

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007**

**21. Other domestic liabilities**

	<u>2007</u>	<u>2006</u>
	<i>Taka '000</i>	<i>Taka '000</i>
Government deposits	5,005	8,667
Other deposits	13,194,593	4,423,456
Bank notes adjusting account - demonetized Pakistani notes	18,540	18,540
Sundry creditors account	1,346,419	1,151,695
Interest suspense account	523	203,628
Deposits from donor agencies	16,060,394	13,425,311
Inter-branch adjustments (suspense)	240,189	832,211
Credit guarantee scheme for small industrial investors	248,808	250,000
Provision for pension	2,523,650	2,523,650
Provision for gratuity	2,295,500	2,295,500
Provision for leave encashment	1,160,255	1,160,255
Provision for legal obligation	78,657	-
Small and Medium Enterprise Fund - Bank	2,000,000	-
Small and Medium Enterprise Fund - Government	854,829	-
Loan from Government of Bangladesh (CBSP)	251,081	229,125
Miscellaneous	733	710
	<u><b>40,279,176</b></u>	<u><b>26,522,748</b></u>

**21a. Consolidated other domestic liabilities**

Government deposits	5,005	8,667
Other deposits	13,194,593	4,423,456
Bank notes adjusting account - demonetized Pakistani notes	18,540	18,540
Sundry creditors account	1,355,051	935,199
Interest suspense account	523	203,628
Deposits from donor agencies	16,060,394	13,425,311
Inter-branch adjustments (suspense)	240,189	832,211
Credit guarantee scheme for small industrial investors	248,808	250,000
Provision for pension	2,523,650	2,523,650
Provision for gratuity	2,295,500	2,295,500
Provision for leave encashment	1,160,255	1,160,255
Provision for legal obligation	78,657	-
Loan from Government of Bangladesh (CBSP)	251,081	229,125
Small and Medium Enterprise Fund - Bank	2,000,000	-
Small and Medium Enterprise Fund - Government	854,829	-
Miscellaneous	733	710
Others - subsidiary	182,112	319,199
	<u><b>40,469,920</b></u>	<u><b>26,625,451</b></u>

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007****22. Capital**

At 30 June 2007 the authorized and subscribed capital as per Bangladesh Bank Order 1972, was Tk. 30 million. The entire capital of the Bank stands vested in and allocated to the Government as per para 4(1) & 4(2) of the Order. According to Article 64 of the Order, after making provision for bad and doubtful debts, depreciation in assets, contributions to staff superannuation fund and for all other matters for which provisions have to be made by or under or are usually provided for by the bankers, the balance of the profit shall be paid to the government.

**23. Revaluation reserve - gold and silver**

The Bank credited the gain on revaluation on gold and silver to the income statement and transferred to a separate account (revaluation reserve).

**24. Revaluation reserve - foreign currency accounts**

The Bank credited the gain on revaluation of foreign currency assets to the income statement and transferred to a separate account (revaluation reserve).

**25. Statutory funds**

		<u>2007</u>	<u>2006</u>
	<u>Notes</u>	<u>Taka '000</u>	<u>Taka '000</u>
Rural credit fund	25.1	4,000,000	3,800,000
Agricultural credit stabilization fund	25.2	4,000,000	3,800,000
Export credit fund	25.3	1,300,000	1,300,000
Industrial credit fund	25.4	1,987,852	1,837,852
Credit guarantee fund	25.5	879,194	879,194
		<u><b>12,167,046</b></u>	<u><b>11,617,046</b></u>

Statutory funds were created and maintained as per provisions of the Bangladesh Bank Order, 1972 and appropriations from profits are made in consultation with the Government of Bangladesh.

**25.1 Rural credit fund**

This fund was created as per Article 60(1) of Bangladesh Bank Order, 1972 for making of short term, medium term and long term loans and advances to co-operative bank, scheduled bank and rural credit agencies. An appropriation of Taka 200 million was made for this fund during the year.

This fund was invested in government overdraft block account.

