

Reference
IAS 1.8(e), 104

**Bangladesh Bank: Notes to the Financial Statements
as at and for the Year Ended 30 June 2008**

- (iv) Available-for-sale financial assets
Swift shares, shares of Security Printing Corporation (SPC) are classified as available-for-sale financial assets. Swift shares and shares of SPC are measured at cost as there is no quoted market price for these shares and their fair value cannot be reliably measured.
- (v) Financial liabilities at fair value through profit or loss.
Foreign liabilities are classified as financial liabilities at fair value through profit or loss. These are measured at fair value at each balance sheet date.
- (vi) Financial liabilities carried at amortized cost
Short-term borrowings (reverse repo), notes in circulation, deposits from banks and financial institutions are financial liabilities which are carried at amortized cost at the balance sheet date.

IFRS 7.21

- (c) Amortized cost measurement principles
The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and maturity amount, minus any reduction for impairment.
The effective interest method is a method of calculating the amortized costs of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

IFRS 7.21

- (d) Fair value measurement principles
The fair value of financial assets and liabilities that are traded in an active market is measured based on their quoted market price at the balance sheet date without any deduction for transaction costs.

IAS 39.55

- (e) Gains and losses on subsequent measurement
Gains and losses arising from a change in the fair value of available-for-sale assets are recognized directly in equity. When the financial assets are sold, collected or otherwise disposed of the cumulative gain or loss recognized in equity is transferred to the income statement.
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 recognized in the income statement.

IAS 39.17a
IAS 39.39

- (f) De-recognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Reference
IAS 1.8(e), 104

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

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

"IAS 39.58

(g) Identification and measurement of impairment

IAS 39.63

IAS 39.66

IAS 39.67"

Financial assets not carried at fair value through profit or loss are reviewed at each balance sheet 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 income statement.

IAS 32.42

(h) Off-setting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis.

Reference
IAS 1.8(e), 104

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IAS 21.28

3.4 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 balance sheet date by translating to the functional currency at the exchange rate at that date and recognising in the Income Statement. Gains on translation at the balance sheet date are transferred from retained earning to revaluation reserve - foreign currency accounts.

IAS 21.15

3.5 Foreign investments

Foreign investments comprise short term interest bearing deposits held with overseas commercial banks for periods ranging from 1 to 3 months in designated foreign currencies, US dollar and Euro treasury bills purchased at a discount and interest bearing foreign bonds. These are measured each balance sheet date by translating the value of amortized costs in foreign currency to the functional currency at the exchange rate at that date and recognising in the Income Statement. Gains on translation at the balance sheet date are transferred from retained earnings to revaluation reserve - foreign currency accounts.

IAS 1.113

3.6 Assets and liabilities held with International Monetary Fund (IMF)

(a) Transactions with IMF

The Bank transacts with the International Monetary Fund (IMF) in its own right rather than as an agent for the Government of Bangladesh. All transactions by the Bank with the IMF have been included in these financial statements on that basis.

(b) Assets held with IMF

Assets held with IMF comprise the IMF reserve tranche, balance held with IMF in SDRs. These are measured at each balance sheet date by translating the SDRs to the functional currency at the exchange rate at that date. Gains on translation at the balance sheet date are first recognised in Income Statement and are then transferred from retained earnings to revaluation reserve - foreign currency accounts.

(c) Liabilities with IMF

Liabilities with IMF comprise SDR allocation and loans received under the Poverty Reduction and Growth Facility (PRGF). These are measured at each balance sheet date by translating the SDRs to the functional currency at the exchange rate at that date. Gains on translation at the balance sheet date are first recognised in Income Statement and are then transferred from retained earnings to revaluation reserve - foreign currency accounts.

All other charges and interest pertaining to balances with the IMF are recorded immediately in the Income Statement.

Reference
IAS 1.8(e), 104

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IAS 1.113

3.7 Other foreign assets

Other foreign assets comprise interest bearing loans to foreign banks, local commercial banks, Swift shares and accrued interest and dividend thereof. Loans to foreign banks and local commercial banks are measured at each balance sheet date by translating the value at amortized costs in foreign currency to the functional currency at the exchange rate at that date. Swift shares have no any quoted market price, and are measured at cost.

