

## Bangladesh Bank's Accounts for 2015-2016

14.1 Financial results of Bangladesh Bank for FY16 has been prepared in accordance with International Financial Reporting Standards (IFRSs) approved by the International Accounting Standards Board (IASB). Executive summary of accounts of Bangladesh Bank (excluding SPCBL) is represented below.

### Income

14.2 The total operating income of the Bank (excluding foreign currency revaluation gain/loss) for FY16 increased by Taka 6.95 billion (24.76 percent) to Taka 35.02 billion compared to Taka 28.07 billion in FY15. With foreign currency revaluation, total operating income of the Bank increased by Taka 37.28 billion to Taka 28.83 billion compared to loss of Taka 8.45 billion in FY15. The sources of income are set out in table 14.1.

### Income from Foreign Currency Financial Assets

14.3 During FY16, Bank's income from the foreign currency financial assets increased by Taka 6.71 billion (54.73 percent) to Taka 18.97 billion compared to Taka 12.26 billion in FY15 due to combined impact of increase in weighted average interest rate on investment of foreign currency.

### Income from Local Currency Financial Assets

14.4 Bank's income from local currency financial assets increased by Taka 0.24 billion (1.51 percent) to Taka 16.05 billion in FY16

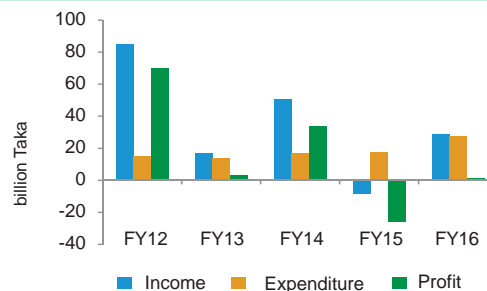
**Table 14.1 Sources of income** (billion Taka)

	FY16	FY15
<b>Operating Income</b>		
<b>A. Income from foreign</b>		
<b>currency financial assets</b>	<b>18.97</b>	<b>12.26</b>
Interest income	17.45	11.93
Commission and discounts	1.51	0.33
<b>B. Income from local</b>		
<b>currency financial assets</b>	<b>16.05</b>	<b>15.81</b>
Interest income	9.70	14.08
Commission & discounts	0.79	1.38
Dividend income & misc.	0.12	0.00
Other income	5.45	0.32
<b>Total : (A+B)</b>	<b>35.02</b>	<b>28.07</b>
<b>C. Foreign exchange</b>		
<b>revaluation gain (loss)</b>	<b>(6.19)</b>	<b>(36.52)</b>
Realised gain/(loss)	(0.85)	(0.00)
Unrealised gain/(loss)	(5.34)	(36.52)
<b>Total : (A+B+C)</b>	<b>28.83</b>	<b>(8.45)</b>

Note : Parenthesis indicate negative/loss.

Source: Accounts and Budgeting Department, Bangladesh Bank.

**Chart 14.1 Bank's income, expenditure and profit**



Source: Accounts and Budgeting Department, Bangladesh Bank.

compared to Taka 15.81 billion in FY15 due mainly to the combined impact of efficient receipt of revenue income and efficient credit management of the Government and efficient liquidity management of Bangladesh Bank.

### Foreign Currency Revaluation Gain

14.5 During FY16, BB made a loss of Taka 6.19 billion on foreign currency revaluation. This was due to major foreign currencies held by the Bank become weaker against the Bangladeshi Taka. This revaluation loss was transferred to reserve account.

### Expenditure

14.6 Total expenditure of the Bank increased by Taka 9.61 billion (54.32 percent) to Taka 27.30 billion in FY16 compared to Taka 17.69 billion in FY15 due mainly to increase in general and administrative cost. The details of expenditure are shown in Table 14.2.

### Financial Cost

14.7 Financial cost increased by Taka 7.03 billion (129 percent) to Taka 12.48 billion in FY16 compared with Taka 5.45 billion in FY15 due mainly to increase in interest payments on foreign and local currency financial liabilities.

### Other Expenses

14.8 Other expenses increased by Taka 2.58 billion (21.08 percent) to Taka 14.82 billion in FY16 compared to Taka 12.24 billion in FY15 due mainly to increase in general and administrative cost.

### Profit

14.9 Operating profit of the Bank (excluding foreign currency revaluation gain/loss) is Taka 7.72 billion in FY16 compared to

**Table 14.2 Bank's expenditure**

(billion Taka)

Particulars	FY16	FY15
<b>A. Financial cost</b>	<b>12.48</b>	<b>5.44</b>
<b>Expenses on foreign currency financial liabilities</b>	<b>0.54</b>	<b>0.42</b>
Interest on foreign currency financial liabilities	0.32	0.16
Commission & other expenses on foreign currency financial liabilities	0.22	0.26
<b>Expenses on local currency financial liabilities</b>	<b>11.94</b>	<b>5.03</b>
Interest expense on local currency financial liabilities	8.02	1.87
Commission & other local currency financial liabilities	3.92	3.15
<b>B. Other expenses</b>	<b>14.82</b>	<b>12.24</b>
Note printing	3.32	3.82
General & administrative expenses	11.50	8.42
<b>Total expenditure (A+B)</b>	<b>27.30</b>	<b>17.69</b>

Source: Accounts and Budgeting Department, Bangladesh Bank.

operating profit amounting Taka 10.38 billion in FY15. Operating loss of the Bank (including foreign currency revaluation gain/loss) is Taka 1.53 billion in FY16 compared to operating profit amounting Taka 26.14 billion in FY15.

### Other Comprehensive Income

14.10 During the year, the Bank made revaluation gain amounting to Taka 7.58 billion on gold, silver and financial instruments. This revaluation gain was taken into other comprehensive income and subsequently transferred to the reserve account. Revaluation gain arose due to increase in value of gold and silver in the international market after revaluation.

### Profit Appropriation

14.11 Out of Taka 7.72 billion profit, an amount of Taka 0.55 billion was transferred to statutory funds, Taka 0.10 billion to

Bangladesh Bank Disaster Management and Social Responsibility Fund and Taka 0.29 billion to asset renewal & replacement reserve. After adjusting of Taka 0.01 billion of interest reserve, Taka 6.78 billion was transferred to the Government account which was Taka 2.79 billion less from Taka 9.57 billion in FY15.

### Combined Balance Sheet of Banking and Issue Department

#### Assets

14.12 Foreign currency financial assets increased by Taka 468.72 billion (23.30 percent) to Taka 2480.30 billion in FY16 compared to Taka 2011.58 billion in FY15 due to increase in foreign reserves.

14.13 Local currency financial assets increased by Taka 100.01 billion (42.33 percent) to Taka 336.59 billion in FY16 compared to Taka 236.49 billion in FY15 due mainly to increase in loans to Government in various forms.

14.14 Non financial assets of the Bank decreased by Taka 0.98 billion to Taka 42.13 billion in FY16 from Taka 43.11 billion in FY15.

#### Liabilities

14.15 Foreign currency financial liabilities increased by Taka 61.16 billion (19.32 percent) to Taka 377.80 billion in FY16 from Taka 316.64 billion in FY15 due mainly to increase in liabilities with IMF.

Local currency financial liabilities increased by Taka 508.23 billion (27.79 percent) to Taka 2336.93 billion in FY16 compared to Taka

1828.70 billion in FY15 due to increase in notes in circulation, short term borrowings and deposits from banks and financial institution in local currency.

#### Notes in Circulation

14.16 Notes in circulation increased by Taka 333.67 billion (34.27 percent) to Taka 1307.30 billion in FY16 compared to Taka 973.63 billion in FY15. For the liabilities of notes in circulation (amounting to Taka 1307.30 billion) Taka 7.28 billion was backed by gold and silver, Taka 1210.0 billion by approved foreign currency (balance held outside Bangladesh), Taka 43.65 billion by Government securities, Taka 4.50 billion by Bangladesh Taka coins and Taka 29.88 billion by other domestic assets.

#### Equity

14.17 Total equity of the Bank decreased by Taka 1.56 billion to Taka 144.28 billion in FY16 compared to Taka 145.84 billion in the previous year. The equity of the Bank is enumerated below:

- i. Capital of the Bank remain unchanged at Taka 0.03 billion;
- ii. Retained earnings decreased by Taka 2.79 billion to Taka 6.78 billion in FY16 compared to Taka 9.57 billion in FY15;
- iii. Revaluation reserve increased by Taka 1.29 billion to Taka 65.49 billion in FY16 compared to Taka 64.20 billion in FY15;
- iv. Currency fluctuation reserve decreased by Taka 0.86 billion to Taka 25.81 billion in FY16 compared to Taka 26.67 billion in FY15;

- v. Balance of statutory fund increased by Taka 0.55 billion to Taka 16.12 billion in FY16 compared to Taka 15.57 billion in FY15;
- vi. Non statutory fund decreased to Taka 14.17 billion in FY16 from Taka 14.22 billion in FY15.
- vii. Other reserves increased to Taka 11.63 billion from Taka 11.34 billion; and
- viii. General reserve remained unchanged to Taka 4.25 billion.

#### **Foreign Currency Reserve**

14.18 Foreign currency reserve increased by Taka 418.22 billion (21.48 percent) to Taka

2365.19 billion in FY16 compared to Taka 1946.97 billion in FY15.

#### **Consolidation**

14.19 During the year, the accounts of Security Printing Corporation (Bangladesh) Ltd. (SPCBL), a 100 percent owned subsidiary of Bangladesh Bank has been consolidated with the accounts of Bangladesh Bank.

#### **Auditors**

14.20 The financial statements of Bangladesh Bank for FY16 were audited as per International Standards on Auditing (ISA) by Rahman Rahman Huq & A Qasem & Co, Bangladesh, Chartered Accountants.

# **BANGLADESH BANK**

AUDITED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2016

## **Report of the Independent Auditors To the Government of the People's Republic of Bangladesh**

### **Report on the Financial Statements**

We have audited the accompanying separate and consolidated financial statements (together referred to as "financial statements") of Bangladesh Bank ("the Bank") and its subsidiary ("the Group"), which comprise the separate and consolidated statements of financial position as at 30 June 2016, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank and the Group as at 30 June 2016, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Emphasis of Matter**

We draw attention to Note 10 to the financial statements, where management explains why it believes Taka 6365 million of the Bank's funds paid out through unauthorised transactions in February 2016 are recoverable. Our opinion is not qualified in respect of this matter.

**Rahman Rahman Huq**

Chartered Accountants, Bangladesh

30 August 2016

**A. Qasem & Co.**

Chartered Accountants, Bangladesh

**Bangladesh Bank**  
**Consolidated Statement of Financial Position as at 30 June 2016**

Assets	Notes	2016 Taka '000	2015 Taka '000
<b>Foreign currency financial assets</b>			
Foreign currency accounts	4	45,017,497	21,015,860
Foreign investments	5	2,034,674,417	1,684,393,258
Assets held with International Monetary Fund	6.01	208,949,924	131,148,185
Gold and Silver	7	7,278,889	6,414,663
Claims from Gold transactions	8	38,849,350	34,181,082
Foreign currency loans to banks	9	132,234,324	127,742,085
Other foreign currency financial assets	10	13,292,207	6,680,465
<b>Total foreign currency financial assets</b>		<b>2,480,296,608</b>	<b>2,011,575,598</b>
<b>Local currency financial assets</b>			
Taka coin and cash balances	11	16,684,618	14,483,987
Securities purchased under agreement to resell	12	8,480,000	-
Loans to the Government of Bangladesh	13	199,109,179	112,289,585
Local currency investments	14	5,361,392	6,269,086
Local currency loans to banks, financial institutions and employees	15	105,593,068	107,040,212
Other local currency financial assets	16	3,794,147	531,648
<b>Total local currency financial assets</b>		<b>339,022,404</b>	<b>240,614,518</b>
<b>Total financial assets</b>		<b>2,819,319,012</b>	<b>2,252,190,116</b>
<b>Non-financial assets</b>			
Property, plant and equipment	17	48,877,467	46,150,428
Intangible assets	18	310,986	445,179
Other non-financial assets	19	8,049,643	9,137,878
<b>Total non-financial assets</b>		<b>57,238,096</b>	<b>55,733,485</b>
<b>Total assets</b>		<b>2,876,557,108</b>	<b>2,307,923,601</b>
<b>Liabilities &amp; Equity</b>			
<b>Liabilities</b>			
<b>Foreign currency financial liabilities</b>			
Deposits from banks and financial institutions	20	147,635,399	149,159,932
Liabilities with International Monetary Fund	6.02	230,167,566	167,475,874
<b>Total foreign currency financial liabilities</b>		<b>377,802,965</b>	<b>316,635,806</b>
<b>Local currency financial liabilities</b>			
Notes in circulation	21	1,307,303,718	973,633,449
Deposits from banks and financial institutions	22	608,937,407	503,017,274
Short-term borrowings	23	263,401,402	180,721,995
Other local currency financial liabilities	24	159,202,708	173,881,247
<b>Total local currency financial liabilities</b>		<b>2,338,845,235</b>	<b>1,831,253,965</b>
<b>Total liabilities</b>		<b>2,716,648,200</b>	<b>2,147,889,771</b>
<b>Equity</b>			
Capital	25	30,000	30,000
Retained earnings	32	15,759,609	17,210,948
Revaluation reserves	26	71,492,208	70,204,248
Currency fluctuation reserve	27	25,812,199	26,663,944
Statutory funds	28	16,117,046	15,567,046
Non statutory funds	29	14,167,170	14,219,468
Other reserves	30	11,630,176	11,337,676
General reserve	31	4,900,500	4,800,500
<b>Total equity</b>		<b>159,908,908</b>	<b>160,033,830</b>
<b>Total liabilities and equity</b>		<b>2,876,557,108</b>	<b>2,307,923,601</b>

The accompanying notes from 1 to 49 form an integral part of these financial statements.

Md. Jaker Hossain  
General Manager (Current Charge)  
Accounts & Budgeting Department

Abu Hena Mohd. Razee Hassan  
Deputy Governor

Fazle Kabir  
Governor

**Bangladesh Bank**  
**Separate Statement of Financial Position as at 30 June 2016**

Assets	Notes	2016 Taka '000	2015 Taka '000
<b>Foreign currency financial assets</b>			
Foreign currency accounts	4	45,017,497	21,015,860
Foreign investments	5	2,034,674,417	1,684,393,258
Assets held with International Monetary Fund	6.01	208,949,924	131,148,185
Gold and Silver	7	7,278,889	6,414,663
Claims from Gold transactions	8	38,849,350	34,181,082
Foreign currency loans to banks	9	132,234,324	127,742,085
Other foreign currency financial assets	10	13,292,207	6,680,465
<b>Total foreign currency financial assets</b>		<b>2,480,296,608</b>	<b>2,011,575,598</b>
<b>Local currency financial assets</b>			
Taka coin and cash balances	11.01	4,514,122	321,706
Securities purchased under agreement to resell	12	8,480,000	-
Loans to the Government of Bangladesh	13	199,109,179	112,289,585
Local currency investments	14.01	16,715,000	17,795,000
Local currency loans to banks, financial institutions and employees	15.01	104,337,052	105,913,487
Other local currency financial assets	16.01	3,432,361	169,283
<b>Total local currency financial assets</b>		<b>336,587,714</b>	<b>236,489,061</b>
<b>Total financial assets</b>		<b>2,816,884,322</b>	<b>2,248,064,659</b>
<b>Non-financial assets</b>			
Property, plant and equipment	17.01	38,277,961	38,508,515
Intangible assets	18	310,986	445,179
Other non-financial assets	19.01	3,545,143	4,158,581
<b>Total non-financial assets</b>		<b>42,134,090</b>	<b>43,112,275</b>
<b>Total assets</b>		<b>2,859,018,412</b>	<b>2,291,176,934</b>
<b>Liabilities &amp; Equity</b>			
<b>Liabilities</b>			
<b>Foreign currency financial liabilities</b>			
Deposits from banks and financial institutions	20	147,635,399	149,159,932
Liabilities with International Monetary Fund	6.02	230,167,566	167,475,874
<b>Total foreign currency financial liabilities</b>		<b>377,802,965</b>	<b>316,635,806</b>
<b>Local currency financial liabilities</b>			
Notes in circulation	21	1,307,303,718	973,633,449
Deposits from banks and financial institutions	22	608,937,407	503,017,274
Short-term borrowings	23	263,401,402	180,721,995
Other local currency financial liabilities	24.01	157,291,212	171,327,094
<b>Total local currency financial liabilities</b>		<b>2,336,933,739</b>	<b>1,828,699,812</b>
<b>Total liabilities</b>		<b>2,714,736,704</b>	<b>2,145,335,618</b>
<b>Equity</b>			
Capital	25	30,000	30,000
Retained earnings	32.01	6,782,579	9,568,604
Revaluation reserves	26.01	65,492,038	64,204,078
Currency fluctuation reserve	27	25,812,199	26,663,944
Statutory funds	28	16,117,046	15,567,046
Non statutory funds	29	14,167,170	14,219,468
Other reserves	30	11,630,176	11,337,676
General reserve	31.01	4,250,500	4,250,500
<b>Total equity</b>		<b>144,281,708</b>	<b>145,841,316</b>
<b>Total liabilities and equity</b>		<b>2,859,018,412</b>	<b>2,291,176,934</b>

The accompanying notes from 1 to 49 form an integral part of these financial statements.

Md. Jaker Hossain  
General Manager (Current Charge)  
Accounts & Budgeting Department

Abu Hena Mohd. Razee Hassan  
Deputy Governor

Fazle Kabir  
Governor



**Bangladesh Bank**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2016

Income	Notes	2016 Taka '000	2015 Taka '000
<b>Income on foreign currency financial assets</b>			
Interest income	33	17,454,853	11,925,063
Commission and discounts	34	1,513,917	333,593
<b>Total income on foreign currency financial assets</b>		<b>18,968,770</b>	<b>12,258,656</b>
<b>Income from local currency financial assets</b>			
Interest income	36	10,855,126	15,043,034
Commission and discounts	37	787,996	1,382,469
Sales to other parties by subsidiary		1,969,620	1,931,237
Other income		5,475,430	347,606
<b>Total income from local currency financial assets</b>		<b>19,088,172</b>	<b>18,704,346</b>
<b>Total income</b>		<b>38,056,942</b>	<b>30,963,002</b>
<b>Expenses</b>			
<b>Expenses on foreign currency financial liabilities</b>			
Interest expense	35	(318,753)	(163,563)
Commission and other expenses		(219,169)	(256,150)
<b>Total expenses on foreign currency financial liabilities</b>		<b>(537,922)</b>	<b>(419,713)</b>
<b>Expenses on local currency financial liabilities</b>			
Interest expense	39	(8,019,538)	(1,873,588)
Commission and other expenses	40	(3,917,654)	(3,153,009)
<b>Total expenses on local currency financial liabilities</b>		<b>(11,937,192)</b>	<b>(5,026,597)</b>
<b>Other expenses</b>			
General and administrative expenses	41	(16,422,064)	(14,267,927)
<b>Total other expenses</b>		<b>(16,422,064)</b>	<b>(14,267,927)</b>
<b>Total expenses</b>		<b>(28,897,178)</b>	<b>(19,714,237)</b>
Foreign currency revaluation gain/(loss) - unrealised		(5,343,169)	(36,521,334)
Foreign currency revaluation gain/(loss) - realised		(851,744)	(96,292)
<b>Profit/(loss) for the year</b>		<b>2,964,851</b>	<b>(25,368,861)</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
<b>Other comprehensive income</b>			
Gold revaluation gain/(loss)		5,513,437	(4,823,824)
Silver revaluation gain/(loss)		19,057	(74,807)
Revaluation gain/(loss) on financial instruments		2,049,023	4,507,599
<b>Total other comprehensive income</b>		<b>7,581,517</b>	<b>(391,032)</b>
<b>Total comprehensive income for the year</b>		<b>10,546,368</b>	<b>(25,759,893)</b>

The accompanying notes from 1 to 49 form an integral part of these financial statements.

Md. Jaker Hossain  
General Manager (Current Charge)  
Accounts & Budgeting Department

Abu Hena Mohd. Razee Hassan  
Deputy Governor

Fazle Kabir  
Governor

**Bangladesh Bank**  
**Separate Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2016

Income	Notes	2016 Taka '000	2015 Taka '000
<b>Income on foreign currency financial assets</b>			
Interest income	33	17,454,853	11,925,063
Commission and discounts	34	1,513,917	333,593
<b>Total income on foreign currency financial assets</b>		<b>18,968,770</b>	<b>12,258,656</b>
<b>Income from local currency financial assets</b>			
Interest income	36.01	9,698,529	14,084,803
Commission and discounts	37	787,996	1,382,469
Dividend income		120,000	25,000
Other income	38	5,446,490	323,836
<b>Total income from local currency financial assets</b>		<b>16,053,015</b>	<b>15,816,108</b>
<b>Total income</b>		<b>35,021,785</b>	<b>28,074,764</b>
<b>Expenses</b>			
<b>Expenses on foreign currency financial liabilities</b>			
Interest expense	35	(318,753)	(163,563)
Commission and other expenses		(219,169)	(256,150)
<b>Total expenses on foreign currency financial liabilities</b>		<b>(537,922)</b>	<b>(419,713)</b>
<b>Expenses on local currency financial liabilities</b>			
Interest expense	39	(8,019,538)	(1,873,588)
Commission and other expenses	40	(3,917,654)	(3,153,009)
<b>Total expenses on local currency financial liabilities</b>		<b>(11,937,192)</b>	<b>(5,026,597)</b>
<b>Other expenses</b>			
Note printing expenses		(3,318,647)	(3,817,289)
General and administrative expenses	41.01	(11,502,946)	(8,423,247)
<b>Total other expenses</b>		<b>(14,821,593)</b>	<b>(12,240,536)</b>
<b>Total expenses</b>		<b>(27,296,707)</b>	<b>(17,686,846)</b>
Foreign currency revaluation gain/(loss) - unrealised		(5,343,169)	(36,521,334)
Foreign currency revaluation gain/(loss) - realised		(851,744)	(96,292)
<b>Profit/(loss) for the year</b>		<b>1,530,165</b>	<b>(26,229,708)</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
<b>Other comprehensive income</b>			
Gold revaluation gain/(loss)		5,513,437	(4,823,824)
Silver revaluation gain/(loss)		19,057	(74,807)
Revaluation gain/(loss) on financial instruments		2,049,023	4,507,599
<b>Total other comprehensive income</b>		<b>7,581,517</b>	<b>(391,032)</b>
<b>Total comprehensive income for the year</b>		<b>9,111,682</b>	<b>(26,620,740)</b>

The accompanying notes from 1 to 49 form an integral part of these financial statements.