**25.2 Agricultural credit stabilization fund**

This fund was created as per Article 61 of Bangladesh Bank Order, 1972 for making of loans and advances to apex co-operative bank. An appropriation of Taka 200 million was made for this fund during the year.

This fund was invested in government overdraft block account.

### Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007

#### 25.3 Export credit fund

As per Article 63 of Bangladesh Bank Order, 1972 this fund was created for making of medium term and short term loans and advances to scheduled banks and other credit institutions for financing export from Bangladesh. No appropriation was made for this fund during the year.

This fund was invested in government overdraft block account.

#### 25.4 Industrial credit fund

As per Article 62 of Bangladesh Bank Order, 1972 the fund was created for making of medium term and long term loans and advances to co-operative banks. An appropriation of Taka 150 million was made for this fund during the year.

This fund was invested in government overdraft block account.

#### 25.5 Credit guarantee fund

As per clause 24 of Article 16 of Bangladesh Bank Order, 1972 the Fund was created by appropriating profit every year as per decision of the Board of Directors to cover the loss sustained by scheduled banks for making small loans to cottage industries. No appropriation was made for this fund during the year.

This fund was invested in government overdraft block account.

#### 26. Interest reserve

This reserve was introduced in this financial year, and represents the interest accrued against the overdue loan of Bangladesh Kishi Bank and Rajshahi Kishi Unnayan Bank. This is kept as a reserve on grounds of prudence.

#### 27. General reserve

As per Article 59 of Bangladesh Bank Order, 1972 securities of the value of Tk. 30 million was allocated by the government and held by the Bank as the general reserve.

#### 28. Interest Income - foreign currency operations

	2007	2006
	<i>Taka '000</i>	<i>Taka '000</i>
Short term deposits with commercial banks	11,044,288	6,113,062
Bonds	226,512	180,068
Others	89,281	76,198
	<b>11,360,081</b>	<b>6,369,328</b>
	=====	=====

## Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007

<b>29. Commission and discounts - foreign currency operations</b>		
	<b><u>2007</u></b>	<b><u>2006</u></b>
	<i>Taka '000</i>	<i>Taka '000</i>
Realised exchange gain	418,333	322,783
Discount from US dollar treasury bills	969,769	666,018
Discount from EURO treasury bills	2,356	3,752
	<b><u>1,390,458</u></b>	<b><u>992,553</u></b>
<b>30. Interest expenses - foreign currency operations</b>		
Deposits of commercial banks	1,852,549	1,364,256
Asian Clearing Union (ACU)	745,968	497,319
Paid to IMF	158,444	116,907
Others	3,744	976
	<b><u>2,760,705</u></b>	<b><u>1,979,458</u></b>
<b>31. Commission and other expenses - foreign currency operations</b>		
IMF - SDR allocation charges	197,923	145,327
Revaluation loss on bonds	24,861	2,547
	<b><u>222,784</u></b>	<b><u>147,874</u></b>
<b>32. Interest income - domestic operations</b>		
Trading securities	17,819,884	12,436,830
Ways and Means	388,437	14,779
Debentures	437,495	383,029
Demand loans and employee advances	3,471,938	3,766,981
Repo	8,760	50,065
	<b><u>22,126,514</u></b>	<b><u>16,651,684</u></b>
<b>32a. Consolidated interest income - domestic operations</b>		
Trading securities	17,819,884	12,436,830
Ways and Means	388,437	14,779
Debentures	437,495	383,029
Demand loans and employee advances	3,471,938	3,723,311
Repo	8,760	50,065
Short term money market deposits	154,478	123,609
	<b><u>22,280,992</u></b>	<b><u>16,731,623</u></b>

