

## Bangladesh Bank's Accounts for 2012-2013

13.1 The financial result of operations of Bangladesh Bank for the FY13 has been prepared in accordance with International Financial Reporting Standards (IFRSs) approved by the International Accounting Standards Board (IASB). During the year, the accounts of Security Printing Corporation (Bangladesh) Ltd. (SPCL), a 100 percent owned subsidiary of Bangladesh Bank has been consolidated with the accounts of Bangladesh Bank. The executive summary of Accounts of Bangladesh Bank (excluding SPCL) is represented below:

### Income

13.2 The total operating income of the Bank (excluding foreign currency revaluation gain/loss) for the FY13 increased by Taka 1.83 billion (3.42 percent) to Taka 55.33 billion compared to Taka 53.50 billion in FY12 and including foreign currency revaluation gain/(loss) decreased by Taka 68.38 billion (80.23 percent) to Taka 16.85 billion compared to Taka 85.23 billion in FY12. The sources of income are set out in the Table 13.1.

### Income from Foreign Currency Financial Assets

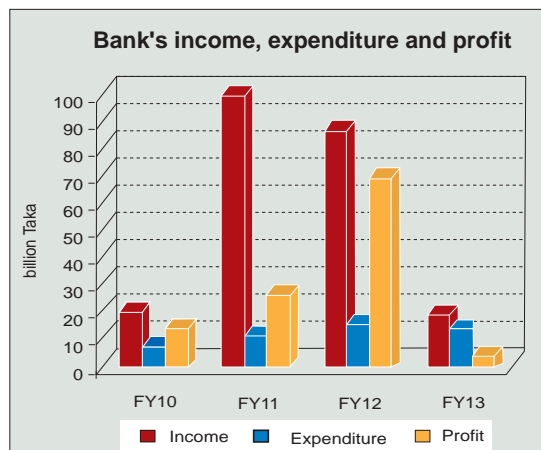
13.3 During FY13, Bank's income from the foreign currency financial assets increased by Taka 1.17 billion (12.50 percent) to Taka 10.53 billion compared to Taka 9.36 billion in FY12 due to increase in investment of foreign currency.

### Income from Local Currency Financial Assets

13.4 Bank's income from local currency

|                                      | FY13           | FY12         |
|--------------------------------------|----------------|--------------|
| <b>Operating Income:</b>             |                |              |
| <b>A. Income from foreign</b>        |                |              |
| <b>currency financial assets</b>     | <b>10.53</b>   | <b>9.36</b>  |
| Interest income                      | 10.85          | 10.80        |
| Commission and discounts             | 0.13           | 0.11         |
| Revaluation loss on foreign currency | (0.45)         | (1.55)       |
| <b>B. Income from local</b>          |                |              |
| <b>currency financial assets</b>     | <b>44.80</b>   | <b>44.14</b> |
| Interest income                      | 44.18          | 43.08        |
| Commission & discounts               | 0.36           | 0.64         |
| Dividend income & misc.              | 0.00           | 0.08         |
| Other income                         | 0.26           | 0.34         |
| <b>Total : (A+B)</b>                 | <b>55.33</b>   | <b>53.50</b> |
| <b>C. Foreign exchange</b>           |                |              |
| <b>revaluation gain (loss)</b>       | <b>(38.48)</b> | <b>31.73</b> |
| Realised gain/(loss)                 | 2.20           | 5.44         |
| Unrealised gain/(loss)               | (40.68)        | 26.29        |
| <b>Total : (A+B+C)</b>               | <b>16.85</b>   | <b>85.23</b> |

**Chart 13.1**



financial assets increased by Taka 0.66 billion (1.50 percent) to Taka 44.80 billion in FY13 compared to Taka 44.14 billion in FY12. This was due to increase in income from Government securities and loans to banks, financial institutions and employees.

### Foreign Currency Revaluation Gain

13.5 During FY13, the Bank's faced a huge loss on foreign currency revaluation. The total loss was Taka 38.48 billion. This was due to Bangladeshi Taka became much stronger against the major foreign currencies held by the Bank. This revaluation loss was adjusted against the reserve kept for the purpose.

### Expenditure

13.6 Total expenditure of the Bank decreased by Taka 1.10 billion (7.38 percent) to Taka 13.81 billion in FY13 compared to Taka 14.91 billion in FY12. The decrease in expenditure was mainly due to decrease in administrative cost. The details of expenditure are shown in the Table 13.2.

### Financial Cost

13.7 Financial cost increased by Taka 0.64 billion (17.88 percent) to Taka 4.22 billion in FY13 compared to Taka 3.58 billion in FY12. This was mainly due to increase in payment of interest on Bangladesh Bank bill.

### Administrative Cost

13.8 Administrative cost decreased by Taka 1.74 billion (15.36 percent) to Taka 9.59 billion in FY13 compared to Taka 11.33 billion in FY12. The decrease was mainly due to decrease in staff cost and depreciation charged on property, plant & equipment of the Bank.

**Table 13.2 Bank's expenditure**

(billion Taka)

| Particulars                         | FY13         | FY12         |
|-------------------------------------|--------------|--------------|
| <b>A. Financial cost</b>            | <b>4.22</b>  | <b>3.58</b>  |
| Interest paid on deposit            | 0.15         | 0.12         |
| Interest paid on ACU                | 0.04         | 0.01         |
| Interest and commission paid to IMF | 0.08         | 0.22         |
| Agency charges                      | 2.41         | 2.88         |
| Interest paid on Reverse repo       | 0.03         | 0.02         |
| Interest paid on BB bill            | 1.12         | 0.00         |
| Under writing commission            | 0.31         | 0.24         |
| Others                              | 0.08         | 0.09         |
| <b>B. Administrative cost</b>       | <b>9.59</b>  | <b>11.33</b> |
| Staff cost                          | 3.45         | 6.95         |
| Note printing                       | 3.37         | 2.06         |
| Depreciation                        | 0.81         | 1.12         |
| Other related expenses              | 1.96         | 1.20         |
| <b>Total expenditure (A+B)</b>      | <b>13.81</b> | <b>14.91</b> |

### Operating Profit for the Year

13.9 Operating profit of the Bank (excluding foreign currency revaluation loss) increased by Taka 2.93 billion (7.59 percent) to Taka 41.52 billion in FY13 compared to Taka 38.59 billion in FY12.

### Other Comprehensive Income

13.10 During FY13, the Bank faced revaluation loss amounting to Taka 16.71 billion on gold and silver. This revaluation loss was taken into other comprehensive income and subsequently transferred to the reserve account. Revaluation loss arose due to decrease in value of gold and silver in the international market.

### Profit Appropriation

13.11 Out of the total profit 41.52 billion, an amount of Taka 0.80 billion were transferred to statutory funds, interest reserve account

and other funds. The remaining profit amount of Taka 40.72 billion was payable to Government. Out of this amount, Taka 0.05 billion was transferred to Bangladesh Bank Disaster Management and Social Responsibility Fund and Taka 4.37 billion was adjusted against dues from Government and the remaining amount of Taka 36.30 billion was transferred to the Govt. account, which is Taka 1.49 billion higher than Taka 34.81 billion of the previous year.

### **Combined Balance Sheet of Banking and Issue Department**

#### **Assets**

13.12 Foreign currency financial assets increased by Taka 339.16 billion (36.99 percent) to Taka 1255.94 billion in FY13 compared to Taka 916.78 billion in FY12 due to increase in foreign reserves.

13.13 Local currency financial assets decreased by Taka 182.87 billion (28.27 percent) to Taka 464.08 billion in FY13 compared to Taka 646.95 billion in FY12. This was mainly due to decrease in loans to Government (Taka 304.68 billion in FY13 and Taka 373.07 billion in FY12) and investment in repo.

13.14 Non financial assets of the Bank increased by Taka 1.12 billion to Taka 31.34 billion in FY13 from Taka 30.22 billion in FY12.

#### **Liabilities**

13.15 On the liabilities side, foreign currency financial liabilities decreased by Taka 22.78 billion (6.87 percent) to Taka 308.77 billion in FY13 from Taka 331.55 billion in FY12. This was due to decrease in liabilities with the IMF and decrease in

deposits from banks and financial institutions in the foreign currency clearing account.

13.16 Local currency financial liabilities increased by Taka 239.55 billion (23.49 percent) to Taka 1259.50 billion in FY13 compared to Taka 1019.95 billion in FY12 due to increase in Notes in circulation, short term borrowings and deposits from banks and financial institution in local currency.

#### **Notes in Circulation**

13.17 Notes in circulation increased by Taka 104.37 billion (16.26 percent) to Taka 746.38 billion in FY13 compared to Taka 642.01 billion in FY12. The liabilities for notes in circulation amounting to Taka 746.38 billion were backed by Gold and Silver of Taka 6.02 billion, foreign currencies Taka 550.00 billion, Government securities Taka 158.38 billion, Bangladesh coins Taka 0.34 billion and other domestic assets Taka 31.64 billion.

#### **Equity**

13.18 Total equity of the bank decreased by Taka 59.35 billion to Taka 183.09 billion in FY13 compared to the previous year of Taka 242.44 billion. The equity of the bank is enumerated below:

- i. Capital of the bank remained unchanged at Taka 0.03 billion;
- ii. Retained earnings increased by Taka 3.99 billion to Taka 40.73 billion in FY13 compared to Taka 36.74 billion in FY12;
- iii. Revaluation reserve decreased by Taka 66.34 billion to Taka 73.56 billion in FY13 compared to Taka 139.90 billion in FY12;
- iv. Currency fluctuation reserve increased by Taka 2.20 billion to Taka 24.76 billion in

FY13 compared to Taka 22.56 billion in FY12;

- v. Balance of statutory fund increased by Taka 0.55 billion to Taka 14.47 billion in FY13 compared to Taka 13.92 billion in FY12;
- vi. Non statutory fund decreased to Taka 14.23 billion from Taka 14.27 billion;
- vii. Other reserves increased to Taka 11.06 billion from Taka 10.78 billion; and
- viii. General reserve remained unchanged at Taka 4.25 billion.

### **Foreign Currency Reserve**

13.19 Foreign currency reserve increased by Taka 154.81 billion (14.94 percent) to Taka 1190.90 billion in FY13 compared to Taka 1036.09 billion in FY12.

### **Auditors**

13.21 The financial statements of Bangladesh Bank for the FY13 were audited as per International Standards on Auditing (ISA) by KPMG Lower Gulf Limited, Dubai & KPMG Rahman Rahman Huq, Bangladesh, Chartered Accountants.

# **BANGLADESH BANK**

AUDITED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2013

## **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 of Bangladesh Bank ("the Bank") and its subsidiaries ("the Group"), which comprise the separate and consolidated statements of financial position as at 30 June 2013, the separate and consolidated statements of 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 (together referred to as "financial statements").

### **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.

### **Auditors' 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 2013, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Other matter**

Without qualifying our opinion, we draw attention to the fact that the corresponding figures presented, excluding the adjustments described in Note 2.06 to the financial statements, are based on the financial statements as at and for the year ended 30 June 2012, which were audited by other auditors who expressed an unmodified opinion on those statements on 28 August 2012. As part of our audit of the 2013 financial statements, we also audited the adjustments described in Note 2.06 that were applied to amend the 2012 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2012 financial statements of the Bank or Group other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2012 financial statements taken as a whole.

**KPMG Lower Gulf Limited**

Chartered Accountants, Dubai

**Rahman Rahman Huq**

Chartered Accountants, Bangladesh

25 August 2013

**Bangladesh Bank**  
**Consolidated Statement of Financial Position as at 30 June 2013**

| Assets  | Notes | 2013<br>Taka '000    | Restated<br>2012<br>Taka '000 |
|---|-------|----------------------|-------------------------------|
| <b>Foreign currency financial assets</b>                            |       |                      |                               |
| Foreign currency accounts   | 4     | 400,668,902          | 249,373,468                   |
| Foreign investments   | 5     | 619,498,073          | 444,691,920                   |
| Assets held with International Monetary Fund                        | 6     | 129,535,058          | 121,652,558                   |
| Gold and silver   | 7     | 30,888,999           | 43,237,047                    |
| Claims from gold transactions                                       |       | 9,888,170            | 14,005,843                    |
| Foreign currency loans to banks                                     | 8     | 62,201,818           | 40,823,997                    |
| Other foreign currency financial assets                             | 9     | 3,257,453            | 2,991,004                     |
| <b>Total foreign currency financial assets</b>                      |       | <b>1,255,938,473</b> | <b>916,775,837</b>            |
| <b>Local currency financial assets</b>                              |       |                      |                               |
| Taka coin and cash balances   | 10    | 912,143              | 924,638                       |
| Reverse repurchase agreement  | 11    | 32,690,170           | 153,769,820                   |
| Loans to the Government of Bangladesh                               | 12    | 304,676,986          | 373,067,868                   |
| Local currency investments  | 13    | 8,221,755            | 7,664,638                     |
| Local currency loans to banks, financial institutions and employees | 14    | 118,056,512          | 111,634,940                   |
| Other local currency financial assets                               | 15    | 2,337,873            | 1,752,385                     |
| <b>Total local currency financial assets</b>                        |       | <b>466,895,439</b>   | <b>648,814,289</b>            |
| <b>Total financial assets</b>                                       |       | <b>1,722,833,912</b> | <b>1,565,590,126</b>          |
| <b>Non-financial assets</b>   |       |                      |                               |
| Property, plant and equipment                                       | 16    | 29,240,605           | 28,687,383                    |
| Intangible assets   | 17    | 911,915              | 838,617                       |
| Other non-financial assets  | 18    | 6,643,867            | 6,369,464                     |
| <b>Total non-financial assets</b>                                   |       | <b>36,796,387</b>    | <b>35,895,464</b>             |
| <b>Total assets</b>   |       | <b>1,759,630,299</b> | <b>1,601,485,590</b>          |
| <b>Liabilities &amp; Equity</b>                                     |       |                      |                               |
| <b>Liabilities</b>  |       |                      |                               |
| <b>Foreign currency financial liabilities</b>                       |       |                      |                               |
| Foreign currency deposits from banks and financial institutions     | 19    | 140,040,206          | 157,626,977                   |
| Liabilities with International Monetary Fund                        | 6     | 168,729,820          | 173,921,133                   |
| <b>Total foreign currency financial liabilities</b>                 |       | <b>308,770,026</b>   | <b>331,548,110</b>            |
| <b>Local currency financial liabilities</b>                         |       |                      |                               |
| Notes in circulation  | 20    | 746,382,617          | 642,007,492                   |
| Short term borrowings   | 21    | 49,830,996           | -                             |
| Local currency deposits from banks and financial institutions       | 22    | 371,149,908          | 329,012,080                   |
| Other local currency financial liabilities                          | 23    | 92,953,477           | 49,907,382                    |
| <b>Total local currency financial liabilities</b>                   |       | <b>1,260,316,998</b> | <b>1,020,926,954</b>          |
| <b>Total liabilities</b>  |       | <b>1,569,087,024</b> | <b>1,352,475,064</b>          |
| <b>Equity</b>   |       |                      |                               |
| Capital   | 24    | 30,000               | 30,000                        |
| Retained earnings   | 31    | 46,493,169           | 41,710,052                    |
| Revaluation reserve   | 25    | 74,903,095           | 141,248,857                   |
| Currency fluctuation reserve  | 26    | 24,759,279           | 22,562,352                    |
| Statutory funds   | 27    | 14,467,046           | 13,917,046                    |
| Non statutory funds   | 28    | 14,226,290           | 14,266,067                    |
| Other reserve   | 29    | 11,063,896           | 10,775,652                    |
| General reserve   | 30    | 4,600,500            | 4,500,500                     |
| <b>Total equity</b>   |       | <b>190,543,275</b>   | <b>249,010,526</b>            |
| <b>Total liabilities and equity</b>                                 |       | <b>1,759,630,299</b> | <b>1,601,485,590</b>          |

The accompanying notes from 1 to 54 form an integral part of these financial statements.

A. K. M. Rahmat Ullah  
General Manager  
Accounts & Budgeting Department

Abu Hena Mohd. Razee Hassan  
Deputy Governor

Dr. Atiur Rahman  
Governor



**Bangladesh Bank**  
**Separate Statement of Financial Position as at 30 June 2013**

| Assets  | Notes | 2013<br>Taka '000    | Restated<br>2012<br>Taka '000 |
|---|-------|----------------------|-------------------------------|
| <b>Foreign currency financial assets</b>                            |       |                      |                               |
| Foreign currency accounts   | 4     | 400,668,902          | 249,373,468                   |
| Foreign investments   | 5     | 619,498,073          | 444,691,920                   |
| Assets held with International Monetary Fund                        | 6     | 129,535,058          | 121,652,558                   |
| Gold and silver   | 7     | 30,888,999           | 43,237,047                    |
| Claims from gold transactions                                       |       | 9,888,170            | 14,005,843                    |
| Foreign currency loans to banks                                     | 8     | 62,201,818           | 40,823,997                    |
| Other foreign currency financial assets                             | 9     | 3,257,453            | 2,991,004                     |
| <b>Total foreign currency financial assets</b>                      |       | <b>1,255,938,473</b> | <b>916,775,837</b>            |
| <b>Local currency financial assets</b>                              |       |                      |                               |
| Taka coin and cash balances   | 10.01 | 387,106              | 459,960                       |
| Reverse repurchase agreement  | 11    | 32,690,170           | 153,769,820                   |
| Loans to the Government of Bangladesh                               | 12    | 304,676,986          | 373,067,868                   |
| Local currency investments  | 13.01 | 7,040,000            | 7,073,333                     |
| Local currency loans to banks, financial institutions and employees | 14.01 | 117,087,464          | 110,907,171                   |
| Other local currency financial assets                               | 15.01 | 2,199,827            | 1,674,198                     |
| <b>Total local currency financial assets</b>                        |       | <b>464,081,553</b>   | <b>646,952,350</b>            |
| <b>Total financial assets</b>                                       |       | <b>1,720,020,026</b> | <b>1,563,728,187</b>          |
| <b>Non-financial assets</b>   |       |                      |                               |
| Property, plant and equipment                                       | 16.01 | 26,192,222           | 25,596,604                    |
| Intangible assets   | 17    | 911,915              | 838,617                       |
| Other non-financial assets  | 18.01 | 4,232,592            | 3,781,855                     |
| <b>Total non-financial assets</b>                                   |       | <b>31,336,729</b>    | <b>30,217,076</b>             |
| <b>Total assets</b>   |       | <b>1,751,356,755</b> | <b>1,593,945,263</b>          |
| <b>Liabilities &amp; Equity</b>                                     |       |                      |                               |
| <b>Liabilities</b>  |       |                      |                               |
| <b>Foreign currency financial liabilities</b>                       |       |                      |                               |
| Deposits from banks and financial institutions                      | 19    | 140,040,206          | 157,626,977                   |
| Liabilities with International Monetary Fund                        | 6     | 168,729,820          | 173,921,133                   |
| <b>Total foreign currency financial liabilities</b>                 |       | <b>308,770,026</b>   | <b>331,548,110</b>            |
| <b>Local currency financial liabilities</b>                         |       |                      |                               |
| Notes in circulation  | 20    | 746,382,617          | 642,007,492                   |
| Short term borrowings   | 21    | 49,830,996           | -                             |
| Deposits from banks and financial institutions                      | 22    | 371,149,908          | 329,012,080                   |
| Other local currency financial liabilities                          | 23.01 | 92,137,645           | 48,932,585                    |
| <b>Total local currency financial liabilities</b>                   |       | <b>1,259,501,166</b> | <b>1,019,952,157</b>          |
| <b>Total liabilities</b>  |       | <b>1,568,271,192</b> | <b>1,351,500,267</b>          |
| <b>Equity</b>   |       |                      |                               |
| Capital   | 24    | 30,000               | 30,000                        |
| Retained earnings   | 31.01 | 40,733,254           | 36,742,319                    |
| Revaluation reserve   | 25.01 | 73,555,298           | 139,901,060                   |
| Currency fluctuation reserve  | 26    | 24,759,279           | 22,562,352                    |
| Statutory funds   | 27    | 14,467,046           | 13,917,046                    |
| Non statutory funds   | 28    | 14,226,290           | 14,266,067                    |
| Other reserve   | 29    | 11,063,896           | 10,775,652                    |
| General reserve   | 30.01 | 4,250,500            | 4,250,500                     |
| <b>Total equity</b>   |       | <b>183,085,563</b>   | <b>242,444,996</b>            |
| <b>Total liabilities and equity</b>                                 |       | <b>1,751,356,755</b> | <b>1,593,945,263</b>          |

The accompanying notes from 1 to 54 form an integral part of these financial statements.

A. K. M. Rahmat Ullah  
General Manager  
Accounts & Budgeting Department

Abu Hena Mohd. Razee Hassan  
Deputy Governor

Dr. Atiur Rahman  
Governor

**Bangladesh Bank**  
**Consolidated Statement of Comprehensive Income**  
For the year ended 30 June 2013

| Income  | Notes | 2013<br>Taka '000   | Restated<br>2012<br>Taka '000 |
|---|-------|---------------------|-------------------------------|
| <b>Income on foreign currency financial assets</b>  |       |                     |                               |
| Interest income on foreign currency financial assets  | 32    | 10,851,622          | 10,804,624                    |
| Commission and discounts on foreign currency financial assets                                 | 33    | 132,160             | 114,344                       |
| Revaluation (loss) on foreign currency financial assets at fair value through profit and loss |       | (453,441)           | (1,553,018)                   |
| <b>Total income on foreign currency financial assets</b>                                      |       | <b>10,530,341</b>   | <b>9,365,950</b>              |
| <b>Income on local currency financial assets</b>  |       |                     |                               |
| Interest income on local currency financial assets  | 35    | 44,424,947          | 43,253,307                    |
| Commission and discounts on local currency financial assets                                   | 36    | 360,455             | 639,863                       |
| Sales to other parties by subsidiary  |       | 2,232,875           | 2,045,557                     |
| Other income on local currency financial assets   |       | 285,616             | 345,875                       |
| <b>Total income on local currency financial assets</b>  |       | <b>47,303,893</b>   | <b>46,284,602</b>             |
| Realised foreign exchange revaluation gain  |       | 2,196,927           | 5,438,042                     |
| Unrealised foreign exchange revaluation (loss)/gain   |       | (40,676,687)        | 26,293,034                    |
| <b>Total income</b>   |       | <b>19,354,474</b>   | <b>87,381,628</b>             |
| <b>Expenses</b>   |       |                     |                               |
| <b>Expenses on foreign currency financial liabilities</b>                                     |       |                     |                               |
| Interest expense on foreign currency financial liabilities                                    | 34    | (290,541)           | (370,748)                     |
| Commission and other expenses on foreign currency financial liabilities                       |       | (61,334)            | (78,806)                      |
| <b>Total expenses on foreign currency financial liabilities</b>                               |       | <b>(351,875)</b>    | <b>(449,554)</b>              |
| <b>Expenses on local currency financial liabilities</b>                                       |       |                     |                               |
| Interest expense on local currency financial liabilities                                      | 37    | (1,148,070)         | (16,193)                      |
| Commission and other expenses on local currency financial liabilities                         | 38    | (2,723,926)         | (3,117,705)                   |
| <b>Total expenses on local currency financial liabilities</b>                                 |       | <b>(3,871,996)</b>  | <b>(3,133,898)</b>            |
| <b>Other expenses</b>   |       |                     |                               |
| General and administrative expenses   | 39    | (11,194,373)        | (12,719,088)                  |
| <b>Total other expenses</b>   |       | <b>(11,194,373)</b> | <b>(12,719,088)</b>           |
| <b>Total expenses</b>   |       | <b>(15,418,244)</b> | <b>(16,302,540)</b>           |
| <b>Profit for the year</b>  |       | <b>3,936,230</b>    | <b>71,079,088</b>             |
| <b>Items that may be subsequently reclassified to profit or loss</b>                          |       |                     |                               |
| <b>Other comprehensive income</b>   |       |                     |                               |
| Gold revaluation (loss)/gain  |       | (16,574,604)        | 8,271,574                     |
| Silver revaluation loss   |       | (136,807)           | (49,875)                      |
| <b>Total other comprehensive (loss)/income</b>  |       | <b>(16,711,411)</b> | <b>8,221,699</b>              |
| <b>Total comprehensive (loss)/income for the year</b>   |       | <b>(12,775,181)</b> | <b>79,300,787</b>             |

The accompanying notes from 1 to 54 form an integral part of these financial statements.

