



ANNUAL REPORT 2010

Sustainable Banking





ANNUAL REPORT 2010

The principles that guide our behavior to deliver our brand are performance, innovation and client focus. We are precise, confident, and innovative. The trust people place in us is based on our passion to perform. We understand issues in depth. This is why we keep things simple and clear. Our 'Simple Math' brand proposition defines the way we do business. Our 2010 annual report revolves around the 'sustainable banking' theme. We at EBL believe in creating lasting value for our clientele, shareholders, and employees and above all for the community we operate in. Our purpose is to sustain and ensure growth for the long run by simply making profit for people and not over them.



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All Shareholders of Eastern Bank Limited
Securities and Exchange Commission (SEC)
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE) and
Registrar of Joint stock Companies & Firms.

Dear Sir,

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2010

We are pleased to present before you a copy of the annual report together with the audited financial statements including consolidated and separate balance sheet as at 31 December 2010, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31 December 2010 along with the notes thereto of Eastern Bank Limited (the Bank) and its subsidiaries: EBL Securities Limited & EBL Investments Limited. We have also enclosed separate financial statements of subsidiaries and offshore banking unit of the Bank (EBL).

Please note, Financial Statements of 'The Bank' comprise those of EBL Onshore and Offshore Banking Units whereas consolidated Financial Statements comprise Financial Statements of 'The Bank' and its subsidiaries (EBL Securities Ltd & EBL Investments Ltd). Analyses in this report, unless explicitly mentioned otherwise, are based on the financials of 'The Bank' not the consolidated financials

Yours Sincerely,



Safiar Rahman, FCS
Company Secretary

DISCLAIMER ON FORWARD LOOKING STATEMENTS

This annual report contains certain forward looking statements. The words "estimate", "likely", "anticipate", "believe", "expect", "project", "should", "may", "plan", "target" and other similar expressions are intended to identify forward looking statements. Indications of future earnings, financial performance and position are also forward looking statements. Such forward looking statements are not guarantees of future performance and involve certain known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Bank/Group, which may cause actual results to differ materially from those expressed or implied in such statements.

There can be no assurance that actual outcomes will not differ materially from these statements. Some of the factors that may cause projected outcomes from the actual ones can be put forth, which are not at all exhaustive:

- **Changes in macro economic conditions:** Flat or negative growth in inward remittance, falling Balance of Payments (BoP) position, rising inflation etc.
- **Changes in government and regulatory policy:** Increase of corporate tax rate, withhold tax and vat by govt. and increase of SLR by central bank etc.
- **Energy crisis and weak infrastructure:** Slowing manufacturing growth, real estate business and rising cost of doing businesses.
- **Capital market exposure limit:** Capital market exposure limit as set out in the Bank Companies Act 1991 and relevant circulars by Bangladesh Bank has been strictly monitored by BB.
- **Directed lending:** Regulators or govt. may direct banks to take credit exposure to agricultural, renewable energy, eco-friendly projects or some other under-served sectors at defined rates which may not produce reasonable risk-adjusted return.
- **Reduced loan-margin ratio on consumer financing:** Bangladesh Bank has already instructed banks to maintain 50% loan-margin ratio in consumer financing and to restrict consumer credit to unproductive purposes.
- **Lending and deposit rate cap:** Banks are following certain caps in lending rates directed by BB and are instructed to keep deposit rate within certain limits.
- **Provision requirement on loans to BH/MB/SD:** BB has already imposed a 2% provision requirement for banks on unclassified credit exposure to Brokerage House, Merchant Banks and Stock Dealers.
- **Capital market volatility:** Although the capital market exposure of the Bank so far remains within BB prescribed limit, volatility of share price might cause earnings to decrease.
- **Interest rate volatility:** Rising interest rate might cause market value of govt. securities (HFT) to decrease producing loss on revaluation.
- **Rising capital requirement:** Basel III might cause internationally active banks to maintain more capital and follow more stringent rules. The Bank while doing trade finance with those banks might have to follow more stringent rules.
- **Maintaining adequate capital not minimum:** Under SRP (pillar II of Basel II), BB might ask banks to maintain more capital to compensate risks not covered under pillar I (Minimum Capital Requirement for Credit, Market & Operational Risks).



vision

To become the bank of choice by transforming the way we do business and developing a truly unique financial institution that delivers superior growth and financial performance and be the most recognizable brand in the financial services in Bangladesh.



ABSOLUTELY
SMASHIN'
HANG LOO
CALIFORNIA

mission

We will deliver service excellence to all our customers, both internal and external.

We will ensure to maximize shareholders' value.

We will constantly challenge our systems, procedures and training to maintain a cohesive and professional team in order to achieve service excellence.

We will create an enabling environment and embrace a team based culture where people will excel.



values

SERVICE EXCELLENCE

We passionately drive customer delight.
We use customer satisfaction to accelerate growth.
We believe in change to bring in timely solution.

OPENNESS

We share the business plan.
We encourage two way communications.
We recognize achievements, celebrate results.

TRUST

We care for each other.
We share learning/ knowledge.
We empower our people.

COMMITMENT

We know our roadmap.
We believe in 'continuous improvement'.
We do not wait to be told.

INTEGRITY

We say what we believe in.
We respect every relationship.
We do not abuse information power.

RESPONSIBLE CORPORATE CITIZEN

We are tax-abiding citizen.
We promote protection of the environment for our children.
We conform to all laws, rules, norms, sentiments and values of the land.



strategic priority

- Put all out emphasis on deposit growth
- Maintain asset quality with strengthened risk management facing above average growth projections
- Focus on creating sustainable enterprise value not just making profits
- Lower cost of deposits by strategizing mix and offering innovative products
- Cost Championship
- Pursue inorganic growth through M&A
- Increase non-funded business to further improve return on investment
- Careful penetration in the capital market
- Increase intrinsic value of the company by strengthening internal controls through installation of clearly laid down policies, procedures and processes
- Diversify corporate business by leading participation in PPPs
- Increased focus on Corporate Social Responsibility (CSR)
- Improve quality of human capital by strengthening their competencies
- Continue to maintain world class IT infrastructure to deliver superior service to our customers



corporate directory

NAME OF THE COMPANY

Eastern Bank Limited

LEGAL FORM

A public limited company incorporated in Bangladesh with primary objective to carry out all kinds of banking businesses in and outside Bangladesh after taking over the businesses, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited as per BCCI reconstruction scheme 1992 of Bangladesh Bank. Date of incorporation of EBL is August 08, 1992 and Commencement date of Banking Operation is August 16, 1992.

COMPANY REGISTRATION NUMBER

C-22554(961)/92

BANGLADESH BANK LICENSE NUMBER

BL/DA/5926/92

CAPITAL (December 31, 2010)

Authorised Capital : Tk. 12,000,000,000 (1,200,000,000 ordinary shares of Tk. 10 each).

Paid-up Capital : Tk. 2,920,811,400 (292,081,140 ordinary shares of Tk. 10 each).

ACCOUNTING YEAR END

December 31.

STOCK EXCHANGE LISTING

Ordinary share of the Bank is listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Shares of EBL are categorized as 'A' in the Stock Exchanges. Market lot is 200 each and stock symbol is EBL.

REGISTERED & HEAD OFFICE

Jiban Bima Bhaban

10, Dilkusha Commercial Area

Dhaka-1000, Bangladesh.

Telephone: 880-2-9556360

Fax: 880-2-9562364, 9554610

Swift: EBLDBDDH, Cable: EASTBANK

e-mail: info@ebi-bd.com

Web: www.ebi.com.bd

CREDIT RATINGS

The Bank has completed its credit rating by Credit Rating Information and Services Limited (CRISL) based on the Financial Statements dated 31 December 2009 and was awarded 'AA' in the Long Term and 'ST-2' in the Short Term.

RATING BY CRISL	LONG TERM	SHORT TERM
Surveillance Rating 2008	AA-	ST-2
Surveillance Rating 2009	AA	ST-2
Outlook		Stable

OWNERSHIP COMPOSITION

As on December 31 2010, share holding position of EBL by the honorable Directors, General Public & Financial Institutions are as portrayed below:

Composition	Status	
	Number of Shares	% of total shares
Directors	10,026,490	3.43%
General Public	253,514,160	86.80%
Financial Institutions	28,540,490	9.77%
Total	292,081,140	100.00%

BOARD OF DIRECTORS

Chairman

Mohd. Noor Ali

Directors

Md. Showkat Ali Chowdhury

A.M. Shaukat Ali

Mir Nasir Hossain

Aneela Haque

Gazi Md. Shakhawat Hossain

Asif Mahmood

Meah Mohammed Abdur Rahim

Ormaan Rafay Nizam

Ali Reza Iftekhar (Managing Director & CEO)

Company Secretary

Safiar Rahman, FCS

AUDIT COMMITTEE

Chairman

A.M. Shaukat Ali

Members

Gazi Md. Shakhawat Hossain

Meah Mohammed Abdur Rahim

Secretary

Safiar Rahman, FCS

EXECUTIVE COMMITTEE

Chairman

Mir Nasir Hossain

Members

Md. Showkat Ali Chowdhury

Asif Mahmood

Ali Reza Iftekhar- Managing Director & CEO

Secretary

Safiar Rahman, FCS

Head of Finance

Malick Musfiq Reza

Head of Internal Control & Compliance

Mahbubul Alam Tayiab

GROUP COMPOSITION STRUCTURE

GROUP EBL	
BANK	SUBSIDIARIES
Eastern Bank Limited	EBL Securities Limited (60.00%) (Stock Dealer & Brokerage)
Off-Shore Banking Unit	EBL Investments Limited (99.99%) (Merchant Banking Operations)

AUDITORS

Rahman Rahman Huq

Chartered Accountants

LEGAL ADVISORS

Sadat, Sarwat & Associates and

Sadia Rowshan Jahan



company milestones

- August 8, 1992 : Date of incorporation.
- August 16, 1992 : Date of commencement of banking operations.
- March 20, 1993 : Listed with Dhaka Stock Exchange Ltd.
- November 12, 1998 : First dividend declared for income year 1997.
- January 19, 2002 : Centralization of Trade Services.
- July 17, 2003 : First online banking operations across all the branches.
- January 25, 2004 : Obtained permission from Bangladesh Bank for Offshore Banking Unit, Bangladesh.
- May 19, 2004 : Commencement of operation of Offshore Banking Unit, Bangladesh.
- September 11, 2004 : Listed with Chittagong Stock Exchange Ltd.
- June 27, 2005 : Authorized share capital increased to BDT 3.3 billion.
- November 30, 2005 : Became partner bank of IFC under Global Trade Finance Program (GTFP) to support EBL handle complex trade transactions.
- March 5, 2006 : Centralization of liability product processing functions at Service Delivery.
- June 6, 2006 : Launching of SME Banking Division.
- November 09, 2006 : Signed agreement with ADB to become ADB's partner bank under their Trade Finance Facilitation Program (TFFP) supporting guarantee and revolving credit facility.
- July 1, 2007 : Launched Own Managed Cards Software and Production System.
- May 25, 2008 : First 'Right Issue' declared @ 2:1 at par.
- February 13, 2009 : Commencement of Investment Banking Operations.
- April 19, 2009 : Registration of EBL 1st Mutual Fund with Securities and Exchange Commission.
- April 26, 2009 : Launched 'Priority Banking' for premium customer segment.
- April 2009 : Awarded 'Superbrand' by Superbrands Inc. for the period 2009-2011.
- November 2009 : Awarded 3rd position for Annual Report 2008 in the 'Best Published Accounts' by ICAB and conferred a 'Certificate of Merit' award for 'Best Presented Accounts and Corporate Governance Disclosures Awards 2008' by SAFA.
- December 2009 : Established 'EBL Investments Limited' a 99.99% owned subsidiary, to do merchant banking operations.
- March 1, 2010 : Acquired 60% shares of a brokerage house 'LRK Securities Limited' which was renamed afterwards as 'EBL Securities Limited'.
- April 4, 2010 : First bank in Bangladesh to launch 'Universal Banking System (UBS)', world's one of the renowned core banking solutions.
- April 2010 : Awarded 'Most Active GTFP Issuing Bank in South Asia' by IFC of World Bank Group.
- May 6, 2010 : Board decided to change the denomination of shares from Tk 100 per share to Tk 10 per share and increase authorized capital from Tk 330 crore to Tk 1,200 crore.
- August 29, 2010 : EBL shares denominated to Tk 10 per share with market lot of 200 shares first traded in the DSE.
- December 2010 : Awarded 2nd position for Annual Report 2009 in the 'Best Published Accounts' by ICAB and conferred a 'Certificate of Merit' award for 'Best Presented Accounts and Corporate Governance Disclosures Awards 2009' by SAFA.



board of directors

PROFILE OF DIRECTORS



Mohd. Noor Ali
Chairman

Mr. Mohd. Noor Ali re-joined as Director of the Bank in May, 2008 and subsequently the Board unanimously elected him as the Chairman of the Board of Directors of Eastern Bank Limited on April 04, 2010. Mr. Ali is a prominent business personality of the country and also the Chairman & Managing Director of Unique Group, the renowned business conglomerate in Bangladesh, having interest in Real Estate, Hotel Services, Ceramic Industry, Air Travel, Aviation Services, Electrical Power Plants, Tourism, Manpower Export, Banking Services, Housing Finance & Investment, Supply, Indenting, Commission Agents, Human Resources Development and many other. Mr. Ali is perhaps the only Bangladeshi who has ventured to set up a 5-Star Hotel in private sector. The Westin Dhaka is already very popular amongst the local and foreign community. He accomplished his honors & Masters of Social Science in Sociology from the University of Dhaka.

Mr. Mohd. Noor Ali is also involved in many social activities and member of various trade associations. He is a widely travelled person across the Globe on business trips.



Md. Showkat Ali Chowdhury
Director

Mr. Md. Showkat Ali Chowdhury, Director of Eastern Bank Limited is a prominent businessman of the Country and involved in the businesses of Ship Recycling, Garments Industries, Real Estate, Power Generation & Engineering Services, Container Terminal & Handling, Insurance Company, Share Brokers, and Tea plantation & Production. Mr. Chowdhury accomplished his Bachelor of Arts Degree from the Chittagong University.

Mr. Md. Showkat Ali Chowdhury is a life member of SAARC Chamber of Commerce & Industry (SAARC CCI), Bhatiary Golf & Country Club Limited, Chittagong Press Club Limited, Chattogram Maa O Shisu General Hospital, Director of Chittagong Metropolitan Chamber of Commerce & Industry (CMCCI) and member of Chittagong Club Limited, Chittagong Senior's Club Limited and Bangladesh Ship Breakers Association. He is also involved in many other social activities. He is a widely travelled person across the globe.

PROFILE OF DIRECTORS



Mir Nasir Hossain
Director

Mr. Mir Nasir Hossain, Director of Eastern Bank Limited is a prominent entrepreneur of the Country and is involved in diverse area of businesses like Construction, Ceramic Tiles Manufacturing, Telecorn, Bank, Insurance etc. Academically, he accomplished his post Graduation majored in Accounting from the University of Dhaka.

Mr. Hossain is a Former President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the Apex Trade Body of Country. He was the Senior Vice President of SAARC Chamber of Commerce and Industry (SCCI), Vice President of Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI).

Mr. Mir Nasir Hossain is also deeply involved in many social activities. He is a widely travelled person across the globe on business trips on different occasion including attending conference, seminar, symposium etc.



A. M. Shaukat Ali
Director

Mr. A.M Shaukat Ali, an Engineer having interest in the field of banking, hospital, construction etc. graduated in Civil Engineering from the University of Dhaka in 1961. In 1977, he received higher education in Japan in construction Engineering. He held the position of Project Director of World Bank, Asian Development Bank (ADB) Projects under the Ministry of Health & Family Planning from the year 1987 to 1993. From 1993 to 1999, he was the Chairman of Project Builders Limited.

Mr. Shaukat Ali is the Chairman of Engineering Consultants & Associates Limited. He is also the sponsor Director of Samorita Hospital.

PROFILE OF DIRECTORS



Aneela Haque
Director

Ms. Aneela Haque, Director of Eastern Bank Limited is the youngest entrepreneur in the field of Bangladesh Advertising & Fashion. She is engaged with integrated services in Advertisement, Graphic Design, Public Relations, Publications, Event Management, Consultations and Web Design Services. She is a graduate in Fine-Arts from USA. She is also a TV personality.

Ms. Aneela is the Managing Director of Andes Ltd, Presence Ltd and also the proprietor of Andes Publications. She is also involved in many social activities. Travelling over the years has made her extremely sensitive to the cultural and social beauties of every country as well as in Bangladesh.



Asif Mahmood
Director representing Aquamarine Distributions Ltd.

Mr. Asif Mahmood, Director of Eastern Bank Limited, is a highly proficient personality in the field of Information Technology in Bangladesh. He is the Chairman of Advance Technology Computers Limited, Tech Valley Networks Limited, ADN Technologies Ltd, InGen Technology Limited, Bangladesh News 24 Hours Limited, InGen Industries Ltd, Vice-Chairman of InGen Motors Limited and Chairman & Managing Director of Advanced Data Networks System Ltd. He is also the Director of Tech Valley Computers Ltd. and Valley Power Solutions Ltd.

Mr. Mahmood accomplished his Mechanical Engineering Degree from NIT, Durgapur, India. As well, he obtained various professional Trainings in IT & Telecommunication from abroad. He also represents world renowned companies such as SingTel, CISCO and Oracle. He is a widely travelled person on business trips.

PROFILE OF DIRECTORS



Gazi Md. Shakhawat Hossain
Director representing M/S Unique Eastern (Pvt) Ltd.

Mr. Gazi Md. Shakhawat Hossain, Director of Eastern Bank Limited is a promising businessman. He is the Chairman of Bay Hill Hotel & Resorts Ltd, Managing Director of Purnima Construction (Pvt.) Ltd, Member of Policy Committee of Westin Hotel and also Director of Unique Hotel & Resorts Ltd.

Mr. Hossain obtained Masters in Commerce (Accounting) from the University of Dhaka. He is a widely travelled person.



Meah Mohammed Abdur Rahim
Independent Director & Director from the Depositors

Mr. Meah Mohammed Abdur Rahim, Director of Eastern Bank Limited is a renowned businessman. Mr. Rahim is the Managing Director of Ancient Steamship Company Limited and Managing Director of Hudig & Meah (Bangladesh) Limited.

Academically & professionally, Mr. Rahim obtained Bachelor of Commerce Degree, Diploma in Banking & Business Studies as well Diploma in Shipping, A.I.C.S etc. He is a widely travelled person.

PROFILE OF DIRECTORS



Ormaan Rafay Nizam
Director from the Depositors

Joined the Board of Eastern Bank Limited on November 29, 2008 as Director from the Depositors. Mr. Ormaan Rafay Nizam is also the Director of National Brokers Limited, oldest tea Broking Company in Bangladesh.

He obtained his Bachelor degree in Commerce from Chittagong University and completed higher education from London School of Education (LSE).



Ali Reza Iftekhar
Managing Director & CEO

Mr. Ali Reza Iftekhar, Managing Director & Chief Executive Officer (CEO) of Eastern Bank Limited (EBL) has been in the banking industry for last 25 years in local and multinational banks in various capacities and started banking career in erstwhile (BCCI) Bank of Credit & Commerce International (Overseas) Ltd. He also worked in Banque Indosuez, Standard Chartered Bank (SCB) and Standard Chartered Grindlays' Bank in different senior positions. He was also posted abroad in Standard Chartered Bank, Dubai and worked in Regional Credit Management.

Mr. Iftekhar joined Eastern Bank Limited (EBL) as Deputy Managing Director (DMD) on 1st July 2004 and was promoted to Additional Managing Director on May 27, 2006. Considering his significant contributions to Business Growth, Risk Management, Compliance and HRD etc. he was appointed as Managing Director and CEO of Eastern Bank Limited on August 29, 2007.

Mr. Iftekhar was one of the members of the Focus Group formed by Bangladesh Bank which recommended best practices on Credit Risk Management in Bangladesh. He is certified as "Credit Professional" by Omega of UK and also certified as "Trade Professional" by Standard Chartered Bank, UK. He is also a Director of International Leasing and Financial Services Limited (ILFSL).



management
committees

MANAGEMENT COMMITTEES

MANCOM:

Standing Left to Right

SI No	Name	Designation
1	Omar F Khandaker	IT Consultant
2	Md. Sirajul Islam	EVP & Head of Human Resources (HR)
3	Sami Karim	EVP & Head of Special Asset Management (SME & Consumer)
4	Akhtar Karnal Talukder	EVP & Head of Special Asset Management (Corporate)
5	Safiar Rahman	SEVP & Company Secretary
6	Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka
7	Mahbubul Alam Tayiab	SEVP & Head of Internal Control & Compliance (ICC)
8	Abul Moqsud	EVP & Head of Credit Risk Management (CRM)

Sitting Left to Right

SI No	Name	Designation
9	A.M.M. Moyen Uddin	EVP & Head of Information Technology (IT)
10	Md. Fakhrul Alam	DMD (Corporate, Treasury & Investment Banking)
11	Ali Reza Iftekhar	Managing Director & CEO
12	Muklesur Rahman	DMD (Consumer Banking)
13	Malick Musfiqur Reza	EVP & Head of Finance
14	S M Akhteruzzaman Chowdhury	EVP & Head of Operations (not in the photo)



MANAGEMENT COMMITTEES (contd.)

Expanded Management Team (EMT):

Sl No	Name	Designation	Remarks
1	Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka	Chairman
2	Ahmed Shaheen	EVP & Unit Head, Corporate Banking, Dhaka	Member Secretary
3	Abu Rakib Md. Saduzzaman	EVP & Unit Head, Corporate Banking, Dhaka	Member
4	Mohammad Musa	EVP & Head of Branches, Consumer Banking	Member
5	Md. Abdul Hakim	EVP & Unit Head, Corporate Banking, Dhaka	Member
6	Md. Abdul Wadud	EVP & Head of Structured Finance	Member
7	Ahsan Zaman Chowdhury	SVP & Acting Area Head, Corporate Banking, Chittagong	Member
8	Md. Sayadur Rahman	SVP & Head of Investment Banking	Member
9	Md. Khurshed Alam	SVP & Head of Business, SME Banking	Member
10	M. Tariqul Islam	VP & Acting Head of Credit Administration	Member
11	Md. Kamruzzaman	VP & Head of Consumer Credit	Member
12	Maj Md. Abdus Salam, psc, (Retd)	VP & Head of Administration & Security	Member
13	Md. Obaidul Islam	VP & Head of International Department	Member
14	M. Nazeem A. Choudhury	VP & Head of Cards	Member
15	Syed Sazzad Haider Chowdhury	VP & Area Head, Trade Services, Dhaka	Member
16	Mehdi Zaman	VP & Head of Foreign Exchange Sales, Treasury	Member
17	Ashraf- Uz-Zaman	VP & Head of Chittagong Cluster 1 & SSSM Agrabad Branch	Member
18	Ziaul Karim	VP & Head of Brand & Marketing	Member
19	Mohammad Saifuzzaman	SAVP & Head of Cards Operation	Member
20	Muhammad Maniruzzaman	SAVP & Head of Financial Operations & Control	Member
21	Md. Rezaul Islam	SAVP & Unit Head, Audit	Member
22	Md. Manirul Islam	SAVP & Head of SME Risk, CRM	Member
23	Md. Rezaul Karim	SAVP & Head of Service Management, IT	Member
24	Monjurul Alam	FAVP & Sr. Manager, Human Resources Department	Member
25	Selina Rahman	FAVP & Sr. Manager, Human Resources Department	Member



MANAGEMENT COMMITTEES (contd.)

Asset Liability Management Committee (ALCO):

Sl No	Name	Designation	Status in ALCO
1	Ali Reza Iftekhar	Managing Director & CEO	Chairman
2	Md. Fakhrul Alam	DMD (Corporate, Treasury & Investment Banking)	Member
3	Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka	Member
4	Muklesur Rahman	Deputy Managing Director (Consumer Banking)	Member
5	Abul Moqsud	EVP & Head of Credit Risk Management	Member
6	Malick Musfiq Reza	EVP & Head of Finance	Member
7	Sidhartha Roy	SVP & Acting Head of Treasury	Member
8	Mehdi Zaman	VP & Head of Foreign Exchange Sales, Treasury	Member & Head of ALM Desk

Bank Operation Risk Committee (BORC):

Sl No	Name	Designation	Status in BORC
1	Mahbubul Alam Tayiab	SEVP & Head of ICC	Chairman
2	Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka	Member
3	S.M. Akhtaruzzaman Chowdhury	EVP & Head of Operations	Member
4	Akhtar Kamal Talukder	EVP & Head of SAMD (Corporate)	Member
5	Sami Karim	EVP & Head of SAMD (SME & Consumer)	Member
6	Mohammad Musa	EVP & Head of Branches, Consumer Banking	Member
7	Nazeem A Chowdhury	VP & Head of Cards	Member
8	A M M Moyen Uddin	EVP & Head of IT	Member
9	Md. Sirajul Islam	EVP & Head of Human Resources	Member
10	Sidhartha Roy	SVP & Acting Head of Treasury	Member
11	Md. Khurshed Alam	SVP & Head of Business, SME	Member
12	Md. Kamruzzaman	VP & Head of Consumer Credit	Member
13	Maj Md. Abdus Salam, psc, (Retd)	VP & Head of Administration & Security	Member
14	Syed Sazzad Haider Chowdhury	VP & Area Head, Trade Services, Dhaka	Member
15	Saidul Amin	VP & Head of ADC and Priority Banking	Member
16	B. K. Sarker	SAVP & Head of Operational Risk	Member
17	Muhammad Maniruzzaman	SAVP & Head of Financial Operations & Control	Member
18	Md. Manirul Islam	SAVP & Head of SME Risk, CRM	Member
19	Md. Abdul Awal	SAVP & Senior Manager-Operational Risk	Member
20	Md. Rezaul Islam	SAVP & Unit Head, Audit	Member
21	Md. Shahjahan Ali	Senior Associate Manager, Compliance, ICC	Member Secretary

MANAGEMENT COMMITTEES (contd.)

Bank Risk Management Committee (BRMC):

Sl No	Name	Designation	Status in BRMC
1	Mahbubul Alam Tayiab	SEVP & Head of Internal Control & Compliance	Chairman
2	Malick Musfiq Reza	EVP & Head of Finance	Member
3	Abul Moqsud	EVP & Head of Credit Risk Management	Member
4	A M M Moyen Uddin	EVP & Head of Information Technology	Member
5	Mehdi Zaman	VP & Head of Foreign Exchange Sales, Treasury	Member
6	Md. Manirul Islam	SAVP & Head of SME Risk, CRM	Member
7	Masudul Hoque Sardar	SAVP & Head of Financial Analysis & Reporting, Finance	Member
8	Md. Shahjahan Ali	Senior Associate Manager, Compliance, ICC	Member Secretary

Purchase Committee (PC):

Sl No	Name	Designation	Status in Committee
1	Maj Md. Abdus Salam, psc, (Retd)	VP & Head of Administration & Security	Convenor
2	Md. Sirajul Islam	EVP & Head of Human Resources	Member
3	S.M. Akhteruzzaman Chwodhury	EVP & Head of Operations	Member
4	Ziaul Karim	VP & Head of Brand and Marketing	Member
5	Muhammad Maniruzzaman	SAVP & Head of Financial Operations & Control, Finance	Member

Basel II Implementation Unit (BIU):

Sl No	Name	Designation	Status in Committee
1	Muklesur Rahman	Deputy Managing Director (Consumer Banking)	Chairman
2	Mahbubul Alam Tayiab	SEVP & Head of Internal Control & Compliance	Member
3	Malick Musfiq Reza	EVP & Head of Finance	Member Secretary
4	Abul Moqsud	EVP & Head of Credit Risk Management	Member
5	Mehdi Zaman	VP & Head of Foreign Exchange Sales, Treasury	Member

Investment Committee (IC):

Sl No	Name	Designation	Status in Committee
1	Md. Fakhrul Alam	DMD (Corporate, Treasury & Investment Banking)	Chairman
2	Malick Musfiq Reza	EVP & Head of Finance	Member
3	Abu Rakib Md. Saduzzaman	EVP & Unit Head, Corporate Banking Unit 04, Dhaka	Member
4	Md. Sayadur Rahman	SVP & Head of Investment Banking	Member



directors' responsibility statement

DIRECTORS' RESPONSIBILITY STATEMENT

In addition to the oversight responsibilities, the Board of Directors has to ensure that the Financial Statements of the Bank and its subsidiaries are prepared in accordance with relevant provision (s) of the Companies act 1994, Bank Companies Act 1991, rules and regulations of Bangladesh Bank and Securities and Exchange Commission (SEC), listing rules of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. and other applicable laws, rules and regulations.

As per Companies Act 1994 (Section 184), the Annual Report along with the Financial Statements presented to the Annual General Meeting (AGM) should enclose a 'Directors' Report' that contains, among others, a review of the following issues:

- **State of the Bank's affairs:** A financial performance review has been presented in the Directors' Report 2010 with relevant analytics.
- **Any recommended reserve in the balance sheet:** An amount of BDT 798.48 million has been proposed to be transferred to 'Statutory Reserve' being 20% of Profit Before Tax (PBT) as per Bank Companies Act 1991 (Section 24).
- **Recommended dividend:** The Board has recommended 55% stock dividend equivalent to BDT 1,606.45 million for the completed year 2010.
- **Any event after balance sheet date which may affect company's financial condition:** None.
- **Any change in bank's activities, subsidiaries' activities etc:** Changes in the business and macro economic variables can always redefine the order of the business. However, no major shift in internal policy, strategy and action plans.
- **Comments on auditors' modified opinion, if any:** Please see the page no 87 of the Directors' Report 2010 and Note 2AA of the Financial Statements 2010 in the page number 163 for details.

In addition to the above provisions of Companies Act 1994, the Directors of the Bank shall include declarations on following issues, among others, in their report as prescribed in SEC notification dated 20 February 2006:

- The financial statements prepared by the management of the Bank present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

- Proper books of account of the Bank have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are made based on reasonable and prudent judgment;
- International Accounting Standards (IASs) as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed: *Please see the page no 87 of the Directors' Report 2010 and Note 2AA of the Financial Statements 2010 in the page number 163 for details.*
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- Significant deviations from last year, if any, in operating result of the Bank shall be highlighted and reasons thereof should be explained: *Phenomenal growth of investment income (114.68% over that of 2009) riding on 'Gain on sale of shares traded in the secondary market' played instrumental role in increase of Operating Profit by 47.18% (excluding non operating gain of BDT 22.63 million). Capital gain from traded share was BDT 1,225.64 million in 2010 against BDT 26.15 million in 2009.*
- Key Operating and financial data of preceding three years shall be summarized: *Please see 'Five Year's Progression of EBL' on the pages 46-48.*
- Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, shall be outlined along with future prospects, risks and uncertainties surrounding the Bank: *EBL acquired 60% shares of a brokerage house named LRK Securities Ltd (Renamed afterwards as 'EBL Securities Ltd') in 2010 and established an investment company named 'EBL Investments Ltd' (Applied for Merchant Banking License from SEC) holding 99.99% shares.*
- The number of Board meetings held during the year and attendance by each director shall be

disclosed: Please see page number 80 of the Directors' Report 2010.

- The pattern of shareholding shall be reported to disclose the aggregate number of shares: Please see page number 81 of the Directors' Report 2010 and page number 184 of the notes to the FS 2010.

To ensure good governance in bank management, Bangladesh Bank (Central Bank of Bangladesh) through the circular (BRPD Circular No 06 dated 04 February 2010) issued guidelines to provide a clear segregation of authority and responsibilities between the CEO, The Chairman of the Board and the Board of Directors in the overall functioning of the bank. *The compliance status of the Bank (EBL) has been presented in the page number 88.*

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report

2010 together with the Directors' Report and the Financial Statements have been prepared in compliance with the SEC Notification No. SEC/CMRRCD/2006-158/ admin/02-08 dated 20 February 2006, Bank Companies Act 1991, rules and regulations of Bangladesh Bank and Securities and Exchange Commission (SEC) and relevant sections of Companies Act 1994 etc. *For details compliance status of EBL to SEC Corporate Governance Guidelines, users are requested to see the page number 92.*

On behalf of the Board of Directors,



Mohd. Noor Ali
Chairman

REPORT OF THE AUDIT COMMITTEE

Audit Committee of the Board: In compliance with the BRPD circular no. 12 dated 23 December 2002 of Bangladesh Bank and SEC Notification SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February, 2006, the Audit Committee (AC) of the Board of Eastern Bank Limited was formed by the Board of Directors and was last reconstituted in April 2010 by the Board to provide independent oversight of the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing rules and laws etc. Following are the major objectives of the AC:

- To review the financial reporting process, the system of internal control and approach to manage risks, the audit process, and the Bank processes for monitoring compliance with laws and regulations and its own code of business conduct.
- To assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the bank.

Composition and Qualifications: The existing composition of the AC as reconstituted in the 439 Board Meeting held on 04 April, 2010 by the Board of Directors is as follows:

SI No	Name	Status in the Bank	Status in the Committee
1	A. M. Shaukat Ali	Director	Chairman
2	Gazi Md. Shakhawat Hossain	Director	Member
3	Meah Mohammed Abdur Rahim (Independent Director & Director from the Depositors)	Director	Member

The Company Secretary acts as Secretary of the Audit Committee of the Board.

Roles and Responsibilities of Audit Committee: The roles and responsibilities of Audit Committee of EBL framed in accordance with the concerned BRPD circular no 12 dated 23 December 2002 are as follows:

Internal Control:

- Evaluate whether management is adhering to the appropriate compliance culture by communicating the importance of internal control and risk management to ensure that all employees have clear understanding of their respective roles and responsibilities.
- Review the arrangements made by the management for developing and maintaining a suitable Management Information System (MIS).
- Consider whether internal control strategies recommended by internal and external auditors have been implemented timely by the management.
- Review the existing risk management policy and procedures for ensuring an effective internal check and control system.
- Review the corrective measures taken by the management as regards to the reports relating to fraud forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors of the regulators and

inform the Board on a regular basis.

Financial Reporting:

- Review the Annual Financial Statements and determine whether they are complete and consistent with applicable accounting and reporting standards set by respective governing bodies and regulatory authorities.
- Meet with Management and External/Statutory Auditors to review the financial statements before their finalization.

Internal Audit:

- Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made.
- Review the efficiency and effectiveness of internal audit function.
- Review that findings and recommendations made by the Internal Auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the bank.

External Audit:

- Review the performance of auditing and their audit and management reports by the external auditors.
- Review that findings and recommendations made

- by the external auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the bank.
- Make recommendations to the Board regarding the appointment of the external auditors.

Compliance with existing laws and regulations:

- Review whether the laws and regulations framed by the regulatory authorities (Central Bank and other bodies) and internal circular/instructions/policy/regulations approved by the Board have been complied with.

Miscellaneous:

- The AC will submit a 'Compliance Report' on quarterly rest to the Board mentioning any errors and irregularities, fraud and forgery and other anomalies pointed by Internal and External Auditor and Inspection Team from Bangladesh Bank.
- This committee will supervise other assignments delegated by the Board and evaluate its own performance regularly.

Meetings of the Audit Committee: Bangladesh Bank suggested banks to hold at least 3 to 4 meetings in a year. The Audit Committee of EBL held 5 (Five) meetings in the year 2010 and had detailed discussions and review session with the Head of Internal Audit, Head of Internal Control & Compliance, External Auditors etc. regarding their findings, observations and remedial suggestions on issues of bank affairs that need improvement. The AC instructed management to follow those remedial suggestions and monitored accordingly.

Meeting dates are as follows:

- 29th meeting held on 10 March, 2010
- 30th meeting held on 05 July, 2010
- 31st meeting held on 05 September, 2010
- 32nd meeting held on 23 September, 2010
- 33rd meeting held on 27 December, 2010

The major areas of focus by the Audit Committee of the Bank during the year 2010 are mentioned below:

- Review and approval of the 'Annual Audit Plan 2010'.
- Review the compliance and related risk level of Branches and various Departments.

- Review the status of Report findings of S F Ahmed & Co., Chartered Accountants, on the issues related to management of loan documentation etc.
- Review the status of classified SME and Consumers loans.
- Review the status of the pending Guarantee files.
- Review the process of strengthening the internal control systems and procedures and also the Internal audit Team of the Bank.
- Review the Management Report for the year ended 31 December 2009 on EBL as submitted by the External Auditors, KPMG Rahman Rahman Huq, Chartered Accountants and its subsequent compliance thereof.
- Review the Annual Report 2009 and overall financial health of the Bank.
- Review Bangladesh Bank Comprehensive Inspection Report of Eastern Bank Limited as on 30 September 2009.

The Minutes of the Audit Committee Meetings containing various suggestions & recommendations to the Management and the Board are placed to the board for ratification on regular basis.

Financial Reporting: The Committee, as part of its responsibility to oversee the Bank's financial reporting process on behalf of the Board of Directors, has reviewed and discussed with the Management, the annual and the quarterly Financial Statements prior to their release or placement to Board, including the extent of compliance with the Bangladesh Accounting/Financial Reporting Standards, Bank Company Act 1991, Companies Act 1994 and other regulatory compliances.

On behalf of the Audit Committee,

A. M. Shaukat Ali
Chairman of the Audit Committee of the Board



message from
the chairman

MESSAGE FROM THE CHAIRMAN



“ Energy saved, energy produced – to uphold the slogan, the govt. and BB have taken active measures to habituate people to efficient use of energy in order to minimize wastage. EBL believes in ‘sustainable banking’ and is committed to do business in a socially responsible way. ”

Dear Shareholders,

It gives me great pleasure to welcome you all to the 19th Annual General Meeting of Eastern Bank Limited and to present before you the audited Financial Statements and Annual Report for the year 2010. I, on behalf of the Board of Directors, hereby extend a warm greeting towards all of you present in this meeting.

Global output growth of about 5 percent during 2010 has been broadly in line with the projections. Depending largely on the financial excesses committed, trade deficit or surplus position, domestic demand, unemployment rate, and overall business confidence, varied pace of growth has been observed among developing, emerging and developed economies. Economic growth in the advanced economies reached only about 3.5 percent during the first half of 2010 mainly due to low consumer confidence and reduced household incomes and wealth. By contrast, many emerging and developing economies are again seeing strong growth, because they did not experience major financial excesses just prior to the great recession. Adding to the woes of the developed economies with persistently high unemployment rate (around 9%) and unfavorable trade imbalances, rising oil and food prices will continue to pose as major social challenges.

Bangladesh economy experienced a twin paced growth during the year 2010 influenced by global events; the economy performed lackluster in first half of the year while showed the sign of recovery in later half. Growth in major markets of our country, relocation of RMG export from China, and continuation of strong local

demand have already set the economy in desired growth mood. Government projected 6.7 percent GDP growth in fiscal year (FY) 2010-11 while achieving 5.8 percent growth in FY 2009-2010. Strong export growth of 41 percent in the first half of FY 2011 indicates rebound in output activities with corresponding growth in import of capital machinery and manufacturing activities. Growth of inward remittance in the same period (first half FY 2011) remains flat which puts pressure on overall Balance of Payments (BoP) which went in the negative territory after a long time. Surging oil price in the global market along with shortage in global food production can further aggravate our BoP position and FX reserve and can create inflation and raise cost of living. Although our financial system has escaped the primary shock due to relative insulation from world financial market, the volatile capital market, weak infrastructure, chronic power and energy crises, subdued domestic demand due to lower inward remittance and rising inflation can pose real challenges in accelerating economic growth in the near future.

Riding on agility and shift in strategic pursuit, Eastern Bank Limited (EBL) focused on pursuing inorganic growth routes by acquiring or establishing diverse lines of businesses including brokerage house, asset management companies, merchant banking and exchange houses. To continue propelling organic growth, the Bank concentrated on cautious loan growth, diversified funding sources, improvement of asset quality, recovery of bad loans, enhanced risk management and better controls and compliances. These steps produced wonderful results and helped to

reduce NPL ratio from 2.46 percent at year end 2009 to 1.99 percent at year end 2010. Profit after tax (PAT) has jumped by 66.70 percent to BDT 2,424.79 million in 2010 while EPS increased to BDT 8.30 (consolidated BDT 8.50) against BDT 5.00 (restated) in 2009. Board has recommended Stock Dividend @ 55% for the year 2010. Credit Rating of the entity has once again been upgraded to AA from AA- by CRISL.

The second half yearly (H2 FY 2011) monetary policy published by BB remains accommodative for productive economic activities, firmly discouraging diversion and undue expansion of bank credit for wasteful unproductive uses, to stem build up of inflationary pressures. Reduced loan-margin ratio for consumer lending, capping loan to deposit ratio, capping lending/deposit rates and fees, strong monitoring of banks' exposure to capital market, directed lending to agriculture and environment friendly projects, increased initiatives in CSR are some of the mentionable measures by BB that are shaping banks' activities in near future. We are actively pursuing our revised strategy to continue expanding inorganic growth routes to face growing challenges of shrinking core banking income.

'Energy saved, energy produced' – to uphold the slogan, the govt. and BB have taken active measures to habituate people to efficient use of energy in order to minimize wastage. EBL believes in 'sustainable banking' and is committed to do business in a socially responsible way. Our bank is the first commercial bank to sign a participation agreement with Bangladesh Bank to finance BDT 290 million under the Refinance Scheme of Bangladesh Bank to support development of solar energy, bio-gas energy and Effluent Treatment Plants in Bangladesh. EBL is financing a project of Rahimafrooz Renewable Energy Ltd (RREL) to set up a 12MW PV solar panel assembly plant. Through these projects, EBL hopes to aid the development of renewable energy sources. In turn, these projects could help improve the lives of 1 million Bangladeshis who live in remote, off-grid areas of the country.

Being a compliant and responsible corporate citizen, EBL continued to make significant contribution towards the government revenue line as direct corporate tax and withholding tax, excise duty and VAT deducted from employees' and customers' accounts and suppliers' bills. We made a direct contribution towards the government exchequer of BDT 1,396 million as corporate tax during 2010 against BDT 1,151 million in 2009 registering a growth of 21%. We also deducted and deposited BDT 861 million as withheld tax, VAT and Excise Duty against BDT 594 million in 2009. As a socially responsible corporate, EBL continued to be

engaged in a number of CSR activities throughout the year, including a number of donations towards charitable causes. EBL made a donation of BDT 50 lacs to 'Liberation War Museum' to build a permanent museum and contributed BDT 50 lacs to Prime Minister's Relief & Welfare Fund for the bereaved family members affected by Nimtali fire. Recognizing 'education' as a focus area of the bank's CSR activities, EBL continued to award scholarships to deserving students from various departments of University of Dhaka under "EBL-DUAA Inspiration" financial grant program. Having continued interest in the development of sports, EBL donated BDT 10 lacs for National Cricket League 2009-2010. To fulfill a continued commitment for ten years, EBL contributed BDT 4.8 lacs to Prime Minister's Relief & Welfare Fund every year to one family of a martyred army officer killed in BDR carnage.

I am glad to share that, EBL Annual Report 2009 has been awarded 2nd position in the 'Best Published Accounts and Reports' by The Institute of Chartered Accountants of Bangladesh (ICAB) and has been presented a 'Certificate of Merit' award for 'Best Presented Accounts and Corporate Governance Disclosures Awards 2009' by The South Asian Federation of Accountants (SAFA). International Finance Corporation (IFC) of World Bank Group has awarded EBL as the 'Most Active GTFP Issuing Bank in South Asia'.

I would like to take this opportunity to express my appreciation to the customers for giving us opportunity to serve them and to the shareholders for their trust and confidence in our capability. I would like to express my gratitude towards my fellow members of the Board of Directors for their valued expertise and fullest support at all times. My sincere thanks go to all the employees of EBL led by the Managing Director & CEO for their hard work and commitment. I express my gratitude and sincere thanks to the governor of Bangladesh Bank and his team for their continued support, judicious guidance and unwavering cooperation. I would also like to thank SEC, DSE and CSE for their continued cooperation and guidance.

We are determined to act on our commitments to serve all our stakeholders. On behalf of the Board of Directors, I pledge that we will continue to add shareholders' value through the execution of prudent and responsible business strategies while ensuring that we contribute towards the achievement of national priorities.

Mohd. Noor Ali
Chairman of the Board of Directors



five year's
progression of EBL

Five Year's Progression of EBL

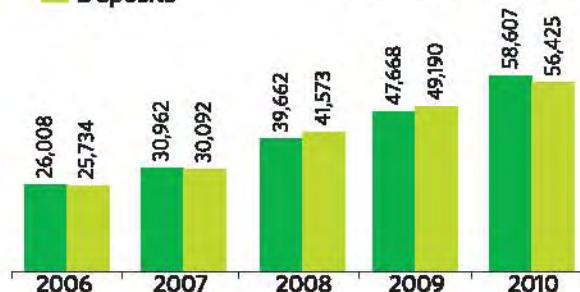
(Figures are in million BDT)

Particulars	2010	2009	2008	2007	2006
BALANCE SHEET MATRIX					
Authorised capital	12,000	3,300	3,300	3,300	3,300
Paid up capital	2,921	2,496	1,387	1,035	828
Shareholders' equity	12,084	8,429	4,733	3,829	3,315
Deposits	56,425	49,190	41,573	30,092	25,734
Loans and advances	58,607	47,668	39,662	30,962	26,008
Credit to deposit ratio (Gross)	103.87%	96.91%	95.40%	102.89%	101.06%
Credit to deposit ratio - Gross (excluding OBU loans)	95.09%	93.78%	94.84%	102.67%	100.93%
Investments	9,827	8,806	5,325	3,457	5,890
Fixed Assets	3,614	1,804	1,246	871	580
Earning assets (Interest bearing assets)	71,759	62,125	46,831	34,706	32,751
Total assets	82,054	69,871	54,598	40,204	35,971
Borrowings	9,213	8,835	4,948	3,793	4,405
INCOME STATEMENT MATRIX					
Net interest income (excluding Investment Income)	2,973	2,317	1,551	1,312	670
Investments Income	2,050	955	863	507	459
Non-interest income (Excluding investment income)	1,437	1,358	1,290	1,003	983
Net financial revenue (Total revenue less Interest Expense)	6,461	4,630	3,704	2,822	2,111
Operating profit (Profit before tax and provision)	4,410	2,980	2,386	1,870	1,358
Provision for loans, investment and other assets	417	280	455	585	224
Profit before tax	3,992	2,701	1,931	1,286	1,134
Profit after tax (PAT)	2,425	1,455	798	419	513
CAPITAL MATRIX					
Risk weighted assets (RWA) [Basel II for 2010 & 2009, Basel I for others]	104,440	73,316	41,315	30,687	25,721
Core capital (Tier 1)	8,375	6,441	4,271	3,395	3,068
Supplementary capital (Tier 2)	2,912	1,875	981	755	537
Additional supplementary capital (Tier 3)	-	-	-	-	-
Regulatory capital (Tier 1, 2 and 3)	11,287	8,317	5,252	4,151	3,605
Statutory capital (Paid up capital and statutory reserve)	5,646	4,423	2,774	2,070	1,656
Capital adequacy ratio (Regulatory capital/RWA) [Basel II for 2010 & 2009, Basel I for others]-Solo Basis	10.81%	11.34%	12.71%	13.53%	14.02%
Core capital (Tier 1) to RWA	8.02%	8.79%	10.34%	11.07%	11.93%
RWA to total assets [Basel II for 2010 & 2009, Basel I for others]	127.28%	104.93%	75.67%	76.33%	71.50%

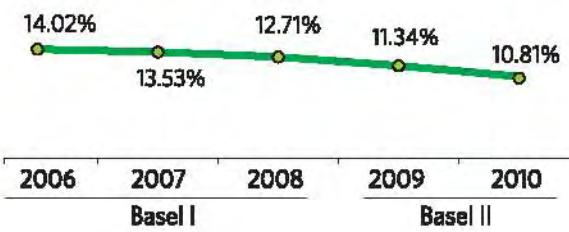
█ Loans & Advance

█ Deposits

(Figures are in Million BDT)



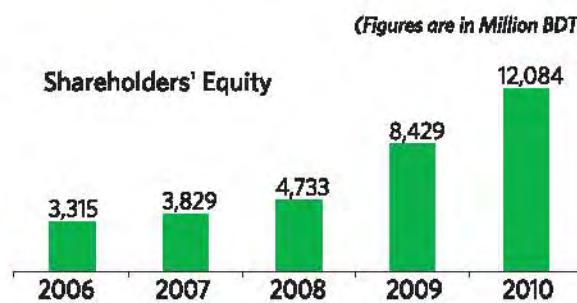
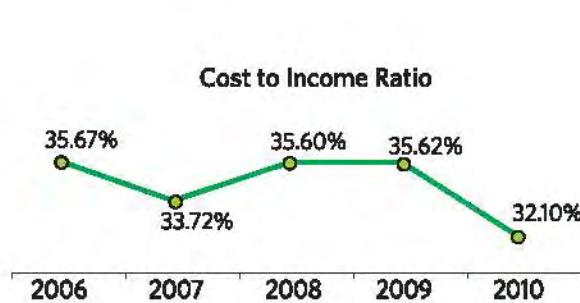
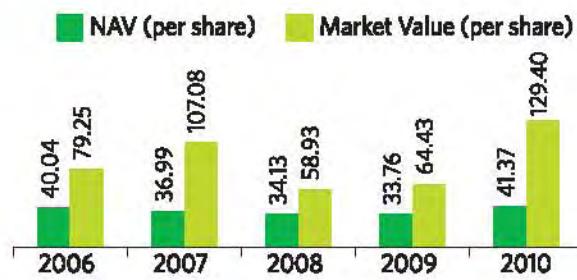
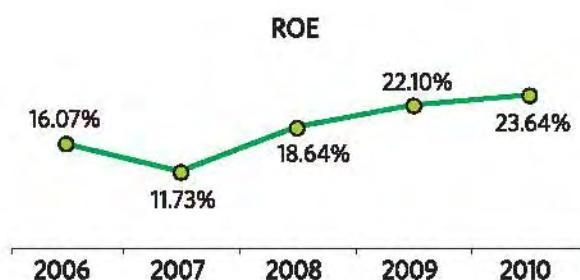
Capital Adequacy Ratio



Five Year's Progression of EBL

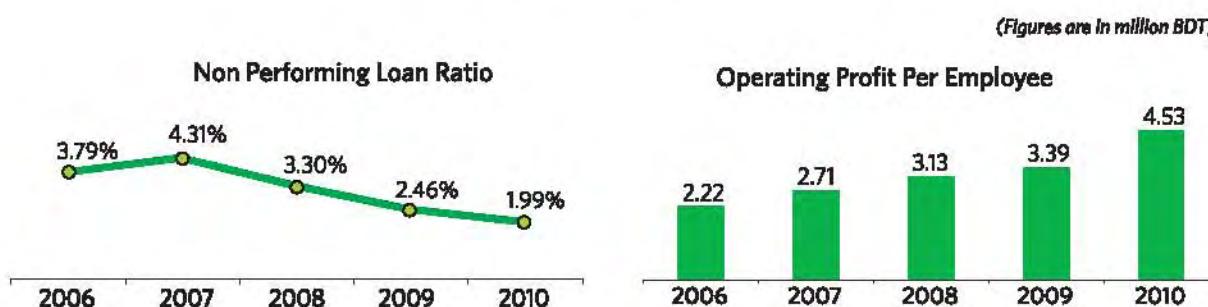
(Figures are in million BDT)

Particulars	2010	2009	2008	2007	2006
CREDIT QUALITY					
Non performing/classified loans (NPLs)	1,169	1,172	1,309	1,334	986
Specific Provision	611	756	692	660	394
General Provision	1,107	876	727	516	391
NPL to total loans and advance	1.99%	2.46%	3.30%	4.31%	3.79%
TRADE BUSINESS MATRIX					
Export	39,633	34,548	35,555	26,673	24,286
Import (LC)	70,665	54,370	62,203	45,298	39,347
Guarantee	2,727	1,319	2,170	1,201	651
EFFICIENCY/PRODUCTIVITY RATIOS					
Return on average equity (ROE)	23.64%	22.10%	18.64%	11.73%	16.07%
Return on average assets (PAT/average assets)	3.19%	2.34%	1.68%	1.10%	1.62%
Cost to income ratio (Operating expense/Total Revenue)	32.10%	35.62%	35.60%	33.72%	35.67%
Yield on advance (average)	12.75%	13.69%	13.90%	13.76%	12.72%
Cost of deposits (average)	6.74%	8.55%	8.66%	8.05%	8.49%
Net interest margin ratio (NII/average earning assets)	4.44%	4.25%	3.80%	3.89%	2.30%
Operating profit per employee	4.53	3.39	3.13	2.71	2.22
Operating profit per branch	89.99	76.41	70.16	66.80	54.32
SHARE-DISTRIBUTION MATRIX					
Earnings per share (EPS) in BDT (face value of Tk. 10 per share considered for every year)	8.30	5.00	3.45	3.02	4.96
Price earning ratio (times)	15.59	12.89	17.07	26.44	15.98
Market value per share (BDT) as on close of the year at DSE (face value of Tk. 10 per share considered for every year)	129.40	64.43	58.93	107.08	79.25
Net assets (book value) per share in BDT (face value of Tk. 10 per share considered for every year)	41.37	33.76	34.13	36.99	40.04
Dividend %:	55	37	20	34	45
Cash (%)	-	20	-	-	20
Stock (%) [proposed for 2010]	55	17	20	34	25
Market capitalization (at close of year)	37,795	16,083	8,173	11,082	6,562
Market price to net assets ratio (times)	3.13	1.91	1.73	2.89	1.98



Five Year's Progression of EBL

Particulars	2010	2009	2008	2007	2006
OTHER INFORMATION (Actual figure)					
No of branches	49	39	34	28	25
No of employees	973	878	763	690	612
No of deposit accounts	194,351	176,080	159,445	110,321	90,703
No of Loan Accounts	65,656	35,125	34,324	21,474	19,016
No of foreign correspondents	644	665	876	838	822
ATMs	74	55	36	19	12
Kiosks	5	5	5	5	3
SME Centers	33	23	18	16	12
No. of Bills pay Machine	10	8	5	5	3



Financial Goals and Performance

(Figures are in million BDT)

Particulars	2011 Goals	2010		2009	2008	2007	2006
		Goals	Actual	Actual			
Capital adequacy ratio (Regulatory capital/RWA) [Basel II for 2010 & 2009, Basel I for others]	11% Plus	11% Plus	10.81%	11.34%	12.71%	13.53%	14.02%
NPL to total loans and advance	Less than 2%	2.25%	1.99%	2.46%	3.30%	4.31%	3.79%
Return on average equity (ROE)	20% Plus	20% Plus	23.64%	22.10%	18.64%	11.73%	16.07%
Return on average assets (PAT/average assets)	2.5% plus	2.25% Plus	3.19%	2.34%	1.68%	1.10%	1.62%
Weighted Average Credit Risk Grade (WACRG)	4.50	4.50	4.72	4.89	4.78	-	-
Cost to income ratio (Operating expense/Total Revenue)	Less than 35%	<35%	32.10%	35.64%	35.60%	33.72%	35.67%
Deposits	77,749	57,581	56,425	49,190	41,573	30,092	25,734
Loans and advances	76,595	55,486	58,607	47,668	39,662	30,962	26,008

Financial and Operational Highlights

ROE Increased in 2010

 **23.64%**
From 22.10% in 2009

ROA Increased in 2010

 **3.19%**
From 2.34% in 2009

Capital Adequacy Ratio (Basel II)
Higher than Prescribed Minimum

 **10.81%**
Minimum requirement 9%

Credit Rating
Upgraded in 2010

 **AA**
From AA- in 2009

NPL Ratio Decreased in 2010

 **1.99%**
From 2.46% in 2009

Cost to Income Ratio 2010

 **32.10%**
From 35.62% in 2009

Awarded by IFC of World Bank Group

**Most Active GTFP
Issuing Bank in South Asia**

Inorganic Growth by Acquiring/Establishing

**EBL Securities Ltd. (60%)
EBL Investments Ltd. (99.99%)**

ICAB Awarded 2009 Annual Report
2nd Position in the

**Best Published
Accounts and Reports**

Successfully participated
in the first run of

**Bangladesh Automated Cheque
Processing System (BACPS)**

First Commercial Bank in Bangladesh
to pioneer the concept of

**Mobile Based
Remittance Payment**

First Bank in Bangladesh to implement world's
one of the best core banking solutions

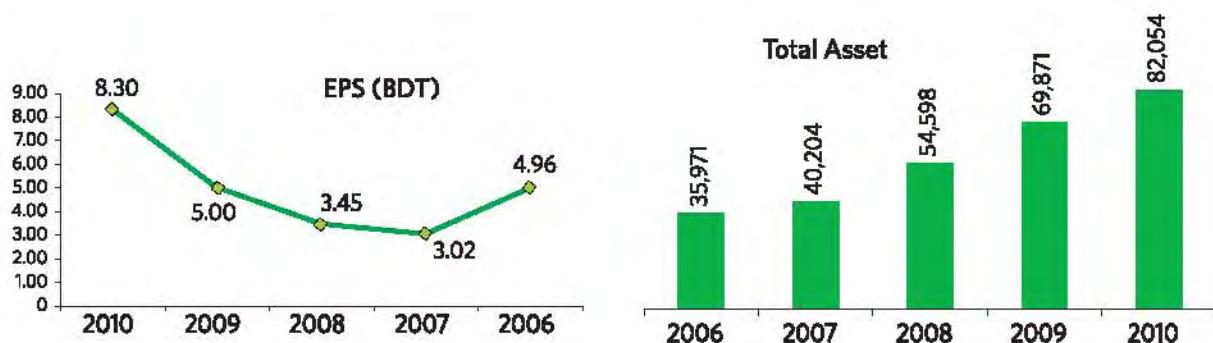
**Universal
Banking System (UBS)**

Selected 'Wholesale' Bank by ADB for

**2nd crop diversification
project with USD 12.65 Million
equivalent BDT allotted**

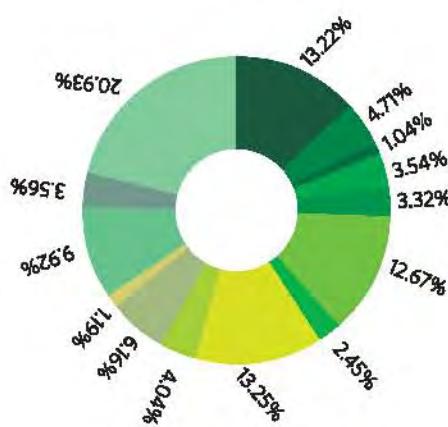
Vital Graphs

(Figures are in million BDT)



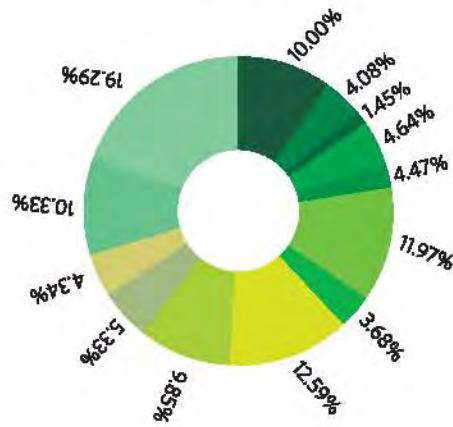
Portfolio Diversification

Year End 2010



- Commercial and Trading
- Importer of Commodity
- Construction
- Edible Oil Refinery Industry
- Electronics Goods
- Individuals
- Pharmaceuticals Industry
- Readymade Garments Industry
- Ship Breaking Industry
- Industries for Steel products
- Telecommunication Sector
- Textile Mills
- Power Sector
- Others

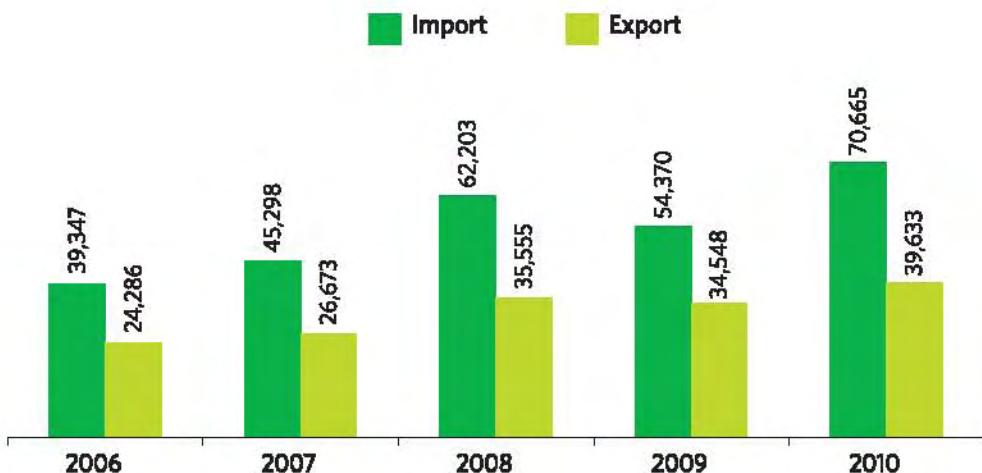
Year End 2009



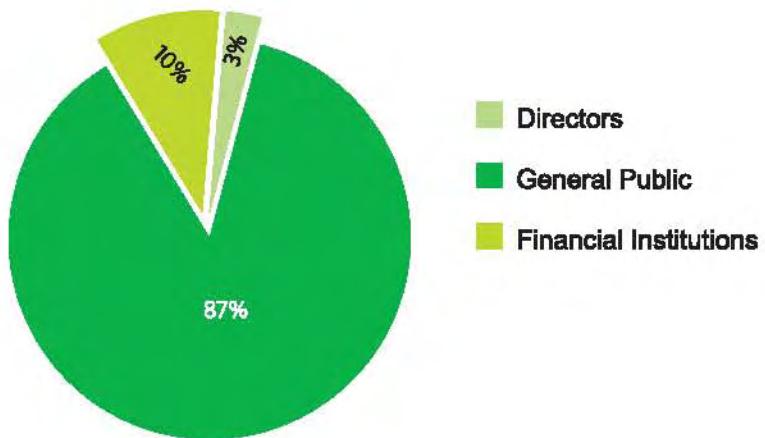
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- Others

Vital Graphs

(Figures are in million BDT)



Capital Structure





review of the
managing director
& CEO

REVIEW OF THE MANAGING DIRECTOR & CEO



“At EBL, we believe in vision, not strategy; culture, not plans; teams, not tasks; people, not process; EQ (Emotional Quotient) not IQ (Intelligence Quotient). That does not mean we have no plans, strategy, task, or process. It simply means that EBL does things a little differently. The goals are the same but the way to achieve them has changed.”

The global economy continues to be characterized by significant uncertainty and gradual shift in the balance of economic activity away from advanced economies and toward developing ones. Growth has resumed following injections of government stimulus spending aimed at counterbalancing the worst global economic meltdown in decades. Yet economies are advancing at sluggish speed and the risk of a ‘double dip’ still looms large in a number of countries. While emerging economies have bounced back to healthy growth, advanced economies face difficulties such as persisting unemployment, weak demand, and spiraling debt. The IMF predicted growth of 6.25 percent for emerging markets, compared with 2.25 percent for advanced economies in 2010.

Bangladesh economy fared comparatively well in 2010, but not without hiccups: slow growth in export and dwindling inward remittance in the first half, while, more than expected growth in export and sharp decline in remittance in the second half.

Relocation of RMG export from China and continuation of strong local demand have enabled our economy to achieve 5.8 percent growth in FY 2010 and is projected to grow by 6.7 percent in FY 2011. However, energy crisis, weak infrastructure, sporadic labor unrest in RMG sector, rising oil and food prices and inflation remain threats on the way of the projected economic growth.

Banking industry in Bangladesh has been embracing few unprecedented changes. A shift in choice of

depositors towards ‘liquidity preference’ has been observed during the year. Time deposits grew slower than demand deposits signifying high liquidity preference amongst public, presumably for engagement in the capital markets evidenced by hectic trading in stock exchanges. Credit grew faster than deposit growth pushing AD ratio of many banks beyond prescribed range of BB. Gradual shrinkage of the pie of core banking income mainly due to reduced spread and fees earnings is being partly compensated by increased pie of ‘earnings from capital market’. However, banks’ increased dependency on profitable capital market operations forced the central bank to come up with increased vigilance and monitoring measures. Reducing loan-margin ratio on consumer lending, capping loan to deposit ratio, capping loan/deposit rates and fees, increased provisioning requirement on loans to capital market operators, directed lending to agriculture and environment friendly projects, increased initiatives in CSR are some of the mentionable measures or directives by BB that shaped banks’ activities and performance during the year.

