

Financial Markets

6.1 A healthy, transparent and dynamically evolving financial system helps mobilize savings and allocate resources, ensures safe and efficient payment and settlement arrangements and eases financial crisis management. The FY09 was one of the most difficult years in the history of international financial markets. The economic crisis triggered by the bankruptcy of the financial icons of the Wall Street of the U.S financial capital, rapidly exerted substantial adverse impact on the global economy. Because of its limited openness and linkages to world financial market, the financial sector of Bangladesh in general exhibited resilience to the crises up to the first half of FY09. However, with the transformation of the crises into global recession, Bangladesh economy started to feel the hit of continuous downturn of the major economies from beginning of the second half of FY09 in the form of slowdown in export-import growth adversely affecting economic activity of the country. In such a situation, the extra-cautiousness of the entrepreneurs in risk management led to downturn in private sector credit demand. Coupled with this, the robust growth of remittances blessed the country's money market with ample liquidity that continued up to the end of FY09. Bangladesh Bank remained cautious about the development of the country's financial market and used its policy tools as and when needed to maintain stability and soundness of the market. As a result the overall money market situation was stable compared to regional neighbours during FY09.

Table 6.1 Volume of trade and weighted average interest rates in call money market

Periods	Volume of trade (Billion Taka)	Weighted average interest rates (%)	Volume of trade (Billion Taka)	Weighted average interest rates (%)
	FY08		FY09	
Jul	404.5	7.0	565.3	8.0
Aug	436.5	6.9	384.4	9.7
Sep	399.8	6.9	472.6	9.7
Oct	458.1	7.1	523.3	7.7
Nov	508.9	7.1	536.1	7.6
Dec	365.9	9.3	360.2	10.3
Jan	377.4	9.6	478.3	9.8
Feb	360.6	9.0	566.5	9.2
Mar	402.8	12.9	658.1	8.3
Apr	326.0	14.8	543.2	2.0
May	370.1	13.5	568.2	3.2
Jun	569.3	9.7	545.5	1.7
Average	415.0	9.3	516.8	7.3

Source : Forex Reserve & Treasury Management Department, Bangladesh Bank

Money Market

Call Money Market FY09

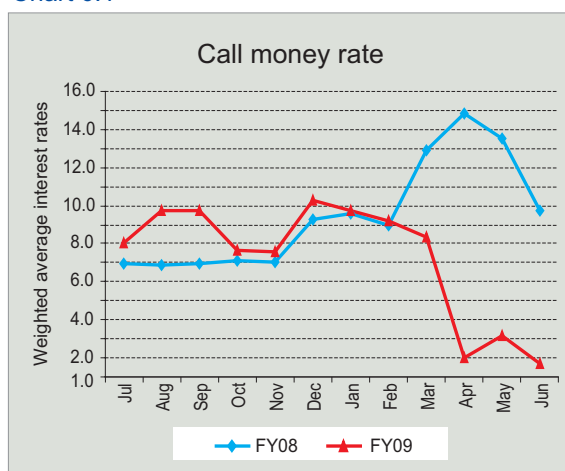
6.2 Throughout the year, the country's call money market remained mostly stable due to the holdings of sufficient excess reserve by the banks. In few occasions a temporary pressure occurred in the market. However, quick response of BB in the form of providing repo facility to the banks and special liquidity support to the primary dealers against the holding of T-bills and bonds helped in fine tuning the market liquidity situation. As a result, the weighted average interest rate in the call money market generally moved within the single digit level

during FY09 except, temporarily on few occasions. Thus the weighted average interest rates in the call money market moved within range of 1.7 percent to 10.3 percent during FY09 (Table 6.1 and Chart 6.1) as compared with 6.9 percent to 14.8 percent during FY08. The average volume of trade in the call money market also increased during FY09 despite decline in weighted average rate of interest reflecting efficiency in the market activities. The increase in the volume of transaction became more pronounced in the second half of the FY09. On the other hand, the weighted average interest rate amidst some fluctuations became lowest at the end of the FY09.

Repo Auctions - FY09

6.3 In pursuance of the policy of providing adequate liquidity to the deserving bank, Bangladesh Bank on regular basis arranged repo auction to supply liquidity to the eligible parties against the collateral of T-bills and

Chart 6.1



bonds. In addition for maintaining an active call money market, repo auction of Bangladesh Bank contributed to the orderly movement of short term market rates. It may be mentioned that as part of supportive monetary policy stance, Bangladesh Bank kept this window open for the banks to maintain the market liquidity at desired level.

Table 6.2 Repo auctions-FY09

Total No. of auctions held during the year	Tenor	Bids received		Bids accepted		Interest rates of the accepted bids (%)
		No. of bids	Face value (billion Taka)	No. of bids	Face value (billion Taka)	
118	1-Day/2-Day	434	1548.5	433	1332.7	8.5-8.8
	3-Day/10-Day	248	672.3	227	601.9	8.5-8.8
	Total	682	2220.8	660	1934.6	8.5-8.8*

Source : Monetary Policy Department, Bangladesh Bank.

* Overall interest rates of different tenors.

6.4 A total of 118 repo auctions were held during FY09. In all, 682 bids for Taka 2220.8 billion were received, of which 660 bids for a total of Taka 1934.6 billion were accepted. During FY08, 376 bids for only Taka 214.9 billion were received, of which 313 bids amounting to Taka 182.4 billion were accepted. The interest rate against the accepted bids was

8.5-8.8 percent per annum in FY09 (Table 6.2) as against 8.5 percent per annum in the previous year.

Reverse Repo Auctions - FY09

6.5 Bangladesh Bank used the reverse repo auctions to maintain intended level of liquidity

Table 6.3 Reverse repo auctions-FY09

Total No. of auctions held during the year	Tenor	Bids received		Bids accepted		Interest rates of the accepted bids (%)
		No. of bids	Face value (billion Taka)	No. of bids	Face value (billion Taka)	
159	1-Day/2-Day	483	615.8	351	379.8	6.5-6.8
	3-Day/7-Day	190	271.4	145	173.4	6.5-6.8
	Total	673	887.2	496	553.2	6.5-6.8*

Source : Monetary Policy Department, Bangladesh Bank.
* Overall range of the rates of different tenors.

in the market and to keep up monetary aggregates on track. A total of 159 reverse repo auctions were held in FY09. In all, 673 bids of 1-2 day and 3-7 day tenors for a total of Taka 887.2 billion were received, of which 496 bids amounting to Taka 553.2 billion were accepted. During FY08, bids for Taka 1358.5 billion were received, of which Taka 1290.5 billion were accepted. Lower volumes were seen in the reverse repo market during FY09. The interest rate against the accepted bids was 6.5-6.8 percent per annum during FY09 (Table 6.3).

Government Securities Market

Government Treasury bills auctions

6.6 T-bills and T-bonds of short-term and long term maturities were issued by Bangladesh Bank on behalf of the Government of Bangladesh. In the auction procedure, the securities are issued through a treasury style French auction whereby the allotments are awarded to the bids which fulfil the notified issue amount starting from the lowest yield. Pro-rata partial allotments are also made for bids at the cut-off-yield. 9 primary dealers (PD) are act as underwriters and market makers with commitments to bid in auctions.