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007**

<b>33. Commission and discounts - domestic operations</b>		
	<b>2007</b>	<b>2006</b>
	<i>Taka '000</i>	<i>Taka '000</i>
Commission	2,465	1,253
Others	70,467	129,686
	<u><b>72,932</b></u>	<u><b>130,939</b></u>
<b>34. Interest expenses - domestic operations</b>		
Interest paid on Bangladesh Bank bills	<u><b>526,432</b></u>	<u>-</u>
<b>35. Commission and other expenses - domestic operations</b>		
Commission paid on short term borrowings (reverse repo)	1,018,421	686,102
Agency charges	959,161	820,451
	<u><b>1,977,582</b></u>	<u><b>1,506,553</b></u>
<b>36. General and administrative expenses</b>		
Staff costs (Note 36.1)	1,798,246	5,362,088
Depreciation of plant and equipment	177,749	159,470
Note printing	928,106	632,689
Directors' fee	127	114
Audit fee	2,600	300
Stationery	27,145	26,611
Rent	69,471	75,055
Remittance of treasure	19,597	18,716
Travel expenses	10,404	41,687
Donations	45,689	46,190
Telephone	20,454	16,477
Lunch	50,220	53,139
Staff bus	23,071	22,374
Repairs	54,118	55,744
Miscellaneous	360,635	168,566
	<u><b>3,587,632</b></u>	<u><b>6,679,220</b></u>

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007****36.1 Staff costs**

	<b>2007</b>	<b>2006</b>
	<i>Taka '000</i>	<i>Taka '000</i>
Salary	765,220	828,322
House rent	287,068	168,665
Contribution to contributory provident fund	(10,146)	9,068
Subsidy of interest to contributory and general provident fund	86,878	248,784
Pension and gratuity	180,318	3,607,825
Leave encashment	74,536	221,196
General and incentive bonus	236,661	147,262
Income tax paid to government	18,050	25,915
Medical expenses	87,691	71,753
Other staff costs	71,970	33,298
	<b><u>1,798,246</u></b>	<b><u>5,362,088</u></b>

**36a. Consolidated general and administration expenses**

Staff costs (Note 36a.1)	1,914,681	5,487,738
Depreciation of plant and equipment	218,365	200,636
Directors' fee	202	222
Audit fee	2,750	450
Stationery	27,145	26,611
Rent	69,471	75,055
Distribution of currency	19,597	18,716
Travel expenses	10,404	41,687
Donations	45,689	46,190
Telephone	20,454	16,477
Lunch	50,220	53,139
Staff bus	23,071	22,374
Repairs	54,118	55,744
Materials	968,876	673,783
Provision for WPPF	34,130	29,937
Income tax	268,307	225,230
Miscellaneous	541,706	284,639
	<b><u>4,269,186</u></b>	<b><u>7,258,628</u></b>

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007****36a.1 Staff costs**

	<u>2007</u>	<u>2006</u>
	<u>Taka '000</u>	<u>Taka '000</u>
Salary	856,447	888,667
House rent	287,068	168,665
Contribution to contributory provident fund	(10,146)	9,068
Subsidy of interest to contributory and general provident fund	86,878	248,784
Pension and gratuity	181,868	3,637,675
Leave encashment	81,496	233,697
General and incentive bonus	253,359	158,193
Income tax paid to government	18,050	25,915
Medical expenses	87,691	71,753
Other staff costs	71,970	45,321
	<u><u>1,914,681</u></u>	<u><u>5,487,738</u></u>

**37. Financial risk management**

International Accounting Standard IAS 32 - Financial Instruments: Disclosure and Presentation - requires disclosure of information relating to: both recognised and unrecognised financial instruments, their significance and performance, accounting policies, terms and conditions: net fair values and risk information.

A financial instrument is defined as any contract that gives rise to both a financial asset of one enterprise and financial liability or equity instrument of another enterprise. The identifiable financial instruments for Bangladesh Bank are its domestic government securities, its foreign government liabilities, securities, loans and advances, bank deposits, currency in circulation and deposit liabilities.

Net fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Bangladesh Bank's recognised instruments are carried at cost or current market value, which approximates net fair value.

Financial risk of financial instruments embodies price risk (currency risk and interest rate risk) credit risk, liquidity risk and cash flow risk. IAS 32 requires disclosure of interest rate risk and credit risk.

