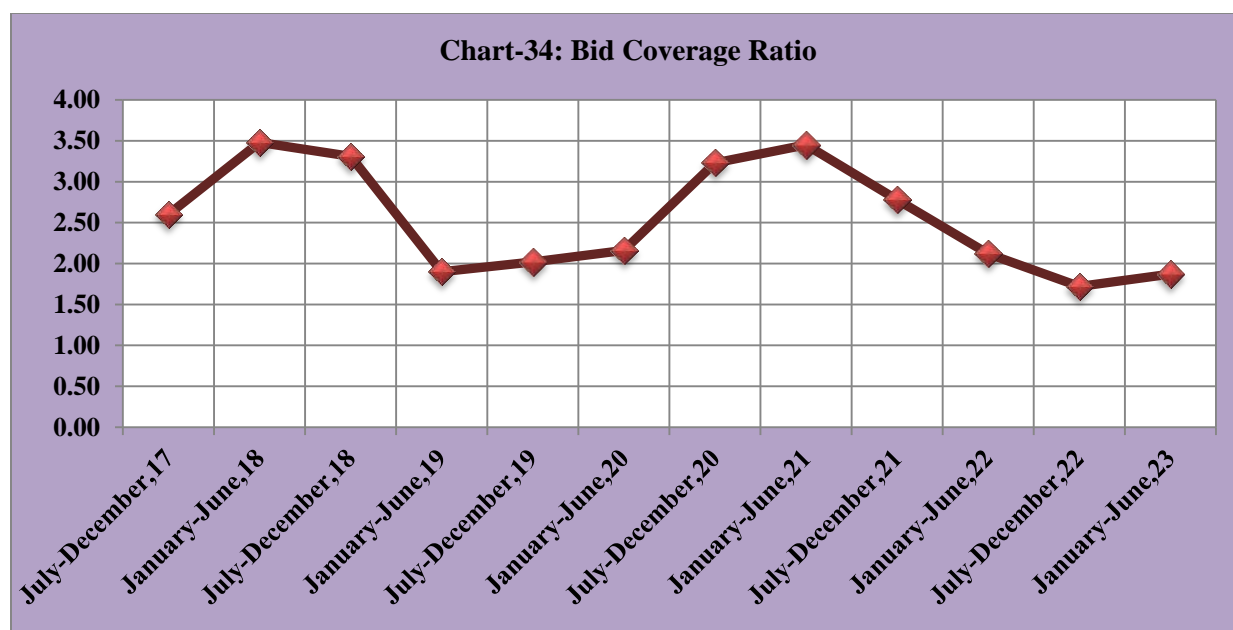
Source: DMD, BB.



6.3.3. Primary Market Liquidity Position: The trend of the primary market bid to coverage ratio indicates the liquidity situation in the market. From July 2017 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 2.0 (ending up at 1.90), indicating less excess liquidity in the market, which started to reverse in FY 2019-20. In FY 2022-23, the ratio dropped again below 2.0. This indicates the demand of G-Sec among the investors has decreased in this FY, presumably because of less excess liquidity or better investment opportunities.

Table-33: Primary Market Liquidity Position		
(in times)		
Serial No.	Period	Average Bid-Coverage Ratio
1	July-December, 17	2.60
2	January-June, 18	3.48
3	July-December, 18	3.31
4	January-June, 19	1.90
5	July-December, 19	2.02
6	January-June, 20	2.16
7	July-December, 20	3.23
8	January-June, 21	3.45
9	July-December, 21	2.78
10	January-June, 22	2.12
11	July-December, 22	1.72
12	January-June, 23	1.87

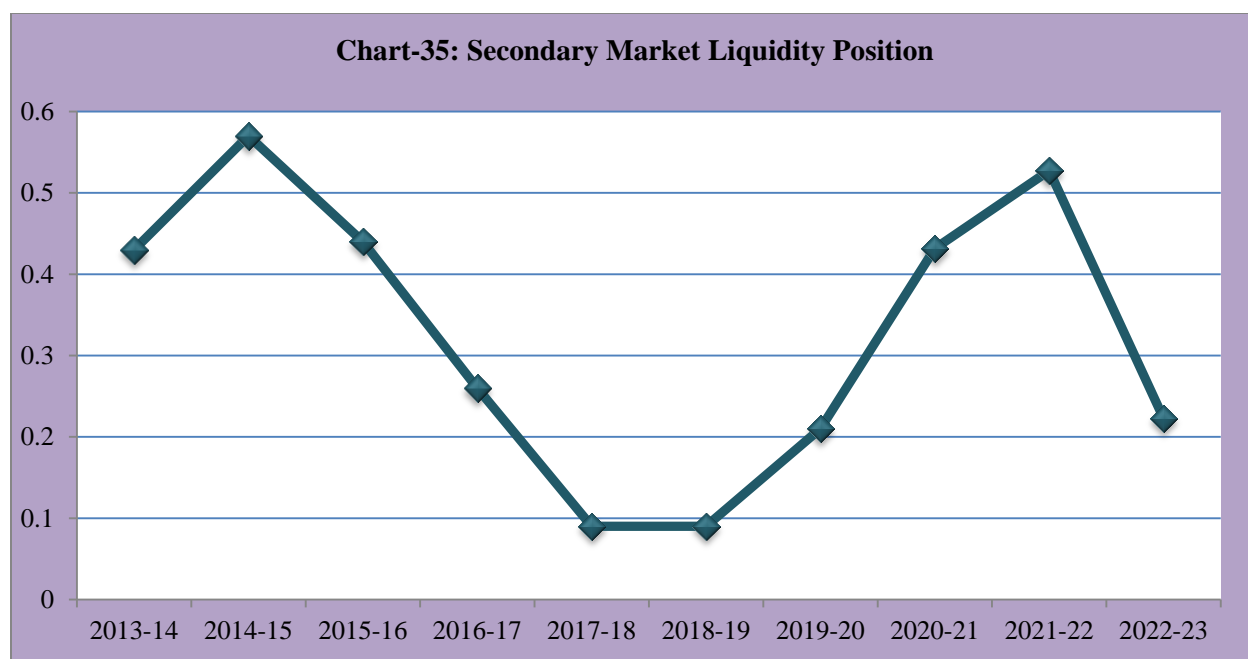
Source: DMD, BB.



6.3.4. Secondary Market Liquidity Position: The turnover velocity ratio, also known as traded turnover to market capitalization, is a measure of market liquidity. Investors like a high turnover velocity ratio because it signals a more robust liquidity condition. During FY 2019-20, the turnover velocity ratio grew significantly by about 133 percent, indicating improved liquidity in the secondary market. This upward trend of market has been continued in FY 2021-22 and the turnover (times) increased 22%. However, In FY 2022-23, turnover ratio has decreased to 0.22 which is 58% below the preceding FY. The table below shows the turnover of the past FYs:

(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	133
2020-21	319,187.30	137,773.08	0.43	105
2021-22	389,298.47	205,324.54	0.53	22
2022-23	489,763.34	109,023.91	0.22	(58)

Source: DMD, BB.



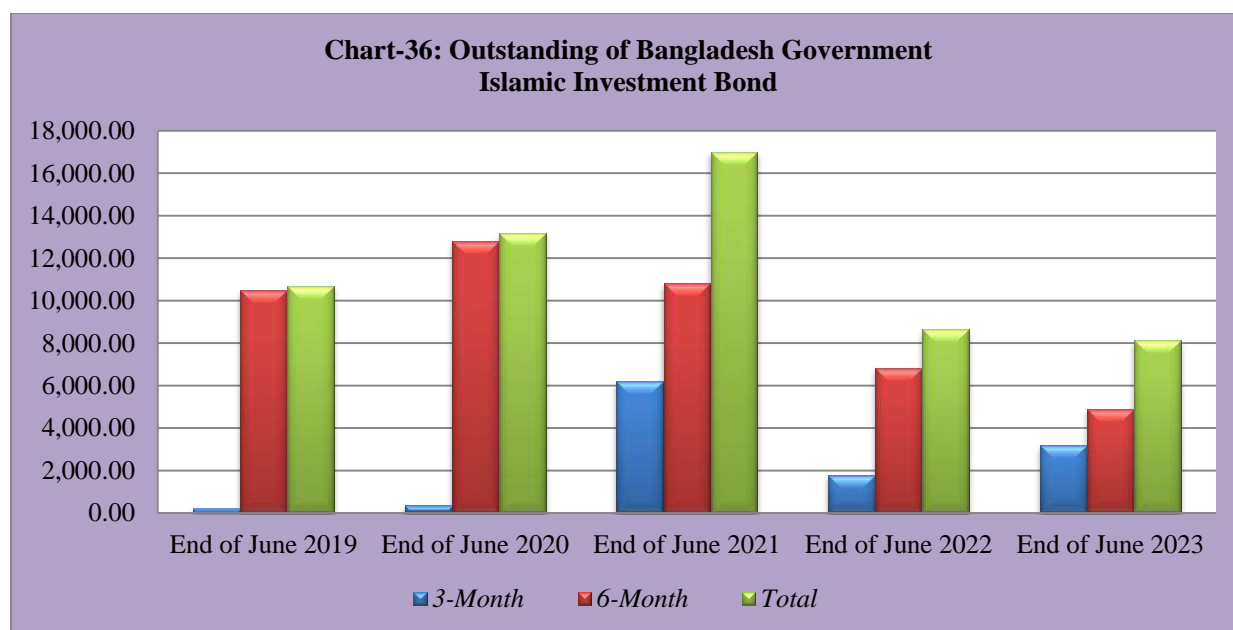
6.4. Performance of Bangladesh Government Islamic Investment Bond (BGIIB)

On behalf of the government, BB introduced the Bangladesh Government Islamic Investment Bond (BGIIB) in 2004 as a Shariah-compliant instrument. BB issues these instruments to the Shariah-compliant banks, financial institutions & individuals and generates a pool of fund (Islamic bond fund) on Mudaraba basis. BB also invests the Islamic Bond Fund to the Shariah-compliant banks and financial institutions.

