বাংলাদেশ ব্যাংক

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প্রধান কার্যালয়
ডাকবাক্স নং ৩২৫
ঢাকা ।

ডিপার্টমেন্ট অব অফ-সাইট সুপারভিশন

ডিওএস সার্কুলার লেটার নং- ০৫

তারিখঃ ১৫ মাঘ, ১৪১৫ / ২৮ জানুয়ারী, ২০০৯

প্রধান নির্বাহী
বাংলাদেশে কার্যরত সকল ব্যাংক কোম্পানী ।

প্রিয় মহোদয়

ব্যাংক কোম্পানীর ধারণকৃত ট্রেজারী বিল ও বন্ডের Marking to market ভিত্তিক পুনঃমূল্যায়ন প্রসংগে ।

উপর্যুক্ত বিষয়ে ২৬/০৫/২০০৮ তারিখে ইস্যুকৃত ডিওএস সার্কুলার লেটার নং-০৫ এর নির্দেশনার নিম্নোক্ত বিষয়গুলো স্পষ্টীকরণ করা হলো --

০১ । ব্যাংক কোম্পানী কর্তৃক HTM ও HFT অংশে ধারণকৃত সরকারী ট্রেজারী বন্ডের Coupon Interest যথারীতি accrual basis –এ আয় খাতে (Income a/c) স্থানান্তর করতে হবে ।

০২ । HFT অংশে ধারণকৃত **সরকারী ট্রেজারী বিলসমূহের** সাপ্তাহিক Amortization জনিত বৃদ্ধি/হ্রাস এবং Marking to market ভিত্তিক পুনঃমূল্যায়নজনিত লাভ/ক্ষতি যথারীতি সংশ্লিষ্ট সময়ের লাভ/ক্ষতি হিসাবে স্থানান্তর করতঃ শুধুমাত্র Marking to market ভিত্তিক পুনঃমূল্যায়নজনিত লাভ (Gain)-ই ডিওএস সার্কুলার লেটার নং-০৫/২০০৮ এর (৮) নং ক্রমিকে বর্ণিত নির্দেশনা অনুসারে Revaluation Reserve Account –এ স্থানান্তর করতে হবে । **HFT অংশে** ধারণকৃত **সরকারী ট্রেজারী বন্ডসমূহের** সাপ্তাহিক পুনঃমূল্যায়ন সংক্রান্ত ডিওএস সার্কুলার লেটার নং-০৫/২০০৮ এ বর্ণিত নির্দেশনা অপরিবর্তিত থাকবে । সার্কুলার লেটারের সংগে এ সংক্রান্ত একটি গাইডলাইন সংযুক্ত করা হয়েছে ।

০৩ । HFT সিকিউরিটিজসমূহের সাপ্তাহিক চলতি বাজার দরে (Current Market Price/Yield) পুনঃমূল্যায়নজনিত তথ্যাদি **সংশোধিত ছকসমূহে (DB-5rv)** নির্দেশিত সময়ের মধ্যে ডিপার্টমেন্ট অব অফ-সাইট সুপারভিশনে দাখিল করতে হবে । এতদ্সংক্রান্ত পূর্বের DB-5rv বিবরণীটি বাতিল হিসাবে গণ্য হবে ।

০৪ । HTM অংশে ধারণকৃত সকল সিকিউরিটিজের ক্ষেত্রে ডিওএস সার্কুলার লেটার নং-০৫/২০০৮ এর (২) নং ক্রমিকে বর্ণিত নির্দেশনা অপরিবর্তিত থাকবে ।

এ নির্দেশনা অবিলম্বে কার্যকর হবে । অনুগ্রহপূর্বক প্রাপ্তি স্বীকার করবেন ।

সংযুক্তি ঃ বর্ণনা মোতাবেক (বাংলাদেশ ব্যাংকের ওয়েবসাইট-এ বিস্তারিত প্রদান করা হয়েছে) ।

আপনাদের বিশ্বস্ত

স্বাঃ/-

(সুলতান আহাম্মদ)
মহাব্যবস্থাপক (ভারপ্রাপ্ত)
ফোন ঃ ৭১১২৯৩৪

ILLUSTARTION ON AMORTIZATION,REVALUATION & ACCOUNTING FOR TREASURY SECURITIES

EXAMPLE: 1 Bank A purchases a 01 Year Treasury bill from primary auction on 15/06/2008 with Yield to Maturity (YTM) 8.4834%. Bank A may classify the bill in (a) HTM category or b) HFT category. The revaluation/amortization and accounting treatment of the T-bill in the books of Bank A is as illustrated below:-

