

BANGLADESH BANK'S ACCOUNTS FOR 2008-2009

12.1 The financial result of operations of Bangladesh Bank for the FY09 has been prepared in accordance with International Financial Reporting Standards (IFRSs) approved by the International Accounting Standard Board (IASB). During the year, the accounts of Security Printing Corporation (Bangladesh) Ltd. (SPCL), a 100% owned subsidiary of Bangladesh Bank, has been consolidated with the accounts of Bangladesh Bank. The executive summary of Accounts of Bangladesh Bank (excluding SPCL) is represented below:

Income

12.2 The total income of the Bank (excluding revaluation) for the FY09 decreased by Taka 9.1 billion (21.9 percent) to Taka 32.4 billion compared to Taka 41.5 billion in FY08. The decrease in income was mainly due to decrease in income from foreign investment. The sources of income are set out in the Table 12.1.

Income from Foreign Currency Financial Assets

12.3 During FY09, Bank's income from the foreign currency financial assets decreased by Taka 10.7 billion (60.1 percent) to Taka 7.1 billion in FY09 compared to Taka 17.8 billion in FY08 due to decrease in interest rate on investments.

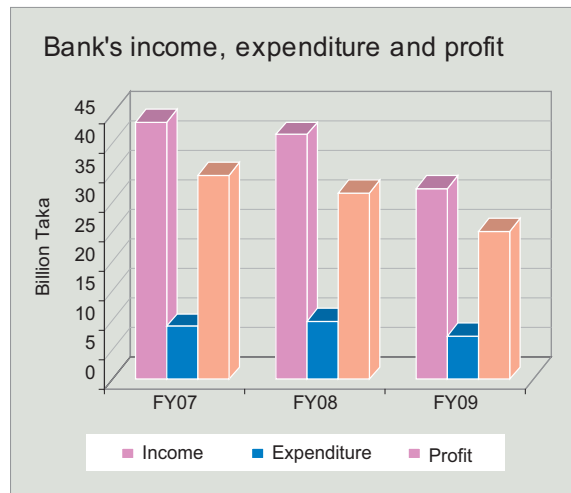
Income from Local Currency Financial Assets

12.4 Income from local currency financial assets increased by Taka 1.6 billion (6.7 percent) to Taka 25.3 billion in FY09 compared to Taka 23.7 billion in FY08.

Table 12.1 Sources of income (Billion Taka)

	FY09	FY08
A. Income from foreign currency financial assets	7.1	17.8
interest income	7.0	17.7
Commission and discounts	0.1	0.1
B. Income from local currency financial assets	25.3	23.7
Interest income	22.7	22.4
Commission and discounts	1.0	0.3
Dividend income and misc.	0.1	0.1
Write back of impairment	1.5	0.9
Total : (A+B)	32.4	41.5

Chart 12.1



Expenditure

12.5 Total expenditure of the Bank decreased by Taka 2.6 billion (26.3 percent) to Taka 7.3 billion in FY09 compared to Taka 9.9 billion in FY08. The decrease in expenditure was mainly due to decrease in financial cost. The details of expenditure are shown in Table 12.2.

Financial Cost

12.6 Financial cost decreased by Taka 2.6 billion (47.3 percent) to Taka 2.9 billion in FY09 compared to Taka 5.5 billion in FY08. This was mainly due to decline in interest payment on both foreign and local currency financial liability.

Administrative Cost

12.7 Administrative cost remained at the same level at Taka 4.4 billion in FY09 with that of FY08.

Operating Profit

12.8 Operating profit of the bank decreased by Taka 6.5 billion (20.6 percent) to Taka 25.0 billion in FY09 compared to Taka 31.5 billion in FY08.

Revaluation

12.9 During the year, the Bank faced significant foreign exchange revaluation losses. These revaluation losses were taken to the income statement and subsequently adjusted against the revaluation reserve accounts for that purpose. Revaluation loss arose due to movement of conversion rates of Taka against major currencies.

Profit Appropriation

12.10 Out of the net operating profit (25.0 billion), an amount of Taka 7.7 billion were transferred to statutory funds, interest reserve account and other funds. The surplus profit amount of Taka 17.3 billion was transferred to the Government account, which is Taka 10.0 billion lower compared to the previous year.

Combined Balance Sheet of Banking and Issue Department

Assets

12.11 Foreign currency financial assets increased by Taka 88.3 billion (20.81 percent) to

Table 12.2 Bank's expenditure

(Billion Taka)

Particulars	FY09	FY08
A. Financial cost	2.9	5.5
Interest paid on deposit	0.5	1.8
Interest paid on ACU	0.1	0.7
Interest and commission paid to IMF	0.6	0.5
Interest paid on BB bill	-	0.8
Agency charges	1.2	1.2
Others	0.5	0.5
B. Administrative cost	4.4	4.4
Staff cost	1.8	2.4
Note printing	1.6	1.1
Other related expenses	1.0	0.9
Total expenditure (A+B)	7.3	9.9

Taka 512.7 billion in FY09 compared to Taka 424.4 billion in FY08 due to increase in foreign reserves.

12.12 Local currency financial assets increased by Taka 32.5 billion (9.36 percent) to Taka 379.6 billion in FY09 compared to Taka 347.1 billion in FY08. The result was mainly due to increase in loans to Government from Taka 255.2 billion in FY08 to Taka 284.7 billion in FY09 and loans to banks, financial institutions and employees from Taka 82.7 billion in FY08 to Taka 86.6 billion in FY09.

12.13 Non financial assets of the Bank increased from Taka 15.2 billion in FY08 to Taka 28.6 billion in FY09 due to revaluation of Bank's land.

Liabilities

12.14 On the liabilities side, foreign currency financial liabilities increased by Taka 2.2 billion (1.48 percent) to Taka 150.8 billion in FY09 from Taka 148.6 billion in FY08. The increase was due to increase in deposits from banks and financial institutions in foreign currency clearing account and liabilities with Asian Clearing Union (ACU).

12.15 Local currency financial liabilities increased by Taka 143.8 billion (30.03 percent)

to Taka 622.7 billion in FY09 compared to Taka 478.9 billion in FY08 due to increase in Notes in Circulation and deposits from banks and financial institutions in local currency.

12.16 Non financial liabilities decreased by Taka 2.0 billion (3.6 percent) to Taka 53.8 billion in FY09 compared to Taka 55.8 billion in FY08. Surplus Profit payable to the Government decreased by Taka 10.0 billion (36.6 percent) to Taka 17.3 billion in FY09 compared to Taka 27.3 billion in FY08.

Foreign Currency Reserve

12.17 Foreign currency reserve increased by Taka 94.5 billion (22.43 percent) to Taka 515.9 billion in FY09 compared to Taka 421.4 billion in FY08.

Notes in Circulation

12.18 Notes in circulation increased by Taka 37.8 billion to Taka 389.7 billion in FY09 compared to Taka 351.9 billion in FY08. The liabilities for notes in circulation amounting to Taka 389.7 billion were backed by Gold and Silver Taka 4.0 billion, foreign currencies Taka 155.0 billion, Government Securities Taka 199.8 billion, Bangladesh Coins Taka 0.1 billion and other Domestic assets Taka 30.8 billion.

Equity

12.19 Total equity of the Bank decreased by Taka 9.8 billion to Taka 93.6 billion in FY09 compared to the previous year of Taka 103.4 billion. The equity of the bank is enumerated below:

- i. Capital of the bank remained unchanged at Taka 0.03 billion;
- ii. Appreciation in property, plant and equipment increased from Taka 7.9 billion to Taka 21.1 billion;
- iii. Appreciation on gold and silver reserves increased from Taka 6.26 billion to Taka 6.33 billion;
- iv. Foreign currency revaluation reserves decreased from Taka 54.2 billion to Taka 16.9 billion;
- v. Balance of statutory fund increased from Taka 11.7 billion to Taka 12.3 billion;
- vi. General reserve remained unchanged at Taka 4.3 billion;
- vii. Interest reserve fund increased from Taka 5.2 billion to Taka 6.2 billion;
- viii. Asset renewal and replacement reserve increased from Taka 1.3 billion to Taka 1.5 billion;
- ix. Currency fluctuation reserve increased from Taka 7.5 billion to Taka 13.9 billion;
- x. Balance of non statutory fund increased from Taka 5.0 billion to Taka 11.0 billion.

Auditors

12.20 The financial statements of Bangladesh Bank for the year 2008-2009 were audited as per International Standards on Auditing (ISA) by Rahman Rahman Huq Chartered Accountants, a member firm of KPMG International and S. F. Ahmed & Co. Chartered Accountants, representative of ERNST & YOUNG GLOBAL in Bangladesh.

BANGLADESH BANK

REPORT AND FINANCIAL STATEMENTS

AS AT AND FOR THE PERIOD

30 JUNE 2009

Auditors' Report to the Government of the People's Republic of Bangladesh

We have audited the accompanying financial statements of Bangladesh Bank (the Bank), which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and statement of cash flows for the year then ended and all related consolidated financial statements, together with a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management, represented by the Board of Directors, is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as of 30 June 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion we draw readers' attention to note 3.13(b) Revaluation of property, plant and equipment"to the financial statements, which explains the basis of land revaluation. Such revaluation is on the basis of an interim report; however valuers and management are of the opinion, final land revaluation amounts will not be materially different from those contained in the interim report.

Rahman Rahman Huq
Chartered Accountants

S. F. Ahmed & Co.
Chartered Accountants

Dhaka, 30 August 2009

Bangladesh Bank
Balance Sheet as at 30 June 2009

Assets	Notes	2009 Taka '000	2008 Taka '000 (Restated)
Foreign currency financial assets			
Foreign currency accounts	4	85,346,246	100,917,882
Foreign investments	5	419,818,353	311,749,987
Assets held with IMF	6	688,534	81,556
Other foreign assets	7	6,819,463	11,630,501
		512,672,596	424,379,926
Local currency financial assets			
Cash and cash equivalents	8	138,977	317,643
Loans to the Government	9	284,741,023	255,186,523
Investments in shares and debentures	10	8,080,833	8,919,167
Loan to banks, financial institutions and employees	11	86,618,319	82,715,213
		379,579,152	347,138,546
		892,251,748	771,518,472
Total financial assets			
Non financial assets			
Gold and silver	12	4,025,886	4,008,588
Property, plant and equipment	13	23,231,591	9,562,065
Capital work in progress		79,211	265,637
Other domestic assets	14	1,325,629	1,389,194
		28,662,317	15,225,484
Total assets		920,914,065	786,743,956
Liabilities and Equity			
Foreign currency financial liabilities			
Liabilities with the IMF	6	50,925,535	54,796,116
Deposits from banks and financial institutions	15	98,729,421	92,739,357
Other foreign liabilities	16	1,144,570	1,107,809
		150,799,526	148,643,282
Local currency financial liabilities			
Notes in circulation	17	389,701,412	351,887,365
Short term borrowings	18	-	7,950,000
Deposits from banks and financial institutions	19	232,951,205	119,065,771
		622,652,617	478,903,136
Total financial liabilities		773,452,143	627,546,418
Non financial liabilities			
Other domestic liabilities	20	53,884,965	55,780,420
		53,884,965	55,780,420
Total liabilities		827,337,108	683,326,838
Equity			
Capital	21	30,000	30,000
Revaluation reserve – gold and silver	22	6,337,993	6,263,691
Revaluation reserve – foreign currency accounts	23	16,928,628	54,231,987
Currency fluctuation reserve	24	13,967,505	7,512,084
Revaluation reserve – property, plant and equipment		21,120,057	7,918,489
Statutory funds	25	12,267,046	11,717,046
Non statutory funds	26	11,000,000	5,000,000
Asset renewal and replacement reserve		1,450,400	1,286,400
Interest reserve	27	6,224,828	5,206,921
General reserve	28	4,250,500	4,250,500
		93,576,957	103,417,118
Total liabilities and equity		920,914,065	786,743,956

The accompanying notes from 1 to 51 form an integral part of these financial statements.