Currently, two Islamic bonds are in use: the 3-month BGIIB and the 6-month BGIIB. These bonds are available for purchase by Bangladeshi institutions, individuals, and non-resident Bangladeshis who agree to share profit and loss in accordance with Shariah. In the Islamic bond system of Bangladesh Bank, the bond auction is held every Thursday. The following table and the graph depict the outstanding balance of the bonds:

Table-35: Outstanding of Bangladesh Government Islamic Investment Bond				
(Taka in crore)				
Serial	Period	3-Month	6-Month	Total
1	End of June 2019	225.00	10,486.18	10,711.18
2	End of June 2020	387.00	12,801.38	13,188.38
3	End of June 2021	6,207.00	10,813.60	17,020.60
4	End of June 2022	1,817.00	6,846.60	8,663.60
5	End of June 2023	3,212.00	4,921.00	8,133.00

Source: DMD, BB



The total issuance of BGIIB has been reduced over the previous year, indicating that the Shariah-based banking sector has either less excess liquidity or other investment opportunities. From our discussion in chapter three, we have seen that BB has introduced Bangladesh Government Investment Sukuk for Shariah-based banking sector which is also a cause of the reduction of investment in BGIIB. The Shariah based banking sector hold BDT 14,910.87 crore (82.84 percent of total holdings) of Sukuk in FY 2022-23.

Chapter 7

Comparative Scenario of Government Debt

Comparison of 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. Comparison of Outstanding Balances of Tradable and Non-Tradable Securities

The outstanding public debt from the banking and non-banking sectors was BDT 507,763.34 crore (on which 489,763.34 crore from T-bill & T-bond and 18,000 crore from Sukuk) and 362,482.59 crore, respectively, at the end of FY 2022-23. The Government planned BDT 140,425 crore net borrowing from domestic sources in the budget amended for FY 2022-23, with BDT 115,425 crore and BDT 25,000 crore coming from banking and non-banking (national savings schemes) sources, respectively. In FY 2022-23, the Government borrowed (net) BDT 100,464.87 crore from the banking system through T-bills and T-bonds, accounting for 87.04 percent of the target. The Government's net borrowing through NSD instruments during this period, on the other hand, was BDT -3,295.92 crore which means government payment was more than new borrowing. These circumstances indicate that the government has borrowed less than its target from these sources.

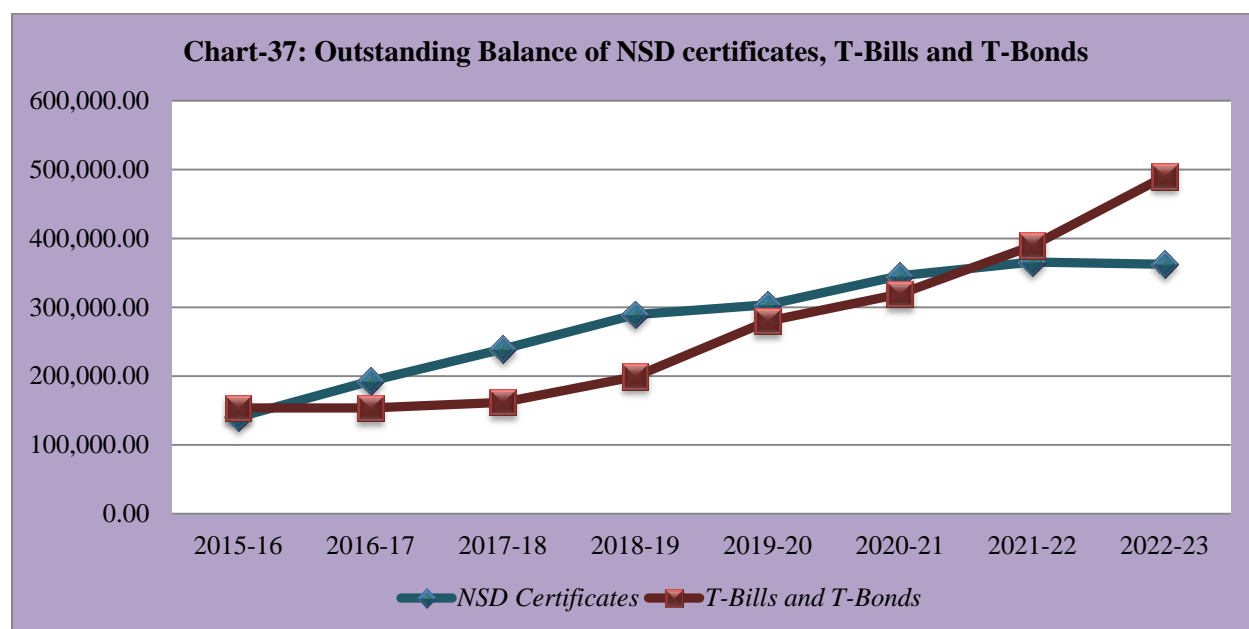
At the end of June 2023, the interest rates of 3-monthly interest-bearing Sanchayapatra, 5-year Bangladesh Sanchayapatra, Poribar Sanchayapatra, and Pensioner Sanchayapatra were 11.04%, 11.28%, 11.52%, and 11.76%, respectively, whereas, at the same time, the rates of the T-bonds with 2, 5, 10, 15 and 20 years maturities were 8.15%, 8.75%, 8.60%, 8.65%, and 8.80%, respectively. This change in rates was not so significant compared to the preceding year's rates of 7.21%, 7.8%, 8.1%, 8.55%, and 8.65% for T-bonds with 2, 5, 10, 15, and 20 years maturities, respectively.

The outstanding domestic public debt from the banking sectors with proportion to the NSD instruments was in declining trend upto 2017-18. However, the trend reversed in FY 2018-19. In FY 2022-23, outstanding domestic public debt from the banking sectors (with Sukuk) changed to 58 percent from the preceding FY's 53 percent. During FY 2022-23, BB continued taking several steps to expand the investor base of T-bills and T-bonds.

The following table depicts the composition of banking and non-banking sector debt over the years:

Table-36: Comparative Outstanding Balances of NSD Certificates, T-Bills, T-Bonds & Sukuk							
(Taka in Crore)							
Period	Outstanding Balances			Total Amount	Total (in terms of percentage)		
	NSD Certificates	T-Bills and T-Bonds	Sukuk		NSD certificates	T-Bills and T-Bonds	Sukuk
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	-
2020-21	345,655.77	319,187.30	8,000.00	672,843.07	51	48	1
2021-22	365,778.51	389,298.47	18,000.00	773,076.98	47	51	2
2022-23	362,482.59	489,763.34	18,000.00	870,245.93	42	56	2