6.7 Bangladesh Bank introduced 28-day Government Treasury Bill and 30-day

Bangladesh Bank Bill as the monetary policy instruments following the decision that Government treasury bills/bonds auction will exclusively be used for Government debt management. However, the central bank discontinued the 28-day T-bills from its regular auction to avoid its overlapping with 30-day Bangladesh Bank Bill from 1 July 2008 in the line with the Fiscal and Monetary Policy Co-ordination Council's recommendations. Besides, 91-day Bangladesh Bank Bill was also discontinued from 8 January 2008. So, 91-day, 182-day and 364-day treasury bills continued to be the main instruments for monetary policy management during the year under report. The objectives for issuing these securities are two-fold. First, use these as a tool to mobilize fund for financing Government deficit at lower cost and second, use these as a mopping up instrument of excess liquidity prevailing in the market.

6.8 Auction results of 91-day, 182-day and 364-day's tenor bills during FY09 are summarised at Table 6.4. Auctions were mostly over-subscribed with bids. The cut-off-rate vis-a-vis weighted average rate of most of the T-bills decreased significantly in the last quarter of the FY09.

6.9 A total of 1395 bids amounting to Taka 436.6 billion were received, of which 410 bids

Box 6.1

The Rationale and Extent of BB's Participation in the Primary and Secondary Markets in Treasury Bills and Bonds

Bangladesh Bank role as banker and debt manager of the government are based on article 20 of Bangladesh Bank Order 1972, Agreement between Ministry of Finance (MOF) and Bangladesh Bank (BB) on 10 September 1985 and article 3 of Treasury rule appendix 1.

Both bill and bond market in Bangladesh are still in developing stage. The market response to primary market is not enough while the existence of secondary market is very insignificant. In these circumstances, Bangladesh Bank can play an effective role to influence the reserve position of the banks through these operation which will make the banks more efficient in their fund management. This will also reduce the dependency of the banks to refinance window of the Bangladesh Bank while at the same time Bangladesh Bank will also be able to regulate the monetary and credit situation of the country. In these consideration Bangladesh Bank participate in primary and secondary markets in treasury bills and bonds

Key features of the market are as follows:

Primary Market

Primary market of government bills and bonds are tendered through regular auction. This market among others comprises 9 Authorized Primary Dealers. Dealers and others participate in the auction competitive basis allowing discount price and yield based on face value (par value). BB participates in this market for maintaining desired yield curve on residual amount not accepting by the market participants. Allowing market first BB assumes position for macroeconomic stability of the country.

Secondary Market

BB holding can be increased using buy and sell mechanism on the base amount comparing 2-3% holding of securities of the total assets of central banks in this region. BB is working closely with other money market participants for pricing of the bonds and developing trading mechanism. To facilitate secondary market BB broadly considers reserve money growth, liquidity position and economic cycle.

Introduction of debt buy backs, an important new tool for treasury's management of public debt. Debt buy backs have several advantages for debt management. They enhance the liquidity of treasury benchmark securities which promote overall market liquidity and help to reduce the government's interest cost over time and help to prevent a potentially costly an unjustified increase in the average maturity of debt by paying off debt that has substantial maturity.

Bangladesh Banks debt management strategy largely focuses on:

- Ensuring funds to meet the government budgetary operations accommodating short term and long term objectives.
- Risk maintenance of debt securities balancing bills and bonds rates in portfolio selection of the government treasury.
- Framing long term fund base with respect to fixed and floating rates bearing in mind cost minimization and liquidity.
- Easing market rigidity fostering technological and manufacturing industry capital base as development concern of the country.
- While deriving yield curve BB also considers concavity and convexity of time path arises from interest rate risk.

amounting to Taka 242.7 billion (including Taka 110.4 billion as devolved amount) were accepted. In the previous year, a total of 2681 bids amounting to Taka 646.9 billion were received, of which 972 bids amounting to Taka 438.7 billion (including Taka 213.8 billion as devolved amount) were accepted.

6.10 Depending on the liquidity conditions in the money market, the weighted average yields of T-bills of different maturities varied within wide ranges. The yields for various tenors as of end June 2009 depicted somewhat very lower range (3.02-8.60 percent) than the yields as of end June 2008 (7.28-8.48 percent) Table 6.4.

Table 6.4 Auctions of government treasury bills - FY09

Tenor of bills	Bids offered		Bids accepted		Outstanding bills as of end June 2009	Yield range* (%)	
	No. of bids	Face value (billion Taka)	No. of bids	Face value (billion Taka)		FY08	FY09
91-Day	698	261.6	200	82.2	41.3	7.61-7.74	3.02-7.93
182-Day	323	76.8	105	23.8	26.3	7.89-7.97	4.24-8.16
364-Day	374	98.2	105	26.3	64.2	8.42-8.48	5.96-8.60
2-Year	-	-	-	-	-	-	-
5-Year	-	-	-	-	-	-	-
Devolvement to BB/PD				110.4			
Total	1395	436.6	410	242.7	131.8	7.28-8.48	3.02-8.60

Source : Monetary Policy Department, Bangladesh Bank.

* Range of the weighted average annual yield of the accepted bids.

Bangladesh Government Treasury Bonds (BGTBs) Auctions

6.11 Bangladesh Government Treasury Bonds, bearing half yearly interest coupons, with tenors of 5-year, 10-year, 15-year and 20-year are auctioned in every month. 48 auctions of these instruments were held in FY09. A total of 793 bids of Taka 239.9 billion were received, of which 270 bids of Taka 124.7 billion were accepted and Taka 56.0 billion was devolved on BB/PD. The amount of outstanding bonds stood

at Taka 314.8 billion at the end of June 2009 against Taka 192.7 billion at the end of June 2008. The volume of outstanding in 2009 was 63.4 percent higher than that of 2008 (Table 6.5). The coupon rate for the Treasury Bonds ranged from 9.20 percent to 13.07 percent. It was found that the coupon rate on all tenors of T-bonds decreased sharply during the last period as was expected. The movement of the weighted average yield-to-maturity of all the T-bonds during FY09 depicted in Chart 6.2.

Table 6.5 Auctions of Bangladesh government treasury bonds – FY09

Total No. of auctions held during the year	Tenor of bonds	Bids offered		Bids accepted		Outstanding bills as of end June 2009	Yield range* (%)
		No. of bids	Face value (billion Taka)	No. of bids	Face value (billion Taka)		
48	5-Year	259	84.6	101	26.1	121.9	9.20-10.63
	Devolvement to BB/PD				19.9		
	10-Year	229	75.0	72	20.7	142.3	10.05-11.72
	Devolvement to BB/PD				25.3		
	15-Year	142	37.0	45	10.0	29.3	10.09-12.14
	Devolvement to BB/PD				7.3		
	20-Year	163	43.3	52	11.9	21.3	10.07-13.07
Devolvement to BB/PD				3.5			
	Total	793	239.9	270	124.7	314.8	9.20-13.07@

Source : Monetary Policy Department, Bangladesh Bank.