Md. Jaker Hossain  
General Manager (Current Charge)  
Accounts & Budgeting Department

Abu Hena Mohd. Razee Hassan  
Deputy Governor

Fazle Kabir  
Governor

**Bangladesh Bank**  
**Consolidated Statement of Changes in Equity**  
For the year ended 30 June 2016

Taka '000

Particulars	Non - distributable										Distributable			
	Capital	Revaluation reserve				Currency fluctuation reserve	Statutory fund	Non-statutory funds	Other reserves			General reserve	Retained earnings	Equity
		Gold and Silver	Foreign currency accounts	Financial instruments	Property, plant & equipment				Asset renewal & replacement reserve	Interest reserve				
<b>Balance as at 1 July 2014</b>	30,000	15,550,641	51,091,529	-	40,474,443	26,760,236	15,017,046	14,222,452	3,034,485	8,128,574	4,700,500	22,525,327	201,535,233	
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(16,050)	(16,050)	
Dividend paid for 2013-2014	-	-	-	-	-	-	-	-	-	-	-	(15,627,781)	(15,627,781)	
Total comprehensive income for the year	-	(4,898,630)	(36,521,334)	4,507,599	-	(96,292)	-	-	-	-	-	11,248,766	(25,759,893)	
Utilisation of funds <sup>1</sup>	-	-	-	-	-	-	-	(102,984)	-	-	-	-	(102,984)	
Prior year adjustment <sup>2</sup>	-	-	-	-	-	-	-	-	-	(116,883)	-	5,303	5,303	
Appropriation of profit to other funds	-	-	-	-	-	-	550,000	100,000	291,500	-	-	(824,617)	-	
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	100,000	(100,000)	-	
<b>Balance as at 30 June 2015</b>	30,000	10,652,011	14,570,195	4,507,599	40,474,443	26,663,944	15,567,046	14,219,468	3,325,985	8,011,691	4,800,500	17,210,948	160,033,630	
Dividend paid for 2014-2015	-	-	-	-	-	-	-	-	-	-	-	(9,568,603)	(9,568,603)	
Total comprehensive income for the year	-	5,532,494	(5,343,169)	2,049,023	-	(851,744)	-	-	-	-	-	9,159,764	10,546,368	
Utilisation of funds <sup>1</sup>	-	-	-	-	-	-	-	(152,298)	-	-	-	-	(152,298)	
Adjustment against revaluation	-	-	-	(950,389)	-	-	-	-	-	-	-	-	(950,389)	
Appropriation of profit to other funds	-	-	-	-	-	-	550,000	100,000	292,500	-	100,000	(1,042,500)	-	
<b>Balance as at 30 June 2016</b>	30,000	16,184,505	9,227,026	5,606,233	40,474,443	25,812,200	16,117,046	14,167,170	3,618,485	8,011,691	4,900,500	15,759,609	159,908,908	

<sup>1</sup> Please refer to note no. 29.

<sup>2</sup> This amount represents income from derecognition of property, plant and equipment which were not recorded in the prior year.

**Bangladesh Bank**  
**Separate Statement of Changes in Equity**  
For the year ended 30 June 2016

Taka '000

Particulars	Non - distributable										Distributable		
	Capital	Revaluation reserve				Currency fluctuation reserve	Statutory fund	Non-statutory funds	Other reserves		General reserve	Retained earnings	Equity
		Gold and Silver	Foreign currency accounts	Financial instruments	Property, plant & equipment				Asset renewal & replacement reserve	Interest reserve			
<b>Balance as at 1 July 2014</b>	30,000	15,550,641	51,091,529	-	34,474,273	26,760,236	15,017,046	14,222,452	3,034,485	8,128,574	4,250,500	15,643,831	188,203,567
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(16,050)	(16,050)
Dividend paid for 2013-2014	-	-	-	-	-	-	-	-	-	-	-	(15,627,781)	(15,627,781)
Total comprehensive income for the year	-	(4,898,630)	(36,521,334)	4,507,599	-	(96,292)	-	-	-	-	-	10,387,918	(26,620,740)
Utilisation of funds <sup>1</sup>	-	-	-	-	-	-	-	(102,984)	-	-	-	-	(102,984)
Prior year adjustment <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	5,303	5,303
Appropriation of profit to other funds	-	-	-	-	-	-	550,000	100,000	291,500	(116,883)	-	(824,617)	-
<b>Balance as at 30 June 2015</b>	30,000	10,652,011	14,570,195	4,507,599	34,474,273	26,663,944	15,567,046	14,219,468	3,325,985	8,011,691	4,250,500	9,568,604	145,841,316
Dividend paid for 2014-2015	-	-	-	-	-	-	-	-	-	-	-	(9,568,603)	(9,568,603)
"Total comprehensive income for the year"	-	5,532,494	(5,343,169)	2,049,023	-	(851,744)	-	-	-	-	-	7,725,078	9,111,682
Utilisation of funds <sup>1</sup>	-	-	-	-	-	-	-	(152,298)	-	-	-	-	(152,298)
Adjustment against revaluation	-	-	-	(950,389)	-	-	-	-	-	-	-	-	(950,389)
Appropriation of profit to other funds	-	-	-	-	-	-	550,000	100,000	292,500	-	-	(942,500)	-
<b>Balance as at 30 June 2016</b>	30,000	16,184,505	9,227,026	5,006,233	34,474,273	25,812,200	16,117,046	14,167,170	3,618,485	8,011,691	4,250,500	6,782,579	144,281,708

<sup>1</sup> Please refer to note no. 29.

<sup>2</sup> This amount represents income from derecognition of property, plant and equipment which were not recorded in the prior year.

**Bangladesh Bank**  
**Consolidated Statement of Cash Flows**  
For the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>Cash flows from operating activities</b>		
Interest received	18,615,066	17,320,021
Interest paid	(8,318,207)	(2,037,150)
Received from customer	1,971,391	1,515,822
Fees, commission and other income received	7,748,249	1,873,282
Commission and discounts paid	(4,136,823)	(3,456,192)
Payments to employees, suppliers, govt. etc.	(17,976,114)	(12,868,135)
Funds advanced from/(to) banks and employees	1,534,682	3,445,120
(Increase)/decrease in other assets	(8,911,482)	(358,475)
Currency issued	333,670,270	126,462,849
Increase/(decrease) in other liabilities	(15,138,567)	(21,364,483)
<b>Net cash from operating activities</b>	<b>309,058,464</b>	<b>110,532,659</b>
<b>Cash flows from investing activities</b>		
Investment income received	9,650,570	6,764,070
(Increase)/decrease in foreign treasury bills and bonds	(1,092,334)	(277,059,508)
(Increase)/decrease in other investments	(5,414,378)	(20,829,203)
(Increase)/decrease in Government securities	(86,819,593)	56,569,155
(Increase)/decrease in foreign currency investment	(6,194,913)	(38,524,845)
(Increase)/decrease in investments in debenture	907,697	1,958,132
Additions to property, plant and equipment	(653,261)	(566,686)
Disposal of property, plant and equipment	3,549	2,397
Settlement of liabilities with IMF	(15,110,058)	(3,536,036)
<b>Net cash used in investing activities</b>	<b>(104,722,723)</b>	<b>(275,222,523)</b>
<b>Cash from financing activities</b>		
Dividend paid to the Government of Bangladesh	(9,568,603)	(15,627,781)
<b>Net cash (used in)/from financing activities</b>	<b>(9,568,603)</b>	<b>(15,627,781)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalents as at 1 July	194,767,138	(180,317,645)
<b>Cash and cash equivalents as at 30 June</b>	<b>152,288,221</b>	<b>332,605,866</b>
	347,055,359	152,288,221
<b>Cash and cash equivalents include</b>		
Foreign currency accounts	45,017,497	21,015,860
Foreign investments with maturity of three months or less	1,296,827,378	949,687,576
Taka coin and cash balances	16,684,618	14,483,987
Securities purchased under agreement to resell	8,480,000	-
Foreign currency deposits from banks and financial institutions	(147,615,325)	(149,159,932)
Short term borrowings	(263,401,402)	(180,721,995)
Deposits from banks and financial institutions	(608,937,407)	(503,017,274)
<b>Cash and cash equivalents as at 30 June</b>	<b>347,055,359</b>	<b>152,288,221</b>

**Bangladesh Bank**  
**Separate Statement of Cash Flow**  
For the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>Cash flows from operating activities</b>		
Interest received	18,611,320	16,508,623
Interest paid	(8,318,207)	(2,037,150)
Fees, commission and other income received	7,748,403	1,850,124
Commission and discounts paid	(4,136,823)	(3,456,192)
Payments to employees and suppliers	(13,564,188)	(11,249,458)
Funds advanced from/(to) banks and employees	1,663,972	3,495,228
(Increase)/decrease in other assets	(8,911,482)	(358,475)
Currency issued	333,670,270	126,462,849
Increase/(decrease) in other liabilities	(15,138,567)	(21,364,483)
<b>Net cash from operating activities</b>	<b>311,624,697</b>	<b>109,851,067</b>
<b>Cash flows from investing activities</b>		
Dividends received	120,000	25,000
Investment income received	8,692,802	6,764,070
(Increase)/decrease in foreign treasury bills and bonds	(1,092,334)	(277,059,508)
(Increase)/decrease in other investments	(5,414,378)	(20,829,203)
(Increase)/decrease in Government securities	(86,819,593)	56,569,155
(Increase)/decrease in foreign currency investment	(6,194,913)	(38,524,845)
(Increase)/decrease in investments in debenture	1,080,000	(10,790,000)
Additions to property, plant and equipment	(562,091)	(513,444)
Disposal of property, plant and equipment	3,395	1,784
Settlement of liabilities with IMF	(15,110,058)	(3,536,036)
<b>Net cash used in investing activities</b>	<b>(105,297,172)</b>	<b>(287,893,026)</b>
<b>Cash from financing activities</b>		
Dividend paid to the Government of Bangladesh	(9,568,603)	(15,627,781)
<b>Net cash (used in)/from financing activities</b>	<b>(9,568,603)</b>	<b>(15,627,781)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalents as at 1 July	196,758,922	(193,669,741)
<b>Cash and cash equivalents as at 30 June</b>	<b>138,125,940</b>	<b>331,795,682</b>
<b>Cash and cash equivalents includes</b>		
Foreign currency accounts	45,017,497	21,015,860
Foreign investments with maturity of three months or less	1,296,827,377	949,687,576
Taka coin and cash balances	4,514,122	321,706
Securities purchased under agreement to resell	8,480,000	-
Foreign currency deposits from banks and financial institutions	(147,615,325)	(149,159,932)
Short term borrowings	(263,401,402)	(180,721,995)
Deposits from banks and financial institutions	(608,937,407)	(503,017,274)
<b>Cash and cash equivalents as at 30 June</b>	<b>334,884,862</b>	<b>138,125,940</b>

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

#### 1. Reporting entity

Bangladesh Bank ("the Bank"), a body corporate, is the Central Bank of Bangladesh, established on the 16th day of December, 1971 under the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972). The Bank is domiciled in Bangladesh and the head office of the Bank is situated at Motijheel C/A, Dhaka-1000.

The Bank has 10 (ten) branch offices situated at the following locations:

Location	Address
Motijheel Office	Motijheel C/A, Dhaka-1000
Chittagong Office	Notun/617, Shahid Sohrwardi Road, Chittagong
Rajshahi Office	Natore Road, Majhi Hata, Boalia, Rajshahi-6000
Bogra Office	Holding - 1683, Thonthonia, Bogra-5800
Rangpur Office	Bangladesh Bank Rangpur Office, Rangpur-5400
Khulna Office	1, Ratan Sen Road, Khulna-9100
Barishal Office	Deen Bondhu Sen Road, Barishal-8200
Sylhet Office	VIP Road, Taltola, Sylhet-3100
Sadarghat Office	Bahadurshah Road, Sadarghat, Dhaka-1000
Mymensingh Office	29, Durgabari Road, Mymensingh-2200

The Bank has exclusive agency arrangement with Sonali Bank Limited for carrying out certain specific treasury related functions across the country. As at 30 June 2016, 593 branches of Sonali Bank Limited were engaged in daily treasury functions under the referred agency arrangement with the Bank.

As per the Article 7A of the Bangladesh Bank Order, 1972, functions of the Bank among others include:

- to formulate and implement monetary policy;
- to formulate and implement intervention policies in the foreign exchange market;
- to give advice to the Government on the interaction of monetary policy with fiscal and exchange rate policy, on the impact of various policy measures on the economy and to propose legislative measures it considers necessary or appropriate to attain these.
- to hold and manage the official foreign reserves of Bangladesh;
- to promote, regulate and ensure a secure and efficient payment system including the issue of bank notes; and
- to regulate and supervise banking companies and financial institutions.

The Bank also acts as the banker to the Government as per Article 16(18) of the Bangladesh Bank Order, 1972.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

The entire share capital of the Bank had been allotted to the Government of Bangladesh as per Article 4(2) of the Bangladesh Bank Order, 1972.

The Bank has a fully owned subsidiary company named The Security Printing Corporation (Bangladesh) Ltd. ("SPCBL" or "the subsidiary") which was formed on 22nd April, 1992 for the purpose of printing and supplying of currency notes. The Bank and its subsidiary are collectively referred to as "the Group". Refer to note 3.01(a) and 14.02.

## 2. Basis of preparation of the financial statements

### 2.01 Statement of compliance

The consolidated and separate financial statements of the Group and the Bank respectively have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The compliance status of these IFRSs is as follows:

	Compliance status
IAS 1: Presentation of Financial Statements	Complied
IAS 2: Inventories	Complied
IAS 7: Statement of Cash Flows	Complied
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS 10: Events after the Reporting Period	Complied
IAS 11: Construction Contracts	Not applicable
IAS 12: Income Taxes	Complied
IAS 16: Property, Plant and Equipment	Complied
IAS 17: Leases	Complied
IAS 18: Revenue	Complied
IAS 19: Employee Benefits	Complied
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	Complied
IAS 21: The Effects of Changes in Foreign Exchange Rates	Complied
IAS 23: Borrowing Costs	Complied
IAS 24: Related Party Disclosures	Complied
IAS 26: Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS 27: Separate Financial Statements	Complied
IAS 28: Investment in Associates and Joint Ventures	Not applicable
IAS 32: Financial Instruments: Disclosure and Presentation	Complied
IAS 33: Earnings Per Share	Not applicable
IAS 34: Interim Financial Reporting	Not applicable
IAS 36: Impairment of Assets	Complied
IAS 37: Provisions, Contingent Liabilities and Contingent assets	Complied



## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

	Compliance status
IAS 38: Intangible Assets	Complied
IAS 39: Financial Instruments: Recognition and Measurement	Complied
IAS 40: Investment Property	Not applicable
IAS 41: Agriculture	Not applicable
IFRS 1: First time Adoption of International Financial Reporting Standards	Complied
IFRS 2: Share based Payment	Not applicable
IFRS 3: Business Combinations	Complied
IFRS 4: Insurance Contracts	Not applicable
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not applicable
IFRS 6: Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS 7: Financial Instruments: Disclosures	Complied
IFRS 8: Operating Segments	Not applicable
IFRS 10: Consolidated Financial Statements	Complied
IFRS 11: Joint Arrangements	Not applicable
IFRS 12: Disclosure of Interests in Other Entities	Complied
IFRS 13: Fair Value Measurement	Complied

#### 2.02 Basis of measurement

The financial statements are prepared on a historical cost basis except for the following material items in the consolidated and separate statements of financial position ("the statement of financial position"):

Basis of measurement	Material items
"Fair Value (FV)"	Gold and silver Claims from gold transactions; Property, plant and equipment(PPE) US Dollar Treasury bills, foreign bonds Government Treasury bills and bonds; Bangladesh House Building Finance Corporation (BHBFC) debentures;ICB Islamic Bank Limited shares.
Present Value (PV)	Liability for the defined benefit obligation

#### 2.03 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the Group's functional and presentation currency. Except as indicated, financial information presented in Bangladesh Taka has been rounded off to the nearest thousand.

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

#### **2.04 Relationship between Issue Department and Banking Department**

Under the Bangladesh Bank Order, 1972, issue of bank notes shall be conducted by the Bank in an Issue Department, which shall be separated and kept wholly distinct from the Banking Department. Accordingly, the Issue Department is solely concerned with the note issue and the assets backing the issue. The Banking Department comprises all other activities of the Bank. The separation into departments is made within the Bank and reports on both the Banking and Issue Departments (together referred as "statement of affairs") are made internally and submitted to the Ministry of Finance throughout the year at weekly interval. The annual financial statements are prepared on a combined basis to include all the assets and liabilities of the Bank. The assets backing the note issue as at the year end are disclosed in note 21.

#### **2.05 Use of estimates and judgments**

Preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Estimates, judgements and assumptions are made for impairments of loans, fair value of securities, assessment of fair value hierarchy, fair valuation of property, plant and equipment, economic lives of assets for calculation of depreciation and for calculation of provision for post retirement benefits like pension, gratuity and leave encashment and assumptions used in the actuarial valuations of defined benefit plans.

#### **2.06 Comparatives**

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires an entity to correct material prior period errors retrospectively by restating the comparative amounts for prior period presented in which the error occurred. While preparing financial statements as at 30 June 2016 no such material prior period errors were identified.

### **3 Significant accounting policies**

Accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Group entities. Certain comparative amounts have been reclassified to conform with the current year's presentation.

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

### 3.01 Basis of consolidation

#### (a) *Subsidiary*

SPCBL is the wholly owned subsidiary of the Bank. It is responsible for printing and supplying the Bank with currency notes based on the requirements from time to time. SPCBL sells these notes to the Bank at a specified mark-up agreed beforehand between the Bank and SPCBL. SPCBL is also engaged in printing of security products for other parties besides the Bank.

#### (b) *Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the subsidiary are eliminated to the extent of the Group's interest in the subsidiary. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.02 Foreign currency transactions

Foreign currency transactions are translated into Taka at the rates ruling on the dates of transactions in compliance with IAS 21 : The Effects of Changes in Foreign Exchange Rates. Foreign currency denominated monetary assets and liabilities are translated to the functional currency at the exchange rate at the reporting date. Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Foreign currency gains and losses are reported in profit or loss on a net basis as either exchange gain or loss depending on whether foreign currency movements are in a net gain or net loss position. At the reporting date the exchange rate of Taka against major foreign currencies held by the Group used in preparing the financial statements was as follows:

Foreign currency	Exchange rates (in taka)	
	2016	2015
US Dollar	78.40000	77.8004
Australian Dollar	58.40800	59.9686
Canadian Dollar	60.66703	62.2652
EURO	87.05536	86.6152
Pound Sterling	104.31904	122.2556
CNY	11.75694	12.5414
JPY	0.75932	0.6355
SDR	109.66592	109.4185
SGD	58.21206	57.7583
SEK	9.27010	9.3777

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

#### **3.03 Foreign exchange gain/loss**

Realised foreign exchange gain/loss is calculated using average cost methodology. At the end of each month, the change in the average cost balance is calculated on a currency by currency basis by applying (a) where there is a net increase in the currency position, the increase to the average value is the average rate for the month multiplied by the currency amount of the increase and (b) where there is a net decrease in the currency position, the decrease to the average value is calculated by applying the opening average rate to the carrying amount of the decrease. The difference between the book value at the period end exchange rate and the average value by currency is determined. The balance is considered as realised revaluation reserve.

The difference between realised revaluation reserve account and the ledger balance is accounted as unrealised exchange gain/loss for the period and is recognised in the statement of profit or loss for the year. Subsequently the realised and unrealised gain/loss have been transferred to currency fluctuation reserve and foreign currency revaluation reserve respectively in the statement of financial position.

#### **3.04 Financial assets and liabilities**

Financial assets comprise among others foreign currency accounts, foreign investments, assets held with International Monetary Fund (IMF), gold and silver, claims on gold transactions, foreign currency loans to banks, other foreign currency financial assets, taka coin and cash balances, securities purchased under agreement to resell, loans to Government of Bangladesh, local currency investments, local currency loans to banks, financial institutions and employees and other local currency financial assets.