A. K. M. Rahmat Ullah  
General Manager  
Accounts & Budgeting Department

Abu Hena Mohd. Razee Hassan  
Deputy Governor

Dr. Atiur Rahman  
Governor

**Bangladesh Bank**  
**Separate Statement of Comprehensive Income**  
For the year ended 30 June 2013

| Income  | Notes | 2013<br>Taka '000   | Restated<br>2012<br>Taka '000 |
|---|-------|---------------------|-------------------------------|
| <b>Income on foreign currency financial assets</b>  |       |                     |                               |
| Interest income on foreign currency financial assets  | 32    | 10,851,622          | 10,804,624                    |
| Commission and discounts on foreign currency financial assets                                 | 33    | 132,160             | 114,344                       |
| Revaluation (loss) on foreign currency financial assets at fair value through profit and loss |       | (453,441)           | (1,553,018)                   |
| <b>Total income on foreign currency financial assets</b>                                      |       | <b>10,530,341</b>   | <b>9,365,950</b>              |
| <b>Income on local currency financial assets</b>  |       |                     |                               |
| Interest income on local currency financial assets  | 35.01 | 44,180,442          | 43,076,817                    |
| Commission and discounts on local currency financial assets                                   | 36    | 360,455             | 639,863                       |
| Dividend income   | 13.02 | -                   | 75,000                        |
| Other income on local currency financial assets   |       | 261,938             | 338,740                       |
| <b>Total income on local currency financial assets</b>  |       | <b>44,802,835</b>   | <b>44,130,420</b>             |
| Realised foreign exchange revaluation gain  |       | 2,196,927           | 5,438,042                     |
| Unrealised foreign exchange revaluation (loss)/gain   |       | (40,676,687)        | 26,293,034                    |
| <b>Total income</b>   |       | <b>16,853,416</b>   | <b>85,227,446</b>             |
| <b>Expenses</b>   |       |                     |                               |
| <b>Expenses on foreign currency financial liabilities</b>                                     |       |                     |                               |
| Interest expense on foreign currency financial liabilities                                    | 34    | (290,541)           | (370,748)                     |
| Commission and other expenses on foreign currency financial liabilities                       |       | (61,334)            | (78,806)                      |
| <b>Total expenses on foreign currency financial liabilities</b>                               |       | <b>(351,875)</b>    | <b>(449,554)</b>              |
| <b>Expenses on local currency financial liabilities</b>                                       |       |                     |                               |
| Interest expense on local currency financial liabilities                                      | 37    | (1,148,070)         | (16,193)                      |
| Commission and other expenses on local currency financial liabilities                         | 38    | (2,723,926)         | (3,117,705)                   |
| <b>Total expenses on local currency financial liabilities</b>                                 |       | <b>(3,871,996)</b>  | <b>(3,133,898)</b>            |
| <b>Other expenses</b>   |       |                     |                               |
| Note printing expenses  |       | (3,369,886)         | (2,059,424)                   |
| General and administrative expenses   | 40    | (6,215,608)         | (9,267,102)                   |
| <b>Total other expenses</b>   |       | <b>(9,585,494)</b>  | <b>(11,326,526)</b>           |
| <b>Total expenses</b>   |       | <b>(13,809,365)</b> | <b>(14,909,978)</b>           |
| <b>Profit for the year</b>  |       | <b>3,044,051</b>    | <b>70,317,468</b>             |
| <b>Items that may be subsequently reclassified to profit or loss</b>                          |       |                     |                               |
| <b>Other comprehensive income</b>   |       |                     |                               |
| Gold revaluation (loss)/gain  |       | (16,574,604)        | 8,271,574                     |
| Silver revaluation loss   |       | (136,807)           | (49,875)                      |
| <b>Total other comprehensive (loss)/income</b>  |       | <b>(16,711,411)</b> | <b>8,221,699</b>              |
| <b>Total comprehensive (loss)/income for the year</b>   |       | <b>(13,667,360)</b> | <b>78,539,167</b>             |

The accompanying notes from 1 to 54 form an integral part of these financial statements.

A. K. M. Rahmat Ullah  
General Manager  
Accounts & Budgeting Department

Abu Hena Mohd. Razee Hassan  
Deputy Governor

Dr. Atiur Rahman  
Governor

**Bangladesh Bank**  
**Consolidated Statement of Changes in Equity**  
For the year ended 30 June 2013

Taka '000

| Particulars                             | Capital       | Revaluation reserve |                           |                             | Currency fluctuation reserve | Statutory fund | Non-statutory funds | Asset renewal & replacement reserve | Interest reserve | General reserve | Retained earnings | Total        |
|---|---------------|---------------------|---------------------------|-----------------------------|------------------------------|----------------|---------------------|-------------------------------------|------------------|-----------------|-------------------|--------------|
|   |               | Gold and silver     | Foreign currency accounts | Property, plant & equipment |                              |                |                     |                                     |                  |                 |                   |              |
| <b>Balance as at 1 July 2011</b>        | <b>30,000</b> | 19,919,424          | 63,257,815                | 23,504,151                  | 17,124,309                   | 13,367,046     | 13,570,000          | 1,873,940                           | 7,581,628        | 4,450,500       | 4,256,114         | 168,934,927  |
| Transferred to general reserve          | -             | -                   | -                         | -                           | -                            | -              | -                   | -                                   | -                | 50,000          | (50,000)          | -            |
| Transfer to other funds                 | -             | -                   | -                         | -                           | -                            | -              | 696,067             | -                                   | -                | -               | -                 | 696,067      |
| Total comprehensive income for the year | -             | 8,221,699           | -                         | -                           | -                            | -              | -                   | -                                   | -                | -               | 71,079,088        | 79,300,787   |
| Appropriation of profit to other funds  | -             | -                   | 26,293,033                | -                           | 5,438,043                    | 550,000        | -                   | 617,374                             | 676,700          | -               | (33,575,150)      | -            |
| Adjustment against revaluation          | -             | -                   | -                         | 52,735                      | -                            | -              | -                   | 26,010                              | -                | -               | -                 | 78,745       |
| <b>Balance as at 30 June 2012</b>       | <b>30,000</b> | 28,141,123          | 89,550,848                | 23,556,886                  | 22,562,352                   | 13,917,046     | 14,266,067          | 2,517,324                           | 8,258,328        | 4,500,500       | 41,710,052        | 249,010,526  |
| Dividend payable for 2011-2012          | -             | -                   | -                         | -                           | -                            | -              | -                   | -                                   | -                | -               | (36,742,319)      | (36,742,319) |
| Transfer to other funds                 | -             | -                   | -                         | -                           | -                            | -              | -                   | -                                   | -                | 100,000         | (100,000)         | -            |
| Total comprehensive income for the year | -             | (16,711,413)        | (40,676,687)              | -                           | -                            | -              | -                   | -                                   | -                | -               | 44,612,919        | (12,775,181) |
| Appropriation of profit to other funds  | -             | -                   | -                         | -                           | 2,196,927                    | 550,000        | -                   | 191,506                             | 62,100           | -               | (3,000,533)       | -            |
| Adjustment against revaluation          | -             | -                   | (8,922,619)               | (35,043)                    | -                            | -              | (39,777)            | 34,638                              | -                | -               | 13,050            | (8,949,751)  |
| <b>Balance as at 30 June 2013</b>       | <b>30,000</b> | 11,429,710          | 39,951,542                | 23,521,843                  | 24,759,279                   | 14,467,046     | 14,226,290          | 2,743,468                           | 8,320,428        | 4,600,500       | 46,493,169        | 190,543,275  |

Previous year's figures have been restated, where necessary.

**Bangladesh Bank**  
**Separate Statement of Changes in Equity**  
For the year ended 30 June 2013

Taka '000

| Particulars                             | Capital       | Revaluation reserve |                           |                             | Currency fluctuation reserve | Statutory fund | Non-statutory funds | Asset renewal & replacement reserve | Interest reserve | General reserve | Retained earnings | Total        |
|---|---------------|---------------------|---------------------------|-----------------------------|------------------------------|----------------|---------------------|-------------------------------------|------------------|-----------------|-------------------|--------------|
|   |               | Gold and silver     | Foreign currency accounts | Property, plant & equipment |                              |                |                     |                                     |                  |                 |                   |              |
| <b>Balance as at 1 July 2011</b>        | <b>30,000</b> | 19,919,424          | 63,257,814                | 22,156,354                  | 17,124,310                   | 13,367,046     | 13,570,000          | 1,873,941                           | 7,581,628        | 4,250,500       | -                 | 163,131,017  |
| Transfer to other funds                 | -             | -                   | -                         | -                           | -                            | -              | 696,067             | -                                   | -                | -               | -                 | 696,067      |
| Total comprehensive income for the year | -             | 8,221,699           | -                         | -                           | -                            | -              | -                   | -                                   | -                | -               | 70,317,468        | 78,539,167   |
| Appropriation of profit to other funds  | -             | -                   | 26,293,034                | -                           | 5,438,042                    | 550,000        | -                   | 617,373                             | 676,700          | -               | (33,575,149)      | -            |
| Adjustment against revaluation          | -             | -                   | -                         | 52,735                      | -                            | -              | -                   | 26,010                              | -                | -               | -                 | 78,745       |
| <b>Balance as at 30 June 2012</b>       | <b>30,000</b> | 28,141,123          | 89,550,848                | 22,209,089                  | 22,562,352                   | 13,917,046     | 14,266,067          | 2,517,324                           | 8,258,328        | 4,250,500       | 36,742,319        | 242,444,996  |
| Dividend paid                           | -             | -                   | -                         | -                           | -                            | -              | -                   | -                                   | -                | -               | (36,742,319)      | (36,742,319) |
| Total comprehensive income for the year | -             | (16,711,413)        | (40,676,687)              | -                           | -                            | -              | -                   | -                                   | -                | -               | 43,720,740        | (13,667,360) |
| Appropriation of profit to other funds  | -             | -                   | -                         | -                           | 2,196,927                    | 550,000        | -                   | 191,506                             | 62,100           | -               | (3,000,533)       | -            |
| Adjustment against revaluation          | -             | -                   | (8,922,619)               | (35,043)                    | -                            | -              | (39,777)            | 34,638                              | -                | -               | 13,047            | (8,949,754)  |
| <b>Balance as at 30 June 2013</b>       | <b>30,000</b> | 11,429,710          | 39,951,542                | 22,174,046                  | 24,759,279                   | 14,467,046     | 14,226,290          | 2,743,468                           | 8,320,428        | 4,250,500       | 40,733,254        | 183,085,563  |

Previous year's figures have been restated, where necessary.

| <b>Bangladesh Bank</b>  |                      |                    |
|---|----------------------|--------------------|
| <b>Consolidated Cash Flow Statement</b>                         |                      |                    |
| For the year ended 30 June 2013                                 |                      |                    |
|   | <b>2013</b>          | <b>Restated</b>    |
|   | <b>Taka '000</b>     | <b>2012</b>        |
|   | <b>Taka '000</b>     | <b>Taka '000</b>   |
| <b>A) Cash flows from operating activities</b>                  |                      |                    |
| Interest received   | 42,000,220           | 38,764,862         |
| Interest paid   | (1,438,611)          | (386,941)          |
| Received from customer  | 2,232,875            | 2,045,557          |
| Fees, commission and other income received                      | 743,185              | 1,152,819          |
| Commission and discounts paid                                   | (2,785,260)          | (3,196,512)        |
| Payments to employees and suppliers                             | (10,720,582)         | (11,903,558)       |
| Funds advanced to banks and employees                           | (6,228,494)          | (10,173,190)       |
| Change in other assets  | (384,785)            | (847,973)          |
| Currency issued   | 104,375,125          | 42,849,762         |
| Change in other liabilities                                     | 34,131,386           | 17,779,705         |
| <b>Net cash inflow from operating activities</b>                | <b>161,925,059</b>   | <b>76,084,531</b>  |
| <b>Cash flows from investments activities</b>                   |                      |                    |
| Investment income received                                      | 11,640,693           | 12,805,400         |
| Change in foreign treasury bills and bonds                      | (106,069,294)        | 8,973,908          |
| Change in other investments                                     | (21,716,624)         | 20,669,242         |
| Change in Government securities                                 | 68,390,882           | (59,538,075)       |
| Change in foreign currency investment                           | (38,479,760)         | 31,731,076         |
| Change in investments in debenture                              | 33,333               | 103,334            |
| Additions of property, plant & equipment                        | (1,350,063)          | (1,440,178)        |
| Settlement of liabilities with IMF                              | (13,073,812)         | (4,967,305)        |
|   | <b>(100,624,645)</b> | <b>8,337,402</b>   |
| <b>B) Cash flows from financing activities</b>                  |                      |                    |
| Remittance to Government of Bangladesh                          | (36,742,319)         | (16,645,621)       |
| <b>Net increase in cash and cash equivalents</b>                | <b>24,558,095</b>    | <b>67,776,312</b>  |
| Opening cash & cash equivalents                                 | 209,802,531          | 142,026,219        |
| <b>Closing cash &amp; cash equivalents</b>                      | <b>234,360,626</b>   | <b>209,802,531</b> |
| <b>C) Cash and cash equivalents include</b>                     |                      |                    |
| Foreign currency accounts                                       | 400,668,902          | 249,373,468        |
| Foreign investments (maturing in three months or less)          | 361,110,521          | 292,373,662        |
| Taka coin and cash balances                                     | 912,143              | 924,638            |
| Reverse repurchase agreement                                    | 32,690,170           | 153,769,820        |
| Foreign currency deposits from banks and financial institutions | (140,040,206)        | (157,626,977)      |
| Short term borrowings   | (49,830,996)         | -                  |
| Deposits from banks and financial institutions                  | (371,149,908)        | (329,012,080)      |
|   | <b>234,360,626</b>   | <b>209,802,531</b> |

| <b>Bangladesh Bank</b>  |                     |                               |
|---|---------------------|-------------------------------|
| <b>Cash Flow Statement</b>                                      |                     |                               |
| For the year ended 30 June 2013                                 |                     |                               |
|   | 2013<br>Taka '000   | Restated<br>2012<br>Taka '000 |
| <b>A) Cash flows from operating activities</b>                  |                     |                               |
| Interest received   | 41,815,572          | 38,628,203                    |
| Interest paid   | (1,438,611)         | (386,941)                     |
| Fees, commission and other income received                      | 719,507             | 1,145,685                     |
| Commission and discounts paid                                   | (2,785,260)         | (3,196,512)                   |
| Payments to employees and suppliers                             | (9,238,128)         | (10,676,831)                  |
| Funds advanced to banks and employees                           | (5,987,215)         | (9,915,284)                   |
| Change in other assets  | (561,119)           | (778,175)                     |
| Currency issued   | 104,375,125         | 42,849,762                    |
| Change in other liabilities                                     | 34,290,350          | 18,199,425                    |
| <b>Net cash inflow from operating activities</b>                | <b>161,190,221</b>  | <b>75,869,332</b>             |
| <b>Cash flows from investments activities</b>                   |                     |                               |
| Dividends received  | -                   | 75,000                        |
| Investment income received                                      | 11,640,693          | 12,805,400                    |
| Change in foreign treasury bills and bonds                      | (106,069,293)       | 8,973,908                     |
| Change in other investments                                     | (21,126,174)        | 20,609,125                    |
| Change in Government securities                                 | 68,390,882          | (59,538,075)                  |
| Change in foreign currency investment                           | (38,479,760)        | 31,731,076                    |
| Change in investments in debenture                              | 33,333              | 103,334                       |
| Additions of property, plant & equipment                        | (1,266,035)         | (1,427,977)                   |
| Settlement of liabilities with IMF                              | (13,073,812)        | (4,967,305)                   |
|   | <b>(99,950,166)</b> | <b>8,364,486</b>              |
| <b>B) Cash flows from financing activities</b>                  |                     |                               |
| Remittance to Government of Bangladesh                          | (36,742,319)        | (16,645,621)                  |
| <b>Net increase in cash and cash equivalents</b>                | <b>24,497,736</b>   | <b>67,588,197</b>             |
| Opening cash & cash equivalents                                 | 209,337,853         | 141,749,656                   |
| <b>Closing cash &amp; cash equivalents</b>                      | <b>233,835,589</b>  | <b>209,337,853</b>            |
| <b>C) Cash and cash equivalents include</b>                     |                     |                               |
| Foreign currency accounts                                       | 400,668,902         | 249,373,468                   |
| Foreign investments (maturing in three months or less)          | 361,110,521         | 292,373,662                   |
| Taka coin and cash balances                                     | 387,106             | 459,960                       |
| Reverse repurchase agreement                                    | 32,690,170          | 153,769,820                   |
| Foreign currency deposits from banks and financial institutions | (140,040,206)       | (157,626,977)                 |
| Short term borrowings   | (49,830,996)        | -                             |
| Deposits from banks and financial institutions                  | (371,149,908)       | (329,012,080)                 |
|   | <b>233,835,589</b>  | <b>209,337,853</b>            |

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

### **As at and for the year ended 30 June 2013**

#### **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 and is domiciled in Bangladesh. The head office of the Bank is situated at Motijheel Commercial Area, Dhaka.

The Bank's activities mainly include formulating and implementing monetary policy and the system of credit of Bangladesh with a view to stabilizing domestic monetary value and maintaining a competitive external value of the Bangladesh Taka in the interest of fostering growth and development of the country's productive resources in the best national interest, acting as an agent of the Government of Bangladesh, to promote, regulate and ensure a secure and efficient payment system including issuance of currency, holding and management of the official foreign reserves of Bangladesh and 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 its objectives and perform its functions, and to regulate and supervise banking companies and non-banking financial institutions.

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

#### **2 Basis of preparation**

##### **2.01 Statement of compliance**

The consolidated and separate financial statements ("financial statements") of the Bank and its fully owned subsidiary (together referred to as the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

##### **2.02 Basis of measurement**

The financial statements are prepared on a historical cost basis except for the following material items in the Separate and Consolidated Statement of Financial Position ("Statement of Financial Position"):

- Gold and silver and claims from gold transactions are measured at fair value.
- Property, plant and equipment are revalued every five years.
- The liability for the defined benefit obligation is recognised as the present value of the defined benefit obligation.
- Foreign investments are measured at fair value.



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

### **As at and for the year ended 30 June 2013**

#### **2.03 Functional and presentation currency**

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

#### **2.04 Relationship between issue department & banking department**

As per the Bangladesh Bank Order, 1972 the 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. 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.

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

The preparation of 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 going concern 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 the prior period presented in which the error occurred. Hence the following corrections of errors were made to the comparative information in the Statement of Financial Position:

- Derecognition of assets and liability towards Japan Debt Relief Grant.
- Reclassification of non-financial assets and liabilities to financial assets and liabilities.
- Work-in-progress was reclassified to property, plant and equipment and Intangibles as applicable.

The aggregate impact of this is a reduction in statement of financial position by Taka 1,132,448 (2012: 1,481,036) in addition to material changes in presentation on the primary statements. Given the impracticability of determining the period-specific effects of the above errors, only the prior period comparatives have been restated.

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

### **As at and for the year ended 30 June 2013**

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently except policy notes 3.13(e), (f) and 3.25 to all periods presented in these financial statements by Group entities. Certain comparative amounts have been reclassified to conform with the current year's presentation.

#### **3.01 Basis of consolidation**

##### *(a) Subsidiary*

Subsidiary is an enterprise controlled by the parent entity. Control exists when the parent entity has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Security Printing Corporation (Bangladesh) Ltd. is the wholly owned subsidiary of Bangladesh Bank. It is responsible for supplying Bangladesh Bank with currency notes. The subsidiary sells these notes to Bangladesh Bank at a pre-specified mark-up agreed beforehand between parent and subsidiary. Security Printing Corporation (Bangladesh) Ltd. also sells some other security products to other parties.

##### *(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 equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. 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**

Transactions in foreign currencies are translated to Taka at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Taka at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Taka at foreign exchange rates ruling at the dates the fair values were determined and exchange difference are recognised in other comprehensive income.

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

### **As at and for the year ended 30 June 2013**

#### **3.03 Financial assets and liabilities**

Financial assets comprise foreign currency accounts, foreign investments, assets held with International Monetary Fund, gold and silver, claims on gold transactions, foreign currency loans to banks, other foreign currency financial assets, taka coin and cash balances, reverse repurchase agreements, 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, liabilities with International Monetary Fund, notes in circulation, short term borrowings, deposits from banks and financial institutions 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 way 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 party to the contractual provision of the instruments. Financial assets and liabilities are initially measured at fair value.

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

The classification of financial assets and liabilities for purposes of measurement subsequent to initial recognition in accordance with IAS 39 are made in the following manner:

##### **(1) Financial assets at fair value through profit or loss (held for trading assets)**

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

- a) classified as held for trading; or
- b) 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:

- (i) they are acquired or incurred principally for the purpose of selling or purchasing them in the near term;
- (ii) 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
- (iii) they are derivatives (except for derivatives that are financial guarantee contracts or designated and effective hedging instruments).

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

### **As at and for the year ended 30 June 2013**

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

- (i) the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- (ii) the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- (iii) the assets or liabilities contains an embedded derivative that significantly modifies the cash flow that would otherwise be required under the contract.

Foreign bonds are classified as financial assets at fair value through profit or loss.

#### (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 hold to maturity other than:

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

A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available for sale, and would prevent the Group from classifying investment securities as held to maturity for the 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 reclassifications after the Group has collected substantially all of the asset's original principal; and
- sales or reclassifications 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, USD and Euro Treasury bills, and investment in debentures are classified as held to maturity investments.

#### (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:

- a) those that the Group intends to sell immediately or in near term, which are classified

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

### **As at and for the year ended 30 June 2013**

as held for trading, and those that the Group has, upon initial recognition, designated as at fair value through profit or loss;

b) those that the Group has, upon initial recognition, designated as available for sale; or

c) 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 advances are initially measured at fair value plus incremental direct transaction costs, 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, loans and advances to Government of Bangladesh, reverse repurchase agreements, and local currency loans to banks, financial institutions and employees and other local currency financial assets are classified as loans and receivables.

#### (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 and claims on gold transactions, shares of Security Printing Corporation (Bangladesh) Ltd. (SPCL) are classified as available-for-sale financial assets. Swift shares and SPCL shares are measured at cost as there is no quoted market price for these shares and their fair value cannot be reliably measured.

#### (5) Other Financial liabilities at fair value through profit or loss

Foreign liabilities are classified as financial liabilities at fair value through profit or loss are measured at fair value at each reporting date.

#### (6) 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*

The amortised 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 amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

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

### **As at and for the year ended 30 June 2013**

The effective interest method is a method of calculating the amortised costs of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

*(d) Fair value measurement principles*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted price are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis.

*(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 statement of comprehensive income and subsequently transferred to equity. When the financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in equity is transferred to the statement of comprehensive income. 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 comprehensive income. Where as loans and receivables and held to maturity financial instruments are recognised in amortised cost through profit and 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 profit or loss.

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

### **As at and for the year ended 30 June 2013**

The 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. The 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 that are de-recognised when sold and corresponding receivables from the buyer for the payment are recognised when the asset is delivered to the buyer.

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 comprehensive income.

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

### **As at and for the year ended 30 June 2013**

#### *(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.

#### **3.04 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 arises upon translation are recognised in the statement of comprehensive income and are subsequently transferred from retained earnings to revaluation reserve - foreign currency accounts and currency fluctuation reserve respectively.

#### **3.05 Foreign investments**

Foreign investments comprise short term interest bearing deposits held with overseas commercial banks and with offshore banking units of local 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 reporting date by translating the amortised cost in foreign currency to the functional currency at the exchange rate on that date. Gains and losses arises upon translation are recognised in the statement of comprehensive income and are subsequently transferred from retained earnings to revaluation reserve - foreign currency accounts.