* Range of the weighted average annual yield of the accepted bids. @ Overall range of treasury bonds of different terms.

6.12 In FY08, a total of 1147 bids of Taka 269.3 billion were received, of which 305 bids of Taka 104.0 billion (including Taka 42.7 billion as devolved amount) were accepted. The overall weighted average yield-to-maturity ranged from 10.60 percent to 15.95 percent in the previous year.

Bangladesh Government Islamic Investment Bond (Islamic Bond)

6.13 The operation of 6-Month, 1-Year and 2-Year Bangladesh Government Islamic Investment Bond (Islamic Bond), introduced in FY05, continued in FY09. This Government Bond is operated in accordance with the rules of Islamic Shariah. As per the rules, Bangladeshi institutions and individuals and non-resident Bangladeshis, who agree to share profit or loss in accordance with Islamic Shariah, may buy this bond. As on end June 2009 the total sale against this bond amounted to Taka 16.4 billion while balance of total amount of financing stood at Taka 12.1 billion and the net outstanding against the bond stood at Taka 4.3 billion. As of end June 2008 the total sale against this bond was Taka 15.6 billion against the balance of total financing of Taka 15.5 billion and the net outstanding of Taka 0.1 billion. The overall transactions of this bond are summarised in Table 6.6

Capital Market

Investment Financing in Bangladesh: Minor Role of Capital Market

6.14 The dominance of term loans in investment financing implies low equity stake and risk exposure of the owners, with disproportionately high incidence of risk on the lending banks and financial institutions, including liquidity risk arising from the funding of these long-term loans with typically shorter-term deposits.

Chart 6.2

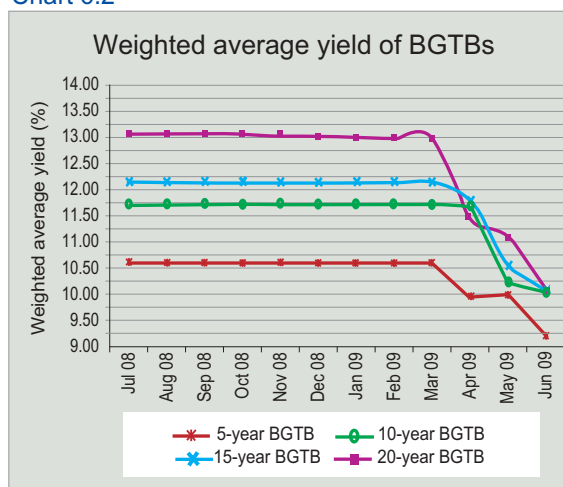


Table 6.6 Bangladesh Government Islamic Investment Bond

(billion Taka)

Particulars	FY07	FY08	FY09 ^P
i. Sale	14.8	15.6	16.4
ii. Financing	6.6	15.5	12.1
iii. Net outstanding	8.2	0.1	4.3

Source : Monetary Policy Department, Bangladesh Bank.

P= Provisional

Table 6.7 Disbursement & recovery of industrial term loans of banks and financial institutions

(billion Taka)

Particulars	FY07	FY08	FY09 ^P
i. Disbursement	123.9	201.5	199.7
ii. Recovery	90.7	136.2	163.0
iii. Outstanding (end June)	339.2	400.9	478.1

Source : Agricultural Credit and Special Programmes Department, Bangladesh Bank. P= Provisional.

6.15 The amount of industrial term loans disbursed by banks and financial institutions stood at Taka 199.7 billion, many-fold higher than the amount of Taka 5.9 billion raised by new capital issues through private placements and public offerings in the capital market in FY09. This indicates the overwhelming preference of bank finance in industrial investment financing. The Taka 478.1 billion

outstanding balance of industrial term loans of banks and financial institutions as of end June 2009 was lower than the Taka 1241.3 billion market capitalisation of the securities listed in the Dhaka Stock Exchange (Tables 6.7 and 6.8). However, market capitalisation of the industries (manufacturing, services and miscellaneous) amounting to Taka 515.2 billion was higher than the outstanding level of industrial term loan financing by the banks and financial institutions.

6.16 The capital market plays a significant role in the economy as a source of long term financing. Despite the global financial crisis, Bangladesh capital market has not been affected more and has registered expected level of growth overcoming all the barriers. The stock prices in Bangladesh capital market did not display excessive volatility during the turmoil in global markets. Market capitalisation and share price index had changed significantly in recent years due to various market related initiatives of the Securities and Exchange Commission (SEC). Government is also off loading state-owned companies' shares. As a result, confidence on capital market of local and foreign investors has increased. The Commission ensures the proper compliance of capital market related laws, rules and regulations by the issuer companies, stock exchanges and by various intermediary institutions and persons related with capital market. Besides, the Commission has strengthened its surveillance on securities transactions and supervision on market intermediaries so that market operates in transparent manner. With stronger SEC supervision, standard system of auditing and financial disclosure, and credit rating of issuers by independent rating agencies would reawaken investor confidence to new issues of listed companies in the capital market.

Table 6.8 Dhaka Stock Exchange (DSE) activities

(billion Taka)

Particulars	End June		
	FY07	FY08	FY09
i. No. of listed securities*	325	378	443
ii. Issued equity and debt* (billion Taka)	164.3	284.4	457.9
iii. Equity through private placement & IPOs (billion Taka)	3.1	5.2	5.9
iv. Market capitalization (billion Taka)	491.7	931.0	1241.3
v. Turnover in value (billion Taka)	164.6	543.3	893.8
vi. Turnover in volume (no. in billion)	2.0	3.8	7.5
vii. All-share Price Index	1764.2	2588.0	2520.2

Source : Dhaka Stock Exchange

* = including companies, mutual funds, debentures and

Table 6.9 Chittagong Stock Exchange (CSE) activities

(billion Taka)

Particulars	End June		
	FY07	FY08	FY09
i. No. of listed securities*	219	231	246
ii. Issued equity and debt* (billion Taka)	81.0	102.2	260.7
iii. Market capitalization (billion Taka)	398.5	776.1	975.0
iv. Turnover in value (billion Taka)	34.2	80.2	125.2
v. Turnover in volume (no. in billion)	0.59	0.74	1.18
vi. All-share Price Index	5194.8	9050.6	10477.7

Source : Chittagong Stock Exchange

* = including companies, mutual funds and debentures.

Capital Market Activities in FY09

Primary Issuance

6.17 Seventeen companies raised new equity of Taka 5.9 billion in the capital market in FY09, higher than the Taka 5.2 billion raised by the eleven numbers of companies in FY08. Of the new equity issued, Taka 0.9 billion raised through private placements and Taka 5.0 billion (of which Taka 2.6 billion have been collected by the three companies from the capital market in direct listing opportunities) through public offerings in FY09 as against Taka 1.5 billion raised through private placements and Taka 3.7 billion through public offerings in FY08.