Source: DMD, BB, and NSD



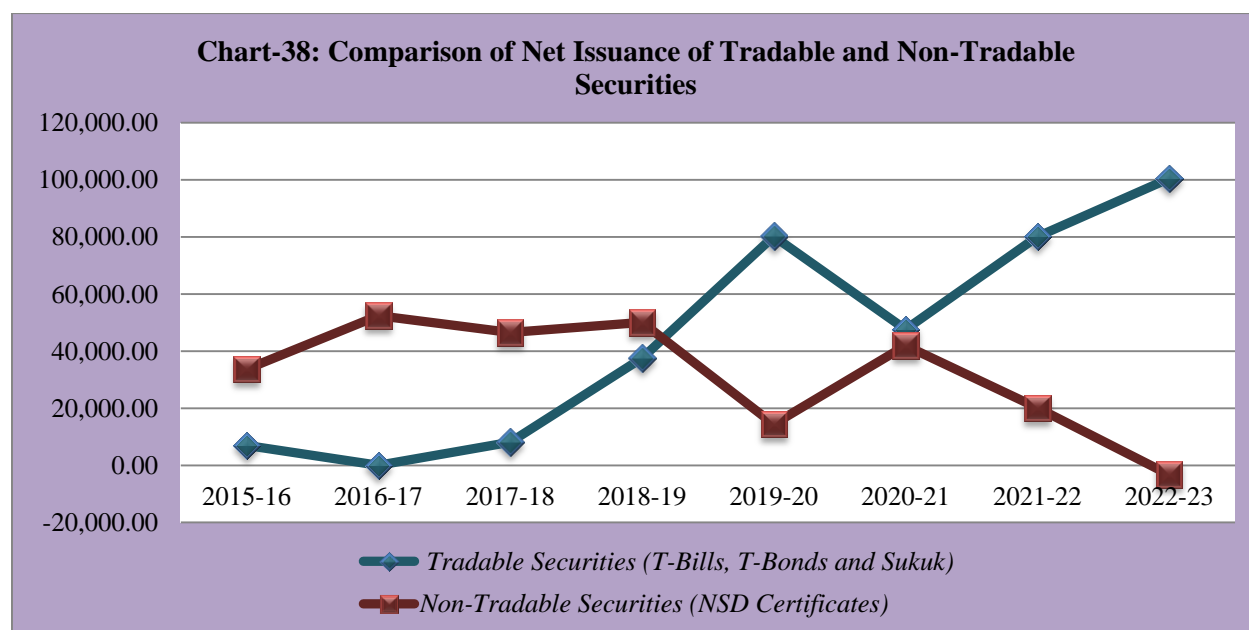
7.2. Comparison of Net Issuance of Tradable and Non-Tradable Securities

As previously stated, BB has made several efforts in recent months to broaden the investor pool for T-bills and T-bonds. These steps contributed to a growing trend of G-Sec issuance, resulting in a significant increase in net issuance till FY 2019-20. However, in FY 2020-21, presumably because of less funding needs of the Government as the pandemic put several infrastructural projects to a halt. This term's net issuance of T-bills and T-bonds were significantly lower than the budgetary targets. Later on, the net issuance of T-bills and T-bonds returned to a rising trend from FY 2021-22, presumably because of resume of halted infrastructural projects in pandemic period,

some mega projects of government. In FY 2022-23, net issuance of NSD Certificates has become negative due to significant amount of repayment and decrease in the sale of the certificates. The trend in net issuance of tradable and non-tradable securities is seen in the table below:

Table-37: Comparison of Net Issuance of Tradable and Non-Tradable Securities		
(Taka in Crore)		
Financial Year	Tradable Securities (T-Bills, T-Bonds and Sukuk)	Non-Tradable Securities (NSD Certificates)
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
2020-21	47,585.33	41,960.00
2021-22	80,111.17	20,122.75
2022-23	100,464.87	-3,295.92

Source: DMD, BB, and NSD



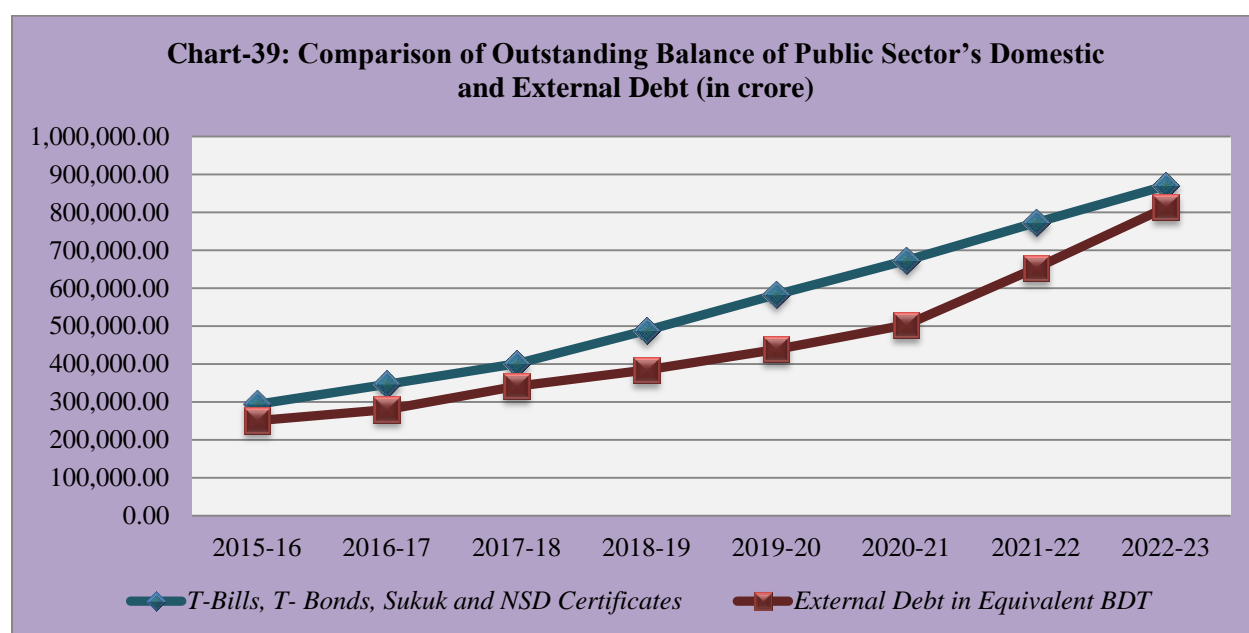
7.3. Comparison of Outstanding Balance of Public Sector's Domestic and External Debt

The public sector's outstanding domestic debt has been rising since the fiscal year 2015-16. A similar pattern may be seen in the public sector's external debt. In FY 2022-23, the outstanding balance of external debt in BDT stood at 804,017.21 crore (USD 7,585.068 crore*106) which is significantly higher than previous year (BDT 653,280.35 crore). The change in exchange rate (from BDT/USD 93.45 to BDT/USD 106.00) during the FY has considerably contributed to increase the equivalent BDT amount.

The table below illustrates the overall amount and trends over the years:

Financial Year	T-Bills, T- Bonds, Sukuk and NSD Certificates	External Debt in Equivalent BDT
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	438,478.95
2020-21	672,843.07	503,366.09
2021-22	773,076.98	653,280.35
2022-23	870,245.93	804,017.21

Source: Statistics Department & DMD, BB and NSD



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

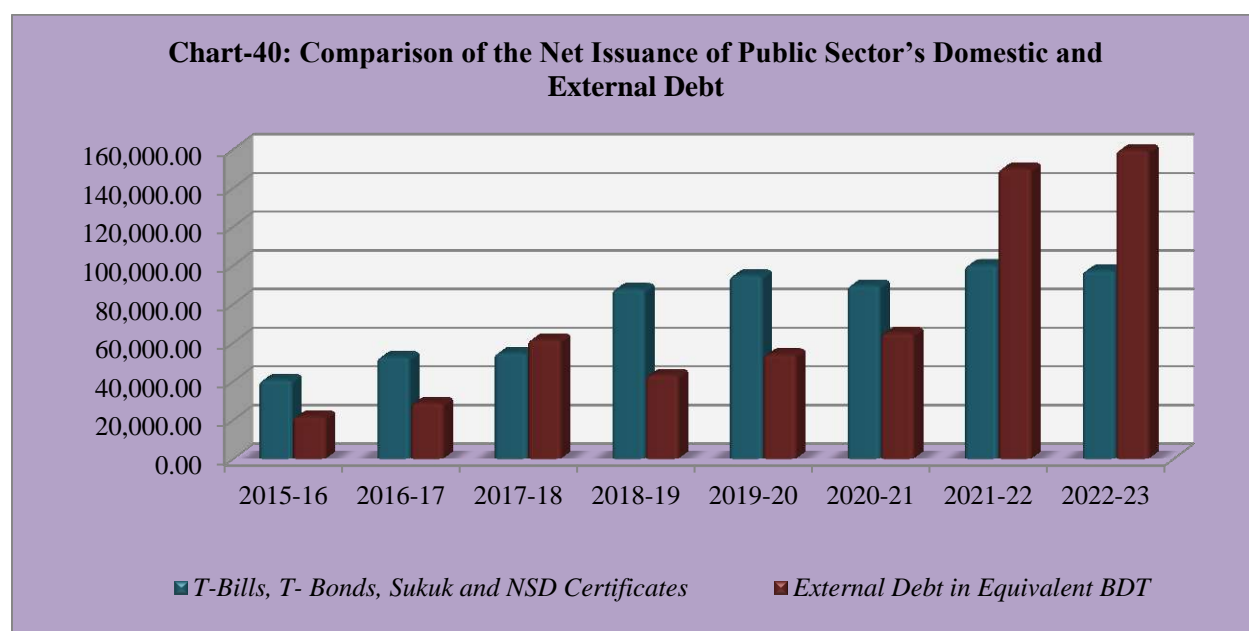
Similar to the total outstanding amount, the net amounts of the public sector's domestic and external debts increased from FY 2015-16 to FY 2021-22. However, the net issuance of domestic debt slightly decreased in FY 2022-23. The external debt is still in rising trend.