Financial liabilities comprise deposits from banks and financial institutions in both local and foreign currencies, liabilities with IMF, notes in circulation, short term borrowings and other local currency financial liabilities.

##### *(a) Recognition and initial measurement*

Loans and advances are initially recognised in the Statement of Financial Position on the date they are originated. Regular purchases or sales of financial assets are recognised or derecognised, as applicable, on the settlement date at which the assets are received or, as the case may be, delivered by the Group. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provision of the instruments. Financial assets and liabilities are initially measured at fair value.

## **Bangladesh Bank : Notes to the Financial Statements**

As at and for the year ended 30 June 2016

### *(b) Classification and subsequent measurement*

Classification of financial assets and liabilities for the purpose of measurement subsequent to initial recognition in accordance with IAS 39 Financial Instruments: Recognition and Measurement is made in the following manner:

(1) Financial assets and financial liabilities at fair value through profit or loss.

Financial assets or financial liabilities at fair value through profit or loss are either:

- classified as held for trading; or
- designated by the Group as at fair value through profit or loss upon initial recognition.

Financial assets or financial liabilities are classified as held for trading if:

- they are acquired or incurred principally for the purpose of selling or purchasing them in the near term;
- on initial recognition they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- they are derivatives (except for derivatives that are financial guarantee contracts or designated and effective hedging instruments).

The Group designates financial assets and liabilities at fair value through profit or loss in the following circumstances:

- designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- assets or liabilities contains an embedded derivative that significantly modifies the cash flow that would otherwise be required under the contract.

(2) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to held to maturity other than:

- those that are upon initial recognition designated as at fair value through profit or loss;
- those that are designated as available for sale; and
- those that meet the definition of loans and receivables.

A sale or reclassification of a more than an insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

as available-for-sale, and would prevent the Group from classifying investment securities as held-to-maturity for current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassification after the Group has collected substantially all of the asset's original principal; and
- sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

Treasury bills and bonds of the Government of Bangladesh, foreign bonds, US dollar treasury bills and investment in debentures are classified as held to maturity investments unless the reclassification as available-for-sale is required in the circumstances described above.

#### **(3) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- those that the Group intends to sell immediately or in near term, which are classified as held for trading, and those that the Group has, upon initial recognition, designated as at fair value through profit or loss;
- those that the Group has, upon initial recognition, designated as available for sale; or
- those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available for sale.

Loans and receivables are initially measured at fair value plus transaction cost directly attributable to the acquisition of the financial assets, and subsequently measured at their amortised cost using the effective interest method.

Taka coin and cash balances, foreign currency accounts, short term investments with overseas commercial banks, assets held with IMF, foreign currency loans to banks, interest receivable, ways and means advances, overdraft block and current loans to Government of Bangladesh, securities purchased under agreement to resell, local currency loans to banks, financial institutions and employees and other local currency financial assets are classified as loans and receivables.

## **Bangladesh Bank : Notes to the Financial Statements**

### As at and for the year ended 30 June 2016

#### (4) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that the Group has designated as available for sale or has not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss or (d) trading assets and liabilities.

Swift shares, gold and silver, claims from gold transactions and shares of ICB Islamic Bank Limited are classified as available-for-sale financial assets. Swift shares are measured at cost as there is no quoted market price for these shares.

Shares of The Security Printing Corporation (Bangladesh) Ltd. (SPCBL) are measured at cost in the separate financial statement of the Bank in accordance with IAS 27 Separate Financial Statements.

#### (5) Financial liabilities carried at amortised cost

Short-term borrowings, notes in circulation, deposits from banks and financial institutions and liabilities with IMF are classified as financial liabilities carried at amortised cost.

#### *(c) Amortised cost measurement principles*

Amortised cost of a financial asset or liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, minus any reduction for impairment or uncollectibility.

Effective interest method is a method of calculating the amortised costs of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating effective interest rate, the Group estimates the cash flows considering all contractual terms of the financial instruments, and any revisions to these estimates are recognised in profit or loss. The calculation includes amounts paid or received that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums and discounts.

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

#### *(d) Fair value measurement principles*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in the profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.



## **Bangladesh Bank : Notes to the Financial Statements**

As at and for the year ended 30 June 2016

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

*(e) Gains and losses on subsequent measurement*

Gains and losses arising from a change in the fair value of available-for-sale assets are recognised in other comprehensive income (OCI). When the financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in OCI is transferred to the statement of profit or loss. Gains and losses arising from a change in the fair value of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in the statement of profit or loss. Gains and losses on subsequent measurement of loans and receivables and held to maturity financial instruments are recognised in the statement of profit or loss.

*(f) Derecognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the statement of profit or loss.

Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, claims from gold transactions and repurchase transactions. Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Available-for-sale financial assets and financial assets held for trading are de-recognised when sold and corresponding receivables from the buyer for the payment are recognised when the asset is delivered to the buyer.

## **Bangladesh Bank : Notes to the Financial Statements**

As at and for the year ended 30 June 2016

Held-to-maturity instruments and loans and receivables are de-recognised on the day they are repaid in full by the debtor or are deemed to be completely uncollectible.

### *(g) Identification and measurement of impairment*

Financial assets not carried at fair value through profit or loss are reviewed at each reporting date to determine whether there is objective evidence of impairment. Financial assets are impaired when objective evidence demonstrates that a loss event has an impact on the future cash flows that can be estimated reliably.

Evidence of impairment is considered at both a specific asset level and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of the borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the write-down or allowance is reversed through the statement of profit or loss.

### *(h) Off-setting*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when and only when the Group has a legal right to set off the amounts and it intends to settle on a net basis.

## **Bangladesh Bank : Notes to the Financial Statements**

As at and for the year ended 30 June 2016

Income and expenses are presented on a net basis only when permitted under IFRS or for gains and losses arising from a group of similar transactions such as in the Group's trading activities.

### **3.05 Foreign currency accounts**

Foreign currency accounts comprise balances held in the current accounts maintained with different central banks and foreign commercial banks in the designated foreign currency. These are measured at each reporting date by translating to the functional currency at the exchange rates prevailing on that date. Gains and losses arising upon translation are recognised in the statement of profit or loss and are subsequently transferred from retained earnings to revaluation reserve - foreign currency accounts and currency fluctuation reserve (refer to note 3.03 for accounting policy on foreign exchange gain/loss).

### **3.06 Foreign investments**

Foreign investments comprise short term interest bearing deposits held with overseas commercial banks for periods less than 1(one) year in designated foreign currencies, overnight investment, foreign currency treasury bills purchased at a discount and interest bearing foreign bonds. The carrying amount of these investments in foreign currency at each reporting date is translated to the functional currency at the exchange rate on that date. Gains and losses arising upon translation are recognised in the statement of profit or loss and are subsequently transferred to revaluation reserve - foreign currency accounts.

### **3.07 Other foreign currency financial assets**

Other foreign currency financial assets comprise swift shares, dividend thereof and accrued interest. Swift shares have no quoted market price, and are measured at cost.

### **3.08 Taka coin and cash balances**

Taka coin and cash balances represents the face value of unissued one, two and five taka coins and notes held by the Bank purchased from the Government at respective face values, cash and cash equivalents held with SPCBL and cash deposit with Sonali Bank Limited, Mymensingh branch.

### **3.09 Loans to the Government of Bangladesh**

Loans to the Government of Bangladesh (the Government) consist of "Ways and Means" advances, as well as credit facilities in the form of overdraft (block and current), and Government treasury bills and bonds.

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

#### *Ways and Means Advance (WMA)*

When total payments to the Government exceed total deposits from the Government, the excess of payment over receipt, with a limit not exceeding Tk.40,000 million (2015: Tk. 40,000 million), is treated as WMA with interest being charged thereon at the repo rate. WMA is realised only after full recovery of Government overdraft-current account balance.

#### *Overdraft - current and block*

Government borrowing in excess of the Tk. 40,000 million limit set for WMA are recognised as overdraft-current with a limit not exceeding Tk. 40,000 million (2015: Tk. 40,000 million). Interest is charged thereon at a rate one percent higher than the repo rate. Any recovery or surplus realised by the Bank from the Government is first applied to the overdraft-current account balance. Any surplus remaining after full recovery of overdraft-current account balance is then adjusted against WMA.

Overdraft block was formerly known as Government treasury bills. At the beginning of the financial year 2006-2007 the balance of Government treasury bills was transferred to overdraft-block account. From the financial year 2007 and onwards an amount of Taka 15,000 million has been repaid every year by the Government. Interest is charged thereon at the rate of 91 day treasury bill.

#### *Treasury bills and bonds*

Government treasury bills and bonds are the securities which are purchased and held by the Bank when commercial banks and financial institutions do not purchase those from the Government. These are measured at fair value at each statement of financial position date.

### **3.10 Local currency investments**

Group investment comprises investment in debenture of BHBFC, shares of the ICB Islamic Bank Ltd and short term deposit with local commercial banks. Investment in debentures and shares are measured at fair value.

### **3.11 Local currency loans to banks, financial institutions and employees**

These comprise loans to nationalised, private, and specialised commercial banks, other scheduled banks and financial institutions and loans to the Bank employees. These are reported net of allowances for loan impairment losses if any.

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

#### **3.12 Gold and Silver**

Physical gold and silver are stored at Motijheel branch of the Bank. These are stated at market value. Valuation gains and losses are recognised in OCI and are reported under gold and silver revaluation reserves in the statement of changes in equity.

In managing its investment portfolio, the Bank lends part of its gold holdings to first-class foreign financial institutions. It receives interest in return. Gold lending transactions are effected on a secured basis. The gold price risk remains with the Bank. Gold loans are entered in the statement of financial position under 'claims from gold transactions' and measured at market value. The interest accrual is recognised under 'Interest income - foreign currency operations'.

#### **3.13 Property, plant and equipment (PPE)**

##### *(a) Recognition and measurement*

Items of PPE are initially recognised at cost and subsequently carried at revalued amounts, being fair values at the date of the revaluation, less subsequent accumulated depreciation and impairment losses if any.

Land and buildings, appearing as items of PPE are used for its operating, administrative and staff's residence purposes.

##### *(b) Revaluation*

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in OCI and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in OCI reduces the amount accumulated in equity under the heading of revaluation surplus.

The Bank revalued its land as at 30 June 2014 and other items of PPE were revalued as at 1 July 2009 by an independent valuer. The Bank has a policy to revalue all items of property, plant and equipment every five years. This year Bank has formulated new policy on recognition and measurement of PPE based on which July 01, 2016 dated revaluation is under process.

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

The Subsidiary's property, plant and equipment were revalued as at 1 July 2013 by an independent valuer. The revalued property, plant and equipment reflecting the fair values of the assets are incorporated in the consolidated financial statements.

Significant methods and assumptions for revaluation of items of property, plant and equipment were as follows:

- (i) Land was revalued on a reasonable approximation basis. The valuer applied their knowledge of recorded land sales in the respective areas to land measurement established at last valuation;
- (ii) Buildings, capital work in progress, electrical installation and gas installation were revalued on the basis of fair values of materials, labour and direct overheads used in construction and installation; and
- (iii) Mechanical equipment, fixture and fittings and motor vehicles were revalued on the basis of replacement costs.

*(c) Subsequent costs*

Cost of replacing a part of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of PPE are recognised in the statement of profit or loss as incurred.

*(d) Capital work in progress*

Capital work in progress is recognised when it is incurred and depreciated after the completion of the project.

*(e) Depreciation*

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to allocate the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the cost of another asset. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

<u>Class of Property, plant and equipment (PPE)</u>	<u>Bank</u>	<u>SPCBL</u>
Building and other construction	5%	2.5% - 20%
Mechanical and office equipment	10%	5% - 20%
Computer and networking	20%	-
Fixture and fittings	10%	10%
Motor vehicles	20%	20%
Electrical installation	20%	-
Gas installation	20%	-
Low value assets	100%	-
Security equipment	20%	-
Currency museum and artifacts	5%	-

*(f) Borrowing cost capitalisation*

The Bank capitalises borrowing costs in accordance with the provision of IAS 23: Borrowing Costs as part of the cost of assets that are directly attributable to the acquisition, construction, or production of a qualifying asset if following conditions are met:

- It is probable that they will result in future economic benefits to the entity;
- The costs can be measured reliably.

If borrowing costs do not meet both the criteria, they are recognized as expenses. For the purpose of capitalisation, a qualifying assets is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

*(g) Impairment*

The carrying value of the Bank's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of that asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account. For the assets that have indefinite useful life, the recoverable amount is estimated at each balance sheet date. The recoverable amount of asset is the greater of net selling price and value in use. The estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **3.14 Intangible assets and their amortisation**

Software acquired by the Group is measured at cost less accumulated amortisation and accumulated impairment losses if any.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortised on a straight line basis in profit or loss over its estimated useful life, from the date that it is available for use.

The estimated useful life of software for the current and comparative periods is five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **3.15 Securities borrowing, lending business and repurchase transactions**

In course of its financial market operations, the Bank engages in repurchase agreements involving Government treasury bills and bonds (which is used as a collateral for repurchase transactions). When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the financial statements. Similarly, when commercial banks sell a financial asset to the Bank and simultaneously enter into an agreement to repurchase the asset at a fixed price on a future date, the agreement is accounted for as a loan, and the underlying asset is not recognised in the financial statements.

#### **3.16 Employee benefits**

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by an employee. Employee benefits are recognised as:



## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

- (a) a liability (accrued expense) when an employee has provided service in exchange for employee benefits to be paid in the future; and
- (b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

#### **3.17 Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus, medical allowances or any others are charged as expenses in the statement of profit or loss.

#### **3.18 Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. The Group operates a number of post-employment benefit plans and recognises expenses for these plans in the statement of profit or loss.

##### *(a) Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

##### *(i) Contributory Provident Fund (CPF)*

Bank and employees contribute to the fund, which invests in various securities. The Bank commits a return of 13% on the balance of the contributed amount. In the event that the return from securities is lower than the committed return of 13%, the shortfall, if any, would be paid by the Bank and is recognised in the statement of profit or loss. Bank's obligations for contributions to the above fund are recognised as an expense in the statement of profit or loss as incurred.

##### *(b) Defined benefit plans*

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

##### *(i) General Provident Fund (GPF)*

Employees contribute at various rates (within 5-25 percent) of their basic salaries to the fund. No contributions are made by the Bank for the above fund. The provident fund invests in various securities and the Bank has committed a return of 13% (2015: 13%). Any shortfall in the return from investments is funded by the Bank by charging in its statement of profit or loss.

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

(ii) Pension scheme

Employees are entitled to pension amounting to maximum of 90 percent (2015: 80 percent) of their last basic salary. 50 percent of the pension amount is paid as a lump sum computed at the rate of Taka 230 (2015: Taka 230) per Taka 1 surrendered from the pension. Employees may choose to surrender the remaining 50 percent for a lump sum payment computed at the rate of Taka 115 (2015: Taka 115) per Taka 1 or to receive their pension monthly over the remaining lifetime.

All employees irrespective of joining date are entitled to medical allowance in cash (Taka 1,500 per month upto age 65 years and Taka 2,500 after 65 years) even after retirement as prescribed by the government.

The Bank actuarially valued its pension liabilities as at 30 June 2012. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognised in other comprehensive income. Based on the new National Pay Scale-2015, actuarial valuation process is underway following the "Bangladesh Bank Procurement Regulations-2004 (BBPR)" and is expected to be in effect in next financial year.

(iii) Gratuity scheme

The Bank actuarially valued its gratuity scheme and measured its liability for defined benefit obligation as at 30 June 2012. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognised in other comprehensive income.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of profit or loss when the plan amendment or curtailment occurs.

(iv) Leave encashment

Those employees who have unutilised leave up to one year or more at the time of retirement age of 59 are allowed to leave with salary for one year. The remaining unutilised leave is encashed (maximum eighteenth months). Employees are not allowed to encash their unutilised leave until reaching retirement age.

### **3.19 Other long-term employee benefits**

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related service. All employees after retirement are entitled a maximum of Taka 1,000 per year in the form of medicine.

## **Bangladesh Bank : Notes to the Financial Statements**

As at and for the year ended 30 June 2016

### **3.20 Provisions**

Provisions are recognised in respect of restructuring, redundancy and legal claims arising from past events where it is probable that an outflow of resources will be required to settle the obligations and the amount can be reliably estimated.

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations a reliable estimate can be made of the amount of the obligation.

A legal obligation is an obligation that derives from a contract, legislation or other operation of law. A constructive obligation is an obligation that derives from an entity's actions such as by an established pattern of past practice, published policies etc. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and any changes in the estimates are applied prospectively.

### **3.21 Notes in circulation**

Currency issued by the Bank represents a claim on the Bank in favour of the holder. The liability for currency in circulation is recorded at face value in the financial statements.

### **3.22 Government grants**

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to the statement of profit or loss over the useful lives of the related assets.

### **3.23 Interest income and expenses**

Interest income and expenses are recognised in the statement of Profit or Loss and Other Comprehensive Income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Interest income and expenses include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

#### **3.24 Commission and discounts**

Commission income arises on instruments issued by the Group, long outstanding entries of the sundry accounts, sale proceeds of sundry items, car and bus fares realised from the staff and other miscellaneous items.

#### **3.25 Dividend income**

Dividend income is recognised in the separate financial statements of the Bank when the right to receipt of income is established.

#### **3.26 Income tax**

##### *(a) Bangladesh Bank*

The Bank is not subject to income taxes on any of its income, stamp duties, and customs duties on Gold, Silver, coins, currency notes, security papers and any other goods that may be specified by the Government as per Article 73, 74 and 75 of Bangladesh Bank Order, 1972.

##### *(b) Subsidiary*

The Subsidiary is subject to income tax. Income tax on the profit or loss for the year comprises of current tax and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Present applicable income tax rate is 35%.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

#### **3.27 Subsequent events**

Events after the reporting date that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period which are not adjusting events are disclosed in the notes when material in compliance with IAS 10 Events after the Reporting Period. Up to the date the financial statements were authorized for issue, no events have occurred which require to disclose in the financial statements.

#### **3.28 New accounting standards and changes in accounting policy**

The Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2015 have been considered. However, these amendments have no material impact on the financial statements of the Group.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Group has not early applied the following new standards in preparing these financial statements.

##### *(a) IFRS 9 Financial Instruments*

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is yet to assess the potential impact of IFRS 9 on its financial statements.

##### *(b) IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and BFRI 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is yet to assess the potential impact of IFRS 15 on its financial statements.

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>4 Foreign currency accounts</b>		
Represents the equivalent accumulated value of different foreign currencies held with other central banks and balances of deposits with foreign commercial banks.		
<b>Balance held with</b>		
Other Central Banks	19,919,793	19,546,523
Foreign commercial banks	25,097,704	1,469,337
<b>Total</b>	<b>45,017,497</b>	<b>21,015,860</b>
<b>5 Foreign investments</b>		
Overnight Investment	136,235,070	247,393,553
Short term deposits with overseas commercial banks	1,115,920,187	674,465,879
US Dollar treasury bills	15,654,912	83,279,606
Foreign bonds	766,864,248	679,254,220
<b>Total</b>	<b>2,034,674,417</b>	<b>1,684,393,258</b>
<b>6 International monetary fund (IMF) related assets and liabilities</b>		
<b>6.01 Assets held with International Monetary Fund</b>		
Quota	116,969,649	58,352,886
Quota(IMF) paid by Government*	(14,546,567)	-
SDR holding	106,516,991	72,789,125
Interest receivable on SDR holding	9,851	6,174
<b>Total</b>	<b>208,949,924</b>	<b>131,148,185</b>
*The amount represents 25% of increased quota amount (SDR 533.30 million) which was paid in foreign currency debiting directly from government account. The quota increase was effected in this year.		
<b>6.02 Liabilities with International Monetary Fund</b>		
IMF Securities	102,024,849	56,675,010
IMF-1 and IMF-2 account	1,612,895	1,617,261
SDR allocation	55,974,033	55,847,748
IMF Extended Credit Facility (ECF)	70,181,802	50,016,838
Loan under the Poverty Reduction and Growth Facility (PRGF)	369,245	3,314,286
Interest payable	4,742	4,732
<b>Total</b>	<b>230,167,566</b>	<b>167,475,874</b>

Bangladesh has been a member of the International Monetary Fund ("IMF") since 1972. The Bank also acts as both the fiscal agent and the depository for the IMF. As fiscal agent, Bangladesh Bank is authorised to carry out all operations and transactions with the IMF. As depository, Bangladesh Bank maintains the IMF's currency holdings and ensures that the assets and liabilities of IMF membership are properly reflected in its accounts and presented in its financial statements.

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

The quota of Bangladesh is its membership subscription. Quota is the amount of money that each IMF member country is required to contribute to the IMF. A member must pay its subscription in full upon joining the fund; up to 25 percent must be paid in SDRs or widely accepted currencies such as the US Dollar, the EURO, the YEN or the Pound Sterling, while the rest is paid in the member's own currency. The subscription is granted mainly by the issue of promissory notes in favour of the IMF and partly paid in reserve assets, partly by the Government of Bangladesh and partly by deposits to the IMF account maintained with the Bank.

Special Drawing Rights (SDR) are allocated by the IMF to members on the basis of members' quota at the time of the SDR allocation. Bangladesh Bank pays interest on its SDR allocations and earns interest on its holdings of SDR.

IMF has revalued SDR against Bangladesh currency (Taka) on 30 April 2016. Accordingly, IMF related assets and liabilities were translated to Taka at the exchange rate ruling at 30 June 2016 (converted into Taka at the rate Taka 109.66592 per one SDR).

