

Sukuk Details

The Finance Division, Ministry of Finance, and Bangladesh Bank have signed an MoU for issuing Sukuk to fund the Construction of Important Bridges on Rural Roads (Phase-II) (CIBRR-2) project. In line with the Bangladesh Government Investment Sukuk Guideline, 2020, Bangladesh Bank, as the Special Purpose Vehicle (SPV), will issue the 5th Sukuk worth BDT 30 Bn on 12 March 2025.

The minimum denomination will be BDT 10,000 and maximum integral multiples of BDT 10,000. The proceeds of the issue of the Sukuk will be used to purchase, construct & develop assets of 'CIBRR-2 Socio-Economic Sukuk' identified as follows.

The breakdown of the Sukuk Assets is shown below:

Particular	Quantity of Developed Assets (Meters)	Value of Developed assets (BDT Bn)	Total Quantity of Assets	Total Value of Assets (BDT Bn)
Land Acquisition			75 Hector	3.75
Bridge Construction	1,140 M	1.907	17,697 m	30.08
River Training Works			4,230 m	0.846
Connection Road-Related Work			38,800 m	2.328
Total	1,140 m	1.907		37.01

Source: Prospectus and BRAC EPL Research

Eligible Investors

All Scheduled Banks, Finance Companies, Insurance Companies, Provident Funds, Deposit Insurance Funds, any resident and non-resident individuals, etc. will be eligible to participate in the auction. However, this Sukuk will be allotted among the investors according to the DMD Circular Letter No.05, dated 22/01/2025.

Sukuk Allotment Quota:

Investor Type	Allocation
Shari'ah Based Banks/Finance Companies/Insurance Companies	70%
Islamic Branches and Windows of Conventional Banks	10%
Individual Investors, Provident Fund, Deposit Insurance Fund, etc	20%

Tradability

The Sukuk will be tradable at a negotiated price after the development and delivery of 50% of the Sukuk Assets, which will be notified by the Bangladesh Bank. Before this, sukuk could be transferred at Face Value.

Rent Distribution

The SPV and the Finance Division enter an Ijarah Agreement for the Sukuk period, with the SPV as the Lessor and the Finance Division as the Lessee. The Sukuk Assets will be delivered gradually, and the Finance Division commits to purchasing them at maturity through a Wa'd (promise to purchase).

As Lessee, the Finance Division will pay Ijarah rentals to the SPV, which will be distributed to Sukuk holders as periodic payments. Any payments made before asset completion will be treated as advance rentals. The SPV will maintain records of all payments and disclose relevant details to Sukuk holders periodically.

Sukuk Summary

ISIN No	BDS093201071
Issue Amount	(BDT Bn) 30
Issue Price	BDT 100
Tenure	7 Years
Rental	9.25%
Rental Distribution Interval	Half Yearly
Rental Distribution Date	13 September & 13 March
Issue Date	March 13, 2025
Maturity Date	March 13, 2032
Auction Process	Fixed Rental Based Auction
Sukuk Structure	Istisna'a and Ijarah.
SPV, Issuer and Lessor	Islamic Securities Section, Debt Management Department, Bangladesh Bank.
Originator, Assignor and Lessor	Finance Division, Ministry of Finance, on behalf of the GoB
Trustee	The trustee as a 'Trust Committee' comprised of six members headed by the Deputy Governor, responsible of Debt Management Department, Bangladesh Bank
Executing Agency	Local Government and Engineering Department (LGED).

Auction Procedure

All Scheduled Banks and Finance Companies (FC) maintaining Current/AI-Wadiah Accounts with Bangladesh Bank can directly submit bids in the auction using the prescribed form. Other investors, including resident and non-resident individuals, Insurance Companies, Mutual Funds, Provident Funds, etc., interested in investing in Sukuk shall submit bids through Banks or FCs having Current/AI/Wadiah Accounts with Bangladesh Bank.

Tax Applicability

The tax rate will be as per the Income Tax Act, 2023 and any other Law Applicable. source tax will be deducted from rent/profit as per the government's applicable rate.

Redemption

The Sukuk will be redeemed at maturity, whereby the redemption price will be a proportionate allocation of the amount received by the SPV from the Originator as Sukuk Assets' price on their transfer from the SPV to the Originator and any amount received from the Guarantor in respect of the Sukuk or Sukuk Assets.

Economic Analysis of the Projects

- The average Economic IRR for the bridges is approximately 14.26%
- The average benefit to cost ratio (BCR) for the bridges is approximately 1.32.
- The average NPV for the bridges is approximately BDT 82.7 Mn.

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