The table below presents the net amounts of domestic and public debt over the past FYs:

Table-39: Comparison of the Net Issuance of Public Sector's Domestic and External Debt		
(Taka in Crore)		
Financial Year	T-Bills, T- Bonds, Sukuk and NSD Certificates	External Debt in Equivalent BDT
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	53,874.82
2020-21	89,544.87	64,887.13
2021-22	100,026.92	149,914.27
2022-23	97,168.95	150,736.85*

Source: Statistics Department & DMD, BB and NSD

* Net issuance of public sector's external debt was USD 594.37 crore. The external debt in BDT has been calculated by subtracting previous FY's outstanding balance (in BDT) from current FY's outstanding balance (in BDT). The change in exchange rate during the FY has considerably contributed to increase the equivalent BDT amount.



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. The trend of borrowing through NSD certificates reversed as in FY 2019-20 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 and in FY 2021-22 government introduced slab base rate (regressive rate) and maximum investment limit in NSD certificates. The increasing yield of G-

Sec at that time also contributed to its growing popularity. In FY 2022-23, as a percentage of GDP the outstanding amount of public sector's domestic and external debt increased from that of the previous FY. The table below illustrates the proportion of domestic and external debt in comparison with the GDP:

Table-40: Outstanding of Public Sector's Domestic and External Debt Compared to GDP								
(In percentage)								
Instruments	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
NSD Certificates	8.09	9.75	10.70	11.41	10.86	11.20	9.19	8.17
T-Bills and T-Bonds	8.87	7.78	7.23	7.86	10.00	10.34	9.79	11.03
Sukuk	-	-	-	-	-	0.26	0.45	0.41
Internal (Domestic) Debt*	16.96	17.53	17.93	19.27	20.86	21.8	19.43	19.61
External Debt	14.48	14.16	15.25	15.16	15.68	16.30	16.43	18.11

Source: Statistics Department & DMD, BB and NSD

*GPF is not included in total internal (domestic) debt.

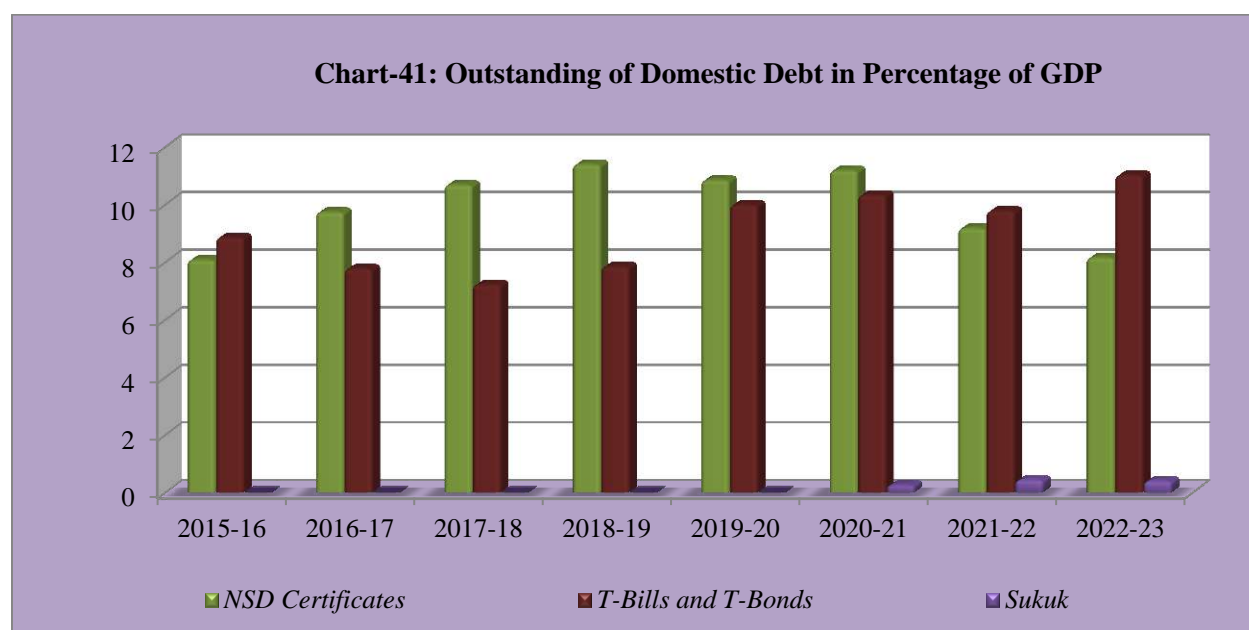
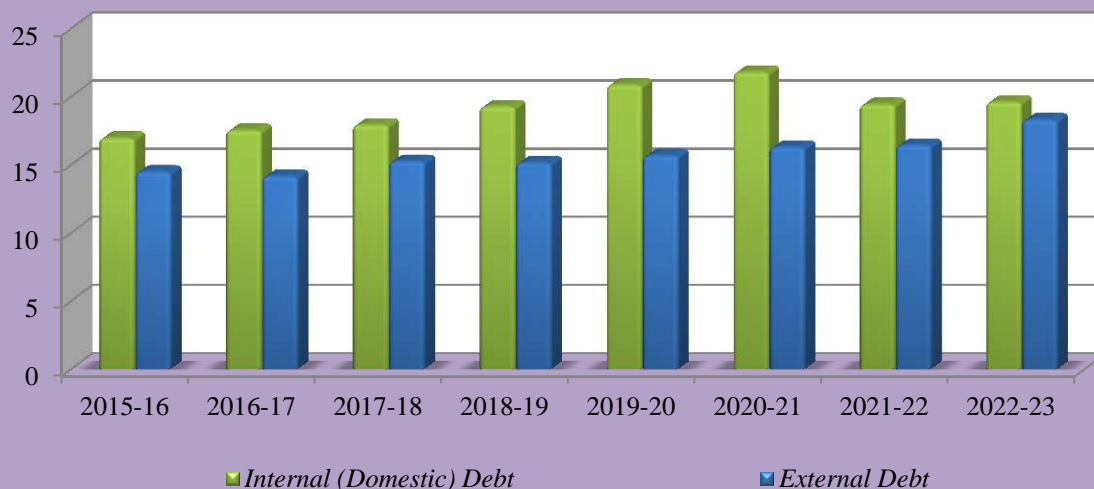


Chart-42: Outstanding of Internal (Domestic) and External Debt in Percentage of GDP

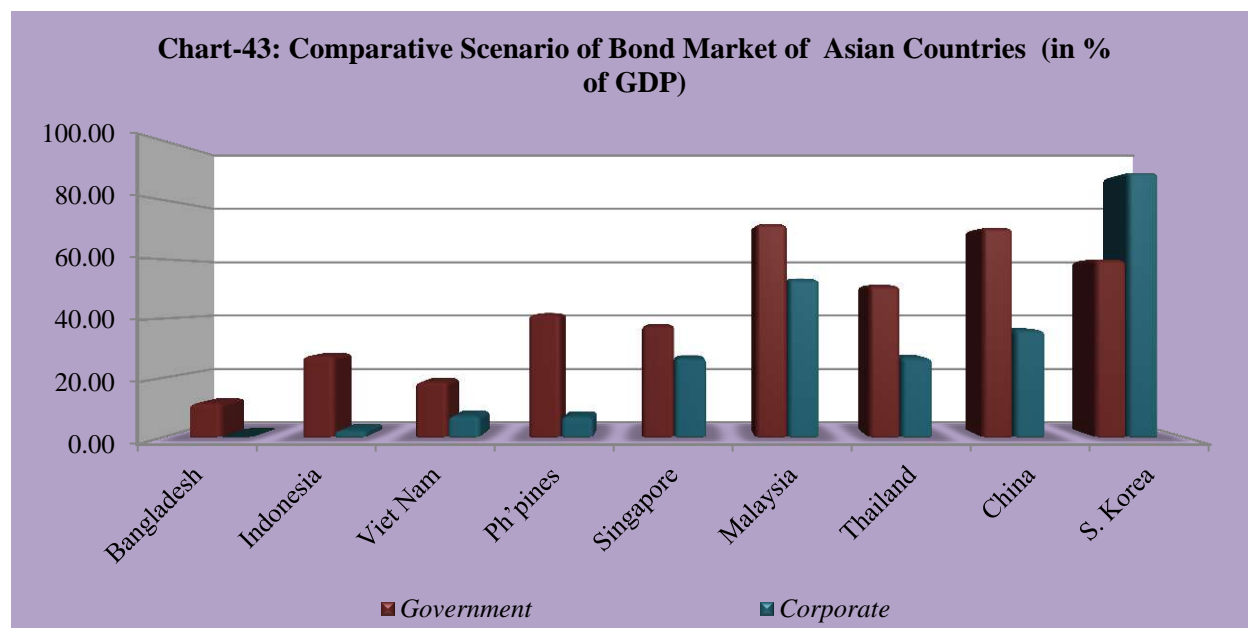
7.6. Bond Outstanding to GDP: A Comparison with Other Asian Countries

Bangladesh's fixed-income securities market accounted for a lower percentage of GDP when compared to other Asian countries such as South Korea, China, Thailand, Vietnam, Malaysia, and others. In terms of GDP, the Malaysian G-Sec market was the most prominent (72.30 percent), followed by the Chinese market. In comparison, Bangladesh's G-Sec market accounted for only 11.44% of the country's GDP. On the other hand, the corporate bond market in Bangladesh was virtually non-existent, accounting for only 0.02% of GDP. However, among the depicted Asian markets, South Korea had the highest proportion (89.87%). The following table and the chart present the comparison of the bond markets of different Asian economies:

Table-41: Comparative Scenario of Bond Markets in Asia (in % of GDP)

(June 2023)									
Bonds	Bangladesh	Indonesia	Viet Nam	Philippines	Singapore	Malaysia	Thailand	China	S. Korea
G-Sec	11.44	27.50	18.94	41.56	37.71	72.30	51.43	71.03	60.24
Corporate	0.19	2.17	7.04	6.86	26.65	53.61	26.93	36.34	89.87

Source: BB, DSE, and ADB.