Enduring challenges with prudence, we continued to achieve consistent financial performance during the year. Earnings per share of BDT 10 has increased by 66.00 percent to BDT 8.30 during 2010 mainly due to 47.94 percent increase in operating profit riding on 28.32 percent increase in NII, a phenomenal growth of investment income by 114.68 percent and a slower growth of operating expenses by 25.73 percent during

the year. Cost to income ratio, during the year, has also decreased to 32.10 percent from 35.62 percent last year as a result of increased cost control measures. As a result of this strong financial performance, the Board of Directors of EBL has recommended 55 percent stock dividend for 2010 after a mandatory transfer of 20.00 percent Profit Before Tax (PBT) to statutory reserve. Our focused and sustained efforts to enhance asset quality helped reduce non performing loans (NPL) ratio to total loans to 1.99 percent at the year end 2010 compared to 2.46 percent at the year end 2009. Our capital adequacy ratio (CAR) reported under Basel II guidelines has been ranging from 9.93 percent to 10.92 percent (consolidated basis) against prescribed minimum of 8.00 percent (Jan-Jun) and 9.00 percent (Jul-Dec) of RWA during the year.

Other than financials, upgradation of credit rating of EBL to AA by CRISL, implementing world's one of the most advanced core banking solutions (UBS), receiving 'Most Active GTFP Issuing Bank in South Asia' award from IFC of World Bank Group, a 'Certificate of Merit' award for 'Best Presented Accounts and Corporate Governance Disclosures Awards 2009' from South Asian Federation of Accountants (SAFA) and award for securing 2nd position in the 'Best Published Accounts and Reports' for Annual Report 2009 from Institute of Chartered Accountants of Bangladesh (ICAB) highlight some of our notable successes in 2010. We have engaged PricewaterhouseCoopers for conducting a Basel II diagnostic gap study for the bank to implement IRB approach in line with Bangladesh Bank road map. We have invested considerable effort and resources to instill required set of skills in the relevant people, to develop awareness among related parties, especially our eligible corporate and mid segment customers for doing credit rating of their respective entities by the ECAs recognized by BB.

We continued to extend our reach through conventional and alternative delivery channels, through innovative products and seamless services to match growing expectations of our customers. We ensured delivery of MICR encoded and personalized customer cheque books with security features as per Bangladesh Bank guidelines to all our customers. This preparation along with technological readiness helped EBL to participate and succeed as one of the three Banks in first system integration test for Bangladesh Automated Clearing House (BACH). We have launched 'Mobile Phone' based electronic payment channel for secured and simplified way of Non Resident Bangladeshi remittances disbursement. We have deployed

upgraded technology, built partnership, arranged attractive events and made strategic alliances with various local and multilateral institutions to provide our customers better and reliable service. We believe that the soft factors such as relationship, alliance and network are our capital in adverse times.

Our bank is the first among the commercial banks, who signed a participation agreement with Bangladesh Bank, to finance BDT 290 million worth projects under the Refinancing Scheme of Bangladesh Bank to support solar energy, bio-gas and ETP projects. Under this scheme, EBL is financing a project of Rahimafrooz Renewable Energy Ltd (RREL), a concern of Rahimafrooz Group, to set up a 12MW PV solar panel assembly plant. We encourage our customers, staff, and stakeholders to factor ecological, social, and economic consequences into all of their personal and professional decisions. That's we call 'sustainable banking'.

The recent financial crisis has highlighted the central role of a sound and well-functioning financial sector for economic activities. An efficient financial sector allocates the resources saved by a nation's citizens, as well as those entering the economy from abroad, to their most productive uses. For a sound financial market, economic policies of the government and monetary policy and regulatory measures taken by the central bank are the key. Eastern Bank plays an active role for the cause of a well-functioning financial sector through its participation in Association of Bankers Bangladesh (ABB) and other relevant forums. In line with the broader objectives of enhancing shareholders' value, we have set our strategy for 2011 as outlined below:

- Stronger and sustained effort to mobilize funding to restrain AD ratio within prescribed range by BB.
- Pursue inorganic growth through merger and acquisition and moderate growth in conventional products.
- Maintain asset quality with strengthened risk management facing above average growth projections.
- Further change in deposit mix to increase pie of low cost deposits.
- Careful penetration in the capital market.
- Increase intrinsic value of the company by strengthening internal controls through installation of clearly laid down policies, procedures and processes.
- Improve quality of human capital by strengthening people's competencies.
- Increased focus on Corporate Social Responsibility (CSR).

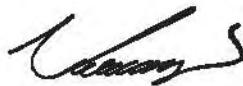
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How we have done it? We have shifted the culture of the organization from one based on numbers to one based on a motivating working environment.

Much in our environment may change. However, my colleagues and I are absolutely determined that EBL's commitment to its stakeholders will not change. We continue to commit ourselves to the communities in which we operate. We continue to believe that our long-term success lies in delivery of outstanding service to our clients. Employee first is our bracing motto. We believe that the source of our competitive advantage lay deep inside our company, in our people. At EBL we are committed to developing our human capital. We continue to invest in the skills and the future development of our employee base, and to

create for them an environment of true meritocracy. And we will continue to strive to deliver sustainable value for our shareholders.

I would like to extend my sincere thanks and gratitude to the Governor of the central bank of Bangladesh and his able staff for their support and judicious guidance throughout the financial year. My deepest gratitude to the Chairman and the Board of Directors for their continuous support, patronage, guidance and encouragement. Thanks are due to all our customers who remained loyal through thick and thin and kept faith in us. And finally thanks to all our EBL employees for their loyalty, dedication and commitment. It is because of their winning spirit EBL has gone from strength to strength.



Ali Reza Iftekhar
Managing Director & CEO



value added
statements

VALUE ADDED STATEMENTS

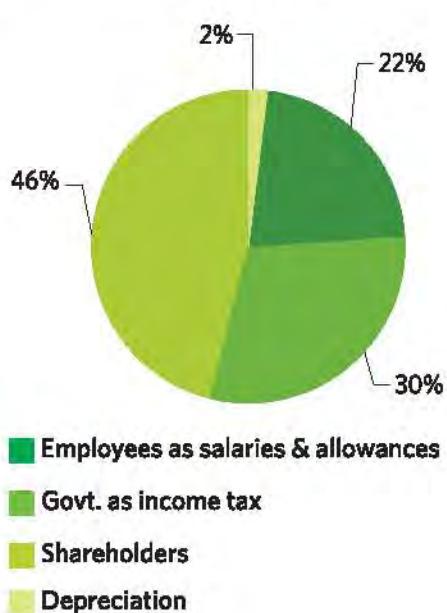
Value added statement shows how much quantitative value Eastern Bank Limited has added in 2010 for it's employess, Government and shareholders in the form

of salaries & allowances, income tax, profit after tax respectively and also indicates value of use of fixed assets through depreciation.

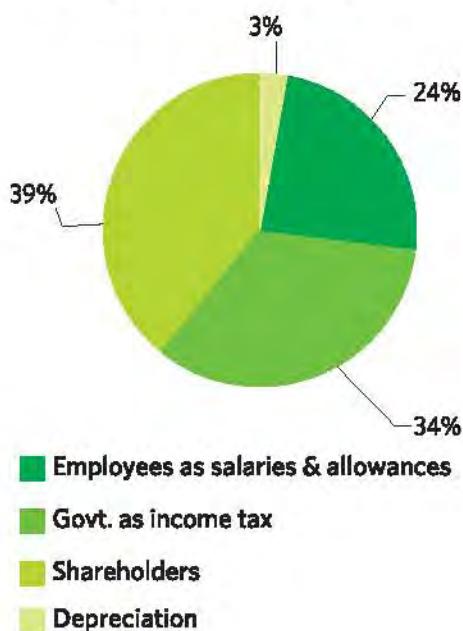
Value Added Statement for the year ended 31 December 2010

Particulars	2010 Taka	2009 Taka
Income from Banking services	10,394,741,216	8,509,982,842
Less: Cost of services & supplies	(4,800,634,293)	(4,547,589,305)
Value added by the Banking services	5,594,106,923	3,962,393,538
Non-banking income	91,611,722	19,249,441
Provision for loans & other assets	(417,171,855)	(280,051,075)
	5,268,546,790	3,701,591,904
Distribution of added value		
Employees as salaries & allowances	1,165,139,255	22%
Govt. as income tax	1,567,621,254	30%
Shareholders	2,424,789,795	46%
Depreciation	110,996,486	2%
	5,268,546,790	100%

Value Distribution: 2010



Value Distribution: 2009

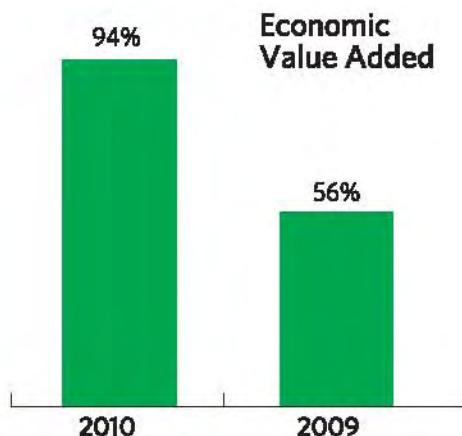


Economic Value Added (EVA) is the measure of financial performance of an organization. It is based on the principle that since a company's management employs equity capital to earn a profit, it must pay for the use of this equity capital. This is useful to shreholders in particular and other stakeholders in general.

EVA is equal to Profit after Tax (PAT) plus the provision for loans and advances during the year minus cost of equity where cost of equity is the opportunity cost that the shareholders forego. This cost of equity is calculated considering the risk free rate based on weighted average rate of 10 years treasury bond issued by Bangladesh Government plus 2% risk premium.

EVA statement for the year ended 31 December 2010

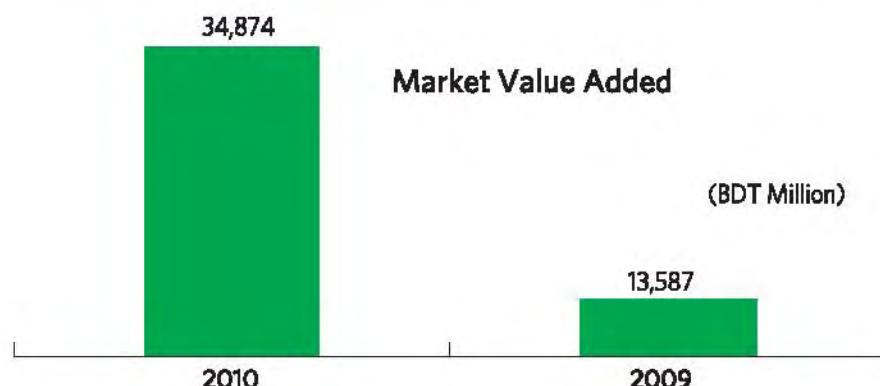
Particulars	2010	2009
Shareholders equity	12,083,554,563	8,429,152,418
Add: Provision for loans and advances	1,717,948,042	1,632,107,852
	13,801,502,605	10,061,260,270
Average Shareholders' equity	11,931,381,438	8,108,073,354
Earnings		
Profit after taxation	2,424,789,795	1,454,541,675
Add: Provision for loans and advances during the year	417,171,855	280,051,075
	2,841,961,650	1,734,592,750
Average cost of equity (Based on weighted average rate of 10 years treasury bond issued by the Bangladesh Government) Plus 2% risk premium	11.50%	12.05%
Economic Value Added	1,372,108,865	976,957,975
Growth over last year	1,469,852,784	757,634,775
	94%	56%



Market Value Added (MVA) is the amount derived from the difference between market capitalization and book value of the shares outstanding. It signifies the enhancement of financial solvency as perceived by the market.

Market Value Added statement

Particulars	2010	2009
Face Value per Share	10.00	100.00
Market value per share	129.40	644.25
Number of shares outstanding	292,081,140	24,964,200
Total market capitalization	37,795,299,516	16,083,185,850
Book value of paid up capital	2,920,811,400	2,496,420,000
Market value added	34,874,488,116	13,586,765,850
		BDT M
2010		34,874
2009		13,587





sustainability
statement with
SME success stories

SUSTAINABILITY REPORT

'Inclusive Banking' widens the meaning of success and shifts its focus from 'caring for profit' to 'caring for people and planet'. It takes a holistic view of progress to help maintain a fine balance of mutual benefit across generations as well as diverse stakeholders group.

At EBL, we are committed to stay on course and stand by our corporate social responsibility objectives and translate responsible business practices into business reality. This year too, we are setting our Corporate Social Responsibility (CSR) ambitions under the strap line of 'sustainability'. Our understanding of sustainability embraces two things.

Firstly, we strive for sustainable relationships. That means seeking to ensure that our long-term values of innovation, trust, and putting our customers first are palpable the way we serve our customers and stakeholders. Our focus is to remain profitable for our shareholders and enable our corporate and retail customers to face the challenges of the changing economic conditions.

Secondly, sustainability enshrines the idea of being a responsible corporate citizen. Banks are an indispensable part of a national economy and a healthy society. They foster and stimulate risk taking and entrepreneurship - both are fundamental ingredients of sustainable economic growth and progression. Our corporate citizenship should not be confined to the making of mere philanthropic donations. It must include our obligations as a responsible employer, and our duty to manage the wider social and environmental impact of what we do. The Bank's management of its social and environmental impact is based on the clear objective of ultimate good for society and business. We feel that 'sustainability' better captures these responsibilities, and applying the term to our activities will keep us mindful of the centrality and durability of these commitments to our business and our brand.

Our Sustainability Strategy

The key elements of our sustainability strategy are to enhance business performance, build an open and honest culture and engage actively with stakeholders. Our CSR policy evolves around the following broader areas:

- We work within the standards set in our Code of Ethics to ensure that all our business practices are conducted with integrity.
- We treat our people fairly, always complying with the norms of the Fundamental Principles and

Rights at Work and, further, providing a rewarding environment in which our employees are engaged and developed.

- We respect our customers and stakeholders, anticipating and responding to their needs, aiming to treat them honestly and responsibly with consistent standards wherever we operate.
- We minimize any negative impact on the environment that might be associated with our operations or our services, searching out new ways to conserve natural resources and innovating to improve our processes.
- We are a good neighbor-not just keeping our own house in order but also reaching out to support aid and relate to those in our neighborhood. In particular we focus on providing educational and academic support and engaging in projects that will benefit our local communities.
- We are working to integrate environmental and social considerations into day to day business decision making and operational practices, which will add value to our business by reducing risk, improving operational efficiency and enhancing service excellence as well as creating a great place to work.

CSR activities during 2010

EBL continued to be engaged in a number of CSR activities throughout the year, including a number of donations towards charitable causes. EBL made a donation of BDT 50 lacs to 'Liberation War Museum' to build a permanent museum and contributed BDT 50 lacs to Prime Minister's Relief & Welfare Fund for the bereaved family members affected by Nimtali fire.

Recognizing 'education' as a focus area of the bank's CSR activities, EBL continued to award scholarships to deserving students from various departments of University of Dhaka under "EBL-DUAA Inspiration" financial grant program. Having continued interest in the development of sports, EBL donated BDT 10 lacs for National Cricket League 2009-2010. To fulfill a continued commitment for ten years, EBL contributed BDT 4.8 lacs to Prime Minister's Relief & Welfare Fund every year to one family of a martyred army officer killed in BDR carnage.

At the end of 2010, a massive cold wave hit the country leaving millions of poor people suffering without sufficient winter clothing. EBL family members donated



As part of CSR Program EBL donates computer to Sena Sohayak School



EBL in cooperation with Dhaka University Alumni Association (DUAA) awards financial grants as part of its five-year program styled as 'EBL-DUAA Inspiration'. A total of 106 Dhaka University (DU) students, including 29 students with disabilities, were awarded financial grants for their outstanding academic results in 2009.

their personal belongings and bank contributed blankets which were distributed at the affected areas of North Bengal—especially at Nilfamari, Lalmonirhat and Dinajpur.

EBL donated Tk 50 thousand to a blind children's organization to bring out children's book written in Braille system.

EBL contributed to Bangladesh Thalassemia Foundation to promote the control of thalassemia through awareness-raising campaigns and to ensure the availability of appropriate treatment to patients with thalassemia in Bangladesh.

Deadly fire in Neermali killed many people and destroyed homes. EBL family came forward to support the distressed people. EBL also donated BDT 50 lacs to Prime Minister's Relief & Welfare Fund for the Neermali fire affected victims.

Green financing (financing renewable energy and eco-friendly projects): EBL has pledged to make sustainability the foundation for banking, customer service and social activities. We encourage our customers, staff, and stakeholders to factor ecological, social, and economic consequences into all of their personal and professional decisions.

Our bank is the first among the commercial banks, who signed a participation agreement with Bangladesh Bank, to finance BDT 290 million worth projects under the Refinance Scheme of Bangladesh Bank to support solar energy, bio-gas and ETP projects.

EBL financed a project of Rahimafrooz Renewable Energy Ltd (RREL), a concern of Rahimafrooz Group, to

set up a 12MW PV solar panel assembly plant for the first time in Bangladesh. Through this renewable energy financing, we have been able to positively contribute to transform the lives of 1 million people of the most remote and off-grid areas by lighting up their homes. The plant will reduce CO₂ emission by more than 1 million tons and is expected to generate carbon credit worth of more than USD 15 million.

Not only green financing, EBL has stepped up in creating eco-friendly consciousness among its employees as well. Awareness on less electricity consumption, avoiding the use of printing papers frequently, using day-light saving methods, converting all office vehicles into gas run engines and encouraging the employees' individual effort in creating a greener society are just some of the activities we try to inculcate in our employees.

Caring for the employees: EBL is an "Employer of Choice" and our HR Mission Statement is "We will inculcate a high performance culture where people will work with fun and pride". Our people are our brand. The value system of an organization manifested through professional behavior of its people creates impression among the customers and the society at large that matters most in creating and enhancing brand value. So, it's the people of the bank who determine fate and ability to sustain in the long run.





Mr. Mohd. Noor Ali, Chairman of EBL, shakes hands after handing over the key of a microbus to Mr. Benazir Ahmed, Commissioner of DMP. EBL donates the Microbus to DMP on November 15, 2010 in a simple ceremony at DMP Head Quarter.

High performance culture is characterized by the creativity, flexibility and competitiveness of its people. So what does "Employer of Choice" mean? In simple terms it means that quality people will choose to work for EBL and they will:

- Choose to dedicate them to EBL's success.
- Choose to stay with EBL, even when they are receiving calls from other employers.

The following factors differentiate EBL as an excellent workplace from generally good workplaces around the country:

- Quality of working relationships - people treats each other as friends, colleagues and co-workers; support and help each other to get the job done.
- Having a say - staff can participate in decision making process.
- Getting Feedback - We value our people's feedback on our performance and work strategy; every year TOWN HALL meetings are arranged to have people's view formally; this is a very unique opportunity for our people where they can ask question in an open forum to the senior management.
- A sense of ownership and identity - EBL is always involved in an active change management process knowing the business and controlling the technology.
- Recruitment - Our recruitment policy is getting the right people at the right place.
- Pay and conditions - We always see ourselves at par of the market; every two years EBL conducts a market survey to remain competitive in terms of compensation and benefits packages.



AmCham and EBL jointly organize a seminar titled 'Branding Bangladesh' on June 2, 2010 at Hotel Sheraton, Dhaka.

- Learning - EBL provides opportunity to its people to learn on the job and off the job, acquire skills and knowledge from everywhere and develop a greater understanding of the whole workplace.
- Having fun - EBL is a psychologically secure workplace in which people can relax with each other and enjoy social interaction.

Employee benefits: In addition to competitive package, EBL provides various short and long term benefits to keep its people wary free. The purpose of the benefits is to increase the economic security of the employees. Short term benefits include Leave Fare Assistance (LFA), Furniture and Equipment allowance (for employees from AVP to above level), hospitalization and maternity bills, performance bonuses and various soft loans like Loan Against Monthly Salary (LAMS), Car Loan and House Building Loan facility etc.

EBL House Building Loan is covered by insurance (premium paid by the bank) to help the staff families in case of death or permanent disability of the staff.

Long term benefits include bank's contribution to PF, Gratuity and Super Annuation Fund. The Bank creates required provision each year to maintain these funds.

Some highlights of employee benefits in the year 2010 are as follows:

- EBL conducted salary survey in 2010 and staff was given market adjustment in their salary.
- New pay structure for the staff which is more tax friendly.
- Ceiling of Staff House Building Loan enhanced and HBL policy revised to widen the scope of the scheme.



Colourful opening of the Third EBL-Bangladesh International Travel & Tourism Fair at Bangabandhu International Conference Center on September 30, 2010.



Inaugural ceremony of Ferdousi Priyabhashini's sculpture exhibition. EBL sponsored the show titled 'The Dialogue of Nature'.

Employee Relations and Retention: Employee relation and retention is critical to the long term health and sustenance of a bank. A satisfied employee with proper orientation and organizational knowledge can ensure customer satisfaction, product sales, better workplace and sustained growth of a bank. Realizing this, HR conducts salary survey in every two year and adjusts the compensation package with market to remain competitive in the industry. It has in place a two dimensional Performance Management Program done twice in a year. We have Reward and Recognition Program, Town Hall Program, Family Night and several other business and support conferences to give employees much needed break for taking a fresh look at lives.

EBL has a very good reward and recognition policy. All the monetary and non-monetary benefits are linked with performance; EBL is 100% performance driven organization. For a performer EBL is the best place to work; for a non-performer this is the best place to get their competencies improved.

Learning & Development in 2010: In the year under review, HRD arranges huge number of seminars, workshops and trainings both in home and abroad for the employees of the Bank. These training programs cover various topics like: Agribusiness Enterprise Development & Management, Agricultural Financing & Commodity Market, Anti Money Laundering, Asset Liability Management, Balance Sheet Management & Risk Transfer Principle, Branch Management, BASEL II, Branch Management, CIB Reporting, Competency Mapping, Climate Change: Its Impact and Responses, Compliance in Corporate Governance, Credit Appraisal, Management, Monitoring & Grading,

Customer Service Excellence, Energy for growth, Environment & Climate Change Risk Management, Environmental Responsibility & Financing, Export Import procedures and financing, Export Policy 2009 - 2012, Financial Analysis for Bankers, Financial Infrastructure & Public-Private Partnership, Financial planning, Forecasting & simulation with Crystal Ball, Financial Stability & Stress testing, Foreign Exchange and Money market products, Foreign Exchange Transactions & Reporting Techniques, Green Banking, Green Financing, Internal Control Mechanism & Bank Supervision, International Accounting & Control Norms, International Trade Payment & Finance, Investment & Merchant banking, ISO 9001:2008 for lead auditor, Major Policy Issues of Central Bank, Management for Non Performing Loans & Recovery Strategy, Managing Risk in Financing Micro and Small Enterprise, Micro & Small Enterprise Financing, New ICC Incoterms 2010, Public Private Partnership, Retail Banking and Consumer Financing, Risk Management & Non Performing Loans, SME Banking & Financing, Stress Testing, SWIFT & UCP 600, Trade Finance and SWIFT Payment, UPC Implementation, UPDC 600 and ICC Publications and many others.

In 2010 Human Resources Division arranged 165 Training Programs; 25 trainees were sent overseas and 1,680 were coached and trained locally to upgrade their knowledge and thus, enhancing the quality.



EBL Chairman Mohd. Noor Ali and EBL Managing Director & CEO Ali Reza Iftekhar give away crests to the outstanding performers of 2009.



New Joiners pose for a photograph with the HR Head Md. Sirajul Islam at the Foundation Program Certificate Ceremony on August 26, 2010.

Summary of Training in the year 2009 & 2010

Item	2010	2009	Increase
Total Training Program	165	86	92%
Total Participant	1,705	764	123%
Total Cost (BDT)	7,713,790	5,443,774	42%
Total Man Hour	50,186	16,716	300%
Per Employee Cost (BDT)	4,521	7,125	-37%

Training Analysis 2010

Training Category	Training Programs	Participant	Man Hour	Cost (BDT)
Local Training	113	300	12,100	1,337,754
In House Training	33	1,380	37,438	3,419,889
Foreign Training	19	25	648	2,956,147
Total	165	1,705	50,186	7,713,790

Sustainable customer relations: Relationship is a journey reinforced through mutual benefits. We are well aware that today's excellent customer service will be tomorrow's common expectation. Therefore, our journey towards better customer service through wider access, transactional ease, innovative products and services and various strategic alliances has been continuing with renewed vigor.

Corporate Evening: Eastern Bank Limited, on periodic interval, organizes gala event for the corporate customers to formally express its appreciation for banking with EBL. All corporate banking customers, selected consumer and SME banking customers, Board of Directors and Management Committee Members, senior corporate, consumer and SME banking officials participate in that event.

In view of portraying the country as a developing nation with positive image and encouraging the foreign

tourists and investors for visiting or investing in Bangladesh - Eastern Bank Limited jointly organized a seminar on "Branding Bangladesh" with The American Chamber of Commerce in Bangladesh (AmCham) on June 02 where a number of scholars presented their ideas on how to brighten the country's image at home and abroad with a view to dispelling the downbeat perceptions about our country that are still prevalent among foreigners.

"Corporate Evening" a routine get together event was arranged for our corporate customers and distinguished guests to enhance and expand relationships for mutual interest. Mr. Mohd. Noor Ali, Chairman of Eastern Bank Ltd. addressed the gathering where Mr. Ali Reza Iftekhar, Managing Director & CEO and other high officials of the Bank were present. The event was organized on 23 March 2010 at Westin Hotel, Gulshan, Dhaka.



Mukdesur Rahman, Deputy Managing Director of EBL addressing a workshop titled "Prevention of money laundering -2010" organized by EBL at Gazipur at BARI Campus.



EBL Director, the then chairman, Mir Nasir Hossain seen at a program held on February, 28 2010 where honorable Prime Minister of Government of Bangladesh Sheikh Hasina handed over financial support to the bereaved family members of the valiant Army officers killed at the BDR Camage.

SME Success Stories: Small is Beautiful

Small and Medium Enterprises (SMEs) are the "engines of growth" in almost all the emerging economies in the globe. It has been playing a pivotal role in job creation and overall economic development in Bangladesh as elsewhere in the world. The National Private Sector Enterprise Survey which was conducted in 2003 estimates that about Six million micro and small and medium enterprises are doing business in Bangladesh and are employing more than 31 million people nationwide. Furthermore, the data reveals that micro and SME Sector has employed 25% of the total workforce.

Banking to the SMEs may be termed as banking to the 'unbanked', as a great many of them yet to receive bank finances to ensure greater business development. EBL SME Banking began its journey in June 2006. As of now, it has 34 SME Centers located in the premier business hubs of the country. These Centers have been selected based on transport convenience, business potential and market importance. In 2010 EBL has opened five new SME Branches in Keraniganj, Mymensingh, Bhairab, Feni and Narayanganj to broaden EBL's reach and to take world class banking services to entrepreneurs.

Abeda Sultana Mukti: Wheels of progress

'My husband died in 2002, leaving behind a garage, only source of income. It was a bolt from the blue. I have never taken care of anything except the family. I was at a loss what to do or how to run the business. On the top of it I needed cash injection to the business. I was at the point of break. It was about then I came to know about EBL's SME Mukti loan and I thought why not? What have I got to lose applying for the loan?



Abeda Sultana Mukti: Her smile says it all

I approached the bank and was amazed to know that the bank was willing to give me the financial assistance I needed to expand my garage. The Tk. 1,800,000 EBL SME Mukti loan has literally turned my world around. I have expanded my business and converted it into a service center.

What was to be paid off in 18 months I managed to do it in just 12 months and obtained another loan of Tk. 2,500,000 for further expansion.

My 'Jessore New Bangla Motor' now is a successful vehicle maintenance center. I am thankful to the bank for their help and suggestion in making the right decision when I needed it most. Give the opportunity, we can work shoulder to shoulder with men and run a family. Today my service center is a leader in town, but why stop here? I have learned to dream big. I am planning to refurbish my business and set up a new office with the latest in technology very soon. With the help of EBL of course.'



Nazma Parvin Laizu is passionate about her brand Nakshi Food



What drives Rashida Banu is her never-say-die attitude

Nazma Parvin Laizu: Making a difference

I started my business "Nakshi Food" in a small room with four staffs by making home made samosas. My dream was to create a business that will produce chemical free biscuits, chanachurs and other snacks and deliver them to every corners of the country.

I heard about EBL's SME Mukti loan and approached the bank. The bank agreed to give me the financial support I needed to expand my snacks business. Now I have my own factory in Savar. All my products are full in nutritional value and are made from absolutely vegetable fat. Very recently my business "Nakshi Food" got B.S.T.I recognition.

Now my business is a flourishing snacks business. I am thankful to the bank for helping me expand my production. Mine is the leading snacks business around

town. I have a plan to spread out my business to other parts of the country with my products with the help of EBL of course.

Rashida Banu: A trend setter

Shawarma House is among the pioneer fast food shops in Dhaka. It all started when I first tasted my first pizza and shawarma in Europe. It is then that the idea of opening a fast-food restaurant, which would serve these two Italian delicacies, popped up in my mind.

Aspiring to setup a restaurant of my own, I approached EBL for a loan. EBL not only provided me with the loan but also business consultancy through their customer services desk. Shawarma House has become Dhaka's most preferred and popular restaurant for youngsters to dine out.



Hafiza Momtaz Hashi stands proudly at her boutique



Shahin Akhtar of Shaheen's Beauty and Fitness Shop exudes confidence

Hafiza Momtaz Hashi: Empowering women

Through proper planning, determination and help from EBL, I established my boutique. Starting with EBL SME Mukti Loan of Tk. 2,500,000, I have come along way since then. My business expanded and I have now 640 workers working with me. Currently, I am planning to open another branch.

My boutique stands out for its timeless quality and traditional work. It offers unique designs with individuality, which creates a special niche in the market in home textiles. It offers a wide range of formal, casual, bridal and party wear dresses as well as hand embroidered bed linen, sofa throws, curtains, drapes and cushions with special patch work. My collections have also been on display overseas.

I express my gratitude to EBL for their well-timed financial support, excellent banking services and also for the encouragement and support provided to me for being a female entrepreneur.

Shaheen Akhtar: Shaheen Beauty Parlour

I started my own beauty parlor business at Eskaton, under the name of 'Shaheen Beauty Parlour'. I have always wanted to do something of my own. EBL has helped me unleash my potential. Just when I thought that it would be too difficult to acquire the required funding, EBL came to my help and provided me timely and adequate financing that helped setting up my business.

Starting with only two workers, now there are several qualified hairdressers, beauty experts and make-up artists.

The credit for my success in business goes to EBL which not only provided financial support, but also the encouragement I needed that helped expand my business.



directors' report 2010

DIRECTORS' REPORT 2010

The Board of Directors of Eastern Bank Limited takes pleasure in welcoming you all to the 19th Annual General Meeting (AGM) and presenting Annual Report along with the Audited Financial Statements for the year 2010.

Review of Business Ambience: Global economic recovery, as of now, continued to strengthen in a varied pace among developing, emerging and developed economies. As per recent World Economic Outlook by IMF, global activity expanded at an annual rate of about 5 percent during 2010. Economic growth in the advanced economies reached only about 3.5 percent during the first half of 2010 mainly due to low consumer confidence and reduced household incomes and wealth. Recoveries are proceeding at a sluggish pace, and high unemployment poses major social challenges. By contrast, many emerging and developing economies are again seeing strong growth, because they did not experience major financial excesses just prior to the Great Recession. According to IMF, sustained, healthy recovery rests on two rebalancing acts: internal rebalancing, with a strengthening of private demand in advanced economies, allowing for fiscal consolidation; and external rebalancing, with an increase in net exports in deficit countries, such as the United States, and a decrease in net exports in surplus countries, notably emerging Asia.

Tougher global financial regulations, various reforms and transparency to the financial markets are on the cards, to prevent such future disaster that changed the very shape of world financial and economic systems.

With a respectable GDP growth of 5.8 percent in the Fiscal Year (FY) 2010, Bangladesh has been enduring

well the spill over effects of century's one of the worst recessions. Strong growth of 41 percent in export earnings in the first half of FY 2011 indicates rebound in output activities with strong growth in import of capital machinery and manufacturing activities. Growth of inward remittance in the same period (first half FY 2011) remains flat which puts pressure on overall Balance of Payments (BoP) which went in the negative territory after a long time. Surging oil price in the global market along with shortage in food production can further aggravate our BoP position and create inflation and raise cost of living in the near future. Although our financial system has escaped the primary shock due to relative insulation from world financial market, the volatile capital market, weak infrastructure, chronic power and energy crises, subdued domestic demand due to lower inward remittance and rising inflation can pose real challenges in accelerating economic growth in near future.

Financial performance highlights: EBL acquired 60% shares of a brokerage house named LRK Securities Ltd (Renamed afterwards as 'EBL Securities Ltd') in 2010 and established an investment company named 'EBL Investments Ltd' (Applied for Merchant Banking License from SEC) holding 99.99% shares. So, for the first time at EBL, the financials are presented on 'Consolidated' alongside the 'Bank' in the Financial Statements (FS) of EBL. The financial performance of EBL in 2010 was expectedly consistent. EBL continued to diversify its funding source, recovered more bad loans, enhanced quality of assets and fostered control and compliance during the year. Following table summarizes financial performance of EBL both as a Group and as the Bank during the year 2010:

(Figures are in million BDT)

Particulars	Eastern Bank Limited			Subsidiaries		Consolidated
	Onshore	Offshore	Total	EBL Securities Limited	EBL Investments Limited	
Net Interest Income (NII)	2,844.85	128.60	2,973.45	(8.26)	19.27	2,984.47
Total operating income	6,330.84	129.88	6,460.72	121.44	19.27	6,601.43
Total operating expense	2,073.47	0.29	2,073.77	35.56	0.07	2,109.40
Profit before provisions*	4,280.00	129.59	4,409.58	93.49	19.20	4,526.05
Total provisions	417.17	-	417.17	-	-	417.17
Profit before tax (PBT)*	3,862.83	129.59	3,992.41	93.49	19.20	4,108.87
Profit after tax (PAT)*	2,295.20	129.59	2,424.79	73.64	12.00	2,514.20

* Consolidated profit before provision, PBT and PAT contain BDT 3.77 million as 'Gain on acquisition' of EBL Securities Ltd.

Profit After Tax (PAT) of the Bank has increased by 66.70 percent (BDT 2,424.79 M vs. BDT 1,454.54 M in 2009) during 2010 mainly due to higher growth of NII (by 28.32 percent) and Operating Profit (by 47.94 percent) but lower growth of Operating Expense (by 25.73 percent) and Tax (by 25.80 percent) during the year under review. Group PAT was BDT 2,514.20

million during the year among which attributable to EBL shareholders was BDT 2,484.75 million. Phenomenal growth of Investment Income by 114.68 percent contributed heavily towards the growth in Operating Profit, PAT and EPS during the year. Following table summarizes comparative financial performance:

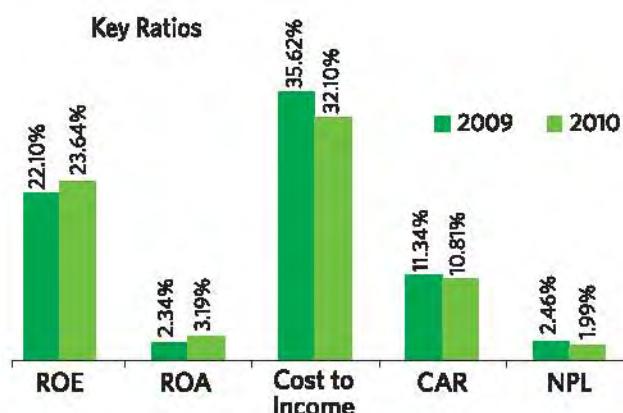
(Figures are in million BDT)

Particulars	2010		Year 2009 Bank	% Change (Bank to (Bank)
	Consolidated	Bank		
Net interest income (NII)	2,984.47	2,973.45	2,317.13	28.32%
Profit before provision and tax/Operating profit	4,526.05	4,409.58	2,980.75	47.94%
Provisions for loans, cont. assets & other assets	417.17	417.17	280.05	48.96%
Profit before tax (PBT)	4,108.87	3,992.41	2,700.70	47.83%
Profit after tax (PAT)	2,514.20	2,424.79	1,454.54	66.70%
PAT attributable to Shareholders of EBL	2,484.75	-	-	-
Minority Interest share in PAT	29.46			
Earnings per share (EPS) per Tk 10 share	8.50	8.30	5.00	66.00%

Since the profit after tax (PAT) has increased by 66.70 percent during 2010, all the ratios (including ROE and ROA) whose numerator is the PAT have jumped accordingly. Following table summarizes some of the major financial ratios:

	BANK	
	Year 2010	Year 2009
Return on average equity (PAT/Average Equity)	23.64%	22.10%
Return on average assets (PAT/Average Assets)	3.19%	2.34%
Cost to income ratio (Operating expense/Revenue)	32.10%	35.62%
Capital adequacy ratio (Basel II)*	10.81%	11.34%
NPL ratio (Classified loans/Total Loans)	1.99%	2.46%
EPS (BDT)	8.30	5.00
Price to book value ratio	312.78%	189.95%

* Minimum requirement was 10% of RWA on 31-12-2009 but 9% on 31-12-2010. As per consolidated return CAR was 10.92%.



Appropriation of profit: Although the Profit after tax (PAT) for the year 2010 is BDT 2,424.79 million of the Bank, distributable profit is BDT 1,646.84 million after a mandatory transfer of BDT 798.48 million (20 percent of

Profit Before Tax) to statutory reserve as per Bank Companies Act 1991 (Section 24). Your Directors have recommended Stock Dividend @ 55% (55 shares for 100 shares each held on the record date) for the year 2010:

(Figures are in million BDT)

Particulars	BANK		% Change
	2010	2009	
Profit after tax (PAT)	2,424.79	1,454.54	66.70%
Retained earnings carried forward	20.53	29.80	-
To be appropriated	2,445.32	1,484.34	64.74%
Transfer to statutory reserve	798.48	540.14	47.83%
Dividend for the year (recommended):			
Stock dividend (55% for 2010 vs. 17% for 2009)	1,606.45	424.39	278.53%
Cash dividend (20% for 2009)	-	499.28	-
Retained earnings to be carried forward	40.39	20.53	-
Dividend Payout Ratio (Dividend/PAT)	66.25%	63.50%	-

Market performance of EBL share: The share of EBL was split from BDT 100 to BDT 10 per share and market lot was changed from 20 to 200 during the year 2010 through EGM which was effective as and from 29 August 2010. Total number of shares as on 31 December 2010 was 292,081,140 and the face value per share was BDT 10 (ten).

Shares of EBL are categorized as 'A' in the Stock Exchanges. At the end of 2010, there were 11,284 shareholders of EBL against 8,479 shareholders at the end of 2009. Total number of shareholders as on

1 March 2010 (being the Record Date) was 8,791. The closing price of EBL share was BDT 129.40 in both the Stock Exchanges (DSE & CSE) as on 30 December 2010 whereas year high was BDT 144.00 and year low was BDT 41.20 per share. This represents an increase of almost 100 percent over that of the year end 2009.

Shares of EBL have been traded regularly in both the stock exchanges i.e. DSE and CSE. Following table shows the month high, low and number of traded shares at each month in 2010:

(Figures in Taka)

Month	DSE High	CSE High	DSE Low	CSE Low	Volume on DSE*	Volume on CSE*
January'10	65.70	65.80	59.25	59.00	94,646,000	35,682,610
February'10	72.00	72.00	59.00	56.52	136,974,000	89,526,382
March'10	50.50	55.40	42.43	41.20	43,270,000	10,086,625
April'10	58.00	57.90	44.40	45.70	44,034,000	31,306,429
May'10	64.70	64.50	54.53	54.80	225,310,000	68,185,753
June'10	70.00	68.50	58.03	58.00	266,574,000	176,972,929
July'10	71.00	70.95	62.40	63.50	250,376,000	170,358,650
August'10	74.60	74.60	65.00	65.60	189,148,000	69,846,982
September'10	73.40	73.30	67.00	67.00	96,324,000	40,498,610
October'10	99.90	99.00	70.10	69.10	148,134,000	91,288,784
November'10	144.00	142.2	90.00	91.00	324,220,000	252,737,530
December'10	139.00	139.00	102.20	93.00	184,068,000	236,810,050

* Face value per share of BDT 10 considered in all the cases.

Capital Adequacy Under Basel II: Bangladesh Bank (BB) has mandated all the scheduled banks vide BRPD circular letter no. 11, dated August 14, 2008 to raise the capital (the sum of paid up capital and statutory reserve) to BDT 4,000 million by August 11, 2011 with minimum paid up capital of BDT 2,000 million. By the same circular BB has restricted banks from paying any cash dividend until a bank fulfills the above requirements. As shown in the Balance Sheet, our

capital (Paid up capital and statutory reserve) as on December 31, 2010 has already crossed that mark and stood at BDT 5,646.33 million (Of which paid-up capital was BDT 2,920.81 million). As a result, we do not have any restriction to pay cash dividend from the year 2009 and onwards.

The history of raising our paid up capital to BDT 2,920.81 million as on year end 2010 is presented below:

AGM Date	Particulars	No. of Shares	Volume in Taka	Cumulative Paid up Capital in Taka
9 December 1993	As per MOA & AOA	60,000,000	600,000,000	600,000,000
5 August 2001	20% Bonus Share	12,000,000	120,000,000	720,000,000
8 December 2003	15% Bonus Share	10,800,000	108,000,000	828,000,000
12 June 2007	25% Bonus Share	20,700,000	207,000,000	1,035,000,000
25 May 2008	34% Bonus Share	35,190,000	351,900,000	1,386,900,000
25 May 2008	Right Share 2:1 at Par	69,345,000	693,450,000	2,080,350,000
28 April 2009	20% Bonus Share	41,607,000	416,070,000	2,496,420,000
30 March 2010	17% Bonus Share	42,439,140	424,391,400	2,920,811,400
30 March 2011	55% Bonus Share (Proposed)	60,644,627	606,446,270	4,527,257,670

* Face value per share of BDT 10 has been considered in all the cases to conform to comparability.

Banks in Bangladesh have passed their first year in 2010 under Basel II regime while reporting Capital Adequacy Status to Bangladesh Bank. Considering overall capital adequacy status of the banking industry, Bangladesh Bank reduced Minimum Capital Requirement (MCR) to 8% for the period from January 01, 2010 to June 30, 2010, 9% for the period from July

01, 2010 to June 30, 2011 and 10% from July 1, 2011 onwards (BRPD circular no 10 dated 10 March 2010). Following is the summary of Basel II reports of EBL as reported to BB during 2010:

Following is the summary of Basel II reports of EBL (CONSOLIDATED RETURN) as reported to BB during 2010:

(Figures are in million BDT)

Risk weighted assets (RWA) for	Q1, 2010	Q2, 2010	Q3, 2010	Q4, 2010
A. Credit Risk for:	66,603.58	73,979.70	82,575.91	85,968.15
On Balance Sheet exposures	60,778.87	66,826.44	64,259.76	68,341.43
Off Balance Sheet exposures ¹	5,824.71	7,153.26	18,316.15	17,626.72
B. Market Risk (capital charge				
<i>X Reciprocal of MCR) for:</i>	<i>7,645.85</i>	<i>8,596.67</i>	<i>10,993.43</i>	<i>10,426.98</i>
a. Interest Rate Related Instruments	3,386.19	2,769.26	3,015.32	2,716.94
b. Equities	4,102.86	5,585.46	7,789.50	7,664.33
c. Foreign Exchange Position	156.80	241.95	188.61	45.71
C Operational Risk (capital charge				
<i>X Reciprocal of MCR)²</i>	<i>6,961.68</i>	<i>6,961.68</i>	<i>6,279.02</i>	<i>8,582.58</i>
Total Risk Weighted Assets (A + B + C)	81,211.11	89,538.05	99,848.36	104,977.71

D. Eligible Capital				
1. Tier-1 (Core Capital)	6,537.21	7,157.94	7,962.61	8,548.26
2. Tier-2 (Supplementary Capital)	1,943.55	1,931.75	1,948.45	2,911.90
3. Tier-3 (Additional Supplementary Capital)	-	-	-	-
4. Total Eligible Capital (1+2+3)	8,480.76	9,089.69	9,911.06	11,460.16
E. Total Risk Weighted Assets (RWA)	81,211.11	89,538.05	99,848.36	104,977.71
F. Capital Adequacy Ratio (CAR) (D4/E)*100	10.44%	10.15%	9.93%	10.92%
G. Core Capital to RWA (D1/E)*100	8.05%	7.99%	7.97%	8.14%
H. Supplementary Capital to RWA {(D2+D3)/E}*100	2.39%	2.16%	1.95%	2.77%
I. Minimum Capital Requirement (8% for Q1 & Q2, 9% for Q3 & Q4 of RWA)	6,496.89	7,163.04	8,986.35	9,447.99
Capital Surplus (Deficit)	1,983.87	1,926.65	924.70	2,012.17
BB Prescribed Minimum Capital Adequacy Ratio (CAR)	8.00%	8.00%	9.00%	9.00%

1. RWA for the last two quarters increased mainly due to change of Credit Conversion Factor (CCF) of 'Letter of Acceptance' from 20% to 100% as per revised RBCA guidelines by BB.
2. RWA for Operational Risk increased in the last quarter mainly due to addition of 'Gross Interest Suspense' with Gross Income (NII and Other Revenues).

Shareholding & Capital Market Exposure: In order to restrict banks' exposure to capital market within a reasonable limit, Bangladesh Bank issued a comprehensive circular (DOS circular no 04 dated 15 June 2010) and instructed banks to strictly follow section 26 (2) of Bank Company Act, 1991. The reporting requirement has been expanded too. The said circular and respective section of the Bank Company Act 1991 imposed certain limit for banks in holding individual securities as well as the total portfolio.

As per 'Holding of Individual Share' capping rule, the market value of a particular share held by a bank (own, lien and custody) can not exceed lower of the following two:

- 30% of the paid up capital of the company or
- 30% of the sum of paid up capital and statutory reserve of the bank.

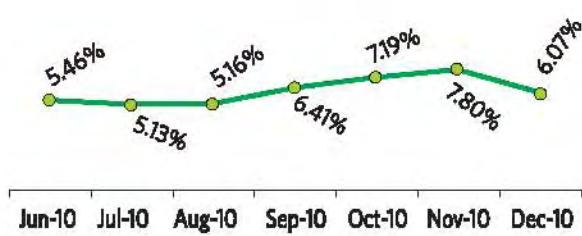
As per 'Holding of Shares' capping rule, the market value of shares (held under own portfolio, as lien and custody) can not exceed 10% of total liabilities of a bank. Whereas under 'Exposure in Capital Market' capping rule, no bank can have an exposure in capital market exceeding 10% of total liabilities.

Status of EBL: Although we occasionally breached individual shareholding limit for certain shares mainly due to comparing market value (not cost of investment) with the face value (i.e. paid up capital), we did not breach our overall portfolio limit rather it ranged between around 5% to 8% of total liabilities from June 2010 to December 2010. Following is the status of EBL in 'Holding of Shares' and 'Exposure in Capital Market' as reported to Bangladesh Bank:

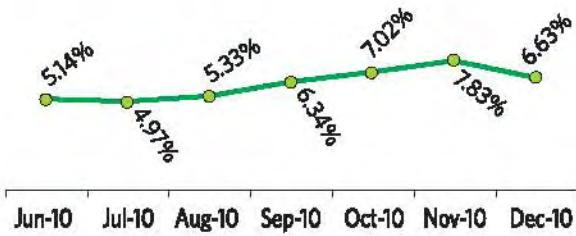
(Figures are in crore BDT)

Holding of Shares:	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Own Portfolio	262.46	303.36	305.05	372.61	410.84	450.06	352.80
Market Value of liened shares	73.01	70.63	71.16	94.34	113.37	118.65	89.65
Custody	-	-	-	-	-	-	-
Total Holdings	335.47	373.99	376.21	466.95	524.21	568.71	442.45
Total Liabilities	6,144.16	7,287.25	7,287.25	7,287.25	7,287.25	7,287.25	7,287.25
Percentage of value of shares to Total Liabilities	5.46%	5.13%	5.16%	6.41%	7.19%	7.80%	6.07%
Exposure In Capital Market:							
Own Portfolio	316.07	342.07	368.72	442.08	482.60	521.75	442.83
Loan to own subsidiary/Subsidiaries	-	20.00	20.00	20.00	20.00	40.00	40.00
Loan to others for merchant banking and brokerage activities	-	-	-	-	9.09	9.00	-
Guarantee against loan of own subsidiary/subsidiaries and others	-	-	-	-	-	-	-
Loan to Stock Dealer	-	-	-	-	-	-	-
Total Exposures	316.07	362.07	388.72	462.08	511.69	570.75	482.83
Percentage of Capital Market Exposure to Total Liabilities	5.14%	4.97%	5.33%	6.34%	7.02%	7.83%	6.63%

Value of Shares to Total Liability



Capital Market Exposure to Total Liability



CORPORATE GOVERNANCE REPORT

Conceptual Framework: Corporate governance (CG) is the system of principles, policies, procedures and clearly defined responsibilities and accountabilities used by stakeholders to overcome the conflicts of interest inherent in the corporate form. Corporate in today's business world is subject to a variety of conflicts of interest due to its inherent complexities in forms and structures. So, two major objectives of corporate governance can be:

- To eliminate or mitigate conflicts of interest particularly those between management and shareholders.
- To ensure that the assets of the company are used efficiently and productively and in the best interests of its shareholders and other stakeholders.

From the view point of conflicts of interest, two relationships (between management and shareholders and directors and shareholders) are the primary focus of most of the systems of corporate governance. Board of directors is a critical component of the check and balance system that lies at the heart of corporate governance system. Board members owe a duty to make decisions based on what ultimately is best for the long-term interests of the shareholders. In order to do this effectively, Board members need a combination of three things: independence, experience and resources.

Corporate governance practices at EBL: Eastern Bank Limited was incorporated in Bangladesh on 08 August 1992 and commenced banking operations on 16 August 1992. As a Bangladesh-incorporated bank, the Bank is guided in its corporate governance practices mainly by two regulatory bodies: Bangladesh Bank (Central Bank of Bangladesh) and Securities and Exchange Commission (SEC).

However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, policies, procedures and practices based on the best practices of local and global banks. At EBL we attach a simple meaning to 'Corporate Governance' which is 'Due diligence' in observing responsibilities by Board as well as by management to safeguard interest of key stakeholders i.e. depositors, shareholders, employees and the society at large. Two very important pillars of a good corporate governance structure are "Transparency" and "Accountability" backed by strong Internal Control and Compliance Structure and MIS capabilities.

Structure of the Board: In compliance with Bangladesh Bank BRPD circular no. 12 dated 23 April, 2003 & SEC CG guideline No 1.1, the Board of Directors of Eastern Bank Limited is currently constituted with 10 directors among whom 9 (nine) are Non executive directors including the Chairman and 1 (one) is Managing Director (Ex-Officio). Regarding the Independent (Non-shareholder) Directors as guided by SEC CG guidelines (No. 1.2), we report that there is one Independent Director in the present Board of Directors of EBL.

In compliance with the BRPD Circular No. (R-1) 717/2008-462 dated 22 July 2008, the Board of Directors of Eastern Bank Limited also appointed two Directors from among the Depositors as per Rule 2008 of Bangladesh Bank which was subsequently approved by the same vide letter no. BRPD (R-1) 651/9 (DL-1)/2008-745 dated 11 November 2008 and letter No. BRPD (R-1) 651/9 (DL-1)/2008-807 dated 15 December 2008.

Election of Directors: According to clauses 105 and 106 of the Articles of Association of Eastern Bank Limited, following 3 (three) directors retired in the 18th Annual General Meeting (AGM) held on 30 March, 2010. All the retiring directors were eligible for re-election as per Articles of Association of EBL. They are as follows:

1. Md. Showkat Ali Chowdhury (Re-elected).
2. Mir Nasir Hossain (Re-elected)
3. A. M. Shaukat Ali (Re-elected).

In the upcoming 19th AGM three Directors shall retire from the office and will be eligible for re-election.

Board meetings and attendance: The Board of Directors holds meetings on a regular basis: usually twice a month but additional meetings are called when required. At each meeting, management provides information, references and detailed working papers for each agenda to all Directors for consideration at least two days before the meeting. At the meeting, the Chairman of the Board of Directors allocates sufficient time for the Directors to consider each agenda item in a prudent way and allow them to freely discuss, inquire, and express opinions on the items of interest so that they can fulfill their duties to the best of their ability. During the year 2010, total 27 Board Meetings were held. The attendance record of the Directors is as follows:

Sl.	Name	Position	Total No. of Meetings Held	No. of Meetings attended
1	Mohd. Noor Ali	Chairman	27	20
2	Md. Showkat Ali Chowdhury	Director	27	19
3	Mir Nasir Hossain	Director	27	18
4	A. M. Shaukat Ali	Director	27	25
5	Aneela Haque	Director	27	21
6	Asif Mahmood (Representing Aquamarine Distributions Ltd.)	Director	27	21
7	Gazi Md. Shakhawat Hossain (Representing M/S Unique Eastern (Pvt) Ltd.)	Director	27	25
8	Meah Mohammed Abdur Rahim	Independent Director & Director from the Depositors	27	13
9	Ormaan Rafay Nizam	Director from the Depositors	27	13
10	Ali Reza Iftekhar	Managing Director & CEO	27	26

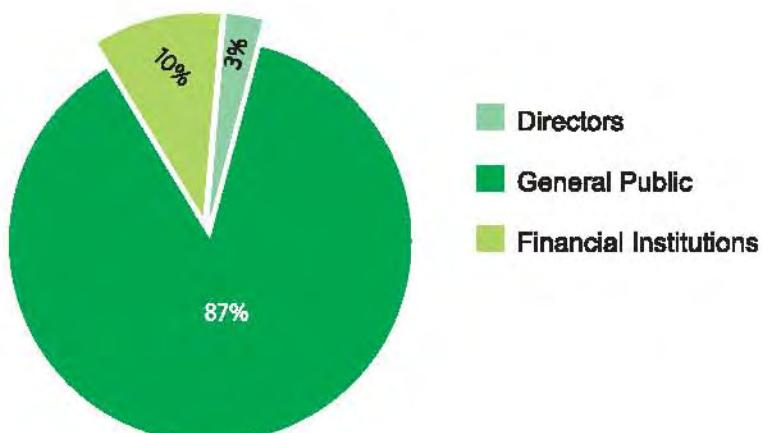
The Directors who could not attend the meetings were granted leave of absence by the Board.

Directors' shareholding status: As on December 31, 2010 the Directors of Eastern Bank Limited held only 3.43% of total shares numbering 292,081,140 as presented below:

Sl.	Name	31-12-2010		31-12-2009	
		No of Shares Held*	% of total shares	No of Shares Held	% of total shares
1	Directors	10,026,490	3.43%	856,970	3.43%
2	General Public	253,514,160	86.80%	21,424,252	85.82%
3	Financial Institutions	28,540,490	9.77%	2,682,978	10.75%
		292,081,140	100.00%	24,964,200	100.00%

* Face value per share was BDT 10 at the year end 2010 but BDT 100 at the year end 2009.

Capital Structure



Shareholding by individual director is as follows:

Sl.	Name	Position	31-12-2010		31-12-2009	
			No of Shares Held*	% of total shares	No of Shares Held	% of total shares
1	Mohd. Noor Ali	Chairman	220,800	0.08%	18,872	0.08%
2	Md. Showkat Ali Chowdhury	Director	54,280	0.02%	4,641	0.02%
3	Mir Nasir Hossain	Director	3,334,210	1.14%	284,976	1.14%
4	A. M. Shaukat Ali	Director	1,530,940	0.52%	130,850	0.52%
5	Aneela Haque	Director	474,780	0.16%	40,580	0.16%
6	Asif Mahmood (Representing Aquamarine Distributions Ltd.)	Director	925,590	0.32%	79,111	0.32%
7	Gazi Md. Shakhawat Hossain (Representing M/S Unique Eastern Pvt. Ltd.)	Director	3,468,270	1.19%	296,434	1.19%
8	Meah Mohammed Abdur Rahim	Independent Director & Director from the Depositors	17,620	0.01%	1,506	0.01%
9	Ormaan Rafay Nizam	Director from the Depositors	-	-	-	-
10	Ali Reza Iftekhar	Managing Director & CEO	-	-	-	-
Total			10,026,490	3.43%	856,970	3.43%

* Face value per share was BDT 10 at the year end 2010 but BDT 100 at the year end 2009.

Separation of Chairman and Chief Executive Officer

Roles: In compliance with Bangladesh Bank BRPD Circular No. 06 dated 04 February 2010 and Clause 1.3 of SEC CG guidelines, we report that the chairman of the Board Mr. Mohd. Noor Ali has been elected from among the directors and there are clear and defined roles and responsibilities of Chairman and the Chief Executive Officer Mr. Ali Reza Iftekhar.

The Chairman of the Board approves the agenda for the Board meetings, assisted by the Managing Director and the Company Secretary. Regular agenda items include approving credits beyond CEO's authority and aspects of the Bank's corporate strategy, financial performance, core risks and credit policy, corporate governance and organization structure, human resources policy, customer and services strategies, procurement policy, etc.

On the other hand, CEO, being the Head of management team of the Bank, is accountable to the Board and its Committees to run and manage the Bank in accordance with the prescribed policies, principles

and strategies established by the Board and rules, regulations and guidelines from the central bank, SEC and other regulatory authorities. Management's primary responsibilities are to:

- Manage the operation of the Bank safeguarding interests of customers and other stakeholders in compliance with the highest standards of ethics and integrity;
- Implement the policies and strategic direction established by the Board;
- Establish and maintain a strong system of internal controls;
- Ensure that the Bank's compliance with applicable legal and regulatory requirements.

Board Committees: To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank issued a circular (BRPD Circular No 06 dated 04 February 2010) where it restricted banks to form more than two committees or sub-committees of the Board.

To ensure proper accountability and transparency through 'due diligence', EBL has two Board committees namely Audit Committee and Executive Committee mainly to oversee and direct the operations, performance and strategic direction of the Bank. The composition of both the Board Committees is presented in the page no 16.

Audit Committee: In compliance with the BRPD circular no. 12 dated 23 December 2002 the first Audit Committee (AC) of the Board of Eastern Bank Limited was established and was last reconstituted in April 2010 by the Board to provide independent oversight of the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing rules and laws etc.

Bangladesh Bank suggested banks to hold at least 3 to 4 meetings in a year. The Audit Committee of EBL held 5 (Five) meetings in the year 2010 and had detailed discussions and review session with the Head of Internal Audit, Head of Internal Control & Compliance, External Auditors etc. regarding their findings, observations and remedial suggestions on issues of bank affairs that need improvement. The AC instructed management to follow those remedial suggestions and monitored accordingly.

The major areas of focus by the Audit Committee of the Bank during the year 2010 are mentioned below:

- Review and approval of the 'Annual Audit Plan 2010'.
- Review the compliance and related risk level of Branches and various Departments.
- Review the status of Report findings of S F Ahmed & Co., Chartered Accountants, on the issues related to management of loan documentation etc.
- Review the status of classified SME and Consumers loans.
- Review the status of the pending Guarantee files.
- Review the process of strengthening the internal control systems and procedures and also the Internal audit Team of the Bank.
- Review the Management Report for the year ended 31 December 2009 on EBL as submitted by the External Auditors, KPMG Rahman Rahman Huq, Chartered Accountants and its subsequent compliance thereof.

- Review the Annual Report 2009 and overall financial health of the Bank.
- Review Bangladesh Bank Comprehensive Inspection Report of the Bank as on 30 September 2009.

The Minutes of the Audit Committee Meetings containing various suggestions & recommendations to the Management and the Board are placed to the board for ratification on regular basis.

The Executive Committee (EC): In compliance with the BRPD circular no. 16 dated 24 July 2003, the Board of Directors of Eastern Bank Limited has reconstituted its Executive Committee (EC) in its 405 Board Meeting held on 9 November 2008 which was duly confirmed by the Board in the following meeting held on 03 December 2008. This Committee is comprised of 3 (Three) Non-Executive Directors and Managing Director of the Bank. This EC is entrusted with the following broader responsibilities and functions:

- Establish and periodically review the Bank's overall credit and lending policies and procedures.
- Develop and implement uniform and minimum acceptable credit standards for the Bank.
- Approve all revision, restructure and amendments made to the credit proposals initially approved by this Committee.

Internal Controls & Compliance: The internal audit, compliance, legal and risk functions are all responsible for overseeing and managing various aspects of internal controls.

At EBL, the Head of ICC (Internal Control & Compliance) has dual reporting lines to CEO and Audit Committee of the Board and thus acts as a bridge between management and Board. ICC acts as a watchdog to ensure safe, sound and compliant operations of the Bank. It keeps informed the management and Board (where necessary) with any relevant update which is not routinely covered by financial reporting and other non-financial disclosures. Well-devised internal control system helps to ensure that the Bank is compliant with regulatory rules, procedures and laws of the land as well as internal policies, procedures, instructions to minimize risk of unexpected losses or damage to the bank's reputation.

The department has three separate units i.e. Monitoring Unit, Compliance Unit and Audit & Inspection Unit.

Monitoring Unit: This unit is responsible to monitor the operational performance of various branches and departments. They collect relevant data and analyze those to assess the risk of individual departments/divisions/branches. In case they find major deviation, they recommend to the Head of ICC for sending audit and inspection team for thorough review and investigation. Some major tools of this unit are as follows:

- Weekly irregularity report
- Prime Risk Indicator (PRI)
- Monthly/Quarterly Operation Report (MOR)
- Spot check/ Surprise Check
- Branch/Departmental Control Function Checklist (DCFCL).

Compliance Unit: This unit is entrusted to ensure that bank complies with all regulatory requirements while conducting its business. They maintain liaison with the regulators at all levels and notify the other units/departments regarding the regulatory changes. Some major tools of this unit are as follows:

- Ensure compliance of inspection report of Bangladesh Bank;
- Ensure compliance of Internal Audit Report;
- Ensure compliance of regulatory bodies like the central bank, tax authority, Ministry of Finance, Law enforcing agencies and other regulators;
- Supervise and monitor the legal issues against the bank;
- Ensure smooth resolution of various complaints of branches and departments under legal framework;

- Checking whether the appropriate policies include a. top level review, b. appropriate activity controls for different departments and divisions, c. system of approval and authorizations, d. appropriate segregation of duties and personnel are not assigned conflicting responsibilities.

- Review the Quarterly Operation Report.

Audit and Inspection Unit: This Unit prepares a Risk Based Internal Audit (RBIA) program on annual basis which is approved by the bank's senior management and by the audit committee of the Board. This risk based approach is superior to traditional audit approaches for two reasons:

First, it focuses on risks of the underlying causes of financial surprises, not just the accounting records.

Second, the Risk Based Audit shifts the focus from inspecting the quality of financial information that is recorded in the financial statements to building quality into the financial reporting process and adding value to the bank's operations.

In 2010, this unit completed Risk Based Internal Audit (RBIA) for 39 branches and all the departments/divisions of EBL.

Management Committees: In an effective CG structure, corporate/bank management has a collective mandate under the leadership of MD & CEO to carry out daily operations to the best interest of the stakeholders. Besides conventional segregation of functional departments, EBL has some designated committees entrusted with specific objectives. The composition of all these committees are presented in the page number 30.



The Management Committee (MANCOM): MANCOM is considered the highest decision and policy making authority of the Bank which consists of the CEO and different business and support unit heads. Following is the major scope of work by this committee:

- Set or review vision, mission and strategies of the Bank as a whole and for business units for effective discharging of management responsibilities.
- Strategic and tactical decisions relating to business, credit, operations, administration, HR, internal and financial control and compliance etc.
- Analysis of business and financial performance of the Bank.
- Review and discuss policies and procedures of the Bank and make changes if necessary before taking to the Board (if needed).
- Finalize periodic (usually once in a year) employee performance appraisal and promotions.
- Market analysis and internal service quality.
- Discuss and approve Budget before forwarding to Board.
- Empowered to co-opt any other member as deemed and decided suitable by MANCOM.
- Acting Managing Director can preside over the MANCOM meeting in absence of MD.

The routine agenda of a typical MANCOM meeting includes the following:

- Monthly business and financial performance analyses.
- Monthly business review and analysis of each business units (Corporate, Consumer, SME and Treasury) performance.
- Monthly review of control and compliance (internal and regulatory) issues.
- Consider and propose innovative projects, products and services as well as management methodology and business strategies to the Board of Directors (if needed).
- Manage external communications, including management of advertising and public relations.
- Management and development of human resources.
- Exploring ways to strengthen and vitalize support functions (Operations, HRD, ITD, CRM etc.).

Meeting: Usually MANCOM sits once in every month. However, EBL MANCOM held 9 meetings during the year 2010.

Bank Risk Management Committee (BRMC): Following BB instructions (DOS EW 1164/14 EBL/2009-449 dated 10 June 2009 and DOS EW 1164/14 EBL/2009-590 dated 24 September 2009), the Bank formed a separate risk management unit named 'Bank Risk Management Committee' with DMD (Operations) in the chair, to ensure proper and timely identification, measurement and mitigation of risks exposed by the bank in a comprehensive way. This committee and its Terms of Reference (TOR) were subsequently approved by the Board in its 445 meeting dated 14 July 2010.