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

Ziaul Hassan Siddiqui
Deputy Governor

Dr. Atiur Rahman
Governor

Bangladesh Bank
Consolidated Balance Sheet as at 30 June 2009

<u>Assets</u>	<u>Notes</u>	<u>2009</u> <u>Taka '000</u>	<u>2008</u> <u>Taka '000</u> (Restated)
Foreign currency financial assets			
Foreign currency accounts	4	85,346,246	100,917,882
Foreign investments	5	419,818,353	311,749,987
Assets held with IMF	6	688,534	81,556
Other foreign assets	7	6,819,463	11,630,501
		512,672,596	424,379,926
Local currency financial assets			
Cash and cash equivalents	8a	1,622,741	1,672,210
Loans to the Government	9	284,741,023	255,186,523
Investments	10a	8,792,427	9,496,035
Loan to banks, financial institutions and employees	11	86,618,319	82,715,213
		381,774,510	349,069,981
Total financial assets		894,447,106	773,449,907
Non financial assets			
Gold and silver	12	4,025,886	4,008,588
Property, plant and equipment	13a	24,830,860	11,186,799
Capital work in progress		80,710	290,661
Other domestic assets	14a	2,755,291	2,571,173
		31,692,747	18,057,221
Total assets		926,139,853	791,507,128
Liabilities and Equity			
Foreign currency financial liabilities			
Liabilities with the IMF	6	50,925,535	54,796,116
Deposits from banks and financial institutions	15	98,729,421	92,739,357
Other foreign liabilities	16	1,144,570	1,107,809
		150,799,526	148,643,282
Local currency financial liabilities			
Notes in circulation	17	389,701,412	351,887,365
Short term borrowings	18	-	7,950,000
Deposits from banks and financial institutions	19	232,951,205	119,065,771
		622,652,617	478,903,136
Total financial liabilities		773,452,143	627,546,418
Non financial liabilities			
Other domestic liabilities	20a	54,537,321	56,568,645
		54,537,321	56,568,645
Total liabilities		827,989,464	684,115,063
Equity			
Capital	21	30,000	30,000
Revaluation reserve – gold and silver	22	6,337,993	6,263,691
Revaluation reserve – foreign currency accounts	23	16,928,628	54,231,987
Currency fluctuation reserve	24	13,967,505	7,512,084
Revaluation reserve- property, plant and equipment		21,909,160	8,707,592
Statutory funds	25	12,267,046	11,717,046
Non statutory funds	26	11,000,000	5,000,000
Asset renewal and replacement reserve		1,450,400	1,286,400
Interest reserve	27	6,224,828	5,206,921
General reserve	28a	4,350,500	4,300,500
Retained earnings		3,684,329	3,135,844
		98,150,389	107,392,065
Total liabilities and equity		926,139,853	791,507,128

The accompanying notes from 1 to 51 form an integral part of these financial statements.

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

Ziaul Hassan Siddiqui
Deputy Governor

Dr. Atiur Rahman
Governor

Bangladesh Bank
Income Statement for the year ended 30 June 2009

<u>Income</u>	<u>Notes</u>	<u>2009</u> <u>Taka '000</u>	<u>2008</u> <u>Taka '000</u>
Income from foreign currency financial assets			
Interest income	29	7,060,781	17,771,979
Commission and discounts	30	10,324	42,951
		7,071,105	17,814,930
Income from local currency financial assets			
Interest income	33	22,741,226	22,384,359
Commission and discounts	34	1,016,116	364,443
Dividend income		50,000	50,000
Miscellaneous income		5,862	6,588
		23,813,204	22,805,390
Total income		30,884,309	40,620,320
Expenses			
Expenses on foreign currency financial liability			
Interest expense	31	(1,204,307)	(2,822,212)
Commission and other expenses	32	(77,470)	(207,437)
		(1,281,777)	(3,029,649)
Expenses on local currency financial liability			
Interest expense	35	-	(798,480)
Commission and other expenses	36	(1,621,268)	(1,708,255)
		(1,621,268)	(2,506,735)
Other expenses			
Provision for impairment		1,515,160	875,003
General and administrative expenses	37	(4,438,421)	(4,430,624)
		(2,923,261)	(3,555,621)
Total expenses		(5,826,306)	(9,092,005)
Total operating profit		25,058,003	31,528,315
Revaluation gain			
Gold revaluation gain		120,096	2,168,017
Silver revaluation gain/(loss)		(45,794)	60,203
Realised foreign exchange revaluation gain		6,455,421	7,512,084
Foreign exchange revaluation gain/(loss)		(37,303,359)	10,490,618
		(30,773,636)	20,230,922
Net profit/(loss) for the year		(5,715,633)	51,759,237

The accompanying notes from 1 to 51 form an integral part of these financial statements.

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

Ziaul Hassan Siddiqui
Deputy Governor

Dr. Atiur Rahman
Governor

Bangladesh Bank
Consolidated Income Statement for the year ended 30 June 2009

<u>Income</u>	<u>Notes</u>	<u>2009</u> <u>Taka '000</u>	<u>2008</u> <u>Taka '000</u> (Restated)
Income from foreign currency financial assets			
Interest income	29	7,060,781	17,771,979
Commission and discounts	30	10,324	42,951
		7,071,105	17,814,930
Income from local currency financial assets			
Interest income	33a	23,015,691	22,614,405
Commission and discounts	34	1,016,116	364,443
Sales		1,319,022	1,124,319
Miscellaneous income		5,862	6,588
		25,356,691	24,109,755
Total income		32,427,796	41,924,685
<u>Expenses</u>			
Expenses on foreign currency financial liabilities			
Interest expense	31	(1,204,307)	(2,822,212)
Commission and other expenses	32	(77,470)	(207,437)
		(1,281,777)	(3,029,649)
Expenses on local currency financial liabilities			
Interest expense	35	-	(798,480)
Commission and other expenses	36	(1,621,268)	(1,708,255)
		(1,621,268)	(2,506,735)
Other expenses			
Provision for impairment		1,515,160	875,003
General and administrative expenses	37a	(5,383,423)	(5,339,259)
		(3,868,263)	(4,464,256)
Total expenses		(6,771,308)	(10,000,640)
Total operating profit		25,656,488	31,924,045
Revaluation gain			
Gold revaluation gain		120,096	2,168,017
Silver revaluation gain/(loss)		(45,794)	60,203
Realised foreign exchange revaluation gain		6,455,421	7,512,084
Foreign exchange revaluation gain/(loss)		(37,303,359)	10,490,618
		(30,773,636)	20,230,922
Net profit/(loss) for the year		(5,117,148)	52,154,967

The accompanying notes from 1 to 51 form an integral part of these financial statements.

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

Ziaul Hassan Siddiqui
Deputy Governor

Dr. Atiur Rahman
Governor

Bangladesh Bank
Statement of Changes in Equity for the year ended 30 June 2009

Taka '000

Particulars	Capital	Revaluation reserve			Currency fluctuation reserve	Statutory fund	Non-statutory fund	Asset renewal and replacement reserve	Interest reserve	General reserve	Retained earnings	Total
		Gold and silver	Foreign currency accounts	Property, plant and equipment								
Balance as at 1 July 2007	30,000	4,035,471	43,741,369	7,918,489	-	12,167,046	-	1,120,000	3,761,241	4,250,500	-	77,024,116
Reclassification of domestic liabilities	-	-	-	-	-	-	-	-	-	-	-	2,000,000
Restated balance as at 1 July 2007	30,000	4,035,471	43,741,369	7,918,489	-	12,167,046	-	1,120,000	3,761,241	4,250,500	-	79,024,116
Net profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	51,759,237	51,759,237
Appropriation to other reserves	-	2,228,220	10,490,618	-	7,512,084	550,000	-	166,400	1,445,680	-	(22,393,002)	-
Transferred to Small Enterprise Fund	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-	-	-
Transferred to Housing Refinance Fund	-	-	-	-	-	-	2,000,000	-	-	-	(2,000,000)	-
Distribution payable to Government	-	-	-	-	-	-	-	-	-	-	(27,366,235)	(27,366,235)
Balance as at 30 June 2008	30,000	6,263,691	54,231,987	7,918,489	7,512,084	11,717,046	5,000,000	1,286,400	5,206,921	4,250,500	-	103,417,118
Net profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	(5,715,633)	(5,715,633)
Revaluation surplus	-	-	-	13,202,978	-	-	-	-	-	-	-	13,202,978
Appropriation to the other reserves	-	74,302	(37,303,359)	-	6,455,421	550,000	-	164,000	1,017,907	-	29,041,729	-
Transferred to Small Enterprise Fund	-	-	-	-	-	-	3,000,000	-	-	-	(3,000,000)	-
Transferred to Housing Refinance Fund	-	-	-	-	-	-	3,000,000	-	-	-	(3,000,000)	-
Released from revaluation surplus on derecognition of asset	-	-	-	(1,410)	-	-	-	-	-	-	1,410	-
Distribution payable to Government	-	-	-	-	-	-	-	-	-	-	(17,327,506)	(17,327,506)
Balance as at 30 June 2009	30,000	6,337,993	16,928,628	21,120,057	13,967,505	12,267,046	11,000,000	1,450,400	6,224,828	4,250,500	-	93,576,957

Bangladesh Bank
Statement of Changes in Equity for the year ended 30 June 2009

Particulars	Capital	Revaluation reserve			Currency fluctuation reserve	Statutory fund	Non statutory funds	Asset renewal and replacement reserve	Interest reserve	General reserve	Retained earnings	Total
		Gold and silver	Foreign currency accounts	Property, plant and equipment								
Balance as at 1 July 2007	30,000	4,035,471	43,741,369	7,918,489	-	12,167,046	-	1,120,000	3,761,241	4,250,500	2,790,114	79,814,230
Reclassification of domestic liabilities	-	-	-	-	-	-	2,000,000	-	-	-	-	2,000,000
Restated balance as at 1 July 2007	30,000	4,035,471	43,741,369	7,918,489	-	12,167,046	2,000,000	1,120,000	3,761,241	4,250,500	2,790,114	81,814,230
Net profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	52,154,967	52,154,967
Appropriation to other reserves	-	2,228,220	10,490,618	-	7,512,084	550,000	-	166,400	1,445,680	50,000	(22,443,002)	-
Revaluation surplus	-	-	-	1,347,797	-	-	-	-	-	-	-	1,347,797
Transferred to Small Enterprise Fund	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-	-	-
Transferred to Housing Refinance Fund	-	-	-	-	-	-	2,000,000	-	-	-	(2,000,000)	-
Distribution payable to Government	-	-	-	-	-	-	-	-	-	-	(27,366,235)	(27,366,235)
Balance as at 30 June 2008	30,000	6,263,691	54,231,987	9,266,286	7,512,084	11,717,046	5,000,000	1,286,400	5,206,921	4,300,500	3,135,844	107,950,759
Recognition of deferred tax liability on revaluation surplus of subsidiary	-	-	-	(658,694)	-	-	-	-	-	-	-	(658,694)
Restated balance as at 1 July 2008	30,000	6,263,691	54,231,987	8,707,592	7,512,084	11,717,046	5,000,000	1,286,400	5,206,921	4,300,500	3,135,844	107,392,065
Net profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	(5,117,148)	(5,117,148)
Revaluation surplus	-	-	-	13,202,978	-	-	-	-	-	-	-	13,202,978
Appropriation to other reserves	-	74,302	(37,303,359)	-	6,455,421	550,000	-	164,000	1,017,907	50,000	28,991,729	-
Transferred to Small Enterprise Fund	-	-	-	-	-	-	3,000,000	-	-	-	(3,000,000)	-
Transferred to Housing Refinance Fund	-	-	-	-	-	-	3,000,000	-	-	-	(3,000,000)	-
Released from revaluation surplus on derecognition of asset	-	-	-	(1,410)	-	-	-	-	-	-	1,410	-
Distribution payable to Government	-	-	-	-	-	-	-	-	-	-	(17,327,506)	(17,327,506)
Balance as at 30 June 2009	30,000	6,337,993	16,928,628	21,909,160	13,967,505	12,267,046	11,000,000	1,450,400	6,224,828	4,350,500	3,684,329	98,150,389