	2016 Taka '000	2015 Taka '000
<b>7 Gold and Silver</b>		
Gold	7,033,504	6,188,335
Silver	245,385	226,328
<b>Total</b>	<b>7,278,889</b>	<b>6,414,663</b>

The Bank has in total 443,112.24 troy ounce of gold and 168,728.15 troy ounce of silver under its holding.

<b>8 Claims from Gold transactions</b>	<b>38,849,350</b>	<b>34,181,082</b>
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These represent claims against gold loan to Standard Chartered Bank, London and HSBC, London for 3 to 12 months. The physical gold are held on site by Bank of England, London.

<b>9 Foreign currency loans to banks</b>		
Export Development Fund (EDF) Dollar investment	132,234,324	127,742,085
Rupali Bank Karachi*	10,508	10,735
Less: Provision for loan losses (for Rupali Bank Karachi)	(10,508)	(10,735)
<b>Total</b>	<b>132,234,324</b>	<b>127,742,085</b>

\*This non-convertible account was created in 1979 on request of Bangladesh Bank. The purpose of creating the account is to adjust some unadjusted export bills prior to our independence. The principal amount of this account can not be remitted, transferred and converted. But the interest can be transferred after paying tax and complying the rules of the State Bank of Pakistan.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

<b>10 Other foreign currency financial assets</b>	<b>2016</b> <b>Taka '000</b>	<b>2015</b> <b>Taka '000</b>
Swift shares	80	80
Interest receivable	6,926,757	6,680,385
Other receivable*	6,365,370	-
<b>Total</b>	<b>13,292,207</b>	<b>6,680,465</b>

Bank has bought one share of SWIFT as part of membership of the said organization. Face value of the share is equivalent to Taka 80,474.57.

\* In February 2016, several unauthorised transactions were processed by Federal Reserve Bank of New York resulting in Taka 6,365 million (Taka equivalent of USD 81.19 million) being paid out of the Bank's account held with it into third party accounts held with Rizal Commercial Banking Corporation, The Philippines (RCBC). Despite instructions from the Bank to halt onward payments, RCBC allowed those account holders to pay out a significant portion of these monies to other recipients.

The Bank has initiated procedures to recover the monies and has appointed external legal counsel to assist in the process. To date the Anti-Money Laundering Council Secretariat of The Philippines has collected an amount relating to this heist. Furthermore, we understand the Bangko Sentral ng Pilipinas has fined RCBC BDT 1,650 million (taka equivalent of Peso 1,000 million) in connection with the above transactions. The Bank's management concurs with external legal counsel who is confident of recovery. Accordingly these amounts are being reported as other foreign currency financial assets in these financial statements.

**11 Consolidated Taka coin and cash balances**

Taka coin	4,497,610	303,316
Cash balances (separate)	16,512	18,390
Cash balances (SPCBL)	12,170,496	14,162,281
<b>Total</b>	<b>16,684,618</b>	<b>14,483,987</b>

**11.01 Taka coin and cash balances**

Taka coin	4,497,610	303,316
Cash balances	16,512	18,390
<b>Total</b>	<b>4,514,122</b>	<b>321,706</b>

Taka coin and cash balances represents the face value of unissued one, two and five taka coins and notes held by the Bank purchased from the Government at respective face values, cash and cash equivalents held by SPCBL and cash deposit with Sonali Bank Limited, Mymensingh branch.

<b>12 Securities purchased under agreement to resell</b>	<b>8,480,000</b>	-
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When commercial banks sell financial assets to the Bank entering into agreement to repurchase the asset at a fixed price on a future date, the agreement is accounted for as a loan, and the underlying asset is not recognized in the financial statements.



## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>13 Loans to the Government of Bangladesh</b>		
Ways and means advance (WMA)	40,000,000	24,354,400
Overdraft - current (ODC)	40,315,900	-
Overdraft - block (ODB)	71,850,000	86,850,000
Treasury bills	15,628,805	-
Treasury bonds	31,314,474	1,085,185
<b>Total</b>	<b>199,109,179</b>	<b>112,289,585</b>
<b>14 Consolidated local currency investments</b>		
Short term money market investments*	634,804	462,501
Debenture - BHBFC	4,715,000	5,795,000
Shares- ICB Islamic Bank Limited**	7,452	7,452
Others	4,136	4,134
<b>Total</b>	<b>5,361,392</b>	<b>6,269,086</b>

\*These represent the total amount of term deposits by SPCBL with different local commercial banks.

\*\*SPCBL holds 745,200 shares of Taka 10 each of ICB Islamic Bank Ltd. (Formerly the Oriental Bank Ltd.) as per Bangladesh Bank Circular No - BRPD (R-1) 651/9(10)/2007-446 dated 2 August 2007.

#### 14.01 Local currency investments

Debenture - BHBFC (Note - 14.a)	4,715,000	5,795,000
Investment in subsidiary (Note 14.b)	12,000,000	12,000,000
<b>Total</b>	<b>16,715,000</b>	<b>17,795,000</b>

**14.a** Debenture - BHBFC represents subscription by the Bank of debentures issued by BHBFC from time to time.

Rate of interest	Balance as on 30 June 2016
4.5%	1,700,000
5%	3,015,000
<b>Total</b>	<b>4,715,000</b>

#### 14.b Investment in subsidiary

The Security Printing Corporation (Bangladesh) Ltd. (SPCBL) is the wholly owned subsidiary of the Bank. For the year ended 30 June 2015, SPCBL paid Taka 120 million as dividend.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>15 Consolidated local currency loans to banks, financial institutions and employees</b>		
<b>(i) Local currency loans to banks and financial institutions</b>		
State owned banks:		
Commercial Banks	3,999,640	4,963,167
Specialised Banks*	29,431,830	33,362,448
	<b>33,431,470</b>	<b>38,325,615</b>
Provision for impairment (Note 15.a)	(64,362)	(140,426)
	<b>33,367,108</b>	<b>38,185,188</b>
Other banks and financial institutions:		
Private banks	2,903,250	3,019,500
Other loans and advances	28,549,486	26,172,779
	<b>31,452,736</b>	<b>29,192,279</b>
Interest receivable	8,237,801	8,429,740
<b>Total (i)</b>	<b>73,057,645</b>	<b>75,807,208</b>
<b>(ii) Local currency loans and advances to employees</b>		
Loans and advances to employees	32,805,304	31,782,362
Provision for loan losses (Note 15.b)	(269,881)	(549,357)
<b>Total (ii)</b>	<b>32,535,423</b>	<b>31,233,004</b>
<b>Total loans (i + ii)</b>	<b>105,593,068</b>	<b>107,040,212</b>

**15.01 Local currency loans to banks, financial institutions and employees**

**(i) Local currency loans to banks, financial institutions**

State owned banks:		
Commercial Banks	3,999,640	4,963,167
Specialised Banks *	29,431,830	33,362,448
	<b>33,431,470</b>	<b>38,325,615</b>
Provision for impairment (Note 15.a)	(64,362)	(140,426)
	<b>33,367,108</b>	<b>38,185,188</b>
Other banks and financial institutions:		
Private banks	2,903,250	3,019,500
Other loans and advances	28,549,486	26,172,779
	<b>31,452,736</b>	<b>29,192,279</b>
Interest receivable	8,237,801	8,429,740
<b>Total (i)</b>	<b>73,057,645</b>	<b>75,807,208</b>

\*Specialised banks include banks catering the specific needs of different economic sectors as described below:

Banks	Specialized Sectors
Bangladesh Krishi Bank	Agricultural
Rajshahi Krishi Unnayan Bank	Agricultural

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

	<b>2016</b> <b>Taka '000</b>	<b>2015</b> <b>Taka '000</b>
<b>(ii) Local currency loans and advances to employees</b>		
Loans and advances to employees	31,549,288	30,655,637
Provision for loan losses (Note 15.b)	(269,881)	(549,357)
<b>Total (ii)</b>	<b>31,279,407</b>	<b>30,106,279</b>
<b>Total loans (i+ii)</b>	<b>104,337,052</b>	<b>105,913,487</b>
<b>15.a Provision for impairment</b>		
Opening balance	140,427	206,952
Charges/(released) during the year	(76,065)	(66,525)
<b>Total</b>	<b>64,362</b>	<b>140,427</b>
<b>15.b Provision for loan losses</b>		
Opening balance	549,357	495,271
Charged/(released) during the year	(279,476)	54,086
<b>Total</b>	<b>269,881</b>	<b>549,357</b>

Provision for impairment is an asset type account which is kept against possible future loss on interest from loans. The released amount is due to write back of provision of rescheduled demand loan.

Provision for loan losses is also an asset type account maintained for adjusting loss (both principal and interest) from staff advance.

**16 Consolidated other local currency financial assets**

Unutilised Financial Sector Support Project (FSSP) Fund (Note 24.04)	2,546,112	-
Interest receivables (Bangladesh bank)	886,249	169,283
Interest receivables (SPCBL)	361,786	362,365
<b>Total</b>	<b>3,794,147</b>	<b>531,648</b>

**16.01 Other local currency financial assets**

Unutilised Financial Sector Support Project (FSSP) Fund (Note 24.04)	2,546,112	-
Interest receivables	886,249	169,283
<b>Total</b>	<b>3,432,361</b>	<b>169,283</b>

Interest receivables include interest receivable on Government Treasury bills and bonds, debenture-HBFC etc.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

**17 Consolidated Property Plant & Equipment**

**i) 30 June 2016**

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Low value assets	Capital work in progress	Taka '000
												Total
<b>Cost</b>												
As at 1 July 2015	36,551,304	5,063,845	4,230,264	1,797,945	176,453	243,028	268,980	2,016	-	-	1,626,590	<b>49,960,425</b>
Addition during the year	-	15,642	119,890	15,278	31,188	19,185	119,543	-	19,172	528	3,311,532	<b>3,651,959</b>
Transfers during the year	-	158,341	-	16,282	999,641	-	43,964	-	-	-	(1,218,227)	<b>-</b>
Disposals during the year	-	-	(37,136)	(243)	(9,388)	(3,597)	(2,413)	(1)	-	-	-	<b>(52,777)</b>
Reclassification	-	(2)	(1,268)	(3,542)	(41,270)	(12)	(10,611)	(3)	-	56,707	-	<b>-</b>
<b>As at 30 June 2016</b>	<b>36,551,304</b>	<b>5,237,827</b>	<b>4,311,751</b>	<b>1,825,721</b>	<b>1,156,624</b>	<b>258,604</b>	<b>419,464</b>	<b>2,012</b>	<b>19,172</b>	<b>57,235</b>	<b>3,719,895</b>	<b>53,559,607</b>
<b>Accumulated depreciation</b>												
As at 1 July 2015	-	1,191,118	906,995	1,322,263	89,227	169,192	130,204	998	-	-	-	<b>3,809,997</b>
Charge for the year	-	262,844	228,237	278,847	65,390	33,474	46,003	247	239	6,244	-	<b>921,525</b>
Disposals during the year	-	-	(37,116)	(194)	(6,070)	(3,596)	(2,405)	(1)	-	-	-	<b>(49,382)</b>
Reclassification	-	(1)	(1,068)	(3,043)	(23,438)	(11)	(8,129)	(3)	-	35,692	-	<b>-</b>
<b>As at 30 June 2016</b>	<b>-</b>	<b>1,453,961</b>	<b>1,097,048</b>	<b>1,597,872</b>	<b>125,109</b>	<b>199,059</b>	<b>165,673</b>	<b>1,241</b>	<b>239</b>	<b>41,937</b>	<b>-</b>	<b>4,682,140</b>
<b>Net book value</b>												
As at 30 June 2016	36,551,304	3,783,866	3,214,703	227,849	1,031,515	59,545	253,791	771	18,933	15,298	3,719,895	<b>48,877,467</b>
As at 30 June 2015	36,551,304	3,872,727	3,323,269	475,682	87,226	73,836	138,776	1,018	-	-	1,626,590	<b>46,150,428</b>

Land includes Taka 27,539 million of leasehold land, all on standard terms of thirty to ninety-nine years.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

ii) 30 June 2015		Taka '000										
Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Low value assets	Capital work in progress	Total
<b>Cost</b>												
As at 1 July 2014	36,551,304	4,829,898	4,103,203	1,681,243	158,129	241,289	216,021	811	-	-	1,580,747	49,362,645
Addition during the year	-	10,296	98,642	118,830	18,489	3,586	16,053	1,205	-	-	340,454	607,555
Transfers during the year	-	228,753	28,838	-	-	-	37,020	-	-	-	(294,611)	-
Disposals during the year	-	(5,102)	(419)	(2,128)	(165)	(1,847)	(114)	-	-	-	-	(9,775)
<b>As at 30 June 2015</b>	<b>36,551,304</b>	<b>5,063,845</b>	<b>4,230,264</b>	<b>1,797,945</b>	<b>176,453</b>	<b>243,028</b>	<b>268,980</b>	<b>2,016</b>	<b>-</b>	<b>-</b>	<b>1,626,590</b>	<b>49,960,425</b>
<b>Accumulated depreciation</b>												
As at 1 July 2014	-	938,987	688,352	989,711	75,411	134,134	94,432	796	-	-	-	2,921,823
Charge for the year	-	253,445	219,034	333,895	13,894	36,905	35,884	202	-	-	-	893,259
Disposals during the year	-	(1,314)	(391)	(1,343)	(78)	(1,847)	(112)	-	-	-	-	(5,085)
<b>As at 30 June 2015</b>	<b>-</b>	<b>1,191,118</b>	<b>906,995</b>	<b>1,322,263</b>	<b>89,227</b>	<b>169,192</b>	<b>130,204</b>	<b>998</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,809,997</b>
<b>Net book value</b>												
As at 30 June 2015	36,551,304	3,872,727	3,323,269	475,682	87,226	73,836	138,776	1,018	-	-	1,626,590	46,150,428
As at 30 June 2014	36,551,304	3,890,911	3,414,851	691,532	82,718	107,155	121,589	15	-	-	1,580,747	46,440,822

Land includes Taka 17,080 million of leasehold land, all on standard terms of thirty to ninety-nine years.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

**17.01 Property, plant and equipment**

**i) 30 June 2016**

Particulars	Taka '000											
	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Low value assets	Capital work in progress	Total
<b>Cost</b>												
As at 1 July 2015	32,892,704	3,851,836	1,110,080	1,797,945	137,746	220,288	268,980	2,016	-	1,574,417	41,856,012	
Addition during the year	-	12,574	36,140	15,278	30,686	15,336	119,543	-	19,172	237,418	486,676	
Transfers during the year	-	158,341	-	16,282	999,641	-	43,964	-	-	(1,218,227)	-	
Disposals during the year	-	-	(1,749)	(243)	(9,388)	(3,597)	(2,413)	(1)	-	-	(17,390)	
Reclassification	-	(2)	(1,268)	(3,542)	(41,270)	(12)	(10,611)	(3)	-	56,707	-	
<b>As at 30 June 2016</b>	<b>32,892,704</b>	<b>4,022,749</b>	<b>1,143,203</b>	<b>1,825,721</b>	<b>1,117,415</b>	<b>232,015</b>	<b>419,464</b>	<b>2,012</b>	<b>19,172</b>	<b>593,608</b>	<b>42,325,298</b>	
<b>Accumulated depreciation</b>												
As at 1 July 2015	-	1,075,587	611,900	1,322,263	54,930	151,613	130,204	999	-	-	3,347,497	
Charge for the year	-	204,218	82,103	278,847	64,320	31,614	46,003	247	239	6,244	713,835	
Disposals during the year	-	-	(1,729)	(194)	(6,070)	(3,596)	(2,405)	(1)	-	-	(13,995)	
Reclassification	-	(1)	(1,068)	(3,043)	(23,438)	(11)	(8,129)	(3)	-	35,692	-	
<b>As at 30 June 2016</b>	<b>-</b>	<b>1,279,805</b>	<b>691,206</b>	<b>1,597,873</b>	<b>89,741</b>	<b>179,620</b>	<b>165,673</b>	<b>1,242</b>	<b>239</b>	<b>41,937</b>	<b>4,047,337</b>	
<b>Net book value</b>												
As at 30 June 2016	32,892,704	2,742,944	451,997	227,848	1,027,674	52,395	253,791	770	-	593,608	38,277,961	
As at 30 June 2015	32,892,704	2,776,249	498,180	475,682	82,816	68,675	138,776	1,017	-	1,574,417	38,508,515	

Land includes Taka 27,539 million of leasehold land, all on standard terms of thirty to ninety-nine years.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

ii) 30 June 2015		Taka '000										
Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Low value assets	Capital work in progress	Total
<b>Cost</b>												
As at 1 July 2014	32,892,704	3,621,579	1,032,518	1,681,243	119,475	216,702	216,021	811	-	-	1,578,493	41,359,546
Addition during the year	-	6,606	51,397	118,830	18,436	3,586	16,053	1,205	-	-	288,281	504,394
Transfers during the year	-	228,753	26,584	-	-	-	37,020	-	-	-	(292,357)	-
Disposals during the year	-	(5,102)	(419)	(2,128)	(165)	-	(114)	-	-	-	-	(7,928)
<b>As at 30 June 2015</b>	<b>32,892,704</b>	<b>3,851,836</b>	<b>1,110,080</b>	<b>1,797,945</b>	<b>137,746</b>	<b>220,288</b>	<b>268,980</b>	<b>2,016</b>	<b>-</b>	<b>-</b>	<b>1,574,417</b>	<b>41,856,012</b>
<b>Accumulated depreciation</b>												
As at 1 July 2014	-	881,406	534,073	989,711	42,157	116,186	94,432	796	-	-	-	2,658,761
Charge for the year	-	195,495	78,219	333,896	12,850	35,427	35,886	203	-	-	-	691,977
Disposals during the year	-	(1,314)	(392)	(1,344)	(78)	-	(113)	-	-	-	-	(3,241)
<b>As at 30 June 2015</b>	<b>-</b>	<b>1,075,587</b>	<b>611,900</b>	<b>1,322,263</b>	<b>54,930</b>	<b>151,613</b>	<b>130,204</b>	<b>999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,347,497</b>
<b>Net book value</b>												
As at 30 June 2015	32,892,704	2,776,249	498,180	475,682	82,816	68,675	138,776	1,017	-	-	1,574,417	38,508,515
As at 30 June 2014	32,892,704	2,740,173	498,445	691,532	77,318	100,516	121,589	15	-	-	1,578,493	38,700,785

Land includes Taka 17,080 million of leasehold land, all on standard terms of thirty to ninety-nine years.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>18 Intangible assets</b>		
Intangible asset at cost	1,372,978	1,183,974
Accumulated amortisation	(1,074,976)	(865,368)
Capital work in progress	12,984	126,573
<b>Total</b>	<b>310,986</b>	<b>445,179</b>
Balance represents the accumulated value of Enterprise Resources Planning (ERP), Core Banking Solutions (CBS), Enterprise Data Warehouse (EDW), Real Time Gross Settlement (RTGS), Bangladesh Automated Clearing House (BACH), Bangladesh Electronic Fund Transfers Network (BEFTN), Credit Information Bureau (CIB) and Bank's in-house built software.		
<b>19 Consolidated other non financial assets</b>		
Prepayments and advances	1,118,496	1,144,229
Stock	6,358,400	6,986,234
Sundry debtors	572,747	1,007,415
<b>Total</b>	<b>8,049,643</b>	<b>9,137,878</b>
<b>19.01 Other non-financial assets</b>		
Prepayments and advances	3,500,890	4,127,278
Stock (printed books, forms and papers, office supplies and stock of medicine)	44,253	31,303
<b>Total</b>	<b>3,545,143</b>	<b>4,158,581</b>
<b>20 Deposits from banks and financial institutions</b>		
Foreign currency deposits from commercial banks	71,333,857	78,892,716
Asian Clearing Union (ACU)	76,275,538	70,261,285
Interest payable on ACU	26,004	5,930
<b>Total</b>	<b>147,635,399</b>	<b>149,159,932</b>
<b>21 Notes in circulation</b>		
Notes in circulation	1,307,303,830	973,633,537
Cash in hand	(112)	(88)
<b>Total</b>	<b>1,307,303,718</b>	<b>973,633,449</b>

Notes in circulation represents currency issued having a claim on Bangladesh Bank. The denomination of notes in circulation as at 30 June was as follows:

Denomination	Number in pieces	2016	2015
5 Taka coin*	-	-	3,977,936
5 Taka note*	-	-	3,869,281
10 Taka note	1,271,368,126	12,713,681	12,624,789
20 Taka note	542,323,893	10,846,478	8,305,738
50 Taka note	235,908,322	11,795,416	8,981,646
100 Taka note	774,167,220	77,416,722	70,750,012
500 Taka note	1,065,649,754	532,824,877	443,373,444
1000 Taka note	661,706,656	661,706,656	421,750,690
<b>Total</b>	<b>4,551,123,971</b>	<b>1,307,303,830</b>	<b>973,633,537</b>

\*As per Bangladesh Coinage (Amendment) Act, 2015, 5 Taka note/coin has been declared as currency note instead of bank note.