#### **3.06 Assets and liabilities held with International Monetary Fund (IMF)**

Bangladesh has been a member of the International Monetary Fund ("IMF") since 1972. Bangladesh Bank 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 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 Bank : Notes to the Financial Statements**

### **As at and for the year ended 30 June 2013**

IMF related assets and liabilities were translated to Taka at the exchange rate ruling at 30 June 2013 except the IMF Securities Account, IMF No. 1 Account and IMF No. 2 Account which are collectively known as General Resources Account. These General Resources Accounts are maintained in Taka, which is the primary currency for these accounts and which are to be settled at the face value of the notes or similar obligations issued by the Government of Bangladesh as per Article XIII, Section 2 of the Articles of Agreement of the IMF.

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

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

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

Taka coin and cash balances comprise one and two taka coins and notes purchased from the Government of Bangladesh 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. These balances are measured at amortised cost.

#### **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.

##### *Ways and Means advance*

When total payments to the Government exceeds total deposits from the Government, the excess of payment over receipt, with a limit not exceeding Taka 20,000 million, is treated as Ways and Means advance with interest being charged thereon at the reverse repo rate. Ways and Means advance is realised only after realisation of Government overdraft-current account balance in full.

##### *Government of Bangladesh-Overdraft and treasury bills*

These represent the Government overdraft-block and the Government overdraft-current as well as Government treasury bills and bonds. The Government borrowing in excess of the Taka 20,000 million limit set for ways and means advances are recognised as Government overdraft-current. Interest is charged thereon at a rate one percent higher than the reverse 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 adjustment of the overdraft-current balance in full then applied to the ways and means advance.

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 amortised cost at each financial position date.

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

### **As at and for the year ended 30 June 2013**

#### **3.10 Local currency investments**

These comprise investment in debenture of House Building Finance Corporation (HBFC) and in shares of the ICB Islamic Bank Ltd. Investment in debentures are measured at amortised costs. Investment in shares are measured at cost.

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

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

#### **3.12 Gold and silver**

Physical gold and silver holdings are stored at Bank of England and Motijheel branch of the Bank. These holdings are stated at market value. Valuation gains and losses are reported under 'Gold revaluation gain' and 'silver revaluation gain' in the statement of comprehensive income. The gain or loss is then transferred to a revaluation reserve in statement of 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 stated at market value. The interest accrual is recognised under 'Interest income - foreign currency operations'."

#### **3.13 Property, plant and equipment**

##### *(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 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 shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

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

As at and for the year ended 30 June 2013

The Bank revalued its land as at 30 June 2009 and other items of property, plant and equipment were revalued as at 1 July 2009 by an independent valuer, M/s Ahmed & Akhter, Chartered Accountants. The Bank has a policy to revalue all items of property, plant and equipment every five years.

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. 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.
- (iii) Mechanical equipment, fixture and fittings and motor vehicles were revalued on the basis of replacement costs.

(c) *Subsequent costs*

The cost of replacing a part of property, plant or equipment 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 property, plant and equipment are recognised in statement of comprehensive income 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 write off 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

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2013

included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

|                                 | <u>Bank</u> | <u>Subsidiary (SPCL)</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%         | -                        |

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

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 amortization 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, Bangladesh Bank engages in repurchase agreements involving domestic Government treasury bills. 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,

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

### **As at and for the year ended 30 June 2013**

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:

- (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 or profit sharing plans and charged as expenses in the statement of comprehensive income.

#### **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 charged as expenses in the statement of comprehensive income.

##### *(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*

The Bank and employees contribute to the fund. The Bank's obligations for contributions to the above fund are recognised as an expense in the statement of comprehensive income as incurred.

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

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

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

### **As at and for the year ended 30 June 2013**

(i) *General provident fund*

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 is invested in various securities and the Bank has committed a return of 12.5% on it. Any shortfall in the return from investments is funded by the Bank by charging in its statement of comprehensive income.

(ii) *Pension scheme*

The Bank actuarially valued its pension liabilities in the year 2012. The calculation was performed by a qualified actuary using the projected unit credit method. The defined benefit liability arising thereof is recognised in the statement of comprehensive income as an expense.

(iii) *Gratuity scheme*

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 2012. The calculation was performed by a qualified actuary using the projected unit credit method. The liability arising thereof is recognised in the statement of comprehensive income as an expense. 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 comprehensive income 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 recognised immediately in the statement of comprehensive income.

### **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. Unutilised leave is encashable on retirement and provided for in full. Medical allowance is payable for each employee and accounted for on a cash basis.

### **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.

- (i) 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;

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

As at and for the year ended 30 June 2013

- (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 recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.
- (iv) 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.
- (v) Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
- (vi) Provisions are used for expenditures for which the provision was originally recognised.

### **3.21 Notes in circulation**

Currency issued by Bangladesh 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 income statement over the useful lives of the related assets while amortisation of grants are treated as other income in the statement of comprehensive income.

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

Interest income and expenses are recognised in the statement of comprehensive income 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 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**

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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 receive of income is established.

### **3.26 Foreign exchange gain/loss**

Realised foreign exchange gain 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 the 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 unrealised revaluation reserve.

The difference between unrealised revaluation reserve account and the ledger balance is accounted as realised exchange gain for the period and has been recognised as part of the profit for the year. Subsequently the gain has been transferred to Currency Fluctuation Reserve in the Statement of Financial Position.

### **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 or any of its income.

#### **(b) Subsidiary**

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 comprehensive income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.



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

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Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially 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 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.

### **3.28 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.

### **3.29 New standards and interpretations adopted**

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) has been adopted. Accordingly, the statement of comprehensive income groups those items of other comprehensive income that are potentially reclassifiable to profit or loss subsequently.

### **3.30 New standards and interpretations not yet adopted**

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

#### *a) IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)*

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the

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

### **As at and for the year ended 30 June 2013**

classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of IFRS 9 (2010) is expected to have an impact on the Group's financial assets, but not any impact on the Group's financial liabilities."

*b) IFRS 10 Consolidated Financial Statements*

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

*c) IFRS 13 Fair Value Measurement (2011)*

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Group is currently reviewing its methodologies in determining fair values.

*d) IAS 19 Employee Benefits (2011)*

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the Group. However, the Group may need to assess the impact of the change in measurement principles of expected return on plan assets.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

|  | 2013<br>Taka '000  | Restated<br>2012<br>Taka '000 |
|--|--------------------|-------------------------------|
| <b>4 Foreign currency accounts</b>   | <b>400,668,902</b> | <b>249,373,468</b>            |
| The amount represents the equivalent accumulated value of different foreign currencies held with other central banks and balances of deposits with foreign commercial banks. |                    |                               |
| <b>5 Foreign investments</b>   |                    |                               |
| Short term investments with overseas commercial banks  | 315,427,920        | 223,067,581                   |
| US Dollar treasury bills   | 83,198,484         | 95,719,647                    |
| Foreign bonds  | 220,871,669        | 125,904,692                   |
| <b>Total</b>   | <b>619,498,073</b> | <b>444,691,920</b>            |
| <b>6 International monetary fund related assets and liabilities</b>  |                    |                               |
| <b>Assets</b>  |                    |                               |
| Quota  | 62,368,435         | 66,224,074                    |
| SDR holding  | 67,161,274         | 55,417,219                    |
| Interest receivable on SDR holding   | 5,349              | 11,265                        |
| <b>Total</b>   | <b>129,535,058</b> | <b>121,652,558</b>            |
| <b>Liabilities</b>   |                    |                               |
| Securities & Emergency Natural Disaster Assistance   | 62,489,313         | 70,264,454                    |
| IMF-1 & IMF-2 account  | 170,298            | 5,850,755                     |
| SDR allocation   | 59,691,863         | 63,381,020                    |
| IMF Extended credit facility   | 32,075,760         | 11,352,716                    |
| Loan under the Poverty Reduction and Growth Facility   | 14,297,198         | 23,056,483                    |
| Interest payable   | 5,388              | 15,705                        |
| <b>Total</b>   | <b>168,729,820</b> | <b>173,921,133</b>            |

Bangladesh has been a member of the International Monetary Fund ("IMF") since 1972. Bangladesh Bank 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 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 Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

IMF related assets and liabilities were translated to Taka at the exchange rate ruling at 30 June 2013 except the IMF Securities Account, IMF No. 1 Account and IMF No. 2 Account which are collectively known as General Resources Account. These General Resources Accounts are maintained in Taka, which is the primary currency for these accounts and which are to be settled at the face value of the notes or similar obligations issued by the Government of Bangladesh as per Article XIII, Section 2 of the Articles of Agreement of the IMF.

|  | <b>2013</b>       | <b>Restated</b>    |
|--|-------------------|--------------------|
|  | <b>Taka '000</b>  | <b>2012</b>        |
|  | <b>Taka '000</b>  | <b>Taka '000</b>   |
| <b>7 Gold and silver</b>   |                   |                    |
| Gold   | 30,567,173        | 42,820,804         |
| Silver   | 321,826           | 416,243            |
| <b>Total</b>   | <b>30,888,999</b> | <b>43,237,047</b>  |
| <b>8 Foreign currency loans to banks</b>   |                   |                    |
| Export Development Fund (EDF) Dollar investment  | 62,202,964        | 40,823,997         |
| Central Bank of Iraq   | 296,164           | 296,164            |
| Rupali Bank Karachi  | 11,020            | 12,167             |
| Less: Provision for loan losses  | (308,330)         | (308,331)          |
| <b>Total</b>   | <b>62,201,818</b> | <b>40,823,997</b>  |
| <b>9 Other foreign currency financial assets</b>   |                   |                    |
| Swift shares   | 80                | 80                 |
| Interest receivable  | 3,257,373         | 2,990,924          |
| <b>Total</b>   | <b>3,257,453</b>  | <b>2,991,004</b>   |
| <b>10 Consolidated Taka coin and cash balances</b>   |                   |                    |
| Taka coin  | 340,056           | 459,831            |
| Cash balances  | 572,087           | 464,807            |
| <b>Total</b>   | <b>912,143</b>    | <b>924,638</b>     |
| <b>10.01 Taka coin and cash balances</b>   |                   |                    |
| Taka coin  | 340,056           | 459,831            |
| Cash balances  | 47,050            | 129                |
| <b>Total</b>   | <b>387,106</b>    | <b>459,960</b>     |
| 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. |                   |                    |
| <b>11 Reverse repurchase agreement</b>   | <b>32,690,170</b> | <b>153,769,820</b> |

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.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 12 Loans to the Government of Bangladesh

Loans to the Government consists of "Ways & Means" advance provided to the Government, as well as credit facilities provided to the Government in the form of overdraft (block and current), Government treasury bills and bonds. Ways and means advance represent loans provided to the Government that are limited to a maximum of Taka 20,000 million. Interest is earned on this advance as per rate applied for reverse repo. Government borrowings in excess of Taka 20,000 million are debited to the overdraft-current.

|                                | 2013<br>Taka '000  | Restated<br>2012<br>Taka '000 |
|--------------------------------|--------------------|-------------------------------|
| Ways and means advance         | 20,000,000         | 20,000,000                    |
| Overdraft - block (Note 12.01) | 146,264,310        | 161,510,000                   |
| Overdraft - current            | 72,045,000         | 78,247,000                    |
| Treasury bills                 | 3,367,132          | 58,457,023                    |
| Treasury bonds                 | 63,000,544         | 54,853,845                    |
| <b>Total</b>                   | <b>304,676,986</b> | <b>373,067,868</b>            |

**12.01** Overdraft block was formerly known as Government treasury bills. At the beginning of the financial year 2006-2007 the balance of Government treasury bills were transferred to overdraft-block account. From the financial year 2007 and onwards an amount of Taka 15,000 million were adjusted every year.

#### 13 Consolidated local currency investments

|  |                  |                  |
|--|------------------|------------------|
| Debenture - House Building Finance Corporation | 6,540,000        | 6,573,333        |
| Short term money market investments            | 1,670,193        | 1,079,743        |
| Shares- ICB Islamic Bank Ltd.                  | 7,452            | 7,452            |
| Others   | 4,110            | 4,110            |
| <b>Total</b>                                   | <b>8,221,755</b> | <b>7,664,638</b> |

##### 13.01 Local currency investments

|  |                  |                  |
|--|------------------|------------------|
| Debenture - House Building Finance Corporation | 6,540,000        | 6,573,333        |
| Investment in subsidiary (Note 13.02)          | 500,000          | 500,000          |
| <b>Total</b>                                   | <b>7,040,000</b> | <b>7,073,333</b> |

##### 13.02 Investment in subsidiary

The Security Printing Corporation (Bangladesh) Ltd. ("SPCL") is the wholly owned subsidiary of the Bank. During the year ended 30 June 2012 SPCL declared a dividend of Taka 75,000. No dividend was declared for the year ended 30 June 2013.

#### 14 Consolidated loans to banks, financial institutions and employees

##### (i) Local currency loans to banks and financial institutions

|                    |                   |                   |
|--------------------|-------------------|-------------------|
| State owned banks: |                   |                   |
| Commercial banks   | 4,357,353         | 4,611,748         |
| Specialised banks  | 47,169,187        | 53,294,386        |
|                    | <b>51,526,540</b> | <b>57,906,134</b> |

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

|  | 2013<br>Taka '000  | Restated<br>2012<br>Taka '000 |
|--|--------------------|-------------------------------|
| Provision for impairment   | (226,117)          | (475,869)                     |
|  | <b>51,300,423</b>  | <b>57,430,265</b>             |
| Other banks and financial institutions:  |                    |                               |
| Private banks  | 6,740,398          | 4,867,756                     |
| Other loans and advances   | 26,882,308         | 19,949,732                    |
|  | <b>33,622,706</b>  | <b>24,817,488</b>             |
| Interest receivable  | 7,645,498          | 7,702,172                     |
| <b>Total (i)</b>   | <b>92,568,627</b>  | <b>89,949,925</b>             |
| <b>(ii) Local currency loans and advances to employees</b>                       |                    |                               |
| Loans and advances to employees  | 25,751,984         | 21,949,114                    |
| Provision for loan losses  | (264,099)          | (264,099)                     |
| <b>Total (ii)</b>  | <b>25,487,885</b>  | <b>21,685,015</b>             |
| <b>Total loans ( i + ii )</b>  | <b>118,056,512</b> | <b>111,634,940</b>            |
| <b>14.01 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   | 4,357,353          | 4,611,748                     |
| Specialised banks  | 47,169,187         | 53,294,386                    |
|  | <b>51,526,540</b>  | <b>57,906,134</b>             |
| Provision for impairment   | (226,117)          | (475,869)                     |
|  | <b>51,300,423</b>  | <b>57,430,265</b>             |
| Other banks and financial institutions:  |                    |                               |
| Private banks  | 6,740,398          | 4,867,756                     |
| Other Loans and advances   | 26,882,308         | 19,949,732                    |
|  | <b>33,622,706</b>  | <b>24,817,488</b>             |
| Interest receivable  | 7,645,498          | 7,702,172                     |
| <b>Total (i)</b>   | <b>92,568,627</b>  | <b>89,949,925</b>             |
| <b>(ii) Local currency loans and advances to employees</b>                       |                    |                               |
| Loans and advances to employees  | 24,782,936         | 21,221,345                    |
| Provision for loan losses  | (264,099)          | (264,099)                     |
| <b>Total (ii)</b>  | <b>24,518,837</b>  | <b>20,957,246</b>             |
| <b>Total loans ( i + ii )</b>  | <b>117,087,464</b> | <b>110,907,171</b>            |

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

|  | <b>2013</b><br><b>Taka '000</b> | <b>Restated</b><br><b>2012</b><br><b>Taka '000</b> |
|--|---------------------------------|--|
| <b>15 Consolidated other local currency financial assets</b>           |                                 |  |
| Interest receivables   | 2,312,667                       | 1,700,754  |
| Unutilised Central Bank Strengthening Project fund (CBSP) (Note-15.01) | 15,303                          | 51,631   |
| Asset sell clearing account  | 9,903                           |  |
| <b>Total</b>   | <b><u>2,337,873</u></b>         | <b><u>1,752,385</u></b>                            |
| <b>15.01 Other local currency financial assets</b>                     |                                 |  |
| Interest receivables   | 2,174,621                       | 1,622,567  |
| Unutilised Central Bank Strengthening Project fund (CBSP) (Note 15.02) | 15,303                          | 51,631   |
| Asset sell clearing account  | 9,903                           | -  |
| <b>Total</b>   | <b><u>2,199,827</u></b>         | <b><u>1,674,198</u></b>                            |

**15.02 Utilisation of CBSP fund**

Bangladesh Bank is implementing Central Bank Strengthening Project (CBSP) (IDA credit no. 3792 BD) with the financial assistance from International Development Association (IDA) in order to improve the efficiency of the Bank through functional reforms and large scale automation of its business processes. The total cost of the project is Taka 3,892.00 million (USD 55.60 million), of which IDA will provide Taka 3,060.04 million (USD 43.71 million) and the rest Taka 832.00 million (USD 11.88 million) will be borne by Bangladesh Bank. The project started in late 2003 and completed on 30 April 2013. Out of Taka 3,060.00 million upto 30 April 2013 Bangladesh Bank received Taka 1,552.42 million through direct payment and Taka 1,251.78 million through replenishment total Taka 2,804.21 million from IDA. Up to 30 April 2013 Bangladesh Bank used Taka 2,788.90 million from the fund and Taka 15.30 million remain unutilised.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

**16 Consolidated Property, plant and equipment****i) 2013**

Taka '000

| Particulars                     | Land              | Building and other construction | Mechanical and office equipment | Computer and networking | Fixture and fittings | Motor vehicles | Electrical installation | Gas installation | Capital work in progress | Total             |
|---------------------------------|-------------------|---------------------------------|---------------------------------|-------------------------|----------------------|----------------|-------------------------|------------------|--------------------------|-------------------|
| <b>Cost</b>                     |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                   |
| As at 1 July 2012               | 21,369,423        | 4,145,921                       | 3,604,473                       | 1,350,528               | 143,553              | 179,347        | 109,289                 | 811              | 735,923                  | 31,639,268        |
| Addition during the year        | -                 | 67,319                          | 135,921                         | 220,986                 | 14,921               | 56,340         | 13,081                  | -                | 778,630                  | 1,287,198         |
| Transfers during the year       | -                 | -                               | -                               | 179                     | -                    | -              | -                       | -                | (179)                    | -                 |
| Disposals during the year       | -                 | -                               | -                               | -                       | (5,311)              | (4,139)        | -                       | -                | (983)                    | (10,433)          |
| <b>As at 30 June 2013</b>       | <b>21,369,423</b> | <b>4,213,240</b>                | <b>3,740,394</b>                | <b>1,571,693</b>        | <b>153,163</b>       | <b>231,548</b> | <b>122,370</b>          | <b>811</b>       | <b>1,513,391</b>         | <b>32,916,033</b> |
| <b>Accumulated depreciation</b> |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                   |
| As at 30 June 2012              | -                 | 961,852                         | 1,453,043                       | 376,164                 | 57,380               | 59,419         | 43,555                  | 472              | -                        | 2,951,885         |
| Charge for the year             | -                 | 198,348                         | 171,935                         | 288,608                 | 12,129               | 36,573         | 21,760                  | 162              | -                        | 729,515           |
| Disposals during the year       | -                 | -                               | -                               | -                       | (2,055)              | (3,917)        | -                       | -                | -                        | (5,972)           |
| <b>As at 30 June 2013</b>       | <b>-</b>          | <b>1,160,200</b>                | <b>1,624,978</b>                | <b>664,772</b>          | <b>67,454</b>        | <b>92,075</b>  | <b>65,315</b>           | <b>634</b>       | <b>-</b>                 | <b>3,675,428</b>  |
| <b>Net book value</b>           |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                   |
| As at 30 June 2013              | 21,369,423        | 3,053,040                       | 2,115,416                       | 906,921                 | 85,709               | 139,473        | 57,055                  | 177              | 1,513,391                | 29,240,605        |
| As at 30 June 2012              | 21,369,423        | 3,184,069                       | 2,151,430                       | 974,364                 | 86,173               | 119,928        | 65,734                  | 339              | 735,923                  | 28,687,383        |

The Bank revalued its land as at 30 June 2009 and other items of property, plant and equipment were revalued as at 1 July 2009 by an independent valuer, M/s Ahmed & Akhter, Chartered Accountants. Significant methods and assumptions for revaluation of items of property, plant and equipment were as follows:

- (i) Land was revalued on market value basis.
- (ii) All other fixed assets were revalued by using the assumptions of practical judgment, condition of the individual fixed and cost of fixed assets.

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

*Previous year's figures have been restated, where necessary.*



**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

**ii) 2012**

Taka '000

| Particulars                     | Land              | Building and other construction | Mechanical and office equipment | Computer and networking | Fixture and fittings | Motor vehicles | Electrical installation | Gas installation | Capital work in progress | Total              |
|---------------------------------|-------------------|---------------------------------|---------------------------------|-------------------------|----------------------|----------------|-------------------------|------------------|--------------------------|--------------------|
| <b>Cost</b>                     |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                    |
| As at 1 July 2011               | 21,369,423        | 4,117,193                       | 4,505,174                       | 12,753                  | 128,055              | 95,678         | 85,555                  | 780              | 723,096                  | <b>31,037,707</b>  |
| Addition during the year        | -                 | 28,728                          | 1,054,652                       | 1,337,801               | 15,503               | 85,204         | 23,829                  | 31               | 12,827                   | <b>2,558,575</b>   |
| Transfers during the year       | -                 | -                               | -                               | -                       | -                    | -              | -                       | -                | -                        | -                  |
| Disposals during the year       | -                 | -                               | (1,955,353)                     | (26)                    | (5)                  | (1,535)        | (95)                    | -                | -                        | <b>(1,957,014)</b> |
| <b>As at 30 June 2012</b>       | <b>21,369,423</b> | <b>4,145,921</b>                | <b>3,604,473</b>                | <b>1,350,528</b>        | <b>143,553</b>       | <b>179,347</b> | <b>109,289</b>          | <b>811</b>       | <b>735,923</b>           | <b>31,639,268</b>  |
| <b>Accumulated depreciation</b> |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                    |
| As at 1 July 2011               | -                 | 677,038                         | 1,009,029                       | 6,998                   | 44,719               | 39,721         | 22,970                  | 312              | -                        | <b>1,800,787</b>   |
| Charge for the year             | -                 | 284,814                         | 445,074                         | 369,166                 | 12,661               | 21,323         | 20,585                  | 160              | -                        | <b>1,153,783</b>   |
| Disposals during the year       | -                 | -                               | (1,060)                         | -                       | -                    | (1,625)        | -                       | -                | -                        | <b>(2,685)</b>     |
| <b>As at 30 June 2012</b>       | <b>-</b>          | <b>961,852</b>                  | <b>1,453,043</b>                | <b>376,164</b>          | <b>57,380</b>        | <b>59,419</b>  | <b>43,555</b>           | <b>472</b>       | <b>-</b>                 | <b>2,951,885</b>   |
| <b>Net book value</b>           |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                    |
| As at 30 June 2012              | 21,369,423        | 3,184,069                       | 2,151,430                       | 974,364                 | 86,173               | 119,928        | 65,734                  | 339              | 735,923                  | <b>28,687,383</b>  |
| As at 30 June 2011              | 21,369,423        | 3,440,155                       | 3,496,145                       | 5,755                   | 83,336               | 55,957         | 62,585                  | 468              | 723,096                  | <b>29,236,920</b>  |

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*Previous year's figures have been restated, where necessary.*

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 16.01 Property, plant and equipment

##### i) 2013

Taka '000

| Particulars                     | Land              | Building and other construction | Mechanical and office equipment | Computer and networking | Fixture and fittings | Motor vehicles | Electrical installation | Gas installation | Capital work in progress | Total             |
|---------------------------------|-------------------|---------------------------------|---------------------------------|-------------------------|----------------------|----------------|-------------------------|------------------|--------------------------|-------------------|
| <b>Cost</b>                     |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                   |
| As at 1 July 2012               | 20,391,193        | 3,365,879                       | 785,368                         | 1,350,528               | 105,666              | 161,047        | 109,289                 | 811              | 734,940                  | <b>27,004,721</b> |
| Addition during the year        | -                 | 67,319                          | 51,534                          | 220,986                 | 14,447               | 56,340         | 13,081                  | -                | 777,391                  | <b>1,201,098</b>  |
| Transfers during the year       | -                 | -                               | -                               | 179                     | -                    | -              | -                       | -                | (179)                    | -                 |
| Disposals during the year       | -                 | -                               | -                               | -                       | (5,311)              | (3,050)        | -                       | -                | -                        | <b>(8,361)</b>    |
| <b>As at 30 June 2013</b>       | <b>20,391,193</b> | <b>3,433,198</b>                | <b>836,902</b>                  | <b>1,571,693</b>        | <b>114,802</b>       | <b>214,337</b> | <b>122,370</b>          | <b>811</b>       | <b>1,512,152</b>         | <b>28,197,458</b> |
| <b>Accumulated depreciation</b> |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                   |
| As at 1 July 2012               | -                 | 521,292                         | 398,137                         | 376,164                 | 26,189               | 42,308         | 43,555                  | 472              | -                        | <b>1,408,117</b>  |
| Charge for the year             | -                 | 177,645                         | 67,095                          | 288,608                 | 11,100               | 35,632         | 21,760                  | 162              | -                        | <b>602,002</b>    |
| Disposals during the year       | -                 | -                               | -                               | -                       | (2,055)              | (2,828)        | -                       | -                | -                        | <b>(4,883)</b>    |
| <b>As at 30 June 2013</b>       | <b>-</b>          | <b>698,937</b>                  | <b>465,232</b>                  | <b>664,772</b>          | <b>35,234</b>        | <b>75,112</b>  | <b>65,315</b>           | <b>634</b>       | <b>-</b>                 | <b>2,005,236</b>  |
| <b>Net book value</b>           |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                   |
| As at 30 June 2013              | 20,391,193        | 2,734,261                       | 371,670                         | 906,921                 | 79,568               | 139,225        | 57,055                  | 177              | 1,512,152                | <b>26,192,222</b> |
| As at 30 June 2012              | 20,391,193        | 2,844,587                       | 387,231                         | 974,364                 | 79,477               | 118,739        | 65,734                  | 339              | 734,940                  | <b>25,596,604</b> |

The Bank revalued its land as at 30 June 2009 and other items of property, plant and equipment were revalued as at 1 July 2009 by an independent valuer, M/s Ahmed & Akhter, Chartered Accountants. Significant methods and assumptions for revaluation of items of property, plant and equipment were as follows:

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*Previous year's figures have been restated, where necessary.*

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

**ii) 2012**

Taka '000

| Particulars                     | Land              | Building and other construction | Mechanical and office equipment | Computer and networking | Fixture and fittings | Motor vehicles | Electrical installation | Gas installation | Capital work in progress | Total             |
|---------------------------------|-------------------|---------------------------------|---------------------------------|-------------------------|----------------------|----------------|-------------------------|------------------|--------------------------|-------------------|
| <b>Cost</b>                     |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                   |
| As at 1 July 2011               | 20,391,193        | 3,349,873                       | 1,693,265                       | 12,753                  | 90,622               | 75,968         | 85,555                  | 780              | 715,353                  | 26,415,362        |
| Addition during the year        | -                 | 16,006                          | 1,046,063                       | 1,337,801               | 15,049               | 85,204         | 23,829                  | 31               | 19,587                   | 2,543,570         |
| Transfers during the year       | -                 | -                               | -                               | -                       | -                    | -              | -                       | -                | -                        | -                 |
| Disposals during the year       | -                 | -                               | (1,953,960)                     | (26)                    | (5)                  | (125)          | (95)                    | -                | -                        | (1,954,211)       |
| <b>As at 30 June 2012</b>       | <b>20,391,193</b> | <b>3,365,879</b>                | <b>785,368</b>                  | <b>1,350,528</b>        | <b>105,666</b>       | <b>161,047</b> | <b>109,289</b>          | <b>811</b>       | <b>734,940</b>           | <b>27,004,721</b> |
| <b>Accumulated depreciation</b> |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                   |
| As at 1 July 2011               | -                 | 265,103                         | 88,939                          | 6,998                   | 16,205               | 22,327         | 22,970                  | 312              | -                        | 422,854           |
| Charge for the year             | -                 | 256,189                         | 310,258                         | 369,166                 | 9,984                | 20,196         | 20,585                  | 160              | -                        | 986,538           |
| Disposals during the year       | -                 | -                               | (1,060)                         | -                       | -                    | (215)          | -                       | -                | -                        | (1,275)           |
| <b>As at 30 June 2012</b>       | <b>-</b>          | <b>521,292</b>                  | <b>398,137</b>                  | <b>376,164</b>          | <b>26,189</b>        | <b>42,308</b>  | <b>43,555</b>           | <b>472</b>       | <b>-</b>                 | <b>1,408,117</b>  |
| <b>Net book value</b>           |                   |                                 |                                 |                         |                      |                |                         |                  |                          |                   |
| As at 30 June 2012              | 20,391,193        | 2,844,587                       | 387,231                         | 974,364                 | 79,477               | 118,739        | 65,734                  | 339              | 734,940                  | 25,596,604        |
| As at 30 June 2011              | 20,391,193        | 3,084,770                       | 1,604,326                       | 5,755                   | 74,418               | 53,640         | 62,585                  | 468              | 715,353                  | 25,992,508        |

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- (i) Land was revalued on market value basis.
- (ii) All other fixed assets were revalued by using the assumptions of practical judgment, condition of the individual fixed and cost of fixed assets.

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*Previous year's figures have been restated, where necessary.*

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

|                             | <b>2013</b>      | <b>Restated</b>  |
|-----------------------------|------------------|------------------|
|                             | <b>Taka '000</b> | <b>2012</b>      |
|                             | <b>Taka '000</b> | <b>Taka '000</b> |
| <b>17 Intangible assets</b> |                  |                  |
| Intangible asset at cost    | 1,170,879        | 759,009          |
| Accumulated amortisation    | (382,103)        | (176,129)        |
| Capital work in progress    | 123,139          | 255,737          |
| <b>Total</b>                | <b>911,915</b>   | <b>838,617</b>   |

The balance represents the accumulated value of enterprise resources planning, core banking software, enterprise data warehouse, bank automated clearing house, Electronic Fund Transfers Network (EFTN), Credit Information Bureau (CIB) and Bank's in-house built softwares.

**18 Consolidated other non financial assets**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Prepayments and advances | 364,909          | 1,222,583        |
| Stock                    | 5,369,470        | 3,860,185        |
| Sundry debtors           | 909,488          | 1,286,696        |
| <b>Total</b>             | <b>6,643,867</b> | <b>6,369,464</b> |

**18.01 Other non-financial assets**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Prepayments and advances | 4,214,521        | 3,761,140        |
| Stock                    | 18,071           | 20,715           |
| <b>Total</b>             | <b>4,232,592</b> | <b>3,781,855</b> |

**19 Foreign currency deposits from banks and financial institutions**

|   |                    |                    |
|---|--------------------|--------------------|
| Foreign currency deposits from commercial banks | 84,226,213         | 102,898,799        |
| Asian Clearing Union (ACU)                      | 55,813,993         | 54,728,178         |
| <b>Total</b>                                    | <b>140,040,206</b> | <b>157,626,977</b> |

**20 Notes in circulation**

|                    |                    |
|--------------------|--------------------|
| <b>746,382,617</b> | <b>642,007,492</b> |
|--------------------|--------------------|

Notes in circulation represents currency issued having a claim on Bangladesh Bank. The denomination of notes in circulation as at 30 June 2013 was as under:

| Value of notes | Number in pieces     | 2013               | Restated           |
|----------------|----------------------|--------------------|--------------------|
|                |                      | Value in Taka '000 | 2012               |
|                |                      | Value in Taka '000 | Value in Taka '000 |
| 5 Taka coin    | 731,129,904          | 3,655,650          | 3,522,425          |
| 5 Taka note    | 713,230,265          | 3,566,151          | 3,493,232          |
| 10 Taka note   | 1,244,430,805        | 12,444,308         | 11,414,135         |
| 20 Taka note   | 297,199,570          | 5,943,991          | 4,061,837          |
| 50 Taka note   | 155,984,093          | 7,799,205          | 5,290,128          |
| 100 Taka note  | 650,348,165          | 65,034,817         | 60,306,823         |
| 500 Taka note  | 805,251,077          | 402,625,538        | 366,539,192        |
| 1000 Taka note | 245,312,957          | 245,312,957        | 187,379,720        |
| <b>Total</b>   | <b>4,842,886,836</b> | <b>746,382,617</b> | <b>642,007,492</b> |

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

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

As at and for the year ended 30 June 2013

|   | 2013<br>Taka '000  | Restated<br>2012<br>Taka '000 |
|---|--------------------|-------------------------------|
| Gold  | 5,697,551          | 7,753,174                     |
| Silver  | 321,826            | 416,243                       |
| Balance held outside Bangladesh   | 550,000,000        | 500,000,000                   |
| Bangladesh Government securities  | 158,382,929        | 101,737,989                   |
| Bangladesh coins  | 340,056            | 459,831                       |
| Other loans and advances  | 31,640,255         | 31,640,255                    |
| <b>Total</b>  | <b>746,382,617</b> | <b>642,007,492</b>            |
| <b>21 Short term borrowings</b>   |                    |                               |
| Repurchase agreements   | 25,000,000         | -                             |
| Bangladesh Bank bills   | 24,830,996         | -                             |
| <b>Total</b>  | <b>49,830,996</b>  | <b>-</b>                      |
| <b>22 Local currency deposits from banks and financial institutions</b> |                    |                               |
| State-owned commercial banks  | 86,439,634         | 77,655,822                    |
| Government specialised banks  | 19,883,245         | 17,331,239                    |
| Private banks   | 239,328,830        | 209,839,846                   |
| Foreign banks   | 22,387,049         | 21,799,437                    |
| Financial institutions  | 3,111,150          | 2,385,736                     |
| <b>Total</b>  | <b>371,149,908</b> | <b>329,012,080</b>            |
| <b>23 Consolidated other local currency financial liabilities</b>       |                    |                               |
| Government deposits   | 5,007              | 5,091                         |
| Other deposits  | 48,775,743         | 9,789,362                     |
| Bank notes adjusting account - demonetised Pakistani notes              | 3,230              | 3,230                         |
| Sundry creditors account  | 3,595,267          | 2,684,721                     |
| Interest suspense account   | 696                | 675                           |
| Deposits from donor agencies  | 18,588,225         | 18,735,618                    |
| Inter-branch adjustments (suspense)                                     | 471,100            | (97,660)                      |
| Credit guarantee scheme for small industrial investors                  | 248,808            | 248,808                       |
| Provision for pension*  | 5,710,641          | 6,105,346                     |
| Provision for gratuity*   | 1,774,885          | 1,888,124                     |
| Provision for leave encashment  | 1,705,840          | 1,656,792                     |
| Small and medium enterprise fund - Government                           | 1,922,069          | 1,772,064                     |
| Loan from Government of Bangladesh (CBSP)                               | 2,837,257          | 1,962,937                     |
| DFID -RPP Project   | 770,819            | 770,819                       |
| Small and medium enterprise fund ADB-2                                  | 5,494,570          | 3,058,920                     |
| Deferred tax liability  | 700,650            | 653,435                       |
| Miscellaneous   | 348,670            | 215,149                       |
| Others - subsidiary   | -                  | 453,951                       |
| <b>Total</b>  | <b>92,953,477</b>  | <b>49,907,382</b>             |

\*Please see note 50.03 for details.

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2013

|   | <b>2013</b>       | <b>Restated</b>    |
|---|-------------------|--------------------|
|   | <b>Taka '000</b>  | <b>2012</b>        |
|   | <b>Taka '000</b>  | <b>Taka '000</b>   |
| <b>23.01 Other local currency financial liabilities</b>   |                   |                    |
| Government deposits   | 5,007             | 5,091              |
| Other deposits  | 48,775,743        | 9,789,362          |
| Bank notes adjusting account - demonetised Pakistani notes  | 3,230             | 3,230              |
| Sundry creditors account  | 3,480,085         | 2,817,310          |
| Interest suspense account   | 696               | 675                |
| Deposits from donor agencies  | 18,588,225        | 18,735,618         |
| Inter-branch adjustments (suspense)   | 471,100           | (97,660)           |
| Credit guarantee scheme for small industrial investors  | 248,808           | 248,808            |
| Provision for pension*  | 5,710,641         | 6,105,346          |
| Provision for gratuity*   | 1,774,885         | 1,888,124          |
| Provision for leave encashment  | 1,705,840         | 1,656,792          |
| Small and medium enterprise fund - Government   | 1,922,069         | 1,772,064          |
| Loan from Govt of Bangladesh - central bank strengthening project   | 2,837,257         | 1,962,937          |
| DFID -RPP Project   | 770,819           | 770,819            |
| Small and medium enterprise fund ADB-2  | 5,494,570         | 3,058,920          |
| Miscellaneous   | 348,670           | 215,149            |
| <b>Total</b>  | <b>92,137,645</b> | <b>48,932,585</b>  |
| *Please see note 50.03 for details.   |                   |                    |
| <b>24 Capital</b>   | <b>30,000</b>     | <b>30,000</b>      |
| At 30 June 2013 the authorised and subscribed capital as per Bangladesh Bank Order 1972, was Taka 30 million (30 June 2012: Taka 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. |                   |                    |
| <b>25 Consolidated revaluation reserve</b>  |                   |                    |
| Revaluation reserve - gold and silver   | 11,429,710        | 28,141,123         |
| Revaluation reserve - foreign currency accounts   | 39,951,542        | 89,550,848         |
| Revaluation reserve - property, plant & equipment   | 23,521,843        | 23,556,886         |
| <b>Total</b>  | <b>74,903,095</b> | <b>141,248,857</b> |
| <b>25.01 Revaluation reserve</b>  |                   |                    |
| Revaluation reserve - gold and silver (Note 25.02)  | 11,429,710        | 28,141,123         |
| Revaluation reserve - foreign currency accounts (Note 25.03)  | 39,951,542        | 89,550,848         |
| Revaluation reserve - property, plant and equipment   | 22,174,046        | 22,209,089         |
| <b>Total</b>  | <b>73,555,298</b> | <b>139,901,060</b> |

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

|  | 2013<br>Taka '000 | Restated<br>2012<br>Taka '000 |
|--|-------------------|-------------------------------|
| <b>25.02 Revaluation reserve - gold and silver</b>   |                   |                               |
| <p>The Bank accounts for the gain/loss on revaluation of gold and silver in the statement of comprehensive income and subsequently transferred to a separate account - revaluation reserve-gold and silver, which forms part of equity.</p>              |                   |                               |
| <b>25.03 Revaluation reserve - foreign currency accounts</b>   |                   |                               |
| <p>The Bank accounts for the unrealised gain/loss on revaluation of foreign currency to the statement of comprehensive income and subsequently transferred to a separate account - revaluation reserve-foreign currency, which forms part of equity.</p> |                   |                               |
| <b>26 Currency fluctuation reserve</b>   | <b>24,759,279</b> | <b>22,562,352</b>             |
| <p>The Bank credited the realised gain on revaluation of foreign currencies to the statement of comprehensive income and transferred the same to a separate account - currency fluctuation reserve account, which forms part of equity.</p>              |                   |                               |
| <b>27 Statutory funds</b>  | <u>Note ref.</u>  |                               |
| Rural credit fund  | 27.01             | 5,200,000                     |
| Agricultural credit stabilisation fund   | 27.02             | 5,000,000                     |
| Export credit fund   | 27.03             | 1,300,000                     |
| Industrial credit fund   | 27.04             | 1,887,852                     |
| Credit guarantee fund  | 27.05             | 879,194                       |
| <b>Total</b>   | <b>14,467,046</b> | <b>13,917,046</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.

**27.01 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.

**27.02 Agricultural credit stabilisation fund**

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.

**27.03 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.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

|  |                  | <b>2013</b>              | <b>Restated</b>          |
|--|------------------|--------------------------|--------------------------|
|  |                  | <b>Taka '000</b>         | <b>2012</b>              |
|  |                  | <u>Taka '000</u>         | <u>Taka '000</u>         |
| <b>27.04 Industrial credit fund</b>  |                  |                          |                          |
| 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.   |                  |                          |                          |
| <b>27.05 Credit guarantee fund</b>   |                  |                          |                          |
| 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.  |                  |                          |                          |
| <b>28 Non statutory funds</b>  | <u>Note ref.</u> |                          |                          |
| Small and medium enterprise fund & monetary management fund  | 28.01            | 6,000,000                | 6,000,000                |
| Housing refinance fund   |                  | 6,570,000                | 7,570,000                |
| Human resources development fund   | 28.02            | 456,290                  | 496,067                  |
| Monetary management fund   | 28.03            | 200,000                  | 200,000                  |
| Rural agri product processing industries refinance fund  |                  | 1,000,000                | -                        |
| <b>Total</b>   |                  | <u><b>14,226,290</b></u> | <u><b>14,266,067</b></u> |
| <b>28.01 Small and medium enterprise fund &amp; monetary management fund</b>   |                  |                          |                          |
| These funds were created as per clause 24 of Article 16 of the Bangladesh Bank Order, 1972 for refinance to the schedule banks and financial institutions against the 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.  |                  |                          |                          |
| <b>28.02 Human resources development fund</b>  |                  |                          |                          |
| 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. in home and abroad. Appropriation of this fund was made from the dividend payable to Government for FY11. |                  |                          |                          |
| <b>28.03 Monetary management fund</b>  |                  |                          |                          |
| Monetary management fund was created as per decision of the Board of the Bank for sound and smooth operation of monetary policy activities. Appropriation of this fund was made from the dividend payable to Government for FY11.  |                  |                          |                          |
| <b>29 Other reserve</b>  |                  |                          |                          |
| Asset renewal and replacement reserve  |                  | 2,743,468                | 2,517,324                |
| Interest reserve   |                  | 8,320,428                | 8,258,329                |
| <b>Total</b>   |                  | <u><b>11,063,896</b></u> | <u><b>10,775,652</b></u> |



## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2013

|   | <b>2013</b>       | <b>Restated</b>   |
|---|-------------------|-------------------|
|   | <b>Taka '000</b>  | <b>2012</b>       |
|   | <b>Taka '000</b>  | <b>Taka '000</b>  |
| <b>29.01 Interest reserve</b>   |                   |                   |
| This reserve was introduced in FY07 and represents the interest accrued against the overdue loan of Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank.  |                   |                   |
| <b>30 Consolidated general reserve</b>  | <b>4,600,500</b>  | <b>4,500,500</b>  |
| <b>30.01 General reserve</b>  | <b>4,250,500</b>  | <b>4,250,500</b>  |
| As per Article 59 of Bangladesh Bank Order, 1972 securities of the 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. |                   |                   |
| <b>31 Consolidated retained earnings</b>  |                   |                   |
| Opening balance   | 41,710,052        | 21,611,414        |
| Adjustment against due from Government  | (14,237)          | (9,681)           |
| Adjustment against guarantee on behalf of Bangladesh rural development board  | (60,965)          | -                 |
| Adjustment against guarantee on behalf of Rajshahi Krishi Unnayan Bank  | (1,856,287)       | -                 |
| Transfer to other funds   | -                 | (700,000)         |
| Payment made during the year  | (34,810,830)      | (16,645,621)      |
| Transferred to general reserve  | (4,967,733)       | (50,000)          |
| Current year's profit   | 46,493,169        | 37,503,940        |
| <b>Closing balance</b>  | <b>46,493,169</b> | <b>41,710,052</b> |
| <b>31.01 Retained earnings</b>  |                   |                   |
| Opening balance   | 36,742,319        | 17,355,302        |
| Adjustment against due from Government  | (14,237)          | (9,681)           |
| Adjustment against guarantee on behalf of Bangladesh Rural Development Board  | (60,965)          | -                 |
| Adjustment against guarantee on behalf of Rajshahi Krishi Unnayan Bank  | (1,856,287)       | -                 |
| Transfer to other funds   | -                 | (700,000)         |
| Payment made during the year  | (34,810,830)      | (16,645,621)      |
| Current year's profit   | 40,733,254        | 36,742,319        |
| <b>Closing balance</b>  | <b>40,733,254</b> | <b>36,742,319</b> |
| <b>32 Interest income on foreign currency financial assets</b>  |                   |                   |
| Loans to banks  | 748,248           | 555,378           |
| Short term deposits with commercial banks   | 4,052,555         | 3,770,917         |
| Bonds   | 5,850,911         | 6,197,841         |
| US Dollar treasury bills  | 114,122           | 94,539            |
| Claims from gold transactions   | 46,507            | 62,529            |
| Others  | 39,279            | 123,420           |
| <b>Total</b>  | <b>10,851,622</b> | <b>10,804,624</b> |

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2013

|   | 2013<br>Taka '000 | Restated<br>2012<br>Taka '000 |
|---|-------------------|-------------------------------|
| <b>33 Commission and discounts on foreign currency financial assets</b>   |                   |                               |
| Commission on foreign currency operations                                 | 131,507           | 113,683                       |
| Others  | 653               | 661                           |
| <b>Total</b>  | <b>132,160</b>    | <b>114,344</b>                |
| <b>34 Interest expenses - foreign currency operations</b>                 |                   |                               |
| Deposits  | 149,523           | 123,173                       |
| Asian Clearing Union (ACU)  | 43,660            | 14,442                        |
| Paid to IMF   | 80,905            | 217,343                       |
| Interest on central bank strengthening project                            | 16,453            | 15,790                        |
| <b>Total</b>  | <b>290,541</b>    | <b>370,748</b>                |
| <b>35 Consolidated interest income on local currency financial assets</b> |                   |                               |
| Reverse repurchase agreement  | 6,719,369         | 8,212,781                     |
| Government securities   | 9,919,238         | 3,496,118                     |
| Loans and advance to Government   | 21,536,309        | 26,405,608                    |
| Debentures  | 349,353           | 339,482                       |
| Loans to banks financial institution and employees                        | 5,703,407         | 4,655,417                     |
| Short term money market deposits  | 197,271           | 143,901                       |
| <b>Total</b>  | <b>44,424,947</b> | <b>43,253,307</b>             |
| <b>35.01 Interest income on local currency financial assets</b>           |                   |                               |
| Reverse repurchase agreement  | 6,719,369         | 8,212,781                     |
| Government securities   | 9,919,238         | 3,496,118                     |
| Loans and advance to Government   | 21,536,309        | 26,405,608                    |
| Debentures  | 349,353           | 339,482                       |
| Loans to banks, financial institution and employees                       | 5,656,173         | 4,622,828                     |
| <b>Total</b>  | <b>44,180,442</b> | <b>43,076,817</b>             |
| <b>36 Commission and discounts on local currency financial assets</b>     |                   |                               |
| Commission income from Government   | 4,376             | -                             |
| Miscellaneous commission income   | 356,079           | 639,863                       |
| <b>Total</b>  | <b>360,455</b>    | <b>639,863</b>                |
| <b>37 Interest expense on local currency financial liabilities</b>        |                   |                               |
| Bangladesh Bank bills   | 1,121,003         | -                             |
| Repurchase agreement  | 27,067            | 16,193                        |
| <b>Total</b>  | <b>1,148,070</b>  | <b>16,193</b>                 |

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

As at and for the year ended 30 June 2013

|   | <b>2013</b><br><b>Taka '000</b> | <b>Restated</b><br><b>2012</b><br><b>Taka '000</b> |
|---|---------------------------------|--|
| <b>38 Commission and other expenses on local currency financial liabilities</b> |                                 |  |
| Agency charges  | 2,407,926                       | 2,877,705  |
| Under writing commission on treasury bills & bonds                              | 316,000                         | 240,000  |
| <b>Total</b>  | <b>2,723,926</b>                | <b>3,117,705</b>                                   |
| <b>39 Consolidated general and administration expenses</b>                      |                                 |  |
| Staff costs (Note 39.01)  | 3,806,403                       | 7,185,561  |
| Depreciation  | 729,515                         | 1,153,783  |
| Amortisation  | 205,974                         | 176,129  |
| Directors' fees   | 762                             | 638  |
| Audit fees  | 10,750                          | 7,800  |
| Stationery  | 73,939                          | 57,086   |
| Rent, electricity etc.  | 208,491                         | 111,645  |
| Remittance of treasure  | 54,499                          | 26,339   |
| Donations   | 128,499                         | 130,265  |
| Telephone   | 53,048                          | 25,322   |
| Repairs   | 327,318                         | 117,736  |
| Warranty and other expenses   | -                               | 80,586   |
| Materials   | 3,040,824                       | 2,304,347  |
| Provision for Workers' Profit Participation Fund                                | 75,165                          | 70,503   |
| Income tax and value addition tax   | 1,215,551                       | 453,950  |
| Deferred tax  | 47,216                          | 48,980   |
| Miscellaneous   | 1,216,419                       | 768,418  |
| <b>Total</b>  | <b>11,194,373</b>               | <b>12,719,088</b>                                  |
| <b>39.01 Staff costs</b>  |                                 |  |
| Salary  | 1,321,094                       | 1,298,261  |
| House rent  | 447,821                         | 449,883  |
| Contribution to contributory provident fund                                     | 34,491                          | (155,009)  |
| Pension and gratuity  | 1,839                           | 3,868,419  |
| Leave encashment  | 64,921                          | 107,040  |
| General and incentive bonus   | 732,056                         | 722,557  |
| Income tax paid to Government   | 52,772                          | 62,296   |
| Medical expenses  | 190,993                         | 166,610  |
| Training  | 217,402                         | 103,714  |
| Travel expenses   | 146,644                         | 66,308   |
| Lunch   | 264,508                         | 206,798  |
| Other staff costs   | 331,862                         | 288,684  |
| <b>Total</b>  | <b>3,806,403</b>                | <b>7,185,561</b>                                   |

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2013

|   | 2013<br>Taka '000 | Restated<br>2012<br>Taka '000 |
|---|-------------------|-------------------------------|
| <b>40 General and administrative expenses</b> |                   |                               |
| Staff costs (Note 40.01)                      | 3,453,817         | 6,951,087                     |
| Depreciation                                  | 602,002           | 986,538                       |
| Amortisation                                  | 205,974           | 134,767                       |
| Directors' fee                                | 497               | 443                           |
| Audit fee                                     | 10,500            | 7,600                         |
| Stationery                                    | 73,939            | 57,825                        |
| Rent  | 142,046           | 110,551                       |
| Remittance of treasure                        | 54,499            | 26,356                        |
| Donations                                     | 128,499           | 130,265                       |
| Telephone                                     | 53,048            | 25,322                        |
| Repairs                                       | 314,969           | 113,642                       |
| Warranty & other expenses                     | -                 | -                             |
| Miscellaneous                                 | 1,175,818         | 722,706                       |
| <b>Total</b>                                  | <b>6,215,608</b>  | <b>9,267,102</b>              |
| <b>40.01 Staff costs</b>                      |                   |                               |
| Salary  | 1,169,113         | 1,188,655                     |
| House rent                                    | 447,821           | 420,851                       |
| Contribution to contributory provident fund   | 34,491            | (25,277)                      |
| Pension and gratuity                          | (20,397)          | 3,746,643                     |
| Leave encashment                              | 57,921            | 81,771                        |
| General and incentive bonus                   | 678,071           | 675,774                       |
| Income tax paid to Government                 | 52,772            | 62,296                        |
| Medical expenses                              | 185,289           | 156,104                       |
| Training                                      | 217,402           | 120,801                       |
| Travel expenses                               | 146,644           | 111,011                       |
| Lunch   | 234,747           | 184,034                       |
| Other staff costs                             | 249,943           | 228,424                       |
| <b>Total</b>                                  | <b>3,453,817</b>  | <b>6,951,087</b>              |

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

### **As at and for the year ended 30 June 2013**

#### **41 Risk management**

##### **(i) Financial risk management**

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 Bank's policies for controlling risks and exposures.

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

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

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 exchange 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 creates exposure to a range of operational and reputational risks.

Bank 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 and their remuneration fixed by the Government as prescribed in Section 65 (1) of the Bangladesh Bank Order, 1972. Auditing arrangements are overseen by an 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. The Audit Committee reports to the Board of Directors on its activities.

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 the risk management framework is consistent with financial market best practice. The risks tables in this note are all based on the Bangladesh Bank portfolio as reported in its statement of financial position.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

|                              | <b>2013</b>                 | <b>Restated</b>             |
|------------------------------|-----------------------------|-----------------------------|
| <b>(ii) Operational risk</b> | <b>Taka '000</b>            | <b>2012</b>                 |
|                              | <u>                    </u> | <u>                    </u> |
|                              | <b>Taka '000</b>            | <b>Taka '000</b>            |

Operational risk is the risk of loss in both financial and non-financial terms resulting from human error and the failure of internal processes and systems. 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 of staff and specific internal control systems designed around the particular characteristics of various Bank activities. Compliance with corporate policies and departmental internal control systems are managed by departmental management and an active internal audit function.

**(iii) Credit risk**

Credit risk is the risk of loss arising from a counterparty to a financial contract failing to discharge its obligation.

**(iv) Credit risk management**

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, to mitigate to credit risk including both the Bank's rigorous monitoring activities and, in many cases, guarantees from the government.

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

**Consolidated**

|                          |                             |                             |
|--------------------------|-----------------------------|-----------------------------|
| Bangladesh               | 533,876,205                 | 755,404,855                 |
| Other Asian countries    | 222,203,342                 | 168,239,805                 |
| United States of America | 680,356,599                 | 388,720,079                 |
| Europe                   | 269,949,561                 | 236,594,171                 |
| Australia                | 16,448,204                  | 16,631,216                  |
| <b>Total</b>             | <u><b>1,722,833,912</b></u> | <u><b>1,565,590,126</b></u> |

**Bank**

|                          |                             |                             |
|--------------------------|-----------------------------|-----------------------------|
| Bangladesh               | 531,062,319                 | 753,542,916                 |
| Other Asian countries    | 222,203,342                 | 168,239,805                 |
| United States of America | 680,356,599                 | 388,720,079                 |
| Europe                   | 269,949,561                 | 236,594,171                 |
| Australia                | 16,448,204                  | 16,631,216                  |
| <b>Total</b>             | <u><b>1,720,020,026</b></u> | <u><b>1,563,728,187</b></u> |

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2011

#### 42 Consolidated credit exposures by credit rating

The following tables represents the Bank's financial assets based on Moody's credit rating of the issuer. 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.

| Credit Rating | 2013               |                       | Restated 2012      |                       |
|---------------|--------------------|-----------------------|--------------------|-----------------------|
|               | Amount (Taka '000) | % of financial assets | Amount (Taka '000) | % of financial assets |

#### i) Foreign currency financial assets

|   |                      |                      |               |                    |               |
|---|----------------------|----------------------|---------------|--------------------|---------------|
| Foreign currency accounts                             | P-1                  | 400,668,902          | 23.35%        | 249,373,468        | 16.02%        |
| Short term investments with overseas commercial banks | P-1                  | 315,427,920          | 18.38%        | 223,067,581        | 14.33%        |
| US Dollar treasury bills                              | P-1                  | 83,198,484           | 4.85%         | 95,719,647         | 6.15%         |
| Foreign bonds   | Aaa                  | 98,168,247           | 5.72%         | 30,924,763         | 1.99%         |
| Foreign bonds   | Aa                   | 16,241,544           | 0.95%         | 19,900,092         | 1.28%         |
| Foreign bonds   | A+                   | 19,255,734           | 1.12%         | 14,730,821         | 0.95%         |
| Foreign bonds   | Aa2                  | 4,686,327            | 0.27%         | 2,133,141          | 0.14%         |
| Foreign bonds   | Aa3                  | 13,034,994           | 0.76%         | 4,914,429          | 0.32%         |
| Foreign bonds   | A-, B, BB, BBB, etc. | 69,484,823           | 4.05%         | 53,301,445         | 3.42%         |
| Foreign currency loans to banks                       | -                    | 62,201,818           | 3.63%         | 40,823,997         | 2.62%         |
| Gold and silver                                       | A-1                  | 24,869,623           | 1.45%         | 35,067,630         | 2.25%         |
| Claims from gold transactions                         | P-2                  | 9,888,170            | 0.58%         | 14,005,843         | 0.90%         |
| Assets held with International Monetary Fund          | -                    | 129,535,058          | 7.55%         | 121,652,558        | 7.82%         |
| Other foreign currency financial assets               | -                    | 3,257,453            | 0.19%         | 2,991,004          | 0.19%         |
| <b>Total</b>  |                      | <b>1,249,919,097</b> | <b>72.84%</b> | <b>908,606,419</b> | <b>58.38%</b> |

#### ii) Local currency financial assets

|   |     |                      |                |                      |                |
|---|-----|----------------------|----------------|----------------------|----------------|
| Loans to the Government of Bangladesh                               | Ba3 | 304,676,986          | 17.76%         | 373,067,868          | 23.97%         |
| Reverse repurchase agreement  | -   | 32,690,170           | 1.91%          | 153,769,820          | 9.88%          |
| Local currency investments  | -   | 8,221,755            | 0.48%          | 7,664,638            | 0.49%          |
| Local currency loans to banks, financial institutions and employees | -   | 118,056,512          | 6.88%          | 111,634,940          | 7.17%          |
| Other local currency financial assets                               | -   | 2,337,873            | 0.14%          | 1,752,385            | 0.11%          |
| <b>Total</b>  |     | <b>465,983,296</b>   | <b>27.16%</b>  | <b>647,889,651</b>   | <b>41.62%</b>  |
| <b>Total financial assets (i+ii)</b>                                |     | <b>1,715,902,392</b> | <b>100.00%</b> | <b>1,556,496,070</b> | <b>100.00%</b> |

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2011

**42.01 Credit exposures by credit rating**

| Credit Rating | 2013               |                       | Restated 2012      |                       |
|---------------|--------------------|-----------------------|--------------------|-----------------------|
|               | Amount (Taka '000) | % of financial assets | Amount (Taka '000) | % of financial assets |

**i) Foreign currency financial assets**

|   |                |                      |               |                    |               |
|---|----------------|----------------------|---------------|--------------------|---------------|
| Foreign currency accounts                             | P-1            | 400,668,902          | 23.38%        | 249,373,468        | 16.04%        |
| Short term investments with overseas commercial banks | P-1            | 315,427,920          | 18.41%        | 223,067,581        | 14.34%        |
| US Dollar treasury bills                              | P-1            | 83,198,484           | 4.86%         | 95,719,647         | 6.16%         |
| Foreign bonds   | Aaa            | 98,168,247           | 5.73%         | 30,924,763         | 1.99%         |
| Foreign bonds   | Aa             | 16,241,544           | 0.95%         | 19,900,092         | 1.28%         |
| Foreign bonds   | A+             | 19,255,734           | 1.12%         | 14,730,821         | 0.95%         |
| Foreign bonds   | Aa2            | 4,686,327            | 0.27%         | 2,133,141          | 0.14%         |
| Foreign bonds   | Aa3            | 13,034,994           | 0.76%         | 4,914,429          | 0.32%         |
| Foreign bonds   | A-, B, BB, BBB | 69,484,823           | 4.05%         | 53,301,446         | 3.43%         |
| Foreign currency loans to banks                       | -              | 62,201,818           | 3.63%         | 40,823,997         | 2.63%         |
| Gold and silver                                       | A-1            | 24,869,623           | 1.45%         | 35,067,630         | 2.26%         |
| Claims from gold transactions                         | P-2            | 9,888,170            | 0.58%         | 14,005,843         | 0.90%         |
| Assets held with International Monetary Fund          | -              | 129,535,058          | 7.56%         | 121,652,558        | 7.82%         |
| Other foreign currency financial assets               | -              | 3,257,453            | 0.19%         | 2,991,004          | 0.19%         |
| <b>Total</b>  |                | <b>1,249,919,097</b> | <b>72.94%</b> | <b>908,606,420</b> | <b>58.43%</b> |

**ii) Local currency financial assets**

|   |     |                      |                |                      |                |
|---|-----|----------------------|----------------|----------------------|----------------|
| Loans to the Government of Bangladesh                               | Ba3 | 304,676,986          | 17.78%         | 373,067,868          | 23.99%         |
| Reverse repurchase agreement  | -   | 32,690,170           | 1.91%          | 153,769,820          | 9.89%          |
| Local currency investments  | -   | 7,040,000            | 0.41%          | 7,073,333            | 0.45%          |
| Local currency loans to banks, financial institutions and employees | -   | 117,087,464          | 6.83%          | 110,907,171          | 7.13%          |
| Other local currency financial assets                               | -   | 2,199,827            | 0.13%          | 1,674,198            | 0.11%          |
| <b>Total</b>  |     | <b>463,694,447</b>   | <b>27.06%</b>  | <b>646,492,390</b>   | <b>41.57%</b>  |
| <b>Total financial assets (i+ii)</b>                                |     | <b>1,713,613,544</b> | <b>100.00%</b> | <b>1,555,098,810</b> | <b>100.00%</b> |

**43 Consolidated interest rate risk**

Interest rate risk is the risk of loss arising from changes in interest rates. The Bank 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. The Bank's interest sensitivity position based on contractual re-pricing arrangements as on 30 June 2012 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. Assets and liabilities will mature or re-price within the following period:



**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

## i) As at 30 June 2013

Taka '000

| Particulars | Balance as at 30 June 2013 | 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                      | 400,668,902          | 400,668,902        | -                  | -                  | -                 | 0.20% |
| Foreign investments                            | 619,498,073          | 361,110,522        | 87,839,457         | 170,548,094        | -                 | 1.98% |
| Assets held with International Monetary Fund   | 129,535,058          | 67,161,274         | 5,349              | -                  | 62,368,435        | 0.33% |
| Gold and silver                                | 30,888,999           | -                  | -                  | -                  | -                 | n/a   |
| Claims from gold transactions                  | 9,888,170            | -                  | 9,888,170          | -                  | -                 | 0.33% |
| Foreign currency loans to banks                | 62,201,818           | -                  | 62,201,818         | -                  | -                 | 1.53% |
| Other foreign currency financial assets        | 3,257,453            | -                  | -                  | -                  | -                 | n/a   |
| <b>Total Foreign currency financial assets</b> | <b>1,255,938,473</b> | <b>828,940,698</b> | <b>159,934,794</b> | <b>170,548,094</b> | <b>62,368,435</b> |       |

**Local currency financial assets**

|   |                      |                    |                    |                    |                    |       |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|-------|
| Taka coin and cash balances   | 912,143              | 912,143            | -                  | -                  | -                  | n/a   |
| Reverse repurchase agreement  | 32,690,170           | 32,690,170         | -                  | -                  | -                  | 9.63% |
| Loans to the Government of Bangladesh                               | 304,676,986          | 97,163,242         | 17,844,151         | 85,199,436         | 104,470,157        | 9.70% |
| Local currency investments  | 8,221,755            | -                  | 2,065,000          | 5,724,303          | 432,452            | 6.88% |
| Local currency loans to banks, financial institutions and employees | 118,056,512          | 4,807,353          | 28,319,817         | 59,441,457         | 25,487,885         | 4.87% |
| Other local currency financial assets                               | 2,337,873            | -                  | 2,337,873          | -                  | -                  | n/a   |
| <b>Total Local currency financial assets</b>                        | <b>466,895,439</b>   | <b>135,572,908</b> | <b>50,566,841</b>  | <b>150,365,196</b> | <b>130,390,494</b> |       |
| <b>Total financial assets</b>                                       | <b>1,722,833,912</b> | <b>964,513,606</b> | <b>210,501,635</b> | <b>320,913,290</b> | <b>192,758,929</b> |       |

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

|   |                    |                    |                  |                   |                    |       |
|---|--------------------|--------------------|------------------|-------------------|--------------------|-------|
| Foreign currency deposits from banks and financial institutions | 140,040,206        | 140,040,206        | -                | -                 | -                  | 0.14% |
| Liabilities with International Monetary Fund                    | 168,729,820        | 2,901,782          | 3,519,361        | 10,482,616        | 151,826,061        | 0.05% |
| <b>Total foreign currency financial liabilities</b>             | <b>308,770,026</b> | <b>142,941,988</b> | <b>3,519,361</b> | <b>10,482,616</b> | <b>151,826,061</b> |       |

**Local currency financial liabilities**

|   |                      |                    |                  |                   |                    |       |
|---|----------------------|--------------------|------------------|-------------------|--------------------|-------|
| Notes in circulation  | 746,382,617          | -                  | -                | -                 | -                  | n/a   |
| Short term borrowings   | 49,830,996           | 49,830,996         | -                | -                 | -                  | 5.07% |
| Local currency deposits from banks and financial institutions | 371,149,908          | -                  | -                | -                 | -                  | n/a   |
| Other local currency financial liabilities                    | 92,953,477           | -                  | -                | -                 | -                  | n/a   |
| <b>Total local currency financial liabilities</b>             | <b>1,260,316,998</b> | <b>49,830,996</b>  | <b>-</b>         | <b>-</b>          | <b>-</b>           |       |
| <b>Total financial liabilities</b>                            | <b>1,569,087,024</b> | <b>192,772,984</b> | <b>3,519,361</b> | <b>10,482,616</b> | <b>151,826,061</b> |       |

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

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 43. Consolidated interest rate risk

##### ii) As at 30 June 2012

Taka '000

| Particulars | Balance as at 30 June 2013 | 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                      | 249,373,468        | 249,373,468        | -                  | -                  | -                 | 0.22% |
| Foreign investments                            | 444,691,920        | 292,373,662        | 53,735,481         | 98,582,777         | -                 | 2.15% |
| Assets held with International Monetary Fund   | 121,652,558        | 55,417,219         | 11,265             | -                  | 66,224,074        | 0.24% |
| Gold and silver                                | 43,237,047         | -                  | -                  | -                  | -                 | n/a   |
| Claims from gold transactions                  | 14,005,843         | -                  | 14,005,843         | -                  | -                 | 0.33% |
| Foreign currency loans to banks                | 40,823,997         | -                  | 40,823,997         | -                  | -                 | 2.15% |
| Other foreign currency financial assets        | 2,991,004          | -                  | 155,740            | 1,910,778          | 80                | n/a   |
| <b>Total Foreign currency financial assets</b> | <b>916,775,837</b> | <b>597,164,349</b> | <b>108,732,326</b> | <b>100,493,555</b> | <b>66,224,154</b> |       |

##### Local currency financial assets

|   |                      |                    |                    |                    |                    |       |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|-------|
| Taka coin and cash balances   | 924,638              | -                  | -                  | -                  | -                  | n/a   |
| Reverse repurchase agreement  | 153,769,820          | 153,769,820        | -                  | -                  | -                  | 6.90% |
| Loans to the Government of Bangladesh                               | 373,067,868          | 131,547,885        | 40,156,138         | 172,264,424        | 29,099,421         | 8.71% |
| Local currency investments  | 7,664,638            | -                  | 200,000            | 6,807,096          | 657,542            | 6.24% |
| Local currency loans to banks, financial institutions and employees | 111,634,940          | 4,611,748          | 52,818,517         | 32,519,660         | 21,685,015         | 4.44% |
| Other local currency financial assets                               | 1,752,385            | -                  | 1,700,754          | -                  | -                  | n/a   |
| <b>Total Local currency financial assets</b>                        | <b>648,814,289</b>   | <b>289,929,453</b> | <b>94,875,409</b>  | <b>211,591,180</b> | <b>51,441,978</b>  |       |
| <b>Total financial assets</b>                                       | <b>1,565,590,126</b> | <b>887,093,802</b> | <b>203,607,735</b> | <b>312,084,735</b> | <b>117,666,132</b> |       |

#### Liabilities

##### Foreign currency financial liabilities

|   |                    |                    |                   |                   |                    |       |
|---|--------------------|--------------------|-------------------|-------------------|--------------------|-------|
| Foreign currency deposits from banks and financial institutions | 157,626,977        | 157,626,977        | -                 | -                 | -                  | 0.10% |
| Liabilities with International Monetary Fund                    | 173,921,133        | 7,920,256          | 11,228,212        | 15,360,404        | 139,412,261        | 0.28% |
| <b>Total foreign currency financial liabilities</b>             | <b>331,548,110</b> | <b>165,547,233</b> | <b>11,228,212</b> | <b>15,360,404</b> | <b>139,412,261</b> |       |

##### Local currency financial liabilities

|   |                      |                    |                   |                   |                    |     |
|---|----------------------|--------------------|-------------------|-------------------|--------------------|-----|
| Notes in circulation  | 642,007,492          | -                  | -                 | -                 | -                  | n/a |
| Local currency deposits from banks and financial institutions | 329,012,080          | -                  | -                 | -                 | -                  | n/a |
| Other local currency financial liabilities                    | 49,907,382           | -                  | -                 | -                 | -                  | n/a |
| <b>Total local currency financial liabilities</b>             | <b>1,020,926,954</b> | <b>-</b>           | <b>-</b>          | <b>-</b>          | <b>-</b>           |     |
| <b>Total financial liabilities</b>                            | <b>1,352,475,064</b> | <b>165,547,233</b> | <b>11,228,212</b> | <b>15,360,404</b> | <b>139,412,261</b> |     |

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

Previous year's figures have been restated, where necessary.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 43. Consolidated interest rate risk

##### 43.01 Interest rate risk

##### i) As at 30 June 2013

Taka '000

| Particulars   | Balance as at 30 June 2013 | 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   | 400,668,902                | 400,668,902        | -                  | -                  | -                  | 0.20%                     |
| Foreign investments   | 619,498,073                | 361,110,521        | 87,839,457         | 170,548,095        | -                  | 1.98%                     |
| Assets held with International Monetary Fund                        | 129,535,058                | 67,161,274         | 5,349              | -                  | 62,368,435         | 0.33%                     |
| Gold and silver   | 30,888,999                 | -                  | -                  | -                  | -                  | n/a                       |
| Claims from gold transactions                                       | 9,888,170                  | -                  | 9,888,170          | -                  | -                  | 0.33%                     |
| Foreign currency loans to banks                                     | 62,201,818                 | -                  | 62,201,818         | -                  | -                  | 1.53%                     |
| Other foreign currency financial assets                             | 3,257,453                  | -                  | -                  | -                  | -                  | n/a                       |
| <b>Total Foreign currency financial assets</b>                      | <b>1,255,938,473</b>       | <b>828,940,697</b> | <b>159,934,794</b> | <b>170,548,095</b> | <b>62,368,435</b>  |                           |
| <b>Local currency financial assets</b>                              |                            |                    |                    |                    |                    |                           |
| Taka coin and cash balances   | 387,106                    | -                  | -                  | -                  | -                  | n/a                       |
| Reverse repurchase agreement  | 32,690,170                 | 32,690,170         | -                  | -                  | -                  | 9.63%                     |
| Loans to the Government of Bangladesh                               | 304,676,986                | 97,163,242         | 17,844,151         | 85,199,436         | 104,470,157        | 9.70%                     |
| Local currency investments  | 7,040,000                  | -                  | 2,065,000          | 4,050,000          | 925,000            | 4.95%                     |
| Local currency loans to banks, financial institutions and employees | 117,087,464                | 4,807,353          | 28,319,817         | 59,441,457         | 24,518,837         | 4.86%                     |
| Other local currency financial assets                               | 2,199,827                  | -                  | -                  | -                  | -                  | n/a                       |
| <b>Total Local currency financial assets</b>                        | <b>464,081,553</b>         | <b>134,660,765</b> | <b>48,228,968</b>  | <b>148,690,893</b> | <b>129,913,994</b> |                           |
| <b>Total financial assets</b>                                       | <b>1,720,020,026</b>       | <b>963,601,462</b> | <b>208,163,762</b> | <b>319,238,988</b> | <b>192,282,429</b> |                           |
| <b>Liabilities</b>  |                            |                    |                    |                    |                    |                           |
| <b>Foreign currency financial liabilities</b>                       |                            |                    |                    |                    |                    |                           |
| Foreign currency deposits from banks and financial institutions     | 140,040,206                | 140,040,206        | -                  | -                  | -                  | 0.14%                     |
| Liabilities with International Monetary Fund                        | 168,729,820                | 2,901,782          | 3,519,361          | 10,482,616         | 151,826,061        | 0.05%                     |
| <b>Total foreign currency financial liabilities</b>                 | <b>308,770,026</b>         | <b>142,941,988</b> | <b>3,519,361</b>   | <b>10,482,616</b>  | <b>151,826,061</b> |                           |
| <b>Local currency financial liabilities</b>                         |                            |                    |                    |                    |                    |                           |
| Notes in circulation  | 746,382,617                | -                  | -                  | -                  | -                  | n/a                       |
| Short term borrowings   | 49,830,996                 | 49,830,996         | -                  | -                  | -                  | 5.07%                     |
| Local currency deposits from banks and financial institutions       | 371,149,908                | -                  | -                  | -                  | -                  | n/a                       |
| Other local currency financial liabilities                          | 92,137,645                 | -                  | -                  | -                  | -                  | n/a                       |
| <b>Total local currency financial liabilities</b>                   | <b>1,259,501,166</b>       | <b>49,830,996</b>  | <b>-</b>           | <b>-</b>           | <b>-</b>           |                           |
| <b>Total financial liabilities</b>                                  | <b>1,568,271,192</b>       | <b>192,772,984</b> | <b>3,519,361</b>   | <b>10,482,616</b>  | <b>151,826,061</b> |                           |

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

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

## 43. Consolidated interest rate risk

## ii) As at 30 June 2012

Taka '000

| Particulars | Balance as at 30 June 2013 | 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                      | 249,373,468        | 249,373,468        | -                  | -                 | -                 | 0.22% |
| Foreign investments                            | 444,691,920        | 292,373,662        | 53,735,481         | 98,582,777        | -                 | 2.15% |
| Assets held with International Monetary Fund   | 121,652,558        | 55,417,219         | 11,265             | -                 | 66,224,074        | 0.24% |
| Gold and silver                                | 43,237,047         | -                  | -                  | -                 | -                 | n/a   |
| Claims from gold transactions                  | 14,005,843         | -                  | 14,005,843         | -                 | -                 | 0.33% |
| Foreign currency loans to banks                | 40,823,997         | -                  | 40,823,997         | -                 | -                 | 2.15% |
| Other foreign currency financial assets        | 2,991,004          | -                  | -                  | -                 | -                 | n/a   |
| <b>Total Foreign currency financial assets</b> | <b>916,775,837</b> | <b>597,164,349</b> | <b>108,576,586</b> | <b>98,582,777</b> | <b>66,224,074</b> |       |

**Local currency financial assets**

|   |                      |                    |                    |                    |                    |       |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|-------|
| Taka coin and cash balances   | 459,960              | 459,960            | -                  | -                  | -                  | n/a   |
| Reverse repurchase agreement  | 153,769,820          | 153,769,820        | -                  | -                  | -                  | 6.90% |
| Loans to the Government of Bangladesh                               | 373,067,868          | 131,547,885        | 40,156,138         | 172,264,424        | 29,099,421         | 8.71% |
| Local currency investments  | 7,073,333            | -                  | 200,000            | 5,723,333          | 1,150,000          | 5.82% |
| Local currency loans to banks, financial institutions and employees | 110,907,171          | 4,611,748          | 52,818,517         | 32,519,660         | 20,957,246         | 4.43% |
| Other local currency financial assets                               | 1,674,198            | -                  | -                  | -                  | -                  | n/a   |
| <b>Total Local currency financial assets</b>                        | <b>646,952,350</b>   | <b>290,389,413</b> | <b>93,174,655</b>  | <b>210,507,417</b> | <b>51,206,667</b>  |       |
| <b>Total financial assets</b>                                       | <b>1,563,728,187</b> | <b>887,553,762</b> | <b>201,751,241</b> | <b>309,090,194</b> | <b>117,430,741</b> |       |

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

|   |                    |                    |                   |                   |                    |       |
|---|--------------------|--------------------|-------------------|-------------------|--------------------|-------|
| Foreign currency deposits from banks and financial institutions | 157,626,977        | 157,626,977        | -                 | -                 | -                  | 0.10% |
| Liabilities with International Monetary Fund                    | 173,921,133        | 7,920,256          | 11,228,212        | 15,360,404        | 139,412,261        | 0.28% |
| <b>Total foreign currency financial liabilities</b>             | <b>331,548,110</b> | <b>165,547,233</b> | <b>11,228,212</b> | <b>15,360,404</b> | <b>139,412,261</b> |       |

**Local currency financial liabilities**

|   |                      |                    |                   |                   |                    |     |
|---|----------------------|--------------------|-------------------|-------------------|--------------------|-----|
| Notes in circulation  | 642,007,492          | -                  | -                 | -                 | -                  | n/a |
| Local currency deposits from banks and financial institutions | 329,012,080          | -                  | -                 | -                 | -                  | n/a |
| Other local currency financial liabilities                    | 48,932,585           | -                  | -                 | -                 | -                  | n/a |
| <b>Total local currency financial liabilities</b>             | <b>1,019,952,157</b> | <b>0</b>           | <b>0</b>          | <b>0</b>          | <b>0</b>           |     |
| <b>Total financial liabilities</b>                            | <b>1,351,500,267</b> | <b>165,547,233</b> | <b>11,228,212</b> | <b>15,360,404</b> | <b>139,412,261</b> |     |

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

Previous year's figures have been restated, where necessary.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 44 Consolidated liquidity risk

##### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

##### Management of liquidity risk

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.

The table below summarises the maturity profile of the Bank'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:

##### i) As at 30 June 2013

Taka '000

| Up to 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
|---------------|---------------|----------------|--------------|--------------|-------|
|---------------|---------------|----------------|--------------|--------------|-------|

##### Foreign currency financial assets

|  |                    |                    |                    |                    |                   |                      |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|----------------------|
| Foreign currency accounts                    | 400,668,902        | -                  | -                  | -                  | -                 | 400,668,902          |
| Foreign investments                          | 150,959,334        | 210,151,187        | 87,839,457         | 170,548,095        | -                 | 619,498,073          |
| Assets held with International Monetary Fund | 67,161,274         | -                  | 5,349              | -                  | 62,368,435        | 129,535,058          |
| Gold and silver                              | 30,888,999         | -                  | -                  | -                  | -                 | 30,888,999           |
| Claims from gold transactions                | -                  | -                  | 9,888,170          | -                  | -                 | 9,888,170            |
| Foreign currency loans to banks              | -                  | -                  | 62,201,818         | -                  | -                 | 62,201,818           |
| Other foreign currency financial assets      | -                  | -                  | 3,257,453          | -                  | -                 | 3,257,453            |
| <b>Total</b>                                 | <b>649,678,509</b> | <b>210,151,187</b> | <b>163,192,247</b> | <b>170,548,095</b> | <b>62,368,435</b> | <b>1,255,938,473</b> |

##### Local currency financial assets

|   |                   |                   |                   |                    |                    |                    |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Taka coin and cash balances   | 912,143           | -                 | -                 | -                  | -                  | 912,143            |
| Reverse repurchase agreement  | 32,690,170        | -                 | -                 | -                  | -                  | 32,690,170         |
| Loans to the Government of Bangladesh                               | 20,000,000        | 77,163,242        | 17,844,151        | 85,199,436         | 104,470,157        | 304,676,986        |
| Local currency investments  | -                 | -                 | 2,065,000         | 5,724,303          | 432,452            | 8,221,755          |
| Local currency loans to banks, financial institutions and employees | -                 | 4,807,353         | 28,319,817        | 59,441,457         | 25,487,885         | 118,056,512        |
| Other local currency financial assets                               | -                 | -                 | 2,337,873         | -                  | -                  | 2,337,873          |
| <b>Total</b>  | <b>53,602,313</b> | <b>81,970,595</b> | <b>50,566,841</b> | <b>150,365,196</b> | <b>130,390,494</b> | <b>466,895,439</b> |

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

Taka '000

|   | Up to 1 month        | 1 to 3 months      | 3 to 12 months     | 1 to 5 years       | Over 5 years       | Total                |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| <b>Non-financial assets</b>                                     |                      |                    |                    |                    |                    |                      |
| Property, plant and equipment                                   | -                    | -                  | 1,513,391          | -                  | 27,727,214         | 29,240,605           |
| Intangible asset  | -                    | -                  | 123,139            | -                  | 788,776            | 911,915              |
| Other non-financial assets                                      | 364,909              | -                  | 909,488            | 5,369,470          | -                  | 6,643,867            |
| <b>Total</b>  | <b>364,909</b>       | <b>-</b>           | <b>2,546,018</b>   | <b>5,369,470</b>   | <b>28,515,990</b>  | <b>36,796,387</b>    |
| <b>Total assets</b>   | <b>703,645,731</b>   | <b>292,121,782</b> | <b>216,305,106</b> | <b>326,282,761</b> | <b>221,274,919</b> | <b>1,759,630,299</b> |
| <b>Foreign currency financial liabilities</b>                   |                      |                    |                    |                    |                    |                      |
| Foreign currency deposits from banks and financial institutions | 140,040,206          | -                  | -                  | -                  | -                  | 140,040,206          |
| Liabilities with International Monetary Fund                    | 170,298              | 2,731,484          | 3,519,361          | 10,482,616         | 151,826,061        | 168,729,820          |
| <b>Total</b>  | <b>140,210,504</b>   | <b>2,731,484</b>   | <b>3,519,361</b>   | <b>10,482,616</b>  | <b>151,826,061</b> | <b>308,770,026</b>   |
| <b>Local currency financial liabilities</b>                     |                      |                    |                    |                    |                    |                      |
| Notes in circulation  | 746,382,617          | -                  | -                  | -                  | -                  | 746,382,617          |
| Short term borrowings   | 49,830,996           | -                  | -                  | -                  | -                  | 49,830,996           |
| Local currency deposits from banks and financial institutions   | 371,149,908          | -                  | -                  | -                  | -                  | 371,149,908          |
| Other local currency financial liabilities                      | -                    | -                  | 92,953,477         | -                  | -                  | 92,953,477           |
| <b>Total</b>  | <b>1,167,363,521</b> | <b>-</b>           | <b>92,953,477</b>  | <b>-</b>           | <b>-</b>           | <b>1,260,316,998</b> |
| <b>Total liabilities</b>  | <b>1,307,574,025</b> | <b>2,731,484</b>   | <b>96,472,838</b>  | <b>10,482,616</b>  | <b>151,826,061</b> | <b>1,569,087,024</b> |
| Capital and reserve   | -                    | 41,568,137         | -                  | -                  | 148,975,138        | 190,543,275          |
| <b>Total liability and equity</b>                               | <b>1,307,574,025</b> | <b>44,299,621</b>  | <b>96,472,838</b>  | <b>10,482,616</b>  | <b>300,801,199</b> | <b>1,759,630,299</b> |
| <b>Gap analysis</b>   |                      |                    |                    |                    |                    |                      |
| <b>Maturity gap</b>   | <b>(603,928,294)</b> | <b>289,390,298</b> | <b>119,832,268</b> | <b>315,800,145</b> | <b>69,448,858</b>  | <b>190,543,276</b>   |

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

## ii) As at 30 June 2012

Taka '000

|   | Up to 1 month        | 1 to 3 months      | 3 to 12 months     | 1 to 5 years       | Over 5 years        | Total                |
|---|----------------------|--------------------|--------------------|--------------------|---------------------|----------------------|
| <b>Foreign currency financial assets</b>                            |                      |                    |                    |                    |                     |                      |
| Foreign currency accounts   | 249,373,468          | -                  | -                  | -                  | -                   | 249,373,468          |
| Foreign investments   | 225,005,259          | 67,368,403         | 53,735,481         | 98,582,777         | -                   | 444,691,920          |
| Assets held with International Monetary Fund                        | 55,417,219           | -                  | 11,265             | -                  | 66,224,074          | 121,652,558          |
| Gold and silver   | 43,237,047           | -                  | -                  | -                  | -                   | 43,237,047           |
| Claims from gold transactions                                       | -                    | -                  | 14,005,843         | -                  | -                   | 14,005,843           |
| Foreign currency loans to banks                                     | -                    | -                  | 40,823,997         | -                  | -                   | 40,823,997           |
| Other foreign currency financial assets                             | -                    | 924,406            | 155,740            | 1,910,778          | 80                  | 2,991,004            |
| <b>Total</b>  | <b>573,032,993</b>   | <b>68,292,809</b>  | <b>108,732,326</b> | <b>100,493,555</b> | <b>66,224,154</b>   | <b>916,775,837</b>   |
| <b>Local currency financial assets</b>                              |                      |                    |                    |                    |                     |                      |
| Taka coin and cash balances   | 924,638              | -                  | -                  | -                  | -                   | 924,638              |
| Reverse repurchase agreement  | 153,769,820          | -                  | -                  | -                  | -                   | 153,769,820          |
| Loans to the Government of Bangladesh                               | 20,000,000           | 111,547,885        | 40,156,138         | 172,264,424        | 29,099,421          | 373,067,868          |
| Local currency investments  | -                    | -                  | 1,279,743          | 5,730,785          | 654,110             | 7,664,638            |
| Local currency loans to banks, financial institutions and employees | 203,349              | 4,408,399          | 52,818,517         | 32,519,660         | 21,685,015          | 111,634,940          |
| Other local currency financial assets                               | -                    | 51,631             | 1,700,754          | -                  | -                   | 1,752,385            |
| <b>Total</b>  | <b>174,897,807</b>   | <b>116,007,915</b> | <b>95,955,152</b>  | <b>210,514,869</b> | <b>51,438,546</b>   | <b>648,814,289</b>   |
| <b>Other non-financial assets</b>                                   |                      |                    |                    |                    |                     |                      |
| Property, plant and equipment                                       | -                    | -                  | 735,923            | -                  | 27,951,460          | 28,687,383           |
| Intangible asset  | -                    | -                  | -                  | 838,617            | -                   | 838,617              |
| Other non-financial assets  | 1,222,583            | 1,286,696          | -                  | 3,860,185          | -                   | 6,369,464            |
| <b>Total</b>  | <b>1,222,583</b>     | <b>1,286,696</b>   | <b>735,923</b>     | <b>4,698,802</b>   | <b>27,951,460</b>   | <b>35,895,464</b>    |
| <b>Total assets</b>   | <b>747,930,800</b>   | <b>184,300,724</b> | <b>204,687,478</b> | <b>311,008,424</b> | <b>117,662,700</b>  | <b>1,565,590,126</b> |
| <b>Foreign currency financial liabilities</b>                       |                      |                    |                    |                    |                     |                      |
| Foreign currency deposits from banks and financial institutions     | 157,626,977          | -                  | -                  | -                  | -                   | 157,626,977          |
| Liabilities with International Monetary Fund                        | 5,850,754            | 2,069,502          | 11,228,212         | 15,360,404         | 139,412,261         | 173,921,133          |
| <b>Total</b>  | <b>163,477,731</b>   | <b>2,069,502</b>   | <b>11,228,212</b>  | <b>15,360,404</b>  | <b>139,412,261</b>  | <b>331,548,110</b>   |
| <b>Local currency financial liabilities</b>                         |                      |                    |                    |                    |                     |                      |
| Notes in circulation  | 642,007,492          | -                  | -                  | -                  | -                   | 642,007,492          |
| Deposits from banks and financial institutions                      | 329,012,080          | -                  | -                  | -                  | -                   | 329,012,080          |
| Other local currency financial liabilities                          | 18,858,198           | -                  | 3,338,156          | 9,789,362          | 17,921,666          | 49,907,382           |
| <b>Total</b>  | <b>989,877,770</b>   | <b>-</b>           | <b>3,338,156</b>   | <b>9,789,362</b>   | <b>17,921,666</b>   | <b>1,020,926,954</b> |
| <b>Total liabilities</b>  | <b>1,153,355,501</b> | <b>2,069,502</b>   | <b>14,566,368</b>  | <b>25,149,766</b>  | <b>157,333,927</b>  | <b>1,352,475,064</b> |
| Capital and reserve   | -                    | 36,742,319         | -                  | -                  | 212,268,207         | 249,010,526          |
| <b>Total liability and equity</b>                                   | <b>1,153,355,501</b> | <b>38,811,821</b>  | <b>14,566,368</b>  | <b>25,149,766</b>  | <b>369,602,134</b>  | <b>1,601,485,590</b> |
| <b>Gap analysis</b>   |                      |                    |                    |                    |                     |                      |
| <b>Maturity gap</b>   | <b>(405,424,701)</b> | <b>182,231,222</b> | <b>190,121,110</b> | <b>285,858,658</b> | <b>(39,671,227)</b> | <b>213,115,062</b>   |

Previous year's figures have been restated, where necessary.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 44.01 Liquidity risk

Taka '000

##### i) As at 30 June 2013

#### Foreign currency financial assets

|  | Up to 1 month      | 1 to 3 months      | 3 to 12 months     | 1 to 5 years       | Over 5 years      | Total                |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|----------------------|
| Foreign currency accounts                    | 400,668,902        | -                  | -                  | -                  | -                 | 400,668,902          |
| Foreign investments                          | 150,959,334        | 210,151,187        | 87,839,457         | 170,548,095        | -                 | 619,498,073          |
| Assets held with International Monetary Fund | 67,161,274         | -                  | 5,349              | -                  | 62,368,435        | 129,535,058          |
| Gold and silver                              | 30,888,999         | -                  | -                  | -                  | -                 | 30,888,999           |
| Claims from gold transactions                | -                  | -                  | 9,888,170          | -                  | -                 | 9,888,170            |
| Foreign currency loans to banks              | -                  | -                  | 62,201,818         | -                  | -                 | 62,201,818           |
| Other foreign currency financial assets      | -                  | -                  | 3,257,453          | -                  | -                 | 3,257,453            |
| <b>Total</b>                                 | <b>649,678,509</b> | <b>210,151,187</b> | <b>163,192,247</b> | <b>170,548,095</b> | <b>62,368,435</b> | <b>1,255,938,473</b> |

#### Local currency financial assets

|   |                   |                   |                   |                    |                    |                    |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Taka coin and cash balances   | 387,106           | -                 | -                 | -                  | -                  | 387,106            |
| Reverse repurchase agreement  | 32,690,170        | -                 | -                 | -                  | -                  | 32,690,170         |
| Loans to the Government of Bangladesh                               | 20,000,000        | 77,163,242        | 17,844,151        | 85,199,436         | 104,470,157        | 304,676,986        |
| Local currency investments  | -                 | -                 | 2,065,000         | 4,050,000          | 925,000            | 7,040,000          |
| Local currency loans to banks, financial institutions and employees | -                 | 4,807,353         | 28,319,817        | 59,441,457         | 24,518,837         | 117,087,464        |
| Other local currency financial assets                               | -                 | -                 | 2,199,827         | -                  | -                  | 2,199,827          |
| <b>Total</b>  | <b>53,077,276</b> | <b>81,970,595</b> | <b>50,428,795</b> | <b>148,690,893</b> | <b>129,913,994</b> | <b>464,081,553</b> |

#### Non-financial assets

|                               |                    |                    |                    |                    |                    |                      |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| Property, plant and equipment | -                  | -                  | 1,512,152          | -                  | 24,680,070         | 26,192,222           |
| Intangible asset              | -                  | -                  | 123,139            | -                  | 788,776            | 911,915              |
| Other non-financial assets    | 4,214,521          | -                  | -                  | 18,071             | -                  | 4,232,592            |
| <b>Total</b>                  | <b>4,214,521</b>   | <b>-</b>           | <b>1,635,291</b>   | <b>18,071</b>      | <b>25,468,846</b>  | <b>31,336,729</b>    |
| <b>Total assets</b>           | <b>706,970,306</b> | <b>292,121,782</b> | <b>215,256,333</b> | <b>319,257,059</b> | <b>217,751,275</b> | <b>1,751,356,755</b> |

#### Foreign currency financial liabilities

|   |                    |                  |                  |                   |                    |                    |
|---|--------------------|------------------|------------------|-------------------|--------------------|--------------------|
| Foreign currency deposits from banks and financial institutions | 140,040,206        | -                | -                | -                 | -                  | 140,040,206        |
| Liabilities with International Monetary Fund                    | 170,298            | 2,731,484        | 3,519,361        | 10,482,616        | 151,826,061        | 168,729,820        |
| <b>Total</b>  | <b>140,210,504</b> | <b>2,731,484</b> | <b>3,519,361</b> | <b>10,482,616</b> | <b>151,826,061</b> | <b>308,770,026</b> |

#### Local currency financial liabilities

|   |                      |                  |                   |                   |                    |                      |
|---|----------------------|------------------|-------------------|-------------------|--------------------|----------------------|
| Notes in circulation  | 746,382,617          | -                | -                 | -                 | -                  | 746,382,617          |
| Short term borrowings   | 49,830,996           | -                | -                 | -                 | -                  | 49,830,996           |
| Local currency deposits from banks and financial institutions | 371,149,908          | -                | -                 | -                 | -                  | 371,149,908          |
| Other local currency financial liabilities                    | -                    | -                | 92,137,645        | -                 | -                  | 92,137,645           |
| <b>Total</b>  | <b>1,167,363,521</b> | <b>-</b>         | <b>92,137,645</b> | <b>-</b>          | <b>-</b>           | <b>1,259,501,166</b> |
| <b>Total liabilities</b>                                      | <b>1,307,574,025</b> | <b>2,731,484</b> | <b>95,657,006</b> | <b>10,482,616</b> | <b>151,826,061</b> | <b>1,568,271,192</b> |

|                                   |                      |                   |                   |                   |                    |                      |
|-----------------------------------|----------------------|-------------------|-------------------|-------------------|--------------------|----------------------|
| Capital and reserve               | -                    | 41,568,137        | -                 | -                 | 141,517,426        | 183,085,563          |
| <b>Total liability and equity</b> | <b>1,307,574,025</b> | <b>44,299,621</b> | <b>95,657,006</b> | <b>10,482,616</b> | <b>293,343,487</b> | <b>1,751,356,755</b> |

#### Gap analysis

|                     |                      |                    |                    |                    |                   |                    |
|---------------------|----------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| <b>Maturity gap</b> | <b>(600,603,719)</b> | <b>289,390,298</b> | <b>119,599,327</b> | <b>308,774,443</b> | <b>65,925,214</b> | <b>183,085,564</b> |
|---------------------|----------------------|--------------------|--------------------|--------------------|-------------------|--------------------|



**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

## ii) As at 30 June 2012

Taka '000

|   | Up to 1 month        | 1 to 3 months      | 3 to 12 months     | 1 to 5 years       | Over 5 years        | Total                |
|---|----------------------|--------------------|--------------------|--------------------|---------------------|----------------------|
| <b>Foreign currency financial assets</b>                            |                      |                    |                    |                    |                     |                      |
| Foreign currency accounts   | 249,373,468          | -                  | -                  | -                  | -                   | 249,373,468          |
| Foreign investments   | 225,005,259          | 67,368,403         | 53,735,481         | 98,582,777         | -                   | 444,691,920          |
| Assets held with International Monetary Fund                        | 55,417,219           | -                  | 11,265             | -                  | 66,224,074          | 121,652,558          |
| Gold and silver   | 43,237,047           | -                  | -                  | -                  | -                   | 43,237,047           |
| Claims from gold transactions                                       | -                    | -                  | 14,005,843         | -                  | -                   | 14,005,843           |
| Foreign currency loans to banks                                     | -                    | -                  | 40,823,997         | -                  | -                   | 40,823,997           |
| Other foreign currency financial assets                             | -                    | 924,406            | 155,740            | 1,910,778          | 80                  | 2,991,004            |
| <b>Total</b>  | <b>573,032,993</b>   | <b>68,292,809</b>  | <b>108,732,326</b> | <b>100,493,555</b> | <b>66,224,154</b>   | <b>916,775,837</b>   |
| <b>Local currency financial assets</b>                              |                      |                    |                    |                    |                     |                      |
| Taka coin and cash balances   | 459,960              | -                  | -                  | -                  | -                   | 459,960              |
| Reverse repurchase agreement  | 153,769,820          | -                  | -                  | -                  | -                   | 153,769,820          |
| Loans to the Government of Bangladesh                               | 20,000,000           | 111,547,885        | 40,156,138         | 172,264,424        | 29,099,421          | 373,067,868          |
| Local currency investments  | -                    | -                  | 200,000            | 5,723,333          | 1,150,000           | 7,073,333            |
| Local currency loans to banks, financial institutions and employees | 203,349              | 4,408,399          | 52,818,517         | 32,519,660         | 20,957,246          | 110,907,171          |
| Other local currency financial assets                               | -                    | 51,631             | 1,622,567          | -                  | -                   | 1,674,198            |
| <b>Total</b>  | <b>174,433,129</b>   | <b>116,007,915</b> | <b>94,797,222</b>  | <b>210,507,417</b> | <b>51,206,667</b>   | <b>646,952,350</b>   |
| <b>Non-financial assets</b>   |                      |                    |                    |                    |                     |                      |
| Property, plant and equipment                                       | -                    | -                  | 734,940            | -                  | 24,861,664          | 25,596,604           |
| Intangible asset  | -                    | -                  | -                  | 838,617            | -                   | 838,617              |
| Other non-financial assets  | 3,761,140            | -                  | -                  | 20,715             | -                   | 3,781,855            |
| <b>Total</b>  | <b>3,761,140</b>     | <b>-</b>           | <b>734,940</b>     | <b>859,332</b>     | <b>24,861,664</b>   | <b>30,217,076</b>    |
| <b>Total assets</b>   | <b>751,227,262</b>   | <b>184,300,724</b> | <b>204,264,488</b> | <b>311,860,304</b> | <b>142,292,485</b>  | <b>1,593,945,263</b> |
| <b>Foreign currency financial liabilities</b>                       |                      |                    |                    |                    |                     |                      |
| Foreign currency deposits from banks and financial institutions     | 157,626,977          | -                  | -                  | -                  | -                   | 157,626,977          |
| Liabilities with International Monetary Fund                        | 5,850,754            | 2,069,502          | 11,228,212         | 15,360,404         | 139,412,261         | 173,921,133          |
| <b>Total</b>  | <b>163,477,731</b>   | <b>2,069,502</b>   | <b>11,228,212</b>  | <b>15,360,404</b>  | <b>139,412,261</b>  | <b>331,548,110</b>   |
| <b>Local currency financial liabilities</b>                         |                      |                    |                    |                    |                     |                      |
| Notes in circulation  | 642,007,492          | -                  | -                  | -                  | -                   | 642,007,492          |
| Deposits from banks and financial institutions                      | 329,012,080          | -                  | -                  | -                  | -                   | 329,012,080          |
| Other local currency financial liabilities                          | 18,858,198.0         | -                  | 2,817,310          | 9,789,362          | 17,467,715          | 48,932,585           |
| <b>Total</b>  | <b>989,877,770</b>   | <b>-</b>           | <b>2,817,310</b>   | <b>9,789,362</b>   | <b>17,467,715</b>   | <b>1,019,952,157</b> |
| <b>Total liabilities</b>  | <b>1,153,355,501</b> | <b>2,069,502</b>   | <b>14,045,522</b>  | <b>25,149,766</b>  | <b>156,879,976</b>  | <b>1,351,500,267</b> |
| Capital and reserve   | -                    | 36,742,319         | -                  | -                  | 205,702,677         | 242,444,996          |
| <b>Total liability and equity</b>                                   | <b>1,153,355,501</b> | <b>38,811,821</b>  | <b>14,045,522</b>  | <b>25,149,766</b>  | <b>362,582,653</b>  | <b>1,593,945,263</b> |
| <b>Gap analysis</b>   |                      |                    |                    |                    |                     |                      |
| <b>Maturity gap</b>   | <b>(402,128,239)</b> | <b>182,231,222</b> | <b>190,218,966</b> | <b>286,710,538</b> | <b>(14,587,491)</b> | <b>242,444,996</b>   |

Previous year's figures have been restated, where necessary.

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 45 Currency risk

Currency risk (exchange rate risk) is a form of risk that arises from the change in price of one currency against another, which directly affects the value of foreign exchange reserves as well as investments. In Bangladesh Bank, foreign exchange reserve management and investment functions are guided by an Investment Committee. The 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

#### i) As at 30 June 2013

Taka '000

| Particulars   | US\$ equivalent    | Gold and Silver equivalent | EURO equivalent    | GBP equivalent    | Yen equivalent   | C\$ equivalent    | AUD equivalent    | CNY equivalent   | SDR equivalent      | Others equivalent |
|---|--------------------|----------------------------|--------------------|-------------------|------------------|-------------------|-------------------|------------------|---------------------|-------------------|
| <b>Assets</b>                                       |                    |                            |                    |                   |                  |                   |                   |                  |                     |                   |
| Held in other Central Banks and cash deposit abroad | 313,536,314        | -                          | 78,632,814         | 2,721,504         | 3,686,957        | 199,980           | 1,795,048         | 53,953           | -                   | 42,332            |
| Short term investment in overseas commercial banks  | 215,089,539        | -                          | -                  | 51,964,362        | -                | 12,090,588        | 23,023,762        | 818,182          | -                   | 12,441,488        |
| Treasury bills                                      | 83,198,484         | -                          | -                  | -                 | -                | -                 | -                 | -                | -                   | -                 |
| Foreign bonds                                       | 147,302,148        | -                          | 39,721,907         | 12,673,184        | -                | 4,481,289         | 14,313,099        | 2,380,041        | -                   | -                 |
| Gold and silver                                     | -                  | 30,888,999                 | -                  | -                 | -                | -                 | -                 | -                | -                   | -                 |
| Loan to other banks                                 | 62,201,818         | -                          | -                  | -                 | -                | -                 | -                 | -                | -                   | -                 |
| Claims from gold transaction                        | -                  | 9,888,170                  | -                  | -                 | -                | -                 | -                 | -                | -                   | -                 |
| Interest receivable                                 | 1,970,416          | 17,670                     | 749,123            | 127,121           | -                | 38,161            | 340,830           | 14,052           | 5,349               | -                 |
| Asset held with IMF                                 | -                  | -                          | -                  | -                 | -                | -                 | -                 | -                | 129,529,709         | -                 |
| Other foreign assets                                | -                  | -                          | -                  | -                 | -                | -                 | -                 | -                | -                   | 80                |
| <b>Total</b>  | <b>823,298,719</b> | <b>40,794,839</b>          | <b>119,103,844</b> | <b>67,486,171</b> | <b>3,686,957</b> | <b>16,810,018</b> | <b>39,472,739</b> | <b>3,266,228</b> | <b>129,535,058</b>  | <b>12,483,900</b> |
| <b>Liabilities</b>                                  |                    |                            |                    |                   |                  |                   |                   |                  |                     |                   |
| Deposits from other banks                           | 136,683,238        | -                          | 627,781            | 562,085           | 2,163,272        | 3,830             | -                 | -                | -                   | -                 |
| Liabilities to IMF                                  | -                  | -                          | -                  | -                 | -                | -                 | -                 | -                | -                   | -                 |
| Securities & Emergency Natural Disaster Assistance  | -                  | -                          | -                  | -                 | -                | -                 | -                 | -                | 62,489,313          | -                 |
| Loan under poverty reduction and growth facility    | -                  | -                          | -                  | -                 | -                | -                 | -                 | -                | 14,297,198          | -                 |
| SDR allocation                                      | -                  | -                          | -                  | -                 | -                | -                 | -                 | -                | 59,691,863          | -                 |
| Extended credit facility                            | -                  | -                          | -                  | -                 | -                | -                 | -                 | -                | 32,075,760          | -                 |
| Others  | -                  | -                          | -                  | -                 | -                | -                 | -                 | -                | 175,686             | -                 |
| <b>Total</b>  | <b>136,683,238</b> | <b>-</b>                   | <b>627,781</b>     | <b>562,085</b>    | <b>2,163,272</b> | <b>3,830</b>      | <b>-</b>          | <b>-</b>         | <b>168,729,820</b>  | <b>-</b>          |
| <b>Net</b>  | <b>686,615,481</b> | <b>40,794,839</b>          | <b>118,476,063</b> | <b>66,924,086</b> | <b>1,523,685</b> | <b>16,806,188</b> | <b>39,472,739</b> | <b>3,266,228</b> | <b>(39,194,763)</b> | <b>12,483,900</b> |

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

ii) **As at 30 June 2012**

Taka '000

| Particulars   | US\$ equivalent    | Gold and Silver equivalent | EURO equivalent    | GBP equivalent    | Yen equivalent   | C\$ equivalent   | AUD equivalent    | CNY equivalent | SDR equivalent      | Others equivalent |
|---|--------------------|----------------------------|--------------------|-------------------|------------------|------------------|-------------------|----------------|---------------------|-------------------|
| <b>Assets</b>                                       |                    |                            |                    |                   |                  |                  |                   |                |                     |                   |
| Held in other Central Banks and cash deposit abroad | 150,746,913        | -                          | 91,983,638         | 4,529,845         | 1,204,028        | 372,485          | 480,461           | 9,700          | -                   | 46,397            |
| Short term investment in overseas commercial banks  | 121,969,000        | -                          | 15,243,852         | 56,181,129        | -                | 5,039,093        | 23,824,417        | 810,089        | -                   | -                 |
| Treasury bills                                      | 95,719,647         | -                          | -                  | -                 | -                | -                | -                 | -              | -                   | -                 |
| Foreign bonds                                       | 81,142,551         | -                          | 12,749,694         | 10,258,681        | -                | 4,506,819        | 15,598,893        | -              | -                   | 1,648,055         |
| Gold and silver                                     | -                  | 43,237,047                 | -                  | -                 | -                | -                | -                 | -              | -                   | -                 |
| Loan to other banks                                 | 40,823,997         | -                          | -                  | -                 | -                | -                | -                 | -              | -                   | 80                |
| Claims from gold transaction                        | -                  | 14,005,843                 | -                  | -                 | -                | -                | -                 | -              | -                   | -                 |
| Interest receivable                                 | 2,140,039          | -                          | 589,713            | 8,229             | -                | 17,131           | 232,725           | 3,087          | -                   | -                 |
| Asset held with IMF                                 | -                  | -                          | -                  | -                 | -                | -                | -                 | -              | 121,652,558         | -                 |
| <b>Total</b>  | <b>492,542,147</b> | <b>57,242,890</b>          | <b>120,566,897</b> | <b>70,977,884</b> | <b>1,204,028</b> | <b>9,935,529</b> | <b>40,136,496</b> | <b>822,876</b> | <b>121,652,558</b>  | <b>1,694,532</b>  |
| <b>Liabilities</b>                                  |                    |                            |                    |                   |                  |                  |                   |                |                     |                   |
| Deposits from other banks                           | 154,845,280        | -                          | 1,268,105          | 1,471,093         | 12,551           | 29,948           | -                 | -              | -                   | -                 |
| Liabilities to IMF                                  | -                  | -                          | -                  | -                 | -                | -                | -                 | -              | -                   | -                 |
| Securities & Emergency Natural Disaster Assistance  | -                  | -                          | -                  | -                 | -                | -                | -                 | -              | 70,264,454          | -                 |
| Loan under poverty reduction and growth facility    | -                  | -                          | -                  | -                 | -                | -                | -                 | -              | 23,056,483          | -                 |
| SDR allocation                                      | -                  | -                          | -                  | -                 | -                | -                | -                 | -              | 63,381,020          | -                 |
| Extended credit facility                            | -                  | -                          | -                  | -                 | -                | -                | -                 | -              | 11,352,716          | -                 |
| Others  | -                  | -                          | -                  | -                 | -                | -                | -                 | -              | 5,866,460           | -                 |
| <b>Total</b>  | <b>154,845,280</b> | <b>-</b>                   | <b>1,268,105</b>   | <b>1,471,093</b>  | <b>12,551</b>    | <b>29,948</b>    | <b>-</b>          | <b>-</b>       | <b>173,921,133</b>  | <b>-</b>          |
| <b>Net</b>  | <b>337,696,867</b> | <b>57,242,890</b>          | <b>119,298,792</b> | <b>69,506,791</b> | <b>1,191,477</b> | <b>9,905,581</b> | <b>40,136,496</b> | <b>822,876</b> | <b>(52,268,575)</b> | <b>1,694,532</b>  |

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 46 Sensitivity Analysis

At 30 June 2013, if interest rates had been 100 basis points lower with all other variables constant, profit for the year would have been 16,430 million Taka lower (2012: Taka 12,608 million), arising mainly as a result of lower interest income on financial assets. Conversely, if interest rates had been 100 basis point higher with all other variables held constant, profit for the year would have been 16,430 million Taka higher (2012: Taka 12,608 million) arising mainly as a result of higher 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.

At 30 June 2013 if the Taka had weakened 10 percent against the principal currencies in its foreign reserves portfolio with all other variables held constant, profit for the year would have been 3,848 million Taka higher, (2012: Taka 3,173 million). Conversely, if the Taka had strengthened 10 per cent against the same currencies with all other variables held constant, the Bank would have experienced a reduction of profit for the year of Taka 3,848 million, (2012: Taka 3,173 million). Profit is very sensitive to changes in exchange rate movements. The bank as part of its core functions holds substantial foreign currency assets.

#### i) Consolidated fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Fair value have been based on management assumptions according to the portfolio of the asset and liability base. IFRS requires that the fair value of the financial assets and liabilities be disclosed according to their classification under IAS 39 - Financial Instruments: Recognition & Measurement. The following tables summarise the carrying amounts and fair values of those financial assets and liabilities not carried at fair value:

|   | Carrying value |               | Fair value  |               |
|---|----------------|---------------|-------------|---------------|
|   | 2013           | Restated 2012 | 2013        | Restated 2012 |
| <b>Financial assets</b>   |                |               |             |               |
| Foreign currency accounts   | 400,668,902    | 249,373,468   | 400,668,902 | 249,373,468   |
| Foreign investments   | 619,498,073    | 444,691,920   | 619,498,073 | 444,691,920   |
| Assets held with International Monetary Fund                        | 129,535,058    | 121,652,558   | 129,535,058 | 121,652,558   |
| Gold and silver   | 30,888,999     | 43,237,047    | 30,888,999  | 43,237,047    |
| Claims from gold transactions                                       | 9,888,170      | 14,005,843    | 9,888,170   | 14,005,843    |
| Foreign currency loans to banks                                     | 62,201,818     | 40,823,997    | 62,201,818  | 40,823,997    |
| Other foreign currency financial assets                             | 3,257,453      | 2,991,004     | 3,257,453   | 2,991,004     |
| Loans to the Government of Bangladesh                               | 304,676,986    | 373,067,868   | 304,676,986 | 373,067,868   |
| Reverse repurchase agreement  | 32,690,170     | 153,769,820   | 32,690,170  | 153,769,820   |
| Local currency investments  | 8,221,755      | 7,664,638     | 8,221,755   | 7,664,638     |
| Local currency loans to banks, financial institutions and employees | 118,056,512    | 111,634,940   | 118,056,512 | 111,634,940   |
| Other local currency financial assets                               | 2,337,873      | 1,752,385     | 2,337,873   | 1,752,385     |
| Taka coin and cash balances   | 912,143        | 924,638       | 912,143     | 924,638       |

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

|   | Carrying value |               | Fair value  |               |
|---|----------------|---------------|-------------|---------------|
|   | 2013           | Restated 2012 | 2013        | Restated 2012 |
| <b>Financial liabilities</b>  |                |               |             |               |
| Liabilities with International Monetary Fund                              | 168,729,820    | 173,921,133   | 168,729,820 | 173,921,133   |
| Foreign and local currency deposits from banks and financial institutions | 511,190,114    | 486,639,057   | 511,190,114 | 486,639,057   |
| Notes in circulation  | 746,382,617    | 642,007,492   | 746,382,617 | 642,007,492   |
| Short term borrowings   | 49,830,996     | -             | 49,830,996  | -             |
| Other local currency financial liabilities                                | 92,953,477     | 49,907,382    | 92,953,477  | 49,907,382    |
| <b>ii) Fair Value</b>   |                |               |             |               |
| <b>Financial assets</b>   |                |               |             |               |
| Foreign currency accounts   | 400,668,902    | 249,373,468   | 400,668,902 | 249,373,468   |
| Foreign investments   | 619,498,073    | 444,691,920   | 619,498,073 | 444,691,920   |
| Assets held with International Monetary Fund                              | 129,535,058    | 121,652,558   | 129,535,058 | 121,652,558   |
| Gold and silver   | 30,888,999     | 43,237,047    | 30,888,999  | 43,237,047    |
| Claims from gold transactions   | 9,888,170      | 14,005,843    | 9,888,170   | 14,005,843    |
| Foreign currency loans to banks   | 62,201,818     | 40,823,997    | 62,201,818  | 40,823,997    |
| Other foreign currency financial assets                                   | 3,257,453      | 2,991,004     | 3,257,453   | 2,991,004     |
| Loans to the Government of Bangladesh                                     | 304,676,986    | 373,067,868   | 304,676,986 | 373,067,868   |
| Reverse repurchase agreement  | 32,690,170     | 153,769,820   | 32,690,170  | 153,769,820   |
| Local currency investments  | 7,040,000      | 7,073,333     | 7,040,000   | 7,073,333     |
| Local currency loans to banks, financial institutions and employees       | 117,087,464    | 110,907,171   | 117,087,464 | 110,907,171   |
| Other local currency financial assets                                     | 2,199,827      | 1,674,198     | 2,199,827   | 1,674,198     |
| Taka coin and cash balances   | 387,106        | 459,960       | 387,106     | 459,960       |
| <b>Financial liabilities</b>  |                |               |             |               |
| Liabilities with International Monetary Fund                              | 168,729,820    | 173,921,133   | 168,729,820 | 173,921,133   |
| Foreign and local currency deposits from banks and financial institutions | 511,190,114    | 486,639,057   | 511,190,114 | 486,639,057   |
| Notes in circulation  | 746,382,617    | 642,007,492   | 746,382,617 | 642,007,492   |
| Short term borrowings   | 49,830,996     | -             | 49,830,996  | -             |
| Other local currency financial liabilities                                | 92,137,645     | 48,932,585    | 92,137,645  | 48,932,585    |

## Bangladesh Bank : Notes to the Financial Statements

As at and for the year ended 30 June 2013

### Determination of fair value of financial assets

The fair value of foreign securities held to maturity is based on quoted market prices, at the financial position date. Local currency financial investments includes shares in SPCL with a value of Taka 500,000,000 (2012: Taka 500,000,000) 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. Government securities (overdraft-block and current) are carried at cost as the interest accrued is recovered on a daily basis. Other Government securities (Govt. treasury bills and bonds) are carried at amortised cost. 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.

### 47 Consolidated classification of financial instruments

#### *Analysis of financial assets and liabilities by fair value hierarchy*

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

#### Level 1:

Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

#### Level 2:

Valuation techniques based on observable input, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

#### Level 3:

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For 2012 and 2013 all foreign bonds are classified as level 1 instruments. These are valued using open market rates.

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

i) **As at 30 June 2013****Financial Assets**

Taka '000

| Items   | Loans and receivables | Held to maturity   | Assets at fair value through profit or loss | Available for sale | Total                |
|---|-----------------------|--------------------|---|--------------------|----------------------|
| <b>Taka coin and cash balances</b>  | 912,143               | -                  | -   | -                  | 912,143              |
| <b>Foreign currency accounts</b>  | 400,668,902           | -                  | -   | -                  | 400,668,902          |
| <b>Foreign investments:</b>   |                       |                    |   |                    |                      |
| Short term investments with overseas commercial banks                       | 315,427,920           | -                  | -   | -                  | 315,427,920          |
| US Dollar Treasury Bills  | -                     | 83,198,484         | -   | -                  | 83,198,484           |
| Foreign Bonds   | -                     | -                  | 220,871,669                                 | -                  | 220,871,669          |
| <b>Asset held with IMF</b>  | 129,535,058           | -                  | -   | -                  | 129,535,058          |
| <b>Gold and silver</b>  | -                     | -                  | -   | 30,888,999         | 30,888,999           |
| <b>Claims from gold transaction</b>   | -                     | -                  | -   | 9,888,170          | 9,888,170            |
| <b>Foreign currency loans to banks</b>                                      | 62,201,818            | -                  | -   | -                  | 62,201,818           |
| <b>Other foreign assets:</b>  |                       |                    |   |                    |                      |
| Swift shares  | -                     | -                  | -   | 80                 | 80                   |
| Interest receivable   | 3,257,373             | -                  | -   | -                  | 3,257,373            |
| <b>Loans to the Government</b>  |                       |                    |   |                    |                      |
| Ways and means advance  | 20,000,000            | -                  | -   | -                  | 20,000,000           |
| Overdraft - block (Government treasury bills)                               | 146,264,310           | -                  | -   | -                  | 146,264,310          |
| Overdraft - current   | 72,045,000            | -                  | -   | -                  | 72,045,000           |
| Treasury bills  | -                     | 3,367,132          | -   | -                  | 3,367,132            |
| Treasury bonds  | -                     | 63,000,544         | -   | -                  | 63,000,544           |
| <b>Reverse repurchase agreement</b>   | 32,690,170            | -                  | -   | -                  | 32,690,170           |
| <b>Investments</b>  |                       |                    |   |                    |                      |
| Debenture - House Building Finance Corporation                              | -                     | 6,540,000          | -   | -                  | 6,540,000            |
| Short term money market investments and others                              | -                     | 1,674,303          | -   | -                  | 1,674,303            |
| Share of ICB Islamic Bank Limited   | -                     | -                  | -   | 7,452              | 7,452                |
| <b>Local currency loans to banks, financial institutions and employees:</b> |                       |                    |   |                    |                      |
| Loan to Commercial banks  | 4,357,353             | -                  | -   | -                  | 4,357,353            |
| Loan to Specialized banks   | 46,943,070            | -                  | -   | -                  | 46,943,070           |
| Loan to Private banks   | 6,740,398             | -                  | -   | -                  | 6,740,398            |
| Other loans and advances  | 26,882,308            | -                  | -   | -                  | 26,882,308           |
| Interest receivable   | 7,645,498             | -                  | -   | -                  | 7,645,498            |
| Loans and advances to employees   | 25,487,885            | -                  | -   | -                  | 25,487,885           |
| <b>Other local currency financial assets</b>                                | 2,337,873             | -                  | -   | -                  | 2,337,873            |
| <b>Total</b>  | <b>1,303,397,078</b>  | <b>157,780,463</b> | <b>220,871,669</b>                          | <b>40,784,702</b>  | <b>1,722,833,912</b> |
| <b>Interest/Commission received</b>   | <b>41,810,273</b>     | <b>10,579,984</b>  | <b>5,397,470</b>                            | <b>46,507</b>      | <b>57,834,234</b>    |

**Financial Liabilities**

Taka '000

| Items  | Carried at amortised cost | Liabilities through profit or loss | Total                |
|--|---------------------------|------------------------------------|----------------------|
| <b>Liabilities with IMF</b>                                  | 168,729,820               | -                                  | 168,729,820          |
| <b>Deposits from banks and financial institutions:</b>       |                           |                                    |                      |
| Foreign currency deposits by commercial banks                | 84,226,213                | -                                  | 84,226,213           |
| Asian Clearing Union (ACU)                                   | 55,813,993                | -                                  | 55,813,993           |
| Notes in circulation   | 746,382,617               | -                                  | 746,382,617          |
| Local currency deposits from banks and financial institution | 371,149,908               | -                                  | 371,149,908          |
| Short term borrowings  | 49,830,996                | -                                  | -                    |
| <b>Total</b>   | <b>1,476,133,547</b>      | <b>-</b>                           | <b>1,476,133,547</b> |
| <b>Interest/commission paid</b>                              | <b>(4,223,871)</b>        | <b>-</b>                           | <b>(4,223,871)</b>   |