Bangladesh Bank		
Statement of Cash Flows For the year ended 30 June 2009		
	2009	2008
	Taka '000	Taka '000
A) Cash flows from operating activities		
Interest received	29,219,609	38,136,592
Interest paid	(1,430,994)	(3,907,204)
Fees, commission and other income received	1,074,328	385,013
Commission and discounts paid	(1,698,739)	(1,915,692)
Payments to employees and suppliers	(4,407,483)	(3,728,841)
(Increase)/decrease in operating assets:		
Funds advanced to customers	(1,577,938)	(6,367,463)
Other assets	35,877	1,518,133
Increase/(decrease) in operating liabilities:		
Deposits from commercial banks	119,912,259	32,879,063
Other liabilities	8,548,894	(9,917,258)
Net cash inflow/(outflow) from operating activities	149,675,814	47,082,343
B) Cash flows from investing activities		
Dividends received	50,000	50,000
Investments income	1,666,289	2,071,807
Investments in foreign treasury bills and bonds	(157,998,840)	22,384,336
Other investments	2,941,488	(5,618,451)
Investments in Govt. Securities	(29,554,500)	(186,205)
Short term investments	49,988,554	(29,278,160)
Investments in foreign currencies	(15,276,302)	(43,920,590)
Investments in debentures	838,334	383,333
Additions to property, plant and equipment	(529,756)	(383,081)
IMF outstanding	(4,477,559)	16,948,678
Net cash provided by/(used in) investing activities	(152,352,292)	(37,548,333)
C) Cash flows from financing activities		
Payments of surplus to the Government	(27,366,235)	(21,931,584)
Notes in circulation	37,814,047	68,252,523
Short term borrowings	(7,950,000)	(55,712,719)
Net cash provided by/(used in) financing activities	2,497,812	(9,391,780)
D) Net increase/(decrease) in cash and cash equivalents	(178,666)	142,230
E) Opening cash and cash equivalents	317,643	175,413
F) Closing cash and cash equivalents (D+E)	138,977	317,643

Bangladesh Bank		
Consolidated Statement of Cash Flows for the year ended 30 June 2009		
	2009	2008
	Taka '000	Taka '000
A) Cash flows from operating activities		
Interest received	29,494,181	38,348,837
Interest paid	(1,430,994)	(3,907,204)
Receipts from customers	1,319,022	1,124,319
Fees, commission and other income received	1,074,328	414,434
Commission and discounts paid	(1,698,738)	(1,865,692)
Income tax paid	96,545	(362,918)
Payments to employees and suppliers	(5,474,826)	(4,853,450)
(Increase)/decrease in operating assets:		
Funds advanced to customers	(1,575,675)	(6,365,370)
Other assets	(211,913)	1,444,507
Increase/(decrease) in operating liabilities:		
Deposits from commercial banks	119,912,259	32,879,063
Other liabilities	8,516,480	(7,933,595)
Net cash inflow/(outflow) from operating activities	150,020,669	48,922,931
B) Cash flows from investing activities		
Dividends received	-	-
Investments income	1,666,289	2,042,386
Investments in foreign treasury bills and bonds	(157,998,840)	22,384,336
Other investments	2,806,762	(5,694,473)
Investments in Govt. Securities	(29,554,500)	(186,205)
Short term investments	49,988,554	(29,278,160)
Investments in foreign currencies	(15,276,302)	(43,920,590)
Investments in debentures	838,334	383,333
Additions to property, plant and equipment	(560,688)	(1,735,824)
IMF outstanding	(4,477,559)	16,948,678
Net cash provided by/(used in) investing activities	(152,567,950)	(39,056,519)
C) Cash flows from financing activities		
Payments of surplus to the Government	(27,366,235)	(21,931,584)
Notes in circulation	37,814,047	68,252,523
Short term borrowings	(7,950,000)	(55,712,719)
Net cash provided by/(used in) financing activities	2,497,812	(9,391,780)
D) Net increase/(decrease) in cash and cash equivalents	(49,469)	474,632
E) Opening cash and cash equivalents	1,672,210	1,197,578
F) Closing cash and cash equivalents (D+E)	1,622,741	1,672,210

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

1. Reporting entity

Bangladesh Bank (the "Bank"), a body corporate, is the central bank of Bangladesh, established on 16 December 1971 under the Bangladesh Bank Order 1972 and is domiciled in Bangladesh. The Head Office of the Bank is situated at Motijheel Commercial Area, Dhaka. The Bank's activities mainly include formulating and implementing monetary policy and credit system of Bangladesh with a view to stabilising domestic monetary value and maintaining a competitive external par value of the Bangladesh Taka towards fostering growth and development of country's productive resources in the best national interest, acting as an agent of the Government of Bangladesh, to promote, regulate and ensure a secure and efficient payment system including issue of currency, holding and management of the official foreign reserves of Bangladesh and to formulate and implement intervention policies in the foreign exchange market, to give advice to the Government on the interaction of monetary policy with fiscal and exchange rate policy, on the impact of various policy measures on the economy and to propose legislative measures it considers necessary or appropriate to attain its objectives and perform its functions, to regulate and supervise banking companies and financial institutions.

2. Basis of preparation

2.1 Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 30 August 2009.

2.2 Basis of measurement

The financial statements are prepared on a historical cost basis except for the following:

- Foreign currency accounts are measured at the reporting date by retranslating to the functional currency.
- Assets held with IMF are measured at fair value.
- Government of Bangladesh treasury bills and overdraft are measured at amortised cost.
- Loans to banks, financial institutions and employees are measured at amortised cost.
- Gold and silver are measured at fair value.
- Property, plant and equipment are measured at revalued amounts.

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 38 (i): financial risk management.

3 Significant accounting policies

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

Certain comparative amounts have been reclassified to conform with the current year's presentation.

3.1 Basis of consolidation

(a) Subsidiary

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

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

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

(b) *Transactions eliminated on consolidation*

Inter-Group balances and transactions and any unrealised gains arising from inter-Group transactions are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency transactions

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

3.3 Financial assets and liabilities

Financial assets comprise foreign assets (excluding gold and silver held at designated office), investments, cash and cash equivalents, loans and advances (loans to Government, banks, financial institutions and employees) and Government treasury bills and overdrafts. Financial liabilities comprise foreign liabilities, notes in circulation, deposits from banks and financial institutions and short-term borrowings.

(a) *Recognition and initial measurement*

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

Financial assets and liabilities are initially measured at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the assets or liabilities.

(b) *Classification and subsequent measurement*

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

- (i) Financial assets at fair value through profit or loss (held for trading assets)

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

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

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

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

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

Foreign currency accounts, investment in foreign bonds, US Dollar and EURO treasury bills and assets held with IMF are classified as financial assets held for trading. At each reporting date, these are measured at fair value.

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

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

At the reporting date, the Group did not have any financial assets and financial liabilities that were, upon initial recognition, designated as at fair value through profit and loss.

- (i) Held-to-maturity investments

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

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

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

Short term investments with overseas commercial banks, investment in debentures of the Bangladesh House Building Finance Corporation (HBFC), Treasury bills, Treasury bonds and short term money market investments are classified as held-to-maturity investments. At each reporting date, these are measured at amortised cost using the effective interest method.

- (iii) Loans and receivables
- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:
- those that the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the Group has, upon initial recognition, designated as at fair value through profit or loss;
 - those that the Group has, upon initial recognition, designated as available for sale; or
 - those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available for sale.

Loans to other foreign banks, Government of Bangladesh overdraft, loans and advances to Government and loans and advances to banks, financial institutions and staffs are classified as loans and receivables. At each reporting date, these are measured at amortised cost using the effective interest method.

- (iv) Available-for-sale financial assets
- Available-for-sale financial assets are those non-derivative financial assets that the Group has designated as available for sale or has not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.
- Swift shares, shares of ICB Islamic Bank Ltd. are classified as available-for-sale financial assets. Swift shares are measured at cost as there is no quoted market price for these shares and their fair value cannot be reliably measured.

- (v) Financial liabilities at fair value through profit or loss
- Foreign liabilities classified as financial liabilities at fair value through profit or loss are measured at fair value at each reporting date. At the reporting date, liabilities with the IMF were classified as at fair value through profit or loss.

- (vi) Financial liabilities carried at amortised cost
- Short-term borrowings (reverse repo), notes in circulation, deposits from banks and financial institutions are financial liabilities which are carried at amortised cost at the reporting date.

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

- (c) *Amortized cost measurement principles*

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

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

- (d) *Fair value measurement principles*

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

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

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

- (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 directly in equity. When the financial assets are sold, collected or otherwise disposed of the cumulative gain or loss recognized in equity is transferred to the income statement.

Gains and losses arising from a change in the fair value of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in the income statement.

- (f) *De-recognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

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

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

(g) Identification and measurement of impairment

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

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

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

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

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

(h) Off-setting

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

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

3.4 Foreign currency accounts

Foreign currency accounts comprise balances held in current accounts maintained with different central banks and with foreign commercial banks in designated foreign currencies. These are measured at each reporting date by translating to the functional currency at exchange rates prevailing at that date. Gains and losses arising upon translation are recognised in the income statement and are subsequently transferred from retained earnings to revaluation reserve - foreign currency accounts.

3.5 Foreign investments

Foreign investments comprise short term interest bearing deposits held with overseas commercial banks and with offshore banking units of local commercial banks for periods ranging from 1 to 3 months in designated foreign currencies, US dollar and Euro treasury bills purchased at a discount and interest bearing foreign bonds. These are measured at each reporting date by translating the amortised cost in foreign currency to the functional currency at the exchange rate at that date. Gains and losses arising upon translation are recognised in the income statement and are subsequently transferred from retained earnings to revaluation reserve - foreign currency accounts.

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

(a) Transactions with IMF

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

(b) Assets held with IMF

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

(c) Liabilities with the IMF

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

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

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

3.7 Other foreign assets

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

3.8 Cash and cash equivalents

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

3.9 Loans to the Government

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

Ways and Means advance

When total payments to the Government exceed total deposits from the Government, the excess of payments over receipts, with a limit not exceeding Taka 10,000 million, is treated as Ways and Means advance with interest being charged thereon at the reverse repo rate. Ways and Means advance is realised only after realisation of Government overdraft-current account balance in full.

Government of Bangladesh- Overdraft and treasury bills

These represent Government overdraft-block and Government overdraft - current accounts, as well as Government treasury bills and bonds. Government borrowings in excess of the Taka 10,000 million limit set for Ways and Means advances are recognised as Government overdraft - current. Interest is charged thereon at a rate one percent higher than the reverse repo rate. Any recovery or surplus realised by the Bank from the Government is first applied to the overdraft-current account balance. Any surplus remaining after adjustment of the overdraft-current balance in full is then applied to Ways and Means advance.

Government treasury bills and bonds are the securities which are purchased and held by the Bank when commercial banks and financial institutions do not purchase them from the Government. These are measured at amortised cost at each reporting date.

3.10 Investment in shares and debentures

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

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

3.11 Loans to banks, financial institutions and employees

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

3.12 Gold and silver

Gold and silver comprise gold and silver held at the Mojibheel branch of the Bank. Gold and silver are revalued at market prices at the reporting date. Gains and losses arising from revaluation are recognised in the income statement. Gains are transferred from retained earnings to revaluation reserve - gold and silver.

3.13 Property, plant and equipment

(a) Recognition and measurement

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

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

(b) Revaluation

The Bank revalued its land as at 30 June 2009 by an independent valuer, M/s Ahmad & Akhter, Chartered Accountants. Other items of property, plant and equipment were last revalued in 2004. Further revaluations were deemed unnecessary as it was assessed that the fair values of the revalued assets did not differ materially from their carrying amounts.

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

- (i) Land was revalued on a reasonable approximation basis. Valuer applied their knowledge of recorded land sales in the respective areas to land measurement established at last valuation.
- (ii) Buildings, capital work in progress and electrical installation and gas installation were revalued in 2004 on the basis of fair values of materials, labour and direct overheads used in construction and installation.
- (iii) Mechanical equipment, fixture and fittings and motor vehicles were revalued in 2004 on the basis of replacement costs.

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

(c) Subsequent costs

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

(d) Depreciation

Depreciation is recognized in profit or loss, on a diminishing balance basis on building, mechanical equipment, fixture and fittings used at office premises and gas installation and, on a straight-line basis on motor vehicles, fixture and fittings used at staff quarters and electrical installation over their estimated useful lives. Land and capital work in progress are not depreciated. The rates used for depreciation are as follows:

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

3.14 Securities borrowing, lending business and repurchase transactions

In course of its financial market operations, Bangladesh Bank engages in repurchase agreements involving domestic Government treasury bills. When the Group 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 ("repo"), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements. Similarly, when commercial banks sell a financial asset to the Group and simultaneously enter into an agreement to repurchase the asset at a fixed price on a future date, the arrangement is accounted for as a loan, and the underlying asset is not recognised in the Group's financial statements.

