BANGLADESH GOVERNMENT SECURITIES REPORT FOR FY 2020-21



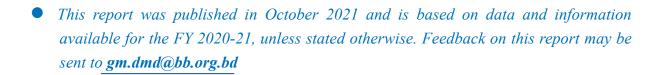


BANGLADESH BANK

Government Securities of Bangladesh Report for the FY 2020-21



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		
СВ	Corporate Bodies		
CB Repo	Central Bank Repo		
ССР	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
IC	Investment Companies
IDRA	Insurance Development and Regulatory Authority
IN	Individual
IPO	Initial Public Offering
ISIN	International Securities Identification Numbers
LI	Life Insurance Companies
LSF	Liquidity Support Facilities
MI Module	Market Infrastructure Module
MF	Mutual Fund
MPD	Monetary Policy Department
MoF	Ministry of Finance
FI	Financial Institution
NBR	National Board of Revenue
NFCA	Non-Resident Foreign Currency Account
NITA	Non-Resident Investors Taka Account
NPD	Non-Primary Dealers
NRI	Non-resident Investors
NSD	National Savings Directorate
ОМО	Open market operations
ОТС	Over-the-Counter
PCB	Private Commercial Bank
PD	Primary Dealer
PF	Provident Fund
SCB	State-Owned Commercial bank
SD	Statistics Department
SLR	Statutory Liquidity Ratio
T-Bill	Treasury Bill
T-Bond	Treasury Bond
TWS	Trader Work Station
WAR	Weighted Average Rate

Executive Summary

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

Overview of G-Sec Market of Bangladesh

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

Primary Market Operations

During FY 2020-2021, the net issuance of T-bonds and T-bills was BDT 51,100.00 crore and (11,514.67) crore, respectively. The gross financing through T-bills for the financial year was BDT 111,203.62 crore, which was attributed to the cash management requirement of the government. 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 implement a project intending to provide safe water to the public. In December 2020, the Government raised BDT 4,000 crore in the first installment, and in June 2021, the remaining BDT 4,000 crore was raised through Sukuk.

At the end of June 2021, the cut-off yields of all types of T-bills and bonds were significantly lower than the end of the previous fiscal years. The cut-off yields for all tenors were significantly below in this FY, which could indicate a downturn in the business cycle. BB constructs the primary yield curves for the T-bonds and T-bills based on the data collected from primary auctions. In the lack of an active 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. However, during FY 2020-21, BB took a number of steps to construct a market-based secondary yield curve that include selecting benchmark securities and designing a concept paper to construct a yield curve.

G-Sec Outstanding

At the end of FY 2020-21, the total outstanding of the government's borrowing from the banking sector stood at BDT 319,187.30 crore, which constituted 10.34% of the GDP (compared to 10.00% at the end of June 2020). The total outstanding amount of T-bills was 51,268.85 crore, and T-bonds were

267,918.45 crores. In FY 2020-21, the banking sector was the leading investor category, with 79.30 percent of the total outstanding of G-Sec. Long-term investors, like insurance companies and provident funds, accounted for 12.00% of the entire holding. Bangladesh Bank held about 7.86% for its monetary operations and market development.

Secondary Market Trading of G-Sec

During FY 2020-21, the total amount of G-Sec traded on an outright basis in the secondary market (BDT 137,773.08 crore) observed a significantly upward trend compared to the preceding fiscal year. The trading activity of the investors in the secondary market illustrated that PD banks were the dominant traders accounting for 47.48% of buying and 41.29% of selling activities. The non-PD local banks were in the second position, followed by foreign banks. PD banks were net buyers, and other commercial banks were net sellers. The interbank repo transactions, which amounted to BDT 740,373.48 crore in FY 2020-21, a 33.26% increased from FY 2019-20.

Open Market Operation

Since FY 2018-19, the number of ALS and repo transactions with BB has increased till FY 2019-20. However, with the ample liquidity provided by BB in the economy, the trend of ALS reversed in FY 2020-21. The total ALS and repo facilities availed by the banks and FIs during FY 2020-21 was just 32,967.57 crore BDT, which was drastically lower than the BDT 554,779.90 crore facilities availed by this sector in the preceding FY. As observed over the years, banks and FIs continued to manage their liquidity by availing more of the interbank repo and call money facilities.

From time to time, BB conducts reverse repo operations (on an overnight basis) to control the money supply in the economy. Since FY 2016-17, no reverse repo facilities were availed by the banks or FIs, and that trend continued during FY 2020-21. In contrast, to manage liquidity and for sterilization purposes, from time to time, BB issues BB bills instead of reverse repo mechanism. BB bills with different maturities of 07, 14, and 30 days are issued for this purpose. However, in 2020-21, similar to the reverse repo scenario, BB did not issue any BB bills.

Market Analysis

Amidst the Covid-19 pandemic, the money market in Bangladesh experienced mild liquidity pressure, especially in the latter half of FY 2019-20. To counter this liquidity pressure in the money market, BB reduced the overnight repo rate to 4.75% and reverse repo rate to 4.00% on July 29, 2020, focusing on stimulating the market. In contrast, the average rate of borrowing through IB repo and the call money rate dropped significantly in FY 2020-21. It played a substantial role in the day-to-day liquidity management of the banking sector.

During FY 2020-21, the average yields on T-bills and bonds of all maturities dropped significantly. This could be explained by the move in the business cycle, as during the pandemic of Covid-19, the indicators point to an economic downturn potentially heading to a trough. Compared to the previous fiscal year, the drop in yields became evident in both halves of this FY. The trend of the primary market bid to coverage ratio indicates the excess liquidity in the market. In the first half of FY 2020-21, the bid to coverage ratio was 3.23, whereas, in the latter half, it was at 3.45. On the other hand, the trend in turnover velocity ratio during FY 2020-21 increased significantly (around 105%), indicating a more robust liquidity situation in the secondary G-Sec market.

Comparative scenario of Government Debt

At the end of FY 2020-21, the total outstanding government borrowing from the banking sector and non-banking sector stood at BDT 319,187.30 and 345,655.77 crore, respectively. In the budget of FY 2020-21, the government planned to borrow BDT 79,749.00 crore and BDT 30,302.00 crore from banking and non-banking (national savings schemes) sources, respectively. During the period, the government's actual net borrowing was BDT 39,585.33 crore through T-bills and T-bonds, which was 49.64% of the target. On the other hand, the Government's net borrowing through NSD instruments during this period was BDT 41,959.54 crore, or 138.47 percent of the target. At the end of June 2021, the interest rates of 3-monthly interest-bearing Sanchayapatra, 5-year Bangladesh Sanchayapatra, Poribar Sanchayapatra, and Pensioner Sanchayapatra were 11.04%, 11.28%, 11.52%, and 11.76%, respectively, whereas, at the same time, the cut-off rates of the T-bonds with 2, 5, 10, 15 and 20 years maturities were 2.57%, 3.88%, 5.40%, 5.85%, and 6.07%, respectively.

Since FY 2014-15, 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. The outstanding amount of public debt from the banking sector as a proportion of GDP increased gradually. Conversely, NSD instruments as a percentage of GDP increased significantly over the years, which decreased in FY 2019-20. The trend of external debt to GDP ratio has been topsy-turvy over the years.

Recent Initiatives in Developing the Bond Market

To broaden the investor base of G-Sec, in July 2020, BB directed all the banks and FIs to establish the 'Government Securities Investment Window' for offering prospective individual and institutional investors an improved physical admittance, efficient service, and investment advice. As per the instruction of BB, the banks and FIs established investment windows and providing the stated cliental services.

Out of more than 270 T-Bonds available in the market, on November 10, 2020, vide the circular no. 06, BB selected 30 T-Bonds as 'benchmark securities' in the G-Sec market. The yields/quotes offered against those securities are to be used in constructing an effective secondary yield curve of G-Sec. Moreover, this initiative of BB offered an opportunity to move from the prevailing linear interpolation-extrapolation methodology in constructing a yield curve to a more advanced cubic spline method by including the yields of those benchmark securities.

The Debt Management Department of BB directed all the PDs to post two-way bid and ask (offer) quotes against the selected benchmark securities on each trading day in June, 2020. The benchmark securities are divided into six different classes based on their tenor (remaining maturity), and each class contains five securities.

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 implement a project intending to provide safe water to the public. For issuing this Bangladesh Government Investment Sukuk, BB acted as the Special Purpose Vehicle (SPV) as well as the trustee.

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

Table-I: Key Indicators of G-Sec							
(Taka in Cror							
Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21		
Outstanding Balance of G-Sec	153,673.38	161,767.56	199,363.65	279,601.97	319,187.30		
T-Bills	24,550.76	26,344.94	44,076.45	62,783.52	51,268.85		
T-Bonds	129,122.62	135,422.62	155,287.20	216,818.45	267,918.45		
Outstanding Balance of Sukuk	-	-	-	-	8,000.00		
Outstanding Balance of NSD Certificate	192,679.09	239,209.39	289,267.88	303,696.23	345,655.77		
Outstanding Balance of Public	279,696.55	341,350.31	384,604.13	438,478.95	503,366.09		
Sector's External Debt (in BDT)							
Outstanding as a Percentage of GDP							
G-Sec	7.78	7.23	7.86	10.00	10.34		
NSD Certificate	9.75	10.69	11.41	10.86	11.20		
Public Sector's External Debt	14.16	15.25	15.16	15.68	16.30		
Net Issuance of T-Bills and T-Bonds							
T-Bills	(1,385.53)	1,794.18	17,731.51	18,707.07	(11,514.67)		
T-Bonds	1,396.22	6,300.00	19,864.58	61,531.25	51,100.00		
Outright Transactions in G-Sec							
Secondary Trading	40,058.40	15,334.40	18,309.82	59,479.32	137,773.08		
IB Repo	190,605.22	144,862.09	273,547.50	555,564.86	740,373.48		
Open Market Operations							
CB Repo and ALS	115.67	572.86	94,587.62	554,779.90	32,967.57		
Reverse Repo with BB	-	-	-	-	-		
Issuance of BB Bills	1,132,530.90	833,633.20	79,883.00	150.00			
The Yield of G-Sec as of 30 June (%)							
91-day T-Bills	4.09	4.58	7.19	6.50	0.35		
182-day T-Bills	4.32	4.59	7.38	6.77	0.58		
364-day T-Bills	4.49	4.99	7.39	7.25	1.07		
02-year T-Bonds	5.05	4.99	7.55	7.80	2.57		
05-year T-Bonds	5.83	6.10	8.10	8.05	3.88		
10-year T-Bonds	6.86	7.50	8.44	8.66	5.40		
15-year T-Bonds	7.70	8.06	8.90	8.70	5.85		
20-year T-Bonds	8.05	8.90	9.29	8.94	6.07		
Money Market Interest Rates (%)							
Repo Rate	6.75	6.00	6.00	5.25	4.75		
Reverse Repo Rate	4.75	4.75	4.75	4.75	4.00		
WAR of Call Money	3.78	3.67	3.90	4.64	2.75		
WAR of IB Repo	3.20	3.97	4.68	5.05	1.40		

	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
2018	Introduction of the secondary market yield curve (on a test basis)
2019	Introduction of 3-Year Floating-Rate Treasury Bond (FRTB)
2019	A working committee comprising members of BB, BSEC, and a commercial bank, published the 'Comprehensive Framework on the Development of the Bond Market in Bangladesh.'
2020	Strategic decision 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

Chapter 1
An Overview of the G-Sec Market

Preamble
G-Sec Available in Bangladesh
Investment Process of Tradable G-Sec



Chapter 1

An Overview of the G-Sec Market in Bangladesh

1.1. Preamble

The debt securities market is crucial for the development of an economy. This market provides solid chances to receive long-term financing by offering an alternative source of capital while also providing investors with a secured source of income. The government securities market dominates the fixed-income securities market, as the corporate bond market is yet to mature. As we all know, borrowing from the banking and non-banking sectors by the Government is critical to filling the deficit budget. When the Government has a budget deficit, it borrows by issuing government debt instruments such as Treasury Bills (T-bills), Treasury Bonds (T-bonds), Savings Certificates, or external sources.

Formerly, only commercial banks were permitted to purchase Treasury securities until 2003. There were 30-day, 91-day, 180-day, and 1-year T-bills on the market at that time. Despite the instruments' tradability, secondary trading was not prevalent due to the small number of buyers and sellers. Under the Financial Institutions Development Project (FIDP) funded by the World Bank Group, the Ministry of Finance (MoF) and BB took many steps to build a viable secondary market for debt securities. Following that, financial institutions (FIs) were permitted to engage in the G-Sec secondary market alongside banks. According to the project's suggestions, G-Sec trading began in 2003 with electronic registration and listing in the Central Depository of Bangladesh Limited (CDBL).

In 2003, BB launched the Primary Dealer (PD) system, appointing eight banks and one FI as PDs for primary issuance and market development of G-Sec. To attain the Government's long-term development ambitions, 5-year and 10-year T-bonds were introduced alongside short-term T-bills. To meet the deficit budget's borrowing needs, the Government published the yearly auction schedule for the first time in FY 2006-07, bringing transparency to the market.

Subsequently, in FY 2007-08, to meet the Government's long-term financing needs, 15-year and 20-year T-bonds were issued, providing long-term investment opportunities to investors such as insurance companies, provident funds, and pension funds. At that time, BB expanded the PD system's reach by offering incentives and liquidity support against collateralized instruments. BB strengthened its role as market maker by introducing bidding commitments and underwriting obligations on PDs for T-bill and bond auctions. There are currently 22 banks acting as PDs to bring dynamism to the G-Sec primary and secondary markets.

BB implemented the mark-to-market requirements for G-Sec in 2008 as part of the accounting framework. In 2009, BB took steps to reduce the risk of settlement by implementing an automated delivery-versus-payment (DvP) mechanism. In 2011, BB launched the Market Infrastructure (MI) Module for the automation of G-Sec, which serves as both a depository and a transaction platform

1.2. G-Sec Available in Bangladesh

The G-Sec market in Bangladesh offers both tradable and non-tradable instruments. The types of available securities are the following:

- **1.2.1. Tradable Securities :** The Government issues 91-day, 182-day, and 364-day T-bills, as well as 2, 5, 10, 15, and 20-year T-bonds as marketable instruments. The Floating-Rate Treasury Bond (FRTB), which has a three-year maturity, was launched in 2019. Furthermore, the Government occasionally issues 14-day T-Bills for short-term financial management.
- **1.2.1.1. Treasury Bills (T-bills):** T-bills are government-issued zero-coupon money-market instruments that are risk-free and traded on the secondary market. T-bills are issued to address the Government's short-term funding needs. T-bills are scripless and are sold at a discount, with the face value redeemed at maturity.
- **1.2.1.2. Treasury Bonds (T-bonds):** Vanilla bonds that carry periodic (half-yearly/quarterly) coupon payments with the redemption of the face value at maturity are the T-bonds. Similar to the T-bills, these are also issued in a scripless form and are tradable in the secondary market.
- **1.2.1.3.** Bangladesh Government Investment Sukuk: Ijarah (lease) Sukuk has been issued to implement a project intending to provide safe water to the public. In issuing this Bangladesh Government Investment Sukuk, BB acted as the Special Purpose Vehicle (SPV) as well as the trustee.
- **1.2.2.** Non-tradable Securities: The Government issues different types of savings instruments that are not tradable in the secondary market.
- **1.2.2.1.** National Savings Certificates (Sanchayapatra): 3-monthly interest-bearing Sanchayapatra, 5-year Bangladesh Sanchayapatra, Poribar Sanchayapatra, and Pensioner Sanchayapatra are the available types of savings certificates.
- **1.2.2.2. Sanchayabonds:** The US Dollar Premium Bond, US Dollar Investment Bond, and Wage Earner Development Bond are Sanchayabonds, only available to 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 prize bonds at any branch of any bank and post office in Bangladesh. The lotteries of the Prizebonds are held every quarter.

