SOVEREIGN CREDIT INITIATION

South Asia — Sovereign / Prospective Debut International Bond

People's Republic of Bangladesh

Assessing a Prospective Inaugural International Sovereign Bond

Initiation view: Constructive / BUY ON NEW ISSUE (contingent on final structure and pricing) — a well-structured, appropriately priced debut Bangladesh sovereign bond would, in our view, offer attractive carry for investors able to underwrite near-term banking-sector and political-transition risk, but is not a credit for investors requiring high-grade EM sovereign risk.

Issuer: Government of the People's Republic of Bangladesh

Instrument (proposed): Debut USD benchmark, likely 144A/Reg S

Tenor (illustrative): 5–10yr, single or dual tranche

Size (illustrative): US$500mn–US$1.5bn (Khorlan estimate)

Status: Feasibility study / inter-ministerial panel (2026); no mandate confirmed

Sovereign ratings (approx.): Low single-B category, negative/stable outlook (Khorlan compilation)

Debt-carrying capacity (IMF): Medium (Composite Index ~2.8)

Risk of debt distress (IMF): Moderate; limited space to absorb shocks in FY26

Khorlan target spread (illustrative): ~510–525bp over UST at launch (Khorlan comparable-sovereign estimate)

Recommendation: BUY ON NEW ISSUE, contingent on final terms

EXECUTIVE SUMMARY

Bangladesh has never issued an international sovereign bond. In mid-2026, the Ministry of Finance confirmed the formation of an inter-ministerial panel to study the feasibility, structure and timing of a debut issuance, with officials indicating a conventional USD benchmark remains the primary focus, alongside preliminary discussion of a panda bond alternative. No mandate, size or tenor has been confirmed. This note assesses whether a prospective Bangladesh debut would be an attractive investment for emerging market fixed income investors, using the IMF's January 2026 Article IV Staff Report and Debt Sustainability Analysis as primary source data, supplemented by Khorlan Capital analysis and estimates.

Investment Thesis

Bangladesh combines a still-moderate public debt burden and a large, structurally important economy with acute near-term vulnerabilities: a banking system carrying system-wide non-performing loans reported at roughly one-third of total loans, chronically weak tax collection, a currency regime in transition, and a new BNP government — elected in a landslide on 12 February 2026 and sworn in five months ago — that inherited ownership of the IMF-supported reform agenda but has chosen to seek a renegotiated program rather than simply complete the existing one. We see a debut bond as financeable and, at the right price, investable — but only with a meaningful new-issue and first-time-issuer concession that compensates for banking-sector, fiscal and program-renegotiation risk, and for the absence of a secondary curve.

Recommendation

BUY ON NEW ISSUE, contingent on final terms. We would look to subscribe a debut Bangladesh USD sovereign bond priced at a spread wide enough to reflect its likely low single-B rating category and debut-issuer status — in the area of 480–525bp over UST for a 5–10-year benchmark, per our comparable-sovereign build in Sections 10–11 — while treating any pricing materially inside 480bp as a reason to reduce conviction. We would not recommend the bond as a core, long-duration holding until the new government actually signs a follow-on IMF arrangement (or resumes the existing one) and a further review confirms progress on revenue mobilization and bank resolution.

Category	Khorlan View
Potential rating (issue)	Low single-B category (e.g., B/B1/B area); unrated at holdco level historically — Khorlan compilation, not confirmed by agencies for this instrument
Expected initial spread (illustrative)	~480–525bp over UST, 5–10yr tenor (Khorlan comparable-sovereign estimate; see Section 11)
Potential upside	20–40bp of secondary spread compression over 12 months if the new government signs a follow-on IMF arrangement and publishes a funded bank resolution strategy (Khorlan estimate)
Potential downside	75–150bp+ of widening in a delayed-reform / disorderly FX scenario, per IMF's own “alternative policy scenario” (Box 1, Staff Report)

Five Investment Highlights

- First-mover premium: as Bangladesh’s debut international bond, the notes would carry no secondary curve, implying investors should demand a liquidity and discovery premium versus seasoned South Asian peers.
- Moderate, still-manageable public debt (42.1% of GDP in FY25, IMF), but debt service-to-revenue ratios are already elevated and rising, per the DSA — a genuine constraint on debt-carrying capacity, not a distressed profile.
- Banking-sector stress is the single largest overhang: system NPLs were reported at roughly one-third of loans as of mid-2025 and reported capital ratios are overstated by regulatory forbearance, per the IMF staff report.
- External buffers are rebuilding, not depleted: FX reserves rose to US$26.7bn in FY25 from US$21.7bn in FY24 and the current account moved to balance, supporting a more constructive backdrop than during the 2022–23 stress episode.
- The February 2026 election, held as scheduled, resolved the acute pre-election uncertainty: BNP won a landslide two-thirds majority and Tarique Rahman was sworn in as prime minister on 17 February 2026. That has not, however, simplified the IMF timeline as we had hoped — the new government is seeking to renegotiate the existing arrangement into a new program rather than complete it, which we see as the more relevant near-term catalyst/risk for any debut launch window.

1. WHY BANGLADESH IS CONSIDERING ITS FIRST SOVEREIGN BOND

Bangladesh has historically financed its budget through a combination of concessional multilateral and bilateral loans, domestic bank borrowing, and National Savings Certificates (NSCs), a retail savings instrument. It has never tapped the international bond market. Three structural shifts are now pushing policymakers to reconsider that stance.

Declining concessional financing and rising financing needs

The government plans to raise spending by roughly 19% year-on-year to revive growth after the 2024 political disruption, per public reporting, and IMF projections show total expenditure rising from 10.9% of GDP in FY25 to 15.0% by FY27 and

17.2% by FY30. Concessional multilateral financing, while still the largest single external financing source (56.9% of external debt), becomes proportionally less available as Bangladesh graduates from Least Developed Country (LDC) status, which typically narrows access to the most concessional lending windows.

LDC graduation and the end of preferential terms

Bangladesh is on track for LDC graduation around 2026, a milestone that will gradually reduce preferential trade access (notably in the EU) and concessional aid eligibility. The IMF explicitly flags this as a driver of the need for export diversification and, by extension, alternative financing sources such as capital markets (Annex VI).

Diversification away from domestic bank borrowing

Domestic financing needs have grown sharply: net domestic debt issuance is projected by the IMF to average around 2% of GDP over the forecast horizon, well above the 10-year historical average of roughly 1% of GDP, with domestic banks continuing to hold the majority of government securities. Given the banking sector's own capital and asset-quality strains, further crowding of scarce bank balance sheet capacity into government securities carries an opportunity cost for private credit growth — a constraint the IMF highlights directly. An international bond would diversify the funding base away from a banking system that is itself under repair.

Improving, if still fragile, capital market access narrative

A successful debut would not only raise financing; it would also establish a USD pricing benchmark against which future Bangladeshi corporate and bank issuers could price their own international bonds, and would serve as a signal — rightly or wrongly interpreted by the market — of confidence in the government's reform trajectory. We would caution that this signaling value cuts both ways: a poorly received or expensive debut could just as easily reinforce market skepticism.

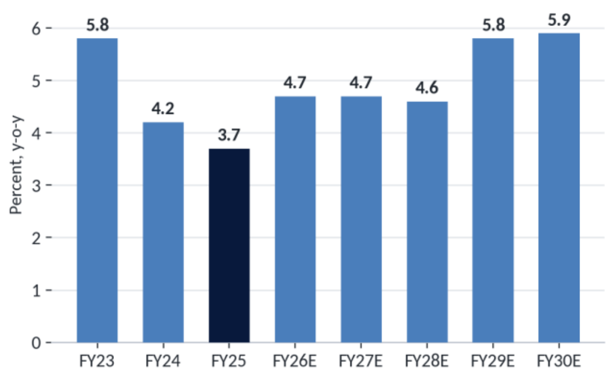
Figure 1. Bangladesh: LDC Graduation Timeline (Illustrative)

Source: UN CDP schedule (public); Khorlan Capital.