3.15 Employee benefits

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

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

- (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.

3.16 Short-term employee benefits

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

3.17 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 consisting of both defined contribution plans and defined benefit plans.

(a) Defined contribution plans

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

(i) Contributory provident fund

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

(b) Defined benefit plans

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

(i) General provident fund

The employees contribute at various rates of their basic salaries to the fund. No contributions are made by the Bank for the above fund. The provident fund invests in various securities and the Bank has committed a return of 12.5%. Any shortfall in the return from investments is funded by the Bank by charging in its income statement.

(ii) Pension scheme

The Bank actuarially valued its pension liabilities in the year 2006. The defined benefit liability arising thereof is recognised in the income statement as an expense.

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

(iii) *Gratuity scheme*

On retirement the employees are entitled to receive two months of final basic salary for every year of service. The Bank actuarially valued its gratuity scheme in the year 2006. The liability arising thereof is recognised in the income statement as an expense.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

3.18 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. Unutilized leave is encashable on retirement and provided for in full in the accounts for 2008-2009. Medical allowance is payable for each employee and accounted for on a cash basis.

3.19 Provisions

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

- (i) A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligations a reliable estimate can be made of the amount of the obligation;
- (ii) A legal obligation is an obligation that derives from a contract, legislation or other operation of law. A constructive obligation is an obligation that derives from an entity's actions such as by an established pattern of past practice published policies etc.
- (iii) The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.
- (iv) Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation.
- (v) Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
- (vi) Provisions are used for expenditures for which the provisions was originally recognised.

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

3.20 Currency in circulation

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

3.21 Off-balance sheet items

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

3.22 Interest income and expense

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

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

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.

3.23 Commission and discounts - fee and commission income

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 realized from the staff etc.

3.24 Dividend income

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

3.25 Realised foreign exchange gain

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

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

3.26 Income tax

(a) Bangladesh Bank

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

(b) Subsidiary

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

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

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

3.27 Subsequent events

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

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

	2009 Taka '000	2008 Taka '000
4 Foreign currency accounts	<u>85,346,246</u>	<u>100,917,882</u>

The amount represents the equivalent accumulated value of different foreign currencies held with other Central Banks and balances on overnight deposits with commercial banks.

5 Foreign investments

Short term investments with overseas commercial banks	123,626,082	292,570,486
US Dollar Treasury Bills	168,961,755	9,759,860
Loans advanced under repo facilities	118,955,850	-
Gold investment	3,476,890	3,418,810
Foreign Bonds	4,797,776	6,000,831
	<u>419,818,353</u>	<u>311,749,987</u>

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

6 IMF related assets and liabilities

Assets		
Quota	57,167,057	59,703,729
Less: security account	(54,996,940)	(58,610,492)
IMF No 1 A/C	<u>(2,138,384)</u>	<u>(1,062,106)</u>
Reserve tranche	31,733	31,131
SDR holding	656,801	50,425
	<u>688,534</u>	<u>81,556</u>

Liabilities		
IMF No 2 A/C & Emergency Natural Disaster Assistance	12,983,889	14,062,567
SDR allocation	5,051,025	5,275,154
Loan under the Poverty Reduction and Growth Facility	<u>32,890,621</u>	<u>35,458,395</u>
	<u>50,925,535</u>	<u>54,796,116</u>

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

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

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

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

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

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

	<u>2009</u>	<u>2008</u>
	<u>Taka '000</u>	<u>Taka '000</u>
7 Other foreign assets		
Loans to other banks	6,761,819	9,704,383
Swift shares	80	80
Interest receivable	365,644	2,236,382
	<u>7,127,543</u>	<u>11,940,845</u>
Less: Provision for loan losses	(308,080)	(310,344)
Total other assets	<u>6,819,463</u>	<u>11,630,501</u>

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

8 Cash and cash equivalents	<u>138,977</u>	<u>317,643</u>
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The amount represents the face value of unissued one and two taka coins and notes held by the Bank purchased from the Government at respective face values and the balance of Taka notes held with the Banking Department.

8a Consolidated cash and cash equivalents	<u>1,622,741</u>	<u>1,672,210</u>
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These figures should be read in conjunction with additional disclosures in note no.44 & 44a.

9 Loans to the government

Loans to the government consist of "Ways & Means" advance provided to the government, as well as credit facilities provided to the government in the form of overdraft (block and current), and government treasury bills and bonds. Ways & Means advance represent loans provided to the government that are limited to a maximum of Taka 10,000 million. Interest is earned on this advance as per rate applied for reverse repo. Government borrowings in excess of Taka 10,000 million are debited to the overdraft-current account.

Ways and Means advance	10,000,000	10,000,000
Overdraft - block (government treasury bills)	208,300,000	208,300,000
Overdraft - current	29,678,500	12,662,700
Treasury bills	16,381,652	19,418,293
Treasury bonds	20,380,871	4,805,530
	<u>284,741,023</u>	<u>255,186,523</u>

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

10 Investments in shares and debentures

Debenture - House Building Finance Corporation	7,580,833	8,419,167
Investment in subsidiary (Note 10.1)	500,000	500,000
	<u>8,080,833</u>	<u>8,919,167</u>

10.1 Investment in subsidiary

The Bank holds 100% of the share capital of the Security Printing Corporation (Bangladesh) Ltd.

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

	<u>2009</u>	<u>2008</u>
	<u>Taka '000</u>	<u>Taka '000</u>
10a Consolidated investments		
Debenture - House Building Finance Corporation	7,580,833	8,419,167
Short term money market investments	1,152,688	1,076,868
Shares- ICB Islamic Bank Ltd.	7,452	-
Others	51,454	-
	<u>8,792,427</u>	<u>9,496,035</u>

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

11 Loans to banks, financial institutions and employees

(i) Loans to banks and financial institutions

State owned banks:

Commercial banks

Specialised banks

Provision for impairment

Other banks and financial institutions:

Private banks

Other loans and advances

Interest receivable

(ii) Loans and advances to employees

Loans and advances to employees

Provision for loan losses

Total loans (i + ii)

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

12 Gold and silver

Gold	3,852,086	3,788,994
Silver	173,800	219,594
	<u>4,025,886</u>	<u>4,008,588</u>

13. Property, plant and equipment

Particulars	Cost and revaluation		Depreciation				Carrying value	
	As at 1 July 2008	Revaluation	As at 1 July 2008	Changed for the year	As at 30 June 2009	Disposal	As at 30 June 2009	As at 30 June 2008
Land	7,188,215	13,202,978	-	-	20,391,193	-	20,391,193	7,188,215
Building	2,168,460	265,637	5%	94,235	2,434,097	7,787	438,327	1,957,770
Mechanical equipment	637,345	416,487	10%-20%	76,885	988,518	22,408	290,633	686,285
Fixture and fittings	118,682	1,361	10%	9,476	130,028	31	41,220	88,808
Motor vehicles	67,843	15,644	20%	38,332	76,051	1,388	50,336	25,915
Electrical installation	74,626	7,053	20%	36,030	80,598	13,088	48,088	39,596
Gas installation	1,536	-	20%	-	1,536	312	756	780
	<u>10,556,707</u>	<u>13,202,978</u>		<u>716,182</u>	<u>24,100,781</u>	<u>31,650</u>	<u>883,190</u>	<u>23,227,591</u>
								<u>9,562,065</u>

Land as at 30 June 2009 was revalued by Atmad & Akhtar, Chartered Accountants. The net surplus arising from the valuation has been recognised directly in equity.

13a. Consolidated property, plant and equipment

Particulars	Cost and revaluation		Depreciation				Carrying value	
	As at 1 July 2008	Revaluation	As at 1 July 2008	Changed for the year	As at 30 June 2009	Disposal	As at 30 June 2009	As at 30 June 2008
Land	8,166,445	13,202,978	-	-	21,369,423	-	21,369,423	8,166,445
Building	2,902,069	296,195	5%	122,257	2,795,937	446,114	355,210	2,404,727
Mechanical equipment	1,575,961	430,471	10%-20%	124,175	1,939,518	22,408	1,049,388	890,150
Fixture and fittings	147,197	18,806	10%	11,611	165,988	31	64,597	101,381
Motor vehicles	86,373	18,114	20%	44,697	97,051	1,398	65,522	31,529
Electrical installation	74,626	7,053	20%	13,088	80,958	-	48,098	32,860
Gas installation	1,536	-	20%	312	1,536	26	756	780
	<u>12,954,207</u>	<u>13,202,978</u>		<u>1,767,408</u>	<u>26,414,411</u>	<u>469,877</u>	<u>1,563,551</u>	<u>24,830,860</u>
								<u>11,186,799</u>

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

	<u>2009</u>	<u>2008</u>
	<u>Taka '000</u>	<u>Taka '000</u>
14 Other domestic assets		
Interest receivable	449,783	475,207
Prepayments and advances	814,824	853,370
Stock	24,085	24,863
Unutilised CBSP Fund	36,937	35,754
	<u>1,325,629</u>	<u>1,389,194</u>

14a Consolidated other domestic assets		
Interest receivable	509,066	534,597
Prepayments and advances	414,466	80,584
Stock	1,439,745	24,863
Unutilised CBSP Fund	36,937	35,754
Sundry debtors	355,077	1,895,375
	<u>2,755,291</u>	<u>2,571,173</u>

15 Deposits from banks and financial institutions		
Foreign currency deposits by commercial banks	66,406,557	52,274,773
Asian Clearing Union (ACU)	32,322,864	40,464,584
	<u>98,729,421</u>	<u>92,739,357</u>

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

16 Other foreign liabilities	<u>1,144,570</u>	<u>1,107,809</u>
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Other foreign liabilities represent the amount payable to Japan Government to meet up the obligation of Japan debt relief grant.

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

17 Notes in circulation		
Notes in circulation represents currency issued having a claim on Bangladesh Bank.		
The liability for notes in circulation is recorded at its face value in the balance sheet. In accordance with the Bangladesh Bank Order 1972, these liabilities are supported by the following assets:		
Gold	3,652,086	3,788,994
Silver	173,800	219,594
Balance held outside Bangladesh	155,000,000	120,000,000
Bangladesh government securities	199,737,820	196,445,118
Bangladesh coins	137,451	313,404
Other loans and advances	30,800,255	31,120,255
	<u>389,701,412</u>	<u>351,887,365</u>

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

18 Short term borrowings		
Reverse repo	-	7,950,000

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

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

	<u>2009</u>	<u>2008</u>
	<u>Taka '000</u>	<u>Taka '000</u>
19 Deposits from banks and financial institutions		
State owned commercial banks	80,398,752	35,302,236
Government specialised banks	14,864,955	6,544,961
Private banks	120,024,900	66,275,657
Foreign banks	16,308,164	9,946,434
Financial institutions	1,354,434	996,483
	<u>232,951,205</u>	<u>119,065,771</u>

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

20 Other domestic liabilities		
Government deposits	2,175,121	1,098,019
Surplus profit payable to government (Note 20.1)	17,327,506	27,366,235
Other deposits	9,308,112	5,991,483
Bank notes adjusting account - demonetized Pakistani notes	18,540	18,540
Sundry creditors account	1,659,095	2,063,305
Interest suspense account	607	552
Deposits from donor agencies	15,548,873	11,319,091
Inter-branch adjustments (suspense)	248,808	189,503
Credit guarantee scheme for small industrial investors	2,910,350	2,676,387
Provision for pension	1,730,197	2,142,763
Provision for gratuity	1,210,617	1,166,679
Provision for leave encashment	9,327	78,657
Provision for legal obligation	1,407,470	1,123,228
Small and Medium Enterprise Fund - Government	329,889	296,662
Loan from Government of Bangladesh (CBSP)	453	508
Miscellaneous	<u>53,884,965</u>	<u>55,780,420</u>

20a Consolidated other domestic liabilities		
Government deposits	2,175,121	1,098,019
Surplus profit payable to government (Note 20.1)	17,327,506	27,366,235
Other deposits	9,308,112	5,991,483
Bank notes adjusting account - demonetized Pakistani notes	18,540	18,540
Sundry creditors account	1,059,095	1,663,305
Interest suspense account	607	552
Deposits from donor agencies	15,548,873	11,319,091
Inter-branch adjustments (suspense)	-	189,503
Credit guarantee scheme for small industrial investors	248,808	248,808
Provision for pension	2,910,350	2,676,387
Provision for gratuity	1,730,197	2,142,763
Provision for leave encashment	1,210,617	1,166,679
Provision for legal obligation	9,327	78,657
Loan from Government of Bangladesh (CBSP)	1,407,470	296,662
Small and Medium Enterprise Fund - Government	329,889	1,123,228
Deferred tax liability	521,297	558,694
Miscellaneous	453	508
Others - subsidiary	731,059	629,531
	<u>54,537,321</u>	<u>56,568,645</u>