The interest rate and credit risk tables are based on Bangladesh Bank's settled portfolio as reported in Bangladesh Bank's balance sheet.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

**37.1 Credit risk**

Credit risk in relation to a financial instrument is the risk that a customer, bank or other counter- party will not meet its obligation ( or permitted to meet them ) in accordance with agreed terms.

Bangladesh Bank's maximum exposure to credit risk in relation to each class of recognised financial assets, in the carrying amount of those assets is as indicated in the balance sheet. Bangladesh Bank's exposure is to highly rated counter-parties and its credit risk is very low.

## Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007

## 37.2 Interest rate risk

Assets and liabilities will mature or re-price within the following periods.

Particulars	Balance as at 30 June 2007	Floating interest %	Repricing period				Weighted average interest
			0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
	Taka '000		Taka '000	Taka '000	Taka '000	Taka '000	
<b>ASSETS</b>							
Gold, silver and foreign assets							
Gold and silver	5,189,808	0.06%	2,799,805	2,390,003	-	-	0.02%
Foreign currency accounts and investments	340,431,943	-	302,286,916	33,117,085	5,027,942	-	4.3%
Assets held with the International Monetary Fund (IMF)	54,695,434	-	160,729	-	-	54,534,705	0.004%
Other foreign assets	5,555,341	-	1,713,394	3,783,196	58,671	80	-
	<u>405,872,526</u>		<u>306,960,844</u>	<u>39,290,284</u>	<u>5,086,613</u>	<u>54,534,705</u>	
Domestic assets							
Cash and cash equivalents	175,413	-	175,413	-	-	-	-
Government of Bangladesh - treasury bills and overdraft	245,000,318	-	14,800,621	21,176,949	60,238,791	148,783,957	7.5%
Investments in shares and debentures	9,302,500	-	100,000	250,000	1,797,500	7,155,000	4.59%
Loans to the government	10,000,000	-	10,000,000	-	-	-	5.04%
Loans to banks, financial institutions and employees	71,829,227	5%	1,526,674	2,700,000	22,030,545	45,572,008	3.36%
Property, plant and equipment	9,641,365	-	-	-	33,899	9,607,466	-
Other domestic assets	2,821,159	-	2,348,440	386,946	25,416	60,357	-
	<u>348,769,982</u>		<u>28,951,148</u>	<u>24,513,895</u>	<u>84,100,735</u>	<u>211,178,788</u>	
Total assets	<u>754,642,508</u>						
<b>LIABILITIES AND EQUITY</b>							
Foreign liabilities							
Liabilities with the IMF	93,534,450	-	1,060,663	-	7,615,031	84,858,756	0.39%
Deposits from banks and financial institutions	72,491,978	-	72,491,978	-	-	-	4.43%
	<u>166,026,428</u>		<u>73,552,641</u>	<u>-</u>	<u>7,615,031</u>	<u>84,858,756</u>	
Domestic liabilities							
Notes in circulation	283,634,842	-	283,634,842	-	-	-	-
Short term borrowing	63,662,719	-	63,662,719	-	-	-	6.14%
Deposits from banks and financial institutions	106,304,143	-	106,304,143	-	-	-	-
Surplus profit payable to government	21,931,584	-	21,931,584	-	-	-	-
Other domestic liabilities	40,279,176	-	36,908,095	-	-	3,371,081	-
	<u>515,812,464</u>		<u>512,441,383</u>	<u>-</u>	<u>-</u>	<u>3,371,081</u>	
Total liabilities	681,838,892						
Capital and reserves	72,803,616	-	-	-	-	-	-
Total liabilities and equity	<u>754,642,508</u>						

All recognised financial instruments are shown at net fair value.

All financial instruments are shown in their repricing period, which is equivalent to the remaining term of maturity.



### Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007

#### 37.2a Consolidated interest rate risk

Assets and liabilities will mature or re-price within the following periods.