2. BANGLADESH ECONOMY

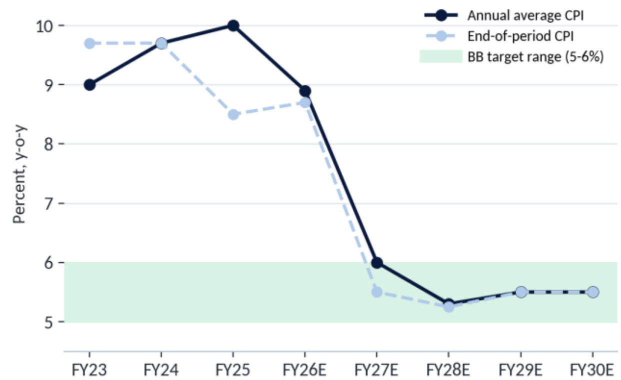
Bangladesh remains one of South Asia's largest economies by population, with nominal GDP of approximately US$457bn in FY25 (IMF), built on a garment-export-led growth model that lifted millions out of poverty over three decades. Growth decelerated sharply following the mid-2024 political uprising and has yet to fully recover.

Figure 2. Bangladesh: Real GDP Growth, FY23-FY30



Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Figure 3. Bangladesh: CPI Inflation, FY23-FY30



Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

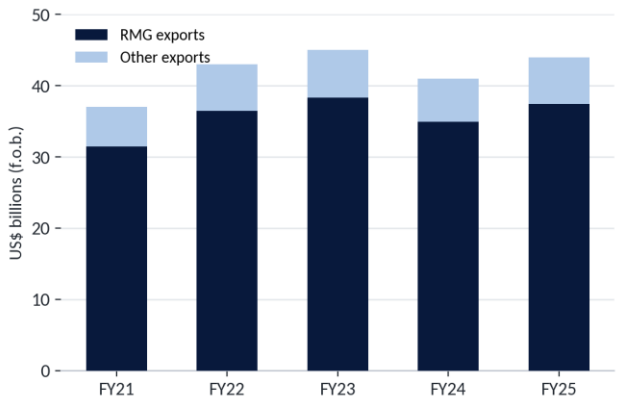
Real GDP growth slowed to 3.7% in FY25 from 4.2% in FY24 and 5.8% in FY23, reflecting production disruptions during the uprising, a tighter policy mix, and weak investment. The IMF projects a rebound to 4.7% in both FY26 and FY27, converging toward a long-term potential of around 6.5% by the mid-2030s — later than assumed in the previous DSA — contingent on sustained reform implementation. Inflation has proven sticky: annual average CPI reached 10.0% in FY25 and is expected to ease only gradually to 8.9% in FY26 before falling toward the 5–6% target band by FY27–FY28.

Indicator	FY24	FY25	FY26E	FY27E
Real GDP growth (%)	4.2	3.7	4.7	4.7
CPI inflation, avg (%)	9.7	10.0	8.9	6.0
Nominal GDP (US$bn)	450.5	456.9	500.3	529.0
Population (approx., mn)	~172	~173	~175	~176
GDP per capita (approx., US$)	~2,620	~2,640	~2,860	~3,010

Note: population and per-capita figures are Khorlan Capital estimates derived from IMF nominal GDP and publicly available World Bank/UN population series; not directly sourced from the Article IV report.

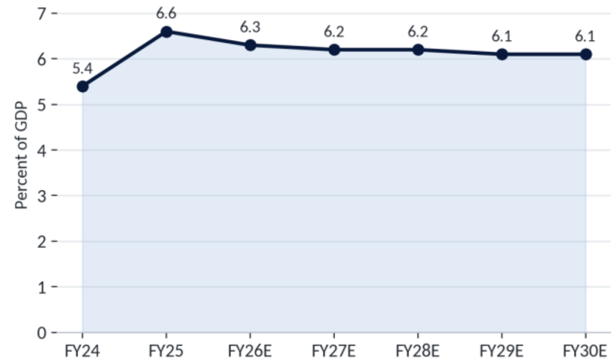
Bangladesh’s growth model remains narrowly based. The ready-made garment (RMG) sector accounts for approximately 85% of goods exports, and the economy is exposed to global demand cycles, U.S. trade policy, and its own labor-market structure, where youth unemployment (8.5%) runs more than double the national average and is most acute among the highly educated (Annex V, IMF Staff Report).

Figure 4. Bangladesh: Goods Exports by Segment, FY21-FY25



Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Figure 5. Bangladesh: Workers' Remittances, FY24-FY30



Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Workers' remittances have been a critical offsetting strength, reaching a record level in FY25 per authorities' statements and supporting the current account's move to balance for the first time since FY17. Combined with an export recovery and subdued import growth (reflecting still-tight domestic demand), remittances have allowed FX reserves to begin rebuilding after a sharp multi-year decline.

3. IMF PROGRAM

Bangladesh is midway through a blended IMF-supported program — a combined Extended Fund Facility (EFF), Extended Credit Facility (ECF) and Resilience and Sustainability Facility (RSF) — approved in January 2023 for a total of roughly SDR 4.0bn (EFF SDR 2,023.8mn, ECF SDR 1,011.9mn, RSF SDR 1,000mn), with the EFF/ECF running to January 2027 and the RSF to July 2026. Performance under the fifth combined review has been described by IMF staff as "uneven."

Completed and in-progress reforms

- Exchange rate: a crawling peg with band, allowing freely quoted rates, was relaunched in May 2025 after two earlier, incomplete attempts (May 2024, December 2024).
- Monetary policy: the policy rate was raised by a cumulative 350bp to 10% between September 2023 and October 2024, though large unsecured liquidity injections into weak banks have since undermined transmission.
- Banking: the Bank Resolution Ordinance was adopted in May 2025; five insolvent Islamic banks were merged into a new entity; risk-based supervision pilots have covered banks representing about 49% of system assets.
- Fiscal: an automated fuel-price mechanism has been in place since 2024; a Medium- and Long-Term Revenue Strategy was formulated in April 2025.

Remaining / delayed reforms

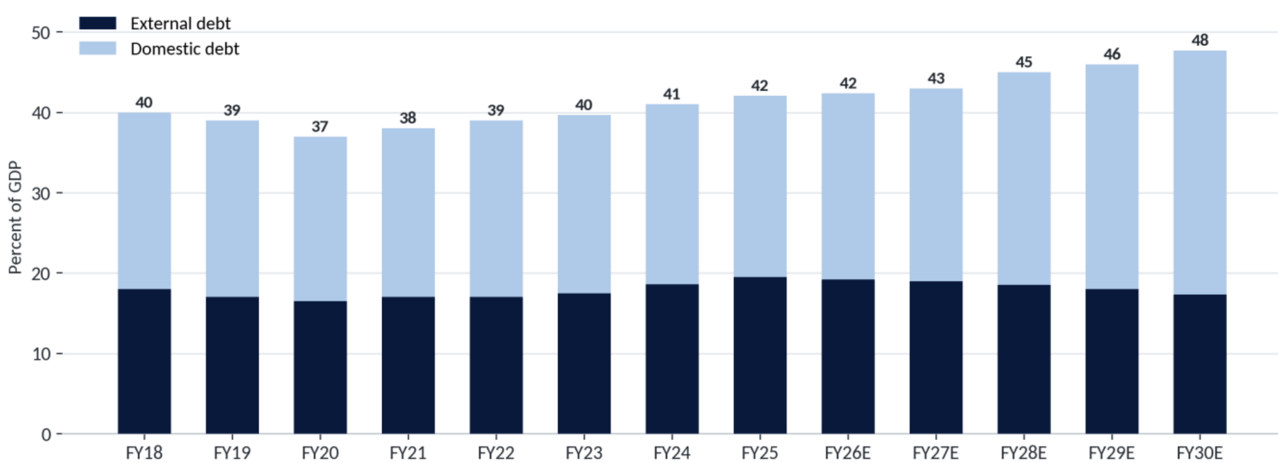
- Revenue mobilization: the FY25 quantitative performance criterion on tax revenue was missed by a wide margin; tax-to-GDP fell to 6.9% of GDP from 7.4% in FY24.
- A comprehensive, government-wide banking-sector restructuring strategy — including estimates of system-wide undercapitalization and fiscal cost — remains pending; key decisions have been deferred to the post-election government.
- Full, consistent implementation of the exchange-rate framework: BB's FX intervention practice has repeatedly diverged from agreed program modalities (Annex IV).
- Bangladesh Bank legal/governance reform (the "BB Order") remains in draft, with several central-bank-autonomy provisions still under discussion.

IMF conditionality and market access: successful, sustained implementation of the fiscal and banking-sector reform agenda — particularly credible revenue mobilization and a funded bank resolution strategy — is, in our view, the single most important precondition for Bangladesh to access international capital markets on reasonable terms. Absent this, we would expect any debut bond to price at the wide end of, or through, our illustrative spread range.

4. DEBT SUSTAINABILITY

The IMF and World Bank's January 2026 joint Debt Sustainability Analysis (DSA) rates Bangladesh at moderate risk of both external and overall public debt distress, with a medium debt-carrying capacity (Composite Index ~2.82–2.83) — unchanged from the prior assessment, though the risk classification moved from low to moderate in the June 2024 DSA update, largely reflecting a downward revision to historical export data rather than a deterioration in underlying debt dynamics.

Figure 6. Bangladesh: Public Debt-to-GDP by Component, FY18-FY30

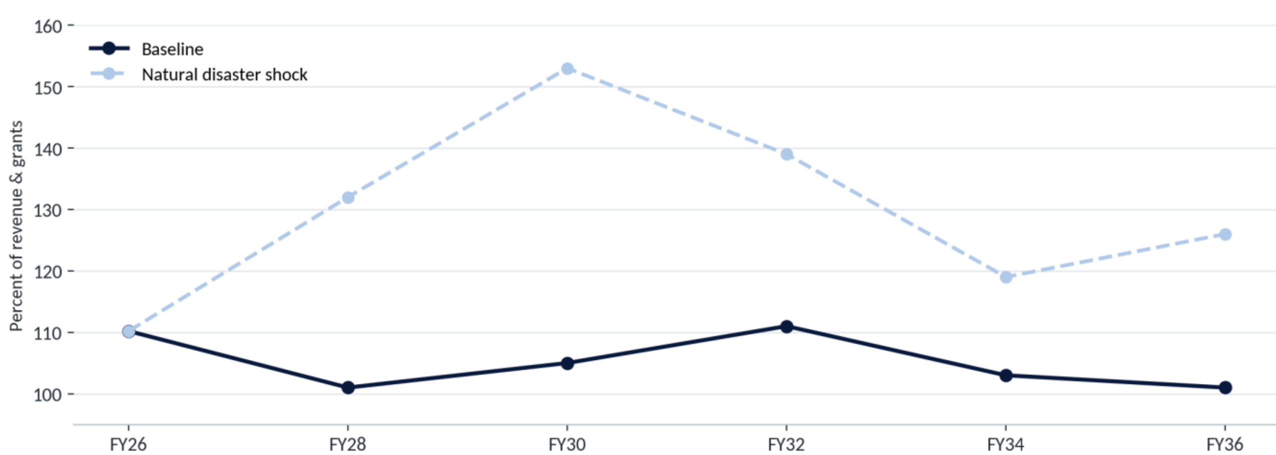


Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Metric	FY23	FY24	FY25	FY26E	FY30E
Public debt / GDP (%)	39.7	41.0	42.1	42.4	47.7
o/w external debt / GDP (%)	17.5	18.6	19.5	19.2	17.3
o/w domestic debt / GDP (%)	22.2	22.4	22.6	23.2	30.4
External debt service / exports (%)	9.4	13.2	13.2	10.7	9.7
Public debt service / revenue (%)	92.3	103.6	107.8	110.2	104.6
Interest payments / GDP (%)	2.1	2.3	2.3	2.3	3.1

Total public debt reached 42.1% of GDP in FY25 (US$188.8bn), still moderate relative to many EM sovereign peers, and external PPG debt (19.5% of GDP) is projected to decline steadily toward 8.2% of GDP by FY46 under the baseline. The more pressing concern, in our view, is not the debt stock but its servicing burden: the public debt service-to-revenue ratio was already above 100% in FY25 and is projected to stay near or above that level through the mid-2030s — a direct consequence of Bangladesh's very low revenue base rather than of excessive borrowing.

Figure 7. Bangladesh: Public Debt Service-to-Revenue Ratio

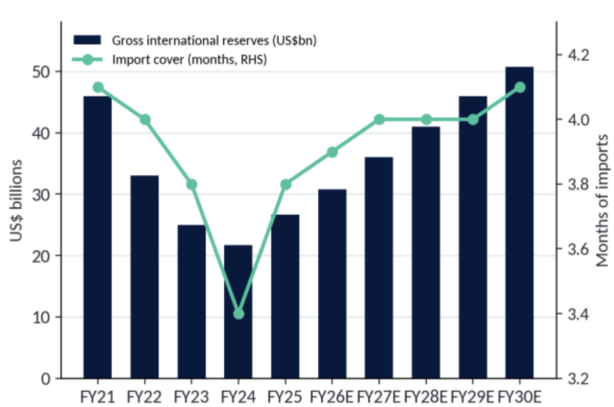


Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Under the DSA's standard stress tests, the PV of external debt-to-exports and debt service-to-exports ratios persistently breach their indicative thresholds — driven by the export data revision noted above — implying "limited space" to absorb shocks in FY26, improving to "some space" from FY27. Under the most extreme stress test (a natural-disaster shock, calibrated at a one-time 10% of GDP impact), the PV of total public debt-to-GDP and debt service-to-revenue ratios both deteriorate materially, with the latter spiking above 150% of revenue in the early 2030s. We view this natural-disaster sensitivity as particularly relevant to bond investors given Bangladesh's well-documented climate exposure.

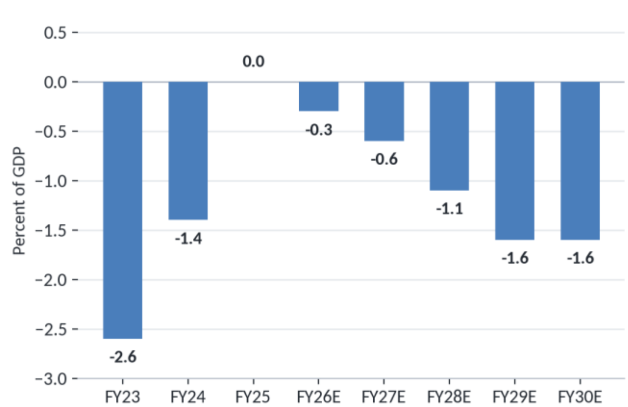
5. EXTERNAL ACCOUNTS

Figure 8. Bangladesh: FX Reserves and Import Cover, FY21-FY30



Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Figure 9. Bangladesh: Current Account Balance, FY23-FY30



Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Bangladesh's external position improved markedly in FY25: the current account moved to balance (0.0% of GDP) from a deficit of 1.4% of GDP in FY24, the first such outcome since FY17, driven by stronger exports and record remittances against still-subdued import growth. Gross international reserves rose to US$26.7bn (3.8 months of import cover) from US$21.7bn (3.4 months) a year earlier, reversing three consecutive years of decline. The IMF nonetheless assesses Bangladesh's external position in FY25 as "moderately weaker" than implied by medium-term fundamentals, based on its REER model, with the Taka assessed as overvalued by 5.7–8.5% depending on the model specification.

Import coverage of 3.8–3.9 months remains below the IMF's own assessed adequate range of roughly 4–6.2 months, meaning reserve buffers, while rebuilding, are not yet at a comfortable cushion. Reserve accumulation depends heavily on continued exchange-rate flexibility and disciplined FX intervention — an area where Bangladesh Bank's practice has repeatedly diverged from its own stated framework (Annex IV). We view external liquidity as adequate but not generous, and as the single external-account variable most sensitive to renewed post-election political instability or a reversal of exchange-rate flexibility.

Remittances, garment exports, and diversification

Workers' remittances (around 6–7% of GDP) and RMG exports (about 85% of total goods exports) remain the two structural pillars of the external account. Diversification progress has been limited for decades, per the IMF's own diversification indices (Annex VI), leaving Bangladesh's external accounts concentrated and, in our assessment, structurally exposed to any RMG-specific shock (loss of EU/US market share, automation-driven competitiveness shifts, or the tariff and preference changes that will accompany LDC graduation).

6. BANKING SYSTEM

Banking-sector stress is, in our view, the most significant credit overhang for a prospective Bangladesh sovereign bond — more so than the headline public debt ratio. System-wide non-performing loans rose sharply to a reported 34% of total loans at end-June 2025 (IMF Staff Report, ¶12), largely reflecting stricter asset classification rather than a sudden deterioration in borrower quality, though ongoing asset quality reviews (AQRs) may reveal further hidden impairment given rules that allow rapid reclassification of restructured exposures.

Metric (system-wide)	FY22	FY23	FY24	FY25 (latest avail.)
NPL ratio (%, reported)	9.0	10.1	12.6	16.9 (Q1)–24.1 (Q3)*
Regulatory capital / RWA (%)	11.2	11.2	10.6	6.7 (Q3)*
Return on equity (%)	4.4	7.9	7.9	-4.0 (Q3)*
Return on assets (%)	0.3	0.4	0.4	-0.2 (Q3)*
Liquidity ratio (%)	24.0	24.8	n.a.	n.a.

*Source: Bangladesh Bank / IMF Financial Soundness Indicators (Table 5, Staff Report). *FY25 quarterly figures show marked deterioration through 2025 and are not directly comparable to earlier annual averages; the IMF Staff Report separately cites a 34% system NPL ratio at end-June 2025 (¶12), reflecting a stricter classification regime effective April 2025.*

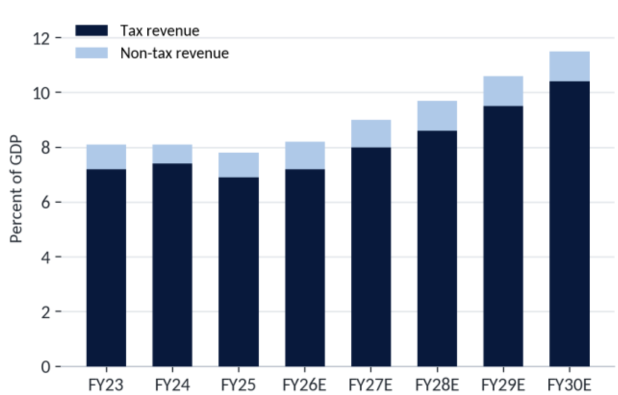
Reported capital adequacy is materially overstated: the IMF notes a system-wide regulatory capital ratio of just 4.5% against a rise in NPLs, itself inflated by sizeable deferred loan-loss provisions granted to 27 banks under regulatory forbearance. State-owned commercial banks (SOCBs) and private Islamic banks are the most acutely affected segments; the authorities have already nationalized and merged five insolvent Islamic banks (holding roughly 7% of system deposits and an approximately 70% NPL ratio) into a new entity, backstopped by government and Deposit Protection Fund resources equivalent to about 0.5% of GDP.

Some weak banks remain dependent on Bangladesh Bank's uncollateralized liquidity support (about 1% of GDP at end-June 2025), which the IMF flags as undermining monetary policy transmission and as a direct quasi-fiscal risk. Private credit growth has slowed to a historically low 7.6% y-o-y (roughly -2% in real terms), consistent with a banking system that is capital- and confidence-constrained rather than actively supporting private-sector recovery.

Contingent liability risk: a credible, funded bank resolution strategy — including a clear estimate of system-wide undercapitalization and the fiscal cost of recapitalization — remains, by the IMF's own account, undelivered and deferred to the next government. Until this strategy is published and funded, we would treat banking-sector contingent liabilities as a material, only partially quantified risk to the sovereign credit, separate from and additive to the public debt ratios reported in Section 4.

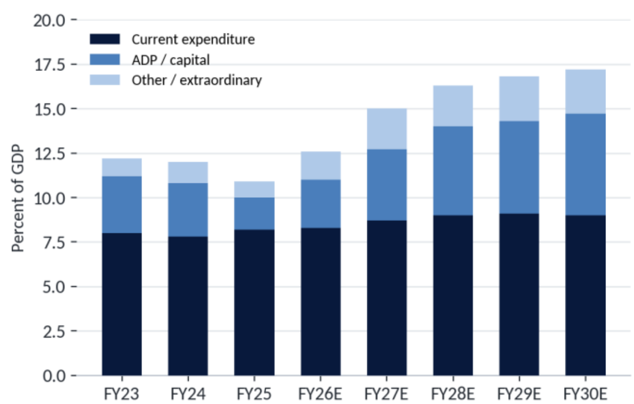
7. FISCAL POSITION

Figure 10. Bangladesh: Central Government Revenue, FY23-FY30



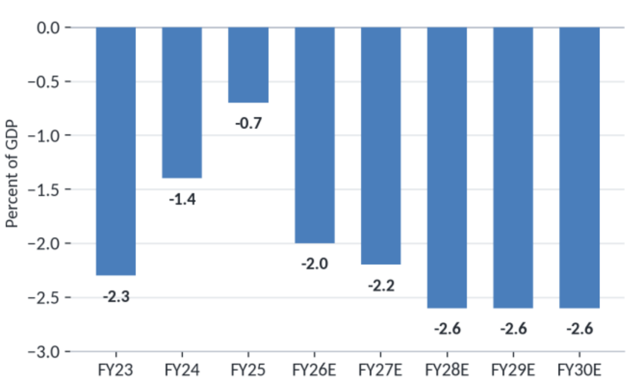
Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Figure 11. Bangladesh: Central Government Expenditure, FY23-FY30



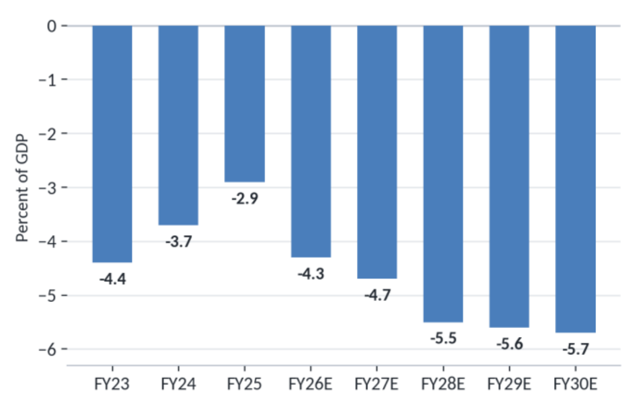
Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Figure 12. Bangladesh: Primary Fiscal Balance, FY23-FY30



Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Figure 13. Bangladesh: Overall Fiscal Balance (incl. grants), FY23-FY30



Source: IMF Article IV Staff Report, DSA (Jan 2026); Khorlan Capital.

Bangladesh runs one of the lowest tax-to-GDP ratios among its peer set: 6.9% of GDP in FY25, down from 7.4% in FY24, driven by weak compliance, disruption from the 2024 uprising and a 2025 revenue-authority staff strike, and an under-digitized, narrow-base tax system. The IMF's October 2025 Tax Administration Diagnostic Assessment found tax administration weaker than in 2017 across most indicators — a notable reform-reversal signal.

Remarkably, the fiscal deficit has nonetheless been contained — the FY25 overall deficit of 2.9% of GDP was better than budgeted — but only through substantial under-execution of capital and social spending, not through revenue-based consolidation as the IMF has repeatedly recommended. This is a fiscal quality concern, not a fiscal discipline reassurance: it implies development and social spending, not the deficit itself, has been the shock absorber.

The IMF baseline assumes ambitious tax reforms — unifying the VAT rate at 15%, raising the minimum turnover tax, new excise measures — lift the tax-to-GDP ratio by roughly 2.1 percentage points from FY27, alongside a widening of the primary deficit to 2.0–2.6% of GDP over FY26–FY30 to fund banking clean-up and priority spending. These reforms are legally and politically contingent on the BNP government now in office; the previous interim authorities deferred the electricity tariff reform roadmap and several tax measures to it, and, as of this writing, most remain undelivered.

8. POLITICAL RISK

Bangladesh held its first national election since the July-August 2024 popular uprising on 12 February 2026, as scheduled, alongside a constitutional referendum on the interim government's "July Charter" reform package. The Bangladesh Nationalist Party (BNP), led by Tarique Rahman, won a landslide two-thirds majority (reported at roughly 209-212 of 297-299 declared seats); Jamaat-e-Islami placed second (roughly 68-77 seats), and the student-founded National Citizen Party (NCP) entered parliament with a small bloc. The Awami League did not contest, having had its registration revoked by the interim authorities. The July Charter referendum passed with roughly 60% support. Tarique Rahman was sworn in as prime minister on 17 February 2026, ending the Yunus-led interim administration.

The vote itself was assessed by the Election Commission and by international observers, including an EU observation mission, as credible and among the most peaceful in decades, with turnout of roughly 60%. That said, the run-up was not free of violence: local rights monitors documented dozens of politically linked deaths and over a hundred clashes between December 2025 and polling day, and Jamaat and the NCP raised (largely unsubstantiated) allegations of "election engineering" before Jamaat's leadership conceded and pledged a "vigilant, principled and peaceful opposition." We read this as a genuine, meaningful reduction in the acute pre-election uncertainty that dominated this credit through 2025 — not as a clean elimination of political risk.

Critically for this credit, the election has not simplified the IMF relationship the way the interim government's own framing implied it would. Rather than simply resuming the tranche the IMF withheld in December 2025 pending an elected government, the new BNP administration asked to renegotiate the existing $5.5bn EFF/ECF/RSF arrangement into an entirely new program, arguing the old one was "designed for a different economic reality." An IMF mission visited Dhaka in March 2026, and a further delegation is in Dhaka this month (12-17 July) to continue talks; based on the IMF/World Bank Annual Meetings calendar (Thailand, 12-18 October 2026), a new deal is unlikely to be signed before December 2026 at the earliest. The roughly $1.3-1.9bn of undisbursed financing under the original program remains in limbo in the interim. We treat this as an incremental negative relative to the smooth-ownership-transition scenario we had treated as our optimistic case prior to the election.

The nature of the political risk has also shifted rather than disappeared. Roughly 120 days into the new government, Jamaat-e-Islami — now the principal opposition — has begun threatening street mobilization if the July Charter reforms are not implemented on its preferred timeline, and Bangladeshi commentators have pointedly noted that a parliamentary majority did not insulate the previous government from street-driven ouster in 2024. We now weight post-election implementation and coalition-stability risk, rather than election-outcome risk, as the more relevant political variable in our spread build (Section 11).

Geopolitical relationships

Bangladesh maintains a diversified set of external relationships. The United States remains an important export market (RMG shipments), though the IMF notes exports to the U.S. represent under 20% of total exports, limiting direct tariff-shock exposure relative to some regional peers. China and India are both significant bilateral creditors and trade partners (China represents the largest non-Paris Club bilateral creditor at 3.1% of total public debt; Japan is the largest Paris Club creditor). Continued engagement with the IMF, World Bank, and Asian Development Bank underpins the concessional financing base that a debut bond would partially diversify away from, not replace.

Khorlan view on political risk: the election is behind us and the majority-government question is resolved, which removes one source of pricing uncertainty. The binding constraint has shifted to execution: we would now expect any debut issuance window to open once a follow-on IMF arrangement is actually signed (plausibly Q4 2026 at the earliest, per the Funds own Annual Meetings calendar) or the existing program's withheld tranche is resumed, rather than being gated on the election itself as we had previously framed it.

9. EXPECTED BOND STRUCTURE

No mandate, format, or size has been confirmed. Based on standard EM sovereign debut practice and the limited public commentary available (feasibility study stage, inter-ministerial panel formed mid-2026), we set out below our best estimate of a plausible structure, clearly flagged as illustrative.

Parameter	Khorlan Estimate / Base Case	Rationale
Format	144A/Reg S USD benchmark	Standard for EM sovereign debuts targeting a global institutional investor base
Currency	USD primary focus; panda bond (RMB) discussed as a secondary option	Per officials' comments; USD provides broadest liquidity and comparability
Tenor	5–10yr, single or dual tranche (e.g., 5yr + 10yr)	Debut issuers commonly favor shorter/intermediate tenors to limit new-issue premium and build a curve incrementally
Size	US$500mn–US$1.5bn	Consistent with typical debut benchmark sizes for economies of comparable GDP and financing need
Ratings	Likely single or dual agency rating in the low-B category	Consistent with Bangladesh's macro-financial profile and the IMF's moderate debt-distress assessment
Investor base	EM dedicated funds, frontier/EM crossover accounts, some regional (Asian) bank treasuries	Typical for debut low-B South Asian/frontier sovereign paper
Bookbuilding	Global roadshow, IPT wide of fair value, likely priced through IPT if well-subscribed	Standard debut EM sovereign process
Potential lead managers	Not disclosed; likely a syndicate of global EM-focused bulge-bracket banks	Consistent with debut sovereign mandates of similar size in the region

We would flag as a genuine open question whether Bangladesh pursues a plain-vanilla bond at all, or instead structures around a partial credit guarantee (e.g., World Bank/ADB partial risk guarantee) or a green/sustainability-linked format, given the government's stated climate-adaptation priorities and its existing IMF Resilience and Sustainability Facility engagement. A guaranteed or labeled structure could meaningfully tighten achievable pricing relative to our illustrative range in Section 11.

10. COMPARABLE SOVEREIGN FRAMEWORK & RELATIVE VALUE

Because **Bangladesh has no existing USD curve**, any fair-value estimate has to be built off comparable sovereigns rather than off Bangladesh's own bonds. Below we set out the actual comparable set, rebuilt around real, sourced transactions and ratings rather than a single eyeballed range, consistent with the more rigorous framework we now apply to every debut/first-time sovereign issuer we cover.

Comparable Sovereign Set

We select comparables on the basis of rating tier, IMF program status, and (where available) actual primary or secondary USD pricing observed in the market over the past 12 months, rather than a purely qualitative peer list.

Sovereign	Rating (S&P/Moody's/Fitch)*	IMF program	Debt/GDP (%)	Observed USD pricing / spread**
Bangladesh (prospective)	Unrated (issue); Khorlan compilation: low single-B area	Yes (ECF/EFF/RSF)	42	No curve — debut issuer
Pakistan	CCC+ area, improving (recent re-entry)	Yes (EFF)	~70	3Y priced 6.975% cpn, Apr-2026 ($750mn incl. greenshoe) — ~+285bp vs UST3Y; no longer-tenor print
Egypt	B/B3/B (S&P upgraded to 'B', Oct-2025)	Yes (EFF)	~90	Secondary curve trades wide, ~500–600bp context (public reporting; not Bloomberg-verified by Khorlan)
Sri Lanka	Post-restructuring, CCC+/Caa area	Yes (EFF)	100+	New GLB/macro-linked curve ~9–10% yield context (Khorlan's own coverage); distinct restructuring-recovery premium, not a clean comp
Nigeria	B-/B3/B (Moody's upgraded Caa1→B3, 2025)	No active program	~50	Secondary curve context ~350–450bp (public reporting); large economy, reform momentum
Kenya	B-/B3/B area	Yes (EFF/ECF)	~65–70	Dual-tranche priced Oct-2025: 7Y at 8.2% (~+380bp vs UST7Y), 12Y at 9.2% (~+460bp vs UST10Y-equiv) — closest recent, real transaction comp
Angola	B-/B3/B- (Fitch affirmed 'B-', stable)	No	~65	Commodity/oil-linked credit; wide, volatile spread history
Cote d'Ivoire	BB/Ba3/BB (S&P upgraded to 'BB', Oct-2024)	No (graduated from EFF)	~55	14Y priced 7.125%, Jan-2026 ($1.3bn) — ~+235bp vs long UST — strongest credit in the set

**Ratings shown are Khorlan Capital's compilation of the latest public rating agency actions as of mid-2026 and are for illustrative positioning only; not independently confirmed against a live agency feed. **Pricing levels are drawn from public reporting of actual primary transactions (Kenya, Cote d'Ivoire, Pakistan) or from secondary-market commentary (Egypt, Nigeria); none of this is sourced from a live Bloomberg BVAL/CBBT feed, and spreads vs UST are Khorlan Capital calculations using approximate UST levels prevailing at each transaction's pricing date. Sri Lanka's post-restructuring curve is not a clean like-for-like comparable given its distinct recovery-value dynamics.*

Fair Value Scorecard

Rather than eyeball a spread, we score Bangladesh across the credit factors an EM sovereign credit committee would weight, on a -2 (materially negative) to +2 (materially positive) scale relative to the low single-B peer average above:

Factor	Weight	Bangladesh score	Rationale
Debt/GDP	15%	+1	42% of GDP is below Pakistan (~70%), Egypt (~90%) and Sri Lanka (100%+); a genuine relative strength
Debt service / revenue	10%	-1	Elevated and rising through FY30 per the IMF DSA — a real constraint despite the low headline debt ratio
FX reserves / external buffers	15%	0	Rebuilding (US$26.7bn, FY25) but import cover remains below the EM median; broadly neutral
Current account	10%	+1	Near balance in FY25 — better than Egypt or Kenya's structural deficits
IMF program	15%	+1	Active ECF/EFF/RSF engagement provides a policy anchor, similar to Kenya and Pakistan
Political / post-election risk	15%	-1	Election resolved with a clear BNP majority, but the new government's push to renegotiate the IMF program (rather than complete it) and early opposition street-mobilization threats keep implementation risk elevated
Banking system	20%	-2	System-wide NPLs near one-third of loans and forbearance-inflated capital ratios — the single largest overhang, and the one factor that most separates Bangladesh from Cote d'Ivoire or Kenya

Weighted read: the score is negative on balance (banking system and political risk outweigh the debt-ratio strengths), consistent with a low single-B rating tier rather than the high single-B/low-BB level Bangladesh's debt ratios alone might otherwise suggest. This is the same conclusion our original note reached qualitatively; the scorecard makes the reasoning explicit and repeatable for future debut sovereigns Khorlan covers.

Reading the Comparable Set

Bangladesh's debt and external metrics screen better than Pakistan, Egypt and Sri Lanka, and are not far off Nigeria or Angola. What pulls Bangladesh's fair value toward, rather than through, the Pakistan/Egypt area is the combination of acute banking-sector stress (a factor Cote d'Ivoire and Kenya do not share to the same degree), no existing curve, and post-election program-renegotiation risk with the IMF. On a clean 'rated sovereign with a real curve' basis, Kenya's most recent print is the closest available comparable — both in rating tier and in its own IMF-anchored, banking-sensitive profile — which is why we anchor our rating-implied spread build in Section 11 off the Kenya print rather than off the wider Pakistan/Egypt secondary levels or the distressed-recovery Sri Lanka curve.

11. SPREAD ESTIMATE METHODOLOGY

We build our spread estimate in four explicit, transparent steps rather than a single blended judgment call: (i) a rating-implied base spread anchored on the comparable set in Section 10, (ii) named Bangladesh-specific adjustments, (iii) an explicit debut/first-time-issuer premium grounded in documented precedent, and (iv) a curve-shape and new-issue-concession overlay. Each step is shown so a reader can agree or disagree with any individual input rather than only with the final number.

Step 1 — Rating-Implied Base Spread

Using the low single-B comparable set, Kenya's October 2025 dual-tranche print is our primary anchor: 7Y at +380bp and 12Y at +460bp versus UST, implying roughly +420bp at a blended 7-10yr point for a clean, rated, single-B sovereign with an active IMF program and a real curve. We treat this as the closest available 'fair value if Bangladesh behaved like an already-seasoned single-B credit' benchmark.

Build-up step	Adjustment	Running total
Base: low single-B comparable (Kenya-anchored, blended 7-10Y)	—	~420bp
Banking-system stress adjustment	+40bp	~460bp
Post-election IMF-renegotiation / implementation risk adjustment	+25bp	~485bp
Rating-implied fair value (seasoned-curve equivalent)	—	~485bp

Step 2 — Debut / First-Time-Issuer Premium

Debut sovereign issuers reliably pay a premium over the 'fair value if seasoned' level above, because investors are absorbing a security with no secondary trading history and real price-discovery risk. This is not a Khorlan hypothesis: the IMF's own study of first-time sovereign issuance ("First-Time International Bond Issuance — New Opportunities and Emerging Risks") documents this new-issue premium across a sample including Mongolia, Zambia, Gabon, Belarus, Montenegro, Albania, Bolivia, Paraguay and Honduras, and flags that dispersion around the premium is wide — some debuts (Honduras, Mongolia) priced meaningfully wide of what a peer-group comparison alone would predict.

- **Uzbekistan's 2019 sovereign debut** (its first-ever Eurobond) priced a 10-year tranche at 5.375%, at a time when Uzbekistan carried no rated curve; that bond subsequently richened to an effective yield near 3.5% within about two years, consistent with a real, since-compressed debut concession.
- **Mongolia and Honduras** are flagged in the IMF's own analysis as debuts that priced wide even after controlling for a standard new-issue premium — a caution that a poorly timed or poorly sized Bangladesh debut could underperform even our stressed case.

Applying a debut premium in the 25-40bp area (the lower end of the range typically cited for well-flagged, moderately sized debuts, given Bangladesh's large, well-understood economy partially offsets the pure discovery risk) to the ~485bp rating-implied fair value above gives a launch-spread target of approximately 510-525bp.

Step 3 — Illustrative Curve Shape

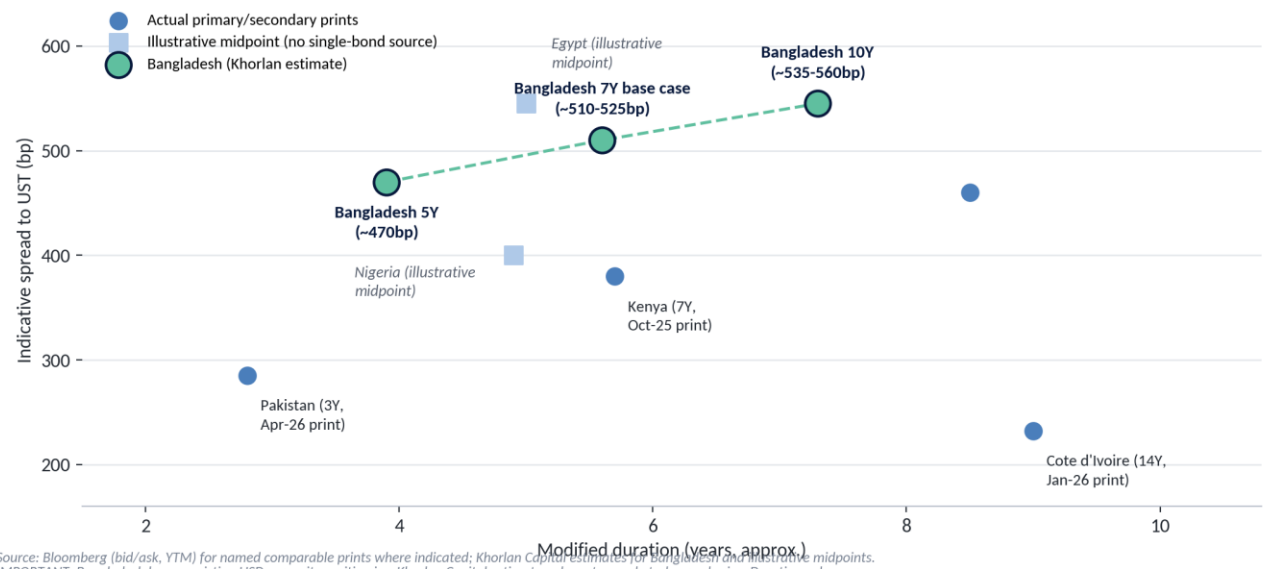
Most debut-issuer notes estimate a single spread; we estimate the shape of the curve Bangladesh would likely face across the tenors under discussion, using the ~80bp term-premium observed between Kenya's own 7Y and 12Y prints as the reference slope:

Maturity	Illustrative spread to UST	Note
5Y	~460-480bp	Shortest tenor debut issuers commonly favor to limit new-issue premium
7Y	~500-520bp	Base-case tenor; midpoint of our launch-spread estimate
10Y	~535-560bp	Term premium consistent with Kenya's 7Y/12Y print differential

12Y	~555-580bp	Only if Bangladesh follows Kenya's dual-tranche precedent; not our base-case expectation for a debut

Putting the four steps above on one chart, Figure 15 plots our illustrative Bangladesh curve alongside the comparable-sovereign prints from Section 10 on a duration-vs-spread basis.

Figure 15. Where Could Bangladesh Come Out? Illustrative EM Sovereign USD Curve



Source: Bloomberg (bid/ask, YTM) for named comparable prints where indicated; Khorlan Capital estimates for Bangladesh and illustrative midpoints. IMPORTANT: Bangladesh has no existing USD curve; its position is a Khorlan Capital estimate only, not a market-observed price. Duration values are approximate and for indicative relative-value framing only; this chart should not be used to infer a precise fair-value spread or duration.

Important — no yield curve exists for Bangladesh: Bangladesh has never issued international debt, so there is no live price, no secondary curve, and no dealer-quoted OAS to plot. **The green Bangladesh points above are Khorlan Capital estimates only**, derived from the comparable-sovereign framework (Section 10) and the spread build-up (Section 11) — they are not observed market prices and should not be treated as one. The comparable points shown in blue are drawn from actual reported primary or secondary transactions; the two shown in light blue (Egypt, Nigeria) are illustrative midpoints of a reported range rather than a single verifiable print. Duration values throughout are approximate. ***Actual pricing, if and when a Bangladesh bond is launched, could differ materially from anything shown here.***

Step 4 — New-Issue Concession Walk

Stage	Spread
Rating-implied fair value (seasoned-curve equivalent, Step 1)	~485bp
+ Debut / first-time-issuer premium (Step 2)	+25-40bp
= Expected launch spread (base case, 7-10yr)	~510-525bp
- Expected secondary re-tightening (new IMF program signed, reforms on track, 6-12mo)	-25-35bp
= Secondary target	~480-495bp

This mechanical build lands inside, and narrows, our original 450-550bp illustrative range: we now have a clearer central case of approximately 510-525bp at launch, rather than treating the full 100bp band as equally likely.

Scenario Analysis

We keep the scenario structure from our original note, updated so the base case matches the build-up above:

Scenario	Assumed rating outcome	Illustrative spread (5-10yr)	Key assumptions
Optimistic	High single-B / low BB, stable outlook	~380-430bp	New IMF program signed on favorable terms by Q4 2026; published, funded bank-resolution plan; FY27 revenue reform on track
Base case	Low single-B, stable/negative outlook	~480-525bp	Post-election government continues IMF talks without major rupture; new program signed by end-2026 or existing tranche resumed; reform progress uneven but continuing
Stressed	Single-B, negative outlook/watch	~650-800bp+	IMF program renegotiation stalls or collapses; renewed FX pressure; bank resolution deferred indefinitely; delayed reforms per IMF's 'alternative policy scenario'

What This Framework Cannot Do

Methodology Note: As Bangladesh has not issued an international sovereign bond, no Bloomberg BVAL sovereign curve currently exists for the issuer. Fair value estimates presented in this report are proprietary Khorlan valuation estimates derived from observed pricing of comparable sovereign issuers, adjusted for Bangladesh's macroeconomic profile, credit characteristics, and expected issuance structure. These estimates are intended as an analytical framework rather than an indication of executable market pricing.

Bangladesh also does not have an actively traded sovereign CDS market. Accordingly, we have not incorporated CDS-implied valuation metrics into our analysis. Where market-based inputs cannot be independently verified, Khorlan's methodology favors transparency and observable market data over inferred or model-generated estimates.

Future enhancements may incorporate a broader cross-sectional sovereign valuation model using macroeconomic and market variables across a wider universe of rated issuers as additional market data become available.

12. RISKS

Risk	Likelihood*	Impact*	Transmission Channel
Failure to resolve banking-sector problems	High	High	Depositor confidence, contingent fiscal liabilities, credit crunch
Social unrest tied to post-election politics / inflation	High	High	Disruption to activity, FX depreciation, inflation pass-through
Revenue mobilization slippage	High	Medium–High	Wider deficits, higher borrowing needs, crowding out
Reversal of exchange-rate flexibility	Medium	High	FX reserve losses, disorderly depreciation, loss of reform credibility

Natural disaster / climate shock	Medium–High	Medium–High	Infrastructure damage, fiscal costs, reserve drawdown
Global trade tensions / US tariffs	High	Low–Medium	RMG export competitiveness (partially mitigated by <20% direct US exposure)
Decline in international aid / concessional financing	High	High	Reduced budgetary and BOP support, wider financing gap
Delay or failure to conclude a new/resumed IMF program	Medium–High	High	Program derailment, loss of anchor for reform credibility
Weak revenue collection / narrow tax base persists	High	Medium	Structurally elevated debt-service-to-revenue ratio
Geopolitical tension / commodity price volatility	High	Medium	Import bill pressure, inflation, external balance

**Likelihood/impact ratings follow the qualitative scale used in the IMF's Risk Assessment Matrix (Annex II, Staff Report), adapted by Khorlan Capital for bond-investor relevance rather than reproduced verbatim from the IMF document.*

13. ESG

Bangladesh presents an unusually stark contrast on ESG dimensions: severe environmental/climate vulnerability, meaningful social development achievements alongside persistent governance weaknesses, and a live governance-reform agenda under IMF conditionality.

Environmental

Bangladesh is among the countries most vulnerable to climate change globally, with the IMF citing roughly US$13.6bn in natural-disaster damage between 2000 and 2023 (EM-DAT data) and rising severity expected going forward. The government has submitted an updated Nationally Determined Contribution (NDC 3.0) targeting a 20% emissions reduction by 2035 versus business-as-usual, with roughly US$116bn estimated as needed by 2035 to meet NDC objectives and US$120–140bn for National Adaptation Plan implementation — financing needs far beyond what domestic resources or a single bond could address, but relevant context for any climate-linked structuring option.

Social

Bangladesh has achieved substantial social progress over three decades — nearly halving poverty since 1990 and improving life expectancy, child mortality and financial inclusion — built substantially on RMG-sector employment, which has particularly empowered female labor-force participation. Set against this, youth unemployment (8.5% nationally, 13.3% in urban areas) and acute unemployment among the highly educated (25% for educated youth in 2024) point to a growing mismatch between rising educational attainment and available job opportunities — a social risk factor with potential political-stability implications, as discussed in Section 8.

Governance

Governance indicators highlighted in the IMF report point to significant shortcomings in political stability, government effectiveness, rule of law and corruption control relative to global benchmarks. The interim government has taken steps — expanding the Anti-Corruption Commission's reach, strengthening AML/CFT risk-based supervision, drafting Bangladesh Bank governance reforms — but key central-bank-autonomy provisions remain unresolved, and asset-recovery and anti-corruption efforts are at an early stage.

Potential green/sustainability bond issuance

Given the RSF engagement and NDC 3.0 commitments, a green, blue or sustainability-linked format is a plausible structuring option for a debut bond, potentially attracting a dedicated ESG investor base and narrowing achievable pricing versus a plain-vanilla structure. We would want to see a credible use-of-proceeds framework and independent second-party opinion before assigning any pricing benefit to such a structure.

ESG Pillar	Khorlan Assessment	Key Data Point
Environmental	High risk / high relevance	~US$13.6bn cumulative disaster damage, 2000–2023 (EM-DAT via IMF)
Social	Mixed — strong historical gains, rising imbalances	Poverty nearly halved since 1990; youth unemployment 8.5% (2024)
Governance	Weak, but reforming under IMF conditionality	AML/CFT and anti-corruption reforms ongoing; BB Order still in draft

14. INVESTMENT RECOMMENDATION

Recommendation: BUY ON NEW ISSUE, contingent on final terms and IMF-program clarity. We would not recommend the notes as a HOLD-forever core allocation ahead of confirmation that the BNP government has signed a new (or resumed the existing) IMF program and published a funded bank-resolution strategy.

Target spread

We would view a launch spread in the 480–525bp over UST area (base case, Sections 10-11) as fair compensation for the risks identified in this note, with anything priced meaningfully inside 400bp warranting caution given the absence of a secondary curve and the unresolved banking-sector overhang.

Expected performance / outlook

- 6-month outlook: performance will likely be dominated by whether the BNP government's IMF program renegotiation concludes on schedule (the Fund's own calendar points to Q4 2026 at the earliest) rather than by incremental macro data.
- 12-month outlook: assuming a base-case, orderly negotiation, we would expect modest secondary spread compression (20–40bp) as the government signs a follow-on IMF arrangement and, ideally, publishes a bank-resolution strategy.
- Catalysts: signature of a new (or resumption of the existing) IMF program; publication of a funded, credible bank-resolution strategy; successful completion of the next IMF program review; tangible progress on the FY27 tax-reform package.
- Downside risks: prolonged or failed IMF program renegotiation; failure to publish a bank-resolution strategy; renewed street mobilization by the Jamaat-led opposition; reversal of exchange-rate flexibility; a natural-disaster shock.

On balance, we view a prospective Bangladesh debut sovereign bond as a financeable, analytically coherent credit story — a large, historically resilient economy with moderate public debt or reasonable external buffers — but one whose near-term risk profile (banking-sector stress, revenue weakness, political transition) is closer to a single-B credit than the debt ratios alone might suggest. Investors able to underwrite that risk at an appropriately wide new-issue spread should find the carry attractive; investors requiring investment-grade-adjacent EM sovereign risk should wait for at least one further cycle of reform delivery and secondary trading history before engaging.

APPENDIX A. SWOT ANALYSIS

Strengths	Weaknesses
Large, diversified population base; resilient RMG export franchise; record remittance inflows; moderate public debt/GDP versus many EM peers.	Very low tax-to-GDP ratio; severe banking-sector asset quality and capitalization problems; narrow export base (~85% RMG); no existing USD bond curve.

Opportunities	Threats
Debut bond could diversify funding and build a benchmark curve; IMF program provides a reform anchor; LDC graduation could catalyze diversification; large youth labor force if better matched to jobs.	Failed or prolonged IMF program renegotiation; renewed opposition street mobilization; failure to deliver bank resolution; reversal of exchange-rate flexibility; climate shocks; loss of trade preferences post-LDC graduation without offsetting diversification.

APPENDIX B. SUMMARY DASHBOARDS

Macro Dashboard

Indicator	FY24	FY25	FY26E	FY27E	FY30E
Real GDP growth (%)	4.2	3.7	4.7	4.7	5.9
CPI inflation, avg (%)	9.7	10.0	8.9	6.0	5.5
Nominal GDP (US$bn)	450.5	456.9	500.3	529.0	674.3
Credit to private sector (%GDP)	34.6	33.2	31.0	30.1	29.6
Broad money M2 (%GDP)	48.2	46.5	45.6	45.8	48.7

Debt Dashboard

Indicator	FY24	FY25	FY26E	FY30E
Public debt / GDP (%)	41.0	42.1	42.4	47.7
External PPG debt / GDP (%)	18.6	19.5	19.2	17.3
PV external debt / exports (%)	n.a.	160.2	153.0	74.8
Debt service / revenue (%)	103.6	107.8	110.2	104.6
Debt-carrying capacity (IMF)	Medium	Medium	Medium	Medium
Overall / external distress risk	Moderate	Moderate	Moderate	Moderate

Fiscal Dashboard

Indicator	FY24	FY25	FY26E	FY30E
Total revenue & grants (%GDP)	8.3	8.0	8.2	11.5
Tax revenue (%GDP)	7.4	6.9	7.2	10.4
Total expenditure (%GDP)	12.0	10.9	12.6	17.2
Overall balance, incl. grants (%GDP)	-3.7	-2.9	-4.3	-5.7
Primary balance, incl. grants (%GDP)	-1.4	-0.7	-2.0	-2.6
Interest payments (%GDP)	2.3	2.3	2.3	3.1

External Sector Dashboard

Indicator	FY24	FY25	FY26E	FY30E
Current account balance (%GDP)	-1.4	0.0	-0.3	-1.6
Gross international reserves (US$bn)	21.7	26.7	30.8	50.7
Import cover (months)	3.4	3.8	3.9	4.1
Remittances (%GDP)	5.4	6.6	6.3	6.1
FDI, net (%GDP)	0.4	0.4	0.3	1.3
REER assessment	—	Overvalued 5.7–8.5%*	—	—

**Per IMF External Sector Assessment REER index/level models (Annex III, Staff Report).*

APPENDIX C. RISK MATRIX AND ESG SCORECARD (REFERENCE)

Reproduced from Sections 12 and 13 for standalone reference.

Risk	Likelihood	Impact
Failure to resolve banking-sector problems	High	High
Social unrest tied to post-election politics / inflation	High	High
Revenue mobilization slippage	High	Medium–High
Reversal of exchange-rate flexibility	Medium	High
Natural disaster / climate shock	Medium–High	Medium–High

Decline in international aid	High	High
Delay or failure to conclude a new/resumed IMF program	Medium–High	High

ESG Pillar	Assessment
Environmental	High risk / high relevance — among the world's most climate-exposed sovereigns
Social	Mixed — strong historical development gains; rising youth-unemployment imbalance
Governance	Weak, but under active IMF-conditioned reform

APPENDIX D. SUMMARY OF IMF FORECASTS AND DEBT SUSTAINABILITY ANALYSIS

The following is a Khorlan Capital synthesis of the key forward-looking assumptions underlying the IMF's January 2026 Article IV consultation and joint IMF-World Bank Debt Sustainability Analysis for Bangladesh. It is not a reproduction of IMF text.

- Growth: real GDP growth is projected to rebound from 3.7% (FY25) to 4.7% (FY26–FY27), converging to a long-run potential of approximately 6.5% by the mid-2030s, contingent on sustained structural reform.
- Inflation: annual average CPI is projected to ease from 10.0% (FY25) to 8.9% (FY26) and toward the 5–6% target band by FY27–FY28, assuming no premature monetary easing.
- Fiscal: the primary deficit is assumed to widen from 0.7% of GDP (FY25) to around 2.0–2.6% of GDP over FY26–FY30 to fund banking-sector clean-up and priority spending, contingent on roughly 2.1 percentage points of GDP in new tax revenue from FY27.
- External: the current account is projected to move from balance (FY25) to a deficit of around 1.5–2.0% of GDP by the early 2030s as import compression measures unwind, with reserves rising steadily to approximately US$50.7bn by FY30 under the baseline.
- Debt: public debt is projected to rise gradually from 42.1% of GDP (FY25) to 47.7% by FY30 and 57.5% by FY46 under the baseline, remaining below the indicative 55% PV-of-debt-to-GDP benchmark in most scenarios but breaching it under the most extreme (natural disaster) stress test.
- Risk rating: Bangladesh is assessed at moderate risk of both external and overall public debt distress, with medium debt-carrying capacity and limited near-term space to absorb shocks, improving to “some space” from FY27 under the baseline.

SOURCES

- International Monetary Fund, “Bangladesh: 2025 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director,” IMF Country Report No. 26/24, January 2026.
- International Monetary Fund and International Development Association, “Bangladesh: Staff Report for the 2025 Article IV Consultation—Debt Sustainability Analysis,” January 2026.
- International Monetary Fund, “Bangladesh: Staff Report for the 2025 Article IV Consultation—Informational Annex,” January 2026.
- Statement by Urjit R. Patel, Executive Director for Bangladesh, and Dirghau Raut, Advisor to Executive Director, January 28, 2026.
- Bangladesh Bank, Bangladesh Bureau of Statistics, Bangladesh Ministry of Finance — data as compiled and cited within the above IMF documents.
- World Bank, Asian Development Bank — as referenced within the IMF Article IV Staff Report and DSA.
- Bank for International Settlements — general reference for EM sovereign external debt conventions.
- Public reporting on Bangladesh's inter-ministerial panel and debut sovereign bond feasibility study, July 2026 (news wire reporting).
- Bloomberg — for reference market conventions; specific live spread/CDS/OAS data for peer sovereigns not independently pulled for this note and flagged accordingly throughout (see Sections 10–11).
- Khorlan Capital SRL — proprietary analysis, estimates, and relative-value framework.

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