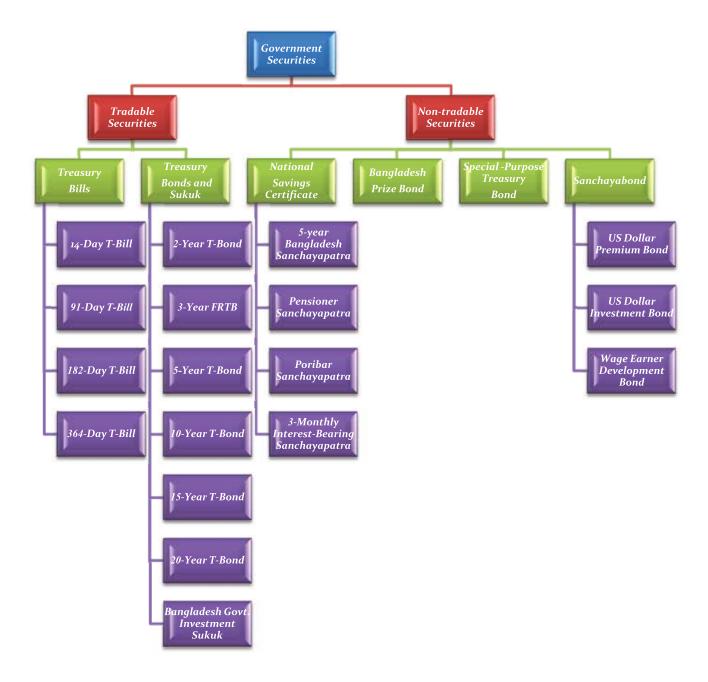


Figure 1: Government Securities in Bangladesh

1.3. Investment Process of Tradable G-Sec

1.3.1. Procedure for Investment and Trading by Resident Investors: Individuals and institutions (e.g., banks, financial institutions, insurance companies, corporations, provident funds, pension funds, mutual funds) can buy T-bills and bonds on the primary and secondary markets. G-Sec can also be traded in the secondary market via the Trader Work Station (TWS) and over-the-counter (OTC) in the MI module by all investors. The process of investing in G-Sec has been shown in the following figure:

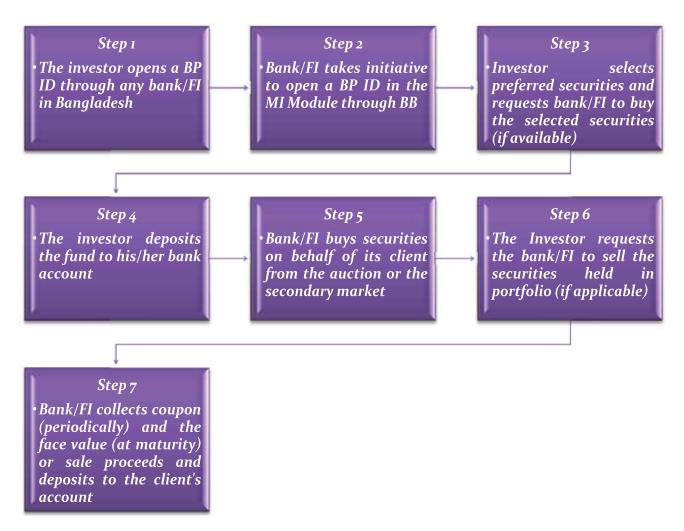


Figure 2: Operational Procedure for Investment and Trading by Resident Investors

1.3.2. Procedure for Investment and Trading by Non-Resident Investors: T-bonds can be purchased from primary and secondary markets by foreign/non-resident individuals/institutions through PDs and other banks/FIs. A non-resident foreign currency account or a Non-Resident Investor Taka Account (NITA) with any conventional Bangladeshi bank can be used to purchase the T-bonds. After deducting applicable taxes, coupon payments and resale/redemption proceeds are freely repatriable

in foreign currency. T-bonds purchased by a non-resident can be resold to any resident or non-resident individual/investor at any time.

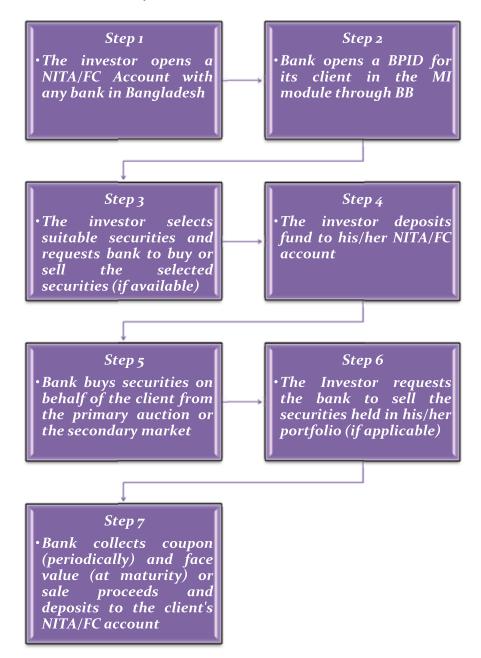


Figure 3: Operational Procedure for Investment and Trading by Non-Resident Investors

Banks and FIs in Bangladesh act as dealers of the G-Sec for operational activities (e.g., BPID opening) and sell or buy G-Sec on behalf of their clients.

Chapter 2 Primary Market Operations of G-Sec

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



Chapter 2

Primary Market Operations of G-Sec

2.1. Issuance Details

In cooperation with the Ministry of Finance, BB's Debt Management Department (DMD) serves as the government's debt manager (MoF). The Public Debt Act-1944, Public Debt Rules-1946, Bangladesh Government Treasury Bond Rules-2003 and Bangladesh Bank Order-1972 bestow BB the authority to issue new debt securities and manage the government's debt. The Senior Secretary, Finance Division, MoF, chairs the Cash and Debt Management Committee (CDMC), which is responsible for the efficient regulation and management of the government's borrowings. The CDMC is assisted by the Cash and Debt Management Technical Committee (CDMTC) for the purpose of cash and debt management.

2.2. Auction Management

On behalf of the government, BB is responsible for conducting T-bill and T-bond auctions. The cut-off rate or price of the G-Sec auction is determined by the auction committee, which is chaired by a Deputy Governor of BB. The auction committee has the authority to devolve securities on PD or BB (if necessary) and to 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 held usually 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 pre-determined amount that has been announced. Members (banks and FIs) can submit bids through PDs, and PDs can make orders within a certain cut-off period. Members can, on the other hand, 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). Allotment of securities is done by crediting respective securities accounts of successful bidders upon receiving confirmation of the transfer of funds.

- **2.2.6. Devolvement:** 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:** In 2013, BB started the re-issuance of T-bonds to trim down the number of securities in the market. This was also implemented focusing on the development of benchmark securities to construct a secondary market yield curve. Re-issuance of an existing instrument is conducted in an approach similar to the issuance of new securities through auctions. For re-issuance, the coupon rate and the dates of coupon payments are the same as the initially issued bond.

2.3. Primary Dealer (PD) system

In 2003, BB introduced the PD system 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, 22 banks are performing the role of PD (Appendix-1).

2.3.1. Roles and responsibilities of a PD

- **2.3.1.1. Bidding Commitment:** PDs are obliged to participate in all 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.

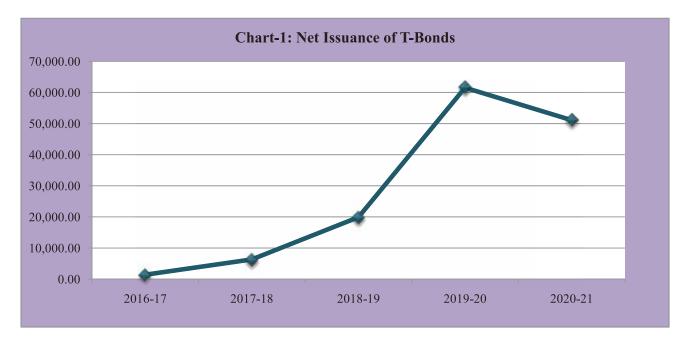
2.3.2. Privileges of a PD

- **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.
- **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.

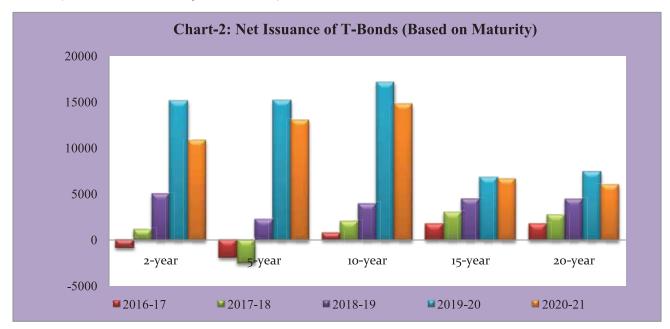
2.4. Net Issuance of T-Bonds and T-Bills

2.4.1. Net Issuance of T-Bonds: In FY 2020-21, the total T-bonds were issued worth BDT 76,350.00 crore while total repayments amounted to BDT 25,250.00 crore. Therefore, during this FY, the total net issuance of T-bonds was 51,100.00 crore BDT. This net issuance was 16.95% lower than that of the previous fiscal year. The particulars of issuance of T-bonds are presented below:

Table-1: Net Issuance of T-Bonds									
						(7)	Taka in Crore)		
FY	Issuance	2-year	5-year	10-year	15-year	20-year	Total		
2016-17	a) Issue	3,150.00	4,250.00	4,300.00	1,700.00	1,700.00	15,100.00		
2010-17	b) Repayment	4,006.00	6,150.00	3,547.78	-	-	13,703.78		
	c) Net Issuance (a-b)	(856.00)	(1,900.00)	752.22	1,700.00	1,700.00	1,396.22		
2017-18	a) Issue	6,900.00	5,700.00	6,800.00	3,000.00	2,700.00	25,100.00		
2017-10	b) Repayment	5,800.00	8,200.00	4,800.00	-	-	18,800.00		
	c) Net Issuance (a-b)	1,100.00	(2,500.00)	2,000.00	3,000.00	2,700.00	6,300.00		
2018-19	a) Issue	9,800.00	9,400.00	8,475.00	4,400.00	4,400.00	36,475.00		
2010-17	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		
	a) Issue	21,200.00	20,800.00	19,500.00	6,750.00	7,350.00	75,600.00		
2019-20	b) Repayment	5,500.00	5,620.00	2,948.75	-	-	14,068.75		
	c) Net Issuance (a-b)	15,700.00	15,180.00	16,551.25	6,750.00	7,350.00	61,531.25		
	a) Issue	22,800.00	21,500.00	19,500.00	6,600.00	5,950.00	76,350.00		
2020-21	b) Repayment	12,000.00	8,500.00	4,750.00	-	-	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		
	Source: DMD, BB.								



The increasing trend of net issuance of T-bonds continued till FY 2019-20. However, as evident from the table and the charts, it declined in FY 2020-21. In FY 2020-21, the net issuance of all the tenors (2, 5, 10, 15 and 20-year T-bonds) declined.

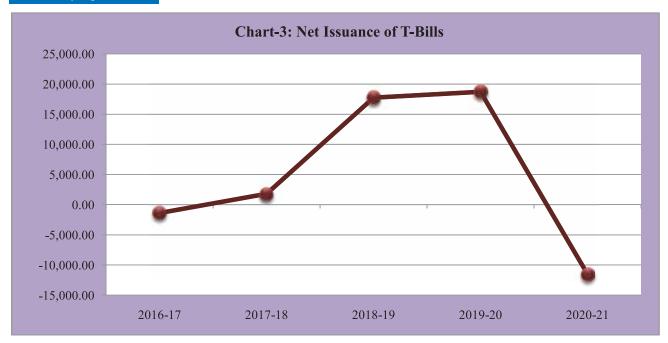


2.4.2. Net Issuance of T-Bills: The net financing through T-bills was negative for FY 2020-21. The total amount raised by the Government through treasury bills was BDT 111,203.62 crore, while total repayments amounted to BDT 122,718.28 crore. Thus, the net issuance stood at a negative BDT 11,514.67 crore at the end of FY 2020-21.

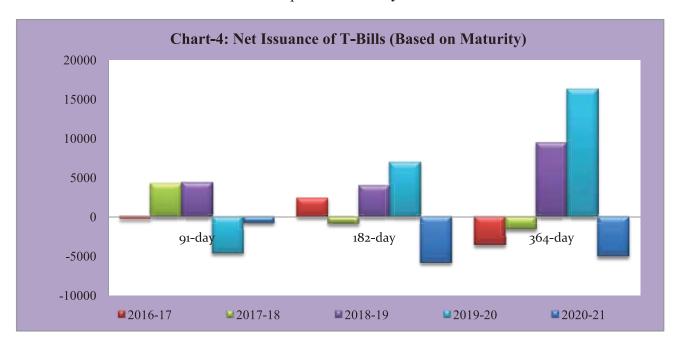
The details of the issuance are presented below:

Table-2: Net Issuance of T-Bills							
					(Taka in Crore)		
FY	Issuance	91-day	182-day	364-day	Total		
2016-17	a) Issue	31,750.39	14,999.16	8,768.43	55,517.98		
2010-17	b) Repayment	32,044.47	12,576.45	12,282.58	56,903.50		
	c) Net Issuance (a-b)	(294.08)	2,422.70	(3,514.15)	(1,385.53)		
2017-18	a) Issue	30,151.55	12,538.77	7,188.64	49,878.96		
2017-18	b) Repayment	25,878.50	13,437.87	8,768.41	48,084.78		
	c) Net Issuance (a-b)	4,273.05	(899.10)	(1,579.77)	1,794.18		
2018-19	a) Issue	56,794.32	17,084.99	16,614.29	90,493.60		
2010-17	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		
2019-20	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		
2020-21	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)		
					Source: DMD, BB.		

Primary Operation



In FY 2020-21, the net issuances of all tenors were negative. Overall, the net issuance of T-bills in FY 2020-21 was 161.55% lower than the previous fiscal year of FY 2019-20.



2.4.3. Net Issuance of 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 implement a project intending to provide safe water to the public. The Government has raised BDT 4,000 crore against this project by issuing Sukuk. BB acted as the SPV and trustee to issue Government Sukuk. In December 2020, the Government issued 4,000 crore BDT in the first installment, and in June 2021, the remaining amount was issued.

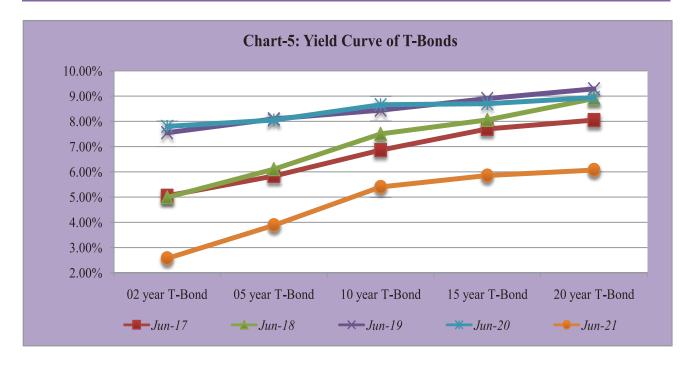
2.5. Primary Market Yield Curve

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. However, during FY 2020-21, BB took a number of steps to construct a market-based secondary yield curve that include selecting benchmark securities and designing a concept paper to construct a yield curve.

2.5.1. Cut-Off Yield and Yield Curve of T-Bonds: The cut-off yield curve at the end of June 2021 stayed below all four preceding ones. As evident from the chart below, the cut-off yields for all tenors were significantly below in this FY, which could indicate a downturn in the business cycle.

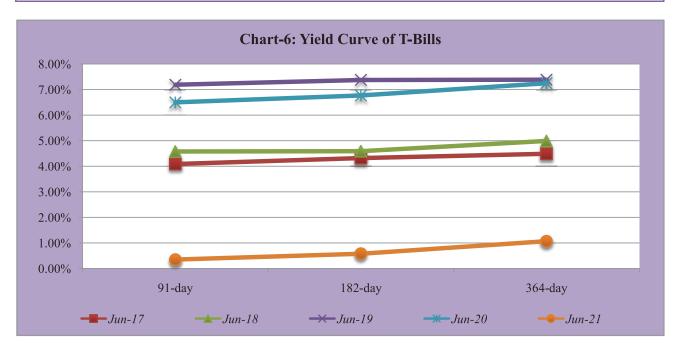
The details of the cut-off yields for T-bonds are illustrated below:

Table-3: Cut-off Yield of T-Bonds								
(In percentage)								
Tenor	June 2017	June 2018	June 2019	June 2020	June 2021	Change (From 2020 to 21)		
02 year T-Bond	5.05%	4.99%	7.55%	7.80%	2.57%	-67.05%		
05 year T-Bond	5.83%	6.10%	8.10%	8.05%	3.88%	-51.80%		
10 year T-Bond	6.86%	7.50%	8.44%	8.66%	5.40%	-37.64%		
15 year T-Bond	7.70%	8.06%	8.90%	8.70%	5.85%	-32.76%		
20 year T-Bond	8.05%	8.90%	9.29%	8.94%	6.07%	-32.10%		
						Source: DMD, BB.		



2.5.2. Cut-Off Yield and Yield Curve of T-Bills: At the end of June 2021, the cut-off yields of all types of T-bills were significantly lower than the end of the previous fiscal years. In comparison with FY 2019-20, at the end of June 2021, the cut-off yields for 91-day, 182-day, and 364-day T-bills were 94.62%, 91.43%, and 85.24% lower, respectively.