IAS 7.46

3.8 Cash and cash equivalents

Cash and cash equivalents comprise unissued one and two taka coins and notes purchased from the Government and held by the Bank, the balance of Taka notes held by the Banking Department of the Bank and cash and bank balances held by its subsidiary. Such unissued coins and notes are measured at their face values.

IAS 39.45(c)

3.9 Loans to the government

These represent "Ways and Means" advance given to Government of Bangladesh with a limit not exceeding Tk. 10,000 million with an interest thereon at the rate of Reverse Repo. When government payments total exceeds total government deposits, the said excess amount is treated as "Ways and Means" advance. Any recovery or surplus realized by the Bank from government "Loans to government" is adjusted first in full.

IAS 39.45(c)

3.10 Government of Bangladesh-Overdraft and treasury bills

These represent government overdraft (block and current- in excess of ways and means), government treasury bills and bonds. In case of any additional recovery to loans to government realized by the Bank from government, the government overdraft -current account is adjusted first and there after government overdraft block account is adjusted.

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 them from the government. These are measured at amortized cost at each balance sheet date.

IAS 27.24

3.11 Investment in shares and debentures

These comprise investment in debenture of House Building Finance Corporation (HBFC) and in shares of The Security Printing Corporation (Bangladesh) Ltd. Investment in debentures is measured at amortized costs. Investment in shares of Security Printing Corporation is measured at cost in the separate financial statements. Such investment is eliminated with the parents (Bangladesh Bank) portion of equity in subsidiary on the date of acquisition for the purpose preparation and presentation of consolidated financial statements in compliance with IAS 27.

IFRS 7.21

3.12 Loans to banks, financial institutions and employees

These comprise loans to nationalized commercial and specialized banks, other scheduled banks and financial institutions and loans to Bangladesh Bank

Reference
IAS 1.8(e), 104

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employees. These are reported net of allowances for un-collectables or losses to reject the estimated recoverable amount.

IAS 2.8

3.13 Inventory

Inventory represents Gold and Silver. Gold and silver comprise gold and silver held as stock at the Motijheel branch of the Bank. Gold and silver are revalued at market prices at the balance sheet date. Gains and losses arising from revaluation are recognized in the income statement. Gains are transferred from retained earnings to revaluation reserve - foreign currency accounts.

IAS 7.46

3.14 Property, plant and equipment

IAS 16.73(a)

(a) Recognition and measurement

Items of property, plant and equipment are carried at revalued amounts, being fair values at the date of the revaluation, less subsequent accumulated depreciation and subsequent impairment losses.

Land and buildings, appearing as items of property, plant and equipment are the Bank's owner-occupied property and used for its operating, administrative and staff's residence purposes.

IAS 16.36

(b) Revaluation

The Bank revalued its property, plant and equipment at 30 June 2004 by an independent valuer, M/s Ahmed & Ahmed, Chartered Accountants.

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

- (i) Land was revalued on the basis of location-wise prices observed in land sales in the relevant period.
- (ii) Buildings, capital work in progress and electrical installation and gas installation were revalued on the basis of fair values of materials, labor and direct overheads used in construction and installation
- (iii) Mechanical equipment, fixture and fittings and motor vehicles were revalued at based on replacement costs.

IAS 16.12

(c) Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

IAS 16.43

(d) Depreciation

Depreciation is recognized in profit or loss, on a diminishing balance basis on building, mechanical equipment, fixture and fittings used at office premises and gas installation and, on a straight-line basis on motor vehicles, fixture and fitting used at staff quarters and electrical installation over their estimated useful lives.

Reference
IAS 1.8(e), 104

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Land and capital work in progress are not depreciated. The rates used for depreciation are as follows:

	Bank	Subsidiary (SPCL)
Buildings	5%	2.5% - 5%
Mechanical equipment/office equipment	10%-20%	20%
Machinery	-	5% - 7%
Furniture, fixtures and fittings	10%	10%
Other constructions		5% - 20%
Motor vehicles	20%	20%
Electrical installation	20%	-
Gas installation	20%	-

IAS 1.113

3.15 Securities borrowing, lending business and repurchase transactions

In course of its financial market operations, the Bangladesh Bank engages in repurchase agreements involving domestic government treasury bills.

Securities sold and contracted for purchase under purchase agreements are reported in the Balance Sheet within the relevant investment portfolio and are valued at market prices.

IAS 19.7

3.16 Employee benefits

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

- (a) a liability 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.

IAS 19.9

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 recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans and charged as expenses in the income statement.