**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
Liability for notes in circulation is recorded at its face value in the statement of financial position. In accordance with Article 30 of Bangladesh Bank Order, 1972, this liability is supported by the following assets:		
Gold	7,033,504	6,188,335
Silver	245,385	226,328
Approved foreign exchange	1,210,000,000	870,000,000
Bangladesh Government securities	43,647,893	67,036,120
Shares	12,000,000	-
Taka coin	4,497,610	303,316
Other loans and advances	29,879,438	29,879,438
<b>Total</b>	<b>1,307,303,830</b>	<b>973,633,537</b>

**22 Deposits from banks and financial institutions**

State-owned commercial banks	155,859,879	123,192,501
Government specialised banks	15,848,188	15,432,346
Private banks	400,449,820	333,576,946
Foreign banks	30,806,924	26,183,067
Financial institutions	5,944,039	4,620,696
Other banks	28,557	11,718
<b>Total</b>	<b>608,937,407</b>	<b>503,017,274</b>

Deposits from banks and financial institutions comprise required reserve deposits Cash Reserve Ratio (CRR) calculated at a rate of 6.5 percent (2015: 6.5 percent) on the bank's liability base, together with balances held for settlement purposes.

**23 Short term borrowings**

Securities sold under agreement to repurchase	-	166,350,000
Bangladesh Bank bills	263,401,402	14,371,995
<b>Total</b>	<b>263,401,402</b>	<b>180,721,995</b>

Securities sold under agreement to repurchase and Bangladesh Bank bills are instruments used by the Bank to withdraw liquidity from the market. The balances at the year end reflect market conditions at that date.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>24 Consolidated other local currency financial liabilities</b>		
Government deposits	5,078	5,033
Other deposits (Note 24.02)	99,471,207	121,568,330
Bank notes adjusting account-demonetised Pakistani notes	3,230	3,230
Sundry creditors account	3,422,430	4,222,001
Interest suspense account	737	732
Deposits from donor agencies	24,529,182	22,337,551
Inter branch adjustments (suspense)	(376,565)	(211,897)
Credit guarantee scheme for small industrial investors	248,808	248,808
Provision for pension*	7,599,787	6,618,747
Provision for gratuity*	1,880,884	1,470,184
Provision for leave encashment	1,615,301	1,534,606
Small and medium enterprise fund-Government	1,772,064	1,772,064
Loan from Govt of Bangladesh-Central Bank Strengthening Project (note-24.03)	2,649,828	2,721,734
Loan from Govt of Bangladesh-Fin. Sector Support Project (note-24.04)	2,561,267	-
DFID -RPP Project	2,357	137,029
Small and medium enterprise fund ADB-2	7,332,907	7,332,907
Deferred tax liability	1,064,787	1,133,504
Others-subsidiary	1,661,805	1,421,567
Fund for small investor affected in capital market	3,757,614	1,043,971
Miscellaneous	-	521,144
<b>Total</b>	<b>159,202,708</b>	<b>173,881,247</b>
<b>24.01 Other local currency financial liabilities</b>		
Government deposits	5,078	5,033
Other deposits (note 24.02)	99,471,207	121,568,330
Bank notes adjusting account-demonetised Pakistani notes	3,230	3,230
Sundry creditors account	4,560,216	4,222,919
Interest suspense account	737	732
Deposits from donor agencies	24,529,182	22,337,551
Inter branch adjustments (suspense)	(376,565)	(211,897)
Credit guarantee scheme for small industrial investors	248,808	248,808
Provision for pension*	7,599,787	6,618,747
Provision for gratuity*	1,677,236	1,470,184
Provision for leave encashment	1,496,259	1,534,606
Small and medium enterprise fund - Government	1,772,064	1,772,064
Loan from Govt of Bangladesh - Central Bank Strengthening Project (note-24.03)	2,649,828	2,721,734
Loan from Govt of Bangladesh-Fin. Sector Support Project (note-24.04)	2,561,267	-
DFID-RPP Project	2,357	137,029
Small and medium enterprise fund ADB-2	7,332,907	7,332,907
Fund for small investor affected in capital market	3,757,614	1,043,971
Miscellaneous	-	521,144
<b>Total</b>	<b>157,291,212</b>	<b>171,327,094</b>

\*Refer to note 45 for details.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>24.02</b> Other deposits comprise Bangladesh Government special islamic bonds fund deposit, employees provident fund deposit, liquidator bank deposit, schedule bank's insurance fund deposit, security deposit, employees co-operative societies deposits and other sundry deposits.		
<b>24.03 Central Bank Strengthening Project fund (CBSP) - Liability</b>		
Government of Bangladesh (GoB) signed a Credit Agreement with the International Development Association (IDA) for a Project named Central Bank Strengthening Project (CBSP). The related Credit Reference is IDA 3792 BD and the Project was meant for "Improvement of efficiency of the Bank through functional reforms and large scale automation of its' business process". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and the Bank to this effect for execution of the project. The total cost of the project was Taka 3,892 million (USD 55.60 million), of which IDA provided Taka 3,060 million (USD 43.71 million) through Government and the rest Taka 832 million (USD 11.88 million) was funded by the Bank. The project started in late 2003 and was completed on 30 April 2013.		
The Bank has to repay the principal and the interest amount of the loan to Government within a tenure of 30 years starting from 1 December 2013 to 1 June 2043 as per revised schedule. In the year end 2015-2016, outstanding dues against the Project was Taka 2,649.83 million on account of Government.		
<b>24.04 Financial Sector Support Project (FSSP)</b>		
Government of Bangladesh (GoB) signed a credit agreement with the International Development Association (IDA) for a Project named Financial Sector Support Project (FSSP) for amount of SDR 213,400,000. The related credit reference is 5664 BD and the Project was meant for "Improvement of the recipient's financial market infrastructure, the regulatory and oversight capacity of the project implementing entity and access to long term financing for private firms in Bangladesh". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and Bangladesh Bank on 27 August 2015 to this effect for execution of the Project. The Project is scheduled to close on 30 September 2020.		
The subsidiary loan will be denominated in taka and the Bank has to repay the principal and the interest amount of the loan to Government within a tenure of 38 years including a grace period of 6 years for each disbursement from the proceeds of the credit.		
<b>25 Capital</b>	<b>30,000</b>	<b>30,000</b>
The entire capital of the Bank stands vested in and allocated to the Government as per Article 4(1) and 4(2) of the Order.		
<b>26 Consolidated revaluation reserves</b>		
Revaluation reserve - gold and silver (note 26.02)	16,184,506	10,652,011
Revaluation reserve - foreign currency accounts (note 26.03)	9,227,026	14,570,195
Revaluation reserve - property, plant and equipment (note 26.04)	40,474,443	40,474,443
Revaluation reserve - financial instruments (note 26.05)	5,606,233	4,507,599
<b>Total</b>	<b>71,492,208</b>	<b>70,204,248</b>

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>26.01 Revaluation reserves</b>		
Revaluation reserve - Gold and Silver (note 26.02)	16,184,506	10,652,011
Revaluation reserve - foreign currency accounts (note 26.03)	9,227,026	14,570,195
Revaluation reserve - property, plant and equipment (note 26.04)	34,474,273	34,474,273
Revaluation reserve - financial instruments (note 26.05)	5,606,233	4,507,599
<b>Total</b>	<b>65,492,038</b>	<b>64,204,078</b>
<b>26.02 Revaluation reserve - Gold and Silver</b>		
<p>The Bank accounts for the gain/loss on revaluation of gold and silver in the statement of profit or loss and other comprehensive income subsequently transferred to a separate account - revaluation reserve-gold and silver, which forms part of equity.</p>		
<b>26.03 Revaluation reserve - foreign currency accounts</b>		
<p>The Bank accounts for the unrealised gain/loss on revaluation of foreign currency to the statement of profit or loss and other comprehensive income subsequently transferred to a separate account - revaluation reserve-foreign currency, which forms part of equity.</p>		
<b>26.04 Revaluation reserve - property, plant and equipment</b>		
<p>The Group accounts for the gain/loss on revaluation of property, plant and equipment in the statement of profit or loss and other comprehensive income subsequently transferred to a separate account - revaluation reserve - property, plant and equipment, which forms part of equity.</p>		
<b>26.05 Revaluation reserve - financial instruments</b>		
<p>The Bank accounts for the gain/loss on revaluation of financial instruments in the statement of profit or loss and other comprehensive income subsequently transferred to a separate account - revaluation reserve- financial instrument, which forms part of equity.</p>		
<b>27 Currency fluctuation reserve</b>	<b>25,812,199</b>	<b>26,663,944</b>
<p>The Bank credited the realised gain on revaluation of foreign currencies to the statement of profit or loss and other comprehensive income and transferred the same to a separate account - currency fluctuation reserve account, which forms part of equity.</p>		
<b>28 Statutory funds</b>	<b>Note</b>	
Rural credit fund	28.01	5,800,000
Agricultural credit stabilisation fund	28.02	5,800,000
Export credit fund	28.03	1,300,000
Industrial credit fund	28.04	2,337,852
Credit guarantee fund	28.05	879,194
<b>Total</b>		<b>15,567,046</b>
	<b>16,117,046</b>	<b>15,567,046</b>

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.

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

		2016 Taka '000	2015 Taka '000
<b>28.01 Rural credit fund</b>			
<p>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 banks and rural credit agencies. An appropriation of Taka 200 million was made for this fund during the year.</p>			
<b>28.02 Agricultural credit stabilisation fund</b>			
<p>This fund was created as per Article 61 of Bangladesh Bank Order, 1972 for making of loans and advances to apex co-operative banks. An appropriation of Taka 200 million was made for this fund during the year.</p>			
<b>28.03 Export credit fund</b>			
<p>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.</p>			
<b>28.04 Industrial credit fund</b>			
<p>As per Article 62 of Bangladesh Bank Order, 1972 the fund was created for making of short term and medium term loans and advances to co-operative banks. An appropriation of Taka 150 million was made for this fund during the year.</p>			
<b>28.05 Credit guarantee fund</b>			
<p>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.</p>			
<b>29 Non statutory funds</b>	<b>Note</b>		
Small and medium enterprise fund	29.01	7,000,000	6,000,000
Housing refinance fund		5,570,000	6,570,000
Human resources development fund	29.02	297,170	349,468
Monetary management fund	29.03	200,000	200,000
Rural agri product processing industries refinance fund	29.04	1,000,000	1,000,000
Disaster management and social responsibility fund	29.05	100,000	100,000
<b>Total</b>		<b>14,167,170</b>	<b>14,219,468</b>
<b>29.01 Small and medium enterprise fund</b>			
<p>This fund was created as per clause 24 of Article 16 of the Bangladesh Bank Order, 1972 for refinancing facilities to the schedule banks and financial institutions against loans and advances given to the small enterprise sector and housing refinance scheme. Appropriation to those funds are made as per decision of the Board.</p>			
<b>29.02 Human resources development fund</b>			
<p>Human resources development fund was created as per clause 2(n) of Article 82 of Bangladesh Bank Order, 1972 and decision taken by the board of the Bank for development of efficiency of the Bank's officials by conducting seminar, symposium, training etc. at home and abroad. Appropriation of this fund was made from the dividend payable to Government for the year 2010-2011.</p>			

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>29.03 Monetary management fund</b>		
<p>Monetary management fund was created as per decision of the Board of the Bank for sound and smooth operation of monetary policy activities. Appropriation to this fund was made from the dividend payable to Government for the year 2010-2011.</p>		
<b>29.04 Rural agri product processing industries refinance fund</b>		
<p>This fund was created in 2001 for the purpose of financing rural agri product processing industries. Under this scheme, there are 37 agri product processing industries sectors. This fund plays an important role for developing the agri product sectors in Bangladesh. Government of The People's Republic of Bangladesh declared this sector as "Thrust sector" in "National Industry Policy 2010" by giving priority for development and expansion of agri based industries.</p>		
<b>29.05 Disaster management and social responsibility fund</b>		
<p>This fund was created by the approval of Board of Directors (6th meeting of 2013), minutes no. -BD-341(2013-06)/50 on 17 June 2013. Primarily, the fund, Taka 50 million as donation, was collected from Bangladesh Bank's 2012-2013 profit and subsequently Taka 50 million will be deducted from each year's profit transferring the amount to this fund. From financial year 2014-2015, Taka 100 million has been contributed deducting from each year's profit.</p>		
<b>30 Other reserves</b>		
Asset renewal and replacement reserve (30.01)	3,618,485	3,325,985
Interest reserve (30.02)	8,011,691	8,011,691
<b>Total</b>	<b>11,630,176</b>	<b>11,337,676</b>
<b>30.01 Asset renewal and replacement reserve</b>		
<p>Every year an amount equivalent to depreciation charge against buildings and installations is transferred to this fund during profit appropriation.</p>		
<b>30.02 Interest reserve</b>		
<p>It was introduced in the financial year 2006-2007 as per decision of the Board and represents the interest accrued against the overdue loan of Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank.</p>		
<b>31 Consolidated general reserve</b>		
Bangladesh Bank (separate) (note 31.01)	4,250,500	4,250,500
The Security Printing Corporation (Bangladesh) Ltd. (SPCBL)	650,000	550,000
<b>Total</b>	<b>4,900,500</b>	<b>4,800,500</b>
<b>31.01 General reserve</b>	<b>4,250,500</b>	<b>4,250,500</b>
<p>As per Article 59 of Bangladesh Bank Order, 1972 securities having value of Taka 30 million was allocated by the Government and held by the Bank as the general reserve. Further an amount of Taka 4,220.5 million was transferred to the reserve from general provision over the years.</p>		

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>32 Consolidated retained earnings</b>		
Opening balance	17,210,948	22,525,327
Adjustment against due from Government	-	(16,050)
Appropriation of profit to other funds	(942,500)	(824,617)
Dividend paid	(9,568,603)	(15,627,781)
Prior year adjustment	-	5,303
Transferred to general reserve	(100,000)	(100,000)
Profit for the period	9,159,764	11,248,766
<b>Closing balance</b>	<b>15,759,609</b>	<b>17,210,948</b>
<b>32.01 Retained earnings</b>		
Opening balance	9,568,604	15,643,831
Adjustment against due from Government	-	(16,050)
Appropriation of profit to other funds	(942,500)	(824,617)
Dividend paid	(9,568,603)	(15,627,781)
Prior year adjustment	-	5,303
Profit for the period	7,725,078	10,387,918
<b>Closing balance</b>	<b>6,782,579</b>	<b>9,568,604</b>
<b>33 Interest income</b>		
Loans to banks	2,466,751	1,603,486
Short-term deposits with commercial banks	5,053,776	3,729,054
Bonds	9,601,163	6,359,498
US Dollar treasury bills	147,671	63,883
Claims from Gold transactions	138,034	129,213
Others	47,458	39,928
<b>Total</b>	<b>17,454,853</b>	<b>11,925,063</b>
<b>34 Commission and discounts</b>		
Commission on foreign currency operations	97,838	214,918
Others	1,416,079	118,675
<b>Total</b>	<b>1,513,917</b>	<b>333,593</b>
<b>35 Interest expense on foreign Currency Financial Liabilities</b>		
Deposits	171,894	91,558
Asian Clearing Union (ACU)	102,734	20,230
IMF	30,355	30,887
Central Bank Strengthening Project	13,770	20,887
<b>Total</b>	<b>318,753</b>	<b>163,563</b>

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>36 Consolidated interest income on local currency financial assets</b>		
Securities purchased under agreement to resell	3,395	1,473,884
Government securities	790,378	1,050,143
Loans and advance to Government	4,160,462	6,830,530
Debentures	249,466	311,388
Loans to banks financial institution and employees	4,556,084	4,478,140
Short-term money market deposits	1,095,341	898,949
<b>Total</b>	<b>10,855,126</b>	<b>15,043,034</b>
<b>36.01 Interest income</b>		
Securities purchased under agreement to resell	3,395	1,473,884
Government securities	790,378	1,050,143
Loans and advance to Government	4,160,462	6,830,530
Debentures	249,466	311,388
Loans to banks, financial institution and employees	4,494,828	4,418,858
<b>Total</b>	<b>9,698,529</b>	<b>14,084,803</b>
<b>37 Commission and discounts</b>		
Commission income from Government	8,885	5,749
Miscellaneous commission income	779,111	586,458
Gain/(loss) on sale of treasury bonds	-	790,263
<b>Total</b>	<b>787,996</b>	<b>1,382,469</b>
<b>38 Other income</b>		
Exchange A/C (local income)	44	82
Exchange A/C-Remittance Sold (local)	2	41
Exchange A/C-T T discount (local)	123	2,347
Exchange earned account	685	-
Gain on asset sale or derecognition	2,893	599
Miscellaneous - write back of provision	355,542	66,525
Grant income	134,672	254,242
Cost reimbursement of Taka 5 note	4,952,529	-
<b>Total</b>	<b>5,446,490</b>	<b>323,836</b>
<b>39 Interest expense</b>		
Bangladesh Bank bills	5,529,753	736,118
Securities sold under agreement to repurchase	2,489,785	1,137,470
<b>Total</b>	<b>8,019,538</b>	<b>1,873,588</b>
<b>40 Commission and other expenses</b>		
Agency charges (note 40.01)	3,485,956	2,642,465
Under writing commission on treasury bills & bonds (note 40.02)	418,212	488,067
Other expenses	13,486	22,477
<b>Total</b>	<b>3,917,654</b>	<b>3,153,009</b>



## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

	2016 Taka '000	2015 Taka '000
<b>40.01 Agency charges</b>		
Agency charges paid to Sonali Bank Limited for acting as agent of Bangladesh Bank.		
<b>40.02 Under writing commission on treasury bills &amp; bonds</b>		
Underwriting commission paid to primary dealers for issuing Govt. treasury bill and bond.		
<b>41 Consolidated general and administrative expenses</b>		
Staff costs (note 41 (a))	9,646,922	6,164,947
Depreciation	921,525	893,262
Amortisation (intangible assets)	209,608	242,113
Directors' fees	1,017	720
Audit fees	8,544	8,337
Stationery	119,873	104,629
Rent, electricity etc.	349,738	309,294
Remittance of treasure	43,709	44,130
Donations	165,446	120,626
Telephone	98,309	93,962
Repairs & maintenance	337,659	425,922
Materials	2,516,328	3,206,419
Provision for Workers' Profit Participation Fund	122,001	115,931
Income tax and Value Added Tax (VAT)	1,264,921	778,138
Deferred tax	(68,717)	538,693
Miscellaneous	685,181	1,220,803
<b>Total</b>	<b>16,422,064</b>	<b>14,267,926</b>
<b>41.(a) Staff costs</b>		
Salary	2,699,637	1,759,589
House rent	539,223	540,646
Contribution to contributory provident fund	599,046	(95,219)
Pension and gratuity	2,917,100	1,595,850
Leave encashment	212,005	2,013
General and incentive bonus	1,255,310	1,085,931
Income tax paid to Government	-	(4,319)
Medical expenses	313,849	266,931
Training	176,478	154,327
Travel expenses	290,645	206,888
Lunch	318,526	304,225
Other staff costs	325,103	348,084
<b>Total</b>	<b>9,646,922</b>	<b>6,164,947</b>

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

	<b>2016</b> <b>Taka '000</b>	<b>2015</b> <b>Taka '000</b>
<b>40.01 General and administrative expenses</b>		
Staff costs (note 41.01(a))	8,932,882	5,745,212
Depreciation	713,835	691,977
Amortisation	209,608	242,113
Directors' fee	647	481
Audit fee	8,294	8,294
Stationery	117,843	102,716
Rent	243,341	227,251
Remittance of treasure	43,371	44,130
Donations	151,193	120,626
Telephone	97,430	93,784
Repairs	312,077	386,731
Miscellaneous	672,425	759,933
<b>Total</b>	<b>11,502,946</b>	<b>8,423,247</b>
<b>41.01(a) Staff costs</b>		
Salary	2,454,807	1,577,827
House rent	539,223	540,646
Contribution to contributory provident fund	397,543	(95,219)
Pension and gratuity	2,917,100	1,566,700
Leave encashment	184,500	-
General and incentive bonus	1,137,041	1,012,128
Income tax paid to Government	-	(4,319)
Medical expenses	304,961	258,201
Training	175,737	153,483
Travel expenses	279,917	206,888
Lunch	283,348	271,267
Other staff costs	258,705	257,609
<b>Total</b>	<b>8,932,882</b>	<b>5,745,212</b>
<b>42 Financial instruments-fair values and risk management</b>		
<b>42.01 a. Accounting classifications and fair values</b>		