FV = 100,000,000 Date of Issue = 15/06/2008

Cost Price = 92,180,000 Date of Maturity = 14/06/2009

YTM = 8.4834%

Accounting Entries:

T. bill	Dr.	92,180,000	
Cash	Cr.		92,180,000

(a) HTM category:

Amortization at the end of 2008(31/12/2008)

Holding Period = 31/12/2008-15/06/2008 = 199 days

Amortized Cost (AC_1) = Cost price + Cost price*YTM*(Holding period/364)

=92,180,000+92,180,000X8.4834%X199/364

= 96,455,219

Increased/Decrease in Amortized cost = 96,455,219-92,180,000

= 4,275,219

Accounting Entries:

T. bill	Dr.	4,275,219	
Equity (Increase in HTM securities)	Cr.		4,275,219

On maturity or disposal the amount taken into equity shall be reversed and taken into income.

b) HFT category:

1st Revaluation Date: 22/06/2008

Holding Period = 22/06/2008-15/06/2008 = 7 days

Applicable Market Yield = 8.4608%

Market Value (MV_1) =92,337,756

Amortized Cost (AC_1) = Cost price + Cost price*YTM*(Holding period/364)

=92,330,385 (using YTM=8.4834%)

Increase/Decrease in Amortized Cost = AC_1-Cost Price

= 92,330,385-92,180,000 = 150,385

MTM G/L = MV_1-AC_1

= 92,337,756-92,330,385

= 7,371

Accounting Entries:

For Amortization:

T. bill	Dr.	150,385	
Income a/c	Cr.		150,385

For MTM:

T. bill	Dr.	7,371	
P/L (MTM Revaluation Gain) a/c	Cr.		7,371

As there is a gain on MTM, it should be taken into MTM RRA (MTM Revaluation Reserve Account).

P/L (MTM Revaluation Gain) a/c	Dr.	7,371	
RRA (Revaluation Reserve) a/c	Cr.		7,371

So, the new book value after amortization and MTM is = Amortized Cost+ MTM gain

=92,330,385+7,371

=**92,337,756** (which is the market value of the T-bill.)

2nd Revaluation Date: 29/06/2008

Holding Period = 29/06/2008-15/06/2008 = 14 days

Applicable Market Yield = 8.4415%

Market Value (MV_2) =92,492,509

Amortized Cost (AC_2) = Cost price + Cost price*YTM*(Holding period/364)

=92,480,769 (using YTM=8.4834%)

Increase/Decrease in Amortized Cost = AC_2-AC_1

= 92,481,015-92,330,385 = 150,385

MTM G/L = MV_2-AC_2

= 92,492,509-92,481,015 = 11,740

Accounting Entries:

For Amortization:

T. bill	Dr.	150,385	
Income a/c	Cr.		150,385

For MTM

T. bill	Dr.	11,740	
P/L (MTM Revaluation Gain) a/c	Cr.		11,740
P/L (MTM Revaluation Gain) a/c	Dr.	11,740	
RRA (Revaluation Reserve) a/c	Cr.		11,740

So, the new Book Value of the T-bill is = Amortized Cost (AC_2) + MTM gain

= 92,480,769+11,740

= **92,492,509** (which is the Market Value (MV2) of the T-bill.)

3rd Revaluation Date: 06/07/2008

Holding Period = 06/07/2008-15/06/2008 = 21 days

Applicable Market Yield = 8.45%

Market Value (MV_3) =92,624,754

Amortized Cost (AC_3) = 92,631,154

Increase/Decrease in Amortized Cost = AC_3-AC_2

= 92,631,154-92,480,769

= 150,385

MTM G/L = MV_3-AC_3

= 92,624,754-92,631,154

= **(**6,400**)**

Accounting Entries:

For Amortization:

T. bill	Dr.	150,385	
Income a/c	Cr.		150,385

For MTM: (as there is a Loss on MTM revaluation)

P/L (MTM Revaluation Loss)a/c	Dr.	6,400	
T. bill	Cr.		6,400

As there is a loss on MTM, the value of the bill is reduced to that extent and accordingly P/L A/C is debited.