IAS 19.25

3.18 Post employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. It comprises defined contribution plans and defined benefit plans.

IAS 19.25

3.18.1 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

Reference	Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2008
IAS 1.8(e), 104	
IAS 19.25	<p>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.</p> <p>3.18.1.a Contributory provident fund</p> <p>The Bank and employees contribute to the fund. The Bank's obligations for contributions to the above Fund are recognized as an expense in the income statement as incurred.</p>
IAS 19.27	<p>3.18.1.b Gratuity scheme</p> <p>On retirement the employees are entitled to receive two months of final basic salary for every year of service. The Bank actuarially valued its Gratuity Scheme in the year 2006. The liability arising thereof is recognized in the income statement as an expense.</p>
IAS 19.27	<p>3.18.2 Defined benefit plans</p> <p>Defined benefit plans are post-employment benefit plans other than defined contribution plans.</p>
IAS 19.27	<p>3.18.2.a General provident fund</p> <p>The employees contribute at various rates 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 12.5%. Any shortfall in the return from investments is funded by the Bank by charging in its income statement.</p>
IAS 19.27	<p>3.18.2.b Pension scheme</p> <p>The Bank actuarially valued its pension liabilities in the year 2006. The defined benefit liability arising thereof is recognized in the income statement as an expense.</p> <p>When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement.</p>
IAS 19.127	<p>3.19 Other Long-term employee benefits</p> <p>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. Unutilized leave is encashable on retirement and provided for in full in the accounts for 2008. Medical allowance is payable for each employee and accounted for on a cash basis.</p>
IAS 37.14 IAS 37.36 IAS 37.45 IAS 37.59 IAS 37.61	<p>3.20 Provisions</p> <p>Provisions are recognized 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.</p>

Reference
IAS 1.8(e), 104

**Bangladesh Bank: Notes to the Financial Statements
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- (i) A provision is recognized in the balance sheet when the bank has a legal or constructive obligation as a result of past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligations a reliable estimate can be made of the amount of the obligation;
- (ii) 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.
- (iii) The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.
- (iv) Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation.
- (v) Provision is reviewed at each balance sheet date and adjusted to reflect the current best estimate.
- (vi) Provision is used for expenditures for which the provision was originally recognized.

IAS 1.113

3.21 Currency in circulation

Currency issued by Bangladesh Bank represents a claim on the Bank in favor of the holder. The liability for currency in circulation is recorded at face value in the Financial Statements

IAS 1.113

3.22 Off-balance sheet items

Profits and losses arising from off-balance sheet instruments are recognised and treated in a similar manner to on-balance sheet instruments.

IAS 32.35

3.23 Interest income and expense

Interest income and expense are recognized in the income statement using the effective interest 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 expense include the amortization 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.

IFRS 7.20(c)

3.24 Commission and discounts - fee and commission income

Commission income arises on instruments issued by the Bank, long outstanding entries of the sundry accounts, sale proceeds of sundry items, car and bus fares realized from the staff etc.

Reference
IAS 1.8(e), 104

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IAS 18.30

3.25 Dividend income

Dividend income is recognized in the separate financial statements of the Bank when the right to receive income is established. Usually this is taken to be the date that the dividend is received.

3.26 Realised foreign exchange gain

The Bank has started from 1st July 2007 distinguishing between realised and unrealised foreign exchange profits using the average cost methodology. In determining the opening average cost it was assumed in the absence of specific data that all the opening balance on the revaluation reserve related to unrealised foreign exchange profits and the balance was allocated between net currency positions on a pro rata basis.

IAS 12.79

3.27 Income tax

(a) Bangladesh Bank

The Bank is not subject to income taxes, stamp duties, or customs duties on gold, silver, coins, currency notes, security papers and any other goods that may be specified by the Government nor on any of its income.

(b) Subsidiary

Income tax on the profit or loss for the year comprises current tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

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

IFRS 8.20

3.28 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The bank has provided segmental information based on its foreign and domestic currency operations.

IAS 10.10

3.29 Subsequent events

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the balance sheet date which are not adjusting events are disclosed in the notes when material in compliance with IAS 10.