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

### Consolidated

#### i) 30 June 2016

Particulars	Carrying amount				Fair value			Total			
	Loans and receivables	Held-to-maturity	Fair value through profit or loss	Available-for-sale	Other financial liabilities	Total	Level 1		Level 2	Level 3	
<b>Financial Assets measured at fair value</b>											
US Dollar Treasury bills	-	-	-	15,654,912	-	15,654,912	-	-	-	15,654,912	
Foreign bonds	-	-	-	766,864,248	-	766,864,248	-	-	-	766,864,248	
Gold and Silver	-	-	-	7,278,889	-	7,278,889	-	-	-	7,278,889	
Claims from Gold transaction	-	-	-	38,849,350	-	38,849,350	-	-	-	38,849,350	
Treasury bills	-	-	-	15,628,805	-	15,628,805	-	15,628,804	-	15,628,804	
Treasury bonds	-	-	-	31,314,474	-	31,314,474	-	31,314,474	-	31,314,474	
Swift shares	-	-	-	80	-	80	-	-	80	80	
Debenture - House Building Finance Corporation	-	-	-	4,715,000	-	4,715,000	-	4,715,000.00	-	4,715,000	
Share of ICB Islamic Bank Limited	-	-	-	7,452	-	7,452	-	7,452	-	7,452	
	-	-	-	<b>880,313,211</b>	-	<b>880,313,211</b>	-	<b>828,654,851</b>	<b>51,658,279</b>	<b>80</b>	<b>880,313,210</b>
<b>Financial assets not measured at fair value</b>											
Taka coin and cash balances	16,684,618	-	-	-	-	16,684,618	-	-	-	-	
Foreign currency accounts	45,017,497	-	-	-	-	45,017,497	-	-	-	-	
Overnight investment	136,235,070	-	-	-	-	136,235,070	-	-	-	-	
Short-term deposits with overseas commercial banks	1,115,920,187	-	-	-	-	1,115,920,187	-	-	-	-	
Asset held with IMF	208,949,924	-	-	-	-	208,949,924	-	-	-	-	
Foreign currency loans to banks	132,234,324	-	-	-	-	132,234,324	-	-	-	-	
Interest receivable	6,926,757	-	-	-	-	6,926,757	-	-	-	-	
Other receivable	6,365,370	-	-	-	-	6,365,370	-	-	-	-	
Ways and means advance	40,000,000	-	-	-	-	40,000,000	-	-	-	-	
Overdraft - block	71,850,000	-	-	-	-	71,850,000	-	-	-	-	
Overdraft - current	40,315,900	-	-	-	-	40,315,900	-	-	-	-	
Securities purchased under agreement to resell	8,480,000	-	-	-	-	8,480,000	-	-	-	-	
Short term money market investments	634,804	-	-	-	-	634,804	-	-	-	-	
Loan to commercial banks	3,999,640	-	-	-	-	3,999,640	-	-	-	-	
Loan to specialised banks	29,431,830	-	-	-	-	29,431,830	-	-	-	-	
Loan to private banks	2,903,250	-	-	-	-	2,903,250	-	-	-	-	
Other loans and advances	28,549,486	-	-	-	-	28,549,486	-	-	-	-	
Interest receivable	8,237,801	-	-	-	-	8,237,801	-	-	-	-	
Loans and advances to employees	32,535,423	-	-	-	-	32,535,423	-	-	-	-	
Other local currency financial assets	3,432,361	-	-	-	-	3,432,361	-	-	-	-	
	<b>1,938,704,241</b>	-	-	-	-	<b>1,938,704,241</b>	-	-	-	-	
<b>Financial liabilities measured at fair value</b>											
Nil	-	-	-	-	-	-	-	-	-	-	
<b>Financial liabilities not measured at fair value</b>											
Liabilities with IMF	-	-	-	-	230,167,566	230,167,566	-	-	-	-	
Foreign currency deposits by commercial banks	-	-	-	-	71,333,857	71,333,857	-	-	-	-	
Asian Clearing Union (ACU)	-	-	-	-	76,275,538	76,275,538	-	-	-	-	
Notes in circulation	-	-	-	-	1,307,303,718	1,307,303,718	-	-	-	-	
Local currency deposits from banks and financial institutions	-	-	-	-	608,937,407	608,937,407	-	-	-	-	
Short-term borrowings	-	-	-	-	263,401,402	263,401,402	-	-	-	-	
	-	-	-	-	<b>2,557,419,488</b>	<b>2,557,419,488</b>	-	-	-	-	

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

**Consolidated**

**ii) 30 June 2015**

Particulars	Carrying amount				Fair value			Taka '000			
	Loans and receivables	Held-to-maturity	Fair value through profit or loss	Available-for-sale	Other financial liabilities	Total	Level 1		Level 2	Level 3	Total
<b>Financial Assets measured at fair value</b>											
US Dollar Treasury bills	-	-	-	83,279,606	-	83,279,606	83,279,606	-	-	-	83,279,606
Foreign bonds	-	-	-	679,254,220	-	679,254,220	679,254,220	-	-	-	679,254,220
Gold and Silver	-	-	-	6,414,663	-	6,414,663	6,414,663	-	-	-	6,414,663
Claims from Gold transaction	-	-	-	34,181,082	-	34,181,082	34,181,082	-	-	-	34,181,082
Treasury bonds	-	-	-	1,085,185	-	1,085,185	1,085,185	-	-	-	1,085,185
Swift shares	-	-	-	80	-	80	80	-	-	80	80
Debtenture - House Building Finance Corporation	-	-	-	5,795,000	-	5,795,000	5,795,000	-	-	-	5,795,000
Share of ICB Islamic Bank Limited	-	-	-	7,452	-	7,452	7,452	-	-	-	7,452
	-	-	-	<b>810,017,288</b>	-	<b>810,017,288</b>	<b>803,137,023</b>	<b>6,880,185</b>	<b>80</b>	<b>80</b>	<b>810,017,288</b>
<b>Financial assets not measured at fair value</b>											
Taka coin and cash balances	14,483,987	-	-	-	-	14,483,987	-	-	-	-	-
Foreign currency accounts	21,015,860	-	-	-	-	21,015,860	-	-	-	-	-
Overnight investment	247,393,553	-	-	-	-	247,393,553	-	-	-	-	-
Short term deposits with overseas commercial banks	674,465,879	-	-	-	-	674,465,879	-	-	-	-	-
Asset held with IMF	131,148,185	-	-	-	-	131,148,185	-	-	-	-	-
Foreign currency loans to banks	127,742,085	-	-	-	-	127,742,085	-	-	-	-	-
Interest receivable	6,680,385	-	-	-	-	6,680,385	-	-	-	-	-
Ways and means advance	24,354,400	-	-	-	-	24,354,400	-	-	-	-	-
Overdraft - block	86,850,000	-	-	-	-	86,850,000	-	-	-	-	-
Short-term money market investments	462,501	-	-	-	-	462,501	-	-	-	-	-
Loan to commercial banks	4,963,167	-	-	-	-	4,963,167	-	-	-	-	-
Loan to specialised banks	33,362,448	-	-	-	-	33,362,448	-	-	-	-	-
Loan to private banks	3,019,500	-	-	-	-	3,019,500	-	-	-	-	-
Other loans and advances	26,172,779	-	-	-	-	26,172,779	-	-	-	-	-
Interest receivable	8,429,740	-	-	-	-	8,429,740	-	-	-	-	-
Loans and advances to employees	31,233,004	-	-	-	-	31,233,004	-	-	-	-	-
Other local currency financial assets	531,648	-	-	-	-	531,648	-	-	-	-	-
	<b>1,442,309,121</b>	-	-	-	-	<b>1,442,309,121</b>	-	-	-	-	-
<b>Financial liabilities measured at fair value</b>											
Nil	-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>											
Liabilities with IMF	-	-	-	-	167,475,874	167,475,874	-	-	-	-	-
Foreign currency deposits by commercial banks	-	-	-	-	78,892,716	78,892,716	-	-	-	-	-
Asian Clearing Union (ACU)	-	-	-	-	70,261,285	70,261,285	-	-	-	-	-
Notes in circulation	-	-	-	-	973,633,449	973,633,449	-	-	-	-	-
Local currency deposits from banks and financial institutions	-	-	-	-	503,017,274	503,017,274	-	-	-	-	-
Short-term borrowings	-	-	-	-	180,721,995	180,721,995	-	-	-	-	-
	-	-	-	-	<b>1,974,002,593</b>	<b>1,974,002,593</b>	-	-	-	-	-

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

**Seperate**

**i) 30 June 2016**

Particulars	Carrying amount				Fair value			Total
	Loans and receivables	Held-to-maturity	Fair value through profit or loss	Available-for-sale	Other financial liabilities	Level 1	Level 2	
<b>Financial Assets measured at fair value</b>								
US Dollar Treasury bills	-	-	-	15,654,912	-	15,654,912	-	-
Foreign bonds	-	-	-	766,864,248	-	766,864,248	-	-
Gold and Silver	-	-	-	7,278,889	-	7,278,889	-	-
Claims from Gold transaction	-	-	-	38,849,350	-	38,849,350	-	-
Treasury bills	-	-	-	15,628,805	-	15,628,805	-	-
Treasury bonds	-	-	-	31,314,474	-	31,314,474	-	-
Swift shares	-	-	-	80	-	80	-	80
Investment in subsidiary	-	-	-	12,000,000	-	12,000,000	-	12,000,000
Debtenture - House Building Finance Corporation	-	-	-	4,715,000	-	4,715,000	-	4,715,000
	-	-	-	<b>892,305,759</b>	-	<b>892,305,759</b>	<b>51,658,279</b>	<b>12,000,080</b>
<b>Financial assets not measured at fair value</b>								
Taka coin and cash balances	4,514,122	-	-	-	-	4,514,122	-	-
Foreign currency accounts	45,017,497	-	-	-	-	45,017,497	-	-
Overnight investment	136,235,070	-	-	-	-	136,235,070	-	-
Short-term deposits with overseas commercial banks	1,115,920,187	-	-	-	-	1,115,920,187	-	-
Asset held with IMF	208,949,924	-	-	-	-	208,949,924	-	-
Foreign currency loans to banks	132,234,324	-	-	-	-	132,234,324	-	-
Interest receivable	6,926,757	-	-	-	-	6,926,757	-	-
Other receivable	6,365,370	-	-	-	-	6,365,370	-	-
Ways and means advance	40,000,000	-	-	-	-	40,000,000	-	-
Overdraft - block	71,850,000	-	-	-	-	71,850,000	-	-
Overdraft - current	40,315,900	-	-	-	-	40,315,900	-	-
Securities purchased under agreement to resell	8,480,000	-	-	-	-	8,480,000	-	-
Loan to commercial banks	3,999,640	-	-	-	-	3,999,640	-	-
Loan to specialised banks	29,431,830	-	-	-	-	29,431,830	-	-
Loan to private banks	2,903,250	-	-	-	-	2,903,250	-	-
Other loans and advances	28,549,486	-	-	-	-	28,549,486	-	-
Interest receivable	8,237,801	-	-	-	-	8,237,801	-	-
Loans and advances to employees	31,279,407	-	-	-	-	31,279,407	-	-
Other local currency financial assets	3,432,361	-	-	-	-	3,432,361	-	-
	<b>1,924,642,925</b>	-	-	-	-	<b>1,924,642,925</b>	-	-
<b>Financial liabilities measured at fair value</b>								
Nil	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Liabilities with IMF	-	-	-	-	230,167,566	230,167,566	-	-
Foreign currency deposits by commercial banks	-	-	-	-	71,333,857	71,333,857	-	-
Asian Clearing Union (ACU)	-	-	-	-	76,275,538	76,275,538	-	-
Notes in circulation	-	-	-	-	1,307,303,718	1,307,303,718	-	-
Local currency deposits from banks and financial institutions	-	-	-	-	608,937,407	608,937,407	-	-
Short-term borrowings	-	-	-	-	263,401,402	263,401,402	-	-
	-	-	-	-	<b>2,557,419,488</b>	<b>2,557,419,488</b>	-	-
								<b>892,305,759</b>

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

**Seperate**

**ii) 30 June 2015**

Taka '000

Particulars	Carrying amount				Fair value			Total		
	Loans and receivables	Held-to-maturity	Fair value through profit or loss	Available-for-sale	Other financial liabilities	Total	Level 1		Level 2	Level 3
<b>Financial Assets measured at fair value</b>										
US Dollar Treasury bills	-	-	-	83,279,606	-	83,279,606	83,279,606	-	-	-
Foreign bonds	-	-	-	679,254,220	-	679,254,220	679,254,220	-	-	-
Gold and Silver	-	-	-	6,414,663	-	6,414,663	6,414,663	-	-	-
Claims from Gold transaction	-	-	-	34,181,082	-	34,181,082	34,181,082	-	-	-
Treasury bonds	-	-	-	1,085,185	-	1,085,185	1,085,185	-	-	-
Swift shares	-	-	-	80	-	80	80	-	-	80
Debtenture - House Building Finance Corporation	-	-	-	5,795,000	-	5,795,000	5,795,000	-	-	-
Investment in subsidiary	-	-	-	12,000,000	-	12,000,000	12,000,000	-	-	-
	-	-	-	<b>822,009,836</b>	-	<b>822,009,836</b>	<b>803,129,571</b>	<b>18,880,185</b>	-	<b>80</b>
<b>Financial assets not measured at fair value</b>										
Taka coin and cash balances	321,706	-	-	-	-	321,706	-	-	-	-
Foreign currency accounts	78,892,716	-	-	-	-	78,892,716	-	-	-	-
Overnight investment	247,393,553	-	-	-	-	247,393,553	-	-	-	-
Short-term deposits with overseas commercial banks	674,465,879	-	-	-	-	674,465,879	-	-	-	-
Asset held with IMF	167,475,874	-	-	-	-	167,475,874	-	-	-	-
Foreign currency loans to banks	127,742,085	-	-	-	-	127,742,085	-	-	-	-
Interest receivable	6,680,385	-	-	-	-	6,680,385	-	-	-	-
Ways and means advance	24,354,400	-	-	-	-	24,354,400	-	-	-	-
Overdraft - block	86,850,000	-	-	-	-	86,850,000	-	-	-	-
Loan to commercial banks	4,963,167	-	-	-	-	4,963,167	-	-	-	-
Loan to specialised banks	33,362,448	-	-	-	-	33,362,448	-	-	-	-
Loan to private banks	3,019,500	-	-	-	-	3,019,500	-	-	-	-
Other loans and advances	26,172,779	-	-	-	-	26,172,779	-	-	-	-
Interest receivable	8,429,740	-	-	-	-	8,429,740	-	-	-	-
Loans and advances to employees	30,655,637	-	-	-	-	30,655,637	-	-	-	-
Other local currency financial assets	169,283	-	-	-	-	169,283	-	-	-	-
	<b>1,520,949,151</b>	-	-	-	-	<b>1,520,949,151</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>										
Nil	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
Liabilities with IMF	-	-	-	-	167,475,874	167,475,874	-	-	-	-
Foreign currency deposits by commercial banks	-	-	-	-	78,892,716	78,892,716	-	-	-	-
Asian Clearing Union (ACU)	-	-	-	-	70,261,285	70,261,285	-	-	-	-
Notes in circulation	-	-	-	-	973,633,449	973,633,449	-	-	-	-
Local currency deposits from banks and financial institutions	-	-	-	-	503,017,274	503,017,274	-	-	-	-
Short-term borrowings	-	-	-	-	180,721,995	180,721,995	-	-	-	-
	-	-	-	-	<b>1,974,002,593</b>	<b>1,974,002,593</b>	-	-	-	-

As at 30 June 2016 and 30 June 2015, the group holds level 3 financial instruments only on Swift shares. Management believes that the fair value of these shares is equal to its carrying amount. A Level 3 reconciliation table has not been disclosed as no change in fair value of investment from last year.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

#### 42.1 b. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Fair value have been based on management assumptions according to the portfolio of the asset and liability base.

Fair value of foreign securities available-for-sale is based on quoted market prices, at the financial position date (2015: foreign securities available-for-sale at fair value). Local currency financial investments includes shares in SPCBL with a value of Taka 12,000,000,000 (2015: Taka 12,000,000,000) & Debentures of HBFC with a value of Taka 4,715,000,000 (2015: Taka 5,795,000,000) for which fair value cannot be reliably determined as they are not traded in the active market and there are no similar instruments with similar characteristics. Management believes that the fair value of these shares are their carrying value.

Loans to Government (overdraft-block and current) are carried at cost as the interest accrued is recovered on a daily basis. Treasury bills and bonds are classified as available-for-sale and are carried at fair value. Loans to banks, financial institutions and employees are carried at amortised cost and are net of provisions for impairment. The fair value approximates their carrying value.

#### 42.2 Financial risk management

The Group has exposure to the following risks arising from financial instruments :

- I. Credit risk
- II. Liquidity risk
- III. Market risk
- IV. Operational risk

##### **Risk management framework**

International Financial Reporting Standard "IFRS 7 - Financial Instruments: Disclosures" 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- the Group's policies for controlling risks and exposures.

The Bank is involved in policy-oriented activities. Therefore, the Bank's risk management framework differs from the risk management framework for most other financial institutions. The main financial risks to which the Bank is exposed include credit risk, foreign exchange risk and interest rate risk. In the management of foreign reserves, minimising liquidity risk is the prime consideration in order to ensure the availability of currency as required. Like most central banks, the nature of the Bank's operations create exposure to a range of operational and reputational risks also.

The Bank's management seeks to ensure that strong and effective risk management and control systems are in place for assessing, monitoring and managing risk exposure. Experienced staff conducts the Bank's local currency, foreign currency reserves management, and foreign exchange dealing operations in accordance with a clearly defined risk management framework, including limits and delegated authorities set by the Governor.

The Bank is subject to an annual audit by two external auditors who are appointed by the Government as prescribed in Article 65 (1) of the Bangladesh Bank Order, 1972. Auditing arrangements are overseen by the Audit Committee of the Board to monitor the financial reporting and audit functions within the Bank and the Committee reviews the internal audit functions as well. Audit Committee reports to the Board of Directors on its activities.

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

The overall risk management framework is designed to strongly encourage the sound and prudent management of the Bank's risk. The Bank seeks to ensure that the risk management framework is consistent with financial market best practices. Risk tables in this note are all based on the Bank's portfolio as reported in its statement of financial position.

### I. Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is monitored and managed regularly. Bangladesh Bank's maximum exposure to credit risk in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the statement of financial position. Bangladesh Bank's exposure is to highly rated counter-parties and its credit risk is very low, with mitigates to credit risk including both the Bank's rigorous monitoring activities and, in many cases, guarantees from the government.

#### a. Concentration of credit exposure

The group's significant end-of-year concentrations of credit exposure, based on the country/region in which the issuers' parent was located, were as follows:

Particulars	2016		2015	
	Consolidated	Separate	Consolidated	Separate
Bangladesh	490,742,050	488,307,361	383,214,010	379,088,552
Other Asian countries	508,556,752	508,556,752	351,138,303	351,138,303
United States of America	553,473,258	553,473,258	673,787,180	673,787,180
Europe	348,938,013	348,938,013	478,108,449	478,108,449
Australia	100,229,192	100,229,192	80,433,234	80,433,234
Others	817,379,746	817,379,746	285,508,941	285,508,941
<b>Total</b>	<b>2,819,319,012</b>	<b>2,816,884,322</b>	<b>2,252,190,116</b>	<b>2,248,064,658</b>

#### b. Credit exposures by credit rating

Following tables represents the Group's foreign currency financial assets (excluding foreign currency loans to banks) mainly based on Moody's credit rating of the issuer (or equivalent Moody's rating in case of rating by other agencies). For long term deposits Aaa is the highest quality rating possible and indicates that the entity has an exceptional credit quality and have the smallest degree of risk; Aa is excellent credit quality but are rated lower than Aaa. Aa1 indicates the higher end of Aa category, Aa2 indicates mid range ranking of Aa category and Aa3 indicates lower end of Aa category. For short term deposits P-1 indicates banks rated prime -1 for deposits, and offers superior credit quality and a very strong capacity for timely payment of short-term deposit obligations; ST-1 indicates the highest capacity for timely repayment of obligations; ST-2 indicates a strong capacity for timely repayment of obligations and ST-3 indicates average capacity for timely repayment of obligations.

However, the Group's local currency financial assets along with foreign currency loans to banks are based on credit rating from Credit Rating Information and Services Limited, Credit Rating Agency of Bangladesh Limited, Emerging Credit Rating Limited, National Credit Rating Limited, Alpha Credit Rating Limited, ARGUS Credit Rating Services Limited etc. which were preferred by respective institutions.



## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

#### Consolidated

Particulars	Credit Rating	2016		2015	
		Amount (Taka '000)	% of financial assets	Amount (Taka '000)	% of financial assets

#### i) Foreign currency financial assets

Foreign currency accounts	P-1	45,017,497	1.60%	21,015,860	0.94%
Overnight investment	P-1	136,235,070	4.84%	247,393,553	11.02%
Short-term deposits with overseas commercial banks	P-1	1,115,920,187	39.68%	674,465,879	30.03%
US Dollar treasury bills	P-1	15,654,912	0.56%	83,279,606	3.71%
Foreign bonds	Aaa	459,707,614	16.35%	487,878,147	21.72%
Foreign bonds	Aa1, Aa2	156,194,683	5.55%	66,104,229	2.94%
Foreign bonds	Aa3	19,270,684	0.69%	30,244,944	1.35%
Foreign bonds	Aa, A1, A2	15,863,063	0.56%	15,613,757	0.70%
Foreign bonds	A3, A+	13,130,544	0.47%	13,706,400	0.61%
Foreign bonds	B1, Ba1, Baa1, Baa2, Baa3	102,697,661	3.65%	65,706,743	2.93%
Foreign currency loans to banks	A	12,872,134	0.46%	1,327,493	0.06%
Foreign currency loans to banks	Aaa to Aa	118,090,758	4.20%	92,993,790	4.14%
Foreign currency loans to banks	Baa, B	1,271,431	0.05%	1,364,649	0.06%
Foreign currency loans to banks	Unrated	-	0.00%	32,056,154	1.43%
Claims from Gold transactions	Aa2	38,849,350	1.38%	34,181,082	1.52%
Assets held with International Monetary Fund	Unrated	208,949,924	7.43%	131,148,185	5.84%
Other foreign currency financial assets	Unrated	13,292,207	0.47%	6,680,465	0.30%
<b>Total</b>		<b>2,473,017,719</b>	<b>87.94%</b>	<b>2,005,160,934</b>	<b>89.29%</b>

#### ii) Local currency financial assets

Loans to the Government of Bangladesh	Ba3	199,109,179	7.08%	112,289,585	5.00%
Securities purchased under agreement to resell	A+	8,480,000	0.30%	-	0.00%
Local currency investments	-	5,361,392	0.19%	6,269,086	0.28%
Loans to banks, financial institutions	A	17,468,686	0.62%	50,042	0.00%
Loans to banks, financial institutions	Aaa to Aa	15,669,742	0.56%	7,110,357	0.32%
Loans to banks, financial institutions	Ba to B	156,363	0.01%	14,010	0.00%
Loans to banks, financial institutions	Baa	224,165	0.01%	284,714	0.01%
Loans to banks, financial institutions	Unrated	39,538,689	1.41%	68,348,084	3.04%
Loans to employees	-	32,535,423	1.16%	31,233,004	1.39%
Other local currency financial assets	-	3,794,147	0.13%	531,648	0.02%
Taka coin and cash balances	-	16,684,618	0.59%	14,483,987	0.64%
<b>Total</b>		<b>339,022,404</b>	<b>12.06%</b>	<b>240,614,519</b>	<b>10.71%</b>
<b>Total financial assets (i+ii)</b>		<b>2,812,040,123</b>	<b>100.00%</b>	<b>2,245,775,453</b>	<b>100.00%</b>

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

**Seperate**

Particulars	Credit Rating	2016		2015	
		Amount (Taka '000)	% of financial assets	Amount (Taka '000)	% of financial assets

**i) Foreign currency financial assets**

Foreign currency accounts	P-1	45,017,497	1.60%	21,015,860	0.94%
Overnight investment	P-1	136,235,070	4.85%	247,393,553	11.04%
Short-term deposits with overseas commercial banks	P-1	1,115,920,187	39.72%	674,465,879	30.09%
US Dollar treasury bills	P-1	15,654,912	0.56%	83,279,606	3.72%
Foreign bonds	Aaa	459,707,614	16.36%	487,878,147	21.76%
Foreign bonds	Aa1, Aa2	156,194,683	5.56%	66,104,229	2.95%
Foreign bonds	Aa3	19,270,684	0.69%	30,244,944	1.35%
Foreign bonds	Aa, A1, A2	15,863,063	0.56%	15,613,757	0.70%
Foreign bonds	A3, A+	13,130,544	0.47%	13,706,400	0.61%
Foreign bonds	B1, Ba1, Baa1, Baa2, Baa3	102,697,661	3.66%	65,706,743	2.93%
Foreign currency loans to banks	A	12,872,134	0.46%	1,327,493	0.06%
Foreign currency loans to banks	Aaa to Aa	118,090,758	4.20%	92,993,790	4.15%
Foreign currency loans to banks	Baa, B	1,271,431	0.05%	1,364,649	0.06%
Foreign currency loans to banks	Unrated	-	0.00%	32,056,154	1.43%
Claims from Gold transactions	Aa2	38,849,350	1.38%	34,181,082	1.52%
Assets held with International Monetary Fund	Unrated	208,949,924	7.44%	131,148,185	5.85%
Other foreign currency financial assets	Unrated	13,292,207	0.47%	6,680,465	0.30%
<b>Total</b>		<b>2,473,017,719</b>	<b>88.02%</b>	<b>2,005,160,934</b>	<b>89.45%</b>

**ii) Local currency financial assets**

Loans to the Government of Bangladesh	Ba3	199,109,179	7.09%	112,289,585	5.01%
Securities purchased under agreement to resell	A+	8,480,000	0.30%	-	0.00%
Local currency investments	-	16,715,000	0.59%	17,795,000	0.79%
Loans to banks, financial institutions	A	17,468,686	0.62%	50,042	0.00%
Loans to banks, financial institutions	Aaa to Aa	15,669,742	0.56%	7,110,357	0.32%
Loans to banks, financial institutions	Ba to B	156,363	0.01%	14,010	0.00%
Loans to banks, financial institutions	Baa	224,165	0.01%	284,714	0.01%
Loans to banks, financial institutions	Unrated	39,538,689	1.41%	68,348,084	3.05%
Loans to employees	-	31,279,407	1.11%	30,106,279	1.34%
Other local currency financial assets	-	3,432,361	0.12%	169,283	0.01%
Taka coin and cash balances	-	4,514,122	0.16%	321,706	0.01%
<b>Total</b>		<b>336,587,714</b>	<b>11.98%</b>	<b>236,489,061</b>	<b>10.55%</b>
<b>Total financial assets (i+ii)</b>		<b>2,809,605,433</b>	<b>100%</b>	<b>2,241,649,996</b>	<b>100%</b>

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

#### c. Collateral held and other credit enhancements, and their financial effect

The group holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

2016		2015	
Amount (Taka '000)	Principal type of Collateral	Amount (Taka '000)	Principal type of Collateral

#### i) Foreign currency financial assets

Foreign currency loans to banks	132,234,324	None	127,742,085	None
Claims from Gold transactions	38,849,350	None	34,181,082	None
Assets held with International Monetary Fund	208,949,924	None	131,148,185	None

#### ii) Local currency financial assets

Loans to the Government of Bangladesh	199,109,179	None	112,289,585	None
Securities purchased under agreement to resell	8,480,000	Marketable securities	-	Marketable securities
Local currency loans to banks, financial institutions and employees	105,593,068	- Government guarantee - Bank guarantee - Demand Promissory Note - Employee provident fund, gratuity fund and Mortgage of property	107,040,212	- Government guarantee - Bank guarantee - Demand Promissory Note - Employee provident fund, gratuity fund and Mortgage of property

## II. Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To mitigate this risk, the group has diversified funding sources and assets are managed with liquidity in mind.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

The table below summaries the maturity profile of the group's financial assets and liabilities based on the contractual repayment date determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Assets and liabilities will mature within the following periods:

#### Consolidated

30 June 2016

Taka '000

Particulars	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
<b>Foreign currency financial assets</b>					
Foreign currency accounts	45,017,497	-	-	-	-
Foreign investments	656,864,021	661,490,116	186,315,608	553,265,034	-
Assets held with International Monetary Fund	106,526,842	-	-	-	102,423,081
Gold and Silver	7,278,889	-	-	-	-
Claims from Gold transactions	19,188,519	-	19,816,850	-	-
Foreign currency loans to banks	15,881,064	48,795,700	67,557,561	-	-
<b>Total</b>	<b>850,756,833</b>	<b>710,285,815</b>	<b>273,690,019</b>	<b>553,265,034</b>	<b>102,423,081</b>
<b>Local currency financial assets</b>					
Taka coin and cash balances	16,684,618	-	-	-	-
Securities purchased under agreement to resell	8,480,000	-	-	-	-
Loans to the Government of Bangladesh	82,617,694	5,744,999	23,599,171	71,315,974	15,831,340
Local currency investments	-	260,000	3,424,804	650,000	1,026,588
Local currency loans to banks, financial institutions and employees	3,022,886	4,981,491	22,491,874	37,467,864	37,628,954
<b>Total</b>	<b>110,805,199</b>	<b>10,986,490</b>	<b>49,515,848</b>	<b>109,433,838</b>	<b>54,486,882</b>
<b>Total financial assets</b>	<b>961,562,031</b>	<b>721,272,306</b>	<b>323,205,867</b>	<b>662,698,872</b>	<b>156,909,964</b>
<b>Foreign currency financial liabilities</b>					
Deposits from banks and financial institutions	147,635,399	-	-	-	-
Liabilities with International Monetary Fund	1,612,895	4,742	369,245	45,116,910	183,063,773
<b>Total</b>	<b>149,248,294</b>	<b>4,742</b>	<b>369,245</b>	<b>45,116,910</b>	<b>183,063,773</b>
<b>Local currency financial liabilities</b>					
Notes in circulation	1,307,303,718	-	-	-	-
Deposits from banks and financial institutions	608,937,407	-	-	-	-
Short-term borrowings	263,401,402	-	-	-	-
Other local currency financial liabilities	8,268,212	580,378	88,067,545	32,716,273	29,570,300
<b>Total</b>	<b>2,187,910,739</b>	<b>580,378</b>	<b>88,067,545</b>	<b>32,716,273</b>	<b>29,570,300</b>
<b>Total financial liabilities</b>	<b>2,337,159,033</b>	<b>585,120</b>	<b>88,436,790</b>	<b>77,833,183</b>	<b>212,634,073</b>
<b>Maturity gap</b>	<b>(1,375,597,002)</b>	<b>720,687,185</b>	<b>234,769,077</b>	<b>584,865,689</b>	<b>(55,724,109)</b>

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

30 June 2015

Taka '000

Particulars	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
<b>Foreign currency financial assets</b>					
Foreign currency accounts	21,015,860	-	-	-	-
Foreign investments	554,652,038	399,923,459	139,913,581	614,504,078	-
Assets held with International Monetary Fund	72,789,125	-	6,174	-	58,352,886
Gold and Silver	6,414,663	-	-	-	-
Claims from Gold transactions	16,874,920	-	17,438,800	-	-
Foreign currency loans to banks	10,858,252	42,841,228	74,042,606	-	-
<b>Total</b>	<b>682,604,858</b>	<b>442,764,686</b>	<b>231,401,160</b>	<b>614,504,078</b>	<b>58,352,886</b>
<b>Local currency financial assets</b>					
Taka coin and cash balances	14,483,987	-	-	-	-
Loans to the Government of Bangladesh	24,354,400	-	15,000,000	61,000,000	11,922,800
Local currency investments	315,000	-	1,239,086	3,700,000	1,015,000
Local currency loans to banks, financial institutions and employees	1,872,484	7,043,445	20,964,276	39,691,518	72,669,324
<b>Total</b>	<b>41,025,871</b>	<b>7,043,445</b>	<b>37,203,362</b>	<b>104,391,518</b>	<b>85,607,124</b>
<b>Total financial assets</b>	<b>723,630,729</b>	<b>449,808,131</b>	<b>268,604,522</b>	<b>718,895,596</b>	<b>143,960,010</b>
<b>Foreign currency financial liabilities</b>					
Deposits from banks and financial institutions	149,159,931	-	-	-	-
Liabilities with International Monetary Fund	1,621,992	-	-	3,314,286	162,539,596
<b>Total</b>	<b>150,781,923</b>	<b>-</b>	<b>-</b>	<b>3,314,286</b>	<b>162,539,596</b>
<b>Local currency financial liabilities</b>					
Notes in circulation	973,633,449	-	-	-	-
Short-term borrowings	180,721,995	-	-	-	-
Deposits from banks and financial institutions	503,017,274	-	-	-	-
Other local currency financial liabilities	-	62,538,213	111,488,171	-	-
<b>Total</b>	<b>1,657,372,718</b>	<b>62,538,213</b>	<b>111,488,171</b>	<b>-</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>1,808,154,641</b>	<b>62,538,213</b>	<b>111,488,171</b>	<b>3,314,286</b>	<b>162,539,596</b>
<b>Maturity gap</b>	<b>(1,084,523,912)</b>	<b>387,269,919</b>	<b>157,116,351</b>	<b>715,581,310</b>	<b>(18,579,586)</b>

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

Separate

30 June 2016

Taka '000

Particulars	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
<b>Foreign currency financial assets</b>					
Foreign currency accounts	45,017,497	-	-	-	-
Foreign investments	656,864,021	661,490,116	186,315,608	553,265,034	-
Assets held with International Monetary Fund	106,526,842	-	-	-	102,423,081
Gold and Silver	7,278,889	-	-	-	-
Claims from Gold transactions	19,188,519	-	19,816,850	-	-
Foreign currency loans to banks	15,881,064	48,795,700	67,557,561	-	-
<b>Total</b>	<b>850,756,833</b>	<b>710,285,815</b>	<b>273,690,019</b>	<b>553,265,034</b>	<b>102,423,081</b>
<b>Local currency financial assets</b>					
Taka coin and cash balances	4,514,122	-	-	-	-
Securities purchased under agreement to resell	8,480,000	-	-	-	-
Loans to the Government of Bangladesh	82,617,694	5,744,999	23,599,171	71,315,974	15,831,340
Local currency investments	-	260,000	2,790,000	650,000	13,015,000
Local currency loans to banks, financial institutions and employees	3,018,886	4,973,491	22,459,874	37,235,787	36,649,014
<b>Total</b>	<b>98,630,703</b>	<b>10,978,490</b>	<b>48,849,044</b>	<b>109,201,761</b>	<b>65,495,355</b>
<b>Total financial assets</b>	<b>949,387,535</b>	<b>721,264,306</b>	<b>322,539,063</b>	<b>662,466,795</b>	<b>167,918,436</b>
<b>Foreign currency financial liabilities</b>					
Deposits from banks and financial institutions	147,635,399	-	-	-	-
Liabilities with International Monetary Fund	1,612,895	4,742	369,245	45,116,910	183,063,773
<b>Total</b>	<b>149,248,294</b>	<b>4,742</b>	<b>369,245</b>	<b>45,116,910</b>	<b>183,063,773</b>
<b>Local currency financial liabilities</b>					
Notes in circulation	1,307,303,718	-	-	-	-
Deposits from banks and financial institutions	608,937,407	-	-	-	-
Short-term borrowings	263,401,402	-	-	-	-
Other local currency financial liabilities	9,405,999	580,378	85,352,343	32,716,273	29,247,609
<b>Total</b>	<b>2,189,048,526</b>	<b>580,378</b>	<b>85,352,343</b>	<b>32,716,273</b>	<b>29,247,609</b>
<b>Total financial liabilities</b>	<b>2,338,296,820</b>	<b>585,120</b>	<b>85,721,588</b>	<b>77,833,183</b>	<b>212,311,382</b>
<b>Maturity gap</b>	<b>(1,388,909,284)</b>	<b>720,679,185</b>	<b>236,817,475</b>	<b>584,633,612</b>	<b>(44,392,946)</b>

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

30 June 2015

Taka '000

Particulars	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
<b>Foreign currency financial assets</b>					
Foreign currency accounts	21,015,860	-	-	-	-
Foreign investments	554,652,038	399,923,459	139,913,581	614,504,078	-
Assets held with International Monetary Fund	72,789,125	-	6,174	-	58,352,886
Gold and Silver	6,414,663	-	-	-	-
Claims from Gold transactions	16,874,920	-	17,438,800	-	-
Foreign currency loans to banks	10,858,252	42,841,228	74,042,606	-	-
<b>Total</b>	<b>682,604,858</b>	<b>442,764,686</b>	<b>231,401,160</b>	<b>614,504,078</b>	<b>58,352,886</b>
<b>Local currency financial assets</b>					
Taka coin and cash balances	321,706	-	-	-	-
Loans to the Government of Bangladesh	24,354,400	-	15,000,000	61,000,000	11,922,800
Local currency investments	145,000	170,000	765,000	3,700,000	13,015,000
Local currency loans to banks, financial institutions and employees	1,872,484	7,043,445	20,964,276	39,564,793	71,669,324
<b>Total</b>	<b>26,693,590</b>	<b>7,213,445</b>	<b>36,729,276</b>	<b>104,264,793</b>	<b>96,607,124</b>
<b>Total financial assets</b>	<b>709,298,448</b>	<b>449,978,131</b>	<b>268,130,436</b>	<b>718,768,871</b>	<b>154,960,010</b>
<b>Foreign currency financial liabilities</b>					
Deposits from banks and financial institutions	149,159,931	-	-	-	-
Liabilities with International Monetary Fund	1,621,992	-	-	3,314,286	162,539,596
<b>Total</b>	<b>150,781,923</b>	<b>-</b>	<b>-</b>	<b>3,314,286</b>	<b>162,539,596</b>
<b>Local currency financial liabilities</b>					
Notes in circulation	973,633,449	-	-	-	-
Short-term borrowings	180,721,995	-	-	-	-
Deposits from banks and financial institutions	503,017,274	-	-	-	-
Other local currency financial liabilities	-	62,538,213	108,934,018	-	-
<b>Total</b>	<b>1,657,372,718</b>	<b>62,538,213</b>	<b>108,934,018</b>	<b>-</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>1,808,154,641</b>	<b>62,538,213</b>	<b>108,934,018</b>	<b>3,314,286</b>	<b>162,539,596</b>
<b>Maturity gap</b>	<b>(1,098,856,193)</b>	<b>387,439,919</b>	<b>159,196,418</b>	<b>715,454,585</b>	<b>(7,579,586)</b>

### Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

#### III. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### a) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In Bangladesh Bank, foreign exchange reserve management and investment functions are guided by an investment committee. Decision of the investment committee and dealing practices approved by the investment committee serve as operational guidelines for Bangladesh Bank's reserve management and investments. The guidelines are directed towards managing different types of risks, while earning a reasonable return. There is an approved benchmark for investment in terms of currency composition, portfolio duration and proportion of different assets within a band. Dealers/portfolio managers afford best to comply with this benchmark and continually rebalance the investment portfolio to follow the benchmark daily/weekly as approved by the investment committee.

#### Foreign currency monetary assets and liabilities

30 June 2016

Particulars	<i>In thousands taka</i>									
	US\$ equivalent	Gold and Silver equivalent	EURO equivalent	GBP equivalent	Japanese Yen equivalent	Canadian \$ equivalent	Australian \$ equivalent	Chinese Yuan Renminbi equivalent	SDR equivalent	Others equivalent
<b>Assets</b>										
Held in other Central Banks and cash deposit abroad	22,476,916	-	5,936,796	4,066,716	8,998,235	388,288	464,468	1,994,396	-	691,682
Overnight investment	135,663,360	-	571,710	-	-	-	-	-	-	-
Short term deposits in overseas commercial banks	956,731,836	-	2,612,643	72,797,255	-	31,301,524	34,335,407	16,614,019	-	1,527,504
Treasury bills	15,654,912	-	-	-	-	-	-	-	-	-
Foreign bonds	660,054,396	-	85,860,561	6,884,624	-	2,481,245	7,895,976	3,687,446	-	-
Loan to other banks	132,234,324	-	-	-	-	-	-	-	-	-
Claims from Gold transaction	-	38,849,350	-	-	-	-	-	-	-	-
Interest receivable	5,280,073	86,334	1,163,462	71,982	-	51,528	223,416	48,538	9,851	1,425
Asset held with IMF	-	-	-	-	-	-	-	208,940,073	-	-
<b>Total</b>	<b>1,928,095,817</b>	<b>38,935,684</b>	<b>96,145,171</b>	<b>83,820,576</b>	<b>8,998,235</b>	<b>34,222,584</b>	<b>42,919,267</b>	<b>22,344,398</b>	<b>208,949,924</b>	<b>2,220,610</b>
<b>Liabilities</b>										
Deposits from other banks, financial institutions and ACU	146,217,472	-	1,080,051	328,135	9,563	179	-	-	-	-
Liabilities to IMF	-	-	-	-	-	-	-	-	-	-
Securities	-	-	-	-	-	-	-	102,024,849	-	-
Loan under poverty reduction and growth facility	-	-	-	-	-	-	-	369,245	-	-
SDR allocation	-	-	-	-	-	-	-	55,974,033	-	-
Extended credit facility	-	-	-	-	-	-	-	70,181,802	-	-
Others	-	-	-	-	-	-	-	1,617,637	-	-
<b>Total</b>	<b>146,217,472</b>	<b>-</b>	<b>1,080,051</b>	<b>328,135</b>	<b>9,563</b>	<b>179</b>	<b>-</b>	<b>230,167,566</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>1,781,878,345</b>	<b>38,935,684</b>	<b>95,065,120</b>	<b>83,492,442</b>	<b>8,988,673</b>	<b>34,222,405</b>	<b>42,919,267</b>	<b>22,344,398</b>	<b>(21,217,643)</b>	<b>2,220,610</b>



## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

30 June 2015

Taka '000

Particulars	US\$ equivalent	Gold and Silver equivalent	EURO equivalent	GBP equivalent	Japanese Yen equivalent	Canadian \$ equivalent	Australian \$ equivalent	Chinese Yuan Renminbi equivalent	SDR equivalent	Others equivalent
<b>Assets</b>										
Held in other Central Banks and cash deposit abroad	456,204	-	6,576,637	2,294,103	9,162,609	581,064	716,823	938,753	-	289,666
Overnight investment	244,402,177	-	2,991,376	-	-	-	-	-	-	-
Short-term deposits in overseas commercial banks	516,728,208	-	4,331,991	79,055,301	-	27,628,702	32,905,057	12,312,831	-	1,503,789
Treasury bills	83,279,606	-	-	-	-	-	-	-	-	-
Foreign bonds	570,457,535	-	86,313,413	7,434,308	-	2,561,816	8,210,537	4,276,691	-	-
Loan to other banks	127,742,085	-	-	-	-	-	-	-	-	-
Claims from Gold transaction	-	34,181,082	-	-	-	-	-	-	-	-
Interest receivable	4,987,491	89,138.08	1,080,017	121,090	-	56,313	305,877	38,573	-	1,886
Asset held with IMF	-	-	-	-	-	-	-	-	131,148,185	-
<b>Total</b>	<b>1,548,053,305</b>	<b>34,270,220</b>	<b>101,293,434</b>	<b>88,904,803</b>	<b>9,162,609</b>	<b>30,827,895</b>	<b>42,138,294</b>	<b>17,566,849</b>	<b>131,148,185</b>	<b>1,795,341</b>
<b>Liabilities</b>										
Deposits from other banks, financial institutions and ACU	147,778,657	-	972,876	397,554	7,558	3,286	-	-	-	-
Liabilities to IMF	-	-	-	-	-	-	-	-	-	-
Securities	-	-	-	-	-	-	-	-	56,675,010	-
Loan under poverty reduction and growth facility	-	-	-	-	-	-	-	-	3,314,286	-
SDR allocation	-	-	-	-	-	-	-	-	55,847,748	-
Extended credit facility	-	-	-	-	-	-	-	-	50,016,838	-
Others	-	-	-	-	-	-	-	-	1,621,992	-
<b>Total</b>	<b>147,778,657</b>	<b>-</b>	<b>972,876</b>	<b>397,554</b>	<b>7,558</b>	<b>3,286</b>	<b>-</b>	<b>-</b>	<b>167,475,874</b>	<b>-</b>
<b>Net</b>	<b>1,400,274,649</b>	<b>34,270,220</b>	<b>100,320,558</b>	<b>88,507,249</b>	<b>9,155,051</b>	<b>30,824,609</b>	<b>42,138,294</b>	<b>17,566,849</b>	<b>(36,327,690)</b>	<b>1,795,341</b>