So, the new Book Value of the T-bill is = Amortized Cost (AC_3)- MTM Loss

= 92,631,154-6,400

= **92,624,754** (which is the Market Value (MV3) of the T-bill.)

4^{th} **Revaluation Date**: 13/07/2008

Holding Period = 13/07/2008-15/06/2008 = 28 days

Applicable Market Yield = 8.4315%

Amortized Cost (AC_4) = 92,781,538

Market Value (MV_4) =92,779,045

Increase/decrease in Amortized Cost = AC_4-AC_3

= 92,781,538-92,631,154= 150,385

MTM G/L = MV_4-AC_4

= 92,779,045-92,781,538= **(**2,493)

Accounting Entries:

For Amortization:

T. bill	Dr.	150,385	
Income a/c	Cr.		150,385

For MTM:

P/L (MTM Revaluation Loss) a/c	Dr.	2,493	
T. bill	Cr.		2,493

So, the new Book Value of the T-bill is = Amortized Cost (AC_4) - MTM Loss

= 92,781,538-2,493

= **92,779,045** (which is the Market Value (MV4) of the T-bill.)

On maturity or disposal of the T.bill, the relative amount taken into RRA shall be debited and accordingly adjusted.

EXAMPLE: 2 Bank A purchases a 05 Years Treasury bond from Bank B on 25/05/2008 with remaining maturity of 4.61 years. Total amount paid by Bank A was Tk. 104,602,559 including Tk. 4,210,959 as holding period interest and Tk.100,000 as commission. Applicable YTM is 10.5122% and coupon is 10.6%. Coupon payment is semiannual. Bank A may classify the bond in (a) HTM category or b) HFT category. The accounting treatment of the Bond in the books of A is as illustrated below:-

FV = 100,000,000

Date of Issue = 01/01/2008

Date of Maturity = 01/01/2013

Accrued coupon interest up to 25/05/2008 = 4,210,959

Commission = 100,000

Total amount paid by Bank A = 104,602,559

Cost Price = 104,602,559-4,210,959 -100,000

=100,291,600

Accounting Treatment: Initial Stage

Expenditure a/c	Dr.	4,210,959	
Cash a/c	Cr.		4,210,959

Commission a/c	Dr.	100,000	
Cash a/c	Cr.		1,000,000

T.bond a/c	Dr.	100,291,600	
Cash a/c	Cr.		100,291,600

(a) HTM Category:-

Amortization at the end of the year (31/12/2008): Holding period= 31/12/2008-25/5/2008=0.603 year

Amortized cost = Cost price + Cast price * YTM*Holding period – FV*Coupon rate* Holding period

=100,291,600+100,291,600X10.5122%X0.603-100,000,000X10.6%X0.603

= 100,257,141

Increase/Decrease in Amortization = 100,257,141-100,291,600

= **(**34,459**)**

Accounting Entries:

P/L a/c	Dr.	34,459	
T.bond	Cr.		34,459

So, the book value of T.bond on 01/01/2009 is = 100,257,141.

Amortization at the end of year 2009(31/12/2009): Holding period= 1 year

Amortized cost = 100,257,141+100,257,141x10.5122%-100,000,000X10.6%

= 100,196,372

Increase/Decrease in amortization = 100,196,372-100,257,141

= **(**60,769**)**

Accounting Entries:

P/L a/c	Dr.	60,769	
T.bond	Cr.		60,769

So, the new book value of T.Bond on 01/01/2010 = 100,196,372

Interest on coupon shall be taken to income on accrual basis.

(b) HFT Category:

Subsequent measurement:

Revaluation date: 01/06/2008

Applicable market yield = 10.5079%

Market Value (MV1) = 100,309,200

Gain on Revaluation = MV_1-Book Value

= 100,309,200-100,291,600 = 17,600

Accounting Entries:

T.bond	Dr.	17,600	
P/L(MTM Revaluation Gain) a/c	Cr.		17,600
P/L (MTM Revaluation Gain) a/c	Dr.	17,600	
RRA(Revaluation Reserve) a/c	Cr.		17,600

So, the new book value of the T.bond is = 100,309,200

Revaluation date : 08/06/2008

Applicable market yield = 10.5145%

Market Value (MV_2) = 100,288,418

Loss on Revaluation = MV_2-MV_1

= 100,288,418-100,309,200

= **(**20,782**)**

Accounting Entries:

P/L a/c	Dr.	20,782	
T.bond	Cr.		20,782

So, the new book value of the T.bond is = 100,288,418

On maturity or disposal of the T.Bond, the relative amount taken into RRA shall be debited and accordingly adjusted.