Chapter 8

Recent Initiatives in Developing the Bond Market

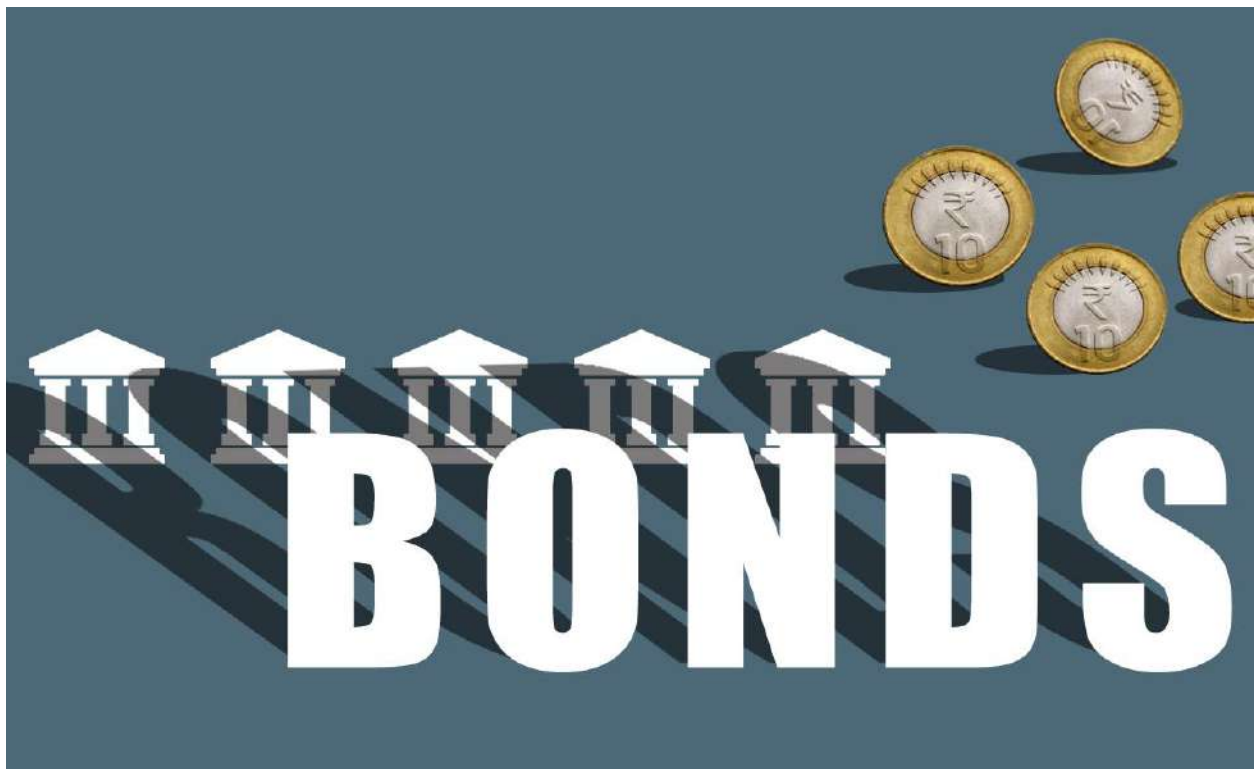
Trading of G-Sec in Stock Exchange (DSE & CSE) Platform

Issuance of Guidelines of Secondary Trading

Islamic Banks Liquidity Facility (IBLF)

Mudarabah Liquidity Support (MLS)

Introduction of Money Market Reference Rate for Financial Markets of Bangladesh



Chapter 8

Recent Initiatives in Developing the Bond Market

8.1. Trading of G-sec in Stock Exchange (DSE & CSE) Platform

G-Sec can be freely traded in the secondary market through the BB's Electronic System which is automated secondary trading platform of BB for G-Sec. Trading of T-Bonds has been started in Stock Exchange platform from 10 October, 2022. Now investors can trade T-Bonds in DSE & CSE platform alongside BB's Electronic System. Such trading is deemed to enlarge the investor base of G-sec as more individual investors will be able to trade T-Bonds. Individual investors can also diversify their portfolio by increasing more fixed income securities in their holdings. Furthermore, the government can issue more bonds to raise funds from the capital market in a cost-effective manner. This will also contribute to the diversification of the local capital market.

8.2. Issuance of Guidelines of secondary trading

In order to protect the interest of investors and the market as a whole and to harmonize the secondary market of G-sec, a guideline has been issued via DMD Circular No. 03 dated 06 June, 2023. The said guideline includes the trading process of G-sec in the secondary market, principles & policies regarding fund and securities settlement, responsibilities of concerned stakeholders, dispute management, transaction fees, and reporting etc.

8.3. Islamic Banks Liquidity Facility (IBLF)

In order to support the liquidity management and deepen the financial system, BB has introduced Islamic Banks Liquidity Facility (IBLF) for Shari'ah based banking system in Bangladesh through DMD Circular No-03/2022 dated December 5, 2022. This is a short term liquidity facility for Shari'ah based banks. The tenor of the IBLF is 14 days and underlying eligible securities is unencumbered Bangladesh Govt. Investment Sukuk (BGIS). The profit rate of IBLF is 03(three) months MTDR (Mudaraba Term Deposit Receipt) rate of respective bank. The institution may apply for IBLF on every working day through the prescribed form to Securities Section of Motijheel Office. The applied amount of IBLF should be for a minimum amount of Taka 1 (one) crore or multiples thereof. The IBLF is provided according to the decision of the Auction Committee of BB. On maturity, BB debits the current account of the institution to recover the investment amount and the profit (as per the provisional profit rate), and release lien marked securities (BGIS) to respective institution.

8.4. Mudarabah Liquidity Support (MLS)

With a view to ensure financial stability and the resilience of Islamic Banks, BB, on February 5, 2023, has introduced a new Shari'ah compliant financial instrument, namely, 'Mudarabah

Liquidity Support (MLS)' for the Islamic Banking system in Bangladesh. This liquidity support may be used as one of the possible contingency measures for meeting interim liquidity shortages in exceptional circumstances. The MLS is a framework for providing liquidity support under Mudarabah Contract to Shari'ah based banks maintaining current account with BB, where BB acts as the investor (Rab al-Mal/Sahib al-Mal) and bank act as the investment manager (Mudarib) under an agreed profit sharing ratio (PSR). Claims of banks on the Government of Bangladesh arising from subsidies or incentives like claims against remittance incentives, claims against financial stimulus shall be considered as collateral. The tenor of MLS is 7/14/28 days. The institution may apply for MLS on every working day to Securities Section of Motijheel Office. The applied amount of MLS should be for a minimum amount of Taka 10 (ten) crore or multiples thereof.

8.5. Introduction of Money Market Reference Rate for Financial Markets of Bangladesh

Considering the need for a credible benchmark and trend in global reformation of benchmarks/reference rates Bangladesh Bank needs to publish a credible and robust reference rate for its financial market in a transparent manner. To enhance reliability and avoid any conflict of interest Bangladesh Bank (BB) shall administer and publish the reference rate based on actual transactions. As unsecured segment of interbank money market is still significant in Bangladesh financial market BB needs to publish a money market reference rate on standard tenors based on real unsecured interbank borrowing and lending. Apart from this as Bangladesh economy has significant international exposure and global counterparties often rely on reference rates based on overnight risk free rates, BB shall also publish a reference rate. Bangladesh Bank has taken an initiative to publish money market reference rates (both risk free reference rate and interbank unsecured reference rate) in near future.