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

20.1 Surplus profit payable to government	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>2009</u></td> <td style="text-align: right;"><u>2008</u></td> </tr> <tr> <td></td> <td style="text-align: right;">Taka '000</td> <td style="text-align: right;">Taka '000</td> </tr> <tr> <td>Opening balance</td> <td style="text-align: right;">27,366,235</td> <td style="text-align: right;">21,931,584</td> </tr> <tr> <td>Payments made during the year (Note 20.2)</td> <td style="text-align: right;">(27,366,235)</td> <td style="text-align: right;">(21,931,584)</td> </tr> <tr> <td>Realised from derecognition of revalued asset</td> <td style="text-align: right;">1,410</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Share of current year's profit</td> <td style="text-align: right;">17,326,096</td> <td style="text-align: right;">27,366,235</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>17,327,506</u></td> <td style="text-align: right;"><u>27,366,235</u></td> </tr> </table>		<u>2009</u>	<u>2008</u>		Taka '000	Taka '000	Opening balance	27,366,235	21,931,584	Payments made during the year (Note 20.2)	(27,366,235)	(21,931,584)	Realised from derecognition of revalued asset	1,410	-	Share of current year's profit	17,326,096	27,366,235		<u>17,327,506</u>	<u>27,366,235</u>
	<u>2009</u>	<u>2008</u>																				
	Taka '000	Taka '000																				
Opening balance	27,366,235	21,931,584																				
Payments made during the year (Note 20.2)	(27,366,235)	(21,931,584)																				
Realised from derecognition of revalued asset	1,410	-																				
Share of current year's profit	17,326,096	27,366,235																				
	<u>17,327,506</u>	<u>27,366,235</u>																				
20.2	According to Article 64 of the Order, after making provision for bad and doubtful debts, depreciation in assets, contributions to staff superannuation fund and for all other matters for which provisions have to be made by or under the Order or which are usually provided for by the bankers, the balance of the profits shall be paid to the government.																					
21 Capital	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>30,000</u></td> <td style="text-align: right;"><u>30,000</u></td> </tr> </table>		<u>30,000</u>	<u>30,000</u>																		
	<u>30,000</u>	<u>30,000</u>																				
At 30 June 2009 the authorized and subscribed capital as per Bangladesh Bank Order 1972, was Tk. 30 million. The entire capital of the Bank stands vested in and allocated to the Government as per para 4(1) & 4(2) of the Order.																						
22 Revaluation reserve - gold and silver	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>6,337,993</u></td> <td style="text-align: right;"><u>6,263,691</u></td> </tr> </table>		<u>6,337,993</u>	<u>6,263,691</u>																		
	<u>6,337,993</u>	<u>6,263,691</u>																				
The Bank credited the gain on revaluation on gold and silver to the income statement and subsequently transferred it to a separate account (revaluation reserve - gold and silver), which forms part of equity.																						
23 Revaluation reserve - foreign currency accounts	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>16,928,628</u></td> <td style="text-align: right;"><u>54,231,987</u></td> </tr> </table>		<u>16,928,628</u>	<u>54,231,987</u>																		
	<u>16,928,628</u>	<u>54,231,987</u>																				
During the year the Bank faced significant foreign exchange revaluation losses. These revaluation losses were taken to the income statement and subsequently adjusted against the revaluation reserve-foreign currency accounts, which forms part of equity.																						
24 Currency fluctuation reserve	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>13,967,505</u></td> <td style="text-align: right;"><u>7,512,084</u></td> </tr> </table>		<u>13,967,505</u>	<u>7,512,084</u>																		
	<u>13,967,505</u>	<u>7,512,084</u>																				
The bank credited the realized gain on revaluation of foreign currencies to the income statement and transferred the same to a separate account (currency fluctuation reserve account), which forms part of equity.																						
25 Statutory funds	<table border="0"> <tr> <td></td> <td style="text-align: right;">4,400,000</td> <td style="text-align: right;">4,200,000</td> </tr> <tr> <td>Rural credit fund</td> <td style="text-align: right;">25.1</td> <td style="text-align: right;">25.2</td> </tr> <tr> <td>Agricultural credit stabilization fund</td> <td style="text-align: right;">4,400,000</td> <td style="text-align: right;">4,200,000</td> </tr> <tr> <td>Export credit fund</td> <td style="text-align: right;">1,300,000</td> <td style="text-align: right;">1,300,000</td> </tr> <tr> <td>Industrial credit fund</td> <td style="text-align: right;">1,287,852</td> <td style="text-align: right;">1,137,852</td> </tr> <tr> <td>Credit guarantee fund</td> <td style="text-align: right;">879,194</td> <td style="text-align: right;">879,194</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,267,046</u></td> <td style="text-align: right;"><u>11,717,046</u></td> </tr> </table>		4,400,000	4,200,000	Rural credit fund	25.1	25.2	Agricultural credit stabilization fund	4,400,000	4,200,000	Export credit fund	1,300,000	1,300,000	Industrial credit fund	1,287,852	1,137,852	Credit guarantee fund	879,194	879,194		<u>12,267,046</u>	<u>11,717,046</u>
	4,400,000	4,200,000																				
Rural credit fund	25.1	25.2																				
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	<u>12,267,046</u>	<u>11,717,046</u>																				
Statutory funds were created and maintained as per provisions of the Bangladesh Bank Order, 1972 and appropriations from profits are made in consultation with the Government of Bangladesh.																						

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

25.1 Rural credit fund	This fund was created as per Article 60(1) of Bangladesh Bank Order, 1972 for making of short term, medium term and long term loans and advances to co-operative banks, scheduled banks and rural credit agencies. An appropriation of Taka 200 million was made for this fund during the year.																		
25.2 Agricultural credit stabilization fund	This fund was created as per Article 61 of Bangladesh Bank Order, 1972 for making of loans and advances to Apex Co-operative Bank. An appropriation of Taka 200 million was made for this fund during the year.																		
25.3 Export credit fund	As per Article 63 of Bangladesh Bank Order, 1972 this fund was created for making of medium term and short term loans and advances to scheduled banks and other credit institutions for financing export from Bangladesh. No appropriation was made for this fund during the year.																		
25.4 Industrial credit fund	As per Article 62 of Bangladesh Bank Order, 1972 the fund was created for making of medium term and long term loans and advances to co-operative banks. An appropriation of Taka 150 million was made for this fund during the year.																		
25.5 Credit guarantee fund	As per clause 24 of Article 16 of Bangladesh Bank Order, 1972 the Fund was created by appropriating profit every year as per decision of the Board of Directors to cover the loss sustained by scheduled banks for making small loans to cottage industries. No appropriation was made for this fund during the year.																		
26 Non statutory funds	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>2009</u></td> <td style="text-align: right;"><u>Restated</u></td> </tr> <tr> <td></td> <td style="text-align: right;">Taka '000</td> <td style="text-align: right;">2008</td> </tr> <tr> <td></td> <td style="text-align: right;">Taka '000</td> <td style="text-align: right;">Taka '000</td> </tr> <tr> <td>Small and Medium Enterprise Fund - Bank</td> <td style="text-align: right;">6,000,000</td> <td style="text-align: right;">3,000,000</td> </tr> <tr> <td>Housing refinance fund</td> <td style="text-align: right;">5,000,000</td> <td style="text-align: right;">2,000,000</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>11,000,000</u></td> <td style="text-align: right;"><u>5,000,000</u></td> </tr> </table>		<u>2009</u>	<u>Restated</u>		Taka '000	2008		Taka '000	Taka '000	Small and Medium Enterprise Fund - Bank	6,000,000	3,000,000	Housing refinance fund	5,000,000	2,000,000		<u>11,000,000</u>	<u>5,000,000</u>
	<u>2009</u>	<u>Restated</u>																	
	Taka '000	2008																	
	Taka '000	Taka '000																	
Small and Medium Enterprise Fund - Bank	6,000,000	3,000,000																	
Housing refinance fund	5,000,000	2,000,000																	
	<u>11,000,000</u>	<u>5,000,000</u>																	
These funds were created as per clause 24 of Article 16 of Bangladesh Bank Order, 1972 for refinance to the scheduled banks and financial institutions against the loans and advances given to the small enterprise sector and housing refinance scheme. In the financial statements for the year 2007-2008, balances of these funds were presented as domestic liabilities.																			
These funds have been reclassified and are presented as part of equity in the current financial statements. Appropriation to those funds are made as per decision of the Board of Directors.																			
27 Interest reserve	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>6,224,828</u></td> <td style="text-align: right;"><u>5,206,921</u></td> </tr> </table>		<u>6,224,828</u>	<u>5,206,921</u>															
	<u>6,224,828</u>	<u>5,206,921</u>																	
This reserve was introduced in the financial year 2006-2007, and represents the interest accrued against the overdue loan of Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank. This is kept as a reserve on the grounds of prudence.																			
28 General reserve	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>4,250,500</u></td> <td style="text-align: right;"><u>4,250,500</u></td> </tr> </table>		<u>4,250,500</u>	<u>4,250,500</u>															
	<u>4,250,500</u>	<u>4,250,500</u>																	
As per Article 59 of Bangladesh Bank Order, 1972 securities of the value of Tk. 30 million was allocated by the government and held by the Bank as the general reserve. Further an amount of Taka 4220.5 million was transferred to the reserve from general provision.																			
28a Consolidated general reserve	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>4,350,500</u></td> <td style="text-align: right;"><u>4,300,500</u></td> </tr> </table>		<u>4,350,500</u>	<u>4,300,500</u>															
	<u>4,350,500</u>	<u>4,300,500</u>																	

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

	<u>2009</u>	<u>2008</u>
	<u>Taka '000</u>	<u>Taka '000</u>
29 Interest income - foreign currency operations		
Foreign currency	2,075,391	1,540,926
Short term deposits with commercial banks	4,449,631	14,802,749
Bonds	249,869	222,765
Interest on US dollar treasury bills	275,550	733,379
Others	10,340	472,160
	<u>7,060,781</u>	<u>17,771,979</u>
30 Commission and discounts - foreign currency operations		
Exchange gain	10,324	13,530
Valuation gain on bonds	<u>10,324</u>	<u>29,421</u>
		<u>42,951</u>
31 Interest expenses - foreign currency operations		
Deposits	530,696	1,809,570
Asian Clearing Union (ACU)	148,215	723,025
Paid to IMF	522,206	286,922
Interest on CBSP	3,190	2,695
	<u>1,204,307</u>	<u>2,822,212</u>
32 Commission and other expenses - foreign currency operations		
IMF - SDR allocation charges	<u>77,470</u>	<u>207,437</u>
	<u>77,470</u>	<u>207,437</u>
33 Interest income - domestic operations		
Trading securities	17,686,176	17,840,400
Ways and Means	579,004	239,164
Debentures	396,413	420,801
Demand loans and employee advances	3,101,082	3,130,920
Repo	<u>978,551</u>	<u>753,074</u>
	<u>22,741,226</u>	<u>22,384,359</u>
33a Consolidated interest income - domestic operations		
Trading securities	17,686,176	17,840,400
Ways and Means	579,004	239,164
Debentures	396,413	420,801
Demand loans and employee advances	3,101,082	3,130,920
Repo	978,551	753,074
Short term money market deposits	<u>274,465</u>	<u>230,046</u>
	<u>23,015,691</u>	<u>22,614,405</u>
34 Commission and discounts - domestic operations		
Commission	16,704	1,188
Others	<u>999,412</u>	<u>363,295</u>
	<u>1,016,116</u>	<u>364,443</u>