Table-4: Cut-Off Yield of T-Bills							
(in percentage)							
Tenor June June June June June Change (Free Presentation of Prese							
91-day T-Bill	4.09%	4.58%	7.19%	6.50%	0.35%	-94.62%	
182-day T-Bill	4.32%	4.59%	7.38%	6.77%	0.58%	-91.43%	
364-day T-Bill	4.49%	4.99%	7.39%	7.25%	1.07%	-85.24%	
Source: DMD, BB.							



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

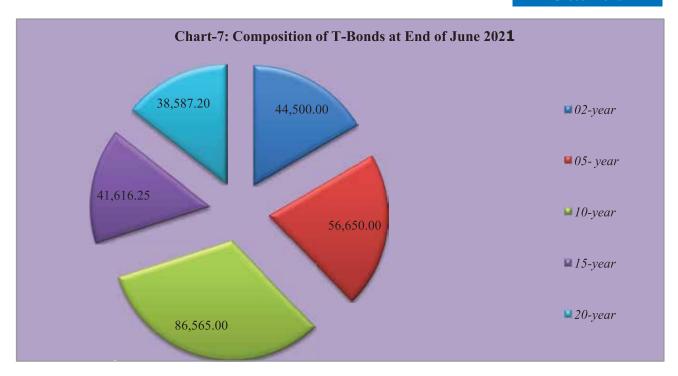
Trends of Outstanding G-Sec

3.1. Composition of Marketable G-Sec

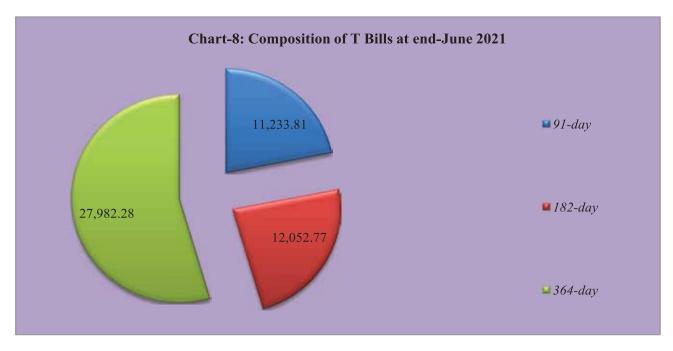
At the end of June 2021, the total public debt from the banking sector increased to BDT 319,187.30 crore from BDT 279,601.97 crore comparing to the preceding fiscal year-end. The increase in debt from the banking sector was significant due to substantial policy measures taken to promote non-tradable securities and demands related to budget implementation. The composition and trend of the marketable G-Sec over the years is presented below:

Table-5: Composition of Marketable G-Sec										
(Taka in Crore)										
Issuance	June 2017		June 2018		June 2019		June 2020		June 2021	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(a) T-Bills										
91-day	7,931.05	32	12,204.10	46	16,574.45	37	11,998.17	19	11,233.81	22
182-day	7,851.28	32	6,952.18	27	10,887.71	25	17,845.73	28	12,052.77	24
364-day	8,768.43	36	7,188.65	27	16,614.29	38	32,939.62	53	27,982.28	55
Total T-Bill	24,550.76	100	26,344.94	100	44,076.45	100	62,783.52	100	51,268.85	100
(b) T-Bonds	8									
02-year	8,950.00	7	10,050.00	7	14,500.00	10	30,700.00	14	44,500.00	17
05- year	31,270.00	24	28,770.00	21	31,470.00	20	46,150.00	21	56,650.00	21
10-year	49,849.17	39	51,849.17	38	55,763.75	36	72,315.00	33	86,565.00	32
15-year	20,866.25	16	23,866.25	18	28,266.25	18	35,016.25	17	41,616.25	16
20-year	18,187.20	14	20,887.20	16	25,287.20	16	32,637.20	15	38,587.20	14
Total T-Bond	129,122.62	100	135,422.62	100	155,287.20	100	216,818.45	100	267,918.45	100
Grand Total	153,673.38		161,767.56		199,363.65		279,601.97		319,187.30	
	Source: DMD, BB									

3.1.1. Composition of T-Bonds: At the end of June 2021, similar to the previous fiscal years, the 10-year T-bonds held the most prominent portion among T-bonds, with around 32%. In contrast, 20-year T-bonds ranked the lowest concerning the composition, with a measly 14%.



3.1.2. Composition of T-Bills: At the end of FY 2020-21, the outstanding balance of 364-day T-bills held the majority, with around 55%. These bills are primarily issued to meet the short-term financing obligations of the Government.

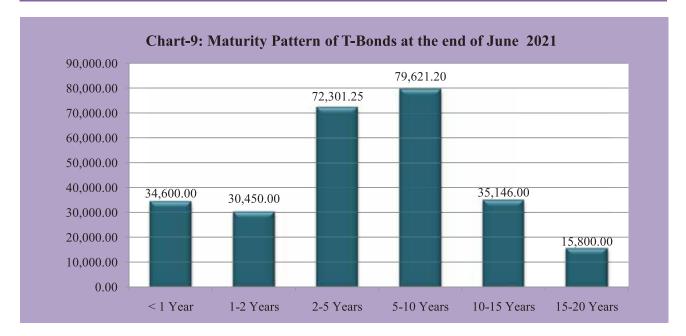


3.2. Maturity Pattern of Outstanding T-Bonds

At the end of June 2021, akin to the previous FYs, the highest portion of the T-bonds was in the bucket of 5-10 years, with nearly one-third belonging to that bucket. On the contrary, only around 6% 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-6: Maturity Pattern of Outstanding T-Bonds									
	(Taka in Crore)									
Maturity	June 201	17	June 201	18	June 201	19	June 20	20	June 202	21
Buckets	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
< 1 Year	18,800.00	14	16,610.42	12	14,068.75	9	25,250.00	12	34,600.00	13
1-2 Years	14,910.42	12	13,768.75	10	25,250.00	16	33,100.00	15	30,450.00	11
2-5 Years	30,218.75	23	36,500.00	27	35,930.00	24	52,331.25	24	72,301.25	27
5-10 Years	35,576.25	28	35,726.25	26	42,634.45	28	57,146.20	26	79,621.20	30
10-15 Years	18,837.20	15	21,137.20	16	23,824.00	15	29,741.00	14	35,146.00	13
15-20 Years	10,780.00	8	11,680.00	9	13,580.00	8	19,250.00	9	15,800.00	6
Total	129,122.62	100	135,422.62	100	155,287.20	100	216,818.45	100	267,918.45	100
	Source: DMD, BB								D, BB	

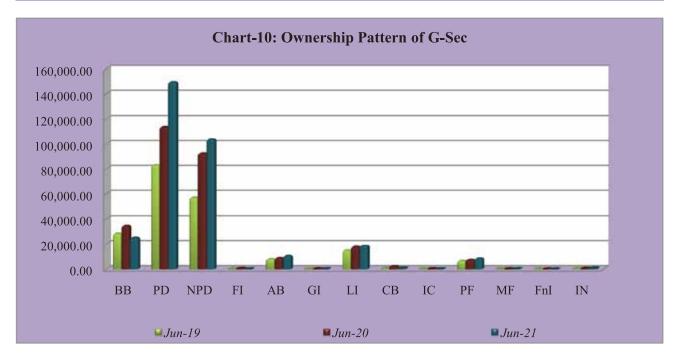


3.3. Holding Pattern of G-Sec

G-Sec's holding pattern revealed that banks were the most crucial investor class, accounting for 79.30 percent of total holdings. After FY 2020-21, PDs controlled 46.81 percent of the total G-Sec outstanding, while non-PDs held 32.49 percent. By the end of June 2021, the insurance companies and provident funds' holding stood for 12.00 percent of the entire holding, while BB's share had plummeted to 7.86 percent. Financial Institutions, corporations, 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, presumably with the declining yield trajectory.

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

	Table-7: Ownership Pattern of G-Sec							
	(Taka in Crore)							
SI	Category	June	2019	June 20	20	June 2021		
51	Category	Amount	%	Amount	%	Amount	%	
1.	Bangladesh Bank (BB)	28,256.70	14.18	34,671.57	12.40	25,096.39	7.86	
2.	Primary Dealers (PD)	83,010.82	41.64	113,779.43	40.69	149,397.33	46.81	
3.	Non-Primary Dealers (NPD)	57,292.95	28.74	92,534.67	33.10	103,707.31	32.49	
4.	Financial Institution (FI)	48.91	0.02	603.84	0.22	118.06	0.04	
5.	Amanat Bima Trust Tahbil (AB)	8,115.58	4.07	8,980.62	3.21	10,642.80	3.33	
6.	General Insurance Companies (GI)	109.50	0.05	162.61	0.06	302.81	0.09	
7.	Life Insurance Companies (LI)	14,907.12	7.48	17,936.89	6.42	18,666.70	5.85	
8.	Corporate Bodies (CB)	601.28	0.30	2,282.81	0.82	1,085.10	0.34	
9.	Investment Companies (IC)	17.51	0.01	229.29	0.08	27.17	0.01	
10.	Provident/Pension/Trust/Gratuity Fund (PF)	6,592.00	3.31	7,565.96	2.70	8,726.78	2.73	
11.	Mutual Fund (MF)	6.00	0.00	97.22	0.03	251.10	0.08	
12.	Foreign Investors (FnI)	0.00	0.00	0.00	0.00	-	0.00	
13.	Individual (IN)	405.28	0.20	757.07	0.27	1,165.75	0.37	
	Total	199,363.65	100	279,601.97	100	319,187.30	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 only BDT 23 crore. Since 2019, there has been no foreign investment in G-Sec. The fluctuations of exchange rates and the declining trend of the yield on G-sec seemingly failed to draw the attention of foreign investors in recent times. The following table and the chart present the direction of G-Sec holding by NRIs over the past few years.

	Table-8: Outstanding Balance of T-Bonds held by Non-Resident Investors							
		(Taka in Crore)						
SL No.	Month	Outstanding Balance						
1	December 2013	934.24						
2	June 2014	1,353.28						
3	December 2014	1,781.94						
4	June 2015	1,452.17						
5	December 2015	700.37						
6	June 2016	428.81						
7	December 2016	78.41						
8	June 2017	43.00						
9	December 2017	23.00						
10	June 2018	23.00						
11	December 2018	23.00						
12	June 2019- June 2021	0.00						
		Source: DMD, BB.						

3.5. Bangladesh Government Investment Sukuk

With a view to offering the ever-expanding Islamic Shariah-compliant investment sector, on December 28, 2020, the Government introduced the Bangladesh Government Investment Sukuk. This Ijarah (lease) Sukuk was issued to implement a project intending to provide the public access to safe water. With the assistance of BB, in December 2020, BDT 4,000 crore Sukuk was issued, which received an overwhelming response from prospective investors. Subsequently, in June 2021, the remaining BDT 4,000 crore was issued. In issuing this Sukuk, BB performed the role of the Special Purpose Vehicle (SPV) and the trustee. The current outstanding amount (face value) of the Bangladesh Government Investment Sukuk is BDT 8,000 crore.

Chapter 4

Secondary Market of G-Sec

Over-the-Counter (OTC)

Trader Work Station (TWS)

Government Securities Order-Matching Trading Platform (GSOM)

Secondary Market Yield Curve of G-Sec

Trading Pattern of G-Sec



Chapter 4

Secondary Market of G-Sec

In the secondary market, G-Sec issued through auctions can be freely traded. In October 2011, BB launched an automated trading and settlement method for G-Sec transactions. Over-the-Counter (OTC) and an automatic order-matching mechanism (Trader-Work-Station-TWS) make up the secondary G-Sec market in Bangladesh. Both methods are fundamental elements of the Market Infrastructure (MI) module, the automated auction and trading platform for G-Sec established in BB.

4.1. 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.

4.2. Trader Work Station (TWS)

TWS (anonymous order-matching system) is a G-Sec trading system 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. TWS has improved the transparency of G-Sec's secondary market transactions. Bids (purchase orders) and offers (sell orders) can be placed immediately on the TWS screen by members (PDs and Non-PDs). 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 banks and FIs working in Bangladesh.

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

BB launched a web-based tool in August 2016 to make G-Sec purchase and sell orders visible through GSOM. 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 TWS. An example of the GSOM screen is presented below:

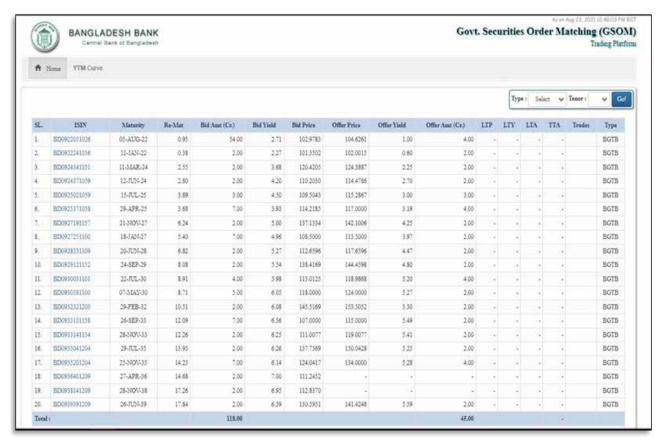


Figure-4: Government Securities Order-Matching (GSOM) Order-book

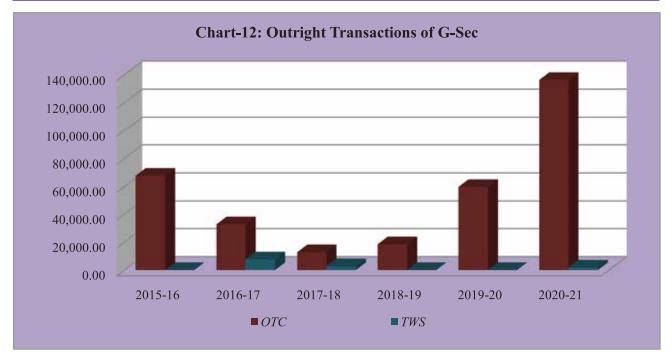
4.4. Secondary Market Yield Curve of G-Sec

Based on past one-month secondary market transaction data, BB creates a secondary market yield curve for T-bonds. All traded data of T-bonds in the secondary market (both OTC and TWS) were used to construct the curve and the cut-off rate of re-issuance bonds. The yield of a given maturity is calculated using linear interpolation and extrapolation methods. However, during FY 2020-21, BB finalized an initiative to shift from the linear interpolation-extrapolation approach to an advanced cubic (3rd-order) spline method in constructing the secondary yield curve. At present, the implementation of this methodology is ongoing.

4.5. Trading Pattern of G-Sec

4.5.1. Outright Transactions: The total volume of G-Sec transacted outright in FY 2020-21 stood at BDT 137,773.08 crore, which was significantly higher than the preceding FY's 59,479.32 crore BDT. This trend continues since FY 2018-19 that has been primarily due to different awareness activities by BB. The overall picture of secondary transactions of G-Sec is presented below:

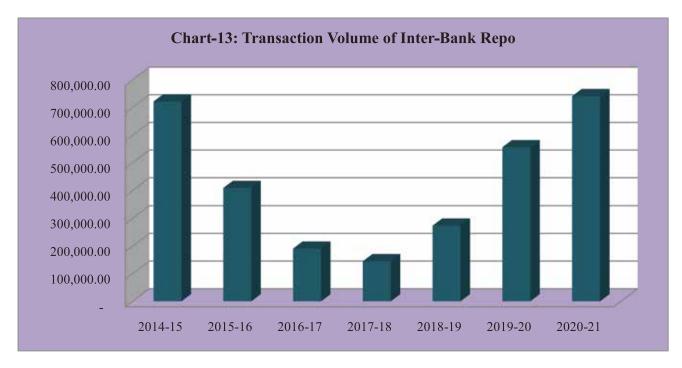
	Table-9: Outright Transactions of G-Sec								
	(Taka in Crore)								
Period		OTC			TWS		Grand		
	T-Bonds	T-Bills	Total	T-Bonds	T-Bills	Total	Total		
2015-16	59,499.98	8,012.98	67,512.96	0.06	-	0.06	67,513.02		
2016-17	25,469.64	7,059.24	32,528.88	6,791.52	738.00	7,529.52	40,058.40		
2017-18	12,370.16	297.24	12,667.40	2,667.00	-	2,667.00	15,334.40		
2018-19	12,797.36	5,491.92	18,289.28	20.54	-	20.54	18,309.82		
2019-20	50,470.90	9,005.18	59,476.08	3.24	-	3.24	59,479.32		
2020-21	105,876.50	30,213.60	136,090.10	1,382.98	300.00	1,682.98	137,773.08		
						Sou	rce: DMD, BB.		



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 2020-21 was BDT 740,373.48 crore, around 33% higher than the previous FY's BDT 555,564.86 crore.