EXAMPLE: 3 Bank A purchases a 364 days Treasury Bill on 16/08/2008 from Bank B at a price 93,643,111 including Tk.100,000 as commission with remaining maturity 301 days. Bank A may classify this T.Bill as (a) HTM category or (b) HFT category. The initial and subsequent measurement of the T.BILL in the books of Bank A is illustrated below:-

Nature of the Bill : 364 days T.bill

Date of Issue : 14/06/2008

Date of Maturity : 13/06/2009

Date of purchase by Bank A : 16/08/2008

Purchase Price : 93,643,111

Commission : 100,000

Cost Price (OV) : 93,643,111-100,000 = 93,543,111

Yield : 8.3473%

Initial Accounting Entries:

T. bill	Dr.	93,543,111	
Cash a/c	Cr.		93,543,111

Commission a/c	Dr.	100,000	
Cash a/c	Cr.		100,000

(a) HTM Category:

Amortization at the end of the year, 2008 (31/12/2008):

Holding Period = 31/12/2008-16/08/2008 = 137 days

Amortized Cost (AC_1) = 93,543,111+93,543,111X8.3473%X137/364

= 96,481,958

Increase/Decrease in Amortization = 96,481,958-93,543,111

= 2,938,847

Accounting Entries:

T. bill	Dr.	2,938,847	
Equity (Increase in HTM securities)a/c	Cr.		2,938,847

So, the new Book Value of the T.bill on 01/01/2009 = 96,481,958

On maturity or disposal the relative amount taken into equity shall be reversed and taken in Income A/C.

(b) HFT Category:

1st Revaluation Date: 23/08/2008 Holding Period = 23/08/2008-16/08/2008

=07 days

Market Yield = 8.3292%

Market Value (MV_1) = 93,696,603

Amortized cost (AC_1) = Cost Price+ Cost Price X (YTM at the time of acquisition) X (Holding period/364)

= 93,543,111 + 93,543,111 X 8.3473% X (7/364)

= 93,693,271

Increase/Decrease in Amortized cost = 93,693,271-93,543,111

= 150,160

MTM G/L = MV_1-AC_1

= 93,696,603-93,693,271

= 3,332

Accounting Entries:

For Amortization:

T. bill	Dr.	150,160	
Income a/c	Cr.		150,160

For MTM

T. bill	Dr.	3,332	
P/L(MTM Revaluation Gain) a/c	Cr.		3,332

So, the new Book Value of the T.bill is = Amortized cost (AC_1) +MTM gain

= 93,693,271+3,332

= 93,696,603 (which is the Market Value of the T.bill.)

The MTM gain shall be transferred to RRA (Revaluation Reserve Account) as follows-

P/L (MTM Revaluation Gain) a/c	Dr.	3,332	
RRA (Revaluation Reserve) a/c	Cr.		3,332

6th Revaluation Date: 27/09/2008

Holding Period = 27/09/2008-23/08/2008= 42 days

Market Yield = 8.2673%

Market Value (MV_6) = 94,444,307

Amortized Cost (AC_6) = Cost price + Cost price X 8.3473%X 42/364

= 94,444,071

AC_5 = Amortized Cost of 5th revaluation on 20/09/2008 = 94,293,911

Increase/Decrease in Amortized cost = 94,444,071- 94,293,911

= 150,160

MTM G/L = MV_6-AC_6

= 94,444,307-94,444,071

= **236**

Accounting Entries:

For Amortization:

T. bill	Dr.	150,160	
Income a/c	Cr.		150,160

For MTM

T.bill	Dr.	236	
P/L(MTM Revaluation Gain) a/c	Cr.		236

The MTM gain shall be transferred to RRA (Revaluation Reserve Account) as follows-

P/L (MTM Revaluation Gain) a/c	Dr.	3,332	
RRA (Revaluation Reserve) a/c	Cr.		3,332

So, the new Book Value of the T.bill is = Amortized Cost(AV_6)+ MTM gain

= 94,444,071+236

= 94,444,307 (which is the market value of the T.bill)

On maturity or disposal the relative total amount of gain taken into RRA shall be reversed and adjusted accordingly.