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

	<u>2009</u>	<u>2008</u>
	<u>Taka '000</u>	<u>Taka '000</u>
35 Interest expenses - domestic operations		
Interest paid on Bangladesh Bank bills	-	<u>798,480</u>
36 Commission and other expenses - domestic operations		
Commission paid on short term borrowings (reverse repo)	244,281	481,083
Agency charges	1,205,811	1,205,325
Under writing commission on treasury bills & bonds	143,726	-
CDBL charge	27,450	21,847
	<u>1,621,268</u>	<u>1,708,255</u>
37 General and administrative expenses		
Staff costs (Note 37.1)	1,761,762	2,375,976
Depreciation of plant and equipment	176,102	196,206
Note printing	1,560,826	1,079,543
Directors' fee	145	152
Audit fee	2,600	2,600
Stationery	35,121	31,886
Rent	76,164	77,362
Distribution of currency	16,997	17,289
Travel expenses	15,199	11,811
Donations	50,761	31,143
Telephone	18,248	25,793
Lunch	81,232	61,331
Staff bus	27,983	21,448
Repairs	78,281	75,680
Miscellaneous	537,000	422,404
	<u>4,438,421</u>	<u>4,430,624</u>
37.1 Staff costs		
Salary	894,213	752,538
House rent	293,151	289,404
Contribution to contributory provident fund	715	(12,555)
Subsidy of interest to contributory and general provident fund	-	30,080
Pension and gratuity	22,313	243,396
Leave encashment	59,212	54,502
General and incentive bonus	320,021	320,404
Income tax paid to government	25,501	13,070
Medical expenses	98,491	95,138
Other staff costs	<u>48,145</u>	<u>589,999</u>
	<u>1,761,762</u>	<u>2,375,976</u>

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

37a	<u>2009</u>	<u>2008</u>
	<u>Taka '000</u>	<u>Taka '000</u>
Consolidated general and administration expenses		
Staff costs (Note 37a.1)	1,933,777	2,510,141
Depreciation of plant and equipment	256,023	272,257
Audit fee	267	310
Director's fee	2,800	2,800
Stationery	35,121	31,886
Rent	76,164	77,362
Distribution of currency	16,997	17,289
Travel expenses	15,199	11,811
Donations	50,761	31,143
Telephone	18,248	25,793
Lunch	81,232	61,331
Staff bus	27,983	21,448
Repairs	78,281	75,680
Materials	1,629,513	1,225,616
Provision for WPPF	53,383	39,807
Income tax	365,794	310,617
VAT	123,410	94,625
Miscellaneous	618,470	529,343
	<u>5,383,423</u>	<u>5,339,259</u>

37a.1

Staff costs	2009	2008
	Taka '000	Taka '000
Salary	980,269	820,282
House rent	293,151	289,404
Contribution to contributory provident fund	715	(12,855)
Subsidy of interest to contributory and general provident fund	-	30,080
Pension and gratuity	31,503	248,450
Leave encashment	71,712	60,554
General and incentive bonus	338,548	338,069
Income tax paid to government	25,501	13,070
Medical expenses	96,491	97,921
Other staff costs	93,887	624,866
	<u>1,933,777</u>	<u>2,510,141</u>

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Risk management**(i) Financial risk management**

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

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

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

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

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 creates exposure to a range of operational and reputational risks.

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

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

The overall risk management framework is designed to strongly encourage the sound and prudent management of the Bank's risk. The Bank seeks to ensure the risk management framework is consistent with financial market best practice. The risks tables in this note are all based on Bangladesh Bank portfolio as reported in its balance sheet.

(ii) Operational risk

Operational risk is the risk of loss in both financial and non-financial terms resulting from human error and the failure of internal processes and systems. Managing operational risk is seen as an integral part of the day to day operations and management, which includes explicit consideration of both the opportunities and the risks of all business activities. Operational risk management includes bank-wide corporate policies that describe the standard required of staff and specific internal control systems designed around the particular characteristics of various Bank activities. Compliance with corporate policies and departmental internal control systems are managed by departmental management and an active internal audit function.

(iii) Credit risk

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

(iv) Credit risk management

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

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

(v) Concentration of credit exposure

The Bank's significant end of year concentrations of credit exposure were classified by industry of the issuer were as follows:

Bank	2009 Taka '000	Restated 2008 Taka '000
Government of Bangladesh	284,741,023	255,186,523
Other Sovereign issuers	204,302,096	100,917,882
Overseas financial institutions	301,184,813	311,749,987
Other banks & financial institution in Bangladesh	101,196,305	103,264,881
Others	827,511	399,199
	892,251,748	771,518,472
Consolidated		
Government of Bangladesh	284,741,023	255,186,523
Other Sovereign issuers	204,302,096	100,917,882
Overseas financial institutions	301,184,813	311,749,987
Other banks & financial institution in Bangladesh	101,907,899	103,841,749
Others	2,311,275	1,753,766
	894,447,106	773,449,907

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:

Bank	2009 Taka '000	Restated 2008 Taka '000
Bangladesh	399,220,680	368,229,787
Asia (excluding Bangladesh)	62,771,149	94,115,227
United States of America	292,961,422	80,867,574
Europe	127,588,589	227,902,881
Australia	9,709,908	403,003
	892,251,748	771,518,472
Consolidated		
Bangladesh	401,416,038	370,161,222
Asia (excluding Bangladesh)	62,771,149	94,115,227
United States of America	292,961,422	80,867,574
Europe	127,588,589	227,902,881
Australia	9,709,908	403,003
	894,447,106	773,449,907

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

39 Credit exposures by credit rating

The following tables represent the Bank's financial assets based on Moody's credit rating of the issuer. For long term deposits Aaa is the highest quality rating possible and indicates that the entity has an exceptional credit quality and has the smallest degree of risk; Aa represents excellent credit quality but rated lower than Aaa. Aa1 indicates 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 prime-1. Banks rated prime-1 for deposits offer superior credit quality and a very strong capacity for a timely repayment of short-term deposit obligations.

	2009		2008	
	Amount (Taka '000)	% of financial assets	Amount (Taka '000)	% of financial assets
i) Foreign currency financial assets				
Cash balances with central banks	85,346,246	9.57%	100,917,882	13.08%
Short term investment	123,626,082	13.86%	292,570,486	37.92%
US Dollar Treasury bills	168,961,755	18.94%	9,759,860	1.27%
Loans advanced under repo facilities	118,955,850	13.33%	-	-
Foreign bonds	4,797,776	0.54%	6,000,831	0.78%
Gold investment	3,476,890	0.39%	3,418,810	0.44%
IMF related assets	688,534	0.08%	81,556	0.01%
Others	6,819,463	0.76%	11,630,501	1.51%
	512,672,596	57.46%	424,379,926	55.01%
ii) Local currency financial assets				
Cash balances	138,977	0.02%	317,643	0.04%
Loans to the government	284,741,023	31.91%	255,186,523	33.08%
Investments	8,080,833	0.91%	8,919,167	1.16%
Loans to banks, financial institution and employees	86,618,319	9.71%	82,715,213	10.72%
	379,579,152	42.54%	347,138,546	44.98%
Total financial assets (+i)	892,251,748	100.00%	771,518,472	100.00%
39a Consolidated credit exposures by credit rating				
i) Foreign currency financial assets				
Cash balances with central banks	85,346,246	9.54%	100,917,882	13.05%
Short term investment	123,626,082	13.82%	292,570,486	37.83%
US Dollar Treasury bills	168,961,755	18.89%	9,759,860	1.26%
Loans advanced under repo facilities	118,955,850	13.30%	-	-
Foreign bonds	4,797,776	0.54%	6,000,831	0.78%
Gold investment	3,476,890	0.39%	3,418,810	0.44%
IMF related assets	688,534	0.08%	81,556	0.01%
Others	6,819,463	0.76%	11,630,501	1.50%
	512,672,596	57.32%	424,379,926	54.87%
ii) Local currency financial assets				
Cash balances	1,622,741	0.18%	1,672,210	0.22%
Loans to the government	284,741,023	31.83%	255,186,523	32.98%
Investments	8,792,427	0.98%	9,496,035	1.23%
Loans to banks, financial institution and employees	86,618,319	9.68%	82,715,213	10.69%
	381,774,510	42.68%	349,069,981	45.13%
Total financial assets (+i)	894,447,106	100.00%	773,449,907	100.00%

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

40 Interest rate risk

Interest rate risk is the risk of loss arising from changes in interest rates. The bank is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities.

Since the primary objective of the Bank is to achieve and maintain price stability, it determines at its own discretion the monetary policy that it will implement and the monetary policy instruments that is going to use in order to achieve and maintain price stability.

The Bank's interest sensitivity position based on contractual re-pricing arrangements as on 30 June 2009 is presented below. It includes the Bangladesh Bank's financial statements at carrying amounts, categorized by the earlier of contractual re-pricing of maturity dates.

Assets and liabilities will mature or re-price within the following period:

Particulars	Balance as at 30 June 2009	Floating interest %	Repricing period			Taka '000 Weighted average interest
			0 to 3 months	3 to 12 months	1 to 5 years	
Assets						
Foreign currency financial assets						
Foreign currency accounts	85,346,246	-	85,346,246	-	-	1.2%
Foreign investments	419,816,353	-	350,874,586	68,943,767	-	1.8%
Assets held with IMF	688,534	-	656,801	-	31,733	0.003%
Other foreign assets	6,819,463	-	365,644	6,453,739	80	0.60%
	512,674,596		437,243,277	75,397,506	-	31.81%

Assets

Foreign currency financial assets

Cash and cash equivalents	138,977	-	138,977	-	-	-
Loans to the government	284,741,023	-	254,711,506	9,646,646	10,969,490	9,411,381
Investments in shares and debentures	8,080,833	-	165,000	95,000	3,620,833	4,200,000
Loan to banks, financial institutions and employees	86,616,319	-	51,010	10,542,030	28,811,137	47,214,142
	379,579,152		255,066,483	20,285,676	43,401,460	60,825,523
	892,251,748		692,309,770	95,663,182	43,401,460	60,857,336

Total financial assets

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

Particulars	Balance as at 30 June 2009	Floating interest %	Repricing period			Taka '000 Weighted average interest
			0 to 3 months	3 to 12 months	1 to 5 years	
Liabilities						
Foreign currency financial liabilities						
Liabilities with the IMF	50,925,535	-	-	-	-	50,925,535
Deposits from banks and financial institutions	98,729,421	-	98,729,421	-	-	-
Others foreign liabilities	1,144,570	-	-	-	-	1,144,570
	150,799,526		98,729,421	-	-	52,070,105
Local currency financial liabilities						
Notes in circulation	389,701,412	-	389,701,412	-	-	-
Deposits from banks and financial institutions	232,951,205	-	232,951,205	-	-	-
	622,652,617		622,652,617	-	-	-
Total financial liabilities	773,452,143		721,382,038	-	-	52,070,105

All recognised financial instruments are shown at fair value.

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

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

40a Consolidated interest rate risk

Particulars	Balance as at 30 June 2009	Floating interest %	Repricing period			Weighted average interest
			0 to 3 months	3 to 12 months	1 to 5 years	
Assets						
Foreign currency financial assets						
Foreign currency accounts	85,346,246	-	-	-	-	1.2%
Foreign investments	419,810,353	-	350,874,586	68,943,767	-	1.8%
Assets held with IMF	688,534	-	656,801	-	31,733	0.003%
Other foreign assets	6,819,463	-	365,644	6,453,739	80	0.60%
	512,672,596		437,243,277	75,397,506		31,813
Local currency financial assets						
Cash and cash equivalents	1,622,741	-	1,622,741	-	-	-
Loans to the government	284,741,023	-	254,711,506	9,648,646	10,969,490	9,411,381
Investments in shares and debentures	87,92,427	-	465,138	947,550	3,672,287	3,707,452
Loan to banks, financial institutions and employees	86,616,319	5%	51,010	10,542,030	28,811,137	47,214,142
	381,774,510		256,850,395	21,138,226	43,452,914	60,332,975
Total financial assets	894,447,106		694,093,672	96,535,732	43,452,914	60,364,788

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**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

Particulars	Balance as at 30 June 2009	Floating interest %	Repricing period			Weighted average interest
			0 to 3 months	3 to 12 months	1 to 5 years	
Liabilities						
Foreign currency financial liabilities						
Liabilities with the IMF	50,925,535	-	-	-	-	0.55%
Deposits from banks and financial institutions	98,729,421	-	98,729,421	-	-	0.86%
Others foreign liabilities	1,144,570	-	-	-	-	-
Total foreign currency financial liabilities	150,799,526		98,729,421			52,070,105
Local currency financial liabilities						
Notes in circulation	389,701,412	-	389,701,412	-	-	-
Deposits from banks and financial institutions	232,951,205	-	232,951,205	-	-	-
Total local currency financial liabilities	622,652,617		622,652,617			
Total financial liabilities	773,452,143		721,382,038			52,070,105

All recognised financial instruments are shown at fair value.