	Table-10: Yearly IB Repo Transactions in G-Sec							
				(Taka in Crore)				
Period	Inter-Bank Repo	Transaction Volume	Inter-B	ank Repo Rate				
	Amount	Change (In %) from Previous Year	Yearly WAR of IB Repo Rate	Change (in %) from Previous Year				
2014-15	721,188.89	-	7.19	4.35				
2015-16	408,160.39	(43.40)	3.66	(49.10)				
2016-17	190,605.22	(53.3)	3.20	(12.57)				
2017-18	144,862.09	(24.00)	3.97	24.06				
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)				
				Source: DMD, BB				

The weighted-average interbank repo rate decreased by 365 basis points from FY 2019-20 to FY 2020-21, indicating a significant excess liquidity in the market. Compared to the preceding FY, the IB repo transactions were considerably higher in the current FY. The higher volume of IB repo could explain the participants' lower volume of CB repo transactions as IB repo became more popular in this term.



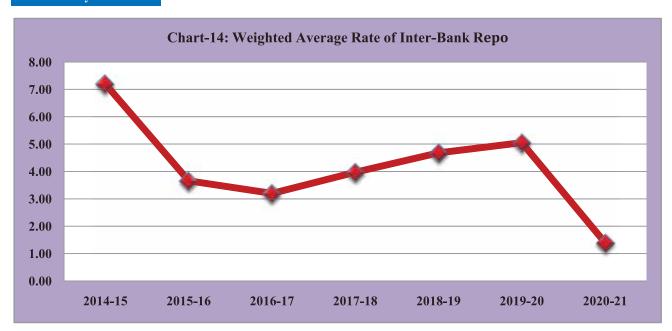
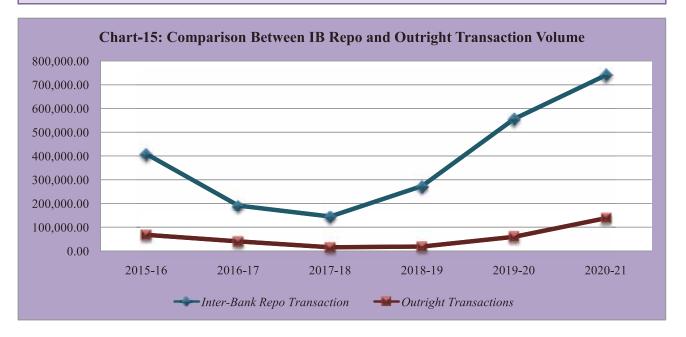
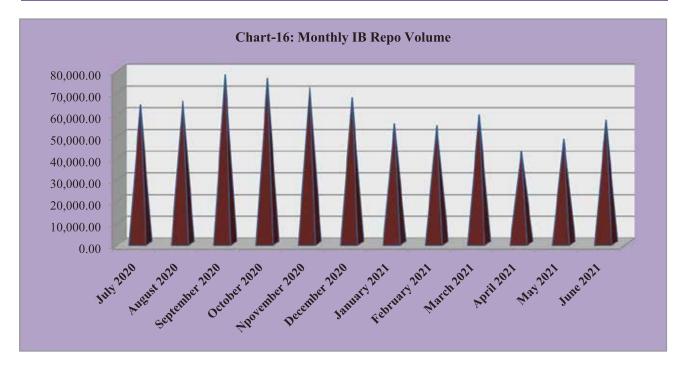


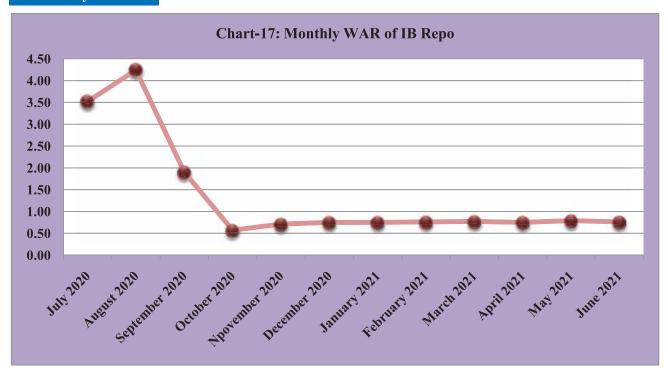
Table-11: Compa	rison Between IB Repo and Outright Trans	action Volume of G-Sec
		(Taka in Crore)
Period	Inter-Bank Repo Transaction	Outright Transactions
2015-16	408,160.39	67,513.02
2016-17	190,605.22	40,058.40
2017-18	144,862.09	15,334.40
2018-19	273,547.50	18,309.82
2019-20	555,564.86	59,479.32
2020-21	740,373.48	137,773.08
		Source: DMD, BB



An active interbank repo market plays a significant role in the liquidity management of the financial system. The interbank repo rate started having an upward trend in July 2017 that lasted till the end of FY 2019-20, which decreased significantly in FY 2020-21.

Table-12: Monthly IB Repo Transaction Volume of G-Sec in FY 2020-21							
		(Taka in Crore)					
Month	Monthly IB Repo Transaction Volume	Monthly WAR of IB Repo (%)					
July 20	64,195.46	3.52					
August 20	65,712.17	4.24					
September 20	77,891.76	1.90					
October 20	76,185.92	0.57					
November 20	71,870.73	0.71					
December 20	67,271.70	0.75					
January 21	55,319.93	0.75					
February 21	54,411.31	0.76					
March 21	59,373.47	0.77					
April 21	42,822.27	0.75					
May 21	48,272.85	0.79					
June 21	57,045.91	0.76					
	Source: DMD, BB.						





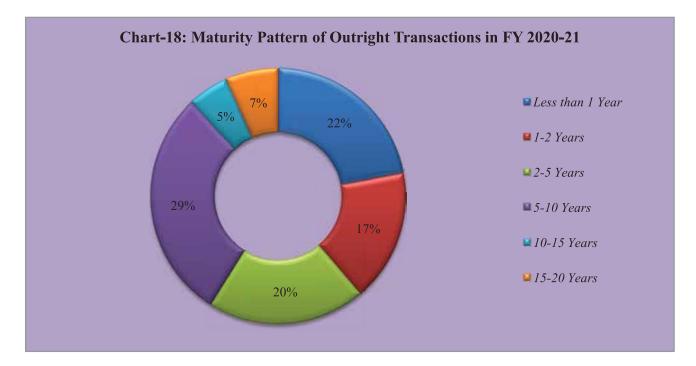
4.5.3. Top 10 Traded Securities: Among the top-10 traded securities, 10-year T-bonds traded the most, followed by 2, and 5-year T-bonds. The following table shows the details of the top 10 traded securities for FY 2020-21 and previous financial years:

	Table-13: Top 10 Traded Securities								
	(Taka in Crore)								
SL.	ISIN	Tenor	Turnover	SL.	ISIN	Tenor	Turnover		
No.			(FY 2019-20)	No.			(FY 2020-21)		
1	BD0923021051	05-Year	3000.00	1	BD0930261104	10-Year	4,342.27		
2	BD0921081024	02-Year	1338.46	2	BD0921201028	02-Year	2,990.00		
3	BD0929061101	10-Year	1140.00	3	BD0929221101	10-Year	2,892.59		
4	BD0933101158	15-Year	1108.11	4	BD0930031101	10-Year	2,736.04		
5	BD0918250202	20-Year	920.00	5	BD0925131056	05-Year	2,591.77		
6	BD0929221101	10-Year	874.10	6	BD0930141108	10-Year	2,069.84		
7	BD0928331109	10-Year	675.00	7	BD0921081024	02-Year	1,930.24		
8	BD0931401154	15-Year	602.10	8	BD0909101208	91 - Day	1,885.00		
9	BD0936401209	20-Year	600.00	9	BD0925251052	05-Year	1,662.40		
10	BD0921011021	02-Year	554.45	10	BD0936402215	364 - Day	1,525.00		
							Source: DMD, BB.		

4.5.4. Maturity Pattern of Outright Transactions: In the FY 2020-21, securities in the bucket of 5-10 years accounted for the highest share of trading, followed by the bucket with less than a year of maturity. Securities between 10 and 15 years of maturities changed hands with the least amount in FY 2020-21.

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The table and	graphic below	show the mathrit	v aistrihiition	of T-bond transactions:
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	Table-14: Maturity Pattern of Outright Transactions							
					(Taka in Crore)			
Maturity	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21			
Bucket								
Less than 1 Year	9,771.76	1,959.08	5,491.92	10,965.68	30,513.60			
1-2 Years	3,369.98	1,482.68	1,182.60	9,152.18	22,909.46			
2-5 Years	5,537.58	3,890.06	2,730.20	17,716.80	27,661.30			
5-10 Years	14,462.88	5,400.32	5,422.26	12,287.37	40,331.10			
10-15 Years	5,267.86	842.32	1,075.42	4,862.54	7,190.22			
15-20 Years	1,648.34	1,759.94	2,407.42	4,494.74	9,167.40			
Total	40,058.40	15,334.40	18,309.82	59,479.32	137,773.08			
					Source: DMD, BB			



4.5.5. Category-wise Buying and Selling: The trading activity of the significant investor categories illustrates that PD banks were the dominant traders, which accounted for 47% of buying and 41% of selling activities in FY 2020-21. This level of trading share was overall slightly lower than the preceding FY as the participation by other types of investors increased. In the positions following the PDs were the non-PD local banks, followed by foreign banks. As evident from the table below, the foreign banks continued their strategy of investing more into G-Sec than closing out their positions in this FY.

Secondary Market

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-15: Category-wise Buying and Selling (% of Total Trade)									
	FY 2017	7-2018	FY 2018-2019		FY 2019-20		FY 2020-21			
Category	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell		
PD Banks	55.11	66.45	45.95	50.88	45.28	52.30	47.48	41.29		
Local	37.58	31.94	33.68	43.86	21.02	18.96	25.66	41.47		
Foreign	7.12	1.34	20.00	4.78	18.72	8.31	21.05	6.72		
FI	0.00	0.00	0.00	0.48	7.66	7.41	1.19	2.09		
Others	0.18	0.27	0.37	0.00	7.32	13.02	4.62	8.43		
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
							Source	e: DMD, BB.		

Chart-19: Trading Activities by Category of Traders 50 40 ■ PD Banks ■ Local Banks 30 ■ Foreign Banks 20 $\blacksquare FI$ 10 Others Buy (%) Sell (%) Buy (%) Sell (%) Buy (%) Sell (%) Buy (%) Sell (%) FY 2017-18 FY 2018-19 FY 2019-20 FY 2020-21

4.5.6. Top 10 Member Traders: In FY 2020-21, the trading by top 10 members accounted for around 55.77%, which was substantially lower than the preceding FYs 69.80% of total trade volume. As discussed earlier, this FY exhibited a more dispersed trading behavior by the investors. In this FY, Standard Chartered Bank conducted the most significant portion of trade with 8.43%, followed by Modhumoti Bank Limited (7.62%) and NRB Commercial Bank Limited (6.06%).

The trading patterns of member traders in FY 2020-21, along with the preceding two FYs, are illustrated below:

	Table-16: Top 10 Member Traders							
SL. No.	Bank Name	% of Total Trade (FY 2018-19)	Bank Name	% of Total Trade (FY 2019-20)	Bank Name	% of Total Trade (FY 2020-21)		
1	Janata Bank	11.91	Janata Bank	13.33	SCB	8.43		
2	Jamuna Bank	9.86	Sonali Bank Limited	12.51	Modhumoti	7.62		
3	BRAC Bank	8.67	Jamuna Bank Limited	7.54	NRBC Bank	6.06		
4	Southeast	7.61	Eastern Bank Limited	6.77	BRAC Bank	5.93		
5	City Bank	6.53	Modhumoti Bank	6.62	Trust Bank	5.61		
6	SCB	4.71	SCB	5.87	Bank Asia	5.14		
7	Bank Asia	4.61	BRAC Bank	5.71	Jamuna Bank	4.90		
8	Eastern Bank	4.57	Midland Bank	4.90	Janata Bank	4.50		
9	National Bank	4.40	Mutual Trust Bank	3.42	City Bank	3.85		
10	Sonali Bank	4.19	Southeast Bank	3.13	Premier Bank	3.73		
	Source: DMD, BB.							



Chapter 5 Monetary Policy Tools: Open Market Operations (OMO)

Central Bank Repo and ALS Transactions
Reverse Repo and Bangladesh Bank Bills
Comparative Scenario of Open Market Operations



Chapter 5

Monetary Policy Tools: Open Market Operations (OMO)

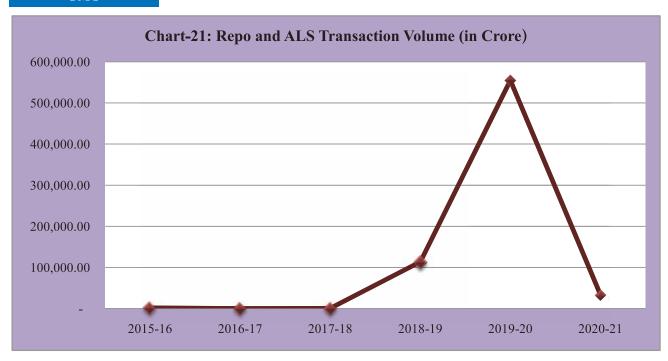
The central bank adopts systematic actions to regulate the money supply, interest rates, and exchange rate in order to manage inflation under its monetary policy framework. Price stability is the ultimate goal of monetary policy for achieving high output growth and low unemployment. Financial markets 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 sans 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 Repo and ALS Transactions

The central bank repo facilities are provided by BB to banks and FIs on an overnight (one-day) or 7, 14, and 28-day basis to alleviate transitory liquidity problems and raise the money supply in the economy. During the Covid-19 pandemic, BB established 360-day term-repo facilities for banks and FIs to help alleviate the financial sector's effect from this unparalleled global pandemic. In addition, BB offers special repo (liquidity tool) for specific situations. BB also provides Assured Liquidity Support (ALS) to PDs against G-Sec allotted to them at auctions for up to 60 days from the date of issuance, in addition to repo facilities.

Since FY 2018-19, the number of ALS and repo transactions with BB has increased till FY 2019-20. However, with the ample liquidity provided by BB in the economy, the trend of ALS reversed in FY 2020-21. The total ALS and repo facilities availed by the banks and FIs during FY 2020-21 was just 32,967.57 crore BDT, which was drastically lower than the BDT 554,779.90 crore facilities availed by this sector in the preceding FY. The table and chart below demonstrate the amount of ALS and repo facilities availed by the financial sector over the past few years:

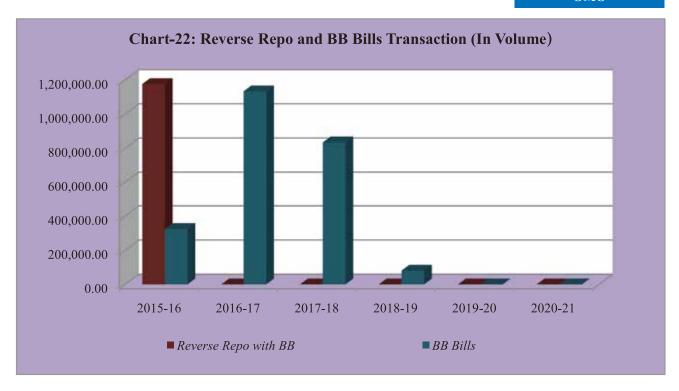
Table-17: Repo and ALS Transaction Volume								
			(Taka in Crore)					
Period	Repo with BB	ALS with BB	Repo and ALS with BB					
2015-16	-	1,762.24	1,762.24					
2016-17	-	115.67	115.67					
2017-18	96.18	476.68	572.86					
2018-19	94,587.62	18,951.72	113,539.34					
2019-20	282,201.15	2 72,578.75	554,779.90					
2020-21	32,537.47	430.10	32,967.57					
	Source: DMD, BB							



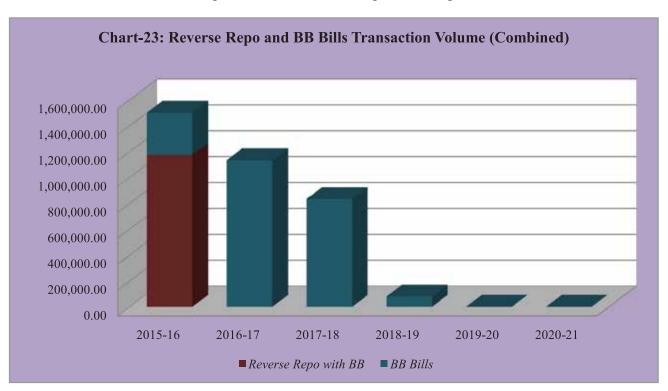
5.2. Reverse Repo and Bangladesh Bank Bills

Reverse repo operations are used by BB to manage the money supply in 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 six FYs:

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



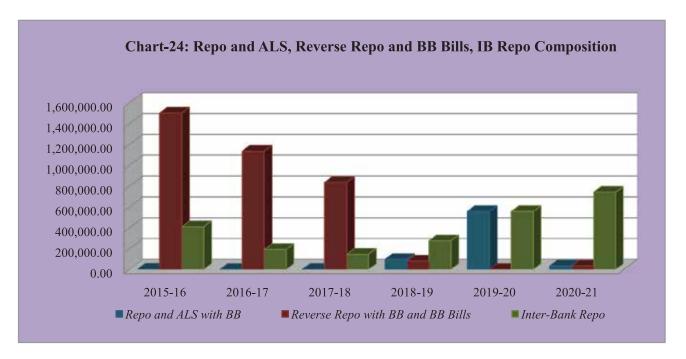
Since FY 2016-17, to manage liquidity and for sterilization purposes, from time to time, BB issues BB bills instead of reverse repo mechanism. However, in 2020-21, BB need not to issue any BB bills. The collective state of the reverse repo and BB bills over the past FYs is presented below:



5.3. Comparative Scenario of Open Market Operations

There was huge surplus liquidity in the banking sector between FY 2015-16 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. However, as we observed from the earlier comparisons, that liquidity position significantly reversed in FY 2020-21. For comparison, the following table shows the trend of repo, ALS, reverse repo, and BB bills alongside inter-bank repo transactions:

	Table-19: Securities Used in Open Market Operations								
	(Taka in Crore								
	Done and	Reverse	Repo with BB and I	BB Bills	Inter-Bank				
Period	Repo and ALS with BB	Reverse Repo with BB	BB Bills	Total	Repo				
2015-16	1,762.24	1,174,795.52	324,062.90	1,498,858.42	408,160.39				
2016-17	115.67	-	1,132,530.90	1,132,530.90	190,605.22				
2017-18	572.86	-	833,633.20	833,633.20	144,862.09				
2018-19	94,587.62	-	79,883.00	79,883.00	273,547.50				
2019-20	554,779.90	-	150.00	150.00	555,564.86				
2020-21	32,967.57	-	-	32,967.57	740,373.48				
					Source: DMD, BB.				



