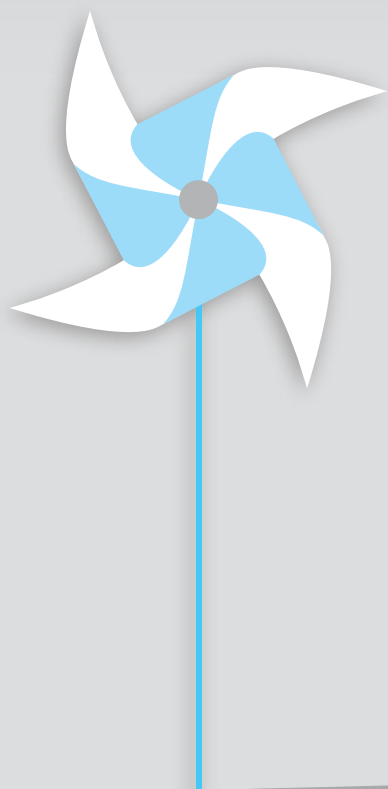


ANNUAL REPORT 2011

Sustainability is the cornerstone
of everything that we do





ANNUAL REPORT 2011

Sustainability is now increasingly recognized as central to the growth of emerging market economies. For the private sector, this represents both a demand for greater social and environmental responsibility as well as a new landscape of business opportunity.

Eastern Bank Ltd (EBL) is committed to making sustainability an integral part of day-to-day work in our offices and to continually improving the environmental and social performance of our operations — which we commonly refer to as our corporate footprint.

The sustainability strategy articulates EBL's strategic commitment to sustainable development and is an integral part of our approach to risk management.

EBL's priority as a good corporate citizen is to earn money in a manner that is both socially and ecologically responsible and of course, sustainable.

A GOLDEN RUN

EBL knows its target customers and as such offers new products and services to cater to their contemporary taste and need. In the past couple of years the Bank came up with several exciting products and service propositions: Some of them are a first of its kind in Bangladesh. Priority Banking, Travel related products, life insurance covered DPS, Platinum Credit Card, SME Debit Card to name a few. EBL is one of the first banks in Bangladesh to launch Mobile-based remittance service marking a new era of banking services among the unbanked population of the country.

EBL SME Banking holds a strong foothold in the market and offers several specialized financial solutions for the entrepreneurs. EBL introduced Invoice Factoring for the first time in Bangladesh and has dedicated Women Entrepreneur Cell to cater to the banking needs of the particular segment. On the corporate banking front, EBL is a market leader in Syndication deals which demonstrates the bank's financial capacity and strength. In the last five years, EBL has closed syndication deals worth more than BDT 1500 crore.

EBL received its biggest recognition when country's national flag carrier Biman Bangladesh Airlines mandated pre-delivery purchase deal to Eastern Bank Ltd. for two Boeing 777-300ERs. In the banking history of Bangladesh, EBL is the first local bank to handle such a mega project. In 2009, EBL launched Investment Banking wing, which contributed significantly in the EBL revenue stream in the very first year of its operation.

The crowning glory of EBL's commitment to perform with passion has been winning the Best Financial Institution 2010, the most coveted award of the country at the DHL-Daily Star Bangladesh Business Awards 2010.

As we are striving to achieve international standards in all our products and services, international recognition is natural to follow. The Global Brand Congress held in Mumbai conferred EBL Global Awards for Brand Excellence in the 'Best Banking and Financial Services' category.

In EBL's journey to excellence, a great achievement has been added. Centralized Trade Services of EBL has achieved Quality Management Systems Certificate as per ISO 9001:2008 standard awarded by Bureau Veritas Certification under accreditation from the UK Accreditation Services (UKAS). Later, the whole centralized (Corporate, Consumer, SME and Treasury) operations of the bank have achieved Quality Management Systems Certificate as per ISO 9001:2008 standard. EBL is the first Bangladeshi Bank to achieve the recognitions for its commitment to quality delivery.

The Institute of Chartered Accountants of Bangladesh (ICAB) recognized Annual Report of Eastern Bank Limited (EBL) as one of the best published reports in 2009. EBL was awarded the 2nd prize at 10th ICAB National Awards for the Best Published Accounts and Reports. EBL is also a recipient of 'Certificate of Merit' in the Best Presented Accounts Award 2009 by South Asian Federation of Accountants (SAFA). Last year our Annual Report 2010 got the 3rd Prize at the ICMAB Best Corporate Awards and was conferred 'Certificate of Merit' by ICAB.

EBL has also been awarded by IFC as the Most Active GTFP Issuing Bank in South Asia 2009-2010 and the Most Active Issuing Bank in Agribusiness Sector in South Asia 2010-2011.



DHL-Daily Star Bangladesh Business Awards 2010



Global Awards for Brand Excellence



Most Active Issuing Bank in Agribusiness Sector in South Asia 2010-2011



Quality Management Systems Certificate as per ISO 9001:2008



ICMAB Best Corporate Awards



10th ICAB National Awards for the Best Published Accounts and Reports

CONTENTS

08	Letter of Transmittal
09	Disclaimer
10	Vision, Mission, Values
16	Strategic Priority
18	Corporate Directory
24	Group Corporate Structure
25	EBL Organogram
26	Company Milestones
28	Board of Directors
36	Management Committees
43	Directors' Responsibility Statement
45	Report of the Audit Committee
48	Chairman's Statement
50	Review of the Managing Director & CEO
52	Directors' Report 2011



Stakeholders' Information

68	Financial Highlights
69	Financial Goals & Performance
70	Five Year's Progression
72	Distribution of Shareholders
72	Directors' Shareholding Status
73	Market Price Information
74	Vital Graphs
78	Value Added Statement
79	Economic Value Added Statement
80	Market Value Added Statement
81	Financial Calendar
83	Glimpses of 19 th AGM

Report on Corporate Governance

86	Conceptual Framework
86	Corporate Governance Practices at EBL
86	Structure of the Board
86	Retirement and Election of Directors
87	Board Meetings and Attendance
88	Ownership Composition
88	Directors' Shareholding Status
89	Separation of Chairman and Chief Executive Officer Roles
89	Benefits provided to Directors and Managing Director
89	Appointment of External Auditors
89	Services Not Provided by External Auditors
90	Highlights on Central Bank Inspections
90	Related Party Transactions
90	Board Committees and their Responsibilities
91	Management Committees and their Responsibilities
95	Internal Controls: The Watchdog of Transparency & Accountability
96	Internal Audit Findings
96	BB Guidelines for Corporate Governance: Our Compliance Status
100	SEC Guidelines for Corporate Governance: Our Compliance Status
102	Upholding Interest of Other Stakeholders

CONTENTS

Green Banking & SME Success Stories

- 106 Green Banking
- 110 SME Success Stories

Corporate Social Responsibility

- 116 Education
- 116 Health
- 117 Environment
- 118 Art & Culture
- 118 Community Support



Management Discussion and Analysis

- 122 Economic Review
- 128 Financial Review of the Bank
- 135 Business Review of the Bank
 - 136 Corporate Banking
 - 143 Treasury
 - 145 Investment Banking
 - 146 Consumer Banking
 - 154 SME Banking
- 161 Business Support
 - 162 Operations
 - 167 Information Technology (IT)
 - 170 Human Resources

175 Risk Management

187 Disclosures on Risk Based Capital (Basel II)

201 Products and Services

Financial Reports 2011

- 204 Auditors' Report to the Shareholders
- 206 Consolidated & Separate Financial Statements
- 266 Highlights on the overall activities
- 267 Financial Statements of Offshore Banking Unit (OBU)
- 280 Audited Financial Statements of the Subsidiaries:
 - 281 EBL Securities Limited
 - 295 EBL Investments Limited

305 Branch Network

307 Correspondent Bank Network

309 Abbreviations

310 Notice of the 20th AGM

311 Proxy Form





EBL Brand Value Proposition

Sustainability

Setting Standards
Mobilising Capital

Innovation

Embracing changes
Devising Solutions

Impact

Promoting Green Banking
Creating Lasting Value

Commitment

Initiating Co-Creation
Building Social Capital

LETTER OF TRANSMITTAL

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

Dear Sir,

ANNUAL REPORT OF EASTERN BANK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31 December 2011 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).

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

This Annual Report 2011 contains audited financial statements of the Bank (EBL) and its two subsidiaries. Certain sections especially the financial statements of the bank and its subsidiaries are audited which are presented in the page range from 202 to 304 Review of business and financials presented in the Directors' Report and Management Discussion & Analysis sections are mostly based on MIS of the bank and are mostly Unaudited unless otherwise specified.

The Bank while recognizing financial transactions and presenting financial statements, followed relevant 'Bangladesh Financial Reporting Standards or BFRSs' except in some cases where central bank of Bangladesh (Bangladesh Bank) instructed banks to follow their prescribed treatments. Treatment of HFT securities, provision against quoted shares, provision against contingent liabilities etc are the major areas where requirement of BFRSs and those of Bangladesh Bank contradict. However, the bank followed instructions of Bangladesh Bank being the prime regulator for banks.

Hence, this Annual Report does not constitute an invitation to invest in EBL shares. Any decisions you make in reliance on this information are solely your responsibility.

Business 'outlook' presented in different parts of this Annual Report can be no assurance that actual outcomes will not differ materially from the projections. Some of the factors that may cause projected outcomes differ from the actual ones can be put forth, which are not comprehensive:

- **Changes in macro economic conditions:** Slowing growth in exports and inward remittance, falling Balance of Payments (BoP) position, rising inflation and continued and/or sharp devaluation of taka, the local currency against USD etc.
- **Changes in government and regulatory policy:** Increase of central bank indicative rate & SLR, increased borrowing by govt from banks, central bank directives for charging lower on banks' fees earnings 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 might be reduced by tagging it to capital instead of liabilities as per recommendation in the amendment of Bank Companies Act 1991.

- **Interest rate volatility:** Rising interest rate might cause market value of govt. securities (HFT) to decrease producing loss on revaluation.

- **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).

- **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.

- **Reduced margin ratio on consumer financing:** Banks are already maintaining 50% margin ratio in consumer financing. This ratio has been increased by BB to 70% (bank can finance upto 30% of the value of certain items) in January, 2012 which will further restrict consumer credit to unproductive purposes especially those which require imports.

- **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.

- **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.

The diagram features a central white circle on the left, with eight dashed white lines radiating outwards to the right. These lines connect to four main value proposition categories. The background is a light blue sky with a white sun on the left, a white tree on the bottom left, a white paper airplane in the upper right, and a white pinwheel on the bottom right. The bottom of the image shows a white horizon line with a blue sea below it.

EBL Brand Value Proposition

Sustainability

Setting Standards
Mobilising Capital

Innovation

Embracing changes
Devising Solutions

Impact

Promoting Green Banking
Creating Lasting Value

Commitment

Initiating Co-Creation
Building Social Capital



Vision

To become the most valuable brand in the financial services in Bangladesh creating long-lasting value for our stakeholders and above all for the community we operate in by transforming the way we do business and by delivering sustainable growth.



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.

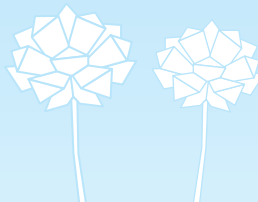
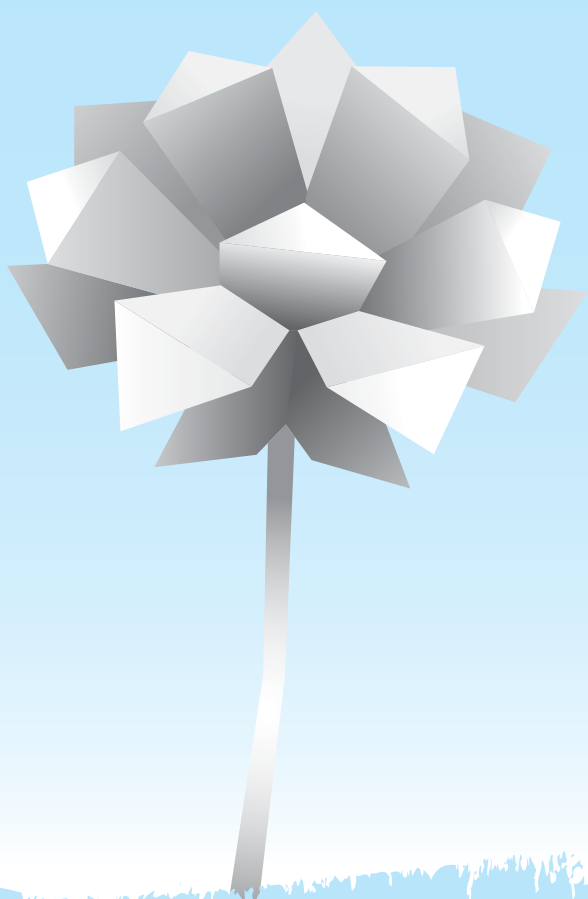
RESPONSIBLE CORPORATE CITIZEN

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

- Integrate sustainability principles into business strategy.
- Promote a culture of vitality and learning for sustainable performance by the employees.
- Shift to values-based marketing, focusing more on human aspirations, values, and spirit.
- Strengthen internal controls through clearly laid down policies, procedures and processes.
- Pursue a moderate asset growth keeping the asset quality in tact.
- Optimize funding mix to reduce cost of fund.
- Accelerate deposit growth by offering innovative products.
- Create customer-friendly culture through state-of-the-art IT solutions supported by highly-skilled operations team.



Corporate Directory

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 08 August 1992 and Commencement date of Banking Operation is 16 August 1992.

OUR CORE BUSINESS

Over the years EBL has established itself as a leading private commercial bank in the country with established leadership in Corporate Banking with strong Consumer and SME growth engines. EBL offers a wide range of depository, loan and card products to cater virtually for every customer segment. 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.

GROUP COMPOSITION STRUCTURE

EASTERN BANK LIMITED (GROUP)	
BANK	SUBSIDIARIES
Eastern Bank Limited	EBL Securities Limited (60%) (Stock Dealer & Brokerage)
Off-Shore Banking Unit	EBL Investments Limited (Fully owned) (Merchant Banking Operations) EBL Asset Management Limited (Fully owned) (Asset management i.e. managing mutual funds) -Got permission from BB but application to SEC for asset management license under process. EBL Finance (HK) Limited (Fully owned first foreign subsidiary of EBL) (Got Certificate of Incorporation and Business Registration Certificate from Hong Kong Authority but Money Lenders License from Hong Kong Authority is under process).

NETWORK

Businesses of the bank are broadly segmented into three divisions: Corporate, Consumer and SME Banking.

To facilitate the services to the corporate clients, the bank has 11 corporate relationship units: 8 of these units are in Dhaka and the rest 3 are in Chittagong. We have three product specific solution based units viz. Structured Finance Unit (SFU), Cash Management Unit (CMU) & Trade Sales. Besides, we have Project Finance Unit (PFU) & Customer Support Unit (CSU) to assist Asset Team and Structured Finance Unit. We also have 2 different corporate offices in Dhaka area to facilitate the ease of reach to our valued clients.

Consumer Banking customers are served through a network of 59 Branches, 125 ATMs, 27 Bills Pay Machines and 23 Kiosks countrywide. The bank has its presence in 11 major cities/towns in the country including Dhaka, Chittagong, Sylhet, Khulna, Rajshahi & Cox's Bazar.

SME Banking customers are served through 40 SME centers located across the country.

CREDIT RATING

The Bank has completed its credit rating by Credit Rating Information and Services Limited (CRISL) based on the Financial Statements dated 31 December 2010 and was awarded 'AA' in the Long Term and 'ST-2' in the Short Term.

RATING BY CRISL	LONG TERM	SHORT TERM
Surveillance Rating 2009	AA	ST-2
Surveillance Rating 2010	AA	ST-2
Outlook	Stable	

HIGHEST PROFIT PER EMPLOYEE

EBL with a moderate size of balance sheet and network among peers has been occupying a distinctive position in the industry for last couple of years. It has one of the highest employee productivity i.e. operating profit per employee. During the year 2011 operating profit per employee was BDT 4.21 million compared to BDT 4.53 million in 2010.

STRONG CAPITAL ADEQUACY

EBL is one of the largest capital based bank among peers. Capital Adequacy Ratio (CAR) has been higher with comfortable margin than prescribed minimum under Basel II since 2010. We have a consolidated CAR of 10.93% (MCR 10%) as on year end 2011 against 10.92% (MCR 9%) of year end 2010. Vigorous efforts have been made to do credit rating of most of our corporate clients (Corporates occupy more than 70% of total portfolio) by ECAs which is gradually decreasing our capital requirement and enhancing CAR.

OWNERSHIP COMPOSITION

As on 31 December 2011, 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	30,480,330	6.73%
General Public	377,809,189	83.45%
Financial Institutions	44,436,248	9.82%
Total	452,725,767	100.00%

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.

BOARD OF DIRECTORS

Chairman

Mohd. Noor Ali

Directors

Name	Position
Md. Showkat Ali Chowdhury	Director
Mir Nasir Hossain	Director
M. Ghaziul Haque	Director
A. M. Shaikat Ali	Director
A.Q.I. Chowdhury, OBE	Director
Asif Mahmood (Representing Aquamarine Distributions Ltd.)	Director
Gazi Md. Shakhawat Hossain (Representing M/S Unique Eastern (Pvt) Ltd.	Director
Meah Mohammed Abdur Rahim	Independent Director & Director from the Depositors
Ormaan Rafay Nizam	Director from the Depositors
Ali Reza Iftekhar	Managing Director & CEO

COMPANY SECRETARY

Safiar Rahman, FCS

AUDIT COMMITTEE

Chairman

A.M. Shaikat Ali

Members

Gazi Md. Shakhawat Hossain

A.Q.I. Chowdhury, OBE

Asif Mahmood

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

CAPITAL (December 31, 2011)

Authorized Capital : Tk. 12,000,000,000 (1,200,000,000 ordinary shares of Tk. 10 each).
Paid-up Capital : Tk. 4,527,257,670 (452,725,767 ordinary shares of Tk. 10 each).

ACCOUNTING YEAR END

December 31.

HEAD OF FINANCE

Malick Musfique Reza

BANGLADESH BANK LICENSE NUMBER

BL/DA/5926/92

HEAD OF INTERNAL CONTROL & COMPLIANCE

Mahbubul Alam Tayiab

REGISTERED & HEAD OFFICE

Jiban Bima Bhaban,
10, Dilkusha Commercial Area,
Dhaka-1000, Bangladesh.

AUDITORS

KPMG Rahman Rahman Huq,
Chartered Accountants

Telephone: 880-2-9556360,
Fax: 880-2-9562364, 9554610
Swift: EBLDBDDH,
Cable: EASTBANK
e-mail: info@ebl-bd.com

LEGAL ADVISORS

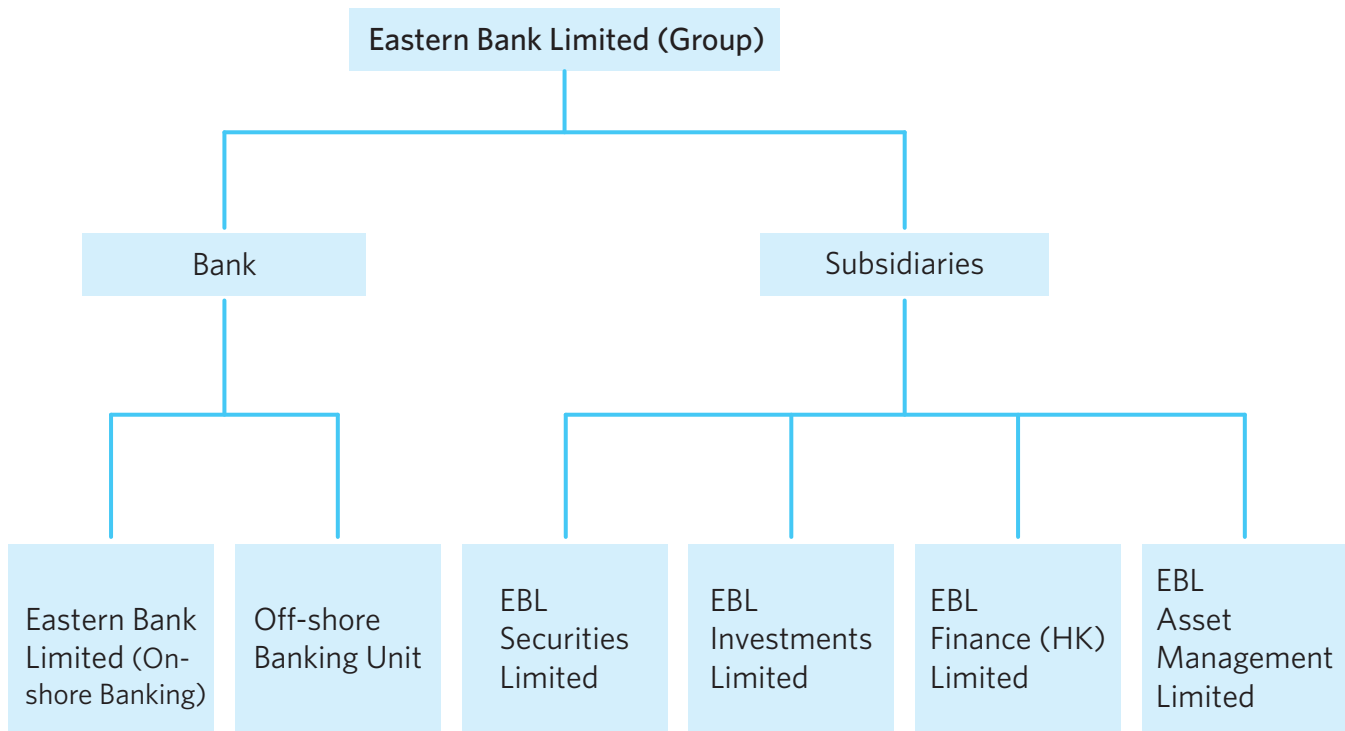
Sadat, Sarwat & Associates and
Sadia Rowshan Jahan

Web: www.ebl.com.bd

COMPANY REGISTRATION NUMBER

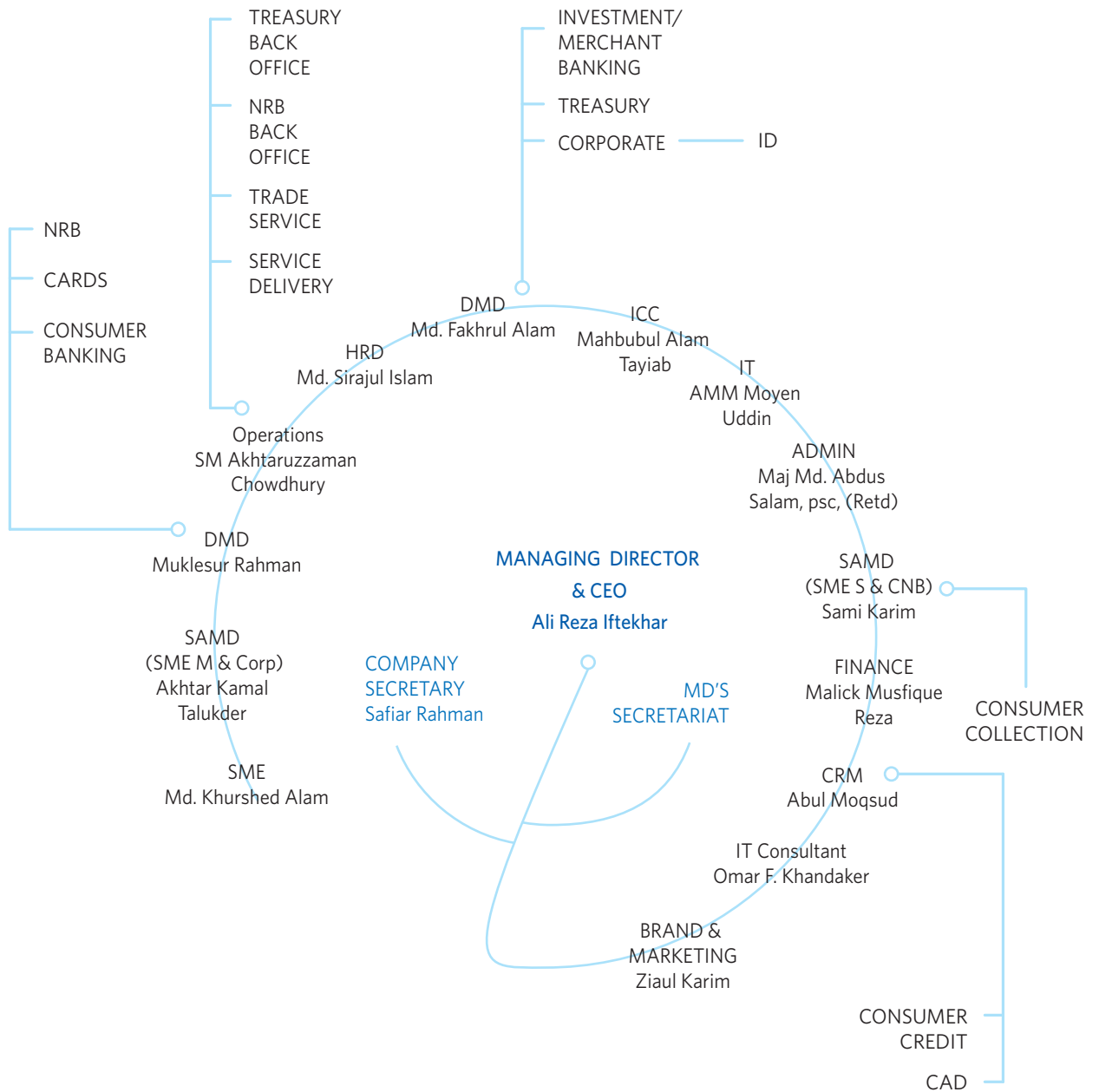
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GROUP CORPORATE STRUCTURE



The Bank had four subsidiaries as on the reporting date 31 December, 2011. EBL acquired 60% share of a brokerage house 'EBL Securities Limited' on 15 October 2009 which is the only functional subsidiary of the Bank. The other three fully owned subsidiaries have got registered with relevant regulatory authorities but yet to swing into operations.

EBL ORGANOGRAM



COMPANY MILESTONES

8 August 1992:
Date of incorporation.

16 August 1992:
Date of commencement of banking operations.

20 March 1993:
Listed with Dhaka Stock Exchange Ltd.

12 November 1998:
First dividend declared for income year 1997.

17 July 2003:
First online banking operations across all the branches.

19 May 2004:
Commencement of operation of Offshore Banking Unit, Bangladesh.

11 September 2004:
Listed with Chittagong Stock Exchange Ltd.

30 November 2005:
Became partner bank of IFC under Global Trade Finance Program (GTFP) to support EBL handle complex trade transactions.

9 November 2006:
Signed agreement with ADB to become ADB's partner bank under their Trade Finance Facilitation Program (TFFP) supporting guarantee and revolving credit facility.

6 June 2006:
Launching of SME Banking Division.

19 April 2009:
Registration of EBL 1st Mutual Fund with Securities and Exchange Commission.

13 February 2009:
Commencement of Investment Banking Operations.

1 July 2007:
Launched Own Managed Cards Software and Production System.



28 November 2011:
EBL Finance (HK) Limited, the fully owned first foreign subsidiary of EBL has been incorporated with HK authority.

25 November 2011:
Global awards for Brand Excellence in the category of 'Best Banking and Financial Services' by The Global Brand Congress.

December 2011:
Awarded 3rd position for Annual Report 2010 in the "Best Corporate Award" by ICMAB.

25 June 2011:
Winning DHL-Daily Star Bangladesh Business Award as 'Best Financial Institution 2010'.

26 April 2009:
Launched 'Priority Banking' for premium customer segment.

April 2009:
Awarded 'Superbrand' by Superbrands Inc. for the period 2009-2011.

09 January 2011:
EBL Asset Management Limited, a fully owned subsidiary of the Bank was incorporated to do asset management i.e. managing mutual funds.

December 2009:
Established 'EBL Investments Limited' a fully owned subsidiary to do merchant banking operations.

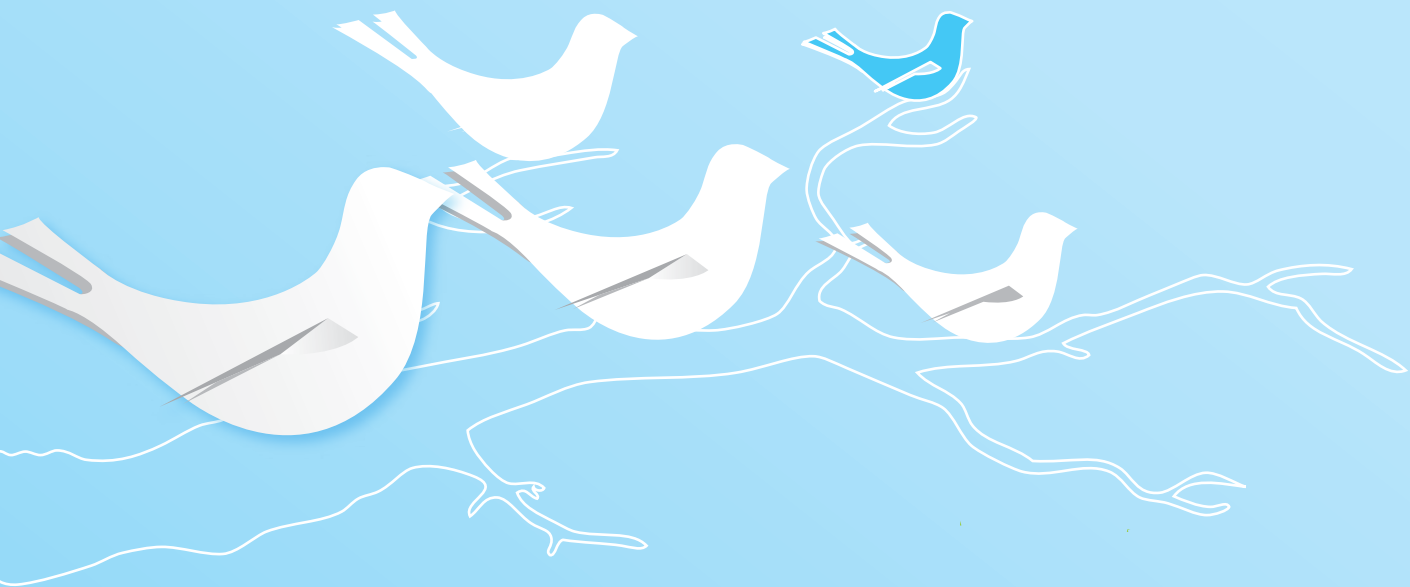
December 2010:
Awarded 2nd position for Annual Report 2009 in the 'Best Published Accounts' by ICAB and conferred a 'Certificate of Merit' award for 'Best Presented Accounts and Corporate Governance Disclosures Awards 2009' by SAFA.

1 March 2010:
Acquired 60% shares of a brokerage house 'LRK Securities Limited' which was renamed afterwards as 'EBL Securities Limited'.

29 August 2010:
EBL shares denominated to Tk 10 per share with market lot of 200 shares first traded in the DSE.

4 April 2010:
First bank in Bangladesh to launch 'Universal Banking System (UBS)', world's one of the renowned core banking solutions.

6 May 2010:
Board decided to increase authorized capital from Tk 330 crore to Tk 1,200 crore.



Board 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, Chattagram 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.





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, Telecom, 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 occasions including attending conference, seminar, symposium etc.

M. Ghaziul Haque

Director

Revered by all for his business wisdom, Mr. M. Ghaziul Haque is the longest serving Board Member of Eastern Bank Limited (EBL). He joined the EBL Board on 09.12.1993 with an interval between 21.05.2006 to 30.03.2011. In addition, Mr. Haque also served as the Chairman of the Board of Directors of EBL from 30 August 2000 to 21 May 2006. He helped transforming the Bank (EBL) into a remarkable growth engine.

Mr. Haque graduated from the Chittagong Government College under Dhaka University in 1955 and started his career with the reputed British Company Bird & Co. Limited the same year and rose to the top to serve the organization as Managing Director in 1976.

In 1980 he left Bird & Co. (Now Birds Bangladesh Agencies Limited) to venture into business and started off as a partner with Aquamarine Limited, a Chittagong-based Shipping Company. Ten years later, he along with his partner formed a joint venture company Maersk Bangladesh Limited with the world's largest Shipping Company Maersk Lines, Copenhagen, Denmark. He served as the Chairman of the company till 1997 with enviable success.

Mr. Haque is the Chairman of MGH Group. He is also involved in many social activities and a widely travelled person across the Globe on business trips.





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.



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.

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 across the globe on business trips.



A.Q.I. Chowdhury, OBE

Director

Mr. A.Q.I. Chowdhury, OBE, Director of Eastern Bank Limited (EBL), joined the Board of EBL, first on 21st May 2006 and subsequently on 30th March 2011. He also served as the Chairman of the Board of Directors of EBL from 2006 to 2008.

At present, he is the Managing Director and CEO of JF (Bangladesh) Ltd - formerly, James Finlay Limited. He has been awarded the Order of British Empire (OBE) by her Majesty, the Queen of England for his outstanding contributions in the field of Trade and Commerce as a high-profile Business Executive.

Under his aegis, James Finlay received National Export Trophy a number of times and won the prestigious British Monarchy accredited RIO Tinto Award. In his wide professional affiliations, he held a number of positions in different capacities during his 36 years tenure with James Finlay which also includes offices as Chairman of Eastern Bank Limited, Bangladesh Tea Association, Vice President of Bangladesh Employers' Federation. Member of Bangladesh Tea Board, Representative of the Tripartite Labour Consultative Committee & many others. He is the Chairman of Royal Capital Ltd. & also was the Vice President of Chittagong Stock Exchange (CSE).

Besides being involved on various Chamber and Trade Bodies, he is also associated with World Forum like UN Private Sector Forum - Millennium Development Goals and Food sustainability & CEO Water Mandate of UN Global Compact. He is a member of the Steering Committee of the CEO Water Mandate of UN Global Compact. He also represented South Asia Region in International Labour Organization (ILO) in Geneva.

He is a widely traveled person across the Globe on business trips on different occasions including attending Conferences, Seminars and Symposiums etc.





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 involved in many social activities and is also a widely travelled person across the globe on business trips.



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, the 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

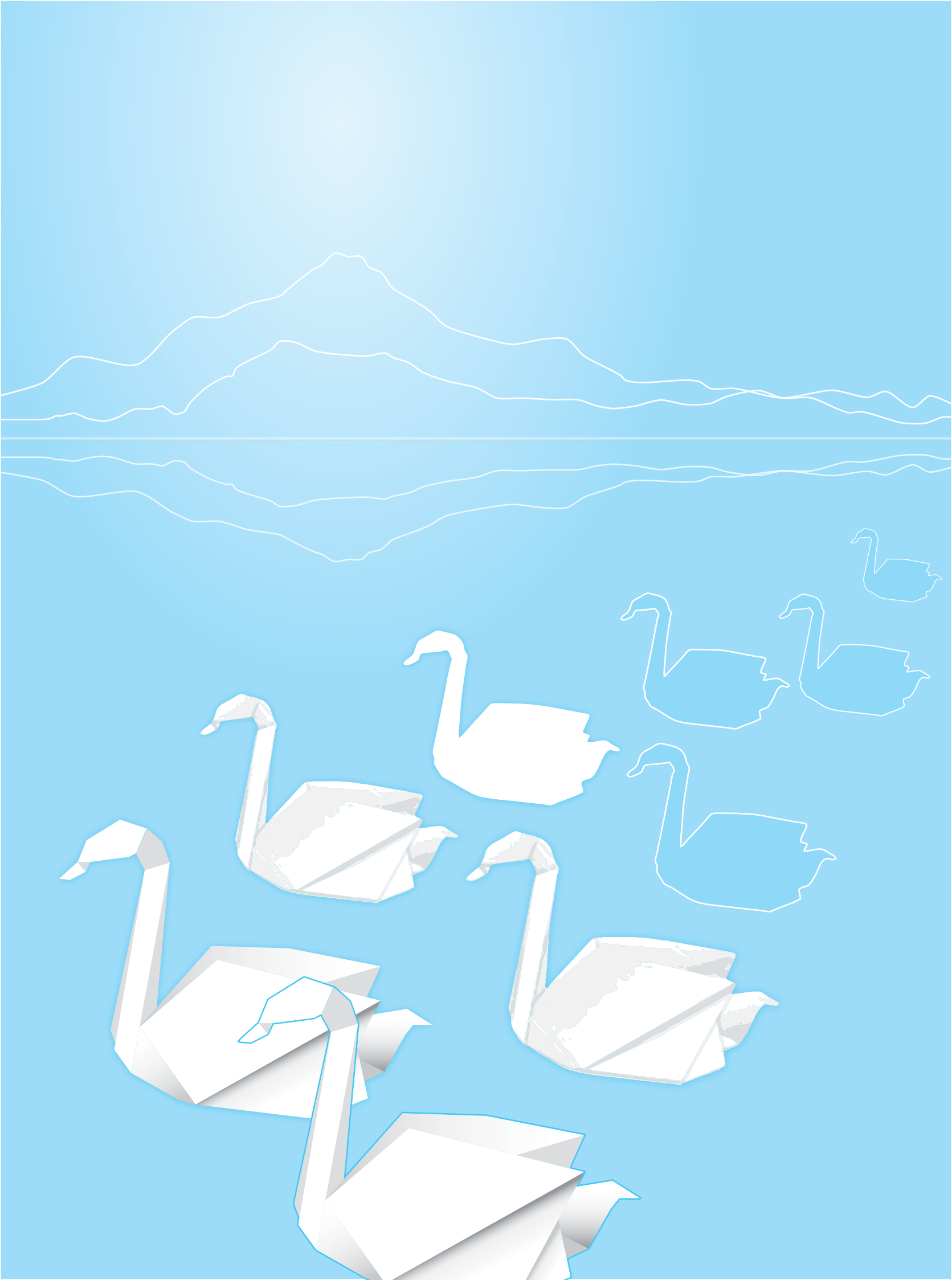
Mr. Ali Reza Iftekhar, Managing Director & Chief Executive Officer (CEO) of Eastern Bank Limited (EBL) has been in the banking industry for last 26 years in local and multinational banks in various capacities and started banking career in erstwhile (BCCI) Bank of Credit & Commerce International (Overseas) 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 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 the Bank 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).

Mr. Iftekhar is a widely travelled person across the Globe on official trips on different occasions including attending high level international conference, seminar, symposium etc. on Global banking and finance.





Management Committees

MANAGEMENT COMMITTEES



MANCOM

NAME	DESIGNATION
Standing left to right:	
Abul Moqsud	EVP & Head of Credit Risk Management (CRM)
Md. Sirajul Islam	EVP & Head of Human Resources (HR),
Mahbubul Alam Tayiab	SEVP & Head of Internal Control & Compliance (ICC)
Sami Karim	SEVP & Head of SAMD (SME-S & CNB)
Safiar Rahman	SEVP & Company Secretary
A.M.M. Moyeen Uddin	EVP & Head of Information Technology (IT)
Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka.
Akhtar Kamal Talukder	SEVP & Head of SAMD (Corporate & SME-M)
S M Akhtaruzzaman Chowdhury	SEVP & Head of Operations
Sitting left to right:	
Omar F Khandaker	IT Consultant
Muklesur Rahman	DMD (Consumer Banking)
Ali Reza Iftekhar	Managing Director & CEO
Md. Fakhrul Alam	DMD (Corporate, Treasury & Investment Banking)
Malick Musfique Reza	EVP & Head of Finance



Expanded Management Team (EMT)

NAME	DESIGNATION	STATUS
Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka	Chairman
Ahmed Shaheen	EVP & Unit Head, Corporate Banking, Dhaka	Member Secretary
Mohammad Musa	EVP & Head of Branches, Consumer Banking	Member
Md. Abdul Hakim	EVP & Unit Head, Corporate Banking, Dhaka	Member
Md. Sayadur Rahman	EVP & Head of Investment Banking	Member
Md. Khurshed Alam	SVP & Head of Business, SME Banking	Member
Ahsan Zaman Chowdhury	SVP & Acting Area Head, Corporate Banking, Chittagong	Member
M. Nazeem A. Choudhury	SVP & Head of Cards	Member
M. Tariqul Islam	VP & Acting Head of Credit Administration	Member
Md. Obaidul Islam	VP & Head of International Department	Member
Maj Md. Abdus Salam, psc, (Retd)	VP & Head of Administration & Security	Member
Syed Sazzad Haider Chowdhury	VP & Area Head, Trade Services, Dhaka	Member
Mehdi Zaman	VP & Head of Foreign Exchange Sales, Treasury	Member
Ashraf- Uz-Zaman	VP & Cluster Head & SSSM, Agrabad Branch	Member
Ziaul Karim	VP & Head of Brand & Marketing	Member
Md. Manirul Islam	VP & Head of SME Risk, CRM	Member
Md. Latiful Islam	VP & Area Head, SD (Dhaka, Sylhet & Out Station)	Member
Mohammad Saifuzzaman	VP & Head of Cards Operation	Member
Muhammad Maniruzzaman	SAVP & Head of Financial Operations & Control	Member
Md. Rezaul Islam	SAVP & Head of Audit	Member
Md. Rezaul Karim	SAVP & Head of Service Management, IT	Member
Monjurul Alam	SAVP & Senior Manager, Human Resources	Member

Asset Liability Committee (ALCO)

Name	Designation	Status in ALCO
Ali Reza Iftekhar	Managing Director & CEO	Chairman
Md. Fakhru Alam	DMD (Corporate, Treasury & Investment Banking)	Member
Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka	Member
Muklesur Rahman	DMD (Consumer Banking)	Member
Abul Moqsud	EVP & Head of Credit Risk Management	Member
Malick Musfique Reza	EVP & Head of Finance	Member
Sidhartha Roy	EVP & Acting Head of Treasury	Member
Mehdi Zaman	VP & Head of Foreign Exchange Sales, Treasury	Member & Head of ALM Desk

Bank Risk Management Committee (BRMC)

Name	Designation	Status in BRMC
Mahbubul Alam Tayiab	SEVP & Head of Internal Control & Compliance	Chairman
S.M. Akhtaruzzaman Chwodhury	SEVP & Head of Operations	Member
Malick Musfique Reza	EVP & Head of Finance	Member
Abul Moqsud	EVP & Head of Credit Risk Management	Member
A M M Moyeen Uddin	EVP & Head of Information Technology	Member
Mehdi Zaman	VP & Head of Foreign Exchange Sales, Treasury	Member
Md. Manirul Islam	VP & Head of SME Risk, CRM	Member
Masudul Hoque Sardar	SAVP & Head of Financial Analysis, Planning & Reporting	Member
Md. Shahjahan Ali	AVP & Unit Head, Compliance.	Member Secretary

Bank Operation Risk Committee (BORC)

Name	Designation	Status in BORC
Mahbubul Alam Tayiab	SEVP & Head of ICC	Chairman
Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka	Member
S.M. Akhtaruzzaman Chowdhury	SEVP & Head of Operations	Member
Akhtar Kamal Talukder	SEVP & Head of SAMD (Corporate & SME-M)	Member
Sami Karim	SEVP & Head of SAMD (SME-S & CNB)	Member
Mohammad Musa	EVP & Head of Branches	Member
A M M Moyen Uddin	EVP & Head of IT	Member
Sidhartha Roy	EVP & Acting Head of Treasury	Member
Md. Sirajul Islam	EVP & Head of Human Resources	Member
Nazeem A Chowdhury	SVP & Head of Cards	Member
Md. Khurshed Alam	SVP & Head of Business, SME	Member
Md. Manirul Islam	VP & Head of SME Risk, CRM	Member
Maj Md. Abdus Salam, psc, (Retd).	VP & Head of Administration & Security	Member
Syed Sazzad Haider Chowdhury	VP & Area Head, Trade Services, Dhaka	Member
Saidul Amin	VP & Head of CNB Liability & Priority Banking	Member
Md. Abdul Awal	SAVP & Senior Manager- Operations Risk	Member
Muhammad Maniruzzaman	SAVP & Head of Financial Operations & Control	Member
Md. Rezaul Islam	SAVP & Head of Audit	Member
B. K. Sarker	SAVP & Head of Operations Risk	Member
Md. Shahjahan Ali	AVP & Unit Head, Compliance.	Member Secretary

Purchase Committee (PC)

Name	Designation	Status in Committee
Maj Md. Abdus Salam, psc, (Retd).	VP & Head of Administration & Security	Convenor
S.M. Akhtaruzzaman Chowdhury	SEVP & Head of Operations	Member
Md. Sirajul Islam	EVP & Head of Human Resources	Member
Ziaul Karim	VP & Head of Brand & Marketing	Member
Muhammad Maniruzzaman	SAVP & Head of Financial Operations & Control	Member
Omar F Khandaker	IT Consultant	Technical Expert
Mahmudur Rahman	VP-Engineering	Technical Expert

Basel II Implementatin Unit (BIU)

Name	Designation	Status in Committee
Muklesur Rahman	DMD (Consumer Banking)	Chairman
Mahbubul Alam Tayiab	SEVP & Head of ICC	Member
Malick Musfique Reza	EVP & Head of Finance	Member Secretary
Abul Moqsud	EVP & Head of Credit Risk Management	Member
Mehdi Zaman	VP & Head of Foreign Exchange Sales, Treasury	Member

Investment Committee (IC)

Name	Designation	Status in Committee
Md. Fakhurul Alam	DMD (Corporate, Treasury & Investment Banking)	Chairman
Malick Musfique Reza	EVP & Head of Finance	Member
Md. Sayadur Rahman	EVP & Head of Investment Banking	Member

Green Banking Cell

Name	Designation	Status in Committee
Md. Fakhurul Alam	DMD (Corporate, Treasury & Investment Banking)	Chairman
Md. Sirajul Islam	EVP & Head of Human Resources (HR)	Member
Abul Moqsud	EVP & Head of Credit Risk Management (CRM)	Member
A.M.M. Moyeen Uddin	EVP & Head of Information Technology (IT)	Member
Md. Khurshed Alam	SVP & Head of Business, SME Banking	Member
Maj Md. Abdus Salam, psc (Retd)	VP & Head of Administration & Security	Member
Ziaul Karim	VP & Head of Brand & Marketing	Member
Md. Manirul Islam	VP & Head of SME Risk, CRM	Member
Mohammad Zobaier Hossain	FAVP & Unit Head (Acting), Corporate Banking Unit 4, Dhaka.	Member
Md. Mustafizur Rahman	FAVP & Head of Projects & Alliance Management, Consumer Banking	Member

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 applicable Bangladesh Financial Reporting Standards (including Bangladesh Accounting Standards), 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 review of financial performance and position has been presented in the Directors' Report 2011 and Management Discussion & Analysis with relevant analytics.
- **Any recommended reserve in the balance sheet:** An amount of BDT 825.83 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 35% stock dividend equivalent to BDT 1,584.54 million for the completed year 2011.
- **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 regulations, business and macro economic environment

are ongoing which might affect business performance of the bank. However, no major shift in internal policy, strategy and action plans experienced in 2011.