EXAMPLE: 4 Bank A purchase a 10 years discount Treasury bond on 25/07/2008 from Bank B with remaining maturity 6.24 years. Bank A may classify the Bond (a) HTM Category or (b) HFT Category. The accounting treatment of the Bond in the Books of A is as illustrated below:-

Nature of the Bond : 10 years Treasury bond

Face Value : 100,000,000

Date of Issue : 20/10/2004

Date of Maturity : 20/10/2014

Date of purchase by Bank A : 25/07/2008

Purchase Price : 89,402,610

Cost Price : 89,402,610

Coupon : 8.5%

Yield : 10.8780%

(a) HTM Category

Amortization at the end of 2008(31/12/2008)

Holding Period in years = 31/12/2008-25/07/2008 = 0.44 years.

Amortized Cost(AC) = 89,402,610+89,402,610X10.8780%X0.44-100,000,000X8.5%X0.44

= 89,941,705

Increase/Decrease in Amortized Cost = 89,941,705-89,402,610

= 539,095

Accounting Entries:

T. bond	Dr.	539,095	
Equity (Increase in HTM securities)	Cr.		539,095

So, the new book value of the T.bond is = 89,941,705

Amortization at the end of 2009(31/12/2009)

Holding Period in years = 31/12/2009-31/12/2008 =1 year.

Amortized Cost = 89,941,705+89,941,705X10.8780%-100,000,000X8.5%

= 91,225,564

Increase in Amortized Cost = 91,225,564-89,941,705

=1,283,859

Accounting Entries:

T. bond	Dr.	1,283,859	
Equity (Increase in HTM securities)	Cr.		1,283,859

So, the new Book Value of the T.bond is = 91,225,564

On maturity or disposal the related entire amount taken to equity against the T.bond shall be taken into income and thereby duly adjusted.

(b) HFT Category:

1st Revaluation Date: 01/08/2008

Market Yield = 10.8737%

Market Value = 89,443,709

MTM g/L = 89,443,709-89,402,610

= 41,099

Accounting Entries:

T.bond	Dr.	41,099	
P/L (MTM Revaluation) a/c	Cr.		41,099

So, the new Book Value of the Bond is = 89,443,709

2nd Revaluation Date: 08/08/2008

Market Yield = 10.8694%

Market Value = 89,485,120

MTM g/L = 89,485,120-89,443,709

= 41,411

Accounting Entries:

T.bond	Dr.	41,411	
P/L (MTM Revaluation) a/c	Cr.		41,411

So, the new Book Value of the Bond is = 89,485,120

Coupon interest shall be taken into income on accrual basis. On maturity or disposal of the Bond the relative amount of gain taken into RRA shall be reversed and adjusted accordingly.

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Statement (DB-5rv) Regarding Amortization & Revaluation of HFT Securities (Treasury Bills)

(To be submitted monthly along with Statement DB-5)

(Please use separate sheet for each week revaluation)

Name of the Bank :

Date of revaluation	Serial No. of the Security	Date of Issue	Date of Maturity	Face value	Offer value /Cost Price	Yield at the time of acquisation /YTM (%)	Amortized Cost		Market Yield (%)	Market Value	MTM G/LTo be Booked in P/L
							Previous	Present			
a	b	c	d	e	f	g	h	i	j	k	l=k-i

Authorized Officer:

Signature:
Name:
Designation:
Phone:

Signature:
Name:
Designation:
Phone:

Statement (DB-5rv) Regarding Revaluation of HFT Securities (Treasury Bonds)

(To be submitted monthly along with Statement DB-5)

(Please use separate sheet for each week revaluation)

Name of the Bank :

(Fig. In TK.)

Date of revaluation	Serial No. of the Security	Date of Issue	Date of Maturity	Face value	Offer value /Cost Price	Market Yield in %		Market Value		Amount To be Booked in P/L
						Previous	Present	Previous week	Present week	
a	b	c	d	e	f	g	h	i	j	k=j-i

Authorized Officer:

Signature:
Name:
Designation:
Phone:

Signature:
Name:
Designation:
Phone: