Gross interest = K100,000.00 – 97,076.00 = K2,924.00
(this is the interest you will get for your K100,000.00 investment).

Tax on interest (15%WHT) = K2,924.00 x 15% = K439.00
Net interest = K2,924.00–K439.00 = K2,485.00

After 182-days, K439.00 will be deducted on the face value so the investor will only get back K99,561.00.

Note: Withholding tax is charged upon maturity of the bill.

2.0 Inscribed Stock

2.1 What is an Inscribed Stock (IS)?

Inscribed Stock is a medium to long-term debt instrument or a Kina denominated Bond with maturities of more than one year (e.g. 3, 6, 10 & 17 years). Unlike Treasury bills, an Inscribed Stock is a loan to the Government that earns interest semi-annually and is repayable on the maturity date. Inscribed Stock is traded at a price unlike the Treasury bill, which is traded at a yield.

2.2 What are the benefits of investing in Inscribed Stock?

When you invest in Inscribed Stock, you assist in the future development of our country, our financial market and at the same time earn regular interest on the amount invested. The interest you will receive is fixed for the length of time for which you are prepared to have your money invested with the Government.

2.3 Who can purchase or invest in Inscribed Stock?

Investing in Inscribed Stock is restricted to Registered Bidders only. These include Licensed Financial Institutions such as Commercial banks, Finance companies, Savings & Loans companies, Insurance companies & Superannuation Funds.

2.4 How can one purchase or invest in Inscribed Stock?

Inscribed Stock is available for purchase at the Bank of PNG through a closed auction. Bids must be in shield envelopes and are dropped into an auction box made available at the Financial Markets Department (BPNG) counter. The auction is conducted on the 3rd Tuesdays of each month. The minimum amount needed to participate is K100,000.00 and in multiples of K10,000.00 thereafter. The requirements for investing are the same as Treasury bills.

2.5 Can Inscribed Stock be purchased from outside Port Moresby?

Yes, this is possible, however the current arrangement requires the investor to complete bid forms and deliver to BPNG in shield envelopes. Please contact the Money Markets and Registry Units for more information.

2.6 How is interest on my IS investment paid?

Interest is paid every six months (semi-annually) direct to the holder by bank cheque or credited to the nominated bank account. Interest or the coupon earned is calculated as simple interest (principal x interest rate x no. of days/365). More information on IS calculation can be obtained by contacting the Money Market Operations Unit of the Bank of PNG or consult the Department of Treasury’s website: www.treasury.gov.pg.

3.0 Maturity and Secondary Market

3.1 Am I allowed to sell back my security to the issuer before maturity?

Currently, the investor cannot sell back any security (full/part) to the Government, be it Treasury Bills or Inscribed Stock, before maturity. The security issued matures on the maturity date specified at the time of issuance. However, the Government does allow the investor to sell the security (bill/bond) on the secondary market (i.e. Government securities are allowed to be traded on the secondary market). In so doing, the security holder may transfer to other persons all or part of his/her stock by a way of Transfer and Acceptance Form prescribed by the Registrar.

Contact Us
Money Market Operations Unit/Registry Unit
Telephone: 322 7355 / 322 7344/322 7209 / 322 7202
Email: fmd@bankpng.gov.pg
Website: www.bankpng.gov.pg
Treasury Bills

1.0 Treasury Bills

1.1 What is Treasury Bills?

Treasury Bills is a discounted paper or security issued by the Government. It is a short-term debt instrument on offer is allocated. This is done to minimize cost to the borrower.

2.0 How is Treasury Bill purchased from outside the Bank of PNG through the weekly auction.

3.0 Who can purchase or invest in Treasury Bills?

1.5 How is interest on my Treasury Bills investment calculated?

Interest is calculated on the basis of Simple interest formula as follows:

\[ \text{Interest} = \frac{\text{Principal} \times \text{Rate} \times \text{Time}}{100} \]

Where:
- \( P \) = Principal
- \( R \) = Rate
- \( T \) = Time

Example:

If the Principal is K100,000, the Rate is 10% per annum, and the Time is 1 year, the Interest would be:

\[ \text{Interest} = \frac{K100,000 \times 10 \times 1}{100} = K10,000 \]

3.1 Conditions of Sale

- The minimum amount needed to participate in the auction is K100,000.00 with additional purchases in multiples of K10,000.00.

3.2 Express your interest to purchase Treasury Bills by completing a bid form with Dealers at the Money Market Operations/Registry Units.

3.3 Attach a Bank Cheque equivalent to the face value of the warrants to be purchased.

3.4 Complete a Bid Form.

3.5 Confirm with Dealers that you have arranged for funds transfer and if necessary fax a copy of the TT receipt to the Warrant Registry.

4.0 What are Government Securities?

Government Securities are financial debt instruments issued by the Government to raise funds to finance the budget. They include Treasury Bills and Inscribed Stock.

5.0 How can one purchase or invest in Treasury Bills?

You can purchase or invest in Treasury Bills through the weekly auction at closed doors without the presence of Treasury Bills Holders. BPNG conducts the auction every Wednesdays at the 2nd Floor of Robert Haus, Down Town, Port Moresby. The auction times are from 9.00am to 11.00am on the auction day (Wednesdays). The minimum amount needed to participate is K100,000.00 with additional purchases in multiples of K10,000.00.

5.1. Express your interest to purchase Treasury Bills by completing a bid form with Dealers at the Money Market Operations/Registry Units.

5.2 Attach a Bank Cheque equivalent to the face value of the warrants to be purchased.

5.3 Complete a Bid Form.

5.4 Confirm with Dealers that you have arranged for funds transfer and if necessary fax a copy of the TT receipt to the Warrant Registry.

6.0 Additional Information

- BPNG conducts the Treasury Bill auction every Wednesdays at the 2nd Floor of Robert Haus, Down Town, Port Moresby. The auction times are from 9.00am to 11.00am on the auction day (Wednesdays). The minimum amount needed to participate is K100,000.00 with additional purchases in multiples of K10,000.00.

7.0 What are Government Securities?

Government Securities are financial debt instruments issued by the Government to raise funds to finance the budget. They include Treasury Bills and Inscribed Stock.