This committee is also designated as a 'Supervisory Review Process Team or SRP Team' as BB instructed all scheduled banks (BRPD Circular no 13, dated 21 April, 2010) to form such team or committee to ensure maintenance of sufficient capital to fully cover their risk exposure. Furthermore, determination of level of adequate capital will be subject to evaluation and dialogue between Bangladesh Bank (BB) and the well designated SRP team of banks. Major functions of BRMC are:

- Ensure through independent oversight that different risks are identified, evaluated, monitored and reported within the established risk management framework.
- Oversee the capital management functions of the bank in consistence with the risk based capital adequacy/measurement accord (Basel II).
- Review market conditions and take precautionary measures towards facing abnormal market situation and vulnerability of investments of the bank.
- Conduct periodic Stress Test so that any errors or lapses are eliminated gradually during daily operation of the bank.

Meeting & reporting: As suggested by BB, meeting of this committee should be held at least once in every month, it can be more upon necessity. The minutes of the meeting to be forwarded to Department of Offsite Supervision (DOS) of BB on quarterly basis. This committee directly reports to the Managing Director & CEO and submits reports on monthly basis.

In the formation year 2010 BRMC held some brainstorming meetings to prepare a framework for identification, measurement and mitigate risk across the bank. It took approval from the Board on few benchmarks on some key risk areas (Liquidity ratio, credit concentration risk reputation risk etc.). However, BRMC as the designated SRP team of the bank is yet to sit in any dialogue session with Bangladesh Bank.

Asset Liability Management Committee (ALCO): ALCO in EBL is primarily responsible for setting strategies for the following key areas:

- Measuring the risk appetite in Banking and Trading Book.
- Measuring and monitoring liquidity status for both Banking and Trading Book and mitigation strategy for associated risk.
- Monitoring of Interest Rate gap, yield curve shift and basis risk. Strategy for short, mid and long term interest rate risk management.
- Desired Balance sheet mix for DBU and OBU.
- Measuring and monitoring concentration risk, diversification and product profitability.

ALCO in 2010 has spent a very active last quarter in comparison with the rest of the year. First three quarters of 2010 spanned with moderate to high liquidity in Money Market. Lower credit demand and lower commodity price in international market was catalyst for such surplus situation. Rising of interest rate and liquidity crunch started hovering around from the beginning of last quarter eventually results in very challenging situation in December 2010 where the market experienced some record breaking key figures in Money Market rate.

Sudden upward shift in yield curve and low liquidity in money market has created toughest challenge for ALCO for managing repricing effect on asset and liability portfolio which ALCO managed through regular monthly and special meetings. In 2011 ALCO wishes to observe the effect of introducing FTP (Fund Transfer Pricing) through Treasury.

Bank Operation Risk Committee (BORC): It is a key forum of management to discharge oversight and management responsibilities related to operation risks. The role of BORC is:

- To transform a somewhat 'form filling exercise' into a proactive forum of senior management to discuss, evaluate and decide on existing and potential operation risks.

- To ensure that Managing Director & CEO is being informed timely regarding status of compliance by the respective employees.
- To ensure compliance with business/function operation risk policies and procedures across all units in the bank.
- To ensure that operation risks identified within businesses are assessed in terms of wider implications of business and strategic risks and those risks are reviewed and reported accordingly.
- To assess reputational implication of operation risks identified and ensure that MANCOM is duly updated of the same.
- To ensure that all significant issues raised through internal audit and regulatory review are resolved effectively within agreed timeline.
- To ensure implementation of the real time incident reporting process.

Meeting: This committee meets once in every month.

Basel II Implementation Unit (BIU): Bangladesh Bank has selected standardized approach for calculating risk weighted assets and capital charge thereon against credit and market risks and basic indicator approach for the operational risk. Following central bank recommendation, EBL formed a Basel II Implementation Unit (BIU) in April 2007 to act upon roadmap by central bank in implementing Basel II.

Details discussion on the preparedness and implementation status of Basel II by the bank is presented in the Management Discussion & Analysis part of this report.

Investment Committee (IC): This committee looks after investment in capital market and meets as and when required. They oversee and monitor to ensure that the investment decisions are carried out as per approved strategy and investment policy. This committee regularly monitors our 'Holding of Shares' and 'Capital Market Exposures' and ensures keeping investments within prescribed limit (currently 10% of total liabilities) stipulated by Bangladesh Bank.

Expanded Management Team (EMT): Expanded Management Team (EMT) is a platform to enhance leadership capability of the potential individuals to drive business results. The team is represented by member(s) from every division and is accountable to Management Committee for its deliverables. Chairman of this EMT is a MANCOM member by default who acts as a bridge between EMT and MANCOM. Chaired

by Syed Rafiqul Haq, SEVP & Area Head, Corporate Banking, Dhaka, EMT comprises mid level managers (25 members at present) from cross sections nominated by their respective divisional heads on yearly basis. The Scope of this team is to excel the projects and initiatives approved by the MANCOM.

During the year 2010, three of the ex EMT members have been promoted as MANCOM members to fill two vacant position of outgoing MANCOM members.

Purchase Committee (PC): The Purchase Committee (PC) consisting five members from Administration, Operations, HRD, Finance and Marketing, plays an instrumental role in the procurement procedure of the Bank.

The main objectives of this committee are to contribute towards sustainable development of the bank following Board approved procurement policy and ensure that value for money is achieved in all procurement activities. Following is the charter of this committee:

- This committee recommends the lists of vendors for annual enlistment after thorough investigation of submitted documents and physical visit of vendors' facilities, if required, to the Managing Director & CEO for final approval.
- The procurement divisions such as Administration, IT, Cards and Marketing Divisions refer all purchases of BDT 1.00 lac and above to this committee.
- As per Procurement and Disposal Manual, sealed quotations are opened by purchase committee and recommend the vendors considering price and quality of the goods and services.
- In case of large procurement such as renovation of branches, PC opens the sealed quotations in front of vendors and declares the name of winning vendor. This practice has increased competitiveness among vendors which resulted in cost effectiveness in procurement of goods and services which ultimately increased the value to all stakeholders.

Appointment of Auditors: The Board of Directors of EBL in the 18th AGM held on 30 March, 2010 re appointed Rahman Rahman Huq, Chartered Accountants and a member firm of KPMG International as the statutory auditors for the year 2010.

Audit Opinion for the Financial Statements 2010: Section 184 of 'The Companies Act 1994' requires the Board of Directors to present details information and explanation on the issues based on which Auditors

have expressed a modified, qualified or adverse opinion, if any.

Being the prime regulator for banks, Bangladesh Bank (BB) from time to time issues guidelines, instructions, and circulars etc. to deal with various accounting, reporting and disclosure issues which constitute as mandatory requirements for banks. In issues related to recognition of revaluation gain/loss on revaluation of shares and government securities (HFT), provision on unclassified loans we strictly follow relevant guidelines/circulars from BB which contradicts few requirements of BAS/BFRS (Details presented in the note no 2AA of Financial Statements 2010).

Complying BAS 1 (Presentation of Financial Statements) para 19 & 20, we have made an adequate disclosure of the departure with probable financial impact in the notes to the financial statements (2AA). Despite making full disclosure of the departure by EBL (from BAS 39 & 32) to comply BB requirements, auditors have made a reference note of this departure in their opinion.

Independence of Statutory/External Auditors: Complying with provision 4 of SEC guidelines we declare that Rahman Rahman Huq, Chartered Accountants, involved in statutory audit, was not engaged in any of following services during 2010:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Bookkeeping or other services related to accounting records or financial statements.
- Broker-dealer service.
- Actuarial services.
- Internal audit services.

Communication with the shareholders: We sincerely believe that all stakeholders should have access to complete information regarding the business and financial performance and position of the bank to enable them to accurately assess its future potential. EBL disseminates information on its operations and initiatives regularly through electronic, print and other media. The website of the bank (www.ebl.com.bd) serves as a key information source for business, financials and other relevant information for easy access by the stakeholders.



The 18th Annual General Meeting (AGM) of EBL is in progress at Bangabandhu International Conference Center (BICC).



Honourable shareholders of EBL are queuing up to get into the venue of the 18th AGM



It is registration time. Shareholders are getting registered at 18th AGM of EBL.



A section of the shareholders at the 18th AGM



EBL directors are greeted with bouquets by a section of the young shareholders at the 18th AGM



A section of the shareholders at the 18th AGM

The Annual Report comprising audited financial statements for the year are posted to this web site every year whereas audited financial statements for any particular year are published in two widely circulated Bengali and English dailies. The quarterly (January to March & July to September) financial statements, as per new directive of SEC, are published in two dailies and in the website of the bank. The half yearly (January-June) financial statements are sent to the shareholders and stock exchanges following rule 13 of the SEC Rules 1987.

At every general meeting, the Board of Directors gives shareholders the opportunity to exercise their rights to vote on the scheduled agenda, and express their valued opinions or inquire about company's affairs, business, future prospects and other matters of interest. The 18th Annual General Meeting of the Bank was held on March 30, 2010 at Bangabandhu International Conference

Center (BICC) at Agargaon, Dhaka which was presided by Mr. Mir Nasir Hossain, the then Chairman of the Board of Directors. Six out of ten members of the Board of Directors including the Chairman and Managing Director attended the meeting.

Bangladesh Bank's guideline for Corporate Governance: To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank (Central Bank of Bangladesh) issued a circular (BRPD Circular No 06 dated 04 February 2010) which replaced earlier two circulars (BRPD circular no 03 dated 19 February 2002 & BRPD circular no 16 dated 24 July 2003). These guidelines were aimed to provide a clear segregation of authority and responsibilities between the CEO, The Chairman of the Board and the Board of Directors in the overall functioning of the bank.

The details of the BB guidelines and EBL's compliance thereto are presented below:

The details of the BB guidelines and EBL's compliance thereto are presented below:

Sl No.	Particulars	Compliance Status
1	<p>Responsibilities and authorities of the Board of Directors:</p> <p>(a) Work planning and strategic management:</p> <p>(I) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of work plans.</p> <p>(II) The Board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and the other senior executives and have it evaluated at times.</p> <p>(b) Loan and Risk Management:</p> <p>(I) The policies, procedures, strategies, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-scheduling and write-off thereof shall be made with the Board's approval under the purview of the existing laws, rules and regulations. The Board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.</p> <p>(II) The Board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.</p> <p>(c) Internal Control Management:</p> <p>The Board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory health or grade of its loan/investment portfolio. It shall review at quarterly rests the reports submitted by its audit committee regarding the compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.</p> <p>(d) Human Resources Management and Development:</p> <p>(I) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the Board. The chairman or the directors shall in no way involve themselves and interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the Board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment and promotion to the immediate two tiers below the CEO shall, however, rest upon the Board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.</p>	<p>Complied. Board formulates strategies, policies and set targets for the corporate management. Management puts best efforts in implementing the strategies to achieve set goals.</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>

Sl No.	Particulars	Compliance Status
2	(ii) The Board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies, and the introduction of effective Management Information System (MIS). The Board shall get these programs incorporated in its annual work plan.	Complied
	(e) Financial Management: (i) The annual budget and the statutory financial statements shall finally be prepared with the approval of the Board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing assets, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	Complied
	(ii) The Board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the Board.	Complied. EBL has a Board approved 'Procurement and Disposal Policy' which is being followed in every procurement or purchase decision.
	(f) Formation of Supporting Committees: For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the Board other than the executive committee and the audit committee. No alternate director shall be included in these committees.	Complied. Besides Audit Committee and Executive Committee, there is no other supporting committee of the Board at EBL.
	(g) Appointment of CEO: The Board shall appoint a competent CEO for the bank with the approval of the Bangladesh Bank.	Complied
	(h) The Board shall ensure fulfilling any other responsibility (ies) appropriately assigned by the central bank (Bangladesh Bank).	Complied
	Responsibilities of the Chairman of Board of Director: (a) As the chairman of the Board of directors (or chairman of any committee formed by the Board or any director) does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
	(b) The chairman may conduct on-site inspection of any bank branch or financing activities under the purview of the oversight responsibilities of the Board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the Board or the executive committee and if deemed necessary, with the approval of the Board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However any complaint against the CEO shall have to be apprised to Bangladesh Bank through the Board along with the statement of the CEO.	Complied

Sl No.	Particulars	Compliance Status
	(c) The chairman may be offered an office room, a personal secretary/assistant, a telephone at the office and a vehicle in the business interest of the bank subject to the approval of the Board.	Complied
3	Responsibilities of the Adviser: The adviser, whatever name called, shall advise the Board of directors or the CEO only on such issues for which he/she is engaged in terms of the conditions of his/her appointment. He shall neither have access to the process of decision making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.	No such Adviser at EBL
	Responsibilities and authorities of CEO: The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows:	
	(a) In terms of financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He/she shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	Complied
4	(b) The CEO shall ensure compliance of the Bank Companies Act, 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank.	Complied
	(c) The CEO shall include clearly any violation from Bank Companies Act 1991 and/or any other related laws/regulations in the 'Memo' presented to the meeting of the Board or any other committee (s) engaged by the Board.	Complied
	(d) The CEO shall report to Bangladesh Bank of issues in violation of the Bank Companies Act, 1991 or of other laws/regulations and, if required, may apprise the Board post facto.	Complied
	(e) The recruitment and promotion of all staff of the bank except those in the two tiers below him/her shall rest on the CEO. He/she shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and approved delegation of employees as approved by the Board. The Board or the chairman of any committee of the Board or any director shall not get involved of interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier below the CEO, shall rest on him/her, which he/she shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he/she shall nominate officers for training etc.	Complied
5	Meetings of the Board of Directors: One Meeting of the Board of Directors per month can be held usually but it can be more than one upon necessity. No less than one meeting of the Board in three months to be held.	Complied. Usually EBL holds two Board Meetings in a month.
6	Number of members of Executive Committee (EC) of the Board: Number of members of the EC can not exceed 1/3rd of the size of the Board. Banks having exceeded this threshold have to bring down the size of the EC by stipulated time (March 2010).	Complied. The Board of EBL comprises 9 non-executive directors whereas MD & CEO is a director (ex-officio). EBL has 3 members EC which is 1/3rd of the size of the Board.
7	Training of the Directors: The directors of the Board will acquire appropriate knowledge of the Banking Laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a director of the bank.	Complied

SEC Corporate Governance Checklist: The Securities and Exchange Commission (SEC) issued a Corporate Governance (CG) Guideline in 2006 which are being followed by banks on 'Comply or Explain' basis. Status of compliance by EBL with the said CG guidelines

issued by SEC through Order no. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February, 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is as follows:

(Report under Condition No. 5.00)

Condition	Title	Compliance Status (Put ✓ in the appropriate column)		Explanation for non-compliance
		Complied	Not Complied	
1.00	Board of Directors (BOD):			
1.1	Board's Size (Should not be less than 5 but not more than 20)	✓		
1.2 (i)	Independent Directors (At least 1/10th i.e. minimum one)	✓		
1.2 (ii)	Appointment of Independent Director by elected Directors	✓		
1.3	Separate Chairman & CEO and their clearly defined roles and responsibilities	✓		
1.4	Directors' Report to Shareholders:			
1.4 (a)	Fair presentation of Bank financials	✓		
1.4 (b)	Maintenance of proper books of account	✓		
1.4 (c)	Adoption of appropriate accounting policies and estimates consistently	✓		
1.4 (d)	Compliance with International Accounting Standard	✓		
1.4 (e)	Soundness of Internal Control System	✓		
1.4 (f)	Ability to continue as a going concern	✓		
1.4 (g)	Significant deviations in operating results from last year	✓		
1.4 (h)	Presentation of key operating and financial data of at least 3 preceding years	✓		
1.4 (i)	Declaration of Dividend	✓		
1.4 (j)	Number of Board Meetings held and attendance by each Director	✓		
1.4 (k)	Shareholding pattern	✓		
2.00	CFO, Head of Internal Audit (HoIA) and Company Secretary (CS):			
2.1	Appointment of CFO, HoIA and CS and their clearly defined roles and responsibilities	✓		
2.2	Attendance of CFO & CS in the Board of Directors' Meeting	✓		CFO attends the Board Meeting as and when required
3.00	Audit Committee:			
3.1	Constitution of Audit Committee:			
3.1 (i)	Size of the Audit Committee (Should be at least 3 members.)	✓		
3.1 (ii)	Audit Committee comprised of Board members including independent director(s)	✓		
3.1 (iii)	Filling of casual vacancy in the Audit Committee			No such case
3.2 (i)	Selection of Chairman of the Audit Committee	✓		
3.2 (ii)	Professional qualification and experience of the Chairman of the Committee	✓		

Condition	Title	Compliance Status (Put ✓ in the appropriate column)		Explanation for non-compliance
		Complied	Not Complied	
3.3.1 (i)	Reporting to BOD on the activities of the Audit Committee	✓		
3.3.1 (ii) (a)	Reporting of conflict of interest to the BOD	✓		
3.3.1 (ii) (b)	Reporting of any fraud or irregularity to the BOD	✓		
3.3.1 (ii) (c)	Reporting of suspected infringement of laws to the BOD	✓		
3.3.1 (ii) (d)	Reporting of any other matter to the BOD	✓		
3.3.2	Reporting of anything having material financial impact to the Commission	✓		
3.4	Reporting of activities to the shareholders and general investors	✓		
4.00	External/Statutory Auditors: The external auditors should not be engaged in:			
4.00 (i)	Appraisal or valuation services or fairness opinions	✓		
4.00 (ii)	Design and implementation of Financial Information System	✓		
4.00 (iii)	Book keeping or any other related services	✓		
4.00 (iv)	Broker or dealer services	✓		
4.00 (v)	Actuarial services	✓		
4.00 (vi)	Internal audit services	✓		
4.00 (vii)	Any other services determined by the Audit Committee	✓		

Upholds interest of other stakeholders: The Bank recognizes and always upholds the rights of other group of stakeholders, and treats them fairly:

Customers: To the EBL crew, customers are the cause of existence, never just a queue in the bank counter. Recognizing 'customer satisfaction' as a journey not destination, EBL is determined to serve its customers' needs by offering innovative but useful financial products and services, while maintaining good relationships with them as trusted partner. To do so, the Bank has developed working systems, applied modern technology, and made available knowledgeable and skilled people so as to ensure that customers receive the best possible service. The Bank continually expands its network of branches, ATMs, Kiosks and business centers nationwide, protects confidentiality of customer's information, and manages and duly rectifies complaints.

Employees: Recognizing human resources as the most valuable soft factor, EBL has established a competitive and enabling working environment to help employees

perform their best. To attract and retain good people, EBL follows a balanced compensation scheme comprising financial and qualitative benefits. Besides providing competitive package, the Bank provides various welfare schemes such as healthcare and contributory provident funds, house building and car loan schemes as well as gratuity and super annuation benefits to eligible employees. The Bank also arranges at least two Town Hall Meetings in a year with all its employees to freely exchange their views, ideas and evaluation of ongoing performance. Besides, a program called "EBL Family Night" is arranged once a year with all the family members of all employees. Various annual conferences and recreational events are arranged for EBL employees which add vitality and motivation towards work and organization. Employees are provided with orientation, local and foreign training and development programs. The Bank allocates a budget each year for various technical and leadership training and development programs to help improve the capabilities of its people.

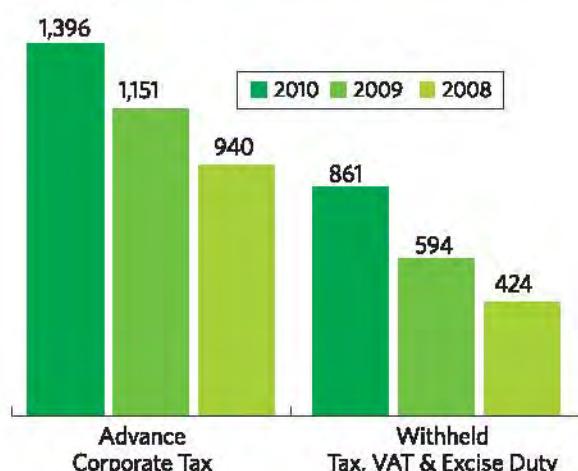
Code of Conduct: During the year 2009, EBL introduced "Code of Conduct and Ethical Guidelines for Employees" to guide employees which is right or wrong while facing situations involving ethical dilemmas or conflicts of interest. These are certain core values employee must follow and nurture. The basic premise of this code of conduct is that each employee, while on the payroll of EBL, shall place EBL ahead of his/her personal interests. The Management relies on each of us to make a judgment of what is right and proper in any particular situation.

Suppliers: The Bank believes that suppliers play a significant role in supporting its business, and so honors its agreements with suppliers. The Bank duly deducts AIT and VAT from all the eligible suppliers' bills at prescribed rate and deposits to government exchequer timely.

Creditors: The Bank recognizes its responsibility for contractual commitments and obligations. It honors loan conditions and agreements made with creditors and depositors.

Society, Community and Environment: The Bank realizes the importance of contributing to the public, community, and society as a whole for a sustainable banking. The Bank ensures that the customer having production facilities susceptible to damage environment has due environmental clearance certificate from the concerned ministry while granting or renewing credit facilities. Through different CSR activities, EBL always tries to maximize utility for the target group of people.

Government: Being a responsible corporate citizen, EBL regularly pays corporate tax on time, sometime even before it falls due as required and asked by the tax authority. We also deposit excise duty, withheld tax and VAT to govt. exchequer on time deducted from employees' salary as well as customers and vendors. During the calendar year 2010 we paid advance corporate tax of BDT 1,395.56 million while deposited withheld tax of BDT 677.83 million, VAT of BDT 127.06 million and Excise Duty of BDT 56.32 million as shown in the following graph (Figures are in million BDT):



CSR activities: Being a socially responsible corporate, EBL continued to be engaged in a number of CSR activities throughout the year, including a number of donations towards charitable causes. EBL made a donation of BDT 50 lacs to 'Liberation War Museum' to build a permanent museum and contributed BDT 50 lacs to Prime Minister's Relief & Welfare Fund for the bereaved family members affected by Nimtali fire. Recognizing 'education' as a focus area of the bank's CSR activities, EBL continued to award scholarships to deserving students from various departments of University of Dhaka under "EBL-DUAA Inspiration" financial grant program. Having continued interest in the development of sports, EBL donated BDT 10 lacs for National Cricket League 2009-2010. To fulfill a

continued commitment for ten years effective from March 2009, EBL contributed BDT 4.8 lacs to Prime Minister's Relief & Welfare Fund every year to one family of a martyred army officer killed in BDR carnage in February 2009.

At the end of the year 2010 and beginning of 2011, a massive cold wave hit the country leaving millions of poor people suffering without sufficient winter clothing. EBL family members donated their personal belongings and bank donated blankets which were distributed at the affected areas of North Bengal—especially at Nilfamari, Lalmonirhat and Dinajpur districts as per usual activities of the Bank each year.

EBL donated Tk 50 thousand to a blind children's organization to bring out children's book written in Braille system.

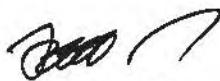
EBL contributed to Bangladesh Thalassemia Foundation to promote the control of thalassemia through awareness-raising campaigns and to ensure the availability of appropriate treatment to patients with thalassemia in Bangladesh.

Conflicts of interest: A good corporate governance structure should effectively refrain directors as well as management to pursue other interests at the cost of the organization. The Bank keeps extra vigil towards actual or potential conflicts of interest, connected transactions, or related party transactions, and ensures that the directors who are related people must not be involved with the scrutiny and approval of such transactions. In addition, the Bank will not prescribe any special conditions for such transactions in favor of the directors involved. Details of related party transactions are presented on the page number 198.

Directors are required to report changes in their holdings of

the Bank's shares thru' buy or sell to the office of the Securities and Exchange Commission before one month of such transactions. Furthermore, the Bank has set up guidelines to prevent any illegal use of inside information and has disseminated these guidelines to its staff, executives and directors for their knowledge and observance. The SEC guidelines include the prohibition of directors, employees, auditors and personnel involved in the auditing activities, beneficiary owners etc. from buying or selling, offering to buy or sell, or advising others to buy or sell the Bank's shares during the period for two months immediately before the closing date of income year till the date of approval of audited Financial Statements by the Board.

On behalf of the Board of Directors



Mohd. Noor Ali
Chairman of the Board of Directors
February 13, 2011, Dhaka.



internal control review

INTERNAL CONTROL REVIEW

The nature of business and capital structure of the bank have made banking a complex and risk prone financial activities which warrant effective check and balance and corporate governance system to ensure sustainable and smooth operations of a Bank.

In many banks, internal control is defined as internal audit but the scope of internal control is not limited to audit work. It is the built-in check and balance system instilled in the processes and procedures affected by a company's board of directors and management, designed to provide with reasonable assurance regarding the achievement of objectives and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies.

Control Framework: EBL has established a sophisticated organizational structure to establish and maintain a strong control culture by implementing and strengthening policy guidelines of internal controls. The routine and strategic activities of the Bank come under close supervision of following designated committees who act as watchdog to uphold and enhance control environment:

- Audit Committee of the Board
- Management Committee (MANCOM)
- Bank Risk Management Committee (BRMC)
- Bank Operation Risk Committee (BORC)
- Credit Risk Management Division (CRM)
- Asset Liability Management Committee (ALCO)
- Anti-Money Laundering Desk (AML)
- Information Security System check

Audit Committee (AC) of the Board: AC has been formed as per requirement of Bangladesh Bank BRPD circular no.12/2002. AC reviews that the internal control strategies recommended by internal and external auditors have been implemented timely by the management. It also reviews the existing risk management policy and procedures for ensuring an effective internal check and balance system.

Management Committee (MANCOM): In order to set out a strong internal control framework within the Bank, the Managing Director & CEO established a Management Committee (MANCOM) which is the apex governance, policy making and oversight body of the Bank. The committee monitors the adequacy and effectiveness of the internal control system based on

the bank's established policies, procedures and guidelines and directs appropriate actions to ensure effective control.

Bank Risk Management Committee (BRMC): With a view to establishing an independent Risk Management Unit as per requirement of Bangladesh Bank vides its letter no. DOS (EW) 1164/14(EBL)/2009-449, dated-10/06/2009, Eastern Bank Limited formed a nine member committee called Bank Risk Management Committee (BRMC). This committee is the apex body to oversee, review, assesses and monitor the risks of the Bank. BRMC reviews and recommends in formulating overall risk assessment and management policies, methodologies, guidelines and procedures in line with Bangladesh Bank guidelines for identification, measurement, monitoring of risks. The Committee sits once in a month and reports directly to MD & CEO of the Bank. It also submits reports quarterly to the Audit Committee of the Board.

Bank Operation Risk Committee (BORC): BORC has been formed in order to monitor and mitigate the operational risks of the Bank that arise from our day to day operational activities. The Committee also monitors the fraudulent activities of the bank.

Internal Audit Unit of internal control & compliance department (ICCD) performs the responsibilities of finding out the probable operational or procedural lapses that occur in our daily activities. This Unit prepares a Risk Based Internal Audit (RBIA) on an annual basis which is approved by the bank's senior management and by the Audit Committee of the Board. This risk based approach of audit assists the bank in the following ways:

- Risk identification and assessment thereof;
- To classify branch/ functions into risk levels and also identify potential risk areas
- Highlight deficiencies and greater risk areas to the top management in time;
- Improvement of risk management and control systems.

Legal & Compliance Unit of ICCD furnishes the issues of operational risks before BORC and the Committee reviews as well as assesses the magnitude of these risks and recommends each department/unit to resolve within a stipulated time. The tools in use in identifying potential risks are presented as follows:

- Departmental Control Function Checklist (DCFCL)
- Prime Risk Indicator report (PRI)
- Weekly irregularities report from the branches
- Internal Audit report of branches/departments
- Surprise inspection report

Credit Risk Management Division (CRM): This division is entrusted with managing and mitigating risks associated with credit/loans that are disbursed or awaiting for disbursement. In order to minimize the credit risk, they follow manuals, process guidelines which are as follows:

- Credit Policy Manual
- Credit Instruction Manual
- Credit Risk Grading Matrix (CRGM)
- Weighted average CRG

Asset Liability Management Committee (ALCO): The Asset Liability Management Committee (ALCO) is entrusted with striking optimum balance between liquidity and profitability while taking routine pricing decisions of the asset and liability products. The ALCO headed by the Managing Director & CEO comprises relevant business and support heads is responsible for taking appropriate Balance Sheet management decisions to ensure profitability maintaining statutory liquidity and sufficient liquidity for smooth daily operations. To ensure optimum 'Liquidity', a critical component of reputation, and controlled trading of FX and in money markets, ALCO utilizes following manuals, process guidelines to minimize risks:

- ALM guidelines
- Treasury Manual
- Trading Manual

Anti-Money Laundering (AML): EBL has AML desk to monitor the Anti-Money Laundering activities of the Bank. The unit arranges regular training on Money Laundering Prevention Act (MLPA-2009) and Anti-Terrorism Act (ATA-2009) to educate the bank officials and to create awareness among them against money laundering. To minimize money laundering risks across the bank, this unit uses the following process guidelines:

- EBL AML Manual
- EBL KYC Policy
- Customer Service Process
- Weekly Suspicious Transaction Report
- Quarterly Suspicious Transaction Report
- Cash Transaction Report
- Special internal audit on AML activities at branch level

Information Security System (ISS) Check: In order to secure the information and system against the potential threats, EBL has an IT policy. This policy covers almost all issues of Bangladesh Bank guidelines related to IT risk Management. The sensitive information is kept in a restricted area in the networking environment. Unauthorized access and electronic tampering is controlled strictly; security system of the network is under dual administrative control. Usages of software are approved by the appropriate authority.



management
discussion &
analysis 2010

Review Of Business And Financials

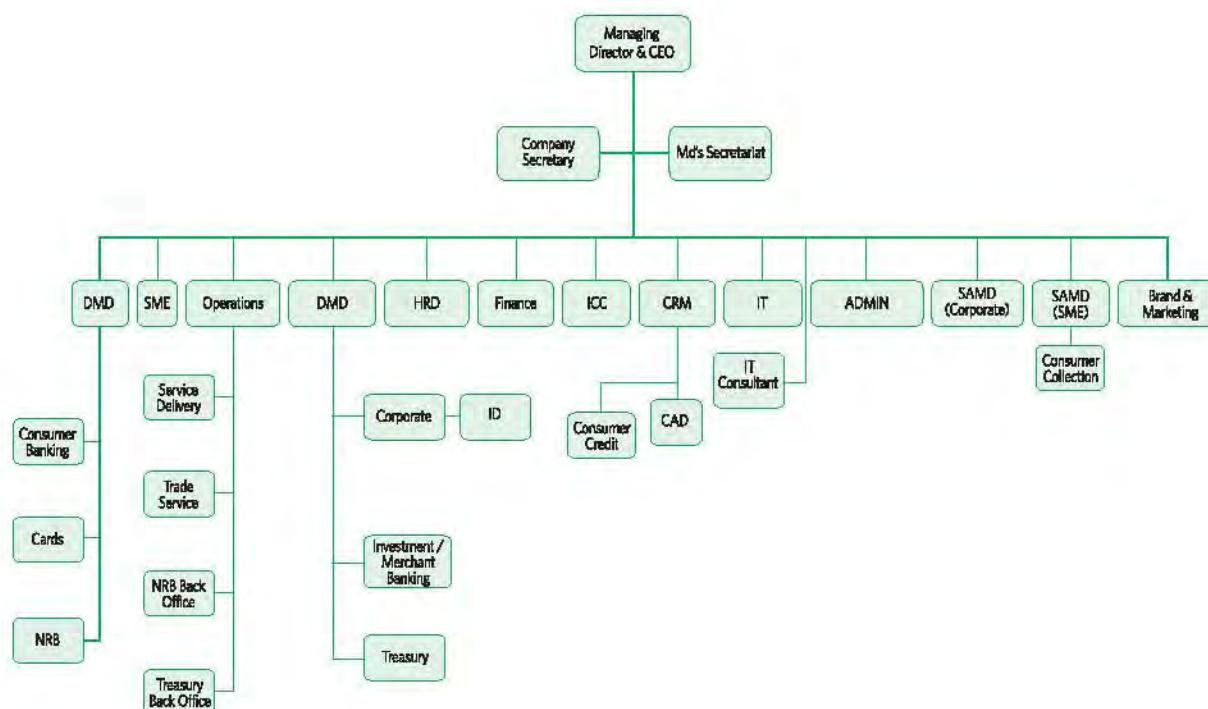
Brief profile of EBL: With a vision to become the 'Bank of Choice' and to be the most valuable financial brand in Bangladesh, Eastern Bank Limited (EBL) began its journey in August, 1992. Over the years EBL has established itself as a leading private commercial bank in the country with an established leadership in Corporate Banking and a strong Consumer and SME growth engines. Besides Main Operation, EBL has an Offshore Banking Unit (OBU) set up in 2004 which gives loans (On and Off-balance sheet exposure) and takes deposits only in freely convertible foreign currencies to and from non resident person/institutions, fully foreign owned EPZ companies etc. The Bank has two subsidiaries namely 'EBL Securities Ltd.' with 60% shareholding and 'EBL Investments Limited' with 99.99% shares as on the reporting date.

EBL, known for its product innovation in the market, offers a wide range of depository, loan and card products to cater virtually for every customer segment. During the past five years, EBL introduced 12 new-to-Bangladesh financial products and services. From Student Banking to Priority Banking to Platinum card EBL has almost all banking products in its repertoire. The product basket is rich in content featuring different types of Savings and Current Accounts, Personal Loans, Debit Cards, Credit Cards, Pre-paid Cards, Internet Banking, Corporate Banking,

SME Banking, Investment Banking, Treasury & Syndication services etc. EBL Matribhumi – the bundle product for expatriate Bangladeshis, insurance covered monthly savings scheme, VISA corporate cards, remittance card and mobile-based remittance solution are just a few of them. On the SME banking window EBL offered customer-friendly and ground breaking products like EBL Uddom and EBL Mukti. At present, EBL Consumer, SME and Corporate Banking units are capable of handling every kind of customer financial needs. The customers are served through a network of 49 Branches, 74 ATMs and 5 Kiosks countrywide. EBL has its presence in 11 major cities/towns in the country including Dhaka, Chittagong, Sylhet, Khulna, Rajshahi & Cox's Bazar.

- EBL is the first local bank in Bangladesh to go online.
- EBL launched first ever Bank- sponsored Mutual Fund in Bangladesh.
- EBL is the first ever local bank to finance Aircraft purchase deal of Biman Bangladesh Airlines.
- EBL provided the first "Green Loan" in Bangladesh in Solar Panel manufacturing plant which will contribute to transform the lives of 1 million people of the most remote and off-grid areas by lighting up their homes.

EBL organogram follows:

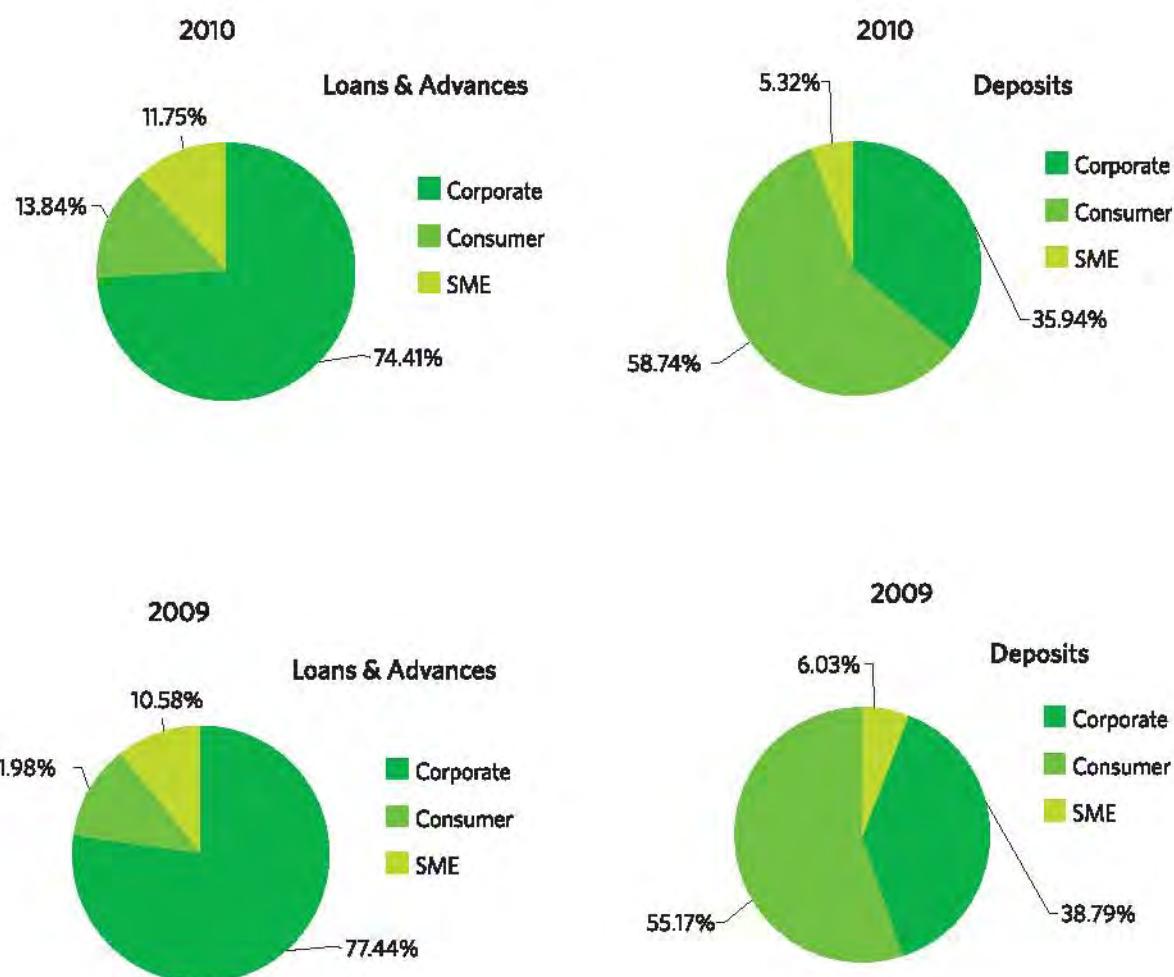


Brief review of business: Lukewarm pace of export and remittance growth marked the 1st half 2010 of Bangladesh economy while growth in major markets of our country, relocation of RMG export from China, and continuation of strong local demand set the economy in desired growth mood in the second half despite having flat or negative growth of inward remittance. GDP growth during FY 2010 was 5.8 percent and is projected to be 6.7 percent during FY 2011 by the government. However, energy crisis, weak infrastructure, labor unrest in RMG industry, rising oil and food prices and inflation remains threats to achieve projected economic growth.

Banking industry in Bangladesh has been undergoing a series of vigilance and monitoring measures by the central bank. The second half yearly (H2 FY 2011) monetary policy published by BB remains accommodative for productive economic activities but harsh on diversion and undue expansion of bank credit

for wasteful, unproductive uses to curb inflationary pressures. Reduced loan-margin ratio for consumer lending, capping loan to deposit ratio, capping lending/deposit rates and fees, strong monitoring of banks' exposure to capital market, directed lending to agriculture and environment friendly projects, increased initiatives in CSR are some of the mentionable measures by BB that have shaped banks' activities and performance during the year.

Business Unit wise performance highlights: EBL follows centralized business line based matrix as opposed to branch based business matrix used by most of the local banks. The Business Matrix of EBL consists of Corporate, Treasury, Consumer and SME Banking as core business units and Treasury being the manager of funds maintains CRR, SLR with Bangladesh Bank, makes investments, placements and borrowing in money and capital markets, deals with foreign exchange etc.



Corporate Banking occupies the largest pie of loan book (around 75%) whereas **Consumer Banking** contributes most in mobilizing funds (around 59%) as on year end 2010. The high priority **Small & Medium Enterprise (SME)** division continued to experience growth in both loan and deposit.

Corporate Banking along with Investment Banking contributes the lion share to the bottom line of the Bank. Investment Banking with around 3.15 percent share in total asset (as on year end 2010) comprising quoted and unquoted securities contributed around 29.25 percent of Operating Profit of the Bank during the year.

Fund Transfer Pricing (FTP) technique has been used to determine Business Unit (BU) wise revenue (NII and Other Revenues) to ensure acquirers of funds get fair price for sourcing funds and users of funds get fair charge for their usage. Please see the BU wise segment Profit & Loss Account in the Financial Statements section page no 201.

Traceable administrative expenses of BUs have been booked straight to respective BUs while non-traceable expenses of BUs and all expenses of support services have been allocated to BU's based on appropriate cost drivers.

Financial Performance Highlights: Profit after tax (PAT) of the Bank (EBL Onshore & Offshore) increased by 66.70 percent to BDT 2,424.79 million compared to BDT 1,454.54 million in 2009. Consolidated PAT during 2010 was BDT 2,514.20 million but attributable to EBL shareholders was BDT 2,484.75 million. Therefore,

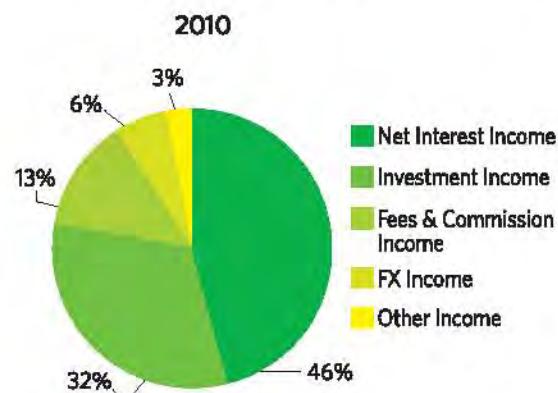
Earnings Per Share (EPS) in 2010 jumped accordingly to BDT 8.30 (Consolidated EPS BDT 8.50) compared to BDT 5.00 (resated) in 2009. This superior performance can be attributed to, but not limited to, the following causes:

- Net Interest Income (NII) grew by 28.32% during the year riding on increase of 'Interest Income' by 12.23% but increase of 'Interest Expense' by 2.67%. Higher loan growth (22.95% over 2009) than deposit growth (14.71% over 2009) and decrease of cost of fund (6.60% in 2010 vs. 7.59% in 2009) played major role for this NII growth.
- Phenomenal growth of investment income (114.68% over that of 2009) riding on 'Gain on sale of shares traded in the secondary market' played instrumental role in increase of Operating Profit by 47.18% (excluding non operating gain of BDT 22.63 million). Capital gain from traded share was BDT 1,225.64 million in 2010 against BDT 26.15 million in 2009.
- Growth of other operating income by 50.77% largely caused by around 100% increase of Recovery from written off loans (BDT 118.29 million vs. BDT 59.28 million in 2009).
- Growth of operating expense by 25.73% (BDT 2,073.76 million vs. BDT 1,649.40 million in 2009) which is lower than the growth of NII and Other revenues.

Following table compares key operating financials of the period mentioned:

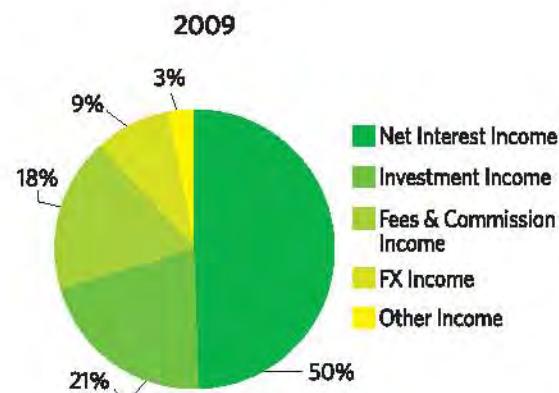
Particulars	Year 2010	Year 2009	% Change
Interest income	6,976.46	6,216.21	12.23%
Interest expense	4,003.00	3,899.08	2.67%
Net interest income (NII)	2,973.45	2,317.13	28.32%
Other revenues	3,487.27	2,313.02	50.77%
Total operating income	6,460.72	4,630.15	39.54%
Total operating expense	2,073.77	1,649.40	25.73%
Operating profit	4,386.95	2,980.75	47.18%
Non operating income (Exchange Equalization Gain)	22.63	-	-
Profit Before Provision and Tax	4,409.58	2,980.75	47.94%
Provision for loans, contingent assets and other assets:			
Specific provision	132.17	130.96	0.92%
General provision	248.52	148.50	67.35%
Other assets	36.48	0.59	6102.94%
Total provisions	417.17	280.05	48.96%
Profit before tax for the year	3,992.41	2,700.70	47.83%
Tax provision	1,567.62	1,246.16	25.80%
Profit after tax (PAT)	2,424.79	1,454.54	66.70%
EPS (Per share of BDT 10)	8.30	5.00	66.00%

Revenue Diversification: Although NII has increased by 28.32% in 2010, its share in total revenue has fallen from 50% in 2009 to 46% in 2010. Fees and commission as well as FX income remain almost at 2009 level; however its respective share has fallen in 2010 from those of

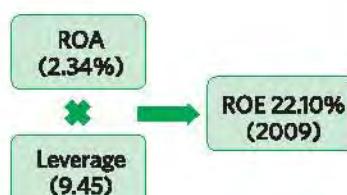
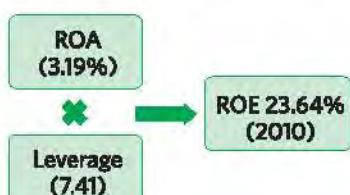


ROE Decomposition: First degree decomposition of Return on Equity (ROE) as presented here suggests that both the efficiency and solvency of the Bank has increased during the year under review. Assets performed better (ROA 3.19% in 2010 vs. 2.34% in 2009) whereas solvency as represented by Leverage (Assets/Equity) has got a satisfactory decrease in

2009. The shrinkage of pie of NII and Fees income in 2010 has been far outweighed by the increase of volume and size of the pie of investment income which grew by 114.68% and has occupied 31.74% of the total revenue pie in 2010 (20.63% in 2009).

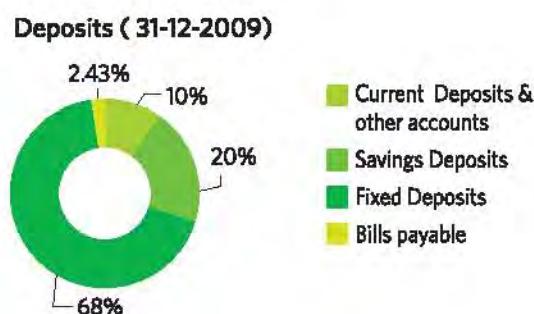
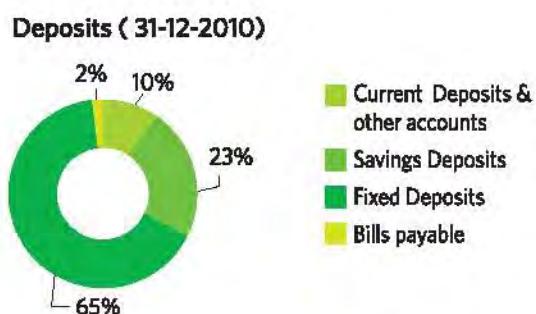


2010. Although in a growing concern, increase of leverage generally contributes to higher revenues but it entails risk and degrades solvency. At EBL, the above average growth of ROA has far outweighed the decrease of leverage and thereby increased overall ROE to 23.64% in 2010 against 22.10% in 2009.



Deposit Mix and growth: A shift in choice of customers/depositors towards 'Liquidity Preference' has been observed during the year. Time deposits grew slower than demand deposits (20.6 percent and 42.4 percent y-o-y in November 2010 respectively) which signify high liquidity preference amongst public presumably for engagement in capital markets evidenced by hectic trading in stock exchanges. Credit grew faster than deposit growth (28.4 percent and 21.6 percent y-o-y respectively as of December 2010). The

deposit mix of EBL has got little change in 2010 with around 2.0 percent decrease in pie of fixed deposits (65.48 percent of total deposit vs. 67.62 percent on year end 2009) whereas savings deposit pie increased from 19.92 percent to 22.78 at year end 2010. Overall deposits grew by 14.71 percent as on year end 2010. Growth of interest expense by 2.67 percent during 2010 can largely be attributed to slower volume increase and decreased cost of deposits.



Asset Quality: The overall asset quality of the banks (industry) has improved during 2010 with NPL ratio decreased to 7.27 percent from 9.21 percent at the year end 2009. NPL ratio of Private Commercial Banks (PCBs) has also come down to 3.15 percent at the year end 2010 against 3.92 percent at year end 2009. EBL

finished 2010 with NPL ratio of 1.99 percent which was 2.46 percent at the year end 2009. That means our risk management practice and prudent credit policy works better even in bad days, that's where the strength of a policy or strategy lies. Following is the comparative classified loan status of EBL:

(Figures are in million BDT)

	31-12-2010	31-12-2009	% Change
Unclassified loans:	57,438.35	46,496.31	23.53%
Standard (Including staff loan)	56,628.68	44,722.15	26.62%
Special Mention Accounts (SMA)	809.67	1,774.16	-54.36%
Classified loans:	1,168.74	1,171.68	-0.25%
Sub-standard (SS)	329.62	232.02	42.06%
Doubtful (DF)	146.46	61.65	137.56%
Bad/loss (BL)	692.67	878.01	-21.11%
Total loans	58,607.08	47,667.99	22.95%
NPL %	1.99%	2.46%	-

Operating expenses: Total operating expenses of the Bank have increased by 25.73 percent to BDT 2,073.77 million compared to BDT 1,649.40 million in 2009 as presented in the following table:

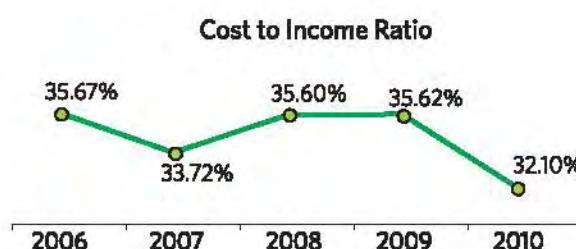
(Figures are in million BDT)

	2010	2009	Change %
Employee expenses	1,165.14	880.82	32.28%
Directors' fees and expenses	1.74	2.22	-21.86%
Other administrative expense	471.11	359.49	31.05%
Stationery, printing, advertisement, etc.	165.37	158.16	4.56%
Legal and professional expense	34.55	21.66	59.47%
Depreciation, repair and maintenance	235.51	220.70	6.71%
Audit fees	0.35	0.21	65.07%
Charges on loan losses (write off)	-	6.14	-100.00%
Total operating/Non interest expenses	2,073.77	1,649.40	25.73%

Employee expenses have increased by 32.28 percent in 2010 over that of 2009 mainly due to increase of headcount from 878 to 973 during the year and routine increment along with market adjustments (once in every two years) in the early 2010. Depreciation on fixed assets amounting to BDT 111 million has decreased by 7.56 percent during 2010 mainly due to change of depreciation method in 2009 whereas repair

and maintenance expenses have increased by 23.74 percent compared to those of 2009.

Revenue (NII and Other Revenues) increase of 39.54 percent with larger base has outweighed the increase of operating expense by 25.73 percent forcing 'Cost to Income Ratio' down to 32.10 percent in 2010 against 35.62 percent in 2009.

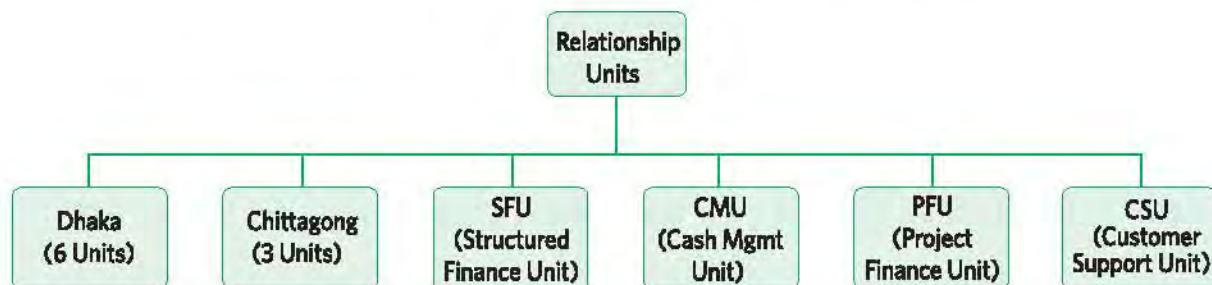


CORPORATE BANKING: Challenging move in 2010

Innovative strategic business created forward motion despite industry slack.

Corporate Banking: Our Corporate Banking continues to enjoy robust relationship with premier corporate clientele of the country providing comprehensive and

customized financial solutions which include, among others, working capital financing to infrastructure project, structured and syndicated financing, trade finance, financial restructuring and commercial banking products and services.



It has nine relationship units (six in Dhaka and three in Chittagong), two product specific solution based units viz. Structured Finance Unit (SFU) & Cash Management Unit (CMU), Project Finance Unit (PFU) & Customer Support Unit (CSU). SFU is dedicated to providing best structured financial solutions meeting varying needs of the clients and CMU aims at providing efficient tools for liquidity management with maximized return for the clients. Project Finance Unit (PFU) does vetting of project risks by appraising financial feasibility and viability of the customers' projects during the pre-booking stage and also monitors the progress of the project implementation during the post-booking stage. The Customer Support Unit provides support to the Relationship Units in executing the regular day to day transactions in the accounts of the customers.

'Our strategy for growth in commercial banking is based on leveraging our strong client relationships and continued focus on enhancing client servicing capability at the operational level.'

Corporate Banking continued to contribute significant share both in Loans and Advances (measuring around 75% of total loans as of 31.12.2010) and fee based earnings. It had 36% share in the deposit book of EBL as on year end 2010. It provided customers offshore banking based tailored solutions during the year to increase fee based earning which resulted in 13% fee growth of Corporate Banking.

Review of Corporate Banking Business: Although the limited effects of the global financial crisis permeated into Bangladesh economy, a perceptible sluggishness in the financial services sector was evident at the first half of the year 2010. This was further exacerbated as repercussions of energy crisis continued to lag during

the year. Given the investment slack, EBL Corporate Banking opportunely utilized the year under review to revisit and reinforce business processes. In an attempt to further strengthen the existing governance and risk assessment processes the Bank analyzed every facet of the Corporate and Project Finance business to improve and incorporate best practices along the procedural system. Extensive customer portfolio evaluations were carried out during the year to determine viable customer relationships in the long term.

The banking industry experienced a tight situation because of a declining investment demand from the manufacturing sector. Henceforth, the Corporate Banking focused on to open new windows of business, including strengthening offshore banking opportunities and attracting multilateral financing/refinancing. Corporate Banking sectorally focused on RMG & Textiles (which occupies 25% of our Corporate banking asset portfolio) following its tremendous re-bound at the second half of the year (with around 40% growth), Power Sector following government's drive to reduce the energy crisis with continuation of other major sectors like Aviation, Commodity, Telecommunications, and Pharmaceuticals etc.

The major drivers of export growth were:

- Gradually it's becoming value driven rather than volume driven only and
- Relaxed rules of origin under the Generalized System of Preferences (GSP) given by the EU to the least developed countries.

'As a part of its innovative product based solution, EBL started to enhance its footing into new sectors such as aviation, healthcare, power, glassware and agri-business (processed food, poultry etc).'



The signing ceremony of USD 40 million Second Crop Diversification Project of ADB. Under the project ADB to provide the loan to Government of Bangladesh for this project. EBL is one of the wholesale banks to disburse the loan.



EBL arranges \$114.49 million syndicated loan for Biman to buy two brand new Boeing 777-300 ERs for its fleet. Minister for Civil Aviation and Tourism Ghulam Mohammad Quader, Bangladesh Bank Governor Dr Atifur Rahman, Chairman of Eastern Bank Ltd (EBL) Md. Noor Ali, Biman Managing Director and CEO Air Com (Retd) Muhammad Zakiul Islam, EBL Managing Director and CEO Md. Reza Iftekhar pose for a photograph after signing ceremony.

Agriculture Finance: The agriculture sector comprises crops, forests, fisheries and livestock etc. which contributes around 20% of our GDP but employs around 75% of total labor force especially in the rural Bangladesh. The bank aims to cater to agriculture business and provides finances ranging from short to long term for the production and development of crops and non-crop items for agriculture business under on-lending arrangement with NGOs.

EBL took part in ADB Agribusiness Development Project as a wholesale Bank. Under this project, ADB provided twenty eight million nine hundred ten thousand Special Drawing Rights (SDR 28,910,000) to the GOB, for on-lending to EBL (SDR 12,244,000) with another government owned Bank for Agribusiness finance. Both the bank on-lent this fund to the three NGO's namely BRAC, ASA & TMSS. Corporate Banking has so far disbursed 99.99% of its targeted credit disbursement. The loans have been distributed for purposes solely related to Agriculture, Agribusiness & Agro Processing businesses. EBL participated in three Agribusiness Trade Fairs in 2010 organized by Bangladesh Agribusiness Development Project.

Aviation Industry: Aviation industry in Bangladesh is growing (at more than 10%) along with the growth of our economy, especially the rise of the size of middle class population. Different international airlines company like Emirates, Etihad Airways, Air Asia, have already stepped into Bangladesh market sensing growing opportunity in aviation industry. Due to weakness of local airlines, huge population and large volume of outgoing manpower, the growth of the industry faced with the shortage of capacity offered by the operators and leaves a vacuum which needs to be addressed.

Structured Finance Unit (SFU): SFU being one of the leading structured finance solutions provider including syndication offers wide arrays of products namely Preference Share subscription, Bond Issuance, USD Term Loan, IPFF Fund, Offshore Finance etc. It is also maintaining active relationships with multilaterals like the World Bank group, ADB, DEG Germany, FMO and KfW.

Following are some of the performance highlights of SFU that worth mentioning:

- In 2010, EBL successfully closed the prestigious deal worth of USD 114.49 million for Biman Bangladesh Airlines Ltd., the national flag carrier of Bangladesh to buy two new 777-300 ER aircrafts from Boeing. The fund has been disbursed already and now the Bank is providing its service to BIMAN as Advisor & Agent
- As Lead Arranger, EBL has also arranged a syndication term loan worth of BDT 570 million for Giant Textiles Ltd., a concern of Giant Group for setting-up of a knit composite factory at Gazipur.
- EBL has been mandated by HG Aviation Ltd, the newest member of the country's Airlines Industry, to raise Term Loan worth BDT 980 Million for purchasing 02 (two) Aircrafts (DASH 8 Q300 - 50 Seater) in the name of Regent Airways and the required fund has been successfully arranged at the same year.
- EBL has been mandated to work as Arranger & Agent for Ananta Group to arrange fund worth of USD 20 million (approx.) for their existing and expansion projects in the name of Ananta Denim Technology Ltd. (ADTL) and Ananta Casual Wear



Syndication launching ceremony for HG Aviation Ltd.



EBL arranges a syndicated term loan of Tk. 570 million for Giant Textiles Ltd.

Ltd. (ACWL). SFU has already arranged initial approval for USD 12.50 million from DEG, a German Development Bank as a part of our step towards cost effective fund arrangement.

- EBL has been selected as "Wholesale Bank" for ADB's Second Crop Diversification Project along with Bangladesh Government, where EBL will get a fund of USD 12.65 Million in local currency at 3% interest for a long term of 16 years.

Cash Management Unit (CMU): In an increasingly competitive market for fund mobilizations at reasonable rates, CMU plays a critical role in sourcing low cost deposit providing 'Transactional Value' to customers. Cash management solutions thus help customers managing four key areas:

- Liquidity Management
- Payments Management
- Collection Management
- Reconciliation & MIS

Performance highlights of Cash Management Services during 2010:

- EBL has been marked as a new player in IPO fund management and managed successfully 5 new IPOs' as lead banker and acted Banker to the issue

for 12 nos. of IPOs, which eventually reduces cost of fund and generates substantial fees for the bank.

- One third of total Umrah from Bangladesh have been done through EBL.
- Hajj remittance for BDT 500M with an earning of BDT 5M.
- Large govt. agencies (such as PDB, Oil Companies, DESCO) revenue collection has been significant throughout the year.
- First Project related ADP Account of Bangladesh Water Development Board opened with EBL.
- EBL Cash Management Unit arranged an offshore customer training event in Thailand focusing Govt. Senior officials for the training subject on "Corporate Governance".

Brief Review of Capital Market Operation: In the year 2010, the capital market of Bangladesh has come across the extreme scenarios from the highest ever turnover, market capitalization and index in the history of Bangladesh to the highest ever single day fall in the index of 551.77 points! Market capitalization to GDP ratio and number of new arrivals both in terms of issues and investors saw a sharp rise too. Following table summarizes the capital market performance during 2010:

Particulars	2009	2010	Growth
Total Turnover (BDT million)	1,475,301	4,009,913	171.80%
Average Daily Turnover (BDT million)	6,046	16,434	171.80%
Market Capitalization (BDT million)	1,903,228	3,508,006	84.32%
DSE General Index	4,536	8,290	82.79%
Govt. Revenue- Source Tax (BDT million)	620	3,150	408.06%
Mkt. Capitalization To GDP Ratio	43.92%	52.11%	18.65%
Market P/E	24.08	29.71	23.38%

Own Portfolio Performance: The commencement of EBL capital market operations was a part of strategic diversification with the vision of providing full fledged merchant banking services in future. EBL has been actively managing a diversified and balanced portfolio since January 2009. In the year 2010, the return from own portfolio investment in the secondary market was 182.63% considering both realized and unrealized gain,

against market return (as measured by DGEN) of 82.79%. This superior performance can be attributed to sensible timing in both buying and selling decisions backed by strong research, analysis and market intelligence.

Following table shows amount of unrealized gain as on 31 December 2010:

(Figures are in million BDT)

Name of Companies	Number of shares	Cost Price	Market Value	Unrealized Gain/(Loss)
ABBANK	90,000	109.10	142.25	33.14
ACIFORMULA	12,500	2.05	1.75	(0.31)
ACTIVEFINE	250,000	2.50	29.83	27.33
ARAMIT	9,750	6.15	4.75	(1.40)
ARAMITCEM	3,450	6.18	5.49	(0.69)
BATASHOE	50,000	37.87	32.65	(5.23)
BATBC	105,000	79.21	75.23	(3.98)
BEXIMCO	98,000	31.37	30.53	(0.85)
BIFC	2,250	2.45	2.51	0.06
BRACBANK	50,000	28.82	42.81	13.99
BSRMSTEEL	2,000	3.48	4.24	0.76
CONFIDCEM	191,000	41.04	56.04	15.00
DBH	25,000	64.04	62.46	(1.59)
DESCO	130,000	181.84	264.10	82.26
DHAKABANK	816,000	42.76	62.26	19.51
EXIMBANK	1,106,100	47.98	67.14	19.16
FIRSTSBANK	274,300	10.44	11.14	0.69
GP	364,200	26.17	89.52	63.35
HEIDELBCEM	10,900	40.70	39.89	(0.82)
ICB	17	0.00	0.07	0.07
ICBIBANK	708,800	16.41	13.75	(2.66)
IDLC	200,000	125.28	929.50	804.22
ILFSL	50,000	93.44	127.20	33.76
ISLAMIBANK	90,000	51.29	72.05	20.76
JAMUNABANK	33,332	1.21	1.83	0.62
JAMUNAOIL	11,400	4.95	3.82	(1.12)
KPCL	11,500	2.08	1.29	(0.78)
LANKABAFIN	50,000	26.92	24.90	(2.03)
METROSPIN	57,000	5.12	4.96	(0.16)
MPETROLEUM	36,100	10.39	8.56	(1.83)
MTBL	80,000	32.76	56.66	23.90
NATLIFEINS	110	0.80	0.83	0.03
NAVANACNG	15,000	3.56	3.05	(0.51)
NTLTUBES	2,140	3.80	3.15	(0.65)
PILFSL	75,982	10.00	22.12	12.12
POWERGRID	229,999	171.27	210.62	39.35
PRAGATIINS	3,500	5.49	5.45	(0.04)
PRIMEBANK	123,000	65.32	116.20	50.89
PRIMEFIN	7,000	3.25	3.26	0.01
PUBLIBANK	1,500,000	111.14	161.10	49.96
RAKCERAMIC	118	0.01	0.02	0.01
RANFOUNDRY	10,000	1.38	1.31	(0.07)
SAPORTL	33,000	7.98	5.75	(2.23)
SQURPHARMA	64,000	153.94	225.41	71.47
STANDBANKL	85,000	33.59	54.91	21.32
SUMITPOWER	1,499,059	177.29	210.02	32.72
TRUSTBANK	60,000	29.94	45.20	15.25
UTTARABANK	40,000	43.57	66.43	22.86
EBL1STMF	20,000,000	200.00	368.00	168.00
GREENDELMF	1,000,000	10.00	13.60	3.60
PHPMF	3,000,500	30.01	34.81	4.80
POPULAR1MF	1,000,000	10.00	11.90	1.90
Total		2,206.32	3,832.27	1,625.95



EBL is distinguished for its customer first policy. A glimpse of a customer night and dinner held on November 4, 2010.