Particulars	Balance as at 30 June 2007	Floating interest %	Repricing period			over 5 years	Weighted average interest
			0 to 3 months	3 to 12 months	1 to 5 years		
	Taka '000		Taka '000	Taka '000	Taka '000	Taka '000	
<b>ASSETS</b>							
Gold, silver and foreign assets							
Gold and silver	5,189,808	0.06%	2,799,805	2,390,003	-	-	0.02%
Foreign currency accounts and investments	340,431,943	-	302,286,916	33,117,085	5,027,942	-	4.30%
Assets held with the International Monetary Fund (IMF)	54,695,434	-	160,729	-	-	54,534,705	0.004%
Other foreign assets	5,555,341	-	1,713,394	3,783,196	58,671	80	-
	<u>405,872,526</u>		<u>306,960,844</u>	<u>39,290,284</u>	<u>5,086,613</u>	<u>54,534,785</u>	
Domestic assets							
Cash and cash equivalents	1,197,578	-	1,197,578	-	-	-	-
Government of Bangladesh - treasury bills and overdraft	245,000,318	-	14,800,621	21,176,949	60,238,791	148,783,957	7.5%
Investments in shares and debentures	9,799,245	-	100,000	1,246,745	1,797,500	6,655,000	5.9%
Loans to the government	10,000,000	-	10,000,000	-	-	-	5.04%
Loans to banks, financial institutions and employees	71,829,227	5%	1,526,674	2,700,000	18,269,304	49,333,249	3.36%
Property, plant and equipment	10,014,401	-	-	-	64,578	9,949,823	-
Other domestic assets	3,910,071	-	2,402,794	428,535	1,018,385	60,357	-
	<u>351,750,840</u>		<u>30,027,667</u>	<u>25,552,229</u>	<u>20,131,382</u>	<u>65,998,429</u>	
<b>Total assets</b>	<u><b>757,623,366</b></u>						
<b>LIABILITIES AND EQUITY</b>							
Foreign liabilities							
Liabilities with the IMF	93,534,450	-	1,060,663	-	7,615,031	84,858,756	0.39%
Deposits from banks and financial institutions	72,491,978	-	72,491,978	-	-	-	4.43%
	<u>166,026,428</u>		<u>73,552,641</u>	<u>-</u>	<u>7,615,031</u>	<u>84,858,756</u>	
Domestic liabilities							
Notes in circulation	283,634,842	-	283,634,842	-	-	-	-
Short term borrowing	63,662,719	-	63,662,719	-	-	-	6.14%
Deposits from banks and financial institutions	106,304,143	-	106,304,143	-	-	-	-
Surplus profit payable to government	21,931,584	-	21,931,584	-	-	-	-
Other domestic liabilities	40,469,920	-	38,100,547	-	-	2,369,373	-
	<u>516,003,208</u>		<u>513,633,835</u>	<u>-</u>	<u>-</u>	<u>2,369,373</u>	
<b>Total liabilities</b>	<u>682,029,636</u>						
Capital and reserves	75,593,730	-	-	-	-	75,593,730	-
<b>Total liabilities and equity</b>	<u><b>757,623,366</b></u>						

All recognised financial instruments are shown at net fair value.

All financial instruments are shown in their repricing period, which is equivalent to the remaining term of maturity.

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007****38. Contingent liabilities**

The Bank had contingent liabilities for guarantees outstanding as at 30 June 2007 amounting to Taka 98,202.35 million (2006: 45,863.89 million) secured by counter guarantees from the Government of Bangladesh.

The Bank had 31 pending litigations against which possible liability was Taka 78.34 million as at the balance sheet date. No provisions have been made in the financial statements in respect of these as it was not possible to determine the outcome of these cases with reasonable assurance.

**39. Segment reporting**

The Bank as the central bank of Bangladesh operates as an instrument of government economic policy. As a result its operations can be segmented between its operations in the domestic market (including the issue of currency) and its operations in the foreign exchange market to maintain reserves and implement government policy in this area. Therefore, the Bank presents assets and liabilities, and their associated income and expense streams, by distinguishing between foreign currency and local currency activities in the balance sheet and income statement.