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

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**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

41 Liquidity risk

Liquidity risk is the risk that insufficient liquid funds will be available to the bank in order to perform its normal operations. The Bank limits this risk by managing foreign assets with liquidity in mind. The table below summarises the maturity profile of the Bank's assets and liabilities based on the contractual repayment date determined on the basis of the remaining period at the balance sheet date to the contractual maturity date.

Assets and liabilities will mature within the following periods:

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Taka '000						
Foreign currency financial assets						
Foreign currency accounts	85,346,246	-	-	-	-	85,346,246
Foreign investments	240,805,608	110,068,978	68,943,767	-	-	419,818,353
Assets held with IMF	656,801	-	-	31,733	-	688,534
Other foreign assets	-	365,644	6,453,739	-	80	6,819,463
	326,808,655	110,434,622	75,397,506	-	31,813	512,672,996
Local currency financial assets						
Cash and cash equivalents	138,977	-	-	-	-	138,977
Loans to the government	247,978,500	6,733,006	9,648,646	10,969,490	9,411,381	284,741,023
Investments in shares and debentures	-	165,000	95,000	3,620,833	4,200,000	8,080,833
Loan to banks, financial institutions and employees	51,010	-	10,542,030	28,811,137	47,214,142	86,618,319
	248,168,487	6,898,006	20,285,676	43,401,460	60,825,523	379,579,152
Non-financial assets						
Gold and silver	4,025,886	-	-	-	-	4,025,886
Property, plant and equipment	-	-	-	23,231,591	79,211	23,310,802
Capital work in progress	-	-	-	-	36,937	36,937
Other local assets	814,824	24,085	449,783	-	-	1,288,692
	4,840,710	24,085	449,783	23,231,591	116,148	28,662,317
Total assets	579,817,652	117,356,713	96,132,965	66,633,051	60,973,484	920,914,065
Foreign currency financial liabilities						
Liabilities with the IMF	-	-	-	-	50,925,535	50,925,535
Deposits from banks and financial institutions	98,729,421	-	-	-	-	98,729,421
Others foreign liabilities	-	-	-	-	1,144,570	1,144,570
	98,729,421	-	-	-	52,070,105	150,799,526
Local currency financial liabilities						
Notes in circulation	389,701,412	-	-	-	-	389,701,412
Deposits from banks and financial institutions	232,951,205	-	-	-	-	232,951,205
Others local liabilities	-	-	-	-	-	-
	622,652,617	-	-	-	-	622,652,617
Local currency non-financial liabilities						
Other domestic liabilities	-	17,327,506	1,659,095	-	34,898,364	53,884,965
Total liabilities	721,382,038	17,327,506	1,659,095	-	86,968,469	827,337,108
Capital and reserve	-	-	-	-	93,576,957	93,576,957
Total liability and equity	721,382,038	17,327,506	1,659,095	-	180,545,426	920,914,065
Gap analysis						
Gap per individual band	(141,564,166)	100,029,207	94,473,870	66,633,051	(119,571,942)	-

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

41a Consolidated liquidity risk

Taka '000

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Foreign currency financial assets						
Foreign currency accounts	85,346,246	-	-	-	-	85,346,246
Foreign investments	240,805,608	110,068,978	68,943,767	-	-	419,818,353
Assets held with IMF	656,801	-	-	31,733	-	688,534
Other foreign assets	-	365,644	6,453,739	-	80	6,819,463
	326,808,655	110,434,622	75,397,506	-	31,813	512,672,996
Local currency financial assets						
Cash and cash equivalents	1,622,741	-	-	-	-	1,622,741
Loans to the government	247,978,500	6,733,006	9,648,646	10,969,490	9,411,381	284,741,023
Investments in shares and debentures	-	465,138	94,550	3,672,287	3,707,482	8,792,427
Loan to banks, financial institutions and employees	51,010	-	10,542,030	28,811,137	47,214,142	86,618,319
	249,652,251	7,198,144	21,138,226	43,452,914	60,332,975	381,774,510
Other non-financial assets						
Gold and silver	4,025,886	-	-	-	-	4,025,886
Property, plant and equipment	-	-	-	24,830,860	-	24,830,860
Capital work in progress	-	-	-	-	80,710	80,710
Other local assets	1,058,271	371,391	838,909	449,783	36,937	2,755,291
	5,084,157	371,391	838,909	25,280,643	117,647	31,692,747
Total assets	581,545,063	118,004,157	97,374,641	68,733,557	60,482,435	926,139,853
Foreign currency financial liabilities						
Liabilities with the IMF	-	-	-	-	50,925,535	50,925,535
Deposits from banks and financial institutions	98,729,421	-	-	-	-	98,729,421
Others foreign liabilities	-	-	-	-	1,144,570	1,144,570
	98,729,421	-	-	-	52,070,105	150,799,526
Local currency financial liabilities						
Notes in circulation	389,701,412	-	-	-	-	389,701,412
Deposits from banks and financial institutions	232,951,205	-	-	-	-	232,951,205
Others local liabilities	-	-	-	-	-	-
	622,652,617	-	-	-	-	622,652,617
Local currency non-financial liabilities						
Other domestic liabilities	-	17,327,506	1,659,095	-	35,550,720	54,537,321
Total liabilities	721,382,038	17,327,506	1,659,095	-	87,620,825	827,989,464
Capital and reserve	-	-	-	-	98,150,389	98,150,389
Total liability and equity	721,382,038	17,327,506	1,659,095	-	185,771,214	926,139,853
Gap analysis						
Gap per individual band	(139,836,975)	100,676,651	95,715,546	68,733,557	(125,286,779)	-

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

42 Currency risk

Currency risk (exchange rate risk) is a form of risk that arises from the change in price of one currency against another, which directly affects the value of foreign exchange reserves as well as investments. In Bangladesh Bank, foreign exchange reserve management and investment functions are guided by an Investment Committee. The decision of the Investment Committee and dealing practices approved by the Investment Committee serve as operational guidelines for Bangladesh Bank's reserve management and investments. The guidelines are directed towards managing different types of risks, while earning a reasonable return. There is an approved benchmark for investment in terms of currency composition, portfolio duration and proportion of different assets within a band. Dealers/portfolio managers afford best to comply with this benchmark and keep on rebalancing the investment portfolio following benchmark daily/weekly as approved by the Investment Committee.

Foreign currency monetary assets and liabilities

Particulars	Taka '000									
	US\$ equivalent	Gold and silver equivalent	EURO equivalent	GBP equivalent	Yen equivalent	C\$ equivalent	AUD equivalent	SDR equivalent	Others equivalent	
Assets										
Held in other Central Banks abroad	117,988,332	-	70,017,021	6,561,154	1,031,662	1,838,307	6,674,942	-	-	190,648
Short term investment in overseas commercial banks	35,257,942	3,476,680	24,221,731	51,116,354	1,144,359	2,970,508	8,940,378	-	-	-
Treasury bills	168,961,765	-	-	-	-	-	1,338,807	-	-	-
Foreign bonds	3,460,969	-	-	-	-	-	-	-	-	80
Loan to other banks	6,453,739	-	-	-	-	-	46,807	-	-	-
Interest receivable	218,939	-	30,180	64,402	-	-	-	-	-	-
Asset held with IMF	-	-	-	-	-	-	-	688,534	-	-
Total	332,315,676	3,476,680	94,288,032	57,742,510	2,176,261	4,872,331	17,000,734	688,534	-	190,728
Liabilities										
Deposits from other banks	64,177,500	-	1,286,032	923,971	8,994	-	-	-	-	-
Due to Asian Clearing Union	32,222,864	-	-	-	-	-	-	12,935,889	-	-
Liabilities to IMF	-	-	-	-	-	-	-	32,890,621	-	-
Loan under poverty reduction and growth facility	-	-	-	-	-	-	-	5,051,026	-	-
SDR allocation	-	-	-	-	-	-	-	-	-	-
Others- IPR balance	-	-	-	-	1,144,570	-	-	-	-	-
Total	96,500,364	-	1,286,032	923,971	1,153,564	-	-	50,925,535	-	-
Net	235,815,312	3,476,680	92,972,640	56,818,539	1,022,697	4,872,331	17,000,734	19,021,069	-	190,728

43 Sensitivity Analysis

At 30 June 2009, if interest rates had been 100 basis points lower with all other variables constant, profit for the year would have been 2,064 million Taka lower (2008: Tk. 5,638 million), arising mainly as a result of lower interest income on financial assets. Conversely if interest rates had been 100 basis point higher with all other variables held constant profit for the year would have been 2,064 million Taka higher (2008: Tk. 5,638 million) arising mainly as a result of higher interest income on financial assets. Profit is very sensitive to changes in interest rates as interest is the principal source of income of the bank.

At 30 June 2009 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 3,084.8 million Taka higher, (2008: Tk. 1,800 million). Conversely if the Taka had strengthened 10 per cent against the same currencies with all other variables held constant the Bank would have experienced a reduction of profit for the year of Taka 3,084.8 million, (2008: Tk. 1,800 million). Profit is very sensitive to changes in exchange rate movements. The bank as part of its core functions holds substantial foreign currency assets.

Fair value

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

	Taka '000		
	2009	2008	2008
Financial assets			
Foreign currency accounts	85,346,246	100,917,882	85,346,246
Foreign investments	419,816,353	311,749,987	419,816,353
IMF related assets	688,534	81,556	688,534
Other foreign assets	6,819,463	11,630,501	6,819,463
Loans to government	284,741,023	255,186,523	255,186,523
Investments in shares and debentures	8,080,833	8,919,167	8,080,833
Loans to banks and financial institution	86,618,319	82,715,213	86,618,319
Cash and cash equivalents	138,977	317,643	138,977
Financial liabilities			
Liabilities with the IMF	50,925,535	54,796,116	50,925,535
Deposits from banks and financial institutions	331,680,626	211,805,128	331,680,626
Notes in circulation	389,701,412	351,887,365	389,701,412
Short term borrowings	-	7,950,000	-
Other foreign liabilities	1,144,570	1,107,809	1,144,570

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

43a Consolidated fair value

Financial assets	Carrying value		Fair value	
	2009	2008	2009	2008
Foreign currency accounts	85,346,246	100,917,882	85,346,246	100,917,882
Foreign investments	419,818,353	311,749,987	419,818,353	311,749,987
IMF related assets	688,534	81,556	688,534	81,556
Other foreign assets	6,819,463	11,630,501	6,819,463	11,630,501
Loans to government	284,741,023	255,186,523	284,741,023	255,186,523
Consolidated investments	8,792,427	9,496,035	8,792,427	9,496,035
Loans to banks and financial institutions	86,618,319	82,715,213	86,618,319	82,715,213
Cash and cash equivalent	1,622,741	1,672,210	1,622,741	1,672,210
Financial liabilities				
Liabilities with the IMF	50,925,535	54,796,116	50,925,535	54,796,116
Deposits from banks and financial institutions	331,680,626	211,805,128	331,680,626	211,805,128
Notes in circulation	389,701,412	351,887,365	389,701,412	351,887,365
Short term borrowings	-	7,950,000	-	7,950,000
Other financial liabilities	1,144,570	1,107,809	1,144,570	1,107,809

Determination of fair value of financial assets

The fair value of foreign securities held to maturity is based on quoted market prices, at the balance sheet date. As explained in note 44, available-for-sale securities are SPC shares with a value of BDT 500,000,000 (2008: BDT 500,000,000) for which fair value cannot be reliably determined as they are not traded in the active market and there are no similar instruments with similar characteristics. The Bank management believes that the fair value of these shares are their carrying value. Government securities (overdraft-block and current) are carried at cost as the interest accrued is recovered on daily basis. Other government securities (Govt. Treasury Bills and Bonds) are carried at amortized cost. Loans to banks, financial institution and employees are carried at amortized cost and are net of provisions for impairment. These types of loans were granted with the same interest rate and there are no other similar loans with similar characteristics. Therefore, their fair value approximates their carrying value.