### Currency risk sensitivity analysis

During the year, if the Taka had weakened 10 percent against the principal currencies in its foreign reserves portfolio with all other variables held constant, loss for the year would have been Taka 477 million lower, (2015: Taka 3,662 million). Conversely, if the Taka had strengthened 10 percent against the same currencies with all other variables held constant, the Bank would have experienced a increase of loss for the year of Taka 477 million, (2015: Taka 3,662 million). Profit/Loss is very sensitive to changes in exchange rate movements. The Bank as part of its core functions holds substantial foreign currency assets.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

#### b) Interest rate risk

Interest rate risk is the risk of loss arising from changes in interest rates. The group is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. Since the primary objective of the Bank is to achieve and maintain price stability, it determines at its own discretion the monetary policy that it will implement and the monetary policy instruments that is going to use in order to achieve and maintain price stability. Bank's interest sensitivity position based on contractual re-pricing arrangements as on 30 June 2016 is presented below. It includes the Bank's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing of maturity dates. The table below summarises all financial instruments in their re-pricing period, which is equivalent to the remaining term of maturity:

#### Consolidated

Taka '000

Particulars	Balance as at 30 June 2016	Re-pricing period				Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	

#### Assets

##### Foreign currency financial assets

Foreign currency accounts	45,017,497	45,017,497	-	-	-	0.08%
Foreign investments	2,034,674,417	1,296,827,377	190,264,395	547,582,644	-	1.37%
Assets held with International Monetary Fund	208,949,924	106,526,842	-	-	102,423,081	0.05%
Claims from Gold transactions	38,849,350	19,118,547	19,730,803	-	-	0.39%
Foreign currency loans to banks	132,234,324	64,676,763	67,557,561	-	-	1.89%
<b>Total Foreign currency financial assets</b>	<b>2,459,725,512</b>	<b>1,532,167,026</b>	<b>277,552,759</b>	<b>547,582,644</b>	<b>102,423,081</b>	

##### Local currency financial assets

Securities purchased under agreement to resell	8,480,000	8,480,000	-	-	-	9.36%
Loans to the Government of Bangladesh	199,109,179	88,362,693	23,599,171	71,315,974	15,831,340	4.92%
Local currency investments	5,361,392	260,000	3,424,804	650,000	1,026,588	2.08%
Local currency loans to banks, financial institutions and employees	105,593,068	8,004,377	22,491,874	37,467,864	37,628,954	4.20%
<b>Total Local currency financial assets</b>	<b>318,543,639</b>	<b>105,107,071</b>	<b>49,515,848</b>	<b>109,433,838</b>	<b>54,486,882</b>	

#### Liabilities

##### Foreign currency financial liabilities

Deposits from banks and financial institutions	147,635,399	147,635,399	-	-	-	0.42%
Liabilities with International Monetary Fund	230,167,566	1,617,637	369,245	45,116,910	183,063,773	0.05%
<b>Total foreign currency financial liabilities</b>	<b>377,802,965</b>	<b>149,253,036</b>	<b>369,245</b>	<b>45,116,910</b>	<b>183,063,773</b>	

##### Local currency financial liabilities

Short-term borrowings	263,401,402	263,401,402	-	-	-	5.67%
<b>Total local currency financial liabilities</b>	<b>263,401,402</b>	<b>263,401,402</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2016

Taka '000

Particulars	Balance as at 30 June 2015	Re-pricing period				Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
<b>Assets</b>						
<b>Foreign currency financial assets</b>						
Foreign currency accounts	21,015,860	21,015,860	-	-	-	0.08%
Foreign investments	1,684,393,258	949,687,576	129,939,874	604,765,809	-	0.71%
Assets held with International Monetary Fund	131,148,185	72,789,125	6,174	-	58,352,886	0.03%
Claims from Gold transactions	34,181,082	-	34,181,082	-	-	0.38%
Foreign currency loans to banks	127,742,085	53,699,480	74,042,606	-	-	1.10%
<b>Total Foreign currency financial assets</b>	<b>1,998,480,469</b>	<b>1,097,192,040</b>	<b>238,169,735</b>	<b>604,765,809</b>	<b>58,352,886</b>	
<b>Local currency financial assets</b>						
Loans to the Government of Bangladesh	112,289,585	24,354,400	15,000,000	61,002,991	11,932,194	6.08%
Local currency investments	6,269,086	789,086	765,000	3,700,000	1,015,000	5.37%
Local currency loans to banks, financial institutions and employees	107,040,212	2,732,034	14,275,197	22,458,470	67,574,511	4.20%
<b>Total Local currency financial assets</b>	<b>225,598,884</b>	<b>27,875,520</b>	<b>30,040,197</b>	<b>87,161,461</b>	<b>80,521,705</b>	
<b>Liabilities</b>						
<b>Foreign currency financial liabilities</b>						
Deposits from banks and financial institutions	149,159,932	149,159,931	-	-	-	0.08%
Liabilities with International Monetary Fund	167,475,874	1,621,992	-	3,314,286	162,539,596	0.04%
<b>Total foreign currency financial liabilities</b>	<b>316,635,806</b>	<b>150,781,923</b>	<b>-</b>	<b>3,314,286</b>	<b>162,539,596</b>	
<b>Local currency financial liabilities</b>						
Short-term borrowings	180,721,995	-	-	-	-	5.67%
<b>Total local currency financial liabilities</b>	<b>180,721,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

**Separate**

Taka '000

Particulars	Balance as at 30 June 2016	Re-pricing period				Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	

**Assets****Foreign currency financial assets**

Foreign currency accounts	45,017,497	45,017,497	-	-	-	0.08%
Foreign investments	2,034,674,417	1,296,827,377	190,264,395	547,582,644	-	1.37%
Assets held with International Monetary Fund	208,949,924	106,526,842	-	-	102,423,081	0.05%
Claims from Gold transactions	38,849,350	19,118,547	19,730,803	-	-	0.39%
Foreign currency loans to banks	132,234,324	64,676,763	67,557,561	-	-	1.89%
<b>Total Foreign currency financial assets</b>	<b>2,459,725,512</b>	<b>1,532,167,026</b>	<b>277,552,759</b>	<b>547,582,644</b>	<b>102,423,081</b>	

**Local currency financial assets**

Securities purchased under agreement to resell	8,480,000	8,480,000	-	-	-	9.36%
Loans to the Government of Bangladesh	199,109,179	88,362,693	23,599,171	71,315,974	15,831,340	4.92%
Local currency investments	16,715,000	260,000	2,790,000	650,000	13,015,000	2.08%
Local currency loans to banks, financial institutions and employees	104,337,052	7,992,377	22,459,874	37,235,787	36,649,014	4.45%
<b>Total Local currency financial assets</b>	<b>328,641,231</b>	<b>105,095,071</b>	<b>48,849,044</b>	<b>109,201,761</b>	<b>65,495,355</b>	

**Liabilities****Foreign currency financial liabilities**

Deposits from banks and financial institutions	147,635,399	147,635,399	-	-	-	0.42%
Liabilities with International Monetary Fund	230,167,566	1,617,637	369,245	45,116,910	183,063,773	0.05%
<b>Total foreign currency financial liabilities</b>	<b>377,802,965</b>	<b>149,253,036</b>	<b>369,245</b>	<b>45,116,910</b>	<b>183,063,773</b>	

**Local currency financial liabilities**

Short-term borrowings	263,401,402	263,401,402	-	-	-	2.96%
<b>Total local currency financial liabilities</b>	<b>263,401,402</b>	<b>263,401,402</b>	<b>-</b>	<b>-</b>	<b>-</b>	

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

Taka '000

Particulars	Balance as at 30 June 2015	Re-pricing period				Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
<b>Assets</b>						
<b>Foreign currency financial assets</b>						
Foreign currency accounts	21,015,860	21,015,860	-	-	-	0.08%
Foreign investments	1,684,393,258	949,687,576	129,939,874	604,765,809	-	0.71%
Assets held with International Monetary Fund	131,148,185	72,789,125	6,174	-	58,352,886	0.03%
Claims from Gold transactions	34,181,082	16,821,198	17,359,884	-	-	0.38%
Foreign currency loans to banks	127,742,085	53,699,480	74,042,606	-	-	1.10%
<b>Total Foreign currency financial assets</b>	<b>1,998,480,469</b>	<b>1,114,013,238</b>	<b>221,348,537</b>	<b>604,765,809</b>	<b>58,352,886</b>	
<b>Local currency financial assets</b>						
Loans to the Government of Bangladesh	112,289,585	24,354,400	15,000,000	61,002,991	11,932,194	6.08%
Local currency investments	17,795,000	315,000	765,000	3,700,000	13,015,000	5.37%
Local currency loans to banks, financial institutions and employees	105,913,487	2,732,034.33	14,275,197	22,458,470	66,447,785	4.17%
<b>Total Local currency financial assets</b>	<b>235,998,072</b>	<b>27,401,434</b>	<b>30,040,197</b>	<b>87,161,461</b>	<b>91,394,979</b>	
<b>Liabilities</b>						
<b>Foreign currency financial liabilities</b>						
Deposits from banks and financial institutions	149,159,932	149,159,931	-	-	-	0.07%
Liabilities with International Monetary Fund	167,475,874	1,621,992	-	3,314,286	162,539,596	0.06%
<b>Total foreign currency financial liabilities</b>	<b>316,635,806</b>	<b>150,781,923</b>	<b>-</b>	<b>3,314,286</b>	<b>162,539,596</b>	
<b>Local currency financial liabilities</b>						
Short-term borrowings	180,721,995	180,721,995	-	-	-	5.67%
<b>Total local currency financial liabilities</b>	<b>180,721,995</b>	<b>180,721,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	

#### Interest rate risk sensitivity analysis

During the year, if interest rates had been 100 basis points higher with all other variables constant, profit for the year would have been Taka 25,114 million higher (2015: Taka 10,093 million), arising mainly as a result of higher interest income on financial assets. Conversely, if interest rates had been 100 basis point lower with all other variables held constant, profit for the year would have been Taka 25,114 million lower (2015: Taka 10,093 million) arising mainly as a result of lower interest income on financial assets. Profit is very sensitive to changes in interest rates as interest is the principal source of income of the Bank.

#### IV. Operational risks

Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from

## **Bangladesh Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2016**

external factors other than credit, market and liquidity risks, such as those arising from human error, failure of internal processes and systems, legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations.

Managing operational risk is seen as an integral part of the day to day operations and management which includes explicit consideration of both the opportunities and the risks of all business activities. Operational risk management includes Bank-wide corporate policies that describe the standard required for staff and specific internal control systems designed for the various activities of the group. Compliance with corporate policies and departmental internal control systems are managed by the management of the department and an active internal audit function.

#### **43 Contingent liabilities**

The Bank had contingent liabilities for guarantees outstanding as at 30 June 2016 amounting to Taka 35,280.17 million (2015: Taka 70,020.36 million) in favour of International Islamic Trade Finance Corporation (Taka 35,280.00 million) and RvI Fund A/C - IFAD Loan No. 194 BA Kurigram District (Taka 0.17 million) which are secured by counter guarantees from the Government of Bangladesh.

#### **44 Operating segments**

The Bank's operation is concentrated in one geographical area - Bangladesh and as such comprise a single operating segment for the purpose of IFRS 8, the relevant standard for such segmentation. While the Bank is required by the Bangladesh Bank Order to report revenue and expenses by references to the functions carried out by the Bank viz. Issue and banking department, these activities do not constitute separate operating segments for the purpose of IFRS 8.

#### **45 Actuarial valuation of defined benefit plans**

Most recent actuarial valuation was performed in the year 2011-12 by an independent actuarial firm. According to the valuation report, the estimated obligation of the pension fund as at 30 June 2012 was Taka 4,745,764 thousands and for gratuity fund was Taka 1,069,800 thousands. For subsequent years, the obligations were calculated based on the recommendation made by the actuarial firm.

As at 30 June 2016 the obligation for pension fund and gratuity fund was calculated to Taka 7,599,787 thousand and Taka 1,677,236 thousand respectively. The balance of the funds is as under:

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

Taka '000

Particulars	Pension plans		Gratuity plans	
	2016	2015	2016	2015
<b>Amounts recognised in the reporting date</b>				
Balance at the beginning of the year	6,618,747	5,738,714	1,470,184	1,553,726
Paid during the year	(1,936,060)	(696,667)	(153,548)	(83,542)
Current year's contribution/transfer	2,917,100	1,576,700	360,600	-
<b>Balance of the fund</b>	<b>7,599,787</b>	<b>6,618,747</b>	<b>1,677,236</b>	<b>1,470,184</b>
<b>Actuarial assumptions</b>				
Particulars	Pension plans		Gratuity plans	
	2016	2015	2016	2015
Discount rate	11.50%	11.50%	11.50%	11.50%
Salary growth rate	8%	8%	8%	8%

The assumptions regarding future mortality rate are based on the published statistics and mortality tables of the FA 1975-78 (based on experience collected from UK insurers).

### Sensitivity

If the discount rate had been 100 basis points lower with all other variables constant, contribution for pension fund and gratuity fund for the year would have been Taka 66.19 million and Taka 14.70 million higher respectively, arising mainly as a result of lower discount income. Conversely, if discount rate had been 100 basis point higher with all other variables held constant, contribution for the same during the year would have been Taka 66.19 million and Taka 14.70 million lower arising mainly as a result of higher discount income. Discount rate is very sensitive for calculation of contribution.

### 46 Capital commitments

As at 30 June 2016, the Bank had outstanding capital commitments of Taka. 172.68 million with respect to different air conditioner purchase and installation along with security instrument and generator purchase. (2015: Taka 4.85 million).

### 47 Related parties transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Bank, related parties, as defined in IAS 24 : Related Parties Disclosure, include directors and officers of the Bank, and companies of whom they are principal owners and key management personnel. Banking transactions are entered into with related parties on agreed terms and conditions on an arms length basis.

Bank is fully owned by the Government of Bangladesh. Government has interests in various entities such as state owned banks, specialised banks and corporations. Bank deals with these entities on the directives of the Government in line with the its monetary policy objectives.

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2016

The outstanding as at the reporting date and average balances during the year with respect to related parties included in the statement of financial position are as follows:

	Taka '000			
	2016		2015	
	Outstanding	Average	Outstanding	Average
<b>Outstanding balances with the Government of Bangladesh</b>				
Ways and means advance	40,000,000	32,177,200	24,354,400	12,177,200
Overdraft - block (refer note 13)	71,850,000	79,350,000	86,850,000	109,180,000
Overdraft - current	40,315,900	20,157,950	-	-
Treasury bills	15,628,805	7,814,403	-	1,163,584
Treasury bonds	31,314,474	16,199,830	1,085,185	18,054,980
Other assets (interest receivable)	738,645	384,068	29,491	405,312
	<b>199,847,824</b>	<b>156,083,450</b>	<b>112,319,076</b>	<b>140,981,076</b>

### Other liabilities:

Deposits	5,078	5,055	5,033	20,602,091
Loan from Government of Bangladesh	5,211,095	3,966,415	2,721,734	2,743,157
	<b>5,216,173</b>	<b>3,971,470</b>	<b>2,726,767</b>	<b>23,345,248</b>

### Balances related to subsidiary (SPCBL)

Other assets (prepayments and advances)	3,222,274	3,674,776	4,127,278	3,574,366
Other liabilities (sundry creditors)	1,137,787	1,236,453	1,335,120	1,483,314

The income and expenses in respect of related parties included in the statement of profit or loss are as follows:

	Taka '000	
	2016	2015
<b>Income and expenses related to Government</b>		
Interest income	4,950,840	7,880,673
Commission received	8,885	5,749
	<b>4,959,725</b>	<b>7,886,421</b>
<b>Expenses</b>		
Agency charges	3,485,956	2,642,465
Under writing commission on treasury bills and bonds	418,212	484,864
	<b>3,904,168</b>	<b>3,127,329</b>
<b>Income and expenses related to subsidiary</b>		
Dividend income	120,000	25,000
Note printing expenses	3,318,647	3,817,289
<b>Key management personnel</b>		
Salaries, wages and other benefits (refer note 47.06)	4,175	3,969



## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

#### 47.01 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 and provides 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 reserves.

During the year, the Bank received an amount of Taka 3,142,387 million (in 2015 : Tk. 2,800,540 million) and paid Taka 3,198,349 million (in 2015: 2,866,080 million) on behalf of the Government. As at 30 June 2016, total outstanding balance was Taka 199,109 million.

- (f) Assets under management:

	Taka '000	
	2016	2015
Japan Debt Relief Grant	1,098,314	918,989

The Bank acts as agent on behalf of Government of Bangladesh for managing the Japan Debt Relief Grant.

#### 47.02 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 Taka 249.47 million which included in the interest income.

#### 47.03 Transactions with controlled entities

During the year, as a part of its business operations the Bank incurred expense of Taka 3,318.65 million (2015: Taka 3,817.29 million) as note printing cost was paid to The Security Printing Corporation (Bangladesh) Ltd. which is included in the statement of

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

profit or loss of the Bank. It is a 100% owned subsidiary of the Bank. This transactions are eliminated in preparing consolidated financial statements. During the year, The Security Printing Corporation (Bangladesh) Ltd. paid dividend an amounting to Taka 120 million (2015: Taka 25 million) as per decision of their Board.

#### 47.04 Transactions with retirement benefit plans

During the year, the group was not required to contribute any amount to the retirement benefit plans (consisting of contribution to pension plans including widow/widowers), as sufficient reserve is available as per the actuarial valuation report. Amounts of balances held in the financial statements maintained by these retirement benefit plans are given in note 45.

#### 47.05 Board of Directors of Bangladesh Bank and Key Management Personnel

	Members of Board Directors	Executive Committee Members	Audit Committee Members
<b>Mr. Fazle Kabir</b> - appointed as the Chairman of the Board of Directors for a period of four years from 20 March 2016 and also holds the post of Governor of the Bangladesh Bank.	Chairman	-	-
<b>Mr. Abu Hena Mohd. Razee Hassan</b> - appointed as a Director of the Board of Bangladesh Bank on 10 April 2016 and also holds the post of Deputy Governor, Bangladesh Bank.	Member	-	-
<b>Dr. Jamaluddin Ahmed, FCA</b> - appointed as a Director of the Board of Bangladesh Bank from 13 March 2016 for a period of three years.	Member	-	-
<b>Dr. Rushidan Islam Rahman</b> - appointed as a Director of the Board of Bangladesh Bank from 13 March 2016 for a period of three years and also holds the post of Research Director, Bangladesh Institute of Development Studies (BIDS).	Member	-	-
<b>Mr. Mahbub Ahmed</b> - appointed as a Director of the Board of Bangladesh Bank from 27 July 2014 to until further order and holds the post of Senior Secretary, Finance Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh.	Member	-	-

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2016

	Members of Board Directors	Executive Committee Members	Audit Committee Members
<b>Mr. Md. Nojibur Rahman</b> - appointed as a Director of the Board of Bangladesh Bank from 25 January 2015 to until further order and holds the post of Senior Secretary, Internal Resources Division & Chairman, National Board of Revenue, Government of the People's Republic of Bangladesh.	Member	-	-
<b>Mr. Md. Eunusur Rahman</b> - appointed as a Director of the Board of Bangladesh Bank from 22 March 2016 to until further order and also holds the post of Secretary, Bank and Financial Institutions Division, Ministry of Finance, Government of the Peoples Republic of Bangladesh.	Member	-	-
<b>Number of meetings held during the year</b>	12	3	5

\* Till 30 June 2016, Executive Committee & Audit Committee is yet to be formed after tenure expiration of members of last committee.

#### 47.06 Remuneration of members of the Board of Directors and Key management personnel

Members of the Board of Directors received remuneration totalling Taka 647,010 (2015: Taka 523,392) and the Governor received salary totalling Taka 1,029,170.80 (2015: Taka 590,400). In addition, the Governor availed a free furnished house for his residence and full time transport facility. Other key management personnel of the Bank received salary totalling Taka 3,145,798.87 (2015: Taka 2,855,520) and in addition, they availed official residence as well as transport.

#### 48 Events after the reporting date

Subsequent to the statement of financial position date, no events have occurred which require adjustments to/or disclose in the financial statements.

#### 49 Directors' responsibility for financial reporting

The Board of Directors approved the financial statement on 29 August 2016.