<i>Reference</i>	Bangladesh Bank: Notes to the Financial Statements		
<i>IAS 1.8(e), 104</i>	as at and for the Year Ended 30 June 2008	<u>2008</u>	<u>Restated</u>
		<i>Taka '000</i>	<i>Taka '000</i>
<i>IAS 1.113</i>	4. Foreign currency accounts	<u>100,917,882</u>	<u>38,994,590</u>
	The amount represents the equivalent accumulated value of different foreign currencies held with other Central Banks and balances on overnight deposits with commercial banks.		
<i>IFRS 7.8</i>	5. Foreign investments		
	Short term investments with overseas commercial banks	292,570,486	263,292,326
	US Dollar Treasury Bills	9,759,860	33,117,085
	Gold investment	3,418,810	2,390,003
	Foreign Bonds	6,000,831	5,027,942
		<u>311,749,987</u>	<u>303,827,356</u>
	These figures should be read in conjunction with additional disclosures in note no.44 & 44a.		
<i>IAS 1.74</i>	6. IMF related assets and liabilities		
	Assets		
	Quota	59,703,729	55,607,839
	Less: security account	(58,610,492)	(54,534,705)
	IMF No 1 A/C	(1,062,106)	(1,047,104)
	Reserve tranche	31,131	26,030
	SDR holding	50,425	160,729
		<u>81,556</u>	<u>186,759</u>
	Liabilities		
	IMF No 2 A/C & Emergency Natural Disaster Assistance	14,062,567	13,559
	SDR allocation	5,275,154	4,913,260
	Loan under the Poverty Reduction and Growth Facility	35,458,395	33,025,822
		<u>54,796,116</u>	<u>37,952,641</u>

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

The quota of Bangladesh is its membership subscription. The subscription is granted mainly by the issue of promissory notes in favor of the IMF and partly paid in reserve assets, partly by the Government of Bangladesh and partly by deposits to the Funds 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.

Bangladesh's interest in the International Monetary Fund is presented on a net basis as there is a legal right of set off between its membership accounts.

These figures should be read in conjunction with additional disclosures in note no.44 & 44a.

<i>Reference</i>	Bangladesh Bank: Notes to the Financial Statements		<i>Restated</i>
<i>IAS 1.8(e), 104</i>	as at and for the Year Ended 30 June 2008		2007
		2008	2007
		<i>Taka '000</i>	<i>Taka '000</i>
<i>IAS 1.74</i>	7. Other foreign assets		
	Loans to other banks	9,704,383	4,095,302
	Swift shares	80	80
	Interest receivable	2,236,382	1,772,396
		11,940,845	5,867,778
	Less: Provision for loan losses	(310,344)	(312,437)
	Total other assets	11,630,501	5,555,341
	These figures should be read in conjunction with additional disclosures in note no.44 & 44a.		
<i>IAS 7.45</i>	8. Cash and cash equivalents	317,643	175,413
	The amount represents the face value of unissued one and two taka coins and notes held by the Bank purchased from the Government at respective face values and the balance of Taka notes held with the Banking Department.		
	8a Consolidated cash and cash equivalents	1,672,210	438,486
	These figures should be read in conjunction with additional disclosures in note no.44 & 44a.		
<i>IAS 1.74</i>	9. Loans to the government		
	Advances to government represent Ways & Means advances provided to the government that are limited to a maximum of Taka 10,000 million. Interest is earned on this advance as per rate applied for reverse repo.		
	These figures should be read in conjunction with additional disclosures in note no.44 & 44a.		
<i>IAS 1.74</i>	10. Government of Bangladesh-overdraft and treasury bills		
	The amount represents receivable from the government as overdraft (block and current), treasury bills and bonds. An amount of Tk.15,000 million was adjusted in the year 2008 against the overdraft block account. The other balances represent the government's outstanding loan onward from 1 July 2007. The amounts are stated at cost as on 30 June 2008.		
	Overdraft - block (government treasury bills)	208,300,000	223,300,000
	Overdraft - current	12,662,700	5,428,700
	Treasury bills	19,418,293	15,548,870
	Treasury bonds	4,805,530	722,748
		245,186,523	245,000,318
	These figures should be read in conjunction with additional disclosures in note no.44 & 44a.		
<i>IAS 1.74</i>	11. Investments in shares and debentures		
	Debenture - House Building Finance Corporation	8,419,167	8,802,500
	Investment in subsidiary (Note 11.1)	500,000	500,000
		8,919,167	9,302,500
	11.1 Investment in subsidiary		
	The Bank holds 100% of the share capital of the Security Printing Corporation (Bangladesh) Ltd.		

