

## Bangladesh Bank's Accounts for 2019-2020

14.1 The financial statements of Bangladesh Bank for FY20 have been prepared in accordance with International Financial Reporting Standards (IFRSs) approved by the International Accounting Standards Board (IASB). Executive summary of the financial statements of Bangladesh Bank (excluding its subsidiary, the SPCBL) is represented below.

### Income

14.2 Total operating income of the Bank (excluding Foreign Currency (FC) revaluation gain/loss) for FY20 increased by BDT 10.43 billion (13.79%) to BDT 86.08 billion compared to BDT 75.65 billion in FY19. On the other hand, total operating income of the bank including FC revaluation increased by BDT 0.80 billion (0.89%) to BDT 90.35 billion than that of previous year. The sources of income are set out in table 14.1.

### Income from Foreign Currency Financial Assets

14.3 Bank's income from the foreign currency financial assets decreased by BDT 10.20 billion (17.04%) to BDT 49.66 billion in FY20 compared to BDT 59.86 billion in FY19 due to decrease in interest rate on investment in foreign currency for COVID-19 pandemic.

### Income from Local Currency Financial Assets

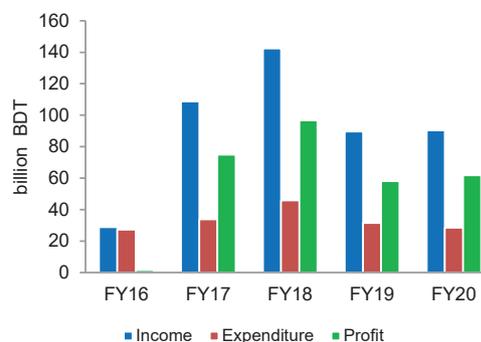
14.4 Bank's income from local currency financial assets increased by BDT 20.63 billion (130.65%) to BDT 36.42 billion in FY20 compared to BDT 15.79 billion in FY19. The amount of government borrowings from central bank increased than that of previous year significantly.

**Table 14.1 Bangladesh Bank's Income**

	(In billion BDT)	
	FY19	FY20
<b>Operating Income</b>		
<b>A. Income from foreign currency financial assets</b>	<b>59.86</b>	<b>49.66</b>
Interest income	59.36	49.32
Commission and discounts	0.50	0.34
<b>B. Income from local currency financial assets</b>	<b>15.79</b>	<b>36.42</b>
Interest income	13.82	33.77
Commission & discounts	1.59	2.27
Dividend income & misc.	0.36	0.36
Other Income	0.02	0.02
<b>Total : (A+B)</b>	<b>75.65</b>	<b>86.08</b>
<b>C. Foreign exchange revaluation gain/(loss)</b>	<b>13.90</b>	<b>4.27</b>
Realised gain/(loss)	11.60	30.91
Unrealised gain/(loss)	2.30	(26.64)
<b>Total : (A+B+C)</b>	<b>89.55</b>	<b>90.35</b>

Source: A&BD, BB.

**Chart 14.1 Trends in BB's Income, Expenditure and Profit**



Source: A&BD, BB.

So interest on Government Securities, Loans to Government, REPO and Commission and Discounts increased.

### Foreign Currency Revaluation Gain

14.5 The Bank made a gain of BDT 4.27 billion on foreign currency revaluation in FY20 compared to 13.90 billion in FY19 as the important reserve currency USD got weakened against BDT.

## Expenditure

14.6 Total expenditure of the Bank decreased by BDT 2.93 billion (9.33%) to BDT 28.49 billion in FY20 compared to BDT 31.42 billion in FY19. The details of expenditure are shown in the Table 14.2.

## Financial Expenses

14.7 Financial expenses decreased slightly by BDT 0.01 billion (0.09%) to BDT 10.98 billion in FY20 compared to BDT 10.99 billion in FY19. This was mainly due to offsetting interest rate change in foreign and local currency financial liabilities.

## Other Expenses

14.8 Other expenses decreased by BDT 2.92 billion (14.29%) to BDT 17.51 billion in FY20 compared to BDT 20.43 billion in FY19. Such reduction was due to less expense of note printing and miscellaneous purposes under general and administrative expenses.

## Profit for the Year

14.9 Operating profit of the Bank (excluding FC revaluation gain/loss) is BDT 57.59 billion in FY20 compared to BDT 44.22 billion in FY19. Operating profit of the Bank (including foreign currency revaluation gain/loss) is BDT 61.86 billion in FY20 compared to BDT 58.12 billion in previous year.

## Other Comprehensive Income

14.10 During the year, the Bank experienced valuation gain amounting to BDT 22.45 billion. This valuation gain was appropriated to the reserve account. Revaluation gain arose mainly due to increase in value of Financial Instruments and Gold in the international market.

## Profit Appropriation

14.11 Out of BDT 57.59 billion profit an amount of BDT 0.25 billion were transferred to

**Table 14.2 Bangladesh Bank's Expenditure**

(In billion BDT)			
Particulars	FY19	FY20	
<b>A. Financial cost</b>	<b>10.99</b>	<b>10.98</b>	
<b>Expenses on foreign currency financial liabilities</b>	<b>3.82</b>	<b>3.2</b>	
Interest on foreign currency financial liabilities	3.66	2.92	
Commission & other expenses on foreign currency financial liabilities	0.16	0.28	
<b>Expenses on local currency financial liabilities</b>	<b>7.17</b>	<b>7.78</b>	
Interest expense on local currency financial liabilities	0.23	0.25	
Commission & other local currency financial liabilities	6.94	7.53	
<b>B. Other expenses</b>	<b>20.43</b>	<b>17.51</b>	
Note printing	4.81	3.14	
General & administrative expenses	15.62	14.37	
<b>Total expenditure (A+B)</b>	<b>31.42</b>	<b>28.49</b>	

Source: A&BD, BB.

statutory fund, BDT 0.10 billion to Bangladesh Bank Disaster Management and Social responsibility fund, BDT 0.25 billion to Asset Renewal and Replacement Reserve. BDT 0.03 billion were adjusted against dues from government and additional BDT 1.50 billion were transferred to statutory funds. After the adjustments BDT 55.46 billion was deposited to the government account which is BDT 12.29 billion more than FY19.

## Statement of Financial Position of Banking and Issue Department

### Assets

14.12 Foreign currency financial assets increased by BDT 289.59 billion (10.06%) to BDT 3,167.25 billion in FY20 compared to BDT 2,877.66 billion in FY19.

14.13 Local currency financial assets increased by BDT 198.38 billion (44.59%) to BDT 643.29 billion in FY20 compared to BDT 444.91 billion in FY19. Such significant increase was mainly due to increase of Repo securities and loans to the Government.

14.14 Non financial assets of the Bank increased by BDT 1.42 billion to BDT 41.28 billion in FY20.

### Liabilities

14.15 Foreign currency financial liabilities increased by BDT 11.72 billion (2.70%) to BDT 446.29 billion in FY20 from BDT 434.57 billion in FY19. This is due to increase in foreign currency Deposit of Banks and Financial Institutions in Bangladesh Bank.

14.16 Local currency financial liabilities increased by BDT 436.14 billion (16.92%) to BDT 3,013.22 billion in FY20 compared to BDT 2,577.09 billion in FY19 due mainly to increase in notes in circulation.

### Notes in Circulation

14.17 Notes in circulation increased by BDT 376.92 billion (22.32%) to BDT 2,065.53 billion in FY20 compared to BDT 1,688.60 billion in FY19. Notes in circulation (BDT 2,005.53 billion) is backed by BDT 11.35 billion with gold and silver, BDT 2,010.00 billion with approved foreign currency reserve, BDT 9.45 billion with Bangladesh Government securities, BDT 4.83 billion with BDT coins and BDT 29.88 billion with other domestic assets.

### Equity

14.18 Total equity of the Bank increased by BDT 41.54 billion (11.84%) to BDT 392.31 billion in FY20 compared to BDT 350.77 billion in the previous year. The equity of the bank is enumerated below:

- i. Capital of the bank remain unchanged at BDT 0.03 billion;
- ii. Retained earnings increased by BDT 13.82 billion to BDT 56.99 billion in FY20

compared to BDT 43.17 billion in FY19;

- iii. Revaluation reserve decreased by BDT 3.69 billion to BDT 215.17 billion in FY20 compared to BDT 218.86 billion in FY19 ;
- iv. Currency fluctuation reserve increased by BDT 30.90 billion to BDT 71.26 billion in FY20 compared to BDT 40.36 billion in FY19;
- v. Balance of statutory fund increased by BDT 0.25 billion to BDT 16.52 billion in FY20 compared to BDT 16.27 billion in FY19 as appropriation was made for Rural credit fund, Agricultural credit fund and Industrial credit fund ;
- vi. Other reserves increased by 0.25 billion to BDT 12.45 billion in FY20 from BDT 12.20 billion in FY19;
- vii. General reserve of the bank remains unchanged at BDT 4.25 billion.

### Foreign Currency Reserve

14.19 Foreign currency reserve increased by BDT 295.00 billion (10.67%) to BDT 3,059.54 billion in FY20 compared to BDT 2,764.54 billion in FY19.

### Consolidation

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

### Auditors

14.21 The financial statements of Bangladesh Bank for FY20 were jointly audited by MABS & J Partners, Chartered Accountants, Bangladesh and Howladar Yunus & Co, Chartered Accountants, Bangladesh.

# **BANGLADESH BANK**

AUDITED FINANCIAL STATEMENTS

As at and for the year ended 30 June 2020

## Independent Auditors' Report

### To the Government of the People's Republic of Bangladesh

#### Opinion

We have audited the accompanying consolidated and separate financial statements (together referred to as "financial statements") of Bangladesh Bank ("the Bank") and its subsidiary ("the Group"), which comprise the consolidated and separate statements of financial position as at 30 June 2020, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank and the Group as at 30 June 2020, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in Note-2.01.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matters:

1. In Note # 3.14 to the consolidated financial statements, the Bank disclosed accounting policy for its Gold and Silver physically stored at Motijheel Office. Such policy is not in compliance with para-90 of IAS-2.
2. In Note # 6 to the consolidated financial statements, the Bank disclosed its assets and liabilities held with International Monetary Fund (IMF). As on 30 June 2020, assets held with IMF stood at BDT 204.22 billion and liabilities held with IMF stood at BDT 222.33 billion. The Bank, in the aforementioned Note, also disclosed that 'Bangladesh' (meaning the Government of the Peoples' Republic of Bangladesh) is a member of the IMF and that Bangladesh Bank is a 'fiscal agent and depository' for the IMF. Therefore, the IMF assets & liabilities and income and expenses (BDT 0.67 billion and BDT 0.35 billion respectively) held/recognized by the Bank on behalf of the Government of the Peoples' Republic of Bangladesh does not constitute as assets

& liabilities and income and expenses of Bangladesh Bank, in accordance with para 4.44 & 4.46 and 4.47 & 4.49 of the Conceptual Framework for Financial Reporting.

3. As per Para-23 of IAS 21, at the end of each reporting period foreign currency monetary items, to be translated using closing rate. In Note # 6.02 to the consolidated financial statements, the Bank disclosed the method of revaluation of International Monetary Fund (IMF) Securities, IMF 1 & 2 Accounts using the SDR exchange rate prevailing as on 30 April 2020 to agree with the balances shown in the Financial Statements of IMF, which do not conform to the provision of IAS-21.
4. In Note # 9 to the consolidated financial statements, the Bank disclosed and explained the merits of their case of BDT 5,224 million of the Bank's funds fraudulently taken out through unauthorized SWIFT transactions in February 2016 with the conclusion that the amount so fraudulently taken out are still considered recoverable primarily based on lawyers' report.
5. In Note # 15.1, 16 & 24.04 to the consolidated financial statements, the Bank disclosed revaluation reserve relating to the revaluation of its non-financial assets (any item of PPE or intangible asset having cost/ revalued amount of over BDT 100,000) on 31 January 2018. Provision of para-36 of IAS-16 was not complied with during the said revaluation.

Moreover, as per Para 41 of IAS 16, some of the surplus of revalued assets may be transferred as the asset is used by an entity. In such a case, the amount of the surplus amount transferred would be the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. However, full amount of depreciation on revalued assets have been charged in the profit or loss account as Depreciation. In consequence of this practice, the assets will be depreciated fully but revaluation reserve will remain intact at the expiry of useful life of the assets for not being made any transfer from revaluation reserve to retained earnings.

6. The provision of the gratuity fund is BDT 1,669,876,000 and provision for pension fund is BDT 21,132,671,000 as on 30 June 2020. The provisions for the funds were made on the basis of the assumptions included in the actuary valuation report of 30 June 2016, which expired as on 30 June 2018. Moreover, no actuarial valuation of the fund was done after 30 June 2016 by the bank. Whereas, para 58 of IAS 19 requires the determination of the net defined benefit liability (or asset) to be carried out with sufficient regularity such that the amounts recognized in the financial statements do not differ materially from those that would be determined at end of the reporting period.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters in our report.

## 1. Foreign Investments

The Bank's assets held in foreign investments amounting to BDT 2,433.13 billion, equivalent to 62.85% of the Bank's total assets, impact of which is significantly material to the financial statements. These investments are held with overseas commercial banks for periods in different types of investment categories. The valuation and presentation of foreign investments in the financial statements pose significant audit risk.

Our audit procedures to address the risks of material misstatement relating to foreign investments, which was considered to be a significant risk, included:

- Assessment of the design and testing of the operating effectiveness of management's control in assessing the carrying value of foreign investments.
- Sending of direct confirmation to the related banks to confirm the balances of SAP. Upon receipt of the confirmation, necessary reconciliations were made.
- Detailed analysis of exchange rates used and valuation processes, recalculation of interest income, and evaluation of recognition, measurement, presentation and disclosures in the financial statements in accordance with the related IFRSs.

The Bank's disclosures about foreign investments are included in Note 3.08 and Note 5 to the financial statements.

## 2. Balances with International Monetary Fund (IMF)

The Bank's assets held with international Monetary Fund (IMF) as on the closing date amounted to BDT 204.22 billion, equivalent to 5.28% of total assets, impact of which is material to the financial statements. The quota amount of SDR 533.30 million was increased by 25% on 24 February 2016 through the payment of foreign currency debiting directly from the government account. Due to the unique structure, terms and valuation of these assets, it was considered significant issue to our audit.

The Bank has issued IMF Securities (promissory notes) against the membership subscription with IMF and has been allocated SDR on the basis of member's quota. Liabilities with the IMF represents around 5.74% of the total liabilities of the Bank. The valuation of liabilities with the International Monetary Fund (IMF) was considered significant issue to our audit as that gives rise to foreign currency translation requirements and periodic interest accruals.

Our audit procedures to address the risks of material misstatement relating to assets held with International Monetary Fund, included checking the SDR amount from IMF website, and subsequently testing the exchange rates used to translate this amount at the closing date. Furthermore, we reviewed the basis of computation of interest income on SDR Holding and the transactions undertaken during the year. In addition, our procedures included examination of relevant documents of IMF and interest accrued on SDR Allocation during the year and re-computation to confirm the amount of liabilities with IMF using the prevailing conversion rate as per IAS-21.

The Bank's disclosures about assets held with the International Monetary Fund are included in Note 6.01 and Liabilities with International Monetary Fund (IMF) in Note 6.02 to the financial statements.

### **3. Valuation of Gold & Silver**

The Bank maintains gold & silver as stock and investment, equivalent to BDT 67.68 billion, which is one of the asset backings for Notes in Circulation. The valuation of these gold and silver are carried out in line with the international market which is subject to market volatility and other external economic factors. Given the unique nature of the asset, the valuation methodology adopted and associated risks, it was considered significant matter to our audit.

Our audit procedures included reviewing the valuation methodology adopted and carrying out physical verification of gold & silver on a sample basis. Our procedures also included issuing balance confirmations and recalculation of gold and silver value in line with the prevailing market rate and assessment of asset backing for Notes in Circulation.

The Bank's disclosures about gold & silver are included in Note 3.14 and Note 7 to the financial statements.

### **4. Foreign Currency Loans to Banks**

The Bank's assets held with foreign currency loans to banks amounted to BDT 401.26 billion, equivalent to 10.36% of total assets, impact of which is material to the financial statements.

Our audit procedures to address the risk of material misstatement relating to Foreign Currency Loans to Banks included:

- Testing the effectiveness of controls over the existence of loans through external confirmations from respective banks and evaluation of the assets held with EDF, LTFF and GTF Investments in BDT using the exchange rate prevailing at on 30 June 2020. We also matched the calculated figure with the amounts disclosed in the financial statements of the Bank for the year ended 30 June 2020.
- Checking as to whether the interest calculation is automated or not. We observed that EDF interests are calculated automatically in e-Refinance software and subsequently confirmed the balance of interest from e-Refinance software against the General Ledgers.

The Bank's disclosures about Foreign Currency Loans to Banks are included in Note 8 to the financial statements.

### **5. Transactions with Government of the Peoples' Republic of Bangladesh**

Bangladesh Bank is primarily responsible for managing banking transactions on behalf of Government of the Peoples' Republic of Bangladesh including loans and donations received from foreign entities, collection and administration of funds of various ministries and the national exchequer. Given the unique nature as well as the high volume of transactions undertaken by Bangladesh Bank with and for the Government of the Peoples' Republic of Bangladesh, it was considered significant to our audit.

The Bank's assets held as Loans to the Government of the Peoples' Republic of Bangladesh amounted to BDT 420.09 billion, equivalent to 10.85% of total assets, impact of which is material to the financial statements. These investments are held with the Government of Bangladesh which have a period of both less or more than one year.

Our audit procedures to address the risk of material misstatement relating to Loans to the Government of the Peoples' Republic of Bangladesh included:

- Assessment of the design and testing of the operating effectiveness of management's control in assessing the carrying value of Loans to the Government of the Peoples' Republic of Bangladesh.
- Detailed analysis of auction rates, valuation processes, recalculation of interest income, presentation and disclosures in the financial statements in accordance with the related IFRSs.

The Bank's disclosures about Loans to the Government of the Peoples' Republic of Bangladesh are included Note 3.11 and Note 11 to the financial statements.

## 6. Notes in Circulation

Issuance of Banknotes is one of the key roles of the bank as defined in the Bangladesh Bank Order- 1972 and is a key audit matter due to:

- high interest to the users of the financial statements;
- the balance is significantly relevant to the Bangladesh Bank's Statement of Financial Position; and
- complexity in assessing the accuracy of the liability for banknotes on issue that are placed in circulation in the economy.

The balance of banknotes on issue represents the value of all bank notes on issue in Bangladesh and the liability is measured at face value of all bank notes issued less any bank notes cancelled/destroyed.

To audit the banknotes on issue, we performed the following audit procedures:

- Tested those general controls which are relevant to the accurate recording of the issuance and return of bank notes within the system responsible for recording the balance of banknotes on issue.
- We performed a comparison of current year's movements against prior year's patterns. We also performed a trend analysis on banknotes on issue against prior periods focusing on the number of notes issued by denomination.
- Our procedures also included an assessment of the asset backing maintained by Bangladesh Bank in line with section 30 of the Bangladesh Bank Order, 1972 and reviewed the process to determine the demand for notes and the ordering process for printing notes.
- Our audit procedures included communicating with the concerned department to understand the note issue process and carrying out physical inspection of assets held at the Bank premises against Notes in Circulation on a sample basis.

The Bank's disclosures about Notes in Circulation are included in Note 19 to the financial statements.

#### **Other Matters**

- The financial statements of Bangladesh Bank for the year ended 30 June 2019 were audited by
- ACNABIN, Chartered Accountants and MABS & J Partners, Chartered Accountants, who expressed an unmodified opinion with an emphasis of matters on those statements on 27 August 2019; and
- The financial statements of the subsidiary, The Security Printing Corporation Bangladesh Limited ended on 30 June 2020 have been jointly audited by us

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercised professional judgment and maintain professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, designed and performed audit procedures

responsive to those risks and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on the Group's ability to continue as a going concern. If we concluded that a material uncertainty exists, we were required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
- Evaluated the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequence of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Terms of Reference (ToR) issued by the Ministry of Finance - Financial Institutions Division, Government of the People's Republic of Bangladesh, we also report the following:

- Nothing has come to our attention which indicates that the IT based accounting systems generated information are not free from material error and noncompliance;
- Nothing has come to our attention which indicates that charging of depreciation on Dead-Stock (Capital Assets) and immovable properties are not in line with applicable financial reporting framework except for the matters disclosed in the Emphasis of Matters paragraph;
- Internal control measures undertaken by the Bank appeared to be adequate with immaterial control deficiencies as identified in the Management Report;
- We have reviewed the compliance of audit observation of previous year and reported on the same in the Management Report;
- We have checked the authenticity of financial information and data supplied to the International Monetary Fund (IMF) by the Bank; and
- We have reviewed the compliance of decisions taken by the Board of Directors of the Bank.