Chapter 9

Conclusion



Chapter 9

Conclusion

A growing fixed-income securities market is critical for a growing economy. The government or any public/private institution with an active market would have access to various financing options for long-term development projects, as we all know advancements in infrastructure and other projects are critical for a growing economy. Borrowing from the banking sector is required to fund such initiatives and bridge the current budget deficit. Furthermore, this market would provide investors with a dependable opportunity to generate a consistent stream of income.

In any stable economy, a developed and diversified financial system with a strong debt and equity market improves risk-pooling and risk-sharing options for deficit and surplus groups. Domestic and international investors would be confident in making low-risk investments in the presence of a developed market. For this purpose, trading of T-bonds has been started in Stock Exchange (DSE & CSE) platform from October, 2022. Now investors can trade T-Bonds in DSE & CSE platform alongside BB's Electronic System. In addition, the investors of Stock Exchange can purchase T-Bonds from primary market through their respective brokerage houses. Further, in order to protect the interest of investors and the market as a whole and to harmonize the secondary market of G-sec, 'Guidelines on the Secondary Trading of Government Securities' has been issued in June, 2023. BB has already introduced 'benchmark securities' and an effective secondary market yield curve for G-Sec market. Initiatives have also been taken to publish the money market reference rates (both risk free reference rate and interbank unsecured reference rate) in near future.

Along with dealing with the fallout from the financial crisis, BB took steps to broaden the G-Sec investor base. The higher bid coverage ratio of G-sec and Sukuk in primary market and engaged secondary market activity, as evidenced by the data and trends presented in this report, points to a brighter future for Bangladesh's fixed-income securities market. The development of the G-Sec market and of the fixed-income securities market in general, in Bangladesh should be a matter of time if multiple regulatory agencies collaborate.

Appendices

Appendix-1: List of Primary Dealer Banks		
Sl.	Name of PD Banks	Website
1.	AB Bank Limited	http://www.abbl.com
2.	Agrani Bank Limited	http://www.agranibank.org
3.	Bengal Commercial Bank Ltd.	https://bgcb.com.bd
4.	Citizens Bank PLC	https://www.citizensbankbd.com
5.	Community Bank Bangladesh Limited	http://www.communitybankbd.com
6.	Jamuna Bank Ltd	http://www.jamunabankbd.com
7.	Janata Bank Limited	http://www.janatabank-bd.com
8.	Meghna Bank Limited	http://www.meghnabank.com.bd
9.	Mercantile Bank Limited	http://www.mblbd.com
10.	Midland Bank Limited	http://www.midlandbankbd.net/
11.	Modhumoti Bank Ltd.	http://modhumotibankltd.com/
12.	Mutual Trust Bank Limited	http://www.mutualtrustbank.com
13.	National Bank Limited	http://www.nblbd.com
14.	National Credit & Commerce Bank Ltd	http://www.nccbank.com.bd
15.	NRB Bank Limited	http://www.nrbbankbd.com
16.	NRB Commercial Bank Limited	http://www.nrbcommercialbank.com/
17.	Padma Bank Limited	http://www.padmabankbd.com/
18.	Prime Bank Ltd	https://www.primebank.com.bd/
19.	Rupali Bank Limited	https://rupalibank.com.bd/
20.	Shimanto Bank Limited	https://www.shimantobank.com/
21.	Sonali Bank Limited	http://www.sonalibank.com.bd
22.	South Bangla Agriculture & Commerce Bank Limited	http://www.sbacbank.com/
23.	Southeast Bank Limited	https://www.southeastbank.com.bd
24.	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.	Standard Bank Limited	http://www.standardbankbd.com
18.	Standard Chartered Bank	http://www.standardchartered.com/bd
19.	State Bank of India	https://bd.statebank/
20.	The City Bank Ltd.	http://www.thecitybank.com
21.	The Hong Kong and Shanghai Banking Corporation	http://www.hsbc.com.bd
22.	Trust Bank Limited	http://www.trustbank.com.bd
23.	United Commercial Bank Limited	http://www.ucb.com.bd/
24.	Woori Bank	http://www.wooribank.com

Appendix-3: List of Active Treasury Bonds (as of June 30, 2023)