Reference
IAS 1.8(e), 104

**Bangladesh Bank: Notes to the Financial Statements
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	2008 <i>Taka '000</i>	Restated 2007 <i>Taka '000</i>
11a. Consolidated investments in shares and debentures		
Debenture - House Building Finance Corporation	8,419,167	8,802,500
Short term money market investments	1,072,767	996,745
	9,491,934	9,799,245

These figures should be read in conjunction with additional disclosures in note no.44 & 44a.

IAS 1.74 **12. Loans to banks, financial institutions and employees**

(i) Loans to banks and financial institutions

State owned banks:

Commercial banks	124,206	156,674
Specialised banks	58,551,111	53,749,785
	58,675,317	53,906,459
Provision for impairment	(3,238,845)	(4,113,848)
	55,436,472	49,792,611

Other banks and financial institutions:

Private banks	2,700,000	2,700,000
Other loans and advances	4,333,361	2,693,474
	7,033,361	5,393,474
Interest receivable	6,499,797	7,074,684
	68,969,630	62,260,769

(ii) Loans and advances to employees

Loans and advances to employees	14,007,669	14,048,951
Provision for loan losses	(262,086)	(259,993)
	13,745,583	13,788,958
Total loans (i + ii)	82,715,213	76,049,727

These figures should be read in conjunction with additional disclosures in note no.44 & 44a.

IAS 2.8 **13. Inventory**

Inventory represents gold and silver held by the Bank.

Gold	3,788,994	2,640,414
Silver	219,594	159,391
	4,008,588	2,799,805

Reference
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Bangladesh Bank: Notes to the Financial Statements
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IAS 16.73 **14. Property, plant and equipment**

Taka '000

Particulars	Cost and revaluation				Depreciation				Carrying Value	
	As at 1 July 2007	Addition during the year	Disposal/ adjustment	As at 30 June 2008	Rate	As at 1 July 2007	Charged for the year	As at 30 June 2008	As at 30 June 2008	Restated As at 30 June 2007
Land	7,188,215	-	-	7,188,215	-	-	-	-	7,188,215	7,188,215
Building	2,123,230	45,230	-	2,168,460	5%	255,789	96,070	351,859	1,816,601	1,867,441
Capital work in progress	220,982	44,655	-	265,637	-	-	-	-	265,637	220,982
Mechanical equipment	392,528	244,886	69	637,345	10%-20%	165,921	70,255	236,176	401,169	226,607
Fixture and fittings	98,677	20,229	224	118,682	10%	23,180	8,595	31,775	86,907	75,497
Motor vehicles	61,836	6,100	93	67,843	20%	27,937	11,395	39,332	28,511	33,899
Electrical installation	53,588	21,104	66	74,626	20%	25,067	9,963	35,030	39,596	28,521
Gas installation	659	877	-	1,536	20%	456	14	470	1,066	203
	10,139,715	383,081	452	10,522,344		498,350	196,292	694,642	9,827,702	9,641,365

The items of property, plant and equipment as at 30 June 2004 were revalued by Ahmed & Ahmed, Chartered Accountants. The net surplus/deficit arising from the valuation has been directly recognised in equity. These amounts are not available for distribution to the Government.

Reference
IAS 1.8(e), 104

Bangladesh Bank: Notes to the Financial Statements
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IAS 16.73 **14a Consolidated property, plant and equipment**

Particulars	Cost and revaluation					Depreciation				Carrying Value	
	As at 1 July 2007	Revalu- ation	Addition during the year	Disposal/ adjustment	As at 30 June 2008	Rate	As at 1 July 2007	Charged for the year	As at 30 June 2008	As at 30 June 2008	Restated As at 30 June 2007
Land	7,211,435	955,010	-	-	7,211,435	-	-	-	-	7,211,435	7,211,435
Building	2,387,748	201,126	45,230	-	2,634,104	5%	288,566	123,684	412,250	2,221,854	2,099,182
Capital work in progress	248,968	-	44,694	-	293,662	-	1,851	-	1,851	291,811	247,117
Mechanical equipment	564,741	180,293	247,588	69	992,553	10%-20%	249,310	114,885	364,195	628,358	315,431
Fixture and fittings	101,143	7,413	20,581	224	128,913	10%	24,425	10,309	34,734	94,179	76,718
Motor vehicles	64,578	3,955	7,953	93	76,393	20%	28,784	13,458	42,242	34,151	35,794
Electrical installation	53,588		21,104	66	74,626	20%	25,067	9,963	35,030	39,596	28,521
Gas installation	659		877	-	1,536	20%	456	14	470	1,066	203
	10,632,860	1,347,797	388,027	452	12,368,232		618,459	272,313	890,772	11,477,460	10,014,401