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

44 Classification of financial instruments

Financial Assets	Items	Loans and receivables	Held to maturity	Assets at fair value through profit or loss	Available for sale	Other financial assets	Total
Cash and cash equivalents				85,346,246	-	138,977	138,977
Foreign currency accounts							85,346,246
Foreign investments:							
Short term investments with overseas commercial banks							123,526,082
US Dollar Treasury Bills			123,526,082				
Investment in repo				163,961,735			163,961,735
Gold investment				118,955,850			118,955,850
Foreign Bonds			3,476,800				3,476,800
Asset held with IMF				4,797,776			4,797,776
Other foreign assets:				688,534			688,534
Loans to other banks		6,453,739					6,453,739
Swift share					80		80
Interest receivable						365,644	365,644
Loans to government :							
Ways and Means advance		10,000,000					10,000,000
Overdraft - block (government treasury bill)		208,300,000					208,300,000
Overdraft - current		29,678,000					29,678,000
Treasury bills			16,381,652				16,381,652
Treasury bonds			20,350,871				20,350,871
Investments in shares and debentures:							
Debenture - HBFC			7,580,833				7,580,833
Investment in subsidiary						500,000	500,000
Loans to banks and financial institutions:							
Loan to Commercial banks		91,738					91,738
Loan to Specialized banks		53,786,288					53,786,288
Loan to Private banks		2,635,800					2,635,800
Other loans and advances		8,909,032					8,909,032
Interest receivable						7,312,088	7,312,088
Loans and advances to employees		13,883,413					13,883,413
Total		333,738,469	171,446,328	378,750,161	80	8,316,689	892,231,748
Interest/commission received		20,240,747	7,117,450	2,445,810		50,000	29,852,007

Financial Liabilities	Items	Carried at amortized cost	Liabilities through profit or loss	Other financial liabilities	Total
Liabilities with IMF			50,925,535		50,925,535
Deposits from banks and financial institutions:					
Foreign currency deposits by commercial banks		66,406,557			66,406,557
Asian Clearing Union (ACU)		32,322,864			32,322,864
Other foreign liabilities		1,144,570			1,144,570
Notes in circulation		389,701,412			389,701,412
Deposits from banks and financial institution		232,951,205			232,951,205
Total		772,526,608	50,925,535		823,452,143
Interest/commission paid		(1,281,777)			(1,281,777)

**Bangladesh Bank : Notes to the Financial Statements
as at and for the year ended 30 June 2009**

44a Consolidated classification of financial instruments

Items	Loans and receivables	Held to maturity	Assets at fair value through profit or loss	Available for sale	Other financial assets	Total
Financial Assets						
Cash and cash equivalents	-	-	85,346,246	-	1,622,741	1,622,741
Foreign currency accounts	-	-	-	-	-	65,346,246
Foreign investments:						
Short term investments with overseas commercial banks	-	123,626,082	-	-	-	123,626,082
US Dollar Treasury Bills	-	-	168,961,755	-	-	168,961,755
Investment in repo	-	-	118,955,860	-	-	118,955,860
Gold investment	-	3,476,830	-	-	-	3,476,830
Foreign Bonds	-	-	4,797,776	-	-	4,797,776
Asset held with IMF						
Loans to other banks	-	-	688,534	-	-	688,534
Other foreign assets:						
Loans to other banks	6,453,739	-	-	-	-	6,453,739
Swift share	-	-	-	80	-	80
Interest receivable	-	-	-	-	365,644	365,644
Loans to the government:						
Ways and Means advance	10,000,000	-	-	-	-	10,000,000
Overdraft - bank (government treasury bills)	208,300,000	-	-	-	-	208,300,000
Overdraft - current	29,678,800	-	-	-	-	29,678,800
Treasury bills	-	16,361,652	-	-	-	16,361,652
Investments in shares and debentures:						
Debiture - House Building Finance Corporation	-	20,380,871	-	-	-	20,380,871
Short term money market investments	-	7,580,833	-	-	-	7,580,833
Loans to banks and financial institutions:						
Loan to Commercial banks	91,738	-	-	-	-	91,738
Loan to Specialized banks	53,786,268	-	-	-	-	53,786,268
Loan to Private banks	2,635,800	-	-	-	-	2,635,800
Other loans and advances	8,909,032	-	-	-	-	8,909,032
Interest receivable	-	-	-	-	7,312,068	7,312,068
Loans and advances to employees	13,883,413	-	-	-	-	13,883,413
Total	333,738,490	171,497,782	378,750,161	80	9,301,453	883,286,966
Interest/commission received	20,240,747	7,391,915	2,443,810	-	-	30,076,472

Items	Carried at amortized cost	Liabilities through profit or loss	Other financial liabilities	Total
Financial Liabilities				
Liabilities with IMF				
Deposits from banks and financial institutions:				
Foreign currency deposits by commercial banks	66,406,557	-	-	66,406,557
Asian Clearing Union (ACU)	32,322,864	-	-	32,322,864
Other foreign liabilities	1,144,570	-	-	1,144,570
Notes in circulation	389,701,412	-	-	389,701,412
Deposits from banks and financial institution	232,951,205	-	-	232,951,205
Total	722,526,608	50,925,535	-	773,452,143
Interest/commission paid	(1,281,777)	-	-	(1,281,777)

**Bangladesh Bank : Notes to the Financial Statements
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45 Contingent liabilities

The Bank had contingent liabilities for guarantees outstanding as at 30 June 2009 amounting to Taka 38,105 million (2008: 42,993.38 million) secured by counter guarantees from the Government of Bangladesh.

The Bank had 6 pending litigations against which possible liability was Taka 7.14 million as at the balance sheet date. No provisions have been made in the financial statements in respect of these as it was not possible to determine the outcome of these cases with reasonable assurance.

46 Operating segments

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

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

47 Retirement benefit plans

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

47.1 For employees employed before or on 17 February 1983

(a) *Contributory Provident Fund (CPF)*

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

(b) *Gratuity scheme*

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

47.2 For employees employed after 17 February 1983

(a) *General Provident Fund (GPF)*

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

(b) *Pension scheme*

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

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

Those employees who have unutilised leave up to one year or more at the time of retirement age of 57 are allowed to leave with salary for one year. The remaining unutilised leave is encashed (maximum twelve months). Employees are not allowed to encash their unutilised leave until reaching retirement age. Since the rate of interest is guaranteed for both CPF and GPF these funds are considered to be funded defined benefit plans. The gratuity scheme, pension scheme and medical assistance after retirement and en-cashing of unutilised leave are unfunded defined benefit plans.

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

Bangladesh Bank : Notes to the Financial Statements as at and for the year ended 30 June 2009

47.3 Actuarial valuation of defined benefit plans

The Bank first carried out actuarial valuation for the pension fund and gratuity fund during the year 2003-2004 and then in the year 2005-2006. The Bank intends for a further actuarial valuation of pension and gratuity scheme in the year 2008-2009 and has appointed an actuarial firm (Z. Halim and Associates). The actuarial report has not yet been received; so the assumptions were made based on previous recommendations. The Pension Fund and the Gratuity Fund is unfunded. According to the previous recommendation the following contribution is required for the funds:

Particulars	Pension plans		Gratuity plans	
	2009	2008	2009	2008
Present value of obligations	2,910,350	2,676,387	1,322,614	1,266,165
Excess recognised	-	-	407,583	876,598
Recognised liability for defined benefit obligation	2,910,350	2,676,387	1,730,197	2,142,763

Amounts recognised in the balance sheet date:

Present value of obligations	2,910,350	1,322,614	1,266,165
Excess recognised	-	407,583	876,598
Recognised liability for defined benefit obligation	2,910,350	2,676,387	2,142,763

Movement in the liability for defined benefit obligations:

Liability for defined benefit obligations at 1 July	2,676,387	2,415,527	1,266,165
Current service costs and interest expense	233,963	260,860	56,449
Total	2,910,350	2,676,387	1,322,614

Recognised expenses

Paid during the year	(94,766)	(54,582)	(83,837)
Interest on obligations @ 8%	206,529	193,242	104,391
Current service cost	122,200	122,200	45,700
Total	233,963	260,860	(38,723)

During the year the Bank transferred an amount of Taka 328,729 thousand to the pension fund from the excess amount of gratuity fund. As the total amount of provision was higher than the total obligation for both funds the Bank did not provide any amount to the funds from the profit and loss account.

Actuarial valuation of defined benefit plans

Particulars	Pension plans		Gratuity plans	
	2009	2008	2009	2008
Discount rate at 30 June	8%	8%	8%	8%
Future salary increase	7%	7%	7%	7%

Assumptions regarding future mortality are based on mortality tables.

Capital commitment

As at 30 June 2009 the Bank had outstanding capital commitment with respect to different civil constructions amounting to Tk. 50.56 million (2008: Tk. 21.35 million).

49 Related parties

49.1 Transactions with government and government controlled enterprises

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

- Acting as the fiscal agent, banker and financial advisor of the government; the Bank is the depository of the government and or its agents or institutions provide banking services to government and government departments and corporations;
- 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;
- The Bank does not ordinarily collect any commission, fees, or other charges for services which it renders to the government and related entities;
- 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
- As the agent of the government manages public debt and foreign reserve. During the year the Bank received an amount of Taka 1,184.62 billion and paid Taka 1,201.64 billion on behalf of government. As at 30 June 2009, total outstanding balance was Taka 284.74 billion.

49.2 Transactions with entities in which the bank has significant investments

During the year the Bank received debenture interest from House Building Finance Corporation (HBFC) amounting to Tk. 396 million included in the interest income.

49.3 Transactions with retirement benefit plans

The Bank did not contribute any additional amount from the charges account to the retirement benefit plans (consisting of contribution to pension plans including widow/widowers). During the year the Bank transferred an amount of Taka. 328,729 thousand from the gratuity fund to the pension fund as the balance of the recognised obligation for the gratuity fund was sufficient as per actuarial assumption made in 2006. Amounts of balances held in the financial statements maintained by these retirement benefit plans are given in note 47.

49.4 Board of Directors of Bangladesh Bank and key Management Personnel

- Dr. Atur Rahman - appointed as the Chairman of the Board of Directors and also as the Governor of the Bangladesh Bank for a period of four years from 1 May 2009.
- Mr. Md. Nazrul Huda- appointed as the Director of the Board of Bangladesh Bank in 11 June 2007 for a period of three years and also hold the post of Deputy Governor, Bangladesh Bank.
- Dr. Morniaz Uddin Ahmed - appointed as the Director of the Board of Bangladesh Bank for a period of one year with effect from 4 November 2008 and also working as the Professor, Department of Economics, Dhaka University, Dhaka.

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- (d) Dr. Mohammad Tareque - appointed as the Director of the Board of Bangladesh Bank for a period of three years with effect from 13 February 2007 and hold the post of Secretary, Ministry of Finance, Govt. of the Peoples Republic of Bangladesh.
- (e) Dr. Muhammad Ismail Hossain - appointed as the Director of the Board of Bangladesh Bank in 22 January 2008 for a period of three years and also working as the Professor, Department of Economics, Jahangirnagar University, Savar, Dhaka.
- (f) Dr. Mohammad Ali Taslim - appointed as the Director of the Board of Bangladesh Bank for a period of three years with effect from 29 January 2008 and working as Chief Executive Officer, Bangladesh Foreign Trade International, T CB Bhabani, Kawran Bazar, Dhaka.
- (g) Mr. M Musharraf Hossain Bhuiyan - appointed as the Director of the Board of Bangladesh Bank in 2 March, 2009 until further order and hold the post of Secretary, Economic Relations Division, Ministry of Finance, Govt. of the Peoples Republic of Bangladesh, Sher- e Bangla Nagar, Dhaka.
- (g) Dr. Nasiruddin Ahmed - appointed as the Director of the Board of Bangladesh Bank in 21 April, 2009 until further order and hold the post of Secretary, Internal Resources Division and Chairman, National Board of Revenue, Govt. of the Peoples Republic of Bangladesh, Shegunbagicha, Dhaka.

49.5 Share based payment

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

49.6 Remuneration of members of the Board of Directors and key management personnel

Members of the Board of Directors received remuneration totalling Tk. 144,900. In addition, the Governor received salary totalling Tk.282,000 along with a free furnished house for his residence and transport facilities. Other key management personnel of the Bank received salary totalling Tk.828,000. In addition, they availed official residence as well as transport.

50 Events after the balance sheet date

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

51 Directors' responsibility for financial reporting

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