(Taka in Crore)						
Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
1.	BD0923461026	2	7-Jul-21	7-Jul-23	2.34%	4,500.00
2.	BD0923501029	2	5-Aug-21	5-Aug-23	2.33%	4,500.00
3.	BD0923591020	2	3-Nov-21	3-Nov-23	4.80%	4,500.00
4.	BD0924751029	2	9-Mar-22	9-Mar-24	4.75%	4,000.00
5.	BD0924871025	2	8-Jun-22	8-Jun-24	7.21%	4,500.00
6.	BD0924011028	2	6-Jul-22	6-Jul-24	7.40%	4,000.00
7.	BD0924131024	2	6-Oct-22	6-Oct-24	7.45%	4,500.00
8.	BD0925251029	2	4-Jan-23	4-Jan-25	8.20%	6,000.00
9.	BD0925331029	2	5-Mar-23	5-Mar-25	8.03%	6,000.00
10.	BD0925411029	2	3-May-23	3-May-25	8.03%	6,000.00
11.	BD0923021051	5	11-Jul-18	11-Jul-23	5.74%	2,900.00
12.	BD0923121059	5	14-Nov-18	14-Nov-23	4.50%	3,000.00
13.	BD0924261052	5	13-Mar-19	13-Mar-24	6.44%	2,700.00
14.	BD0924371059	5	12-Jun-19	12-Jun-24	8.10%	4,300.00
15.	BD0924021050	5	10-Jul-19	10-Jul-24	8.43%	3,000.00
16.	BD0924211057	5	11-Dec-19	11-Dec-24	8.97%	4,500.00
17.	BD0925251052	5	15-Jan-20	15-Jan-25	8.86%	4,000.00
18.	BD0925371058	5	29-Apr-20	29-Apr-25	8.12%	4,500.00
19.	BD0925421051	5	10-Jun-20	10-Jun-25	8.05%	4,500.00
20.	BD0925021059	5	15-Jul-20	15-Jul-25	7.19%	4,500.00
21.	BD0925131056	5	14-Oct-20	14-Oct-25	4.36%	4,000.00
22.	BD0925211056	5	9-Dec-20	9-Dec-25	4.64%	4,000.00
23.	BD0926321052	5	18-Mar-21	18-Mar-26	4.25%	4,500.00
24.	BD0926431059	5	16-Jun-21	16-Jun-26	3.88%	4,500.00
25.	BD0926541055	5	15-Sep-21	15-Sep-26	4.97%	4,063.34
26.	BD0926601057	5	10-Nov-21	10-Nov-26	6.50%	4,500.00
27.	BD0927761058	5	16-Mar-22	16-Mar-27	6.25%	4,499.41
28.	BD0927841058	5	18-May-22	18-May-27	7.70%	4,499.60
29.	BD0927021057	5	13-Jul-22	13-Jul-27	7.89%	4,500.00
30.	BD0927181059	5	16-Nov-22	16-Nov-27	7.85%	5,800.00
31.	BD0928261058	5	11-Jan-23	11-Jan-28	8.29%	5,200.00
32.	BD0928381054	5	12-Apr-23	12-Apr-28	8.26%	6,000.00
33.	BD0928461054	5	14-Jun-23	14-Jun-28	8.75%	6,000.00
34.	BD0923031100	10	17-Jul-13	17-Jul-23	11.22%	1,200.00
35.	BD0923191102	10	20-Nov-13	20-Nov-23	12.16%	1,400.00
36.	BD0924351101	10	19-Mar-14	19-Mar-24	11.75%	1,450.00
37.	BD0924031109	10	16-Jul-14	16-Jul-24	11.59%	1,600.00
38.	BD0924191101	10	19-Nov-14	19-Nov-24	10.92%	1,840.00
39.	BD0925381107	10	22-Apr-15	22-Apr-25	10.72%	2,800.00
40.	BD0925071104	10	19-Aug-15	19-Aug-25	8.39%	3,000.00
41.	BD0926271109	10	20-Jan-16	20-Jan-26	7.39%	2,600.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
42.	BD0926021108	10	20-Jul-16	20-Jul-26	7.59%	2,700.00
43.	BD0927251100	10	18-Jan-17	18-Jan-27	6.77%	2,600.00
44.	BD0927101107	10	18-Oct-17	18-Oct-27	7.00%	2,800.00
45.	BD0928331109	10	20-Jun-18	20-Jun-28	7.50%	2,800.00
46.	BD0928131103	10	22-Nov-18	22-Nov-28	7.15%	3,000.00
47.	BD0929311100	10	17-Apr-19	17-Apr-29	7.74%	2,675.00
48.	BD0929381103	10	19-Jun-19	19-Jun-29	8.44%	3,000.00
49.	BD0929061101	10	21-Aug-19	21-Aug-29	9.27%	4,000.00
50.	BD0929221101	10	18-Dec-19	18-Dec-29	9.23%	4,000.00
51.	BD0930261104	10	22-Jan-20	22-Jan-30	9.15%	4,000.00
52.	BD0930381100	10	7-May-20	7-May-30	8.74%	4,500.00
53.	BD0930431103	10	17-Jun-20	17-Jun-30	8.66%	4,500.00
54.	BD0930031101	10	22-Jul-20	22-Jul-30	7.89%	4,000.00
55.	BD0930141108	10	21-Oct-20	21-Oct-30	5.63%	4,500.00
56.	BD0931301107	10	17-Feb-21	17-Feb-31	6.01%	4,500.00
57.	BD0931401105	10	19-May-21	19-May-31	5.80%	4,500.00
58.	BD0931481107	10	25-Jul-21	25-Jul-31	5.40%	4,000.00
59.	BD0931561106	10	19-Oct-21	19-Oct-31	6.80%	4,500.00
60.	BD0932691100	10	19-Jan-22	19-Jan-32	7.10%	4,500.00
61.	BD0932851100	10	25-May-22	25-May-32	8.00%	4,300.00
62.	BD0932891106	10	22-Jun-22	22-Jun-32	8.10%	4,500.00
63.	BD0932111109	10	21-Sep-22	21-Sep-32	8.10%	4,000.00
64.	BD0932231105	10	21-Dec-22	21-Dec-32	8.33%	5,500.00
65.	BD0933351100	10	15-Mar-23	15-Mar-33	8.45%	3,000.00
66.	BD0923021150	15	9-Jul-08	9-Jul-23	12.14%	150.00
67.	BD0923061156	15	13-Aug-08	13-Aug-23	12.14%	150.00
68.	BD0923101150	15	10-Sep-08	10-Sep-23	12.14%	150.00
69.	BD0923141156	15	15-Oct-08	15-Oct-23	12.14%	150.00
70.	BD0923181152	15	12-Nov-08	12-Nov-23	12.14%	150.00
71.	BD0923221156	15	11-Dec-08	11-Dec-23	12.14%	150.00
72.	BD0924261151	15	14-Jan-09	14-Jan-24	12.14%	150.00
73.	BD0924301155	15	11-Feb-09	11-Feb-24	12.14%	150.00
74.	BD0924341151	15	11-Mar-09	11-Mar-24	12.14%	150.00
75.	BD0924381157	15	15-Apr-09	15-Apr-24	12.00%	150.00
76.	BD0924421151	15	13-May-09	13-May-24	10.60%	150.00
77.	BD0924461157	15	10-Jun-09	10-Jun-24	10.09%	80.00
78.	BD0924021159	15	15-Jul-09	15-Jul-24	9.39%	150.00
79.	BD0924061155	15	12-Aug-09	12-Aug-24	8.59%	150.00
80.	BD0924101159	15	9-Sep-09	9-Sep-24	8.80%	131.25
81.	BD0924141155	15	14-Oct-09	14-Oct-24	8.69%	150.00
82.	BD0924181151	15	9-Dec-09	9-Dec-24	8.69%	150.00
83.	BD0925231153	15	13-Jan-10	13-Jan-25	8.74%	100.00
84.	BD0925261150	15	10-Feb-10	10-Feb-25	8.74%	100.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
85.	BD0925301154	15	10-Mar-10	10-Mar-25	8.75%	100.00
86.	BD0925341150	15	15-Apr-10	15-Apr-25	8.77%	80.00
87.	BD0925381156	15	12-May-10	12-May-25	8.80%	75.00
88.	BD0925421150	15	9-Jun-10	9-Jun-25	8.80%	75.00
89.	BD0925021158	15	14-Jul-10	14-Jul-25	8.85%	140.00
90.	BD0925061154	15	11-Aug-10	11-Aug-25	8.86%	140.00
91.	BD0925101158	15	15-Sep-10	15-Sep-25	8.92%	140.00
92.	BD0925141154	15	13-Oct-10	13-Oct-25	8.95%	150.00
93.	BD0925181150	15	10-Nov-10	10-Nov-25	9.05%	150.00
94.	BD0925221154	15	15-Dec-10	15-Dec-25	9.12%	150.00
95.	BD0926261159	15	9-Feb-11	9-Feb-26	9.12%	200.00
96.	BD0926301153	15	9-Mar-11	9-Mar-26	9.20%	200.00
97.	BD0926341159	15	13-Apr-11	13-Apr-26	9.30%	250.00
98.	BD0926381155	15	11-May-11	11-May-26	9.35%	250.00
99.	BD0926421159	15	15-Jun-11	15-Jun-26	9.35%	250.00
100.	BD0926071152	15	17-Aug-11	17-Aug-26	9.65%	150.00
101.	BD0926111156	15	21-Sep-11	21-Sep-26	10.30%	150.00
102.	BD0926151152	15	18-Oct-11	18-Oct-26	10.99%	200.00
103.	BD0926191158	15	16-Nov-11	16-Nov-26	11.00%	200.00
104.	BD0926231152	15	20-Dec-11	20-Dec-26	11.00%	200.00
105.	BD0927271157	15	18-Jan-12	18-Jan-27	11.50%	275.00
106.	BD0927311151	15	22-Feb-12	22-Feb-27	11.60%	275.00
107.	BD0927351157	15	21-Mar-12	21-Mar-27	11.65%	275.00
108.	BD0927391153	15	18-Apr-12	18-Apr-27	11.70%	500.00
109.	BD0927431157	15	23-May-12	23-May-27	11.75%	500.00
110.	BD0927471153	15	20-Jun-12	20-Jun-27	11.80%	500.00
111.	BD0927031155	15	18-Jul-12	18-Jul-27	11.85%	350.00
112.	BD0927111155	15	19-Sep-12	19-Sep-27	11.88%	350.00
113.	BD0927151151	15	17-Oct-12	17-Oct-27	11.93%	100.00
114.	BD0927191157	15	21-Nov-12	21-Nov-27	12.00%	100.00
115.	BD0927231151	15	19-Dec-12	19-Dec-27	12.10%	100.00
116.	BD0928271156	15	16-Jan-13	16-Jan-28	12.20%	100.00
117.	BD0928311150	15	20-Feb-13	20-Feb-28	12.30%	100.00
118.	BD0928351156	15	20-Mar-13	20-Mar-28	12.38%	100.00
119.	BD0928391152	15	17-Apr-13	17-Apr-28	12.38%	200.00
120.	BD0928431156	15	22-May-13	22-May-28	12.38%	200.00
121.	BD0928471152	15	19-Jun-13	19-Jun-28	12.40%	200.00
122.	BD0928041153	15	24-Jul-13	24-Jul-28	12.40%	150.00
123.	BD0928081159	15	29-Aug-13	29-Aug-28	12.40%	150.00
124.	BD0928121153	15	25-Sep-13	25-Sep-28	12.42%	150.00