<i>Reference</i>	Bangladesh Bank: Notes to the Financial Statements	
<i>IAS 1.8(e), 104</i>	as at and for the Year Ended 30 June 2008	
	2008	Restated 2007
	<i>Taka '000</i>	<i>Taka '000</i>
<i>IAS 1.74</i>	15. Other domestic assets	
	Interest receivables	386,946
	Prepayments and advances	2,348,440
	Stock	25,416
	Unutilised CBSP Fund	60,357
	1,389,194	2,821,159
	15a Consolidated other domestic assets	
	Interest receivables	428,535
	Prepayments and advances	2,247,730
	Stock	1,018,385
	Unutilised CBSP Fund	60,357
	Sundry debtors	155,064
	2,569,533	3,910,071
<i>IAS 1.74</i>	16 Deposits from banks and financial institutions	
	Foreign currency deposits by commercial banks	46,503,784
	Asian Clearing Union (ACU)	25,988,194
	92,739,357	72,491,978
	These figures should be read in conjunction with additional disclosures in note no.44 & 44a.	
<i>IAS 1.74</i>	17 Other foreign liabilities	1,237,753
	Other foreign liabilities represents the amount payable to Japan Government to meet up the obligation of Japan debt relief grant.	
	These figures should be read in conjunction with additional disclosures in note no.44 & 44a.	
<i>IAS 1.74</i>	18 Notes in circulation	
	Notes in circulation represents currency issued having a claim on Bangladesh Bank. The denomination of notes in circulation as at 30 June 2008 was as under:	
	Value of notes	Number in pieces
		Taka '000
	5 Taka coin	2,667,853
	5 Taka note	1,829,115
	10 Taka note	6,914,241
	20 Taka note	2,612,686
	50 Taka note	6,984,570
	100 Taka note	54,991,426
	500 Taka note	275,887,474
		351,887,365

The liability for notes in circulation is recorded at its face value in the balance sheet. In accordance with the Bangladesh Bank Order 1972, these liabilities are supported by the following assets:

Reference
IAS 1.8(e), 104

Bangladesh Bank: Notes to the Financial Statements
as at and for the Year Ended 30 June 2008

	<u>2008</u> <i>Taka '000</i>	<u>Restated</u> <u>2007</u> <i>Taka '000</i>
Gold	3,788,994	5,030,417
Silver	219,594	159,391
Balance held outside Bangladesh	120,000,000	80,000,000
Bangladesh government securities	196,445,118	167,313,899
Bangladesh coins	313,404	170,880
Other loans and advances	31,120,255	30,960,255
	<u>351,887,365</u>	<u>283,634,842</u>

These figures should be read in conjunction with additional disclosures in note no.44 & 44a.

IFRS 7.7

19. Short term borrowings

Reverse repo	7,950,000	35,590,000
Bangladesh Bank bills	-	28,072,719
	<u>7,950,000</u>	<u>63,662,719</u>

These figures should be read in conjunction with additional disclosures in note no.44 & 44a.

IAS 1.74

20. Deposits from banks and financial institutions

State owned commercial banks	35,302,236	27,487,362
Government specialised banks	6,544,961	5,237,464
Private banks	66,275,657	65,575,003
Foreign banks	9,946,434	7,437,835
Financial institutions	996,483	566,479
	<u>119,065,771</u>	<u>106,304,143</u>

These figures should be read in conjunction with additional disclosures in note no.44 & 44a.