The Bank operates as a central bank in the People's Republic of Bangladesh and therefore, cannot segment its operations by geographically.

**40. Retirement benefit plans**

The retirement plans differ for employees employed before 17/2/1983 and employees employed after the said date.

**40.1 For employees employed before 17/2/1983****(a) Contributory Provident Fund (CPF)**

The Bank and employees contribute to the fund, which invests in various securities. The Bank commits a return of 12.5% on the balance of the contributed amount. In the event that the return from securities is lower than the committed return of 12.5% the shortfall, if any, would be paid by the Bank.

**(b) Gratuity scheme**

On retirement the employees are entitled to get two months salary for every year of service.

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007****40.2 For employees employed after 17/2/1983****(a) General Provident Fund (GPF)**

The employees contribute at various rates of their basic salary into the fund. The fund is also invested in various securities and the Bank commits a return of 12.5% on the balance of the fund. In the event, when the return from securities is lower than the committed return of 12.5%, the shortfall, if any, would be paid by the Bank.

**(b) Pension scheme**

The employees are entitled to get pension amounting to maximum 80% of their last basic salary.

50% of the pension amount is paid as a lump sum computed at the rate of Tk. 200 per Tk. 1 surrendered from the pension. Employees may choose to surrender the remaining 50% for a lump sum payment computed at the rate of Tk. 100 per Tk.1 or to receive their pension monthly over the remaining lifetime.

All employees irrespective of joining date are entitled to Tk.500 per month as medical allowance in cash and a maximum of Tk.1,000 per year in the form of medicine even after retirement.

Those employees who have unutilised leave up to one year or more at the time of retirement age of 57 are allowed to leave with salary for one year. The remaining unutilised leave is encashed (maximum twelve months). Employees are not allowed to encash their unutilised leave until reaching retirement age.

Since the rate of interest is guaranteed for both CPF and GPF these funds are considered to be funded defined benefit plans. The gratuity scheme, pension scheme and medical assistance after retirement and en-cashing of unutilised leave are un-funded defined benefit plans.

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007****40.3 Actuarial valuation of defined benefit plans**

The Bank had carried actuarial valuation for the pension fund and gratuity fund during the year 2003-2004. The liability arose for pension fund and gratuity fund on adoption of IFRS was initially decided to be amortised over a period of 5 years from the year ended 30 June 2004 ( in accordance with Transitional Provisions of IAS 19 on Employee Benefits); accordingly one fifth of the total liability was provided in financial year ended 2004. The salary of the employees increased approximately 35% in 2005. So, one fifth of the total obligation and additional 35% was provided for the funds in financial year ended 2005. In financial year 2005-2006 obligations due for the rest three years were provided fully by the Bank. The Bank had carried further actuarial valuation for pension and gratuity scheme in the year 2005-2006. The Pension Fund and the Gratuity Fund is unfunded. According to the actuarial recommendation the following contribution is required for the funds:

Particulars	Pension plans		Gratuity plans	
	2007	2006	2007	2006
	Taka '000	Taka '000	Taka '000	Taka '000

**Amounts recognised in the balance sheet date:**

Present value of obligations	2,415,527	2,023,650	1,304,888	1,259,188
Recognised liability for defined benefit obligation	2,523,650	2,523,650	2,295,500	2,295,500
Excess recognised	108,123	500,000	990,612	1,036,312

**Movement in the liability for defined benefit obligations:**

Liability for defined benefit obligations at 1 July	2,293,327	757,013	1,259,188	663,375
Current service costs and interest expenses	122,200	1,536,314	45,700	595,813
Liability for defined benefit obligations at 30 June	2,415,527	2,293,327	1,304,888	1,259,188

**Expense recognised in profit or loss:**

Current service costs	-	1,475,753	-	610,305
Interest on obligation	-	60,561	-	53,070
Additional recognition	-	230,323	-	968,750
	-	1,766,637	-	1,632,125

As the amounts of provisions were higher than the total obligations, the bank did not provide any amount during the year. During the year bank paid pension and gratuity amounting to Taka 74,536 thousand and charged as expenses.