Chapter 6 Market Analysis

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



Chapter 6

Market Analysis

6.1. Money Market

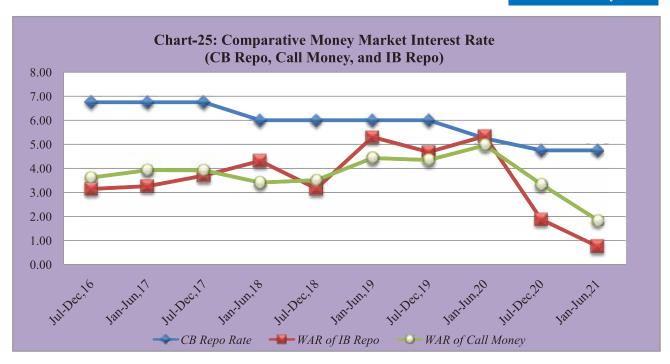
To counter any potential liquidity pressure in the money market amidst the pandemic of Covid-19, BB reduced the overnight repo rate to 4.75% and reverse repo rate to 4.00% on July 29, 2020, focusing on stimulating the market. In contrast, the average rate of borrowing through IB repo and the call money rate dropped significantly in FY 2020-21. 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-20: Comparative Money Market Interest Rates						
				(In percentage)			
Period	CB Repo Rate	WAR of IB Repo	WAR of Call Money	Reverse Repo Rate			
Jul-Dec,16	6.75	3.15	3.62	4.75			
Jan-Jun,17	6.75	3.26	3.93	4.75			
Jul-Dec,17	6.75	3.70	3.92	4.75			
Jan-Jun,18 ¹	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 ²	5.25	5.34	4.96	4.75			
Jul-Dec,20 ³	4.75	1.88	3.34	4.00			
Jan-Jun,21	4.75	0.76	1.85	4.00			
				Source: DMD, BB			

¹ MPD circular No-02, Dated April 03, 2018

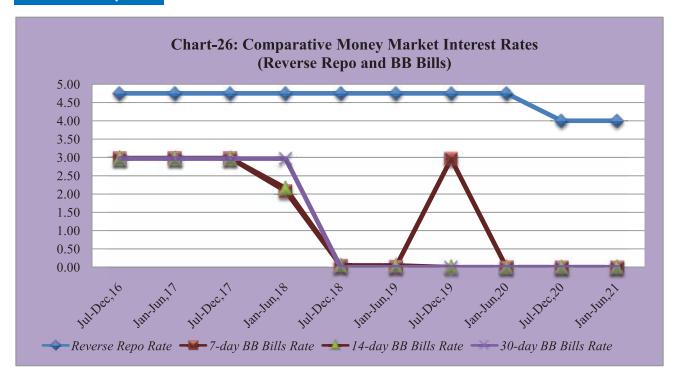
² MPD circular No-04, Dated April 09, 2020

³ MPD circular No-05, Dated July 29, 2020



As discussed in the previous chapter, no banks or FIs availed the reverse repo facilities since July 2016, and that trend continued in FY 2020-21. In contrast, in FY 2019-20, only 7 day BB bill were issued in the first half. The table below presents the rates of reverse repo, and 7-day, 14-day, and 30-day BB bills over the years:

				(in percentage
Period	Reverse Repo Rate	7-day BB Bills Rate	14-day BB Bills Rate	30-day BB Bills Rate
Jul-Dec,16	4.75	2.98	2.98	2.97
Jan-Jun,17	4.75	2.98	2.98	2.97
Jul-Dec,17	4.75	2.98	2.98	2.97
Jan-Jun,18	4.75	2.08	2.16	2.97
Jul-Dec,18	4.75	0.05	0.05	-
Jan-Jun,19	4.75	0.02	0.05	-
Jul-Dec,19	4.75	2.96	-	-
Jan-Jun,20	4.75	-	-	-
Jul-Dec,20	4.00	-	-	-
Jan-Jun,21 ¹	4.00	-	-	-
				Source: DMD, Bi



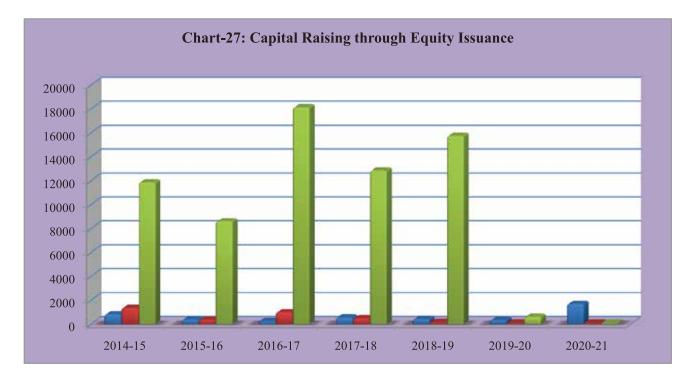
6.2. Capital Market

6.2.1. Equity Market

The Bangladesh Securities and Exchange Commission (BSEC) is the regulatory authority of the capital market of Bangladesh. They oversee the issue and trading of equity instruments. The Securities and Exchange Commission (Issue of Capital) Rules, 2001, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, and Securities and Exchange Commission (Rights Issue) Rules, 2006 govern the issuance of equity securities. The Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) operate under the jurisdiction of the Bangladesh Securities and Exchange Commission (BSEC).

The following is an overview of Bangladesh's initial public offerings (IPOs), rights issuances, and private equity offers:

	Table-22: Capital Raising through Equity Issuance							
	(Taka in Crore)							
	IP	90	Right I	ssue	Privat	e Offer		
Period	No. of Companies	Amount (Including Premium)	No. of Companies	Amount	No. of Companies	Amount	Total	
2014-15	11	808.17	4	1,354.10	154	11,852.60	14,014.87	
2015-16	9	368.00	3	365.80	146	8,592.50	9,326.30	
2016-17	6	236.25	3	989.60	147	18,135.80	19,361.65	
2017-18	13	553.25	4	491.50	194	12,840.40	13,885.15	
2018-19	9	424.00	1	141.40	170	15,749.20	16,314.60	
2019-20	4	333.08	1	89.93	8	602.63	1,025.64	
2020-21	16	1,684.79	2	77.77	1	62.52	1,825.08	
						.5	Source: BSEC	



6.2.2. Corporate Bonds Market

Issuers must apply under the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021, for the issuance of debt instruments. This rule shall be applicable for issuance of debt securities through private offer or public issue or offer. This rule shall also be applicable for issuance of islamic shari'ah based securities including Sukuk through private offer or public issue or offer and applicable for issuance of asset backed securities (ABS) through public issue or offer.

Market Analysis

The specifics of the corporate bonds and debentures issued through private offer and public offer are illustrated in the following table and the chart:

Т	Table-23: Issuance of Corporate Debt Securities in Bangladesh: Private Offer							
						(Taka in Crore)		
Period	Corpora	ate Bond	Corporate	Debenture	To	otal		
	No. of Companies	Amount	No. of Companies	Amount	No. of Companies	Amount		
2014-15	12	2,950.00	2	6.75	14	2,956.75		
2015-16	13	4,059.12	2	27.20	15	4,086.32		
2016-17	4	2,160.00	3	497.50	7	2,657.50		
2017-18	29	10,698.50	3	518.00	32	11,216.50		
2018-19	23	12,755.00	-	-	23	12,755.00		
2019-20	17	8,591.46	-	-	17	8,591.46		
2020-21	23	10,967.00	-	-	23	10,967.00		
						Source: BSEC		

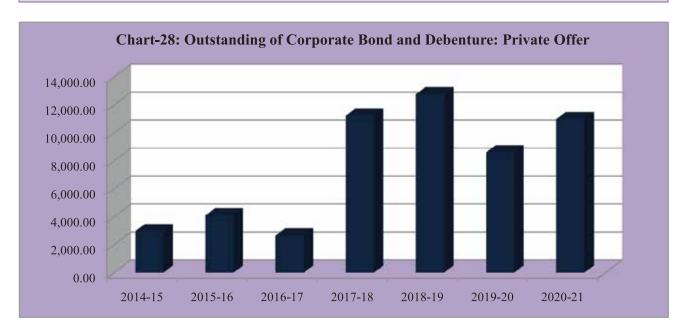


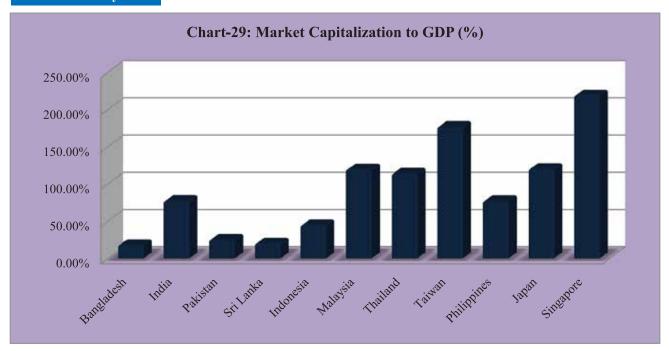
	Table-24: Issuance of Corporate Debt Securities in Bangladesh: Public Offer						
			(Taka	a in Crore)			
Serial no.	Corporate Bonds/Debentures	Year of issue	Features	Size			
1.	IBBL Mudaraba Perpetual Bond	2007	Profit Sharing	300.00			
2.	ACI 20% Convertible Zero-Coupon Bonds*	2010	20% Convertible	107.00			
3.	BRAC Bank 25% Subordinated Convertible Bonds*	2011	25% Convertible	300.00			
	*converted to equity						
			Sou	rce: BSEC			

In Bangladesh, there is now only one 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. 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 increased in recent years. The entire market capitalization as a percentage of GDP was 18.24 percent at the end of FY 2020-21. A comparison is presented in the table and chart below:

		Table-25: Overview	w of Global Markets				
					(June 2021)		
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	60.63	354.95*	18.24%		
02	BSE	India	2,204.74	2,848.23	77.41%		
03	Karachi 100	Pakistan	77.24	303.99	25.41%		
04	Colombo SE	Sri Lanka	18.97	93.45	20.29%		
05	Indonesia (SE)	Indonesia	481.98	1,074.97	44.84%		
06	Bursa Malaysia	Malaysia	437.39	364.92	119.86%		
07	Thailand (SE)	Thailand	552.32	483.74	114.18%		
08	Taiwan SE Corp.	Taiwan	1,086.33	613.30	177.13%		
09	Philippines SE	Philippines	257.00	332.45	77.30%		
10	Japan SE	Japan	6,219.79	5,167.05	120.37%		
11	SGX	Singapore	766.53	349.66	219.22%		
			'		Source: BSEC		
*Provis	*Provisional						



Although increasing over the years, DSE had the lowest market capitalization to GDP ratio at the end of FY 2020-21 among the countries featured above.

6.3. The G-Sec Market

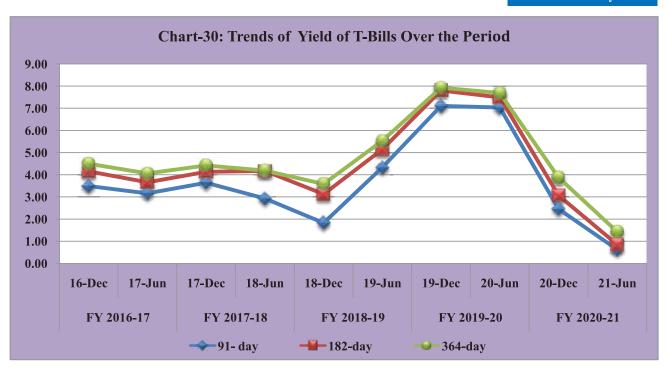
An effective fixed-income securities market is critical for Bangladesh's capital market to develop efficiently and competitively, especially given the banking sector's current liquidity condition.

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 2020-21, the average yields of T-bills of all maturities dropped significantly. Compared to the previous fiscal year, the drop in yields became evident in both halves of this FY. The trajectory of the average yield of T-Bills is presented below:

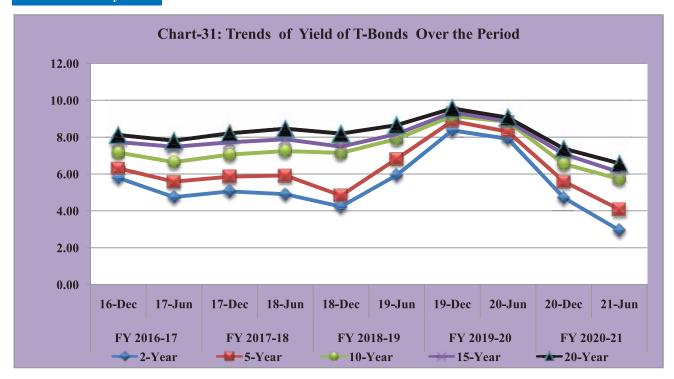
	Table-26: Trends of Average Yield of T-Bills Over the Period									
	(in %)									
Particular	FY 20	16-17	FY 20	17-18	FY 20	18-19	FY 20	19-20	FY 20	20-21
	Dec-16	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
91- day	3.49	3.16	3.64	2.93	1.82	4.33	7.11	7.04	2.46	0.62
182-day	4.15	3.66	4.13	4.17	3.12	5.14	7.80	7.49	3.07	0.85
364-day 4.50 4.06 4.42 4.19 3.58 5.53 7.93 7.69 3.87 1.42										
									Source: 1	OMD, BB.



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

Similar to the yields of T-bills, in this FY 2020-21, the average yield of T-bonds for all maturities decreased drastically. The following table highlights the trend of the average yield for T-bonds over the years.

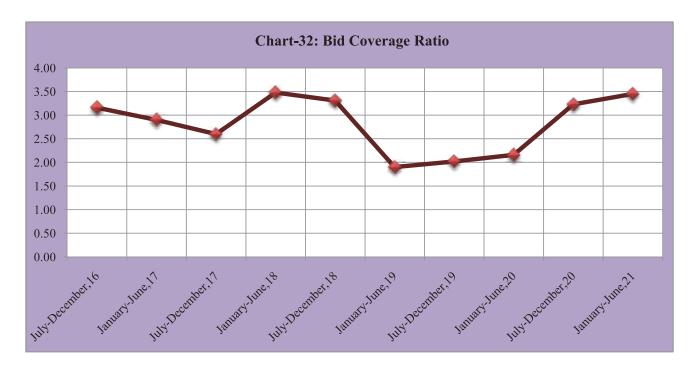
	Table-27: Trends of Average Yield of T-Bonds Over the Period									
										(in %)
	FY 20	016-17	FY 201	7-18	FY 20	18-19	FY 20	19-20	FY 20	20-21
Maturities	Dec-16	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
2-Year	5.79	4.75	5.06	4.91	4.23	5.94	8.37	7.91	4.72	2.95
5-Year	6.31	5.59	5.86	5.92	4.83	6.82	8.88	8.30	5.60	4.08
10-Year	7.16	6.64	7.05	7.24	7.14	7.90	9.15	8.83	6.54	5.73
15-Year	7.74	7.48	7.72	7.89	7.49	8.17	9.35	8.87	7.09	6.10
20-Year	8.12	7.81	8.21	8.46	8.19	8.65	9.56	9.06	7.38	6.58
									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 2013 to December 2018, the bid coverage ratio of more than 2.0 indicated the market was liquid enough, and the demand for G-Sec was high. However, between January 2019 and June 2019, the average bid to coverage ratio dropped below 2.0 (ending up at 1.90), indicating lesser excess liquidity in the market, which started to reverse in FY 2019-20. In FY 2020-21, the ratio was well above 3.0. This indicates the increased demand of G-Sec among the investors in this FY.