125.	BD0928161159	15	23-Oct-13	23-Oct-28	12.42%	150.00
126.	BD0928201153	15	27-Nov-13	27-Nov-28	12.29%	150.00
127.	BD0928241159	15	26-Dec-13	26-Dec-28	12.29%	150.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
128.	BD0929281154	15	29-Jan-14	29-Jan-29	12.20%	150.00
129.	BD0929321158	15	26-Feb-14	26-Feb-29	12.10%	150.00
130.	BD0929361154	15	27-Mar-14	27-Mar-29	12.00%	350.00
131.	BD0929401158	15	23-Apr-14	23-Apr-29	11.97%	350.00
132.	BD0929441154	15	28-May-14	28-May-29	11.97%	400.00
133.	BD0929481150	15	25-Jun-14	25-Jun-29	11.97%	400.00
134.	BD0929041152	15	23-Jul-14	23-Jul-29	11.87%	250.00
135.	BD0929081158	15	27-Aug-14	27-Aug-29	11.59%	250.00
136.	BD0929121152	15	24-Sep-14	24-Sep-29	11.50%	250.00
137.	BD0929161158	15	29-Oct-14	29-Oct-29	11.42%	250.00
138.	BD0929201152	15	26-Nov-14	26-Nov-29	11.47%	680.00
139.	BD0930041159	15	29-Jul-15	29-Jul-30	10.06%	3,000.00
140.	BD0930121159	15	23-Sep-15	23-Sep-30	8.44%	3,000.00
141.	BD0931401154	15	27-Apr-16	27-Apr-31	7.79%	2,850.00
142.	BD0933101158	15	26-Sep-18	26-Sep-33	7.20%	4,500.00
143.	BD0933141154	15	28-Nov-18	28-Nov-33	7.55%	4,150.00
144.	BD0935391153	15	13-May-20	13-May-35	8.90%	5,000.00
145.	BD0935441156	15	24-Jun-20	24-Jun-35	8.70%	4,499.30
146.	BD0936491150	15	28-Jul-21	28-Jul-36	5.65%	4,500.00
147.	BD0937821157	15	27-Apr-22	27-Apr-37	7.98%	4,778.00
148.	BD0937901157	15	29-Jun-22	29-Jun-37	8.55%	4,416.47
149.	BD0927041204	20	25-Jul-07	25-Jul-27	15.95%	50.00
150.	BD0927081200	20	29-Aug-07	29-Aug-27	15.44%	50.00
151.	BD0927121204	20	26-Sep-07	26-Sep-27	14.23%	50.00
152.	BD0927161200	20	24-Oct-07	24-Oct-27	13.88%	50.00
153.	BD0927201204	20	28-Nov-07	28-Nov-27	13.49%	50.00
154.	BD0927241200	20	26-Dec-07	26-Dec-27	13.29%	50.00
155.	BD0928281205	20	23-Jan-08	23-Jan-28	13.19%	50.00
156.	BD0928321209	20	27-Feb-08	27-Feb-28	13.14%	50.00
157.	BD0928361205	20	27-Mar-08	27-Mar-28	13.14%	50.00
158.	BD0928401209	20	23-Apr-08	23-Apr-28	13.14%	50.00
159.	BD0928441205	20	28-May-08	28-May-28	13.13%	50.00
160.	BD0928481201	20	25-Jun-08	25-Jun-28	13.09%	50.00
161.	BD0928041203	20	23-Jul-08	23-Jul-28	13.07%	125.00
162.	BD0928081209	20	27-Aug-08	27-Aug-28	13.07%	125.00
163.	BD0928121203	20	24-Sep-08	24-Sep-28	13.07%	125.00
164.	BD0928161209	20	29-Oct-08	29-Oct-28	13.04%	125.00
165.	BD0928201203	20	26-Nov-08	26-Nov-28	13.04%	125.00
166.	BD0928241209	20	24-Dec-08	24-Dec-28	13.02%	125.00
167.	BD0929281204	20	28-Jan-09	28-Jan-29	13.00%	125.00
168.	BD0929321208	20	25-Feb-09	25-Feb-29	12.99%	125.00
169.	BD0929361204	20	25-Mar-09	25-Mar-29	12.98%	150.00
170.	BD0929401208	20	29-Apr-09	29-Apr-29	11.48%	150.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
171.	BD0929441204	20	27-May-09	27-May-29	11.09%	133.20
172.	BD0929481200	20	24-Jun-09	24-Jun-29	10.07%	80.00
173.	BD0929041202	20	29-Jul-09	29-Jul-29	8.97%	125.00
174.	BD0929081208	20	26-Aug-09	26-Aug-29	8.59%	3.00
175.	BD0929161208	20	28-Oct-09	28-Oct-29	9.10%	125.00
176.	BD0929201202	20	23-Dec-09	23-Dec-29	9.10%	150.00
177.	BD0930251204	20	24-Feb-10	24-Feb-30	9.11%	100.00
178.	BD0930281201	20	24-Mar-10	24-Mar-30	9.15%	100.00
179.	BD0930321205	20	27-Apr-10	27-Apr-30	9.17%	80.00
180.	BD0930361201	20	26-May-10	26-May-30	9.20%	75.00
181.	BD0930401205	20	24-Jun-10	24-Jun-30	9.15%	75.00
182.	BD0930041209	20	29-Jul-10	29-Jul-30	9.20%	125.00
183.	BD0930081205	20	25-Aug-10	25-Aug-30	9.23%	125.00
184.	BD0930121209	20	29-Sep-10	29-Sep-30	9.25%	125.00
185.	BD0930161205	20	27-Oct-10	27-Oct-30	9.25%	125.00
186.	BD0930201209	20	24-Nov-10	24-Nov-30	9.45%	125.00
187.	BD0930241205	20	29-Dec-10	29-Dec-30	9.57%	125.00
188.	BD0931281200	20	26-Jan-11	26-Jan-31	9.60%	150.00
189.	BD0931321204	20	23-Feb-11	23-Feb-31	9.60%	150.00
190.	BD0931361200	20	23-Mar-11	23-Mar-31	9.63%	160.00
191.	BD0931401204	20	27-Apr-11	27-Apr-31	9.65%	175.00
192.	BD0931441200	20	25-May-11	25-May-31	9.65%	175.00
193.	BD0931471207	20	29-Jun-11	29-Jun-31	9.65%	185.00
194.	BD0931041208	20	27-Jul-11	27-Jul-31	10.00%	150.00
195.	BD0931081204	20	24-Aug-11	24-Aug-31	10.25%	150.00
196.	BD0931121208	20	28-Sep-11	28-Sep-31	10.85%	150.00
197.	BD0931161204	20	26-Oct-11	26-Oct-31	11.50%	175.00
198.	BD0931201208	20	23-Nov-11	23-Nov-31	11.50%	175.00
199.	BD0931241204	20	28-Dec-11	28-Dec-31	11.50%	175.00
200.	BD0932281209	20	25-Jan-12	25-Jan-32	11.95%	250.00
201.	BD0932321203	20	29-Feb-12	29-Feb-32	12.00%	250.00
202.	BD0932361209	20	28-Mar-12	28-Mar-32	12.03%	250.00
203.	BD0932401203	20	26-Apr-12	26-Apr-32	12.07%	325.00
204.	BD0932441209	20	30-May-12	30-May-32	12.10%	325.00
205.	BD0932481205	20	27-Jun-12	27-Jun-32	12.12%	341.00
206.	BD0932041207	20	25-Jul-12	25-Jul-32	12.12%	300.00
207.	BD0932081203	20	29-Aug-12	29-Aug-32	12.16%	300.00
208.	BD0932121207	20	26-Sep-12	26-Sep-32	12.16%	300.00
209.	BD0932161203	20	25-Oct-12	25-Oct-32	12.16%	100.00
210.	BD0932201207	20	28-Nov-12	28-Nov-32	12.18%	100.00
211.	BD0932241203	20	26-Dec-12	26-Dec-32	12.28%	100.00
212.	BD0933281208	20	23-Jan-13	23-Jan-33	12.38%	100.00
213.	BD0933321202	20	27-Feb-13	27-Feb-33	12.48%	100.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
214.	BD0933361208	20	27-Mar-13	27-Mar-33	12.48%	100.00
215.	BD0933401202	20	24-Apr-13	24-Apr-33	12.48%	100.00
216.	BD0933441208	20	29-May-13	29-May-33	12.47%	100.00
217.	BD0933481204	20	26-Jun-13	26-Jun-33	12.48%	100.00
218.	BD0933041206	20	24-Jul-13	24-Jul-33	12.48%	150.00
219.	BD0933081202	20	29-Aug-13	29-Aug-33	12.48%	150.00
220.	BD0933121206	20	25-Sep-13	25-Sep-33	12.48%	150.00
221.	BD0933161202	20	23-Oct-13	23-Oct-33	12.48%	150.00
222.	BD0933201206	20	27-Nov-13	27-Nov-33	12.33%	150.00
223.	BD0933241202	20	26-Dec-13	26-Dec-33	12.33%	150.00
224.	BD0934281207	20	29-Jan-14	29-Jan-34	12.26%	150.00
225.	BD0934321201	20	26-Feb-14	26-Feb-34	12.24%	150.00
226.	BD0934361207	20	27-Mar-14	27-Mar-34	12.14%	300.00
227.	BD0934401201	20	23-Apr-14	23-Apr-34	12.14%	300.00
228.	BD0934441207	20	28-May-14	28-May-34	12.14%	350.00
229.	BD0934481203	20	25-Jun-14	25-Jun-34	12.12%	350.00
230.	BD0934041205	20	23-Jul-14	23-Jul-34	12.10%	250.00
231.	BD0934081201	20	27-Aug-14	27-Aug-34	11.89%	250.00
232.	BD0934121205	20	24-Sep-14	24-Sep-34	11.98%	250.00
233.	BD0934161201	20	29-Oct-14	29-Oct-34	11.98%	250.00
234.	BD0934201205	20	26-Nov-14	26-Nov-34	11.98%	680.00
235.	BD0935041204	20	29-Jul-15	29-Jul-35	10.36%	2,600.00
236.	BD0935201204	20	25-Nov-15	25-Nov-35	8.70%	3,950.00
237.	BD0936401209	20	27-Apr-16	27-Apr-36	8.24%	2,850.00
238.	BD0938141209	20	28-Nov-18	28-Nov-38	8.24%	3,000.00
239.	BD0939391209	20	26-Jun-19	26-Jun-39	9.29%	3,650.00
240.	BD0940401203	20	20-May-20	20-May-40	9.20%	4,500.00
241.	BD0940441209	20	24-Jun-20	24-Jun-40	8.94%	4,995.23
242.	BD0941451207	20	30-Jun-21	30-Jun-41	6.07%	4,400.00
243.	BD0942781206	20	30-Mar-22	30-Mar-42	7.75%	4,500.00
244.	BD0942901200	20	29-Jun-22	29-Jun-42	8.65%	4,963.03
245.	BD0942241201	20	28-Dec-22	28-Dec-42	8.95%	500.00
246.	BD0943281206	20	25-Jan-23	25-Jan-43	8.89%	850.00



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