Underwriting and Placement Participation: EBL has been actively involved in underwriting different IPOs which helped increasing fee based income. Apart from these, EBL has participated in the IPO placement of several new issues with a view to facilitating the supply side in the capital market. EBL also expects to earn significant returns after the lock-in period of said investment.

Trustee Services: EBL is acting as trustee to different bonds issued by the corporate bodies, including Grameenphone, Banglalink, Brac, Mercantile Bank and Fidelity Asset bonds. A number of new deals are in the pipeline for providing the trustee services.

EBL received the trustee license for mutual funds from SEC in March 2010. It has been mandated as the trustee to Padma Islami Life 1st Mutual Fund to be managed by National Asset Management Ltd. EBL is also exploring further opportunities of Trustee services to different bonds and mutual funds.

Merchant Banking: EBL has formed a 99.99% owned subsidiary titled "EBL Investments Ltd." for its proposed merchant banking operations and the application is currently under consideration of SEC. After getting the license, EBL has plans to play a vital role for the development of the capital market and the economy as a whole, by providing all the merchant banking services.

EBL Asset Management Ltd.: Mutual Fund is a pool of investment in a diversified portfolio that diversifies the risk and is managed by professionals. Many new mutual funds are coming to the market and the necessity of the professional managers is on the rise. To grab these potential business opportunity, EBL formed a 99.99% owned subsidiary titled "EBL Asset Management Ltd." in January 2011. EBL has already obtained permission from Bangladesh Bank and is under process of obtaining the license from SEC.



Ali Reza Itekhar, MD and CEO of EBL, speaks at the launch of the bank's new product, Swadesh Biniyog, on December 12, 2010.

CONSUMER BANKING: 2010 was indeed a year for EBL Consumer Banking with strong growth and sound health of asset, liability and cards portfolio. New products were launched and existing ones were harnessed to ensure maximum return on the investment. Consumer Banking shared 14% of the pie of EBL loan book and 59% of EBL Deposit book as on year end 2010.

EBL launched the full feature global Platinum cards for the first time in Bangladesh in February 2010. It was indeed a new experience for the customers and they welcomed the product with great enthusiasm. EBL Visa Platinum came with global lifestyle benefits, concierge service, 600+ airport lounge access, reduced interest rate, free supplementary cards, BDT 1 million insurance coverage and what not. It is the highest category credit card available in Bangladesh at this moment.

In April 2010, EBL Smart Remit was introduced as a service package comprising of three remittance distribution channels. These are EBL Smart Remit Card, EBL Smart Remit Cash Point and EBL Smart Remit Mobile Wallet. Given the number of population with mobile connectivity these days, the new service is expected to be of great benefit for the Bangladeshi people. EBL signed deals with leading telecom operators Banglalink and Robi to provide the service through their customer service points throughout the country.

In the later part of the year - EBL launched Visa Corporate Cards, for the first time in Bangladesh. This unique proposition allows companies to apply and provide credit facility through cards to their employees. Corporate Card has been a very successful expense management program for the business houses throughout the world. EBL pioneered the product in



EBL launches VISA Corporate Cards in Bangladesh



EBL takes part in 'Showcase Bangladesh 2010' in Kuala Lumpur from January 8 to 10, 2010. Tun Dr. Mahathir Mohamad, former Prime Minister of Malaysia, graced the occasion.

Bangladesh market and attracted a lot of attention from the corporate houses instantly.

As the share and investment market was on a constant rise in most of 2010, EBL Consumer Banking introduced "Swadesh Biniyog" - the non-resident investors' taka savings account for the NRBS. The product opened up opportunity for the vast population of NRBS to participate in the IPOs of different new to the stock market companies. The product is expected to yield a high benefit for the foreign exchange earning population of the country with ease.

EBL Consumer Banking focused on the Customer Service issues strongly rounded the year. Dedicated customer service call numbers and desks were set up across all major branches. This not only helped the customers to reach the proper authority quickly in case of any service lapse but also helped the branches serve the customers more efficiently and effectively. We plan to emulate the success stories across all the branches in 2011.

2011 is promising year for EBL Consumer Banking. The division achieved business targets in all the segments and prepared to take the new challenges head on. As much as 10 exciting new products, 10 new branches and as rapid growth of alternate channels like kiosks, internet banking and mobile banking are on the book this year. The division is ready to touch the new heights once again.

SME Banking: Small and Medium Enterprises (SMEs) are the "engines of growth" in almost all the emerging economies in the globe. It has been playing a pivotal role in job creation and overall economic development in Bangladesh.

Starting in June 2006, EBL SME Banking has become one of the most structured SME Banking (Business Unit) of the industry. As of now, EBL SME Banking has

33 SME Centers (including the new SME/Krishi Branches) located in the premier business hubs of the country. The location of these SME Centers has been selected based on transport convenience, business potential, market importance, etc. We have opened 08 (eight) new SME Centers in 2010 including above 5 SME/Krishi Branches.

New Management Structure: EBL SME Banking is going to introduce the unit concept (Sub business unit) for both small and mid segments. We have also plan to deploy the SME liability team to focus on mobilizing SME deposit. This structure will enable the business segment to streamline its operations in every sector, starting from business booking to overall monitoring of the assets to ensure healthy portfolio.

Business growth: The growth rate of EBL SME Banking has always been on an upward trend; its overall presence (loan portfolio) in the bank's balance sheet is also increasing from 9.25% at the year end 2008, 11% in 2009 to 12% at the year end 2010. The growth in this sector emphasizes the bank's strategy to diversify its portfolio through booking smaller and quality assets through SME Banking.

New Products and Services: EBL SME banking has been, from the start, introducing products that would suit the need of the market. This year also, we have developed a new product 'EBL UDDOM' main feature of which is 50% is EMI based and 50% is Over Draft Facilities which is partially secured (client provides 50% as FDR of loan amount).

Strategic Alliance: EBL SME Banking has entered into two co-operation agreements with IFC/SEDF: first one is to ensure staff productivity and portfolio quality. Under this agreement, IFC intends to cooperate in the development and "strengthening of SME operations of



Launching of 7th Priority Lounge and 62nd ATM at The Westin, Dhaka on November 7, 2010.

Eastern Bank Limited" in respect of portfolio quality & MIS in line with Credit Monitoring and Developing Credit and Behavioral Scoring.

Another agreement is "SEDF-EBL Project on Sustainable Energy Finance and Cleaner Production". Sustainable energy finance (SEF) is an emerging area for the Financial Sector in Bangladesh. Given that climate change is the priority concern area both for Bangladesh and the Central Bank, financial service providers positioning themselves in the arena of sustainable energy finance will get the first mover's advantage. IFC launched the SEF initiative in Bangladesh a year ago and has been working with the central bank and financial institutions with the aim of reducing Non Performing Loans by proactively considering environmental risk and at the same time encouraging Financial Institutions in financing Energy Efficiency / Renewable Energy (EE/RE) projects.

Treasury: The year 2009 ended with the optimism and challenge of revival from the sustaining crisis of global financial market, banking and housing, stock market loss and many more. Inception of 2010 was considered to be a new landmark to get rid of the prolonging global financial crisis. Local market experienced moderate growth in GDP, import, export and remittance. Though 2010 was a very challenging year, overall economy experienced satisfactory performance in almost all influential economic arenas.

Money and Fixed Income Securities Market: The year 2010 was a very challenging period for the overall financial market specifically money market. This is such a year in which market has seen its rock-bottom and sky-high in call rate. The year started with a massive liquidity in the market and call rate was between 2% to 3% in the early months. Later, market became dry and



Ali Reza Iftekhar, Managing Director & CEO of EBL and Ian Crosby, Manager of IFC Advisory Services In Bangladesh, exchange documents after signing a MoU December 6, 2010 to work jointly on sustainable energy financing.

during the mid of December call rate reached its all time high. Benchmark interest rate for Govt. securities was almost flat all through the year but at the end it exhibited an upward trend. Yield for 10-year govt. securities increased about 78 basis points while 5-year govt. treasury securities experienced an increase of 31 basis points. Money Market average daily turnover increased in 2010 to 1,200 crore from 945 crore in 2009 posting an increase of 27% and it yielded handsome growth in spread for the trading book. EBL was also very active in the secondary Govt. Securities market in both side and this trading activity generated a substantial amount of revenue for the bank.

Foreign Exchange Market: 2010 was pretty tough for the currency market. Traders realized the inevitability of deterioration of the situation with European debt problems. Before that Euro was strong and a lot of countries like Greece, Spain, and Portugal attempted to take advantage of it and they were ones who suffered severely from the global crisis. After a range of dramatic events of the first half of 2010, Ireland and Greece had to announce quasi-defaults. The peak was in May and Euro fell to the level of 1.18725 against US Dollar. Then ECB, along with IMF created a stabilizing fund of the size of 750 billion Euros which was supposed to save problematic European countries from default. It led to Euro promptly catching up with the market. Another reason for the Euro appreciating was the slowing of economic growth in the USA. The US zone encountered tremendous structural difficulties and despite trillions of Dollars emission to the economy, it didn't live up to expectations and trigger growth. Unemployment increased and in November reached 9.8%, real estate prices continued their decline and people were spending reluctantly.



Eastern Bank Ltd. (EBL) and Commlink Infotech Ltd. signed a MoU on November 29, 2010 to strengthen EBL's mobile banking and payment gateway services.

In foreign exchange arena yearly turnover was USD 4,107.63 million in 2010 which was USD 3,497.13 million in 2009 that is a 17.46% increase in overall turnover which resulted in significant increase in overall revenue from this section. EBL was involved in Forward booking, Corporate Dealing, Swap etc in its FX activities.

Trade Services (TSD): Trade Services of Eastern Bank Limited (EBL) has already earned a niche for itself and is looked up to as a 'Role Model' in the Bangladesh banking industry. With state-of-the-art IT platform and centralized trade operations, EBL's experienced and internationally certified trade specialists are there to serve its valued customers with unwavering dedication complying both local and international rules and regulations. EBL has in its repertoire a diverse portfolio of trade finance products and services suitable for the



Eastern Bank launches a couple of SME loan products, 'EBL Uddom' and 'EBL Invoice Factoring,' with a view to help expand of SME in the country, on April 25, 2010.

customers. Having a strong alliance with the leading global banks, EBL's correspondence relationship has been strongest ever. EBL is enjoying regular guarantee and credit lines from International Finance Corporation (IFC) and Asian Development Bank (ADB) to support its trade finance transactions. As a result, EBL is in an ideal position to facilitate cost-effective, smoother and trouble-free international trade business.

Trade Business in 2010: Overall trade transactions have increased by 12.33 % over the previous year and the accuracy level remains excellent like previous year. Though trade opportunities got momentum after the first quarter in 2010, still Trade Services has managed to maintain an increasing trend. Total trade business stood at BDT 113,025.72 million in 2010 compared to BDT 90,236.65 million in 2009 with a growth of 25.25%.

NATURE OF BUSINESS	NUMBER OF CASES			AMOUNT IN EQUIVALENT BDT (MILLION)		
	YEAR 2009	YEAR 2010	GROWTH (%)	YEAR 2009	YEAR 2010	GROWTH (%)
LETTER OF CREDIT	12,285	11,916	-3.00	54,370.40	70,665.02	29.97
LETTER OF GUARANTEE	662	725	9.52	1,318.74	2,727.30	106.81
EXPORT BILL (FOREIGN)	12,131	13,009	7.24	29,048.61	31,841.60	9.61
EXPORT BILL (LOCAL)	3,103	3,185	2.64	5,498.91	7,791.80	41.70
SUB-TOTAL EXPORT	15,234	16,194	6.30	34,547.51	39,633.40	14.72
GRAND TOTAL	28,181	28,835	2.32	90,236.65	113,025.72	25.25

Trade Business of EBL Offshore Banking Unit (OBU): Total trade business in OBU has grown remarkably in 2010 compared to 2009. USD 2.7 million worth of LCs have been issued from OBU during the year 2010. Import Bill Discounting from OBU under Usance LCs has stood at USD 3.18 million. Bill Finance through OBU has significantly increased in 2010 and stood at USD 67.55 million compared to overall trade business of USD 29.87 million in 2009.

Tailor made Structured Letter of Credit has been issued worth USD 117.69 million in 2010 compared to USD 26.57 Million in 2009 with an incredible growth of 343%. Such performance not only increased the trade business for EBL but also supported the valued customer with cost effective business opportunities.

Strategic Partnership: Like the previous year, EBL has extraordinary yields in 2010 from mutually beneficial relations with IFC under Global Trade Finance Program

(GTFP) and with ADB under Trade Finance Facilitation Program (TFFP). Excellent utilization of IFC Line by EBL has contributed to its overall trade business growth in 2010. EBL has been awarded as the most "Active Bank in South Asia" by IFC. FMO, the Netherlands also joined ADB to support EBL trade finance business.

Process Reengineering: In 2010, EBL trade team arranged two internal trainings and two workshops for its internal customers. On 4th December, 2010, EBL has successfully arranged a daylong workshop on "Global Trade Services and Challenges in Bangladesh" at The Westin Hotel, Dhaka. It was completely a new initiative by a local private commercial bank in Bangladesh. The main theme of the workshop was to familiarize the global trade practices and challenges among the selected Corporate and SME customers involved in Foreign Trade in Bangladesh.

Performance highlights of Trade Team during the year 2010:

- Introduction of EBL Trade Portal, first of its kind among the private commercial banks in Bangladesh.
- Implementation of Trade Modules in New Core Banking Software – UBS.
- Successful conversion of entire trade business data from Flex-cube to UBS.
- Introduction of trade workshop & training for internal and external customers of EBL.
- Restructure Trade Service Organogram to help grow New Leaders.
- Revision of Delegation of Authority.

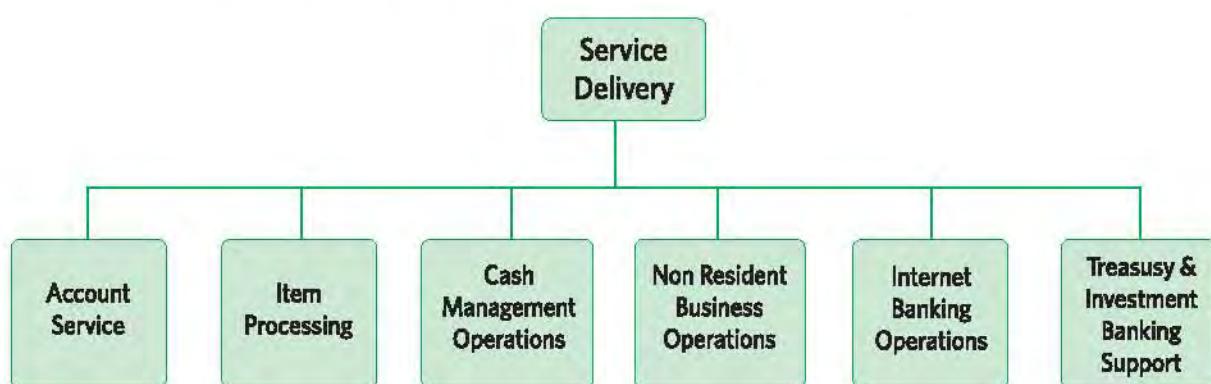
Accuracy in transaction processing: Overall transaction accuracy in EBL Trade Services was excellent throughout the year 2010. SWIFT accuracy remained

outstanding with average STP (Straight Through Processing) of 98.85% during 2010 through largest USD clearing bank, JP Morgan Chase Bank NA in New York. This achievement is far superior to any other competitors in South Asia.

Skill Development and Certification: EBL emphasizes not only on the trade business growth but also concentrating on the individual skill development of its officials so as to deliver International Standard Practices to its customers. Such endeavor has been successful with the addition of 4 (four) more Certified Documentary Credit Specialists (CDCS) making the total to 14 (fourteen), the highest among all the banks in Bangladesh. 4 (Four) officials have passed DC Master, the advanced international certification on Documentary Credit Practice. In addition to that, 6 of its officials have successfully completed IFC - FIT graduation, making the total to 38. 2 (Two) officials have successfully passed ISO 9001:2008 Lead Auditor Course, making the total to 4 (Four).

Service Delivery (SD): Service Delivery as a part of centralized Operations was established in 2006 at Dhaka and Chittagong with an objective of providing centralized services to branches and business units (Consumer, SME, Corporate, Treasury and Investment banking).

'Service Delivery' is ensured through its three wings at Dhaka, Chittagong and Sylhet and further grouped into six functional units to perform as a focused group to bring in specialization, service excellence, improvement in processes and compliances, and risk mitigated service deliveries: Account Services, Item Processing, Cash Management Operations, Non Resident Business Operations, Internet Banking Operations and Treasury & Investment Banking Support unit.





EBL and Banglalink join hands to launch Mobile remittance service in Bangladesh. Governor of Bangladesh Bank Dr. Ataur Rahman Inaugurates the service on April 14, 2010.



CEO of EBL Md. Reza Iftekhar exchanges documents with his Robi counterpart Michael Kuehner after signing a deal on December 21, 2010 to launch mobile remittance service.

Performance Highlights: Risk Monitoring Cell for Treasury and Investment Banking has been segregated from combined Treasury Support Unit as per Bangladesh Bank guidelines to mitigate Operational risks.

The unit has ensured delivery of MICR encoded and personalized customer cheques with security features as per Bangladesh Bank guidelines to all customers. This preparation along with technological readiness helped EBL to participate as one of the first three Banks in first system integration test for Bangladesh Automated Clearing House (BACH).

The unit has already started processing Hajj (pilgrim) Remittances through wire transfer, first time of such type solution to Bangladeshi Hajj agents. In 2010, EBL processed SAR 27.8 million worth of remittances.

Electronic data archiving: Considering the risk associated in physical archiving of all customer accounts related documents at one center, SD has stored electronic image record of all account documents and keeping in a separate secured place. The continuous process will thus ensure safe archiving of the bank's assets & liability related security and other records in case of any major disaster.

Mobile based payments: EBL Service Delivery has launched 'Mobile Phone' based electronic payment channel for secured and simplified way of Non Resident Bangladeshi remittances disbursement. EBL is the pioneer in opening up bank led payments model easily available to unbanked populations of the country in Bangladesh. This indicates technological readiness of EBL Operations towards future e-commerce payments.

Information Technology (IT): To play in the competitive market within and outside the country, technology is now the pivotal weapon to excel ceaselessly. EBL IT is

the vanguard among all the banks in our country to present the most effective solutions which caters the cutting-edged and tailored banking functionalities.

New Core Banking Solution, Universal Banking System (UBS), which is rated as the most advanced banking solution in the world, was implemented in our bank in 2010 in full fledge. Many shortcomings of the earlier system are subsided in this new platform with upgraded Data Storage System and robust MIS. Our strong MIS helps concerned quarters to keep proper vigilance and making effective and timely business decisions.

To comply with the government and central bank policy, EBL succeeded in launching Automated Clearing House (ACH) operations live on the very first day with full perfection which indicates our technological readiness in adopting Electronic Fund Transfer (EFT) operations as and when asked by the central bank.

Project of Internet Banking for Trade Service module has been started of late. After completion of this project, our corporate customers will initiate Letter of Credit (LC) and Letter of Guarantee (LG) from their own offices and then they will even not be required to come to our branches to open those contracts. Project for Bulk Upload (BU) functionality of Internet Banking is being run as well. After getting BU launched, our corporate clients will disburse salaries for their employees and make their vendor payments by themselves from their own offices.

We are in the process of introducing the most advanced and customer-centric Call Center through which customers' maximum satisfaction will be ensured. E-commerce is going to be launched as another wing by which customers can make the payment through web using their Credit Card for purchasing of commodities.



EBL Honors UBS Core Team for their successful completion of the project

SMS and Mobile banking projects have been started and will come into live in 2011. We are going to offer a world class Foreign and Local remittance solution, live with more advanced options, Flex Remit, which will

enrich bank's cash management services in befitting manner. Offshore Banking Unit is scheduled to be incorporated in Core Banking system in 2011.

RISK MANAGEMENT OVERVIEW

Overview

Bangladesh economy experienced a twin paced growth during the year 2010 influenced by global events; the economy performed lackluster in first half of the year while shown the sign of recovery in later half. Growth in major markets of our country, relocation of RMG export from China, and continuation of strong local demand has already set the economy in desired growth mood. Government projected 6.70% GDP growth in fiscal year 2010-11. However, energy crisis, weak infrastructure, labor unrest in RMG industry, and inflation remains threats to achieve projected growth.

The macroeconomic conditions were stable in 2010 and riding on the stability, we have maintained our target balance sheet and profitability. Although liquidity stress shook the banking sector severely in the last month of the year, the bank has achieved desired performances closely being within its defined risk appetite approved by the Board of Directors. In general, bank's loan portfolio is diversified across a wide range of products, industries, and customer segments. There is no single exposure on industry/business segment over 20%; corporate term loan is less than 25% of lendable fund. Besides, we carefully leveraged the opportunity of low inter-bank rate, as well as managed the liquidity stress, through which the industry passed in December, in a disciplined manner.

The bank is maintaining adequate capital in compliance with Basel II standardized approach, and working to move on advanced approaches. Eastern bank limited has invested considerable effort so far to develop awareness among related parties, and contemplated for implementation of IRB approach in line with Bangladesh Bank road map. We have engaged PricewaterhouseCoopers for conducting a Basel II diagnostic gap study for the bank to implement enterprise wide Risk Management framework.

Despite macroeconomic stability, some key industries were adversely affected by local and global events. Sharp increase of cotton price and labor unrest took a toll on RMG exporters. Devastating flood in Pakistan and restricted export from CIS countries caused upward movement in cotton price. Local labors demanded and agitated for incremental wages that interrupted productions in many RMG factories. Ship breaking industry went through some legal changes that warrant cautious movements from major market players. Scarcity of natural gas caused huge production loss for many industrial units. Manpower export has declined due to falling demand from key overseas markets. International trade could have done better if inflationary pressure remains low.

Our quality underwriting standards and efficient relationship management team kept the asset portfolio healthy. Weighted Average Credit Risk Grade (WACRG), which is a tool EBL uses to measure portfolio risk, has moved down to 4.78 from last years 4.96. Classified Loan percentage, a common yardstick for measurement of portfolio health in the industry, is also improved in 2010 (1.99% in 2010 from 2.46% in 2009). As we told in last year's annual report, we have further strengthened recovery and collection management on SME and Retail banking business to bring down this rate below two percent.

Major risks and uncertainties:

Like any other commercial bank, Eastern Bank Limited is also in the business of taking risk and seeks to contain and mitigate those risks within bank's appetite and maximize return. However, risks are by their nature uncertain and the management of risk relies on judgments and predictions about the future. The principal risks and uncertainties faced by the bank in coming year are set out below. This should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties that the bank may experience.

Country's macroeconomic conditions:

GDP growth in Fiscal year 2009-10 was 5.8% and Bangladesh Bank forecasted 6.70% growth in 2010-11. Higher GDP growth increases personal expenditure and consumption, domestic demand, availability of credit for retail and corporate borrowers, and the availability of capital and liquidity funding for the bank. However, projected growth will be challenging to achieve due to adverse climatic conditions, poor infrastructure, energy crisis, low productivity of labor, and low investment in real sector.

Change in Government and Regulatory Policy:

A key uncertainty for the bank relates to the changes in economic policies of the government and regulators. Such changes may be wide-ranging and influence the volatility and liquidity of financial markets, as well as the repayment of loans. These effects may directly or indirectly impact bank's financial performance. For example, changes in money loan court act or flexible loan rescheduling criteria may affect loan repayment/recovery, putting cap on lending rates may reduce banks profitability, directed lending may ask the bank taking exposure in some sectors where bank has low appetite, etc. Eastern Bank plays an active role in addressing such issues, through its participation in Association of Bankers Bangladesh (ABB), and other relevant forums.

Energy crisis and weak infrastructure:

Energy crisis is persistent since last couple of years. Many industrial units are not getting adequate gas and electricity; some newly set up manufacturing plants are waiting for gas connections; transportation and port facilities are yet to be efficient. Such issues along with uncertainty about the policy environment may have negative impact on business confidence, and will be a major challenge in 2011.

Slowdown in remittance growth:

Remittance growth slowed last year compared to the previous year's inflow, and the amount fell short of the yearly target. Growth in 2010 was only 2.62 percent, though it hovered around 15-30 percent in last few years. Decline in the export of skilled manpower and return of migrant workers after losing their jobs are two major reasons for slow growth in remittance inflow, which is a concern and could depress domestic demand.

Liquidity Stress:

Liquidity risk is the risk that the bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access funding only at excessive cost. Exceptional market events can impact the bank adversely, thereby affecting the bank's ability to fulfill its obligations as they fall due. Reasons for uncertainties over bank's liquidity position are withdrawal of deposit by customers at a substantially faster rate than expected and/or repayments are not received on the intended maturity dates. Monetary policy and central bank regulations may also affect banks liquidity position if broad money and private credit is controlled to tame inflation.

Risk governance in Eastern Bank Limited:

We believe that risk management is the core function at Eastern Bank Limited that make our business sustainable. Ability to generate profit consistently and sustainably is a function of enterprise wide risk

management and we are restlessly pursuing continuous improvement in this area. One of the main risks we exposed arises from extending credit to customers through our lending operations. Beyond credit risk, we are also exposed to a range of other risk types such as operational, market, liquidity, concentration, cross country, legal, and reputational. Our objective of risk management is to maximize risk-adjusted returns while remaining within our risk appetite. Our Risk management strategy is based on a clear understanding of various risks, disciplined assessment, measurement and continuous monitoring of such risks. The policies and procedures established for this purpose are continuously reviewed to adopt regulatory changes and improvements. Bank's Board of Directors is principally responsible for establishing risk appetites, approving related strategies and policies, overseeing policy compliance and the effectiveness of the risk framework through reports from Internal Control and Compliance Department.

Board of Directors has established an Audit Committee of the Board to oversee compliance of all internal and external regulations across the organization. Besides, the Board has established a committee titled 'Bank Risk Management Committee' (BRMC) for enterprise wide risk management in an integrated approach. BRMC assists the Board through Managing Director and Chief Executive Officer in fulfilling its responsibilities relating to the oversight of Bank's risk management strategies, policies and processes that have the potential to impact significantly on earnings performance, reputation and capital protection. There are some other management subcommittees responsible for management of types of risks with specialized focus and support BRMC for the integration of risk matters in each of the areas of risk management.

Risk Governance Structure



DISCLOSURES ON RISK BASED CAPITAL (BASEL II)

Background: These disclosures under Pillar III of Basel II are made following revised 'Guidelines on Risk Based Capital Adequacy (RBCA)' for banks issued by Bangladesh Bank (Central Bank of Bangladesh) in December 2010. These quantitative and qualitative disclosures are intended to complement the Minimum Capital Requirement (MCR) under Pillar I and Supervisory Review Process (SRP) under Pillar II of Basel II.

The purpose of these disclosures is to present relevant information on adequacy of capital in relation to overall risk exposures of the Bank so that the market participants can assess the position and direction of the Bank in making economic decisions.

SCOPE OF APPLICATION

Scope of Application: The Risk Based Capital Adequacy framework applies to Eastern Bank Limited (EBL) on 'Consolidated Basis' as there were two subsidiaries of the Bank as on the reporting date i.e. 31 December 2010. EBL acquired 60% shares of a brokerage house namely 'EBL Securities Ltd.' in 2010 and established an investment company namely 'EBL Investments Ltd.' with 99.99% shares (Company formed in December 2009 and applied to SEC for Merchant Banking License).

Consistency and Validation: The quantitative disclosures are made on the basis of consolidated audited financial statements of EBL and its Subsidiaries as at and for the year ended 31 December 2010 prepared under relevant international accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (EBL), eliminating inter company transactions. So, assets of the subsidiaries were risk weighted and equities of subsidiaries were crossed out with the investment of EBL while consolidating.

So, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the consolidated audited financial statements 2010 of EBL and its Subsidiaries along with separate audited financial statements 2010 of the Bank available on the website of the Bank (www.ebl.com.bd).

Restriction on movements of funds: The rules and regulations of BRPD of Bangladesh Bank that govern 'Single Borrower Exposure Limit' for the customers are equally applicable for the Bank in financing its own

subsidiaries. Currently the BRPD circular 05 dated 09 April 2005 is being applied by the Bank in determining maximum amount of finance to the subsidiaries of the Bank. As on year end 2010, EBL had a credit line to 'EBL Securities Ltd.', a 60% owned subsidiary of the Bank, of BDT 600 million and a Guarantee of BDT 250 million (against clearing settlements with DSE).

CAPITAL STRUCTURE

Capital Structure of EBL: Regulatory capital, as stipulated by the revised RBCA guidelines by BB, is categorized into three tiers according to the order of quality of capital (Tier I, II & III). Tier I or Core Capital comprises the highest quality capital components, Tier II or Supplementary Capital comprises capital elements that fall short of some of the characteristics of core capital but contribute to overall strength of the Bank and Tier III or Additional Supplementary Capital comprises short term subordinated debt with maturity of two to five years.

The Bank complied with all the required conditions for maintaining regulatory capital as stipulated in the revised RBCA guidelines by Bangladesh Bank as per following details:

- The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital:
 - ✓ **Status of Compliance:** Complied.
- 50% of revaluation reserves for fixed assets and securities eligible for Tier 2 capital:
 - ✓ **Status of Compliance:** Complied.
- 10% of revaluation reserves for equity instruments eligible for Tier 2 capital:
 - ✓ **Status of Compliance:** Unrealized gain from quoted equities has not been accounted for and so nothing added to tier ii capital on this.
- Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital:
 - ✓ **Status of Compliance:** As on the reporting date there was no subordinated debt in the capital structure of EBL.
- Limitation of Tier 3: A minimum of about 28.5% of market risk needs to be supported by Tier 1 capital. Supporting of Market Risk from Tier 3 capital shall be limited up to maximum of 250% of a bank's Tier 1 capital that is available after meeting credit risk capital requirement.
 - ✓ **Status of compliance:** Capital required for meeting credit risks was BDT 7,737.13 million and so the tier i capital after meeting credit risk was BDT 811.13 million (BDT 8,548.26 million minus BDT 7,737.13 million). Capital required for meeting 28.5% of market risks was BDT 267.45 million (BDT 938.43

X 28.5%) million as on the reporting date. So, this condition is met.

- There are certain deductions from tier i capital which are noted with the status of compliance in the respective table presented below.

Quantitative Disclosures: As on the reporting date (31 December 2010), the Bank had a consolidated capital

of BDT 11,460.16 million comprising tier i capital of BDT 8,548.26 million and tier ii capital of BDT 2,911.90 million (EBL had no tier iii element in its capital structure) as on the reporting date. Following table presents component wise details of capital (Tier I & II) as on reporting date i.e. December 31, 2010:

(Figures are in million BDT)

Tier - 1 (Core Capital)		Amount
1.1	Fully Paid-up Capital	2,920.81
1.2	Statutory Reserve	2,725.52
1.3	Non- repayable Share premium account	-
1.4	General Reserve	725.62
1.5	Retained Earnings	1,669.29
1.6	Minority interest in Subsidiaries	150.97
1.7	Non- Cumulative irredeemable Preference shares	-
1.8	Dividend Equalization Account	356.04
1.9	Other (if any item approved by Bangladesh Bank)	-
1.10	Sub-Total: (1.1 to 1.9)	8,548.26
Deductions from Tier-1 (Core Capital)		
1.11	Book value of Goodwill and value of any contingent assets which are shown as assets	-
1.12	Shortfall in provisions required against classified assets	-
1.13	Shortfall in provisions required against investment in shares	-
1.14	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	-
1.15	Any investment exceeding the approved limit under section 26 (2) of Bank Company Act, 1991.	-
1.16	Investment in subsidiaries which are not consolidated	-
1.17	Other if any	-
1.18	Sub total (1.11 to 1.17)	-
1.19	Total eligible Tier -1 capital (1.10 - 1.18)	8,548.26
2. Tier -2 (Supplementary Capital): Maximum 100% of Tier I Capital		Amount
2.1	General Provision (Unclassified loans + SMA+ off balance sheet exposure)	1,057.54
2.2	Assets Revaluation Reserves up to 50%	1,442.73
2.3	Revaluation Reserve for Securities up to 50%	411.63
2.4	Revaluation Reserve for equity instruments up to 10%	-
2.5	All other preferences shares	-
2.6	Subordinated debt	-
2.7	Other (if any item approved by Bangladesh Bank)	-
2.8	Sub total (2.1 to 2.7)	2,911.90
2.9	Deductions if any	-
2.10	Total Eligible Tier -2 Capital (2.8-2.9)	2,911.90
3. Tier -3 (Additional Supplementary Capital)		
3.1	Short term subordinated debt	-
4.0	Total supplementary capital (2.10 + 3.1)	2,911.90
5.0	Total eligible capital (1.19 + 4.0)	11,460.16

CAPITAL ADEQUACY

Capital Adequacy: EBL focuses on strengthening and enhancing its risk management culture and internal control environment rather than increasing capital to cover up weak risk management and control practices. EBL has been generating most of its incremental capital from retained profit (stock dividend, right share issue and statutory reserve transfer etc.) to support incremental growth of Risk Weighted Assets (RWA). Therefore, the Bank's Capital Adequacy Ratio (CAR) remains consistently within the comfort zone since the parallel run from 1 January, 2009. During the year 2010, the CAR ranges from 9.93% to 10.92% against minimum requirement of 8% of RWA (January to June 2010) and 9% (July to December 2010).

The above CAR has been maintained applying 125% risk weight (under 'Unrated' category) to the exposures of most of the Bank's 'Corporate' customers who are yet to do credit rating of their entities by Bangladesh Bank approved ECAs. Once the customers, especially those having superior credit worthiness, do their credit rating, EBL's RWA will get down due to lower RW percentage. Since volume of

'Unrated' loans in EBL book occupies most part of the Bank's total loan portfolio, required minimum capital of EBL will decrease once rating is done by the corporate customers of EBL having good repute.

Assessing regulatory capital in relation to overall risk exposures of a bank is an integrated and comprehensive process. EBL, through its SRP team/BRMC (Bank Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to. Assessment of Regulatory Capital will be in alignment with the findings of these exercises.

Quantitative Disclosures: Following table shows component wise allocation of capital to meet three risks and an amount of additional capital maintained over MCR i.e. 9% of Risk Weighted Assets (RWA). As on the reporting date i.e. December 31, 2010, EBL maintained a Capital Adequacy Ratio (CAR) of 10.92% on 'Consolidated Basis' and 10.81% on 'Solo Basis' against required minimum of 9%. We had an excess capital of BDT 2,012.17 million (Consolidated) after meeting all three risks as on the reporting date as shown in the following table:

(Figures are in million BDT)

Capital Adequacy	Consolidated	Bank (Solo)
A. Amount of Regulatory Capital to meet unforeseen loss:		
Amount to meet Credit Risk	7,737.13	7,695.73
Amount to meet Market Risk	938.43	938.43
Amount to meet Operational Risk	772.43	765.40
Capital maintained to meet credit, market and operations risks	9,447.99	9,399.56
B. Some additional capital over MCR maintained by the banks	2,012.17	1,887.18
Total Capital maintained	11,460.16	11,286.73

Following table summarizes the capital adequacy status of EBL (Consolidated & Solo bases) as on the reporting date i.e. December 31, 2010:

(Figures are in million BDT)

Particulars	Consolidated	Bank (Solo)
A. Eligible Capital		
1. Tier-1 Capital	8,548.26	8,374.83
2. Tier-2 Capital	2,911.90	2,911.90
3. Tier-3 Capital	-	-
4. Total Eligible Capital (1+2+3)	11,460.16	11,286.73
B. Total Risk Weighted Assets (RWA)	104,977.72	104,439.53
C. Capital Adequacy Ratio (CAR) (A4/B)*100	10.92%	10.81%
D. Core Capital to RWA (A1/B)*100	8.14%	8.02%
E. Supplementary Capital to RWA (A2/ B)*100	2.77%	2.79%
F. Minimum Capital Requirement (MCR): 9% of RWA	9,447.99	9,399.56

CREDIT RISK

Qualitative Disclosures:

Definition of Credit Risk: Credit risk is the risk of loss that may occur from the failure of any counterparty to make required payments in accordance with agreed terms and conditions and/or deterioration of credit worthiness. Credit risk may arise from both the banking book and trading book. Credit risk is managed through a framework set by policies and procedures established by the Board. The responsibility is clearly segregated between originator of business transaction and approver in the risk function.

Credit policies and procedures: The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the bank. These policies are established by the Board of Directors, and are designed to meet the organizational requirements that exist today, and to provide flexibility for future. These policies represent the minimum standards for credit extension by the bank, and are not a substitute for experience and good judgment. The policy covers corporate, small and medium enterprise, retail exposures. Policies and procedures together have structured and standardized credit risk management process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers Industry/Business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk, and account performance risk. Credit risk management function is independent of business originating functions to establish better internal control and check, and to reduce conflict of interest. The Head of Credit Risk Management (HoCRM) has clear responsibility for management of credit risk.

Credit Rating and measurement: Risk measurement plays a central role along with judgment and experience in informed risk taking decisions, and portfolio management. For the purpose of risk measurement we use a numerical grading system associated with a borrower. Though this rating system, 'Credit Risk Grading Matrix' (CRGM), is not a lending decision making tool but used as a general indicator to compare one set of customers with another set of customers, and its weighted average value indicated movement of portfolio risk. CRGM analyzes a borrower against a range of quantitative and qualitative measures. Quantitative measurements scale has numeric grades from 1 to 11. Lower numbers are indicative of lower likelihood of default, while 9 to 11 grades are assigned to default borrowers. However, we are yet to assign Probability of Default (PD) corresponding to each grade and to cap exposure both at borrower and portfolio

level against each risk grade. No score card or rating model for retail and SME (small) borrowers are currently in practice; rather borrowers are assessed against some pre approved criteria outlined in Product Program Guidelines (PPG), which are approved by the Board of Directors.

Credit concentration: Credit concentration risk is managed within concentration caps set by counterparty or associated groups, by Industry/Business sector, and by Products to some extent. Credit concentrations are monitored by Credit Risk Management Division and BRMC at least quarterly. It is Eastern Banks current policy not to take more than 20% exposure in any single industry or business segment.

Credit monitoring: We, at least quarterly, monitor credit exposures and portfolio performance. Corporate and medium enterprise accounts are continuously monitored under a clearly set out 'Early Alert' policy. Sign of deteriorations are well defined and broad guidelines are given in that policy for business origination units. Early Alerts are raised for financial deterioration, management weakness, irregular repayments, breach of covenants, eroding position in the industry, etc. If early alerts are raised, account plans are then reevaluated; remedial actions are agreed and monitored. Remedial actions include. But not limited to exposure reduction, security enhancement, exiting the relationship or immediate movement of our Special Asset Management Division (SAMD) – our dedicated loan recovery unit.

Credit risk mitigation: Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, credit insurance, and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation, and counterparty risk of the guarantor. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees; and letters of credit. Collateral is valued by independent third party surveyor in accordance to our credit policy and procedures.

Credit approval: Board of the Director has the sole authority to approve any credit exposure and to sub delegate to such authority to the Managing Director and CEO with or without authority for further sub delegation. We have adopted individual authority based approval structure to ensure better accountability. Currently, MD & CEO's lending authority is further sub

delegation. We have adopted individual authority based approval structure to ensure better accountability. Currently, MD & CEO's lending authority is further sub delegated to Head of Credit Risk Management Division and Departmental Heads.

Problem Credit Management: Eastern Bank Limited has Special Asset Management Division (SMAD), dedicated for management of problem credits. Major responsibility of this department is to formulate

strategy and action plans for minimization of risk, prevention of loss, maximization of recoveries, and restructuring, direct recovery, and/or legal actions.

We follow central bank guidelines as our asset impairment policy. The central bank set loan impairment/classification criteria and provisioning policies vide BRPD Circular No. 5 dated June 05, 2006. The summary of quantitative loan classification criteria and provisioning requirement are as below:

Type of Facility	Loan Classification							
	SMA		Sub Standard		Doubtful		Bad & Loss	
	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)
Continuous Loan	90 days or more	5%	6 months or more but less than 9 months	20%	9 months or more but less than 12 months	50%	12 months or more	100%
Demand Loan	90 days or more	5%	6 months or more but less than 9 months	20%	9 months or more but less than 12 months	50%	12 months or more	100%
Term Loan up to 5 years	90 days or more	5%	6 months or more but less than 12 months	20%	12 months or more but less than 18 months	50%	18 months or more	100%
Term Loan over 5 years	90 days or more	5%	12 months or more but less than 18 months	20%	18 months or more but less than 24 months	50%	24 months or more	100%
Short Term Agricultural & Micro Credit	90 days or more	5%	12 months or more but less than 36 months	5%	36 months or more but less than 60 months	5%	60 months or more	100%

- Provision requirement is 5% for unclassified consumer loans other than housing finance (HF) and loans to professionals (LP), 2% for unclassified HF & LP under consumer finance, 2% for unclassified loans to Brokerage House/Merchant Banks/Stock Dealers for shares and 1% for unclassified loans in rest of the cases.
- Provision for contingent items (non funded facilities) is 1.00%.
- Provisions for SMA portfolio is maintained netting of interest suspense; and for classified portfolio both interest suspense and 50% of eligible securities are netted off.
- Bank may also classify its assets based on qualitative judgment as stringent measures. Major qualitative issues includes but not exhaustive of -
 - uncertainty or doubt in respect of recovery of loan,
 - impairment of capital of the borrower,
 - significant decrease in value of collateral,
 - illogical or repeated rescheduling, etc.

Quantitative Disclosures:

Total Gross asset portfolio by major types: Bangladesh Bank guidelines on Basel II, stipulated to segregate bank's asset portfolio into different categories, and the below table shows our gross exposure in each asset category.

(Figures are in million BDT)

SL.	Exposure type	Exposure	Risk weighted asset
a)	Cash	725.18	-
b)	Claims on Bangladesh Government (Other than PSEs) and BB (denominated in domestic and foreign currency)	2,959.25	-
c)	Claims on other Sovereigns & Central Banks	-	-
d)	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-
e)	Claims on Multilateral Development Banks (MDBs):		
i)	IBRD , IFC, ADB, AfDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	-	-
ii)	Other MDBs	-	-
f)	Claims on Public Sector Entities (excluding equity exposure)	1,591.60	795.80
g)	Claims on Banks and NBFIs (denominated in domestic as well as foreign currency)		
i)	Original maturity over 3 months	880.00	440.00
	Different risk weight	710.00	710.00
ii)	Original maturity less than 3 months	4,289.30	857.86
h)	Claims on Corporate (excluding equity exposures)	989.35	197.87
	Different risk weights	2,223.24	1,111.62
		950.70	950.70
		39,410.48	49,263.10
i)	Claims under Credit Risk Mitigation	-	-
j)	Claims categorized as retail portfolio & Small Enterprise (excluding consumer finance and staff loans)	1,935.52	1,451.64
k)	Consumer finance	4,349.29	4,349.29
l)	Claims fully secured by residential property (excluding staff loan)	535.65	267.83
m)	Claims fully secured by commercial real estate	-	-
n)	1. Past Due Claims (Risk weights are to be assigned net of specific provision):		
	Where specific provisions are less than 20 per cent of the outstanding amount of the past due claim	1,116.26	1,674.39
	Where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim	124.24	124.24
	Where specific provisions are more than 50 per cent of the outstanding amount of the past due claim	91.98	45.99
	2. Claims fully secured against residential property that are past due for more than 90 days and/or impaired and specific provision held there-against is less than 20% of outstanding amount.	-	-
	3. Loans and claims fully secured against residential property that are past due for more than 90 days and /or impaired and specific provision held there-against is more than 20% of outstanding amount.	-	-
o)	Capital market exposures	582.93	728.66
p)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book.	421.73	527.17
q)	Investments in venture capital	-	-
r)	Investments in premises, plant and equipment and all other fixed assets	3,626.10	3,626.10
s)	Claims on all fixed assets under operating lease	-	-
t)	All other assets:		
i)	Claims on GoB & BB (e.g. Coupon Receivable from Govt T Bonds & reimbursable from BB on PSP, Shadharan shanchay patra, etc.)	217.18	-
ii)	Staff loan/investment	603.94	120.79
iii)	Cash items in process of collection	-	-
iv)	Claims on Off-shore Banking Unit (OBU)	-	-
v)	Other assets (net of specific provision, if any)	1,098.39	1,098.39
	Total	69,432.33	68,341.43

Credit Exposure by Risk Weight: Risk weights on each category of assets as described in above table are given by Bangladesh Bank. Bank needs more capital for assets in higher risk band and the below table shows our assets under three main risk weight bands.

(Figures are in million BDT)

Particulars	Fund based	Non Fund Based	Total
Less than 100% risk weight	5,289.39	1,348.30	6,637.69
100% risk weight	10,858.72	1,587.71	12,446.44
More than 100% risk weight	52,193.32	14,690.70	66,884.02
Total	68,341.43	17,626.72	85,968.15

Geographical distribution of Credit Risk Exposure: Our business is concentrated in two major cities - Dhaka and Chittagong as country's business activities are concentrated in these two locations. Below table shows our credit exposure in different divisions:

(Figures are in million BDT)

Sl	Divisions	Corporate	SME	Consumer	Total
1	Dhaka	29,006.83	3,984.88	4,823.91	37,815.62
2	Chittagong	15,685.39	1,428.88	2,103.37	19,217.64
3	Khulna	-	315.21	162.34	477.55
4	Rajshahi	216.32	383.54	208.65	808.52
5	Sylhet	-	157.88	129.87	287.75
	Total	44,908.53	6,270.40	7,428.15	58,607.08

Credit exposure by major industry or business segment: Major industry wise credit exposure as on 31 December, 2010 was as below, and the numbers remained within the appetite of the bank as approved by the Board of Directors.

(Figures are in million BDT)

Industry/ Sector	31-12-2010	%	31-12-2009	%
Commercial and Trading	7,745.25	13.22%	4,765.77	10.00%
Importer of Commodity	2,762.98	4.71%	1,942.93	4.08%
Construction	608.44	1.04%	689.85	1.45%
Edible Oil Refinery Industry	2,072.27	3.54%	2,213.10	4.64%
Electronics Goods	1,948.54	3.32%	1,175.08	2.47%
Individuals	7,428.15	12.67%	5,705.65	11.97%
Pharmaceuticals Industries	1,434.23	2.45%	1,752.57	3.68%
Readymade Garments Industry	7,765.29	13.25%	6,002.00	12.59%
Ship Breaking Industry	2,365.71	4.04%	4,693.89	9.85%
Industries for Steel products	3,610.44	6.16%	2,540.58	5.33%
Telecommunication Sector	698.08	1.19%	2,068.21	4.34%
Textile Mills	5,813.81	9.92%	4,925.58	10.33%
Power Sector	2,088.92	3.56%	-	0.00%
Others	12,264.99	20.93%	9,192.79	19.29%
	58,607.08	100.00%	47,667.99	100.00%

Residual contractual maturity of credit exposure: Residual maturity of credit exposure in our major business (counterparty type) as on 31 December 2010 was as below:

(Figures are in million BDT)

Business Segments	0-90 Days	3-6 Months	6-12 Months	1-5 Years	More than 5 Years	Total
Consumer	2,284.86	64.87	132.45	3,984.85	961.12	7,428.15
Corporate	21,007.23	9,798.48	4,158.67	7,952.86	2,007.55	44,924.79
SME	2,757.22	228.14	206.49	3,045.29	17.00	6,254.15
Total	26,049.31	10,091.48	4,497.62	14,983.01	2,985.67	58,607.08

Special Mention Accounts (SMA) and Classified Loans: As on 31 December 2010:

(Figures are in million BDT)

Business Type	SMA	Sub Standard (SS)	Doubtful (DF)	Bad & Loss	Total Classified Loans
Corporate	410.5	170.22	-	465.19	635.41
SME (small)	240.73	79.80	87.54	34.16	201.50
SME (medium)	40.67	13.75	-	97.39	111.14
Consumer	117.77	65.85	58.91	95.93	220.69
Total	809.67	329.62	146.45	692.67	1,168.74

Movement of Classified Loans and Advances: The year opening and closing volume of classified loans remains almost at same level. Movement of classified loans during the year is presented in the following table:

(Figures are in million BDT)

Particulars	31 December 2010
Opening Balance as on 01 January 2010	1,171.68
Additions during the year	619.46
Reductions during the year	622.39
Closing Balance as on 31 December 2010	1,168.74

Movement of Specific Provisions (provisions for classified loans) is presented in following table:

(Figures are in million BDT)

Particulars	31 December 2010	31 December 2009
Opening balance of provision held	756.41	692.37
New provisions	132.17	130.96
Provisions no longer required (written off loans)	(277.90)	(66.93)
Closing balance of provision held	610.68	756.41

Movement of Written off Loans is presented below:

(Figures are in million BDT)

Particulars	31 December 2010	31 December 2009
Opening balance of written off loans	900.25	802.79
New write offs	380.90	97.47
Closing balance of written off loans	1,281.15	900.25

STRESS TESTING: We do periodic stress testing for credit risk and market risk in accordance with DOS (Department of Offsite Supervision) circular of Bangladesh Bank issued in April 2010. Theoretically, losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. In such case stress testing complements VaR calculation. Credit VaR modeling is not yet practiced by the local commercial banks and there is no regulation

also from the central bank. Following table shows a very basic simulation for credit risk stress based on movements in Non Performing Loans (NPL), downward shift of NPL from SS (sub standard) to DF (doubtful), and DF to BL (Bad & Loss), fall of collateral value held against NPL, increase of NPL in business segments where the bank has concentration, and increase of NPL in portfolio exposed to top 10 borrowers. Result of stress testing based on 31/12/2010 as reported to BB is produced below:

Stress Testing
Eastern Bank Limited
For the half year ended on 31/12/2010

(Figures are in million BDT)

	11,286.73	11,286.73	11,286.73
RWA (solo basis)	104,439.53	104,439.53	104,439.53
CAR (%)	10.81%	10.81%	10.81%
	Scenario -1	Scenario - 2	Scenario -3
1. Interest Risk - Increase in Interest Rate			
Magnitude of Shock	1%	2%	3%
Weighted Average yield on assets (%)	9.29%	9.29%	9.29%
Total Assets	78,728.51	78,728.51	78,728.51
Duration Gap	1.035	1.035	1.035
Fall in MVE (Market Value of Equity), on balance sheet	745.58	1,491.15	2,236.73
Fall in MVE (Market Value of Equity), off balance sheet	-	-	-
Net fall in MVE (on & off balance sheet)	745.58	1,491.15	2,236.73
Tax Adjusted Loss	428.71	857.41	1,286.12
Revised Capital	10,858.02	10,429.32	10,000.61
Revised RWA	104,010.82	103,582.12	103,153.41
Revised CAR (%)	10.44%	10.07%	9.69%
2. Exchange Rate Risk - Adverse Movement in Exchange Rate			
Magnitude of Shock	5%	10%	15%
Net exposure in FX	44.35	44.35	44.35
Loss on Exchange Rate Change	2.22	4.44	6.65
Tax Adjusted Loss	1.28	2.55	3.83
Revised Capital	11,285.45	11,284.18	11,282.90
Revised RWA	104,438.25	104,436.98	104,435.70
Revised CAR (%)	10.81%	10.80%	10.80%
3. Credit Risk - Increase in NPLs			
Magnitude of Shock	1%	2%	3%
Total Loan	58,607.08	58,607.08	58,607.08
Total Performing Loan	57,438.34	57,438.34	57,438.34
Total NPLs	1,168.74	1,168.74	1,168.74
NPL to Loans (%)	1.99%	1.99%	1.99%
Increase in NPLs	574.38	1,148.77	1,723.15
Increase in Provisions (100% of increased NPL)	574.38	1,148.77	1,723.15
Tax adjusted provision	574.38	1,148.77	1,723.15
Revised Capital	10,712.35	10,137.96	9,563.58
Revised RWA	103,865.15	103,290.76	102,716.38
Revised CAR (%)	10.31%	9.81%	9.31%
Revised NPLs	1,743.13	2,317.52	2,891.90
Revised NPLs to Loans (%)	2.97%	3.95%	4.93%

(Figures are in million BDT)

4. Credit Risk - Downward shift in NPLs Categories			
	50%	80%	100%
Magnitude of Shock			
Weighted amount of provision	645.93	645.93	645.93
Provision after shift in categories	745.49	829.15	884.92
Increase in provision	99.56	183.22	238.99
Tax adjusted provision	99.56	183.22	238.99
Revised Capital	11,187.17	11,103.51	11,047.74
Revised RWA	104,339.97	104,256.31	104,200.54
Revised CAR (%)	10.72%	10.65%	10.60%
5. Credit Risk - Fall in FSV of Mortgaged Collateral			
Magnitude of Shock	10%	20%	40%
Weighted Forced Sale Value of Collateral	266.25	266.25	266.25
Increase in Provision	26.62	53.25	106.50
Tax Adjusted provision	26.62	53.25	106.50
Revised Capital	11,260.11	11,233.48	11,180.23
Revised RWA	104,412.91	104,386.28	104,333.03
Revised CAR (%)	10.78%	10.76%	10.72%
6. Credit Risk - Increase in NPLs under B/L category in RMG & Textile Sector			
Magnitude of Shock	5%	7.5%	10%
Loan to RMG & Textile Sectors	10,048.47	10,048.47	10,048.47
Increase in NPLs	502.42	753.64	1,004.85
Increase in Provision (100%)	502.42	753.64	1,004.85
Tax adjusted provision	502.42	753.64	1,004.85
Revised Capital	10,784.31	10,533.09	10,281.88
Revised RWA	103,937.11	103,685.89	103,434.68
Revised CAR (%)	10.38%	10.16%	9.94%
7. Credit Risk - Increase in NPLs in portfolio with top 10 large borrowers			
Magnitude of Shock	5%	7.5%	10%
Loan to top 10 large borrowers	5,861.61	5,861.61	5,861.61
Increase in NPLs	293.08	439.62	586.16
Increase in Provision (100%)	293.08	439.62	586.16
Tax adjusted provision	293.08	439.62	586.16
Revised Capital	10,993.65	10,847.11	10,700.57
Revised RWA	104,146.45	103,999.91	103,853.37
Revised CAR (%)	10.56%	10.43%	10.30%
8. Equity Price Risk - Fall in stock prices			
Magnitude of Shock	10%	20%	40%
Total exposure in stock market	2,206.32	2,206.32	2,206.32
Fall in stock prices	220.63	441.26	882.53
Tax adjusted loss	126.86	253.73	507.45
Revised Capital	11,159.87	11,033.00	10,779.28
Revised RWA	104,312.67	104,185.80	103,932.08
Revised CAR (%)	10.70%	10.59%	10.37%
A. Capital after cumulative impact of Credit Shock (aggregate of 5 types of credit shock)	1,496.07	2,578.49	3,659.65
Tax adjusted provision	1,496.07	2,578.49	3,659.65
Revised Capital	9,790.66	8,708.24	7,627.08
Revised RWA	102,943.46	101,861.04	100,779.88
Revised CAR (%)	9.51%	8.55%	7.57%
B. Capital after cumulative impact of all shock (Credit, Interest Rate, FE, and Equity Prices)	2,052.92	3,692.18	5,457.04
Tax adjusted Provision/Loss	2,052.92	3,692.18	5,457.04
Revised Capital	9,233.81	7,594.55	5,829.69
Revised RWA	102,386.61	100,747.35	98,982.49
Revised CAR (%)	9.02%	7.54%	5.89%

(Figures are in million BDT)

9. Liquidity Shock - fall in liquid liabilities	Magnitude of Shock	10%	20%	30%
Liquid Assets		11,823.14	11,823.14	11,823.14
Liquid Liabilities		57,692.98	57,692.98	57,692.98
Liquidity Ratio (%)		20.49%	20.49%	20.49%
Fall in liquid liabilities		5,769.30	11,538.60	17,307.89
Revised liquid liabilities		51,923.68	46,154.38	40,385.08
Revised liquid assets		6,053.84	284.54	(5,484.76)
Liquidity Ratio after shock (%)		11.66%	0.62%	-13.58%

EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Equities: Investment of EBL in equity securities is broadly categorized into two parts: securities (shares-common or preference, Mutual Fund) that are traded in the secondary market (trading book assets) and Un-quoted securities. Unquoted securities are categorized as banking book equity exposures which are further subdivided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future (i.e. held to maturity) and securities that are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities. Usually these securities are held for trading or investment for making capital gains.

Valuation methodology: Unquoted HTM securities are recorded at purchase price including transactions costs,

if any and are not marked to market. No fair value adjustments are given. Dividends received from these securities are accounted for as and when received.

Quantitative Disclosures: As on the reporting date i.e. 31 December 2010, EBL had a balance of un-quoted equity investment of BDT 421.73 million which includes BDT 280 million invested in three Mutual Funds.

Gain from trading securities: During the year 2010 an amount of BDT 1,225.64 million has been booked as 'Gain from securities traded in the secondary market'. On the other hand, an amount of BDT 1,652.89 million stood as unrealized gain as on the reporting date which was not booked in the Financial Statements. However, an amount of BDT 27.02 million was recorded as 'Provision for loss on revaluation of shares' as on 31 December 2010. Following table presents details of unrealized gain as on year end 2010:

(Figures are in million BDT)

Investment portfolio (Quoted Shares)	Costs	Market value	Unrealized Gain
AB Bank Limited	109.10	142.25	33.14
Active Fine Chemicals	2.50	29.83	27.33
Brac Bank Limited	28.82	42.81	13.99
BIFC	2.45	2.51	0.06
BSRM Steels Ltd	3.48	4.24	0.76
Confidence Cement	41.04	56.04	15.00
DESCO Limited	181.84	264.10	82.26
Dhaka Bank Limited	42.76	62.26	19.51
EBL First Mutual Fund	200.00	368.00	168.00
EXIM Bank Limited	47.98	67.14	19.16
First Security Islami Bank Ltd	10.44	11.14	0.69
Grameen Phone Limited	26.17	89.52	63.35
IDLC Finance Limited	125.28	929.50	804.22
Investment Corporation of Bangladesh (ICB)	0.00	0.07	0.07
International Leasing and Financial Services Limited	93.44	127.20	33.76
Islami Bank Bangladesh Limited	51.29	72.05	20.76
Jamuna Bank Ltd	1.21	1.83	0.62
Mutual Trust Bank Limited	32.76	56.66	23.90
National Life Insurance Co Ltd	0.80	0.83	0.03
Peoples Leasing and Financial Services Limited	10.00	22.12	12.12
Power Grid Company	171.27	210.62	39.35
Prime Bank Limited	65.32	116.20	50.89
Prime Finance & Investment Ltd	3.25	3.26	0.01
Pubali Bank Ltd	111.14	161.10	49.96
Square Pharmaceuticals Limited	153.94	225.41	71.47
Standard Bank Limited	33.59	54.91	21.32
Summit Power	177.29	210.02	32.72
RAK Ceramics (BD) Ltd	0.01	0.02	0.01
Trust Bank Ltd	29.94	45.20	15.25
Uttara Bank Ltd	43.57	66.43	22.86
Green Delta 1st Mutual Fund	10.00	13.60	3.60
PHP 1st Mutual Fund	30.01	34.81	4.80
Popular Life 1st Mutual Fund	10.00	11.90	1.90
Total	1,850.67	3,503.56	1,652.89

INTEREST RATE RISK IN THE BANKING BOOK

The process of Interest rate risk management by the bank involves determination of the business objectives, expectation about future macro variables and understanding the money markets and debt market in which it operates. Interest rate risk management also includes quantifying the appetite for market risk to which bank is comfortable.

The Bank uses the following approach to manage interest rate risks inherent in the Balance sheet:

- The approach is the Traditional Gap analysis of on-balance sheet Asset Liability Management (ALM). This involves careful

balancing/rebalancing of assets and liabilities based on the interest rate view of the bank. This is achieved through an exercise towards minimizing exposure to risks by holding the appropriate combination (type and maturity) of assets and liabilities so as to meet certain objectives of the bank (such as achieving targeted earnings while simultaneously minimizing risk).

Techniques and assumptions: The Bank regularly monitors the Duration Gap of balance sheet and also the duration of investment portfolio. These parameters are reviewed by the ALCO on a monthly basis. The Bucket wise Interest Rate sensitive gap is also reviewed by ALCO on a monthly basis.

ALCO monitors the Leveraged Liability Duration and duration gap of the total bank balance sheet on a quarterly basis to asses the impact of parallel shift of the assumed yield curve.

While preparing the Interest Rate Sensitive Gap analysis, Bank takes into account the following matters:

- Volatile and Core portions of Savings Deposits
- Repricing character of CC and OD accounts.
- Prepayment option of loan products.

Quantitative Disclosure:

ALCO, on monthly basis, monitors the impact of interest rate movement on Net Interest Income.

Particulars	1 month	3 months	12 months
For a 100 basis point assumed increase in interest rates, the impact on NII	0.63 Crore	-1.53 Crore	-11.80 Crore
For a 100 basis point assumed decrease in interest rates, the impact on NII	-0.63 Crore	1.53 Crore	11.80 Crore

Leveraged Liability Duration and Duration Gap:

Date	Asset Duration	Liability Duration	Leveraged Liability Duration	Duration Gap
As on 30-Jun -2010	1.25	0.38	0.34	0.91
As on 31-Dec -2010	1.42	0.45	0.38	1.03

MARKET RISK

Qualitative Disclosures:

Market Risk: Market risk is recognized as loss resulting from changes in market prices and rates. Our exposure to market risk arises principally from customer-driven transactions. The objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements. The primary categories of market risk for the bank are:

Interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options.

Currency exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options.

Commodity price risk: arising from changes in commodity prices and implied volatilities on commodity options, covering energy, precious metals, base metals and agriculture. Currently we do not have any exposure in commodity financing.

Equity price risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.

Market Risk Governance: To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Among the ratios, the key ratios that ALCO regularly monitors are Liquid asset to total assets, Volatile liability dependency ratio, medium term funding ratio, Snap liquidity ratio and Short term borrowing to Liquid assets ratio. ALCO also regularly monitors the interest rate sensitive gap and duration gap of total portfolio.

To manage exchange rate risk, bank always keep its net open position within the limit set by central bank. Also to manage exchange rate risk in cross currency, bank always square its position in cross currency or convert its exposure to USD.

Recently, bank has taken some exposure in capital markets, and total investment in capital markets was 3.15% of total assets as on the closing date of 2010. Investment decisions in equity are taken by Investment Committee. We are also working to finalize our Investment Policy. The trading book is defined as per Bangladesh Bank guidelines.

Quantitative Disclosures:

Market Risk Regulatory Capital:

(Figures are in million BDT)

Particulars	Amount
Capital required for:	
- Interest Rate related instruments	244.52
- Equities	689.79
- Foreign Exchange position	4.11
- Commodity Risk	-
Total	938.43

OPERATIONAL RISK

Qualitative Disclosures:

Operational Risk: Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. We seek to minimize exposure to operational risk, subject to cost trade-offs. We started capturing some pre identified risk events associated with all functional departments of the bank through

standard reporting format. In every month, Bank Operation Risk Management Committee (BORC) sits with all these reports and decides action plans to resolve risk issues by specific individual and/or group within an agreed timeline. The committee also escalates 'high level' risk to MANCOM (Management Committee) and BRMC (Bank Risk Management Committee). BORC is responsible for setting and maintaining standards for operational risk management and measurement, which is separate from the business functions.

Quantitative Disclosures

Operational Risk Regulatory Capital:

(Figures are in million BDT)

Particulars	Amount
Last 3 years average annual Gross Income	5,149.55
15% of Gross Income	772.43

Liquidity Risk: Liquidity risk is the risk that we either do not have sufficient financial resources available to meet all our obligations and commitments as they fall due, or can only access these financial resources at excessive cost. It is our policy to maintain adequate liquidity at all times, and to leverage the negative correlation between liquidity and profitability without taking any excessive risk. In the short-term, our focus is on ensuring that the cash flow demands can be met through asset maturities and customer deposits. In the medium-term, the focus is

on ensuring the balance sheet remains structurally sound. The ALCO is the responsible governing body that approves our liquidity management policies.

Liquidity Ratio: This is the ratio of liquid assets to liquid liabilities. Liquid assets include all assets with maturity of one year or less, and liquid liabilities define all liabilities with maturity of one year or less. The ratio tells how much taka is available to meet one taka liability in short term (one year):

(Figures are in million BDT)

31st December	2010	2009
Liquid Assets	52,345.73	45,182.33
Liquid Liabilities	60,496.60	53,851.10
Liquidity Ratio (%)	86.53	83.90

Legal Risk: Legal risk includes the risk of loss arising from a failure to comply with the laws, regulations or codes applicable to the financial services industry. The legal risk functions are responsibility of bank's Internal Control & Compliance Division (ICCD). This unit is responsible for developing and maintaining an appropriate framework of regulatory compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all employees and is monitored by ICCD.