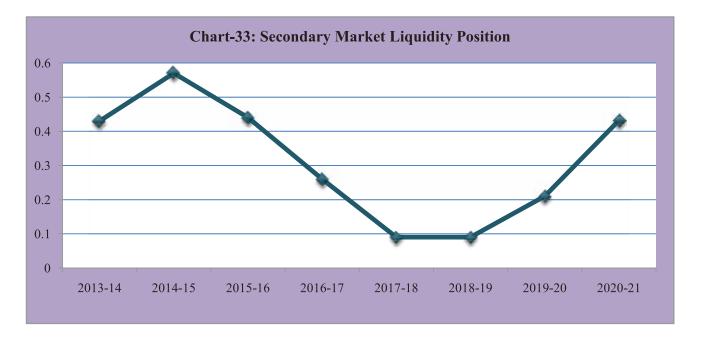
	Table-28: Primary Market L	iquidity Position
		(in times)
Serial No.	Period	Average Bid-Coverage Ratio
1	July-December,13	2.28
2	January-June,14	2.38
3	July-December,14	2.23
4	January-June,15	2.67
5	July-December,15	3.57
6	January-June,16	3.22
7	July-December,16	3.16
8	January-June,17	2.90
9	July-December,17	2.60
10	January-June,18	3.48
11	July-December,18	3.31
12	January-June,19	1.90
13	July-December,19	2.02
14	January-June,20	2.16
15	July-December,20	3.23
16	January-June,21	3.45
	1	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 2020-21 and the turnover (times) increased 105%. The table below shows the turnover of the past FYs:

	Table-29: Secondary Market Liquidity Position						
				(Taka in Crore)			
Financial Year	Outstanding Balances (T-bills and bonds)	Secondary trading turnover	Turnover (Times)	% of Increase/ (Decrease)			
2013-14	143,410.91	61,978.52	0.43	-			
2014-15	146,702.53	83,664.62	0.57	33			
2015-16	153,662.69	67,513.02	0.44	(23)			
2016-17	153,673.38	40,058.40	0.26	(41)			
2017-18	161,767.56	15,334.40	0.09	(65)			
2018-19	199,363.65	18,309.82	0.09	(-)			
2019-20	279,601.97	59,479.32	0.21	133			
2020-21	319,187.30	137,773.08	0.43	105			
				Source: DMD, BB.			

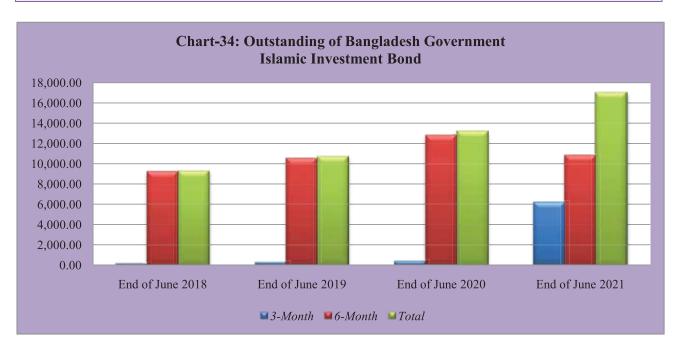


6.4. Performance of Bangladesh Government Islamic Investment Bond (BGIIB)

In 2004, BB introduced the Bangladesh Government Islamic Investment Bond (BGIIB) as a Shariah-compliant instrument on behalf of the Government. In order to expand participation of the Islamic banking sector in the money market, the Government issues these instruments as a pool of funds generated by Shariah-based banks and individuals. This bond is issued to collect surplus money from Shariah-based banks/financial institutions and invest them in Shariah-based banks/financial institutions that are in deficit.

At the moment, two Islamic bonds are in use: the 3-month and 6-month BGIIB. These bonds can be purchased by Bangladeshi institutions, individuals, and non-resident Bangladeshis who agree to share profit or loss in line with Shariah. The bond auction is held every Thursday of each week in the Islamic bond system of Bangladesh Bank. The following table and the graph depict the outstanding balance of the bonds:

	Table-30: Outstanding of Bangladesh Government Islamic Investment Bond						
				(Taka in crore)			
Serial	Period	3-Month	6-Month	Total			
1	End of June 2018	105.00	9,189.78	9,294.78			
2	End of June 2019	225.00	10,486.18	10,711.18			
3	End of June 2020	387.00	12,801.38	13,188.38			
4	End of June 2021	6,207.00	10,813.60	17,020.60			
	Source: DMD, BB						



The total issuance of BGIIB increased over the previous year, indicating that the Shariah-based banking sector has sufficient liquidity.

Chapter 7

Comparative Scenario of Government Debt

Comparison of Net Issuance 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



Comparative Scenario of Government Debt

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

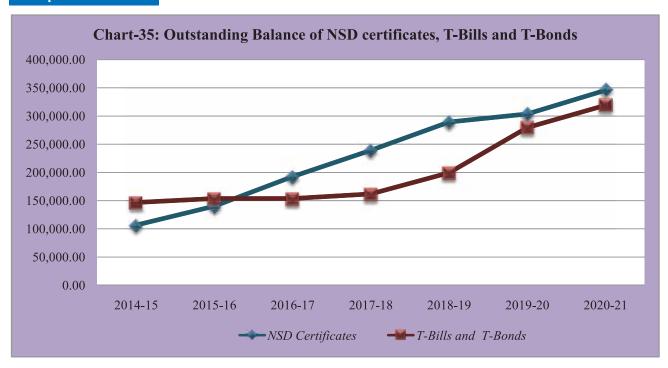
The outstanding public debt from the banking and non-banking sectors was BDT 319,187.30 crore and 345,655.77 crores, respectively, at the end of FY 2020-21. The Government planned BDT 110,051 crore net borrowing from domestic sources in the budget amended for FY 2020-21, with BDT 79,749 crore and BDT 30,302 crore coming from banking and non-banking (national savings schemes) sources, respectively. In FY 2020-21, the Government borrowed BDT 39,585.33 crore from the banking system through T-bills and T-bonds, accounting for only 49.64 percent of the budget. The Government's net borrowing through NSD instruments during this period, on the other hand, was BDT 41,959.54 crore, or 138.47 percent of the target.

At the end of June 2021, 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 2.57%, 3.88%, 5.40%, 5.85%, and 6.07%, respectively. This change in rates was quite significant compared to the preceding year's rates of 7.80%, 8.05%, 8.66%, 8.70%, and 8.94% 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 declined steadily from FY 2012-13 to 2017-18. However, the trend reversed in FY 2018-19. In FY 2020-21, it remained stable as the composition equaled the preceding FY's 48%. During FY 2020-21, 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	Table-31: Comparative Outstanding Balances of NSD Certificates, T-Bills and T-Bonds							
	(Taka in Crore)							
	Outstanding Balances			Total (in term	s of percentage)			
Period	NSD Certificates	T-Bills and T-Bonds	Total Amount	NSD certificates	T-Bills and T-Bonds			
2014-15	106,573.03	146,702.53	253,275.56	42%	58%			
2015-16	140,261.63	153,662.69	293,924.32	48%	52%			
2016-17	192,679.09	153,673.38	346,352.47	56%	44%			
2017-18	239,209.39	161,767.56	400,976.95	60%	40%			
2018-19	289,267.88	199,363.65	488,631.53	59%	41%			
2019-20	303,696.23	279,601.97	583,298.20	52%	48%			
2020-21	2020-21 345,655.77 319,187.30 664,843.07 52% 48%							
				Source:	DMD, BB, and NSD			

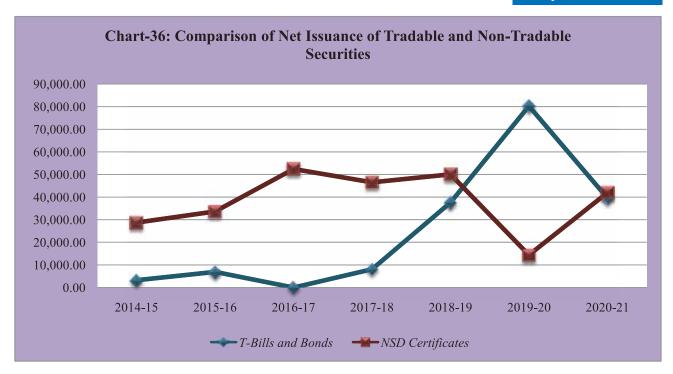
Comparative Scenario



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 lesser 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. The trend in net issuance of tradable and non-tradable securities is seen in the table below:

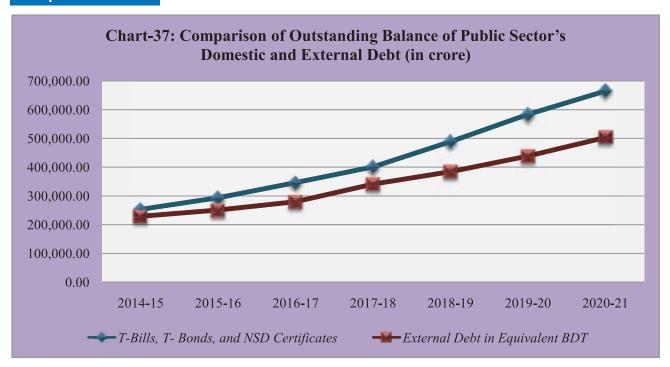
Table-32: Comparison of Net Issuance of Tradable and Non -Tradable Securities						
	(Taka in C					
Financial Year	T-Bills and Bonds	NSD Certificates				
2014 -15	3,291.62	28,732.64				
2015 -16	6,960.16	33,688.60				
2016 -17	10.69	52,417.46				
2017 -18	8,094.18	46,530.30				
2018 -19	37,596.09	50,058.49				
2019 -20	80,238.32	14,428.35				
2020 -21	39,585.33	41,959.54				
		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 2014-15. A similar pattern may be seen in the public sector's external debt. The table below illustrates the overall amount and trends over the years:

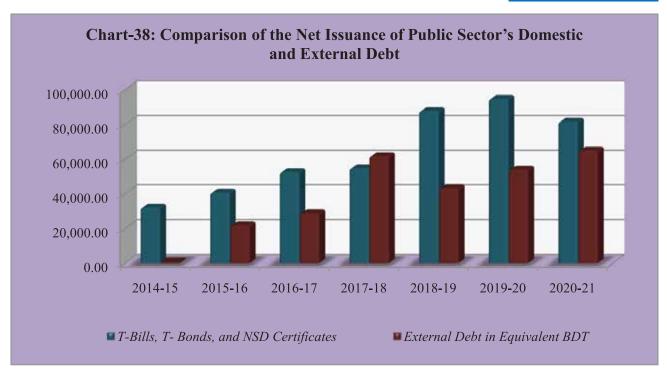
(Taka in Cı					
Financial Year	T-Bills, T- Bonds, and NSD Certificates	External Debt in Equivalent BDT			
2014-15	253,275.56	229,141.04			
2015-16	293,924.32	250,927.04			
2016-17	346,352.47	279,696.55			
2017-18	400,976.95	341,350.31			
2018-19	488,631.53	384,604.13			
2019-20	583,298.20	438,478.95			
2020-21	664,843.07	503,366.09			



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 followed an increasing trend from FY 2014-15 to FY 2020-21. In this FY 2020-21, both domestic and external debt increased by a considerable amount. The table below presents the net amounts of domestic and public debt over the past FYs:

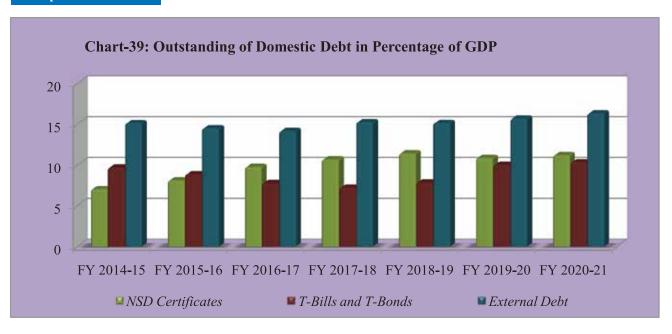
Table-34: Comparison of the Net Issuance of Public Sector's Domestic and External Debt						
(Taka in Cr						
Financial Year	T-Bills, T- Bonds, and NSD Certificates	External Debt in Equivalent BDT				
2014-15	32,024.26	580.30				
2015-16	40,648.76	21,786.00				
2016-17	52,428.15	28,769.51				
2017-18	54,624.48	61,653.76				
2018-19	87,654.58	43,253.81				
2019-20	94,666.67	53,874.82				
2020-21	81,544.87	64,887.13				
Source: Statistics Department & DMD, BB and NSD						



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. In FY 2019-20, the trend of borrowing through NSD certificates reversed, as the Government introduced a centralized database for NSD instruments, including a mandatory submission of the national ID number of the holders to ensure a higher level of transparency. The increasing yield of G-Sec at that time also contributed to its growing popularity. However, in FY 2020-21, the rates dropped significantly, and as a percentage of GDP, the outstanding amount of public debt from the banking sector and NSD instruments increased to some extent. The table below illustrates the proportion of domestic and external debt in comparison with the GDP:

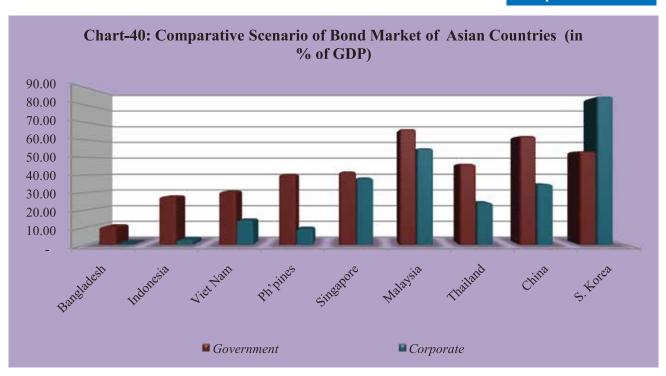
Table-35: Outstanding of Public Sector's Domestic and External Debt Compared to GDP								
(In percentage)								
Instruments	FY							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
NSD Certificates	7.03	8.09	9.75	10.70	11.41	10.86	11.20	
T-Bills and T-Bonds	9.68	8.87	7.78	7.23	7.86	10.00	10.34	
External Debt	15.12	14.48	14.16	15.25	15.16	15.68	16.30	
Source: Statistics Department & DMD, BB and NSD								



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

Compared to other Asian countries such as South Korea, China, Thailand, Vietnam, Malaysia, and others, Bangladesh's fixed-income securities market accounted for a lesser percentage of GDP. The Malaysian G-Sec market was the most prominent (66.54 percent) in terms of GDP among the countries named, followed by the Chinese market. In contrast, the G-Sec market of Bangladesh amounted to only 10.34% with respect to the country's GDP. On the other hand, the corporate bond market in Bangladesh was nearly non-existent, amounting to only 0.01% of the GDP. However, among the featured Asian countries, the South Korean market posted the highest proportion with 85.36%. The following table and the chart present the comparison of the bond markets of different Asian economies:

Table-36: Comparative Scenario of Bond Markets in Asia (in % of GDP)									
(June 2021)								(June 2021)	
Bonds	Bangladesh	Indonesia	Viet Nam	Philippines	Singapore	Malaysia	Thailand	China	S. Korea
G-Sec	10.34	27.74	30.66	40.62	42.02	66.54	46.28	62.53	53.63
Corporate	0.01	2.65	13.88	8.85	38.44	55.39	24.24	34.94	85.36
Source: BB, DSE, and ADB.									



Chapter 8 Recent Initiatives in Developing the Bond Market

Establishment of Cliental Services Windows for Investment in G-Sec
Selection of Benchmark Securities
Mandatory Two-way Price Quotation by the PDs
Introduction of Bangladesh Government Investment Sukuk
Steps Taken During the Covid-19 Pandemic
Expansion of the Investor-Base of G-Sec



Chapter 8

Recent Initiatives in Developing the Bond Market

8.1. Selection of Benchmark Securities

Globally, fixed-income securities markets are regarded as dealer-oriented markets. Even in advanced economies, most of the fixed-income securities markets usually lack liquidity, with numerous instruments being available. Unlike stocks, a significant portion of fixed-income holding could be placed under the held-to-maturity category, which contributes to the lesser liquidity in those markets. Hence, the availability of active quotes is integral to ensure liquidity in corporate bond or treasury markets.