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

## ii) As at 30 June 2012

**Financial Assets**

Taka '000

| Items   | Loans and receivables | Held to maturity   | Assets at fair value through profit or loss | Available for sale | Total                |
|---|-----------------------|--------------------|---|--------------------|----------------------|
| <b>Taka coin and cash balances</b>  | 924,638               | -                  | -   | -                  | 924,638              |
| <b>Foreign currency accounts</b>  | 249,373,468           | -                  | -   | -                  | 249,373,468          |
| <b>Foreign investments:</b>   |                       |                    |   |                    |                      |
| Short term investments with overseas commercial banks                       | 223,067,581           | -                  | -   | -                  | 223,067,581          |
| US Dollar Treasury Bills  | -                     | 95,719,647         | -   | -                  | 95,719,647           |
| Foreign Bonds   | -                     | -                  | 125,904,692                                 | -                  | 125,904,692          |
| <b>Asset held with IMF</b>  | 121,652,558           | -                  | -   | -                  | 121,652,558          |
| <b>Gold and silver</b>  | -                     | -                  | -   | 43,237,047         | 43,237,047           |
| <b>Claims from gold transaction</b>   | -                     | -                  | -   | 14,005,843         | 14,005,843           |
| <b>Foreign currency loans to banks</b>                                      | 40,823,997            | -                  | -   | -                  | 40,823,997           |
| <b>Other foreign assets:</b>  |                       |                    |   |                    |                      |
| Swift shares  | -                     | -                  | -   | 80                 | 80                   |
| Interest receivable   | 2,990,924             | -                  | -   | -                  | 2,990,924            |
| <b>Loans to the Government</b>  |                       |                    |   |                    |                      |
| Ways and means advance  | 20,000,000            | -                  | -   | -                  | 20,000,000           |
| Overdraft - block (Government treasury bills)                               | 161,510,000           | -                  | -   | -                  | 161,510,000          |
| Overdraft - current   | 78,247,000            | -                  | -   | -                  | 78,247,000           |
| Treasury bills  | -                     | 58,457,023         | -   | -                  | 58,457,023           |
| Treasury bonds  | -                     | 54,853,845         | -   | -                  | 54,853,845           |
| <b>Reverse repurchase agreement</b>   | 153,769,820           | -                  | -   | -                  | 153,769,820          |
| <b>Investments in shares and debentures:</b>                                |                       |                    |   |                    |                      |
| Debenture - House Building Finance Corporation                              | -                     | 6,573,333          | -   | -                  | 6,573,333            |
| Short term money market investments and others                              | -                     | 1,083,853          | -   | -                  | 1,083,853            |
| Share of ICB Islamic Bank Limited   | -                     | -                  | -   | 7,452              | 7,452                |
| <b>Local currency loans to banks, financial institutions and employees:</b> |                       |                    |   |                    |                      |
| Loan to Commercial banks  | 4,611,748             | -                  | -   | -                  | 4,611,748            |
| Loan to Specialized banks   | 52,818,517            | -                  | -   | -                  | 52,818,517           |
| Loan to Private banks   | 4,867,756             | -                  | -   | -                  | 4,867,756            |
| Other loans and advances  | 19,949,732            | -                  | -   | -                  | 19,949,732           |
| Interest receivable   | 7,702,172             | -                  | -   | -                  | 7,702,172            |
| Loans and advances to employees   | 21,685,015            | -                  | -   | -                  | 21,685,015           |
| <b>Other local currency financial assets</b>                                | 1,752,385             | -                  | -   | -                  | 1,752,385            |
| <b>Total</b>  | <b>1,165,747,311</b>  | <b>216,687,701</b> | <b>125,904,692</b>                          | <b>57,250,422</b>  | <b>1,565,590,126</b> |
| <b>Interest/Commission received</b>   | <b>46,869,160</b>     | <b>4,074,040</b>   | <b>4,644,823</b>                            | <b>62,529</b>      | <b>55,650,552</b>    |

**Financial Liabilities**

Taka '000

| Items  | Carried at amortized cost | Liabilities through profit or loss | Total                |
|--|---------------------------|------------------------------------|----------------------|
| <b>Liabilities with IMF</b>                            | 173,905,427               | -                                  | 173,905,427          |
| <b>Deposits from banks and financial institutions:</b> |                           |                                    |                      |
| Foreign currency deposits by commercial banks          | -                         | 102,898,799                        | 102,898,799          |
| Asian Clearing Union (ACU)                             | -                         | 54,728,178                         | 54,728,178           |
| Other foreign liabilities                              | -                         | 1,481,036                          | 1,481,036            |
| Notes in circulation                                   | 642,007,492               | -                                  | 642,007,492          |
| Deposits from banks and financial institution          | 329,012,078               | -                                  | 329,012,078          |
| <b>Total</b>   | <b>1,144,924,997</b>      | <b>159,108,013</b>                 | <b>1,304,033,010</b> |
| <b>Interest/commission paid</b>                        | <b>3,583,454</b>          | <b>-</b>                           | <b>3,583,454</b>     |



## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 47.01 Classification of financial instruments

##### i) As at 30 June 2013

Taka '000

##### Financial Assets

| Items  | Loans and receivables | Held to maturity   | Assets at fair value through profit or loss | Available for sale | Total                |
|--|-----------------------|--------------------|---|--------------------|----------------------|
| <b>Taka coin and cash balances</b>   | 387,106               | -                  | -   | -                  | 387,106              |
| <b>Foreign currency accounts</b>   | 400,668,902           | -                  | -   | -                  | 400,668,902          |
| <b>Foreign investments:</b>  |                       |                    |   |                    |                      |
| Short term investments with overseas commercial banks                      | 315,427,920           | -                  | -   | -                  | 315,427,920          |
| US Dollar Treasury Bills   | -                     | 83,198,484         | -   | -                  | 83,198,484           |
| Foreign Bonds  | -                     | -                  | 220,871,669                                 | -                  | 220,871,669          |
| <b>Asset held with IMF</b>   | 129,535,058           | -                  | -   | -                  | 129,535,058          |
| <b>Gold and silver</b>   | -                     | -                  | -   | 30,888,999         | 30,888,999           |
| <b>Claims from gold transaction</b>  | -                     | -                  | -   | 9,888,170          | 9,888,170            |
| <b>Foreign currency loans to banks</b>                                     | 62,201,818            | -                  | -   | -                  | 62,201,818           |
| <b>Other foreign assets:</b>   |                       |                    |   |                    |                      |
| Swift shares   | -                     | -                  | -   | 80                 | 80                   |
| Interest receivable  | 3,257,373             | -                  | -   | -                  | 3,257,373            |
| <b>Loans to the Government</b>   |                       |                    |   |                    |                      |
| Ways and means advance   | 20,000,000            | -                  | -   | -                  | 20,000,000           |
| Overdraft - block  | 146,264,310           | -                  | -   | -                  | 146,264,310          |
| Overdraft - current  | 72,045,000            | -                  | -   | -                  | 72,045,000           |
| Treasury bills   | -                     | 3,367,132          | -   | -                  | 3,367,132            |
| Treasury bonds   | -                     | 63,000,544         | -   | -                  | 63,000,544           |
| <b>Reverse repurchase agreement</b>  | 32,690,170            | -                  | -   | -                  | 32,690,170           |
| <b>Local currency investments</b>  |                       |                    |   |                    |                      |
| Debenture - HBFC   | -                     | 6,540,000          | -   | -                  | 6,540,000            |
| Investment in subsidiary   | -                     | -                  | -   | 500,000            | 500,000              |
| <b>Local currency loans to banks, financial institutions and employees</b> |                       |                    |   |                    |                      |
| Loan to Commercial banks   | 4,357,353             | -                  | -   | -                  | 4,357,353            |
| Loan to Specialised banks  | 46,943,070            | -                  | -   | -                  | 46,943,070           |
| Loan to Private banks  | 6,740,398             | -                  | -   | -                  | 6,740,398            |
| Other loans and advances   | 26,882,308            | -                  | -   | -                  | 26,882,308           |
| Interest receivable  | 7,645,498             | -                  | -   | -                  | 7,645,498            |
| Loans and advances to employees  | 24,518,837            | -                  | -   | -                  | 24,518,837           |
| <b>Other local currency financial assets</b>                               | 2,199,827             | -                  | -   | -                  | 2,199,827            |
| <b>Total</b>   | <b>1,301,764,947</b>  | <b>156,106,160</b> | <b>220,871,669</b>                          | <b>41,277,250</b>  | <b>1,720,020,026</b> |
| <b>Interest/Commission received</b>  | <b>39,506,486</b>     | <b>10,382,713</b>  | <b>5,397,470</b>                            | <b>46,507</b>      | <b>55,333,176</b>    |

##### Financial Liabilities

Taka '000

| Items  | Carried at amortized cost | Liabilities through profit or loss | Total                |
|--|---------------------------|------------------------------------|----------------------|
| <b>Liabilities with International Monetary Fund</b>                    | 168,729,820               | -                                  | 168,729,820          |
| <b>Foreign currency deposits from banks and financial institutions</b> |                           |                                    |                      |
| Foreign currency deposits from banks and financial institutions        | 84,226,213                | -                                  | 84,226,213           |
| Asian Clearing Union (ACU)   | 55,813,993                | -                                  | 55,813,993           |
| <b>Notes in circulation</b>  | 746,382,617               | -                                  | 746,382,617          |
| <b>Short term borrowings</b>   | 49,830,996                | -                                  | 49,830,996           |
| <b>Local currency deposits from banks and financial institutions</b>   | 371,149,908               | -                                  | 371,149,908          |
| <b>Total</b>   | <b>1,476,133,547</b>      | <b>-</b>                           | <b>1,476,133,547</b> |
| <b>Interest/commission paid</b>  | <b>(4,223,871)</b>        | <b>-</b>                           | <b>(4,223,871)</b>   |

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

## ii) As at 30 June 2012

**Financial Assets**

Taka '000

| Items  | Loans and receivables | Held to maturity   | Assets at fair value through profit or loss | Available for sale | Total                |
|--|-----------------------|--------------------|---|--------------------|----------------------|
| <b>Taka coin and cash balances</b>   | 459,960               | -                  | -   | -                  | 459,960              |
| <b>Foreign currency accounts</b>   | 249,373,468           | -                  | -   | -                  | 249,373,468          |
| <b>Foreign investments:</b>  |                       |                    |   |                    |                      |
| Short term investments with overseas commercial banks                      | 223,067,581           | -                  | -   | -                  | 223,067,581          |
| US Dollar Treasury Bills   | -                     | 95,719,647         | -   | -                  | 95,719,647           |
| Foreign Bonds  | -                     | -                  | 125,904,692                                 | -                  | 125,904,692          |
| <b>Assets held with International Monetary Fund</b>                        | 121,652,558           | -                  | -   | -                  | 121,652,558          |
| <b>Gold and silver</b>   | -                     | -                  | -   | 43,237,047         | 43,237,047           |
| <b>Claims from gold transaction</b>  | -                     | -                  | -   | 14,005,843         | 14,005,843           |
| <b>Foreign currency loans to banks</b>                                     | 40,823,997            | -                  | -   | -                  | 40,823,997           |
| <b>Other foreign currency financial assets</b>                             |                       |                    |   |                    |                      |
| Swift shares   | -                     | -                  | -   | 80                 | 80                   |
| Interest receivable  | 2,990,924             | -                  | -   | -                  | 2,990,924            |
| <b>Loans to the Government of Bangladesh</b>                               |                       |                    |   |                    |                      |
| Ways and means advance   | 20,000,000            | -                  | -   | -                  | 20,000,000           |
| Overdraft - block (Govt. treasury bills)                                   | 161,510,000           | -                  | -   | -                  | 161,510,000          |
| Overdraft - current  | 78,247,000            | -                  | -   | -                  | 78,247,000           |
| Treasury bills   | -                     | 58,457,023         | -   | -                  | 58,457,023           |
| Treasury bonds   | -                     | 54,853,845         | -   | -                  | 54,853,845           |
| <b>Reverse repurchase agreement</b>  | 153,769,820           | -                  | -   | -                  | 153,769,820          |
| <b>Local currency investments</b>  |                       |                    |   |                    |                      |
| Debenture - HBFC   | -                     | 6,573,333          | -   | -                  | 6,573,333            |
| Investment in subsidiary   | -                     | -                  | -   | 500,000            | 500,000              |
| <b>Local currency loans to banks, financial institutions and employees</b> |                       |                    |   |                    |                      |
| Loan to Commercial banks   | 4,611,748             | -                  | -   | -                  | 4,611,748            |
| Loan to Specialised banks  | 52,818,517            | -                  | -   | -                  | 52,818,517           |
| Loan to Private banks  | 4,867,756             | -                  | -   | -                  | 4,867,756            |
| Other loans and advances   | 19,949,732            | -                  | -   | -                  | 19,949,732           |
| Interest receivable  | 7,702,172             | -                  | -   | -                  | 7,702,172            |
| Loans and advances to employees  | 20,957,246            | -                  | -   | -                  | 20,957,246           |
| <b>Other local currency financial assets</b>                               | 1,674,198             | -                  | -   | -                  | 1,674,198            |
| <b>Total</b>   | <b>1,164,476,677</b>  | <b>215,603,848</b> | <b>125,904,692</b>                          | <b>57,742,970</b>  | <b>1,563,728,187</b> |
| <b>Interest/Commission received</b>  | <b>44,858,879</b>     | <b>3,930,139</b>   | <b>4,644,823</b>                            | <b>62,529</b>      | <b>53,496,370</b>    |

**Financial Liabilities**

Taka '000

| Items  | Carried at amortized cost | Liabilities through profit or loss | Total                |
|--|---------------------------|------------------------------------|----------------------|
| <b>Liabilities with International Monetary Fund</b>                    | 173,905,427               | -                                  | 173,905,427          |
| <b>Foreign currency deposits from banks and financial institutions</b> |                           |                                    |                      |
| Foreign currency deposits by commercial banks                          | 102,898,799               | -                                  | 102,898,799          |
| Asian Clearing Union (ACU)   | 54,728,178                | -                                  | 54,728,178           |
| <b>Notes in circulation</b>  | 642,007,492               | -                                  | 642,007,492          |
| <b>Local currency deposits from banks and financial institutions</b>   | 329,012,078               | -                                  | 329,012,078          |
| <b>Total</b>   | <b>1,302,551,974</b>      | <b>-</b>                           | <b>1,302,551,974</b> |
| <b>Interest/commission paid</b>  | <b>3,583,454</b>          | <b>-</b>                           | <b>3,583,454</b>     |

Previous year's figures have been restated, where necessary.

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

As at and for the year ended 30 June 2013

**48 Contingent liabilities**

The Bank had contingent liabilities for guarantees outstanding as at 30 June 2013 amounting to Taka 73,094 million (2012: 187,380 million) secured by counter guarantees from the Government of Bangladesh.

The Bank had one pending litigation against which the estimated possible liability was Taka 1.69 million as at the reporting date. No provisions have been made in the financial statements in respect of these as it was not possible to determine the outcome of these cases with reasonable assurance.

**49 Operating segments**

The Bank as the central bank of Bangladesh operates as an instrument of Government economic policy. As a result its operations can be segmented between its operations in the domestic market (including the issue of currency) and its operations in the foreign exchange market to maintain reserves and implement Government policy in this area. Therefore, the Bank presents assets and liabilities, and their associated income and expense streams, by distinguishing between foreign currency and local currency activities in the financial position and statement of comprehensive income. The Bank does not further segment its by results line of business given that its operations are driven by central policy objectives.

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

**50 Retirement benefit plans**

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

**50.01 For employees employed before 17 February 1983***(a) Contributory Provident Fund (CPF)*

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

*(b) Gratuity scheme*

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

## Bangladesh Bank : Notes to the Financial Statements

### As at and for the year ended 30 June 2013

#### 50.02 For employees employed after 17 February 1983

##### (a) General Provident Fund (GPF)

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

##### (b) Pension scheme

The employees are entitled to pension amounting to maximum of 80% of their last basic salary. 50% of the pension amount is paid as a lump sum computed at the rate of Tk. 200 per Tk. 1 surrendered from the pension. Employees may choose to surrender the remaining 50% for a lump sum payment computed at the rate of Taka 100 per Taka 1 or to receive their pension monthly over the remaining lifetime.

All employees irrespective of joining date are entitled to Taka 700 per month as medical allowance in cash and a maximum of Tk. 1,000 per year in the form of medicine even after retirement.

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

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

#### 50.03 Actuarial valuation of defined benefit plans

The Bank carried on actuarial valuation for the pension fund and gratuity fund during the year FY12. The Bank appointed an actuarial firm (AIR Consulting) to calculate an actuarial valuation of the pension and gratuity scheme for 2012. The estimated obligation of the pension fund as at 30 June 2012 was Taka 4,745,764 thousand and for gratuity was Taka 1,069,800 thousand. The actuary also estimated the current service cost for the year ended 30 June 2013 for the pension and gratuity schemes as Taka 203,748 thousand and Taka 35,103 thousand respectively. As both the funds have excess balances, the Bank did not expense any additional amounts in this year. The excess balance is kept on for future adjustment. The balance of the funds is as under:

| Particulars                                     | Pension plans    |                  | Gratuity plans   |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2012-2013        | 2011-2012        | 2012-2013        | 2011-2012        |
| Taka '000                                       |                  |                  |                  |                  |
| <b>Amounts recognised in the reporting date</b> |                  |                  |                  |                  |
| Balance at the beginning of the year            | 6,105,346        | 2,968,230        | 1,888,124        | 1,871,230        |
| Paid during the year                            | (394,705)        | (609,542)        | (113,239)        | (83,106)         |
| Current year's provision                        | -                | 3,746,658        | -                | 100,000          |
| <b>Balance of the fund</b>                      | <b>5,710,641</b> | <b>6,105,346</b> | <b>1,774,885</b> | <b>1,888,124</b> |

**Bangladesh Bank : Notes to the Financial Statements**  
As at and for the year ended 30 June 2013

**Actuarial assumptions**

| Particulars        | Pension plans |           | Gratuity plans |           |
|--------------------|---------------|-----------|----------------|-----------|
|                    | 2012-2013     | 2011-2012 | 2012-2013      | 2011-2012 |
| 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).

Previous year's figures have been restated, where necessary.

**51 Capital commitments**

As at 30 June 2013 the Bank had outstanding capital commitments of Taka. 14.40 million with respect to different networking packages (2012: Nil).

**52 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 International Accounting Standard No. 24, 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.

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

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

| 2013<br>Outstanding<br>Taka'000 | 2013<br>Average | Restated                        |                 |
|---------------------------------|-----------------|---------------------------------|-----------------|
|                                 |                 | 2012<br>Outstanding<br>Taka'000 | 2012<br>Average |

**Outstanding balances with the government of Bangladesh**

|                                    |                    |                    |                    |                    |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Ways and means advance             | 20,000,000         | 20,000,000         | 20,000,000         | 15,000,000         |
| Overdraft - block (12.01)          | 146,264,310        | 153,887,155        | 161,510,000        | 169,010,000        |
| Overdraft - current                | 72,045,000         | 75,146,000         | 78,247,000         | 87,762,400         |
| Treasury bills                     | 3,367,132          | 30,912,078         | 58,457,023         | 29,794,748         |
| Treasury bonds                     | 63,000,544         | 58,927,194         | 54,853,845         | 41,731,683         |
| Other assets (interest receivable) | 1,787,145          | 1,592,496          | 1,397,847          | 1,267,095          |
|                                    | <b>306,464,131</b> | <b>340,464,923</b> | <b>374,465,715</b> | <b>344,565,925</b> |

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| Other liabilities:                 | 2013<br>Outstanding<br>Taka'000 | 2013<br>Average  | 2013<br>Taka'000 | Restated<br>2012<br>Taka'000 |
|------------------------------------|---------------------------------|------------------|------------------|------------------------------|
| Deposits                           | 5,007                           | 5,049            | 5,091            | 5,069                        |
| Loan from government of Bangladesh | 2,837,257                       | 2,400,097        | 1,962,937        | 1,698,026                    |
|                                    | <b>2,842,264</b>                | <b>2,405,146</b> | <b>1,968,028</b> | <b>1,703,095</b>             |

### Balances related to subsidiary (Security Printing Corporation)

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Other assets (Prepayments and advances) | 3,849,612 | 3,346,401 | 2,843,189 | 2,579,120 |
| Other liabilities (sundry creditors)    | 1,274,555 | 1,327,491 | 1,380,426 | 1,141,865 |

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

### Income and expenses related to government

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Interest income     | 31,455,547        | 29,901,726        |
| Commission received | 4,376             | -                 |
|                     | <b>31,459,923</b> | <b>29,901,726</b> |

### Expenses

|  |                  |                  |
|--|------------------|------------------|
| Agency charges                                       | 2,407,926        | 2,877,705        |
| Under writing commission on treasury bills and bonds | 316,000          | 240,000          |
|  | <b>2,723,926</b> | <b>3,117,705</b> |

### Income and expenses related to subsidiary (Security Printing Corporation)

|                        |           |           |
|------------------------|-----------|-----------|
| Dividend income        | -         | 75,000    |
| Note printing expenses | 3,369,886 | 2,059,424 |

### Key management personnel

|   |       |       |
|---|-------|-------|
| Salaries, wages and other benefits (Note 54.06) | 3,334 | 2,802 |
|---|-------|-------|

## 52.01 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;

## Bangladesh Bank : Notes to the Financial Statements

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(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 2,276.80 billion (in 2012 : Tk. 1,830.57 billion) and paid Taka 2,270.61 billion (in 2012 : 1,821.53 billion) on behalf of the Government. As at 30 June 2013, total outstanding balance was Taka 304.68 billion.

| (f) Assets under management: | <u>2013</u><br>Taka'000 | <u>Restated</u><br><u>2012</u><br>Taka'000 |
|------------------------------|-------------------------|--|
| Japan Debt Relief Grant      | <u>1,132,448</u>        | <u>1,481,037</u>                           |

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

### 52.02 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 Tk. 349.35 million included in the interest income.

### 52.03 Transactions with controlled entities

During the year, as a part of it's business operations, the Bank paid an amount of Taka 3,369.89 million as note printing cost to the Security Printing Corporation, Bangladesh Ltd. which is included in the statement of comprehensive income of the Bank. It is a 100% owned subsidiary of the Bank. This transactions is eliminated in preparing consolidated financial statements. During the year the Security Printing Corporation, Bangladesh Ltd did not pay any dividend as per decision of their Board.

### 52.04 Transactions with retirement benefit plans

During the year, the Bank was not required to contribute any amount from the charges account to the retirement benefit plans (consisting of contribution to pension plans including widow/widowers), as a 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 50.

### 52.05 Board of Directors of Bangladesh Bank and key Management Personnel

- (a) Dr. Atiur Rahman - appointed as the Chairman of the Board of Directors and also as the Governor of the Bangladesh Bank for a period of four years from 1 May 2009. Further reappointed on 1 May 2013 for a period up to 2 August 2016.
- (b) Mr. Md. Abul Quasem- appointed as a Director of the Board of Bangladesh Bank on 13 February 2012 for a period until further order and also holds the post of Deputy Governor, Bangladesh Bank.

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

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- (c) Dr. Mustafa Kamal Mujeri - appointed as a Director of the Board of Bangladesh Bank on 11 March 2010 for a period of three years and holds the post of Executive Director, Bangladesh Institute of Development Studies, Sher-E-Bangla nagar, Dhaka. Further reappointed on 11 March 2013 for a period up to 10 March 2016.
- (d) Prof. Sanat Kumar Saha - appointed as a Director of the Board of Bangladesh Bank on 11 March 2010 for a period of three years. Further reappointed on 11 March 2013 for a period up to 10 March 2016. He is an Ex-professor, Rajshahi University, Rajshahi.
- (e) Dr. Sadiq Ahmed - appointed as a Director of the Board of Bangladesh Bank on 11 March 2010 for a period of three years. Further reappointed on 11 March 2013 for a period up to 10 March 2016. He is an Ex-Director, World Bank, USA & Vice Chairman, Policy Research Institute, Banani, Dhaka.
- (f) Prof. Hannana Begum - appointed as a Director of the Board of Bangladesh Bank on 11 March 2010 for a period of three years. Further reappointed on 11 March 2013 for a period up to 10 March 2016. She is an Ex-Principal, Eden College, Dhaka.
- (g) Mr. Fazle Kabir - appointed as a Director of the Board of Bangladesh Bank on 22 August 2012 for a period until further order and holds the post of Secretary, Finance Division, Ministry of Finance, Govt. of the Peoples Republic of Bangladesh.
- (h) Mr. Md. Ghulam Hussain - appointed as a Director of the Board of Bangladesh Bank on 13 November 2012 for a period until further order and holds the post of Secretary, Internal Resources Division and Chairman, National Board of Revenue, Govt. of the Peoples Republic of Bangladesh.
- (i) Dr. M Aslam Alam - appointed as a Director of the Board of Bangladesh Bank on 13 November 2012 for a period until further order and holds the post of Secretary, Banking and Financial Institution Division, Ministry of Finance, Govt. of the Peoples Republic of Bangladesh.

### **52.06 Remuneration of members of the Board of Directors and key management personnel**

Members of the Board of Directors received remuneration totaling Taka 497,084 (2012: Taka 442,910) and the Governor received salary totaling Taka 492,000 (2012: Taka 492,000). 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 totaling Taka 2,345,200 (2012: Taka 1,867,470) and in addition, they availed official residence as well as transport.

### **53 Events after the reporting date**

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

### **54 Directors' responsibility for financial reporting**

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