IAS 1.74

21. Other domestic liabilities

Government deposits	1,098,019	1,078,139
Surplus profit payable to government (Note 21.1)	27,366,235	21,931,584
Other deposits	5,991,483	13,194,593
Bank notes adjusting account - demonetized Pakistani notes	18,540	18,540
Sundry creditors account	2,063,305	1,346,419
Interest suspense account	552	523
Deposits from donor agencies	11,319,091	14,822,641
Inter-branch adjustments (suspense)	189,503	240,189
Credit guarantee scheme for small industrial investors	248,808	248,808
Provision for pension	2,676,387	2,523,650
Provision for gratuity	2,142,763	2,295,500
Provision for leave encashment	1,166,679	1,160,255
Provision for legal obligation	78,657	78,657
Small and Medium Enterprise Fund - Bank	3,000,000	2,000,000
Small and Medium Enterprise Fund - Government	1,123,228	854,829
Loan from Government of Bangladesh (CBSP)	296,662	251,081
Housing refinance fund	2,000,052	-
Miscellaneous	456	733
	<u>60,780,420</u>	<u>62,046,141</u>

Reference
IAS 1.8(e), 104

**Bangladesh Bank: Notes to the Financial Statements
as at and for the Year Ended 30 June 2008**

	2008	Restated 2007
	<i>Taka '000</i>	<i>Taka '000</i>
21a Consolidated other domestic liabilities		
Government deposits	1,098,019	1,078,139
Surplus profit payable to government (Note 21.1)	27,366,235	21,931,584
Other deposits	5,991,483	13,194,593
Bank notes adjusting account - demonetized Pakistani notes	18,540	18,540
Sundry creditors account	1,663,305	1,355,051
Interest suspense account	552	523
Deposits from donor agencies	11,319,091	14,822,641
Inter-branch adjustments (suspense)	189,503	240,189
Credit guarantee scheme for small industrial investors	248,808	248,808
Provision for pension	2,676,387	2,523,650
Provision for gratuity	2,142,763	2,295,500
Provision for leave encashment	1,166,679	1,160,255
Provision for legal obligation	78,657	78,657
Loan from Government of Bangladesh (CBSP)	296,662	251,081
Small and Medium Enterprise Fund - Bank	3,000,000	2,000,000
Small and Medium Enterprise Fund - Government	1,123,228	854,829
Housing refinance fund	2,000,052	-
Miscellaneous	456	733
Others - subsidiary	623,790	182,112
	<u>61,004,210</u>	<u>62,236,885</u>
21.1 Surplus profit payable to government		
Opening balance	21,931,584	10,848,102
Adjustment against amount due to government (Note 21.3)	(149)	(4,480)
Payments made during the year (Note 21.2)	(21,931,435)	(10,843,622)
Share of current year's profit	27,366,235	21,931,584
	<u>27,366,235</u>	<u>21,931,584</u>
21.2 According to Article 64 of the Order, after making provision for bad and doubtful debts, depreciation in assets, contributions to staff superannuation fund and for all other matters for which provisions have to be made by or under the Order or which are usually provided for by the bankers, the balance of the profits shall be paid to the government.		
21.3 These are recoveries made in respect of advances given on behalf of the government.		
IAS 1.76 22. Capital	<u>30,000</u>	<u>30,000</u>
At 30 June 2008 the authorized and subscribed capital as per Bangladesh Bank Order 1972, was Tk. 30 million. The entire capital of the Bank stands vested in and allocated to the Government as per para 4(1) & 4(2) of the Order.		
IAS 1.74 23. Revaluation reserve - gold and silver	<u>6,263,691</u>	<u>4,035,471</u>
The Bank credited the gain on revaluation on gold and silver to the income statement and transferred to a separate account (revaluation reserve - gold and silver).		

Reference IAS 1.8(e), 104	Bangladesh Bank: Notes to the Financial Statements as at and for the Year Ended 30 June 2008	
	2008 <i>Taka '000</i>	Restated 2007 <i>Taka '000</i>
IAS 1.113	24. Revaluation reserve - foreign currency accounts	54,231,987
	The Bank credited revaluation gain of foreign currency assets to Income Statement.	
IAS 1.113	25 Currency Fluctuation reserve	7,512,084
	The bank credited the realized gain on revaluation of foreign currency to the income statement and transferred to the separate account (reserve account).	
IAS 1.74	26. Statutory funds	
	Rural credit fund	4,200,000
	Agricultural credit stabilization fund	4,200,000
	Export credit fund	1,300,000
	Industrial credit fund	1,137,852
	Credit guarantee fund	879,194
		11,717,046

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.

26.1 Rural credit fund

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

26.2 Agricultural credit stabilization fund

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

26.3 Export credit fund

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

26.4 Industrial credit fund

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

26.5 Credit guarantee fund

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