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 there from has been adequately disclosed: *Please see Note 2.1 of the Financial Statements 2011 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: Lower growth of NII (Net Interest Income), negative growth of investment income from secondary market partly offset by higher growth of fees income has caused Operating Profit for 2011 increase by 15.82%. However, hefty growth in provision for loans

and equity investments has caused our Profit After Tax (PAT) to increase by only 3.96% during the year 2011 over that of 2010.

- Key Operating and financial data of preceding three years shall be summarized: *Please see 'Five Year's Progression of EBL' on the page no. 70.*
- 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 established two fully owned subsidiaries during the year 2011. EBL Asset Management Limited was formed to act as asset manager to manage mutual funds (Registered but application for asset management license is yet to be made to SEC). Another one, the first overseas subsidiary of EBL i.e. EBL Finance (HK) Limited was formed to facilitate trade business with China & Hong Kong (Registered but application for 'Money Lenders License' is under process with HK authority).*
- The number of Board meetings held during the year and attendance by each director shall be disclosed: *Please see page number 87 of the Report on Corporate Governance.*
- The pattern of shareholding shall be reported to disclose the aggregate number of shares: *Please see page number 88 of the Report on Corporate Governance.*

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 96.*

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report 2011 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 100.*

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 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, findings of central bank comprehensive audit 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: As per the new Circular of Bangladesh Bank (BRPD Circular Letter No.08, dated 19 June 2011), Audit Committee of the Board was last re-constituted in the Emergency Board Meeting (EGM) held on 29 June 2011 and was duly confirmed by the Board in the next Board Meeting (467th held on 13 July 2011). According to the latest Circular, the members of Audit Committee were re-fixed from 3 (Three) to maximum 5 (Five) as under:

SL No	Name	Status with the Bank	Status with the Committee	Educational Qualification
1.	A.M. Shaukat Ali	Director	Chairman	B.Sc (Engg.), Civil
2.	Gazi Md. Shakhawat Hossain	Director	Member	M.com (Accounting)
3.	Meah Mohammad Abdur Rahim (Independent Director/ Director from the Depositors)	Director	Member	Bachelor of Commerce/A.I.C.S
4.	A.Q.I. Chowdhury, OBE	Director	Member	Graduate
5.	Asif Mahmood	Director	Member	B.Sc Engineer

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 2011 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:

SL No	NO. OF AUDIT COMMITTEE MEETING	DATE OF MEETING
01.	34th Audit Committee Meeting	5-05-2011
02.	35th Audit Committee Meeting	21-07-2011
03.	36th Audit Committee Meeting	29-09-2011
04.	37th Audit Committee Meeting	13-12-2011
05.	38th Audit Committee Meeting	26-12-2011

The major areas of focus by the Audit Committee of the Bank during the year 2011 are mentioned below:

- Review and approve the 'Annual Audit Plan 2011' and 'Risk Based Audit Plan 2011'.
- Review the compliance and related risk level of Branches and Departments.
- Review the process of strengthening the Internal Control Systems and Procedures and also the Internal Audit Team of the Bank (EBL).
- Review the Management Report for the year ended 31 December 2010 on EBL as submitted by the External Auditors, KPMG Rahman Rahman Huq, Chartered Accountants and its subsequent Management's compliances thereof.
- Review major Procurement Items (Tk. 10 Lac and above) in the year 2010.
- Review the current status of Classified and written off loans of Corporate, SME and Consumer.
- Review the uncollected overdue bill of entries.
- Review the status of Suspicious Transaction Report (STR) of the Bank.
- Review the Annual Report 2010 and the Financial Health of the Bank.
- Review the Organogram of the Internal Control and Compliance Department.
- Review the Bangladesh Bank Comprehensive Inspection Report of Eastern Bank Limited as on 30 September 2010.

- Review and approve the 'Annual Audit Plan 2012' and 'Risk Based Audit Plan 2012'.
- Review the Mystery Shopper Survey Report.

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

CHAIRMAN'S STATEMENT

"Practicing prudent and compliant business with due care of social, environmental and national priorities to add consistent and sustained value to all our stakeholders"

Mohd. Noor Ali, Chairman of the Board of Directors

EARNINGS PER SHARE

BDT 5.57

DIVIDEND PER SHARE

BDT 3.50



Dear Shareholders,

It's my privilege and honor to welcome you all to the 20th Annual General Meeting (AGM) of Eastern Bank Limited and to present before you the Annual Report 2011 including audited Financial Statements. I, on behalf of the Board of Directors, hereby extend a warm greeting to all of you present at this august gathering.

Global economy: After attaining a lower than expected growth of 2.7 percent in 2011 against 4.1 percent growth in 2010, global economy has entered into an uncertain situation. Slower pace of recovery and still higher rate of unemployment in the US and other high income countries, lower than expected growth in emerging economies and snowballing effect of sovereign debt crisis in some European countries have made the outlook of global economy somewhat bleak. Some of the major emerging economies which have been the engine of growth in the post 2008-2009 also slowed down. Vulnerability to a renewed global crisis has heightened for the developing economies connected with high income countries through global trade, remittance and aid.

The growth prospects for 2012 in advanced economies remain weak and there have also been downward growth adjustments for developing countries (from 6% in 2011 to 5.4% in 2012) including India and China.

Bangladesh economy: With a consistent 5.5% plus growth rate in the post 2007 periods, Bangladesh economy has been performing well despite global recessions. Our economy has grown by 6.7 percent in Fiscal Year (FY) 2011 riding on conducive policies, strong export growth with agriculture, industry and service sectors all performing well. However, slowing growth in export earnings and inward remittance, two paramount drivers of our economic growth, has been visible in the first half (H1) of FY 2012.

Exports grew by 14.72 percent to USD 11.77 billion whereas inward remittance grew by 9.33 percent to USD 6.07 billion in the H1, FY 2012. Growth of imports with larger base continues to outpace export growth and this gap in the current account balance cannot be fully met by remittance inflows. As a result, overall balance of payments turned into a deficit in FY2011, for the first time in a decade.

Continued deficits in balance of payments will contribute to further losses in reserves and depreciation of the taka against the US dollar. However, recent trends suggest that the pressure on foreign reserves will ease in the coming months as reflected through 8 percent fall in new Letter of Credit (LC) openings, a key indicator, in January 2012 relative to a year ago. A more restrained domestic credit environment is expected to limit import growth further, while the more depreciated exchange rate will support export and remittance growth. As such a new external sector equilibrium is expected to be reached soon.

Inflationary pressures continued to build steadily throughout the year mainly due to upward adjustments in energy and petroleum prices, higher domestic credit growth and high global food prices. Point-to-point inflation rose to a peak of 11.97% in September 2011 but subsided marginally in December 2011 to 10.63% essentially due to a decline in food price inflation (from a peak of 14.3% in April 2011 to 10.4% in December 2011).

To revive lost investors' confidence and arrest erosion of capital by investors in a continued capital market debacle, the government and the regulatory authorities took different steps to implement with little success so far. However the market showed some positive movements in the fag end of the year and reached to one of the lowest P/Es (around 13.53 times during 2011) in

recent time which reasonably might attract investors.

The second half yearly (H2, FY 2012) monetary policy statement published by Central Bank took recent economic developments into account and pursues a restrained monetary growth path in order to curb inflationary and external sector pressures, while ensuring adequate private sector credit to stimulate inclusive growth. Ensuring government borrowing from the banking system does not crowd out available liquidity for commercial banks will remain a key area of focus for the Central Bank. Specifically Central Bank aims to contain reserve money growth to 12.2 percent and broad money growth to 17.0 percent by June 2012.

Bank's financial performance: The strategy of cautious loan growth, diversified funding sources, improvement of asset quality, enhanced risk management and better controls and compliances helped EBL achieve better than average industry performance. The Bank continued to focus on pursuing inorganic growth routes by acquiring or establishing diverse lines of businesses including asset management companies, exchange houses etc. As a result of asset quality management, our NPL ratio further decreased to 1.91% at year end 2011 from 1.99% at year end 2010. However, increased cost of deposits against restrictive asset growth especially in the first half of the year to maintain CDR (Credit to Deposit Ratio) within BB prescribed limit and lower than expected capital gain from equity investments impacted profit growth of the banks which were active in capital market and were net borrower in the money market. Although our operating profit grew by 15.82% during the year, Profit after tax (PAT) has increased marginally by 3.96% to BDT 2,520.70 million in 2011 mainly due to 134.49% growth in provisions for loans and equity investments. As a result, Earnings Per Share (EPS) has increased to BDT 5.57 (consolidated BDT 5.59) against BDT 5.36 (restated) in 2010. Board has recommended Stock Dividend @ 35% or BDT 3.5 dividend per share (DPS) for the year 2011 after a mandatory

transfer of BDT 1.82 per share to statutory reserve.

Contribution to national exchequer: Being a compliant and responsible corporate citizen, EBL continued to make a 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. During the calendar year 2011 we contributed BDT 2,512.33 million to national exchequer as tax, vat and excise duty which is 11.34 percent higher than that of 2010. We paid advance corporate tax of BDT 1,356.48 million while deposited withheld tax of BDT 824.30 million, VAT of BDT 263.84 million and Excise Duty of BDT 67.72 million during the year 2011.

Appreciations: I would like to take this opportunity to express my appreciation to customers for giving us an opportunity to serve them and to 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 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.

I take this opportunity to express our renewed pledge to continue to add shareholders' value through execution of prudent and compliant business practices keeping social, environmental and national priorities upheld.



Mohd. Noor Ali
Chairman of the Board of Directors

REVIEW OF THE MANAGING DIRECTOR & CEO



Bangladesh Economy: The economy of Bangladesh demonstrated considerable resilience, despite the global economic crisis. A GDP growth of 6.7 percent in FY 2011 despite higher inflation, pressure on balance of payment and capital market debacle is testimony to its resilience and tenacity. The rise in global food and commodity prices and depreciation of taka pushed up prices. Point to point inflation reached a decade high of 11.97 percent in September 2011 but subsided to 10.63 percent in December. Overall balance of payments fell into a negative territory for the first time in a decade owing to a rapid rise of food and fuel prices coupled with increased capital goods imports, slower export and remittance growth and weak aid inflows leading to depleting foreign exchange reserve (USD 9 billion plus) and loss of local currency value against the greenback. And attempts by the regulators to revive capital market (with key index down by 37 percent and investors' confidence shattered) were of no avail. In this backdrop, growth of GDP in current fiscal (FY 2012) is projected to range between 6.5 to 7 percent.

Banking Industry Overview: For the banking industry the year 2011 will be dubbed as a year of 'Inclusive Banking.' Reaching out to unbanked population of the country through mobile banking platform and opening 'farmers' account' for a nominal amount were highlights of inclusive banking.

Heavy borrowing by the government from banking system, crisis of fund, stricter central bank regulations to contain CDR (Credit to Deposit Ratio) dominated the landscape of banking industry in the first half of the year. Conventional PCBs having CDR more than 85 percent had to take all out measures to source deposits sometimes at excessive rates to contain their CDR within prescribed limit. Banks with higher CDR had to forego profitability in exchange of liquidity. Growth of Net Interest

Income (NII) was, therefore, slower in the banks having higher CDR and vice versa. The bearish capital market failed to compensate slower NII growth of most banks active in secondary market rather suffered setbacks in earnings from secondary market investment. As a result, banks' profit growth was lower in 2011 compared to recent years.

Financial performance of the bank: The bank has had a pretty decent year. Operating profit grew by 15.82 percent due mainly to growth of NII by 11.47 percent and other revenue by 28.42 percent partly offset by growth of operating expense by 29.49 percent. A staggering 134.49 percent growth of provisions against loans and equity investments consumed a larger amount of profit. As a result, Profit After Tax (PAT) increased by 3.96 percent during the year. Cost to income ratio increased to 34.46 percent against 32.10 percent last year mainly because of slower growth in revenue. Our focused and sustained efforts to enhance asset quality helped reduce non performing loan (NPL) ratio to total loans to 1.91 percent at the year end 2011 compared to 1.99 percent at the year end 2010.

Strong capital adequacy: EBL focuses on strengthening and enhancing its risk management culture and internal control processes rather than increasing capital to cover up weak risk management and control practices. The bank has been generating most of its incremental capital from retained profit (stock dividend and statutory reserve transfer etc.) and occasional issue of right shares to support incremental growth of Risk Weighted Assets (RWA). Therefore, the Bank's Capital Adequacy Ratio (CAR) remains consistently within the comfort zone and ranged from 10.44% to 10.93%

(Consolidated basis) against minimum requirement of 9% of RWA (January to June 2011) and 10% of RWA (July to December 2011) during 2011.

Human Capital Development: As the global economy becomes more and more knowledge-intensive, human capital will be the future point of differentiation between nations. At EBL we believe in human capital development and competencies and are committed to improving educational opportunities for our future generation. Under “EBL-DUAA Inspiration”, a financial grant program sponsored by EBL, 300 selected students of different departments of University of Dhaka were awarded grants. EBL is planning to initiate a financial grant program for the disadvantaged women in collaboration with Prothom Alo.

Environment - responsive behavior: EBL believes that every small ‘GREEN’ step taken today would go a long way in building a greener future and that each one of us can work towards a better global environment. Whether we finance business that invest in renewable energy or simply demand our employees switch their lights off after office hours, use daylight instead of electrical lights, turn off all air-conditioned after 6 pm, turn off half of ACs and lights after transaction period, paperless office work, plant trees and encouraging green practices have been mainstay of our banking endeavors. Four of EBL’s – branches and six ATMs are powered by solar energy. The bank has reduced electricity and paper-use consumption by 33 percent and 40 percent respectively in 2011 compared to 2010. Some 40 cars of the bank have also been converted into CNG.

EBL’s priority as a good corporate citizen is to earn money in a manner that is both socially and ecologically responsible and of course, sustainable.

Accolades: EBL’s sincere efforts are well-appreciated by all and have gotten recognitions from local and international

institutions. Centralized Operations of EBL has achieved Quality Management Systems Certificate as per ISO 9001:2008 standard. EBL is the first Bangladeshi Bank to achieve this recognition for its commitment to quality delivery. Winning the ‘Best Financial Institution 2010’ at the DHL-Daily Star Bangladesh Business Award and Global Awards for Brand Excellence in the ‘Best Banking and Financial Services’ category by The Global Brand Congress simply recognizes our passion to perform.

Appreciation: I would like to convey my sincere thanks and gratitude to the chairman and the Board of Directors of EBL for their support, guidance and cooperation. My deepest gratitude and thanks to the Governor of Bangladesh Bank and his able team for their judicious guidance and support. Thanks are truly due to all our customers who remained loyal and kept faith in us. Finally, I salute the winning spirit of team EBL and convey my sincere thanks to them for their renewed loyalty, dedication and commitment. In our promise of brand delivery we would like to move into the area of human aspirations, values, and spirit guided by the philosophy of profit for people and not over them.



Ali Reza Iftekhar
Managing Director & CEO

DIRECTORS' REPORT 2011

The Board of Directors of Eastern Bank Limited takes pleasure in welcoming you all to the 20th Annual General Meeting (AGM) and presenting Annual Report along with the Audited Financial Statements for the year 2011.

Global Economy: A Brief Review

The snowballing effects of sovereign debt crisis in some European countries have dampened the momentum of global economic recovery. Some of the major emerging economies which have been the engine of growth in the post 2008-2009 periods have also slowed now. In combination, the downturn in Europe and slowing growth in emerging countries reinforces one another and raises the risk of another recession. "The epicenter of the danger is Europe but the rest of the world is increasingly affected," IMF chief economist commented.

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.

Vulnerable Nations: The World Bank commented, "Emerging markets are more vulnerable than in 2008 to a renewed global crisis because rich nations wouldn't have the fiscal resources they had back then to support their economies". Developing countries, whose deficits have also widened, should engage in contingency planning to have the necessary fiscal flexibility if need be, it said.

"Should conditions in high-income countries deteriorate and a second global crisis materializes, developing countries will find themselves operating in a much weaker global economy, with much less abundant capital, less vibrant trade opportunities and weaker financial support for both private and public activity," the World Bank said in a report.

Outlook 2012: Global growth prospects in 2012 remain highly uncertain in key trading partner countries, particularly in Europe due to the unfolding sovereign debt crisis in several countries and the increasing related risk of a global recession. As per World Bank projections, the world economy will grow 2.5 percent this year, down from a June estimate of 3.6 percent. The euro area may contract 0.3 percent, compared with a previous estimate of a 1.8 percent growth. The U.S. growth outlook was cut to 2.2 percent from 2.9 percent. The growth prospects for 2012 in advanced economies remain weak and there have also been downward growth adjustments for developing countries (from 6% in 2011 to 5.4% in 2012) including India and China.

GDP growth (year- on- year, in percent)

	2010	2011e	2012 p
World	4.1	2.7	2.5
High income countries	3.0	1.6	1.4
OECD Countries	2.8	1.4	1.3
Euro Area	1.7	1.6	(0.3)
USA	3.0	1.7	2.2
Developing countries	7.3	6.0	5.4
China	10.4	9.1	8.4
India	8.7	6.5	6.5

Note: e for estimate & p for projection: made by World Bank and extracted from the Monetary Policy Statement of BB for H2 (FY 12).

Global trade is projected to expand only 4.7 per cent this year after growth of 6.6 per cent in 2011 and 12.4 per cent in 2010. The World Bank also sees potential trouble from a lack of confidence in Europe's efforts to resolve its debt crisis, high deficits in the United States and Japan, political tensions in the Middle East and North Africa that could disrupt oil supplies, and a "hard landing" by one or more "economically important middle-income countries."

Bangladesh Economy: A Brief Review

With a respectable 6.7% growth in GDP (Gross Domestic Product) in FY 2011, Bangladesh has been enduring well, so far, the spill over effects of century's one of the worst recessions. This growth can be attributed to conducive policies, strong export growth and favorable weather with agriculture, industry and services sectors all performing well. However, slowing growth in export earnings and inward remittance, two paramount drivers of economic growth in Bangladesh, has been visible in the first half (H1) of fiscal year (FY) 2012. Exports grew by 14.72 percent to USD 11.77 billion whereas inward remittance grew by 9.33 percent to USD 6.07 billion in the H1, FY 2012. Import growth continues to outpace export growth and this gap in the current account balance cannot be fully met by remittance inflows. The capital account has worsened significantly partly due to very low aid inflows and/or lack of timely utilization of foreign aids in the pipeline. As a result of these pressures, the Taka/US dollar exchange rate has depreciated by about 15% in the twelve months leading to mid January 2012 and foreign exchange reserves have also fallen from US\$10.1 billion to 9.2 billion during this period.

Inflation: Mainly due to upward adjustments in energy and petroleum prices, higher domestic credit growth and high global food prices, inflationary pressures steadily built up throughout FY2011 and intensified in FY2012. Averaging 10.7% in December 2011 (higher than the 7.5% average projected in the 2011/12 Budget), there has been a progress towards easing this pressure of late with point to point inflation declining from a peak of 11.97% in September 2011 to 10.63% in December 2011. This is essentially due to a decline in food price inflation (from a peak of 14.3% in April 2011 to 10.4% in December 2011).

Higher demand for oil for fuel-based rental and quick rental power plants, rising demand for

fertilizer, and growing import of capital goods put pressure on the external sector. However the fact that non-food inflation is still steadily increasing, suggests that the focus on bringing inflation to single digit levels needs to continue. In addition to causing hardships for the poor, vulnerable and the low income groups, and acting as a disincentive to saving, higher inflation will discourage investment and affect the country's growth prospects.

Balance of payments position: The overall balance of payments turned into a deficit in FY2011, for the first time in a decade, because of the combined impacts of rising food, fuel, and capital goods imports, slower remittance growth and weak aid inflows. A further slowdown in the global economy may worsen the balance of payments by adversely impacting export, remittances, and FDI inflows. Continued deficits in balance of payments will contribute to further losses in reserves and depreciation of the taka against the US dollar.

Export growth (14.7% between July-December 2011 compared to the same period last year) lags behind import growth (22% between July-November 2011 compared to the same period last year) partly due to the projected 57% increase in petroleum imports in FY12 compared to the previous year. November 2011 witnessed a marginally negative current account balance for the first time in recent years as the negative trade balance was not fully compensated by worker remittances, despite the robust 9.3% remittance growth witnessed in the first six months of FY12. A sharp decline in net foreign aid (total aid minus payments) is another major reason behind balance of payment pressures.

Capital market conditions: Loss of investors' confidence and erosion of capital invested marked the year under review. Following a bull run for consecutive two years (2009 and 2010), which experts term irrational, the capital market got thrashed in December 2010 and continued

for almost whole year 2011 with two debacles pulling down the key index by around 37 percent. Market P/E fell from 29.71 in 2010 to 13.53 during 2011 whereas Market Capitalization to GDP Ratio decreased to 33.32% in 2011 from 52.11% during 2010.

'Investment income from secondary market' which used to occupy a significant pie of revenue of banks and financial institutions heavily active in stock market shrank significantly this year. The loss of fund or purchasing power of the investors stuck in the stock market had its due toll on respective sectors of economy which concerned the regulators.

The Government and the respective Regulatory Authorities took different steps in (3) three phases to revive and stabilize the capital market. Unfortunately these efforts did not work as expected; however the market showed some positive movements in the fag end of the year. However, many experts believe that the existing P/E which is one of the lowest in the recent past of capital market history, might attract investors.

Outlook 2012: As cautioned by the World Bank, emerging or developing economies having widening fiscal deficits will have much less space to maneuver warranting them to have contingency plan in facing those challenges in 2012. As projected by the World Bank and IMF, weaker than expected growth in advanced economies especially Europe and the US, the destination of around 74% of all our exports, could impact garments and other exports. Remittance could also be affected but risks are lower due mainly to relative resilience of the Middle Eastern countries.

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. As such the projected GDP growth for FY 2012 falls in the range of 6.5-7.0%.

Financial Performance Highlights

During the first half of the year banking industry in Bangladesh had to contain their CDR (Credit to Deposit Ratio) within a prescribed limit (85% for conventional commercial banks) as per BB instruction. To comply with that regulation and to enhance liquidity, many banks had to resort to source bulk amount of deposits at competitively higher rates. On the other hand, due to lending cap imposed by central bank (prevailing for most of the times of 2011), repricing of loans was difficult. As a result of these combined, the Net Interest Income (NII) of the Bank (EBL) grew only by 11.47% during 2011 (28.32% during 2010). Income from investment in the secondary market suffered a negative growth of 47% (BDT 677 million vs BDT 1,283 million in 2010) due to persistent fall of capital market indices. However, higher growth (by 72.21%) of fees and commission income (including FX gain) partly offset those lower or negative growths of NII and investment income.

As a result, Operating Profit of the bank increased by 15.82% during the year (Growth in 2010 was 47.94%). However, hefty growth (134.49%) in provision for loans and equity investments has caused the Profit After Tax (PAT) to increase by 3.96% during 2011 over that of 2010.

Following table summarizes financial performance of EBL both as a Group and as the Bank during the year 2011:

BDT Million

Particulars	Eastern Bank Limited			Subsidiaries		Inter company elimination	Consolidated
	Onshore	Offshore	Total	EBL Securities Limited	EBL Investments Limited		
Net Interest Income (NII)	3,131.57	182.85	3,314.42	32.48	23.96	-	3,370.86
Total operating income	7,608.38	184.23	7,792.60	121.39	23.96	(30.00)	7,907.96
Total operating expense	2,662.93	22.31	2,685.24	44.11	0.64	-	2,730.00
Profit before provisions	4,945.45	161.92	5,107.36	77.28	23.32	(30.00)	5,177.96
Total provisions	972.86	5.35	978.22	-	-	-	978.22
Profit before tax (PBT)	3,972.58	156.56	4,129.15	77.28	23.32	(30.00)	4,199.75
Profit after tax (PAT)	2,364.14	156.56	2,520.70	49.28	12.45	(30.00)	2,552.43

Group PAT was BDT 2,552.43 million during the year among which attributable to EBL shareholders was BDT 2,532.72 million. Following table summarizes comparative financial performance:

BDT Million

Particulars	Group		Bank		% Change (Group)	% Change (Bank)
	2011	2010	2011	2010		
Net interest income (NII)	3,370.86	2,984.47	3,314.42	2,973.45	12.95%	11.47%
Profit before provision and tax/Operating profit	5,177.96	4,526.05	5,107.36	4,409.58	14.40%	15.82%
Provision for loans and contingent assets:						
Specific provision	320.97	132.17	320.97	132.17	142.85%	142.85%
General provision	403.47	248.52	403.47	248.52	62.35%	62.35%
Provision for equity investment and other assets	253.78	36.48	253.78	36.48	595.59%	595.59%
Total provisions	978.22	417.17	978.22	417.17	134.49%	134.49%
Profit before tax for the year	4,199.75	4,108.87	4,129.15	3,992.41	2.21%	3.42%
Tax provision	1,647.32	1,594.67	1,608.44	1,567.62	3.30%	2.60%
Profit after tax (PAT)	2,552.43	2,514.20	2,520.70	2,424.79	1.52%	3.96%
PAT attributable to Shareholders of EBL	2,532.72	2,484.75				
Minority Interest share in PAT	19.71	29.46				
Earnings per share (EPS)	5.59	5.49	5.57	5.36	1.93%	3.96%

Since the profit after tax (PAT) has increased marginally by 3.96 percent during 2011, all the ratios (including ROE and ROA) whose numerator is the PAT have changed accordingly. Following table summarizes some of the major financial ratios:

Particulars	Bank	
	Year 2011	Year 2010
Return on average equity (PAT/Average Equity)	19.03%	23.64%
Return on average assets (PAT/Average Assets)	2.52%	3.19%
Cost to income ratio (Operating expense/Revenue)	34.46%	32.10%
Capital adequacy ratio*	10.77%	10.81%
NPL ratio	1.91%	1.99%
EPS (BDT)	5.57	5.36
Price to book value ratio	206.77%	312.77%

* Minimum requirement was 9% of RWA on 31-12-2010 but 10% on 31-12-2011. As per consolidated return CAR was 10.93%.

Appropriation of Profit

Although the Profit after tax (PAT) of the Bank is BDT 2,520.70 million during 2011, it contains a deferred tax income of BDT 131.40 million on provision made against classified loans during the year. As per BRPD circular no 11, dated 12 December 2011 of Bangladesh Bank, benefit arisen out of deferred tax income against this provision can neither be distributed nor can be shown as a component of tier I capital while reporting Capital Adequacy Status of the Bank. So, the distributable profit arrives at BDT 1,603.87 million after a mandatory transfer of BDT 825.83 million (20 percent of Profit Before Tax) to statutory reserve as per section 24 of Bank Companies Act 1991. The Directors of the Bank have recommended stock dividend @35 % (35 shares for 100 shares each held on the record date) for the year 2011:

Particulars	BANK		BDT Million
	2011	2010	% Change
Profit after tax (PAT)	2,520.70	2,424.79	3.96%
Profit after tax (PAT) net of Deferred tax income	2,389.30	2,424.79	-1.46%
Retained earnings carried forward	40.39	20.53	-
To be appropriated (Net of Deferred Tax Income)	2,429.69	2,445.32	-0.64%
Transfer to statutory reserve	825.83	798.48	3.42%
Distributable profit	1,603.87	1,646.84	-2.61%
Dividend for the year (recommended):			
Stock dividend (35% for 2011 vs. 55% for 2010)	1,584.54	1,606.45	
Retained earnings to be carried forward	19.32	40.39	
Dividend Payout Ratio (Dividend/PAT)	62.86%	66.25%	

Payment of Dividend

In a commendable continuity of paying consistent rate of dividend, EBL has been paying more than 30% dividend for the last five years except in the year of 2008 when 20% dividend was paid due to increased paid up capital base from issue of right shares. Except for the year 2009 when 20% cash and 17% stock dividend was paid, for the last five years all the dividends were paid in stock to enhance solvency through capital adequacy.

Market Performance of EBL Share

As per SEC order no. SEC/CMRRCD/2009-193/109 dated 15 September 2011; the trading of shares/units of companies/mutual funds would converge to a uniform face value of Tk. 10.00 with effect from 04 December 2011. However,

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 from 29 August 2010.

Shares of EBL are categorized as 'A' in the Stock Exchanges. At the end of 2011, there were 17,207 shareholders of EBL against 11,284 shareholders at the end of 2010. Total number of shareholders as on 1 March 2012 (being the Record Date) was 17,398. The year end closing price per EBL share in DSE was BDT 65.80 against BDT 129.40 as on 30 December 2010 whereas year high was BDT 125.1 and year low was BDT 54.3 in the DSE.

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 2011:

Month	DSE High (Tk)	DSE Low (Tk)	CSE High (Tk)	CSE Low (Tk)	Volume DSE (no of shares)	Volume CSE (no of shares)
Jan-11	125.1	88.7	128.5	85.0	11,295,358	717,080
Feb-11	102.4	78.7	108.0	77.4	6,618,481	828,930
Mar-11	78.7	47.0	69.0	44.1	6,989,000	1,389,840
Apr-11	56.1	47.4	57.4	44.6	4,562,416	636,758
May-11	54.3	49.3	56.0	48.0	5,845,405	870,632
Jun-11	69.2	53.6	73.0	53.0	24,363,638	3,159,960
Jul-11	70.6	64.5	72.0	64.3	30,285,002	2,562,014
Aug-11	64.2	59.6	68.4	58.4	5,045,756	399,194
Sep-11	60.9	56.2	63.4	55.2	4,773,283	454,103
Oct-11	58.5	49.9	61.0	47.7	7,396,012	580,161
Nov-11	69.8	53.6	72.0	52.5	14,528,976	1,264,209
Dec-11	69.1	64.5	72.0	62.0	13,869,000	1,245,733

Source: DSE Monthly Reviews

Capital Adequacy Under Basel II

Banks in Bangladesh have passed their second year in 2011 under Basel II regime while reporting Capital Adequacy Status to Bangladesh Bank. As

per BB circular, minimum CAR has been 9% of RWA during first half and 10% during second half of the year (BRPD circular no 10 dated 10 March 2010).

Following is the summary of Basel II reports of EBL (CONSOLIDATED RETURN) as reported to BB during 2011:

	BDT Million			
Risk weighted assets (RWA) for	Q4, 2011	Q3, 2011	Q2, 2011	Q1, 2011
A. Credit Risk for	110,130	109,278	106,391	94,664
On Balance Sheet exposures	81,963	79,927	79,023	73,215
Off Balance Sheet exposures	28,168	29,350	27,368	21,448
B. Market Risk (capital charge X 10) for:	9,590	8,770	9,778	9,592
a. Interest Rate Related Instruments	3,960	2,522	2,970	2,566
b. Equities	5,103	6,013	6,117	5,600
c. Foreign Exchange Position	527	235	691	1,425
C. Operational Risk (capital charge X 10)	10,369	8,151	9,056	9,056
Total Risk Weighted Assets (A + B + C)	130,089	126,198	125,225	113,312
D. Eligible Capital				
1. Tier-1 (Core Capital)	11,151	10,390	9,881	9,241
2. Tier-2 (Supplementary Capital)	3,071	3,207	3,190	3,036
3. Tier-3 (Eligible for market risk only)	-	-	-	-
4. Total Eligible Capital (1+2+3)	14,223	13,597	13,071	12,277
E. Total Risk Weighted Assets (RWA)	130,089	126,198	125,225	113,312
F. Capital Adequacy Ratio (CAR) (D4/E)*100	10.93%	10.77%	10.44%	10.83%
G. Core Capital to RWA (D1/E)*100	8.57%	8.23%	7.89%	8.16%
H. Supplementary Capital to RWA {(D2+D3)/E}*100	2.36%	2.54%	2.55%	2.68%
I. Minimum Capital Requirement % (9% of RWA till June 2011, 10% onwards)	13,009	12,620	11,270	10,198
Minimum CAR Requirement	10%	10%	9%	9%
Excess/(Shortfall) Capital over MCR	1,214	977	1,801	2,079

Highlights of Capital Adequacy Status

Without injecting any fresh capital through Right Issue, Subordinated Debt etc. or asset revaluation, the Bank has maintained minimum CAR above 10% in all the quarters of 2011.

Vigorous initiative of bank management to pursue its corporate customers to do their entity rating by eligible ECAs played a major role in decreasing capital requirement. As on the reporting date, number of corporate (including SME-Mid) customers having valid entity rating with funded exposure were 58 compared to no

23 as on December 31, 2010. Funded exposure to rated corporate customers was BDT 17,081.24 million or 27.15% of total funded exposure to corporate customers as on year end 2011 against only 8.43% (BDT 3,863.29 million) as on year end 2010.

Funded exposure to a customer having external rating of at least double B (BB) with Bangladesh Bank rating grade 4, requires risk weight of 100% whereas exposure to any unrated customer is risk weighted by 125%. Since external rating of most of our rated corporate customers falls in the

range of A to AAA (BB rating grade 1 & 2) bearing risk weight of 50% or below, the more our customers do their entity rating, the less will be the capital requirement for EBL. So, drive of the Bank to this end will continue throughout the year 2012 too.

History of Raising Capital

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) already crossed that mark long back and stood at BDT 8,078.61 million (Of which paid-up capital was BDT 4,527.26 million) as on December 31, 2011. As a result, we do not have any restriction to pay cash dividend since 2009. The history of raising our paid up capital to BDT 4,527.26 million as on year end 2011 is presented below:

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 Companies Act 1991. The reporting requirement has been expanded too. The said circular and respective section of the Bank Companies 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

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	160,644,627	1,606,446,270	4,527,257,670
29 March 2012	35% Bonus Share (Proposed)	158,454,018	1,584,540,185	6,111,797,855

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

liabilities of a bank. Whereas under 'Exposure in Capital Market' capping rule, no bank can have an exposure in capital market exceeding 10% of its 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 7% of total liabilities during the year. Following is the quarter end status of EBL in 'Holding of Shares' and 'Exposure in Capital Market' as reported to Bangladesh Bank during the year 2011:

	BDT Crore			
Holding of Shares:	Mar-11	Jun-11	Sep-11	Dec-11
Own Portfolio	262.03	257.53	258.70	215.36
Market Value of liened shares	60.09	58.83	68.30	68.89
Custody	-	-	-	-
Total Holdings	322.12	316.36	327.00	284.25
Total Liabilities	6,997.00	6,997.00	8,844.00	8,844.00
% of value of shares of Total Liabilities	4.60%	4.52%	3.70%	3.21%
Exposure In Capital Market:				
Own Portfolio	414.60	417.83	409.90	374.50
Loan to own subsidiary/ Subsidiaries	60.00	61.48	85.00	85.00
Loan to others for merchant banking and brokerage activities	-	-	-	6.66
Guarantee against loan of own subsidiary / subsidiaries and others	-	-	-	-
Loan to Stock Dealer	-	-	-	-
Total Exposures	474.60	479.31	494.90	466.16
% of Capital Market Exposure to Total Liabilities	6.78%	6.85%	5.60%	5.27%

Brief Review of Subsidiaries Businesses

The Bank had four subsidiaries as on the reporting date. EBL acquired 60% share of a brokerage house 'EBL Securities Limited' on 15 October 2009 which is the only functional subsidiary of the Bank. The other three fully owned subsidiaries (among which one had raised capital) have got registered with relevant regulatory authorities but yet to swing into operations.

Being highly correlated with the market performance of DSE, the overall brokerage business suffered a huge setback in terms of index and trade volume during the year. As measured by DGEN, the average daily turnover of the year 2011 was BDT 6,642 million in contrast with BDT 16,434 million during 2010. EBL Securities Ltd (EBLSL), being an infant participant in the brokerage business, however, grew its market share in trade volume in contrast to the underperforming DSE. The daily turnover of

EBLSL for the year of 2009 and 2010 was approximately 1% of the daily turnover of DSE. 2011 market share has been more than 1.5% in the later half of the year and in higher trading days up to 3% - 3.5% of the daily total turnover of DSE. This can be attributed to the dedicated service to the new and previous clients and involvement of the institutional investors who avail our brokerage services.

EBL Investments Limited, another fully owned subsidiary of EBL was incorporated on 30 December 2009 with an initial paid up capital of BDT 300 million. The company was formed to do 'Merchant Banking Operations' and has applied to SEC for permission for the same which is still pending.

EBL Finance (HK) Limited, the fully owned first foreign subsidiary of EBL has got 'Certificate of Incorporation' and 'Business Registration Certificate' from Hong Kong Authority but Money Lenders License from Hong Kong Authority is under process.

EBL Asset Management Limited, another fully owned subsidiary of the Bank was incorporated on 09 January 2011 to do asset management i.e. managing mutual funds. It has got permission from BB but application to SEC for asset management license under process.

Green Banking Initiatives

Embracing the concept of 'Green Banking' as an effective and socially responsible way of banking, EBL introduced E-Statement (Bank Statements for account holders) first which reduced the usage of printed hard copy statement. This statement is generated by the system and sent to the customer automatically at specified interval with full authentication and security. This pioneering initiative of EBL will not only save cost and the nature but also reduce processing time and hassle.

We are using the most energy efficient IT equipments like HP Blade Server which consumes less power, less space with maximum capacity. Digitization of official documents is in place under which most of the documents of the bank will be converted into softcopy. Lion share of the internal and external communication are done through authenticated E-mail.

As an environment-responsive bank we initiated 'Go Green' campaign in our Bank. After reducing the use of electricity and paper at the office, EBL is now gearing up for carbon trading to show its commitment to environment-friendly funding.

EBL is the first bank to claim refinance from the central bank for carbon credits. We have reduced electricity consumption by 33 percent and paper use by 40 percent in 2011. Four branches and six automated teller machines of the bank are run on solar power.

Our bank is the first among the commercial banks, who has 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 Rahimafrroz Renewable Energy Ltd (RREL), a concern of Rahimafrroz Group, to set up a 18MW PV solar panel assembly plant. This is first of its kind loan facility in Bangladesh. Through this renewable energy financing, we will be 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.

EBL launched 'Nobodoy', a customised loan product, to help farmers install fixed dome biogas plants to convert animal waste into electricity. EBL is upbeat about the new green product and vows to spread it across the country. The bank has already disbursed nearly Tk 6 million to eight biogas plants in Cox's Bazar.

Co-operation Agreement signed between EBL & IFC- SEDF on Sustainable Energy and Cleaner Production:

Under the agreement, EBL will receive assistance and advisory services from SEDF in capacity building to offer suitable products for the companies to help them increase energy efficiency and ensure cleaner production. First and second phases of training have already been conducted for EBL core team on Sustainable Energy and Cleaner Production.

Tripartite Agreement signed among DEG, FI Konsult (external environmental consultant) and EBL:

As per this agreement FI Konsult will help EBL in capacity building through training and help framing a policy in developing and implementing an Environment & Social Management System (ESMS). DEG & EBL will run this program on cost sharing basis. The implementation of such system will help EBL in making customers aware about the social and environmental impacts associated with their business and production facilities.

Highlights of Business and Operations

Advanced Remittance Solution for Non-Resident Bangladeshis (NRBs):

'Flex Remit', one of the most advanced remittance solutions in the world, was implemented during the year to ensure efficient remittance solutions to the beneficiaries of NRBs. Using this new system, payment to the beneficiaries through EFT, Credit to EBL and other Banks' account, payment through Telco (m-wallet) can be done easily and timely. Once payment is sent by us to the respective account of the beneficiary, SMS alert is sent to him/her instantly to collect the proceeds from the nearest collection point.

Alternate Distribution Channels (ADC) for Door Steps Services:

Alternate Distribution Channels (ADC) of EBL plays vital role to reach to the door steps of our customers with our banking services 24 hours in a day and 365 days in a year. There are two major wings of this channel. One is

Self-Service channel under which ATM, POS, Internet Banking (IB), Bill Pay Machine, Interactive Voice Response (IVR) and SMS Banking are clubbed. Another one is Managed Service in which Call Center is present.