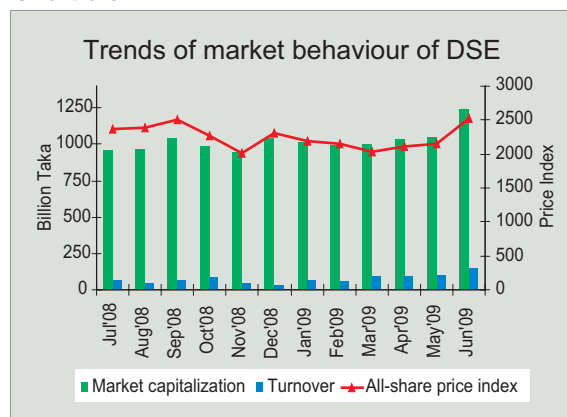
6.18 The volume of public offerings in FY09 was oversubscribed more than seven times indicating the high demand of new securities in the primary market. Bonus shares valued at Taka 16.2 billion were issued in FY09 by ninety-one companies against retained profits, higher than the Taka 9.2 billion issued in FY08 by seventy one companies.

Secondary Market Activities

6.19 In market capitalization excluding T-bonds, the financial sector dominated with 48.2 percent share, followed by manufacturing (27.2 percent), services and miscellaneous (24.3 percent) and corporate bonds (0.3 percent) at the end of June 2009. Market capitalisation inclusive of new issues increased remarkably by 33.3 percent to Taka 1241.3 billion or 20.2 percent of GDP at the end of June 2009 from Taka 931.0 billion at the end of June 2008 in Dhaka stock exchange, while in Chittagong stock exchange the same increased by 25.6 percent to Taka 975.0 billion or 15.9 percent of GDP in FY09 than that of FY08 (Table 6.8 and 6.9). In FY09, the amount of turnovers in the secondary market also increased by 64.5 percent and 56.1 percent respectively at Dhaka and Chittagong stock exchanges. In FY09, all-share price index in Dhaka stock exchange declined by 2.6 percent while in Chittagong exchange increased by 15.8 percent. However, a series of measures that have taken in the national budget of FY09 and the pre-budget discussion for FY10 about reduction of corporate tax, increasing of individual income tax-free limit facility, interest-cut, income tax rate rebate facility, investment of undeclared money through stock exchanges with 10% interest rate in capital market and other reforms that would take place in the non-bank financial institutions and the insurance sector, spurred the sharp rise in prices and trade volume in these sectors.

Besides, merchant banks and stock brokerage houses have expanded their branches in the district level and SEC permits to expand the margin of loan to the client. Thus, the depth of share market and daily turnover of securities transactions have notably increased. As a result, the securities market got momentum during the period under report when investors took part in the trading of securities in wide scale. Therefore, both the stock exchanges have performed reasonably well during the turmoil in global stock market. Day to day changes in price indices and market capitalization in FY09 were mainly reflected by local conditions with a momentous response during the year under report (Chart 6.3).

Chart 6.3



Non-resident Portfolio Investment

6.20 Gross investment inflow in shares and securities of the stock exchanges by non-residents through Non-resident Investor Taka Account (NITA) stood at Taka 3.8 billion and gross outflow as repatriation of sale proceeds of Taka 12.7 billion in FY09 as against the gross investment inflow of Taka 11.3 billion and repatriation of sale proceeds was Taka 7.3 billion in FY08. From the beginning (April 1992) to till June 2009 the gross investment inflow stood at Taka 34.4 billion against gross outflow as repatriation of sale proceeds of Taka 34.7 billion.

Box 6.2

Public Debt Management: The Role of Bangladesh Bank

Bangladesh Bank acts as the banker and debt manager to the Government of Bangladesh in terms of Article 20 of Bangladesh Bank Order, 1972 and the agreement made between the Government of the People's Republic of Bangladesh & Bangladesh Bank on 10 September 1985.

In order to meet deficit financing of the Government budget declared in each fiscal year, Government has to borrow money from domestic and external sources. Government usually issues Bonds, Treasury Bills and Savings Instruments etc. to collect fund from domestic sources. The domestic debt management strategy is determined by the Cash and debt Management Committee (CDMC) comprising higher officials of the Ministry of Finance and Bangladesh Bank. The committee meets on a quarterly basis and a market based strategy is adopted by considering market conditions, monetary developments, inflation, Government cash flow needs, the maturity profile and risks in the debt portfolio etc. The semi-annual and annual borrowing plans that are prepared based on the strategy are implemented by Bangladesh Bank. Bangladesh Bank on behalf of the Government issues and services public debt through a network of Primary Dealers appointed as dedicated entities for trading in Government securities and other schedule commercial banks and financial institutions. Bangladesh Bank also deals with the activities related to foreign debt with the instructions of Ministry of Finance.

In managing the public debt, the main objective of BB is to achieve the following targets:

- Securing of smooth cover of the Government's financing needs through a regular and continued access to the various segments of the domestic money markets.
- Minimization of the cost of the public debt, subject to the prevailing conditions in the domestic markets and acceptable interest rate risk levels.
- Achievement of a balanced and more extended maturity structure of the debt so as to avoid a heavy bunching of maturing debt which could potentially increase abruptly the fiscal burden and/or make the refinancing of the debt more difficult.
- Development of the bond market for the smooth transformation towards the market based debt management.

BB's primary responsibilities regarding the management of the public debt include:

- Operational and administrative matters pertaining to the issue of government securities
- Maintenance of government security holders' records (for specific types of securities)
- Payment of interest and redemption of securities
- Comparative evaluation of financing proposals
- Promoting a well functioning debt securities market through building up of a long term yield curve and benchmark securities, supply of adequate securities to the market and strengthening the institutional and legal framework
- Developing the technological infrastructure relating to the public debt management and maintaining and upgrading the same.

Activities of the ICB

6.21 The Government has undertaken a series of measures to accelerate the pace of industrialisation and develop a well organized and vibrant capital market particularly securities market in Bangladesh through the enactment of the Investment Corporation of Bangladesh (ICB). ICB caters to the need of institutional support to meet the equity gap of the industrial enterprises. The scope of ICB's capital market

development programme activities has been expanded through the formation and operation of the three subsidiaries of ICB namely the ICB Capital Management Ltd (ICML), the ICB Asset Management Company Ltd. (IAMCL) and the ICB Securities Trading Company Ltd. (ISTCL). In order to help mobilize savings, encourage and broaden the base of investment, the ICML plays important roles as underwriter of public issues of shares/debentures, portfolio manager, issue manager of investment account and