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007**

Particulars	Pension plans		Gratuity plans	
	2007	2006	2007	2006

**Actuarial assumptions:**

Discount rate at 30 June	8%	8%	8%	8%
Future salary increase	7%	7%	7%	7%

Assumptions regarding future mortality are based on mortality tables.

**41. Capital commitment**

As at 30 June 2007 the Bank had outstanding capital commitment with respect to different civil constructions amounting to Tk. 5.38 million (2006: Tk. 30.26 million). The Bank is also committed to incur capital expenditure of Taka 5.4 million (2006: Tk. 12.84 million) in respect of purchasing other capital items.

## Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007

## 42. Currency exposure

Foreign currency monetary assets and liabilities

Particulars	US\$ equivalent	Gold and silver equivalent	EURO equivalent	GBP equivalent	Yen equivalent	C\$ equivalent	AUD equivalent	SDR equivalent	Others equivalent
	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
<b>Assets</b>									
Held in other Central Banks abroad	26,951,892	-	8,772,924	2,213,399	364,778	302,840	236,896	-	151,861
Short term investment in overseas commercial banks	95,500,816	2,390,003	81,221,458	73,081,831	1,237,753	3,301,528	8,948,940	-	-
Held by Bangladesh Bank	-	2,799,805	-	-	-	-	-	-	-
Treasury bills	33,117,085	-	-	-	-	-	-	-	-
Investment in reverse Repo	-	-	-	-	-	-	-	-	-
Foreign bonds	3,524,364	-	923,710	-	-	-	579,868	-	-
Loan to other banks	3,782,865	-	-	-	-	-	-	-	80
Interest receivable	875,770	328	322,174	457,135	-	2,983	38,852	75,154	-
IMF Quota	-	-	-	-	-	-	-	54,534,705	-
SDR holding	-	-	-	-	-	-	-	160,729	-
<b>Total</b>	<b>163,752,792</b>	<b>5,190,136</b>	<b>91,240,266</b>	<b>75,752,365</b>	<b>1,602,531</b>	<b>3,607,351</b>	<b>9,804,556</b>	<b>54,770,588</b>	<b>151,941</b>
<b>Liabilities</b>									
Deposits from other banks	45,041,816	-	1,043,294	412,209	6,465	-	-	-	-
Due to Asian Clearing Union	25,988,194	-	-	-	-	-	-	-	-
IMF securities	-	-	-	-	-	-	-	54,534,705	-
IMF Number 1 & 2 account	-	-	-	-	-	-	-	1,060,663	-
Loan under poverty reduction and growth facility	-	-	-	-	-	-	-	33,025,822	-
SDR allocation	-	-	-	-	-	-	-	4,913,260	-
<b>Total</b>	<b>71,030,010</b>	<b>-</b>	<b>1,043,294</b>	<b>412,209</b>	<b>6,465</b>	<b>-</b>	<b>-</b>	<b>93,534,450</b>	<b>-</b>
<b>Net</b>	<b>92,722,782</b>	<b>5,190,136</b>	<b>90,196,972</b>	<b>75,340,156</b>	<b>1,596,066</b>	<b>3,607,351</b>	<b>9,804,556</b>	<b>(38,763,862)</b>	<b>151,941</b>

The presentation currency of all operations is Taka.

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007****43. Related parties****43.1 Transactions with government and government controlled enterprises**

In the normal course of its operations, the Bank enters into transactions with related parties. Related parties include the Government of Bangladesh; as ultimate owner of the Bank, various government departments, and government controlled enterprises/entities. All transactions are carried out with reference to market rates. Transactions entered into include:

- (a) Acting as the fiscal agent, banker and financial advisor of the government; the Bank is the depository of the government and or its agents or institutions provide banking services to government and government departments and corporations;
- (b) Acting as the agent of the government or its agencies and institutions, provide guarantees, participate in loans to government or related institutions and foreign reserve;
- (c) The Bank does not ordinarily collect any commission, fees, or other charges for services which it renders to the government and related entities;
- (d) Acting as the agent of the government, the Bank issues securities of government, purchases any unsubscribed portion of any issue and amounts set aside for the Bank; and
- (e) As the agent of the government manages public debt and foreign reserve.