**Muhammad Farooq, FCA**  
Managing Partner  
Howladar Yunus & Co  
Chartered Accountants

**C R Mazumder, FCA**  
Managing Partner  
MABS & J Partners  
Chartered Accountants

26 August, 2020  
Dated, Dhaka, Bangladesh.

**BANGLADESH BANK**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2020

*In thousand Tk.*

Particulars	Notes	30-Jun-20	30-Jun-19
<b>ASSETS</b>			
<b>Foreign currency financial assets</b>			
Foreign currency accounts	4	44,502,998	49,033,700
Foreign investments	5	2,433,129,585	2,243,972,983
Assets held with International Monetary Fund	6.01	204,220,488	216,211,507
Gold and silver	7	67,676,977	53,693,670
Foreign currency loans to banks	8	401,255,896	295,579,770
Other foreign currency financial assets	9	16,464,662	19,168,109
<b>Total foreign currency financial assets</b>		<b>3,167,250,607</b>	<b>2,877,659,739</b>
<b>Local currency financial assets</b>			
Taka coin and cash balances	10	18,314,332	16,890,261
Securities purchased under agreement to resell		71,590,246	176,631
Loans to the Government of Bangladesh	11	420,090,708	313,912,578
Local currency investments	12	7,677,275	7,072,446
Local currency loans to banks, financial institutions and employees	13	123,264,805	102,728,416
Other local currency financial assets	14	9,983,008	9,444,952
<b>Total local currency financial assets</b>		<b>650,920,374</b>	<b>450,225,284</b>
<b>Total financial assets</b>		<b>3,818,170,981</b>	<b>3,327,885,023</b>
<b>Non-financial assets</b>			
Property, plant and equipment	15	48,401,259	48,481,905
Intangible assets	16	432,604	225,903
Other non-financial assets	17	4,378,642	3,678,294
<b>Total non-financial assets</b>		<b>53,212,505</b>	<b>52,386,102</b>
<b>Total assets</b>		<b>3,871,383,486</b>	<b>3,380,271,125</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>LIABILITIES</b>			
<b>Foreign currency financial liabilities</b>			
Deposits from banks and financial institutions	18	223,955,687	199,851,719
Liabilities with International Monetary Fund	6.02	222,329,785	234,719,957
<b>Total foreign currency financial liabilities</b>		<b>446,285,472</b>	<b>434,571,676</b>
<b>Local currency financial liabilities</b>			
Notes in circulation	19	2,065,528,167	1,688,603,874
Deposits from banks and financial institutions	20	763,574,307	757,853,808
Short term borrowings	21	-	95
Other local currency financial liabilities	22	185,559,294	131,159,613
<b>Total local currency financial liabilities</b>		<b>3,014,661,768</b>	<b>2,577,617,390</b>
<b>Total liabilities</b>		<b>3,460,947,240</b>	<b>3,012,189,066</b>
<b>EQUITY</b>			
Capital	23	30,000	30,000
Retained earnings	30	70,385,443	55,813,625
Revaluation reserves	24	218,849,670	222,569,344
Currency fluctuation reserve	25	71,264,137	40,357,497
Statutory funds	26	16,517,046	16,267,046
Non statutory funds	27	15,640,551	15,645,148
Other reserves	28	12,448,899	12,198,899
General reserve	29	5,300,500	5,200,500
<b>Total equity</b>		<b>410,436,246</b>	<b>368,082,059</b>
<b>Total liabilities and equity</b>		<b>3,871,383,486</b>	<b>3,380,271,125</b>

The accompanying notes from 1 to 47 form an integral part of these financial statements.

\_\_\_\_\_  
Md. Forkan Hossain  
General Manager  
Accounts & Budgeting Department

\_\_\_\_\_  
Ahmed Jamal  
Deputy Governor

\_\_\_\_\_  
Fazle Kabir  
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

\_\_\_\_\_  
Muhammad Farooq, FCA  
Managing Partner  
Howladar Yunus & Co., Chartered Accountants

\_\_\_\_\_  
C R Mazumder, FCA  
Managing Partner  
MABS & J Partners, Chartered Accountants

26 August, 2020  
Dated, Dhaka, Bangladesh.

**BANGLADESH BANK**  
**SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

*In thousand Tk.*

Particulars	Notes	30-Jun-20	30-Jun-19
<b>ASSETS</b>			
<b>Foreign currency financial assets</b>			
Foreign currency accounts	4	44,502,998	49,033,700
Foreign investments	5	2,433,129,585	2,243,972,983
Assets held with International Monetary Fund	6.01	204,220,488	216,211,507
Gold and silver	7	67,676,977	53,693,670
Foreign currency loans to banks	8	401,255,896	295,579,770
Other foreign currency financial assets	9	16,464,662	19,168,109
<b>Total foreign currency financial assets</b>		<b>3,167,250,606</b>	<b>2,877,659,739</b>
<b>Local currency financial assets</b>			
Taka coin and cash balances	10.01	4,845,937	4,995,763
Securities purchased under agreement to resell		71,590,246	176,631
Loans to the Government of Bangladesh	11	420,090,708	313,912,578
Local currency investments	12.01	15,945,000	15,945,000
Local currency loans to banks, financial institutions and employees	13.01	121,544,971	101,015,582
Other local currency financial assets	14.01	9,272,340	8,866,275
<b>Total local currency financial assets</b>		<b>643,289,202</b>	<b>444,911,829</b>
<b>Total financial assets</b>		<b>3,810,539,808</b>	<b>3,322,571,568</b>
<b>Non-financial assets</b>			
Property, plant and equipment	15.01	39,665,782	39,302,095
Intangible assets	16	432,604	225,903
Other non-financial assets	17.01	1,181,633	330,206
<b>Total non-financial assets</b>		<b>41,280,019</b>	<b>39,858,204</b>
<b>Total assets</b>		<b>3,851,819,827</b>	<b>3,362,429,772</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>LIABILITIES</b>			
<b>Foreign currency financial liabilities</b>			
Deposits from banks and financial institutions	18	223,955,687	199,851,719
Liabilities with International Monetary Fund	6.02	222,329,785	234,719,957
<b>Total foreign currency financial liabilities</b>		<b>446,285,472</b>	<b>434,571,676</b>
<b>Local currency financial liabilities</b>			
Notes in circulation	19	2,065,528,167	1,688,603,874
Deposits from banks and financial institutions	20	763,574,307	757,853,808
Short term borrowings	21	-	95
Other local currency financial liabilities	22.01	184,119,617	130,627,778
<b>Total local currency financial liabilities</b>		<b>3,013,222,091</b>	<b>2,577,085,555</b>
<b>Total liabilities</b>		<b>3,459,507,563</b>	<b>3,011,657,231</b>
<b>EQUITY</b>			
Capital	23	30,000	30,000
Retained earnings	30.01	56,989,387	43,166,766
Revaluation reserves	24.01	215,171,744	218,856,685
Currency fluctuation reserve	25	71,264,137	40,357,497
Statutory funds	26	16,517,046	16,267,046
Non statutory funds	27	15,640,551	15,645,148
Other reserves	28	12,448,899	12,198,899
General reserve	29.01	4,250,500	4,250,500
<b>Total equity</b>		<b>392,312,264</b>	<b>350,772,541</b>
<b>Total liabilities and equity</b>		<b>3,851,819,827</b>	<b>3,362,429,772</b>

The accompanying notes from 1 to 47 form an integral part of these financial statements.

Md. Forkan Hossain  
General Manager  
Accounts & Budgeting Department

Ahmed Jamal  
Deputy Governor

Fazle Kabir  
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Muhammad Farooq, FCA  
Managing Partner  
Howladar Yunus & Co., Chartered Accountants

C R Mazumder, FCA  
Managing Partner  
MABS & J Partners, Chartered Accountants

26 August, 2020  
Dated, Dhaka, Bangladesh.

**BANGLADESH BANK**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
 FOR THE YEAR ENDED 30 JUNE 2020

*In thousand Tk.*

Particulars	Notes	2019-20	2018-19
<b>INCOME</b>			
<b>Income on foreign currency financial assets</b>			
Interest income	31	49,319,958	59,361,114
Commission and discounts	32	342,443	502,880
<b>Total income on foreign currency financial assets</b>		<b>49,662,401</b>	<b>59,863,994</b>
<b>Income from local currency financial assets</b>			
Interest income	34	34,837,116	14,799,784
Commission and discounts	35	2,266,887	1,588,759
Sales to other parties by subsidiary		1,823,236	1,511,897
Other income		35,270	28,775
<b>Total income from local currency financial assets</b>		<b>38,962,509</b>	<b>17,929,215</b>
<b>Total income</b>		<b>88,624,910</b>	<b>77,793,209</b>
<b>EXPENSES</b>			
<b>Expenses on foreign currency financial liabilities</b>			
Interest expense	33	(2,921,959)	(3,654,316)
Commission and other expenses		(281,261)	(162,663)
<b>Total expenses on foreign currency financial liabilities</b>		<b>(3,203,220)</b>	<b>(3,816,979)</b>
<b>Expenses on local currency financial liabilities</b>			
Interest expense	37	(250,438)	(226,221)
Commission and other expenses	38	(7,526,537)	(6,948,077)
<b>Total expenses on local currency financial liabilities</b>		<b>(7,776,975)</b>	<b>(7,174,298)</b>
<b>Other expenses</b>			
General and administrative expenses	39	(18,614,603)	(21,258,837)
<b>Total other expenses</b>		<b>(18,614,603)</b>	<b>(21,258,837)</b>
<b>Total expenses</b>		<b>(29,594,798)</b>	<b>(32,250,114)</b>
Foreign currency revaluation gain/(loss) - unrealised		(26,639,757)	2,298,956
Foreign currency revaluation gain/(loss) - realised		30,906,640	11,596,172
<b>Profit before tax</b>		<b>63,296,995</b>	<b>59,438,223</b>
Current tax expense		(484,472)	(460,540)
Deferred tax income/(expense)		85,727	(66,442)
<b>Profit for the year</b>		<b>62,898,250</b>	<b>58,911,240</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
<b>Other comprehensive income</b>			
Gold revaluation gain/(loss)		13,946,439	6,454,538
Silver revaluation gain/(loss)		36,868	(9,713)
Revaluation gain/(loss) on financial instruments		8,466,069	894,714
<b>Total other comprehensive income</b>		<b>22,449,376</b>	<b>7,339,539</b>
<b>Total comprehensive income for the year</b>		<b>85,347,626</b>	<b>66,250,779</b>

The accompanying notes from 1 to 47 form an integral part of these financial statements.

Md. Forkan Hossain  
 General Manager  
 Accounts & Budgeting Department

Ahmed Jamal  
 Deputy Governor

Fazle Kabir  
 Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Muhammad Farooq, FCA  
 Managing Partner  
 Howladar Yunus & Co., Chartered Accountants

C R Mazumder, FCA  
 Managing Partner  
 MABS & J Partners, Chartered Accountants

26 August, 2020  
 Dated, Dhaka, Bangladesh.

**BANGLADESH BANK**  
**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2020

*In thousand Tk.*

Particulars	Notes	2019-20	2018-19
<b>INCOME</b>			
<b>Income on foreign currency financial assets</b>			
Interest income	31	49,319,958	59,361,114
Commission and discounts	32	342,443	502,880
<b>Total income on foreign currency financial assets</b>		<b>49,662,401</b>	<b>59,863,994</b>
<b>Income from local currency financial assets</b>			
Interest income	34.01	33,770,407	13,822,971
Commission and discounts	35	2,266,887	1,588,759
Dividend income		360,000	360,000
Other income	36	23,472	18,007
<b>Total income from local currency financial assets</b>		<b>36,420,766</b>	<b>15,789,737</b>
<b>Total income</b>		<b>86,083,167</b>	<b>75,653,731</b>
<b>EXPENSES</b>			
<b>Expenses on foreign currency financial liabilities</b>			
Interest expense	33	(2,921,959)	(3,654,316)
Commission and other expenses		(281,261)	(162,663)
<b>Total expenses on foreign currency financial liabilities</b>		<b>(3,203,220)</b>	<b>(3,816,979)</b>
<b>Expenses on local currency financial liabilities</b>			
Interest expense	37	(250,438)	(226,221)
Commission and other expenses	38	(7,526,537)	(6,948,077)
<b>Total expenses on local currency financial liabilities</b>		<b>(7,776,975)</b>	<b>(7,174,298)</b>
<b>Other expenses</b>			
Note printing expenses		(3,145,991)	(4,812,199)
General and administrative expenses	39.01	(14,367,592)	(15,622,953)
<b>Total other expenses</b>		<b>(17,513,583)</b>	<b>(20,435,152)</b>
<b>Total expenses</b>		<b>(28,493,778)</b>	<b>(31,426,429)</b>
Foreign currency revaluation gain/(loss) - unrealised		(26,639,757)	2,298,956
Foreign currency revaluation gain/(loss) - realised		30,906,640	11,596,172
<b>Profit for the year</b>		<b>61,856,272</b>	<b>58,122,430</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
<b>Other comprehensive income</b>			
Gold revaluation gain/(loss)		13,946,439	6,454,538
Silver revaluation gain/(loss)		36,868	(9,713)
Revaluation gain/(loss) on financial instruments		8,466,069	894,714
<b>Total other comprehensive income</b>		<b>22,449,376</b>	<b>7,339,539</b>
<b>Total comprehensive income for the year</b>		<b>84,305,648</b>	<b>65,461,969</b>

The accompanying notes from 1 to 47 form an integral part of these financial statements.

\_\_\_\_\_  
Md. Forkan Hossain  
General Manager  
Accounts & Budgeting Department

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Ahmed Jamal  
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These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

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C R Mazumder, FCA  
Managing Partner  
MABS & J Partners, Chartered Accountants

26 August, 2020  
Dated, Dhaka, Bangladesh.

**BANGLADESH BANK**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Non - distributable										Distributable		Equity
	Non - distributable										Distributable		
	Capital	Revaluation reserves				Currency fluctuation reserve	Statutory funds	Non-statutory funds	Other reserves		General reserve	Retained earnings	
		Gold and silver	Foreign currency accounts	Financial Instruments	Property, plant & equipment				Asset renewal & replacement reserve	Interest reserve			
<b>Balance as at 01 July 2018</b>	30,000	16,732,667	162,575,391	(5,532,883)	38,827,707	28,761,325	15,717,046	15,645,941	4,326,785	7,522,114	5,100,500	18,777,646	308,484,238
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(9,397)	(9,397)
Dividend paid for 2017-2018	-	-	-	-	-	-	-	-	-	-	-	(6,893,472)	(6,893,472)
Total comprehensive income for the year	-	6,444,825	-	894,714	-	-	-	-	-	-	-	58,911,240	66,250,779
Reallocation	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilisation of funds	-	-	-	-	-	-	(100,794)	-	-	-	-	-	(100,794)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	356,786	(28,817)	-	-	-	-	-	-	22,736	350,705
Appropriation of profit to other funds	-	-	2,298,956	-	-	11,596,172	550,000	100,000	350,000	-	100,000	(14,995,128)	-
<b>Balance as at 30 June 2019</b>	30,000	23,177,492	164,874,347	(4,281,383)	38,798,890	40,357,497	16,267,046	15,645,148	4,676,785	7,522,114	5,200,500	55,813,626	368,082,059
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(18,214)	(18,214)
Dividend paid for 2018-2019	-	-	-	-	-	-	-	-	-	-	-	(43,148,554)	(43,148,554)
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-	-	(227,514)	(227,514)
Total comprehensive income for the year	-	13,983,307	-	8,466,069	-	-	-	-	-	-	-	62,898,250	85,347,626
Reallocation	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilisation of funds	-	-	-	-	-	-	(104,597)	-	-	-	-	-	(104,597)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	505,440	(34,733)	-	-	-	-	-	-	34,733	505,439
Appropriation of profit to other funds	-	-	(26,639,757)	-	-	30,906,640	250,000	100,000	250,000	-	100,000	(4,966,883)	-
<b>Balance as at 30 June 2020</b>	30,000	37,160,799	138,234,590	4,690,126	38,764,157	71,264,137	16,517,046	15,640,551	4,926,785	7,522,114	5,300,500	70,385,443	410,436,246

**BANGLADESH BANK**  
**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
 FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Non distributable										Distributable		Equity	
	Revaluation reserves					Currency fluctuation reserve	Statutory funds	Non-statutory funds	Other reserves			General reserve		Retained earnings
	Capital	Gold and silver	Foreign currency accounts	Financial instruments	Property, plant & equipment				Asset renewal & replacement reserve	Interest reserve				
<b>Balance as at 01 July 2018</b>	30,000	16,732,667	162,675,391	(5,532,883)	35,092,312	28,761,325	15,717,046	15,645,941	4,326,785	7,522,114	4,250,500	6,842,333	308,464,238	
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(9,397)	(9,397)	
Dividend paid for 2017-2018	-	-	-	-	-	-	-	-	-	-	-	(6,893,472)	(6,893,472)	
Total comprehensive income for the year	-	6,444,825	-	894,714	-	-	-	-	-	-	-	58,122,430	65,461,969	
Reallocation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilisation of funds	-	-	-	-	-	-	-	(100,794)	-	-	-	-	(100,794)	
Derecognition of reserve on account of sale and maturity of assets	-	-	-	356,786	(6,081)	-	-	-	-	-	-	-	350,705	
Appropriation of profit to other funds	-	-	2,298,956	-	-	11,596,172	550,000	100,000	350,000	-	-	(14,895,128)	-	
<b>Balance as at 30 June 2019</b>	30,000	23,177,492	164,874,347	(4,281,383)	35,086,231	40,357,497	16,267,046	15,645,148	4,676,785	7,522,114	4,250,500	43,166,766	350,772,541	
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(18,214)	(18,214)	
Dividend paid for 2018-2019	-	-	-	-	-	-	-	-	-	-	-	(43,148,554)	(43,148,554)	
Total comprehensive income for the year	-	13,983,307	-	8,466,069	-	-	-	-	-	-	-	61,856,272	84,305,648	
Reallocation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilisation of funds	-	-	-	-	-	-	-	(104,597)	-	-	-	-	(104,597)	
Derecognition of reserve on account of sale and maturity of assets	-	-	-	505,440	-	-	-	-	-	-	-	-	505,440	
Appropriation of profit to other funds	-	-	(26,639,757)	-	-	30,906,640	250,000	100,000	250,000	-	-	(4,866,883)	-	
<b>Balance as at 30 June 2020</b>	30,000	37,160,799	138,234,590	4,890,126	35,086,231	71,264,137	16,517,046	15,640,551	4,926,785	7,522,114	4,250,500	56,989,387	392,312,264	

**BANGLADESH BANK**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2020

In thousand Tk

Particulars	2019-20	2018-19
<b>Cash flows from operating activities</b>		
Profit for the year	63,556,994	59,798,224
<b>Adjustments:</b>		
Depreciation	1,212,696	1,145,935
Prior year adjustment	-	60,535
Loan Loss provision	(926,188)	935,943
Investment income from Short Term Deposit, Foreign Bills and Bonds	(37,486,610)	(45,435,856)
Investment Income from local Treasury Bills and Bonds	(22,638,538)	(7,943,257)
Interest from Claims from Gold Transactions	-	(1,973)
Dividend Income	(360,000)	(360,000)
	<b>3,458,353</b>	<b>8,199,550</b>
Tax Paid during the year	(588,674)	(557,680)
Payment from WPPF	(88,200)	(97,111)
Provision to WPPF	94,775	88,200
(Increase) / decrease in Foreign Currency Loans to Banks	(171,238,142)	(31,046,817)
(Increase) / decrease in Other Receivable on Foreign Currency Loans Loans	(772,464)	(1,041,648)
(increase) / decrease in Loans to Government	(35,813,500)	68,610,300
(increase)/ decrease in Local Currency loans to Banks, financial institutions and employees	(22,110,857)	5,188,881
increase/(decrease) in interest payable on SDR allocation	(103,896)	14,937
(increase)/decrease in other local currency financial assets	(429,434)	7,443,695
(increase)/decrease in other non-financial assets	(1,252,444)	1,972,240
increase/(decrease) in Notes in Circulation	376,924,293	154,472,050
increase/(decrease) in Other Local Currency Financial liabilities	54,825,159	13,934,697
	<b>199,446,617</b>	<b>218,981,743</b>
<b>Net cash from operating activities</b>	<b>202,904,970</b>	<b>227,181,293</b>
<b>Cash flows from investing activities</b>		
Settlement with liabilities with IMF	(295,257)	(2,555,402)
Investment Income from Short Term Deposit, US Treasury Notes, Foreign Bills and Bonds	37,486,610	45,293,776
Investment in Foreign Bills, US Treasury Notes and Bonds	107,905,781	244,591,318
Investment in foreign Short Term Deposits	(61,330,193)	(44,967,114)
Income from Claims from Gold Transactions	-	42,552
Investment Income from local Treasury Bills and Bonds	22,638,538	6,416,809
Investment in Local Treasury Bills and Bonds	(168,707,653)	(170,181,286)
Other Local Investment	202,640	(342,475)
Addition of fixed assets and intangible assets	(360,344)	(1,528,278)
Proceeds from disposal of fixed assets	-	-
<b>Net cash used in investing activities</b>	<b>(62,459,878)</b>	<b>76,769,901</b>
<b>Cash flows from financing activities</b>		
Dividend paid to the Government of Bangladesh	(43,148,554)	(6,893,472)
<b>Net cash (used in)/from financing activities</b>	<b>(43,148,554)</b>	<b>(6,893,472)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>97,296,538</b>	<b>297,057,722</b>
Opening balance of cash and cash equivalents	364,847,766	67,790,045
<b>Cash and cash equivalents as at 30 June</b>	<b>462,144,304</b>	<b>364,847,766</b>
<b>Cash and cash equivalents includes</b>		
Foreign currency accounts	44,502,998	49,033,700
Foreign investments with maturity of three months or less	1,315,266,722	1,256,220,143
Taka coin and cash balances	18,314,332	16,890,262
Securities purchased under agreement to resell	71,590,246	176,631
Foreign currency deposits from banks and financial institutions	(223,955,687)	(199,619,066)
Short term borrowings	-	(95)
Deposits from banks and financial institutions	(763,574,306)	(757,853,809)
<b>Cash and cash equivalents as at 30 June</b>	<b>462,144,304</b>	<b>364,847,766</b>

**BANGLADESH BANK**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED 30 JUNE 2020

In thousand Tk

Particulars	2020	2019
<b>Cash flows from operating activities</b>	61,856,272	58,122,429
Profit for the year		
<b>Adjustments:</b>	835,078	790,143
Depreciation	-	60,535
Prior year adjustment	(926,188)	935,943
Loan Loss provision	(37,486,610)	(45,435,856)
Investment income from Short Term Deposit, Foreign Bills and Bonds	(22,638,538)	(7,943,257)
Investment Income from local Treasury Bills and Bonds	-	(1,973)
Interest from Claims from Gold Transactions	(360,000)	(360,000)
Dividend Income	<u>1,280,013</u>	<u>6,167,963</u>
(Increase) / decrease in Foreign Currency Loans to Banks	(171,238,142)	(31,046,817)
(Increase) / decrease in Other Receivable on Foreign Currency Loans	(772,464)	(1,041,648)
(increase) / decrease in Loans to Government	(35,813,500)	68,610,300
(increase)/ decrease in Local Currency loans to Banks, financial institutions and employees	(20,529,387)	5,324,548
increase/(decrease) in interest payable on SDR allocation	(103,896)	14,937
(increase)/decrease in other local currency financial assets	(406,065)	9,384,838
(increase)/decrease in other non-financial assets	(851,427)	197,124
increase/(decrease) in Notes in Circulation	376,924,293	154,472,050
increase/(decrease) in Other Local Currency Financial liabilities	53,491,839	12,048,347
	<u>200,701,251</u>	<u>217,963,680</u>
<b>Net cash from operating activities</b>	<u>201,981,264</u>	<u>224,131,643</u>
<b>Cash flows from investing activities</b>		
Settlement with liabilities with IMF	(295,257)	(2,555,402)
Investment Income from Short Term Deposit, US Treasury Notes, Foreign Bills and Bonds	37,486,610	45,293,776
Investment in Foreign Bills, US Treasury Notes and Bonds	107,905,781	244,591,318
Investment in foreign Short Term Deposits	(61,330,193)	(44,967,114)
Income from Claims from Gold Transactions	-	42,552
Investment Income from local Treasury Bills and Bonds	22,638,538	6,416,809
Investment in Local Treasury Bills and Bonds	(168,707,653)	(170,181,286)
Addition of fixed assets and intangible assets	(1,167,896)	(830,753)
Dividend Received	360,000	360,000
<b>Net cash used in investing activities</b>	<u>(63,110,070)</u>	<u>78,169,900</u>
<b>Cash flows from financing activities</b>		
Dividend paid to the Government of Bangladesh	(43,148,554)	(6,893,472)
<b>Net cash (used in)/from financing activities</b>	<u>(43,148,554)</u>	<u>(6,893,472)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>95,722,640</u>	<u>295,408,071</u>
Opening balance of cash and cash equivalents	352,953,269	57,545,198
<b>Cash and cash equivalents as at 30 June</b>	<u>448,675,909</u>	<u>352,953,269</u>
<b>Cash and cash equivalents includes</b>		
Foreign currency accounts	44,502,998	49,033,700
Foreign investments with maturity of three months or less	1,315,266,722	1,256,220,143
Taka coin and cash balances	4,845,937	4,995,764
Securities purchased under agreement to resell	71,590,246	176,630.70
Foreign currency deposits from banks and financial institutions	(223,955,687)	(199,619,066)
Short term borrowings	-	(95)
Deposits from banks and financial institutions	(763,574,306)	(757,853,809)
<b>Cash and cash equivalents as at 30 June</b>	<u>448,675,909</u>	<u>352,953,269</u>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**1 Reporting entity**

Bangladesh Bank ("the Bank"), a statutory body, is the Central Bank and apex regulatory body for the country's monetary and financial system of Bangladesh, established on the 16th day of December, 1971 under the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972). The Bank is domiciled in Bangladesh and the head office of the Bank is situated at Motijheel C/A, Dhaka-1000.

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

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

The Bank has exclusive agency arrangement with Sonali Bank Limited for carrying out certain specific treasury related functions across the country. As at 30 June 2020, 731 branches of Sonali Bank Limited were engaged in daily treasury functions under the referred agency arrangement with the Bank.

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

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

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

The Bank has a fully owned subsidiary company named The Security Printing Corporation (Bangladesh) Ltd. ("SPCBL" or "the subsidiary") which was formed on 22nd April, 1992 for the purpose of printing and supplying of currency notes. The Bank and its subsidiary are collectively referred to as "the Group". Refer to note 3.01 and 13.01.

## 2 Basis of preparation of the financial statements

### 2.01 Statement of compliance

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

	Compliance status
IAS 1: Presentation of Financial Statements	Complied
IAS 2: Inventories	Complied
IAS 7: Statement of Cash Flows	Complied
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS 10: Events after the Reporting Period	Complied
IAS 12: Income Taxes	Complied
IAS 16: Property, Plant and Equipment	Complied
IAS 19: Employee Benefits	Complied
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	Complied
IAS 21: The Effects of Changes in Foreign Exchange Rates	Complied
IAS 23: Borrowing Costs	Complied
IAS 24: Related Party Disclosures	Complied
IAS 26: Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS 27: Separate Financial Statements	Complied
IAS 28: Investment in Associates and Joint Ventures	Not applicable
IAS 32: Financial Instruments: Presentation	Complied
IAS 33: Earnings Per Share	Not applicable
IAS 34: Interim Financial Reporting	Not applicable
IAS 36: Impairment of Assets	Complied
IAS 37: Provisions, Contingent Liabilities and Contingent assets	Complied
IAS 38: Intangible Assets	Complied
IAS 40: Investment Property	Not applicable
IAS 41: Agriculture	Not applicable
IFRS 1: First time Adoption of International Financial Reporting Standards	Not applicable
IFRS 2: Share based Payment	Not applicable
IFRS 3: Business Combinations	Complied
IFRS 4: Insurance Contracts	Not applicable
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not applicable
IFRS 6: Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS 7: Financial Instruments: Disclosures	Complied
IFRS 8: Operating Segments	Not applicable
IFRS 9: Financial Instruments	Complied
IFRS 10: Consolidated Financial Statements	Complied

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

IFRS 11: Joint Arrangements	Not applicable
IFRS 12: Disclosure of Interests in Other Entities	Complied
IFRS 13: Fair Value Measurement	Complied
IFRS 14: Regulatory Deferrals Accounts	Not applicable
IFRS 15: Revenue from Contract with Customers	Complied
IFRS 16: Leases	Complied

## 2.02 Basis of measurement

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

Basis of measurement	Material items
Amortised cost	Bangladesh Government Treasury bills; US Dollar Treasury bills, foreign bonds.
Fair value through OCI	Bangladesh Government Treasury bonds; US Treasury Notes. Gold and silver; Claims from gold transactions.
Present Value (PV)	Liability for the defined benefit obligation

## 2.03 Functional and presentation currency

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

## 2.04 Relationship between Issue Department and Banking Department

Under the Bangladesh Bank Order, 1972, issue of bank notes shall be conducted by the Bank in an Issue Department, which shall be separated and kept wholly distinct from the Banking Department. Accordingly, the Issue Department is solely concerned with notes issued and the assets backing the issue. The Banking Department comprises all other activities of the Bank. The separation into departments is made within the Bank and reports on both the Banking and Issue Departments (together referred as "statement of affairs") are made internally and submitted to the Ministry of Finance throughout the year at weekly interval. The annual financial statements are prepared on a combined basis to include all the assets and liabilities of the Bank. The assets backing the note issue as at the year end are disclosed in note 19.

## 2.05 Use of estimates and judgments

Preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Estimates, judgments 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 Comparative information**

In presentation of the financial statements, comparative information in respect of the previous year have been given in accordance with IAS-1 & IAS-8. The narrative and descriptive information have been given in notes to the financial statements, where relevant, for the understanding of the current year's financial statements.

### **2.07 Restatement/Reclassification**

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires an entity to correct material prior period errors retrospectively by restating the comparative amounts for prior period presented in which the error occurred. While preparing the consolidated financial statements for the year ended 30 June, 2020, no material prior period errors were identified.

## **3 Significant accounting policies**

Accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Group entities.

### **3.01 Basis of consolidation**

The consolidated financial statements have been prepared in accordance with International Accounting Standard-27, "Separate Financial Statements" and International Financial Reporting Standard (IFRS)-10 "Consolidated Financial Statements".

#### **Subsidiary**

The Security Printing Corporation (Bangladesh) Ltd. (SPCBL) is the subsidiary of the Bank. The Bank holds 11,998,994 shares in SPCBL. For compliance with the requirements of the minimum number of seven shareholders of a public limited company as per The Companies Act-1994, 1000 shares were allotted to the Governor of Bangladesh Bank, and, Deputy Governor of Bangladesh bank, Managing Director of The SPCBL, Secretary of Financial

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

Institution Division of Ministry of Finance, Additional secretary of Ministry of Home Affairs, Joint Secretary of Internal Resources Division and Director General of Bangladesh Postal Department were allotted one share each. However, Bangladesh Bank is the beneficial owner of all these shares. In a strict sense, The non-controlling interest (NCI) comes to BDT 2,390,986 only as on 30 June, 2020. Since the NCI is not material, and according to the commercial substance the beneficial owner is the Bank, the Bank does not recognise non-controlling interest. SPCBL is responsible for printing and supplying the Bank with bank notes based on the requirements from time to time. It sells these notes to the Bank at a specified mark-up agreed beforehand between the Bank and SPCBL. SPCBL is also engaged in printing of security products for other parties besides the Bank.

**Transactions eliminated on consolidation**

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

**3.02 Novel Coronavirus (COVID-19) impact**

COVID-19 pandemic has occurred during the reporting period and Bangladesh Government has taken many initiatives to cushion the sudden economic fallout of COVID-19 including offering stimulus packages for business sectors ranging from large industries to SMEs. Among those stimulus packages, most of the packages will be managed by the Bangladesh Bank under its different refinance scheme. It is mentionable that the fund disbursement under those refinance scheme during the reporting period is insignificant to the total declared package. The disbursed amount under different stimulus packages in the form of refinance scheme is accordingly reported inclusively under local currency loans to banks and financial institutions. Those stimulus packages are offered at the rate of 1-5% with the maturity of maximum 3 years.

**3.03 Current changes to IFRS**

**IFRS 16 - Leases**

IFRS 16 'Leases' provides a single lessee accounting model, requiring lessees to record all leases on the statement of financial position, unless the lease term is under 12 months or the underlying asset has a low value. Effective from January 1, 2019, the Bank adopted IFRS 16 Leases and the related amendments. The adoption of IFRS 16 resulted in changes to the Bank's accounting policies for the recognition and measurement of leases for which the Bank is a lessee. The Bank's accounting policy for leases is discussed in Note 3.15(h).

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

### 3.04 Foreign currency transactions

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

Foreign currency	Exchange rates (in BDT)	
	30-Jun-20	30-Jun-19
US Dollar	84.9000	84.5000
Australian Dollar	58.5980	59.3190
Canadian Dollar	62.5507	64.5531
EURO	95.3512	96.0596
Pound Sterling	105.2675	107.2559
CNY	12.0117	12.3034
JPY	0.7867	0.7833
SDR	116.7969	117.4719
SGD	60.9432	62.4908
SEK	9.1106	9.1041

### 3.05 Foreign exchange gain/loss

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

### 3.06 Financial assets and liabilities

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

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

#### (a) Recognition and initial measurement

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

#### (b) Classification and subsequent measurement

Classification of financial assets and liabilities for the purpose of measurement subsequent to initial recognition in accordance with IFRS 9 *Financial Instruments* is made in the following manner:

##### (1) Financial Assets & Financial liabilities carried at amortised cost :

A financial asset shall be measured at amortised cost if both of the following conditions are met

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Foreign bonds, US dollar treasury bills, Treasury bills of the Government of Bangladesh, equity investment in HBFC debentures and swift share are classified as amortised cost financial assets. Swift shares are measured at cost as there is no quoted market price for these shares.

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

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.

(2) Fair value through other comprehensive income :

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Us Treasury Notes, gold and silver, bonds of the Government of Bangladesh, equity investment (investment in SPCBL, shares of ICB Islamic Bank Limited are classified as fair value through other comprehensive income.

(3) Financial assets and financial liabilities at fair value through profit or loss:

A financial asset is measured at fair value through profit or loss -

- unless it is measured under above stated two classification.
- However an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

**(c) Amortised cost measurement principles**

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

Effective interest method is a method of calculating the amortised costs of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating effective interest rate, the Group

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

estimates the cash flows considering all contractual terms of the financial instruments, and any revisions to these estimates are recognised in profit or loss. The calculation includes amounts paid or received that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums and discounts.

**(d) Fair value measurement principles**

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

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

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

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

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

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

**(e) Gains and losses on subsequent measurement**

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

**(f) De-recognition**

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 de-recognition that is created or retained by the Group is recognised as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the statement of profit or loss.

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

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**

Judgment is required when determining whether there is objective evidence that impairment exists and, if so, the appropriate amount of ECLs to recognize. The measurement of ECLs reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date regarding past events, current conditions and forecasts of future economic conditions. Financial assets are categorized into the following three stages depending on their assessed credit risk:

- Stage 1 Financial assets are categorized as Stage 1 when first recognized. The Bank records an allowance for 12-month ECLs in profit or loss, and interest revenue is calculated on the gross carrying amount of the asset.
- Stage 2 Financial assets are categorized as Stage 2 when they have experienced a significant increase in credit risk since initial recognition. The Bank records an allowance for lifetime ECLs, and interest revenue is calculated on the gross carrying amount of the asset.
- Stage 3 Financial assets are categorized as Stage 3 when they are considered credit-impaired. The Bank records an allowance for lifetime ECLs, and interest revenue is calculated based on the net carrying amount of the asset (gross carrying amount less the loss allowance), rather than on its gross carrying amount.

ECLs are estimated as the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at the original effective interest rate.

Being Central Bank, the Bank always manages the financial assets in prudent way with high quality counterpart. Thus in assessing ECLs on these instruments, the Bank has applied the minimal risk practical expedient available under IFRS 9 due to their high credit quality. The Bank continuously monitors relevant economic and financial developments.

All the Bank's financial assets subject to impairment assessments are Stage 1 and are considered to have low credit risk. There were no transfers of financial instruments between stages during the reporting period. The Bank did not record any ECLs on its financial instruments as at June 30, 2020.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**(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.

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

**3.07 Foreign currency accounts**

Foreign currency accounts comprise balances held in the current accounts maintained with different central banks and foreign commercial banks in the designated foreign currency. These are measured at each reporting date by translating to the functional currency at the exchange rates prevailing on that date. Gains and losses arising upon translation are recognised in the statement of profit or loss and are subsequently transferred from retained earnings to revaluation reserve - foreign currency accounts and currency fluctuation reserve (refer to note 3.05 for accounting policy on foreign exchange gain/loss).

**3.08 Foreign investments**

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

**3.09 Other foreign currency financial assets**

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

**3.10 Taka coin and cash balances**

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

### 3.11 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 (WMA)***

When total payments to the Government exceed total deposits from the Government, the excess of payment over receipt, with a limit not exceeding Tk.60,000 million (2019: Tk. 40,000 million), is treated as WMA with interest being charged thereon at the reverse repo rate. WMA is realised only after full recovery of Government overdraft-current account balance.

#### ***Overdraft - current and block***

Government borrowing in excess of the Tk. 60,000 million limit set for WMA are recognised as overdraft-current with a limit not exceeding Tk. 60,000 million (2019: Tk. 40,000 million). 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 full recovery of overdraft-current account balance is then adjusted against WMA.

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

#### ***Treasury bills and bonds***

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

### 3.12 Local currency investments

Group investment comprises investment in debenture of Bangladesh House Building Finance Corporation (BHBFC), shares of the ICB Islamic Bank Ltd and short term deposit with local commercial banks. Investment in debentures are measured at amortized cost and shares are measured at fair value.

### 3.13 Local currency loans to banks, financial institutions and employees

These comprise loans to state owned, private, and specialised commercial banks, other

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

scheduled banks and financial institutions and loans to the Bank employees. These are reported net of allowances for loan impairment losses if any.

### 3.14 Gold and silver

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

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

### 3.15 Property, plant and equipment (PPE)

#### (a) Recognition and measurement

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

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

#### (b) Revaluation

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

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

The Bank revalued its land as at 30 June 2014 and subsequently other items of PPE were revalued as at 31 January 2018 by an independent valuer, S.F. Ahmed & Co. Significant methods and assumptions for revaluation of items of property, plant and equipment were as follows:

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

- (i) Land was revalued on a reasonable approximation basis. The valuer applied their knowledge of recorded land sales in the respective areas to land measurement established at last valuation;
- (ii) Buildings, furniture and fixtures, mechanical equipment, motor vehicles, computer & networking, artefacts and currency museum, intangible assets, electrical installation and gas installation were revalued using a combination of approaches which include depreciated replacement cost for building and civil construction and market considerations for other assets.

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

**(c) Subsequent costs**

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

**(d) Capital work in progress**

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

**(e) Depreciation**

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

Class of Property, plant and equipment (PPE)	Bank	SPCBL
Building and other construction	5%	2.5% - 20%
Mechanical and office equipment	10%	5% - 20%
Computer and networking	20%	-
Fixture and fittings	10%	10%
Motor vehicles	20%	20%
Electrical installation	20%	-
Gas installation	20%	-
Low Value Assets	100%	-
Security Equipment	20%	-
Currency Museum and Artefacts	5%	-

**(f) Borrowing cost capitalisation**

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

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

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

**(g) Impairment**

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

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

**(h) Leases**

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into (or changed) on or after 1 January 2019. The Bank recognizes a right-of-use leased asset and lease liability at the lease commencement date.

The Bank recognizes right-of-use assets and lease liabilities for the leases – i.e. these leases are on-balance sheet. Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Right-of-use assets are measured at the amount of the lease liability on adoption. Leases are recognized at the commencement of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method.

The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term. The liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicated in the lease or if that rate cannot be determined, the Bank's incremental borrowing rate. The Bank presents right-of-use assets in "Property Plant and Equipment" (Note 15) and lease liabilities in "Other Local Currency Financial Liabilities" (Note 22) in the Statement of Financial Position.

**3.16 Intangible assets and their amortisation**

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

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

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

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

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

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

### **3.18 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.

### **3.19 Short-term employee benefits**

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**3.20 Post-employment benefits**

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

**(a) Defined contribution plans**

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

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

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

**(b) Defined benefit plans**

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

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

Employees contribute at various rates (within 5-25%) of their basic salaries to the fund. No contributions are made by the Bank for the above fund. The provident fund invests in various securities and the Bank has committed a return of 13% (2019: 13%). Any shortfall in the return from investments is funded by the Bank by charging in its statement of profit or loss.

**(ii) Pension scheme**

Employees are entitled to pension amounting to maximum of 90% (2019: 90%) of their last basic salary. 50% of the pension amount is paid as a lump sum computed at the rate of Tk. 230 (2019: Tk. 230) per Tk. 1 surrendered from the pension. Employees will receive their pension monthly over the remaining lifetime against remaining 50% of the pension amount .

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

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

The Bank actuarially valued its pension liabilities as at 30 June 2016. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognised in other comprehensive income.

**(iii) Gratuity scheme**

The Bank actuarially valued its gratuity scheme and measured its liability for defined benefit obligation as at 30 June 2016. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognised in the statement of profit or loss and other comprehensive income.

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

**(iv) Leave encashment**

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

**3.21 Other long-term employee benefits**

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

**3.22 Provisions**

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

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

### **3.23 Notes in circulation**

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

### **3.24 Government grants**

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

### **3.25 Interest income and expenses**

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

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

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.

### **3.26 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.

### **3.27 Dividend income**

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**3.28 Income tax****(a) Bangladesh Bank**

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

**(b) Subsidiary**

The Subsidiary is subject to income tax. Income tax on the profit or loss for the year comprises of current tax and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Present applicable income tax rate is 32.5% ( 2019: 35%).

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiary 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.

**3.29 Subsequent events**

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<u>2020</u>	<u>2019</u>
<b>4 Foreign currency accounts</b>		
Represents the equivalent accumulated value of different foreign currency account held with other central banks and with foreign commercial banks located outside Bangladesh.		
<b>Balance held with</b>		
Other central banks	34,448,203	19,095,848
Foreign commercial banks	10,054,795	29,937,852
<b>Total</b>	<b><u>44,502,998</u></b>	<b><u>49,033,700</u></b>
<b>5 Foreign investments</b>		
Overnight investment	219,412,852	142,024,849
Short term deposits with overseas commercial banks	1,340,280,046	1,120,605,668
US Dollar treasury bills	84,815,473	84,024,892
Foreign bonds	578,346,333	619,953,124
US treasury notes	210,274,881	277,364,450
<b>Total</b>	<b><u>2,433,129,585</u></b>	<b><u>2,243,972,983</u></b>
<b>6 International Monetary Fund related assets and liabilities</b>		
<b>6.01 Assets held with International Monetary Fund</b>		
Quota	124,575,574	125,295,529
Quota(IMF) paid by Government*	(14,546,567)	(14,546,567)
SDR holding	94,179,557	105,244,139
Interest receivable on SDR holding	11,924	218,406
<b>Total</b>	<b><u>204,220,488</u></b>	<b><u>216,211,507</u></b>
*The amount represents 25% of increased quota amount (SDR 533.30 million) which was paid in foreign currency from from government account. The quota increase was effected in 2016.		
<b>6.02 Liabilities with International Monetary Fund</b>		
IMF securities	147,915,814	107,534,734
Advances to Government against RFI from IMF*	(41,268,430)	-
IMF-1 and IMF-2 account	1,604,725	1,604,800
SDR allocation	59,613,736	59,958,244
IMF Extended Credit Facility (ECF)	54,457,304	65,511,647
Interest payable	6,636	110,532
<b>Total</b>	<b><u>222,329,785</u></b>	<b><u>234,719,957</u></b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
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Bangladesh has been a member of the International Monetary Fund ("IMF") since 1972. The 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 IMF. As depository, Bangladesh Bank maintains the IMF's currency holdings and ensures that the assets and liabilities of IMF membership are properly reflected in its accounts and presented in its financial statements.

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

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

Bangladesh Bank has revalued IMF Securities, IMF 1 & 2 Account using the SDR exchange rate prevailing as on 30 April, 2020 to agree with the balances shown in the financial statements of IMF. The other accounts namely SDR Allocation, IMF Extended Credit Facility etc. were translated to Taka at the exchange rate ruling at 30 June 2020.

\*On request of the Government of Bangladesh for emergency financing due to COVID-19 pandemic, IMF approved a purchase of SDR 355.53 million ( about US dollar 488 million or 33.33% of quota) under the Rapid Financing Instrument (RFI) to address the urgent balance-of-payments and fiscal needs of Bangladesh. As depository, Bangladesh Bank received the fund on 02.06.2020 and deposited the same amount to a Government account as per prior consent of IMF. However, ministry of finance has a promissory note against RFI financing in requirement of IMF and is recorded by Bangladesh Bank in the Securities Account, an account maintained on behalf of IMF as depository, against creating a contra account named " Advances to Government against RFI from IMF".

## 7 Gold and silver

Gold	67,421,684	53,475,245
Silver	255,293	218,425
<b>Total</b>	<b>67,676,977</b>	<b>53,693,670</b>

The Bank has in total 449,143.46 troy ounce of gold and 168,728.27 troy ounce of silver

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
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under its holding. Out of the total holding, 375,202.41 troy ounces of gold are held at Bank of England which is subjected to lending operation and 73,941.05 troy ounces of gold & 168,728.27 troy ounce of silver are stored at own local vault of Bangladesh Bank.

**8 Foreign currency loans to banks**

Export Development Fund (EDF) Dollar investment	378,307,247	278,078,622
Long Term Financing Facility (LTFF) Investment under FSSP	17,575,898	15,619,101
Green Transformation Fund	5,372,752	1,882,047
Rupali Bank Karachi*	8,500	8,533
Less: Provision for loan losses (for Rupali Bank Karachi)	(8,500)	(8,533)
<b>Total</b>	<b>401,255,896</b>	<b>295,579,770</b>

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

**9 Other foreign currency financial assets**

Swift shares	80	80
Interest receivable	11,240,438	13,943,885
Other receivable*	5,224,144	5,224,144
<b>Total</b>	<b>16,464,662</b>	<b>19,168,109</b>

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

\*In February 2016, several unauthorized transactions were processed by Federal Reserve Bank of New York resulting in BDT 6,365 million (equivalent USD 81.19 million) being paid out of the Bank's account held with it into third party accounts held with Rizal Commercial Banking Corporation, The Philippines (RCBC). Despite instructions from the Bangladesh Bank to halt onward payments, RCBC allowed those account holders to pay out a significant portion of these monies to other recipients. On the basis of mutual legal assistance request of Bangladesh Bank, the Philippine Department of Justice has been extending all sorts of legal assistance along with appointing government lawyer in the Philippine court on behalf of Bangladesh for recovery of the heisted money of Bangladesh. Furthermore, the Bangko Sentral ng Pilipinas has fined RCBC BDT 1,650 million (taka equivalent of Peso 1,000 million) in connection with the above transactions. The Bank has already recovered BDT 1,146.59 million (equivalent of USD 14.61 million). Account frozen order and asset preservation order has been issued by respective Philippine court as well as civil forfeiture

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
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case is under process against stolen monies. Bangladesh Bank, Federal Reserve Bank of New York & Federal Bureau of Investigation of USA are also working on it collaboratively. On the process of recovering the heisted money, a "Resolution and Assistance Agreement" was signed between Bangladesh Bank and Federal Reserve Bank of New York on 29 Jan, 2019 and Bangladesh Bank filed a law suit against 7(Seven) persons, 20(Twenty) institutions and 25(Twenty five) anonymous persons & institutions at the District Court for the Southern District of New York, USA on 31 Jan, 2019. In response to the law suit, the defendants filed an affidavit of Motion to dismiss.

After the hearing, United States District Court for the Southern District of New York issued a decree on 20 March, 2020 which includes following two judgments: 1) The defendant plea of Motion to dismiss has been dismissed following the forum non conveniens doctrine. 2) Bangladesh Bank's accusation, placed under Racketeer Influenced and Corrupt Organizations Act(RICO), against RCBC and others has not been accepted for trial due to technical reasons. Based on Bangladesh Bank's appointed law firm Cozen O'Connor's recommendation in response to the judgment given, Bangladesh Bank has appealed against the judgment of United States District Court for the Southern District of New York. In addition, Bangladesh Bank filed a law suit against RCBC and others at the New York County Supreme Court on 27 May, 2020.

It may be mentioned that earlier on the Bangladesh Bank's management concurred with external legal counsel who is confident of recovery. By dismissing the defendant plea of Motion to dismiss by the United States District Court for the Southern District of New York, Bangladesh Bank's stance of filing a law suit to recover the heisted money has been established. Considering the above facts, the remaining unrecovered amounts are being reported as other foreign currency financial assets in these financial statements since the recovery process is underway through legal procedure.

**10 Consolidated Taka coin and cash balances**

Taka coin	4,839,751	4,974,704
Cash balances	13,474,581	11,915,557
<b>Total</b>	<b>18,314,332</b>	<b>16,890,261</b>

**10.01 Taka coin and cash balances**

Taka coin	4,839,751	4,974,704
Cash balances	6,187	21,059
<b>Total</b>	<b>4,845,937</b>	<b>4,995,763</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<u>2020</u>	<u>2019</u>
Taka coin and cash balances represent the face value of unissued one, two and five taka coins and notes held by the Bank purchased from the Government at respective face values, cash and cash equivalents held by SPCBL and cash deposit with Somali Bank Limited, Mymensingh branch.		
<b>11 Loans to the Government of Bangladesh</b>		
Ways and means advance (WMA)	60,000,000	14,228,800
Overdraft - current (ODC)	5,042,300	-
Overdraft - block (ODB)	11,850,000	26,850,000
Treasury bills	83,942,450	144,784,447
Treasury bonds	259,255,958	128,049,331
<b>Total</b>	<b><u>420,090,708</u></b>	<b><u>313,912,578</u></b>
<b>12 Consolidated local currency investments</b>		
Short term money market investments*	3,724,823	3,119,994
Debenture - BHBFC	3,945,000	3,945,000
Shares- ICB Islamic Bank Limited**	7,452	7,452
<b>Total</b>	<b><u>7,677,275</u></b>	<b><u>7,072,446</u></b>
*These represent the total amount of term deposits by SPCBL with different local commercial banks.		
**SPCBL holds 745,200 shares of Tk.10 each of ICB Islamic Bank Ltd. (Formerly the Oriental Bank Ltd.) as per Bangladesh Bank Circular No - BRPD (R-1) 651/9(10)/2007-446 dated 2 August 2007.		
<b>12.01 Local currency investments</b>		
Debenture - BHBFC	3,945,000	3,945,000
Investment in subsidiary	12,000,000	12,000,000
<b>Total</b>	<b><u>15,945,000</u></b>	<b><u>15,945,000</u></b>
<b>13 Consolidated local currency loans to banks, financial institutions and employees</b>		
<b>(i) Local currency loans to banks and financial institutions</b>		
State owned banks:		
Commercial banks	3,347,446	4,219,138
Specialised banks*	54,315,833	40,484,822
	<b><u>57,663,278</u></b>	<b><u>44,703,960</u></b>
Provision for impairment (Note 13.a)	(6,728,955)	(7,848,948)
	<b><u>50,934,323</u></b>	<b><u>36,855,012</u></b>
Other banks and financial institutions:		
Private banks	2,929,454	3,049,000
Other loans and advances	25,946,590	21,902,157
	<b><u>28,876,044</u></b>	<b><u>24,951,157</u></b>
Interest receivable	1,092,608	478,880
<b>Total (i)</b>	<b><u>80,902,975</u></b>	<b><u>62,285,049</u></b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
<b>(ii) Local currency loans and advances to employees</b>		
Loans and advances to employees	43,195,506	41,083,272
Provision for loan losses (Note 13.b)	(833,676)	(639,904)
<b>Total (ii)</b>	<b>42,361,830</b>	<b>40,443,367</b>
<b>Total loans (i+ii)</b>	<b>123,264,805</b>	<b>102,728,416</b>

### 13.01 Local currency loans to banks, financial institutions and employees

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

State owned banks:		
Commercial banks	3,347,446	4,219,138
Specialised banks*	54,315,833	40,484,822
	<b>57,663,278</b>	<b>44,703,960</b>
Provision for impairment (Note 13.a)	(6,728,955)	(7,848,948)
	<b>50,934,323</b>	<b>36,855,012</b>
Other banks and financial institutions:		
Private banks	2,929,454	3,049,000
Other loans and advances	25,946,590	21,902,157
	<b>28,876,044</b>	<b>24,951,157</b>
Interest receivable	1,092,608	478,880
<b>Total (i)</b>	<b>80,902,975</b>	<b>62,285,049</b>
<b>(ii) Local currency loans and advances to employees</b>		
Loans and advances to employees	41,475,672	39,370,437
Provision for loan losses (Note 13.b)	(833,676)	(639,904)
<b>Total (ii)</b>	<b>40,641,996</b>	<b>38,730,533</b>
<b>Total loans (i+ii)</b>	<b>121,544,971</b>	<b>101,015,582</b>

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

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

### 13.a Provision for impairment

Opening balance	7,848,948	7,015,005
Charges/(Released) during the year	(1,119,993)	833,943
<b>Total</b>	<b>6,728,955</b>	<b>7,848,948</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<u>2020</u>	<u>2019</u>
<b>13.b Provision for loan losses</b>		
Opening balance	639,904	536,765
Charged/(Released) during the year	193,772	103,139
<b>Total</b>	<b><u>833,676</u></b>	<b><u>639,904</u></b>

Provision for impairment is an asset type account which is kept against possible future loss on interest from loans. The released amount is due to write back of provision of rescheduled demand loan. Provision for loan losses is also an asset type account maintained for adjusting loss (both principal and interest) from staff advance.

**14 Consolidated other local currency financial assets**

Unutilised Financial Sector Support Project (FSSP) Fund	3,347,233	6,157,288
Interest receivables	6,631,639	3,283,529
Others	4,136	4,136
<b>Total</b>	<b><u>9,983,008</u></b>	<b><u>9,444,952</u></b>

**14.01 Other local currency financial assets**

Unutilised Financial Sector Support Project (FSSP) Fund	3,347,233	6,157,288
Interest receivables	5,925,107	2,708,988
<b>Total</b>	<b><u>9,272,340</u></b>	<b><u>8,866,275</u></b>

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

## BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

### 15 Property, Plant and Equipment

#### Consolidated

30 June 2020

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use of leased assets	Capital work in progress	Total
<b>Cost</b>														
As at 1 July 2019	36,551,304	7,096,233	7,768,765	2,084,719	647,387	323,305	805,661	2,552	76,575	1,735	65,704	-	1,901,452	57,325,391
Addition during the year	-	21,283	40,657	178,908	29,948	22,384	43,043	112	4,481	120	4,756	288,607	694,397	1,328,696
Transfers during the year	-	8,385	803,049	-	-	-	-	-	-	-	-	-	(811,434)	-
Disposals during the year	-	-	(304)	-	-	(3,593)	-	-	-	-	-	-	-	(3,896)
<b>As at 30 June 2020</b>	<b>36,551,304</b>	<b>7,125,901</b>	<b>8,612,168</b>	<b>2,263,627</b>	<b>677,335</b>	<b>342,096</b>	<b>848,704</b>	<b>2,664</b>	<b>81,056</b>	<b>1,855</b>	<b>70,460</b>	<b>288,607</b>	<b>1,784,415</b>	<b>58,650,191</b>
<b>Accumulated depreciation</b>														
As at 1 July 2019	-	3,066,418	2,924,075	1,788,055	275,878	286,656	408,814	1,986	28,089	38	63,477	-	-	8,843,486
Prior year adjustment	-	-	227,514	-	-	-	-	-	-	-	-	-	-	227,514
Charge for the year	-	398,048	379,264	105,510	64,431	20,831	120,434	287	15,885	88	3,611	73,404	-	1,181,793
Disposals during the year	-	-	(303)	-	-	(3,558)	-	-	-	-	-	-	-	(3,861)
<b>As at 30 June 2020</b>	<b>-</b>	<b>3,464,466</b>	<b>3,530,550</b>	<b>1,893,565</b>	<b>340,309</b>	<b>303,929</b>	<b>529,248</b>	<b>2,273</b>	<b>43,974</b>	<b>126</b>	<b>67,088</b>	<b>73,404</b>	<b>-</b>	<b>10,248,932</b>
<b>Net book value</b>														
<b>As at 30 June 2020</b>	<b>36,551,304</b>	<b>3,661,435</b>	<b>5,081,618</b>	<b>370,062</b>	<b>337,026</b>	<b>38,167</b>	<b>319,456</b>	<b>391</b>	<b>37,082</b>	<b>1,729</b>	<b>3,372</b>	<b>215,203</b>	<b>1,784,415</b>	<b>48,401,259</b>
<b>As at 30 June 2019</b>	<b>36,551,304</b>	<b>4,029,815</b>	<b>4,844,690</b>	<b>296,664</b>	<b>371,509</b>	<b>36,649</b>	<b>396,847</b>	<b>566</b>	<b>48,486</b>	<b>1,697</b>	<b>2,227</b>	<b>-</b>	<b>1,901,452</b>	<b>48,481,905</b>

\* The Bank's leases primarily consist of leases for rental of office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka. In this regard, rental agreements were signed with effect from July 1, 2019.

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

30 June 2019

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use of leased assets	In thousand Tk.		
													Capital work in progress	Total	
<b>Cost</b>															
As at 1 July 2018	36,551,304	6,334,301	5,746,716	2,032,080	1,149,348	328,712	503,982	2,416	54,488	40	63,642	-	3,405,349	56,172,378	
Addition during the year	-	40,947	29,391	89,323	29,033	-	306,850	136	22,087	1,695	2,062	-	1,006,755	1,528,278	
Transfers during the year	-	724,270	2,261,526	55,414	(530,558)	-	-	-	-	-	-	-	(2,510,652)	-	
Disposals during the year	-	(3,285)	(268,519)	(89,104)	(436)	(5,407)	(2,433)	-	-	-	-	-	-	(369,184)	
Revaluation Adjustment	-	-	(349)	(2,994)	-	-	(2,738)	-	-	-	-	-	-	(6,081)	
<b>As at 30 June 2019</b>	<b>36,551,304</b>	<b>7,096,233</b>	<b>7,768,765</b>	<b>2,084,719</b>	<b>647,387</b>	<b>323,305</b>	<b>805,661</b>	<b>2,552</b>	<b>76,575</b>	<b>1,735</b>	<b>65,704</b>	<b>-</b>	<b>1,901,452</b>	<b>57,325,391</b>	
<b>Accumulated depreciation</b>															
As at 1 July 2018	-	2,506,602	2,804,835	1,784,872	356,013	252,481	319,913	1,726	15,105	1	60,344	-	-	8,101,892	
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Charge for the year	-	359,302	381,239	92,275	122,178	39,582	91,334	260	12,984	37	3,133	-	-	1,102,324	
Transfers during the year	-	201,961	-	-	(201,961)	-	-	-	-	-	-	-	-	-	
Disposals during the year	-	(1,447)	(261,999)	(89,092)	(352)	(5,407)	(2,433)	-	-	-	-	-	-	(360,730)	
<b>As at 30 June 2020</b>	<b>-</b>	<b>3,066,418</b>	<b>2,924,075</b>	<b>1,788,055</b>	<b>2,75,878</b>	<b>286,656</b>	<b>408,814</b>	<b>1,986</b>	<b>28,089</b>	<b>38</b>	<b>63,477</b>	<b>-</b>	<b>-</b>	<b>8,843,486</b>	
<b>Net book value</b>															
As at 30 June 2019	36,551,304	4,029,815	4,844,690	296,664	371,509	36,649	396,847	566	48,486	1,697	2,227	-	1,901,452	48,481,905	
As at 30 June 2020	36,551,304	3,827,699	2,941,881	247,208	793,335	76,231	184,069	690	39,363	39	3,298	-	3,405,349	48,070,486	

## BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

### 15.01 Property, Plant and Equipment

#### Separate

30 June 2020

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use of leased assets	Capital work in progress	Total
<b>Cost</b>														
As at 1 July 2019	32,892,704	5,875,900	886,503	2,084,719	608,468	284,473	805,661	2,552	76,575	1,735	65,704	-	1,440,592	45,025,585
Addition during the year	-	5,542	14,979	178,908	28,510	22,341	43,043	112	4,481	120	4,756	288,607	576,498	1,167,896
Transfers during the year	-	8,385	255,705	-	-	-	-	-	-	-	-	-	(264,090)	-
Disposals during the year	-	-	-	-	-	(3,593)	-	-	-	-	-	-	-	(3,593)
<b>As at 30 June 2020</b>	<b>32,892,704</b>	<b>5,889,827</b>	<b>1,157,187</b>	<b>2,263,627</b>	<b>636,978</b>	<b>303,221</b>	<b>848,704</b>	<b>2,664</b>	<b>81,056</b>	<b>1,855</b>	<b>70,460</b>	<b>288,607</b>	<b>1,753,000</b>	<b>46,189,888</b>
<b>Accumulated depreciation</b>														
As at 1 July 2019	-	2,264,691	669,874	1,788,056	240,052	258,413	408,814	1,986	28,089	38	63,477	-	-	5,723,490
Charge for the year	-	349,318	54,830	105,510	63,805	17,002	120,434	287	15,885	88	3,611	73,404	-	804,175
Disposals during the year	-	-	-	-	-	(3,558)	-	-	-	-	-	-	-	(3,558)
<b>As at 30 June 2020</b>	<b>-</b>	<b>2,614,009</b>	<b>724,704</b>	<b>1,893,566</b>	<b>303,857</b>	<b>271,857</b>	<b>529,248</b>	<b>2,273</b>	<b>43,974</b>	<b>126</b>	<b>67,088</b>	<b>73,404</b>	<b>-</b>	<b>6,524,106</b>
<b>Net book value</b>														
<b>As at 30 June 2020</b>	<b>32,892,704</b>	<b>3,275,818</b>	<b>432,483</b>	<b>370,061</b>	<b>333,121</b>	<b>31,364</b>	<b>319,456</b>	<b>391</b>	<b>37,082</b>	<b>1,729</b>	<b>3,372</b>	<b>215,203</b>	<b>1,753,000</b>	<b>39,665,782</b>
<b>As at 30 June 2019</b>	<b>32,892,704</b>	<b>3,611,209</b>	<b>216,629</b>	<b>296,663</b>	<b>368,416</b>	<b>26,060</b>	<b>396,847</b>	<b>566</b>	<b>48,486</b>	<b>1,697</b>	<b>2,227</b>	<b>-</b>	<b>1,440,592</b>	<b>39,302,097</b>

\* The Bank's leases primarily consist of leases for rental of office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka. In this regard, rental agreements were signed with effect from July 1, 2019.

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

30 June 2019

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use of leased assets	Capital work in progress	In thousand Tk.		
														Total		
<b>Cost</b>																
As at 1 July 2018	32,892,704	5,117,742	1,108,307	2,032,080	111,238	289,880	503,982	2,416	54,488	40	63,642	-	1,393,578	44,570,097		
Addition during the year	-	37,173	27,681	89,323	28,224	-	306,850	136	22,087	1,695	2,062	-	315,523	830,753		
Transfers during the year	-	724,270	19,383	55,414	(530,558)	-	-	-	-	-	-	-	(288,509)	-		
Disposals during the year	-	(3,285)	(268,519)	(89,104)	(436)	(5,407)	(2,433)	-	-	-	-	-	-	(369,184)		
Revaluation Adjustment	-	-	(349)	(2,994)	-	-	(2,738)	-	-	-	-	-	-	(6,081)		
<b>As at 30 June 2019</b>	<b>32,892,704</b>	<b>5,875,900</b>	<b>886,503</b>	<b>2,084,719</b>	<b>608,468</b>	<b>284,473</b>	<b>805,661</b>	<b>2,552</b>	<b>76,575</b>	<b>1,735</b>	<b>65,704</b>	<b>-</b>	<b>1,440,592</b>	<b>45,025,585</b>		
<b>Accumulated depreciation</b>																
As at 1 July 2018	-	1,753,281	852,554	1,784,873	321,091	228,800	319,913	1,726	15,105	1	60,344	-	-	5,337,688		
Charge for the year	-	310,896	79,319	92,275	121,274	35,020	91,334	260	12,984	37	3,133	-	-	746,532		
Transfers during the year	-	201,961	-	-	(201,961)	-	-	-	-	-	-	-	-	-		
Disposals during the year	-	(1,447)	(261,989)	(89,092)	(352)	(5,407)	(2,433)	-	-	-	-	-	-	(360,730)		
<b>As at 30 June 2019</b>	<b>-</b>	<b>2,264,691</b>	<b>669,874</b>	<b>1,788,056</b>	<b>240,052</b>	<b>258,413</b>	<b>408,814</b>	<b>1,986</b>	<b>28,089</b>	<b>38</b>	<b>63,477</b>	<b>-</b>	<b>-</b>	<b>5,723,490</b>		
<b>Net book value</b>																
As at 30 June 2019	32,892,704	3,611,209	216,629	296,663	368,416	26,060	396,847	566	48,486	1,697	2,227	-	1,440,592	39,302,095		
As at 30 June 2018	32,892,704	3,364,461	255,753	247,207	790,147	61,080	184,069	690	39,383	39	3,298	-	1,393,578	39,232,410		

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
<b>16 Intangible assets</b>		
Intangible asset at cost	1,391,116	1,357,168
Accumulated amortisation	(1,350,789)	(1,319,886)
Capital work in progress	392,277	188,621
<b>Total</b>	<b>432,604</b>	<b>225,903</b>

Balance represents the accumulated value of Enterprise Resources Planning (ERP), Core Banking Solutions (CBS), Enterprise Data Warehouse (EDW), Real Time Gross Settlement (RTGS), Bangladesh Automated Clearing House (BACH), Bangladesh Electronic Fund Transfers Network (BEFTN), Credit Information Bureau (CIB) and Bank's in-house built software.

**17 Consolidated other non-financial assets**

Prepayments and advances	550,809	841,678
Stock	2,872,451	2,209,476
Sundry debtors	955,382	627,140
<b>Total</b>	<b>4,378,642</b>	<b>3,678,294</b>

**17.01 Other non-financial assets**

Prepayments and advances	1,068,452	241,918
Stock	113,181	88,288
<b>Total</b>	<b>1,181,633</b>	<b>330,206</b>

**18 Deposits from banks and financial institutions**

Foreign currency deposits from commercial banks	163,082,231	113,152,758
Asian Clearing Union (ACU)	60,860,437	86,466,308
Interest payable on ACU	13,019	232,653
<b>Total</b>	<b>223,955,687</b>	<b>199,851,719</b>

**19 Notes in circulation**

Notes in circulation	2,065,528,250	1,688,603,904
Cash in hand	(84)	(30)
<b>Total</b>	<b>2,065,528,167</b>	<b>1,688,603,874</b>

Notes in circulation represents currency issued having a claim on Bangladesh Bank. However, cash in hand balance is the amount of issued bank note held at the Banking department of the Bank. The denomination of notes in circulation as at 30 June was as follows:

Denomination	Number in pieces	2020	2019
10 Taka note	1,515,370,139	15,153,701	15,193,241
20 Taka note	655,921,886	13,118,438	13,623,508
50 Taka note	345,700,971	17,285,049	17,122,630
100 Taka note	1,090,036,260	109,003,626	93,503,709
200 Taka note	12,302,706	2,460,541	-
500 Taka note	1,704,721,361	852,360,681	688,263,420
1000 Taka note	1,056,146,215	1,056,146,215	860,897,379
<b>Total</b>	<b>6,380,199,538</b>	<b>2,065,528,250</b>	<b>1,688,603,887</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<u>2020</u>	<u>2019</u>
Liability for notes in circulation is recorded at its face value in the statement of financial position. In accordance with Article 30 of Bangladesh Bank Order, 1972, this liability is supported by the following assets:		
Gold	11,099,416	8,803,458
Silver	255,293	218,425
Approved foreign exchange	2,010,000,000	1,610,000,000
Bangladesh Government securities	9,454,352	34,727,877
Taka coin	4,839,751	4,974,704
Other loans and advances	29,879,438	29,879,438
<b>Total</b>	<b><u>2,065,528,250</u></b>	<b><u>1,688,603,903</u></b>

**20 Deposits from banks and financial institutions**

State owned commercial banks	213,891,586	212,655,663
Government specialised banks	13,469,507	15,547,880
Private banks	459,120,852	474,544,437
Foreign banks	71,167,575	47,346,293
Financial institutions	5,889,269	7,729,916
Other banks	35,518	29,619
<b>Total</b>	<b><u>763,574,307</u></b>	<b><u>757,853,808</u></b>

Deposits from banks and financial institutions comprise required reserve deposits Cash Reserve Ratio (CRR) calculated at a rate of 5.5% (2017: 6.5%) on the bank's liability base, together with balances held for settlement purposes.

**21 Short term borrowings**

Bangladesh Bank bills	-	95
<b>Total</b>	<b><u>-</u></b>	<b><u>95</u></b>

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

**22 Consolidated other local currency financial liabilities**

Government deposits	5,061	5,061
Other deposits (Note 22.02)	83,304,043	33,279,504
Bank notes adjusting account - demonetised Pakistani notes	3,230	3,230
Sundry creditors account	8,074,358	6,593,983
Lease liability ( Note: 22.03)	222,320	-

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<b>2020</b>	<b>2019</b>
Interest suspense account	106,721	106,242
Deposits from donor agencies	39,287,344	40,208,634
Inter branch adjustments (suspense)	242,727	(734,531)
Credit guarantee scheme for small industrial investors	248,808	248,808
Provision for pension*	21,132,671	19,541,744
Provision for gratuity*	2,150,108	2,070,771
Provision for leave encashment	3,223,410	3,089,783
Loan from Govt. of Bangladesh - Central Bank Strengthening Project ( Note 22.04)	2,420,326	2,477,702
Loan from Govt. of Bangladesh-Fin. Sector Support Project ( Note 22.05)	22,381,642	21,534,142
Deferred tax liability	575,083	660,810
Others - subsidiary	1,211,464	1,099,523
Fund for small investor affected in capital market	968,625	972,855
Miscellaneous	1,352	1,352
<b>Total</b>	<b>185,559,294</b>	<b>131,159,613</b>

**22.01 Other local currency financial liabilities**

Government deposits	5,061	5,061
Other deposits (Note 22.02)	83,304,043	33,279,504
Bank notes adjusting account - demonetised Pakistani notes	3,230	3,230
Sundry creditors account	9,194,911	8,352,750
Lease liability ( Note: 22.03)	222,320	-
Interest suspense account	106,721	106,242
Deposits from donor agencies	39,287,344	40,208,634
Inter branch adjustments (suspense)	242,727	(734,531)
Credit guarantee scheme for small industrial investors	248,808	248,808
Provision for pension*	21,132,671	19,541,744
Provision for gratuity*	1,669,876	1,816,844
Provision for leave encashment	2,929,959	2,813,441
Loan from Govt. of Bangladesh - Central Bank Strengthening Project ( Note 22.04)	2,420,326	2,477,702
Loan from Govt. of Bangladesh-Fin. Sector Support Project ( Note 22.05)	22,381,642	21,534,142
Fund for small investor affected in capital market	968,625	972,855
Miscellaneous	1,352	1,352
<b>Total</b>	<b>184,119,617</b>	<b>130,627,778</b>

\*Refer to note 43 for details.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
<b>22.02</b> Other deposits comprise Bangladesh Government special Islamic bonds fund deposit, employees provident fund deposit, liquidator bank deposit, schedule bank's insurance fund deposit, security deposit, employees co-operative societies deposits and other sundry deposits.		
<b>22.03 Lease liability</b>		
Recognized against Right of Use asset for rented office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka. Total amount of lease liabilities fall within maturity of one to five years.		
<b>22.04 Central Bank Strengthening Project fund (CBSP)</b>		
Government of Bangladesh (GoB) signed a Credit Agreement with the International Development Association (IDA) for a Project named Central Bank Strengthening Project (CBSP). The related Credit Reference is IDA 3792 BD and the Project was meant for "Improvement of efficiency of the Bank through functional reforms and large scale automation of its' business process". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and the Bank to this effect for execution of the project. The total cost of the project was Tk. 3,892 million (USD 55.60 million), of which IDA provided Tk. 3,060 million (USD 43.71 million) through Government and the rest Tk. 832 million (USD 11.88 million) was funded by the Bank. The project started in late 2003 and was completed on 30 April 2013.		
The Bank has to repay the principal and the interest amount of the loan to Government within a tenure of 30 years starting from December 01, 2013 to June 01, 2043 as per revised schedule		
<b>22.05 Financial Sector Support Project (FSSP)</b>		
Government of Bangladesh (GoB) signed a credit agreement with the International Development Association (IDA) for a Project named Financial Sector Support Project (FSSP) for amount of SDR 213,400,000. The related credit reference is 5664 BD and the Project was meant for "Improvement of the recipient's financial market infrastructure, the regulatory and oversight capacity of the project implementing entity and access to long term financing for private firms in Bangladesh". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and Bangladesh Bank on August 27, 2015 to this effect for execution of the Project. The Project is scheduled to close on September 30, 2020.		
The subsidiary loan will be denominated in taka and the Bank has to repay the principal and the interest amount of the loan to Government within a tenure of 38 years including a grace period of 6 years for each disbursement from the proceeds of the credit.		
<b>23 Capital</b>	<b>30,000</b>	<b>30,000</b>
The entire capital of the Bank stands vested in and allocated to the Government as per Article 4(1) and 4(2) of the Order.		

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<u>2020</u>	<u>2019</u>
<b>24 Consolidated revaluation reserves</b>		
Revaluation reserve - gold and silver (Note 24.02)	37,160,800	23,177,493
Revaluation reserve - foreign currency accounts (Note 24.03)	138,234,589	164,874,346
Revaluation reserve - property, plant and equipment (Note 24.04)	38,764,156	38,798,889
Revaluation reserve - financial instruments (Note 24.05)	4,690,125	(4,281,384)
<b>Total</b>	<b><u>218,849,670</u></b>	<b><u>222,569,344</u></b>

**24.01 Revaluation reserves**

Revaluation reserve - gold and silver (Note 24.02)	37,160,800	23,177,493
Revaluation reserve - foreign currency accounts (Note 24.03)	138,234,589	164,874,346
Revaluation reserve - property, plant and equipment (Note 24.04)	35,086,230	35,086,230
Revaluation reserve - financial instruments (Note 24.05)	4,690,125	(4,281,384)
<b>Total</b>	<b><u>215,171,744</u></b>	<b><u>218,856,685</u></b>

**24.02 Revaluation reserve - gold and silver**

The Bank accounts for the gain/loss on revaluation of gold and silver in the statement of profit or loss and other comprehensive income subsequently transferred to a separate account - revaluation reserve-gold and silver, which forms part of equity.

**24.03 Revaluation reserve - foreign currency accounts**

The Bank accounts for the unrealised gain/loss on revaluation of foreign currency to the statement of profit or loss and other comprehensive income subsequently transferred to a separate account - revaluation reserve-foreign currency, which forms part of equity.

**24.04 Revaluation reserve - property, plant and equipment**

The Group accounts for the gain/loss on revaluation of property, plant and equipment in the statement of profit or loss and other comprehensive income subsequently transferred to a separate account - revaluation reserve - property, plant and equipment, which forms part of equity.

**24.05 Revaluation reserve - financial instruments**

The Bank accounts for the gain/loss on revaluation of financial instruments in the statement of profit or loss and other comprehensive income subsequently transferred to a separate account - revaluation reserve- financial instrument, which forms part of equity.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
<b>25 Currency fluctuation reserve</b>	<b>71,264,137</b>	<b>40,357,497</b>

The Bank credited the realised gain on revaluation of foreign currencies to the statement of profit or loss and other comprehensive income and transferred the same to a separate account - currency fluctuation reserve account, which forms part of equity.

	<b>Note</b>		
<b>26 Statutory funds</b>			
Rural credit fund	26.01	6,500,000	6,400,000
Agricultural credit stabilisation fund	26.02	6,500,000	6,400,000
Export credit fund	26.03	1,300,000	1,300,000
Industrial credit fund	26.04	1,337,852	1,287,852
Credit guarantee fund	26.05	879,194	879,194
<b>Total</b>		<b>16,517,046</b>	<b>16,267,046</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.

#### 26.01 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 100 million was made for this fund during the year.

#### 26.02 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 100 million was made for this fund during the year.

#### 26.03 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.

#### 26.04 Industrial credit fund

As per Article 62 of Bangladesh Bank Order, 1972 the fund was created for making of short term and medium term loans and advances to co-operative banks. An appropriation of Taka 50 million was made for this fund during the year.

#### 26.05 Credit guarantee fund

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

		<u>2020</u>	<u>2019</u>
<b>27</b>	<b>Non statutory funds</b>		
	<b>Note</b>		
	Small and medium enterprise fund	7,000,000	7,000,000
	Housing refinance fund	4,660,000	4,660,000
	Human resources development fund	270,551	275,148
	Monetary management fund	200,000	200,000
	Rural Agri product processing industries refinance fund	3,410,000	3,410,000
	Disaster management and social responsibility fund	100,000	100,000
	<b>Total</b>	<u><b>15,640,551</b></u>	<u><b>15,645,148</b></u>

#### 27.01 Small and medium enterprise fund

This fund was created as per clause 24 of Article 16 of the Bangladesh Bank Order, 1972 for refinancing facilities to the schedule banks and financial institutions against loans and advances given to the small enterprise sector and housing refinance scheme. Appropriation to those funds are made as per decision of the Board.

#### 27.02 Human resources development fund

Human resources development fund was created as per clause 2(n) of Article 82 of Bangladesh Bank Order, 1972 and decision taken by the Board of the Bank for development of efficiency of the Bank's officials by conducting seminar, symposium, training etc. at home and abroad. Appropriation to this fund was made from the dividend payable to Government for the year 2010-2011.

#### 27.03 Monetary management fund

Monetary management fund was created as per decision of the Board of the Bank for sound and smooth operation of monetary policy activities. Appropriation to this fund was made from the dividend payable to Government for the year 2010-2011.

#### 27.04 Rural Agri product processing industries refinance fund

This fund was created in 2001 for the purpose of financing rural Agri product processing industries. Under this scheme, there are 37 Agri product processing industries. This fund plays an important role for developing the Agri product sectors in Bangladesh. Government of The People's Republic of Bangladesh declared this sector as "Thrust sector" in "National Industry Policy 2010" by giving priority for development and expansion of Agri based industries.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
<b>27.05 Disaster management and social responsibility fund</b>		
<p>This fund was created by the approval of Board of Directors (341 Board Meeting held in 2013). Primarily, the fund, Tk. 50 million as donation, was collected from Bangladesh Bank's 2012-2013 profit and subsequently Tk. 50 million will be deducted from each year's profit transferring the amount to this fund. From financial year 2014-2015, Tk. 100 million has been contributed deducting from each year's profit.</p>		
<b>28 Other reserves</b>		
Asset renewal and replacement reserve (28.01)	4,926,785	4,676,785
Interest reserve (28.02)	7,522,114	7,522,114
<b>Total</b>	<b>12,448,899</b>	<b>12,198,899</b>
<b>28.01 Asset renewal and replacement reserve</b>		
<p>Every year an amount equivalent to depreciation charge against buildings and installations is transferred to this fund during profit appropriation.</p>		
<b>28.02 Interest reserve</b>		
<p>It was introduced in the financial year 2006-2007 as per decision of the Board and represents the interest accrued against the overdue loan of Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank.</p>		
<b>29 Consolidated general reserve</b>	<b>5,300,500</b>	<b>5,200,500</b>
<b>29.01 General reserve</b>	<b>4,250,500</b>	<b>4,250,500</b>
<p>As per Article 59 of Bangladesh Bank Order, 1972 securities having value of Tk. 30 million was allocated by the Government and held by the Bank as the general reserve. Further an amount of Taka 4,220.5 million was transferred to the reserve from general provision over the years.</p>		
<b>30 Consolidated retained earnings</b>		
Opening balance	55,813,625	18,838,181
Adjustment against due from Government	(18,214)	(9,397)
Dividend paid	(43,148,554)	(6,893,472)
Prior year adjustment	(227,514)	(60,535)
Derecognition of reserve on account of sale and maturity of assets	34,733	22,736
Profit for the period	62,898,250	45,016,112
Appropriation of profit to other funds	(4,866,883)	(1,000,000)
Transferred to general reserve	(100,000)	(100,000)
<b>Closing balance</b>	<b>70,385,443</b>	<b>55,813,625</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<u>2020</u>	<u>2019</u>
<b>30.01 Retained earnings</b>		
Opening balance	43,166,766	6,902,868
Adjustment against due from Government	(18,214)	(9,397)
Dividend paid	(43,148,554)	(6,893,472)
Prior year adjustment	-	(60,535)
Appropriation of profit to other funds	(600,000)	(1,000,000)
Profit for the period	57,589,389	44,227,302
<b>Closing balance</b>	<b><u>56,989,387</u></b>	<b><u>43,166,766</u></b>
<b>31 Interest income on foreign currency financial assets</b>		
Loans to banks	10,594,584	12,641,359
Short term deposits with commercial banks	20,970,451	23,534,245
Foreign bonds and US treasury notes	15,694,225	19,972,864
US treasury bills	1,386,137	1,928,746
Claims from gold transactions	-	1,973
Others	674,562	1,281,927
<b>Total</b>	<b><u>49,319,958</u></b>	<b><u>59,361,114</u></b>
<b>32 Commission and discounts</b>		
Commission on foreign currency operations	342,443	120,280
Others	-	382,600
<b>Total</b>	<b><u>342,443</u></b>	<b><u>502,880</u></b>
<b>33 Interest expenses on foreign currency financial liabilities</b>		
Deposits	1,853,605	1,676,296
Asian Clearing Union (ACU)	715,604	1,318,534
IMF	352,750	633,811
<b>Total</b>	<b><u>2,921,959</u></b>	<b><u>3,628,640</u></b>
<b>34 Consolidated interest income on local currency financial assets</b>		
Securities purchased under agreement to resell	3,376,172	354,521
Government securities	22,638,538	7,943,257
Loans and advance to Government	3,778,190	1,987,578
Debentures	197,250	197,250
Loans to banks, financial institution and employees	3,863,533	3,420,340
Short term money market deposits	983,433	896,838
<b>Total</b>	<b><u>34,837,116</u></b>	<b><u>14,799,784</u></b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<u>2020</u>	<u>2019</u>
<b>34.01 Interest income</b>		
Securities purchased under agreement to resell	3,376,172	354,521
Government securities	22,638,538	7,943,257
Loans and advance to Government	3,778,190	1,987,578
Debentures	197,250	197,250
Loans to banks, financial institution and employees	3,780,257	3,340,365
<b>Total</b>	<b><u>33,770,407</u></b>	<b><u>13,822,971</u></b>
<b>35 Commission and discounts</b>		
Commission income from Government sources	9,285	11,582
Miscellaneous commission income	2,257,602	1,577,177
<b>Total</b>	<b><u>2,266,887</u></b>	<b><u>1,588,759</u></b>
<b>36 Other income</b>		
Exchange A/C	63	284
Gain on asset sale or de-recognition	1,646	3,722
Penal Interest	11,144	14,001
Misc. Income	10,618	-
<b>Total</b>	<b><u>23,472</u></b>	<b><u>18,007</u></b>
<b>37 Interest expense</b>		
Bangladesh Bank bills	756	7,889
Interest Expense- FSSP	224,580	218,332
Interest expense - CBSP	25,102	25,675
<b>Total</b>	<b><u>250,438</u></b>	<b><u>251,896</u></b>
<b>38 Commission and other expenses</b>		
Agency charges (Note 38.01)	6,998,000	6,766,608
Under writing commission on treasury bills & bonds (Note 38.02)	470,300	167,014
Other expenses	58,237	14,455
<b>Total</b>	<b><u>7,526,537</u></b>	<b><u>6,948,077</u></b>

**38.01 Agency charges**

Agency charges paid to Sonali Bank Limited for acting as agent of Bangladesh Bank.

**38.02 Under writing commission on treasury bills & bonds**

Underwriting commission paid to primary dealers for issuing Govt. treasury bill and bond.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<u>2020</u>	<u>2019</u>
<b>39 Consolidated general and administrative expenses</b>		
Staff costs (Note 39 (a))	11,821,247	12,151,672
Depreciation	1,181,793	1,102,324
Amortisation	30,903	43,611
Directors' fees	1,177	1,050
Audit fees	8,869	8,869
Stationery	95,909	67,362
Rent, electricity etc.	299,201	382,502
Remittance of treasure	56,225	52,672
Donations	230,572	225,724
Telephone	115,754	113,376
Repairs & maintenance	386,038	335,497
Materials	1,941,199	2,981,433
Provision for Workers' Profit Participation Fund	94,775	88,200
Income tax and Value Added Tax	286,072	626,955
Miscellaneous	2,064,869	3,077,589
<b>Total</b>	<b><u>18,614,603</u></b>	<b><u>21,258,836</u></b>

**39 (a) Staff costs**

Salary	3,072,275	2,917,520
House rent	1,165,085	1,092,054
Contribution to contributory provident fund	768,038	863,203
Pension and gratuity	2,934,766	2,557,100
Leave encashment	294,866	1,050,336
General and incentive bonus	1,771,563	1,741,293
Medical expenses	463,998	471,115
Training	118,317	182,170
Travel expenses	446,255	427,528
Lunch	268,611	307,405
Other staff costs	517,473	541,948
<b>Total</b>	<b><u>11,821,247</u></b>	<b><u>12,151,672</u></b>

**39.01 General and administrative expenses**

Staff costs (Note 39.01(a))	10,837,317	10,771,420
Depreciation	804,175	746,532
Amortization	30,903	43,611
Directors' fee	635	654
Audit fee	8,294	8,294

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

	<b>2020</b>	<b>2019</b>
Stationery	92,991	64,378
Rent	200,018	273,815
Remittance of treasure	55,904	52,304
Donations	209,698	202,183
Telephone	114,991	112,653
Repairs	375,435	289,457
Miscellaneous	1,637,233	3,057,652
<b>Total</b>	<b>14,367,592</b>	<b>15,622,953</b>

**39.01(a) Staff costs**

Salary	2,737,825	2,592,036
House rent	1,165,085	1,092,054
Contribution to contributory provident fund	493,638	163,203
Pension and gratuity	2,934,766	2,557,100
Leave encashment	255,489	995,363
General and incentive bonus	1,590,940	1,638,179
Medical expenses	450,943	457,302
Training	117,390	180,491
Travel expenses	432,606	414,757
Lunch	240,073	272,613
Other staff costs	418,564	408,322
<b>Total</b>	<b>10,837,317</b>	<b>10,771,420</b>

## BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS

### AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

#### 40 Financial instruments-Fair values and risk management

##### 40.1 a. Accounting classifications and fair values

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

Particulars	30 June 2020							Total	Level 1	Level 2	Level 3	Total
	Amortised Cost	Carrying amount		Fair value								
		Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3					
<b>Financial assets measured at fair value</b>												
US treasury bills	84,815,473	-	-	-	-	-	84,815,473	-	-	-	-	84,815,473
Foreign bonds	578,346,333	-	-	-	-	-	578,346,333	-	-	-	-	578,346,333
US Treasury Notes	-	210,274,881	-	-	-	-	210,274,881	-	-	-	-	210,274,881
Gold and silver	-	67,676,977	-	-	-	-	67,676,977	-	-	-	-	67,676,977
Treasury bills	-	83,942,450	-	-	-	-	83,942,450	-	83,942,450	-	-	83,942,450
Treasury bonds	-	259,255,958	-	-	-	-	259,255,958	-	259,255,958	-	-	259,255,958
Swift shares	80	-	-	-	-	-	80	-	-	80	-	80
Debtenture - House Building Finance Corporation	3,945,000	-	-	-	-	-	3,945,000	-	3,945,000	-	-	3,945,000
	<b>667,106,885</b>	<b>621,150,266</b>	-	-	-	-	<b>1,288,257,152</b>	<b>941,113,663</b>	<b>347,143,408</b>	<b>80</b>	<b>80</b>	<b>1,288,257,152</b>
<b>Financial assets not measured at fair value</b>												
Taka coin and cash balances	18,314,332	-	-	-	-	-	18,314,332	-	-	-	-	-
Foreign currency accounts	44,502,998	-	-	-	-	-	44,502,998	-	-	-	-	-
Overnight investment	219,412,852	-	-	-	-	-	219,412,852	-	-	-	-	-
Short term deposits with overseas commercial banks	1,340,280,046	-	-	-	-	-	1,340,280,046	-	-	-	-	-
Asset held with IMF	204,220,488	-	-	-	-	-	204,220,488	-	-	-	-	-
Foreign currency loans to banks	401,255,896	-	-	-	-	-	401,255,896	-	-	-	-	-
Interest receivable	11,240,438	-	-	-	-	-	11,240,438	-	-	-	-	-
Other receivable	5,224,144	-	-	-	-	-	5,224,144	-	-	-	-	-
Ways and means advance	60,000,000	-	-	-	-	-	60,000,000	-	-	-	-	-
Overdraft - block	11,850,000	-	-	-	-	-	11,850,000	-	-	-	-	-
Overdraft - current	5,042,300	-	-	-	-	-	5,042,300	-	-	-	-	-
Short term money market investments	75,315,069	-	-	-	-	-	75,315,069	-	-	-	-	-
Share of ICB Islamic Bank Limited	7,452	-	-	-	-	-	7,452	-	-	-	-	-
Loan to commercial banks	3,347,446	-	-	-	-	-	3,347,446	-	-	-	-	-
Loan to specialised banks	47,586,877	-	-	-	-	-	47,586,877	-	-	-	-	-
Loan to private banks	2,929,454	-	-	-	-	-	2,929,454	-	-	-	-	-
Other loans and advances	25,946,590	-	-	-	-	-	25,946,590	-	-	-	-	-
Interest receivable	1,092,608	-	-	-	-	-	1,092,608	-	-	-	-	-
Loans and advances to employees	42,361,830	-	-	-	-	-	42,361,830	-	-	-	-	-
Other local currency financial assets	9,983,008	-	-	-	-	-	9,983,008	-	-	-	-	-
	<b>2,529,913,826</b>	-	-	-	-	-	<b>2,529,913,826</b>	-	-	-	-	-
<b>Financial liabilities measured at fair value</b>												
Nil	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>												
Liabilities with IMF	222,329,785	-	-	-	-	-	222,329,785	-	-	-	-	-
Foreign currency deposits by commercial banks	163,082,231	-	-	-	-	-	163,082,231	-	-	-	-	-
Asian Clearing Union (ACU)	60,873,456	-	-	-	-	-	60,873,456	-	-	-	-	-
Notes in circulation	2,065,528,167	-	-	-	-	-	2,065,528,167	-	-	-	-	-
Local currency deposits from banks and financial institutions	763,574,307	-	-	-	-	-	763,574,307	-	-	-	-	-
	<b>3,275,387,946</b>	-	-	-	-	-	<b>3,275,387,946</b>	-	-	-	-	-

In thousand Tk.

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

Particulars	30 June 2019						
	Amortised Cost	Fair value through OCI	Carrying amount	Fair value through profit or loss			Total
				Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>							
US treasury bills	84,024,892	-	84,024,892	84,024,892	-	-	84,024,892
Foreign bonds	619,953,124	-	619,953,124	619,953,124	-	-	619,953,124
US Treasury Notes	-	277,364,450	277,364,450	277,364,450	-	-	277,364,450
Gold and silver	-	53,693,670	53,693,670	53,693,670	-	-	53,693,670
Treasury bills	-	144,784,447	144,784,447	144,784,447	-	-	144,784,447
Treasury bonds	-	128,049,331	128,049,331	128,049,331	-	-	128,049,331
Swift shares	80	-	80	-	-	80	80
Debtenture - House Building Finance Corporation	3,945,000	-	3,945,000	3,945,000	-	-	3,945,000
	<b>707,923,096</b>	<b>603,891,898</b>	<b>1,311,814,995</b>	<b>1,035,036,136</b>	<b>276,778,777</b>	<b>80</b>	<b>1,311,814,993</b>
<b>Financial assets not measured at fair value</b>							
Taka coin and cash balances	16,890,261	-	16,890,261	-	-	-	-
Foreign currency accounts	49,033,700	-	49,033,700	-	-	-	-
Overnight investment	142,024,849	-	142,024,849	-	-	-	-
Short term deposits with overseas commercial banks	1,120,605,668	-	1,120,605,668	-	-	-	-
Asset held with IMF	216,211,507	-	216,211,507	-	-	-	-
Foreign currency loans to banks	295,579,770	-	295,579,770	-	-	-	-
Interest receivable	13,943,885	-	13,943,885	-	-	-	-
Other receivable	5,224,144	-	5,224,144	-	-	-	-
Ways and means advance	14,228,800	-	14,228,800	-	-	-	-
Overdraft - block	26,850,000	-	26,850,000	-	-	-	-
Short term money market investments	3,296,625	-	3,296,625	-	-	-	-
Share of ICB Islamic Bank Limited	7,452	-	7,452	-	-	-	-
Loan to commercial banks	4,219,138	-	4,219,138	-	-	-	-
Loan to specialised banks	32,635,874	-	32,635,874	-	-	-	-
Loan to private banks	3,049,000	-	3,049,000	-	-	-	-
Other loans and advances	21,902,157	-	21,902,157	-	-	-	-
Interest receivable	478,880	-	478,880	-	-	-	-
Loans and advances to employees	40,443,367	-	40,443,367	-	-	-	-
Other local currency financial assets	9,444,952	-	9,444,952	-	-	-	-
	<b>2,016,070,029</b>	-	<b>2,016,070,029</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>							
Nil	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Liabilities with IMF	234,719,957	-	234,719,957	-	-	-	-
Foreign currency deposits by commercial banks	113,152,758	-	113,152,758	-	-	-	-
Asian Clearing Union (ACU)	86,698,961	-	86,698,961	-	-	-	-
Notes in circulation	1,688,603,874	-	1,688,603,874	-	-	-	-
Local currency deposits from banks and financial institutions	757,853,808	-	757,853,808	-	-	-	-
Short term borrowings	95	-	95	-	-	-	-
	<b>2,881,029,453</b>	-	<b>2,881,029,453</b>	-	-	-	-

In thousand Tk.

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

Particulars	30 June 2020				Fair value			Total	Level 1	Level 2	Level 3	Total	
	Amortised Cost	Fair value through OCI	Carrying amount		Total	Level 1	Level 2						Level 3
			Fair value	Fair value through profit or loss									
<b>Financial assets measured at fair value</b>													
US treasury bills	84,815,473			84,815,473			84,815,473					84,815,473	
Foreign bonds	578,346,333			578,346,333			578,346,333					578,346,333	
US Treasury Notes		210,274,881		210,274,881			210,274,881					210,274,881	
Gold and silver		67,676,977		67,676,977			67,676,977					67,676,977	
Treasury bills		83,942,450		83,942,450			83,942,450					83,942,450	
Treasury bonds		259,255,958		259,255,958			259,255,958					259,255,958	
Swift shares	80			80			80					80	
Investment in subsidiary		12,000,000		12,000,000			12,000,000					12,000,000	
Debtenture - House Building Finance Corporation	3,945,000			3,945,000			3,945,000					3,945,000	
	<b>667,106,885</b>	<b>633,150,266</b>		<b>1,300,257,152</b>			<b>941,113,663</b>		<b>347,143,408</b>		<b>12,000,080</b>	<b>1,300,257,152</b>	
<b>Financial assets not measured at fair value</b>													
Taka coin and cash balances	4,845,937			4,845,937									
Foreign currency accounts	44,502,998			44,502,998									
Overnight investment	219,412,852			219,412,852									
Short term deposits with overseas commercial banks	1,340,280,046			1,340,280,046									
Asset held with IMF	204,220,488			204,220,488									
Foreign currency loans to banks	401,255,896			401,255,896									
Interest receivable	11,240,438			11,240,438									
Other receivable	5,224,144			5,224,144									
Ways and means advance	60,000,000			60,000,000									
Overdraft - block	11,850,000			11,850,000									
Overdraft - current	5,042,300			5,042,300									
Securities purchased under agreement to resell	71,590,246			71,590,246									
Loan to commercial banks	3,347,446			3,347,446									
Loan to specialised banks	47,586,877			47,586,877									
Loan to private banks	2,929,454			2,929,454									
Other loans and advances	25,946,590			25,946,590									
Interest receivable	1,092,608			1,092,608									
Loans and advances to employees	40,641,996			40,641,996									
Other local currency financial assets	9,272,340			9,272,340									
	<b>2,510,282,654</b>			<b>2,510,282,654</b>									
<b>Financial liabilities measured at fair value</b>													
Nil													
<b>Financial liabilities not measured at fair value</b>													
Liabilities with IMF	222,329,785			222,329,785									
Foreign currency deposits by commercial banks	163,082,231			163,082,231									
Asian Clearing Union (ACU)	60,873,456			60,873,456									
Notes in circulation	2,065,528,167			2,065,528,167									
Local currency deposits from banks and financial institutions	763,574,307			763,574,307									
	<b>3,275,387,946</b>			<b>3,275,387,946</b>									

In thousand Tk.

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

Particulars	30 June 2019							
	Amortised Cost	Fair value through OCI	Carrying amount	Fair value through profit or loss	Fair value			Total
					Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>								
US Treasury bills	84,024,892	-	-	-	84,024,892	-	-	84,024,892
Foreign bonds	619,953,124	-	-	-	619,953,124	-	-	619,953,124
US Treasury Notes	-	277,364,450	-	-	277,364,450	-	-	277,364,450
Gold and silver	-	53,693,670	-	-	53,693,670	-	-	53,693,670
Treasury bills	-	144,784,447	-	-	144,784,447	-	-	144,784,447
Treasury bonds	-	128,049,331	-	-	128,049,331	-	-	128,049,331
Swift shares	80	-	-	-	80	-	-	80
Investment in subsidiary	-	12,000,000	-	-	12,000,000	-	-	12,000,000
Debiture - House Building Finance Corporation	3,945,000	-	-	-	3,945,000	-	-	3,945,000
	<b>707,923,096</b>	<b>615,891,898</b>	<b>-</b>	<b>-</b>	<b>1,323,814,994</b>	<b>1,035,036,136</b>	<b>276,778,778</b>	<b>1,323,814,994</b>
<b>Financial assets not measured at fair value</b>								
Taka coin and cash balances	4,995,763	-	-	-	4,995,763	-	-	-
Foreign currency accounts	49,033,700	-	-	-	49,033,700	-	-	-
Overnight investment	142,024,849	-	-	-	142,024,849	-	-	-
Short term deposits with overseas commercial banks	1,120,605,668	-	-	-	1,120,605,668	-	-	-
Asset held with IMF	216,211,507	-	-	-	216,211,507	-	-	-
Foreign currency loans to banks	295,579,770	-	-	-	295,579,770	-	-	-
Interest receivable	13,943,885	-	-	-	13,943,885	-	-	-
Other receivable	5,224,144	-	-	-	5,224,144	-	-	-
Ways and means advance	14,228,800	-	-	-	14,228,800	-	-	-
Overdraft - block	26,850,000	-	-	-	26,850,000	-	-	-
Overdraft - current	-	-	-	-	-	-	-	-
Securities purchased under agreement to resell	176,631	-	-	-	176,631	-	-	-
Loan to commercial banks	4,219,138	-	-	-	4,219,138	-	-	-
Loan to specialised banks	32,635,874	-	-	-	32,635,874	-	-	-
Loan to private banks	3,049,000	-	-	-	3,049,000	-	-	-
Other loans and advances	21,902,157	-	-	-	21,902,157	-	-	-
Interest receivable	478,880	-	-	-	478,880	-	-	-
Loans and advances to employees	38,730,533	-	-	-	38,730,533	-	-	-
Other local currency financial assets	8,866,275	-	-	-	8,866,275	-	-	-
	<b>1,998,756,574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,998,756,574</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities measured at fair value</b>								
Nil	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Liabilities with IMF	234,719,957	-	-	-	234,719,957	-	-	-
Foreign currency deposits by commercial banks	113,152,758	-	-	-	113,152,758	-	-	-
Asian Clearing Union (ACU)	86,698,961	-	-	-	86,698,961	-	-	-
Notes in circulation	1,688,603,874	-	-	-	1,688,603,874	-	-	-
Local currency deposits from banks and financial institutions	757,853,808	-	-	-	757,853,808	-	-	-
Short term Borrowings	95	-	-	-	95	-	-	-
	<b>2,881,029,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,881,029,453</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at 30 June 2020 and 30 June 2019, the Group holds level 3 financial instruments only on Swift shares and investment in subsidiaries. Management believes that the fair value of these shares are equal to its carrying amount. A Level 3 reconciliation table has not been disclosed as no change in fair value of investment from last year.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**40.1 b. Measurement of fair values**

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

Fair value of foreign securities is based on quoted market prices, at the financial position date .Local currency financial investments includes shares in SPCBL with a value of BDT 12,000,000,000 (2019: BDT 12,000,000,000) & Debentures of HBFC with a value of BDT 3,945,000,000 (2019: BDT 3,945,000,000) for which fair value cannot be reliably determined as they are not traded in the active market and there are no similar instruments with similar characteristics. Management believes that the fair value of these shares are their carrying value.

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

**40.2 Financial Risk Management**

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

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

**Risk management framework**

International Financial Reporting Standard "IFRS 7 - Financial Instruments: Disclosures" requires disclosure of information relating to both recognised and unrecognised financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the Group's policies for controlling risks and exposures.

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

**I. Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is monitored and managed regularly. Bangladesh Bank's maximum exposure to credit risk in relation to each class of recognized 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 counterparties and its credit risk is very low, with mitigates to credit risk including both the Bank's rigorous monitoring activities and, in many cases, guarantees from the government.

**a. Concentration of credit exposure**

The 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:

In thousand Tk.

Particulars	2020		2019	
	Consolidated	Separate	Consolidated	Separate
Bangladesh	1,081,012,505	1,020,168,827	768,124,172	762,810,718
Other Asian countries	642,688,150	642,688,150	482,490,754	482,490,754
United States of America	510,456,654	510,456,654	793,787,467	793,787,467
Europe	950,982,598	950,982,598	404,312,894	404,312,894
Australia	45,197,003	45,197,003	139,640,311	139,640,311
Others	641,046,576	641,046,576	739,587,095	739,587,095
<b>Total</b>	<b>3,871,383,486</b>	<b>3,810,539,808</b>	<b>3,327,942,693</b>	<b>3,322,629,239</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**b. Credit exposures by credit rating**

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**Consolidated**

In thousand Tk.

Particulars	Credit Rating	2020		2019	
		Amount	% of financial assets	Amount	% of financial assets
<b>i) Foreign currency financial assets</b>					
Foreign currency accounts	P-1	44,502,998	1.19%	49,033,700	1.50%
Overnight investment	P-1	219,412,852	5.85%	142,024,849	4.34%
Short term deposits with overseas commercial banks	P-1	1,340,280,046	35.74%	1,120,605,668	34.23%
US Dollar treasury bills	P-1	84,815,473	2.26%	84,024,892	2.57%
Foreign bonds	Aaa	303,697,194	8.10%	346,714,205	10.59%
Foreign bonds	Aa1, Aa2, Aa3	67,717,374	1.81%	99,161,679	3.03%
Foreign bonds	A1, A2, A3	69,118,557	1.84%	62,257,038	1.90%
Foreign bonds	Baa1, Baa2, Baa3, Ba1, Ba2, Ba3, B1, B2, B3	137,813,207	3.67%	111,820,203	3.42%
US Treasury Notes	Aaa	210,274,881	5.61%	277,364,450	8.47%
Foreign currency loans to banks	A	19,304,160	0.51%	29,735,398	0.91%
Foreign currency loans to banks	Aaa to Aa	381,462,716	10.17%	264,714,243	8.08%
Foreign currency loans to banks	Baa, Ba, B	489,021	0.01%	993,325	0.03%
Foreign currency loans to banks	Unrated	-	0.00%	136,804	0.00%
Assets held with International Monetary Fund	Unrated	204,220,488	5.45%	216,211,507	6.60%
Other foreign currency financial assets	Unrated	16,464,662	0.44%	19,168,109	0.59%
<b>Total</b>		<b>3,099,573,629</b>	<b>82.64%</b>	<b>2,823,966,070</b>	<b>86.25%</b>
<b>ii) Local currency financial assets</b>					
Loans to the Government of Bangladesh	Ba3	420,090,708	11.20%	313,912,578	9.59%
Securities purchased under agreement to resell	A	71,590,246	1.91%	176,631	0.01%
Local currency investments	Unrated	7,677,275	0.20%	7,072,446	0.22%
Loans to banks, financial institutions	A	7,060,632	0.19%	18,619,637	0.57%
Loans to banks, financial institutions	Aaa to Aa	13,976,370	0.37%	12,876,761	0.39%
Loans to banks, financial institutions	Ba to B	9,529,611	0.25%	174,813	0.01%
Loans to banks, financial institutions	Baa	131,344	0.00%	23,344	0.00%
Loans to banks, financial institutions	Unrated	50,205,017	1.34%	30,590,495	0.93%
Loans to employees	-	42,361,830	1.13%	40,443,367	1.24%
Other local currency financial assets	-	9,983,008	0.27%	9,444,952	0.29%
Taka coin and cash balances	-	18,314,332	0.49%	16,890,261	0.52%
<b>Total</b>		<b>650,920,372</b>	<b>17.36%</b>	<b>450,225,283</b>	<b>13.75%</b>
<b>Total financial assets (i+ii)</b>		<b>3,750,494,001</b>	<b>100.00%</b>	<b>3,274,191,353</b>	<b>100.00%</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**Separate**

Particulars	Credit Rating	In thousand Tk.			
		2020		2019	
		Amount	% of financial assets	Amount	% of financial assets
<b>i) Foreign currency financial assets</b>					
Foreign Currency Accounts	P-1	44,502,998	1.19%	49,033,700	1.50%
Overnight investment	P-1	219,412,852	5.86%	142,024,849	4.34%
Short term deposits with overseas commercial banks	P-1	1,340,280,046	35.81%	1,120,605,668	34.28%
US Dollar treasury bills	Aaa	84,815,473	2.27%	84,024,892	2.57%
Foreign bonds	Aaa	303,697,201	8.11%	346,714,205	10.61%
Foreign bonds	Aa1, Aa2, Aa3	67,717,356	1.81%	99,161,679	3.03%
Foreign bonds	A1, A2, A3	69,118,561	1.85%	62,257,038	1.90%
Foreign bonds	Baa1, Baa2, Baa3, Ba1, Ba2, Ba3, B1, B2, B3	137,813,214	3.68%	111,820,203	3.42%
US Treasury Notes	Aaa	210,274,881	5.62%	277,364,450	8.49%
Foreign currency loans to banks	A	19,304,160	0.52%	29,735,398	0.91%
Foreign currency loans to banks	Aaa to Aa	381,462,716	10.19%	264,714,243	8.10%
Foreign currency loans to banks	Baa, Ba, B	489,021	0.01%	993,325	0.03%
Foreign currency loans to banks	Unrated	-	0.00%	136,804	0.00%
Assets held with International Monetary Fund	Unrated	204,220,488	5.46%	216,211,507	6.61%
Other foreign currency financial assets	Unrated	16,464,662	0.44%	19,168,109	0.59%
<b>Total</b>		<b>3,099,573,629</b>	<b>82.81%</b>	<b>2,823,966,070</b>	<b>86.39%</b>
<b>ii) Local currency financial assets</b>					
Loans to the Government of Bangladesh	Ba3	420,090,708	11.22%	313,912,578	9.60%
Securities purchased under agreement to resell	A	71,590,246	1.91%	176,631	0.01%
Local currency investments	Unrated	15,945,000	0.43%	15,945,000	0.49%
Loans to banks, financial institutions	A	7,060,632	0.19%	18,619,637	0.57%
Loans to banks, financial institutions	Aaa to Aa	13,976,370	0.37%	12,876,761	0.39%
Loans to banks, financial institutions	Ba to B	9,529,611	0.25%	174,813	0.01%
Loans to banks, financial institutions	Baa	131,344	0.00%	23,344	0.00%
Loans to banks, financial institutions	Unrated	50,205,017	1.34%	30,590,495	0.94%
Loans to employees	-	40,641,996	1.09%	38,730,533	1.18%
Other local currency financial assets	-	9,272,340	0.25%	8,866,275	0.27%
Taka coin and cash balances	-	4,845,937	0.13%	4,995,764	0.15%
<b>Total</b>		<b>643,289,201</b>	<b>17.19%</b>	<b>444,911,831</b>	<b>13.61%</b>
<b>Total financial assets (i+ii)</b>		<b>3,742,862,830</b>	<b>100%</b>	<b>3,268,877,901</b>	<b>100%</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

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

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

In thousand Tk.

Particulars	2020		2019	
	Amount	Principal type of Collateral	Amount	Principal type of Collateral
<b>i) Foreign currency financial assets</b>				
Foreign currency loans to banks	401,255,896	Debit Authorization	295,579,770	Debit Authorization
Assets held with International Monetary Fund	204,220,488	None	216,211,507	None
<b>ii) Local currency financial assets</b>				
Loans to the Government of Bangladesh	420,090,708	Govt. Guarantee	313,912,578	Govt. Guarantee
Local currency loans to banks, financial institutions and employees	121,544,971	- Government guarantee - Bank guarantee - Demand Promissory Note - Employee provident fund, gratuity fund and Mortgage of property	101,015,582	- Government guarantee - Bank guarantee - Demand Promissory Note - Employee provident fund, gratuity fund and Mortgage of property

**II. Liquidity risk**

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

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**Consolidated**

<b>30 June 2020</b>						In thousand Tk.
<b>Particulars</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	
<b>Foreign currency financial assets</b>						
Foreign currency accounts	44,502,998	-	-	-	-	-
Foreign investments	750,532,080	649,368,719	431,750,387	601,478,398	-	-
Assets held with International Monetary Fund	94,179,557	11,924	-	-	110,029,006	-
Gold and silver	67,676,977	-	-	-	-	-
Foreign currency loans to banks	413,232	181,512	11,128,301	382,397,327	7,135,525	-
Other foreign currency financial assets	11,240,438	-	-	5,224,144	80	-
<b>Total</b>	<b>968,545,282</b>	<b>649,562,155</b>	<b>442,878,689</b>	<b>989,099,869</b>	<b>117,164,611</b>	<b>-</b>
<b>Local currency financial assets</b>						
Taka coin and cash balances	18,314,332	-	-	-	-	-
Securities purchased under agreement to resell	71,590,246	-	-	-	-	-
Loans to the Government of Bangladesh	70,296,609	55,711,517	63,784,841	94,998,525	135,299,217	-
Local currency investments	-	-	3,724,823	-	3,952,452	-
Local currency loans to Banks, FIs and employees	2,118,803	31,680,819	11,268,524	29,126,383	49,070,276	-
Other local currency financial assets	9,983,008	-	-	-	-	-
<b>Total</b>	<b>172,302,998</b>	<b>87,392,336</b>	<b>78,778,187</b>	<b>124,124,907</b>	<b>188,321,944</b>	<b>-</b>
<b>Total financial assets</b>	<b>1,140,848,280</b>	<b>736,954,491</b>	<b>521,656,876</b>	<b>1,113,224,776</b>	<b>305,486,555</b>	<b>-</b>
<b>Foreign currency financial liabilities</b>						
Deposits from banks and financial institutions	223,955,687	-	-	-	-	-
Liabilities with International Monetary Fund	1,611,361	-	-	54,457,304	166,261,119	-
<b>Total</b>	<b>225,567,048</b>	<b>-</b>	<b>-</b>	<b>54,457,304</b>	<b>166,261,119</b>	<b>-</b>
<b>Local currency financial liabilities</b>						
Notes in circulation	2,065,528,167	-	-	-	-	-
Deposits from banks and financial institutions	763,574,307	-	-	-	-	-
Other local currency financial liabilities	6,413	24,801,969	1,650,429	60,073,463	99,210,987	-
<b>Total</b>	<b>2,829,108,887</b>	<b>24,801,969</b>	<b>1,650,429</b>	<b>60,073,463</b>	<b>99,210,987</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>3,054,675,935</b>	<b>24,801,969</b>	<b>1,650,429</b>	<b>114,530,768</b>	<b>265,472,106</b>	<b>-</b>
<b>Maturity gap</b>	<b>(1,913,827,655)</b>	<b>712,152,522</b>	<b>520,006,447</b>	<b>998,694,009</b>	<b>40,014,450</b>	<b>-</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

<b>30 June 2019</b>						In thousand Tk.
<b>Particulars</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	
<b>Foreign currency financial assets</b>						
Foreign currency accounts	49,033,700	-	-	-	-	-
Foreign investments	686,809,820	569,410,324	410,717,896	577,034,945	-	-
Assets held with International Monetary Fund	105,244,139	218,406	-	-	110,748,961	-
Gold and silver	53,693,670	-	-	-	-	-
Foreign currency loans to banks	37,145,544	121,799,478	121,350,912	9,014,864	6,268,973	-
Other foreign currency financial assets	13,943,885	-	5,224,144	-	-	80
<b>Total</b>	<b>945,870,758</b>	<b>691,428,208</b>	<b>537,292,952</b>	<b>586,049,809</b>	<b>117,018,014</b>	<b>-</b>
<b>Local currency financial assets</b>						
Taka coin and cash balances	16,890,261	-	-	-	-	-
Securities purchased under agreement to resell	176,631	-	-	-	-	-
Loans to the Government of Bangladesh	24,659,865	67,902,282	95,708,781	58,639,807	67,001,843	-
Local currency investments	-	-	3,119,994	-	3,952,452	-
Local currency loans to Banks, FIs and employees	1,652,256	12,034,702	16,019,983	31,514,440	41,507,035	-
Other local currency financial assets	9,444,952	-	-	-	-	-
<b>Total</b>	<b>52,823,965</b>	<b>79,936,984</b>	<b>114,848,758</b>	<b>90,154,247</b>	<b>112,461,330</b>	<b>-</b>
<b>Total financial assets</b>	<b>998,694,723</b>	<b>771,365,192</b>	<b>652,141,710</b>	<b>676,204,056</b>	<b>229,479,344</b>	<b>-</b>
<b>Foreign currency financial liabilities</b>						
Deposits from banks and financial institutions	199,851,719	-	-	-	-	-
Liabilities with International Monetary Fund	1,715,332	-	-	65,511,647	167,492,978	-
<b>Total</b>	<b>201,567,051</b>	<b>-</b>	<b>-</b>	<b>65,511,647</b>	<b>167,492,978</b>	<b>-</b>
<b>Local currency financial liabilities</b>						
Notes in circulation	1,688,603,874	-	-	-	-	-
Deposits from banks and financial institutions	757,853,808	-	-	-	-	-
Short term borrowings	95	-	-	-	-	-
Other local currency financial liabilities	6,413	24,011,844	1,005,378	58,031,866	48,104,113	-
<b>Total</b>	<b>2,446,464,190</b>	<b>24,011,844</b>	<b>1,005,378</b>	<b>58,031,866</b>	<b>48,104,113</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>2,648,031,241</b>	<b>24,011,845</b>	<b>1,005,378</b>	<b>123,543,513</b>	<b>215,597,091</b>	<b>-</b>
<b>Maturity gap</b>	<b>(1,649,336,518)</b>	<b>747,353,348</b>	<b>651,136,332</b>	<b>552,660,543</b>	<b>13,882,254</b>	<b>-</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**Separate**

In thousand Tk.

<b>30 June 2020</b>					
<b>Particulars</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
<b>Foreign currency financial assets</b>					
Foreign currency accounts	44,502,998	-	-	-	-
Foreign investments	750,532,080	649,368,719	431,750,387	601,478,398	-
Assets held with International Monetary Fund	94,179,557	11,924	-	-	110,029,006
Gold and silver	67,676,977	-	-	-	-
Foreign currency loans to banks	413,232	181,512	11,128,301	382,397,327	7,135,525
Other foreign currency financial assets	11,240,438	-	-	5,224,144	80
<b>Total</b>	<b>968,545,282</b>	<b>649,562,155</b>	<b>442,878,689</b>	<b>989,099,869</b>	<b>117,164,611</b>
<b>Local currency financial assets</b>					
Taka coin and cash balances	4,845,937	-	-	-	-
Securities purchased under agreement to resell	71,590,246	-	-	-	-
Loans to the Government of Bangladesh	70,296,609	55,711,517	63,784,841	94,998,525	135,299,217
Local currency investments	-	-	650,000	-	15,295,000
Local currency loans to Banks, FIs and employees	2,118,803	31,680,819	11,268,524	29,126,383	47,350,442
Other local currency financial assets	9,272,340	-	-	-	-
<b>Total</b>	<b>158,123,936</b>	<b>87,392,336</b>	<b>75,703,365</b>	<b>124,124,907</b>	<b>197,944,659</b>
<b>Total financial assets</b>	<b>1,126,669,218</b>	<b>736,954,491</b>	<b>518,582,054</b>	<b>1,113,224,776</b>	<b>315,109,270</b>
<b>Foreign currency financial liabilities</b>					
Deposits from banks and financial institutions	223,955,687	-	-	-	-
Liabilities with International Monetary Fund	1,611,361	-	-	54,457,304	166,261,119
<b>Total</b>	<b>225,567,048</b>	<b>-</b>	<b>-</b>	<b>54,457,304</b>	<b>166,261,119</b>
<b>Local currency financial liabilities</b>					
Notes in circulation	2,065,528,167	-	-	-	-
Deposits from banks and financial institutions	763,574,307	-	-	-	-
Other local currency financial liabilities	6,413	24,801,969	1,075,347	59,673,080	98,746,777
<b>Total</b>	<b>2,829,108,887</b>	<b>24,801,969</b>	<b>1,075,347</b>	<b>59,673,080</b>	<b>98,746,777</b>
<b>Total financial liabilities</b>	<b>3,054,675,935</b>	<b>24,801,969</b>	<b>1,075,347</b>	<b>114,130,385</b>	<b>265,007,896</b>
<b>Maturity gap</b>	<b>(1,928,006,717)</b>	<b>712,152,522</b>	<b>517,506,707</b>	<b>999,094,392</b>	<b>50,101,373</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

In thousand Tk.

<b>30 June 2029</b>					
<b>Particulars</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
<b>Foreign currency financial assets</b>					
Foreign currency accounts	49,033,700	-	-	-	-
Foreign investments	686,809,820	569,410,324	410,717,896	577,034,945	-
Assets held with International Monetary Fund	105,244,139	218,406	-	-	110,748,961
Gold and silver	53,693,670	-	-	-	-
Foreign currency loans to banks	37,145,544	121,799,478	121,350,912	9,014,864	6,268,973
Other foreign currency financial assets	13,943,885	-	5,224,144	-	80
<b>Total</b>	<b>945,870,758</b>	<b>691,428,208</b>	<b>537,292,952</b>	<b>586,049,809</b>	<b>117,018,014</b>
<b>Local currency financial assets</b>					
Taka coin and cash balances	4,995,763	-	-	-	-
Securities purchased under agreement to resell	176,631	-	-	-	-
Loans to the Government of Bangladesh	24,659,865	67,902,282	95,708,781	58,639,807	67,001,843
Local currency investments	-	-	-	650,000	15,295,000
Local currency loans to banks, financial institutions and employees	1,652,256	12,034,702	15,884,315	31,514,440	39,929,869
Other local currency financial assets	8,866,275	-	-	-	-
<b>Total</b>	<b>40,350,790</b>	<b>79,936,984</b>	<b>111,593,096</b>	<b>90,804,247</b>	<b>122,226,712</b>
<b>Total financial assets</b>	<b>986,221,548</b>	<b>771,365,192</b>	<b>648,886,048</b>	<b>676,854,057</b>	<b>239,244,726</b>
<b>Foreign currency financial liabilities</b>					
Deposits from banks and financial institutions	199,851,719	-	-	-	-
Liabilities with International Monetary Fund	1,715,332	-	-	65,511,647	167,492,978
<b>Total</b>	<b>201,567,051</b>	<b>-</b>	<b>-</b>	<b>65,511,647</b>	<b>167,492,978</b>
<b>Local currency financial liabilities</b>					
Notes in circulation	1,688,603,874	-	-	-	-
Deposits from banks and financial institutions	757,853,808	-	-	-	-
Short term borrowings	95	-	-	-	-
Other local currency financial liabilities	6,413	24,011,844	344,568	58,479,003	47,785,951
<b>Total</b>	<b>2,446,464,190</b>	<b>24,011,844</b>	<b>344,568</b>	<b>58,479,003</b>	<b>47,785,951</b>
<b>Total financial liabilities</b>	<b>2,648,031,241</b>	<b>24,011,844</b>	<b>344,568</b>	<b>123,990,650</b>	<b>215,278,929</b>
<b>Maturity gap</b>	<b>(1,661,809,693)</b>	<b>747,353,348</b>	<b>648,541,480</b>	<b>552,863,407</b>	<b>23,965,797</b>

### BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

#### III. Market risk

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

##### a) Currency risk

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

#### Foreign currency monetary assets and liabilities

In thousand Tk.

30 June 2020	Particulars	US\$ equivalent	Gold and Silver equivalent	EURO equivalent	GBP equivalent	Japanese Yen equivalent	Canadian \$ equivalent	Australian \$ equivalent	Chinese Yuan Renminbi equivalent	SDR equivalent	Others equivalent
<b>Assets</b>											
	Held in other Central Banks and cash deposit abroad	7,843,389	-	10,119,336	9,534,985	12,802,283	1,483,251	723,411	634,051	-	1,362,294
	Overnight investment	188,087,460	-	31,325,392	-	-	-	-	-	-	-
	Short term deposits in overseas commercial banks	1,120,263,720	-	-	115,202,609	-	31,754,877	38,824,483	33,407,333	-	827,023
	Treasury bills	84,815,473	-	-	-	-	-	-	-	-	-
	Foreign bonds	448,750,185	-	110,082,498	4,824,648	-	4,382,037	9,826,461	480,505	-	-
	US Treasury Notes	210,274,881	-	-	-	-	-	-	-	-	-
	Loan to other Banks	401,255,896	-	-	-	-	-	-	-	-	-
	Claims from gold transaction	-	67,676,977	-	-	-	-	-	-	-	-
	Interest receivable	9,793,759	-	828,437	190,780	-	56,969	184,242	182,513	-	3,738
	Asset held with IMF	-	-	-	-	-	-	-	-	204,220,488	-
	<b>Total</b>	<b>2,471,084,762</b>	<b>67,676,977</b>	<b>152,355,662</b>	<b>129,753,022</b>	<b>12,802,283</b>	<b>37,677,134</b>	<b>49,558,596</b>	<b>34,704,402</b>	<b>204,220,488</b>	<b>2,193,054</b>
<b>Liabilities</b>											
	Deposits from other banks, financial institutions and ACU	194,136,305	-	29,394,964	408,893	14,705	819	-	-	-	-
	Liabilities to IMF	-	-	-	-	-	-	-	-	222,329,785	-
	<b>Total</b>	<b>194,136,305</b>	<b>-</b>	<b>29,394,964</b>	<b>408,893</b>	<b>14,705</b>	<b>819</b>	<b>-</b>	<b>-</b>	<b>222,329,785</b>	<b>-</b>
	<b>Net</b>	<b>2,276,948,457</b>	<b>67,676,977</b>	<b>122,960,698</b>	<b>129,344,129</b>	<b>12,787,578</b>	<b>37,676,315</b>	<b>49,558,596</b>	<b>34,704,402</b>	<b>(18,109,297)</b>	<b>2,193,054</b>

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

In thousand Tk.