placement services provider. Up to end June 2009, the net investment made against the investors' accounts stood at Taka 5.0 billion while deposit received stood at Taka 3.6 billion. Besides, the investment made in securities of 108 companies against its own portfolio stood at Taka 0.5 billion and the market value of the company's portfolio was Taka 0.7 billion as on end June 2009. The ICML provided underwriting assistance to the issues of shares/debentures of Taka 2.4 billion to 68 companies and performed the responsibilities of Taka 27.8 billion as issue manager of 46 companies. The IAMCL emerged as one of the fast expanding asset management company of the country. Up to end June 2009, the company floated five closed-end and two open-end mutual funds and the net investment in the portfolios of the seven funds stood at Taka 3.0 billion and the market value of which stood at Taka 4.0 billion. Besides, an investment of Taka 0.5 billion has made from its own portfolio and the market value of which stood at Taka 0.6 billion as on end June 2009. The ISTCL emerged as the largest stockbroker in the country handling total turnover worth Taka 85.1 billion in FY09 which was 8.4 percent of total turnover of both DSE and CSE. The parent ICB itself sold unit certificates amounting Taka 0.3 billion against repurchased of unit certificates amounting Taka 0.2 billion in FY09. In FY09, the ICB received deposits of Taka 0.33 billion and approved loans of Taka 4.1 billion in investment accounts of investors. The volume of securities traded in FY09 by the ICB was Taka 54.3 billion against Taka 43.1 billion traded in FY08. Total commitments for investment made by the ICB in FY09 stood at Taka 5.5 billion of which, pre-IPO placement of share and debenture stood at Taka 0.6 billion and Taka 0.5 billion respectively, purchase of preference share Taka 0.7 billion, investment in equity Taka 0.2 billion, purchase of debentures Taka 2.0 billion and in lease financing Taka 1.5 billion. In FY08 the total amount of commitments was Taka 4.7 billion.

Scheduled Banks Investments in Capital Market Securities

6.22 Holdings of capital market assets (equities, debentures) by the scheduled banks stood at Taka 53.2 billion as of end June 2009 as against Taka 43.1 billion as of end June 2008. Outstanding advances of the scheduled banks against shares and securities amounted to Taka 18.9 billion as of end June 2009, which was Taka 6.3 billion as of end June 2008.

Measures Supporting Capital Market Development

6.23 The Securities and Exchange Commission (SEC) undertook several measures to strengthen capital market through build-up the confidence of the investors in capital market during FY09:

- Approved issuance of prospectus of Prime Finance First Mutual Fund worth Taka 20 crore and of Eastern Bank Ltd First Mutual Fund (Closed end) worth Taka 100 crore for public offering under Securities and Exchange Commission (Mutual Fund) Bidhimala, 2001.
- Approved Industrial Development Leasing Company (IDLC) Finance Ltd., Bangladesh General Insurance Co. Ltd., Eastern Bank Ltd., and ICB to act as trustee of proposed Secured Zero Coupon Bond by the Commission.
- Issuance of registration certificates by the Commission in favour of Sonali, Janata, Agrani, Southeast and Standard Bank Limited to perform the merchant banking activities under Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Bidhimala, 1996.
- Taken 132 enforcement actions by the Commission against the issuers and other market intermediaries who failed to comply with the securities related rules during FY09.
- Introduction of alternative Initial Public Offering (IPO) valuation method, the Book

Building Method in the capital market for the first time through a notification issued on 11 March 2009 to attract private companies with good track record and sound fundamentals to raise capital from the market.

- Strengthened surveillance systems have improved the governance scenario of Bangladesh capital market through starting a project named "Improvement of Capital Market Governance Program" funded by ADB and GoB.
- Established a securities training institute named "Bangladesh Institute of Capital Market" to educate the investors, intermediary institutions and to improve the corporate governance in the listed companies in association with other stakeholders.

6.24 The measures declared in the national budget of FY09 in support of capital market development included:

- Deduction of tax at source from the Non-Resident Bangladeshis (Income Tax Ordinance 1984, section 54 and section 56) will be at par with Resident Bangladeshis in order to remove the discrimination prevailed between NRB and Resident Bangladeshis in the past.
- Reduction of tax rate for companies listed on stock exchanges from 30 percent to 27.5 percent and for non-listed companies from 40 percent to 37.5 percent. Income tax rate for bank, insurance, financial institutions and mobile phone companies will remain unchanged at 45 percent. However, the rate shall be @35 percent if the mobile companies are listed on stock exchanges.
- Increased tax-free income limit for individuals from Taka 1,50,000 to Taka 165,000; and an extra facility has been extended from Taka 150,000 to Taka 180,000 for three

classes of individuals such as senior citizens aged over 70 years, physically disable person and ladies.

- Increased allowable investment limit for tax credit for individuals 20 percent to 25 percent of total income and the maximum investment limit from Taka 250,000 to Taka 500,000.
- Reduction of investment credit for individuals from 15 percent to 10 percent of allowable investment.
- No deduction of tax at source on interest received on deposit pension scheme.
- Fully exemption from payment of tax if any income derived from Zero Coupon Bond received by a person other than banks, insurance companies or any financial institutions.
- Decision has been taken to off-load Government shares of 21 state-owned enterprises (SOEs). Out of them, 9 from power sector, 10 from industrial sector and 2 from telecommunication sector.
- Steps have been taken by the government to introduce Book Building Method in the securities market to attract private companies having strong financial foundation.

Table 6.10 Advances of scheduled banks by economic purposes

Particulars	(billion Taka)		
	End June		
	FY07	FY08	FY09 ^P
1. Agriculture, forestry and fishing	109.0	122.3	137.5
2. Industry	301.1	368.6	451.3
3. Working capital financing	285.1	328.3	356.7
4. Construction	105.1	116.7	143.9
5. Transport & communication	28.7	39.5	35.8
6. Trade	486.2	640.5	740.5
7. Others	150.5	199.5	224.8
Grand Total	1465.7	1815.4	2090.5

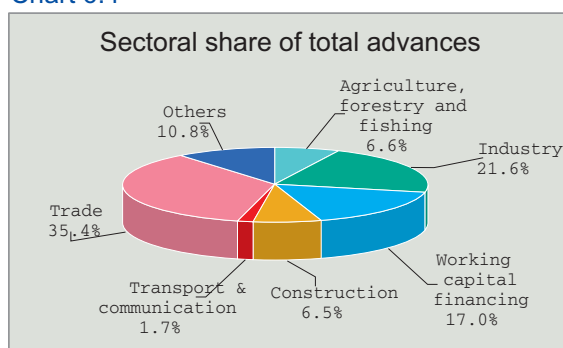
Source : Statistics Department, Bangladesh Bank.
P=Provisional.