Reputational Risk: Reputational risk is that we fail to meet the standards of performance or behaviors mandated by our Board and expected by our

stakeholders in the way in which business is conducted. It is our policy that protecting our reputation should at all time take priority over all other activities, including revenue generation. All employees are responsible for day to day identification and management of reputational risk. The Board set following statements to protect our reputation and brand value:

- Under no circumstance bank's reputation to be compromised by revenue generating activities.
- EBL shall always avoid potential brand damaging issue.
- EBL shall avoid anti environment and anti social elements in its business.

EBL PRODUCT BASKET

CONSUMER

Loan Products

জীবনধরা লেন

EBL Jibandhara Loan

EBL Jibandhara loan is an unsecured loan facility. Loan amount ranges from BDT 50,000 to BDT 1,000,000 at an attractive interest rate.



EBL Utshab Loan

Utshab Loan is a short-term festival loan facility. Loan amount ranges from BDT 50,000 to BDT 150,000 and is repayable in 12-36 installments.

FastCash

Easy cash in your pocket!

Fast Cash

A secured loan facility against security deposit. It is a revolving credit facility and interest is charged on drawn amount.

FastLoan

Meet your needs fast!

Fast Loan

An EMI based secured loan facility for any emergency cash need. Any individual having an FD or other securities like Wage Earner's Bond, ICB unit certificate etc. can avail this short term personal loan with 12-60 months repayment period.

EXECUTIVE LOAN

Loan for Executives

EBL Executive Loan

Any purpose loan facility for salaried Executives (both private sector and government service). Loan amount ranges from BDT 50,000 to BDT 1,000,000 with a highly competitive interest rate.



EBL AUTO LOAN

Drive Your Dream

EBL Auto Loan

EBL Auto loan is an EMI based loan facility for the purpose of purchasing cars. Loan amount ranges from BDT 350,000 to BDT 2,000,000.

traveloan

Making Travel Simple

EBL Travel Loan

Available in secured and unsecured versions, EBL Travel Loan offers EMI based loan facility for meeting the travel related financial needs. Loan amount ranges from BDT 35,000 to BDT 500,000.



Home Loan

Home is where the heart is

EBL Home Loan

It is the most convenient and practical Home Loan that suits all the home financing needs of the customers: be it for apartment purchase, home construction, extension or renovation. With so many attractive features in it, the Loan amount ranges up to BDT 10,000,000 and the tenor is maximum 20 years.

Parséloan

Partial Secured Loan

EBL Parséloan

Partial Secured Loan facility for the individuals where one can take loan up to BDT 1,000,000 by providing 30% or 50% cash security. Loan interest rate is highly competitive and can be repayable in 12-60 months.

Education

FINANCE PACK

Loan for Education

EBL Education Finance Pack

EBL Education Finance Pack comprises of three unique products- EduLoan Secured, EduLoan Unsecured and EduLine. This finance pack is designed to meet any type of education financing need of a student. Any creditworthy person can avail the loan for his/her children or him/herself. Loan amount is maximum BDT 1,000,000 or 95% of the cash security value depending on the nature of security.

Deposit Products

EBL Savings

EBL Savings

EBL Savings account is an interest bearing taka account which facilitates personal savings as well as personal transactions.

EBL Current

EBL Current

EBL Current account is a taka account which facilitates frequent and bulk amount of transactions.

EBL Fixed Deposits

EBL Fixed Deposits

EBL Fixed Deposits are term deposits having flexible tenure ranging from one month to three years.

EBL (SND)

EBL Short Notice Deposits (SND)

EBL Short Notice Deposits facilitates short term nature deposit requirements of customers.

EBL Salary Account

EBL Salary Account

EBL Salary Account is offered to salaried employees of corporate bodies of the country which have salary account relationship with EBL.



EBL Just Double

EBL Just Double is a term deposit product which offers double return of the initial deposit amount at the end of the maturity (e.g. six years).

EBL RFCD

EBL RFCD

EBL RFCD (Resident Foreign Currency Deposit) account is an account where resident Bangladeshi nationals can deposit Foreign Currency upon return from their tours abroad.

EBL Shonchoy

EBL Shonchoy

This is a Taka deposit account for NRBS, where they can directly deposit their remittance and start building a solid financial base for future. The account is a daily interest bearing monthly payable account with a debit card.

EBL Paribar

EBL Paribar

Family maintenance account for NRBS. The beneficiary can open this account and have the facilities of debit card, unlimited chequing and reduced charges. This is also a daily interest bearing monthly payable account.

EBL Global

EBL Global

FCY Current Account with a global debit card facility that can be used anywhere in the world and balance is freely remittable.

EBL NFCD

EBL NFCD

FCY Time Deposit account for NRBS who want to see their money grow at a faster rate. Attractive interest rates and features make the account even more customer friendly.

INTERESTING

SAVINGS ACCOUNT

Daily Interest in Your Account

EBL Interesting

A savings account on which interest is calculated on daily basis and credited to the account on monthly basis.

Campus

account

Banking for Students

EBL Campus Account

This is an interest bearing savings account for the students.

High Performance Savings Account

You gain more, simply!

EBL High Performance Account (HPA)

Daily interest bearing product with unlimited cash withdrawal facility. Minimum balance requirement is BDT 20,000 and interest is credited to account twice a year.

Repeat

Extra Income Every Month

EBL Repeat

Monthly interest payable fixed deposit scheme with 1-3 years tenor.

Confidence

Monthly Savings Scheme

EBL Confidence

It is an annuity based deposit scheme with monthly installment, not exceeding BDT 20,000 per month.



EBL Secure

Deposit Protection Scheme is a unique monthly savings scheme which gives the opportunity of saving money for the future as well as assures that in case of sudden demise of the depositor, his/her family gets the full maturity value. EBL Secure DPS is a product that ensures savings and security for a depositor.



EBL Junior

Savings Account for Students

EBL Junior Savings Account is a joint account (Children and parents) with various attractive features designed exclusively for children aged between 11 and 17 and to introduce them to banking and get them into the habit of saving. This growing fund can be used for higher education, marriage or meeting any special needs of your children.



Swadeshi Biniyog

Simple solution for NRBS to invest in the capital market of Bangladesh. This will provide Non-Resident Bangladeshis (NRBs) with the option to subscribe for Initial Public Offering (IPO) and also to buy and sell shares in the secondary market through a Beneficiary Owners (BO) account which will be funded by Non Resident Investors Taka Account (NITA). NITA will be held with EBL Bangladesh and the BO account with EBL Securities Limited.

Student Banking

Student Banking

Other than education loans and student accounts - EBL

offers student file services for the students who seek to study abroad through its dedicated student centers at Gulshan and Dhanmondi.

Hajj Remittance Service

Hajj Remittance Service

EBL's Hajj Remittance Service provides convenient, secure and reliable money transfers for EBL account holders during hajj (pilgrimage). Service includes handling Foreign Demand Drafts (FDDs) and Foreign Telegraphic Transfer (FTTs) in Saudi Arabian local currency.



Internet Banking

EBL Internet banking application addresses the needs of small, individual and corporate account holders of the bank. This application provides a comprehensive range of banking services such as Account Operations and Inquires, Fund Transfers and payments, Utility Bill Payment, Deposits, Loans, Inquiries and other services and a Session Summary.

Card Products

EBL Credit Cards

EBL offers a complete Credit Card solution. This VISA branded card comes in corporate, platinum, gold, classic versions with both local and dual currency facility. Other than regular card features, EBL Simple Credit Card offers zero renewal fee, triple insurance benefit, free cheque book and balance transfer options. The Platinum cards are offered with a host of local and international lifestyle benefits. EBL is the first bank in Bangladesh to offer full featured Platinum and Corporate Platinum cards to the customers.

LifeStyle Card

Reload the Fun of Life!

EBL Lifestyle Card

A VISA branded local currency prepaid card that can be used at any VISA POS or ATM countrywide. It's a very popular product among the student segment.

Cool Card

Live Life - Fashionably!

EBL Cool Card

This is a VISA Electron Debit Card for the student banking accounts.

Hajj Card

EBL Hajj Card

This is a VISA Prepaid Card valid only in Saudi Arabia. This card frees one from the hassles of carrying foreign currency during Hajj.

Travel Card

No Boundaries

EBL Travel Card

Visa Prepaid Travel quota USD Card which comes along with a free back-up card and usability at over 29 million VISA outlet and ATMs worldwide.

Debit Card

Fast & Smart

EBL Debit Card

Forget cheque book, forget queuing at the bank. With EBL Debit Card, your money is available to you 24 hour. Usable at any VISA POS & ATM.

EBL Smart Remit

EBL Smart Remit

Foreign Currency (FCY) Current Account with a global debit card facility that can be used anywhere in the world and the balance is freely remittable.

SME BANKING

অগ্রিম

সময়সূচি নির্ধারণ, এবং প্রতিক্রিয়া।

EBL Agrim

Seasonal/festival loan product with single shot repayment within 1 to 6 months. This is for that type of entrepreneurs who needs extra finance during any business season/festival. Interest Rate is 19% and loan amount ranges from BDT 200,000 to BDT 950,000.

উদ্দোগ

EBL-এর উদ্দোগ একটি সময়সূচি।

EBL Uddog

It's an EMI based partial secured loan for small and mid segment clients with a repayment period up to 60 months. The client has to provide 50% FDR of loan amount. Interest Rate is 17.5% and loan amount ranges from BDT 600,000 to BDT 7,000,000.

আশা

কর্মসূচি ক্ষেত্র, সুলভ ব্যবহার ক্ষেত্র।

EBL Asha

It's an EMI based collateral free loan product for small segment clients with a repayment period of maximum 24 months. Interest Rate is 17.5% and loan amount ranges from BDT 200,000 to BDT 990,000.

পুঁজি

কর্মসূচি ক্ষেত্র, এবং লেব ক্ষেত্র।

EBL Puji

It's an EMI and collateral based loan for small segment clients with a repayment period of maximum 60 months. Interest Rate is 17% and loan amount ranges from BDT 500,000 to BDT 7,000,000.

বাণিজ্য

সম্পর্ক ক্ষেত্র, সুলভ নির্বাচন।

EBL Banijyo

This is a bundle of products comprising LC, LTR, and OD. Interest Rate is 13%. LC/Import Loan/LTR limit is BDT 20,000,000. Security required 30%-40% as EBL FDR.

মুক্তি

কর্মসূচি ক্ষেত্রে এবং সুলভ EBL ক্ষেত্র।

EBL Mukti

This is a unique and collateral free loan product for the women entrepreneurs in the small segment. Loan amount ranges up to BDT 2,500,000 and is repayable within 60 months. Interest rate is 10%.

EBL INVOICE FACTORING

EBL Invoice Factoring

It is a financing mechanism offered against Account Receivables of a concern. In most cases it is a collateral free financing which is very helpful for SMEs. Interest rate is 13% and financing amount is maximum 80% of the invoice value.

কুড়াম

কর্মসূচি ক্ষেত্র এবং সুলভ নির্বাচন।

EBL Uddom

It's an EMI based partial secured loan for small segment clients with a repayment period up to 60 months. The client has to provide 50% FDR of loan amount. Interest Rate is 16% and loan amount ranges from BDT 1,000,000 to BDT 3,000,000 but for the repeat clients loan range is up to BDT 5,000,000.

সুবিধা

কর্মসূচি ক্ষেত্র, একটি সুলভ নির্বাচন।

EBL Subidha

It is a deposit product for SME clients with operational facilities of a Current Account but financial benefit of a Short Term Deposit Account. Interest Rate is around 5% p.a. No Online Charge for same district transaction.

CORPORATE BANKING

EBL Corporate Banking is the strongest unit of the bank where customized corporate banking solution is offered to the local and MNC corporates. Efficient corporate team backed by cutting-edge technology and determination to serve the customers is the driving force behind the success of the EBL Corporate Banking division.

Snapshot of the products is as below:

A. Funded Facilities:

Working Capital Products:

- Import Loan: Post import facility against L/C
- Demand Loan: To meet cash requirement time to time (local purchase/duty/tax etc).
- Overdraft: To meet day to day overhead expenses.
- Time Loan: To meet short term requirement/ post import against Machinery LC etc.
- Packing Credit: To meet fund requirement of the exporters to make export items.
- Local Documentary Bill Purchased (LDBP): To purchase/discount against Local L/C
- Foreign Documentary Bill Purchased (FDBP): To purchase/discount/negotiate export documents against Sight/Usance Export L/C.
- EDF Loan: To finance LC under Export Development Fund.

Long term Products:

- Term Loan (Normal/ Amortized/ Capitalized): To finance capital Expenditure (Building/Machines etc).

- Term Loan (IPFF): World Bank (IDA) funded projects with specific criteria.
- Term Loan (Special Products against Government Fund/ Multilateral Fund).

B. Non Funded Facilities

Letter of Credit (Cash/Back to Back)

- Sight LC: To import locally/from abroad on sight basis.
- Usance/ Deferred LC: To import locally/ from abroad on usance/deferred basis.
- Structured LC/OBU: Usance LC with sight payment arrangement to beneficiary after shipment by EBL Offshore Banking Unit or correspondent Bank.

Guarantee (Open Ended/close Ended)

- Performance Guarantee
- Bid Bond
- Advance payment Guarantee
- Retention Bond
- Security Bond

C. Bridge Financing

To finance temporary funded requirement for onward conversion to other facilities.

D. Foreign Currency Financing from Offshore Banking Unit:

- Import Loan (Funded Short Term)
- Demand Loan (Funded Short Term)
- Bill Discounting/Financing (Funded Short Term)
- Term loan (Funded Long Term)
- Guarantee. (Non-Funded)



audited financial
statements 2010

Auditors' Report to the shareholders of Eastern Bank Limited and its subsidiaries

We have audited the accompanying consolidated financial statements of Eastern Bank Limited and its subsidiaries, ("the Group") as well as the financial statements of Eastern Bank Limited ("the Bank") which comprise the consolidated and the separate balance sheet as at 31 December 2010, profit and loss account, statement of changes in equity, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the subsidiary, EBL Securities Limited, were not audited by us as at 31 December 2010.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and the financial statements of the Bank. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the financial statements of the Bank, whether due to fraud

or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements of the Group and the financial statements of the Bank 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 consolidated financial statements of the Group and the financial statements of the Bank.

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

Opinion

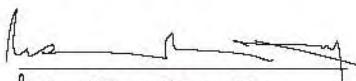
In our opinion, subject to the mandatory compliance with few regulations of Bangladesh Bank that do not conform to the requirements of Bangladesh Financial Reporting Standards (BFRS) which have been adequately disclosed in note-2AA, the financial statements prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of the Group and the Bank as at 31 December 2010 and the results of their financial performance and their cash flows for the year ended 31 December 2010 and comply with the Bank Companies Act, 1991, the rules and regulations issued by the country's central bank, Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

Auditors' Report to the shareholders of Eastern Bank Limited and its subsidiaries

- iii) the consolidated balance sheet and consolidated profit and loss account of the Group and the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purposes of the Group's and the Bank's business;
- v) the consolidated financial position of the Group and that of the Bank as at 31 December 2010 and the profit for the year then ended have been properly reflected in the consolidated financial statements; and the consolidated financial statements of the Group and the financial statements of the Bank have been prepared in accordance with the generally accepted accounting principles;
- vi) the consolidated financial statements of the Group and the financial statements of the Bank have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- vii) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- viii) the consolidated financial statements of the Group and the financial statements of the Bank conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- x) the information and explanations required by us have been received and found satisfactory;
- xi) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 4,500 person hours for the audit of the books and accounts of the Bank; and
- xii) capital adequacy ratio (CAR) as required by law, has been maintained adequately during the year.



for Rahman Rahman Hug
Chartered Accountants

Dhaka, 23 February 2011

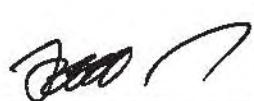
Eastern Bank Limited and its subsidiaries
Consolidated Balance Sheet
as at 31 December 2010

		Group 2010	Bank 2009
	Note	Taka	Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	725,180,656	481,498,299
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	2,956,146,840 3,681,327,496	2,920,942,423 3,402,440,722
Balances with other Banks and Financial Institutions	4		
In Bangladesh	4.1	3,641,444,356	5,459,255,745
Outside Bangladesh	4.2	1,045,968,539 4,687,412,895	1,319,901,189 6,779,156,934
Money at call and short notice	5	-	330,000,000
Investments	6		
Government	6.1	6,828,141,845	7,716,875,500
Others	6.2	2,999,055,228 9,827,197,073	1,089,429,806 8,806,305,306
Loans and advances	7		
Loans, cash credits, overdrafts, etc.	7.1	54,498,712,055	45,643,988,102
Bills purchased and discounted	7.2	4,108,373,638 58,607,085,693	2,023,999,016 47,667,987,118
Fixed assets including land, building, furniture and fixtures	8	3,626,121,162	1,804,049,534
Other assets	9	1,811,553,862	832,920,905
Non-banking assets	10	247,878,000	247,878,000
TOTAL ASSETS		82,488,576,181	69,870,738,519
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	9,213,075,020	8,834,586,258
Deposits and other accounts	12		
Current deposits and other accounts, etc.	12.1	5,519,912,500	4,917,155,904
Bills payable	12.2	1,079,503,680	1,192,855,487
Savings bank deposits	12.3	12,853,595,212	9,797,294,072
Fixed deposits	12.4	36,630,144,417	33,259,986,755
Bearer certificates of deposits	12.5	22,250,000 56,105,405,809	22,250,000 49,189,542,218
Other liabilities	13	4,913,113,952 70,231,594,781	3,417,457,625 61,441,586,101
TOTAL LIABILITIES			
Shareholders' Equity			
Share capital-paid up capital	14	2,920,811,400	2,496,420,000
Statutory reserve	15	2,725,521,942	1,927,039,732
Dividend equalisation reserve	16	356,040,000	356,040,000
Reserve against pre-take over loss	17	1,554,759,750	1,554,759,750
Pre-take over loss	18	(989,138,238)	(997,316,025)
Assets revaluation reserve	19	2,651,941,750	913,678,854
Reserve for amortization of treasury securities (HTM)	20	-	22,956,196
Reserve for revaluation of treasury securities (HFT)		823,251,968	817,840,106
Reserve for building fund	21	-	60,000,000
General reserve	22	160,000,000	100,000,000
Profit and loss account-retained earnings	23	1,669,294,774	944,206,009
Reserve against non banking assets		233,527,796	233,527,796
Non controlling interest	24	150,970,258	-
TOTAL SHAREHOLDERS' EQUITY		12,256,981,400	8,429,152,418
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		82,488,576,181	69,870,738,519

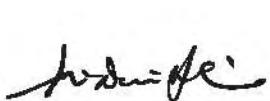
Eastern Bank Limited and its subsidiaries
Consolidated Balance Sheet
as at 31 December 2010

		Group 2010	Bank 2009
	Note	Taka	Taka
OFF BALANCE SHEET ITEMS			
Contingent liabilities	25		
Acceptances and endorsements (net)	25.1	10,153,867,598	7,360,398,666
Letters of guarantee	25.2	3,757,852,285	2,297,184,757
Irrevocable letters of credit (net)	25.3	13,197,919,990	6,530,906,897
Bills for collection		813,048,004	495,419,992
Other liabilities (bad and loss)		-	-
		27,922,687,877	16,683,910,312
Other contingent liabilities	627,819,100		
Value of Bangladesh Sanchaya Patra in hand	-	334,609,100	204,622,274
Value of travelers' cheques on hand	627,819,100	539,231,374	
Total contingent liabilities	28,550,506,977	17,223,141,686	
Other commitments	1,866,913,593		
Lease rental commitments		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		1,866,913,593	634,555,930
Undrawn note issuance and revolving facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Spot and forward foreign exchange rate contracts		-	-
Other capital commitments		-	-
Other exchange contracts		-	-
Claims against the Bank not acknowledged as debt	1,866,913,593		
Total contingent liabilities and commitments	30,417,420,570	17,857,697,617	

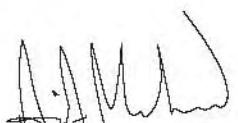
The annexed notes 1 to 46 form an integral part of these financial statements.



Chairman



Director



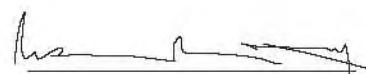
Director



Managing Director

Dhaka, 23 February 2011

As per our report of same date

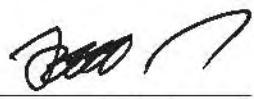


Rahman Rahman Huq
Chartered Accountants

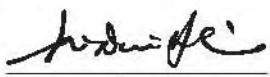
Eastern Bank Limited and its subsidiaries
Consolidated Profit and Loss Account
for the year ended 31 December 2010

	Group 2010	Bank 2009
Note	Taka	Taka
Interest income	26 6,995,727,668	6,216,212,276
Less: Interest paid on deposits and borrowings	27 4,011,262,529	3,899,080,308
Net Interest Income	2,984,465,139	2,317,131,968
Income from investments	28 2,050,312,502	955,076,907
Commission, exchange and brokerage	29 1,345,443,607	1,212,931,368
Other operating income	30 221,212,790	145,011,733
Total operating income	6,601,434,038	4,630,151,975
Salary and allowances	31 1,161,751,421	870,246,424
Rent, taxes, insurance, electricity etc.	32 193,217,849	147,328,598
Legal and professional expenses	33 34,727,610	21,664,793
Postage, stamp, telecommunication etc.	34 62,849,291	47,339,296
Stationery, printing, advertisement, etc.	35 165,383,422	158,161,798
Managing Director's salary and allowances	36 12,615,162	10,574,284
Directors' fees and expenses	37 1,736,448	2,222,172
Audit fees	38 761,000	209,000
Charges on loan losses	-	6,138,198
Repairs, maintenance and depreciation	39 236,569,674	220,695,388
Other expenses	40 239,787,747	164,822,287
Total operating expense	2,109,399,625	1,649,402,237
Other non operating income	41 4,492,034,413	2,980,749,737
Profit before provisions	34,010,733	-
Provision for loans and advances:	13.5	4,526,045,146
Specific provision	132,169,073	130,958,500
General provision (loans and contingent assets)	248,518,078	148,504,391
	380,687,151	279,462,891
Other provision	42 36,484,704	588,184
Total provisions	417,71,855	280,051,075
Profit before tax for the year	4,108,873,291	2,700,698,662
Provision for tax made during the year	34.1 (1,597,050,341)	(1,251,702,859)
Deferred tax (expenses)/income	2,378,746	5,545,873
	(1,594,671,595)	(1,246,156,986)
Net profit after tax for the year	2,514,201,697	1,454,541,675
Appropriation	15 (798,482,210)	(540,139,732)
Statutory reserve	-	-
General reserve	(798,482,210)	(540,139,732)
Retained earnings carried forward	1,715,719,487	914,401,943
Net profit after tax attributable to:		
Shareholders of Eastern Bank Limited	24 2,484,746,373	1,454,541,675
Non controlling interest	43 29,455,319	-
Earnings per share (EPS)	8.50	5.00

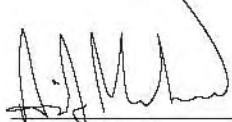
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Chairman



Director



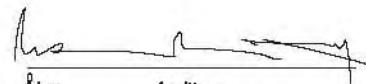
Director



Managing Director

Dhaka, 23 February 2011

As per our report of same date



Rahman Rahman Huq
Chartered Accountants

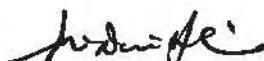
Eastern Bank Limited and its subsidiaries
Consolidated Cash Flow Statement
for the year ended 31 December 2010

		Group 2010	Bank 2009
	Note	Taka	Taka
A) Cash flows from operating activities			
Interest received		6,924,628,039	5,711,783,352
Interest paid		(4,208,259,352)	(3,013,086,851)
Dividend received		68,982,734	19,249,441
Fees and commission received		1,345,443,607	748,556,714
Income from investment		1,943,829,768	1,088,053,798
Recovery of loans previously written off	30	118,288,117	59,286,679
Cash paid to employees (including directors)		(1,176,103,031)	(744,010,226)
Cash paid to suppliers		(456,178,173)	(393,410,411)
Income taxes paid	13.4	(1,395,305,304)	(1,151,867,359)
Received from other operating activities		102,924,674	550,099,707
Paid for other operating activities		(365,362,809)	(512,569,785)
<i>Operating cash flow before changes in operating assets and liabilities</i>		2,902,888,268	2,362,085,059
<i>Increase/(decrease) in Operating Assets & Liabilities</i>			
Changes in trading securities		(432,312,451)	(2,800,881,677)
Loans and advances to other banks			
Loans and advances to customers (other than banks)		(10,859,821,159)	(7,444,910,884)
Other assets	44	(978,632,956)	(104,244,617)
Deposits from other Banks	12.a	3,572,912	120,479,253
Deposits from customers (other than banks)		7,109,287,501	6,458,075,390
Other liabilities	45	882,912,591	(335,052,576)
<i>Net Cash received from operating activities</i>		(1,372,105,293)	(1,744,450,053)
B) Cash flows from investing activities			
Changes in non-trading securities		(605,358,149)	(47,982,673)
Net proceeds /(payments) for sale/ purchase of securities		-	150,000,000
Purchase of property, plant and equipment		(195,989,047)	(65,458,983)
Sale proceeds of fixed assets (Annexure A2)		1,185,704	1,830,226
Non controlling Interest		150,970,258	-
<i>Net cash used in investing activities</i>		(649,191,234)	38,388,570
C) Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		378,488,762	3,886,586,287
Received from issue of loan capital and debt securities		-	-
Dividend paid (cash dividend)	23	(499,284,000)	693,450,000
Received from issue of right share		(120,795,238)	4,580,036,287
<i>Net cash received from financing activities</i>		(2,142,091,764)	2,873,974,804
D) Net (decrease) / Increase in cash (A+B+C)		10,513,933,056	7,639,958,252
E) Opening cash and cash-equivalents		8,371,841,291	10,513,933,056
F) Closing cash and cash-equivalents (D+E)*			
*Closing cash and cash-equivalents		725,180,656	481,498,299
Cash in hand (including foreign currencies)		2,956,146,840	2,920,942,423
Balances with Bangladesh Bank and its agent bank(s)		4,687,412,895	6,779,156,934
Balances with other Banks and Financial Institutions		-	330,000,000
Money at call and short notice		3,100,900	2,335,400
Prize bonds		8,371,841,291	10,513,933,056

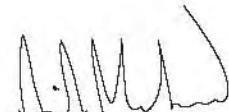
The annexed notes 1 to 46 form an integral part of these financial statements.



Chairman



Director



Director



Managing Director

Dhaka, 23 February 2011

Eastern Bank Limited and its subsidiaries
Consolidated Statement of Changes in Equity
for the year ended 31 December 2010

Particulars	Paid up capital	Statutory reserve	Dividend equalization reserve	General reserve and reserve for building fund	Reserve against pre-take over loss	Pre-take over loss	Asset revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HTF)	General reserve	Reserve against non banking assets	Retained Earnings	Non controlling interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance on 1 January 2010	2,496,420,000	1,927,039,732	356,040,000	160,000,000	1,554,759,750	(997,316,025)	913,678,554	22,956,196	817,840,106	233,527,796	944,206,009	-	3,429,152,448	
Net profit for the year after Tax	-	-	-	-	-	-	-	-	-	-	-	-	2,484,746,373	
Transfer to statutory reserve	-	798,482,210	-	-	-	-	-	-	-	-	-	(798,482,210)	-	
Bonus share issued	424,351,400	-	-	-	-	-	-	-	-	-	-	(424,351,400)	-	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(499,284,000)	(499,284,000)	
Dividend from subsidiary	-	-	-	-	-	-	-	-	-	-	-	(37,500,000)	(37,500,000)	
Reserve for revaluation of treasury securities (HTF)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adjustment of HTM securities	-	-	-	-	-	-	-	-	-	-	-	-	-	
Recovery of pre-take over loss	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fixed asset revaluation (Less)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 31 December 2010	2,920,871,400	2,715,521,942	356,040,000	-	1,554,759,750	(989,138,238)	2,651,941,750	-	823,251,948	160,000,000	233,527,796	1,669,294,744	150,970,258	150,970,258

for the year ended 31 December 2009

Particulars	Paid up capital	Statutory reserve	Dividend equalization reserve	General reserve and reserve for building fund	Reserve against pre-take over loss	Pre-take over loss	Asset revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HTF)	General reserve	Reserve against non banking assets	Retained Earnings	Non controlling interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance on 1 January 2009	1,386,900,000	1,386,900,000	356,040,000	160,000,000	1,554,759,750	(1,019,763,617)	405,015,050	26,212,662	30,841,625	-	-	445,874,068	-	4,732,779,336
Net profit for the year 2009	-	-	-	-	-	-	-	-	-	-	-	1,454,541,675	-	1,454,541,675
Addition during the year 2009	693,450,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	416,070,000	-	-	-	-	-	-	-	-	-	-	(416,070,000)	(416,070,000)	
Bonus share issued	540,139,732	-	-	-	-	-	-	-	-	-	-	(540,139,732)	(540,139,732)	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	
Recovery from pre-take over loss	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 31 December 2009	2,496,420,000	1,927,039,732	356,040,000	160,000,000	1,554,759,750	(997,316,025)	913,678,554	22,956,196	817,840,106	233,527,796	944,206,009	-	3,429,152,448	

Dhaka, 23 February 2011

Chairman

Director

Managing Director

Director

Chairman

Managing Director

Eastern Bank Limited and its subsidiaries
Consolidated Liquidity Statement
 (Asset and Liability Maturity Analysis)
 as at 31 December 2010

Figures in Taka

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and Sonali Bank)	3,681,327,496	-	-	-	-	3,681,327,496
Balances with other banks and financial institutions	2,257,412,895	840,000,000	1,590,000,000	-	-	4,687,412,895
Money at call and short notice	-	-	-	-	-	-
Investments	3,100,900	2,588,055,228	2,563,746,545	4,672,294,400	9,827,197,073	-
Loans and advances	15,721,966,02	14,589,101,664	14,982,010,801	2,985,666,091	58,607,085,693	-
Fixed assets including land, building, furniture and fixtures	6,378,318	12,756,635	57,404,859	408,329,837	3,141,251,513	36,261,162
Other assets	681,671,206	130,863,408	591,782,844	407,230,403	6,000	1,811,553,862
Non-Banking assets	-	-	-	-	247,878,000	247,878,000
Total Assets	22,351,856,917	71,310,961,078	78,362,344,955	18,362,375,86	11,047,086,004	82,488,576,811
Liabilities						
Borrowing from other banks, financial institutions and agents	890,000,000	2,988,134,871	3,429,213,664	1,289,206,365	616,520,120	9,213,075,020
Deposits and other accounts	8,086,208,680	21,844,608,557	20,714,577,851	5,459,830,958	179,764	56,105,405,809
Provisions & other liabilities	658,397,408	440,455,412	1,705,142,351	2,109,718,781	-	4,913,113,932
Total Liabilities	9,634,606,688	25,273,198,839	25,848,933,866	8,858,354,04	616,629,884	70,231,594,781
Net Liquidity Gap	12,717,250,229	(13,962,237,762)	(6,432,589,277)	9,504,614,82	10,430,394,120	12,256,981,400
Cumulative Net Liquidity Gap	12,717,250,229	(12,444,986,822)	(7,677,576,203)	1,826,585,279	-	-

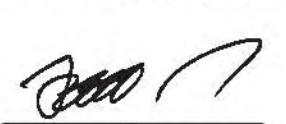
Eastern Bank Limited
Balance Sheet
as at 31 December 2010

	Note	2010 Taka	2009 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	725,168,966	481,498,299
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	2,956,146,840	2,920,942,423
		3,681,315,806	3,402,440,722
Balances with other Banks and Financial Institutions	4		
In Bangladesh	4.1	3,507,711,860	5,459,255,745
Outside Bangladesh	4.2	1,045,968,539	1,319,901,189
		4,553,680,399	6,779,156,934
Money at call and short notice	5		
Investments	6		
Government	6.1	6,828,141,845	7,716,875,500
Others	6.2	2,999,055,228	1,089,429,806
		9,827,197,073	8,806,305,306
Loans and advances	7		
Loans, cash credits, overdrafts, etc.	7.1	54,498,712,055	45,643,988,102
Bills purchased and discounted	7.2	4,108,373,638	2,023,999,016
		58,607,085,693	47,667,987,118
Fixed assets including land, building, furniture and fixtures	8	3,614,398,915	1,804,049,534
Other assets	9	1,522,035,035	832,920,905
Non-banking assets	10	247,878,000	247,878,000
TOTAL ASSETS		82,053,590,922	69,870,738,519
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	9,213,075,020	8,834,586,258
Deposits and other accounts	12		
Current deposits and other accounts, etc.	12.1	5,522,402,626	4,917,155,904
Bills payable	12.2	1,079,503,680	1,192,855,487
Savings bank deposits	12.3	12,853,595,212	9,797,294,072
Fixed deposits	12.4	36,947,476,998	33,259,986,755
Bearer certificates of deposits	12.5	22,250,000	22,250,000
		56,425,228,516	49,189,542,218
Other liabilities	13	4,331,732,822	3,417,457,625
TOTAL LIABILITIES		69,970,036,358	61,441,586,101
Shareholders' Equity			
Share capital-paid up capital	14	2,920,811,400	2,496,420,000
Statutory reserve	15	2,725,521,942	1,927,039,732
Dividend equalisation reserve	16	356,040,000	356,040,000
Reserve against pre-take over loss	17	1,554,759,750	1,554,759,750
Pre-take over loss	18	(989,138,238)	(997,316,025)
Assets revaluation reserve	19	2,651,941,750	913,678,854
Reserve for amortization of treasury securities (HTM)	20	-	22,956,196
Reserve for revaluation of treasury securities (HFT)		823,251,968	817,840,106
Reserve for building fund	21	-	60,000,000
General reserve	22	160,000,000	100,000,000
Profit and loss account-retained earnings	23	1,646,838,196	944,206,009
Reserve against non banking assets		233,527,796	233,527,796
TOTAL SHAREHOLDERS' EQUITY		12,083,554,564	8,429,152,418
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		82,053,590,922	69,870,738,519

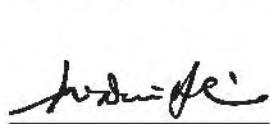
Eastern Bank Limited
Balance Sheet
as at 31 December 2010

	Note	2010 Taka	2009 Taka
OFF BALANCE SHEET ITEMS			
Contingent liabilities	25		
Acceptances and endorsements (net)	25.1	10,153,867,598	7,360,398,666
Letters of guarantee	25.2	3,757,852,285	2,297,184,757
Irrevocable letters of credit (net)	25.3	13,197,919,990	6,530,906,897
Bills for collection		813,048,004	495,419,992
Other liabilities (bad and loss)			
		27,922,687,877	16,683,910,312
Other contingent liabilities			
Value of Bangladesh Sanchaya Patra on hand		627,819,100	334,609,100
Value of travelers' cheques on hand		-	204,622,274
		627,819,100	539,231,374
Total contingent liabilities		28,550,506,977	17,223,141,686
Other commitments			
Lease rental commitments			
Documentary credits and short term trade -related transactions			
Forward assets purchased and forward deposits placed		1,866,913,593	634,555,930
Undrawn note issuance and revolving facilities			
Undrawn formal standby facilities, credit lines and other commitments			
Spot and forward foreign exchange rate contracts			
Other capital commitments			
Other exchange contracts			
		1,866,913,593	634,555,930
Claims against the Bank not acknowledged as debt			
		1,866,913,593	634,555,930
Total contingent liabilities and commitments		30,417,420,570	17,857,697,617

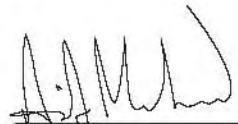
The annexed notes 1 to 46 form an integral part of these financial statements.



Chairman



Director



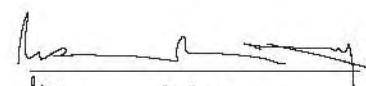
Director



Managing Director

Dhaka, 23 February 2011

As per our report of same date



Auditors
Rahman Rahman Huq
Chartered Accountants

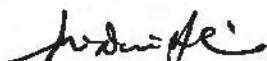
Eastern Bank Limited
Profit and Loss Account
for the year ended 31 December 2010

	Note	2010 Taka	2009 Taka
Interest income	26	6,976,456,856	6,216,212,276
Less: Interest paid on deposits and borrowings	27	4,003,003,299	3,899,080,308
Net interest income		2,973,453,557	2,317,131,968
Income from investments	28	2,050,312,502	955,076,907
Commission, exchange and brokerage	29	1,215,741,801	1,212,931,368
Other operating income	30	221,212,790	145,011,733
Total operating income		6,460,720,650	4,630,151,975
Salary and allowances	31	1,152,524,093	870,246,424
Rent, taxes, insurance, electricity etc.	32	187,971,376	147,328,598
Legal and professional expenses	33	34,549,400	21,664,793
Postage, stamp, telecommunication etc.	34	62,293,128	47,339,296
Stationery, printing, advertisement, etc.	35	165,373,422	158,161,798
Managing Director's salary and allowances	36	12,615,162	10,574,284
Directors' fees and expenses	37	1,736,448	2,222,172
Audit fees	38	345,000	209,000
Charges on loan losses		-	6,138,198
Repairs, maintenance and depreciation	39	235,509,569	220,695,388
Other expenses	40	220,849,136	164,822,287
Total operating expense		2,073,766,734	1,649,402,237
Other non operating income	41	4,386,953,916	2,980,749,737
Profit before provisions		22,628,988	-
Provision for loans and advances:	13.5	4,409,582,904	2,980,749,737
Specific provision		132,169,073	130,958,500
General provision (loans and contingent assets)		248,518,078	148,504,391
380,687,151		279,462,891	
Other provision	42	36,484,704	588,184
Total provisions		417,171,855	280,051,075
Profit before tax for the year		3,992,411,049	2,700,698,662
Provision for tax made during the year	13.4.1	(1,570,000,000)	(1,251,702,859)
Deferred tax (expenses)/income		2,378,746	5,545,873
		(1,567,621,254)	(1,246,156,986)
Net profit after tax for the year		2,424,789,795	1,454,541,675
Appropriation			
Statutory reserve	15	(798,482,210)	(540,139,732)
General reserve		-	-
		(798,482,210)	(540,139,732)
Retained earnings carried forward		1,626,307,586	914,401,944
Earnings per share (EPS)	43	8.30	5.00

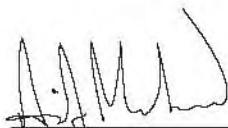
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Chairman



Director



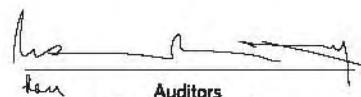
Director



Managing Director

Dhaka, 23 February 2011

As per our report of same date



Auditors
Rahman Rahman Hug
Chartered Accountants

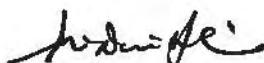
Eastern Bank Limited
Cash Flow Statement
for the year ended 31 December 2010

	Note	2010 Taka	2009 Taka
A) Cash flows from operating activities			
Interest received		6,905,357,227	5,711,783,352
Interest paid		(4,200,000,122)	(3,013,086,851)
Dividend received		68,982,734	19,249,441
Fees and commission received		1,215,741,801	748,556,714
Income from investment		1,981,329,768	1,088,053,798
Recovery of loans previously written off	30	118,288,117	59,286,679
Cash paid to employees (including directors)		(1,166,875,703)	(744,010,226)
Cash paid to suppliers		(450,187,327)	(393,410,411)
Income taxes paid	13.4	(1,395,305,304)	(1,151,867,359)
Received from other operating activities		102,924,674	550,099,707
Paid for other operating activities		(345,364,094)	(512,569,785)
<i>Operating cash flow before changes in operating assets and liabilities</i>		<u>2,834,891,771</u>	<u>2,362,085,059</u>
<i>Increase/(decrease) in Operating Assets & Liabilities</i>			
Changes in trading securities		(432,312,451)	(2,800,881,677)
Loans and advances to other banks			
Loans and advances to customers (other than banks)		(10,859,821,159)	(7,444,910,884)
Other assets	44	(173,114,230)	(104,244,617)
Deposits from other Banks		3,572,912	120,479,253
Deposits from customers (other than banks)		7,429,110,208	6,458,075,390
Other liabilities	45	347,071,380	(335,052,576)
<i>Net Cash received from operating activities</i>		<u>(850,601,568)</u>	<u>(1,744,450,053)</u>
B) Cash flows from investing activities			
Changes in non-trading securities		(605,358,149)	(47,982,673)
Net proceeds /(payments) for sale/ purchase of securities		-	150,000,000
Purchase of property, plant and equipment		(184,266,800)	(65,458,983)
Sale proceeds of fixed assets (Annexure A2)		1,185,704	1,830,226
Investment in subsidiary-EBL Securities Limited	9	(216,000,000)	-
Investment in subsidiary-EBL Investments Limited	9	(299,999,900)	-
<i>Net cash used in investing activities</i>		<u>(1,304,439,145)</u>	<u>38,388,570</u>
C) Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		378,488,762	3,886,586,287
Received from issue of loan capital and debt securities		-	-
Dividend paid (cash dividend)		(499,284,000)	-
Received from issue of right share		-	693,450,000
<i>Net cash received from financing activities</i>		<u>(120,795,238)</u>	<u>4,580,036,287</u>
D) Net (decrease)/increase in cash (A+B+C)		<u>(2,275,835,951)</u>	<u>2,873,974,804</u>
E) Opening cash and cash-equivalents		<u>10,513,933,056</u>	<u>7,639,958,252</u>
F) Closing cash and cash-equivalents (D+E)*		<u>8,238,097,105</u>	<u>10,513,933,056</u>
*Closing cash and cash-equivalents			
Cash in hand (including foreign currencies)		725,168,966	481,498,299
Balances with Bangladesh Bank and its agent bank(s)		2,956,146,840	2,920,942,423
Balances with other Banks and Financial Institutions		4,553,680,399	6,779,156,934
Money at call and short notice		-	330,000,000
Prize bonds		3,100,900	2,335,400
		<u>8,238,097,105</u>	<u>10,513,933,056</u>

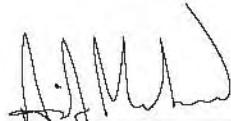
The annexed notes 1 to 46 form an integral part of these financial statements.



Chairman



Director



Director



Managing Director

Dhaka, 23 February 2011

Eastern Bank Limited
Statement of Changes in Equity
for the year ended 31 December 2010

Particulars	Paid up capital	Statutory reserve	Dividend equalization reserve	General reserve and reserve for building fund	Reserve against pre-tax over loss	Pre-tax over loss	Asset revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve against non banking assets	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance on 1 January 2010	2,496,420,000	1,927,039,732	356,040,000	160,000,000	1,554,759,750	(997,316,025)	913,678,854	22,956,196	817,840,106	-	233,527,796	944,206,009	8,429,152,418
Net profit for the year after tax	-	-	-	-	-	-	-	-	-	-	-	2,424,789,795	2,424,789,795
Transfer to statutory reserve	-	798,482,210	-	-	-	-	-	-	-	-	-	(798,482,210)	-
Bonus share issued	-	424,391,400	-	-	-	-	-	-	-	-	-	(424,391,400)	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(499,284,000)	(499,284,000)
Reserve for revaluation of treasury securities (HTM)	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of HTM securities	-	-	-	-	-	-	-	-	-	-	-	-	-
Recovery of pre-tax over loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed asset revaluation (Land)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2010	2,920,861,400	2,725,521,942	356,040,000	-	1,554,759,750	(989,338,238)	2451,941,750	-	823,251,958	160,000,000	233,527,796	1,646,338,196	12,083,554,564

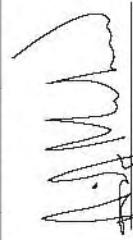
for the year ended 31 December 2009

Particulars	Paid up capital	Statutory reserve	Dividend equalization reserve	General reserve and reserve for building fund	Reserve against pre-tax over loss	Pre-tax over loss	Asset revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve against non banking assets	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance on 1 January 2009	1,386,900,000	1,386,900,000	356,040,000	160,000,000	1,554,759,750	(1,019,763,617)	405,015,050	26,212,662	30,841,625	-	-	445,874,068	4,732,779,336
Net profit for the year 2009	-	-	-	-	-	-	-	-	-	-	-	1,454,541,675	1,454,541,675
Addition during the year 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	693,450,000	-	-	-	-	-	-	-	-	-	-	-	1,525,933,615
Bonus share issued	416,070,000	-	-	-	-	-	-	-	-	-	-	-	693,450,000
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Recovery from pre-tax over loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2009	2,496,420,000	1,927,039,732	356,040,000	160,000,000	1,554,759,750	(997,316,025)	913,678,854	22,956,196	817,840,106	-	233,527,796	944,206,009	8,429,152,418

The annexed notes 1 to 46 form an integral part of these financial statements.


Chairman

Dhaka, 23 February 2011


Managing Director

Director

Eastern Bank Limited
Liquidity Statement
(Asset and Liability Maturity Analysis)
as at 31 December 2010

Figures in Taka

Particulars	Net more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and Sonali Bank)	3,681,315,806	-	-	-	-	3,681,315,806
Balances with other banks and financial institutions	2,123,680,399	840,000,000	1,590,000,000	-	-	4,553,680,399
Money at call and short notice	-	-	-	-	-	-
Investments	3,100,900	-	2,588,055,228	2,563,746,545	4,672,294,400	9,827,197,024
Loans and advances	15,721,966,102	10,327,341,034	14,589,101,664	14,983,010,801	2,985,666,091	58,607,385,693
Fixed assets including land, building, furniture and fixtures	6,378,318	12,756,655	57,404,859	396,607,550	3,141,251,513	3,614,398,915
Other assets	98,742,743	130,863,468	575,024,364	717,104,520	-	1,522,095,035
Non-banking assets	-	-	-	-	247,878,000	247,878,000
Total Assets	21,635,184,268	11,310,961,078	19,399,586,115	18,660,769,455	71,047,090,004	82,053,590,922
Liabilities						
Borrowing from other banks, financial institutions and agents	890,000,000	2,988,134,871	3,429,213,664	1,289,206,365	616,520,120	9,213,075,020
Deposits and other accounts	8,088,698,806	22,161,941,138	20,714,577,851	5,459,880,958	179,764	56,425,228,517
Provisions & other liabilities	472,311,234	429,602,397	1,322,120,410	2,107,698,781	-	4,331,732,822
Total Liabilities	9,451,001,040	25,579,678,405	25,465,911,925	8,856,736,104	616,699,884	69,970,036,358
Net Liquidity Gap	12,184,174,228	(14,268,717,228)	(6,066,325,899)	9,804,033,351	10,430,390,120	12,083,554,564
Cumulative Net Liquidity Gap	12,184,174,228	(2,084,543,099)	(8,150,059,991)	1,653,164,444	12,083,554,564	-

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2010

1 The Bank and its Activities

1.1 Eastern Bank Limited ("the Bank") was formed as a public limited company incorporated in Bangladesh with primary objective to carry out all kind of banking businesses inside and outside Bangladesh. Eastern Bank Limited took over the businesses, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited (hereinafter called BCCI) with effect from 16 August 1992 as they stood after reduction or adjustments in accordance with the provisions of the Bank of Credit & Commerce International (Overseas) Limited (Reconstruction) Scheme, 1992, hereinafter called "the Scheme". The Bank commenced its business with four branches from 16 August 1992 and at present it has 49 branches all over Bangladesh. Shares of the Bank is listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The registered office of the Bank is located at Jibon Bima Bhaban, 10 Dilkusha C/A, Dhaka-1000.

The principal activities of Eastern Bank Limited are to provide a comprehensive range of financial services, personal and commercial banking, trade services, cash management, treasury, securities and custodial services.

1.2 Offshore Banking Unit

Offshore Banking Unit (OBU) is a separate business unit of Eastern Bank Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Offshore Banking Unit permission vide Bangladesh Bank's letter no. BRPD(P)744/(89)/2004-303 dated 25 January 2004. It gives loans (on and off-balance sheet exposures) and takes deposits only in freely convertible foreign currencies to and from non-resident person/institutions, fully foreign owned EPZ companies etc. The Bank commenced operation of this Unit from 19 May 2004 and its office is located at Jibon Bima Bhaban, 10 Dilkusha C/A (2nd floor), Dhaka.

1.3 Subsidiaries of the Bank

Eastern Bank Limited entered into an agreement with LRK Securities Limited to purchase 60% of its shares on 15 October 2009 and subsequently received approval of Bangladesh Bank vide its letter no. BRPD (R-1)717/2009-543 dated 13 December 2009 to conclude the share purchase. On receipt of approval from SEC the name was changed to EBL Securities Limited. EBL Investments Limited another subsidiary was incorporated on 30 December 2009 by the Bank upon receiving consent from SEC to raise its paid up capital to Tk. 300,000,000 on 24 December 2009 and completed the disbursement procedures accordingly on 26 January 2010.

2 Significant Accounting Policies and bases of preparation

2.1 Statement of compliance

The financial statements of the Group and the Bank as at and for the year ended 31 December 2010 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by the BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations and other laws and rules applicable in Bangladesh.

2.2 Basis of measurement

The financial statements of the Bank have been prepared on the historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marking to market concept with gain crediting revaluation reserve.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortisation concept.
- Zero Coupon Bond at present value using amortisation concept.

2.3 Consolidation

Eastern Bank Limited on acquired 60% shares of 'LRK Securities Limited' renamed afterward as 'EBL Securities Limited' and established another subsidiary 'EBL Investments Limited' with 99.99% shareholdings. The accounts of these subsidiaries were consolidated with the Bank's financial statements.

While consolidating above subsidiaries with the Bank's financial statements, the procedures of Bangladesh Accounting Standard (BAS) 27 'Consolidated and Separate Financial Statements' have been followed. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Figures in the comparative of consolidated financial statements were not consolidated amounts as there was no subsidiary in 2009 to consolidate.

2.4 Functional and presentation currency

These consolidated financial statements of the Group and the financial statements of the Bank are presented in Taka which is the Group's and the Bank's functional currency except OBU where functional currency is US Dollar (USD).

2.5 Use of estimates and judgments

The preparation of the consolidated financial statements of the Group and the financial statements of the Bank in conformity with BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in notes 2.15 and 2.19.7.

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2010

2.6 Foreign currency conversion

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2.7 Reporting period

These financial statements cover one calendar year from 1 January to 31 December 2010.

2.8 Cash Flow Statement

Cash Flow Statement has been prepared in accordance with Bangladesh Accounting Standard (BAS) 7 "Cash Flow Statement" and under the guideline of Bangladesh Bank BRPD Circular No.14 dated 25 June 2003. The Statement shows the Structure of Changes in cash and cash equivalents during the financial year.

2.9 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

Statement of changes in equity has been prepared in accordance with Bangladesh Accounting Standard (BAS) 1 "Presentation of Financial Statements" and relevant guidelines of Bangladesh Bank.

2.10 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following bases.

- a) Balance with other banks and financial institutions, money at call and on short notice etc. on the basis of their maturity term.
- b) Investments on the basis of their residual maturity term.
- c) Loans and advances on the basis of their repayment/maturity schedule.
- d) Fixed assets on the basis of their useful lives.
- e) Other assets on the basis of their adjustment.
- f) Borrowings from other banks and financial institutions, as per their maturity/repayment term.
- g) Deposits and other accounts on the basis of their maturity term and behavioral past trend.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities on the basis of their settlement.

2.11 Adoption of new accounting standards

Adoption of new accounting standards with effective from 1 January 2010 the Group/Bank has adopted the following Bangladesh Accounting Standards/ Bangladesh Financial Reporting Standards:

- i) BFRS 7 : Financial Instruments: Disclosures
- ii) BAS 32: Financial Instruments: Presentation
- iii) BAS 39 : Financial Instruments: Recognition and Measurements
- iv) BFRS 8 : Operating Segments

Significant accounting policies

The accounting policy set out below have been applied consistently to all periods presented in this consolidated financial statements and those of the bank, and have been applied consistently by the group entities except as explained in Note 2AA.

2.12 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call and on short notice and prize bond.

2.13 Investments

All investments (other than government treasury securities and bonds) are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discount accredited, using the effective or historical yield method. Accounting treatment of government treasury securities and bonds (categorized as HFT or/and HTM) is made following Bangladesh Bank BRPD circular letter no 05, dated 26-05-2008.

Held to maturity (HTM)

Investments which are intended to be held to maturity are classified as "Held to Maturity". These are measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Any increase or decrease in value of such investments is booked to equity.

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2010

Held for Trading (HFT)

Investment primarily held for selling or trading is classified in this category. After initial recognition, investments are marked to market weekly and any decrease in the present value is recognised in the profit and loss account and any increase is booked to Revaluation Reserve Account through Profit and Loss Account as per Bangladesh Bank DOS Circular No. 05, dated 28 January 2009.

Investments are stated as per following bases:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/bonds(HFT)	Cost	Fair value	Loss to P & L, gain to Revaluation Reserve through P & L.
Govt. T-bills/bonds(HTM)	Cost	Amortised cost	Increase or decrease in value to equity.
Debenture/Bond	Face value	None	None
Shares	Cost	Lower of cost or market value	Loss to P & L but no unrealized gain booking.
Prize bond	Cost	None	None

REPO and Reverse REPO

Since 1 September 2010 transactions of REPO and Reverse REPO are recorded based on DOS Circular No. 06, dated 15 July 2010 of Bangladesh Bank. In case of repo of both coupon and non-coupon bearing (Treasury bill) security, Eastern Bank Limited adjusted the Revaluation Reserve Account for HFT securities and stopped the weekly revaluation (if the revaluation date falls within the repo period) of the same security. For interest bearing security, Eastern Bank Limited stopped the accrual of interest during REPO period.

2.14 Loans, advances and provisions

Loans and advances are stated at gross amount. General provisions on unclassified loans and contingent assets, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities. Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in BCD Circular no.12 dated 4 September 1995, BRPD circular no. 16 dated 6 December 1998, BRPD circular no. 9 dated 14 May 2001, BRPD circular no.02 dated 15 February 2005, BRPD circular no. 05 dated 27 April 2005 and BRPD Circular No. 32 dated 27 October 2010:

Heads	Rates
General provision on:	
Unclassified general loans and advances	1%
Unclassified small and medium enterprise	1%
Loans to BHs/MBs/SDs against Shares etc.	2%
Unclassified loans for housing finance and on loans for professionals	2%
Unclassified consumer financing other than housing financing and loans for professionals	5%
Short term agri credit and micro credit	5%
Special mention account	5%
Contingent assets	1%
Specific provision on:	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

2.15 Fixed assets and depreciation

- Fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". Acquisition cost of an asset comprises the purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.
- Depreciation is charged at the following rates on all fixed assets on the basis of estimated useful lives as determined by fixed asset policy of the Bank. In all cases depreciation is calculated on the straight line method. Depreciation of the assets is charged from the month of acquisition (for full month) and no depreciation is charged from the month when the assets are disposed.

Eastern Bank Limited and its subsidiaries
Notes to the Financial Statements
as at and for the year ended 31 December 2010

iii. Depreciation rates used for each type of fixed assets are as follows:

Particulars of fixed assets	Rate of depreciation p.a.	Estimated useful lives (Years)
Buildings	2.50%	40
Furniture and Fixtures	10.00%	10
Machineries and equipment	20.00%	5
Softwares	20.00%	5
Computers	33.33%	3
Stabilizers	33.33%	3
UPS	33.33%	3
Vehicles	20.00%	5

iv. Repairs and maintenance are charged to profit and loss account as expense when incurred.

2.15.1 Change of depreciation method and estimated useful lives of fixed assets

Eastern Bank Limited was using reducing balance method of depreciation for all depreciable fixed assets except vehicle for which straight line method was followed. This method of depreciation enhances the life of the assets to impractical tenure and did not reflect the pattern in which the assets future economic benefits are expected to be consumed.

As a result the management of the Bank changed the depreciation method of all its fixed assets to straight line method revising its estimated useful life.

As per paragraph 61 of Bangladesh Accounting Standard (BAS) 16-Property, Plant and Equipment and paragraph 32 of BAS 8-Accounting Policies, Change in Accounting Estimates and Errors both the change in estimated useful lives and depreciation method of fixed assets are a change in accounting estimates and as per paragraph 38 of BAS 8 effect of this change shall be recognized prospectively.

Incorporating the effect of this changes in both depreciation method and useful lives of all fixed assets, additional depreciation has been charged at Tk 34.36 million (approx.) in 2009 and from 2010 onwards it will be Tk. 2.91 million (approx.) p.a.

2.16 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings.

2.17 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing short-term deposits, savings deposit and fixed deposit.

2.18 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable, interest suspense, accrued expenses.

2.19 Revenue recognition

The revenue during the year has been recognised following all conditions of revenue recognitions as prescribed by BAS-18 "Revenue".

2.19.1 Interest income

Interest on unclassified (excluding Special Mentioned Account [SMA]) loans and advances have been accounted for as income on accrual basis, interest on classified loans and advances (including SMA) has been credited to interest suspense account with actual receipt of interest there from having credited to income as and when received as per instruction of Bangladesh Bank.

2.19.2 Fees and commission income

Fees and commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.19.3 Dividend income

Dividend income from shares is recognized at the time when it is declared and ascertained.

2.19.4 Interest paid on borrowings and deposits

Interest paid on Borrowings and Deposits are calculated on 360 days in a year and recognized on accrual basis.

2.19.5 Interest income from investments

Interest income on investments in Government and other securities, debentures and bonds is accounted for on accrual basis.

2.19.6 Management and other expenses

Expenses incurred by the Bank are recognised on actual and accrual basis.

2.19.7 Provision for taxation

a. Current tax

Provision for current Income tax has been made @ 42.5% as prescribed in the Finance Act, 2010 of the profit made by the Bank considering major taxable allowances and disallowances.

b. Deferred tax

Deferred Tax is calculated on the taxable/deductible temporary differences between tax base amount and carrying amount of assets and liabilities as required by Bangladesh Accounting Standard (BAS)-12 "Accounting for Taxes".

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2010

2.20 Retirement benefits

The retirement benefits accrued for the employees of the Bank during the reporting period have been accounted for in accordance with the provisions of BAS-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

a) Gratuity

- i) The Bank operates a funded gratuity scheme approved by the National Board of Revenue with effect from 01 January 1997. The Gratuity Fund has been managed separately from those of EBL by "EBL Employees Gratuity Fund Trust" and any investment decision out of this gratuity fund is also made by this Trust. The benefit is paid to those employees who have completed minimum 7 (seven) years of continuous service at the time of separation from the Bank. As per Human Resources Policy, employees who have completed seven years of continuous service at the time of separation from the Bank will be given benefit equal to one latest basic salary multiplied by number of years completed and in case of ten or more years, benefit will be equal to one and half month of latest basic salary multiplied by number of years completed.
- ii) Provision for gratuity is made in the books monthly on the basis of actuarial valuation made once in three years. Last actuarial valuation was done based on information of November 2010. As per this valuation, from 1 December 2010 a contribution of at least 15.68% of basic payroll is paid into the Fund each year until the next actuarial review is carried out.

b) Provident fund

The Bank operates a contributory provident fund for its permanent employees funded by both the employees and the Bank at a pre-determined rate. This fund is managed by a separate trustee board of "EBL Employees Provident Fund Trust" and any investment decision out of this fund is made separately from that of the company's funds. This fund got approval from the National Board of Revenue on 31 July 1997.

c) Superannuation fund

The Bank operates a superannuation fund approved by the National Board of Revenue with effect from 20 November 1999 and governed by the trust deed of "EBL Employees Superannuation Fund Trust". As per the trust deed, benefit is payable to the employees of the Bank as per their ranks, grades and length of service with the Bank. The Bank conducted an actuarial valuation of the fund in 2009. The actuary recommended a payment of Tk. 30,856,000 to the fund to offset the past service liability. In addition, 1.16% of total admissible benefit is being paid into the Fund until the next actuarial investigation.

2.21 Provision and accrued expenses

In compliance with BAS-37, provisions and accrued expenses are recognized in the financial statements when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.22 Provision for Off-Balance Sheet Exposures

In compliance with Bangladesh Bank guidelines Off-Balance Sheet items have been disclosed under contingent liabilities. As per BRPD Circular No.10 dated September 18, 2007, the bank is required to maintain provision @ 1% against Off-Balance Sheet Exposures.

2.23 Provision for Nostro Accounts

According to guideline of Foreign Exchange Policy Department of Bangladesh Bank, Circular No. FEOD (FEMO)/01/2005-677 dated 13 September 2005, Bank is not required to make provision regarding the un-reconciled debit balance as at Balance Sheet date since there was no debit entries more than three month.

2.24 Exchange rate

Foreign currencies are translated into Taka currency at the following rates:

- a) Assets and Liabilities existing at the takeover date, at the rate prevailing on 6 July 1991.
- b) Assets relating to customers' foreign currency deposit account at standard mid rates of USD 1= Tk 70.7497 and GBP 1 = Tk 109.6691 and EURO 1 = Tk 93.5594 as on 30 December 2010.
- c) Other foreign currency related transactions have been converted by using the rate of exchange prevailing on the dates of such transactions.

2.25 Earnings per share

Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 31 December 2010 as per BAS- 33 "Earnings Per Share". Diluted earning per share was not required to be calculated as there were no dilution possibilities during the year.

2.26 Reconciliation of books and account

Books of account in regard to inter-bank (in Bangladesh and outside Bangladesh) as well as inter-branches are reconciled at regular intervals to keep the unreconciled balances within non material level.

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2010

2.27 Operating segments

The Group has eight reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Group Management Committee reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Investment Banking	Includes the Group's trading and corporate finance activities.
- Corporate Banking	Includes loans, deposits and other transactions and balances with corporate customers.
- Retail Banking	Includes loans, deposits and other transactions and balances with retail customers.
- Central Treasury	Undertakes the Group's funding and centralised risk management activities through borrowings, issues of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.
- SME Banking	Includes loans, deposits and other transactions and balances with SME customers.
- Offshore Banking	Includes loans, deposits and other transactions and balances with Corporate customers.
- EBL Securities Limited	Includes to buy, sell and deal in shares, stocks, debentures and other securities on behalf of customers.
- EBL Investments Limited	Includes margin loans, issue management, underwriting, portfolio management and other transactions.

Information regarding the results of each reportable segment is included in Annexure-G . Performance is measured based on segment profit before provision, as included in the internal management reports that are reviewed by the Group Management Committee as Chief Operating Decision Maker (CODM). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

2.28 General

- a) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.
- b) Previous year's figures have been rearranged, where necessary, in order to conform to current year's presentation.

2A 1) Credit Rating of the Bank

As per the BRPD circular no.6 dated July 5, 2006, the Bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the Financial Statements dated 31 December 2009. The following ratings had been awarded:

	Bases of information (as on or period)	Date of Rating	Long term	Short term
Entity Rating	Jan to Dec 2009	01/6/2010	AA	ST-2
Entity Rating	Jan to Dec 2008	24/5/2009	AA-	ST-2
Entity Rating	Jan to Dec 2007	15/6/2008	A+	ST-3
Entity Rating	Jan to Dec 2006	27/6/2007	A	ST-3

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2010

II) Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

Name of BAS	BAS/BFRS No.	Status
Presentation of Financial Statements	1	* Applied
Inventories	2	N/A
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipments	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and Disclosures of Govt. Assistsances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	* Applied
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	* Applied
Investment Property	40	N/A
Agriculture	41	N/A
First-time Adoption of Bangladesh Financial Reporting Standards	1	N/A
Share Base Payments	2	N/A
Business Combinations	3	Applied
Insurance contract	4	N/A
Non- Current Assets Held for Sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	* Applied
Operating Segments	8	Applied

* Subject to departure described in note 2AA

III) Risk Management

The Bank has established effective risk management for steady and stable growth of the Bank in accordance with the guidelines of Bangladesh Bank. The Risk Management of the Bank covers following five core risk areas of banking sector:

- i) Credit Risk
- ii) Foreign Exchange Risk
- iii) Assets- Liability Management
- iv) Prevention of Money Laundering
- v) Internal Control and Compliance
- vi) Information and Communication Technology

The prime objective of the risk management is that the Bank takes credit and business risk into consideration while safeguarding the Bank's interest from the possibility of losses, financial or otherwise.

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2010

IV) Audit Committee Disclosures

In compliance with the BRPD Circular No. 12 dated 23 December, 2002 of Bangladesh Bank, an audit committee of EBL Board was first constituted by the Board of Directors of Eastern Bank Limited (EBL) in its 253 meeting held on 07 January, 2003 and thereafter last reconstituted in the 439 Board Meeting held on 04 April, 2010 which was duly confirmed by the Board in the next 440 Board Meeting held on 21 April, 2010:

Sl. no.	Name	Status with EBL	Status with the Committee	Educational qualification
I)	A. M. Shaukat Ali	Director	Chairman	B. Sc. Engineer
II)	Gazi Md. Shakhawat Hossain	Director	Member	M. com (Accounting)
III)	Meah Mohammed Abdur Rahim (Independent Director/Director from the Depositors)	Director	Member	Bachelor of Commerce/ A.I.C.S

The company secretary acts as Secretary of the Audit Committee of the Board.

During the Year 2010, the Audit Committee of the Board conducted 5 (five) meetings in which among other things, the following issues were reviewed/discussed:

- * Terms of Reference of the Audit Committee as stated in the BRPD Circular No. 12 dated 23/12/2002.
- * Reviewing and approving the "Annual Audit Plan 2010".
- * Reviewing the compliance and related risk level of Branches and various Departments.
- * Reviewing the current status of Report findings of S F Ahmed & Co.- Chartered Accountants.
- * Reviewing current status of classified SME and Consumer loans.
- * Reviewing the status of the pending Guarantee files.
- * Reviewing the process of strengthening the internal control system and procedures and also the Internal Audit Team of the Bank.
- * Review of the Management Report for the year ended 31 December, 2009 on EBL as submitted by the External Auditors, KPMG Rahman Huq-Chartered Accountants and its subsequent compliance thereof.
- * Review the Annual Report on the Financial Health of the Bank-2009.
- * Reviewing of Bangladesh Bank comprehensive Inspection Report of Eastern Bank Limited (Head Office) as on 30 September 2009.
- * The Minutes of the Audit Committee Meetings containing various suggestions and recommendations to the management and the Board are placed to the Board for ratification on regular basis.

The Audit Committee meetings were held on the following dates:

29th meeting held on 10 March, 2010

30th meeting held on 05 July, 2010

31st meeting held on 05 September, 2010

32nd meeting held on 23 September, 2010

33rd meeting held on 27 December, 2010

2AA Disclosure of deviations from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements:

Bangladesh Bank is the prime regulatory body for banks in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of BAS and BFRS. As such the company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

1. As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the company's market value of quoted shares was higher than cost price by Tk. 1652.8 million (details in Annexure-F). However as per requirements of BAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

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2. According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) should be charged in profit and loss account, and gain on such revaluation should be recorded under Revaluation Reserve Account. At the year end the company has accumulated revaluation gain of Tk. 823.25 million for T-bills (HFT). However as per requirement of BAS 39, such T-bills and T-bonds will fall under the category of "held for trading" and "held to maturity" where any change in the fair value of held for trading is recognized in profit and loss account, and amortized cost method is applicable for held to maturity using an effective interest rate.
3. As per BRPD circular no. 05 dated 05 June, 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per BAS 37. At the year end the company has recognized an accumulated general provision of Tk. 836 million in the balance sheet under liabilities as per Bangladesh Bank's requirement.
4. As per BRPD circular no. 10 on 18 September, 2007 a general provision at 1% is required to be provided for all off-balance sheet risk exposures. However such general provision cannot satisfy the conditions of provision as per BAS 37. At the year end the company has recognized an accumulated general provision of Tk. 271 million in the balance sheet under liabilities as per Bangladesh Bank's requirement.
5. Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to be included in a Single Comprehensive Income Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.
6. As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.

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2B Related party disclosures

i) Directors' interest in different entities

Name of Directors	Status with the Bank	Name of the firms/companies in which Interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ Interest In the concern
Mohd. Noor Ali	Chairman	Unique Group of Companies Ltd. Unique Hotel and Resorts Ltd. Borak Real Estate (Pvt.) Ltd. Uniqe Ceramic Industries (Pvt.) Ltd. Borak Travels Ltd. Unique Eastern (Pvt.) Ltd. Unique Property Development Ltd. Unique Share Management Ltd. Unique Shakti Ltd. Unique Vocational Training Center Ltd.	MD MD MD MD MD MD MD MD MD MD	10.00% 6.26% 3.20% 7.50% 50.00% 46.67% 33.33% 20.00% 20.00% 100.00%
Md. Showkat Ali Chowdhury	Director	Need Apparels (pvt) Ltd. Need Tex Chittagong Ltd. Need Fashion Ware & Textile Ltd. Need Dresses (pvt) Ltd. Chittagong Oxygen (pvt) Ltd Finlay (International) Ltd. KAPS Bangladesh Limited JF (Bangladesh) Limited Port Link Housing Ltd. Finlay Properties Ltd. Z. N. Enterprise Ltd. Namreen Enterprise Ltd. A. B. C Steel Enterprise Ltd. M.M. Khan & Company Ltd. S. L Steels Ltd. Port Link Logistics Centre Ltd. South Asia Securities Ltd. Peninsula Housing & Development Ltd. Legend Properties Development Ltd. Consolidated Tea & Plantation Ltd. Consolidated Tea & Lands Co. (BD) Ltd. Baroora (Sylhet) Tea Co. (BD) Ltd. Unique Share Management Ltd.	Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman MD MD MD MD MD MD MD MD MD MD MD MD MD MD Director Director Director Director Director Director Director Director Director Director Director Director Director Director Proprietor	35.00% 17.50% 35.00% 17.50% 20.00% 81.00% 12.50% 81.00% 50.00% 55.00% 50.00% 50.00% 80.00% 52.00% 50.00% 25.00% 4.40% 36.00% 50.00% 5.00% 25.00% 25.00% 40.00%
Mir Nasir Hossain	Director	Mir Akhter Hossain Ltd. Mir Ceramic Ltd. Mir Holdings Ltd. Agrani Insurance Co. Ltd. Mir Pharmaceuticals Ltd. Mir Telecom Ltd. Fair Trading	MD MD MD Director MD MD Proprietor	40.00% 99.79% 50.00% 3.72% 50.00% 20.00% 100.00%
A.M. Shaukat Ali	Director	Engineering Consultants & Associates Ltd	Chairman	20.00%
Aneela Haque	Director	Andes Ltd. Presence Ltd. Andes Publications	MD MD Proprietor	80.00% 80.00% 100.00%
Aquamarine Distributions Ltd. Represented by Asif Mahmood	Director	Advance Technology Computers Ltd. Advanced Data Networks System Ltd. Tech Valley Computers Ltd. Tech Valley Networks Ltd. A D N Technologies Ltd. Valley Power Solutions Ltd. Bangladesh News 24 Hours Ltd. InGen Motors Ltd. InGen Technology Ltd. InGen Industries Ltd.	Chairman Chairman & MD Director Chairman Chairman Director Chairman Vice-Chairman Chairman Chairman	33.33% 35.71% 33.33% 46.00% 51.00% 33.33% 90.00% Representing InGen Ind. Ltd. 52.00% 55.00%
M/s Unique Eastern (Pvt) Ltd. Represented by Gazi Md. Shakhwat Hossain	Director	Purnima Construction (Pvt) Ltd. Unique Hotel and Resorts Ltd.	MD Representative Director	15.00% 15.00%
Meah Mohammed Abdur Rahim	Director	Ancient Steamship Company Limited Hudig and Meah (BD) Ltd.	MD MD	78.00% 51.00%
Ormaan Rafay Nizam	Director	National Brokers Limited	Director	0.80%
Ali Reza Iftekhar	CEO & MD	Nil	Nil	Nil

- ii) Significant contracts where Bank is a party & wherein Directors have interest: Nil
- iii) Shares issued to Directors and Executives without consideration or exercisable at discount: Nil
- iv) Related Party Transactions: Annexure -C
- v) Lending Policies to Related Parties:
Related parties are allowed Loans and Advances as per General Loan Policy of the Bank.
- vi) Business other than Banking business with any related concern of the Directors as per Section-18(2) of the Bank Companies Act 1991: Nil
- vii) Investments in the Securities of Directors and their related concern:Nil

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	Note	Group	Bank	
		2010 Taka	2010 Taka	2009 Taka
3 Cash				
Cash in hand (including foreign currencies)	3.1	725,180,656	725,168,966	481,498,299
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	3.2	2,956,146,840	2,956,146,840	2,920,942,423
		3,681,327,496	3,681,315,806	3,402,440,722
3.1 Cash in hand (including foreign currencies)				
Local currency	3.1.1	701,635,752	701,624,062	466,584,143
Foreign currencies		23,544,904	23,544,904	14,914,156
		725,180,656	725,168,966	481,498,299
3.1.1 Local currency				
With Banks		701,624,062	701,624,062	466,584,143
With subsidiaries (EBL Securities Limited)		11,690	-	-
		701,635,752	701,624,062	466,584,143
3.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)				
Bangladesh Bank		3,135,428,482	3,135,428,482	2,732,760,766
Local currency		(309,147,084)	(309,147,084)	8,166,762
Foreign currencies		2,826,281,398	2,826,281,398	2,740,927,528
Sonali Bank (as an agent of Bangladesh Bank)-local currency		129,865,441	129,865,441	180,014,895
		2,956,146,840	2,956,146,840	2,920,942,423
3.a Cash Reserve Ratio (CRR): 5.5% of average demand and time liabilities				
As per MPD circular No- 04 dated December 01, 2010 of Bangladesh Bank (effective from December 15, 2010), all scheduled banks are required to maintain a CRR of minimum 5.5 % on daily basis based on weekly average demand and time liabilities of immediate preceding two months (i.e. CRR of December 2010 will be based on weekly average balance of October 2010) and minimum 6.0% on bi-weekly basis. EBL however has been maintaining its CRR on bi-weekly basis.				
Average time and demand liabilities of October 2010 (excluding inter-bank deposit)		55,647,516,750	47,434,577,000	
Required reserve (5.5% of average time and demand liabilities)		3,060,613,421	2,371,728,850	
Actual reserve held with Bangladesh Bank including TT in transit (In local currency)*		3,251,385,000	2,615,935,494	
Surplus / (shortage)		190,771,579	244,206,644	
*As per Bangladesh Bank statement.				
3.b Statutory Liquidity Ratio (SLR): 19% of average demand and time liabilities				
As per MPD circular No - 05 dated December 01, 2010 (effective from December 15, 2010) all scheduled banks are required to maintain an SLR of minimum 19% based on weekly average demand and time liabilities of immediate preceding two months (i.e. SLR of December 2010 will be based on weekly average balance of October 2010) against which, EBL has maintained the SLR of minimum 18.5% as per MPD circular No-02, dated May 04, 2010 which was effective upto December 15, 2010. As at 31 December 2010, the Bank SLR was more than 19% as shown in the following:				
Average time and demand liabilities of October 2010 (excluding inter-bank deposit)		55,647,516,750	47,434,577,000	
Required reserve (19 % of average time and demand liabilities)		10,573,028,183	8,538,223,860	
Actual reserve held (Note 3.c)		11,092,083,352	10,991,988,788	
Surplus/(shortage)		519,055,170	2,453,764,928	

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	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
3.c Actual reserve held					
Cash held			725,168,966		481,498,299
Balance with Bangladesh Bank (local currency)*			3,251,385,000		2,396,165,494
Balance with Bangladesh Bank (foreign currency)*			160,623,000		219,770,000
Balance with Sonali Bank			129,865,441		180,014,895
Unencumbered approved securities (HFT)			6,825,040,945		7,354,075,300
Unencumbered approved securities (HTM)			-		360,464,800
			11,092,083,352		10,991,988,788
*As per Bangladesh Bank statement.					
4 Balances with other banks and financial institutions					
Balance in Bangladesh	4.1	3,641,444,356	3,507,711,860	5,459,255,745	
Balance outside Bangladesh	4.2	1,045,968,539	1,045,968,539	1,319,901,189	
		4,687,412,895	4,553,680,399	6,779,156,934	
4.1 Balance in Bangladesh					
<i>In Current Accounts with</i>					
Agrani Bank Limited		10,301,104	10,301,104	13,575,758	
Janata Bank Limited		16,949,368	16,949,368	41,053,944	
Bangladesh Krishi Bank		8,307,393	8,307,393	8,448,818	
The Trust Bank Limited		17,249,296	17,249,296	(15,953,351)	
Standard Chartered Bank		-	-	(24,283,493)	
ELDORADO operations account (settlement account)		6,811,275	6,811,275	-	
Sonali Bank Limited		35,667,152	35,667,152	42,033,390	
The City Bank Limited		7,030,331	7,030,331	7,313,505	
National Bank Limited		19,425,152	19,425,152	21,686,367	
NCC Bank Limited		3,427,056	3,427,056	9,115,614	
Rupali Bank Limited		38,744,494	38,744,494	10,332,498	
Islami Bank Bangladesh Limited		70,644	70,644	70,644	
AB Bank Limited		6,362,323	6,362,323	10,150,872	
Pubali Bank Limited		5,131,589	5,131,589	3,321,243	
Prime Bank Limited		4,934	4,934	4,796	
United Commercial Bank Limited		7,859,470	7,859,470	11,192,246	
		183,341,582	183,341,582	138,062,851	
<i>In Short Term Deposit Accounts with</i>					
Sonali Bank Limited		75,246,227	75,246,227	127,457,443	
Janata Bank Limited		5,260	5,260	5,098	
Agrani Bank Limited		382,684	382,684	365,566	
Bank Asia Limited		67,136	67,136	64,436	
BASIC Bank Limited		47,592	47,592	44,785	
Bangladesh Krishi Bank		1,085,210	1,085,210	1,056,865	
Dhaka Bank Limited		85,068	85,068	81,840	
The City Bank Limited		461,003	461,003	586,614	
ICB Islamic Bank Ltd.		287,775	287,775	288,075	
NCC Bank Limited		825,995	825,995	796,094	
National Bank Limited		441,093	441,093	427,055	
Standard Chartered Bank		5,417,045	5,417,045	-	
EXIM Bank Limited		18,190	18,190	19,024	
		84,370,278	84,370,278	131,192,894	

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	Note	Group 2010 Taka	Bank 2010 Taka	Bank 2009 Taka
<i>In Fixed Deposit Accounts with banks and NBFIs</i>				
AB Bank Limited		150,000,000	150,000,000	-
Bangladesh Commerce Bank Limited		-	-	70,000,000
Bangladesh Industrial Finance Company Limited		140,000,000	140,000,000	130,000,000
Bank Asia Limited		-	-	1,000,000,000
Bay Leasing		-	-	100,000,000
BRAC Bank Limited		-	-	350,000,000
Dhaka Bank Limited		-	-	-
Far East Finance and Investment Limited		20,000,000	20,000,000	50,000,000
First Security Bank Limited		-	-	110,000,000
GSP Finance Limited		80,000,000	80,000,000	80,000,000
Industrial and Infrastructural Development Finance Company Limited		100,000,000	100,000,000	100,000,000
International Leasing and Financial Services Limited		200,000,000	200,000,000	250,000,000
IPDC of Bangladesh Limited		-	-	-
Jamua Bank Limited		250,000,000	250,000,000	300,000,000
LankaBangla Finance Limited		110,000,000	110,000,000	170,000,000
LankaBangla Finance Securities Limited		50,000,000	50,000,000	-
MIDAS Financing Limited		40,000,000	40,000,000	130,000,000
National Bank of Pakistan		150,000,000	150,000,000	500,000,000
National Credit and Commerce Bank Limited		-	-	100,000,000
National Housing and Finance Limited		70,000,000	70,000,000	200,000,000
Orman Bangladesh Leasing		-	-	60,000,000
One Bank Limited		450,000,000	450,000,000	300,000,000
Peoples Leasing and Financial Services Limited		400,000,000	400,000,000	250,000,000
Phoenix Finance and Investment Limited		200,000,000	200,000,000	100,000,000
Premier Leasing International Limited		150,000,000	150,000,000	120,000,000
Pubali Bank Limited		-	-	300,000,000
Prime Finance Limited		150,000,000	150,000,000	-
Reliance Finance Limited		60,000,000	60,000,000	-
South East Bank Limited		-	-	300,000,000
Union Capital Limited		170,000,000	170,000,000	120,000,000
Uttara Finance and Investment Company Limited		300,000,000	300,000,000	-
Bank balances of subsidiaries - EBL Securities Limited	4.1.1	3,240,000,000	3,240,000,000	5,190,000,000
		133,732,496	-	-
		3,641,444,356	3,507,711,860	5,459,255,745

4.1.1 Bank balances of subsidiaries

Bank balances of subsidiaries with other banks

With	133,732,496	-	-
Al-Arafa Islami Bank Limited	133,732,496	-	-

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Note	Group	Bank	
	2010 Taka	2010 Taka	2009 Taka
4.2 Balance outside Bangladesh			
In Deposit account (non-interest bearing) with			
The Bank of Tokyo Mitsubishi, Newyork	118,566	118,566	723,154
The Bank Toykyo Mitsubishi, Tokyo	3,537,485	3,537,485	3,463,335
The Bank of Tokyo Mitsubishi, Kolkata*	4,254,919	4,254,919	42,857,032
The Bank of Tokyo Mitsubishi, London	22,953,058	22,953,058	(2,469,971)
Standard Chartered Bank, Kolkata	2,391,401	2,391,401	2,303,244
Standard Chartered Bank, Colombo	2,151,866	2,151,866	25,663,906
Standard Chartered Bank, London	410,414	410,414	317,854
Standard Chartered Bank, Singapore	1,004,656,688	1,004,656,688	75,393,360
Standard Chartered Bank, New York			
WEST LB (GERMANY)			
Citibank N A, New York	(12,571,113)	(12,571,113)	(76,115,737)
Citibank NA, Mumbai	1,730,150	1,730,150	767,981
Nepal Bangladesh Bank Limited	1,049,945	1,049,945	596,557
AB Bank Limited, Mumbai	2,022,041	2,022,041	6,468,760
Bank of Bhutan	2,652,906	2,652,906	275,409
Rupali Bank Karachi (ACU)			
Mashreqbank, Newyork	(9,394,909)	(9,394,909)	(35,579,288)
JP Morgan Chase Bank, New York	(18,453,962)	(18,453,962)	9,647,880
The Bank of Nova Scotia, Toronto	319,277	319,277	(441,559)
JP Morgan Chase Bank NA, Sydney	676,545	676,545	(3,354,885)
JP Morgan Chase Bank NA, London	11,401,158	11,401,158	(46,959,919)
JP Morgan Chase Bank FR, Germany	1,882,177	1,882,177	(444,542)
American Express Bank, New York			
Zurcher Kantonal Bank, Zurich	1,552,874	1,552,874	480,539
National Commercial Bank, KSA	1,895,005	1,895,005	5,232,109
Wachovia Bank NA, New York	(3,909,354)	(3,909,354)	8,546,944
ICICI Bank	1,739,508	1,739,508	18,766,145
NDLC-IFIC Bank (NIB) Pakistan			1,264,236
HSBC, New York	2,909,111	2,909,111	(199,266,990)
Commerz Bank AG, Frankfurt, Germany	14,835,581	14,835,581	(13,023,327)
Offshore banking unit			1,494,788,962
Al-Rajhi Bank - KSA	1,769,857	1,769,857	-
NIB Bank Limited-Karachi	3,387,346	3,387,346	-
	1,045,968,539	1,045,968,539	1,319,901,189

(For details of Foreign currency amounts and rates thereof please see "Annexure-B")

* An amount of USD 50,000 had been blocked by a Court Injunction due to disputes in two LCs amounting USD 47,232 opened at our Bogra and Khatunganj Branches. One of these cases related to Bogra branch was however dismissed by honorable Court and the fund of USD 43,263 was received back in the regular Nostro account maintained with Standard Chartered Bank, Kolkata.

4.a	Balance with other banks and financial institutions (according to remaining maturity grouping)	Receivable	
On demand		183,341,582	183,341,582
In not more than one month		2,074,071,313	1,940,338,817
In more than one month but not more than three months		840,000,000	840,000,000
In more than three months but not more than one year		1,590,000,000	1,590,000,000
In more than one year but not more than five years		-	-
In more than five years		-	-
		4,687,412,895	4,553,680,399
			6,779,156,934

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	Note	Group 2010 Taka	Bank 2010 Taka	Bank 2009 Taka
5 Money at call and short notice				
With Banking Companies				
Citibank N.A.		-	-	280,000,000
With Non Banking Financial Institutions				
Lanka Bangla Finance Limited		-	-	50,000,000
		-	-	330,000,000
6 Investments				
Government	6.1	6,828,141,845	6,828,141,845	7,716,875,500
Others	6.2	2,999,055,228	2,999,055,228	1,089,429,806
		9,827,197,073	9,827,197,073	8,806,305,306
6.1 Government (Investment in Govt. securities)				
Treasury bills	6.1.1	6,825,040,945	6,825,040,945	7,714,540,100
Bonds		3,100,900	3,100,900	2,335,400
Prize bonds		6,828,141,845	6,828,141,845	7,716,875,500
6.1.1 Bonds				
5-year Treasury bonds		2,182,746,545	2,182,746,545	2,651,420,140
10 Year Treasury bonds		4,642,294,400	4,642,294,400	4,789,814,237
		6,825,040,945	6,825,040,945	7,441,234,376
1 Year T & T Bonds		-	-	-
3 Year T & T Bonds		-	-	273,305,723
		-	-	273,305,723
		6,825,040,945	6,825,040,945	7,714,540,100
Disclosure on REPO and Reverse REPO transactions are in "Annexure-E".				
6.2 Others (Investment in other securities)				
Debentures	6.2.1	71,000,000	71,000,000	93,000,000
Corporate bond		300,000,000	300,000,000	-
Ordinary Shares (Quoted and Unquoted)	6.2.2	2,588,055,228	2,588,055,228	886,429,806
Preference Shares	6.2.3	40,000,000	40,000,000	110,000,000
		2,999,055,228	2,999,055,228	1,089,429,806
6.2.1 Debentures				
Investment Corporation of Bangladesh		16,000,000	16,000,000	28,000,000
Bangladesh House Building Finance Corporation		55,000,000	55,000,000	65,000,000
		71,000,000	71,000,000	93,000,000

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Note	Group	Bank	
	2010 Taka	2010 Taka	2009 Taka
6.2.2 Ordinary Shares (Quoted and Unquoted)			
Quoted			
AB Bank Limited	109,102,715	109,102,715	8,504,117
Atlas Bangladesh Limited	-	-	11,882,087
ACI Formulations Limited	2,052,767	2,052,767	-
Active Fine Chemicals Limited	2,500,000	2,500,000	-
Aramit	6,148,352	6,148,352	-
Aramit Cement Limited	6,180,690	6,180,690	-
Bata Shoe Co. (Bangladesh) Limited	37,872,734	37,872,734	-
Brac Bank Limited	28,819,975	28,819,975	30,770,607
British American Tobacco Company Limited	79,213,025	79,213,025	24,352,217
Beximco Ltd.	31,373,087	31,373,087	-
BIFC	2,449,113	2,449,113	-
BSRM Steels Ltd.	3,478,676	3,478,676	-
Confidence Cement Limited	41,035,803	41,035,803	-
Delta Brac Housing Company Limited	64,043,099	64,043,099	14,235,063
DESCO Limited	181,835,787	181,835,787	28,967,107
Dhaka Bank Limited	42,755,776	42,755,776	3,521,667
Eastern Insurance Company Limited	-	-	3,484,515
EBL First Mutual Fund	200,000,000	200,000,000	200,000,000
EXIM Bank Limited	47,982,502	47,982,502	1,489,974
First Security Islami Bank Ltd	10,443,843	10,443,843	-
Fareast Life Insurance Company Limited	-	-	3,603,292
Grameen Phone Limited	26,166,400	26,166,400	26,166,400
Heidelberg Cement Industries Limited	40,703,717	40,703,717	29,686,885
ICB Islamic Bank Limited	16,411,482	16,411,482	88,000
IDLC Finance Limited	125,277,778	125,277,778	225,500,000
Investment Corporation of Bangladesh (ICB)	350	350	856,600
International Leasing and Financial services Limited	93,442,67	93,442,674	-
Islami Bank Bangladesh Limited	51,287,276	51,287,276	27,200,198
Jamuna Bank Ltd	1,214,614	1,214,614	-
Jamuna Oil	4,946,473	4,946,473	-
Khulna Power Company Limited	2,079,050	2,079,050	-
Lanka Bangla Finance Limited	26,921,486	26,921,486	3,375,788
Metro Spinning Mills Ltd	5,116,134	5,116,134	-
Meghna Life Insurance Company Limited	-	-	2,991,221
Meghna Petroleum Ltd	10,390,289	10,390,289	-
Mutual Trust Bank Limited	32,759,188	32,759,188	6,999,471
National Credit and Commerce Bank Limited	-	-	1,678,350
National Life Insurance Co Ltd	798,013	798,013	-
Navana CNG	3,556,168	3,556,168	-
National Tubes	3,796,852	3,796,852	-
Peoples Leasing and Financial Services Limited	9,999,991	9,999,991	-
Popular Life Insurance Company	-	-	2,984,106
Power Grid Company of Bangladesh Limited	171,272,020	171,272,020	25,217,817
Pragati Life Insurance Company Limited	5,487,551	5,487,551	5,174,829
Prime Bank Limited	65,316,912	65,316,912	16,957,940
Prime Finance & Investment Limited	3,251,896	3,251,896	-
Prime Life Insurance Company Limited	-	-	2,370,732
Pubali Bank Limited	111,141,807	111,141,807	-
Progressive Life Insurance Company Limited	-	-	2,536,112
Reliance Insurance Company Limited	-	-	1,798,199
Sahjalal Islami Bank Limited	-	-	1,209,815
Shandhani Life Insurance Company Limited	-	-	1,227,701
Square Pharmaceuticals Limited	153,935,533	153,935,533	61,562,013
Square Textile Limited	-	-	4,558,054
Standard Bank Limited	33,588,782	33,588,782	4,560,102
Summit Power Limited	177,293,882	177,293,882	23,187,605
Titas Gas Transmission and Distribution Co. Limited	-	-	62,937,597

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Note	Group		Bank	
	2010 Taka	2010 Taka	2009 Taka	2009 Taka
United Leasing Company Limited	-	-	-	7,460,927
RAK Ceramics (BD) Ltd	5,664	5,664	-	-
RFL	1,381,307	1,381,307	-	-
SA PORT	7,977,914	7,977,914	-	-
Trust Bank Limited	29,941,189	29,941,189	-	-
Uttara Bank Limited	43,565,242	43,565,242	-	-
Green Delta Mutual Fund	10,000,000	10,000,000	-	-
PHP 1st Mutual Fund	30,005,000	30,005,000	-	-
Popular Life 1st Mutual Fund	10,000,000	10,000,000	-	-
	2,206,320,575	2,206,320,575	879,097,106	
Unquoted				
Central Depository (Bangladesh) Limited	17,666,620	17,666,620	4,000,000	-
D&B Rating Agency (BD) Ltd.	3,332,700	3,332,700	3,332,700	-
Orion Laboratories Ltd.	20,000,000	20,000,000	-	-
MJL Bangladesh Ltd.	6,126,412	6,126,412	-	-
MI Cement Factory	3,608,921	3,608,921	-	-
Unique Hotel (Westin)	48,000,000	48,000,000	-	-
Saiham Cotton Mills	3,000,000	3,000,000	-	-
Southeast Bank Mutual Fund	10,000,000	10,000,000	-	-
LR Global BD 1st Mutual Fund	20,000,000	20,000,000	-	-
EBL NRB 1st Mutual Fund	250,000,000	250,000,000	-	-
	381,734,653	381,734,653	7,332,700	
Total	2,588,055,228	2,588,055,228	886,429,806	

6.2.21 Market Value of Shares (as on 31 December)

Investment portfolio	No. of Shares		Market Value	
	2010	2009	2010	2009
AB Bank Limited	90,000	10,000	142,245,000	11,765,000
Atlas Bangladesh Limited	-	30,000	-	11,760,000
ACI Formulations Limited	12,500	-	1,747,500	-
Active Fine Chemicals Limited	250,000	-	29,825,000	-
Aramit	9,750	-	4,747,275	-
Aramit Cement Limited	3,450	-	5,488,950	-
Bata Shoe Co. (Bangladesh) Limited	50,000	-	32,645,000	-
Brac Bank Limited	50,000	52,400	42,812,500	36,025,000
British American Tobacco Company Limited	105,000	84,250	75,232,500	34,491,950
Beximco Ltd	98,000	-	30,527,000	-
BIFC	2,250	-	2,513,250	-
BSRM Steels Ltd	2,000	-	4,237,000	-
Confidence Cement Limited	191,000	-	56,039,400	-
Delta Brac Housing Company Limited	25,000	9,000	62,456,250	14,643,000
DESCO Limited	130,000	20,000	264,095,000	30,115,000
Dhaka Bank Limited	816,000	10,400	62,260,800	5,028,400
Eastern Insurance Company Limited	-	5,000	-	4,071,250
EXIM Bank Limited	1,106,100	5,000	67,140,270	1,868,750
First Security Islami Bank Ltd	274,300	1,740	11,136,580	4,523,130
Grameen Phone Limited	364,200	364,200	89,520,360	68,287,500
Heidelberg Cement Industries Limited	10,900	17,515	39,885,825	37,701,038
ICB Islamic Bank Limited	708,888	88	13,838,720	88,198
IDLC Finance Limited	200,000	180,000	929,500,000	666,540,000
Investment Corporation of Bangladesh (ICB)	17	34,264	71,732	82,207,902
International Leasing and Financial services Limited	50,000	-	127,200,000	-
Islami Bank Bangladesh Limited	90,000	50,000	72,045,000	29,550,000
Jamuna Bank Limited	33,332	-	1,833,260	-
Jamuna Oil	11,400	-	3,822,420	-
Khulna Power Company Limited	11,500	-	1,294,900	-
Lanka Bangla Finance Limited	50,000	12,000	24,895,000	3,765,600

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Investment portfolio	No. of Shares		Market Value	
	2010	2009	2010	2009
Metro Spinning Mills Limited	57,000	-	4,959,000	-
Meghna Life Insurance Company Limited	-	1,850	-	3,614,438
Meghna Petroleum Limited	36,100	-	8,559,310	-
Mutual Trust Bank Limited	80,000	25,000	56,660,000	10,293,750
National Credit and Commerce Bank Limited	-	5,000	-	2,915,000
National Life Insurance Co Limited	110	-	828,520	-
Navana CNG	15,000	-	3,045,000	-
National Tubes	2,140	-	3,146,870	-
Peoples Leasing and Financial Services Limited	75,982	-	22,118,360	-
Popular Life Insurance Company	-	1,200	-	3,297,300
Power Grid Company	229,999	38,000	210,621,584	27,483,500
Pragati Life Insurance Company Limited	3,500	2,500	5,449,500	5,957,500
Prime Bank Limited	123,000	40,000	116,204,250	26,120,000
Prime Finance & Investment Limited	7,000	-	3,261,300	-
Prime Life Insurance Company Limited	-	1,400	-	2,753,100
Pubali Bank Limited	1,500,000	-	161,100,000	-
Progressive Life Insurance Company Limited	-	1,850	-	2,950,750
Reliance Insurance Company Limited	-	2,050	-	2,700,875
Shahjalal Islami Bank Limited	-	5,000	-	1,912,500
Shandhani Life Insurance Company Limited	-	700	-	1,425,725
Square Pharmaceuticals Limited	64,000	25,000	225,408,000	71,906,250
Square Textile Limited	-	48,150	-	5,363,910
Standard Bank Limited	85,000	20,000	54,910,000	6,645,000
Summit Power Limited	1,499,059	20,000	210,018,166	24,220,000
Titas Gas Transmission and Distribution Co. Limited	-	91,000	-	62,471,500
United Leasing Company Limited	-	5,000	-	7,585,000
RAK Ceramics (BD) Limited	118	-	20,249	-
RFL	10,000	-	1,312,000	-
SA PORT	33,000	-	5,745,300	-
Trust Bank Limited	60,000	-	45,195,000	-
Uttara Bank Limited	40,000	-	66,430,000	-
EBL First Mutual Fund*	20,000,000	20,000,000	368,000,000	458,000,000
Green Delta 1st Mutual Fund*	1,000,000	-	13,600,000	-
PHP 1st Mutual Fund*	3,000,500	-	34,805,800	-
Popular 1st Mutual Fund*	1,000,000	-	11,900,000	-
	33,667,095	21,219,557	3,832,354,701	1,770,047,815

*Lock in status of Mutual Funds

	Trading start	Lock In period	Lock In expired
Green Delta 1st Mutual Fund	9/28/2010	6 months	3/28/2011
PHP 1st Mutual Fund	11/29/2010	6 months	5/29/2011
Popular Life 1st Mutual Fund	10/19/2010	6 months	4/19/2011

10% of EBL 1st Mutual Fund shall be locked in for 10 years period.

6.2.3 Preference Shares

STS Holdings Limited	40,000,000	40,000,000	50,000,000
Everest Power Generation Company Limited	-	-	60,000,000
	40,000,000	40,000,000	110,000,000

6.a Remaining maturity grouping of investments

On demand	3,100,900	3,100,900	881,432,554
In not more than one month	-	-	-
In more than one month but not more than three months	-	-	-
In more than three months but not more than one year	2,588,055,228	2,588,055,228	278,305,676
In more than one year but not more than five years	2,563,746,545	2,563,746,545	2,791,752,840
In more than five years	4,672,294,400	4,672,294,400	4,854,814,236
	9,827,197,073	9,827,197,073	8,806,305,306

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	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
7 Loans and advances					
Loans, cash credits, overdrafts, etc.	7.1	54,498,712,055	54,498,712,055	45,643,988,102	
Bills purchased and discounted	7.2	4,108,373,638	4,108,373,638	2,023,999,016	
		58,607,085,693	58,607,085,693	47,667,987,118	
7.1 Loans, cash credits, overdrafts etc.					
<i>Inside Bangladesh</i>					
Loans - general		44,407,692,287	44,407,692,287	39,506,743,657	
Cash credit		3,501,889,761	3,501,889,761	491,267,053	
Overdraft		4,715,234,397	4,715,234,397	5,279,510,475	
<i>Outside Bangladesh</i>					
Loans, cash credits, overdrafts etc.-offshore banking unit		1,873,895,610	1,873,895,610	366,466,917	
		54,498,712,055	54,498,712,055	45,643,988,102	
7.2 Bills purchased and discounted					
<i>Inside Bangladesh</i>					
Local bills		1,002,866,127	1,002,866,127	728,052,463	
Foreign bills/documents		28,147,837	28,147,837	123,948,435	
<i>Outside Bangladesh</i>					
Loans, cash credits, overdrafts etc.-offshore banking unit		3,077,359,674	3,077,359,674	1,171,998,118	
		4,108,373,638	4,108,373,638	2,023,999,016	
7.2.1 Bills purchased and discounted					
(on the basis of the residual maturity grouping)					
Receivable					
Within one month		1,862,814,608	1,862,814,608	666,588,578	
In more than one month but less than three months		2,070,701,839	2,070,701,839	1,289,308,156	
In more than three months but less than six months		174,857,191	174,857,191	68,102,282	
Above six months		-	-	-	
		4,108,373,638	4,108,373,638	2,023,999,016	
7.a Residual maturity grouping of loans and advances including bills purchased & discounted					
Receivable					
On demand		15,721,966,102	15,721,966,102	4,468,537,432	
In more than one month but not more than three months		10,327,341,034	10,327,341,034	14,181,790,831	
In more than three months but not more than one year		14,589,101,664	14,589,101,664	13,195,195,707	
In more than one year but not more than five years		14,983,010,801	14,983,010,801	14,898,527,828	
In more than five years		2,985,666,091	2,985,666,091	923,935,321	
		58,607,085,693	58,607,085,693	47,667,987,118	
7.b Loans and advances on the basis of significant concentration					
7.b.1 Loans and advances to Directors, executives and others					
Advance to Directors and their allied concerns (including Ex-Directors)		14,980,010	14,980,010	15,932,375	
Advances to CEO & Managing Director		2,931,296	2,931,296	3,278,524	
Advances to Other executives and staffs		601,005,031	601,005,031	379,070,990	
Advances to Customers (Group wise)		42,234,633,959	42,234,633,959	36,067,232,426	
Industrial Advances		15,753,535,397	15,753,535,397	11,202,472,803	
		58,607,085,693	58,607,085,693	47,667,987,118	

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Note	Bank		
	Group 2010 Taka	2010 Taka	2009 Taka
7.b.2 Large Loan details (Loans and Advances allowed to each customer exceeding 10% of Bank's total capital)			
*Total loans and advances (in crore)	2,205	2,205	821
Number of customers	29	29	35
Classified amount thereon			
*The amount represents total loans and advances (funded and 50% non funded) to each customer exceeding Tk 112.87 crore which is equivalent to 10% of total capital of the bank (i.e. Tk 1,128.67 crore) as at 31 December, 2010.			
7.b.3 Industry-wise concentration of loans and advances including bills purchased and discounted			
Commercial and Trading	7,745,250,274	7,745,250,274	4,765,767,280
Importer of Commodity	2,762,978,791	2,762,978,791	1,942,927,247
Construction	608,435,142	608,435,142	689,850,254
Edible Oil Refinery Industry	2,072,272,539	2,072,272,539	2,213,095,100
Electronics Goods	1,948,542,163	1,948,542,163	1,175,080,834
Individuals	7,428,150,994	7,428,150,994	5,705,650,553
Pharmaceuticals Industries	1,434,226,526	1,434,226,526	1,752,571,705
Readymade Garments Industry	7,765,288,638	7,765,288,638	6,002,002,274
Ship Breaking Industry	2,365,706,928	2,365,706,928	4,693,889,083
Industries for Steel products	3,610,439,295	3,610,439,295	2,540,581,512
Telecommunication Sector	698,078,471	698,078,471	2,068,205,621
Textile Mills	5,813,805,147	5,813,805,147	4,925,580,401
Power Sector	2,088,920,848	2,088,920,848	-
Others	12,264,989,939	12,264,989,939	9,192,785,255
	58,607,085,693	58,607,085,693	47,667,987,118
7.b.4 Geographical location-wise concentration of loans and advances			
<i>Including bills purchased and discounted</i>			
<i>Inside Bangladesh</i>			
Dhaka Division	38,259,502,285	38,259,502,285	28,685,950,079
Chittagong Division	18,859,455,595	18,859,455,595	17,609,661,823
Sylhet Division	282,074,629	282,074,629	270,862,442
Rajshahi Division	750,119,542	750,119,542	721,617,490
Khulna Division	455,933,642	455,933,642	379,895,283
	58,607,085,693	58,607,085,693	47,667,987,118
<i>Outside Bangladesh</i>			
	58,607,085,693	58,607,085,693	47,667,987,118
7.b.5 Classified, unclassified, doubtful and bad loans & advances			
<i>Unclassified</i>			
Standard (Including Staff Loan)	56,628,677,927	56,628,677,927	44,722,148,035
Special Mention Accounts (SMA)	809,667,079	809,667,079	1,774,162,968
	57,438,345,006	57,438,345,006	46,496,311,003
<i>Classified</i>			
Sub-standard	329,615,156	329,615,156	232,015,847
Doubtful	146,456,640	146,456,640	61,652,676
Bad/Loss	692,668,891	692,668,891	878,007,592
	1,168,740,687	1,168,740,687	1,171,676,715
	58,607,085,693	58,607,085,693	47,667,987,118

Measures taken for recovery of classified loans:

Bank as a whole takes following steps to recover its classified loans and advances.

- i) Sending letters and reminders to customers
- ii) Special assets management department holds discussions with the clients to recover the loans
- iii) Disposal of security through auction
- iv) Legal proceedings and settlement
- v) Negotiation and approval from Head office/Board

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	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
7.b.6 Particulars of loans and advances					
i)	Debts considered good in respect of which the bank is fully secured	46,783,826,809	46,783,826,809	40,715,254,006	
ii)	Debts considered good for which the bank holds no other security than the debtor's personal security	6,872,004,440	6,872,004,440	5,414,268,077	
iii)	Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	-	-	-	
iv)	Debts adversely classified; for which no provision is created				
v)	Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons	53,655,831,250	53,655,831,250	46,129,522,083	
vi)	Debts due by companies and firms in which the directors of the bank have interests as directors, partners or managing agent or in case of private companies as members	618,916,337	618,916,337	398,281,888	
vii)	Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either severally or jointly with any other persons	618,916,337	618,916,337	398,281,888	
viii)	Maximum total amount of advances, including temporary advances, granted during the period to the companies or firms in which the directors of the bank have interests as directors, partners or managing agents or, in case of private companies as members				
ix)	Due from other banking companies	-	-	-	
x)	Information in respect of classified loans and advances				
a)	Classified loans for which interest/profit not credited to income	1,168,740,687	1,168,740,687	1,171,676,115	
(i)	(Decrease)/Increase of provision (specific)	-	-	-	
(ii)	Amount of written off debt against fully provided debts	380,903,975	380,903,975	97,467,966	
(iii)	Amount of debt recovered against the debt which was previously written off	118,288,117	118,288,117	59,286,679	
b)	Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date	492,833,277	492,833,277	697,444,611	
c)	Amount of interest creditable to the interest suspense account	273,601,197	273,601,197	353,074,264	
xii)	Cumulative amount of written off loans:				
	Opening Balance	900,255,783	900,255,783	802,787,817	
	Amount written off during the year	380,903,975	380,903,975	97,467,966	
	Balance of written off loans and advances yet to be recovered	1,281,159,758	1,281,159,758	900,255,783	
7.b.7	Cumulative amount of written off loans for which law suits have been filed (note 7.b.8)	1,722,543,669	1,722,543,669	1,341,639,694	
7.b.8	Details of cumulative amount of written off loans				
	Opening balance	1,341,639,694	1,341,639,694	1,244,171,728	
	During the year	380,903,975	380,903,975	97,467,966	
		1,722,543,669	1,722,543,669	1,341,639,694	
8	Fixed assets including land, building, furniture and fixtures				
	Cost				
	Freehold Land and Land Development	3,141,251,513	3,141,251,513	1,402,930,454	
	Buildings on Freehold land	22,192,280	22,192,280	22,192,280	
	Machinery and Equipment*	508,798,800	503,155,888	406,143,944	
	Furniture and fixtures	229,372,505	223,675,893	203,523,981	
	Vehicles	68,058,641	66,716,336	63,370,336	
	Leased Assets (Finance Lease)	91,591,169	91,591,169	91,591,169	
	Software	75,836,916	74,324,936	16,049,764	
	Total Cost	4,137,101,825	4,122,908,016	2,205,801,928	
	Accumulated depreciation	(510,980,663)	(508,509,101)	(401,752,394)	
	Written down value at 31 December	3,626,121,162	3,614,398,915	1,804,049,534	

* It includes machineries and equipments, computer and network equipments. Detail of these are in "Annexure-A".

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	Note	Group 2010 Taka	Bank 2010 Taka	Bank 2009 Taka
9 Other assets				
Income generating				
Non-Income generating				
Investment in subsidiary-EBL Securities Limited	9.1	-	216,000,000	-
Investment in subsidiary-EBL Investments Limited	9.2	-	299,999,900	-
Receivable from EBL Securities	9.3	314,049	158,625,766	-
Fair value of DSE license Fee	9.4	349,000,000	-	-
Other assets of subsidiaries	9.5	614,830,444	-	-
Stock of stationery		16,130,872	16,130,872	8,514,538
Stamps on hand		826,616	826,616	862,919
Advance to staff for expenses	9.6	1,368,329	1,368,329	261,815
Suspense account	9.7	5,277,572	5,277,572	5,676,338
Advance paid for development of land and building		30,798,489	30,798,489	28,961,032
Security deposits-Govt. agencies		1,921,825	1,921,825	1,921,825
Interest and other receivables		496,127,450	496,127,450	497,103,262
Advance rent and advertisement		210,855,382	210,855,382	165,993,355
Prepaid expenses and other prepayments		79,561,054	79,561,054	99,153,840
Deferred tax assets/(liability)		3,225,587	3,225,587	846,841
Bangladesh Bank clearing account		1,316,193	1,316,193	23,625,140
		1,811,553,862	1,522,035,035	832,920,905
9.1 Investment in subsidiary-EBL Securities Limited				
Eastern Bank Limited entered into an agreement with LRK Securities Limited (currently EBL Securities Limited) ("the subsidiary") on October 15, 2009 and subsequently on approval of Bangladesh Bank vide letter no. BRPD (R-1)717/2009-543 dated 13 December, 2009 acquired 60% of its shares. As per terms and conditions of clause # 4 B (iii) of the agreement EBL deposited Tk. 216,000,000 in an escrow account and finally as per agreement, EBL rights on LRK's shares were established from 1 March, 2010 after completion of payment procedures. Afterward EBL received approval (certificate) from the Securities and Exchange Commission (SEC) to change its name from LRK Securities Limited to EBL Securities Limited.				
9.2 Investment in subsidiary-EBL Investments Limited				
EBL Investments Limited a 99.99% subsidiary of Eastern Bank Limited was incorporated on 30 December 2009 upon receiving consent from SEC to raise its paid up capital of Tk. 300,000,000 on 24 December, 2009. Subsequently EBL management completed disbursement procedure of Tk. 300,000,000 on 26 January, 2010 for EBL Investments Ltd.				
9.3 Receivable from EBL Securities				
Rent receivable		-	6,811,000	-
Receivable-Share selling		314,049	114,314,766	-
Interim cash dividend receivable		-	37,500,000	-
		314,049	158,625,766	-
9.4 The estimated market value of the DSE license is Tk. 34.9 crore as per valuation report provided by S.F. Ahmed and Co. Chartered Accountants.				
9.5 Other assets of subsidiary				
Accounts receivable		582,928,464	-	-
Advances and prepayments		29,543,427	-	-
Withholding tax		1,927,081	-	-
Deferred revenue expenses		431,472	-	-
		614,830,444	-	-
9.6 Advance to staff for expenses				
<i>Due for</i>				
Less than three months		1,162,026	1,162,026	211,815
More than three months but less than six months		129,539	129,539	50,000
More than six months but less than nine months		7,200	7,200	-
More than nine months but less than twelve months		69,564	69,564	-
More than twelve months		-	-	-
		1,368,329	1,368,329	261,815

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	Note	Group 2010 Tk ^a	Bank	
			2010 Tk ^a	2009 Tk ^a
9.7 Suspense account				
				This includes the system related automatic suspense and temporary parking accounts shown as net of debit and credit balances. Net credit balance is shown under other liabilities whereas net debit balance is shown under other assets. These balances are in the process of regular monitoring so that it remains within a non material level.
10 Non-banking assets				
				Eastern Bank Limited was awarded absolute ownership on few mortgaged properties through the verdict of honorable court under section 33(7) of the Arthatirin Adalat Act 2003. These were recorded at Tk. 247,878,000 as non banking assets. Value of the assets received in addition to the loan outstanding has been kept as reserve against non banking assets. Following are the details:
	Name of Parties	Asset type and description		
	Safa Garments	18 Decimal of Land, Tejgaon, Dhaka	8,727,000	8,727,000
	Arshim & Co.	12 Katha of Land, Tejgaon, Dhaka	4,200,000	4,200,000
	M/s Innovative Computer Ltd.	11.25 Decimal of Land, Dhaka	262,000	262,000
	North American Computer-dynamics and organization	6.5 Decimal of Land, Tejgaon, Dhaka	31,600,000	31,600,000
	M/s Bangla Union Steel Ind. Ltd.	192.96 Decimal of Land, Chittagong	57,300,000	57,300,000
	M/s Computer Bazar Network	0.14 acres of Land, Sabujbagh, Dhaka	1,696,000	1,696,000
	Maico Sweater Ltd.	60 Decimal of Land, Narayangong	29,100,000	29,100,000
	Stec Fashions Ltd.	28.03 Decimal of Land, Mirpur, Dhaka	2,321,000	2,321,000
	Royals Paper Store	106.50 Decimal of Land, Dhaka	7,727,000	7,727,000
	Dhaka Electronics	3 Katha of Land, Ramna, Dhaka	26,000,000	26,000,000
	Sabbir Ahmed	6 Decimal of Land, Mirpur, Dhaka	600,000	600,000
	Tri Angle Trading Associates	0.33 Acres of Land, Savar, Dhaka	6,600,000	6,600,000
	M/s Unicorn Bangladesh Ltd.	16.5 Decimal of Land, Dhaka	15,000,000	15,000,000
	HM Yunus	1.84 Acres of Land, Gazipur	55,700,000	55,700,000
	M/s Khan Enterprise	11.50 Decimal of Land, Tutpara, Khulna	1,045,000	1,045,000
			247,878,000	247,878,000
11 Borrowings from other banks, financial institutions and agents				
	<i>In side Bangladesh</i>			
	<i>Payable on demand</i>			
	Bank Al-Falah Limited	-	-	120,000,000
	BRAC Bank Limited	-	-	250,000,000
	Citibank NA	200,000,000	200,000,000	-
	Dutch-Bangla Bank Limited	350,000,000	350,000,000	-
	GSP Finance Limited	120,000,000	120,000,000	-
	Premier Bank Limited	100,000,000	100,000,000	-
	Pubali Bank Limited	-	-	300,000,000
	Rupali Bank	-	-	500,000,000
	Sonali Bank Limited	-	-	1,400,000,000
	State Bank of India	70,000,000	70,000,000	70,000,000
	The Hongkong & Shanghai Banking Corporation	50,000,000	50,000,000	50,000,000
		890,000,000	890,000,000	2,690,000,000
	<i>Term Borrowings</i>			
	Sonali Bank Limited	400,000,000	400,000,000	-
	ICB Islamic Bank Limited	-	-	500,000,000
	Mutual Trust Bank Limited	-	-	200,000,000
	Bangladesh Krishi Bank	-	-	200,000,000
		400,000,000	400,000,000	900,000,000
	<i>Other borrowings</i>			
	ADB Financing for Agri Business Loan to NGOs	-	-	-
	Borrowing from Bangladesh Bank under IPFF	559,300,000	559,300,000	408,000,000
	Borrowing from Offshore Banking Unit	356,396,838	356,396,838	692,667,000
	EBL Revolving A/C Loan to ASA	-	-	969,720,193
	EDF-Borrowing from BB	1,370,680,875	1,370,680,875	168,481,119
	Refinancing for Agrobased Industries from Bangladesh Bank	2,498,617,932	2,498,617,932	1,510,928,984
	Other borrowing - Offshore Banking Unit	3,138,079,375	3,138,079,375	1,494,788,962
	<i>Out Side Bangladesh</i>			
		7,923,075,020	7,923,075,020	5,244,586,258
	Total	9,213,075,020	9,213,075,020	8,834,586,258

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	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
11.a Remaining maturity grouping of Borrowings					
Payable					
On demand		890,000,000	890,000,000	2,690,000,000	
In not more than one month		-	-	400,000,000	
In more than one month but not more than three months		2,988,134,871	2,988,134,871	1,192,667,000	
In more than three months but not more than one year		3,429,213,664	3,429,213,664	1,663,270,081	
In more than one year but not more than five years		1,289,206,365	1,289,206,365	2,133,599,191	
In more than five years		616,520,120	616,520,120	755,049,986	
		9,213,075,020	9,213,075,020	8,834,586,258	
12 Deposits and other accounts					
Current deposits and other accounts, etc.	12.1	5,519,912,500	5,522,402,626	4,917,155,904	
Bills payable	12.2	1,079,503,680	1,079,503,680	1,192,855,487	
Savings bank deposits	12.3	12,853,595,212	12,853,595,212	9,797,294,072	
Fixed deposits	12.4	36,630,144,417	36,947,476,998	33,259,986,755	
Bearer certificates of deposits	12.5	22,250,000	22,250,000	22,250,000	
		56,105,405,809	56,425,228,516	49,189,542,218	
12.1 Current deposits and other accounts					
Current deposits	12.1.1	2,432,509,182	2,434,999,308	1,891,180,194	
Sundry deposits (Margin on LC, LG, acceptance etc.)		2,201,598,828	2,201,598,828	1,938,370,641	
Matured deposits		4,082,791	4,082,791	20,225,371	
Interest accrued on deposits		841,222,968	841,222,968	1,038,219,791	
Current deposit-Offshore Banking Unit		40,498,731	40,498,731	29,159,908	
		5,519,912,500	5,522,402,626	4,917,155,904	
12.1.1 Current deposits					
Local currency		2,185,196,760	2,187,686,886	1,647,741,965	
Foreign currency		247,312,422	247,312,422	243,438,228	
		2,432,509,182	2,434,999,308	1,891,180,194	
12.2 Bills payable					
Local currency		674,441,515	674,441,515	1,190,472,509	
Foreign currency		405,062,165	405,062,165	2,382,978	
		1,079,503,680	1,079,503,680	1,192,855,487	
12.3 Savings bank deposits					
Saving deposits		4,001,185,473	4,001,185,473	3,680,142,391	
EBL SB insurance account		-	-	9,150	
High performance deposit-retail		5,170,218,057	5,170,218,057	4,225,842,377	
EBL campus account		6,590,465	6,590,465	6,863,651	
EBL interesting account		2,161,210,575	2,161,210,575	931,186,811	
EBL confidence		895,340,857	895,340,857	487,577,151	
Salary account deposits		112,329,961	112,329,961	91,065,970	
Monthly deposit plan (MDP)		274,778,657	274,778,657	339,745,481	
EBL Sonchoy		20,463,997	20,463,997	7,864,402	
EBL Paribar		1,755,178	1,755,178	384,827	
EBL Secure		122,615,619	122,615,619	26,611,860	
EBL Global		58,662,094	58,662,094	-	
EBL Global GBP		4,558,586	4,558,586	-	
EBL RFCD		22,036,253	22,036,253	-	
Unclaimed savings deposit		1,849,440	1,849,440	-	
		12,853,595,212	12,853,595,212	9,797,294,072	
12.4 Fixed deposits					
Short term deposits		9,922,053,708	10,239,386,289	8,617,189,386	
Term deposits		26,688,972,550	26,688,972,550	24,557,028,401	
Non resident foreign currency deposits		19,118,159	19,118,159	85,768,968	
		36,630,144,417	36,947,476,998	33,259,986,755	

12.5 Issuance of Bearer Certificate of deposits has been discontinued as per BRPD Circular No. 09 dated 20 October 2002.

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	Note	Group		Bank	
		2010	Taka	2010	Taka
					2009
12.a Deposits from banks-inside Bangladesh					
Other than banks	12.a.1	3,572,912		3,572,912	120,479,253
		56,101,832,897		56,421,655,604	49,069,062,965
		56,105,405,809		56,425,228,516	49,189,542,218
12.a.1 Deposits from banks					
In short term deposits accounts with					
Janata Bank Limited		40,287		40,287	40,085
National Bank Limited		132,678		132,678	128,416
ONE Bank Limited		3,141,355		3,141,355	3,016,902
Southeast Bank Limited		29,361		29,361	194,383
IFIC Bank Limited		-		-	113,935,461
Mercantile Bank Limited		21,787		21,787	22,062
Dhaka Bank Limited		88,880		88,880	87,338
Standard Bank Limited		118,566		118,566	3,054,605
		3,572,912		3,572,912	120,479,253
12.b Residual maturity grouping of Deposits-main and Offshore Banking Unit					
From banks					
Payable:					
On demand		-		-	-
Within one month		3,572,912		3,572,912	120,479,253
In more than one month but less than six months		-		-	-
In more than six months but less than one year		-		-	-
In more than one year but within five years		-		-	-
In more than five years but within ten years		-		-	-
		3,572,912		3,572,912	120,479,253
From other than banks					
Payable:					
On demand		5,519,912,500		5,522,402,626	1,891,180,194
Within one month		2,562,723,267		2,562,723,267	5,371,965,566
In more than one month but less than six months		21,844,608,557		22,161,941,138	18,373,255,670
In more than six months but less than one year		20,714,577,851		20,714,577,851	20,378,774,214
In more than one year but within five years		5,459,830,958		5,459,830,958	2,481,671,067
In more than five years but within ten years		179,764		179,764	572,216,256
		56,101,832,897		56,421,655,604	49,069,062,965
		56,105,405,809		56,425,228,516	49,189,542,218
Unclaimed deposit aging 10 years or more					
		2,542,766		2,542,766	2,697,100
13 Other liabilities					
Privileged creditors	13.1	194,535,568		194,535,568	133,351,131
Acquirer liabilities	13.2	9,664,199		9,664,199	30,816,738
Sundry creditors		138,046,350		137,988,850	205,145,599
Security deposit		18,608,733		18,608,733	8,383,875
Exchange equalization account	13.3	-		-	22,628,988
Current tax liability/(assets)	13.4	927,284,348		900,234,007	725,539,311
Provision for loans and advances	13.5	1,717,948,042		1,717,948,042	1,632,107,852
Interest suspense account	13.6	273,601,197		273,601,197	353,074,264
Provision for other assets	13.7	2,768,103		2,768,103	179,000
Provision for revaluation of shares	13.8	27,024,575		27,024,575	588,184
Advance interest/commission received		22,429,762		22,429,762	40,646,703
Expenses payable		201,134,808		201,134,808	141,500,895
Inter branch and inter system accounts	13.9	790,255		790,255	1,230,950
Advance export proceeds		258,942,629		258,942,629	-
Miscellaneous payable	13.10	543,751,607		543,751,607	117,729,771
Conversion balance	13.11	361,564		361,564	-
Other liabilities-Offshore Banking Unit		21,948,922		21,948,922	4,534,364
Other liabilities of subsidiaries	13.12	554,273,290		-	-
		4,913,113,952		4,331,732,822	3,417,457,625

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	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
13.1	Privileged creditors				
	Three major categories of government dues are reported.				
	Tax deducted at source, VAT and Excise duty payable to govt. exchequer.				
	Tax deducted at source (TDS)	107,978,334	107,978,334	72,631,850	72,631,850
	VAT deducted from different parties	18,837,843	18,837,843	47,196,566	47,196,566
	Excise duty deducted from customer accounts	67,719,391	67,719,391	13,522,715	13,522,715
		194,535,568	194,535,568	133,351,131	133,351,131
13.2	Acquirer liabilities				
	These liabilities are of temporary nature arisen from debit and credit card transactions. Transactions are settled next day with relevant parties and reconciled monthly. Major balance include 'Acquirer Cash' which is a liability to relevant parties arisen due to withdrawal of cash by EBL cardholders from Q-Cash ATMs (Not owned by EBL):				
	Prepaid card liability	13,247,509	13,247,509	10,403,666	10,403,666
	Others	(3,583,310)	(3,583,310)	20,413,072	20,413,072
		9,664,199	9,664,199	30,816,738	30,816,738
13.3	According to BRPD circular no. 15 dated 26 April 2010, amount in exchange equalization account has been presented in the profit and loss account under extraordinary income category.				
13.4	Current tax liability/(assets)				
	Provision for tax				
	Opening balance	1,535,630,549	1,535,630,549	2,796,080,988	2,796,080,988
	Settlement/adjustments for previous years	(1,283,105,154)	(1,283,105,154)	(2,512,153,298)	(2,512,153,298)
	Provision for tax made during the year	13.4.1	1,597,050,341	1,570,000,000	1,251,702,859
			1,849,575,736	1,822,525,395	1,535,630,549
	Balance of income tax paid				
	Opening balance	810,091,238	810,091,238	2,170,377,177	2,170,377,177
	Settlement/adjustments for previous years	(1,283,105,154)	(1,283,105,154)	(2,512,153,298)	(2,512,153,298)
	Paid during the year	1,395,305,304	1,395,305,304	1,151,867,359	1,151,867,359
		922,291,388	922,291,388	810,091,238	810,091,238
			927,284,348	900,234,007	725,539,311
	Provision for Current tax has been made on profit before tax considering major allowances and disallowances as per ITO 1984 using the Tax rate 42.5% as per Finance Act 2010				
13.4.1	Provision for tax made during the year				
		1,597,050,341	1,570,000,000	1,251,702,859	1,251,702,859
		1,597,050,341	1,570,000,000	1,251,702,859	1,251,702,859
13.4.a	Income tax expenses				
	Current tax expenses:				
	Current year		1,535,940,910	1,251,702,859	1,251,702,859
	Adjustment for prior year		31,402,295	-	-
	Total income tax expenses		1,567,343,205	1,251,702,859	1,251,702,859
13.4.b	Reconciliation of effective tax				
		2010		2009	
		%	Taka	%	Taka
	Profit before income tax as per profit and loss account	-	3,992,474,019	-	2,700,698,662
	Income tax using the domestic corporate tax rate @ 42.5%	42.5%	1,696,801,458	42.50%	1,147,796,931
	Factors affecting the tax charge for current period				
	Non deductible expenses	7.73%	308,505,221	7.13%	192,436,551
	Tax exempt income	-5.01%	(200,060,909)	-1.95%	(52,797,203)
	Tax savings from reduced tax rates from dividend	-0.60%	(23,958,615)	-0.16%	(4,331,124)
	Tax savings from reduced tax rates from capital gain	-6.15%	(245,346,245)	-	-
	Tax incentives	-	-	-	-
	Recognition of previously unrecognised tax losses	-	-	-	-
	Under provided in prior years	0.79%	31,402,295	-	-
	Total income tax expenses	39.26%	1,567,343,205	47.52%	1,283,105,154

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Note	Group		Bank	
	2010 Tk ^a	2009 Tk ^a	2010 Tk ^a	2009 Tk ^a
13.4.c Deferred tax assets/(liabilities)				
Deferred tax assets/(liabilities) have been recognised and measured in accordance with the provision of BAS-12: Income Taxes.				
Carrying amount of the assets	473,147,401	401,247,983		
Tax base	480,737,018	403,240,549		
Difference	(7,589,617)	(1,992,566)		
Tax rate	42.50%	42.50%		
Deferred tax assets/(liabilities)	3,225,587	846,841		
Opening deferred tax liabilities	846,841	(4,699,032)		
Deferred tax income to be charged in profit and loss account	2,378,746	5,545,873		

13.4.2 The Bank filed an appeal to Commissioner of Taxes (Appeal) against the order (dated 30 June 1998) of Deputy Commissioner of Taxes disallowing set off and carry forward of losses (Tk 2,436,053,918) of BCCI Overseas Limited, predecessor of Eastern Bank Limited. The Commissioner of Taxes allowed the set off and carry forward of mentioned losses in his order (Order no. 728/Co.-20/Tax area-7/98-99) dated 21 June 1999 and subsequently gave a revised order dated 19 September 1999 disallowing the losses. The bank filed second appeal to Appellate Tribunal of Taxes against this order. Appellate Tribunal in its verdict dated 10-06-2001 ordered to restore the first order of Commissioner of Taxes given in favour of the bank. Meanwhile the Deputy Commissioner office filed a reference application no. 181 of 2001 before the honorable High Court Division challenging the Tribunals' order. Hearing of the reference application case is still pending. The Bank management feels that the High Court's order will be given in favour of the Bank.

13.5 Provision for loans and advances

A) Specific provision against loans and advances

Opening balance	756,407,619	756,407,619	692,374,800
Fully provided debts written off during the year	(277,895,392)	(277,895,392)	(54,999,743)
Recovery of amounts previously written off	-	-	-
Specific provision for the year	132,169,073	132,169,073	130,958,500
Provision released or no longer required	-	-	(11,927,157)
Provision held at the end of the year	610,681,300	610,681,300	756,407,619

B) General provision against unclassified loans and advances
Opening balance
Provision made during the year for loans and advances
C) General provision against contingent assets (1%)

Opening balance	161,884,904	161,884,904	171,493,532
Provision during the year for contingent assets	109,214,95	109,214,95	(9,608,528)
	271,096,399	271,096,399	161,884,904
D) General provision against unclassified loans and advances of OBU during the year			
Total (A+B+C+D)	28,241,680	28,241,680	16,951,569
	1,717,948,042	1,717,948,042	1,632,107,852

13.5.1 Calculation of provision for loans and advances as per CL December 2010 (excluding provision for contingent assets)

Nature	Outstanding	Interest suspense	Eligible securities	Base for provision	Required provision	Actual provision
Standard	56,024,741,600	35,558,124	-	56,024,741,600	800,925,132	800,925,132
SMA	809,667,079	104,767,743	-	704,899,336	35,245,211	35,245,211
SS	329,615,156	27,944,608	18,304,727	287,329,241	57,466,650	57,466,650
DF	146,456,640	22,526,398	3,724,219	120,762,745	60,381,373	60,381,373
BL	692,668,891	76,466,883	127,600,500	492,833,277	492,833,277	492,833,277
Staff loan	603,937,168	-	-	-	-	-

13.6 Interest suspense account

Opening balance	353,074,264	353,074,264	259,476,684
Amount transferred during the year	509,331,373	509,331,373	1,045,826,359
Amount recovered during the year	(503,229,063)	(503,229,063)	(949,609,842)
Amount written off during the year	(85,575,377)	(85,575,377)	(2,618,938)
Balance at the end of the year	273,601,197	273,601,197	353,074,264

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	Note	Group		Bank	
		2010 Tk ^a	2010 Tk ^a	2009 Tk ^a	2009 Tk ^a
13.7 Provision for other assets					
Opening balance			179,000	179,000	179,000
Provision made during the year			2,589,103	2,589,103	-
Adjustment made during the year			-	-	-
		2,768,103	2,768,103	179,000	
13.8 Provision for revaluation of shares					
Provision has been kept according to BRPD Circular No. 14 dated 25 June 2003.					
13.9 Inter branch and Inter system accounts					
There is one unreconciled item in the Inter branch and Inter system account as on the reporting date and it is under the reconciliation process.					
13.10 Miscellaneous payable					
Sale of savings certificate and WEDB			1,024,914	1,024,914	39,064,886
Imprest account (cash subsidy payable)			-	-	58,523,381
Unclaimed Instruments			2,542,766	2,542,766	2,697,100
Others			540,183,926	540,183,926	17,444,404
		543,751,607	543,751,607	117,729,771	
13.11 Conversion balance					
This balance of Tk. 361,564 evolved at the time of system migration from Flexcube to UBS (Universal Business Solution-an upgraded version of former flexcube). Upto September 2010, this balance was Tk. 6,331,328. Basically this balance was created while uploading contracts (both loan and deposit) and GL balances in UBS. This balance shall be eliminated as soon as appropriate point of differences are sorted out.					
13.12 Other liabilities of subsidiaries					
<i>Other liabilities of EBL Securities</i>					
Accounts payable			300,086,891	-	-
Liabilities for expenses			11,550,360	-	-
Others liabilities			65,818,647	-	-
Noncurrent liabilities			335,129,109	-	-
		712,585,007			
Less: Inter-company transactions elimination					
Rent receivable			(6,811,000)	-	-
Receivable-Share selling			(14,000,717)	-	-
Interim dividend receivable			(37,500,000)	-	-
		(158,311,717)			
Net other liabilities			554,273,290		
13.a Provision for Nostro Reconciliation					
		As per our book (GL)		As per their book (statement)	
		Debit (USD)	Credit (USD)	Debit (USD)	Credit (USD)
Up to three months		3,760,000	4,045,252	4,113,695	5,313,493
More than three months but less than six months		-	38,860	3,699	43,263
More than six months but less than nine months		-	3,750	-	-
More than nine months but less than twelve months		-	4,650	-	-
More than twelve months		-	-	-	-
Total		3,760,000	4,092,512	4,117,393	5,356,756
14 Share Capital					
A) Authorized capital					
1,200,000,000 ordinary shares of Tk 10 each			12,000,000,000	12,000,000,000	3,300,000,000
B) Issued, subscribed and fully paid up capital					
		2010 No. of Shares	2009 No. of shares		
Issued against cash		129,345,000	129,345,000	1,293,450,000	1,293,450,000
Issued against bonus share*		162,736,140	120,297,000	1,627,361,400	1,627,361,400
		292,081,140	249,642,000	2,920,811,400	2,496,420,000

*During 2010 total 42,439,140 number of shares were issued as stock dividend.

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Note	Group		Bank	
	2010 Taka	2010 Taka	2009 Taka	2009 Taka

14.1 Slab wise list as at 31 December 2010

In terms of the clause (cha) of the Memorandum of Association and Article # 4 of the Articles of Association of the Bank and clause 4 of the Scheme of Reconstruction, the Authorised Capital of the Bank was Tk 12,000,000,000 divided into 1,200,000,000 ordinary shares of Tk 10 each. The issued, subscribed and fully paid up capital of the bank is Tk 2,920,811,400 divided into 292,081,140 ordinary shares of Tk 10 each. Subject to above conditions the break up of issued, subscribed and paid up capital of Tk 2,920,811,400 as on 31 December 2010 is as follows

Shareholders' group	No. of shares	(%) of share holding	Taka
Directors	10,026,490	3.43%	100,264,900
General public	253,514,160	86.80%	2,535,141,600
Financial institutions	28,540,490	9.77%	285,404,900
Total	292,081,140	100%	2,920,811,400

Status of shareholding (shares of EBL) as on 31 December 2010 by CEO, CFO, Head of Internal Control and Compliance, Company Secretary and top five salaried executives is shown in the following table:

Name	Designation	Shareholding position
Ali Reza Iftekhar	Managing Director and CEO	-
Md. Fakhru Alom	DMD-Corporate and Treasury	140
Muklesur Rahman	DMD-Consumer Banking	-
Safiar Rahman	SEVP & Company Secretary	-
Mahbubul Alam Tayyab	SEVP & Head of Internal Control and Compliance	50
Syed Rafiqul Haq	SEVP & Area Head Corporate Banking, Dhaka	178
Malick Mustique Reza	EVP & Head of Finance	-
Abu Rakib Md. Saduzzaman	EVP & Unit Head, Corporate Banking, Dhaka	-
Akhtar Karmal Talukder	EVP & Head of Special Assets (Corporate)	11,920

Shares held by any shareholder to the extent of 10% or more NIL.

A range wise distribution schedule of the above shares is given below as required by the regulation 37 of the Listing Regulations of Dhaka Stock Exchange Limited:

Range	No. of shareholders	No. of shares	(%) of share holding
001-500	6,805	1,206,976	0.41%
501-5,000	3,574	5,404,406	1.85%
5,001-10,000	272	2,028,650	0.69%
10,001-20,000	196	2,882,504	0.99%
20,001-30,000	80	2,020,420	0.69%
30,001-40,000	40	1,415,430	0.48%
40,001-50,000	38	1,764,320	0.60%
50,001-100,000	92	6,600,879	2.26%
100,001 and above	187	268,757,555	92.01%
	11,284	292,081,140	100.00%

14.2 Capital adequacy ratio (BASEL II)

Tier - I (Core capital)

Paid up capital	2,920,811,400	2,920,811,400	2,496,420,000
Statutory reserve	2,725,521,942	2,725,521,942	1,927,039,732
General reserve	725,621,512	725,621,512	717,443,724
Dividend equalization reserve	356,040,000	356,040,000	356,040,000
Retained earnings	1,669,294,774	1,646,838,196	944,206,009
Non controlling Interest in subsidiaries	150,970,258	-	-
	8,548,259,887	8,374,833,051	6,441,149,466

Tier -II (Supplementary capital)

General provision against Unclassified loans and contingent assets	1,057,539,129	1,057,539,129	858,748,664
Exchange equalization account	-	-	22,628,988
Reserve for amortization of treasury securities-HTM (50%)	-	-	11,478,098
Revaluation Reserve for Securities up to 50%	411,625,984	411,625,984	408,920,053
Assets Revaluation Reserves up to 50%	1,442,734,772	1,442,734,772	573,603,325
	2,911,899,885	2,911,899,885	1,875,379,128

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Note	Group		Bank	
	2010 Taka	2009 Taka	2010 Taka	2009 Taka
Tier -III (Additional Supplementary capital)				
A. Total capital		11,460,159,772	11,286,732,935	8,316,528,594
B. Total risk weighted assets		104,977,715,278	104,439,531,212	73,315,682,791
C. Required capital based on risk weighted assets (9% for 2010 and 10% for 2009 on B)		9,447,994,375	9,399,557,809	7,331,568,279
D. Surplus/(deficiency) [A - C]		2,012,165,397	1,887,175,126	984,960,315
Capital adequacy ratio				
	Minimum requirement		Group (Actual)	
	2010	2009	2010	2009
On core capital	4.5%	5%	8.14%	8.79%
On supplementary capital	Not specified	Not specified	2.77%	2.56%
On additional supplementary capital	Not specified	Not specified	-	-
On total capital	9%	10%	10.92%	11.34%
15 Statutory reserve				
Opening balance		1,927,039,732	1,927,039,732	1,386,900,000
Transferred from profit during the year		798,482,210	798,482,210	540,139,732
Closing balance		2,725,521,942	2,725,521,942	1,927,039,732
16 Dividend equalization reserve				
Opening balance		356,040,000	356,040,000	356,040,000
Transferred from profit during the year		-	-	-
Closing balance		356,040,000	356,040,000	356,040,000
According to BRPD Circular No. 18 dated 20 October 2002, in case of declaring cash dividend at higher rate i.e., beyond 20%, a sum equal to the amount of dividend in excess of 20% shall have to be transferred to the Dividend Equalization Account which shall be treated as 'Core Capital' of the bank.				
17 Reserve against pre-takeover loss				
Opening balance		1,554,759,750	1,554,759,750	1,554,759,750
Adjustment during the year		-	-	-
Closing balance		1,554,759,750	1,554,759,750	1,554,759,750
This represents the amount deducted from depositors and other accounts of customers of erstwhile BCCI branches in Bangladesh under clause 11(3) of the Scheme. In accordance with clause 14 of the Scheme, a review was carried out of the recovery made against the BCCI assets in 1997 and it was concluded that no repayment of the deductions need to be made to the depositors of BCCI as per the Scheme. As this provision is no longer required it therefore has been shown as reserve against pretake over loss (Note-18).				
18 Pre-take over loss				
Assets and liabilities of erstwhile BCCI which were not previously considered while calculating 'Pre-take over loss' and were reported with similar class of assets and liabilities of EBL, have been bundled with 'Pre-take over loss' during 2008 with retrospective effect in 2007.				
Opening balance		(997,316,025)	(997,316,025)	(1,019,763,617)
Recoveries during the year		8,177,787	8,177,787	22,447,592
Closing balance		(989,138,238)	(989,138,238)	(997,316,025)
19 Assets revaluation reserve				
Opening balance		913,678,854	913,678,854	405,015,050
Addition during the year	19.1	1,738,262,896	1,738,262,896	508,663,804
		2,651,941,750	2,651,941,750	913,678,854

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	Location	Area of Land	Value before revaluation	Bank	
				Note	Group 2010 Taka
19.1				2010 Taka	2009 Taka
	1. Plot# 364/A, Block#E, Bashundhara R/A, Dhaka	132 decimal	360,000,000	560,000,000	200,000,000
	2. Plot#19, Block#A, Bashundhara R/A, Dhaka	8.25 decimal	52,418,163	62,500,000	10,081,837
	3. Purbachol, Kaliganj, Gazipur	140.5 decimal	35,125,000	76,636,362	41,511,362
	4. Plot#05, Block#CES (A), New 100 Gulshan Avenue, Dhaka	43.312 decimal	787,490,909	1,837,478,788	1,049,987,879
	5. 33, Agrabad, Chittagong	22.17 decimal	167,954,545	604,636,363	436,681,818
	Total		1,402,988,617	3,141,251,513	1,738,262,896
20	Treasury bill amortization reserve (HTM)				
	Balance at the beginning of the year		22,956,196	22,956,196	26,212,662
	Addition during the year		-	-	5,840,964
	Adjustment made during the year		(22,956,196)	(22,956,196)	(9,097,431)
	Closing balance		-	-	22,956,196
	As per instruction/circular of Bangladesh Bank (DOS circular Letter No 05 dated 26 May 2008).				
21	Reserve for building fund				
	Balance at the beginning of the year		60,000,000	60,000,000	60,000,000
	Addition during the year		-	-	-
	Transferred to general reserve		(60,000,000)	(60,000,000)	-
	Closing balance		-	-	60,000,000
22	General reserve				
	Balance at the beginning of the year		100,000,000	100,000,000	100,000,000
	Amount transferred from building fund		60,000,000	60,000,000	-
	Adjustment made during the year		-	-	-
	Balance at the end of the year		160,000,000	160,000,000	100,000,000
23	Profit and loss account/retained earnings				
	Opening balance		944,206,009	944,206,009	445,874,068
	Profit for the year		2,484,746,373	2,424,789,795	1,454,541,675
	Transfer to statutory reserve		(798,482,210)	(798,482,210)	(540,139,732)
	Bonus share issued		(424,391,400)	(424,391,400)	(416,070,000)
	Cash dividend paid		(499,284,000)	(499,284,000)	-
	Dividend received from subsidiary		(37,500,000)	-	-
	Closing balance		1,669,294,774	1,646,838,196	944,206,009
24	Non controlling Interest				
	A) Non controlling Interest-EBL Securities Limited		150,970,154	-	-
	B) Non controlling Interest-EBL Investments Limited		104	-	-
			150,970,258	-	-
	A) Non controlling Interest-EBL Securities Limited				
	<u>Calculation Model: 1</u>				
	Non controlling interest @ 40% on opening fair value of net assets	24.1	146,514,835	-	-
	Non controlling interest on net profit carried forward to retained earnings	24.2	4,455,319	-	-
			150,970,154	-	-

Eastern Bank Limited and its subsidiaries
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	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
24.1 Opening net assets of subsidiary					
Total assets (as per audited Financial statements as on 28 February 2010)		274,136,265		-	-
External liabilities		256,843,178		-	-
Book value of net assets		17,293,087		-	-
Add: Fair value adjustment	24.1.1	348,994,000		-	-
Fair value of opening net assets		366,287,087		-	-
Non controlling interest @ 40% on opening fair value of net assets		146,514,835		-	-
24.2 Net profit for the period from 1 March 2010 to 31 December 2010		73,638,298		-	-
Non controlling interest @ 40% on net profit		29,455,319		-	-
Less: Non controlling interest on interim dividend	24.2.2	(25,000,000)		-	-
Non controlling interest on net profit carried forward to retained earnings		4,455,319		-	-
24.1.1 Fair value adjustment					
Fair value of DSE license	9.4	349,000,000		-	-
Book value of DSE license		6,000		-	-
Fair value adjustment		348,994,000		-	-
24.2.2 The Board of Directors of EBL Securities Limited decided to declare 500% interim cash dividend of Tk 62,500,000 which shall be adjusted with final dividend after completion of the year end audit.					
Calculation Model: 2					
Book value of closing total assets		760,865,923		-	-
Book value of closing external liabilities		732,434,537		-	-
Book value of closing net assets		28,431,386		-	-
Fair value adjustment	24.1.1	348,994,000		-	-
Fair value of closing net assets		377,425,386		-	-
Non controlling interest @ 40%		150,970,154		-	-
B) Non controlling Interest-EBL Investments Limited					
Book value of closing total assets		317,332,581		-	-
Book value of closing external liabilities		6,535,655		-	-
Book value of closing net assets		310,796,926		-	-
Non controlling interest @ 0.00003%		104		-	-
25 Contingent liabilities					
Acceptance and endorsements (net)	25.1	10,153,867,598	10,153,867,598	7,360,398,666	
Letters of guarantee	25.2	3,757,852,285	3,757,852,285	2,297,184,757	
Irrevocable letters of credit (net)	25.3	13,197,919,990	13,197,919,990	6,530,906,897	
Bills for collection		813,048,004	813,048,004	495,419,992	
		27,922,687,877	27,922,687,877	16,683,910,312	
25.1 Acceptance and endorsements (net)					
Acceptances		4,506,271,613	4,506,271,613	3,800,090,011	
Acceptances-Usance LC-Cash		7,232,880,471	7,232,880,471	4,951,776,610	
Margin on acceptance		(1,585,284,486)	(1,585,284,486)	(1,391,467,955)	
		10,153,867,598	10,153,867,598	7,360,398,666	
25.2 Letters of guarantees (net)					
Directors		1,094,180	1,094,180	1,094,180	
Government		7,790,268	7,790,268	7,790,268	
Banks and other financial institutions		377,542,827	377,542,827	181,849,310	
Others (Customers etc.)		3,592,336,886	3,592,336,886	2,256,742,717	
Margins		3,978,764,161	3,978,764,161	2,447,476,475	
		(220,911,876)	(220,911,876)	(150,291,718)	
		3,757,852,285	3,757,852,285	2,297,184,757	

25.2.1 A case was filed by Eastern Bank Limited, successor of BCCI Overseas Limited against National Bank Ltd (NBL) for issuing guarantee at Artha Rin Adalat - 3, Dhaka, which has been decreed against NBL on 04 January 2004 for Tk 27,366,450 plus interest @ 18% p.a. amounting to Tk 45,565,139 from 01 October 1994 to 31 December 2003 making an aggregate amount of Tk 72,931,589. Against the decreed amount, NBL has made an appeal against the order which is still pending with the Honorable High Court, Dhaka. Before filing the appeal NBL has paid Tk 13,683,225 to the court being 50% of the principal decreed amount.

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Note	Group 2010 Taka	Bank	
		2010 Taka	2009 Taka
25.3 Irrevocable letters of credit (net)			
Letters of credit	13,562,025,073	13,562,025,073	6,897,050,976
Less: Margin on LC	(376,191,396)	(376,191,396)	(383,373,997)
Letters of credit-Offshore Banking Unit	13,185,833,677 12,086,313 13,197,919,990	13,185,833,677 12,086,313 13,197,919,990	6,513,676,979 17,229,918 6,530,906,897
25.4 Workers' profit participation fund (WPPF)			
As per Bangladesh Labour Act 2006 and SRO no. 336/Law/2010, all companies falling within the scope of WPPF are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. Bank obtained opinion from its legal advisor regarding this issue which stated that the Bank was not required to make provision for WPPF as Bank was not within the scope of WPPF. As such the Bank did not make any provision during the year for WPPF.			
26 Interest income			
Interest on advances	6,168,192,849	6,168,192,849	5,781,552,252
Interest on money at call and short notice	37,101,778	37,101,778	28,694,401
Interest on placement with other banks and Financial Institutions	602,373,437	583,102,625	367,709,520
Interest on foreign currency balances	5,470,118	5,470,118	8,207,018
Interest income-Offshore Banking Unit	182,589,486 6,995,727,668	182,589,486 6,996,456,856	30,049,086 6,216,212,276
27 Interest paid on deposits and borrowings			
Interest on deposits	3,408,645,379	3,408,645,379	3,632,553,020
Interest on borrowings	496,881,672	488,622,442	184,474,103
Interest on REPO	51,747,659	51,747,659	63,458,157
Interest paid on deposits and borrowings-Offshore Banking Unit	53,987,819 4,011,262,529	53,987,819 4,003,003,299	18,595,029 3,899,080,308
28 Income from investments			
Dividend on shares	57,623,487	57,623,487	4,757,899
Ordinary shares	11,359,247	11,359,247	14,491,542
Preference shares	68,982,734	68,982,734	19,249,441
Interim dividend from EBL Securities Limited	37,500,000	37,500,000	-
Interest on Bangladesh Bank bills	-	-	-
Reverse REPO	3,837,816	3,837,816	2,350,000
Interest on debentures	5,540,565	5,540,565	6,485,959
Interest on treasury bills	-	-	5,769
Gain from trading in Govt. securities	29,437,824	29,437,824	160,486,255
Gain/(loss) on reclassification/revaluation of treasury securities (HFT)*	(195,256,041)	(195,256,041)	(62,409,766)
Bonds	874,626,530	874,626,530	802,756,084
Zero coupon bonds	-	-	939
Gain or (loss) on shares traded in secondary market	1,225,643,074 2,050,312,502	1,225,643,074 2,050,312,502	26,152,226 955,076,907
*As per instruction/circular of Bangladesh Bank (DOS circular Letter No 05 dated 26 May 2008).			
29 Commission, exchange and brokerage			
Fees and commission	940,221,287	810,519,482	813,068,564
Exchange gain net off exchange losses	404,453,296	404,453,296	399,305,125
Brokerage	-	-	-
Commission, exchange and brokerage-Offshore Banking Unit	769,023 1,345,443,607	769,023 1,215,741,801	557,678 1,212,931,368
30 Other operating income			
Rebate earnings	30,222,243	30,222,243	32,531,765
Telex charges recovered	59,600	59,600	516,373
Postage charges recovered	10,366,332	10,366,332	12,430,979
Service charges related to trade operations	7,788,437	7,788,437	5,633,047
Swift charges	25,674,710	25,674,710	27,697,074
Recovery from written off loans	118,288,117	118,288,117	59,286,679
Locker rent	6,034,455	6,034,455	5,932,186
Miscellaneous	22,271,975	22,271,975	476,528
Other operating income-Offshore Banking Unit	506,922 221,212,790	506,922 221,212,790	507,102 145,011,733

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	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
31	Salary and allowances				
	Basic salary	381,019,473	372,397,857	255,698,889	
	Allowances	538,213,831	538,213,831	411,411,150	
	Festival bonus	61,275,986	60,670,274	42,308,678	
	Performance bonus	100,000,000	100,000,000	70,000,000	
	Bank's contribution to provident fund	34,457,372	34,457,372	23,542,481	
	Contribution to gratuity fund	31.1	38,641,643	38,641,643	28,810,865
	Contribution to superannuation fund	31.2	8,143,116	8,143,116	38,474,361
		1,161,751,421	1,152,524,093	870,246,424	

31.1 Contribution to gratuity fund

Provision to gratuity fund was made as recommended by Actuary in actuarial valuation report of the fund as on 30 November 2010. Valuation was carried out on "Projected unit credit method" as recommended in Bangladesh Accounting Standard (BAS) 19 "Employee Benefits". Under this method the valuation considered both "future service cost" which an employee shall obtain in normal course of service and on "past service cost" which is the difference between assets which have been built up from past contributions and accrued liabilities (i.e. benefits earned by members as a result of service as of valuation date).

Results of the valuation

a) The continuing fund

Past service position

Value of liabilities in respect of members in service	321,718,000
Value of fund	105,766,000
Deficit	215,952,000

Required contribution rates

Past service	3.13%
Future service	12.55%
Of the total basic payroll	15.68%

The above percentages apply to the basic payroll of all employees entitled to benefits under the employee gratuity fund.

b) The closed fund

If the fund is discontinued as at the date of valuation and benefits are paid as and when they fall due the financial position would be as follows:

Value of liabilities	133,166,000
Value of fund	105,766,000
Deficit	27,400,000

Finally, Actuary recommended that with effect from 1 December 2010 a contribution of at least 15.68% of basic payroll is to be paid into the fund each year until the next actuarial review. Eastern Bank Limited is maintaining the recommended provision from above mentioned date.

31.2 Contribution to superannuation fund

Provision to superannuation fund was made as recommended by Actuary in actuarial valuation report of the fund as on 30 September 2009. Valuation was carried out on "Projected unit credit method" methodology as recommended in Bangladesh Accounting Standard (BAS) 19 "Employee Benefits". Under this method the valuation considered both "future service cost" which an employee shall obtain in normal course of service and on "past service cost" which is the difference between assets which have been built up from past contributions and accrued liabilities (i.e. benefits earned by members as a result of service as of valuation date)

Results of the valuation

a) The continuing fund

Past service position

Value of liabilities in respect of members in service	53,084,000
Value of fund	22,228,000
Deficit	30,856,000

Required contribution rates

Past service	0.30%
Future service	1.16%
Of the total admissible benefit	1.46%

b) The closed fund

If the fund was wound up as at the date of valuation and benefits are paid as and when they fall due in accordance with the rules, the financial position of the fund would be as follows.

Value of liabilities	44,744,000
Value of fund	22,228,000
Deficit	22,516,000

The actuary recommended a contribution of at least 1.16% of total admissible benefits to be paid in the fund until the next actuarial investigation is carried out.

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	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
32	Rent, taxes, insurance, electricity etc.				
	Rent, rates and taxes	126,846,371	121,706,186	98,386,439	
	Insurance	37,396,817	37,396,817	27,931,984	
	Utility	28,974,661	28,868,373	21,010,175	
		193,217,849	187,971,376	147,328,598	
33	Legal and professional expenses				
	Law charges	6,441,282	6,263,072	1,764,244	
	Other professional charges	28,286,328	28,286,328	19,900,549	
		34,727,610	34,549,400	21,664,793	
34	Postage, stamp, telecommunication etc.				
	Telephone -office	13,500,542	13,296,826	13,448,247	
	LAN, WAN, SWIFT, Courier and Telex	48,925,080	48,855,180	33,474,170	
	Postage	423,669	141,122	416,879	
		62,849,291	62,293,128	47,339,296	
35	Stationery, printing, advertisement, etc.				
	Printing and stationery	49,343,775	49,333,775	33,706,192	
	Publicity and advertisement	116,039,648	116,039,648	124,455,605	
		165,383,422	165,373,422	158,161,798	
36	Managing Director's salary and allowances				
	Basic salary	6,119,355	6,119,355	5,460,258	
	Allowances	3,763,871	3,763,871	3,600,000	
	Bonus	2,120,000	2,120,000	968,000	
	Bank's contribution to provident fund	611,936	611,936	546,026	
		12,615,162	12,615,162	10,574,284	
37	Directors' fee				
	Fees	926,000	926,000	849,200	
	Other expenses	810,448	810,448	1,372,972	
		1,736,448	1,736,448	2,222,172	
	Each Director is paid for Tk5,000 per Board Meeting and per Committee Meeting.				
38	Audit fee				
	Audit fee during the year	661,739	300,000	200,000	
	VAT on audit fee (15% and 4.5% in 2010 and 2009 respectively)	99,261	45,000	9,000	
		761,000	345,000	209,000	
39	Repairs, maintenance and depreciation				
	Depreciation: (Annexure 'A')	39.1			
	Buildings	554,808	554,808	522,358	
	Machinery and equipment	80,822,142	80,375,573	88,637,168	
	Vehicles	9,588,698	9,427,308	9,341,673	
	Furniture and fixtures	20,967,578	20,636,922	18,993,564	
	Software	-	-	2,577,770	
		111,933,226	110,994,611	120,072,533	
	Repairs and maintenance				
	Office equipments	30,746,547	30,700,061	49,500,285	
	Vehicles	2,986,605	2,986,605	3,260,311	
	Furniture and fixtures	11,603,271	11,603,271	8,667,014	
	Rented premises-general	35,519,458	35,517,579	23,696,120	
	Rented premises-lighting	13,246,850	13,246,850	1,291,427	
	Software maintenance expense	30,533,718	30,458,718	14,207,698	
		124,636,448	124,513,083	100,622,855	
	Total	236,569,674	235,509,569	220,695,388	

39.1 EBL changed its depreciation method from reducing balance to straight line in 2009. It also reestimated expected useful life of the assets based on assets' consumption pattern. For these two changes EBL had to charge BDT 34.36 million more depreciation (with prior approval of board and auditors' expert opinion) in 2009.

Eastern Bank Limited and its subsidiaries
Notes to the Financial Statements
as at and for the year ended 31 December 2010

	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
40 Other expenses					
Card expenses		30,569,710	30,569,710	23,365,138	
Travelling expenses		31,989,490	31,989,490	23,823,852	
Bank charges		14,756,358	14,756,358	13,641,292	
Donation		21,866,381	21,866,381	12,913,769	
Fees and subscriptions		2,342,219	2,342,219	2,595,976	
Books, periodicals and publications		882,559	882,559	1,346,970	
Cartage/freight		1,351,803	1,351,803	662,212	
Staff recruitment and training expenses		11,138,469	11,138,469	7,870,263	
Entertainment		37,686,759	37,686,759	15,939,091	
Uniform and liveries		1,689,317	1,689,317	2,501,179	
Branch operating expenses		220,591	220,591	349,371	
Office securities		40,144,870	40,144,870	29,837,340	
Direct sales team (DST) expenses		11,541,413	11,541,413	11,906,547	
Dealers' commission-auto loan		255,240	255,240	104,323	
AGM expenses		3,683,063	3,683,063	2,582,031	
Miscellaneous write off expenses		211,908	211,908	5,462,239	
Loss on sale of fixed assets (Annexure-A1)		253,187	253,187	3,000,552	
Right issue and share related expenses		9,973,654	9,973,654	6,902,618	
Other expenses-Offshore Banking Unit		292,144	292,144	17,524	
Other expenses of subsidiaries	40.1	18,938,611	-	-	-
		239,787,747	220,849,136	164,822,287	
40.1 Other expenses of subsidiaries					
DSE Training fees		16,046	-	-	-
DSE & SEC Subscription & others		107,479	-	-	-
Entertainment		357,866	-	-	-
Petty expenses		822,420	-	-	-
Board Meeting expenses		15,000	-	-	-
CDBL Charges		6,269,319	-	-	-
Traveling & conveyance		22,624	-	-	-
Registration & renewal		42,105	-	-	-
Bid registration charge		5,180	-	-	-
Guarantee premium		1,437,500	-	-	-
Laga & Howla charge		9,261,268	-	-	-
Medical expenses		-	-	-	-
Security charge		54,864	-	-	-
Miscellaneous expenses		17,494	-	-	-
Deferred revenue expenses (written off)		101,618	-	-	-
Other expenses		11,080	-	-	-
Agency commission		385,598	-	-	-
Accounts maintenance fee		1,000	-	-	-
Excise duty		10,000	-	-	-
VAT expenses		150	-	-	-
		18,938,611	-	-	
41 Other non operating income					
Extraordinary income (exchange equalization reserve)	13.3	22,628,988	22,628,988	-	-
Other income of subsidiaries		7,609,493	-	-	-
Gain from bargain purchase (EBL Securities Limited)	41.1	3,772,252	-	-	-
		34,010,733	22,628,988	-	
41.1 Gain from bargain purchase					
Net assets of the subsidiary at acquisition		17,293,087	-	-	-
Fair value adjustment		348,994,000	-	-	-
A. Fair value of net assets		366,287,087	-	-	-
B. 60% of fair value of net assets owned by EBL (A*60%)		219,772,252	-	-	-
C. Purchase consideration for the subsidiary		216,000,000	-	-	-
Bargain purchase gain (B-C) *		3,772,252	-	-	

Bargain purchase gain have been derived and treated following guidelines provided in paragraph 32, 33 and 34 of BFRS 3.

Eastern Bank Limited and its subsidiaries
Notes to the Financial Statements
as at and for the year ended 31 December 2010

	Note	Group		Bank	
		2010 Taka	2010 Taka	2009 Taka	2009 Taka
42 Other provision					
Provision against other assets		2,589,103	2,589,103	-	-
Loss on revaluation of shares	13.8	33,895,600	33,895,600	588,184	588,184
		36,484,704	36,484,704	588,184	588,184
43 Earnings per share					
Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 31 December 2010 as per BAS- 33 "Earnings Per Share". Adjustment factor 1.37 (calculation as per BAS-33 is given below) for right share issue in 22 January 2009 is used. Bonus share issued during 2010 has been treated as if they had been in issue from the beginning of 2009 as per BAS-33. Diluted earning per share was not required to calculate as there were no dilution possibilities during the year. It is noted face value per share was Tk 100 in 2009 but Tk 10 in 2010.					
A) Fair/market value per share before right exercise *		50.93			
B) Theoretical ex-rights value per share **		37.28			
C) Adjustment factor (A/B)		1.37			
* Average trading price of EBL shares at 22 January 2009 at Dhaka Stock Exchange considering Tk 10 as face value.					
** Fair value of all outstanding shares before the exercise of rights(a)+total amount received from exercise of right(b)					
Number of shares outstanding before exercise+number of shares issued in the exercise					
	No. of shares	Fair value	Exercise price	Total (Tk)	
138,690,000	50.93	-		7,062,788,250	
69,345,000	-	10		693,450,000	
			31 December, 2010	31 December, 2009	
D) Weighted average number of shares					
[138,690,000 x 1.37 x (22/365)] + [208,035,000 x (343/365)]			-	206,913,926	
Bonus issued in 2009			-	41,607,000	
Number of shares in 2010 before bonus issued		249,642,000		-	
Bonus issued in 2010		42,439,140		42,439,140	
Weighted average number of shares		292,081,140		290,960,066	
Profit attributable to the shareholders of EBL			2,484,746,373	2,424,789,795	1,454,541,675
Weighted average number of shares			292,081,140	292,081,140	290,960,066
Earnings per share (EPS)			8.50	8.30	5.00
44 Changes in other assets					
Opening balances:					
Stock of stationery		8,514,538	8,514,538	9,284,289	
Stamps on hand		862,919	862,919	638,919	
Advance to staff for expenses		261,815	261,815	31,495	
Suspense account		5,676,338	5,676,338	-	
Advance paid for development of land and building		28,961,032	28,961,032	28,961,032	
Security deposits-Govt. agencies		1,921,825	1,921,825	1,927,025	
Interest and other receivables		497,103,262	497,103,262	420,068,568	
Advance rent and advertisement		165,993,355	165,993,355	147,913,293	
Prepaid expenses and other prepayments		99,153,840	99,153,840	113,094,912	
Deferred tax assets/(liability)		846,841	846,841	-	
Bangladesh Bank clearing account		23,625,140	23,625,140	6,756,755	
	832,920,905	832,920,905	728,676,288		
Closing balances:					
Receivable from EBL Securities		314,049	158,625,766	-	
Fair value of DSE license Fee		349,000,000	-	-	
Other assets of subsidiary		614,830,444	-	-	
Stock of stationery		16,130,872	16,130,872	8,514,538	
Stamps on hand		826,616	826,616	862,919	
Advance to staff for expenses		1,368,329	1,368,329	261,815	
Suspense account		5,277,572	5,277,572	5,676,338	
Advance paid for development of land and building		30,798,489	30,798,489	28,961,032	
Security deposits-Govt. agencies		1,921,825	1,921,825	1,927,025	
Interest and other receivables		496,127,450	496,127,450	497,103,262	
Advance rent and advertisement		210,855,382	210,855,382	165,993,355	
Prepaid expenses and other prepayments		79,561,054	79,561,054	99,153,840	
Deferred tax assets/(liability)		3,225,587	3,225,587	846,841	
Bangladesh Bank clearing account		1,316,193	1,316,193	23,625,140	
	1,811,553,862	1,006,035,135	832,920,905		
Net changes in other assets		(978,632,956)	(173,114,230)	(104,244,617)	

Eastern Bank Limited and its subsidiaries
Notes to the Financial Statements
as at and for the year ended 31 December 2010

Note	Group	Bank	
	2010 Taka	2010 Taka	2009 Taka
45 Changes in other liabilities			
Opening balances:			
Privileged creditors	133,351,131	133,351,131	105,343,786
Acquirer liabilities	30,816,738	30,816,738	353,069,545
Sundry creditors	205,145,599	205,145,599	344,688,283
Security deposit	8,383,875	8,383,875	-
Exchange equalization account	22,628,988	22,628,988	22,628,988
Current tax liability/(assets)	725,539,311	725,539,311	-
Provision for loans and advances	1,632,107,852	1,632,107,852	-
Interest suspense account	353,074,264	353,074,264	-
Provision for other assets	179,000	179,000	-
Provision for revaluation of shares	588,184	588,184	-
Advance interest/commission received	40,646,703	40,646,703	43,397,284
Expenses payable	141,500,895	141,500,895	119,562,693
Inter branch and inter system accounts	1,230,950	1,230,950	-
Suspense Account	-	-	1,916,741
Deferred tax assets/(liability)	-	-	4,699,032
Advance export proceeds	-	-	-
Miscellaneous payable	117,729,771	117,729,771	39,969,722
Conversion balance	-	-	-
Other liabilities-Offshore Banking Unit	4,534,364	4,534,364	-
Other liabilities of subsidiaries	-	-	-
	3,417,457,626	3,417,457,626	1,035,276,074
Closing balances:			
Privileged creditors	194,535,568	194,535,568	133,351,131
Acquirer liabilities	9,664,199	9,664,199	30,816,738
Sundry creditors	142,567,260	160,617,838	205,145,598
Security deposit	18,608,733	18,608,733	8,383,875
Exchange equalization account	-	-	22,628,988
Current tax liability/(assets)	724,425,703	727,918,057	-
Provision for loans and advances	1,300,776,187	1,300,776,187	-
Interest suspense account	273,601,197	273,601,197	-
Provision for other assets	2,768,103	2,768,103	-
Provision for revaluation of shares	27,024,575	27,024,575	-
Advance interest/commission received	22,429,762	22,429,762	40,646,703
Expenses payable	200,408,308	200,789,808	141,500,895
Inter branch and inter system accounts	790,255	790,255	-
Advance export proceeds	258,942,629	258,942,629	-
Miscellaneous payable	543,751,607	543,751,607	117,729,771
Conversion balance	361,564	361,564	-
Other liabilities-Offshore Banking Unit	21,948,922	21,948,922	19,799
Other liabilities of subsidiaries	557,765,643	-	-
Net changes in other liability	4,300,370,216	3,764,529,005	700,223,498
	882,912,591	347,071,380	(335,052,576)

46 Events after the balance sheet date

The Board of Directors of Eastern Bank Limited in its emergency Board Meeting held on 13 February, 2011 recommended stock dividend @ 55% (i.e. 55 bonus shares against existing 100 shares on the record date on 01 March, 2011) for the year 2010. The amount of recommended stock dividend comes to Tk. 1,606,446,270.

Eastern Bank Limited and its subsidiaries
Consolidated schedule of fixed assets
as at 31 December 2010

Particulars	Cost					Accumulated Depreciation			Net book value at 31 December 2010
	Balance at 01 January 2010	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2010	Charge for the year	Disposals during the year	Balance at 31 December 2010	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land	1,402,930,454	1,738,262,896	58,163	-	3,141,251,513	-	-	-	3,141,251,513
Building	22,192,280	-	-	-	22,192,280	3,510,005	554,808	-	4,064,813
Machinery and equipment	248,614,424	-	49,376,092	(58,480)	297,932,036	121,731,425	38,127,242	-	138,073,369
Software	16,049,764	-	59,787,152	-	75,836,916	2,845,266	4,278,882	-	7,124,148
Computer and network equipment	159,559,822	-	52,529,921	(1,222,978)	210,866,765	86,882,527	38,414,219	(1195,099)	86,765,117
Vehicles	64,468,336	-	4,789,305	(1,199,000)	68,058,641	38,492,543	9,588,698	(959,200)	47,122,041
Furniture and fixtures	205,036,237	-	26,809,624	(2,473,355)	229,372,506	58,234,281	20,967,503	(2,083,606)	77,118,178
Leased asset's under finance lease	91,591,169	-	-	-	91,591,169	91,591,168	-	-	91,591,168
At 31 December 2010	2,210,442,485	1,738,262,896	193,350,257	(4,953,813)	4,137,101,825	403,287,216	111,933,226	(4,237,905)	510,980,663
At 31 December 2009	1,552,998,992	508,663,804	174,165,903	(30,026,770)	2,205,801,929	306,891,814	120,072,533	(25,211,954)	401,752,394

Eastern Bank Limited
Schedule of Fixed Assets
as at 31 December 2010

Particulars	Cost						Accumulated Depreciation				Net book value at 31 December 2010
	Balance at 01 January 2010	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2010	01 January 2010	Charge for the year	Disposals during the year	Balance at 31 December 2010	Net book value at 31 December 2010	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Land	1,402,930,454	1,738,262,896	58,163	-	3,141,251,513	-	-	-	-	3,141,251,513	
Building	22,192,280	-	-	-	22,192,280	3,510,005	554,808	-	-	18,127,467	
Machinery and equipment	246,584,120	-	45,723,484	(18,480)	292,289,124	120,963,805	37,682,473	-	-	133,642,846	
Softwares	16,049,764	-	58,275,172	-	74,324,936	2,845,266	4,278,882	-	-	67,200,788	
Computer and network equipment	159,559,822	-	52,529,921	(1,222,978)	210,866,765	86,882,527	38,414,219	(1,195,099)	-	86,765,117	
Vehicles	63,370,336	-	4,545,000	(1,199,000)	66,716,336	38,315,666	9,427,308	(959,200)	46,783,774	19,932,562	
Furniture and fixtures	203,522,982	-	22,617,267	(2,465,355)	223,675,894	57,643,956	20,636,922	(2,083,606)	76,197,247	147,478,621	
Leased assets under finance lease	91,591,169	-	-	-	91,591,169	91,591,168	-	-	91,591,168	1	
At 31 December 2010	2,205,801,926	1,738,262,896	183,749,007	(4,905,813)	4,122,908,916	401,752,394	110,994,611	(4,237,905)	508,509,101	3,614,398,915	

Schedule of Fixed Assets
as at 31 December 2009

Particulars	Cost						Accumulated Depreciation				Net book value at 31 December 2009
	Balance at 01 January 2009	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2009	01 January 2009	Charge for the year	Disposals during the year	Balance at 31 December 2009	Net book value at 31 December 2009	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Land	841,906,650	508,663,804	52,360,000	-	1,402,930,454	-	-	-	-	1,402,930,454	
Building	22,192,280	-	-	-	22,192,280	2,987,647	522,358	-	-	18,682,275	
Machinery and equipment	343,820,880	-	80,706,571	(18,383,609)	406,143,942	135,647,596	88,637,168	(16,438,432)	207,846,332	198,297,610	
Softwares	16,049,764	-	-	-	16,049,764	267,496	2,577,770	-	-	13,204,498	
Vehicles	55,269,649	-	9,942,180	(1,841,493)	63,170,336	32,400,854	9,341,673	(3,426,861)	38,315,666	25,054,670	
Furniture and fixtures	182,168,600	-	31,157,052	(9,801,670)	203,523,982	43,997,053	18,993,564	(5,346,661)	57,643,956	145,880,026	
Leased assets under finance lease	91,591,169	-	-	-	91,591,169	91,591,168	-	-	91,591,168	1	
At 31 December 2009	1,552,998,992	508,663,804	174,165,903	(30,026,772)	2,205,801,927	306,891,814	120,072,533	(25,211,954)	401,752,394	1,804,049,534	
At 31 December 2008	1,102,508,103	-	-	(5,750,494)	1,552,998,992	231,240,360	79,515,944	(3,864,490)	306,891,814	1,246,107,178	

Eastern Bank Limited
Schedule of Fixed Assets Disposals
as at 31 December 2010

Particulars	Cost	Accumulated Depreciation	Net book Value	Sales Value	Gain/ (Loss)	Mode of Disposal	Buyer/ Highest bidder
	Taka	Taka	Taka	Taka	Taka	Taka	
Furniture and fixtures							
28-09-2010	337,346	211,299	126,047	41,140	(84,907)	Quotation	M/s. Rahman Enterprise
28-09-2010	501,002	307,953	193,049	77,231	(115,818)	Quotation	M/s. Dohar Enterprise
28-09-2010	1,627,007	1,564,354	62,653	10,191	(52,462)	Quotation	M/s. Amir Chair House
2,465,355	2,083,606		381,749	128,562	(253,187)		
Machinery & Equipments							
28-09-2010	18,480	18,476	4	1,200	1,196	Quotation	M/s. Dohar Enterprise
18,480	18,476		4	1,200	1,196		
Computer & Networking Equipments							
29-12-2010	1,166,478	1,156,848	9,630	193,022	183,392	Quotation	M/s. Setu Enterprise
29-12-2010	56,500	19,775	36,725	56,000	19,275	Lost	Claim received from Agrani Insurance Company Ltd.
1,222,978	1,176,623		46,355	249,022	202,667		
Vehicles							
16-05-2010 (Toyota Corolla X)	1,199,000	959,200	239,800	806,920	567,120	Open Tender	Mr. Syed Ferdous Ullah
1,199,000	959,200		239,800	806,920	567,120		
Grand Total	4,905,813		4,237,905	667,908	1,185,704	517,796	

Eastern Bank Limited

as at 31 December 2010
Balance with other Banks and Financial Institutions

Outside Bangladesh - (note-4.2)

	Currency Name	2010			2009		
		Amount in Foreign Currency	Conversion rate per unit F. C.	Amount in BDT.	Amount in Foreign Currency	Conversion rate per unit F. C.	Amount in BDT.
<i>In demand deposit account (non interest bearing) with:</i>							
The Bank of Toyko Mitsubishi, Tokyo	JPY	136,849.00	0.8664	118,566	960,910.12	0.75	723,154
The Bank of Tokyo Mitsubishi, Kolkata	USD	50,000.00	70.7497	3,537,485	50,000.00	69.27	3,463,335
The Bank of Tokyo Mitsubishi, London	GBP	38,797.79	109.6691	4,254,919	389,184.11	110.12	42,857,032
Standard Chartered Bank, Kolkata	USD	324,426.23	70.7497	22,953,058	(35,658.85)	69.27	(2,469,971)
Standard Chartered Bank, Colombo	USD	33,800.87	70.7497	2,391,401	33,251.82	69.27	2,303,244
Standard Chartered Bank, London	EURO	23,000.00	93.5594	2,151,866	258,248.20	99.38	25,663,906
Standard Chartered Bank, Singapore	SGD	7,499.44	54.7259	410,414	6,441.36	49.35	317,854
Standard Chartered Bank, Newyork	USD	14,200,154.75	70.7497	1,004,656,688	1,088,450.29	69.27	75,393,360
Citibank N A, Newyork	USD	(177,684.33)	70.7497	(12,571,113)	(1,098,879.22)	69.27	(76,115,737)
Citibank N A, Mumbai	USD	24,454.52	70.7497	1,730,150	11,087.30	69.27	767,981
Nepal Bangladesh Bank Ltd.	USD	14,840.27	70.7497	1,049,945	8,612.47	69.27	596,557
AB Bank Limited, Mumbai	USD	28,580.20	70.7497	2,022,041	93,389.17	69.27	6,468,760
Bank of Bhutan	USD	37,497.06	70.7497	2,652,906	3,976.06	69.27	275,409
Mashreqbank, Newyork	USD	(132,790.80)	70.7497	(9,394,909)	(513,656.46)	69.27	(35,579,288)
JP Morgan Chase Bank NY	USD	(260,834.49)	70.7497	(18,453,962)	139,285.98	69.27	9,647,880
The Bank of Nova Scotia, Toronto	CAD	4,514.12	70.7285	319,277	(6,651.42)	66.39	(441,559)
JP Morgan Chase Bank NA, Sydney	AUD	9,391.59	72.0373	676,545	(54,158.92)	61.95	(3,354,885)
American Express Bank, NY	USD	-	70.7497	-	-	-	-
JP Morgan Chase Bank NA, London	GBP	103,959.62	109.6691	11,401,158	426,442.37	110.12	(46,959,919)
JP Morgan Chase Bank FR, Germany	EURO	20,117.45	93.5594	1,882,177	(4,473.29)	99.38	(444,542)
Zurcher Kantonal Bank (Zurich)	CHF	20,763.59	74.7883	1,552,874	7,193.51	66.80	480,539
National Commercial Bank, KSA	SAR	100,442.34	18.8666	1,895,005	283,372.75	18.46	5,232,109
Wachovia Bank NA, New York	USD	(55,256.12)	70.7497	(3,909,354)	123,391.82	69.27	8,546,944
ICICI Bank ACU	USD	24,586.79	70.7497	1,739,508	270,925.93	69.27	18,766,145
NDLC-IFIC Bank (NIB) Pakistan	USD	-	70.7497	-	18,251.72	69.27	1,264,236
HSBC-Newyork, USA	USD	41,118.35	70.7497	2,909,111	(2,876,807.91)	69.27	(199,266,990)
Commerz Bank AG, Frankfurt, Germany	EURO	158,568.58	93.5594	14,835,581	(131,049.84)	99.38	(13,023,327)
Al-Rajhi Bank, KSA	SAR	93,809.01	18.8666	1,769,857	-	-	-
NIB Bank Limited-Karachi	USD	47,877.88	70.7497	3,387,346	-	-	-
Placement to OBU	USD	-	-	-	-	-	1,494,788,962
Total				1,045,968,539			1,319,901,189

Eastern Bank Limited

as at 31 December 2010

Related Party Transactions

The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in Bangladesh Accounting Standards (BAS) 24 (Related party disclosures) and as defined in the BPPD circular #14, issued by Bangladesh Bank on 25 June 2003.

The significant Related party transactions during the year were as follows:

Name of the organisation	Representing Directors	Nature of Facility	Outstanding as at 1 January 10	Debit	Credit	Transactions	Outstanding as at 31 December 10
			Taka	Taka	Taka		Taka
Unique Enterprise	Mohd. Noor Ali (Chairman: Eastern Bank Limited)	LG (Revolving)	787,360	-	-		787,360
MSC Textiles Ltd	Zahidul Islam Chowdhury (Ex-Director: Eastern Bank Limited)	Term Loan OAP-Normal OD-Corporate LC-Usage Demand Loan-Normal Current Deposit-Corporate	488,776 - 2,187 -	-	488,776 - 2,187 -		-
SAARC Enterprise	Adnanul Islam Chowdhury (Brother of Mr Zahidul Islam Chowdhury Ex-Director: Eastern Bank Limited)	OD-Corporate Demand Loan-Normal	7,939,602 7,501,809	22,249	-	483,652	7,455,951 7,524,058
Z.N. Shipping Lines	Md. Showkat Ali Chowdhury Director: Eastern Bank Limited	LG	113,920	-	-		113,920
Z.N. Enterprise	Do	LG	192,900	-	-		192,900
			17,026,554	22,249	974,614	16,074,189	

Name of the company	Representing Directors	Nature of transaction	Amount (Tk)
Tech Valley Computer Ltd. Tech Valley Networks Ltd	Asif Mahmood Asif Mahmood	Computer equipment purchase Purchase of Core Router	1,452,425 2,922,265
Tech Valley Solutions Ltd. Valley Power Solutions Ltd Agani Insurance Co. Ltd.	Asif Mahmood Asif Mahmood Mir Nasir Hossain	CISCO and Core Switch etc. Purchase of Network UPS etc. Purchase of Network UPS etc Goodwons, building, furniture, vehicle and cash insurance.	15,7925 2,216,000 5,729,547

Approval of credit card limit for Directors

Representing Directors	Approved Limit
Mohd. Noor Ali (Chairman: Eastern Bank Limited)	USD 4,000
A.M. Shaukat Ali (Director), Eastern Bank Ltd.	BDT 4,000
Mir Nasir Hossain (Director), Eastern Bank Ltd.	USD 4,000
Anela Haque (Director), Eastern Bank Ltd.	BDT 4,000

Bank balance of subsidiaries with Eastern Bank Limited

	2010
EBI Securities Limited	Taka 2,490,126
EBI Investments Limited	317,332,581
	319,822,707

Annexure-D: Please refer to page no.214

Annexure-E

a. (i) Disclosure regarding outstanding REPO as on 31 December 2010

Sl. no.	Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
1	Standard Chartered Bank	12/30/2010	01/02/2011	302,879,873
2	Bangladesh Bank	12/30/2010	01/02/2011	586,299,489
				889,179,362

(ii) Disclosure regarding outstanding Reverse REPO as on 31 December 2010

Sl. no.	Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
	Nil	Nil	Nil	Nil

b. Disclosure regarding overall transaction of REPO and Reverse REPO

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
	Taka	Taka	Taka
Securities sold under REPO:			
With Bangladesh Bank	400,000,000	1,715,400,000	987,692,000
With other Banks & Financial Institutions	300,000,000	2,400,000,000	1,246,550,000
Securities purchased under Reverse REPO:			
With Bangladesh Bank	-	-	-
With other Banks & Financial Institutions	500,000,000	2,220,000,000	830,142,900

Eastern Bank Limited

Investment portfolio (Quoted shares)

	Costs 2010	Market value 2010	Market value higher than costs
	Taka	Taka	Taka
AB Bank Limited	109,102,715	142,245,000	33,142,285
Active Fine Chemicals Limited	2,500,000	29,825,000	27,325,000
Brac Bank Limited	28,819,975	42,812,500	13,992,525
BIFC	2,449,113	2,513,250	64,137
BSRM Steels Limited	3,478,676	4,237,000	758,324
Confidence Cement Limited	41,035,803	56,039,400	15,003,597
DESCO Limited	181,835,787	264,095,000	82,259,213
Dhaka Bank Limited	42,755,776	62,260,800	19,505,024
EBL First Mutual Fund	200,000,000	368,000,000	168,000,000
EXIM Bank Limited	47,982,502	67,140,270	19,157,768
First Security Islami Bank Limited	10,443,843	11,136,580	692,737
Grameen Phone Limited	26,166,400	89,520,360	63,353,960
IDLC Finance Limited	125,277,778	929,500,000	804,222,222
Investment Corporation of Bangladesh (ICB)	350	71,732	71,382
International Leasing and Financial Services Limited	93,442,674	127,200,000	33,757,326
Islami Bank Bangladesh Limited	51,287,276	72,045,000	20,757,724
Jamuna Bank Limited	1,214,614	1,833,260	618,646
Mutual Trust Bank Limited	32,759,188	56,660,000	23,900,812
National Life Insurance Co. Limited	798,013	828,520	30,507
Peapols Leasing and Financial Services Limited	9,999,991	22,118,360	12,118,369
Power Grid Company of Bangladesh Limited	171,272,020	210,621,584	39,349,564
Prime Bank Limited	65,316,912	116,204,250	50,887,338
Prime Finance & Investment Limited	3,251,896	3,261,300	9,404
Pubali Bank Limited	111,141,807	161,100,000	49,958,193
Square Pharmaceuticals Limited	153,935,533	225,408,000	71,472,467
Standard Bank Limited	33,588,782	54,910,000	21,321,218
Summit Power Limited	177,293,882	210,018,166	32,724,284
RAK Ceramics (BD) Limited	5,664	20,249	14,585
Trust Bank Limited	29,941,189	45,195,000	15,253,811
Uttara Bank Limited	43,565,241	66,430,000	22,864,759
Green Delta Mutual Fund	10,000,000	13,600,000	3,600,000
PHP 1st Mutual Fund	30,005,000	34,805,800	4,800,800
Popular Life 1st Mutual Fund	10,000,000	11,900,000	1,900,000
Total	1,850,668,400	3,503,556,381	1,652,887,981

Eastern Bank Limited and its subsidiaries
Segmental Profit and Loss account
for the year ended 31 December 2010

Particulars	Eastern Bank Limited						Subsidiaries			Consolidated EBL Investments Ltd.
	Corporate	Consumer	SME	Treasury	Investment Banking	Offshore banking unit	Common	Total	Securities Ltd.	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Interest Income	1,234,868,172	310,560,592	313,920,280	4,956,094,585	-	182,589,486	(21,684,260)	6,976,456,855	-	19,270,811
Interest Expenses	238,798,985	(582,856,208)	46,356,266	4,240,265,744	6,490,692	53,987,819	-	4,003,003,299	8,259,230	-
Net Interest Income	996,069,186	893,564,799	267,564,014	715,828,842	(6,490,692)	128,601,667	(21,684,260)	2,973,453,557	(8,259,231)	19,270,811
Investment Income	528,345,748	711,754,216	83,039,257	(321,053,300)	1,042,406,581	-	-	2,050,312,502	-	2,050,312,502
Commission, exchange and brokerage	689,756,921	268,311,082	47,480,360	202,226,648	6,697,768	769,023	-	1,215,741,861	129,701,805	-
Other operating income	114,000,904	103,678,072	2,264,606	-	-	506,922	762,286	221,212,790	-	221,212,790
Total Operating Income	2,328,712,760	1,983,628,169	403,348,237	597,002,190	1,042,613,657	129,877,612	(20,921,974)	6,466,720,650	121,442,574	19,270,811
Salaries and allowances	293,573,829	654,443,205	141,976,736	29,621,604	4,227,550	-	28,681,169	1,155,524,093	9,227,328	-
Rent, taxes, insurance, electricity etc.	20,252,939	144,970,898	10,003,249	3,706,170	3,803,791	-	5,234,330	187,971,376	5,246,473	-
Legal and professional expenses	8,387,635	14,409,276	8,081,143	276,731	804,705	-	2,589,909	34,549,400	178,210	-
Postage, stamp, telecommunication etc.	8,776,599	47,032,880	2,895,920	368,915	171,607	-	2,997,207	62,293,128	556,163	-
Stationery , printing, advertisement, etc.	5,300,935	58,885,557	2,847,550	445,127	113,575	-	97,780,659	165,373,423	10,000	-
Managing Director's salary and allowances	-	-	-	-	-	-	12,615,162	12,615,162	-	-
Directors' fees and expenses	718,585	110,626	48,478	67,312	-	-	1,736,448	1,736,448	-	-
Audit fees	-	-	-	-	-	-	345,000	358,500	57,500	-
Charges on loan losses	33,083,868	175,462,042	9,687,856	2,807,067	506,734	-	-	-	-	-
Repairs, maintenance and depreciation	16,820,836	127,446,504	9,299,861	8,518,124	1,245,232	292,144	13,962,002	235,509,569	1,060,105	-
Other expenses	386,315,236	1,222,830,986	184,840,793	45,810,051	10,873,194	292,144	222,803,329	2,073,766,735	35,564,240	68,650
Total operating expense	1,941,857,574	760,797,882	215,507,444	55,191,139	1,031,740,463	129,585,468	(221,056,315)	4,409,582,904	93,487,827	19,202,161
Fund transfer pricing and the reporting segments were formally established in 2010.										
Segment assets and liabilities										
The necessary information regarding assets and liabilities of operating segments are not separable and individually identifiable for this purpose. For this reason the assets and liabilities of the respective segments have not been presented here.										

Auditors' Report to the shareholders of Eastern Bank Limited Offshore Banking Unit, Bangladesh

We have audited the accompanying financial statements of the Offshore Banking Unit ("the Unit"), Bangladesh of Eastern Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2010 and the related profit and loss account and cash flow statement for the year then ended, and a summary of significant accounting policies and explanatory notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 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 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

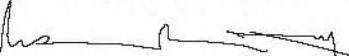
In our opinion, subject to the mandatory compliance with few regulations of Bangladesh Bank that do not conform to the requirements of Bangladesh Financial Reporting Standards (BFRS) which have been adequately disclosed in note-2.5, the financial statements prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of Offshore Banking Unit as at 31 December, 2010 and the results of its financial performance and its cash flows for the year ended 31 December, 2010 and comply with the Bank Companies Act, 1991, the rules and regulations issued by the country's Central Bank, Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the unit so far as it appeared from our examination of those books;
- iii) the Unit's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purposes of the Unit's business;
- v) the financial position of the Unit as at 31 December, 2010 and the profit for the year then ended have been properly reflected in the financial statements, and the financial statements have

Auditors' Report to the shareholders of Eastern Bank Limited Offshore Banking Unit, Bangladesh

- been prepared in accordance with the generally accepted accounting principles;
- vi) we have reviewed over 80% of the risk weighted assets of the unit;
 - vii) the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
 - viii) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
 - ix) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh; and
 - x) the information and explanations required by us have been received and found satisfactory;



Rahman Rahman Huq

Chartered Accountants

Dhaka, 23 February 2011

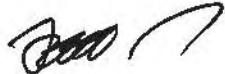
Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Balance Sheet
as at 31 December 2010

	Note	2010		2009	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
CASH					
In hand (including foreign currencies)		-	-	-	-
With Bangladesh Bank (including foreign currencies)		-	-	-	-
BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (ON CURRENT AND OTHER ACCOUNTS)					
In Bangladesh	3	-	-	-	-
Outside Bangladesh		10,192,211	721,095,769	28,013	1,940,381
		10,192,211	721,095,769	28,013	1,940,381
MONEY AT CALL AND SHORT NOTICE					
INVESTMENT					
LOANS AND ADVANCES					
I) Loans, cash credits, overdrafts, etc.	4.1	69,982,704	4,951,255,284	22,210,745	1,538,465,035
In Bangladesh		26,486,269	1,873,895,610	5,290,665	366,466,917
Outside Bangladesh		26,486,269	1,873,895,610	5,290,665	366,466,917
II) Bills purchased and discounted (excluding treasury bills of the Government)	4.2	43,496,434	3,077,359,674	16,920,080	1,171,998,118
Payable in Bangladesh		43,496,434	3,077,359,674	16,920,080	1,171,998,118
Payable outside Bangladesh		43,496,434	3,077,359,674	16,920,080	1,171,998,118
		69,982,704	4,951,255,284	22,210,745	1,538,465,035
FIXED ASSETS					
OTHER ASSETS					
NON-BANKING ASSETS					
TOTAL ASSETS		80,174,914	5,672,351,053	22,238,758	1,540,405,416

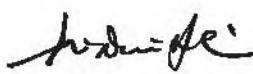
Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Balance Sheet
as at 31 December 2010

		2010		2009	
	Note	USD	Taka	USD	Taka
CAPITAL AND LIABILITIES					
BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS					
Bangladesh Bank		-	-	-	-
Other:	5				
In Bangladesh		77,531,740	5,485,347,319	21,580,196	1,494,788,962
Outside Bangladesh		77,531,740	5,485,347,319	21,580,196	1,494,788,962
		77,531,740	5,485,347,319	21,580,196	1,494,788,962
DEPOSITS AND OTHER ACCOUNTS					
Current deposits and other accounts	6	572,423	40,498,731	420,980	29,159,908
Term deposits		-	-	-	-
		572,423	40,498,731	420,980	29,159,908
OTHER LIABILITIES					
TOTAL LIABILITIES	7	709,411	50,190,602	310,233	21,485,933
CAPITAL/SHAREHOLDERS' EQUITY					
Retained earnings brought forward from profit & loss account		1,361,340	96,314,401	(72,651)	(5,029,387)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		80,174,914	5,672,351,053	22,238,758	1,540,405,416
OFF BALANCE SHEET ITEMS					
Contingent liabilities		-	-	-	-
Acceptance and endorsements		-	-	-	-
Letter of guarantee - Banks		-	-	-	-
Letter of guarantee - Others		132,845	9,398,744	-	-
Bills for collection		-	-	-	-
Irrevocable letters of credit		170,832	12,086,313	248,748	17,229,918
Other commitments		-	-	-	-
Total contingent liabilities		303,677	21,485,057	248,748	17,229,918
		303,677	21,485,057	248,748	17,229,918

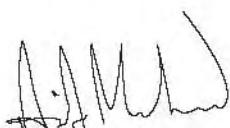
The annexed notes 1 to 16 form an integral part of these financial statements.



Chairman



Director



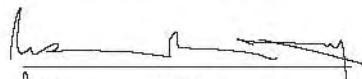
Director



Managing Director

Dhaka, 23 February 2011

As per our report of same date



Auditors
Rahman Rahman Hug
Chartered Accountants

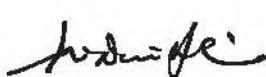
Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Profit and Loss Account
for the year ended 31 December 2010

		2010	2009		
	Note	USD	Taka	USD	Taka
Interest Income	8	2,580,781	182,589,486	433,817	30,049,086
Interest paid on deposits and borrowings	9	763,082	53,987,819	268,456	18,595,029
Net interest income		1,817,699	128,601,667	165,362	11,454,056
Commission, exchange and brokerage	10	10,870	769,023	8,051	557,678
Other operating income	11	7,165	506,922	7,321	507,102
Total operating income		1,835,734	129,877,612	180,734	12,518,836
Less: Other operating expenses	12	2,565	292,144	253	17,524
Profit before provision		1,833,169	129,585,468	180,481	12,501,312
Less: Provision for unclassified loans and advances (Including provision for Off Balance Sheet items)		399,177	28,241,680	244,729	16,951,569
Profit before income tax		1,433,991	101,343,787	(64,248)	(4,450,258)
Less: Provision for income tax		-	-	-	-
Net profit/(loss) after taxation		1,433,991	101,343,787	(64,248)	(4,450,258)
Balance of profit brought forward from previous year		-	-	-	-
Retained earnings carried forward		1,433,991	101,343,787	(64,248)	(4,450,258)

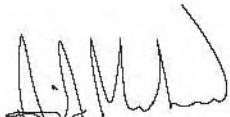
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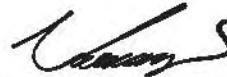
Chairman



Director



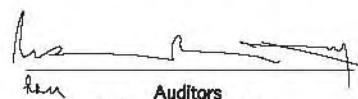
Director



Managing Director

Dhaka, 23 February 2011

As per our report of same date



Auditors
Rahman Rahman Huq
Chartered Accountants

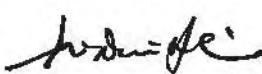
Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Cash Flow Statement
for the year ended 31 December 2010

		2010		2009	
	Note	USD	Taka	USD	Taka
A) Cash flow from operating activities					
Interest income		2,580,781	182,589,486	433,817	30,049,086
Interest paid		(763,082)	(53,987,819)	(268,456)	(18,595,029)
Commission, exchange and brokerage	13	10,870	769,023	8,051	557,678
Received from other operating activities		7,165	506,922	7,321	507,102
Paid for operating expenses	14	(2,565)	(292,144)	(253)	(17,524)
<i>Operating profit before changes in operating assets and liabilities</i>		1,833,169	129,585,468	180,481	12,501,312
<i>(Increase)/decrease in operating assets:</i>					
Loan and advances to customers		(47,771,958)	(3,412,790,249)	(18,804,203)	(1,303,686,113)
Other assets		-	-	-	-
<i>Increase/(decrease) in operating liabilities:</i>					
Effect of changes in exchange rate		-	-	-	-
Deposits from Banks		-	-	-	-
Customers' deposits and other accounts		151,442	11,338,823	294,636	20,452,276
Other liabilities		-	462,989	-	19,798
Net cash from operating activities		(47,620,516)	(3,400,988,437)	(18,509,567)	(1,283,214,040)
		(45,787,347)	(3,271,402,969)	(18,329,086)	(1,270,712,728)
B) Cash flow from investing activities		-	-	-	-
C) Cash flow from financing activities					
Borrowing from other Banks and Financial Institutions		55,951,544	3,990,558,356	18,187,436	1,260,959,943
Net cash from financing activities		55,951,544	3,990,558,356	18,187,436	1,260,959,943
D) Net Increase in cash and cash equivalent (A+B+C)		10,164,196	719,155,387	(141,650)	(9,752,785)
E) Opening cash and cash equivalent		28,013	1,940,381	169,663	11,693,166
F) Closing cash and cash equivalent (D+E)		10,192,211	721,095,769	28,013	1,940,381
G) Closing cash and cash equivalents	15				
Cash in hand (including foreign currencies)		-	-	-	-
Balances with Bangladesh Bank and its agent Bank(s)		-	-	-	-
Balances with other Banks and Financial Institutions (Annexure A)		10,192,211	721,095,769	28,013	1,940,381
Money at call and short notice		-	-	-	-
Prize bonds		-	-	-	-
		10,192,211	721,095,769	28,013	1,940,381
		10,192,211	721,095,769	28,013	1,940,381

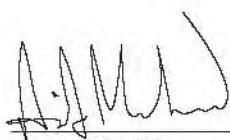
The annexed notes 1 to 16 form an integral part of these financial statements.