With that view in mind, out of more than 270 T-Bonds available in the market, on November 10, 2020, vide the circular no. 06, BB selected 30 T-Bonds as 'benchmark securities' in the G-Sec market. The yields/quotes offered against those securities are to be used in constructing an effective secondary yield curve of G-Sec. The selection of benchmark securities has already led to increased liquidity in the secondary market of G-Sec, as evident from the increased volume of trading in the FY 2020-21. Moreover, this initiative of BB offered an opportunity to move from the prevailing linear interpolation-extrapolation methodology in constructing a yield curve to a more advanced cubic spline method by including the yields of those benchmark securities.

8.2. Mandatory Two-way Price Quotation by the PDs

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

Recent Developments

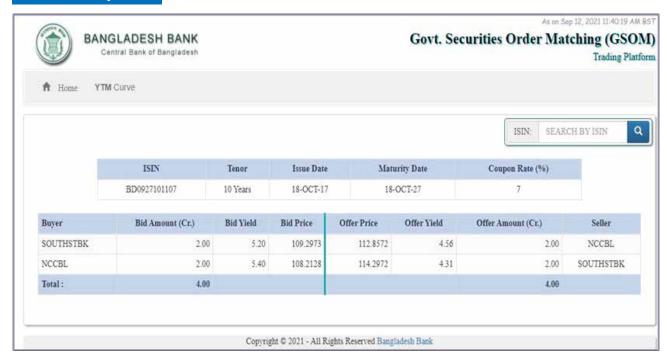


Figure-5: Two-way (Bid-Ask) Quotes Posted by PDs

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

During FY 2020-21, BB continued to take initiatives to broaden the investor base of G-Sec. BB circulates advertisements in Bangla and English daily newspapers detailing the process to invest in G-Sec to increase investor awareness. Since the publication of those advertisements, the DMD, BB, received an overwhelming response from the prospective eligible individual and institutional investors. The trend of the demand for G-Sec and their yield is a testament to the work done by BB and the Ministry of Finance.

8.4. Establishment of Cliental Services Windows for Investment in G-Sec

To broaden the investor base of G-Sec, in July 2020, BB directed all the banks and FIs to establish the 'Government Securities Investment Window' for dedicated G-Sec investment services to their clients. In the past, most banks and FIs used to provide cliental services alongside their proprietary dealing traditionally via their treasury divisions. Usually, those treasury divisions are placed at the head offices of those organizations, which could not afford the clients much ease of access. Intending to offer prospective individual and institutional investors an improved physical admittance, efficient service, and investment advice, BB instructed the banks and FIs to establish those investment windows.

8.5. Steps Taken During the Covid-19 Pandemic

BB took several initiatives to reduce the negative impact of the pandemic of Covid-19 on our economy. With the nationwide lockdown in March 2020, there was a threat of a potential liquidity shortage in the banking sector. Focusing on that issue, in March 2020, DMD, BB issued a circular offering the banks and financial institutions the opportunity to liquidate their G-Sec holding (in excess of SLR) to BB.

This measure offered the banks and FIs an avenue to liquidate their holdings at short notice to meet any unexpected pressure on their liquidity requirements. Similarly, for the institutions willing to trade on borrowed funds against their holdings rather than an outright sale, BB offered 360-day term-repo facilities to the banks and FIs. These steps assisted the banking sector immensely in addressing any prospective crunch situation as the sector came out mostly unscathed from this pandemic. And, during this FY 2020-21, from time to time, to mop up the excess liquidity in the economy, DMD, BB kept on conducting their secondary trading activities of G-Sec. Alongside acting as the market-maker of G-Sec, this offered BB an efficient avenue to implement their monetary policy in a rapid manner.

8.6. Introduction of Bangladesh Government Investment Sukuk

The issuance of the first-ever Sukuk in Bangladesh is a remarkable milestone in the Shariah-based financial industry of Bangladesh. This instrument offers individual and institutional investors an avenue to invest in such securities. Moreover, this Sukuk provides a unique opportunity to the Shariah-based banks to maintain their SLR requirements by holding an investment in this. Additionally, with a growing amount of Sukuk being issued, there is also a great potential for these securities to attract general investors to the market, broaden the investor base and consequently, advance the fixed-income securities market in Bangladesh. In the future, the experience gained from issuing such securities could potentially be imperative in issuing different types of asset-backed securities in Bangladesh.

Chapter 9 Conclusion



Chapter 9

Conclusion

Fostering the growth of the fixed-income securities market is critical for a rising economy. Different financing options for long-term development projects would be accessible to the government or any public/private institution with an effective market in place. And since we all know, infrastructural and other project advancements are vital for a rising economy. Borrowing from the banking sector is necessary to fund such initiatives and bridge the budget deficit for the time being. Furthermore, this market would provide a reliable opportunity for investors to acquire a consistent stream of income.

A developed and diversified financial system with a strong debt and equity market enhances risk-pooling and greater risk-sharing options for deficit and surplus groups in any stable economy. In the presence of a developed market, both domestic and international investors would be confident in making low-risk investments. While the Covid-19 pandemic slowed global economic development in FY 2020-21, our financial sector was largely unaffected. The banking industry remained liquid enough to confront any possible crisis scenario because of the efforts made by BB to handle the effects of the pandemic.

Along with dealing with the repercussions of the global crisis, BB took steps to expand G-Sec investor base. The increased activity in the secondary market, as evidenced by the data and trends given in this research, hints to brighter future ahead for Bangladesh's fixed-income securities market. The progress of the G-Sec market, and the fixed-income securities market at large, in Bangladesh should be a matter of time provided multiple regulatory agencies work together.

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

	Appendix-2: List of Non-Primary Dealer Banks								
S1.	Non-PD Members	Website							
1.	Bangladesh Commerce Bank Limited	http://bcblbd.com/							
2.	Bank Al-Falah Limited	http://www.bankalfalah.com							
3.	Bank Asia Limited	http://www.bankasia-bd.com							
4.	BASIC Bank Limited	http://www.basicbanklimited.com							
5.	BRAC Bank Limited	http://www.bracbank.com							
6.	Citibank N.A	http://www.citi.com/domain/index.htm							
7.	Commercial Bank of Ceylon Limited	http://www.combank.net/bdweb/							
8.	Dhaka Bank Limited	http://dhakabankltd.com							
9.	Dutch-Bangla Bank Limited	http://www.dutchbanglabank.com							
10.	Eastern Bank Limited	http://www.ebl.com.bd							
11.	Habib Bank Ltd.	http://globalhbl.com/Bangladesh/							
12.	IFIC Bank Limited	http://www.ificbank.com.bd/							
13.	National Bank of Pakistan	http://www.nbp.com.pk							
14.	One Bank Limited	http://www.onebankbd.com							
15.	Premier Bank Limited	http://www.premierbankltd.com							
16.	Pubali Bank Limited	http://www.pubalibangla.com							
17.	Rupali Bank Limited	https://rupalibank.org/en/							
18.	Standard Bank Limited	http://www.standardbankbd.com							
19.	Standard Chartered Bank	http://www.standardchartered.com/bd							
20.	State Bank of India	https://bd.statebank/							
21.	The City Bank Ltd.	http://www.thecitybank.com							
22.	The Hong Kong and Shanghai Banking Corporation	http://www.hsbc.com.bd							
23.	Trust Bank Limited	http://www.trustbank.com.bd							
24.	United Commercial Bank Limited	http://www.ucb.com.bd/							
25.	Woori Bank	http://www.wooribank.com							

Appendices									
Appendix-3: List of Active Treasury Bonds (as of June 30, 2021)									
	(Taka in Crore								
Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance			
1.	BD0921011021	2	3-Jul-19	3-Jul-21	7.94%	3,000.00			
2.	BD0921081024	2	4-Sep-19	4-Sep-21	8.73%	4,500.00			
3.	BD0921201028	2	4-Dec-19	4-Dec-21	8.33%	4,500.00			
4.	BD0922241023	2	8-Jan-20	8-Jan-22	8.27%	1,700.00			
5.	BD0922361029	2	22-Apr-20	22-Apr-22	7.68%	4,500.00			
6.	BD0922411022	2	3-Jun-20	3-Jun-22	7.80%	4,500.00			
7.	BD0922011020	2	8-Jul-20	8-Jul-22	6.48%	4,500.00			
8.	BD0922051026	2	5-Aug-20	5-Aug-22	5.90%	4,000.00			
9.	BD0922121027	2	7-Oct-20	7-Oct-22	3.64%	4,000.00			
10.	BD0923241022	2	6-Jan-21	6-Jan-23	3.14%	4,500.00			
11.	BD0923341020	2	7-Apr-21	7-Apr-23	2.99%	4,300.00			
12.	BD0922281037	3	27-Mar-19	27-Mar-22	6.50%	500.00			
13.	BD0921011054	5	13-Jul-16	13-Jul-21	7.09%	2,450.00			
14.	BD0922241056	5	11-Jan-17	11-Jan-22	5.84%	2,800.00			
15.	BD0923021051	5	11-Jul-18	11-Jul-23	5.74%	2,900.00			
16.	BD0923121059	5	14-Nov-18	14-Nov-23	4.50%	3,000.00			
17.	BD0924261052	5	13-Mar-19	13-Mar-24	6.44%	2,700.00			
18.	BD0924371059	5	12-Jun-19	12-Jun-24	8.10%	4,300.00			
19.	BD0924021050	5	10-Jul-19	10-Jul-24	8.43%	3,000.00			
20.	BD0924211057	5	11-Dec-19	11-Dec-24	8.97%	4,500.00			
21.	BD0925251052	5	15-Jan-20	15-Jan-25	8.86%	4,000.00			
22.	BD0925371058	5	29-Apr-20	29-Apr-25	8.12%	4,500.00			
23.	BD0925421051	5	10-Jun-20	10-Jun-25	8.05%	4,500.00			
24.	BD0925021059	5	15-Jul-20	15-Jul-25	7.19%	4,500.00			
25.	BD0925131056	5	14-Oct-20	14-Oct-25	4.36%	4,000.00			
26.	BD0925211056	5	9-Dec-20	9-Dec-25	4.64%	4,000.00			
27.	BD0926321052	5	18-Mar-21	18-Mar-26	4.25%	3,500.00			
28.	BD0926431059	5	16-Jun-21	16-Jun-26	3.88%	2,000.00			
29.	BD0921021103	10	13-Jul-11	13-Jul-21	9.45%	300.00			
30.	BD0921061109	10	10-Aug-11	10-Aug-21	9.50%	300.00			
31.	BD0921101103	10	14-Sep-11	14-Sep-21	9.53%	300.00			
32.	BD0921141109	10	12-Oct-11	12-Oct-21	9.55%	500.00			
33.	BD0921181105	10	10-Nov-11	10-Nov-21	9.55%	500.00			
34.	BD0921221109	10	14-Dec-11	14-Dec-21	9.55%	500.00			
35.	BD0922261104	10	11-Jan-12	11-Jan-22	11.25%	550.00			
36.	BD0922301108	10	15-Feb-12	15-Feb-22	11.35%	550.00			
37.	BD0922341104	10	14-Mar-12	14-Mar-22	11.40%	550.00			
38.	BD0922381100	10	11-Apr-12	11-Apr-22	11.50%	700.00			
39.	BD0922421104	10	16-May-12	16-May-22	11.56%	700.00			
40.	BD0922461100	10	13-Jun-12	13-Jun-22	11.60%	700.00			
41	BD0922021102	10	11_[1:1]_12	11_I11_22	11 65%	650.00			

41.