Credit Market

Advances of Scheduled Banks by Economic Purposes

6.25 Total advances of the scheduled banks by economic purposes showed an upward trend during FY09 (Table 6.10). Total advances of scheduled banks by economic purposes stood at Taka 2090.5^P billion at the end of June 2009 which is 15.1 percent higher than the total advances of Taka 1815.5 billion at the end of June 2008. In recent years, significant changes have been taken place in the trends in total bank advances classified by economic purposes. Of the total advances, construction sector recorded the significant improvement by 23.3 percent, followed by industry sector 22.4 percent, trade sector 15.6 percent, agriculture, forestry and fishing sector 12.4 percent, working capital financing 8.7 percent and other sectors 12.7 percent in FY09 as compared to FY08. On the other hand, transport and communication sector declined by 9.4 percent in FY09 as compared to FY08. Sector-wise contribution of total advances shows that the trade sector plays the main role (35.4 percent) and industry sector plays the second fiddle (21.6 percent), followed by advances for working capital financing (17.1 percent), agriculture, fishing and forestry (6.6 percent),

Chart 6.4



construction (6.5 percent), transport and communication sector (1.7 percent) and other sectors (10.8 percent) in FY09. Sector-wise contribution of total advances is reported in Chart 6.4.

Industrial Term Loans of Banks and Financial Institutions

6.26 Disbursement of industrial term loans by banks and financial institutions declined by 0.9 percent to Taka 199.8 billion while recoveries increased by 19.7 percent to Taka 163.0 billion in FY09. The outstanding balance also showed a positive growth of 19.3 percent as of end June 2009. The overdue increased by 33.6 percent in FY09 and as a percent of outstanding also increased to 19.3 as of end June 2009 (Table 6.11).

Table 6.11 Industrial term loans of banks and financial institutions

Lender	(billion Taka)									
	Disbursement		Recovery		Outstanding		Overdue		Overdue as % of outstanding	
	FY08	FY09 ^P	FY08	FY09 ^P	FY08	FY09 ^P	FY08	FY09 ^P	FY08	FY09 ^P
i. SCBs	9.8	11.1	9.9	12.5	81.5	100.1	24.9	30.1	30.6	30.1
ii. PCBs	136.5	132.0	76.9	92.7	217.3	268.8	14.5	23.9	6.7	8.9
iii. Foreign banks	27.9	29.6	24.6	29.3	17.6	17.3	0.3	0.6	1.7	3.5
iv. Specialized banks (BSB, BSRs, BKB, RAKUB, BASIC)	3.4	4.0	4.2	4.3	23.6	24.7	6.1	7.1	25.8	28.7
v. Financial institutions	23.9	23.1	20.6	24.1	60.9	67.2	3.9	4.6	6.4	6.8
Total	201.5	199.8	136.2	163.0	400.9	478.1	49.7	66.3	12.4	13.9

Source : Agricultural Credit and Special Programmes Department, Bangladesh Bank. P= Provisional.

6.27 The four SCBs and five state-owned specialized banks together had Taka 124.8 billion (26.1percent) shares of the total Taka 478.1 billion outstanding loans as of end June 2009, making them major players in industrial term lending (Table 6.11 and Chart 6.5). However, with very high levels of overdue loans, their actual role in current lending is quite minor, they disbursed only Taka 15.1 billion (7.6 percent) out of total Taka 199.7 billion in FY09. In relation to disbursement, private commercial banks would be the major share holders (Taka 132.0 billion) in FY09, followed by foreign banks (Taka 29.6 billion), financial institutions (Taka 23.1 billion), SCBs (11.1 billion) and state- owned five specialised bank (Taka 4.0 billion).

6.28 The foreign banks had very low overdue loans (3.5 percent) as of end June 2009. These were low also for financial institutions (6.8 percent), followed by private commercial banks (8.9 percent). Overdue loans of the SCBs and the state-owned specialised banks were very high (30.1 percent and 28.7 percent respectively) as of end June 2009.

6.29 As, BKB and RAKUB are agriculture sector lenders have insignificant role in industrial term lending. The specialised industrial sector lenders extremely high overdue have concentrated in the recent years on recovery rather than fresh term lending.

Measures for Strengthening Term Lending Practices

6.30 The persistent high levels of overdue term loans have received intensive corrective attention of the authorities. Amongst the salient measures adopted over the past several years were the stricter income recognition and provisioning standards for banks in line with international best practices, prohibition of new credit accommodation to loan defaulters, stringent restrictions on lending to directors and their connected interests. Substantial measures

to strengthen term lending practices initiated in the previous years under the continuous process of financial sector reforms. Among the new preventive and curative initiatives to strengthen term lending practices taken in FY09 were:

- Banks were instructed to make necessary arrangements for rationalization of different service charges they received from their clients. Banks have also been advised to upload the schedule of charges in their respective websites and display the same in all of their head offices and branches, for ready reference of the clients.
- Banks were advised to finance entrepreneurs in broadband and IT sectors from Small and Medium Enterprise (SME) scheme in order to bringing dynamism in economic activities and generating employment opportunities.
- All financial institutions were advised to submit their statement of disbursement/business activities of loan/lease on quarterly basis instead of monthly basis. In this perspective, the first quarterly report (January-March 2009) should be sent by 15 April 2009.
- Banks and financial institutions are advised to provide at least 10% of total SME loan to women entrepreneurs as desired loans are not being provided to women entrepreneurs to this sector in spite of 15% of SME fund allocated for women entrepreneurs. If any bank/financial institution fail to provide at least 10% of total applied fund for refinance to women entrepreneurs no refinance facility will be provided to the concerned financial institution.
- Rescheduling of default loans has been allowed up to September 30, 2009 on the banker-customer relationship without mandatory down payment for the affected export oriented industries especially frozen food, leather and leather products, jute and jute goods, textiles (including spinning) and RMG industry due to global financial crisis.

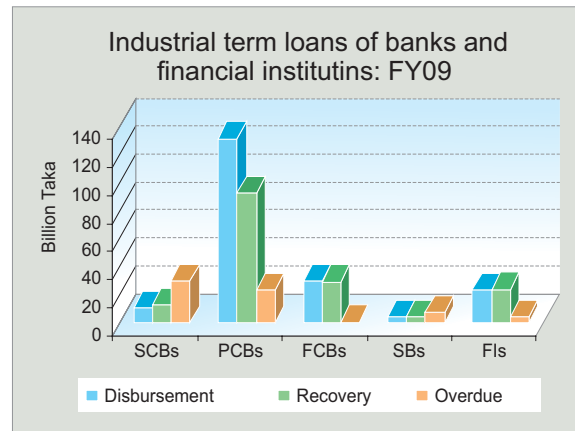
- Default loans, which provided by the FIs to export industries (specially frozen food, leather and leather products, jute and jute products, garments and textiles) that become classified and overdue as the consequences of negative impact of global economic meltdown on international trade, could be re-scheduled up to 30 September 2009 on the basis of banker-customer relationship without required down payment.
- A directive has been issued that liquidity facility will be provided to primary dealers continuously for maximum two months against the securities (treasury bills and bonds) held by "successful bidding" as well as the securities devolved on them in auctions.
- In the backdrop of existing inflation rate and prevailing global economic condition, the rate of interest on loan financing in the agriculture, term and working capital loan to large and medium scale industries, housing loan and trade financing has been lowered and fixed to a maximum at 13 percent.
- Banks have also been advised to charge rate of interest maximum at 13 percent for financing the non-bank financial institutions (NBFIs).