Internet Banking (IB) service is a flourishing alternate channel of the bank through which our customers can do Balance Inquiry, Fund Transfer within his own accounts and to third party, open Term Deposit, Inquiry of cheques status, Bill Payment etc. These transactions can be done instantly from any part of the world at any point of time.

SMS banking is working full-fledged in our bank. Through this facility, our valued customer gets his account information in major two methods on his mobile phone. First: bank pushes the sought data online to the customer through SMS if any transaction happens beyond the threshold amount in specific account of that customer. Second: customer himself can fetch his own CASA, Loan or TD account data/information from the bank online through SMS using his mobile devices.

World Class Clearing House Solution: We are using the world class Clearing House solution, AiDPS from APERTA, UK through which cheque clearing process timing is reduced compared to previous manual clearing process era.

Foreign currency loan: Signing of Loan Agreement for USD 20 M with DEG for EBL Off-shore Banking Unit is under finalization. Meanwhile, EBL has also received initial consent of USD 20 Million from FMO.

Delivery of 02 new 777-300 ER Aircrafts from Boeing received by Biman Bangladesh Airlines; national flag carrier of the country; under the milestone syndication arrangement by EBL for USD 114.49 Million closed during the year.

EBL signed '**Wholesale Bank**' Agreement with

Bangladesh Bank on December 14, 2011 under the ADB Second Crop Diversification Project. Under this arrangement, EBL will receive fund for USD 12.75 Million in local currency for a long term of 16 years.

Innovative Credit Card Solutions: EBL launched two new “first to the market” card products in 2011, namely EBL Visa Signature and EBL Visa Payroll Cards. Signature Cards are a notch above the Platinum Card Segment and at this moment the highest graded Credit Card in Bangladesh. With free lounge usage benefits at over 600 Airports in over 100 countries, BDT 1 Crore Insurance Coverage, Dedicated Relationship Manager, Worldwide Concierge Service and Cash Back services made the product a desirable one amongst the socialites. EBL Visa Payroll Card is a low-cost and easy management solution for the payroll management companies who have large work force or high turn-over rate can easily take this product to make their employee payment management hassle-free. EBL was the first bank to offer this out-of-the box product and the market embraced it with lot of enthusiasm and support.

Giving priority to Continuous professional development: Recognizing human resource as the most valuable soft factor of the organization, EBL continued to invest to enhance and upgrade skill sets of the people. A significant number of seminars, workshops and trainings both in home and abroad were arranged during the year 2011. In particular, in 2011 Human Resources Division arranged 202 Training Programs, 21 trainees were sent overseas and 2,938 were coached and trained locally to upgrade their knowledge and thus, enhancing the quality.

Signing of “Click & Trade Foreign Exchange Electronic Trading Agreement”: To facilitate FX trading, EBL signed “Click & Trade Foreign Exchange Electronic Trading Agreement” with Commerzbank AG, Frankfurt, Germany. This is an

advanced online trading platform with enhanced, accurate, fast and sophisticated features.

Awards and Recognition

Winner of DHL-Daily Star Bangladesh Business Award 2010: The crowning glory of EBL's commitment to perform with passion has been winning the Best Financial Institution 2010, the most coveted award of the country at the DHL-Daily Star Bangladesh Business Award 2010.

Global Awards for Brand Excellence: As we are striving to achieve international standards in all our products and services, international recognition is natural to follow. The Global Brand Congress held in Mumbai, India conferred EBL Global Awards for Brand Excellence in the 'Best Banking and Financial Services' category during 2011.

Achieved Quality Management Systems

Certificate: In EBL's journey to excellence, a great achievement has been added. Centralized Trade Operations of EBL has achieved Quality Management Systems Certificate as per ISO 9001:2008 standard. EBL is the first Bangladeshi Bank to achieve this recognition for its commitment to quality delivery.

Awarded by IFC as the Most Active GTFP Issuing Bank in South Asia: EBL has been awarded by IFC as the Most Active GTFP Issuing Bank in South Asia 2009-2010 and the Most Active Issuing Bank in Agribusiness Sector in South Asia 2010-2011.

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.

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. 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.

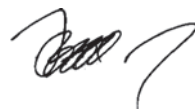
EBL also contributes to promote sports on national and international events, cultural heritage and other related fields.

Contribution to National Exchequer

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 payments to customers and vendors. During the calendar year 2011 we contributed BDT 2,512.33 million to national exchequer as tax, vat and excise duty which is 11.34% higher than that of 2010. We paid advance corporate tax of BDT 1,356.48 million while deposited withheld tax of BDT 824.30 million, VAT of BDT 263.84 million and Excise Duty of BDT 67.72 million during the year 2011.

On behalf of the Board of Directors



Mohd. Noor Ali

Chairman of the Board of Directors
February 15, 2012, Dhaka.

Go Green

The principle that guides our behavior to deliver our brand is 'sustainable banking'. At EBL, we believe sustainability should be the cornerstone of everything that we do. Whether we finance businesses that invest in renewable energy or simply demand our employees switch off lights after office hours, encouraging green practices have been the mainstay of our banking endeavours.

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. 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 by simply making profit for people and not over them.



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Stakeholders' Information

FINANCIAL HIGHLIGHTS

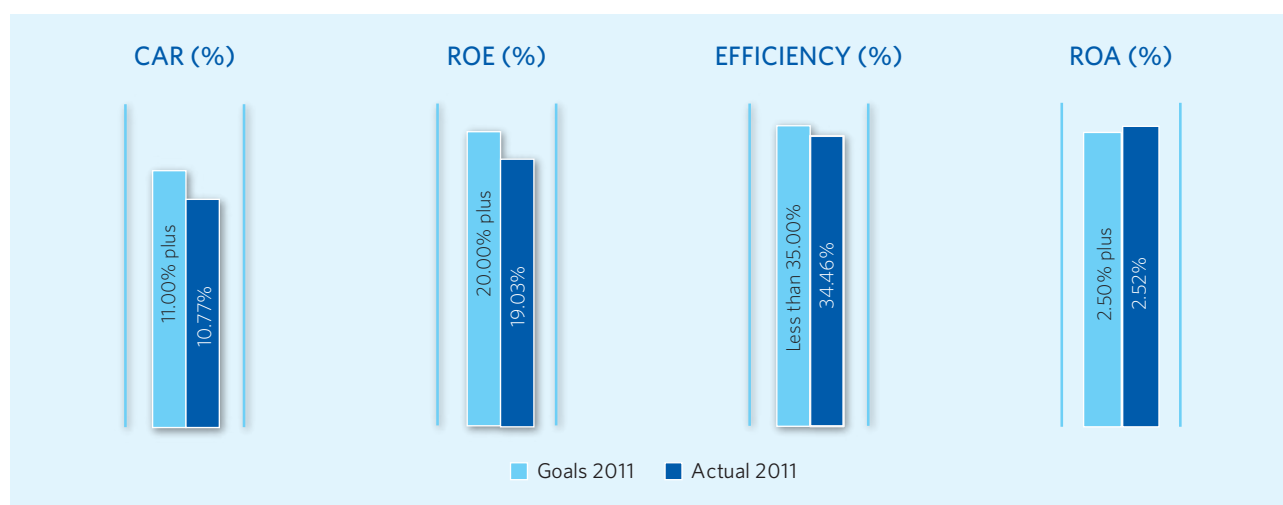
BDT Million

Particulars	Group			Bank		
	2011	2010	Change %	2011	2010	Change %
Performance during the year						
Net Interest Income	3,371	2,984	12.95%	3,314	2,973	11.47%
Non Interest Income	4,537	3,617	25.44%	4,478	3,487	28.42%
Operating Income	7,908	6,601	19.79%	7,793	6,461	20.62%
Operating Profit	5,178	4,526	14.40%	5,107	4,410	15.82%
Profit After Tax	2,552	2,514	1.52%	2,521	2,425	3.96%
Year end financial position						
Loan	81,058	58,607	38.31%	81,774	58,607	39.53%
Investments	16,911	9,827	72.08%	16,910	9,827	72.08%
Deposits	75,203	56,105	34.04%	75,536	56,425	33.87%
Shareholders equity	14,592	12,257	19.05%	14,407	12,084	19.23%
Total Assets	117,564	82,531	42.45%	117,581	82,098	43.22%
Information per ordinary share (Tk)						
Earnings per share	5.59	5.49	1.82%	5.57	5.36	3.92%
Dividend (%)	-	-	-	35%	55%	-36.36%
Price earning ratio (times)	11.76	23.58	-50.11%	11.82	24.16	-51.08%
Net asset value per share	32.23	41.97	-23.20%	31.82	41.37	-23.08%
Market price per share	65.80	129.40	-49.15%	65.80	129.40	-49.15%
Ratios (%)						
Capital adequacy ratio	10.93%	10.92%	0.09%	10.77%	10.81%	-0.37%
Non performing loans	1.93%	1.99%	-3.46%	1.91%	1.99%	-4.30%
Cost to income ratio	34.52%	31.95%	8.04%	34.46%	32.10%	7.35%

GROUP	BANK
Operating Profit +14.40% BDT 5,178 M	Operating Profit +15.82% BDT 5,107 M
Shareholders equity +19.05% BDT 14,592 M	Shareholders equity +19.23% BDT 14,407 M
Earnings per share +1.82% BDT 5.59	Earnings per share +3.92% BDT 5.57

FINANCIAL GOALS & PERFORMANCE (BANK ONLY)

Particulars	Goals 2012	Goals 2011	Actual 2011	Actual 2010
Capital Adequacy Ratio (CAR)	10.50% Plus	11% Plus	10.77%	10.81%
Return on average equity (ROE)	20% Plus	20% Plus	19.03%	23.64%
Return on average assets (ROA)	2.5% plus	2.5% plus	2.52%	3.19%
Cost to income ratio	Less than 35%	Less than 35%	34.46%	32.10%
NPL to total loans and advance	Less than 2%	Less than 2%	1.91%	1.99%
Weighted Average Credit Risk Grade (WACRG)	4.50	4.50	4.68	4.72
Deposits (BDT Million)	96,503	77,749	75,536	56,425
Loans and advances (BDT Million)	90,349	76,595	81,774	58,607



FIVE YEAR'S PROGRESSION (BANK ONLY)

BDT Million

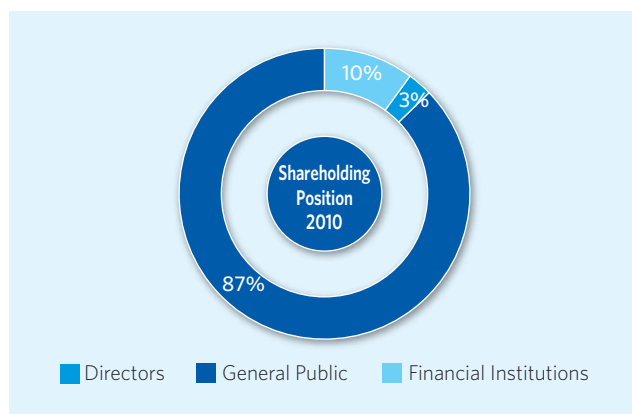
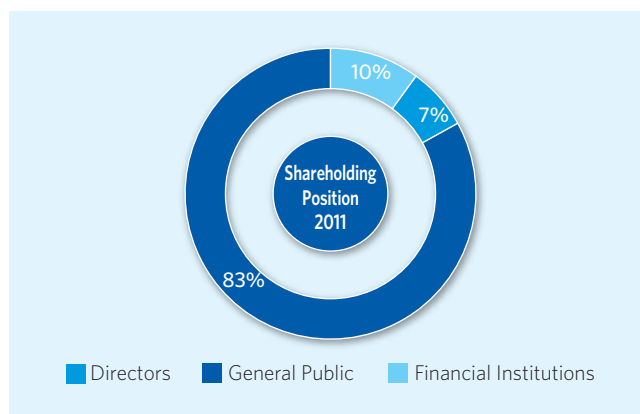
PARTICULARS	2011	2010	2009	2008	2007
BALANCE SHEET METRICS					
Authorised capital	12,000	12,000	3,300	3,300	3,300
Paid up capital	4,527	2,921	2,496	1,387	1,035
Shareholders' equity	14,407	12,084	8,429	4,733	3,829
Deposits	75,536	56,425	49,190	41,573	30,092
Loans and advances	81,774	58,607	47,668	39,662	30,962
Credit to deposit ratio (Gross)	108.26%	103.87%	96.91%	95.40%	102.89%
Credit to deposit ratio - Gross (excluding OBU loans)	99.86%	95.09%	93.78%	94.84%	102.67%
Investments	16,910	9,827	8,806	5,325	3,457
Fixed Assets	4,453	3,614	1,804	1,246	871
Interest bearing assets	104,572	71,759	62,125	46,831	34,706
Total assets	117,581	82,098	69,871	54,598	40,204
Borrowings	21,652	9,257	8,835	4,948	3,793
INCOME STATEMENT METRICS					
Net interest income (excluding Investment Income)	3,314	2,973	2,317	1,551	1,312
Investments Income	1,970	2,050	955	863	507
Non-interest income (Excluding investment income)	2,508	1,437	1,358	1,290	1,003
Operating Revenue	7,793	6,461	4,630	3,704	2,822
Operating Profit (Profit before provision and tax)	5,107	4,410	2,980	2,386	1,870
Provision for loans, investment and other assets	978	417	280	455	585
Profit before tax	4,129	3,992	2,701	1,931	1,286
Profit After Tax (PAT)	2,521	2,425	1,455	798	419
CAPITAL METRICS					
Risk weighted assets (RWA) [Basel II for 2011, 2010 & 2009, Basel I for others]	130,351	104,440	73,316	41,315	30,687
Core capital (Tier 1)	10,966	8,375	6,441	4,271	3,395
Supplementary capital (Tier 2)	3,071	2,912	1,875	981	755
Additional supplementary capital (Tier 3)	-	-	-	-	-
Total Capital / Regulatory capital (Tier 1, 2 and 3)	14,038	11,287	8,317	5,252	4,151
Statutory capital (Paid up capital and statutory reserve)	8,079	5,646	4,423	2,774	2,070
Capital adequacy ratio (Regulatory capital/RWA) [Basel II for 2011, 2010 & 2009 Basel I for others]-Solo Basis	10.77%	10.81%	11.34%	12.71%	13.53%
Core capital (Tier 1) to RWA	8.41%	8.02%	8.79%	10.34%	11.07%
RWA to total assets [Basel II for 2011, 2010 & 2009, Basel I for others]	110.86%	127.21%	104.93%	75.67%	76.33%
CREDIT QUALITY					
Non performing/classified loans (NPLs)	1,561	1,169	1,172	1,309	1,334
Specific Provision	866	611	756	692	660
General Provision	1,541	1,107	876	727	516
NPL to total loans and advance	1.91%	1.99%	2.46%	3.30%	4.31%
TRADE BUSINESS METRICS					
Export	58,589	39,633	34,548	35,555	26,673
Import (LC)	100,639	70,665	54,370	62,203	45,298
Guarantee	4,497	2,727	1,319	2,170	1,201

BDT Million

PARTICULARS	2011	2010	2009	2008	2007
EFFICIENCY/PRODUCTIVITY RATIOS					
Return on average equity (ROE)	19.03%	23.64%	22.10%	18.64%	11.73%
Return on average assets (PAT/average assets)	2.52%	3.19%	2.34%	1.68%	1.10%
Cost to income ratio (Operating expense/Total Revenue)	34.46%	32.10%	35.62%	35.60%	33.72%
Yield on advance (average)	13.40%	12.75%	13.69%	13.90%	13.76%
Cost of deposits (average)	8.40%	6.74%	8.55%	8.66%	8.05%
Net interest margin ratio (NII/Interest bearing assets)	3.76%	4.44%	4.25%	3.80%	3.89%
Operating profit per employee	4.21	4.53	3.39	3.13	2.71
Operating profit per branch	86.57	89.99	76.41	70.16	66.80
SHARE-DISTRIBUTION METRICES					
Earnings per share (EPS) in BDT (Face value of Tk 10 per share considered for every year)	5.57	5.36	5.00	3.45	3.02
Price earning ratio (times)	11.82	24.16	12.89	17.07	26.44
Market value per share (BDT) as on close of the year at DSE (Face value Tk 10 per share considered for every year)	65.80	129.40	64.43	58.93	107.08
Net assets (book value) per share in BDT (Face value of Tk 10 per share considered for every year)	31.82	41.37	33.76	34.12	36.99
Dividend (%)	35	55	37	20	34
Cash (%)	-	-	20	-	-
Stock (%) [proposed for 2011]	35	55	17	20	34
Market capitalization (at close of year)	29,789	37,795	16,083	817	1,108
Market price to net assets ratio (times)	2.07	3.13	1.91	1.73	2.89
OTHER INFORMATION (ACTUAL FIGURE)					
No of branches	59	49	39	34	28
No of employees	1,214	973	878	763	690
No of deposit accounts	218,239	194,351	176,080	159,445	110,321
No of Loan Accounts	88,375	65,656	35,125	34,324	21,474
No of foreign correspondents	660	644	665	876	838
ATMs	125	74	55	36	19
EBL 365	23	5	5	5	5
SME Centers	40	33	23	18	16
No. of Bills pay Machine	27	10	8	5	5

DISTRIBUTION OF SHAREHOLDERS

Shareholders' group	31-12-2011			31-12-2010		
	No. of shares	(%) of share holding	Taka	No. of shares	(%) of share holding	Taka
Directors	30,480,330	6.73%	304,803,300	10,026,490	3.43%	100,264,900
General Public	377,809,189	83.45%	3,778,091,890	253,514,160	86.80%	2,535,141,600
Financial Institutions	44,436,248	9.82%	444,362,480	28,540,490	9.77%	285,404,900
Total	452,725,767	100.00%	4,527,257,670	292,081,140	100.00%	2,920,811,400



DIRECTORS' SHAREHOLDING STATUS

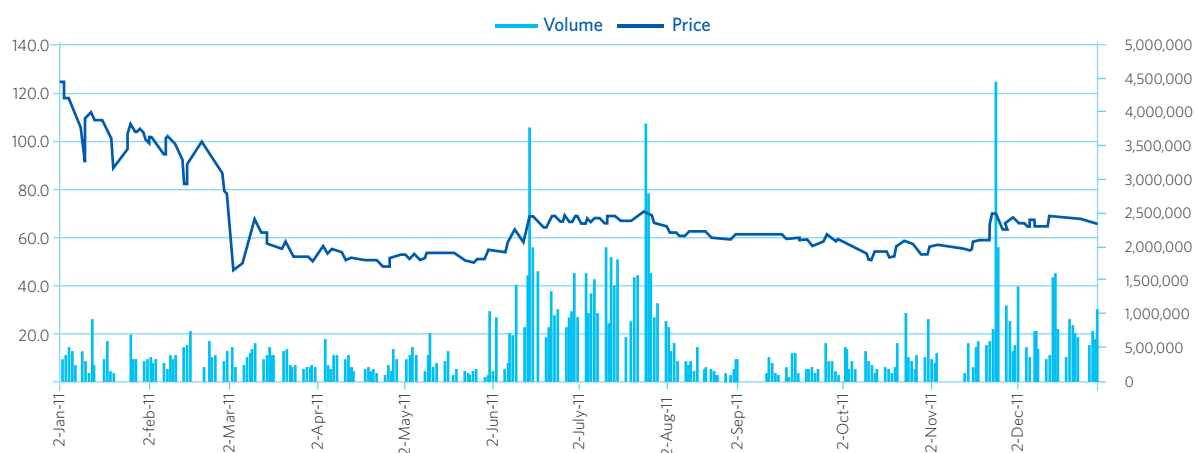
Name	Position	31-12-2011		31-12-2010	
		No of Shares Held	% of total shares	No of Shares Held	% of total shares
Mohd. Noor Ali	Chairman	342,240	0.08%	220,800	0.08%
Md. Showkat Ali Chowdhury	Director	84,134	0.02%	54,280	0.02%
Mir Nasir Hossain	Director	5,168,025	1.14%	3,334,210	1.14%
A. M. Shaukat Ali	Director	2,372,957	0.52%	1,530,940	0.52%
M. Ghaziul Haque	Director	14,537,481	3.21%	na	na
A.Q.I. Chowdhury, OBE	Director	1,137,700	0.25%	na	na
Gazi Md. Shakhawat Hossain (Representing M/S. Unique Eastern (Pvt) Ltd.)	Director	5,375,818	1.19%	3,468,270	1.19%
Asif Mahmood (Representing Aquamarine Distributions Ltd.)	Director	1,434,664	0.32%	925,590	0.32%
Meah Mohammed Abdur Rahim	Independent Director & Director from the Depositors	27,311	0.01%	17,620	0.01%
Ormaan Rafay Nizam	Director from the Depositors	-	-	-	-
Ali Reza Iftekhar	Managing Director & CEO	-	-	-	-
Total		30,480,330	6.73%	10,026,490	3.43%

MARKET PRICE INFORMATION

Month	DSE High (Tk)	DSE Low (Tk)	CSE High (Tk)	CSE Low (Tk)	Volume DSE (no of shares)	Volume CSE (no of shares)
Jan-11	125.1	88.7	128.5	85.0	11,295,358	717,080
Feb-11	102.4	78.7	108.0	77.4	6,618,481	828,930
Mar-11	78.7	47.0	69.0	44.1	6,989,000	1,389,840
Apr-11	56.1	47.4	57.4	44.6	4,562,416	636,758
May-11	54.3	49.3	56.0	48.0	5,845,405	870,632
Jun-11	69.2	53.6	73.0	53.0	24,363,638	3,159,960
Jul-11	70.6	64.5	72.0	64.3	30,285,002	2,562,014
Aug-11	64.2	59.6	68.4	58.4	5,045,756	399,194
Sep-11	60.9	56.2	63.4	55.2	4,773,283	454,103
Oct-11	58.5	49.9	61.0	47.7	7,396,012	580,161
Nov-11	69.8	53.6	72.0	52.5	14,528,976	1,264,209
Dec-11	69.1	64.5	72.0	62.0	13,869,000	1,245,733

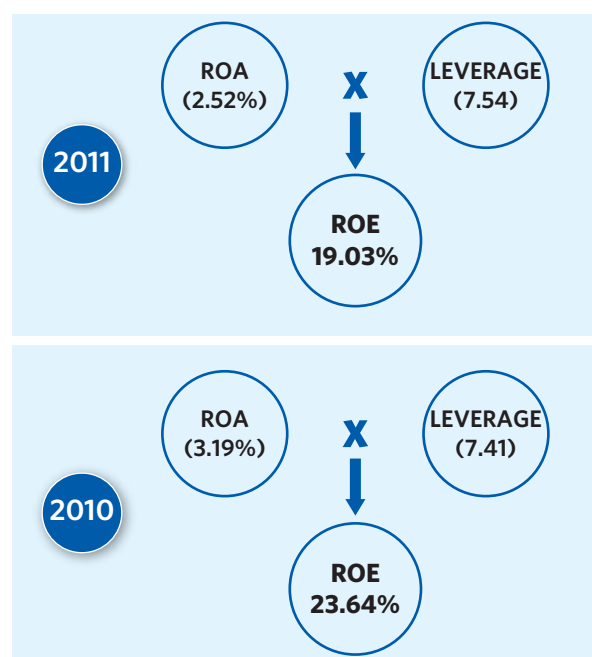
Source: DSE Monthly Reviews

Price Volume Chart of EBL Share: 2011



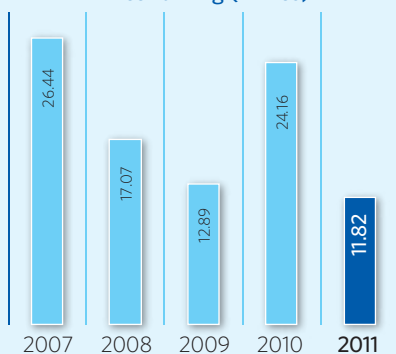
ROE Decomposition

First degree decomposition of Return on Equity (ROE) as presented here suggests that both the efficiency and solvency of the Bank has decreased during the year under review. Assets performed lower (ROA 3.19% in 2010 vs. 2.52% in 2011) whereas solvency as represented by Leverage (Assets/Equity) has got an increase in 2011. Although in a growing concern, increase of leverage generally contributes to higher revenues but it entails risk and degrade solvency. During 2011, the decrease of ROA & increase of leverage thereby decreased the overall ROE to 19.03% in 2011 against 23.64% in 2010.

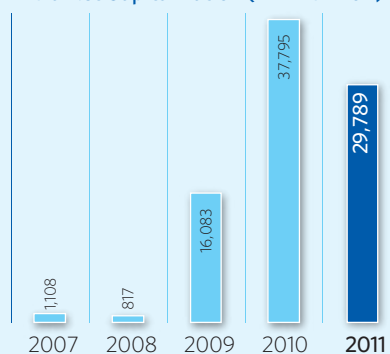


VITAL GRAPHS

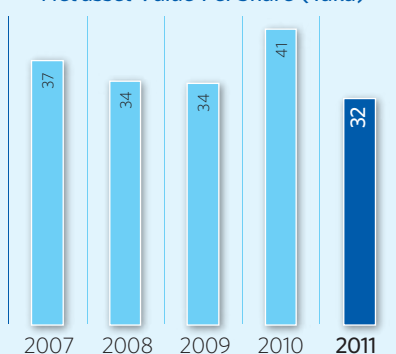
Price Earning (Times)



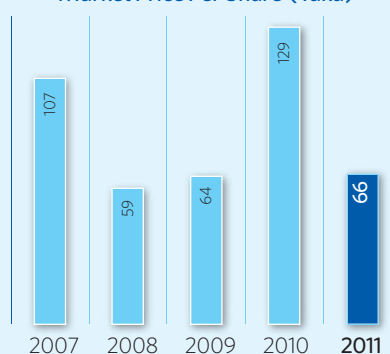
Market Capitalization (BDT Million)



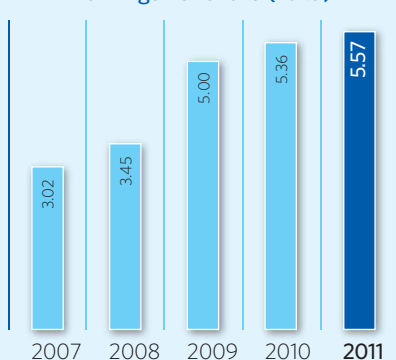
Net asset Value Per Share (Taka)



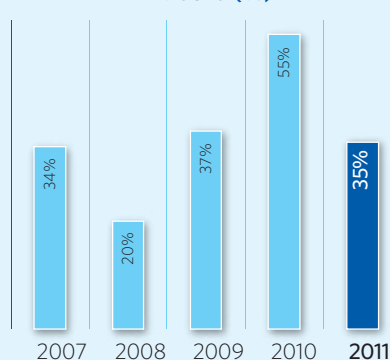
Market Price Per Share (Taka)



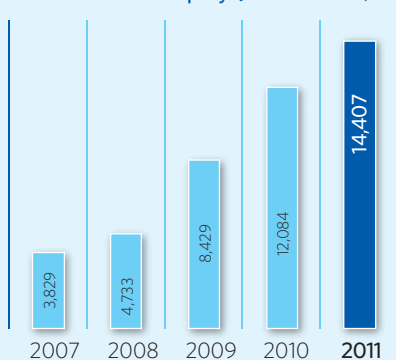
Earnings Per Share (Taka)



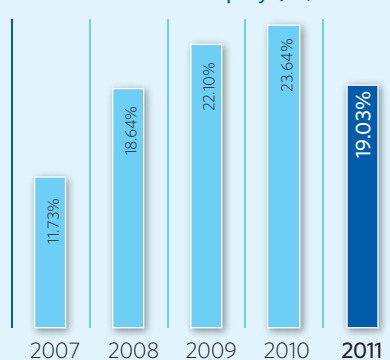
Dividend (%)



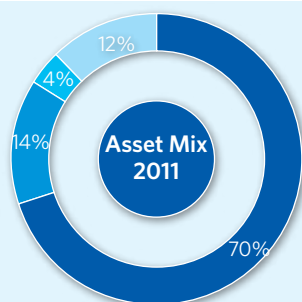
Shareholders Equity (BDT Million)



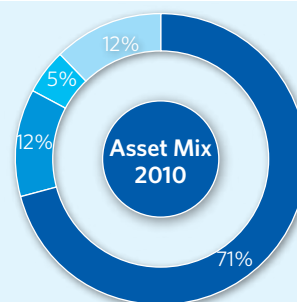
Return On Equity (%)



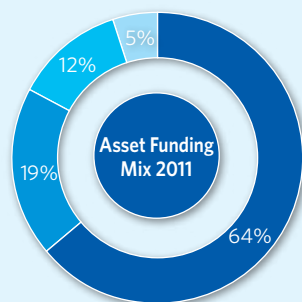
YEAR END FINANCIAL POSITION 2011



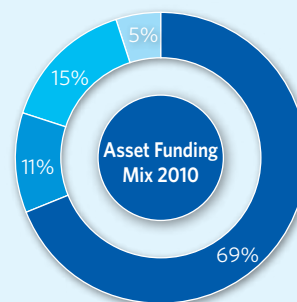
■ Loans & Advance ■ Investment
■ Fixed Assets ■ Other Assets



■ Loans & Advance ■ Investment
■ Fixed Assets ■ Other Assets

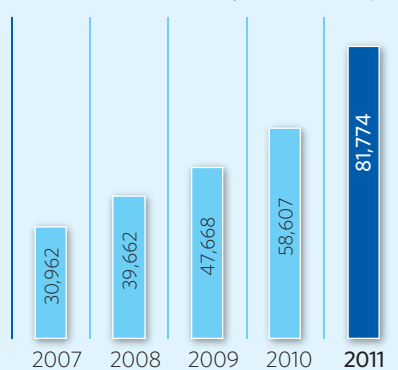


■ Deposit ■ Borrowing
■ Shareholders Equity ■ Other Liabilities

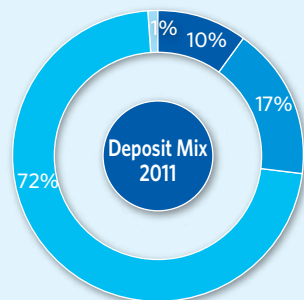
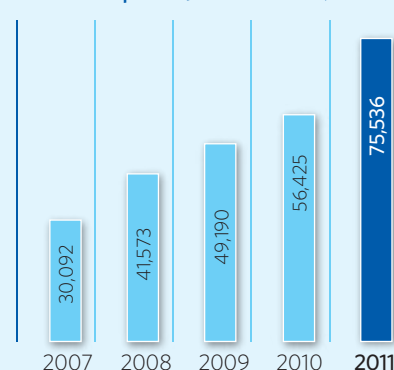


■ Deposit ■ Borrowing
■ Shareholders Equity ■ Other Liabilities

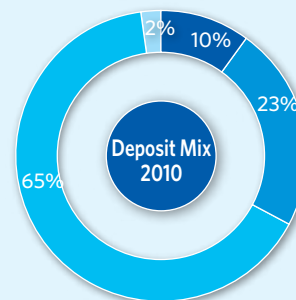
Loans & Advance (BDT Million)



Deposit (BDT Million)

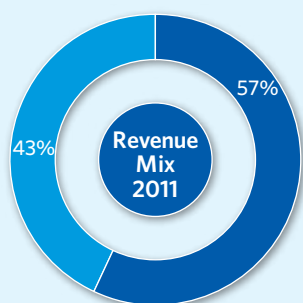


■ Current Deposit ■ Savings Deposit
■ Fixed Deposit ■ Other Deposit

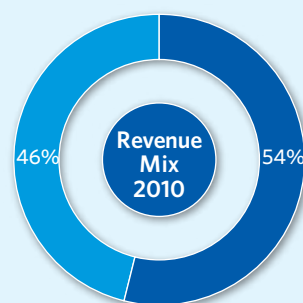


■ Current Deposit ■ Savings Deposit
■ Fixed Deposit ■ Other Deposit

PERFORMANCE DURING THE YEAR 2011

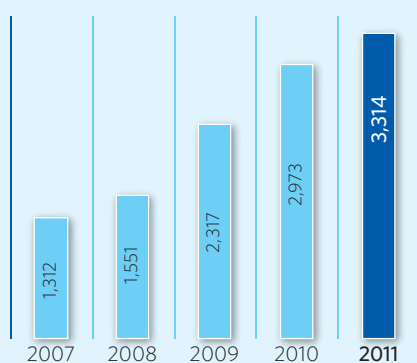


■ Net Interest Income (%) ■ Non Interest Income (%)

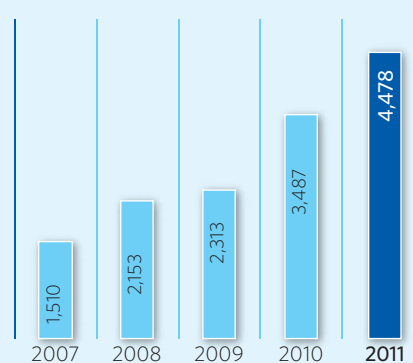


■ Net Interest Income (%) ■ Non Interest Income (%)

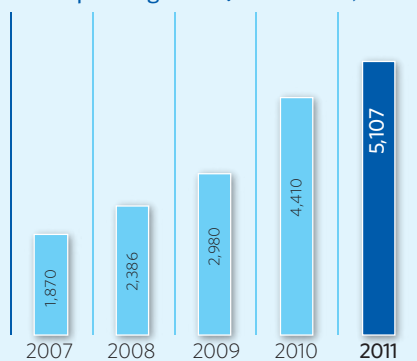
Net Interest Income (BDT Million)



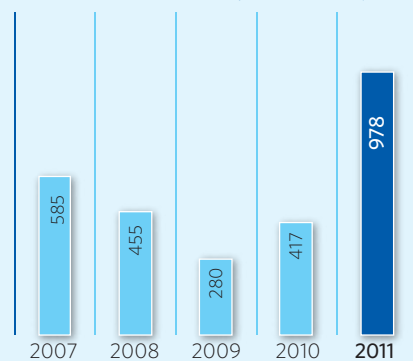
Non Interest Income (BDT Million)



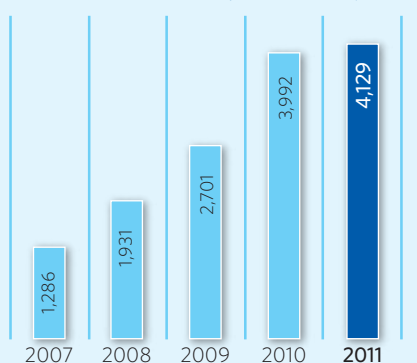
Operating Profit (BDT Million)



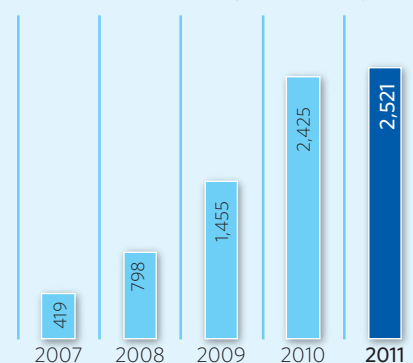
Provision for loans, investment and other assets (BDT Million)



Profit Before Tax (BDT Million)

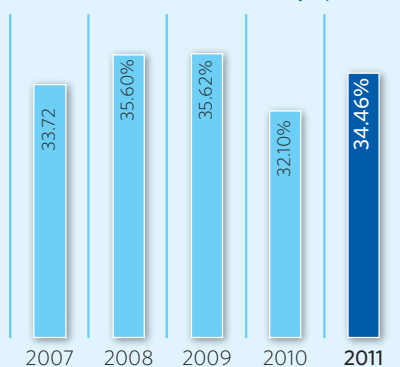


Profit After Tax (BDT Million)

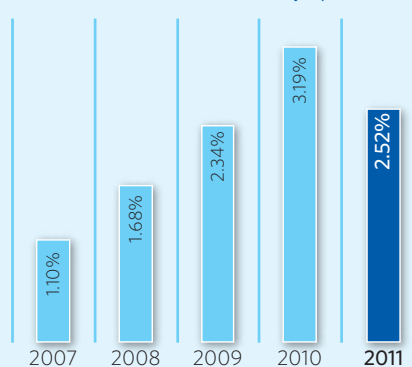


PERFORMANCE DURING THE YEAR 2011

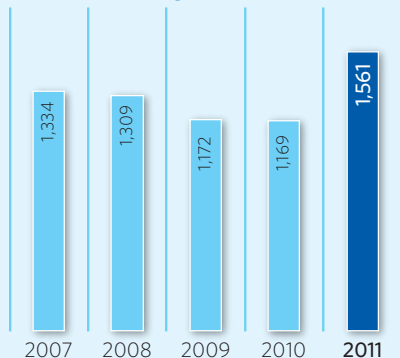
Cost to Income Ratio (%)



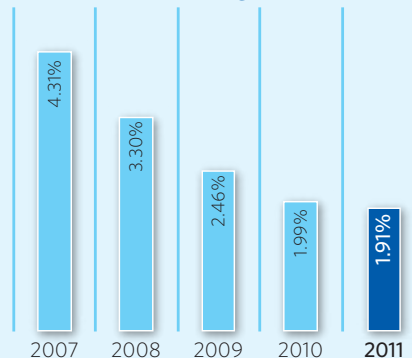
Return On Assets (%)



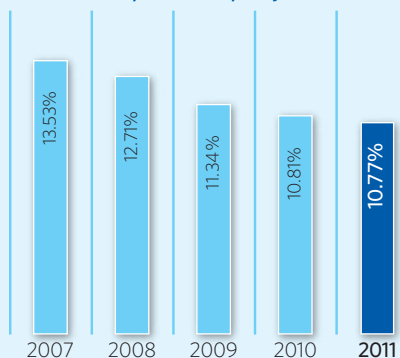
Non Performing Loan (BDT Million)



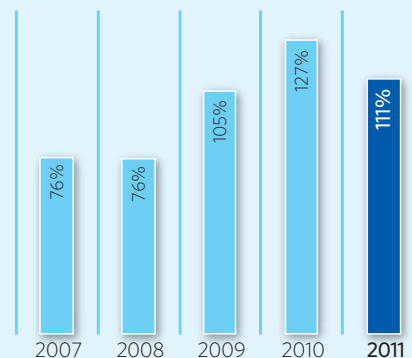
Non Performing Loan (%)



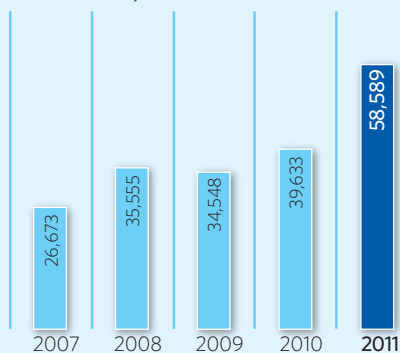
Capital Adequacy (%)



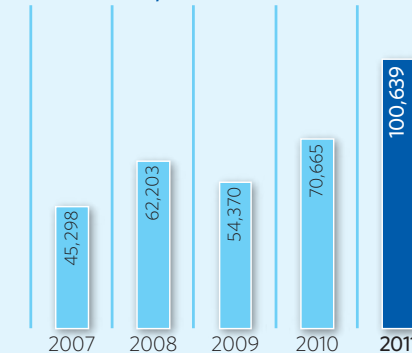
RWA to Total Assets (%)



Export (BDT Million)



Import (BDT Million)

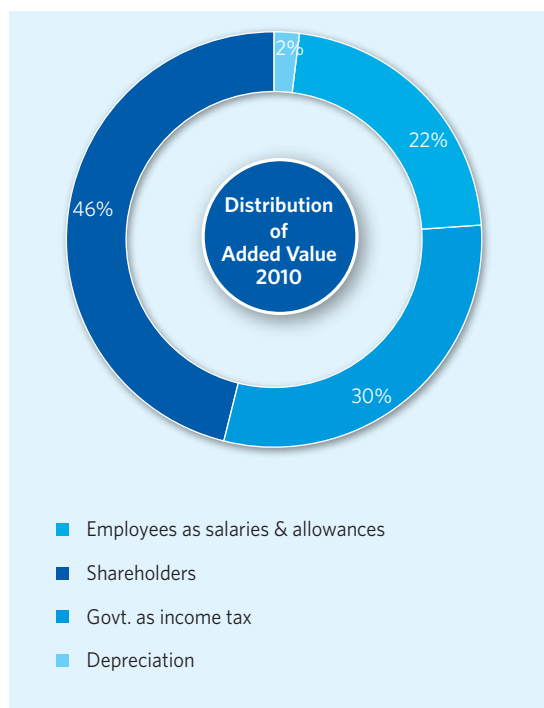
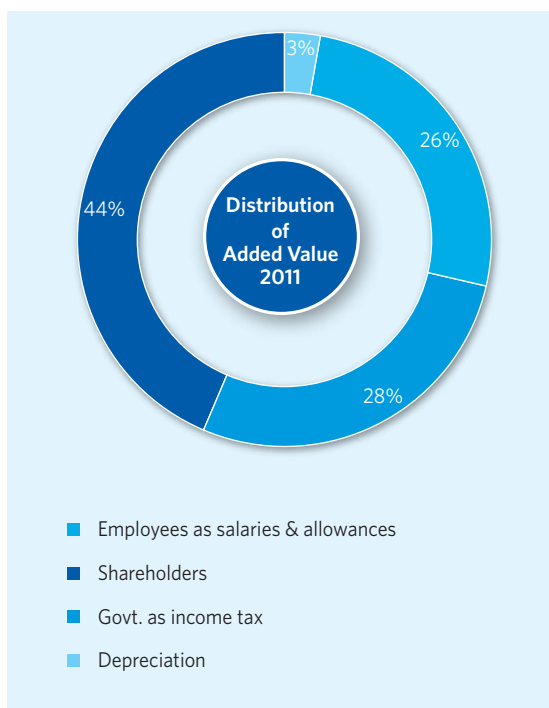


VALUE ADDED STATEMENT

Value added statement shows how much quantitative value Eastern Bank Limited has added in 2011 for its employees, 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

Particulars	2011 Taka		2010 Taka	
Income from Banking services	14,115,930,239		10,394,741,216	
Less: Cost of services & supplies	(7,440,389,558)		(4,800,634,293)	
Value added by the Banking services	6,675,540,681		5,594,106,923	
Non-banking income	75,392,860		91,611,722	
Provision for loans & other assets	(978,217,331)		(417,171,855)	
Total	5,772,716,210		5,268,546,791	
Distribution of added value				
Employees as salaries & allowances	1,485,486,517	26%	1,165,139,255	22%
Govt. as income tax	1,608,442,948	28%	1,567,621,254	30%
Shareholders	2,520,704,414	44%	2,424,789,795	46%
Depreciation	158,082,332	3%	110,996,486	2%
Total	5,772,716,210	100%	5,268,546,791	100%



ECONOMIC VALUE ADDED STATEMENT

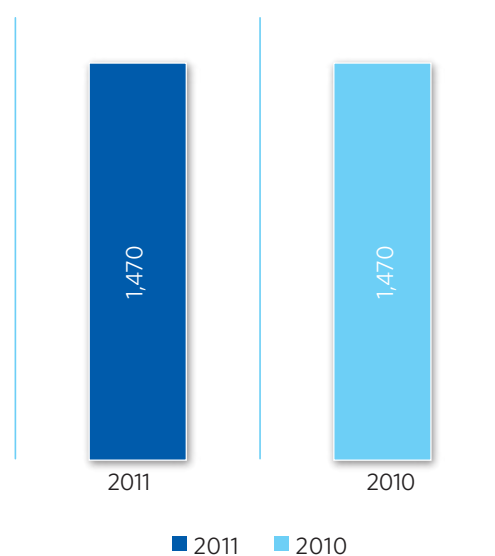
Economic Value Added (EVA) is the measure of financial performance of an organization. It is based on the principle that since a company's management employs equity capital to earn a profit, it must pay for the use of the same. This is useful to shareholders in particular and other stakeholders in general.

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

Particulars	2011	2010
Shareholders equity	14,407,051,469	12,084,017,554
Add: Provision for loans and advances and other assets	2,415,704,924	1,717,948,042
	16,822,756,393	13,801,965,596
Average Shareholders' equity	15,312,360,995	11,931,381,438
Earnings:		
Profit after taxation	2,520,704,414	2,424,789,795
Add: Provision for loans and other assets during the year	978,217,331	417,171,855
Total earnings (i)	3,498,921,745	2,841,961,650
Cost of Average Equity:		
Average cost of equity (Based on weighted average rate of 10 years treasury bond issued by the Bangladesh Government)	13.25%	11.50%
Plus 2% risk premium		
Total cost of average equity (ii)	2,028,887,832	1,372,108,865
Economic Value Added (i-ii)	1,470,003,913	1,469,852,784

Economic Value Added (BDT Million)



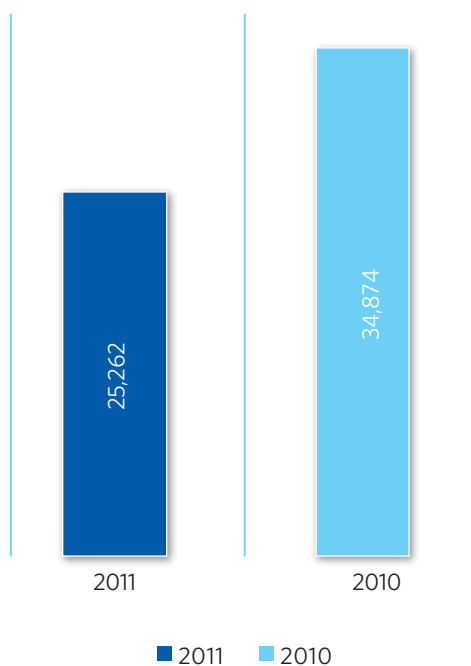
MARKET VALUE ADDED STATEMENT

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 as at 31 December

Particulars	2011	2010
Face Value per Share	10.00	10.00
Market value per share	65.80	129.40
Number of shares outstanding	452,725,767	292,081,140
Total market capitalization (I)	29,789,355,469	37,795,299,516
Book value of paid up capital (II)	4,527,257,670	2,920,811,400
Market value added (I)-(II)	25,262,097,799	34,874,488,116

Market value added (BDT Million)



FINANCIAL CALENDAR

Quarterly Results

Audited consolidated results for the 4th quarter ended 31 December 2010	Submission Date	March 15, 2011
Unaudited consolidated results for the 1st quarter ended 31 March 2011	Submission Date	May 10, 2011
Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2011	Submission Date	July 31, 2011
Unaudited consolidated results for the 3rd quarter ended 30 September 2011	Submission Date	October 27, 2011

Dividends

Distribution of 55% stock dividend in respect of financial year ended 31 December 2010	Record date	March 1, 2011
	Allotment Date	April 10, 2011
19th Annual General Meeting	Notice Date	March 1, 2011
19th Annual General Meeting	Held On	March 30, 2011

Taxation on Dividend Income

Stock dividend is tax exempted. In case of cash dividend, following is the rate of tax deduction at source on dividend income as per current fiscal act:

- If the shareholder is a company, either resident or non-resident, at the rate applicable to the company i.e. 20%
- If the shareholder is a resident person, other than company, at the rate of 10%
- If the shareholder is a non-resident (Other than Bangladeshi) person, other than company, at the rate of 25%

Since stock dividend is out of the loop of withholding tax deduction, its effective rate of return is much higher than cash dividend.

Taxation on Capital Gain

Capital gain arising from transfer or sale of Government Securities is tax exempted. Capital gain arising from transfer or sale of Stocks and Shares of publicly listed companies listed with stock exchanges is taxable at the rate of 10%. For non-resident the tax exemption on capital gain shall be allowed if the similar exemption is allowed in the country of residence of the non-resident.

Other Information

Exchange controls and other limitations affecting equity security holders

Non-residents can buy and sell EBL's share and transfer the dividends after complying with Foreign Exchange Transaction Guidelines 1996 and SEC Rules.

Stock Details

Particulars	DSE	CSE
Stock Symbol	EBL	EBL
Company Code	148	22025
Listing Year	1993	2004
Market Category	A	A
Electronic Share	Yes	Yes
Market Lot (Nos)	200	200
Face Value (Taka)	10	10
Total Number of Shares (31-12-2011)	452,725,767	452,725,767

Accessibility of Annual Report 2011

Annual Report 2011 and other information about EBL may be accessed on EBL's website www.ebl.com.bd. EBL provides copies of Annual Reports to the Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange and Chittagong Stock Exchange for their reference. Respectable stakeholders may read them at their public reference room or library.

Shareholders' Inquiries

Share Department
Jiban Bima Bhaban
10, Dilkusha C/A, Dhaka-1000
PABX-02-9556360
Email: info@ebl-bd.com
Web: www.ebl.com.bd

GLIMPSES OF 19TH AGM



Registration of Shareholders for 19th AGM- 2011 of Eastern Bank Limited in progress



The Directors, MD and CEO and Company Secretary of EBL are seen on the dais at the 19th AGM in 2011



A section of the shareholders attending the 19th AGM of EBL in 2011



Chairman of EBL Mohd. Noor Ali addressing the 19th AGM of the bank



A Shareholder speaks at the 19th AGM



A shareholder gives his opinion about the annual report at the 19th AGM



Report on Corporate Governance

REPORT ON CORPORATE GOVERNANCE

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

According to Clauses 94 of the Articles of Association of Eastern Bank Limited and as the Bank Company (Amendment) Ordinance 2007 has become infructuous by the Hon'ble High Court Division of Bangladesh & SEC CG Notification No 1.1 dated 20 February 2006, the Board of Directors of Eastern Bank Limited is currently constituted with 11 directors among whom 10 (ten) 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. The Board also appointed two Directors from among the Depositors as per Rule 2008 of Bangladesh Bank during the year 2008.

Retirement and Election of Directors:

According to clauses 105 and 106 of the Articles of Association of Eastern Bank Limited, following 4 (four) directors retired among whom three were re-elected and one Director resigned at the 19th Annual General Meeting (AGM) held on 30

March, 2011. All the retiring directors were eligible for re-election as per Articles of Association of EBL. They are as follows:

Sl. No.	Name of Directors	Mode of Change
1.	Mohd. Noor Ali	Re-elected
2.	Asif Mahmood	Re-elected
3.	Gazi Md. Shakhawat Hossain	Re-elected
4.	Aneela Haque	Resigned

In addition, following two Directors were elected at the 19th AGM of EBL:

1. M. Ghaziul Haque
2. A.Q.I. Chowdhury, OBE

As per Clauses 105 & 106 of the Articles of Association of the Bank (EBL) three Directors shall retire by rotation from the office of the Directors in the 20th Annual General Meeting (AGM).

All the retiring Directors will be eligible for re-election in the up coming 20th AGM subject

to compliance with the SEC Notification No.SEC/CMRRCD/2009-193/119/Admin/ dated 22 November 2011 and Notification No. SEC/CMRRC/2009-193/120/Admin/ dated 07 December 2011.

Board meetings and attendance

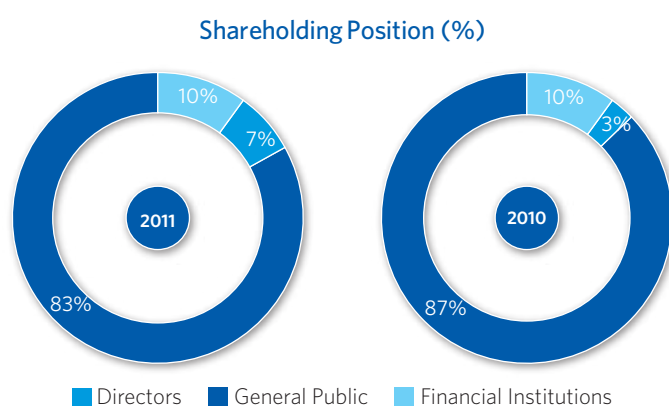
The Board of Directors holds meetings on a regular basis: usually twice a month but additional meetings are called when required. At each meeting, management provides information, references and detailed working papers for each agenda to all Directors for consideration at least two days before the meeting. 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 abilities. During the year 2011, total 28 Board Meetings were held; the attendance records of those meetings are as follows:

Sl.	Name	Position	Total No. of Meetings Held	No. of Meetings attended
1	Mohd. Noor Ali	Chairman	28	24
2.	Md. Showkat Ali Chowdhury	Director	28	20
3.	Mir Nasir Hossain	Director	28	16
4.	M. Ghaziul Haque	Director	28	16
5.	A. M. Shaukat Ali	Director	28	27
6.	A.Q.I. Chowdhury, OBE	Director	28	14
7.	Asif Mahmood (Representing Aquamarine Distributions Ltd.)	Director	28	24
8.	Gazi Md. Shakhawat Hossain (Representing M/S Unique Eastern (Pvt) Ltd.	Director	28	22
9.	Meah Mohammed Abdur Rahim	Independent Director & Director from the Depositors	28	15
10.	Ormaan Rafay Nizam	Director from the Depositors	28	15
11.	Ali Reza Iftekhhar	Managing Director & CEO	28	25

The Directors who could not attend the meeting(s) were granted leave of absence by the Board.

Ownership Composition

As on 31 December 2011 the Directors of Eastern Bank Limited held only 6.73% of total shares against 3.43% at year end 2010:



Directors' shareholding status

As per Securities and Exchange Commission Notification under Ref No. SEC/CMRRCD/2009-193/119/Admin/ dated 22 November 2011 and Ref No. SEC/CMRRCD/2009-193/120/Admin/ dated 07 December 2011, each Director other than Independent Director (s) of any listed company shall hold minimum 2% (two percent) shares of the paid up capital by 21 May 2012, otherwise there shall be a casual vacancy of director. And all sponsors/promoters and directors of a company listed with any stock exchange shall all time jointly hold minimum 30% (thirty percent) shares of the paid up capital of the company.

In this connection, all compliances will be followed within the stipulated time and the required minimum share holding by each director is under process.

Shareholding by individual director is as follows:

Sl.	Name	Position	31-12-2011		31-12-2010	
			No of Shares Held	% of total shares	No of Shares held	% of total shares
1.	Mohd. Noor Ali	Chairman	342,240	0.08%	220,800	0.08%
2.	Md. Showkat Ali Chowdhury	Director	84,134	0.02%	54,280	0.02%
3.	Mir Nasir Hossain	Director	5,168,025	1.14%	334,210	1.14%
4.	A. M. Shaikat Ali	Director	2,372,957	0.52%	1,530,940	0.52%
5.	M. Ghaziul Haque	Director	14,537,481	3.21	na	na
6.	A.Q.I. Chowdhury, OBE	Director	1,137,700	0.25%	na	na
7.	Gazi Md. Shakhawat Hossain [Representing M/S Unique Eastern (Pvt) Ltd.]	Director	5,375,818	1.19%	3,468,270	1.19%
8.	Asif Mahmood [Representing Aquamarine Distributions Ltd.]	Director	1,434,664	0.32%	925,590	0.32%
9.	Meah Mohammed Abdur Rahim	Independent Director & Director from the Depositors	27,311	0.01%	17,620	0.01%
10.	Ormaan Rafay Nizam	Director from the Depositors	-	-	-	-
11.	Ali Reza Iftekhar	Managing Director & CEO	-	-	-	-
	Total		30,480,330	6.73%	10,026,490	3.43%

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.

Benefits provided to Directors and Managing Director

As per Bangladesh Bank BRPD Circular No. 09 dated 19 September 1996 banks in Bangladesh can only provide the following facilities to the Directors:

- The Chairman of the Board of Directors may be provided car, telephone, office chamber and private secretary.
- In addition to the above, Directors are entitled to fees and other benefits for attending the Board/ Executive Committee meetings (Notes to the Financial Statements No. 39)
- Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statements No. 38)

The Bank (EBL) has fully complied with Bangladesh Bank Circular and Guidelines.

Appointment of External Auditors

The Board of Directors of EBL in the 19th AGM held on 30 March, 2011 re-appointed Rahman Rahman Huq, Chartered Accountants and a member firm of KPMG International as the statutory auditors for the year 2011.

Services not provided by 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 2011:

- 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.

Highlights on Central Bank Inspections

Bangladesh Bank carried out a comprehensive inspection of EBL Head Office and 11 branches (among 39 branches) based on 30-09-2010 financials and information. They submitted their detailed inspection report during 2011 which was placed to the Audit Committee of the Board first and then to the Board. Major findings of the inspection were discussed in a meeting participated by the Board, Bangladesh Bank representatives and related management personnel of the Bank. The Board took the observations with utmost importance and instructed management to comply with BB suggestions for improvement. BB also conducted several other audits on different units/departments of the bank all the year round which include Treasury Department, Trade Service Department, Credit Administration Department and Off-shore Banking Unit etc.

Related Party Transactions

The Bank in its ordinary course of business accomplished financial transactions with some entities or persons that fall within the definition of 'Related Party' as contained in BAS 24 (Related Party Disclosures) and as defined in Bangladesh Bank BRPD circular 14, 2003. As on the reporting date, the bank had a funded line to its subsidiary (EBL Securities Ltd), non-funded exposures to some current and ex directors, credit card limit to few of its directors. Besides, the Bank had procured some goods and services from the entities of related party during 2011. Please refer to page 262 for details of related party transactions.

Board Committees and their responsibilities

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 22.

Audit Committee

Regulatory Guideline: As per new Circular of Bangladesh Bank BRPD Circular Letter No.08, dated 19 June 2011, Audit Committee (AC) of EBL Board was last re-constituted in the Emergency Board Meeting held on 29 June 2011 to provide independent oversight of the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc.

The number of AC members was re-fixed from 3 (Three) to 5 (Five) on 29 June 2011.

Our Practices: The Audit Committee of EBL held 5 (Five) meetings in the year 2011 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 suggestions with corrective measures on the related areas and on other issues of bank affairs that need improvement. The AC instructed the management to follow those suggestions and monitored accordingly from time to time.

The major areas of focus by the Audit Committee of the Bank during the year 2011 are mentioned below:

- Review and approve the 'Annual Audit Plan 2011' and 'Risk Based Audit Plan 2011'.
- Review and monitor of the process of strengthening internal control systems and procedures and capacity enhancement of Internal Audit of EBL.
- Review the Bangladesh Bank Comprehensive

Inspection Report of Eastern Bank Limited (EBL) based on 30 September 2010.

- Review the Management Report for the year ended 31 December 2010 on EBL as submitted by the External Auditors, KPMG Rahman Rahman Huq, Chartered Accountants and its subsequent Management's compliances thereof.
- Review the compliance and related risk level of Branches & Departments.
- Review major Procurement Items (Tk. 10 Lac and above) in the year 2010.
- Review the current status of Classified and written off loans of Corporate, SME and Consumer.
- Review the uncollected overdue bill of entries.
- Review the status of Suspicious Transaction Report (STR) of the Bank.
- Review the Organogram of the Internal Control and Compliance Department.
- Review and approve the 'Annual Audit Plan 2012' and 'Risk Based Audit Plan 2012'.
- Review the Mystery Shopper Survey Report.

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 a regular basis.

The Executive Committee (EC)

Regulatory Guideline: In Compliance with BRPD Circular No. 06 dated 4 February, 2010 and BRPD Circular Letter no. 04, dated 14 March 2010, the Board of Directors of EBL re-constituted the Executive Committee (EC) of the Board in the 462-Board Meeting held on 27 April 2011 which was duly confirmed by the Board in the next meeting.

Our Practices: 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

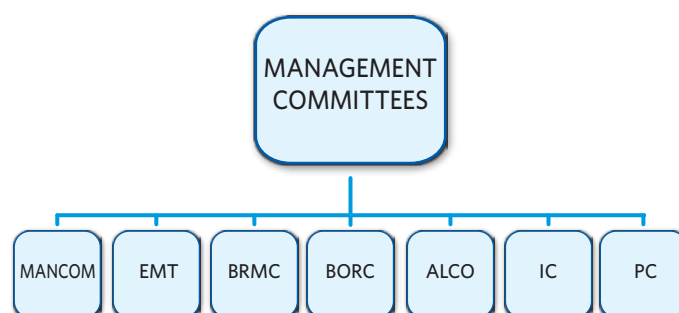
functions:

- 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.

Since the current size of the Board of EBL (11 members including MD & CEO) is slim enough to hold two meetings in a month on a regular basis, there was no urgent need for EC to deal with things usually referred to the Board during 2011. Hence, no EC meeting was held during the year 2011.

Management committees and their responsibilities

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 38.



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.

Scope of the 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.

Routine work of the Committee

- 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).
- Management and development of human resources.
- Exploring ways to strengthen and vitalize support functions (Operations, HRD, ITD, CRM etc.).

Frequency of the Meeting

Usually MANCOM sits once in every month. However, EBL MANCOM held 8 meetings during the year 2011.

Expanded Management Team (EMT)

Expanded Management Team (EMT) is a platform to enhance leadership capability of the potential individuals to drive business results.

Scope of EMT

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 (22 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.

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. At present, this committee is being headed by the Head of ICC.

Scope of BRMC

This committee is 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.

Frequency of the Meeting

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 are being 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.

However, BRMC as the designated SRP team of the bank is yet to sit in any dialogue session with Bangladesh Bank.

Asset Liability Committee (ALCO)

In a year of scarcity of liquidity and threats to stable Net Interest Margin, ALCO in EBL was engaged with full of activity in setting strategies and revamping previously taken strategies to cope with current market scenario.

Scope of ALCO

- Measuring overall risk appetite of the bank both in banking book and in trading book.
- Measuring liquidity requirement of the bank in various time buckets and taking strategic and proactive actions to meet the requirements.
- Monitoring the interest rate risk of the bank and taking actions to keep the interest rate gap at the desired level.
- Monitoring the movement of macro variables and yield curve shift and taking strategy for short, mid and long term interest rate risk management.
- Keeping the balance sheet mix at desired level for Main Operation and OBU.
- Measuring and monitoring concentration risk, diversification and product profitability.

Frequency of the Meeting

As suggested by BB, meeting of this committee should be held at least once in every month, it can be more upon necessity.

Brief review of ALCO

2011 was a very active year for ALCO. Market participants were very active throughout the year in search for liquidity, thus kept the asset liability committee busy in setting strategic actions and time to time modifications. Large volume of government borrowing drained liquidity from the inter bank market, increasing the yield for short term t-bill by more than 400 basis points. In such an upward shifting yield curve region, ALCO took proper strategies on how the bank maintains its SLR by shorter tenor instruments. ALCO measured and monitored interest rate gap so that Net Interest Margin is not hampered.

Outlook of ALCO in 2012

Upward shift in yield curve and low liquidity in money market created toughest challenge for ALCO for managing repricing effect on asset and liability portfolio which ALCO managed through regular monthly and special meetings. In the view of ALCO, 2012 will be a year for hunt of liquidity. In 2012 ALCO will introduce Fund transfer pricing on all business for more effective product pricing and proper recognition of business performance.

Bank Operation Risk Committee (BORC)

It's a key 'Operations Risk Management' forum of the bank to identify, measure, manage and monitor issues that expose the bank to operations risks.

Scope of BORC

- 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.

Frequency of the 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. Since the start of Basel II regime in 2010, the role of this committee has become less frequent. Users are requested to refer page 58 of Directors' Report for details Capital Adequacy Status of the Bank.

Investment Committee (IC)

This three member 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.

Purchase Committee (PC)

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

Scope of PC

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.

Frequency of the Meeting

This committee meets once in every week.

INTERNAL CONTROLS: THE WATCHDOG OF TRANSPARENCY AND ACCOUNTABILITY

The internal audit, compliance, legal and risk functions of the bank are responsible for overseeing and managing various aspects of internal controls. 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.

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.

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
- 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 with 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.

Internal Audit Findings

This unit completed Risk Based Audit of 49 branches and 47 departments/units/divisions of EBL during 2011 and assigned rating based on the "Risk Level" of the observations. Major findings include but not limited to different types of operational lapses due to human error, non-compliance of internal policies or circulars, lack of thorough knowledge about Bank Companies Act 1991 etc.

BB guidelines for Corporate Governance: Our Compliance Status

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:

SI No.	Particulars	Compliance Status
1.	Responsibilities and authorities of the Board of Directors:	
	(a) Work planning and strategic management: (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.	Complied. Board formulates strategies, policies and set targets for the corporate management. Management puts best efforts in implementing the strategies to achieve set goals.
	(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.	Complied
	(b) Loan and Risk Management: (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.	Complied
	(ii) The Board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.	Complied
	(c) Internal Control Management: 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.	Complied
	d) Human Resources Management and Development: (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.	Complied. EBL has a Board approved HR policy which guides every actions or decisions related to HR of EBL.

SI No.	Particulars	Compliance Status
	(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
2.	Responsibilities of the Chairman of Board of Directors:	
	(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
	(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

SI No.	Particulars	Compliance Status
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.
4.	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
	(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 10 non-executive directors whereas MD & CEO is a director (ex-officio). EBL has 4 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 guidelines for Corporate Governance: Our Compliance Status

The Securities and Exchange Commission (SEC) issued a Corporate Governance (CG) Guideline in 2006 which is 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:

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.

Condition	Title	Compliance Status (Put ✓ in the appropriate column)		Explanation for non-compliance
		Complied	Not Complied	
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.	✓		
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.	✓		

Upholding 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 superannuation 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.

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:

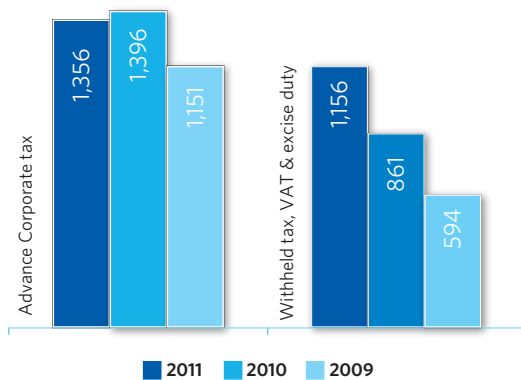
The Bank recognizes its responsibility for contractual commitments and obligations. It honors loan conditions and agreements made with creditors and depositors.

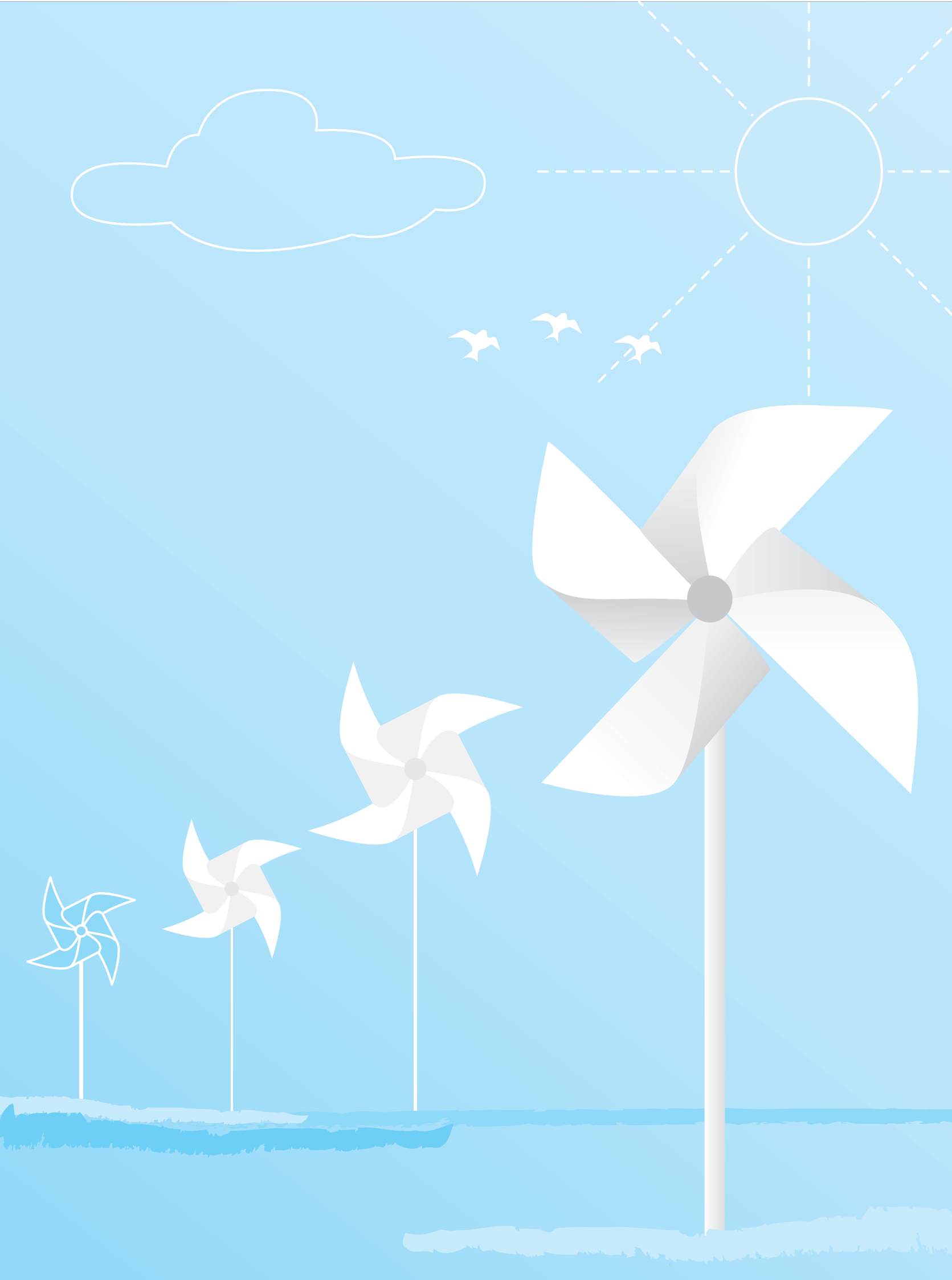
Society, Community and Environment:

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 2011 we paid advance corporate tax of BDT 1,356.48 million while deposited withheld tax of BDT 824.30 million, VAT of BDT 263.84 million and Excise Duty of BDT 67.72 million as shown in the following graph (Figures are in million BDT):





Green Banking and SME Success Stories

GREEN BANKING: We're Saving the Environment

Rapid urbanisation and industrialisation help improve the livelihood of the human beings. Simultaneously, it creates strain on natural resources, such as energy, water and food supplies. Our planet's ability to meet the growing demand of urbanites may be depleted if we don't become environment-conscious.

Climate change has become a global concern as it has direct impact on biodiversity, agriculture, forestry, dry land, water resources and human health. The key areas of environmental degradation are: air and water pollution, encroachment of rivers, improper disposal of industrial, medical and house-hold waste, deforestation and loss of open space and biodiversity. People across the world now admit that Bangladesh is one of the major victims of climate change.

It may be questioned what is the role of banks in saving the environment. The banking sector being the major stakeholder in industrialisation and development of a country has an important role to protect the environment. Banks may have influenced a factory's production, marketing and other activities that pollute our precious environment and accordingly, banks can set their programmes and policies.

As a corporate citizen and environmentally-responsible financier Eastern Bank Ltd (EBL) did not sit idle. Though green banking is relatively a newer idea in Bangladesh, EBL is one of the few banks that have introduced green banking not only to help save the environment but also for a sustainable economic growth.

"It is very important to know what I am financing for is sustainable or not. We don't want to do anything one-off like others," says Ali Reza Iftekhar, managing director and chief executive officer of EBL.

EBL believes that every small 'GREEN' step taken today would go a long way in building a greener future and that each one of us can work towards a better global environment. Whether we finance business that invest in renewable energy or simply demand our employees switch their lights off after office hours, use daylight instead of electrical lights, turn off all air-conditioned after 6 pm, turn off half of ACs and lights after transaction period, paperless office work, plant trees and encouraging green practices have been mainstay of our banking endeavours.

EBL's priority as a good corporate citizen is to earn money in a manner that is both socially and ecologically responsible and of course, sustainable.

We are the first among the commercial banks that has signed a participation agreement with the Bangladesh Bank (BB) to finance Tk 290 million worth of projects under the BB's refinance scheme. Under this scheme, EBL has financed a project of Rahimafrooz Renewable Energy Limited (RREL), a concern of Rahimafrooz Group, to set up an 18 megawatt PV solar panel assembly plant. This is the first of its kind loan facility in the country.

Through this renewable energy financing, we'll be able to positively contribute to transform the lives of one million people of the most remote and off-grid areas by



"It is very important to know what I am financing for is sustainable or not. We don't want to do anything one-off like others,"

lighting up their homes. As responsible corporate citizens, we would like to be energy efficient and climate-responsive and we practice what we preach.

While others talk big about energy conservation and using alternative energy, we are humble and action oriented. Four of EBL's – branches and six ATMs are powered by solar energy. The bank has reduced electricity and paper-use consumption by 33 percent and 40 percent respectively in 2011 compared to 2010. Some 40 cars of the bank have also been converted into CNG.

The bank has recently launched a product named 'Nobodoy', which is designed to finance and promote environment-friendly economic

activities. A number of poultry farms in Cox's Bazar have been lent to produce biogas and electricity from the waste.

EBL is very much focused on environmental and sustainable banking issues. Its policies, programmes and internal culture are designed to uphold the very essence of climate-responsive banking in Bangladesh.

A performer and strong believer of sustainable banking, Ali Reza Iftekhar explains the guiding philosophy of EBL saying, "The principle that guides our behaviour to deliver our brand is sustainable banking".

"At EBL, we believe sustainability should be the cornerstone of everything that we do. Whether we finance businesses that invest in renewable energy or simply demand our employees switch off lights after office hours and encouraging green practices have been the mainstay of all our banking endeavours," says Iftekhar.

Mujibur Rahman, who runs a poultry farm in Ramu in Cox's Bazar, was interested in installing a biogas plant to reduce diesel costs and to keep the environment clean. But

he could not do so due to financial crisis. "Frequent power outages are normal here, especially in summer. So, alternative energy, instead of diesel generators, is essential," said Mujibur.

Soaring fuel prices almost drove him to close down the farm a few years ago. The fact is that Mujibur did not know that biogas could be used to produce electricity. EBL came up not only with the money but also with the idea of diversifying his business.

Now, electricity generated at his plant saves him 14,400 litres of diesel a year. He is now thinking about selling the gas to adjacent households.

Noyura Begum, 41, who started running a poultry farm with 1,600 chickens in 2004, now has 8,000 chickens. In 2007-08, she nearly had to shut down the farm for a surge in feed prices and low egg prices. Moreover, frequent load shedding was causing the chicks to die.

She was evaluating the options she had to carry on with her business when EBL came forward with a fund of Tk 6.5 lakh to help her set up a biogas plant. She has taken up the





bank loan to set up a biogas plant to save on the expenses of Tk 5,000-7,000 per month for electricity bills and another Tk 1,000 for gas.

EBL has not stopped here. The bank has rolled out action plans for future also.

EBL will develop loan products on sustainable energy and cleaner production by March 2012. After Cox's Bazar, another cluster of poultry farms in Bogra would be financed to produce biogas from poultry litters. International Finance Corporation (IFC), the private sector arm of the World Bank Group will assist us in Bogra by June this year.

Of the other new green initiatives, EBL has planned to finance a village to set up solar panel by June 2012. The bank will also hold

seminar on sustainable energy by June 2012.

EBL believes going green cannot only bring awareness among its customers and employees but also build awareness and consciousness to our environment, our nation and society.

"It's a journey, not a destination," says the managing director.

EBL is now gearing up for carbon trading to show its commitment to environment-friendly funding.

The bank vows to continue its efforts to address the issue in three ways: by acting as a climate ambassador, by implementing environmental protection measures within the company and by supporting and financing sustainable projects.

Routing from the Root

SME SUCCESS STORIES

Rafiz Uddin is a vegetable grower of Savar area under Dhaka district. His life story is full of ups and downs and is a tale of struggle.

Rafiz Uddin passed S.S.C in 1969 from Narshingdi district and due to financial hardship, his studies did not progress any further and therefore he started working in the Public Health Department of Bangladesh Government as a Vaccinator in 1973. After one year he switched to a construction company where he worked for 20 years. Unfortunately, he lost his source of income when the said company went bankrupt. After that, he tried out for other jobs but could not succeed.

Under great financial crisis and being unable to maintain his family, he started vegetable trading in the Karwan Bazar market from his own village. This was the turning point of his life long journey. From there, he was introduced to some other vegetable growers of Savar area and he became intimate with them.

In 1996, Rafiz Uddin for the first time sold own produced carrots in Karwan Bazar market. Through that business opportunity he gained Tk. 25,000/-. This inspired him and he started cultivating vegetables for the first time with 75 decimals of land in Tulatuli village under Savar area by investing that profit which he earned from selling carrots. Now, he is a successful vegetable cultivator in the Savar Area.

With determination and the desire to become financially independent, Mr Rafiz Uddin with the help of agriculture officers of the Department of Agriculture Extension of Savar Upazila, participated in various training programs regarding cultivation which benefited him immensely to become a successful vegetable grower.

After his long struggle and sincere initiative he was selected as "NO. 1 FARMER of SAVAR AREA" for the year 2010 was awarded by the Department of Agriculture Extension, Khamarbari, Dhaka. His vegetable growing techniques and demonstration plots were broadcasted several times through BTV in a popular program named "MATI O MANUSH" in 2010 and 2011.



He became efficient in vegetable cultivation as he attended different training programs and gathered practical knowledge from the field. He spent Tk. 1,50,000 for land preparation, seed collection, fertilizer, irrigation and other purposes of cultivation. This was not sufficient for him and for that he sought loans from local sources. As he failed to receive any credit facility from any other banks, he decided to sell off his crops at a price lower than the market rate due to fund requirement for cultivating winter crops.

Then, he was found by the relationship team of EBL of the Savar area, who had introduced EBL Krishi Rin in September, 2011 which is exclusively for the farmers who are involved in direct crop cultivation. Looking at the business prospect of Rafiz Uddin, he was sanctioned with a loan amount of Tk. 45,000/- under EBL Krishi Rin program. The loan had aided him greatly as he informed that due to this fund he did not have to sell off his products at a lower rate to raise the much needed working capital, which is a very popular scenario for small scale producers like him.

"I could never dream that I would be able to receive finance from a bank before," claims an elated Rafiz Uddin. "I cannot express how much this would help me to increase my production and also saved me from a loss of Tk. 20,000/-."

A Tale of Passion

Mahfuza Rashid Bithi decided to open her own fashion house in 2005 with sheer passion and courage and a capital of BDT 50,000.

A Masters from University of Dhaka, she was confident of becoming self-reliant one day. Bithi says, "hardwork is the corner stone of my success."

Gradually the demand for her products increased which lead to increase in production capacity and the launch of her boutique shop. Slowly, from the growing business trend, Alima's Creation decided to open another boutique outlet in Tangail. But increasing business trend strained the business's working capital. Upon approaching EBL for credit facility, Alima's Creation was sanctioned Tk. 2,500,000 under the MUKTI Loan facility, which Ms. Bithi used to expand her business by increasing her forward linkage.

"I am extremely happy with EBL for providing timely financial support to my business" says Bithi. She adds, "The smiling faces of the relationship team, their continuous support and kind words of encouragement gave me the added confidence to grow my business."

At present her wholesale business covers 36 locations in 12 districts of Bangladesh and employs more than 350 people. Recently, she has taken a project to teach and employ 100 female workers initially, in her home town Domar under Nilphamari district. The cost of establishment and the training expenses are borne by the proprietor. Now 150 Karchupi workers work for her business as independent workers and have become self dependent which is a tremendous achievement and a wonderful tale of a woman with a dream to make a difference for not only herself but for others in the society.



"The smiling faces of the relationship team, their continuous support and kind words of encouragement gave me the added confidence to grow my business."

Leading with Innovation



Shamim Kabir, Managing Director of Step Shoe Last and Accessories Company Ltd dreamt about doing something new for the Bangladesh shoe industry.

Being born in the business family Kabir had the finesse for business at an early age. In 2002 he finished his graduation in business studies but his business career started in 1998 to contribute a hand in the family business as well as to obtain work experience besides studies. Since the beginning of his business career he started gathering knowledge in ways to develop various local industries in order to develop particular sectors. Being part of a prominent industrialist family, the shoe industry is close to his heart. He wanted to be one of the patrons to develop the shoe industry and thereby, creating employment and economic growth.

From his vast knowledge about each chain of the shoe industry, Kabir wanted to take "Shoe Last" into the next level. Shoe last is the building block of shoe industry. From his research, he found out that there is not a single industrial producer in the country, that use computerized machines to make the high quality perfect last which was then being imported. Just by recognizing the need and the potential of this segment in Bangladesh, Kabir decided to set up a shoe last manufacturing company in Bangladesh. Shoe last can have a bright future in Bangladesh because this industry is intertwined with the shoe industry. With the growth of the shoe sector, it is needless to say that the demand for shoe last will surely increase and become a profitable business in near future.

The main desire was to develop a new kind of business that substitutes import which generates employment will contribute to the growth of the economy at large. Locally handmade lasts made of wood are available. These wooden lasts can be

made a dozen pairs at most by hand which takes about a week's time. Compared to the computerized machines which can make most accurate lasts using digital imaging and scanning process. Importing lasts has impediments like long wait and high cost, both of which are great obstacles for the growth of the shoe industry.

Step Shoe Last and Accessories Company Ltd have successfully opened up a fresh project in Shibpur, Narshingdi upon receiving credit facility from EBL. When the Managing Director of the concern, made his proposal to the bank, the relationship team of Banani SME Centre was on hand to help. Eastern Bank Ltd sanctioned a composite limit which includes both term finance for the procurement of machineries and construction purpose as well as working capital finance. The company is now growing and is now employing more than 22 workers in the factory. The company is very confident that EBL will be there to assist and support the business in the similar fashion in the future as well.

Partner in Progress



Uttara Metal is a large manufacturing concern (Foundry) under light engineering industry. The concern is situated in the BSCIC area of Bogra Dist.

More than 100 workers are working here. Uttara Metal Industries is a partnership concern (Having Registered partnership deed) of eight members and they are engaged in this business for more than 8 years. The products (Agro Based Products) of Light Engineering Industry have a good demand in home and abroad. Now, these products are exporting in neighboring country. Existing production capacity is inadequate against the enormous demand. Modernization of the industry is a demand of the day.

Now, they are producing 12 items of agro based products such as Tube well, Centrifugal pumps, Nipple, T-Nipple, Base plate, Handle head cover frying pan, Ring fan, T-vertical and various kinds of agro based machinery spare parts. They

procure raw materials (Scrap, Pig Iron, Hard coke, Lime stone, Silicon, Manganese, Graphite, Talcum powder, Diesel, Mobil, Kerosene, Grease) from Chittagong, local market of Bogra and from some other districts of North Bengal. The capacity of the foundry is 22 tons. Now, they sell their products to all over Bangladesh on wholesale basis.

Uttara Metal needed the financial help from a Bank to make the sustainable growth of business. They approached to EBL for getting finance. EBL allowed loan of Tk 25 million to this customer out of which Tk 7 (seven) million at a subsidized interest rate (only 10%p.a) which helped a lot for making more money. Now, their yearly sales turn over increased from Tk 90 million to Tk 130 million comparing to the previous year by the support of EBL.



Corporate Social Responsibility (CSR)

CORPORATE SOCIAL RESPONSIBILITY (CSR)

EBL actively embraces its role as a corporate citizen. It regards Corporate Social Responsibility (CSR) not a charity, but an investment in society and in its own future. EBL's goal as a responsible corporate citizen is to build social capital. The Bank leverages its core competencies in five areas of activity: through social investments it aims to create opportunities; with its involvement in art and music it fosters creativity; via its educational grant programme it enables talent; through its commitment to sustainability it ensures long term viability, and the Bank's employees regularly participate in activities that provide social support.

Education

If you want to change the world, invest in education

As the global economy becomes more and more knowledge-intensive, human capital will be the future point of differentiation between nations.

We promote talented young people and give them a fair chance because we are convinced that education is the most important resource for ensuring the future of societies.

Our goal is to give children and young people from underprivileged families the opportunity to successfully complete high school or vocational training through targeted programs. At the same time, we would like to help them build their own social networks. Our commitment to cultural education helps young people discover their own creative potential, develop skills and build confidence. And in the area of academic development, we contribute to the lively dialog between research and practice.

Recognizing 'education' as a focus area of the bank's CSR activities, EBL continued to award scholarships to 300 deserving students from 72 departments of University of Dhaka under "EBL-DUAA Inspiration" financial grant program. This year, there were 37 differently able students among this group. EBL salutes their spirit and is

privileged to honor these young achievers. Having continued interest in the development of education, EBL donated BDT 1.5 million and more than 30 computers to various schools and educational institutions.

EBL is planning to initiate a financial grant program for the disadvantaged women. The scholarship will be given in joint collaboration with Prothom Alo. Under this scheme, EBL will bear the cost of 4 meritorious girls in their education till post-graduation. A total of Taka 8 lacs will be given to these 4 girls to pursue their higher education.

At EBL we believe in human capital development and competencies and are committed to improving educational opportunities for our future generation.

Health

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.

EBL has donated BDT 5 lacs to Sylhet Diabetic Association for procuring ophthalmic microscope.

EBL believes that good health is a key to rapid socio-economic development of the country; the Bank has donated large volumes of equipment and facilities to various hospitals across the country to underline its commitment to quality health care delivery in Bangladesh.

Like other countries, Bangladesh is also affected by the burden of autism, a long time neurological disorder that limits child's power to communicate and react, but the total number of autistic individuals is not known. Conservative statistics, however, say Bangladesh has an estimated 150,000 autistic children, who needs special care, fund allocation and management to turn them into human resources.



Snapshots of the 4th EBL-DUAA Scholarship Programme 2010-11

Proyash, an institution runs by Bangladesh Army, is dedicated to the wellbeing of persons and children with special needs through education and training. The institute is also working to generate awareness about disability in Bangladesh; develop quality teachers, therapists and caregivers; and empower persons with disability to ensure equal opportunities and promote disability friendly right based society. EBL has been working with Proyash for a long time and has donated 10 computers. EBL has also donated BDT 2 Lacs to Proyash for arranging event for autistic and disable children.

Environment

We don't own this world; we merely keep it safe for the next generation

We, at Eastern Bank Ltd (EBL), are responsible corporate citizens. We believe that every small 'GREEN' step taken today would go a long way in building a greener future and that each one of us can work towards a better global environment.

Going Green in our bank can not only bring awareness among our customers and our employees but also build awareness and

consciousness to our environment, our nation and our society.

As an environment-responsive bank we initiated Go Green campaign in our Bank. After reducing the use of electricity and paper at the office, EBL is now gearing up for carbon trading to show its commitment to environment-friendly funding.

EBL is the first bank to claim refinance from the central bank for carbon credits. We have reduced electricity consumption by 33 percent and paper use by 40 percent in 2011. Four branches and six automated teller machines of the bank are run on solar power.

Our bank is the first among the commercial banks, who has 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 Rahimafrroz Renewable Energy Ltd (RREL), a concern of Rahimafrroz Group, to set up a 12MW PV solar panel assembly plant. This is first of its kind loan facility in Bangladesh. Through this renewable energy financing, we will be 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. As responsible corporate citizens, we would like to be energy efficient and climate-responsive and we practice what we preach.

EBL launched 'Nobodoy', a customised loan product, to help farmers install fixed dome biogas plants to convert animal waste into electricity. EBL is upbeat about the new green product and vows to spread it across the country. The bank has already disbursed nearly Tk 6 million to eight biogas plants in Cox's Bazar.

Art and Culture

We are rooted in our art and culture

At EBL, we believe art and culture are the essence of a nation and its identity. As responsible corporate citizens, we believe it is our foremost duty to support our sports and uphold our art and culture. We are passionate about our patronage of music, sports and art and culture.

For years, EBL has promoted promising young artists and, at the same time, has given a broad audience access to experience art and music. In this way, we encourage people to try something new and broaden their horizons. EBL in collaboration with Bengal Foundation organized Praner Khela, a musical soiree with eminent Bangla artists at Bengal Gallery on a regular basis. This is a unique event in nature and has been much appreciated by the listeners. EBL has been sponsoring the event for over last one and half year and to continue in the coming days. EBL is not just a patron of music. For long it has been the patron of arts in this country, promoting fine arts, literature and culture. EBL has been sponsoring art camps and exhibitions on a regular basis. EBL has a rich treasure of art works by leading artists of Bangladesh in its permanent collection.

After all, what good is business if we do not promote music, sports and art and culture in the society we operate in.

Community Support

We support people who live in challenging social and economic conditions to become independent of foreign assistance and to shape their own lives and future as individually and independently as possible. With our projects to fight poverty, we focus on strengthening local social structures in a sustainable way. Our acknowledged expertise as a financial institution enables us to create opportunities for many people. With our ad-hoc

donations, we provide quick, un-bureaucratic support for relief efforts in disaster areas. And, lastly, we encourage employees to support our initiatives as corporate volunteers and are proud that so many accept this commitment.

At the end of 2011, a massive cold wave hit the country leaving millions of poor people suffering without sufficient winter clothing. EBL contributed blankets which were distributed at the affected areas of North Bengal-especially at Nilfamari, Lalmonirhat and Dinajpur.

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.

To promote emerging entrepreneurs EBL donated BDT 5 lacs to SAARC Chamber of Commerce and Industry to hold a convention of young men & women entrepreneurs.

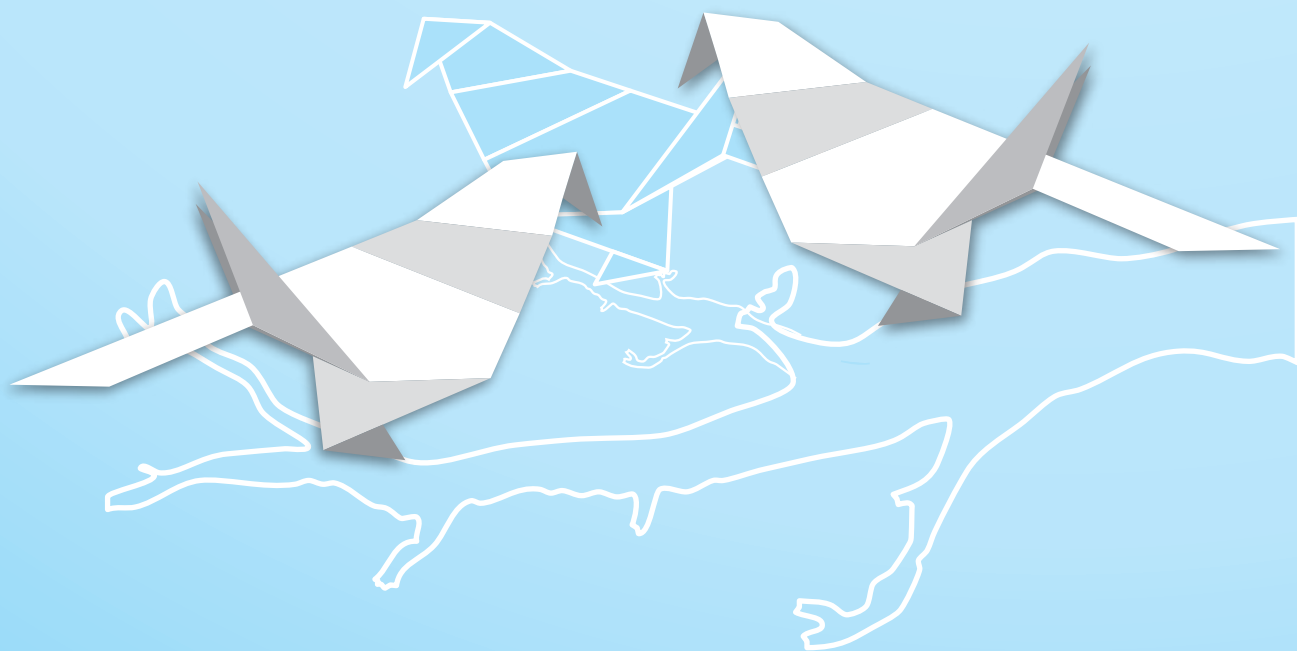
*We support people
who live in challenging
social and economic conditions*



Distributing blankets to the cold hit people of the Northern districts on Bangladesh.



Honorable Prime Minister Sheikh Hasina hands over a cheque to one of the bereaved families of the valiant army officer killed at the BDR Carnage. EBL provides financial assistance to one such family as part of CSR. Chairman of EBL Mohd. Noor Ali was also present.



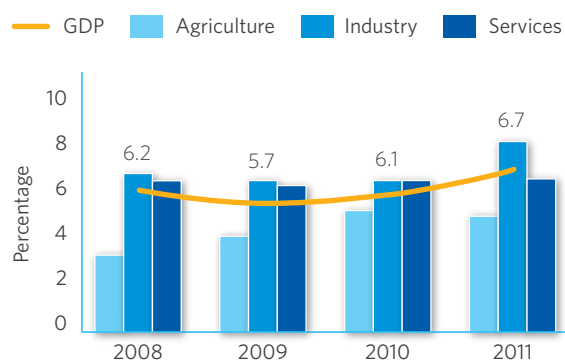
Management Discussion and Analysis

ECONOMIC REVIEW

Bangladesh Bank in its monetary policy for Jan-Jun 2012 revised down its real GDP growth rate to 6.50-7.00 percent from previous projection of 7.00 percent. Asian Development Bank (ADB) has forecasts 7 percent growth in GDP for Bangladesh in the FY2011-12, up from 6.7 percent in FY 2010-11. The International Monetary Fund in its latest economic outlook has projected Bangladesh's economic growth at 6.3 percent for the current fiscal year, higher by 0.5 percentage point than last year.

Sources	Projected Rate(%)
ADB	7.00
IMF	6.30
WB	6.40
BB	6.50 - 7.00

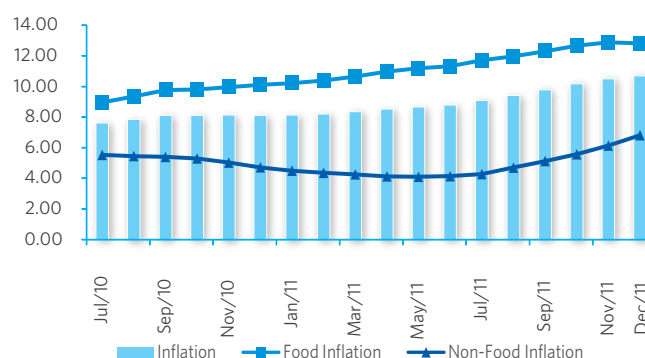
GDP growth by sector



Source: Bangladesh Bureau of Statistics. 2011.
National Accounts Statistics. May.

Inflation, year on year, rose rapidly through most of 2011, settling at 10.71% in December 2011. Mounting global food, fuel and commodity prices as well as domestic demand pressures were the main reasons for the rising trend of inflation level. Food inflation, 12.83% in December 2011, was the main factor in the rise in overall inflation; nonfood inflation was moderate at 6.83% in December 2011.

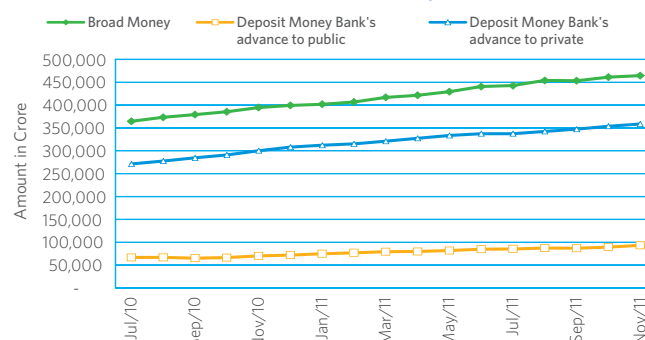
Inflation



Broad Money and Credit Growth

Broad money recorded an increase of Tk.24304.00 crore or 5.52 percent during Jul-Nov, 2011 against the increase of Tk. 31620.70 crore or 8.71 percent during Jul-Nov, 2010. Growth of Domestic credit was 8.99 percent during Jul-Nov, 2011 against 10.27 percent during Jul-Nov, 2010. The rise in domestic credit during the period under report was due to the rise of public sector credit by Tk. 17,842.90 crore or 19.22 percent and private sector credit by Tk.21,125.80 crore or 6.20 percent. In the components of credit to the public sector, credit to the Govt.(net) increased by Tk. 17284.40 crore or 23.54 percent and credit to the 'other public sector' increased by Tk. 558.50 crore or 2.88 percent.

Growth of Monetary Indicators



Source: Bangladesh Bank, 2011. Monthly Economic Trends.

Fiscal Management of the Government

Total budget (deficit) financing of the government during:

Jul-Oct, FY 2011-12 : Tk. 160.58 Billion

Jul-Oct, FY 2010-11 : Tk. 37.15 Billion

Of this deficit, Domestic financing (repayment) stood

Jul-Oct, FY 2011-12 : Tk. 154.55 Billion (96.24%)

Jul-Oct, FY 2010-11 : Tk. 22.08 Billion (59.43%)

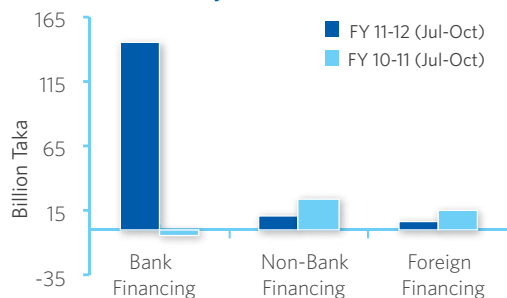
Of this deficit, foreign financing stood

Jul-Oct, FY 2011-12 : Tk. 6.02 Billion (3.74%)

Jul-Oct, FY 2010-11 : Tk. 15.06 Billion (40.57%)

Outstanding domestic debt during July-October, 2011 increased by Tk.356.44 billion or 29.95 percent to Tk.1546.77 billion, against Tk.1190.32 billion during July-October, 2010.

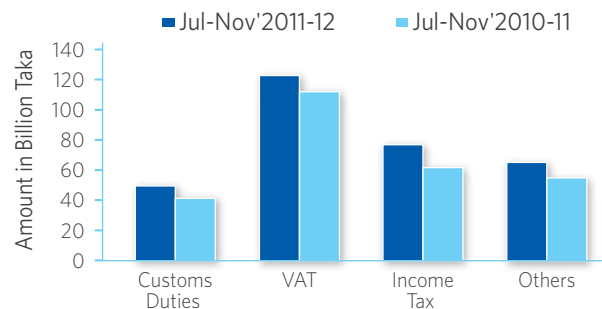
Composition of Budget (Deficit) Financing July-October



Government Revenue Collection

The NBR and Non-NBR tax revenue collection during Jul-Sep, 2011-12 were Tk.18138.32 crore and Tk.785.75 crore respectively, against Tk.15690.94 crore and Tk.718.20 crore respectively during Jul-Sep, 2010-11.

Govt. Revenue Collection



Source: Bangladesh Bank

Savings Certificate Operation

The amount of Sales of NSD (National Savings Directorate) certificates during:

Jul-Oct, FY 2011-12 : Tk. 58.16 Billion

Jul-Jun, FY 2010-11 : Tk. 64.52 Billion

Repayment of NSD (National Savings Directorate) certificates during:

Jul-Oct, FY 2011-12 : Tk. 52.24 Billion

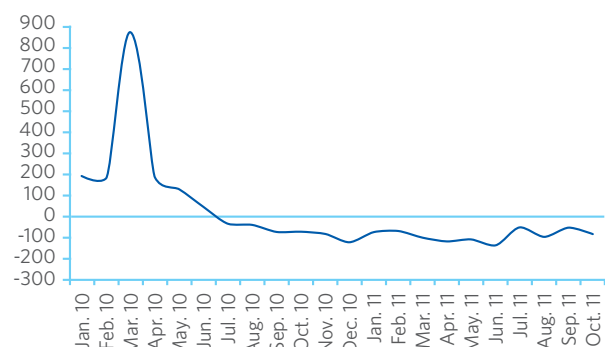
Jul-Jun, FY 2010-11 : Tk. 45.28 Billion

Net borrowing of the government through NSD (National Savings Directorate) certificates during:

Jul-Oct, FY 2011-12 : Tk. 5.91 Billion

Jul-Jun, FY 2010-11 : Tk. 19.23 Billion

Growth of net sales of NSD certificates Percentage changes on a year earlier



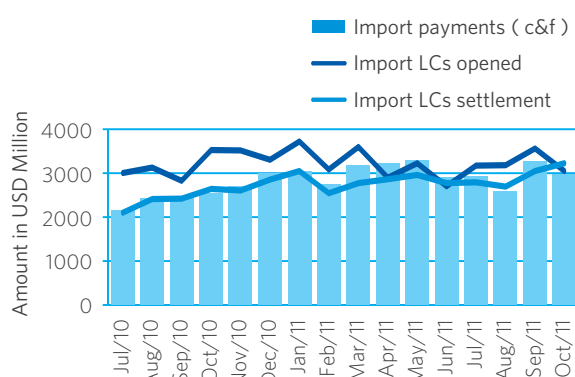
Source: Bangladesh Bank

Balance of Payment – Import, Export, Trade Deficit & Remittance

Import

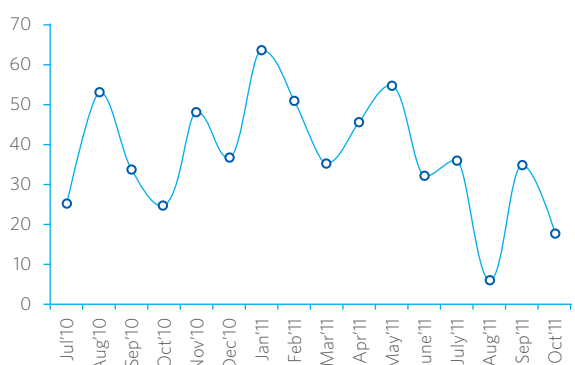
Import payments in October, 2011 stood lower by US\$294.80 million or 9.01 percent to US\$2977.00 million, against US\$3271.80 million in September, 2011. However, this was higher by US\$444.70 million or 17.56 percent than US\$2532.30 million in October, 2010.

Import Details



Growth of import payments

Percentage changes on a year earlier

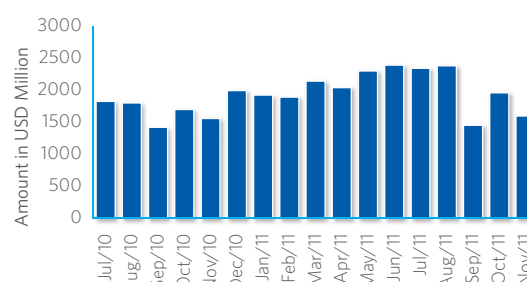


Export

Merchandise export shipments in November, 2011 stood lower by US\$363.54 million or 18.60 percent at US\$1591.24 million as compared to US\$1954.78 million in October, 2011 according to

EPB data. However, this was higher than US\$1553.88 million of November, 2010. The year-on-year growth stood at 2.40 percent in November, 2011.

Export



Export Growth

Percentage changes on a year earlier



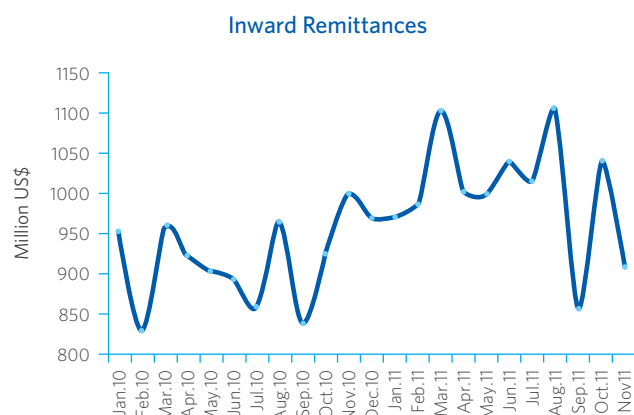
Trade Deficit

Trade balance recorded a higher deficit of US\$3103 million during July-October, 2011-12 compared to the deficit of US\$1825 million during July-October, 2010-11. Due to a deficit service of US\$1049 million current account balance recorded a deficit of US\$372 million during July-October, 2011-12 against the surplus of US\$1117 million during July-October, 2010-11.

Remittance

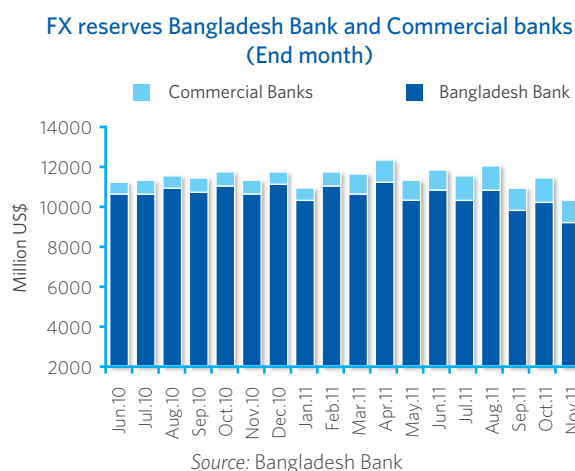
Remittances in November, 2011 stood lower at US\$908.79 million against US\$1039.48 million of October, 2011. This was also lower by US\$89.85 million against US\$998.64 million of

November, 2010. Total remittances receipts during July-November, 2011-12 increased by US\$339.65 million or 7.41 percent to US\$ 4921.08 million against US\$4581.43 million during July-November, 2010-11.



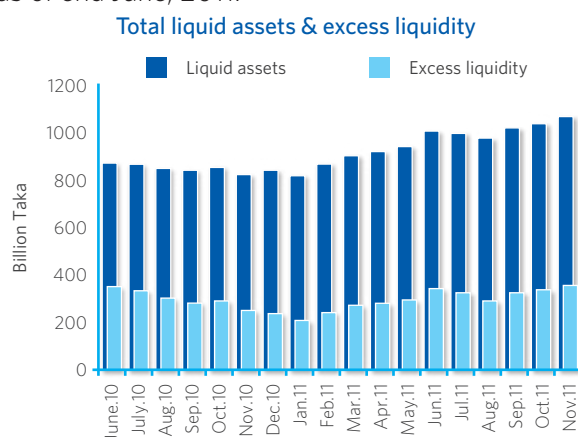
Foreign Exchange Reserve

The gross foreign exchange reserves of the BB stood lower at US\$9285.20 million (with ACU liability of US\$ 377.78 million) as of end November, 2011, against US\$10338.28 million (with ACU liability of US\$ 824.05 million) by end October, 2011. The gross foreign exchange reserves, without ACU liability is equivalent to import payments of 2.98 months according to imports of US\$ 2989.08 million per month based on the previous 12 months average (November-October,2010-11).



Excess Liquidity

Total liquid assets of the scheduled banks stood higher at Tk. 106789.72 crore as of end November, 2011 against Tk.100564.96 crore as of end June, 2011. Excess liquidity of the scheduled banks also stood higher at Tk.35253.57 crore as of end November, 2011 against Tk.34071.21 crore as of end June, 2011.

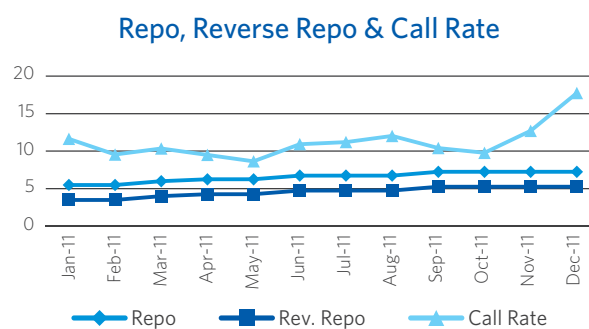


Source: Bangladesh Bank

Financial Sector Price

Repo, Reverse Repo & Call Rate

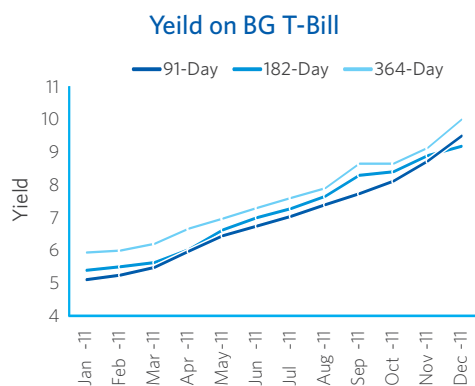
Repo rate and reverse repo rate increased by 50 basis point at 7.75 percent and 5.75 percent from January 08, 2012. The previous rate was 7.25 percent and 5.25 percent respectively. The weighted average call money rate in the inter-bank money market increased to 17.75 percent in December, 2011 as compared to 10.41 percent in September, 2011. Due to contractionary monetary policy of BB, there arises liquidity crisis from September, 2011.



Source: Bangladesh Bank

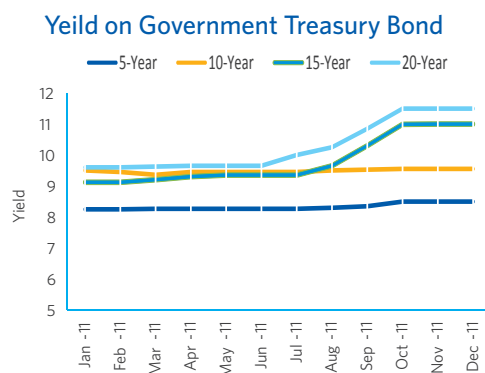
Yields on Government Securities

The weighted average yield on 91-Day, 182-Day and 364-Day treasury bills were 7.73 percent, 8.30 percent and 8.65 percent respectively in September, 2011 and the latest yield of these bills are 10.75 percent, 11.25 percent, 11.00 percent. The latest yield curve of the above three treasury bills depicted almost the parallel shift from that of September, 2011 by 225 bps.



Yields on Government Treasury Bond

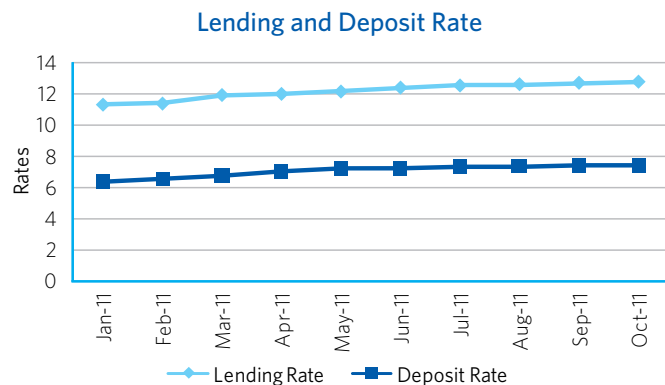
The weighted average yield on 5-Year, 10-Year, 15-Year, 20-Year BGTB were 8.35 percent, 9.53 percent, 10.30 and 10.85 percent in September, 2011. The average yield of the 4 BGTB significantly increased at 9.00 percent, 11.25 percent, 11.50 percent and 11.95 percent respectively. The yield of all the government securities increased due to excess government borrowing. The rate of increase of short term securities is higher than that of long term due to liquidity crunch.



Source: Bangladesh Bank

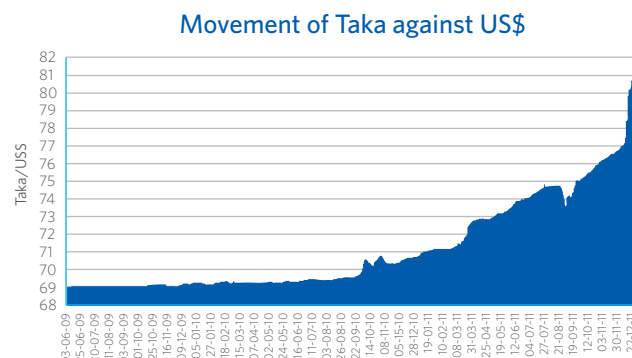
Lending & Deposit Rates

The lending rate of scheduled banks stood higher at 12.79 percent in October, 2011 as compared to 12.72 percent in September, 2011. The deposit rate of scheduled banks also stood higher at 7.46 percent in October, 2011 as compared to 7.42 percent in September, 2011.



Exchange Rate Movement

The nominal taka-dollar exchange rate was more volatile in the 2nd half of FY2011 than that of 1st half and came under severe pressure in the second half as import demand grew rapidly. The taka depreciated by around 10.39% against the dollar in the 2nd half of FY2011. Exchange rate of Taka per US\$ increased to Tk.81.8529 at the end of December, 2011 from Tk.71.0363 at the end of January, 2011. Taka depreciated by 15.23 percent as of end December, 2011 over end January, 2011.



Source: Bangladesh Bank

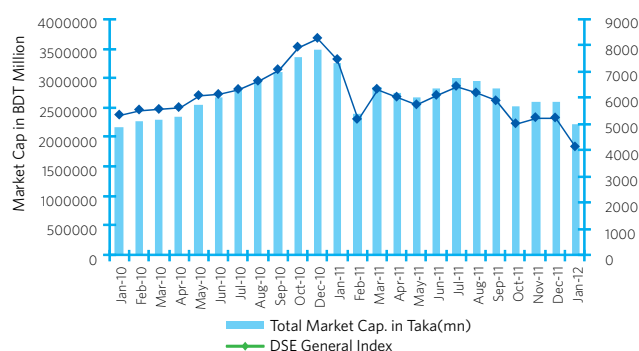
Capital Market

A big correction in share prices was inevitable following the abnormal and irrational hike, and the expected correction in share prices actually began in December 2010, but it turned into a crash in January-February of 2011. But the second debacle during October- November was unexpected and overburdened especially for retail investors, as it was due to a continuous erosion of investor confidence.

Following table summarizes the capital market performance during 2011:

Particulars	BDT Million		
	2011	2010	Change (%)
Total Turnover	1,560,912	4,009,913	-61.07%
Average Daily Turnover	6,642	16,434	-59.58%
Market Capitalization	2,616,731	3,508,006	-25.41%
DSE General Index	5258	8290	-36.57%
Market Capitalization to GDP Ratio	33.32%	52.11%	-36.06%
Market P/E	13.53	29.71	-54.46%

The General index at the end of January, 2012 stood lower at 4153.96 compared to 5257.60 at the end of December, 2011. Total market capitalization of all shares and debentures of the listed securities at the end of January, 2011 also stood lower at Tk. 2230354.33 million, indicating Tk. 386376 million or 14.76 percent lower than that of end of December, 2011.



Going Forward

Global growth prospects in 2012 remain highly uncertain in key trading partner countries, particularly in Europe due to the unfolding sovereign debt crisis in several countries and the increasing related risk of a global recession. The United States is showing fledgling signs of recovery but overall the growth prospects for 2012 in advanced economies remain weak and there have also been downward growth adjustments for developing countries (from 6% in 2011 to 5.4% in 2012) including India and China. Domestic growth was projected at 7% in the FY12 Budget assuming stable domestic and global economic conditions. However due to the fact that in recent months global economic conditions have significantly deteriorated Bangladesh's export and remittance growth may slow down, as is the case with other countries. Moreover weak aid inflows, slowing imports and moderating credit growth will limit aggregate demand. As such BB is projecting growth in the range of 6.5-7.0%.

A key indicator – new Letter of Credit (LC) openings – has fallen by 8% in January 2012 relative to a year ago. A more restrained domestic credit environment is expected to limit import growth further, while the more depreciated exchange rate will support export and remittance growth. The current status of capital market, seriously lacking confidence by investors, no longer offers an attractive avenue for banks (involved in securities business or investment) to make easy money. Rising trend of interest rate also put our growth prospect of Net Interest Income restricted during 2012. In line with current and projected outlook of business, we have kept our strategy of moderate growth and cost awareness intact for 2012 as well.

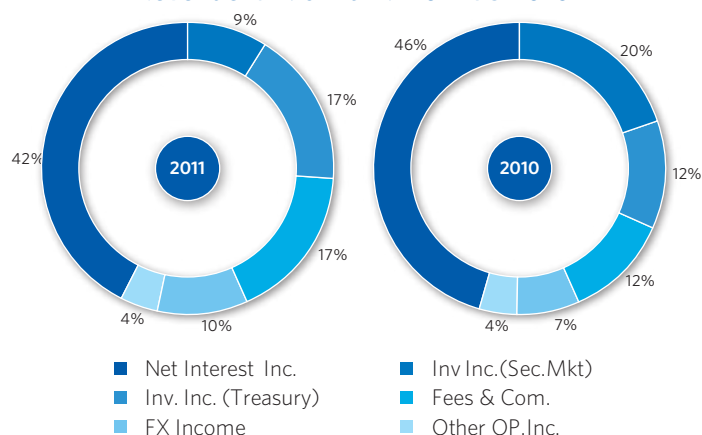
FINANCIAL REVIEW OF THE BANK

Profit after tax (PAT) of the Bank (EBL Onshore & Offshore) increased by 4% to BDT 2,521 M compared to BDT 2,425 M in 2010. Consolidated PAT during 2011 was BDT 2,552 M but attributable to EBL shareholders was BDT 2,533 M. Therefore, Earnings per Share (EPS) in 2011 stands at BDT 5.57 (Consolidated EPS BDT 5.59) compared to BDT 5.36 (restated) in 2010. This performance can be attributed to, but not limited to, the following causes:

- Net Interest Income has increased by 11% in 2011 to BDT 3,314 M but its share in total revenue has fallen from 46% in 2010 to 42% in 2011.
- Investment Income from Treasury & Others increased by 69% in 2011 to BDT 1,293 M & its share in total revenue increased from 12% in 2010 to 17% in 2011.
- Investment Income from capital market has decreased by 47% to BDT 677 M in 2011 but its share in total revenue has fallen from 20% in 2010 to 9% in 2011.
- Fees and commission income increased by 66% to BDT 1,344 M in 2011 & its share in total revenue increased from 12% in 2010 to 17% in 2011.
- FX Income increased by 76% to BDT 750 M in 2011 & its share in total revenue increased from 7% in 2010 to 10% in 2011.
- Other Operating Income increased by 87% to BDT 415 M in 2011 & its share in total revenue remained same as 2010.

The shrinkage of pie of NII and Investment Income from capital market in 2011 has been to some extent balanced by the increase of the pie of Fees and commission (66 %+), Investment Income from Treasury & Others (69 %+) and FX Income (76 %+).

Revenue Mix of Bank: 2011 VS 2010



During 2011, operating expense grew by 29% (BDT 2,685 M in 2011 vs. BDT 2,074 M in 2010) which is lower than the growth of fees and commission income of 66 %.

Following table compares key operating financials of the period mentioned:

BDT Million			
Particulars	2011	2010	Change %
Interest Income	9,713	6,976	39%
Interest Expenses	6,399	4,003	60%
Net Interest Income	3,314	2,973	11%
Investment Income From Secondary Market	677	1,283	-47%
Investment Income From Treasury & Others	1,293	767	69%
Fees & Commission	1,344	811	66%
FX Income	750	427	76%
Other Operating Income	415	221	87%
Operating Income	7,793	6,483	20%
Operating expenses	2,685	2,074	29%
Operating Profit	5,107	4,410	16%
Provision for loans, contingent assets and other assets:			
Specific provision	321	132	143%
General provision	403	249	62%
Loss on revaluation of shares	248	34	632%
Other assets	6	3	124%
Total provisions	978	417	134%
Profit Before Tax (PBT)	4,129	3,992	3%
Tax provision	1,608	1,568	3%
Profit After Tax (PAT)	2,521	2,425	4%
EPS (Per share of BDT 10)	5.57	5.36	

Income Statement for the period ended December 31, 2011 (Bank Only)

The bank's total revenue comprised two major items, namely net interest income (NII) and non-interest income. NII accounted for 43% while non-interest income accounted for 57% of total revenue during 2011. Details are described below.

Net Interest Income (+11%)

Net interest income in 2011 was BDT 3,314 M, an increase of BDT 341 M from last year (11% yoy), where increase of 'Interest Income' by 39% to BDT 9,713 M but increase of 'Interest Expense' by 60% to BDT 6,399 M. This could be explained by the following changes Since the cost of borrowing & deposit increased at a higher pace than the increase of yield on loan, leads to a lower net interest income growth of 11% only.

	BDT Million		
	2011	2010	Changes
Average Loan	62,897	48,390	14,507
Interest income on loan	8,545	6,168	2,377
Yield on Loan (%)	13.40%	12.57%	0.83%
Average Placement	7,046	6,475	571
Interest income on placement	845	601	244
Yield on Placement (%)	11.82%	9.15%	2.67%
Average Deposit	66,319	51,029	15,291
Interest expense on deposit	5,572	3,409	2,163
Cost of Deposit (%)	8.40%	6.68%	1.72%
Average Borrowing	7,778	7,391	386
Interest expense on borrowing	630	489	142
Cost of Borrowing (%)	7.99%	6.52%	1.47%

Non-Interest Income (+28%)

Non-interest income in 2011 rose 28% yoy to BDT 4,478 M mainly due to growth of fees and commission (66 %+), Investment Income from Treasury & Others (69 %+) and FX Income (76 %+). Details are explained below:

Fees & Commission Income (+66%)

Fees & commission income witnessed a remarkable growth of 66% during the year to BDT 1,344 M with trade related income taking center stage as trade volume experienced phenomenal growth in the year 2011. During 2011, trade transactions in EBL increased by 3.30% over the previous year and the accuracy level remain excellent. Overall business volume increased by 44.86%, which is remarkable considering the present market conditions. Total trade business stood at BDT 163,725.29 M in 2011 compared to BDT 113,025.72 M in 2010. Tailor made Structured Letter of Credit has been issued worth USD 152.32 M in 2011 compared to USD 117.69 M in 2010. summary on overall trade transactions is given below:

Nature of Business	Number of Cases		
	2011	2010	Growth (%)
Letter of Credit	12,731	11,916	6.8
Letter of Guarantee	686	725	-5.4
Export Bill (foreign)	12,976	13,009	-0.3
Export Bill (local)	3,394	3,185	6.6
Sub-Total Export	16,370	16,194	1.1
Grand Total	29,787	28,835	3.3

Nature of Business	Trade Business Volume		
	2011	2010	Growth (%)
Letter of Credit	100,639	70,665	42.42
Letter of Guarantee	4,497	2,727	64.87
Export Bill (foreign)	46,460	31,842	45.91
Export Bill (local)	12,129	7,792	55.66
Sub-Total Export	58,589	39,633	47.83
Grand Total	163,725	113,026	44.86

Investment Income from Treasury & Others (+69%)

During 2011, Money market rate showed a lot of volatility & liquidity crisis was so common a phrase that extended even to the verse of common people. Increased money market average daily turnover on various instruments; up

from BDT 12,000 M in year 2010 to 15,500 M in 2011; together with improved spread enabled the bank to book higher revenue from money market dealing. Though not a Primary Dealer, EBL was very active in the secondary Government securities trading in both buying and selling side. This trading activity generated a substantial amount of revenue for the bank. Investment Income from Treasury & Others increased by 69% in 2011 to BDT 1,293 M.

Investment Income from Capital Market (-47%)

The stock market soared irrationally in 2009 and 2010, and then burst in 2011. The downtrend continued for almost the whole year. Despite the inherent nature of the market risks, EBL has applied superior timing, market intelligence, and fundamental based investment as cushion against systematic market risks. Considering the above market scenario, EBL Investment Income from capital market has decreased by 11% to BDT 677 M in 2011. Since our investment strategy favored our portfolio against unprecedented market volatility and devastation, EBL's Secondary Market Portfolio Return was +26.60% although Market Return (as measured by DGEN) was down by 36.57%.

FX Income (+76%)

2011 was a tough year for currency market, with shortage of liquidity and huge demand supply gap on foreign currency contributed on depreciation of BDT the most. Taka depreciated against US dollar by more than 15% in year 2011. In foreign exchange area, total turnover was USD 10.5 billion in 2011 whereas it was USD 4.1 billion in 2010 that is a 156% growth in turnover which ultimately resulted in significant increase in revenue from FX trading. EBL was involved in forward dealing, corporate dealing, SWAP etc in FX market. In 2011, EBL was active in cross currency settlement with other banks with the help of multiple trading platforms & it results FX Income increased to BDT 750 M in 2011 which is 76% increase over 2010.

Other Operating Income (+87%)

Growth of other operating income by 87% largely caused by more than 100% increase of Recovery from written off loans from BDT 118 M to BDT 302 M. in 2011.

Operating Expenses (+29%)

Total operating expenses of the Bank have increased by 29 % to BDT 2,685 M compared to BDT 2,074 M during 2010. Changes of some major operating expenses are appended below:

BDT Million			
Major Operating Expenses	2011	2010	Change%
Salary & Benefits of Permanent Employees	1,226	995	23%
Salary & Benefits of Contractual Employees	288	182	59%
Total Employee Benefits	1,514	1,177	29%
Rent & taxes	175	123	42%
Utility Bills	50	42	19%
Insurance Premium	47	37	26%
Printing & Stationeries	66	49	34%
Fuel For Car & Generator	20	18	16%
Depreciation	158	111	42%
Repair & Maintenance	151	125	22%
Office Security	59	40	47%
Advertisement	91	86	6%
Business Promotion	36	23	59%
Recruitment & Training	18	11	62%

- Employee related expenses have increased by 29% in 2011 over that of 2010 mainly due to increase of total headcount from 1,962 to 2,680 (of which no. of permanent employee increased from 973 to 1,214 in 2011 & no of contractual employee from 966 to 1,466 in 2011) during 2011.
- Employee training expense increased 62% during 2011 to BDT 18 M mainly because of training program arranged during 2011 increased to 202 from 165 & also no of participants increased from 1,705 to 2,959.

- Depreciation on fixed assets amounting to BDT 158 M has increased by 42 % during 2011 mainly due to addition of fixed asset BDT 998 M (of which addition of tangible asset is BDT 982 M & addition of intangible asset is BDT 16 M) compared to those of 2010.
- Overall rent & tax, utility bills, insurance premium, printing & stationary, repair, maintenance, office security, advertisement & business promotion expenses increased sharply during 2011 because of **addition of 10 new branches, 51 new ATM, 15 new EBL 365, taking new office for corporate, special asset mangement division, introducing new call centre etc.**

Cost to income ratio (34.46%)

Overall Cost to income ratio of EBL increased from 32.10% to 34.46% during 2011 (operating expenses grew by 29% while operating income rose by only 20%) mainly because of channel expansion initiatives which EBL has undertaken mainly for increasing the deposit base as well as for better customer service. Addition of new branches increased the overall operating expenses of bank while these branches would take a reasonable time to generate the revenue, causing the cost to income ratio raised from 32.10% to 34.46%.

Provision (+134%)

Specific provision charged during the year 2011 against classified loan increased by 143% to BDT 321 M against BDT 132 M of previous year. General provision against unclassified loans charged during the year 2011 increased by BDT 155 M to the tune of BDT 403 M against BDT 249 M of previous year.

However, our provision adequacy ratio for 2011 was 154 % against 149 % of 2010 which indicates sufficient cushion against classified loans.

BDT Million			
Provision Adequacy %	2011	2010	Change%
Provision Kept For loan (Cumulative)	2,407	1,739	138%
Classified loans	1,561	1,169	134%
Provision Adequacy	154%	149%	

This is to be noted that general provision is regarded as Tier-II capital of the bank and provides safeguard against future default as well supports business growth by strengthening the capital base.

Profit before Tax (+3%)

After making above provisions, during 2011 profit before tax of EBL stood at BDT 4,129 M registering a growth of 3% mainly because of growth of fees and commission income (66%+), Investment income from Treasury & others (69 %+) and FX Income (76 %+).

Provision for Income Tax (+3%)

Provision for tax made during the year 2011 was BDT 1,740 M compared to BDT 1,570 M of 2010. Our effective tax rate for the year 2011 increased to 42.14% from 39.26% of 2010 which is appended in the below table:

Reconciliation of effective tax rate	2011		2010	
	%	BDT M	%	BDT M
Profit before income tax		4,129		3,992
Income tax (@ 42.5%)	42.50%	1,755	42.50%	1,697
Factors affecting the tax charge for current period				
Nondeductible expenses	12.21%	507	7.73%	311
Tax exempt income	-4.33%	(180)	-5.01%	(200)
Tax savings from reduced tax rates from dividend	-0.57%	(24)	-0.60%	(24)
Tax savings from reduced tax rates from capital gain	-4.75%	(197)	-6.15%	(245)
Tax incentives	-	-	-	-
Recognition of previously unrecognized tax losses	-	-	-	-
Under provided in prior years	-2.92%	(121)	0.79%	31
Total income tax expenses / Effective Tax Rate	42.14%	1,740	39.26%	1,570

Profit after Tax (+4%)

Net profit after tax stood at BDT 2,521 M registering a growth of 4% during 2011. Earnings per share increased to BDT 5.57 (Bank) as at during 2011 from BDT 5.36 in the previous year.

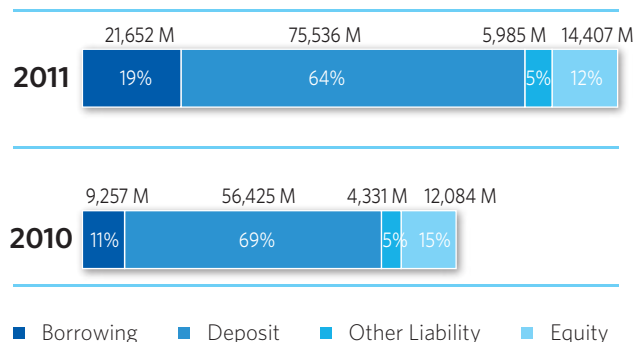
For 2011, Average ROA and ROE stood at 2.52 % and 19.03% respectively.

Balance sheet as at December 31, 2011 (Bank Only)

Assets (+43%)

Overall assets of the bank stood at BDT 117,580 M in 2011 as against BDT 82,097 M in 2010. Consolidated asset of EBL stood at BDT 117,564 M in 2011 from BDT 82,530 M in 2010 registering a growth of 42 %. EBL loans & advance increases by 40% & investment also increases by 72%. Asset growth of EBL was mainly funded through the growth of customer deposits (34%) & borrowing (134%). The growth of deposits was used for funding growth in credit and holding of securities for SLR purpose.

Asset Funding Mix (%)



Cash and Balance with Bangladesh Bank & its Agent (+64%)

EBL position of the bank was BDT 6,023 M in 2011 against BDT 3,681 M in 2010 which is 64% growth over 2010. The growth in deposits increased the Cash Reserve Requirement of the bank which is maintained with Bangladesh Bank and its agent. During 2011, both CRR (6.0 % of average time and demand liabilities) & SLR (19% of average time and demand liabilities) were maintained adequately throughout the year.