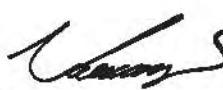
Chairman



Director



Director



Managing Director

Dhaka, 23 February 2011

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Statement of Liquidity in USD & BDT
(Maturity analysis of assets and liabilities)
as at 31 December 2010

Particulars	Maturity within 1 month		Maturity within 1 to 3 months		Maturity within 3 to 12 months		Maturity within 1 to 5 years		Maturity over 5 years		Total Amount
	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	
ASSETS											
Cash in hand	-	-	-	-	-	-	-	-	-	-	-
Balance with other banks and financial institutions	10,192,211	721,095,769	-	-	-	-	-	-	-	-	721,095,769
Money at call and short notice	-	-	-	-	-	-	-	-	-	-	-
Investment in Treasury Bills & others	-	-	-	-	-	-	-	-	-	-	-
Loans & advances to customers	5,966,961	42,216,071	16,433,671	116,2,677,306	43,556,987	3,081,643,753	3,483,537	246,459,188	541,548	38,314,326	69,982,704
Fixed assets	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	16,159,172	114,3,254,480	16,433,671	116,2,677,306	43,556,987	3,081,643,753	3,483,537	246,459,188	541,548	38,314,326	80,174,914
LIABILITIES											
Borrowings from other banks & financial institutions	-	-	55,873,009	3,952,998,637	21,658,730	1,532,348,682	-	-	-	-	77,531,740
Deposits & other accounts	572,423	40,498,731	-	-	-	-	-	-	-	-	572,423
Other liabilities	-	-	-	-	-	-	709,411	50,190,602	-	-	709,411
Total liabilities	572,423	40,498,731	55,873,009	3,952,998,637	21,658,730	1,532,348,682	709,411	50,190,602	-	-	78,813,574
Net liquidity gap	15,586,749	110,2,757,749	(39,439,398)	(2,790,321,301)	21,898,256	1,549,295,071	2,774,126	196,288,586	541,548	38,314,326	1,361,340
Cumulative liquidity gap	15,586,749	110,2,757,749	(23,352,589)	(1,687,563,582)	(1,954,333)	(138,268,511)	819,793	58,000,075	1,361,340	96,314,401	-

Eastern Bank Limited
Offshore Banking Unit
Notes to the Financial Statements
as at and for the year ended 31 December 2010

1 Nature of business

Offshore Banking Unit ('the Unit' or 'OBU') is a separate business unit of Eastern Bank Limited ("the Bank"), governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Offshore Banking Unit permission vide Bangladesh Bank letter no. BRPD(p)744/(89)/2004-303 dated January 25, 2004. The Bank commenced the operation of its Offshore Banking Unit from May 19, 2004 and its office is located at 10, Dilkusha C/A (2nd floor) Dhaka.

2 Significant accounting policies and basis of preparations

2.1 Basis of preparation

The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the OBU. The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14(25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRS) and other rules and regulations where necessary.

2.2 Foreign currency

Items included in the financial statements of the Unit are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Unit are presented in US Dollar (USD) and Taka where USD is the functional currency and USD and Taka are the Unit's presentational currency.

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date.

2.3 Loans and advances

- These are stated gross, with accumulated specific and general provisions for bad and doubtful debts being shown under other liabilities.
- Interest is calculated on a daily product basis but charged and accounted for quarterly on accrual basis.
- Provision for Loans and Advances is made on the basis of period end review by the management and of instructions contained in Bangladesh BRPD circulars 19 and 20 of December 2005.

2.4 Allocation of common expenses

Establishment expenses in the nature of rent, rates and taxes, salaries, management expenses, printing and stationery, electricity, postages, stamps, telecommunication and audit fee have not been separately accounted for in the Financial Statements.

2.5 Disclosure of deviations from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements:

Bangladesh Bank is the prime regulatory body for banks in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of BAS and BFRS. As such the company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

- As per BRPD circular no. 05 dated 05 June, 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per BAS 37. At the year end the Unit has recognized an accumulated general provision of Tk. 28 million in the balance sheet under liabilities as per Bangladesh Bank's requirement.
- As per BRPD circular no. 10 dated on 18 September 2007 a general provision at 1% is required to be provided for all off-balance sheet risk exposures. However such general provision cannot satisfy the conditions of provision as per BAS 37. At the year end the Unit has recognized an accumulated general provision of Tk. 2 million in the balance sheet under liabilities as per Bangladesh Bank's requirement.
- Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to be included in a Single Comprehensive Income Statement. As such the Unit does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

Eastern Bank Limited
Offshore Banking Unit
Notes to the Financial Statements
as at and for the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
3 Balance with other Banks and Financial Institutions				
Inside Bangladesh	-	-	-	-
Outside Bangladesh, Standard Chartered Bank, Newyork (Annexure-A)	10,192,211	721,095,769	28,013	1,940,381
	10,192,211	721,095,769	28,013	1,940,381
3.1 Balance with other banks and financial institutions (according to remaining maturity grouping)				
Receivable				
On demand	10,192,211	721,095,769	28,013	1,940,381
In not more than one month	-	-	-	-
In more than one months but not more than three month	-	-	-	-
In more than three months but not more than one year	-	-	-	-
In more than one year but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	10,192,211	721,095,769	28,013	1,940,381
4 Loans and advances				
i) Loans, cash credits, overdrafts, etc. (Note: 4.1)	26,486,269	1,873,895,610	5,290,665	366,466,917
ii) Bills purchased and discounted (excluding treasury bills of the Government) (Note: 4.2)	43,496,434	3,077,359,674	16,920,080	1,171,998,118
	69,982,704	4,951,255,284	22,210,745	1,538,465,035
4.1 Loans, cash credits, overdraft etc.				
Inside Bangladesh				
Loans	26,486,269	1,873,895,610	5,290,665	366,466,917
Cash credit	-	-	-	-
Overdraft	-	-	-	-
	26,486,269	1,873,895,610	5,290,665	366,466,917
Outside Bangladesh				
	26,486,269	1,873,895,610	5,290,665	366,466,917
4.2 Bills purchased and discounted:				
Inside Bangladesh				
Import bills	43,496,434	3,077,359,674	16,920,080	1,171,998,118
Export bills	-	-	-	-
	43,496,434	3,077,359,674	16,920,080	1,171,998,118
Outside Bangladesh				
	43,496,434	3,077,359,674	16,920,080	1,171,998,118
Total	69,982,704	4,951,255,284	22,210,745	1,538,465,035
4.4 Maturity grouping of loans and advances including bills purchased and discounted				
Payable on demand	5,966,961	422,160,711	3,758,488	260,338,042
Less than three months	16,433,671	1,162,677,306	5,263,413	364,579,249
More than three months but less than one year	43,556,987	3,081,643,753	13,082,760	906,199,629
More than 1 year but less than five years	3,483,537	246,459,188	106,084	7,348,115
More than 5 years	541,548	38,314,326	-	-
	69,982,704	4,951,255,284	22,210,745	1,538,465,035
4.4.1 Loans and advances to directors, executive and others				
Advance to directors and their allied concerns(including ex-directors)	-	-	-	-
Advances to CEO & Managing Director	-	-	-	-
Advances to other executives and staffs	-	-	-	-
Advances to customers (Group wise)	-	-	-	-
Industrial advances	69,982,704	4,951,255,284	22,210,745	1,538,465,035
	69,982,704	4,951,255,284	22,210,745	1,538,465,035

Eastern Bank Limited
Offshore Banking Unit
Notes to the Financial Statements
as at and for the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
4.a.2 Industry-wise concentration of loans and advances				
Commercial and trading				
Sugar Industry & Refinery	17,503,278	1,238,351,673	-	-
Construction	401,095	28,377,372	-	-
Edible oil refinery industry	502,382	35,543,375	-	-
Electronics goods	1,065,898	75,411,933	-	-
Power, gas & oil	3,119,829	220,726,982	-	-
Transport (shipping, airlines, bus, truck, carrier)	21,769,629	1,540,194,755	-	-
Readymade garments industry	1,801,428	127,450,514	5,249,634	363,624,852
Automobiles (manufacturing, assembling and ancillaries)	1,144,595	80,979,775	-	-
Cement	3,171,261	224,365,762	-	-
Telecommunication sector	3,219,239	227,760,213	8,603,884	595,962,639
Foods and beverage	7,631,952	539,958,325	-	-
Polymer	1,821,157	128,846,346	693,754	48,054,054
Textile mills	-	-	7,663,473	530,823,490
Other	6,830,958	483,288,260	-	-
	69,982,704	4,951,255,284	22,210,745	1,538,465,035
4.a.3 Geographical location-wise concentration of Loans and advances				
<i>Inside Bangladesh</i>				
Dhaka Division	58,728,204	4,155,002,840	17,828,969	1,234,953,872
Chittagong Division	11,254,499	796,252,444	4,381,776	303,511,163
Khulna Division	-	-	-	-
Rajshahi Division	-	-	-	-
Barishal Division	-	-	-	-
Sylhet Division	-	-	-	-
<i>Outside Bangladesh - other Division</i>	-	-	-	-
	69,982,704	4,951,255,284	22,210,745	1,538,465,035
4.b Maturity analysis of bills purchased and discounted				
Payable on demand	-	-	-	-
Less than three months	22,244,348	1,573,780,980	4,133,252	286,296,753
More than three months but less than one year	21,252,086	1,503,578,694	12,786,828	885,701,364
More than 1 year but less than five years	-	-	-	-
	43,496,434	3,077,359,674	16,920,080	1,171,998,118
4.c Classified, unclassified, doubtful and bad loans and advances				
<i>Unclassified:</i>				
Standard	69,982,704	4,951,255,284	20,677,043	1,432,230,507
Special mention account	-	-	1,533,703	106,234,528
<i>Classified:</i>				
Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad/loss	-	-	-	-
	69,982,704	4,951,255,284	22,210,745	1,538,465,035

Eastern Bank Limited
Offshore Banking Unit
Notes to the Financial Statements
as at and for the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
4.d i) Debt considered good in respect of which the bank is fully secured	69,982,704	4,951,255,284	22,210,745	1,538,465,035
ii) Debt considered good for which the bank holds no other security than the debtor's personal security	-	-	-	-
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	-	-	-	-
iv) Debts considered doubtful or bad, not provided for	69,982,704	4,951,255,284	22,210,745	1,538,465,035
v) Debts taken by directors or executives or any of them taken jointly or separately with other persons	-	-	-	-
vi) Debts due by directors or officers of the bank or any of them either severally or jointly with any other person and debts due by companies or firms in which the directors, partners or managing agent or in the case of private companies as members	-	-	-	-
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either severally or jointly with any other persons	-	-	-	-
viii) Maximum total amount of advances, including temporary advance granted during the period to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies as members	-	-	-	-
ix) Due from other banking companies	-	-	-	-
x) Classified loans and advances on which no interest is credited to income	-	-	-	-
5 Borrowings from other banks, financial institutions and agents				
Bangladesh Bank	-	-	-	-
Others (Note: 5.1)	77,531,740	5,485,347,319	21,580,196	1,494,788,962
	77,531,740	5,485,347,319	21,580,196	1,494,788,962
5.1 Classification based on type of security				
Secured	-	-	-	-
Unsecured	77,531,740	5,485,347,319	21,580,196	1,494,788,962
	77,531,740	5,485,347,319	21,580,196	1,494,788,962
5.a Maturity grouping of borrowings from other banks, financial institutions and agents				
Payable within one month	-	-	-	-
More than one month but less than three months	55,873,009	3,952,998,637	-	-
More than three months but less than one year	21,658,730	1,532,348,682	21,580,196	1,494,788,962
More than one year but less than five years	-	-	-	-
	77,531,740	5,485,347,319	21,580,196	1,494,788,962
6 Deposits and other accounts				
Current and other accounts:				
Current account	27,319	1,932,788	9,047	626,636
Other Account (Interest payable etc.)	545,104	38,565,943	41,933	28,533,272
	572,423	40,498,731	420,980	29,159,908

Eastern Bank Limited
Offshore Banking Unit
Notes to the Financial Statements
as at and for the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
6.a Maturity grouping of deposits and other accounts				
Payable on demand	27,319	1,932,788	9,047	626,636
Payable within one month	545,104	38,565,943	411,933	28,533,272
More than one month but less than three months	-	-	-	-
More than three months but less than one year	-	-	-	-
More than one year but less than five years	-	-	-	-
	572,423	40,498,731	420,980	29,159,908
7 Other liabilities				
Opening balance	310,233	21,485,932	65,504	4,514,566
Provision for taxation	-	-	-	-
Provision for unclassified loans and advances	399,177	28,241,680	244,729	16,951,570
(Including provision for off balance sheet items)				
exchange difference*	-	462,990	-	19,797
	709,411	50,190,602	310,233	21,485,933
* USD1=Tk 70.7497 in 2010 whereas in 2009 USD1=Tk 69.2667				
8 Interest income				
Interest on advances	2,580,781	182,589,486	433,817	30,049,086
Interest on money at call and short notice	-	-	-	-
Interest on placement with other Banks	-	-	-	-
Interest on foreign currency balances	-	-	-	-
	2,580,781	182,589,486	433,817	30,049,086
9 Interest paid on deposits and borrowings				
Interest on deposits	-	-	-	-
Interest on borrowings	763,082	53,987,819	268,456	18,595,029
Discount	-	-	-	-
Interest on REPO	-	-	-	-
	763,082	53,987,819	268,456	18,595,029
10 Commission, exchange and brokerage				
Commission	10,870	769,023	8,051	557,678
Exchange gain net off exchange losses	-	-	-	-
Brokerage	-	-	-	-
	10,870	769,023	8,051	557,678
11 Other operating income				
Service charges, management fees etc	7,165	506,922	7,321	507,102
	7,165	506,922	7,321	507,102
12 Operating expenses				
Bank charges	2,565	292,144	253	17,524
13 Cash received from commission, exchange and brokerage				
Commission, exchange and brokerage	10,870	769,023	8,051	557,678
14 Paid for operating expenses				
Operating expenses	(2,565)	(292,144)	(253)	(17,524)
15 Cash and cash equivalent				
Balance with other banks	10,192,210	721,095,769	28,013	1,940,381
16 General				
16.1 Fixed assets of this unit are appearing in the books of the main operation of the bank and depreciation is also charged to Profit and Loss Account of the main operation of the Bank.				
16.2 Assets and liabilities have been converted into Taka currency @ USD 1 = Tk 70.7497 (2009: Tk 69.2667) which represents the year-end standard mid rate of exchange as at 30 December, 2010.				
16.3 Previous year's figures have been rearranged, where considered necessary, to conform to current year's presentation.				

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Balance with Other Banks and Financial Institutions-Outside Bangladesh
as at 31 December 2010

Name of the Bank(s)	Currency Name	2010			2009		
		Foreign Currency	Rate	Local Currency	Foreign Currency	Rate	Local Currency
Standard Chartered Bank, Newyork	USD	10,192,211	70.7497	721,095,769	28,013	69.2667	1,940,381
Total		10,192,211		721,095,769	28,013		1,940,381

Eastern Bank Limited
Highlights on the overall activities

Sl no	Particulars		2010	2009
1	Paid up capital	Taka	2,920,811,400	2,496,420,000
2	Total capital (Tier-I & II)	Taka	11,286,732,935	8,316,528,594
3	Surplus/(shortage) capital	Taka	1,887,175,126	3,379,210,536
4	Total assets	Taka	82,053,590,921	69,870,738,520
5	Total deposits	Taka	56,425,228,517	49,189,542,218
6	Total loans and advances	Taka	58,607,085,693	47,667,987,118
7	Total contingent liabilities	Taka	30,417,420,570	17,857,697,617
8	Loans to deposits ratio (total loans/total deposits)	%	103.87	96.91
9	Percentage of classified loans against total loans and advances	%	1.99	2.46
10	Profit after tax and provisions	Taka	2,424,789,795	1,454,541,676
11	Loans classified during the year	Taka	619,458,465	464,685,027
12	Provision held against classified loans	Taka	610,681,300	756,407,619
13	Surplus of provision	Taka	-	120,229,292
14	Cost of fund (interest expense/average borrowing and deposits)	%	6.60	7.59
15	Interest bearing assets	Taka	71,758,653,045	62,125,485,318
16	Non-interest bearing assets	Taka	10,294,937,876	7,745,253,203
17	Return on assets (PAT/average assets)	%	3.19	2.34
18	Income from investments	Taka	2,050,312,502	955,076,907
19	Return on investment or ROI (PAT/average equity, long term borrowing and deposits)	%	14.34	13.89
20	Earning per share (PAT/weighted average number of shares)	Taka	8.30	5.00
21	Operating profit per share	Taka	15.10	10.24
22	Price earning ratio	Times	15.59	12.89

**audited financial
statements
of the subsidiaries**

Auditors' Report to the shareholders of EBL Securities Limited

We have audited the accompanying financial statements of EBL Securities Limited as at 31 December, 2010, and related income statement, cash flow statement, changes in equity and related notes thereto for the period then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

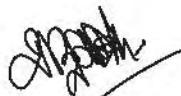
Opinion

In our opinion, the financial statements, prepared in accordance with the Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as at 31 December, 2010 and of the

results of its operations for the year then ended and comply with the applicable Sections of the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- iii) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;



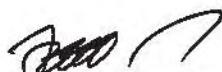
Ahmed Khan & Co.
Chartered Accountants

Dhaka, 31 January, 2011

EBL Securities Limited
Balance Sheet
as at December 31, 2010

		31 Dec'2010 Amount In Notes	28 Feb'2010 Amount In Taka
ASSETS			
A. Non Current Assets:			
Fixed assets	2	12,681,829	4,640,559
Less: Depreciation		2,471,562	1,534,821
		10,210,267	3,105,738
Intangible assets	3	1,511,980	-
Deferred revenue expenses	4	431,472	-
		12,153,719	3,105,738
B. Current Assets:			
Advance, deposit & prepayment	5	29,543,428	733,700
Accounts Receivable	6	582,928,464	172,226,060
Membership of DSE		6,000	6,000
Cash & cash equivalent	7	136,234,312	98,064,768
		748,712,204	271,030,527
Total assets (A+B)		760,865,923	274,136,265
C. EQUITY & CAPITAL LIABILITIES:			
Share capital	8	12,500,000	12,500,000
Retained earnings	9	15,931,385	4,793,087
		28,431,385	17,293,087
D. Non current liabilities			-
E. Current Liabilities:			
Accounts Payable	10	300,086,891	202,621,435
Bank overdraft		335,129,109	-
Liabilities for expenses	11	11,550,360	1,333,689
Temporary loan		-	52,450,000
Others liabilities	12	69,311,000	-
Provision for tax	13	16,357,177	438,054
		732,434,537	256,843,178
Total Liabilities (C+D+E)		760,865,923	274,136,265

The attached notes form an integral part of the accounts



Chairman



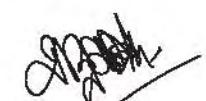
Managing Director



Director

Signed in terms of our annexed report of even date

Dhaka, January 31, 2011



Ahmed Khan & Co.
Chartered Accountants

EBL Securities Limited
Income Statement
for the period ended December 31, 2010

Particular	Ten months period ended 31 Dec' 2010	Eight months period ended 28 Feb' 2010
	Amount in Taka	Amount in Taka
A. Income (Under Section-82/C):		
Commission earning	129,701,805	49,976,395
B. Expenses:		
Salary & Allowance	8,621,616	3,755,370
Bonus	605,712	1,015,466
Office Rent	1,464,000	1,360,000
Office Rent (Modhumita building)	548,328	-
Office Rent (new)	2,254,000	-
Office Rent (Kawaran bazar)	303,572	-
Office Rent (Uttara Br.)	38,400	-
Connectivity Rent	460,250	81,891
Advertisement	10,000	-
Electric Bill	32,237	64,224
Electric Goods	71,635	107,945
Utility bill	74,051	823,645
Mobile Bill	132,322	111,288
Telephone Bill	71,394	22,268
Internet expenses	69,900	-
Legal & professional expenses	178,210	-
DSE Training fees	16,046	-
DSE & SEC Subscription & others	107,479	20,853
Director Remuneration	-	1,280,000
Software Development	75,000	167,850
Entertainment	357,866	129,097
Petty expenses	822,420	337,330
Generator Fuel	1,879	101,482
Board Meeting Expenses	15,000	1,066,000
CDBL Charges	6,269,319	3,769,974
Traveling & Conveyance	22,624	1,953,476
Repair & Maintenance	36,615	870,890
Registration & renewal	42,105	-
Bid registration charge	5,180	-
Guarantee premium	1,437,500	1,840,000
Business Promotion	-	1,572,206
Printing & Stationery	133,238	290,012
Magazine & Newspapers	2,460	210,604
Office Maintenance	9,870	579,447
License fees	-	108,786
Courier Charges	60	127,214
Postage stamps	-	75,905
Pay order charge	135	-
Laga & Howla Charge	9,261,268	6,386,107
Medical Expenses	-	338,216
Security charge	54,864	-
Bank Charge & Commission	146,654	-
Interest on Temporary Loan @ 1%	2,098,000	4,196,000
Interest against bank overdraft	6,161,230	-
Miscellaneous Expenses	17,494	2,455,674
Deferred revenue expenses (written off)	101,618	-
Others expenses	11,080	-
Agency commission	385,598	-
Audit Fees	358,500	25,000
Depreciation	936,741	450,116
C. Operating Profit Before Tax	43,823,470	35,694,336
Less: Tax Paid U/S 82/C	85,878,336	14,282,059
D. Net Operating Profit after financial income	16,995,970	5,355,772
Add: Non operating income	68,882,365	8,926,287
E. Net profit before tax	7,609,493	-
Less: Provision for tax on non-operating income	76,491,858	8,926,287
Balanced carried forward	2,853,560	-
The attached notes form an integral part of the accounts	73,638,298	8,926,287

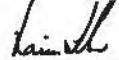
The attached notes form an integral part of the accounts



Chairman

Signed in terms of our annexed report of even date

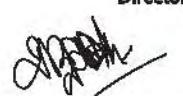
Dhaka, January 31, 2011



Managing Director



Director



Ahmed Khan & Co.
Chartered Accountants

EBL Securities Limited
Cash Flows Statement
for the period ended December 31, 2010

	31 Dec' 2010 Amount in Taka	28 Feb' 2010 Amount in Taka
A. Net cash provided from operating activities:		
Net profit/(loss) after provision for tax	73,638,298	8,926,287
Add: Depreciation	936,740	-
Less: Interim dividend payable	(62,500,000)	450,116
Net profit/(loss) before depreciation	12,075,038	9,376,403
Changes In Working Capital:		
(Increase)/Decrease in advanced, deposit & pre-payments	(28,809,728)	(319,200)
(Increase)/Decrease in receivable from DSE	(50,011,662)	6,409,687
(Increase)/Decrease in receivable from client	(360,690,743)	(91,208,110)
(Increase)/Decrease in membership of DSE	-	-
(Increase)/Decrease in Advanced Income Tax	-	-
Increase/(Decrease) in payable to client	-	109,690,046
Increase/(Decrease) in payable to DSE	97,465,456	27,950,523
Increase/(Decrease) in Bank overdraft	335,129,109	-
Increase/(Decrease) in liabilities for expenses	10,216,671	391,515
Increase/(Decrease) in provision for tax	15,919,123	-
Net cash provided from operating activities:	19,218,227	52,914,462
B. Net cash provided from investing activities:	31,293,265	62,290,866
Fixed assets Addition	(8,089,270)	(139,395)
Fixed assets disposal	48,000	-
(Increase)/Decrease in Intangible assets	(1,511,980)	-
(Increase)/Decrease in Preliminary expenses	(431,472)	-
Net cash provided from investing activities	(9,984,722)	(139,395)
C. Net cash provided from financing activities:		
Increase/(Decrease) in share capital	-	-
Increase/(Decrease) in share money deposit	-	-
Increase/(Decrease) in payable to EBL	69,311,000	-
Increase/(Decrease) in dividend payable	-	(14,200,000)
Increase/(Decrease) in temporary loan	(52,450,000)	-
Net cash provided from financing activities	16,861,000	(14,200,000)
Net cash provided during the year (A+B+C)	38,169,544	47,951,470
Add: Opening cash & cash equivalent	98,064,768	50,113,297
Closing cash & cash equivalent	136,234,312	98,064,768

The attached notes form an integral part of the accounts



Chairman



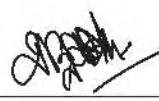
Managing Director



Director

Signed in terms of our annexed report of even date

Dhaka, January 31, 2011



Ahmed Khan & Co.
Chartered Accountants

EBL Securities Limited
Statement of Change in Equity
for the period ended 1st March 2010 to 31 December 2010

Particulars	Paid up Capital Taka	Retain Earnings Taka	Total Taka
Opening Balance 01.03.2010	12,500,000	4,793,087	17,293,087
Add: Net Surplus/(Deficit) for the Period	-	73,638,298	73,638,298
Dividend payable	-	(62,500,000)	(62,500,000)
Closing Balance 31.12.2010	12,500,000	15,931,385	28,431,385



Chairman



Managing Director



Director

Signed in terms of our annexed report of even date

Dhaka, January 31, 2011



Ahmed Khan & Co.
Chartered Accountants

EBL Securities Limited
Notes to the Accounts
for the year ended December 31, 2010

1 Significant Accounting Policies & Other Material Information:

1.1 Legal Form of the entity:

The EBL Securities Ltd. has been constituted by changing the name of LRK Securities Ltd. a private company, limited by shares incorporated under the companies act 1994 vide incorporated no c-32161(1282)/97 having its registered office at 160, Motijheel Dhaka-1000, through an extraordinary resolution taken in the general meeting of the company held on 18 May, 2010.

Subsequently upon intimation of the change of name of the company, the DSE through a letter Ref. DSE-member -26/MA-6959/0, 377 dated September 5, 2010 informed the Managing Director of EBL Securities Ltd. that the DSE in their 652nd Board meeting held on Aug 26, 2010 has approved this change of name of the company. The DSE in their above letter also informed that the company shall for the time being carry on their trading with DSE in their old name of LRK securities Ltd. Until their certificate of membership is received from the SEC in the new name of EBL securities Ltd.

1.2 Nature of Business Activities:

The principal activities of the company during the year were to buy, sell and deal in shares, stocks, debentures and other securities, to become member of stock exchange in Bangladesh and/or elsewhere and undertake all the functions of a Stock Exchange member.

1.3 Accounting convention:

For preparing and presenting the financial statement of the company the following assumptions, measurement base, laws, rules, regulation and accounting pronouncements have been considered; going concern, accrual, historical cost convention, Generally Accepted Accounting Principles and practice in Bangladesh, the companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and the Accounting Standards adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

1.4 Fixed Assets:

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation. The cost of acquisition comprises purchase price, including import duties and non-refundable taxes, and any directly attributable cost of bringing the asset to working condition for its intended use.

1.5 Depreciation:

Fixed Assets, depreciation is provided to amortize the cost of the assets after commissioning, over their expected useful economics lives. Depreciation is computed using the Diminishing balance method.

1.6 Reporting currency:

The amount shown in this financial statements are presented in Bangladeshi currency (Taka), which have been rounded off to the nearest taka except where indicated otherwise.

1.7 General:

Previous year's figures have been rearranged wherever considered necessary to confirm to current years presentation.

EBL Securities Limited
Notes to the Accounts
for the year ended December 31, 2010

	31 Dec' 2010 Amount in Taka	28 Feb' 2010 Amount in Taka
3 Intangible assets:		
Bluechip software	1,450,000	-
Software (LAN) (note: 3.1)	61,980	-
	<u>1,511,980</u>	<u>-</u>
3.1 The sale agreement is executed with Leads Corporation (Bluechip) on 15 th July 2010 for deliver and installation of the software consisting of one Production Server/Back up Server and clients as encompassed within the LAN. No depreciation has been charged during the period against the payment made to Leads corporation.		
4 Deferred revenue expenses:		
DPDC connection fees	249,900	-
Share bidding registration fee	25,000	-
Account opening form	258,190	-
	<u>533,090</u>	<u>-</u>
Less: Write off @ 20% per annual (10/12) except Share bidding registration fee	101,618	-
	<u>431,472</u>	<u>-</u>
5 Advance Deposit & prepayment:		
Security Deposit into CDBL & DSE	200,000	200,000
Security Deposit into Grameen Phone	6,000	6,000
Security Deposit into T&T	19,000	9,000
Salary	-	318,700
Office Rent	-	200,000
Advance against purchase of share	9,734,029	-
Advance to new head office rent	4,753,000	-
Advance to Uttara office rent	1,132,800	-
Advanced Income Tax (U/S 82/C)	13,690,995	-
Advanced Income Tax (on bank interest)	7,604	-
	<u>29,543,428</u>	<u>733,700</u>
6 Accounts Receivable:		
Receivable from DSE	106,153,384	56,141,722
Receivable from client	476,775,081	116,084,338
	<u>582,928,464</u>	<u>172,226,060</u>
7 Cash & cash equivalent:		
Cash in hand	11,690	286,120
Cash at bank (note: 7.1)	136,222,622	97,778,648
	<u>136,234,312</u>	<u>98,064,768</u>
7.1 Cash at bank:		
Eastern Bank Ltd.	2,490,126	-
Rupali Bank Ltd	-	225,138
Al-Arafah Islami Bank Ltd	133,732,496	97,553,510
	<u>136,222,622</u>	<u>97,778,648</u>
8 Share Capital		
Authorized Capital		
30,000 Ordinary Share of Tk1,000 each	30,000,000	30,000,000
Issued, Subscribed & Paid-up Capital		
12,500 Ordinary Shares Of Tk.1000 each	3,250,000	-
Eastern Bank Limited no. of shares 3,250	1,750,000	-
Kaiser Islam no. of shares 1,750	7,500,000	-
NIR Securities Ltd. No. of shares 7,500	<u>12,500,000</u>	<u>12,500,000</u>
9 Retained Earning		
Opening Balance	4,793,087	10,066,800
Add: During the period	73,638,298	8,926,287
	<u>78,431,385</u>	<u>18,993,087</u>
Less: Interim Dividend paid (note:9.1)	62,500,000	14,200,000
	<u>15,931,385</u>	<u>4,793,087</u>
9.1 The company's Board of Directors decided to declare 500% cash dividend as interim dividend for the year 2010 on 60th Board meeting which was held on December 01, 2010. It will be adjusted with final dividend after completion of the year end audit.		
Interim Dividend paid:		
Eastern Bank Limited	37,500,000	-
A.K.M. Rafiqul Islam	-	5,680,000
Kaiser Islam	16,250,000	4,260,000
Lutfa Islam	-	2,272,000
NIR Securities Ltd.	8,750,000	1,988,000
	<u>62,500,000</u>	<u>14,200,000</u>

EBL Securities Limited
Notes to the Accounts
for the period ended at December 31, 2010

	31 Dec' 2010 Amount in Taka	28 Feb' 2010 Amount in Taka
10 Accounts Payable:		
Payable to DSE	826,890	33,607,74
Payable to client (note: 10.1)	299,260,001	169,014,261
	300,086,891	202,621,435
10.1 Payable to client:		
Eastern Bank Ltd.	114,000,717	-
Payable to others client	185,259,284	-
	299,260,001	-
11 Liabilities for expenses:		
Salary & Allowances	46,000	43,289
Office rent payable	322,772	-
Mobile Bill	-	2,039
Electric & Wasa bill	31,576	-
Interest on loan (1%)	1,420,000	-
Sketch Ltd.	586,494	-
Data Splitter S.M.S.	10,000	-
Photocopier	55,440	-
Pabx Ltd.	131,320	-
Other liability (compensation)	10,000	-
Kazi enterprise	12,300	-
Omni Enterprise	61,980	-
Jan Associates	1,000	-
ICEL Ltd.	224,000	-
Energy Pac	672,000	-
Others expenses	4,088	-
Payable to Bluechip	725,000	-
Security charge payable	20,378	-
The Engineer Limited	49,900	-
Payable to Unitrand	92,000	-
Audit Fee	330,000	21,375
AIT on Dividend, House rent, & others	1,590,400	-
VAT on House rent & others	211,525	-
VAT on Audit Fee	-	-
Tax deduction at source	-	172,900
Vat payable	-	215,275
CDBL Charges	4,942,187	878,811
	11,550,360	1,333,689
12 Others liabilities:		
Payable to EBL (note-12.1)	6,811,000	-
Interim dividend payable (note-12.2)	62,500,000	-
	69,311,000	-
12.1 Payable to EBL:		
Opening balance	-	-
Add: Addition during the period	7,007,000	-
	7,007,000	-
Less: Paid during the period	196,000	-
	6,811,000	-
12.2 Interim dividend payable:		
Eastern Bank Limited	37,500,000	-
Kaiser Islam	16,250,000	-
NIR Securities Ltd.	8,750,000	-
	62,500,000	-
13 Provision for Tax:		
Opening Balance	438,054	438,054
Add: During the year (note-13.1)	19,857,134	5,355,772
	20,295,188	5,793,826
Less: Adjustment during the period	3,938,011	5,355,772
	16,357,177	438,054
13.1 Tax during the year:		
Under Section 82/C	16,995,970	5,355,772
Provision for Tax on Non operating income	2,853,560	-
Provision for Tax on financial income	7,604	-
	19,857,134	5,355,772

EBL Securities Limited
Schedule of Fixed Assets
as on 31 December 2010

Note: 2

Particulars	Cost			Rate of Dep.	Balance as on 28.02.2010	Depreciation	Total as on 31.12.2010	Written Down Value as on 31.12.2010
	Balance as on 28.02.2010	Add During The Year	Disposal During The Year					
Furniture & Fixture	1,512,255	561,307	8,000	2,065,562	15%	590,325	160,551	750,876
Television	-	69,000	-	69,000	20%	-	6,900	62,100
Multimedia	-	65,800	-	65,800	20%	-	6,580	59,220
Time Attendance System	-	30,000	-	30,000	15%	-	2,250	27,750
Fire Extinguisher	-	12,300	-	12,300	15%	-	922	11,378
Office Equipment	568,739	68,128	-	636,867	15%	434,290	19,064	453,354
Air Collar	630,020	1,112,600	40,000	1,702,620	15%	202,978	137,762	340,740
Generator	55,500	672,000	-	727,500	15%	40,496	52,095	92,591
Computer & Accessories	776,045	1,005,520	-	1,781,565	20%	89,856	172,900	262,756
UPS 3KVA	-	154,000	-	154,000	15%	-	11,550	11,550
PABX System	-	131,320	-	131,320	15%	-	9,850	9,850
Printer	-	52,500	-	52,500	15%	-	3,938	3,938
Photocopy Machine	-	55,440	-	55,440	15%	-	4,158	4,158
CCTV System	-	131,600	-	131,600	15%	-	9,870	9,870
Fire Alarm System	-	92,400	-	92,400	15%	-	6,930	6,930
Interior Decoration	-	3,631,050	-	3,631,050	15%	-	170,030	170,030
Car	1,098,000	244,305	-	1,342,305	15%	176,877	161,350	338,267
Total	4,640,559	8,089,270	48,000	12,681,829	-	1,534,822	936,741	2,471,562
								10,210,267

Depreciation has been charged under Diminishing Balance Method till to 30 June, 2010 and onward at Straight Line Method as per decision of the management.

Auditors' Report to the shareholders of EBL Investments Limited

We have audited the accompanying financial statements of EBL Investments Limited ("the company") which comprise the balance sheet as at 31 December, 2010, the related profit and loss account, statement of changes in equity; cash flow statement; a summary of significant accounting policies and relevant explanatory notes for the year ended 31 December, 2010.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, 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 prepared in accordance with the Bangladesh Accounting Standards (BAS) and the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of EBL Investments Limited as at 31 December, 2010 and the results of its financial performance and its' cash flows for the year ended 31 December, 2010 and comply with the Companies Act, 1994; and other applicable laws and regulations.

We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- iii) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account;

Rahman Rahman Huq
Chartered Accountants

Dhaka, 10 February, 2011

EBL Investments Limited
Balance Sheet
as at 31 December 2010

	Note	Amount Taka
PROPERTY AND ASSETS		
Balances with other banks and financial institutions:		
Inside Bangladesh	3	317,332,581
Outside Bangladesh		-
Other Assets (withholding tax)		1,927,081
Total assets		319,259,662
CAPITAL AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Paid up capital		300,000,000
Retained earnings		12,001,351
Total Shareholders' Equity		312,001,351
LIABILITIES		
Other liabilities	4	7,258,311
Total liabilities		7,258,311
Total equity and liabilities		319,259,662

The annexed notes 1 to 9 form an integral part of these financial statements.



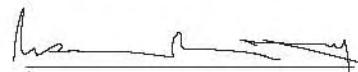
Chairman



Director

Dhaka, 10 February, 2011

As per our report of same date



Auditors
Rahman Rahman Huq
Chartered Accountants

EBL Investments Limited
Profit & Loss Account
for the year ended 31 December 2010

	Amount	
	Note	Taka
Interest income		5 19,270,812
Net interest income		19,270,812
Other operating income		-
Total operating income		19,270,812
 Audit fees		57,500
Other operating expenses	6	11,150
Total operating expenses		68,650
Profit before tax		19,202,162
Provision for income tax	7	7,200,811
Net profit after tax for the year		12,001,351
Balance of profit brought forward from previous year		-
Retained Earnings carried forward		12,001,351

The annexed notes 1 to 9 form an integral part of these financial statements.



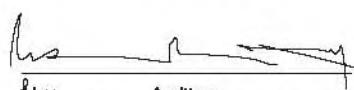
Chairman



Director

Dhaka, 10 February, 2011

As per our report of same date

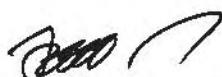


For
Auditors
Rahman Rahman Huq
Chartered Accountants

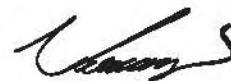
EBL Investments Limited
Cash Flow Statement
for the year ended 31 December 2010

	Amount Taka
A. Cash flows from operating activities	
Interest income	19,270,812
Paid for operating expenses	(11,150)
Withholding tax	(1,927,081)
Net cash flow from operating activities	17,332,581
B. Cash flows from investing activities	
Net cash flow from investing activities	-
C. Cash flows from financing activities	
Received from parent for share capital	300,000,000
Net cash flow from financing activities	300,000,000
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	317,332,581
E. Opening cash and cash equivalents	-
F. Closing cash and cash equivalents	317,332,581
Closing cash and cash equivalents represents	
Cash in hand	-
Balances with other banks and financial institutions	317,332,581
	317,332,581

The annexed notes 1 to 9 form an integral part of these financial statements.



Chairman



Director

Dhaka, 10 February, 2011

EBL Investments Limited
Statement of Changes in Equity
for the year ended 31 December 2010

	Share capital Taka	Retained earnings Taka	Total Taka
Balance as at 01 January, 2010	-	-	-
Share capital raised during the year	300,000,000	-	300,000,000
Net profit during the year	-	12,001,351	12,001,351
Balance as at 31 December, 2010	300,000,000	12,001,351	312,001,351



Chairman



Director

Dhaka, 10 February, 2011

EBL Investments Limited
Statement of Liquidity
(Maturity analysis of assets and liabilities)
as at 31 December 2010

Particulars	Maturity within 1 month	Maturity within 1 to 3 months	Maturity within 3 to 12 months	Maturity within 1 to 5 years	Maturity above 5 years	Total Amount
	BDT	BDT	BDT	BDT	BDT	BDT
Assets						
Cash in hand	-	-	-	-	-	317,332,581
Balance with other banks and financial institutions	317,332,581	-	-	-	-	317,332,581
Other assets (withholding tax)	-	-	1,927,081	-	-	1,927,081
Total assets	317,332,581	-	1,927,081	-	-	319,259,662
Other liabilities	-	57,500	7,200,811	-	-	7,258,311
Total liabilities	-	57,500	7,200,811	-	-	7,258,311
Net liquidity gap	317,332,581	(57,500)	(5,273,730)	-	-	312,001,351
Cumulative liquidity gap	317,332,581	317,275,081	312,001,351	312,001,351	-	-

EBL Investments Limited
Notes to the Financial Statements
for the year ended 31 December 2010

1 Legal status and nature of the Company

EBL Investments Limited (here in after referred to as "EBL Investments Limited" or "the Company") was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C 81417/09 dated 30 December 2009 as a Private Limited Company under the Companies Act, 1994. The address of the Company's registered office is Jiban Bima Bhaban, 10 Dilkusha C/A (2nd floor), Dhaka-1000. This Company is a fully owned subsidiary of Eastern Bank Limited.

The activities of the company include services broadly classified as fee based and fund based services, such as underwriting of securities, issue management, portfolio management, corporate financial services etc.

2 Significant accounting policies and basis of preparations:

(a) Statement of compliance

The financial statements of the Company as at and for the year ended 31 December, 2010 have been prepared in accordance with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), Companies Act 1994 and other laws and rules applicable in Bangladesh.

(b) Basis of measurement

The financial statements are prepared on historical cost convention.

(c) Basis of accounting

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

(d) Use of estimates and assumptions

The preparation of the financial statements requires management to use 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 recognized in the period in which the estimate is revised and in any future periods affected. However, no such revisions to accounting estimates took place during the reporting period.

(e) Reporting period

The financial period of the Company has been determined to be from 1 January to 31 December each period. The company incorporated on 30 December, 2009. Since no financial transaction made upto 31 December, 2009, these financial statements cover the period from 1 January 2010 to 31 December 2010.

(f) Functional and presentation currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest Taka.

(g) Property, plant and equipment

Recognition and measurement

Assets are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the BAS 16, "Property Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

EBL Investments Limited
Notes to the Financial Statements
for the year ended 31 December 2010

Subsequent cost

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

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each components of an item of property, plant and equipment. Depreciation is charged at the following rates starting from the month of acquisition of assets:

Category of assets	Rate of depreciation
Building	2.5%
Furniture and fixtures	10%
Machineries and equipments	20%
Vehicles	20%

No depreciation is charged in the month of disposal.

Disposal of fixed assets

Gains and losses on disposal of an item of property plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property plant and equipment disposed off and is recognized net with "other income" in profit or loss account.

Intangible assets

Intangible assets are to be initially recognized at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets include software, integrated systems along with related hardware.

(h) Books of accounts

The Company maintains its books of accounts in electronic form through UBS software.

(i) Cash and cash equivalent and cash flow statement

Considering the provisions of BAS-1 and BAS-7, cash on hand and bank deposits, which were held and available for use of the Company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined for the period under direct method as per BAS-7 "Cash Flow Statement".

(j) Risk and uncertainty for use of estimates (provisions)

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses, assets and liabilities and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements. Due to inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

EBL Investments Limited
Notes to the Financial Statements
for the year ended 31 December 2010

In accordance with the guidelines as prescribed by BAS 37, Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- When the company has an obligation as a result of past events;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the operation.

A provision is recognized if, as a result of past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

(k) Revenue recognition

As per BAS-18, "Revenue" is recognized when it was probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

(l) Income and expenditures

Income and expenditures are recognized on accrual basis. Income is only recognized if its realization is reasonably certain.

	Amount Taka
3. Balances with other Banks and Financial Institutions	
Inside Bangladesh (note-3.1)	317,332,581
Outside Bangladesh	-
	317,332,581
3.1 Inside Bangladesh	
Eastern Bank Limited	
Short Term Deposit (STD)- Corporate, Principal Branch, Eastern Bank Ltd.	317,332,581
4. Other liabilities	
Audit fees payable	57,500
Provision for income tax	7,200,811
	7,258,311
5. Interest income	
Interest income from deposit with banks	19,270,812
6. Other operating expenses	
Accounts maintenance fee	1,000
VAT on accounts maintenance fee	150
Excise duty on corporate bank account	10,000
	11,150
7. Provision for income tax	
Provision for taxes are made @37.5% considering the major allowances and disallowances.	
8. Contingencies and commitments	
There are no contingent assets or liabilities and unrecognized contractual commitments at the balance sheet date.	
9. Events after the balance sheet date	
There are no significant events subsequent to the balance sheet date to report which had an influence on the balance sheet or the income statement as at and for the year ended 31 December, 2010.	



EASTERN BANK LIMITED
HEAD OFFICE
JIBAN BIMA BHABAN
10, DILKUSHA COMMERCIAL AREA
DHAKA-1000.

NOTICE OF THE 19TH ANNUAL GENERAL MEETING

NOTICE is hereby given to all the Members of Eastern Bank Limited (EBL) that the 19th Annual General Meeting (AGM) of the Company will be held on Wednesday, 30 March, 2011 at 10:30 A.M. at the Bangabandhu International Conference Centre (BICC), Agargaon, Dhaka to transact the following agenda:

: AGENDA:

01. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31 December, 2010 and the Balance Sheet as at that date together with the Reports of the Auditors and the Directors thereon.
02. To declare the Dividend for the year ended 31 December, 2010 as recommended by the Board of Directors.
03. To elect Directors.
04. To appoint the Auditors of the Company for the term until the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Safiar Rahman, FCS
SEVP & Company Secretary

Dated, Dhaka
1 March, 2011

NOTES:

- * The Board of Directors recommended for distribution of 55% Stock Dividend (Bonus Shares) on the profit of the Bank as at the close of business on 31 December 2010.
- * The 'Record Date' in lieu of Book Closure on Tuesday, 1 March, 2011. The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the 'Record Date' (1 March, 2011) will be eligible to attend the 19th AGM and entitled to Stock Dividend as mentioned above.
- * A Member eligible to attend the Annual General Meeting is entitled to appoint a Proxy to attend and vote on his/her behalf. The Proxy may not be a Member of the Company. Forms of Proxy, duly stamped, must be deposited at the Registered Office of the Company at least 48 hours before the time fixed for the Meeting.
- * Annual Report, Attendance Slip and Proxy Form along with the Notice are being sent to all the Members by Courier Service/Post. The Members may also collect the Proxy Form from the Registered Office of the Company.
- * The Shareholders are requested to register their names in the counter at the entrance of the AGM Hall (Bangabandhu International Conference Centre) from 9.00 A.M on 30 March, 2011.



ইস্টার্ণ ব্যাংক লিমিটেড
 প্রধান কার্যালয়
 জীবন বীমা ভবন, ১০ সিলকুন্দ বাণিজিক এলাকা
 ঢাকা-১০০০

প্রতিক্রিয়া ফরম

আমি/ আমরা ঠিকানা ইস্টার্ণ ব্যাংক লিমিটেড-এর

শেয়ার হোতার হিসাবে এতারা জনাব/বেগম কে
 ঠিকানা অথবা
 তাঁর অপারেটার জনাব/বেগম কে
 ঠিকানা আমার/ আমাদের
 প্রতিক্রিয়া হিসাবে আমার/ আমাদের পঞ্জে ২০১৯ ইং সালের ৩০ মার্চ রোজ বুধবার বছবছু আন্তর্জাতিক সম্মেলন কেন্দ্র, আগারগাঁও,
 ঢাকায় অনুষ্ঠিত কোম্পানীর ১৯তম বার্ষিক সাধারণ সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিত থেকে তোটি নেওয়ার জন্য
 নিম্নুক্ত করলাম।

অন্ত ২০১৯ইং সালের মাসের তারিখে আমার/ আমাদের সম্মুখে তিনি স্বাক্ষর করলেন।

শেয়ার হোতারের স্বাক্ষর
 প্রতিক্রিয়ার স্বাক্ষর
 ফোলিও/ বিও নং
 লক্ষণিয়া:

অজ্ঞ ছিল
দম দিল

যথাযথভাবে পূরণ করে এই প্রতিক্রিয়া ফরম সভার বুনতম আটচল্লিশ (৪৮) ঘণ্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দিতে হবে। ক্ষয়েল ও
 শাক্তরবিহীন প্রতিক্রিয়া বৈধ বলে বিবেচিত হবে না। শেয়ার হোতার ও প্রতিক্রিয়ার কোম্পানীর রাষ্ট্রীয় নমুনা স্বাক্ষরের সাথে মিল থাকা বাহ্যিক।
 প্রতিক্রিয়ার নাম স্বল্পিত প্রতিক্রিয়া নিয়োগ সহজে সহজে এবং পাওয়ার অব এক্সেন্সী বা অব্য কোন ক্ষমতা প্রদান পত্র বা নেটোরী প্রযোজিক কর্তৃক সত্যাপিত
 ক্ষমতা প্রদানপ্রাপ্তের অনুলিপি সভা অনুষ্ঠানের বিধায়িত সভাপত্রের আটচল্লিশ (৪৮) ঘণ্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দেয়া না হলে কোন
 ক্ষতি উভ সভায় প্রতিক্রিয়া হিসাবে কাজ করতে পারবেন না।



ইস্টার্ণ ব্যাংক লিমিটেড
 প্রধান কার্যালয়
 জীবন বীমা ভবন, ১০ সিলকুন্দ বাণিজিক এলাকা
 ঢাকা-১০০০

শেয়ার হোতার/ প্রতিক্রিয়া পত্র

আমি/ আমরা ৩০ মার্চ ২০১৯ইং তারিখ রোজ বুধবার বেলা ১০:৩০ ঘটিকায় বছবছু আন্তর্জাতিক সম্মেলন কেন্দ্র, আগারগাঁও, ঢাকায় অনুষ্ঠিত
 ইস্টার্ণ ব্যাংক লিমিটেড-এর ১৯তম বার্ষিক সাধারণ সভায় আমার/আমাদের উপস্থিতি নিশ্চিহ্ন করলাম।

শেয়ার হোতারের নাম স্বাক্ষর
 শেয়ার সংখ্যা ফোলিও/ বিও নং
 প্রতিক্রিয়ার নাম স্বাক্ষর

লক্ষণিয়া: যে সকল শেয়ার হোতারগুলি কিনে অবশ্য প্রতিলিপির মাঝে সভায় উপস্থিত থাকতে চাল, সকালে প্রবেশের আলে এই সভিয়া পত্র যথাযথভাবে পূরণ করে
 বিধায়িত কাউন্টারে জমা দিতে হবে এবং কোম্পানীতে রাখিত ক্ষমতার সাথে এই সভাপত্রে মিল থাকতে হবে।

CORRESPONDENT BANK NETWORK OF EASTERN BANK LIMITED

AMSTERDAM

ING Bank NV
Commerz Bank AG
Deutsche Bank
ABN Amro Bank NV
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ Limited
HSBC Bank PLC

ALGIERS

Citibank NA

AUCKLAND

Citibank NA
HSBC Bank

BANGKOK

JPMorgan Chase Bank NA
Bangkok Bank Public Company Limited
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo Mitsubishi UFJ Limited
Export Import Bank of Thailand
Bank of America NA
Citibank NA
Hong Kong and Shanghai Banking Corporation Limited
Mizuho Corporation Bank Limited
Standard Chartered Bank
Bank of Ayudhya Public

BEIJING

Bank of China
JPMorgan Chase Bank NA
The Bank of Tokyo Mitsubishi UFJ Limited
Woori Bank

BEIRUT

Standard Chartered Bank
Citibank NA

BERLIN

Berliner Volksbank EG

BREDA

ING Bank NV

BRUSSELS

Commerzbank AG
ING Bank NV
ABN AMRO Bank NV
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ Limited
Dexia Bank SA

BUCHAREST

Citibank Europe PLC

BUENOS AIRES

Bank of America NA

Bank Boston NA

CAIRO

Mashreq Bank PSC
Citibank NA

COPENHAGEN

Nordica Bank
Citibank International PLC
Danske Bank AS
Svenske Handels Banken

COLOMBO

Bank of Ceylon
ICICI Bank Limited
Mashreq Bank PSC
Seylan Bank Limited
Standard Chartered Bank
Citibank NA

DAKAR

Citibank NA

DOHA

Mashreq Bank PSC
HSBC Bank Middle East Limited

DUBAI

Mashreqbank PSC
Habib Bank AG Zurich
Emirates Bank International PSC
ABN Amro Bank
Citibank NA
HSBC Bank Middle East Limited
Standard Chartered Bank
National Bank of Fujairah

DUBLIN

Citibank International PLC

FRANKFURT AM MAIN

Commerzbank AG
Deutsche Bank AG
JP Morgan Chase Bank AG
Standard Chartered Bank AG
The Bank of Tokyo Mitsubishi UFJ Limited
Citibank AG
SEB Banking Corporation
Deutsche Zentral-Genossenschaftsbank AG

GENEVA

BNP Paribas (Suisse) SA
ING Bank (Switzerland) Limited
ABN Amro Bank
Credit Agricole (Suisse) SA

GUANGZHOU

Bank of China
JP Morgan Chase Bank NA

HANOI

Australian & New Zealand Banking Group

HELSINKI

Nordea Bank PLC
Svenska Handelsbanken
Citibank International PLC

HONG KONG

Hong Kong and Shanghai Banking Corporation
Wells Fargo Bank NA

JP Morgan Chase Bank NA

Mashreq Bank PSC

BNP Paribas SA

Bank of Nova Scotia

The Bank of Tokyo Mitsubishi UFJ Limited

Standard Chartered Bank

Citibank NA Hong Kong

Fleet National Bank

HBZ Finance Limited

ICICI Bank Limited

Sumitomo Mitsui Banking Corporation

UBAF (Hong Kong) Limited

ABN Amro Bank NV

Banca Intesa S.P.A.

Bank of America

Bank of Newyork

ISTANBUL

Al-Baraka Turk Participation Bank

ING Bank AS

Citibank NA Turkiye Merkez Subesi

HSBC Bank AS

Oyak Bank AS

Turk Ekonomi Bankasi A.S

WestLB AG

Turkye Garanti Bankasi AS

Turkiye Ekonomi Bankasi AS

JAKARTA

JPMorgan Chase Bank NA

Deutsche Bank AG

Bank Mandiri (Persero), PT

Citibank NA

Hong Kong and Shanghai Banking Corporation

Standard Chartered Bank

ABN Amro Bank

Australian & New Zealand Banking Group

Bank Negara Indonesia-PT(Persero)

Bank of America NA

The Bank of Tokyo Mitsubishi UFJ Limited

Woori Bank

Lippo Bank

JEDDAH

National Commercial Bank

Al-Rajhi Bank

SAMBA Financial Group

Saudi American Bank

JOHANNESBERG

Commerz Bank AG

Citibank NA

KARACHI

NIB Bank Limited

Habib Metropolitan Bank Limited

Mashreq Bank PSC

Standard Chartered Bank

Metropolitan Bank Limited

Arif Habib Bank Limited

Citibank NA

KATHMANDU

Nepal Bangladesh Bank

Standard Chartered Bank

KIEV

Credit Dnepr Bank
Citibank NA

KUALA LAMPUR

JP Morgan Chase Bank NA
Malayan Bank Berhad
CIMB Bank Berhad
Hong Kong and Shanghai Banking Corporation
Citibank NA

Standard Chartered Bank

ABN AMRO Bank NV

The Bank of Tokyo Mitsubishi UFJ Limited

KUWAIT CITY

National Bank of Kuwait

Citibank NA

LILLE

Banque Scalbert Dupont SA

LONDON

Standard Chartered Bank
JP Morgan Chase Bank NA
Sonali Bank UK Limited
LLOYDS TSB Bank PLC
Mashreq Bank PSC
HSBC Bank PLC
Wells Fargo Bank NA
Unicredit Bank AG (hypoundvereinsbank)
ABN Amro Bank NV

Citibank NA

Commerzbank AG

Deutsche Bank AG

Habib Bank AG Zurich

ICICI Bank UK Limited

ING Bank NV

Mizuho Corporation Bank Limited

National Westminster Bank PLC

Nordea Bank PLC

Royal Bank of Scotland PLC

Habib Aliled International Bank PLC

Sumitomo Mitsui Banking Corporation Europe Limited

Bank Mandiri (Europe) Limited

The Bank of Tokyo Mitsubishi UFJ Limited

LOS ANGELES, CA

Wells Fargo Bank NA
Silicon Valley Bank
Standard Chartered Bank Los Angeles
Bank of the West
The Bank of Tokyo Mitsubishi UFJ Limited

Mizuho Corporationate Bank Limited

Woori Bank

MACAO

Hong Kong and Shanghai Banking Corporation

MADRID

Commerz Bank AG
BNP Paribas SA
Banco de Sabadell SA
Caixa D'estalvis I Pensions
Caja Laboral Popular, Coop. de Credito
HSBC Bank PLC
Citibank Espana SA
Lloyds TSB Bank PLC

The Bank of Tokyo Mitsubishi UFJ Limited

MANAMA

ALUBAF Arab International Bank B.S.C. (C)
Citibank NA

Standard Chartered Bank

MANILA

Asian Development Bank (ADB)

Standard Chartered Bank

Citibank NA

MELBOURNE

Australian & New Zealand Banking Group

Bank of Cyprus

Citibank NA

MILAN

Banca UBAE S.P.A.
Unicredit Banca S.P.A.
Unione di Banche Italiane S.P.A.
Banca Antonveneta S.P.A.
Credito Emiliano S.P.A.
Intesa Sanpaolo S.P.A.
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ Limited.
Banca Popolare di Marostica

CORRESPONDENT BANK NETWORK OF EASTERN BANK LIMITED

MONTEVIDEO

Credit Dnepr Bank
Citibank NA

MUENCHEN

Bayerische Hypo Und Vereinsbank AG

MUMBAI

Arab Bangladesh Bank Limited
Standard Chartered Bank
Deutsche Bank AG
Bank of America
Citibank NA
Hong Kong and Shanghai Banking Corporationoration
Punjab National Bank
Union Bank of India
Federal Bank Limited
Tamilnad Mercantile Bank
Bank of Nova Scotia
The Bank of Tokyo Mitsubishi UFJ Limited
Canara Bank

MUSCAT

HSBC Bank Middleeast Limited
Bank Muscat

NAIROBI

Citibank NA,
Standard Chartered Bank Kenya Limited

NEW YORK, NY

International Finance Corporationoration (IFC)
JP Morgan Chase Bank NA
Wells Fargo Bank NA
Standard Chartered Bank
Citibank NA
HSBC Bank
Mashreqbank PSC.
Habib American Bank
Commerz Bank AG
Deutsche Bank AG
ABN Amro Bank NV
Bank of America NA
Bank of New York
The Bank of Tokyo Mitsubishi UFJ Limited
DNB Nor Bank ASA
Mizuho Corporationate Bank Limited
Nordea Bank Finland PLC
Royal Bank of Scotland PLC
Sumitomo Mitsui Banking Corporation

OSLO

SWED Bank,
Nordea Bank Norge ASA
Skandinaviska Enskilda Banken
Handelsbanken
DNB Nor Bank ASA
Citibank International PLC

PHUNTSHOLING

Bank of Bhutan

PORT LOUIS

Standard Chartered Bank

PRAGUE

Commerzbank AG
Unicredit Bank
Citibank AS

PARIS

Unior De Banques Arabes Et Francaises (UBAF)
BNP-Paribas SA
Commerzbank AG
Deutsche Bank AG
ING Bank (Franca) SA
HSBC Bank PLC
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ Limited
Credit Mutuel - CIC banques (BFCM)

RIGA

Nordea Bank Finland PLC

ROME

Barca UBAE S.P.A.
Banca Nazionale del Lavoro SPA

ROTTERDAM

ING Bank NV
ABN Amro Bank NV

SAO PAULO

Deutsche Bank SA
Banco de Tokyo-Mitsubishi UFJ Brasil SA
Banco Citibank SA

SEOUL

JP Morgan Chase Bank NA
Wells Fargo Bank NA
Shinhan Bank Limited
Kookmin Bank
Industrial Bank of Korea
Woori Bank
Hong Kong and Shanghai Banking Corporation
Citibank NA
Korea Exchange Bank
Standard Chartered Bank
Unior De Banques Arabes Et Francaises (UBAF)

SHANGHAI

China Trust Commercial Bank
JPMorgan Chase Bank NA
Standard Chartered Bank
The Bank of Tokyo Mitsubishi UFJ Limited
Deutsche Bank (China) Co. Limited
Hong Kong and Shanghai Banking Corporation
Mizuho Corporationate Bank (China), Limited
Sumitomo Mitsui Banking Corporation

SINGAPORE

JP Morgan Chase Bank NA
RABO Bank
Standard Chartered Bank
Citibank NA
Commerzbank AG
Deutsche Bank AG
Hong Kong and Shanghai Banking Corporationoration
ICICI Bank Limited
ING Bank NV
Unior De Banques Arabes Et Francaises (UBAF)
Bayerische Hypo-und Vereinsbank AG (BHV)
Malayan Banking Berhad
Nordea Bank Finland Plc
Royal Bank of Scotland Plc
Skandinaviska Enskilda Banken AB
Sumitomo Mitsui Banking Corporationn Svenska
Handelsbanken
Woori Bank
Habib Bank Limited
State Bank of India
The Bank of Nova Scotia
ABN Amro Bank
BNP Paribas SA

STOCKHOLM

SWED Bank
Nordea Bank Sweden AB / PUBL
Skandinaviska Enskilda Banken AB
DNB Nor Bank ASA
HSBC Bank PLC
Citibank International PLC

STROVLOS

Bank of Cyprus Limited

SYDNEY

Australian & New Zealand Banking Group
JP Morgan Chase Bank NA
Citibank NA
HSBC Bank Australia
Mizuho Corporationate Bank Limited
ABN AMRO Bank NV
Bank of America NA
The Bank of Tokyo Mitsubishi UFJ Limited

TAIPEI

Hong Kong and Shanghai Banking Corporationoration
Limited
JP Morgan Chase Bank NA
Wells Fargo Bank NA
Bank of Nova Scotia
Taiwan Far Eastern International Bank
Mizuho Corporation Bank Limited
Standard Chartered Bank
ABN Amro Bank NV
Bank of New York
Sumitomo Mitsui Banking Corporation
Australia & Newzealand Banking Group
Bank of America NA
The Bank of Tokyo Mitsubishi UFJ Limited

THIMPU

Bhutan National Bank Limited

TOKYO

The Bank of Tokyo Mitsubishi UFJ Limited
Mizuho Corporationate Bank Limited
Standard Chartered Bank
Sumitomo Mitsui Banking Corporationn
Bayerische Hypo-UND Vereinsbank AG
Citibank NA
Commerzbank AG
Hong Kong and Shanghai Banking Corporationoration Limited
ING Bank NV
Unior De Banques Arabes Et Francaises (UBAF)

TORONTO

Bank of Nova Scotia
Toronto Dominion Bank
ICICI Bank Canada Limited
HSBC Bank Canada Limited
Citibank NA
Bank of America NA

TUNIS

Citibank NA

UTRECHT

RABO Bank

VERONA

Unicredit Banca S.P.A.

VIENNA

Deutsche Bank Aktiengesellschaft
Raiffeisen Zentralbank Oesterreich
ABN Amro Bank NV
Raiffeisenlandesbank (Rabo Bank)
The Bank of Tokyo Mitsubishi UFJ Limited
Citibank International PLC

WELLINGTON

Australian & New Zealand Banking Group

ZURICH

Zuercher Kantonalbank
Commerzbank (SCHWEIZ) AG
Credit Suisse
Habib Bank AG Zurich
Nordea Bank SA
UBS AG
Citibank NA (SCHWEIZ)

GLOSSARY

ABB	Association of Bankers Bangladesh Limited
ALCO	Asset Liability Management Committee
ATM	Automated Teller Machine
BACH	Bangladesh Automated Clearing House
BAS	Bangladesh Accounting Standard
BB	Bangladesh Bank (Central Bank of Bangladesh)
BFRS	Bangladesh Financial Reporting Standard
BORC	Bank Operation Risk Committee
BRMC	Bank Risk Management Committee
BRPD	Banking Regulation and Policy Department (Of Bangladesh Bank)
CAR	Capital Adequacy Ratio
CRR	Cash Reserve Requirement
CRGM	Credit Risk Grading Matrix
CSR	Corporate Social Responsibility
CDBL	Central Depository Bangladesh Limited
CRISL	Credit Rating Information and Services Ltd.
DCFCL	Departmental Control Function Check List
DEPZ	Dhaka Export Processing Zone
EBL	Eastern Bank Limited
ECAI	External Credit Assessment Institution
EPZ	Export Processing Zone
ETP	Effluent Treatment Plant
FTP	Fund Transfer Pricing
FY	Fiscal Year (July to June)
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GTFP	Global Trade Finance Program
ICAB	Institute of Chartered Accountants of Bangladesh.
IT	Information Technology
IAS	International Accounting Standard
IPO	Initial Public Offering
LC	Letter of Credit
MANCOM	Management Committee
MICR	Magnetic Ink Character Recognition
NBFI	Non-bank Financial Institution
NII	Net Interest Income
NPL	Non Performing Loan (Classified Loan)
NCBs	Nationalized Commercial Banks
OBU	Offshore Banking Unit
OCI	Other Comprehensive Income
PCBs	Private Commercial Banks
POS	Point of Sale
RWA	Risk Weighted Assets
RMG	Readymade Garments
ROA	Return on Assets (excluding contingent items)
ROE	Return on Equity
SFU	Structured Finance Unit
SAFA	South Asian Federation of Accountants
SME	Small and Medium Enterprise.
SLR	Statutory Liquidity Requirement
UBS	Universal Banking System (Core Banking Solution)
WACRG	Weighted Average Credit Risk Grade



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