BD0922021102

10

11-Jul-12

11-Jul-22

11.65%

650.00

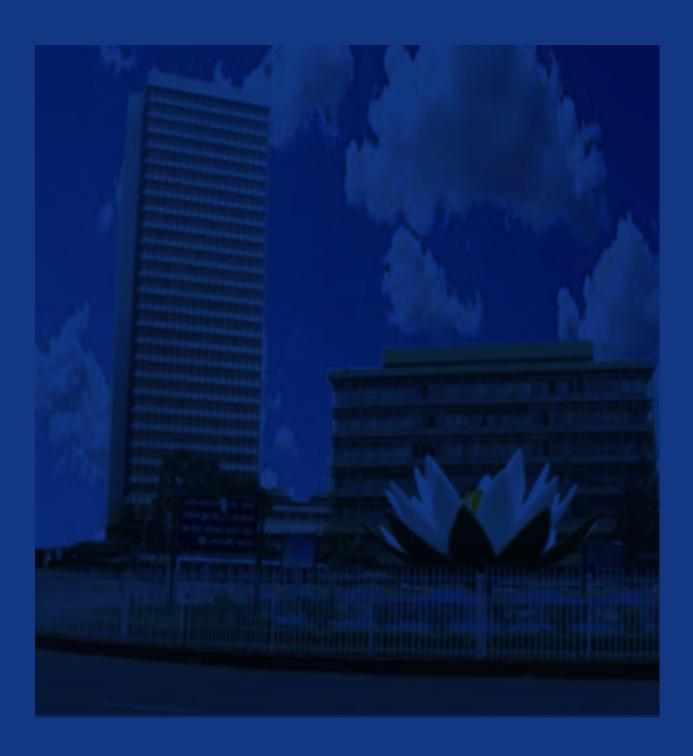
Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
42.	BD0922061108	10	22-Aug-12	22-Aug-22	11.75%	650.00
43.	BD0922101102	10	12-Sep-12	12-Sep-22	11.75%	650.00
44.	BD0922141108	10	10-Oct-12	10-Oct-22	11.80%	700.00
45.	BD0922181104	10	14-Nov-12	14-Nov-22	11.75%	700.00
46.	BD0922221108	10	12-Dec-12	12-Dec-22	11.80%	700.00
47.	BD0923261103	10	9-Jan-13	9-Jan-23	11.90%	700.00
48.	BD0923301107	10	13-Feb-13	13-Feb-23	12.00%	700.00
49.	BD0923341103	10	13-Mar-13	13-Mar-23	12.10%	1,800.00
50.	BD0923381109	10	10-Apr-13	10-Apr-23	12.10%	700.00
51.	BD0923031100	10	17-Jul-13	17-Jul-23	11.22%	1,200.00
52.	BD0923191102	10	20-Nov-13	20-Nov-23	12.16%	1,400.00
53.	BD0924351101	10	19-Mar-14	19-Mar-24	11.75%	1,450.00
54.	BD0924031109	10	16-Jul-14	16-Jul-24	11.59%	1,600.00
55.	BD0924191101	10	19-Nov-14	19-Nov-24	10.92%	1,840.00
56.	BD0925381107	10	22-Apr-15	22-Apr-25	10.72%	2,800.00
57.	BD0925071104	10	19-Aug-15	19-Aug-25	8.39%	3,000.00
58.	BD0926271109	10	20-Jan-16	20-Jan-26	7.39%	2,600.00
59.	BD0926021108	10	20-Jul-16	20-Jul-26	7.59%	2,700.00
60.	BD0927251100	10	18-Jan-17	18-Jan-27	6.77%	2,600.00
61.	BD0927101107	10	18-Oct-17	18-Oct-27	7.00%	2,800.00
62.	BD0928331109	10	20-Jun-18	20-Jun-28	7.50%	2,800.00
63.	BD0928131103	10	22-Nov-18	22-Nov-28	7.15%	3,000.00
64.	BD0929311100	10	17-Apr-19	17-Apr-29	7.74%	2,675.00
65.	BD0929381103	10	19-Jun-19	19-Jun-29	8.44%	3,000.00
66.	BD0929061101	10	21-Aug-19	21-Aug-29	9.27%	4,000.00
67.	BD0929221101	10	18-Dec-19	18-Dec-29	9.23%	4,000.00
68.	BD0930261104	10	22-Jan-20	22-Jan-30	9.15%	4,000.00
69.	BD0930381100	10	7-May-20	7-May-30	8.74%	4,500.00
70.	BD0930431103	10	17-Jun-20	17-Jun-30	8.66%	4,500.00
71.	BD0930031101	10	22-Jul-20	22-Jul-30	7.89%	4,000.00
72.	BD0930141108	10	21-Oct-20	21-Oct-30	5.63%	4,500.00
73.	BD0931301107	10	17-Feb-21	17-Feb-31	6.01%	3,000.00
74.	BD0931401105	10	19-May-21	19-May-31	5.80%	4,500.00
75.	BD0922021151	15	11-Jul-07	11-Jul-22	14.00%	100.00
76.	BD0922061157	15	15-Aug-07	15-Aug-22	13.97%	100.00
77.	BD0922101151	15	12-Sep-07	12-Sep-22	13.48%	100.00
78.	BD0922141157	15	10-Oct-07	10-Oct-22	13.20%	100.00
79.	BD0922181153	15	14-Nov-07	14-Nov-22	12.94%	100.00
80.	BD0922221157	15	12-Dec-07	12-Dec-22	12.89%	100.00
81.	BD0923261152	15	9-Jan-08	9-Jan-23	12.22%	100.00
82.	BD0923301156	15	13-Feb-08	13-Feb-23	12.22%	100.00
83.	BD0923341152	15	12-Mar-08	12-Mar-23	12.22%	100.00
84.	BD0923381158	15	9-Apr-08	9-Apr-23	12.22%	100.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
85.	BD0923421152	15	14-May-08	14-May-23	12.22%	100.00
86.	BD0923461158	15	11-Jun-08	11-Jun-23	12.22%	100.00
87.	BD0923021150	15	9-Jul-08	9-Jul-23	12.14%	150.00
88.	BD0923061156	15	13-Aug-08	13-Aug-23	12.14%	150.00
89.	BD0923101150	15	10-Sep-08	10-Sep-23	12.14%	150.00
90.	BD0923141156	15	15-Oct-08	15-Oct-23	12.14%	150.00
91.	BD0923181152	15	12-Nov-08	12-Nov-23	12.14%	150.00
92.	BD0923221156	15	11-Dec-08	11-Dec-23	12.14%	150.00
93.	BD0924261151	15	14-Jan-09	14-Jan-24	12.14%	150.00
94.	BD0924301155	15	11-Feb-09	11-Feb-24	12.14%	150.00
95.	BD0924341151	15	11-Mar-09	11-Mar-24	12.14%	150.00
96.	BD0924381157	15	15-Apr-09	15-Apr-24	12.00%	150.00
97.	BD0924421151	15	13-May-09	13-May-24	10.60%	150.00
98.	BD0924461157	15	10-Jun-09	10-Jun-24	10.09%	80.00
99.	BD0924021159	15	15-Jul-09	15-Jul-24	9.39%	150.00
100.	BD0924061155	15	12-Aug-09	12-Aug-24	8.59%	150.00
101.	BD0924101159	15	9-Sep-09	9-Sep-24	8.80%	131.25
102.	BD0924141155	15	14-Oct-09	14-Oct-24	8.69%	150.00
103.	BD0924181151	15	9-Dec-09	9-Dec-24	8.69%	150.00
104.	BD0925231153	15	13-Jan-10	13-Jan-25	8.74%	100.00
105.	BD0925261150	15	10-Feb-10	10-Feb-25	8.74%	100.00
106.	BD0925301154	15	10-Mar-10	10-Mar-25	8.75%	100.00
107.	BD0925341150	15	15-Apr-10	15-Apr-25	8.77%	80.00
108.	BD0925381156	15	12-May-10	12-May-25	8.80%	75.00
109.	BD0925421150	15	9-Jun-10	9-Jun-25	8.80%	75.00
110.	BD0925021158	15	14-Jul-10	14-Jul-25	8.85%	140.00
111.	BD0925061154	15	11-Aug-10	11-Aug-25	8.86%	140.00
112.	BD0925101158	15	15-Sep-10	15-Sep-25	8.92%	140.00
113.	BD0925141154	15	13-Oct-10	13-Oct-25	8.95%	150.00
114.	BD0925181150	15	10-Nov-10	10-Nov-25	9.05%	150.00
115.	BD0925221154	15	15-Dec-10	15-Dec-25	9.12%	150.00
116.	BD0926261159	15	9-Feb-11	9-Feb-26	9.12%	200.00
117.	BD0926301153	15	9-Mar-11	9-Mar-26	9.20%	200.00
118.	BD0926341159	15	13-Apr-11	13-Apr-26	9.30%	250.00
119.	BD0926381155	15	11-May-11	11-May-26	9.35%	250.00
120.	BD0926421159	15	15-Jun-11	15-Jun-26	9.35%	250.00
121.	BD0926071152	15	17-Aug-11	17-Aug-26	9.65%	150.00
122.	BD0926111156	15	21-Sep-11	21-Sep-26	10.30%	150.00
123.	BD0926151152	15	18-Oct-11	18-Oct-26	10.99%	200.00
124.	BD0926191158	15	16-Nov-11	16-Nov-26	11.00%	200.00
125.	BD0926231152	15	20-Dec-11	20-Dec-26	11.00%	200.00
126.	BD0927271157	15	18-Jan-12	18-Jan-27	11.50%	275.00
127.	BD0927311151	15	22-Feb-12	22-Feb-27	11.60%	275.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
128.	BD0927351157	15	21-Mar-12	21-Mar-27	11.65%	275.00
129.	BD0927391153	15	18-Apr-12	18-Apr-27	11.70%	500.00
130.	BD0927431157	15	23-May-12	23-May-27	11.75%	500.00
131.	BD0927471153	15	20-Jun-12	20-Jun-27	11.80%	500.00
132.	BD0927031155	15	18-Jul-12	18-Jul-27	11.85%	350.00
133.	BD0927111155	15	19-Sep-12	19-Sep-27	11.88%	350.00
134.	BD0927151151	15	17-Oct-12	17-Oct-27	11.93%	100.00
135.	BD0927191157	15	21-Nov-12	21-Nov-27	12.00%	100.00
136.	BD0927231151	15	19-Dec-12	19-Dec-27	12.10%	100.00
137.	BD0928271156	15	16-Jan-13	16-Jan-28	12.20%	100.00
138.	BD0928311150	15	20-Feb-13	20-Feb-28	12.30%	100.00
139.	BD0928351156	15	20-Mar-13	20-Mar-28	12.38%	100.00
140.	BD0928391152	15	17-Apr-13	17-Apr-28	12.38%	200.00
141.	BD0928431156	15	22-May-13	22-May-28	12.38%	200.00
142.	BD0928471152	15	19-Jun-13	19-Jun-28	12.40%	200.00
143.	BD0928041153	15	24-Jul-13	24-Jul-28	12.40%	150.00
144.	BD0928081159	15	29-Aug-13	29-Aug-28	12.40%	150.00
145.	BD0928121153	15	25-Sep-13	25-Sep-28	12.42%	150.00
146.	BD0928161159	15	23-Oct-13	23-Oct-28	12.42%	150.00
147.	BD0928201153	15	27-Nov-13	27-Nov-28	12.29%	150.00
148.	BD0928241159	15	26-Dec-13	26-Dec-28	12.29%	150.00
149.	BD0929281154	15	29-Jan-14	29-Jan-29	12.20%	150.00
150.	BD0929321158	15	26-Feb-14	26-Feb-29	12.10%	150.00
151.	BD0929361154	15	27-Mar-14	27-Mar-29	12.00%	350.00
152.	BD0929401158	15	23-Apr-14	23-Apr-29	11.97%	350.00
153.	BD0929441154	15	28-May-14	28-May-29	11.97%	400.00
154.	BD0929481150	15	25-Jun-14	25-Jun-29	11.97%	400.00
155.	BD0929041152	15	23-Jul-14	23-Jul-29	11.87%	250.00
156.	BD0929081158	15	27-Aug-14	27-Aug-29	11.59%	250.00
157.	BD0929121152	15	24-Sep-14	24-Sep-29	11.50%	250.00
158.	BD0929161158	15	29-Oct-14	29-Oct-29	11.42%	250.00
159.	BD0929201152	15	26-Nov-14	26-Nov-29	11.47%	680.00
160.	BD0930041159	15	29-Jul-15	29-Jul-30	10.06%	3,000.00
161.	BD0930121159	15	23-Sep-15	23-Sep-30	8.44%	3,000.00
162.	BD0931401154	15	27-Apr-16	27-Apr-31	7.79%	2,850.00
163.	BD0933101158	15	26-Sep-18	26-Sep-33	7.20%	4,500.00
164.	BD0933141154	15	28-Nov-18	28-Nov-33	7.55%	4,150.00
165.	BD0935391153	15	13-May-20	13-May-35	8.90%	4,450.00
166.	BD0935441156	15	24-Jun-20	24-Jun-35	8.70%	3,950.00
167.	BD0927041204	20	25-Jul-07	25-Jul-27	15.95%	50.00
168.	BD0927081200	20	29-Aug-07	29-Aug-27	15.44%	50.00
169.	BD0927121204	20	26-Sep-07	26-Sep-27	14.23%	50.00
170.	BD0927161200	20	24-Oct-07	24-Oct-27	13.88%	50.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
171.	BD0927201204	20	28-Nov-07	28-Nov-27	13.49%	50.00
172.	BD0927241200	20	26-Dec-07	26-Dec-27	13.29%	50.00
173.	BD0928281205	20	23-Jan-08	23-Jan-28	13.19%	50.00
174.	BD0928321209	20	27-Feb-08	27-Feb-28	13.14%	50.00
175.	BD0928361205	20	27-Mar-08	27-Mar-28	13.14%	50.00
176.	BD0928401209	20	23-Apr-08	23-Apr-28	13.14%	50.00
177.	BD0928441205	20	28-May-08	28-May-28	13.13%	50.00
178.	BD0928481201	20	25-Jun-08	25-Jun-28	13.09%	50.00
179.	BD0928041203	20	23-Jul-08	23-Jul-28	13.07%	125.00
180.	BD0928081209	20	27-Aug-08	27-Aug-28	13.07%	125.00
181.	BD0928121203	20	24-Sep-08	24-Sep-28	13.07%	125.00
182.	BD0928161209	20	29-Oct-08	29-Oct-28	13.04%	125.00
183.	BD0928201203	20	26-Nov-08	26-Nov-28	13.04%	125.00
184.	BD0928241209	20	24-Dec-08	24-Dec-28	13.02%	125.00
185.	BD0929281204	20	28-Jan-09	28-Jan-29	13.00%	125.00
186.	BD0929321208	20	25-Feb-09	25-Feb-29	12.99%	125.00
187.	BD0929361204	20	25-Mar-09	25-Mar-29	12.98%	150.00
188.	BD0929401208	20	29-Apr-09	29-Apr-29	11.48%	150.00
189.	BD0929441204	20	27-May-09	27-May-29	11.09%	133.20
190.	BD0929481200	20	24-Jun-09	24-Jun-29	10.07%	80.00
191.	BD0929041202	20	29-Jul-09	29-Jul-29	8.97%	125.00
192.	BD0929081208	20	26-Aug-09	26-Aug-29	8.59%	3.00
193.	BD0929161208	20	28-Oct-09	28-Oct-29	9.10%	125.00
194.	BD0929201202	20	23-Dec-09	23-Dec-29	9.10%	150.00
195.	BD0930251204	20	24-Feb-10	24-Feb-30	9.11%	100.00
196.	BD0930281201	20	24-Mar-10	24-Mar-30	9.15%	100.00
197.	BD0930321205	20	27-Apr-10	27-Apr-30	9.17%	80.00
198.	BD0930361201	20	26-May-10	26-May-30	9.20%	75.00
199.	BD0930401205	20	24-Jun-10	24-Jun-30	9.15%	75.00
200.	BD0930041209	20	29-Jul-10	29-Jul-30	9.20%	125.00
201.	BD0930081205	20	25-Aug-10	25-Aug-30	9.23%	125.00
202.	BD0930121209	20	29-Sep-10	29-Sep-30	9.25%	125.00
203.	BD0930161205	20	27-Oct-10	27-Oct-30	9.25%	125.00
204.	BD0930201209	20	24-Nov-10	24-Nov-30	9.45%	125.00
205.	BD0930241205	20	29-Dec-10	29-Dec-30	9.57%	125.00
206.	BD0931281200	20	26-Jan-11	26-Jan-31	9.60%	150.00
207.	BD0931321204	20	23-Feb-11	23-Feb-31	9.60%	150.00
208.	BD0931361200	20	23-Mar-11	23-Mar-31	9.63%	160.00
209.	BD0931401204	20	27-Apr-11	27-Apr-31	9.65%	175.00
210.	BD0931441200	20	25-May-11	25-May-31	9.65%	175.00
211.	BD0931471207	20	29-Jun-11	29-Jun-31	9.65%	185.00
212.	BD0931041208	20	27-Jul-11	27-Jul-31	10.00%	150.00
213.	BD0931081204	20	24-Aug-11	24-Aug-31	10.25%	150.00

Sl. No.	ISIN	Year	Issue Date	Maturity Date	Coupon Rate	Outstanding Balance
214.	BD0931121208	20	28-Sep-11	28-Sep-31	10.85%	150.00
215.	BD0931161204	20	26-Oct-11	26-Oct-31	11.50%	175.00
216.	BD0931201208	20	23-Nov-11	23-Nov-31	11.50%	175.00
217.	BD0931241204	20	28-Dec-11	28-Dec-31	11.50%	175.00
218.	BD0932281209	20	25-Jan-12	25-Jan-32	11.95%	250.00
219.	BD0932321203	20	29-Feb-12	29-Feb-32	12.00%	250.00
220.	BD0932361209	20	28-Mar-12	28-Mar-32	12.03%	250.00
221.	BD0932401203	20	26-Apr-12	26-Apr-32	12.07%	325.00
222.	BD0932441209	20	30-May-12	30-May-32	12.10%	325.00
223.	BD0932481205	20	27-Jun-12	27-Jun-32	12.12%	341.00
224.	BD0932041207	20	25-Jul-12	25-Jul-32	12.12%	300.00
225.	BD0932081203	20	29-Aug-12	29-Aug-32	12.16%	300.00
226.	BD0932121207	20	26-Sep-12	26-Sep-32	12.16%	300.00
227.	BD0932161203	20	25-Oct-12	25-Oct-32	12.16%	100.00
228.	BD0932201207	20	28-Nov-12	28-Nov-32	12.18%	100.00
229.	BD0932241203	20	26-Dec-12	26-Dec-32	12.28%	100.00
230.	BD0933281208	20	23-Jan-13	23-Jan-33	12.38%	100.00
231.	BD0933321202	20	27-Feb-13	27-Feb-33	12.48%	100.00
232.	BD0933361208	20	27-Mar-13	27-Mar-33	12.48%	100.00
233.	BD0933401202	20	24-Apr-13	24-Apr-33	12.48%	100.00
234.	BD0933441208	20	29-May-13	29-May-33	12.47%	100.00
235.	BD0933481204	20	26-Jun-13	26-Jun-33	12.48%	100.00
236.	BD0933041206	20	24-Jul-13	24-Jul-33	12.48%	150.00
237.	BD0933081202	20	29-Aug-13	29-Aug-33	12.48%	150.00
238.	BD0933121206	20	25-Sep-13	25-Sep-33	12.48%	150.00
239.	BD0933161202	20	23-Oct-13	23-Oct-33	12.48%	150.00
240.	BD0933201206	20	27-Nov-13	27-Nov-33	12.33%	150.00
241.	BD0933241202	20	26-Dec-13	26-Dec-33	12.33%	150.00
242.	BD0934281207	20	29-Jan-14	29-Jan-34	12.26%	150.00
243.	BD0934321201	20	26-Feb-14	26-Feb-34	12.24%	150.00
244.	BD0934361207	20	27-Mar-14	27-Mar-34	12.14%	300.00
245.	BD0934401201	20	23-Apr-14	23-Apr-34	12.14%	300.00
246.	BD0934441207	20	28-May-14	28-May-34	12.14%	350.00
247.	BD0934481203	20	25-Jun-14	25-Jun-34	12.12%	350.00
248.	BD0934041205	20	23-Jul-14	23-Jul-34	12.10%	250.00
249.	BD0934081201	20	27-Aug-14	27-Aug-34	11.89%	250.00
250.	BD0934121205	20	24-Sep-14	24-Sep-34	11.98%	250.00
251.	BD0934161201	20	29-Oct-14	29-Oct-34	11.98%	250.00
252.	BD0934201205	20	26-Nov-14	26-Nov-34	11.98%	680.00
253.	BD0935041204	20	29-Jul-15	29-Jul-35	10.36%	2,600.00
254.	BD0935201204	20	25-Nov-15	25-Nov-35	8.70%	3,950.00
255.	BD0936401209	20	27-Apr-16	27-Apr-36	8.24%	2,850.00
256.	BD0938141209	20	28-Nov-18	28-Nov-38	8.24%	3,000.00
257.	BD0939391209	20	26-Jun-19	26-Jun-39	9.29%	3,650.00
258.	BD0940401203	20	20-May-20	20-May-40	9.20%	3,950.00
259.	BD0940441209	20	24-Jun-20	24-Jun-40	8.94%	4,500.00
260.	BD0941451207	20	30-Jun-21	30-Jun-41	6.07%	700.00



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