Broadening of Fund Base for Industrial Term Lending

6.31 Dependence of banks on shorter-term deposit resources for funding long-term industrial loans increases their liquidity risks. Providing refinance facilities to banks and financial institutions for broadening the base of longer-term funds for small and medium scale industrial lending under some special schemes and programs taken by Bangladesh Bank in FY09 were:

- BB initiated a 100 percent refinance scheme of Taka 1.0 billion out of its own fund at bank

Chart 6.5



rate against term loans for agro-processing industries in rural areas in FY01. Under this project Taka 1.2 billion has been disbursed till end June 2009.

- BB has introduced a refinance scheme named Small Enterprise Fund (SEF) of Taka 6.0 billion out of its own fund for supporting SME sectors. Under the scheme refinance facilities was extended for the banks and financial institutions at bank rate against their financing for development of small entrepreneurs, usually left out by the formal sector financing. Up to June 2009, a total of Taka 7.2 billion refinance facilities have been provided to 38 banks and financial institutions against 7001 enterprises.
- Under the Enterprises Growth and Bank Modernization Programme (EGBMP), Government of Bangladesh has provided USD 10 million including an additional fund of USD 10 million from the World Bank's IDA wing to refinance SME sectors. Till now Bangladeshi Taka 1.1 billion has been received against the said agreement for refinancing. Up to June 2009, a total of Taka 2.3 billion refinance facilities have been provided to 28 banks and financial institutions as term loan against 2477 small and medium sector enterprises.

- For another refinancing project Asian Development Bank has provided USD 30 million under a Loan Agreement with the Government of Bangladesh to develop the SME sector. Out of this fund, a total of Taka 3.0 billion refinance facilities have been provided to 16 banks and financial institutions against 1764 small and medium sector enterprises up to June 2009.

It is mentionable that for high demand, all the recovery amount of the loan of the above schemes will be used as revolving way for refinance the SME sectors. Up to June 2009, a total of Taka 12.5 billion refinance facilities have been provided to different banks and financial institutions against 12401 small and medium sector enterprises from aforesaid funds.

- BB has been implemented a project named "Investment Promotion and Financing Facility (IPFF)" with a total estimated cost of USD 105.2 million on behalf of Government of Bangladesh (GoB) as per agreement signed on 21 August 2006 between BB and GoB. IPFF is a 5-year term (January, 2007-December, 2011) on-lending based Technical Assistance (TA) project to supplement the resources of the Bangladesh financial markets to provide term finance, for infrastructure and other investment projects beyond the capacity of local financial institutions; and to promote the role of private sector entrepreneurs in the development of capital projects, especially infrastructure. Under IPFF government-approved private sector infrastructure development project, the eligible sectors to be financed through selected participating financial institutions (PFIs) are power generation, transmission and distribution and services, port development (sea, river and land), environmental, industrial and solid waste management, highways and expressways

including flyovers, water supply and distribution, sewerage and drainage, industrial estates and park development etc. However, the highest priority is given to power sectors. One of the main features of the project is that at least 30 percent cost of any approved project should be borne by the entrepreneurs' own source and maximum 70 percent would be provided as debt financing; out of which 20 percent will be provided by the PFIs and the rest 80 percent will be financed from IPFF. However, the PFIs are supposed to bear all commercial risks associated with debt financing. Of the total, International Development Association (IDA) will provide USD 50.0 million (USD 47.5 million for on-lending component and USD 2.5 million for TA component) as soft loan under a financing agreement signed between the IDA and GoB on 1 June 2006. Besides, as co-finance GoB will provide USD 10.0 million (counterpart fund for on-lending component), the PFIs and concerned entrepreneurs will provide USD 14.4 million and USD 30.8 million respectively. So far USD 35.2 million (BDT 2.4 billion) has been disbursed from IPFF for financing 5 (five) small power plants with a total capacity of 99MW out of USD 57.5 million kept for on-lending component of the project. The power plants which have been financed under IPFF are Doreen Power House and Technologies Limited (three power plants 22 MW each), Doreen Power House and Technologies Limited (11MW) and Regent Power Limited (22MW). All the power plants are contributing to the national grid. Apart from the above, there are two other financing proposals (one power plant at Chittagong EPZ and another at Dhaka EPZ) are under consideration at final stage. If it becomes eligible total on-lending component would be utilized.

Equity and Entrepreneurship Fund (EEF)

6.32 Equity and Entrepreneurship Fund (EEF) was formed by the Government in FY01 through budgetary allocation of Taka 1.0 billion to encourage investments in the risky but prospective agro-based/food processing and IT sector projects. The fund is maintained by the Bangladesh Bank. So far Taka 6.3 billion has been released to the fund by the Government out of total budgetary allocation of Taka 15.0 billion in different fiscal years. Up to 30 June 2009 with the project cost of Taka 16.4 billion, a total of 250 projects (including 216 agro-based/food processing projects, and 34 IT projects) got EEF sanction at different stages of disbursement. Cumulative equity disbursement stood at Taka 5.2 billion at the end of FY09 against total fund disbursement of Taka 6.3 billion from the Government. Till now 14 (fourteen) EEF supported companies availed share buy-back facilities partially or fully to the tune of Taka 0.3 billion against total disbursement of Taka 0.4 billion. It should be mentioned that as per Government decision, an agreement has been signed on 1 June 2009 between Bangladesh Bank (BB) and Investment Corporation of Bangladesh (ICB), for transferring activities of EEF to ICB. ICB will now perform the EEF related activities instead of BB. But performance of all works related to policy making, fund management and monitoring will be done by EEF unit of BB as per agreement.

Housing Finance

6.33 Total housing loans from banks and financial institutions as of end June 2009 amounted to Taka 171.1^P billion (Table 6.12), which was 7.9 percent of total credit to the private sector.

6.34 In recent years, significant changes have been taking place in total housing loan portfolios. Of the total, private sector banks with ample deposit resources have been expanding their

Table 6.12 Outstanding housing loans

(billion Taka)			
Lenders	Outstanding as of end June		
	FY07	FY08	FY09 ^P
a. Specialized housing finance providers			
i) HBFC	25.2	24.4	25.0
ii) Delta-Brac Housing Finance	7.4	9.0	13.2
iii) National Housing Finance	1.7	1.7	2.0
b. Banks	86.1	101.0	123.7
i) PCBs	43.7	50.8	75.0
ii) SCBs	28.9	33.6	36.8
iii) Other banks (foreign and specialized)	13.5	16.6	11.9
c. Other financial institutions	3.0	0.2	7.0
d. Micro-credit lenders			
Grameen Bank	0.2	0.2	0.2
Total	123.6	136.5	171.1

Sources : Department of Financial Institutions and Markets, Statistics Department, Bangladesh Bank, and Grameen Bank.
P= Provisional.

housing loan portfolios, and now have dominant market position (Table 6.12) with the largest share of Taka 75.0 billion in outstanding housing loans as of end June 2009. The SCBs have the second largest share of Taka 36.8 billion and other banks Taka 11.9 billion in outstanding housing loans as of end June 2009. Besides, two private sector specialised housing finance providers are also slowly gaining ground. They provide fund for their operations by taking long term deposits including some contractual deposit schemes.