During the year the Bank received an amount of Taka 596,055 million and paid Taka 663,449 million on behalf of government. As at 30 June 2007, total outstanding balance was Taka 255,000 million.

**43.2 Transactions with entities in which the bank has significant investments**

During the year the Bank received debenture interest from House Building Finance Corporation (HBFC) amounting to Tk. 437 million included in the interest income.

**43.3 Transactions with retirement benefit plans**

The Bank did not contribute any amount to the retirement benefit plans (consisting of contribution to pension plans including widow/widowers) during the year as the balance of the recognised obligation (pension and gratuity) was sufficient as per actuarial assumption made in 2006. Amounts of balances held in the financial statements maintained by these retirement benefit plans are given in note 40.

**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007****43.4 Board of Directors of Bangladesh Bank and key Management Personnel**

- (a) Dr. Salehuddin Ahmed - appointed as the Chairman of the Board of Directors and also as the Governor of the Bangladesh Bank for a period of four years from 2 May 2005.
- (b) Mr. Md. Nazrul Huda- appointed as the Director of the Board of Bangladesh Bank in 11 June 2007 and also hold the post Deputy Governor, Bangladesh Bank.
- (c) Dr. Wahid Uddin Mahmud - appointed as the Director of the Board of Bangladesh Bank in 19 January 2005 for a period of three years and also working as the Professor, Department of Economics, Dhaka University, Dhaka.
- (d) Dr. Momtaz Uddin Ahmed - appointed as the Director of the Board of Bangladesh Bank for a period of one year with effect from 4 November 2006 and also working as the Professor, Department of Economics, Dhaka University, Dhaka.
- (e) Dr. Sufia Ahmed - appointed as the Director of the Board of Bangladesh Bank for a period of two years with effect from 12 January 2006 and hold the post of National Professor.
- (f) Dr. Hossain Zillur Rahman - appointed as the Director of the Board of Bangladesh Bank for a period of two years with effect from 13 March 2006 and working as the Executive Chairman, Power and Participation Research Center, Dhaka.
- (g) Mr. Jafar Ahmad Chowdhury - appointed as the Director of the Board of Bangladesh Bank for a period of three years with effect from 21 November 2006 and hold the post of Secretary, Planning Commission, Ministry of Planning, Govt. of the Peoples Republic of Bangladesh.
- (h) Dr. Mohammad Tareque - appointed as the Director of the Board of Bangladesh Bank for a period of three years with effect from 13 February 2007 and hold the post of Secretary, Ministry of Finance, Govt. of the Peoples Republic of Bangladesh.
- (i) Mr. Badiur Rahman - appointed as the Director of the Board of Bangladesh Bank for a period of three years with effect from 01 March 2007 and hold the post of Chairman, National Board of Revenue, Govt. of the Peoples Republic of Bangladesh.

**43.5 Share based payment**

The members of the Board of Directors do not hold any share of Bangladesh Bank as Government of Bangladesh is the owner 100% share of the Bank and the entire profit of the Bank is transmitted to the Government at the end of the year.



**Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2007****43.6 Remuneration of members of the Board of Directors and key management personnel**

Members of the Board of Directors received remuneration totalling Tk. 127,000 and the Governor received salary totaling Tk. 282,000. In addition, the Governor availed a free furnished house for his residence. Other key management personnel of the Bank received salary totalling Tk. 721,000. In addition, they availed official residence as well as transport.

**44. Events after the balance sheet date**

Subsequent to the balance sheet event, no events have occurred which require adjustments to/or disclosures in the financial statements.

**45. Directors' responsibility for financial reporting**

The Board of Directors are responsible for preparation and presentation of financial statements.