30 June 2019	Particulars	US\$ equivalent	Gold and Silver equivalent	EURO equivalent	GBP equivalent	Japanese Yen equivalent	Canadian \$ equivalent	Australian \$ equivalent	Chinese Yuan Renminbi equivalent	SDR equivalent	Others equivalent
<b>Assets</b>											
	Held in other Central Banks and cash overnight investment	28,952,779	-	5,358,324	1,682,243	10,686,202	768,892	781,120	571,222	-	551
	Overnight investment	133,349,450	-	8,675,399	-	-	-	-	-	-	-
	Short term deposits in overseas commercial banks	909,487,418	-	-	104,982,925	-	32,875,511	39,103,089	32,165,670	-	1,991,055
	Treasury bills	84,024,892	-	-	-	-	-	-	-	-	-
	Foreign bonds	491,679,877	-	106,549,860	5,857,130	-	4,511,897	9,383,234	1,971,126	-	-
	US Treasury Notes	277,364,450	-	-	-	-	-	-	-	-	-
	Loan to other Banks	295,579,771	-	-	-	-	-	-	-	-	-
	Claims from gold transaction	-	53,693,670	-	-	-	-	-	-	-	-
	Interest receivable	11,983,284	-	1,031,857	254,640	-	151,928	326,322	192,775	-	3,079
	Asset held with IMF	-	-	-	-	-	-	-	-	216,211,507	-
	<b>Total</b>	<b>2,232,421,921</b>	<b>53,693,670</b>	<b>121,615,440</b>	<b>112,776,938</b>	<b>10,686,202</b>	<b>38,308,228</b>	<b>49,593,765</b>	<b>34,900,793</b>	<b>216,211,507</b>	<b>1,994,685</b>
<b>Liabilities</b>											
	Deposits from other banks, financial institutions and ACU	194,558,078	-	4,402,738	883,243	7,463	197	-	-	-	-
	Liabilities to IMF	-	-	-	-	-	-	-	-	234,719,957	-
	<b>Total</b>	<b>194,558,078</b>	<b>-</b>	<b>4,402,738</b>	<b>883,243</b>	<b>7,463</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>234,719,957</b>	<b>-</b>
	<b>Net</b>	<b>2,037,863,843</b>	<b>53,693,670</b>	<b>117,212,702</b>	<b>111,893,695</b>	<b>10,678,739</b>	<b>38,308,031</b>	<b>49,593,765</b>	<b>34,900,793</b>	<b>(18,508,450)</b>	<b>1,994,685</b>

**Currency risk sensitivity analysis**

During the year, if the Taka had weakened 10 per cent against the principal currencies in its foreign reserves portfolio with all other variables held constant, profit for the year would have been Tk. 426.68 million higher, (2019: Tk. 1,304 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 decrease of profit for the year of Tk. 426.68 million higher, (2019: Tk. 1,304 million). Profit/Loss is very sensitive to changes in exchange rate movements. The bank as part of its core functions holds substantial foreign currency assets.

## BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

### b) Interest rate risk

Interest rate risk is the risk of loss arising from changes in interest rates. The Group is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. Since the primary objective of the Bank is to achieve and maintain price stability, it determines at its own discretion the monetary policy that it will implement and the monetary policy instruments that is going to use in order to achieve and maintain price stability. Bank's interest sensitivity position based on contractual re-pricing arrangements as on 30 June 2020 is presented below. It includes the Bank's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing of maturity dates. The table below summarises all financial instruments in their re-pricing period, which is equivalent to the remaining term of maturity:

### Consolidated

30 June 2020	Particulars	Balance as at 30 June 2020	Re-pricing period			Weighted average interest
			0 to 3 months	3 to 12 months	1 to 5 years	
					over 5 years	
						In thousand Tk.
	<b>Assets</b>					
	<b>Foreign currency financial assets</b>					
	Foreign currency accounts	44,502,998	44,502,998	-	-	0.00%
	Foreign investments	2,433,129,585	1,399,900,799	431,750,387	601,478,398	1.23%
	Assets held with International Monetary Fund	204,220,488	94,191,481	-	-	0.40%
	Foreign currency loans to banks	401,255,896	594,743	11,128,301	382,397,327	2.27%
	Other foreign currency financial assets	16,464,662	11,240,438	-	5,224,144	0.00%
	<b>Total Foreign currency financial assets</b>	<b>3,099,573,629</b>	<b>1,550,430,459</b>	<b>442,878,689</b>	<b>989,099,869</b>	<b>117,164,611</b>
	<b>Local currency financial assets</b>					
	Loans to the Government of Bangladesh	420,090,708	126,008,127	63,784,841	94,998,525	135,299,217
	Local currency investments	7,677,275	-	3,724,823	-	3,952,452
	Local currency loans to banks, financial institutions and employees	123,264,805	33,799,622	11,268,524	29,126,383	49,070,276
	<b>Total Local currency financial assets</b>	<b>551,032,788</b>	<b>159,807,748</b>	<b>78,778,187</b>	<b>124,124,907</b>	<b>188,321,944</b>
	<b>Liabilities</b>					
	<b>Foreign currency financial liabilities</b>					
	Deposits from banks and financial institutions	223,955,687	223,955,687	-	-	-
	Liabilities with International Monetary Fund	222,329,785	1,611,361	-	54,457,304	166,261,119
	<b>Total foreign currency financial liabilities</b>	<b>446,285,472</b>	<b>225,567,048</b>	<b>-</b>	<b>54,457,304</b>	<b>166,261,119</b>
	<b>Local currency financial liabilities</b>					
	Short term borrowings	-	763,574,307	-	-	-
	<b>Total local currency financial liabilities</b>	<b>-</b>	<b>763,574,307</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

30 June 2019	Particulars	Balance as at 30 June 2019	Re-ricing period				Weighted average interest
			In thousand Tk.				
			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	49,033,700	-	-	-	-	0.92%
	Foreign investments	2,243,972,983	410,717,896	577,034,945	-	-	2.36%
	Assets held with International Monetary Fund	216,211,507	-	-	110,748,961	-	1.10%
	Foreign currency loans to banks	295,579,770	158,945,022	9,014,864	6,268,973	-	3.46%
	Other foreign currency financial assets	19,168,109	5,224,144	-	80	-	0.00%
	<b>Total Foreign currency financial assets</b>	<b>2,823,966,069</b>	<b>537,292,952</b>	<b>586,049,809</b>	<b>117,018,014</b>		
<b>Local currency financial assets</b>							
	Loans to the Government of Bangladesh	313,912,578	95,708,781	58,639,807	67,001,843	-	6.37%
	Local currency investments	7,072,446	3,119,994	-	3,952,452	-	3.49%
	Local currency loans to banks, financial institutions and employees	102,728,416	16,019,983	31,514,440	41,507,035	-	4.03%
	<b>Total Local currency financial assets</b>	<b>423,713,440</b>	<b>114,848,758</b>	<b>90,154,247</b>	<b>112,461,330</b>		
<b>Liabilities</b>							
<b>Foreign currency financial liabilities</b>							
	Deposits from banks and financial institutions	199,851,719	-	-	-	-	1.98%
	Liabilities with International Monetary Fund	234,719,957	1,715,332	65,511,647	167,492,978	-	1.10%
	<b>Total foreign currency financial liabilities</b>	<b>434,571,676</b>	<b>1,715,332</b>	<b>65,511,647</b>	<b>167,492,978</b>		
<b>Local currency financial liabilities</b>							
	Short term borrowings	95	-	-	-	-	0.00%
	<b>Total local currency financial liabilities</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>-</b>		

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**Separate**

Particulars	Balance as at 30 June 2020	Re-ricing period			Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years over 5 years	
<b>30 June 2020</b>					
<b>Assets</b>					
<b>Foreign currency financial assets</b>					
Foreign currency accounts	44,502,998	44,502,998	-	-	0.00%
Foreign investments	2,433,129,585	1,399,900,799	431,750,387	601,478,398	1.23%
Assets held with International Monetary Fund	204,220,488	94,191,481	-	-	0.40%
Foreign currency loans to banks	401,255,896	594,743	11,128,301	382,397,327	2.27%
Other foreign currency financial assets	16,464,662	11,240,438	-	5,224,144	0.00%
<b>Total Foreign currency financial assets</b>	<b>3,099,573,629</b>	<b>1,550,430,459</b>	<b>442,878,689</b>	<b>989,099,869</b>	<b>117,164,612</b>
<b>Local currency financial assets</b>					
Loans to the Government of Bangladesh	420,090,708	126,008,127	63,784,841	94,998,525	7.27%
Local currency investments	15,945,000	-	-	-	3.49%
Local currency loans to banks, financial institutions and employees	121,544,971	33,799,622	11,268,524	29,126,383	3.11%
<b>Total Local currency financial assets</b>	<b>557,580,679</b>	<b>159,807,748</b>	<b>75,053,364</b>	<b>124,124,907</b>	<b>197,944,659</b>
<b>Liabilities</b>					
<b>Foreign currency financial liabilities</b>					
Deposits from banks and financial institutions	223,955,687	223,955,687	-	-	0.83%
Liabilities with International Monetary Fund	222,329,785	1,611,361	-	54,457,304	0.19%
<b>Total foreign currency financial liabilities</b>	<b>446,285,472</b>	<b>225,567,048</b>	<b>-</b>	<b>54,457,304</b>	<b>166,261,119</b>
<b>Local currency financial liabilities</b>					
Deposits from banks and financial institutions	763,574,307	763,574,307	-	-	0.00%
<b>Total local currency financial liabilities</b>	<b>763,574,307</b>	<b>763,574,307</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

30 June 2019	Particulars	Balance as at 30 June 2019	Re-pricing period				In thousand Tk. Weighted average interest
			0 to 3 months		1 to 5 years		
			3 to 12 months	over 5 years	3 to 12 months	over 5 years	
<b>Assets</b>							
<b>Foreign currency financial assets</b>							
Foreign currency accounts		49,033,700				0.92%	
Foreign investments		2,243,972,983	1,256,220,143	410,717,896	577,034,945	2.36%	
Assets held with International Monetary Fund		216,211,507	105,462,545	-	110,748,961	1.10%	
Foreign currency loans to banks		295,579,770	158,945,022	121,350,912	9,014,864	3.46%	
Other foreign currency financial assets		19,168,109	13,943,885	5,224,144	80	0.00%	
<b>Total Foreign currency financial assets</b>		<b>2,823,966,069</b>	<b>1,583,605,295</b>	<b>537,292,952</b>	<b>586,049,809</b>	<b>117,018,014</b>	
<b>Local currency financial assets</b>							
Loans to the Government of Bangladesh		313,912,578	92,562,147	95,708,781	58,639,807	6.37%	
Local currency investments		15,945,000	-	-	650,000	3.49%	
Local currency loans to banks, financial institutions and employees		101,015,582	13,686,958	15,884,315	31,514,440	4.02%	
<b>Total Local currency financial assets</b>		<b>430,873,160</b>	<b>106,249,105</b>	<b>111,593,096</b>	<b>90,804,247</b>	<b>122,226,712</b>	
<b>Liabilities</b>							
<b>Foreign currency financial liabilities</b>							
Deposits from banks and financial institutions		199,851,719	199,851,719	-	-	1.98%	
Liabilities with International Monetary Fund		234,719,957	1,715,332	-	65,511,647	1.10%	
<b>Total foreign currency financial liabilities</b>		<b>434,571,676</b>	<b>201,567,051</b>	<b>-</b>	<b>65,511,647</b>	<b>167,492,978</b>	
<b>Local currency financial liabilities</b>							
Short term borrowings		95	95	-	-	0.18%	
Deposits from banks and financial institutions		757,853,808	757,853,808	-	-	0.00%	
<b>Total local currency financial liabilities</b>		<b>95</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Interest rate risk sensitivity analysis**

During the year, if interest rates had been 100 basis points higher with all other variables constant, profit for the year would have been Tk. 35,348.23 million higher (2019: Tk. 28,040 million), arising mainly as a result of higher interest income on financial assets. Conversely, if interest rates had been 100 basis point lower with all other variables held constant, profit for the year would have been Tk. 35,348.23 million lower (2019: Tk. 28,040 million) arising mainly as a result of lower interest income on financial assets. Profit is very sensitive to changes in interest rates as interest is the principal source of income of the bank.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

**IV. Operational risks**

Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from human error, failure of internal processes and systems, legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

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

**41 Contingent liabilities**

The Bank had contingent liabilities for guarantees outstanding as at 30 June 2020 amounting to Taka 25,470.31 million (2019: Taka 25,350.207 million) in favour of International Islamic Trade Finance Corporation & others which are secured by counter guarantees from the Government of Bangladesh.

**42 Operating segments**

The Bank's operation is concentrated in one geographical area - Bangladesh and as such comprise a single operating segment for the purpose of IFRS 9, the relevant standard for such segmentation. While the Bank is required by the Bangladesh Bank Order to report revenue and expenses by references to the functions carried out by the Bank viz. Issue and Banking department, these activities do not constitute separate operating segments for the purpose of IFRS 9.

**43 Actuarial valuation of defined benefit plans**

Most recent actuarial valuation was performed as at 30 June 2016 basis by an independent actuarial firm, AIR Consulting. According to the valuation report, the estimated obligation of the pension fund as at 30 June 2016 was Taka 15,494,646 thousands and for gratuity fund was Taka 1,217,791 thousands. For subsequent years, the obligations are calculated based on the recommendation made by the actuarial firm.

As at 30 June 2020 the obligation for pension fund and gratuity fund was calculated to Taka 21,132,671 thousands and Taka 1,669,876 thousands respectively. The balances of the funds are as under:

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

In thousand Tk.

Particulars	Pension plans		Gratuity plans	
	2020	2019	2020	2019
<b>Amounts recognised in the reporting date</b>				
Balance at the beginning of the year	19,541,744	18,115,072	1,816,844	1,872,395
Paid during the year	(1,343,839)	(1,130,428)	(161,403)	(55,551)
Current year's contribution/transfer	2,934,766	2,557,100	14,435	-
<b>Balance of the fund</b>	<b>21,132,671</b>	<b>19,541,744</b>	<b>1,669,876</b>	<b>1,816,844</b>
<b>Actuarial assumptions</b>				
Discount rate	7.50%	7.50%	6.10%	6.10%
Salary growth rate	5%	5%	5%	5%

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

**Sensitivity**

If the discount rate had been 100 basis points lower with all other variables constant, contribution for pension fund and gratuity fund for the year would have been Taka 195.67 million and Taka 15.47 million higher respectively, arising mainly as a result of lower discount income. Conversely, if discount rate had been 100 basis point higher with all other variables held constant, contribution for the same during the year would have been Taka 195.67 million and Taka 15.47 million arising mainly as a result of higher discount income. Discount rate is very sensitive for calculation of contribution.

**44 Capital commitments**

As at 30 June 2020, the Bank had outstanding capital commitments of Taka. 139.08 million with respect to different civil, mechanical and electrical engineering purchase. ( 2019: 321.85 million).

**45 Related parties transactions**

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

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

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

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

Particulars	In thousand Tk.			
	2020		2019	
	Outstanding	Average	Outstanding	Average
<b>Outstanding balances with the government of Bangladesh</b>				
Ways and means advance	60,000,000	37,114,400	14,228,800	27,114,400
Overdraft - block	11,850,000	19,350,000	26,850,000	34,350,000
Overdraft - current	5,042,300	2,521,150	-	13,919,550
Treasury bills	83,942,450	114,363,449	144,784,447	96,800,632
Treasury bonds	259,255,958	193,652,645	128,049,331	93,606,812
Other assets (interest receivable)	5,821,049	4,233,223	2,645,397	1,882,172
	<b>425,911,757</b>	<b>371,234,866</b>	<b>316,557,975</b>	<b>267,673,566</b>
<b>Other liabilities</b>				
Deposits	5,061	5,061	5,061	5,041
Loan from government of Bangladesh	24,801,969	24,406,906	24,011,844	13,273,461
	<b>24,807,030</b>	<b>24,411,967</b>	<b>24,016,905</b>	<b>13,278,501</b>
<b>Balances related to subsidiary (SPCBL)</b>				
Other assets (Prepayments and advances)	880,339	440,170	-	33,443
Other liabilities (Sundry creditors)	1,120,625	1,438,886	1,757,147	1,412,771

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

	In thousand Tk.	
	2020	2019
<b>Income and expenses related to government</b>		
Interest income	26,416,728	9,930,835
Commission received	9,285	11,582
	<b>26,426,014</b>	<b>9,942,417</b>
<b>Expenses</b>		
Agency charges	6,998,000	6,766,608
Under writing commission on treasury bills and bonds	470,300	167,014
	<b>7,468,300</b>	<b>6,933,622</b>
<b>Income and expenses related to subsidiary (The Security Printing Corporation)</b>		
Dividend income	360,000	360,000
Note printing expenses	3,145,991	4,812,199
<b>Key management personnel</b>		
Salaries, wages and other benefits (refer note 45.06)	5,684	4,237

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

#### 45.01 Transactions with Government and Government controlled enterprises

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

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

During the year, the Bank received an amount of Taka 5,720,321 million (in 2019 : Tk. 4,601,320 million) and paid Taka 5,771,135 million (in 2019: 4,547,709 million) on behalf of the Government. As at 30 June 2020, total outstanding balance was Taka 420,090.71 million.

- (f) Assets under management:

	In thousand Tk.	
	2020	2019
<b>Japan Debt Relief Grant</b>	<b>118,137</b>	<b>117,625</b>

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

#### 45.02 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. 197.25 million which included in the interest income.

#### 45.03 Transactions with controlled entities

During the year, as a part of it's business operations the Bank incurred expense of Taka 3,552.28 million (2019: Taka 4,812.20 million) as note printing cost was paid to The Security Printing Corporation (Bangladesh) Ltd. which is included in the statement of profit or loss of the Bank. It is a 100% owned subsidiary of the Bank. This transactions are eliminated

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

in preparing consolidated financial statements. During the year, The Security Printing Corporation (Bangladesh) Ltd. paid dividend an amounting to Taka 360 million (2019: 360 million) as per decision of their Board.

#### 45.04 Transactions with retirement benefit plans

During the year, the Group was not required to contribute any amount to the retirement benefit plans (consisting of contribution to pension plans including widow/widowers), as sufficient reserve is available as per the actuarial valuation report. Amounts of balances held in the financial statements maintained by these retirement benefit plans are given in note 43.

#### 45.05 Board of Directors of Bangladesh Bank and Key Management Personnel as on 30 June, 2020

Name	Chairman/ Members of the Board of Directors	Executive Committee members	Audit committee members
Mr. Fazle Kabir - appointed as the Chairman of the Board of Directors for a period of four years from March 20, 2016 and reappointed on contract on 20 March, 2020 upto 03 July, 2020. He also holds the post of Governor of the Bangladesh Bank.	Chairman	Chairman	-
Mr. Md. Ashadul Islam - appointed as a Director of the Board of Bangladesh Bank from September 09, 2018 until further order and also holds the post of Senior Secretary, Financial Institutions Division, Ministry of Finance, Govt. of the Peoples Republic of Bangladesh.	Member	Member	Convenor
Mr. Abu Hena Md. Rahmatul Muneem- appointed on January 09, 2020 as a Director of the Board of Bangladesh Bank as contract service which is subject to being in current position and also holds the post of Senior Secretary, Internal Resources Division & Chairman, National Board of Revenue, Govt. of the Peoples Republic of Bangladesh.	Member	-	-

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

Name	Chairman/ Members of the Board of Directors	Executive Committee members	Audit committee members
Mr. Abdur Rouf Talukder - appointed as a Director of the Board of Bangladesh Bank from August 05, 2018 until further order and also holds the post of Secretary, Finance Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh.	Member	-	-
Mr. Mahbub Ahmed - appointed on September 03, 2019 as a Director of the Board of Bangladesh Bank.	Member	Member	Member
Mr. A. K. M. Aftab ul Islam, FCA - reappointed on January 01, 2020 as a Director of the Board of Bangladesh Bank.	Member	-	Member
Mr. Md. Nazrul Huda - appointed on January 05, 2020 as a Director of the Board of Bangladesh Bank.	Member	-	Member
Mr. S. M. Moniruzzaman - appointed on October 08, 2018 as a Director of the Board of Bangladesh Bank and also holds the post of Deputy Governor, Bangladesh Bank.	Member	Member	-
<b>Number of meetings held during the year</b>	<b>10</b>	<b>7</b>	<b>4</b>

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

Members of the Board of Directors received remuneration totalling Tk. 635,490.00 (2019: Tk. 653,910.00) and the Governor received totalling Tk. 1,218,400.00 (2019: Tk. 1,218,400.00). In addition, the Governor is entitled to a free furnished house for his residence and full time transport facility. Other key management personnel of the Bank received totalling Tk.2,977,200.00 (2019: Tk. 3,018,863.47) and in addition, they are entitled to official residence as well as transport.

#### 46 Events after the reporting date

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

#### 47 Directors' responsibility for financial reporting

The Board of Directors approved the financial statement on 26 August 2020.