6.35 The state owned House Building Finance Corporation (HBFC) has the third largest share of Taka 25.0 billion in outstanding housing loans as of end June 2009. The sources of Corporation's fund are paid-up capital by the Government and the proceeds as received by selling Government guaranteed interest bearing debentures to different organisations. The second mode of funding has been unavailable in recent years. In the past the HBFC funded its housing loans by issuing of low interest debentures bought by the SCBs and the Bangladesh Bank. Though in FY04, the corporation got approval from the Government to sell debenture amounting Taka 1.0 billion,

but till today it could not sell them. So, sufficient surplus cash fund could not be generated from the Corporation's own cash inflow after payments of debenture installments, Government debts, operational expenses and income tax. The HBFC has been constrained to rely on recoveries of past loans for new lending after defraying operating and debt servicing costs. Consequently, its new lending has been small. In FY08 and FY09 Taka, 1.5 billion and Taka 2.4 billion were disbursed out of recoveries of Taka 3.9 billion and Taka 3.7 billion respectively.

6.36 The Grameen Bank provides housing loans to its members in rural areas. Some NGOs also have small involvement in lending to housing. Out of funds, Grihayan Tahbil created by the Government of Bangladesh, which provides housing loan to the NGOs at the rate of 1.0 percent simple interest who in turn provides housing credit to the rural poor at the rate of 5.0 percent simple interest. As on June 2009, the Grihayan Tahbil has been released Taka 1.2 billion against allocation of Taka 2.0 billion through 404 NGOs for rural housing program which have covered 400 upazilas of 64 districts of the country and 46,567 houses have already been constructed. In addition, for the target people those are adversely affected by different natural calamities, Taka 0.11 billion has been released as grant as per decision by the authority concerned. So far the Tahbil has recovered Taka 0.8 billion against the total recoverable amount of Taka 0.9 billion. As on June 2009, recovery rate is 91.1 percent. Since its beginning in FY98, the Tahbil received an amount of Taka 1.6 billion from the GoB up to end of June 2009.

Foreign Exchange Market

6.37 Under the floated exchange rate regime, authorised dealer banks are now free to set their own rates of foreign exchange against

Bangladesh Taka for their inter-bank and customer transactions. The exchange rate is being determined on the basis of demand and supply of the respective currencies. However, in order to maintain orderly market conditions and to avoid any unusual volatility in the exchange rate, BB remains vigilant over the developments in the foreign exchange market and intervenes by buying and selling foreign currencies whenever it deems necessary to maintain stability in the foreign exchange market. Bangladesh Taka is fully convertible for current international transactions. Repatriation of profits or disinvestment proceeds on non-resident FDI and portfolio investment inflows are permitted freely.

Exchange Rate

6.38 Despite global financial meltdown, foreign exchange market of the country enjoyed adequate liquidity during FY09 reflecting an almost stable exchange rate of BDT against USD throughout the year with and moved within the range of Taka 68.52-69.06 per US dollar. Notwithstanding the ongoing global financial turmoil, inward remittances from Bangladeshi nationals working abroad increased to USD 9.7 billion during FY09 as compared to USD 7.9 billion during FY08. Receipts of ever highest wage remittances, moderate growth in export earnings and significant fall of prices of some major import items (fuel and food items) leading to decreased demand for foreign exchange, contributed the forex market to remain calm in the wake of global recession. However, the timely measures of Bangladesh Bank in the face of ample forex liquidity helped to cease the appreciation of local currency to ensure the export competitiveness of Bangladeshi products. Bangladesh Taka displayed a moderate depreciation against US dollar in the year FY09 posing only 0.8 percent depreciation

raising the exchange rate to Taka 69.06 at the end of the year compared to the exchange rate from Taka 68.52 at the beginning of the year. During 1st quarter, Taka appreciated slightly against US dollar to Taka 68.51 from Taka 68.52. In the 2nd quarter, due to subdued inflow of wage earnings, exchange rate experienced downward trends depreciating the local currency by 0.6 percent to Taka 68.92 from Taka 68.51 during October-December period of FY09. During the 3rd quarter, it further depreciated with exchange rates ranging within Taka 68.90–69.02 per US dollar. During the rest time of the fiscal year local currency depreciated immaterially with showing no volatility. The weighted average Taka/Dollar exchange rate stood at Taka 69.06 per US dollar at end June 2009 compared to Taka 68.53 at end June 2008. The movement of Taka per US Dollar during FY09 is shown in chart 6.6.

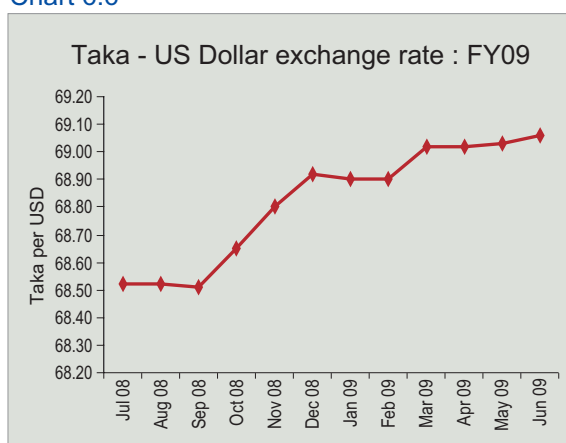
6.39 In view of monetary and exchange rate policy alongwith its attempts to help boost up country's exports and inward remittances, BB strongly monitored the foreign exchange market and extended supports to keep US dollar/Taka exchange rate stable in line with its anticipation of the exchange rates. As a result, US dollar enjoyed a stable exchange rate against Bangladesh Taka throughout the year, as compared to its weak bias around the globe. The said approach of the BB is revealed from its absorption of the excess liquidity of USD1.48 billion from the inter-bank market during FY09 at exchange rate propping up the US dollar. BB sold a total of USD 0.99 billion to the market during the year under report.

Table 6.13 Sales and purchases of foreign exchange by the Bangladesh Bank

(billion USD)			
Particulars	FY07	FY08	FY09
Sale	Nil	0.74	0.99
Purchase	0.65	0.20	1.48

Source : Forex Reserve and Treasury Management Department, Bangladesh Bank

Chart 6.6



Inter-bank Foreign Exchange Transactions

6.40 The volume of inter-bank foreign exchange transactions during FY09 stood at USD 4.4 billion which was 25.7 percent higher than USD 3.5 billion transacted in FY08. Of the total transactions, spot, swap, forward and non-USD/BDT transactions were USD 3.4 billion, USD 0.8 billion, USD 0.2 billion and USD 0.02 billion respectively during FY09. The inter-bank foreign exchange spot transactions during FY08 were USD 2.4 billion, while the same was 0.8 billion for SWAP transaction, 0.04 billion for forward transaction, and 0.3 billion for non-USD/BDT transaction.