As on 31 December, 2011, EBL had the surplus of BDT 4,475 M over required SLR & BDT 10 M over required CRR.

Investment (+72%)

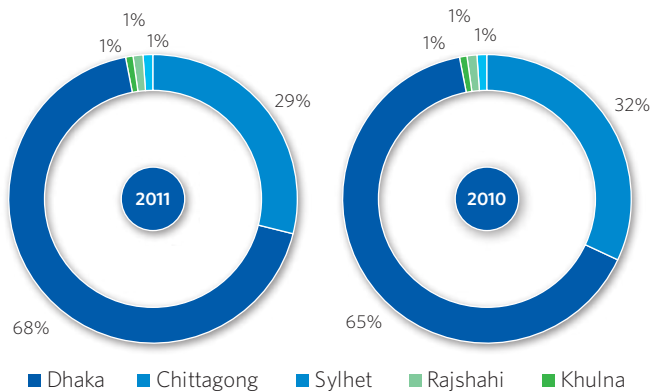
EBL's investment during the year 2011, stood at BDT 16,910 M as at 31 December 2011. The bank investment comprises of Government securities BDT 12,841 M & others (Investment in debenture, corporate bond, ordinary share and preference share etc.) comprises of BDT 4,069 M. To cover the increased SLR requirement, Bank purchased government bonds of BDT 12,839 M during 2011 which was BDT 6,825 M in 2010. Banks investment in ordinary share was BDT 2,588 M in 2010 which was raised to BDT 3,656 M in 2011 i.e. 41% growth over 2010. Maturity grouping of investment as at 31 December 2011 & 2010 is compared below:

BDT Million		
Maturity grouping of investment	2011	2010
On demand	2	3
1 month to 3 months	48	-
3 months to 1 year	4,500	2,588
1 year to 5 year	3,196	2,564
5 year +	9,164	4,672
Total	16,910	9,827

Loans and Advances (+40%)

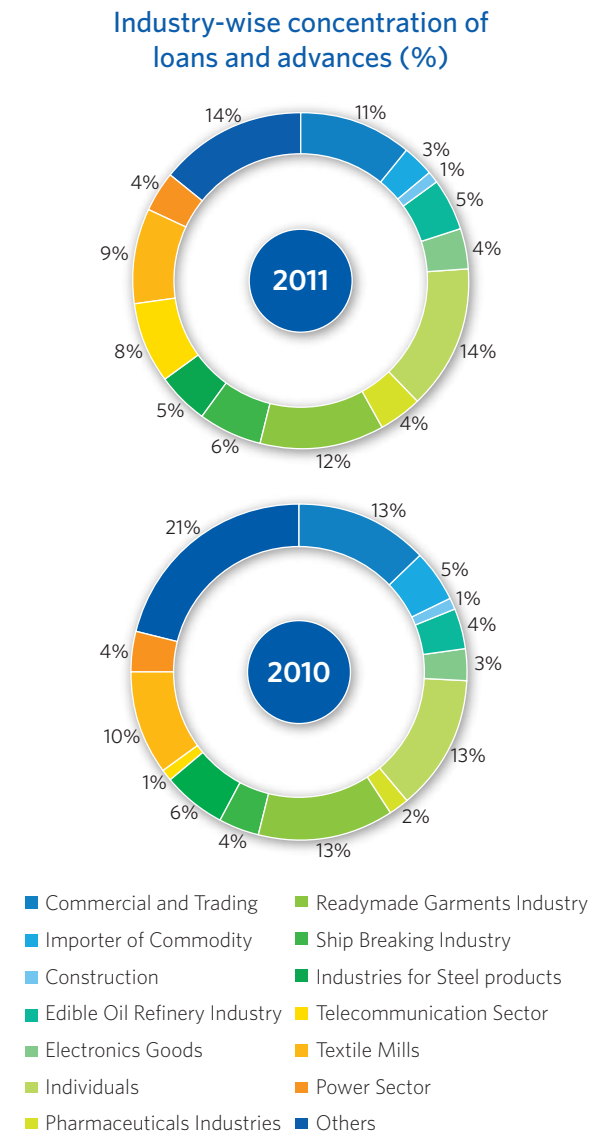
Overall loans and advances of the bank increased by 40% and stood at BDT 81,774 M in 2011. Outstanding loans and advances of Off Shore Banking Units was BDT 6,341 M showing a growth of 28 %. Overall yield on loans and advances of EBL increased to 13.40 % from the level of 12.75 % of previous year.

Geographical location wise concentration of loans and advances (%)



Credit Quality (NPL 1.91%)

EBL finished 2011 with NPL ratio of 1.91 % which was 1.99 % at the year end 2010. This indicates that our risk management practice and prudent credit policy are working where the strength of a policy or strategy lies. Comparative classified loan status of EBL is presented here:



BDT Million			
Particulars	2011	2010	Change %
Unclassified loans:	80,213	57,438	39.65%
Standard (Including staff loan)	79,366	56,629	40.15%
Special Mention Accounts (SMA)	848	810	4.71%
Classified loans:	1,561	1,169	33.53%
Sub-standard (SS)	419	330	26.98%
Doubtful (DF)	172	146	17.56%
Bad/loss (BL)	970	693	40.02%
Total loans	81,774	58,607	39.53%
NPL %	1.91%	1.99%	

Liabilities (+47%)

Overall liabilities (excluding equity) of the bank stood at BDT 103,174 M in 2011 as against BDT 70,014 M in 2010 & registering a growth of 47 %. The increase in liability was mainly due to growth in deposits (34%), borrowings (134%) and other liabilities (38%).

Borrowing (+134%)

Overall borrowing of bank increased by 134% in 2011 to BDT 21,652 M (of which demand borrowing increased from BDT 890 M to 2,840 M, term borrowing increased from BDT 400 M to 9,450 M & other borrowing increased from BDT 4,784 M to BDT 5,781 M). Maturity grouping of borrowing as at 31 December 2011 & 2010 is compared below:

BDT Million		
Maturity grouping of Borrowing	2011	2010
On demand	2,840	890
In not more than one month	11,395	44
In more than one month but not more than three months	3,773	2,988
In more than three months but not more than one year	1,653	3,429
In more than one year but not more than five years	1,219	1,289
In more than five years	772	617
Total	21,652	9,257

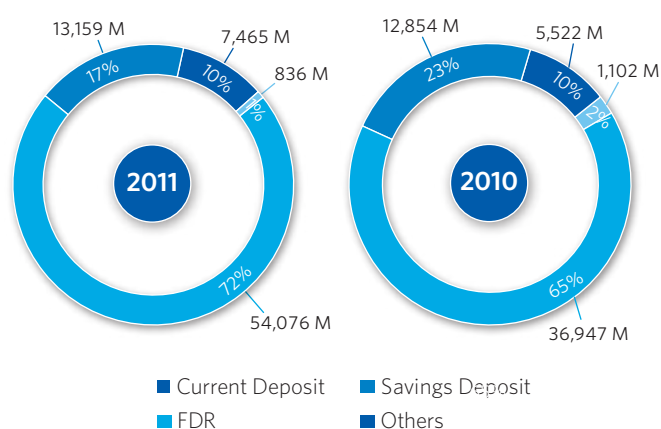
Deposits (+34%)

Overall deposits of the bank increased by 34% and stood at BDT 75,536 M in 2011. The growth was supported by branch network and high standard service provided to customers along with liability campaign carried out by business units for mobilization of deposits. Credit grew faster than deposit growth (40% of credit growth and 34% of deposit growth year on year respectively as on 31 December 2011).

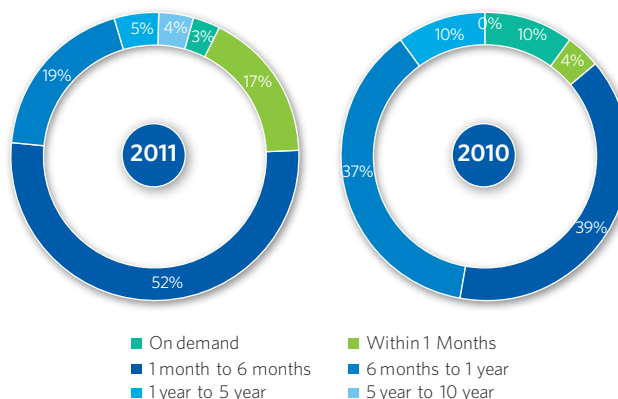
BB has raised the CRR and SLR twice and rates of repo and reverse repo rate thrice in the last fiscal year. This rise of CRR/SLR rate has had a knock-on effect on the liquidity of money market & compelled us to increase our deposit base for meeting BB CRR/SLR rate. The deposit mix of EBL has got significant changes in 2011 with around 6.11 % increase in pie of fixed deposit

(71.59% of total deposit vs. 65.48% on year end 2010). Savings deposit pie also decreased from 22.78% to 17.42% at yearend 2011. **Cost of deposit increased to 8.40% in 2011 against 6.68% of previous year.**

Deposits Mix of Bank: 2011 vs 2010



Maturity grouping of deposits (%)



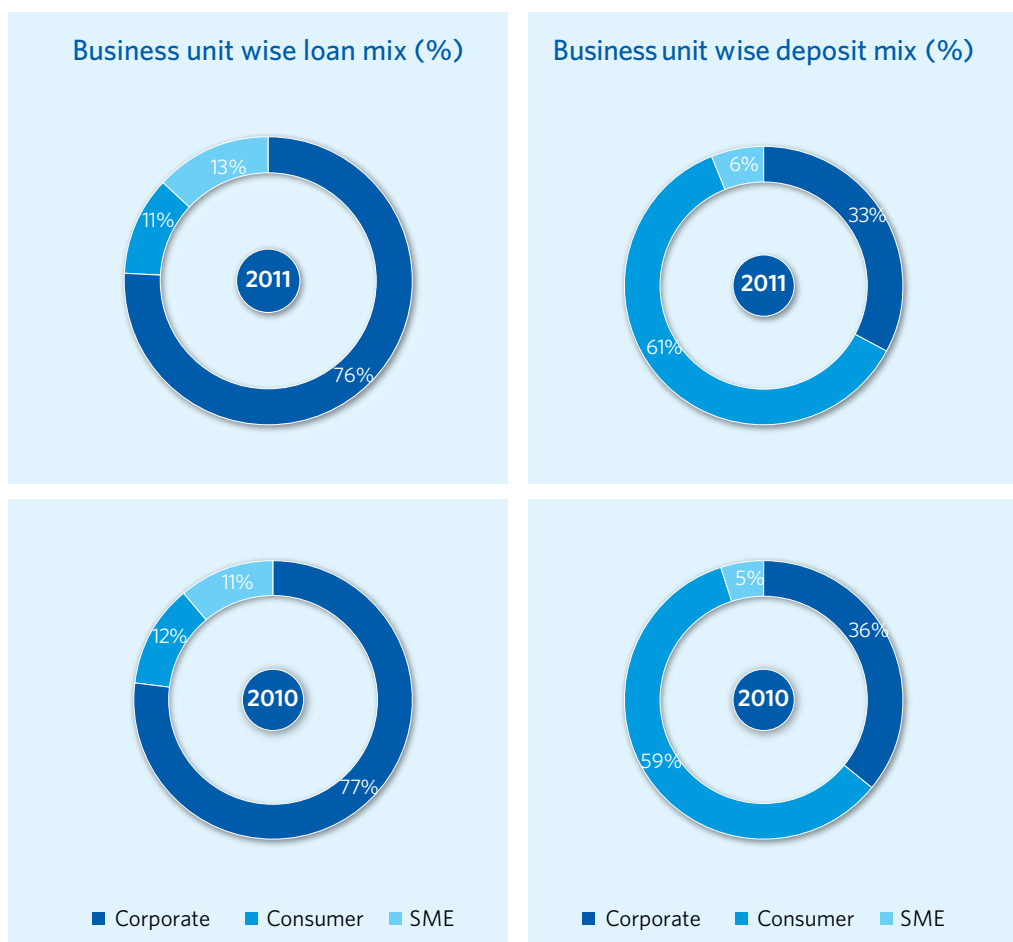
Shareholders' Equity (+19%)

Overall shareholders' equity of bank increased by 19% during the year 2011 to BDT 14,407 M. Paid-up capital of EBL increased by BDT 1,606 M and stood at BDT 4,527 M during 2011. During 2011, total 160,644,627 numbers of shares have been issued as stock dividend (i.e. 55% on outstanding of 2010). The statutory reserve increased by BDT 826 M during the year and stood at BDT 3,551 M. The 19% growth of shareholders' equity is mainly attributable to the growth of paid up capital (55%), statutory reserve (30%) and retained earnings (5%).

BUSINESS REVIEW OF THE BANK

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. Investment banking, under the umbrella of corporate banking, contributes towards investment income of bank arising from investing in securities of capital market.

Following pies show the Business Unit (BU) wise loan and deposit mix as on year end 2011:



“Corporate Banking along with Investment Banking & Treasury, contributes the lion share to the bottom line of the Bank. Corporate Banking occupies the largest pie of loan book (around 76%) whereas Consumer Banking contributes most in mobilizing funds (around 61%) as on year end 2011. The high priority Small & Medium Enterprise (SME) division continued to experience growth in both loan and deposit.”

CORPORATE BANKING

"This is indeed another year of consecutive success for the Corporate Banking Division of EBL in terms of significant growth of quality assets and non-funded income for the Bank. The watch words for Corporate Banking during 2012 will be 'profitable relationships' not size of business, creating own markets not fighting for the over occupied and creating loyalty through service excellence and innovative solutions to customers needs"

Md Fakhru Alam

Deputy Managing Director, Corporate, Treasury & Investment Banking



Our Strategy

- Leveraging our strong client relationships and continued focus on enhancing client servicing capability at the operational level.

Our Priorities in 2012

- Providing the best services to our Corporate Customers by improving our internal process & enhanced employee capability.
- Maximizing corporate portfolio in coming days intensifying cross selling and by selectively channeling credit to new customers in promising segments. EBL footprints further to be enhanced into Packaging, Food, Power, Construction, Aviation, Glassware, Edible Oil Refinery, Healthcare, Renewable Energy, Telecommunications, Plastic Polymer, Agri-Business (poultry, food processing) etc.
- Putting more & more efforts to explore new avenues for low cost deposits; including different multilaterals.
- Maintaining NPLs at an acceptable level.

Financial Highlights

Loans & Advance

+36%

BDT 60,536 M

76% of Total loan

Deposits

+22%

BDT 23,887 M

33% of Total deposit

Total Revenue

+41%

BDT 7,327 M

Asset Quality

1.30%

NPL

Operational Highlights

- Launched Emerging Corporate aiming to cater the 'Missing Middle' of the industry.
- Launched Trade Sales Unit to maximize non funded business.
- Launched one new business relationship team.

EBL Corporate Banking

EBL Corporate Banking provides financial products & services reaching the country's growing corporate base. With our expertise and dedication we, at EBL Corporate Banking, aim to provide the best possible services to our customers and with that in mind, we have proved ourselves to be one of the leading banks in helping clients to achieve success in every business endeavor they have.



It has eleven relationship units (eight 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.

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 during the year 2011 due to high inflation, high Government borrowing, controlled money supply to curb imports and low forex reserve. 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.

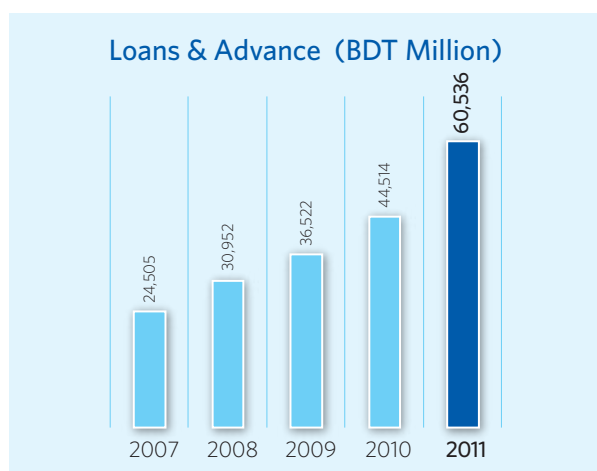
Corporate Relationship Unit

To facilitate the services to our ever-growing list of corporate clients, we have in place, a number of corporate relationship units in Dhaka and Chittagong. We also have 2 different corporate offices in Dhaka area, considering the ease of reach that we always want to provide to our valued clients.

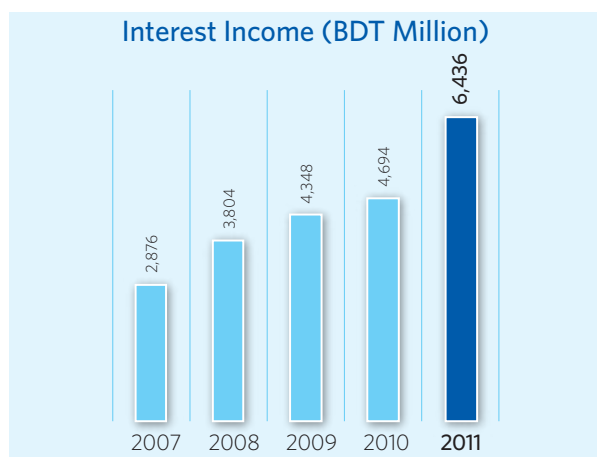
The Relationship managers, equipped with efficient management skill and sound knowledge about the industry, are here to provide a full array of corporate banking solutions, ranging from

working capital management, cash management, foreign exchange and currency hedging services to trade finance, loans and structured products. They also partner with our Structured Finance Unit & investment banking Units to deliver the large project financing and investment banking capabilities to our relationship clients.

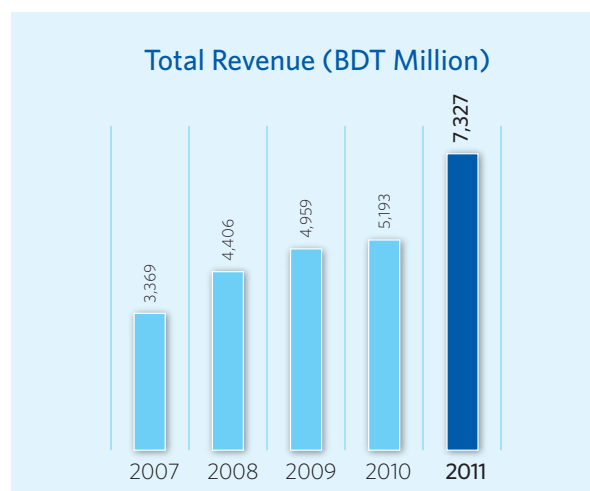
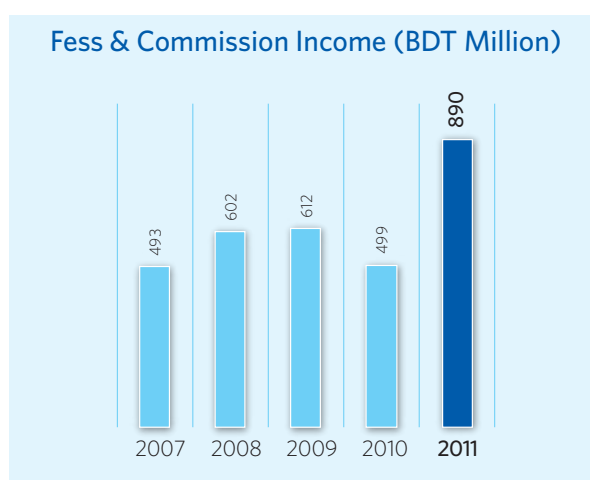
Corporate Banking managed to grow its loans & advance base by 36% during the year to BDT 60,536 M (of which OBU outstanding is BDT 6,341 M) at the year end and thereby continued to contribute significant share in Loans and Advances of the Bank (measuring around 76% of total loans as of 31.12.2011).



Corporate Banking Interest Income grew by 37% during the year to BDT 6,436 M mainly riding on increase of yield on loan from 11.50% in 2010 to 12.83% in 2011 along with significant growth in loans & advance.

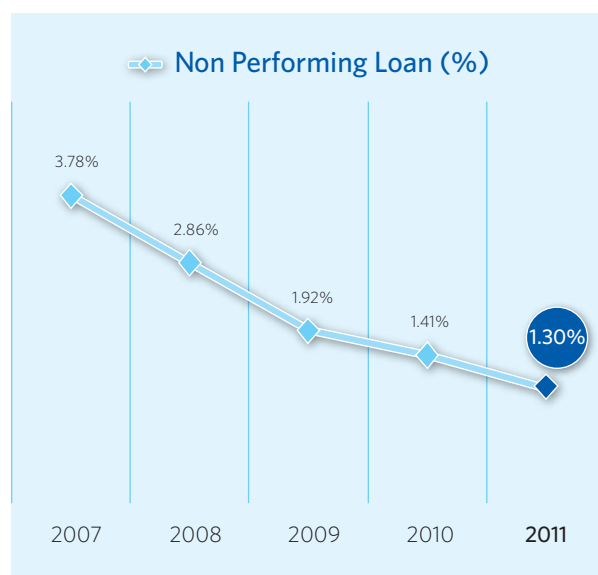


Corporate Banking fees & commission income too witnessed a notable growth of 78% during the year to BDT 890 M with trade related income taking center stage as trade volume experienced phenomenal growth in the year 2011 (Import volume was \$ 1,209 M which was 34% higher than that of 2010 & export volume was \$ 771 M which was 47% higher than that of 2010).



In addition to traditional industries like RMG, Steel, Pharmaceuticals, Textiles, Ship Breaking & Trading sector; EBL has enhanced its footprints into Packaging, Food, Power, Construction, Aviation, Glassware, Edible Oil Refinery, Healthcare, Renewable Energy, Plastic Polymer, Telecommunications, Ocean-Going Vessel financing, Agri-Business (Poultry, Food Processing), etc.

The asset quality of corporate banking has improved during 2011 with NPL ratio decreased to 1.30% from 1.41% at the year end 2010.



Emerging Corporate

Under Asset Teams emerging corporate has been launched mid of this year aiming to cater the 'Missing Middle' of the industry. Emerging corporate has successfully booked BDT 1,099 M meanwhile showing the areas to explore in coming days.

Trade Sales Unit

This unit has been launched this year towards maximizing non funded business of EBL Corporate.

Customer Support Unit (CSU)

CSU assists all relationship teams to analyze and assess financing proposals and provides transactional support to corporate customers and works on developing new products.

Project Finance Unit (PFU)

PFU is a specialized unit comprising of

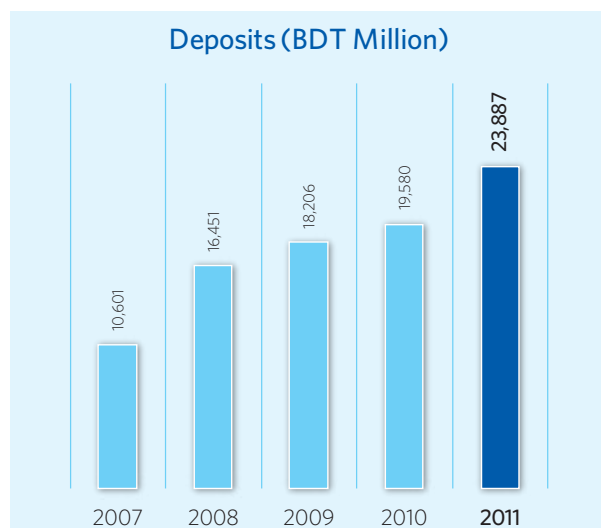
experienced professionals who are expert in conducting the Technical & Financial Feasibility of all types of projects. This unit extends its assistance to all the business units of EBL around the country. PFU does vetting of project risks by appraising financial feasibility and viability of the customers' projects during the pre-booking stage and also monitors the progress of the project implementation during the post-booking stage.

Cash Management Unit (CMU)

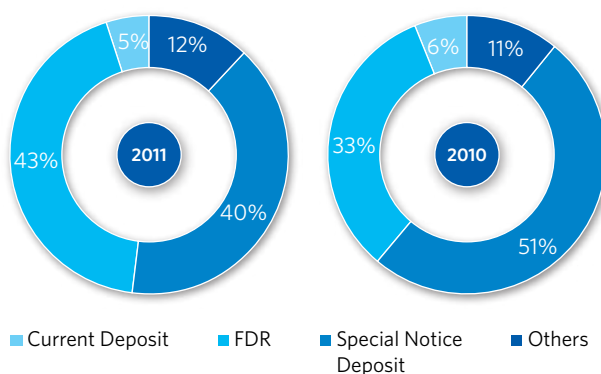
Companies today find themselves in an increasingly competitive local, regional and global marketplace. Businesses have to focus on staying profitable while managing heightened credit risk and narrowing margins. Keeping in view the challenges of our business environment, EBL has developed a range of Cash Management products and solutions that accelerate inflows, maximize liquidity, reduce credit risks, automate payments and strengthen reconciliation. At EBL our products and services are value added and offer end to end solutions that optimize cash flows and reduce operating costs.

All our solutions are value-added in keeping with the Bank's strategic vision. EBL Cash Management service is fully scalable to make economic sense to all private and public sector corporations including Govt. agencies. This unit plays a critical role in sourcing low cost deposit providing 'Transactional Value' to customers in an increasingly competitive market for fund mobilizations at reasonable rates. EBL has been managing efficiently collection and payment services of large corporate through own branch network and correspondent branch network (under BEFTN).

Corporate Banking managed to grow its deposit base by 22% during the year to BDT 23,887 M (of which FDR is only BDT 10,361 M i.e. 43% of total deposit) and thereby continued to contribute 33% of total deposit as on 31.12.2011.



Deposit Mix: 2011 Vs 2010



Cash Management Unit Initiatives: 2011

Hajj Flight Collection 2011 of Biman Bangladesh Airlines (BDT 231.74 Crore have been collected)
Managed 10 new IPOs' as Banker to the issue
Managed to start relationship with large Govt. agencies like BTCL for their inward remittance
Extended collection services to Padma Oil Company Ltd for Aviation Fuel Collection
Opened collection account of Padma Multipurpose Bridge Construction project
Built deposit relationship with U. S. Embassy for their provident fund

Structured Finance Unit (SFU)

SFU being one of the leading structured finance solutions provider including syndication offers wide arrays of products namely Local Currency Term Loan, 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.

Structured Finance Unit Initiatives: 2011

Liaison with different multilaterals is being explored like previous years. Signing of Loan Agreement for USD 20 M with DEG for EBL off-shore Banking Unit is under finalization. Meanwhile, EBL has also received initial consent of USD 20 Million from FMO.

Tripartite Agreement signed among DEG, FI Konsult [external environmental consultant] and EBL towards assisting the Bank in developing & implementing an Environment & Social Management System (ESMS). The implementation of such system will help EBL in its journey onward towards Green Banking.

Delivery of 02 new 777-300 ER Aircrafts from Boeing received by Biman Bangladesh Airlines; national flag carrier of the country; under the milestone syndication arrangement by EBL for USD 114.49 Million closed last year.

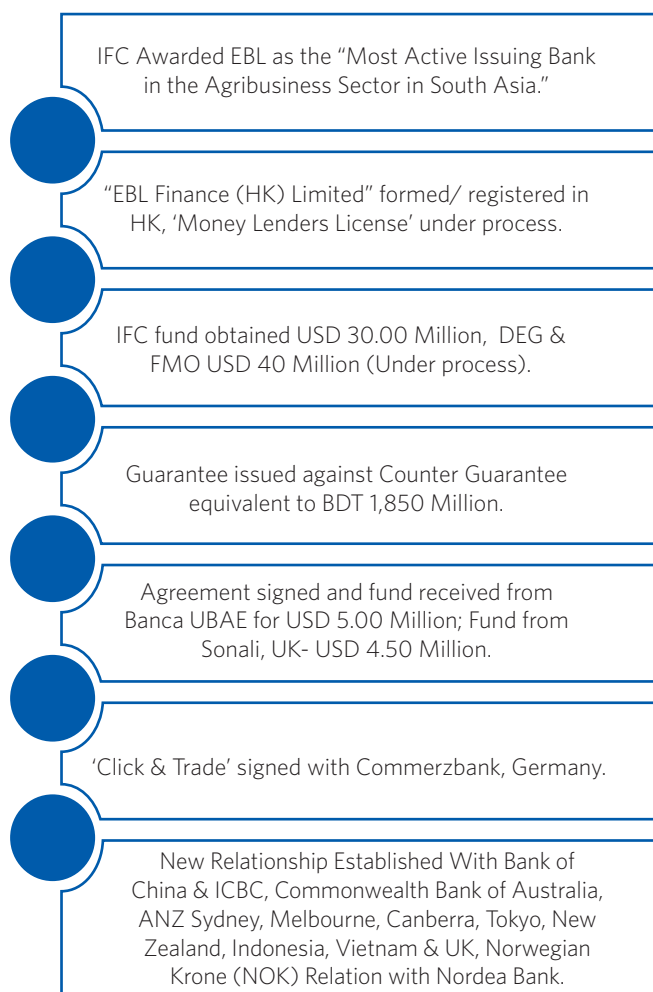
BDT 980 Million agreement handed over in January 2011 for HG Aviation Ltd. (Regent Airways), the newest member of the country's Airlines Industry to finance 02 Aircrafts.

EBL signed 'Wholesale Bank' Agreement with Bangladesh Bank on December 14th, 2011 under the ADB Second Crop Diversification Project. Under this arrangement, EBL will receive fund for USD 12.75 Million in local currency for a long term of 16 years.

International Division (ID)

In order to facilitate Foreign Exchange (FX), Foreign Trade and Other Foreign Currency (FCY) Business and Transactions, we maintain Correspondent Banking Relationship with number of banks at home and abroad. Standard Settlement Instructions (SSI) including Drawing and Telegraphic Transfer (TT) arrangements have been established in all major currencies. Business lines have been established with International Finance Corporation (IFC) and Asian Development Bank (ADB), along with other Global Correspondents.

International Division Initiatives: 2011



Business Outlook in 2012

With our expertise and unfaltering dedication in helping our clientele achieve success in every business endeavor they have, we, at EBL Corporate Banking, aim to provide the best services to our clients. All our efforts to be made to create and maintain profitable corporate relationships penetrating almost every possible opportunities. In addition to growth industries like RMG, Steel, Pharmaceuticals, Textiles, Ship Breaking & Trading sector, EBL footprints further to be enhanced into Packaging, Food, Power, Construction, Aviation, Glassware, Edible Oil Refinery, Healthcare, Renewable Energy, Telecommunications, Plastic Polymer, Agri-Business (poultry, food processing) etc. More & more efforts to be ensured to explore new avenues for low cost deposits; including different multilaterals.

Leaving all odds behind, EBL Corporate still sees the Year 2012 with new hopes and aspiration. Indeed this is another opportunity to prove ourselves further, with a clear distinction among others.

TREASURY

The path for Treasury in 2011 was full of challenges and volatility; prolonged crisis in global market, liquidity tightness both in local currency and foreign currency, stock market loss and challenges in keeping the macro variables in line imposes further pressure on business performance of wholesale market.

Our Strategy

- Managing market risk through array of financial products by acting positively to ensure “risk-return” financial behavior.

Our Priorities in 2012

- Creation of new avenues to utilize market opportunities especially in the fields of derivatives.
- Closely monitoring market behavior to catch significant business prospects out of volatility.
- Maximizing portfolio size as well as portfolio returns by discovering new investment opportunities.
- Putting more & more efforts to Build Rapport with external & internal counterpart

Financial Highlights

Net Money Market Income

+63%

BDT 1,504 M

Money Market daily average turnover: BDT 15,460 million

Net Exchange Income

+85%

BDT 750 M

FX Yearly Turnover: USD 13.17 Billion

Award & Recognition

- EBL Treasury and Finance have achieved a great milestone in the year of 2011 in the field of International ALM (Asset Liability Management) through participating in the “4th Online ALM Competition” jointly organized by Simarch, DEG, Proparco and FMO. EBL reached to top 6 banks among 28 competing banks from across the world and participated in the final phase of the competition held in Paris with remarkable success.

EBL has a committed and well-trained treasury team which is capable of providing all kind of treasury solutions through wide range of treasury products. For providing superior service with respect to pricing and cater the best possible solution to customer, EBL Treasury has five separate desk.



Money Market Desk

The EBL money market desk is one of the most active and efficient desk in the inter-bank market of the country. Dealers exercise all kind of existing MM products like call money, term money, swap, Repo & Reverse- Repo & securities swap etc. Increased money market average daily turnover on various instruments; up from BDT 12,000 Million in year 2010 to BDT 15,500 Million in 2011; together with improved spread enabled the bank to book higher revenue from money market dealing.

Though not a Primary Dealer, EBL was very active in the secondary Govt. Securities trading in both buy side and sell side and this trading activity generated a substantial amount of revenue for the bank.

During 2011, Money market income increased by 63% to BDT 1,504 M.

Foreign Exchange Desk

EBL - Forex desk offers full range of vanilla and derivative products in forex market. These include spot, forwards and swap in USD/BDT and other major cross currencies. EBL Forex desk also offers derivative products (swap, option) linked to currency, commodity and interest rate. EBL- forex desk is one of the leading market maker in USD/BDT spot, swaps, forward transactions in inter-bank market. EBL has good sources of forex through its own export customers, Non-residence Remittances and local & multinational corporate houses remittances / exports.

EBL is also well equipped to price world major currency spot & forward prices. EBL treasury is connected to the international market through on-line Dealing Platforms of various international banks enabling the desk to quote very competitive prices on world major currency spot & forwards. In foreign exchange area, total turnover was USD 10.5 billion in 2011 whereas it

was USD 4.1 billion in 2010 that is a 156% growth in turnover which ultimately resulted in significant increase in revenue from FX trading. EBL was involved in forward dealing, corporate dealing, SWAP etc. in FX market.

In 2011, EBL was active in cross currency settlement with other banks with the help of multiple trading platforms & FX Income increased by 85% to BDT 750 M.

Fixed Income & Investment Desk

EBL Fixed Income & Investment Desk is responsible for Banks investment in various Govt. securities like Treasury bills and Bonds in different tenors and debentures qualify for SLR. EBL Fixed Income & Investment Desk is an active participant in secondary market trading of Govt. Securities though EBL is not a Primary Dealer.

Asset Liability Management (ALM) Desk

The ALM Desk provides analysis, instruction and guidance in the area of asset liability management in order to promote the financial well being of a financial institution and proper management of balance sheet.

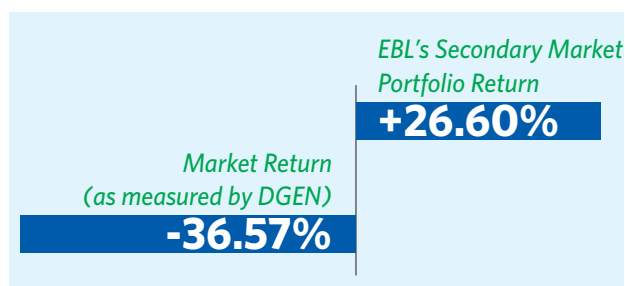
Corporate Sales Desk

EBL Corporate Sales Desk assists clients in managing their risk exposures so as to minimize the impact of market volatility on the company. This includes analyzing the business/balance sheet structure of the company and quantifying the net exposures in terms of interest rates, foreign exchange, mismatch in cash flows, etc. Based on the risk appetite of a client, hedging strategies are then tailor-made to suit the client's needs.

Also, from time to time, these desks provide market report and research for in house use and external customers.

INVESTMENT BANKING

EBL Portfolio is well balanced and diversified to mitigate the unsystematic risks. Despite the inherent nature of the market risks, EBL has applied superior timing, market intelligence, and fundamental based investment as cushion against systematic market risks. Moreover EBL did never believe in speculation rather invests strategically with long-term perspective. Our investment strategy favored our portfolio against unprecedented market volatility and devastation.



Even in the current market scenario, EBL's secondary market portfolio return is 26.60% compared to shedding index by 36.57%. Despite unfavorable macroeconomic situation, fearful investors' confidence, unstable political situation, increased deposit rate, EBL's portfolio return is better off. EBL portfolios as on 31 December 2011 are detailed in the notes no. 6.2.3 of financial statement.

Sponsoring & Investment in Mutual Funds

Most of the general investors in Bangladesh lack knowledge about the capital market. To overcome this situation, EBL decided to facilitate & promote professionally managed mutual funds for the development of the capital market. EBL was the first private bank to sponsor BDT 200 mn in a mutual fund styled EBL 1st Mutual Fund in 2009. This endeavor of EBL for the capital market continued through sponsoring BDT 250.00 mn in EBL NRB Mutual Fund in 2010. This was a unique initiative to channel the investments of NRBs to the Bangladesh capital market. At the critical juncture of the market in

2011, EBL also sponsored BDT 750.00 mn in the First Bangladesh Fixed Income Fund, the first of its kind fund in Bangladesh. This fund is aimed to develop the still inactive but highly potential bond market of Bangladesh. EBL also participated in private placement of several other mutual funds.

Merchant Banking

EBL owned subsidiary titled **EBL Investments Ltd. (EBLIL)** is fully equipped 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 the entire range of merchant banking services including issue management, portfolio management and corporate advisory services.

EBLIL is committed to its goal and so it has already rented a premise at Motijheel C/A, Dhaka which is fully furnished and equipped with knowledge based human capital to provide all the Merchant Banking services smoothly. Moreover, EBLIL has a very detailed business plan and it also raised the full amount of the paid up capital of BDT 300 million at the time of incorporation.

EBL Asset Management Ltd.

EBL formed a fully owned subsidiary titled **EBL Asset Management Ltd. (EBLAML)** to grab the potential business opportunity in managing mutual funds. Mutual Fund is a pool of investment in a diversified portfolio which is managed by professionals. Many new mutual funds are coming to the market and the necessity of the professional managers is being felt. Strengthening the depth of the market needs more professional fund managers and funds. In this regard, EBL has already obtained permission from Bangladesh Bank and is under process of applying for the license to SEC in the name of EBLAML.

CONSUMER BANKING

"We will continue to dominate our core target segments through service, brand perception and products with renewed focus on banking with unbanked by creating the niche for us"

Muklesur Rahman

Deputy Managing Director, Consumer Banking



Our Strategy

- Understanding customers' need better to meet them with precision through innovative products and services, service excellence and focused approach.

Our Priorities in 2012

- "Save to invest" encompasses two main improvement levers:
 - Boost individual employee productivity and collaboration across different functions.
 - Increase operational efficiency by consolidating and virtualizing the IT Infrastructure.
- "Invest to Win" encompasses five main growth levers:
 - Wealth management: identify ways to create a tighter relationship with wealthy consumers to increase loyalty and drive cross-selling opportunities.
 - Generational strategy: identify strategies to capture the growing youth segment and/or strategies to differentiate our offerings to senior citizens.
 - Multi-channel strategy: identify ways to create a consistent customer experience across key channels: branches, online, mobile devices, ATM, Internet Banking and Contact center.
 - Role in payments ecosystem: identify strategies for achieving success through new business models for collaborating with retailers.
 - Continue focus on low-cost deposits for enduring profitability and grow our asset books with quality consumer loans and cards business.
- Simplifying our process to minimize service delivery time & increase our productivity in all respects.
- Re-launching our Internet Banking with full functionalities, SMS and Mobile Banking will be our next addition soon.
- To move ourselves from Service Excellence to Significance!

Financial Highlights

Loans & Advance

+36%

BDT 9,194 M

11% of Total loan

Deposits

+37%

BDT 43,977 M

61% of Total deposit

Total Revenue

+33%

BDT 1,691 M

Asset Quality

3.74%

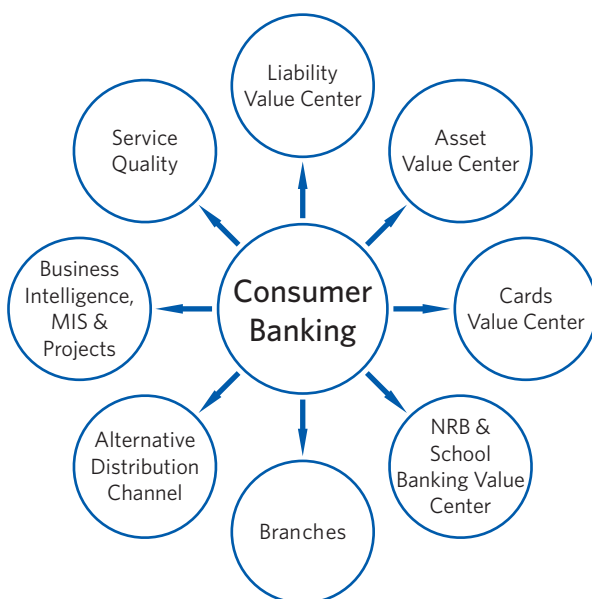
NPL

Operational Highlights

- Reshaped business modality and introduced the Value Center concept for the first time in Bank. The five value centers will drive the business and manage the Consumer Banking balance sheet through the distribution channels.
- To reach out to the new market segments across the country and add value to the account holders in terms of access to their money 24x7, 10 new branches & 51 new ATMs opened.
- To add more value to customer service, a new alternate service proposition named "EBL 365" was launched & 15 new EBL 365 added.
- To cater the need of the clientele EBL launched its state-of-the-art Contact Center equipped with most modern and sophisticated solution. 16230 is the short-code through which now EBL can be reached from anywhere in the Country.

EBL Consumer Banking

In 2011, EBL Consumer Banking has introduced Value Center and channel concept like Cards, Asset, Liability, Alternate Distribution Channel, Branches & Priority Centers, NRB Business, etc. These value centers are responsible for ensuring product development to product profitability and managing balance sheet. The Branches, Priority Centers, ATMs, KIOSKS, Phone Banking, Internet Banking are the channels to ensure the value centers business and also ensure the proper customer service and compliance.

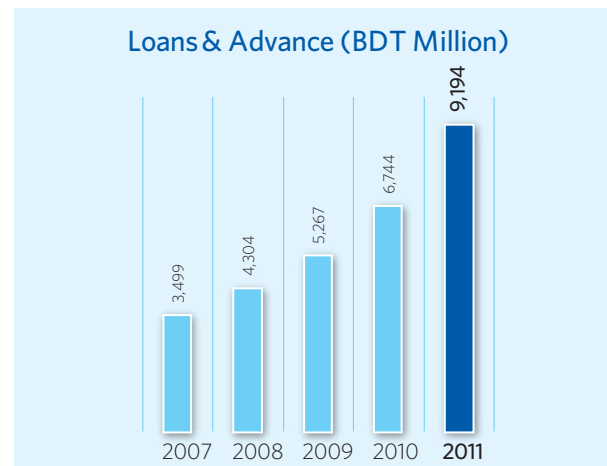


Asset Value Center

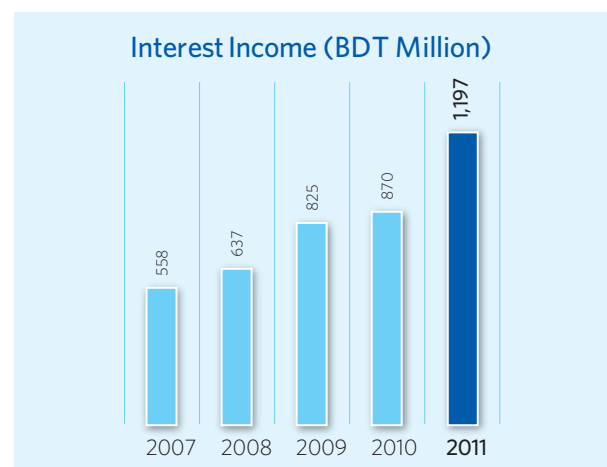
The Asset value center is responsible to ensure all consumer loan products business, Product development, Direct sales team for own products and customer service throughout the channels.

Consumer banking managed to grow its loans & advance base by 36% during the year to BDT 9,194 M (of which EMI based loan outstanding is BDT 5,254 M & Credit card outstanding is BDT

3,940 M) and thereby contributes 11% of total loans of the Bank as of 31.12.2011.

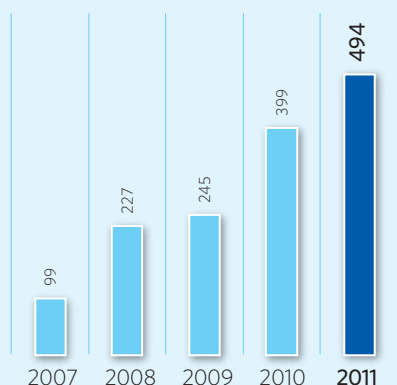


Consumer banking Interest Income grew by 37% during the year to BDT 1,197 M mainly riding on increase of credit card interest income from BDT 133 M to BDT 286 M i.e. 115 % increase over 2010.

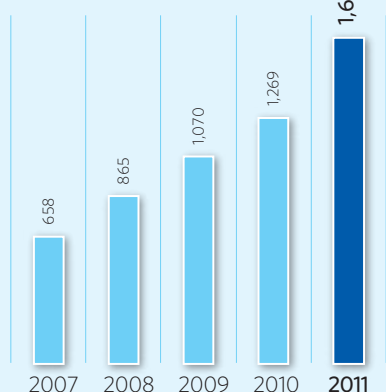


Consumer Banking fees & commission income too observed a growth of 24% during the year to BDT 494 M with credit card related fees & commission income taking center stage of BDT 251 M in 2011 which was BDT 147 M in 2010 i.e. 70% growth over 2010.

Fees & Commission Income (BDT Million)



Total Revenue (BDT Million)



Cards Value Center

EBL emerged as a major force in Cards market in 2011. With over 100% portfolio growth for the third consecutive year – EBL now holds approximately 22% share of the Bangladesh Cards market. EBL launched two new “first to the market” card products in 2011, namely EBL Visa Signature and EBL Visa Payroll Cards. Signature Cards are a notch above the Platinum Card Segment and at this moment the highest graded Credit Card in Bangladesh. With free lounge usage benefits at over 600 Airports in over 100 countries, BDT 1 Crore Insurance Coverage,

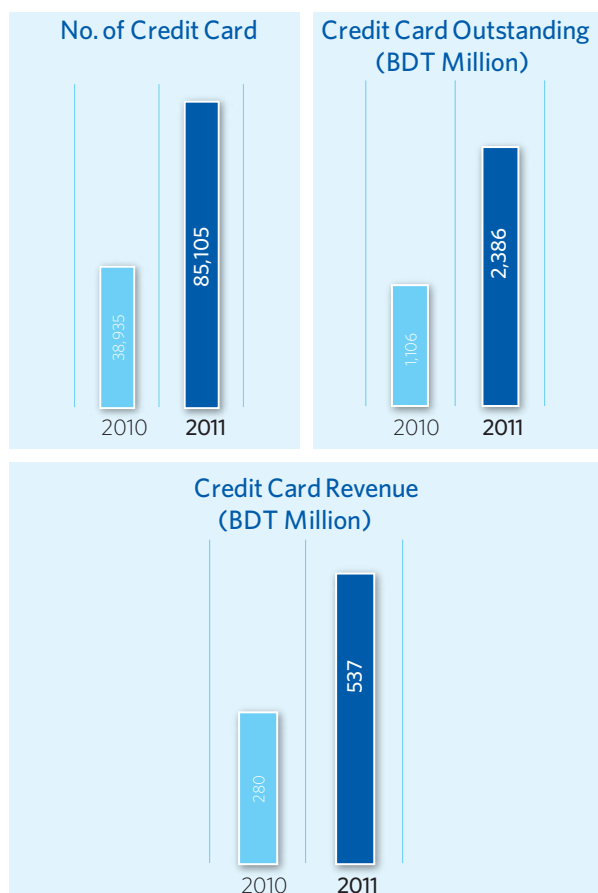
Dedicated Relationship Manager, Worldwide Concierge Service and Cash Back services made the product a desirable one amongst the socialites. EBL Visa Payroll Card is a low-cost and easy management solution for the payroll management companies who have large work force or high turn-over rate can easily take this product to make their employee payment management hassle-free. EBL was the first bank to offer this out-of-the box product and the market embraced it with lot of enthusiasm and support.

Till year end 2011, Total Credit card outstanding portfolio is BDT 2,386 M and total number of Credit Cards reached to 85,105.

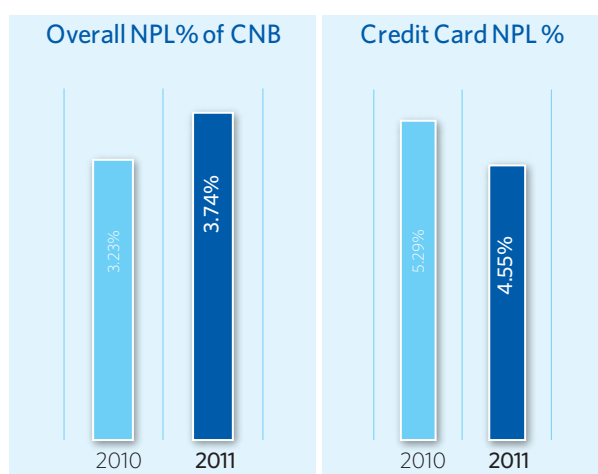
“ Visa is proud to continue our valued and trusted partnership with EBL and remains committed to bringing the convenience, security and reliability of electronic payments to even more Bangladeshis. Throughout our five year partnership, EBL has shown itself to be a dynamic industry leader providing a variety of products and services aimed at enhancing lives, helping businesses and improving the prosperity of the nation. As electronic payment usage spreads across Bangladesh that prosperity will only continue.....”

Mr. Uttam Nayak

Group Country Manager – India and South Asia, Visa.



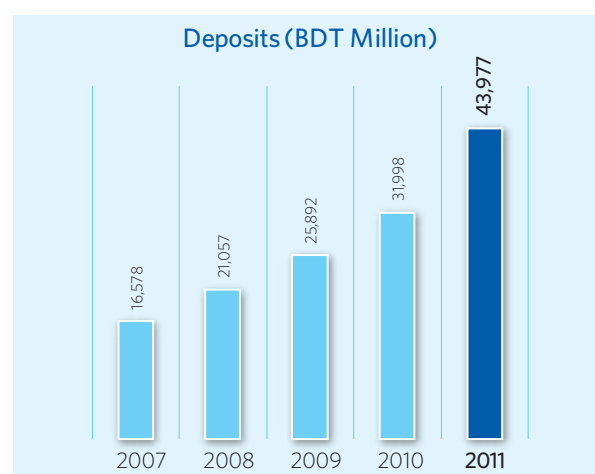
The asset quality of consumer banking has declined during 2011 with NPL ratio increased to 3.74% from 3.23% at the yearend 2010. Credit card NPL ratio was 4.55% at the year end 2011.



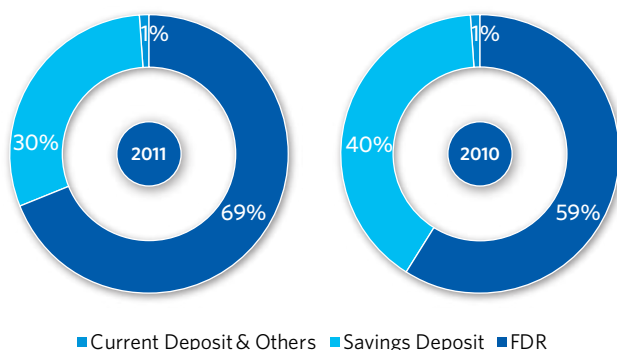
Liability Value Center

The Liability value center is responsible to ensure all consumer deposit products business, Product development, Direct sales team for own products and customer service throughout the channels. 2011 was a volatile year in terms of deposit mobilization. Liquidity crisis was buzz word round the year. Despite the challenge, EBL Consumer Banking collected approximately BDT 1,200 Crore in customer deposits which is believed to be highest in the market. Customer trust, impeccable service and commitment helped the bank to achieve the feat. To tap new deposit segments, EBL launched two new deposit product suits titled "School Banking" and "Payroll Banking" in 2011. The new product and service offerings helped the bank to grow at a much faster pace than the market. EBL Priority Banking continued its journey as country's number one premium banking service this year. Various customer surveys brought out the fact that EBL managed to rightfully serve the upper echelon of the society with great success.

Consumer Banking managed to grow its deposit base by 37% during the year to BDT 43,977 M (of which FDR is only BDT 30,350 M i.e. 69% of total deposit) and thereby continued to contribute the lion share of total deposit i.e. 61% as on 31.12.2011.



Deposit Mix: 2011 Vs 2010



NRB & School Banking Value Center

The NRB value center is responsible to ensure all NRB consumer products business, Remittance, Product development, Direct sales team for own products and customer service throughout the channels. In 2011, total NRB Remittance was USD 121.5 million and the number of transaction was 205308 while in 2010 total NRB Remittance was USD 119.57 million and the number of transaction was 203371.

During 2011, drawing arrangement with two Exchange Companies in Oman & Bahrain was made. Beside this, neighborhood Campaign in Dohar, Hathazari and Lohagora has taken place.

For the first time in the country, EBL has launched 'EBL Junior', a savings program for students across the country, with a view to include the young population of the society under banking umbrella and help students learn the benefits of savings from an early age.

Branches

Till 2011, total 59 Branches uphold the EBL Brand and Consumer Banking existence in terms of ensuring to achieve the value centers business, ensuring service excellence across the country. Branches have their own team for business,

customer service, cash management, operational risk management etc. and also responsible for individual branch operational risk and control.

In 2011, EBL opened 10 new branches to reach out the new market segments across the country and added value to the account holders.

Priority and Payroll Banking

EBL priority is for upscale retail customer service offering which seeks to attract and serve high net worth customers who require very personalized and sophisticated banking services. The survey conducted by Nielson International, Eastern Bank Limited scored highest in priority banking services in Bangladesh.

To cater the growing need of payroll management financial solutions EBL launched three new products under EBL payroll banking on December 12, 2011. A full service savings account, debit card only savings account and a prepaid card solution combines the product suite of EBL payroll banking.

Payroll Banking is an innovative package to customize an organization and its employees' needs.

Alternative Distribution Channel (ADC)

The ADC value center is responsible to ensure all alternative distribution channels to ensure customer convenience and e-banking across the country. The channels are becoming very popular day by day across the world. Eastern Bank Ltd. opened 51 new ATMs and 15 new KIOSKS (EBL 365) in 2011. This helped the bank to reach out to the new market segments and added value to the account holders in terms of access to their money 24x7. To add more value to the customer service, a new alternate service proposition named "EBL 365" was launched. EBL 365 centers are manned booths where an ATM, a Bills pay Machine and PC with Internet Banking access

reside. Customers can use these booths for their deposit, withdrawal and limited banking services round the year anytime of the day or night.

With growing customer base and increasing product ranges, EBL required a robust communication channel. In 2011 EBL opened up quite a few routes to connect with the consumers.

With a promise to serve the customers and non-customers alike round the clock, EBL launched its state-of-the-art Contact Center at the later half of the year. 16230 is the short-code through which now EBL can be reached from anywhere in the Country.

The 60 agent center was equipped with most modern and sophisticated software and hardware solution to cater the need of the clientele. At the same time, EBL emerged in social media through face book and twitter where people can always access information regarding the banks products and service.

Other Consumer Banking business services like Student Banking and NRB Banking services continued its market leadership throughout the year. Countries like Bahrain and Oman were brought under EBL's remittance channel this year. Mobile Remittance Service with Banglalink, country's leading telecom operator grew significantly and promises to be even bigger and better in 2012.

2012 will be a challenging year as per the key economic indicators. But EBL Consumer Banking is fully prepared to take on the business challenges head-on. Exciting new products, new branches and as rapid growth of alternate channels are on the book this year. Dominating core target segments through service, brand perception and products and bank with unbanked by creating own market segment is the vision that EBL Consumer Banking Division has embraced for 2012. Let the show begin.

Business Outlook in 2012

In 2012, EBL Consumer Banking has taken a vow to take a quantum leap focusing 4 key areas - Cards, NRB Business, Alternate Distribution and School banking. In order to do so, it has reshaped its business modality and introduced the Value Center concept for the first time in Bank. The five value centers will drive the business and manage the Consumer Banking balance sheet through the distribution channels.

CONSUMER BANKING EVENT HIGHLIGHTS 2011



Advocate Abdul Mannan Khan, State Minister for Housing & Public Affairs, formally inaugurated the 51st Branch of EBL at Dohar, near Dhaka on August 25, 2011. EBL Chairman Mohd. Noor Ali, MD & CEO Ali Reza Iftekhar and DMD Muklesur Rahman were present on the occasion.



Engr. Khandaker Mosharraf Hossain, Minister for Labour & Employment and Expatriates Welfare & Overseas Employment formally inaugurated the 52nd Branch at Faridpur on October 16, 2011. EBL Director Mir Nasir Hossain, MD & CEO Ali Reza Iftekhar and DMD Muklesur Rahman were present on the occasion.



EBL DMD Muklesur Rahman was giving a speech on the occasion of Rangpur Branch (59th) opening on December 22, 2011.



EBL Director A.Q.I. Chowdhury, OBE formally inaugurated the 100th ATM along with EBL 365 at the port city Chittagong on November 2, 2011. EBL Director Ormaan Rafay Nizam, MD & CEO Ali Reza Iftekhar and DMD Muklesur Rahman were present on the occasion.



EBL MD & CEO Ali Reza Iftekhar distributed prize among Branch Customer Service Officers in the CSO night held on May 6, 2011. DMD Muklesur Rahman was also present on the occasion.



Ali Reza Iftekhar MD & CEO of EBL formally inaugurated the Limited Edition VISA prepaid cards on February 13, 2011 on the eve of World Cup Cricket. EBL DMD Muklesur Rahman and DMD Md. Fakhrul Alam were present on the occasion.

CONSUMER BANKING EVENT HIGHLIGHTS 2011



Ali Reza Iftekhar, MD & CEO inaugurated the state-of-the-art EBL Contact Center (16230) with Phone Banking service on December 15, 2011. EBL DMD Muklesur Rahman and other high officials attended the inauguration ceremony.



EBL introduced VISA Signature, the most prestigious credit card in Bangladesh on July 8, 2011. Ali Reza Iftekhar MD & CEO formally launched the card while DMD Md. Fakhru Alam and Head of Cards Nazeem A. Choudhury were present on the occasion.



MD & CEO Ali Reza Iftekhar launched EBL School Banking, first of its kind in Bangladesh on February 23, 2011. DMD Muklesur Rahman and the Principal of Rajuk Uttara Model College Col. ASM Mushfiqur Rahman were present on the occasion.



To cater the growing need of payroll management solutions, EBL has launched Payroll Banking on December 12, 2011. MD & CEO Ali Reza Iftekhar, DMD Muklesur Rahman, Head of Cards Nazeem A. Choudhury and other high officials graced the occasion.



MD & CEO Ali Reza Iftekhar and Robi CEO Michael Kuehner formally launched Mobile remittance Service on April 13, 2011. EBL DMD Muklesur Rahman, DMD Md. Fakhru Alam and other high officials were also seen.



EBL launched co-branded Visa Platinum Card with GrameenPhone and GPIT titled as 'Express Card' for their employees across the country. EBL MD & CEO Ali Reza Iftekhar and GrameenPhone CEO Tore Johnsen formally inaugurated the card on April 12, 2012 in presence of other high officials.

SME BANKING

"SME Banking focused on progressive growth of both Small and Medium segment by way of differentiating the market by Sub-Branding, Segmentation, Channel expansion with Beyond Lending Approach"

Md. Khurshed Alam
Head of SME Banking



Our Strategy

- Strategy of the SME Banking is to serve the clientele with the 'beyond lending' approach. This approach is about complete relationship value that bank can offer, not merely a transaction.

Our Priorities in 2012

- Emphasizing on the quality of loan portfolio.
- Introducing 3 to 5 new asset and liability products.
- To arrange various training programs for the customers.
- To develop supply chain management.
- To make an off grid village under Solar electrification through SME financing.
- To arrange National Seminar on Sustainable Energy.

Financial Highlights

Loans & Advance

+69%

BDT 10,449 M

13% of Total loan

Deposits

+34%

BDT 3,885 M

6% of Total deposit

Total Revenue

+53%

BDT 1,300 M

Asset Quality

3.94%

NPL

Operational Highlights

- Separate liability Unit of SME Banking is formed to mobilize deposit for achieving self-sufficiency in funding the ambitious asset growth.
- A Krishi/Agri unit was formed to ensure agro lending directly to the farmers.
- A separate collection unit has been formed under small segment business unit to monitor the overdue loan up to 90 days.

EBL SME Banking

EBL SME Banking, already recognized as the most structured financier in South Asia, is also the highest refinance recipient from Bangladesh Bank. The Bank has received BDT 2,870 M in total as refinance from BB which recognizes SME Banking's continued commitment in serving the priority sectors of the economy through business expansion, employment creation and improving overall quality of life.

Future sustainability is ensured through planting and nurturing the seeds of growth today. Likewise, long term economic growth may be ushered through developing & nurturing the new businesses. Since the launching in June 01, 2006 with a handful of team members, EBL SME Banking has been on an upward tick in growth of business and profitability. It has managed to grow its portfolio to more than BDT 10,449 M by financing 5,697 entrepreneurs at year end 2011 (No of customers in 2010 was 3,602).

Beyond Lending Approach

SME Banking seasoned with more than 5 years of experience believes in 'complete and long term relationship' through 360 degree customer support under 'beyond lending' approach. This approach signifies the importance of considering respective clients more than mere transactions but rather as a source of long term relationships. EBL jointly with IFC have arranged a Seminar on "Beyond Lending Approach - Women Entrepreneur Financing". The whole objective of the seminar was to identify and recommend mechanisms that can be established through change in approach of usual business, development of better financial products, initiating training programs, one stop solutions and promotion of networking environment by banks.

Campaign with Beyond Lending Approach

To enhance customer capacity building, SME Banking in association with SouthAsia Enterprise Development Facility (SEDF), managed by IFC in co-operation with DFID and NORAD, had arranged for two day's workshop on Trade Finance for the SME entrepreneurs in 2011. We have trained 200 SME Clients in Dhaka area and 200 SME Clients in the Chittagong area.

EBL- BWCCI Progressive Award

EBL SME Banking & Bangladesh Women Chamber of Commerce and Industry (BWCCI) have awarded six women entrepreneurs during 2011 from six divisions of the country for achieving outstanding progress in their businesses. In this ceremony, EBL/BWCCI also awarded two professionals from electronic & print media for their contribution in women development.

Advisory services to SME entrepreneurs

Through EBL advisory services, entrepreneurs can get opportunity to access technical know-how and local & international market update on issues related to product development, trade fair participation, linkages to export markets etc. We strongly believe that women in business actually need relationship with banks for longer term for their sustainable development.

HR capacity building of SME Banking

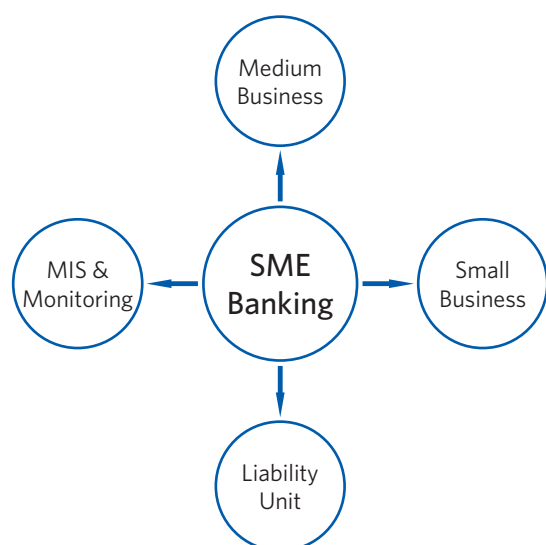
In order to enhance staff productivity and quality, EBL arranged for a month long capacity building program where a total of 390 officials of SME Banking have been trained. World renowned consultant from PricewaterhouseCoopers Pvt. Ltd. (PWC) of India had conducted the training on 6 modules like Credit Risk Management, Documentation, Selling Skills, Cross Selling, Monitoring & Delinquency Management under the co-operation agreement with IFC-SEDF.

Empowering Women Entrepreneurs

Empowerment of women by the mode of bank credit facilities has been the aspiration of EBL SME Banking since the start. The Women Cell was also restructured and redesigned in the year 2011. The specialized product for Women Entrepreneurs 'EBL Mukti' has been fine-tuned to make it business friendly. We added two new Women Cells in Moghbazar and Chittagong in this year. EBL has financed the highest number of women entrepreneurs in Bangladesh. Much effort has been given to increase the portfolio and already established ties with Women Chambers for business development.

Restructuring SME Organogram

The year 2011 was pivotal for the SME Banking as it underwent a massive restructuring in order to improve precision of the decision making process. Concepts of business units and sub-business units have been introduced and a fresh liability team emerged in its organogram. Previously, the Small and Medium Segment operated under the leadership of two segment heads. In course of time its portfolio and manpower increased significantly. Now it has three separate departments headed by Head of



Business: Small Business, Medium Business and Liability Business. Each Business unit has separate products and specialized manpower to cater the customer needs. The new management structure is expected to improve overall health of the portfolio through increased supervision.

Small Business Unit

Mainly deals with Product Program Guidelines (PPG) based products which all are duly approved by the Board of Directors. Small Business has 8 (eight) Products namely EBL Asha, EBL Unnoti, EBL Uddog, EBL Uddom, EBL Mukti, EBL Agrim, EBL Nobodoy and EBL Udoy. All asset products are being well accepted by the customer. The Small unit is headed by Head of Small Business and under his leadership there are 6 Unit Heads and 48 Relationship Managers. There are also 2 to 4 Sales Executives under each Relationship Manager. Small Business Unit has also two separate wings as Agricultural Business Unit and Collection Unit. Under the Agricultural Unit we are offering loan to the farmers directly. Under this unit, we are allowing loan up to Tk 10 million out of which up to Tk 1.5 million for SME customers & Tk 2.5 million for women customers are collateral free.

Medium Business Unit

Primarily deals with traditional loan and advances as per customer's requirement in addition to the 2 (two) Product Program Guidelines (PPG) based products. Our Medium Business Team is well trained and very much capable to offer tailor made products depending on customers demand in addition to the generic lending products. Medium Business has 2 (two) Products namely EBL Banijya and EBL Invoice Factoring. The Medium Business unit is headed by Head of Medium Business and under his leadership there are 6 Unit Heads and 21 Relationship Managers. Under this unit, we are offering loan limit up to Tk 150 million.

Liability Unit

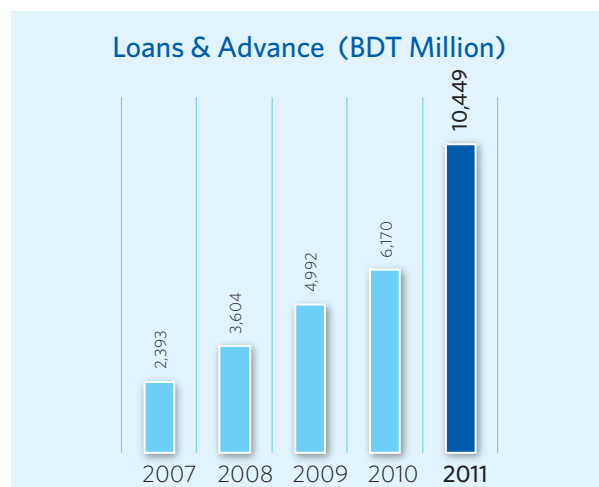
To ensure self funded asset growth, we have formed a small liability team having one Head of Liability in 2011. Primarily there are 50 (fifty) Sales Executive who deal with SME Liability products. In addition to the general liability products SME Banking has two unique liability products namely EBL Shubidha & SME Equity Builder.

Collection Unit

A separate collection unit has been formed under small segment business unit. We have Special Asset Management department to monitor the Special Mention as well as classified loans. But the mentioned team will basically monitor the overdue loan up to 90days. This team is being formed to support the relationship team to maintain the good quality of asset. Since, our main challenge is to maintain the quality of SME portfolio; hence this unit will play a significant role to protect new classification.

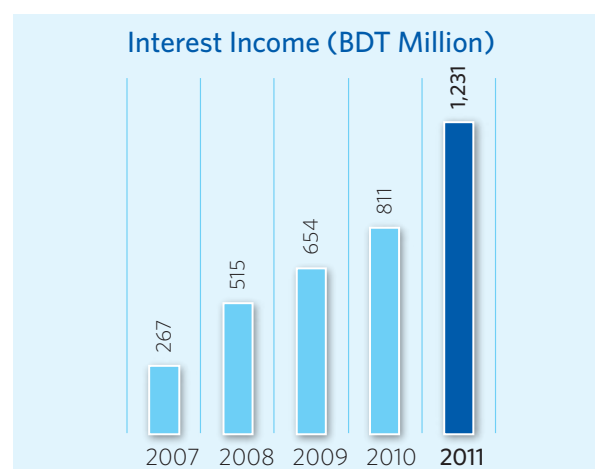
Review of SME Banking Business

SME Banking, being the thrust sector of the Bank, surpassed all the previous growth rates in 2011. It managed to grow its loans & advance base by 69% during the year to BDT 10,449 M and thereby contributes 13% of total loans as of 31.12.2011.

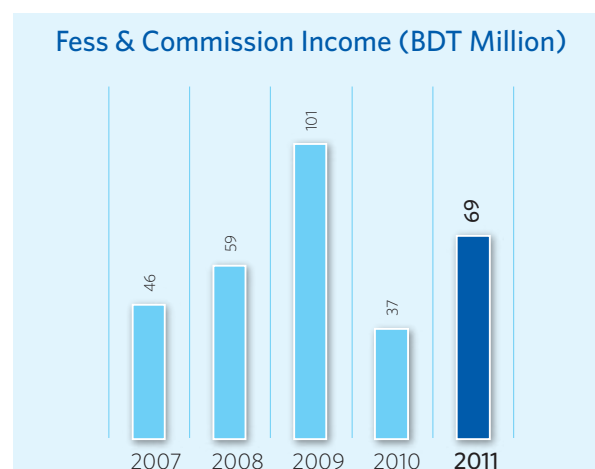


During 2011, a Krishi/Agri unit was also formed to ensure agro lending directly to the farmers. Under this unit, we have disbursed loan to the farmers of Dhamrai & Savar Upazila under Dhaka district to cultivate the high breed rice, vegetables & maize. Initially, this unit is being formed by one Unit head with two sales executive.

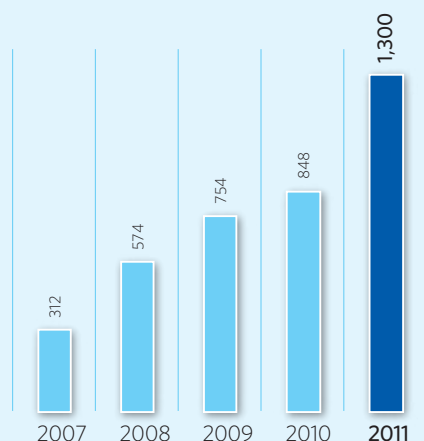
SME banking Interest Income grew by 52% during the year to BDT 1,231 M mainly riding on increase of loan portfolio from BDT 6,170 M to BDT 10,449 M although the yield on SME loans decreased from 16.7% in 2010 to 15.3% in 2011.



SME Banking fees & commission income too witnessed a growth of 85% during the year to BDT 69 M with trade related & management fees & commission income is taking center stage.

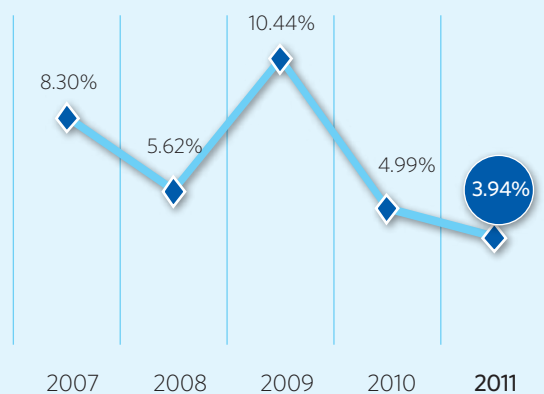


Total Revenue (BDT Million)



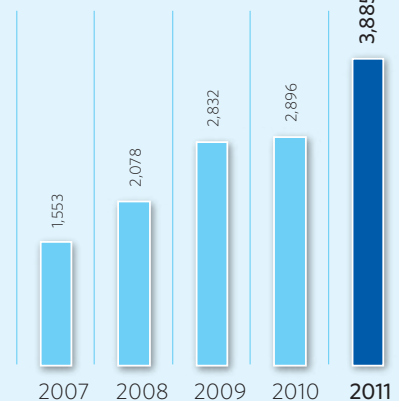
In the year 2011, SME Banking strengthened its foothold by ensuring portfolio growth while maintaining quality. SME NPL ratio decreased to 3.94% from 4.99% at the yearend 2010.

Non Performing Loan (%)

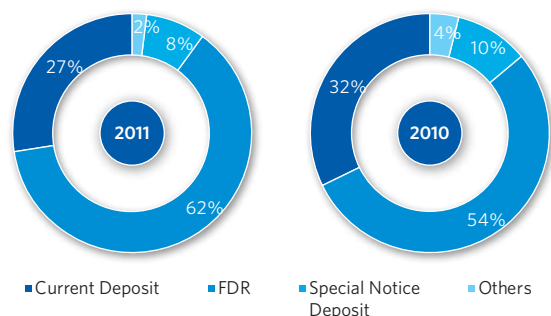


SME Banking managed to grow its deposit base by 34% during the year to BDT 3,885 M (of which FDR is only BDT 2,414 M which is 62% of SME total deposit) and thereby contributed 6% of total deposit as on 31.12.2011.

Deposits (BDT Million)



Deposit Mix: 2011 Vs 2010



New Products in 2011

Since inception, SME Banking has been launching suitable products and services to provide better solution to the business requirement of its customers and the market at large. So far, SME Banking launched 8 (eight) asset products & 2 (two) liability products, out of which 3 new asset products called EBL Unnoti, EBL Udoy, EBL Krishi Rin, and one liability product SME Equity Builder were introduced in year 2011.

EBL Unnoti: Eastern Bank Ltd. (EBL) has launched 'EBL Unnoti', a bundle loan product having overdraft and term loan facility for SME customers for funding fixed asset and working capital requirement. Any SME customer having minimum two years of successful business operation with all legal documents can apply for this loan. Minimum loan is BDT 10.00 lac and maximum facility is BDT 1.00 crore with a maximum tenor of 5 (five) years.

SME Equity Builder: This is monthly savings scheme which can be opened by any SME client having valid trade license. Banks and Financial Institutions offer various monthly savings schemes for the individual/consumers but EBL has launched this savings scheme in the business name firstly in Bangladesh. This account will help SME entrepreneurs to encourage saving habit for their enterprise. 90% loan facility is also available against deposited amount. This will help the fund in the account grow at a faster rate than the conventional savings schemes.

EBL Krishi Rin: Eastern Bank Ltd launched 'EBL Krishi Rin' by distributing the agriculture loan among nearly 100 farmers of Dhamrai Upazilla at a function held at Savar Poursabha Auditorium on September 19, 2011. With the new loan product, EBL started distributing agriculture loan directly among the farmers. Any person involved with farming for at least a year can apply for this loan. The loan will be available to cultivate a maximum of five acres of land.

EBL Uday: EBL Uday loan product is designed for the SME entrepreneurs who are producing the leather goods. We have got Tk 10 (ten) million as pre-finance facilities from SMEF [SME Foundation] and we will provide the facilities to the leather goods producers (a leather cluster) who are supplying this product to Aarong, (established in 1978, a fair trade organization dedicated to bring about positive changes in the lives of disadvantaged artisans and underprivileged rural women by reviving and promoting their skills and craft). It is an EMI based and collateral free loan where interest rate is only 9% p.a., the lowest lending rate product of the bank.

Strategic Alliances made by EBL SME Banking

Co-operation Agreement signed between EBL SME & IFC-SEDF for SME Capacity Building: The broad objective of this cooperation is to strengthen the SME operations of EBL by escalating the SME portfolio quality and strengthening MIS in line with Credit Monitoring and Developing Credit and Behavioral Scoring.

Co-operation Agreement signed between EBL & IFC- SEDF on Sustainable Energy and Cleaner Production: Under the agreement, 1st & 2nd phases of training have already been conducted for EBL core team on Sustainable Energy and Cleaner Production. Overall expectation is that energy efficiency and ultimate reduction in costs by companies has to be initiated by commercial banks, where companies have high level of dependency.

Agreement signed between EBL and Dun & Bradstreet (D & B): Under the MoU, D & B will rate the Small Segment customers of EBL whose limit is BDT 3.00 million and above. EBL believes that every rating grade comes with its probability of default, which in turn assists investor/lender to take informed investment decision. So it would be beneficial for EBL to select the best client.

Agreement signed between EBL and SME Foundation: The sole purpose of the MoU was to expand cluster development activities of small and medium industries in the country through providing loans at lower interest rates on easy terms. SME Foundation disbursed Tk. 1.00 crore at an interest of 4% p.a. to EBL under their credit wholesaling program & EBL financed it to the leather goods suppliers @ 9% interest p.a.

Co-operation Agreement signed between EBL & BWCCI: EBL and BWCCI, in order to develop mutually beneficial cooperation and stronger economic, trade, technical and investment relations hereby agreed to introduce its members to avail banking facilities, with a recommendation letter and no objection certificate.

Business Outlook in 2012

SME banking is continuously striving for qualitative growth. Considering the economic challenges unfolding, we will emphasize on quality portfolio booking and strict monitoring of our existing portfolio. We have a plan to introduce 3 to 5 new asset and liability products in 2012. We will arrange number of Seminars, Customers training program in the year 2012. We have a plan to bring at least one off grid village under solar electrification through SME financing in line with our green banking initiatives. We have also plan to work on supply chain management.

SME BANKING EVENT HIGHLIGHTS 2011



Ali Reza Iftekhar, MD & CEO of Eastern Bank Limited received pre-finance from Dilip Barua, Chairman, SME Foundation for wholesale credit.



EBL DMD Muklesur Rahman and BWCCI President Selima Ahmad signed the MoU for betterment of women clients on behalf of their respective organizations.



On Krishi Rin launching ceremony where media personality Shaikh Seraj and EBL MD & CEO Ali Reza Iftekhar presented cheques to the farmers.



EBL and IFC-SEDF arranged a National seminar on 'Beyond Lending Approach - Women Entrepreneur Financing'. Dr. Shirin Sharmin Chaudhury, State Minister and Mohd. Noor Ali, Chairman of EBL were present in the seminar.



EBL & IFC-SEDF organised a two-day workshop on Trade Finance for the SME entrepreneurs at a local hotel in Dhaka.



Md. Khurshed Alam, Head of SME and Tarique Afzal, CEO of D&B signed co-operation Agreement in presence of Ali Reza Iftekhar, MD & CEO of EBL.

BUSINESS SUPPORT

“Various improvements related to business support activities are carried out with the primary objective to support the growth strategy of EBL”

In light of Centralized Operations concept, EBL started redesigning its processes back in early 2001 with partial centralization of its Trade product processing and Services. By 2003, entire Trade Operations were fully centralized. With the same spirit, EBL Operations started centralizing its Retail Banking product processing and control in 2006 under the umbrella of ‘Service Delivery’ at Dhaka and Chittagong.

Enormous benefits of centralization started becoming visible when branches started becoming free from bulk processes which enable

them to focus more on providing efficient services to customers to their delight.

In 2011, to cater increased number of branches and other alternate distribution channels EBL has started practicing a new concept of ‘Extended Operations Hub’ at various geographical locations based on customer concentration. These extended hubs are directly connected to Central Operations at Head Office, technically enabling supervisors in taking any sensitive business decisions. This model is first ever adopted and practiced in any Bank in Bangladesh.

Benefits of Centralized Operations

Efficient Business Support	Risk Management	Human Resource	Cost Efficiency
Achieving capability of offering best support to all business units in their planned progress in effective and economic manner with significant reduction in bulk transaction processing time.	Increased control on operational activities resulting in better operational risk management and ensure service quality.	Optimum utilization and better development prospect of human resources. Centralization concept helps in establishing enhanced ability through specialization of set resources to offer solutions critical to customer’s business.	The uniformity of activities and specialization of work lead to economic operation and best utilization of human resources. It brings efficiency and smoothness as well. All these bring economy.

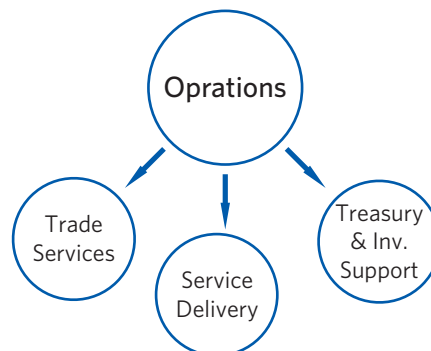
OPERATIONS

Efficient and effective management of 'Banking Operations' to satisfy growing customer needs and meet regulatory requirements has been gaining increased focus among banks across the globe in order to achieve broader organizational objectives.

At EBL, Centralized Operations focus on the effective management of the resources and activities that produce or deliver services to its business divisions. At strategic level, Operations is associated with making decisions about product development, process reengineering and capacity buildup but in tactical level, Operations addresses the issues relevant to scheduling resources.

Achievement of Quality Management System, ISO 9001:2008 Standard

In recognition to EBL's commitment to provide optimum satisfactory services to its customers in terms of quality and reliability within the fastest possible time, Centralized Operations of EBL has achieved Quality Management System (QMS) certificate as per ISO 9001:2008 Standard; awarded by Bureau Veritas Certification, under accreditation from The United Kingdom Accreditation Service (UKAS). EBL is the first Bangladeshi Bank to achieve this recognition. EBL Operations thrives to make it a continuous process and become the most compliant Operations Unit in Bangladesh within 2013.



Trade Services Division (TSD)

With the first ever 'Centralized Trade Operations' in the banking industry of Bangladesh, EBL Trade Services believes in making foreign trade 'simple' for its customers.

Aided by a robust core banking software 'ORACLE FLEXCUBE UBS' with latest control tools, 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. Having a strong alliance with the leading global banks, EBL is in an ideal position to facilitate cost-effective, smoother and trouble-free international trade business.



Review of Trade Business: 2011

In 2011, trade transactions in EBL increased by 3.30% over the previous year and the accuracy level remain excellent. Overall business volume increased by 44.86%, which is remarkable considering the present market conditions. Total trade business stood at BDT 163,725.29 million in 2011 compared to BDT 113,025.72 million in 2010. Tailor made Structured Letter of Credit has been issued worth USD 152.32 million in 2011 compared to USD 117.69 Million in 2010. Such performance not only increased the trade business for EBL but also supported the valued customer with cost effective business opportunities.

A summary on overall trade transactions is given below:

Nature of Business	Number of Cases		
	2011	2010	Growth (%)
Letter of Credit	12,731	11,916	6.8
Letter of Guarantee	686	725	-5.4
Export Bill (foreign)	12,976	13,009	-0.3
Export Bill (local)	3,394	3,185	6.6
Sub-Total Export	16,370	16,194	1.1
Grand Total	29,787	28,835	3.3

Nature of Business	Trade Business Volume		
	2011	2010	Growth (%)
Letter of Credit	100,639	70,665	42.42
Letter of Guarantee	4,497	2,727	64.87
Export Bill (foreign)	46,460	31,842	45.91
Export Bill (local)	12,129	7,792	55.66
Sub-Total Export	58,589	39,633	47.83
Grand Total	163,725	113,026	44.86

Performance Highlights of TSD: 2011

EBL Offshore Banking Unit (OBU)

Off-Shore Banking Unit (OBU) of EBL has been reorganized and migrated to UBS automated environment during November 2011. Now OBU operations have a separate operations office at Dilkusha Commercial Area, Dhaka. Since the inception of OBU during 2004, EBL OBU has grown in many folds. Total trade business in OBU

has grown significantly in 2011 compared to 2010. USD 3.49 million worth of LCs has been issued from OBU during the year 2011 against USD 2.7 million in 2010. Discounting of import bills under onshore Usance LCs have stood at USD 18.98 million in 2011 compared to USD 3.18 million in 2010. Bill Finance through OBU has increased to USD 77.24 million in 2011 compared to USD 67.55 million in 2010. In addition to the above, OBU has handled USD 1.07 million worth of export bills during the year 2011.

Strategic Partnership & Alliance

Since November 30, 2005, EBL has been the partner bank of IFC (International Finance Corporation-World Bank Group) under Global Trade Finance Program (GTFP) in order to have support in handling complex trade transactions. IFC Global Trade Finance Program guarantees the trade-related payment obligations of approved financial institutions in emerging markets (Issuing Banks) across all regions of the world.

- In IFC's 3rd Annual GTFP Bank Partners Meeting held in Istanbul, Turkey, in April 2010, EBL was recognized as the 'Most Active GTFP Issuing Bank in South Asia' which is a true reflection of EBL's commitment to generate the most from mutually beneficial relations. In 2011, EBL has been awarded the 'Most Active STPP Issuing Bank in Agribusiness'.
- EBL has become Asian Development Bank (ADB)'s partner bank since November 09, 2006 under their Trade Finance Program (TFP) supporting guarantee and revolving credit facility. Under this cover, ADB provides guarantees and loans to partner banks in support of international trade. The TFP has established itself as a key player in the international trade community, providing fast, reliable, and responsive trade finance support at times of economic downturns as well as growth.

Accuracy in transaction processing

Like the previous years, EBL Trade Services has maintained its overall SWIFT accuracy with average STP (Straight through Processing) above 97.50% through JP Morgan Chase Bank NA, New York which is one of the largest USD clearing banks. Such achievements prove the superiority of EBL Trade Services over all its competitors operating in Bangladesh.

Skill Development and Certification

EBL Trade Services is equipped with vastly experienced and internationally certified trade professionals who are, in fact, the key driving force for all of its successes and accolades it has achieved so far. The team has 12 Certified Documentary Credit Specialist (CDCS) which is the highest in terms of number among all the banks in the country.

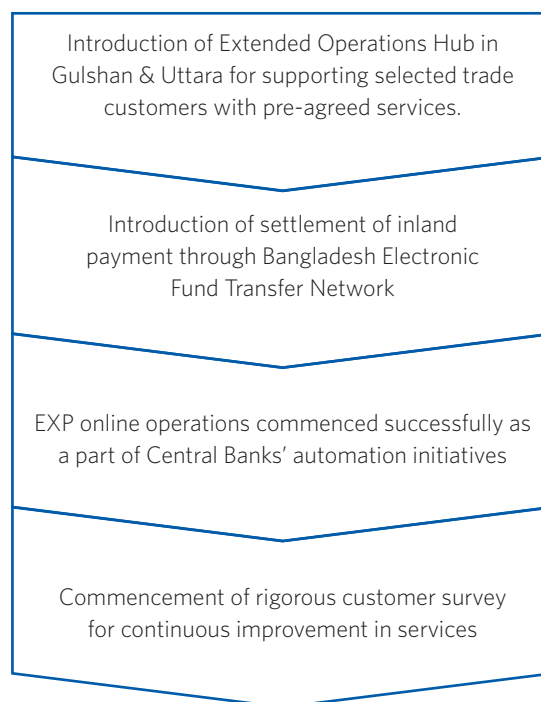
CDCS certification, undertaken by IFS, London, UK in collaboration with ICC Paris and IFSA USA, is the international standard qualification for documentary credit specialists that enables documentary credit practitioners to demonstrate specialized knowledge and application of the skills required for competent practices. There are 35 IFC-FIT Graduates working in EBL Trade Services who are also adding values continuously in our trade operations. IFC-FIT (Finance of International Trade) is an initiative taken by International Finance Corporation of World Bank Group jointly with Institute of Export (IOE), UK, and electronic Business School International (eBSI), Ireland, as well as ICC-Bangladesh, being the local partner. 4 trade officials have completed DC Master Program; an advanced online training in letter of credit practice, designed to enhance the knowledge and skills of experienced documentary credit professionals.

Furthermore, EBL Trade Services has 4 Lead Auditors on Quality Management Systems, ISO 9001:2008. This certification is respected and recognized all over the world in the field of quality management system implementations.

Training & Development

In terms of In-House Training, Trade Services personnel are leading the chart as well. In 2011, the department has conducted a total of six in-house training sessions directed towards enhancing the capability of the trade professionals working in the department. Moreover, for the very first time in Bangladesh, TSD has lent its expertise in arranging special programs for the SME customers, with joint assistance from its SME Business Unit and SEDF, Bangladesh, in order to make them aware of the upcoming challenges in trade business around the globe as well as to know global trade finance patterns. All these programs have had much acceptance and generated a very positive feedback from the participants.

Noted Achievements of TSD in 2011



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).

To excel service delivery to its customers at their door steps within shortest possible time, Operations has expanded its processing networks at customer concentrated locations like Gulshan and Uttara under centralized control mechanism. Such mechanism will be gradually expanded across the country in near future along with growth in branches and Alternate distribution channels.



'Service Delivery' is ensured through its three wings at Dhaka, Chittagong and Sylhet sub-grouped into five functional units namely Account Services, Item Processing, Cash Management Operations, Non Resident Business Operations and Internet Banking Operations unit.

Performance Highlights of SD: 2011

SD believes in continual improvement in its service standard by maximizing automation, adopting or inventing simplified processes for all its products and services. Service level agreements (SLAs) have been implemented between SD units and all internal customers with optimum turnaround time.

With the slogan "Simple Math" and "Go Green", EBL SD has been well on track in achieving potentials of maximizing paperless activities. As part of its commitment, SD has started sending e-statements to its customers phase by phase and is continuously communicating and encouraging customers for e-statements instead of paper based statements. Such initiative will not only save trees but also ensure smooth and faster delivery.

Implementing BACH and EFT Projects

SD successfully processing through Bangladesh Automated Clearing House (BACH) and Electronic Fund Transfer (EFT) projects as a part of Central Bank's payment system automation initiatives. EBL SD has been considered as the pioneer in implementing BACH and EFT projects under Bangladesh bank initiatives.

Electronic Data Archiving

SD has adopted Central Archiving concept to preserve basic documents like "Account Opening Form" centrally to ensure better control and mitigate operational risks. SD is also ensuring electronic image record of all such documents and safekeeping. Such continuous processes will thus ensure safe archiving of basic and security documents in case of any major disaster.

Facilitating Inclusive Banking

We believe that technology is the key weapon in competition and customer satisfaction. During

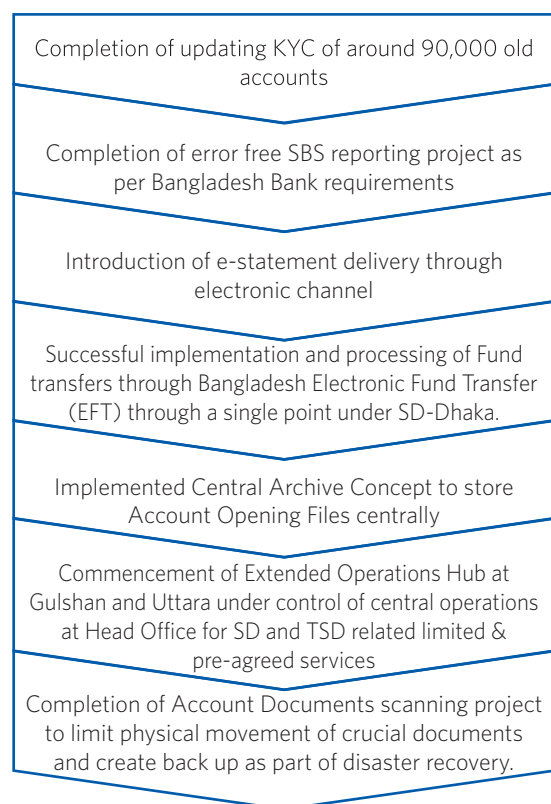
2011, SD implemented global standard payment solutions 'FlexRemit' to excel our Cash Management Solutions to process foreign remittances faster and smoother. SMS banking has already been shaped up for launching. This will enable customers to get important accounts information and instruct Bank on any account Transaction using the mobile phone.

To cater the un-banked populations of the country under bank led payment model, EBL Service Delivery already launched Remittance payment channel through Telecommunications Company's network. This is to ensure safe and simplified way of fund disbursement to the beneficiaries of Non Resident Bangladeshis. Volume driven processes / items of all SD units have significantly increased during the year 2011 and SD team has successfully handled all such issues with remarkable accuracy.

Treasury & Investment Banking Support

EBL has a highly skilled and committed Treasury and Investment Banking support unit operating independently to provide solutions of products and services related to treasury, investment banking and other wholesale operation e.g. Syndication, Corp & SME refinancing activities etc. In 2011 we have successfully implemented UBS Securities module which enables us to accommodate complex transactions related to Securities, Bonds, derivatives and capital market instruments. In 2012 our priority is to provide efficient and automated end to end solution for our customer with strong operation control.

Noted Achievements of SD in 2011



INFORMATION TECHNOLOGY (IT)

Resurrection in banking industry to make the paradigm shift from one seemingly primitive IT platform to the most modern hi-tech customer centric platform, Flexcube UBS of Oracle Financial Services Software Ltd. was done by EBL first. We started feeling and touching every banking requirement of our customers and providing them the incomparable tech savvy local and global banking services since the voyage that EBL initiated. We prove ourselves as an in-born leader in banking industry which is acclaimed by both local and international organization unanimously.

EBL is considered as pioneer in banking industry in monitoring process of its lending asset using its robust Management Information System (MIS). 360 degree surveillance of its all category of assets is ensured by the concerned departments by the vibrant reporting system. Due to watchful monitoring with strong MIS, the percentage of our Non Performing Assets (NPA) is less compared to other banks, which is a remarkable indicator of the bank's health. Deposit management is fruitfully done by its strong reporting system through which all the concerned departments / branches can be aware of when and how required deposit to be mobilized/managed categorically to maximize bank's profit.



Viewing of E-statement, new introduction

Green Banking Initiatives

- EBL is forerunner with the concept of Green Banking. It introduced **E-Statement** first which reduced the usage of hard copy statement. This statement is generated by the system and sent to the customer automatically at specified interval with full authentication and security. The launching of E-statement of EBL goes parallelly with the concept of Go-Green to save the nature.
- We are using the most **energy efficient IT equipments** like HP Blade Server which consumes less power, less space with maximum capacity.
- **Digitization of official document** is in place in our bank. Most of the documents of the banks are converted into softcopy. Lion share of the internal and external communication are done through authenticated E-mail.



16 high capacities Blade Servers in one compact chassis

Process Improvement Initiatives

Flex Remit: Most Advanced Remittance Solution

Flex Remit project was implemented in 2011 which is considered as the most advanced remittance solution in the world. Following benefits will accrue from using this newly introduced system:



Flex Remit system, newly implemented

- The whole NRB operations are made automated
- Payment to the beneficiaries through EFT, Credit to EBL and other Banks' account & payment through Telco (m-wallet) can be done easily.
- Once payment is sent by us to the respective account of the beneficiary, SMS alert is sent to him/her instantly to collect the proceeds from the nearest collection point.

Automation of Offshore Banking Unit (OBU)

We are the only bank that implemented the full automation of all the activities of Offshore Banking Unit (OBU) in our country. Every activity of the Offshore Banking Unit is now done using the automated system. Through the implementation of OBU automation, transparency is fully ensured for all of its activities; thereby; manual intervention in OBU operation is fully eradicated. OBU clients now feel comfortable to bank with us.

Loan Application Processing System (LAPS)

This is another platform of EBL for automation of whole loan application process for both Consumer and SME business. This is a workflow based loan application processing mechanism. Following benefits will accrue from using LAPS:

- Status of every loan application can instantly be known from this system by the concerned person from any branch.
- Quick analysis and fast disbursement of loan become possible through LAPS which, in turn; ensures the efficiency of EBL to handle the loan application with an ease.

Real Time Online Auditing Process

Real time online auditing process is ensured by IT through which all of the activities of every department and branch can be monitored centrally. All time effective and strong remote vigilance is done by the Audit department from Head Office online.

Customer Limit Maintenance

Centralized customer Limit maintenance process is ensured by the core banking system through which system checks each and every transaction of the customer against his limit, given by the bank. Moreover, teller transaction limit is also accommodated in the system through which every teller has to do the transaction abiding by rule of his own transaction limit.

Alternate Distribution Channels (ADC)

ADC of EBL plays vital role to reach to the door steps of our customers with our banking services 24 hours in a day and 365 days in a year. There are two major wings of this channel. One is Self-Service channel under which ATM, POS, Internet Banking (IB), Bill Pay Machine, Interactive Voice Response (IVR) and SMS Banking are clubbed. Another one is Managed Service in which Call Center is present.

Different types of Debit, Credit and Pre-paid

cards, in different currencies, are offered to cater all card business requirements. All types of premium valued Visa cards of EBL; such as Signature, Platinum and Gold, are launched. Monitoring of ATM and POS transactions are done centrally 24 x 365 days in a year to ensure the uninterrupted services of this channel. SMS alert is sent to both debit and credit card holder just after completion of ATM and POS transaction.

Internet Banking (IB)

IB service is another flourishing alternate channel of the bank through which our customer can do Balance Inquiry, Fund Transfer within his own accounts and to third party, open Term Deposit, Inquiry of cheques status, Bill Payment etc. These transactions can be done instantly from any part of the world at any point of time.

SMS Banking

SMS banking is working full-fledged in our bank. Through this facility, our valued customer gets his account information in major two methods on his mobile phone. First: bank pushes the sought data online to the customer through SMS if any transaction happens beyond the threshold amount in specific account of that customer. Second: customer himself can fetch his own CASA, Loan or TD account data/information from the bank online through SMS using his mobile devices.

Call Center

Avaya Call Center solution was implemented in EBL through which we hear all the customer queries, confusion, and other related information through one single point and thereafter customers get desired reply from us. Customers can also do Balance Inquiry of various accounts by themselves using their own cell or land phone automatically through Interactive Voice Response (IVR). They can do fund transfer from one account to another account using mobile devices through IVR.

Clearing House Solution

We are using the world class Clearing House solution, AiDPS from APERTA, UK through which cheque clearing process timing is reduced compared to previous manual clearing process era.

SWIFT

SWIFT is another premium tools on our part to handle international and local banks' payment. Through this mechanism, payment in both our end and counter party bank is quicker.

Data Security

A dedicated surveillance team is working always to ensure both the security processes. For both core banking transactions, Internet Banking (IB) transactions and other related transactions, maximum security layer is in place. SSL is implemented for IB transactions.

Disaster recovery (DR)

DR system is carefully ensured by the bank. Another replica of Live system, located in distant premises, with same capacity like Production system, is running 365 x 24 continuously without any pause.

EBL, always endeavors to improve the service quality of its all departments and branches, thereby excels to get the optimum output that ensures the customer satisfaction.

Priorities in 2012

- Two factor authentication process for Internet Banking service which will ensure higher level of security.
- "Full-fledged Mobile Banking service implementation for both banking and non-banking customers"
- Implementation of new Card Management System, fully EMV compliant for card issuance and acquiring.

HUMAN RESOURCES

***“People First”** – that’s the motto of EBL. We are the investor in people. Our people re-sourcing policy is we look for the ‘best fit’. We don’t offer them a job – rather, we shape their career.*

Our Highlights in 2011

- Aligned Bank’s vision, mission and values with ‘Vision 2013’
- Conducted Compensation and Benefits Survey
- Streamlining the sales team policy of different division
- Recruited the first batch of Probationary Officers
- Implemented digital exam screening for recruitment process
- Ensured foundation training on banking for all trainee officers (1,225 trainee officers)
- Foundation Training for the new joiners extended to 1 month from 2 weeks (238 staff)
- 14 employee achieved Credit Skill Assessment qualification from OMEGA, UK through competitive exam
- Amount of new loan sanctioned to EBL staff in 2011 increased by 27% percent Over 2010
- Highest per employee productivity within the banking industry for last 6 years

Our Priorities in 2012

- Revamping HR Policy to put our People first
- Implementation of Digital personal file system
- Introduction of paperless leave and attendance system
- Implementation of e-learning system
- Implementing the findings of compensation & benefits survey by first half of 2012
- Revamping GAP Policy (Service Quality Guideline)
- Talent Management
- Succession Planning

EBL the “Employer of Choice”

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”. High performance workplaces are characterized by their creativity, innovation, flexibility and competitiveness.

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 themselves to EBL’s success
- Choose to stay with EBL, even when they are receiving calls from other employers

Rationale for calling EBL the “Employer of Choice”

- Qualities of working relationships – people treat each other as friends, colleagues and co-workers; support and help each other to get the job done.
- Workplace leadership – Immediate supervisors, team leaders, managers are focused on leadership not on administration.
- 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 always involved in an active change management process to be seen as different and special through pride in the place of work, 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.

- 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.
- Passion – Our people are passionate to come to work. The energy and commitment they show to the workplaces is incomparable, they are always eager to volunteering for special projects, possess a very high sense of belongingness to EBL.
- Having fun – EBL is a psychologically secured workplace in which people can relax with each other and enjoy social interaction.

Towards sustainable employee relations:

EBL believes in open door policy. Literally, CEO and top management’s door is open to every employee. We encourage open communication, feedback, and discussion about any matter of importance to an employee. Numbers of communication channel are active to sharing the information with all staff.

- All the projects and initiatives are time to time shared with the staff so that they are well informed about the changes happening across the organization.
- Staff communication events like Town Hall meeting are regularly arranged; this is a unique opportunity for staff to directly asking question to the senior management on different issues.
- EBL has an environment that is very competitive but rewarding; professional but friendly; over all EBL is a family. Programs like Family Nights are arranged where EBL goes even beyond the EBL family; family members are invited to join the fun part of the

professional life to strengthen the bondage that we have among us.

- 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.

Recruitment & Selection in 2011

The communal task for the recruitment and selection team is not simply hiring the people to fill up the gap rather creating an enabling environment putting right people in right place on right time. That's what we mean by "Best Fit". Total 1471 new faces joined us in 2011 upholding the image of being 'The Employer of Choice'. A comparative picture for 2010 & 2011 are given below:



Particulars	2011	2010
Female Representation	19%	18%
Average Employee Age	33 years	34 years
Average Length of Service	6 years	6 years

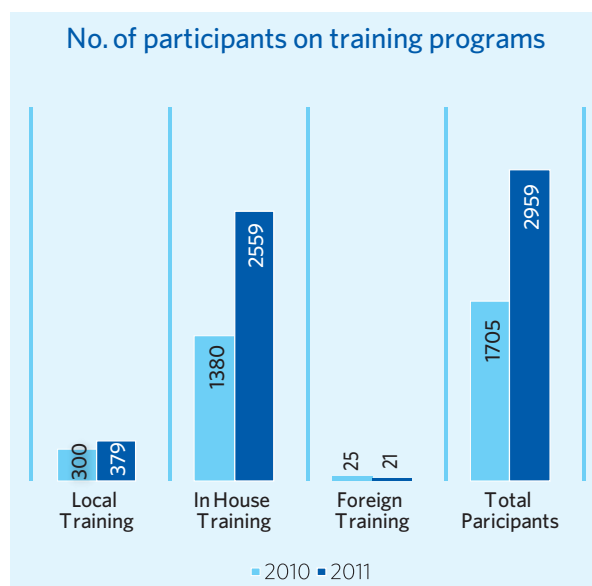
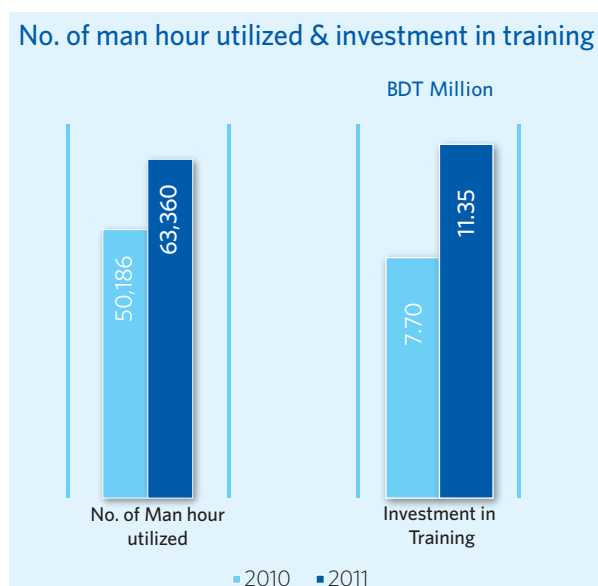
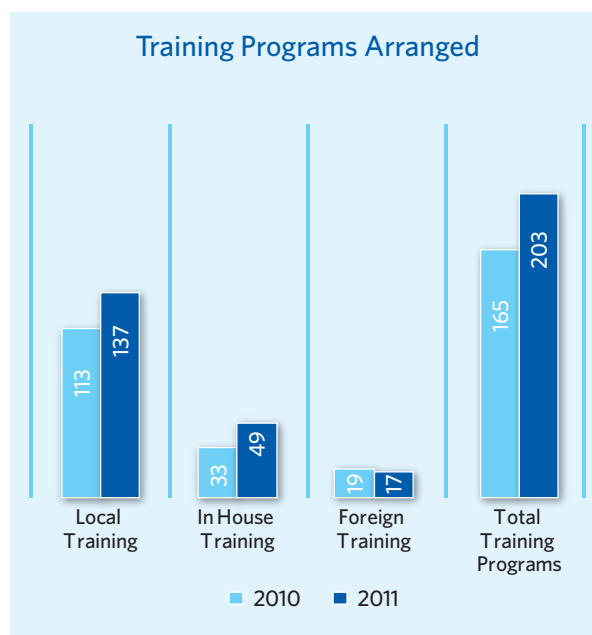
Learning & Development in 2011

With a vision of Continuous professional development for all the employees of the Bank to strengthen the skill level by removing the weakness to perform the assigned job with perfection, HRD arranges a significant number of seminar, workshop and trainings both in home & abroad in the year 2011. These learning & development programs cover wide range of contemporary topics like:

- Agricultural & Rural Banking, Agricultural Financing,
- Anti Money Laundering & Terrorism Act 2009,
- Asset Liability Management, Branch Management
- BASEL II, Credit Risk Management
- CIB Reporting, Credit Appraisal & CSR of Banks,
- Detection and Disposal of Forged and Mutilated Notes,
- Customer Service Excellence,
- Electronic and Mobile Based Payments,
- Environmental & Social Risk Management, Green Banking, Sustainable Banking
- Export Import procedures and financing,
- Financial Analysis for Bankers, Financial planning, Financial Stability & Stress testing
- Financial Infrastructure & Public-Private Partnership,
- FX and Money market products, FX Transactions & Reporting Techniques,
- Human Resources Strategies and Policies,
- Internal Control Mechanism & Bank Supervision,

- International Trade Payment & Finance,
- Investment & Merchant banking,
- Management for Non Performing Loans & Recovery Strategy,
- Managing Risk in Financing Micro and Small Enterprise, Micro & Small Enterprise Financing,
- Retail Banking and Consumer Financing, SME Banking & Financing,
- Trade Centralization and SWIFT Payment, Trade, Remittance & Operational Risk,
- UPDC 600 and ICC Publications and many others.

In 2011 Human Resources Division arranged 203 Training Programs, 21 trainees were sent overseas and 2,938 were coached and trained locally to upgrade their knowledge and thus, enhancing the quality. A comparative picture for 2010 & 2011 are given here:



Employee Benefits in 2011

A career in EBL is simply rewarding. In addition to an open-interactive working environment EBL offers attractive compensation and benefit package to our people. Our pay policy is regularly reviewed to remain competitive in the market. Our compensation & benefit program includes Leave, LFA, Hospitalization and Maternity expense reimbursement, staff loans (LAMS, LAPF). Moreover we provide long term benefits like car loan, House Building Loan (fully insurance covered), Superannuation Fund, Long service award, etc. A comparative picture for employee benefits processed for 2010 & 2011 are given below:

Loans & others	2011	2010
LAMS (Loan Against Monthly Salary)	147	150
LAPF (Loan Against Provident Fund)	23	36
Staff Car Loan	72	54
Staff House Loan	88	94
Furniture & Equipment Allowance	145	85
ALICO HBL Insurance Coverage	114	93

Our 'People' based culture sets up apart from other employers. And that is why we have been able to attract and retain the 'Best' resources in EBL. We recognize our 'People' as 'Human Capital' and we work hard to ensure that their good performance is rewarded. We place a high value on how we treat our own people as well as the people and communities we interact with. EBL HR will continue it's effort to develop quality human resources by providing world class training opportunities and rewarding the performers.



Ali Reza Iftekhar, MD & CEO is addressing the Townhall 2011



Training on Anti-Money Laundering for EBL employees held at Sylhet

Consumer Banking (CNB) team takes a break for a photograph during CNB Conference.



RISK MANAGEMENT

Overview

The fundamentals of the Bangladesh economy continue to be stable with challenges in some areas like inflation, depreciation of local currency, decreasing net foreign aid inflow, persistent energy crisis and its increasing cost. The economy grew by 6.7% in FY 2011 higher than 6.1% in FY 2010 and set to achieve the growth around 7.0% in FY 2012. The growth of the economy is being driven primarily by marked recovery in export and domestic consumption supported by private credit since domestic investment rose marginally to 24.7% of GDP from 24.4% in FY 2011. Private credit growth was 25.8% against the target of 16.5% and net credit to government jumped by 35% in the last fiscal year (FY 2011).

Although the government remains confident of achieving 7% GDP growth in FY 2012, a number of issues could possibly derail it from the course. The premise for such growth rests on increase of both exports and remittances. After having 40% plus export growth in FY 2011, the growth is slowing down and may face further constraint from eurozone debt crisis. Inward remittances grew 10 per cent in 2011 and expected to grow by 12% in 2012, but will be unable to offset trade, services and income account deficits unlike in recent past years. Other challenges include the continued unavailability of sufficient gas and power, weak infrastructure; political turmoil in Middle East and East Africa; excessive government borrowing from banking sector; widening balance of payment deficit; and natural disasters a perennial risk for Bangladesh.

The macroeconomic conditions were stable in 2011 with high inflationary pressure, low net inflow of foreign currency, and government's heavy dependency on borrowing from banking sector. Despite good business opportunities supported by 22% export growth and 10% in remittance inflow, the bank passed a challenging

year on some regulatory restrictions, liquidity strain, and dearth of foreign currency.

Regulators have fixed fees for many banking services at lower rates, capped interest rate on industrial term loans and essential commodity financing at a rate below the marginal cost of fund. Central bank set the desired credit deposit ratio at 85% that reduced the ability of taking calculated risk in money market operations. Inadequate supply of foreign currency increased dependency on short term borrowing that resulted exchange loss due to large devaluation of local currency. Besides, textile industry suffered bad time in 2011 for significant decline in price of yarn, whereas spinning mills are holding high cost inventory. Competition from China and India caused about 20% erosion in inventory value for local manufacturers.

Given the challenges the bank maintained sustainable growth in size and profitability; Net profit grew marginally by 3.96% and assets by 43.22%. Bank achieved these performances closely being within its defined risk appetite keeping non-performing assets below 2%. In general, bank managed the liquidity by maintaining credit deposit ration around 85% as directed by the central bank.

During the year, bank maintained adequate capital in compliance with regulatory requirements for offsetting risks the bank exposed to.

Major risks and uncertainties in 2012

Like any commercial bank, EBL is in the business of taking selected risks to generate shareholder value, vis-à-vis seek to contain and mitigate these risks within own appetite and to ensure adequate compensation. However, risks are by their nature uncertain and the management of risk relies on judgments and predictions about the future. The key uncertainties bank may face 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.

Macroeconomic conditions of the country:

GDP growth in Fiscal year 2010-11 was 6.7% and forecasted at 7.0% in 2011-12. Higher GDP growth increases personal expenditure and consumption, domestic demand, availability of credit for private sectors, and the availability of capital and liquidity funding for the bank. However, macroeconomic conditions may become fragile on political instability and lower inflow of foreign exchange receipt.

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. In these respect, Eastern Bank plays an active role in addressing such issues collectively through its participation in Association of Bankers in Bangladesh, 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 donors' participation may have negative impact on business confidence, and will be a major challenge in 2012.

Geopolitical events:

Eurozone debt crisis and slow recovery in western economy may affect country's export negatively. Volatile political situation in Middle East and Eastern Africa coupled with weak European economic conditions may adversely affect remittance growth in 2012. Recent political tension on Hormuz strait between Iran and the west will remain threat to global economic stabilization.

Fraud:

Bank is increasing its share in SME and retail business segment and cherry picking has been over. These loans are extended on the strength of customer's bank statement, inventory holdings, and profitability. Duplication of loan application and submission of forge document may increase the chance of taking wrong decisions. On the other hand, automation and technology enhancement create threats during initial periods of implementation. Since banking industry is coming out with lots of promises in mobile banking, electric fund transfer, nationwide automated settlement, etc., downside risks may include incremental fraud attempt.

Exchange rate movement:

Taka has been devaluated by 16% in 2011 due to increasing gap in demand and supply of foreign currency. Foreign currency reserve is now equivalent of about two months import bill, declined from three months import bill as it was even six months before. Delay in receipt of possible inflows against large infrastructure projects will worsen this situation. Under such circumstance, bank has to depend more on borrowing in foreign currency resulting higher leverage.

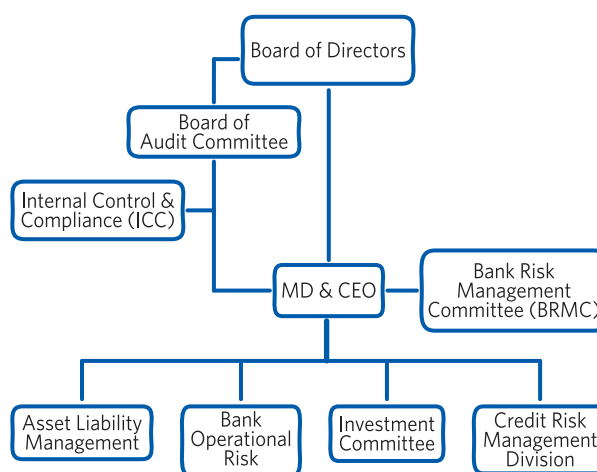
Risk Management in EBL

The bank believes that risk management is the core function that makes its business sustainable. Ability to generate profit consistently and sustainably is a function of enterprise wide risk management and the bank is restlessly pursuing continuous improvement in this area. One of the main risks the bank exposed arises from extending credit to customers through lending operations. Beyond credit risk, there are ranges of other risk types such as operational, market, liquidity, concentration, cross country, legal, and reputational. Objective of risk management is to maximize risk-adjusted returns remaining within own risk appetite. EBL 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 management framework through reports from Internal Control and Compliance Department.

Board of Directors has established 'Audit Committee' 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 following an integrated approach. BRMC assists the Board through Managing Director and Chief Executive Officer in fulfilling its responsibilities relating to the oversight of organization's risk management strategies, policies and processes that have the potential to impact significantly on earning 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.

Risk Governance Structure



Approaches for Management 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 creditworthiness. 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.

Governance of Credit Risk

Final authority and responsibility for all activities that expose the bank to credit risk rests with the Board of Directors. The Board however delegated authority to the Managing Director and CEO or other officers with credit risk management responsibility. The Board also set credit policies and delegates authority to the management for

setting procedures, which together has structured the credit risk management framework in the bank. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the bank and designed to meet the organizational requirements that exist today as well as 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, retail, small and medium enterprise 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. Core credit principles of the bank include:

- Create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations;
- Quality of credit is more important than exploiting new opportunities;
- The principal management and/or shareholders must be free of any doubt about their integrity;
- If the bank does not understand the business, it shall not lend to that business;
- The purpose of the loan should contain the basis of its repayment;
- Credit decision should not be made until receipt of all the relevant facts;
- Assessing a company's management quality is vital;
- The economic cycle is inevitable. It is wise to be conscious in evaluating risks likely to arise when economic conditions change in the future. "Bad loans are usually made in good times";
- Collateral security should not be a substitute for repayment;
- Lending to smaller borrower is riskier than lending to larger borrower. Smaller firms are more vulnerable to economic downturns;
- Bank should not let poor attention to detail of credit administration, which may spoil a sound facility;
- If any borrower wants a quick answer, it is "NO". The word 'quick' means lack of sufficient time for due diligence on any credit request;
- Bank should monitor where the bank's money is going to be spent.

Credit Philosophy

Bank's commitment is to achieve excellence in credit risk management by taking informed risks relying on the prudence of individuals having value building leadership ability, creativity, integrity, and, who are working with a priority to protect bank's overall interest.

Strategy and priority

The credit risk management strategy ties into the overall organization strategy and is focused on making a 'clear leader' in sound risk management practices. This is governed by the following:

- Ratio of non-performing loans to total loans;
- Weighted Average Credit Risk Grade;
- Ratio of loan loss provision to gross non-performing loans.

Responsibilities and functions of key stakeholders in credit process:

The functions of the Credit are handled at different levels by four departments/divisions, namely:

- Credit Risk Management (CRM);
- Collection Management);
- Credit Administration; and
- Special Asset Management.

Credit Risk Management is responsible for the appraisal of all credit requests and processing to obtain requisite approvals in line with the Bank's policy. The department has been constituted to handle requests from corporate, consumer, and SME banking. CRM also engages in the review and recommendation of asset product designed by business units. Besides appraisal of credit applications, CRM is responsible for the planning, monitoring and reporting of the credit portfolio.

Collection Management is responsible for recovery of retail and small enterprise loans repayable in monthly installments. These are small ticket medium term loans and large in numbers. Dedicated collection team ensure appropriate monitoring of recovery and follow up subsequent repayment commitments by the customers. This team handles delinquency up to 89 days. However, in corporate and medium enterprise business there is no collection team,

and the relationship manager is responsible for every aspects of any relationship.

Credit Administration is responsible for perfection of loan and security documentation in accordance with approval conditions as well as custodian of all related legal documents. Responsibilities of this department also include administration of setting limits, day to day loan related transactions, overdue and expiry reporting, preparation and submission of reports/returns to regulators/internal users, monitoring loan covenants, etc.

Special Asset Management (SAM) is responsible to pursue problem credits, by providing independent follow up on customers before the level of delinquency becomes irreversible. If loans are not recovered despite full effort to settle the issue outside the court, this department initiate necessary legal action, compromise settlement, collateral liquidation, write offs, etc. Special Asset Management team took responsibility of all 90 days plus overdue retail and small enterprise loan and 'sub-standard' or worse graded corporate / medium enterprise loans. SAM also liaises with debt recovery agents, receivers/managers and solicitors to ensure recovery of delinquent accounts. By doing so, SAM provides recovery support to all business units and handles all returns on recoveries to management.

Credit Monitoring:

Respective relationship manager, at least once in quarter, 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 re-evaluated;

remedial actions are agreed and monitored. Remedial action includes, but not limited to exposure reduction, security enhancement, exiting the relationship or immediate movement of our Special Asset Management Division (SAMD).

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.

Internal Rating Scale:

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 analyze a borrower against a range of quantitative and qualitative measures. The numeric grade from 1 to 11 indicates creditworthiness of the borrower - 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 pre approved criteria outlined in Product Program Guidelines (PPG), which are approved by the Board of Directors. Thus the Credit Risk Grading Matrix provides objective basis for making credit decisions; however final decisions are taken on subjective judgment and prudence of the approver.

Portfolio control limits:

- The bank engages in a detailed portfolio plan annually. In drawing up the plan, the Bank reviews the macro-economic factors, identifies the growth sectors of the economy and conducts industry analysis of the sectors where bank has exposure over 5% of its total portfolio to determine its acceptable target market industries and exceptions. The Bank's target loan portfolio is then distributed across business units like corporate, SME, and consumer banking divisions.
- Aggregate large loan exposure shall not exceed 56% of total portfolio.
- Exposure to any single industry/business segment shall not exceed 20% of total portfolio.
- Term Loan exposure shall not exceed 45% of total portfolio.
- Minimum Risk Grade of any new customer for allowing credit shall have to be "Fiar -5" or better unless approved on an exception basis.

Geographical exposure limits:

Presently, the Bank does not have any exposure to counterparties domiciled outside Bangladesh but bank's business is located in different regions/divisions of the country. Since the country run on common legislations and regulations, risk from geographical concentration is of minimum and may be triggered by discrete and/or uncontrollable events.

Single obligor limit:

Single obligor limits are imposed on loans to individual borrower or to a group of borrower where ownership interest and/or guarantee are common. The Bank as a matter of policy does not lend above its regulatory lending limit, which is 35% of its capital for obligors other than exporters, who are allowed to borrow 50% of banks capital. In both cases, fund based exposure shall not be more than 15% of capital. The internal guidance limit is, however, set at 35% of capital inclusive of 15% fund based exposure.

Credit Approval Authority:

Board of the Directors has the sole authority to approve any credit exposure and to sub- delegate 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 limited to Tk. 100.00 million if not secured by cash, quasi cash and other bank's acceptance, guarantee, or stand by letter of credit. Such authority is further sub delegated to Head of Credit Risk Management Division and Departmental Heads to the maximum extent of Tk. 10.0 million.

Classification and Provisioning Policy:

The bank follows Bangladesh Bank Circulars and Guidelines for loan classification and provisioning. The summary of some objective criteria for loan classification and provisioning requirement as stipulated by the central bank BRPD circular no. 05 dated June 05, 2006 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%

Type of Facility	Loan Classification							
	SMA		Sub Standard		Doubtful		Bad & Loss	
	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)
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	5%	60 months or more	100%

Maintaining General Provision for Unclassified Loans except Special Mention Accounts:

- 1% for all loans except Consumer Financing and loans to BH/MBs/SDs
- 5% for Consumer Financing except Housing Financing & Loans for Professional
- 2% for Housing Finance & Loans to Professionals under consumer finance
- 2% for loans to BH/MBs/SDs

Provision for contingent items (non funded facilities) is 1.00%

For classified portfolio both interest suspense and value of eligible securities are netted off.

Information on asset quality and loan loss provision:

Status of Classification of Loans & Advances

	BDT Million		
	2011	2010	Change %
Unclassified loans:	80,213.32	57,438.35	39.65%
Standard (Including staff loan)	79,365.54	56,628.68	40.15%
Special Mention Accounts (SMA)	847.78	809.67	4.71%
Classified loans:	1,560.59	1,168.74	33.53%
Sub-standard (SS)	418.55	329.62	26.98%
Doubtful (DF)	172.18	146.46	17.56%
Bad/loss (BL)	969.86	692.67	40.02%
Total loans	81,773.91	58,607.09	39.53%
NPL	1.91%	1.99%	-

Movement of Classified Loans & Advances

	BDT Million	
Particulars	2011	2010
Opening Balance as on 01 January	1,168.74	1,171.68
Additions during the year	745.09	619.46
Reductions during the year	353.24	622.39
Closing Balance as on 31 December	1,560.59	1,168.74

Movement of Provision for NPL

	BDT Million	
Particulars	2011	2010
Opening balance of provision held	610.68	756.41
New provisions during the year	320.97	132.17
Provisions no longer required (written off loans)	(65.21)	(277.90)
Closing balance of provision held	866.44	610.68

Amount of unclassified but past due loans

BDT Million		
Particulars	31 Dec 2011	31 Dec 2010
Past due up to 30 days	3,746	2,123
Past due 31- 60 days	1,724	817
Past due 61- 90 days	572	320
Past due 91 - 179 days	848	810
Total past due loans	6,890	4,070

Loans under past due 91-179 days (i.e. SM loans) are also under NPL, because interest amount of SM accounts are booked in interest suspense account instead of income account.

Write off and recoveries:

The Bank as a matter of policy writes off all impaired loans downgraded as 'Bad & Loss' within five years from the date of such downgrading, but the internal guidance allows early write off of small enterprise and retail loans considering the following factors:

- Continued contact with customer is getting difficult and sometimes impossible as these loans are usually extended to individuals and small proprietary concerns.
- Recovery cost is expected to be higher than the outstanding debt.
- It is reasonably determined that no further recovery on the facility is possible.

All write-offs shall require approval of the Board of Directors. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognized as income on a cash basis only.

Movement of Written off loans & advances

BDT Million		
Particulars	31 Dec 2011	31 Dec 2010
Opening balance of written off loans	1,421.27	1,055.16
New write offs	79.56	366.11
Closing balance of written off loans	1,500.83	1,421.27

Portfolio distribution by business lines and divisions:

BDT Million				
Division	Corporate	SME	Consumer	Total
Dhaka	41,869.38	6,581.63	7,326.86	55,777.87
Chittagong	19,039.78	2,766.23	2,293.91	24,099.92
Sylhet	-	280.02	149.19	429.21
Rajshahi	184.66	488.66	165.56	838.88
Khulna	-	461.10	166.93	628.03
Total	61,093.82	10,577.64	10,102.46	81,773.91

Portfolio distribution by Risk Rating:

Particulars	31 Dec 2011	31 Dec 2010
Superior - 1	3.61%	2.35%
Good - 2	1.74%	1.70%
Satisfactory - 3	9.84%	7.42%
Acceptable - 4	15.21%	12.68%
Fair - 5	51.17%	62.85%
Watch - 6	12.14%	6.02%
Marginal - 7	3.35%	3.61%
Special Mention - 8	1.03%	1.38%
Classified (Sub Standard, Doubtful, BL)	1.91%	1.99%

Portfolio distribution by Industry/Business Segment as on 31 December 2011

Industry/Sector	BDT Million			
	31-12-2011	%	31-12-2010	%
Commercial and Trading	8,915.13	10.90%	7,745.25	13.22%
Importer of Commodity	2,414.88	2.95%	2,762.98	4.71%
Construction	599.14	0.73%	608.44	1.04%
Edible Oil Refinery Industry	4,093.07	5.01%	2,072.27	3.54%
Electronics Goods	3,510.65	4.29%	1,948.54	3.32%
Individuals	11,862.06	14.51%	7,428.15	12.67%
Pharmaceuticals Industries	3,176.31	3.88%	1,434.23	2.45%
Readymade Garments Industry	9,922.30	12.13%	7,765.29	13.25%
Ship Breaking Industry	5,111.63	6.25%	2,365.71	4.04%
Industries for Steel products	4,485.47	5.49%	3,610.44	6.16%
Telecommunication Sector	6,324.96	7.73%	698.08	1.19%
Textile Mills	7,024.14	8.59%	5,813.81	9.92%
Power Sector	2,914.52	3.56%	2,088.92	3.56%
Others	11,419.66	13.96%	12,264.99	20.93%
Total	81,773.91	100.00%	58,607.09	100.00%

Approaches for Management of 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.
- **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.

The Bank has been active in secondary markets during the year although total investment in capital markets was 3.11% of total assets as on the closing date of 2011. 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

Approaches for Management of Operations 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 benefit 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.

STRESS TESTING

EBL does quarterly stress testing covering credit risk, market risk and liquidity risk in accordance with Bangladesh Bank DOS (Department of Offsite Supervision) circular no 01 dated 23 February 2011.

Credit risk stress are assessed on movements in Non Performing Loans (NPL), downward shift of NPL form 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.

Market risk is broken down to three elements – foreign exchange risk, equity price risk, and interest rate risk. Foreign exchange shock is measured by loss arising on bank's open position due to depreciation of local currency by 5% as low risk, 10% as moderate risk, and 15% as high risk.

Equity price shock is measured by loss due to change in value of bank's proprietary investment in listed securities resulted from decline in market price by 10%, 20% and 40% respectively for low, moderate and high level of shocks.

Interest rate shock is measured by the loss due to interest rate changing impact on the mismatch between interest rate sensitive assets and liabilities.

Liquidity shock tests bank's ability to meet withdrawal of deposits in excess of average amount by two to six percent in consecutive five working days. Stress test result shows that EBL will remain liquid under such circumstances.

Summary of stress testing results based on 31/12/2011 as reported to BB is presented below:

Stress Test: Sensitivity Analysis

Quarter: Q4 Year: 2011

Stress Test Results:

Changes in Capital adequacy at different shock levels

Regulatory CAR (%) 10.00

CAR before shock (%) 10.77

Individual Shocks	Minor	CAR after Shock (%)	Moderate	CAR after Shock (%)	Major	CAR after Shock (%)
	Changes in CA		Changes in CA		Changes in CA	
Performing loan directly downgraded to B/L :Sectoral Concentration 1	-0.23	10.54	-0.69	10.08	-1.15	9.62
Performing loan directly downgraded to B/L :Sectoral Concentration 2	-0.11	10.66	-0.33	10.44	-0.54	10.23
Increase in NPLs due to default of Top large loan borrowers	-2.30	8.47	-4.31	6.46	-5.59	5.18
Negative Shift in NPLs categories	-0.12	10.65	-0.64	10.12	-0.69	10.08
Decrease in the FSV of the Collateral	-0.02	10.75	-0.04	10.73	-0.08	10.69
Interest Rate	-0.25	10.52	-0.49	10.27	-0.74	10.03
FEX : Currency Appreciation	-0.02	10.75	-0.41	10.73	-0.05	10.71
Equity Shock	-0.20	10.57	-0.04	10.36	-0.82	9.95

Combined Shock	Minor	Moderate	Major
	Changes in CA	Changes in CA	Changes in CA
Decrease in the FSV of the Collateral	-0.02	-0.04	-0.08
Increase in NPLs	-0.13	-3.63	-6.73
Negative Shift in NPLs categories	-0.12	-0.63	-0.69
Interest Rate	-0.25	-0.64	-0.74
FEX : Currency Appreciation	-0.02	-0.04	-0.05
Equity Shock	-0.20	-0.41	-0.82
Total Change	-1.74	-0.25	-9.11
CAR after shock (%)	-9.03	-0.52	-1.66

Credit Shock Under Basel II (Balance Sheet Exposure)	Minor	Moderate	Major
	Changes in CA	Changes in CA	Changes in CA
Total increase in RWA after shock	612.49	652.24	692.00
Total increase in Capital requirement after shock	61.25	65.22	69.20
Total RWA after shock	13647.60	13687.35	13727.11
Capital Adequacy Ratio after shock (%)	10.29	10.26	10.23
Change in CAR (%)	-0.48	-0.51	-0.54

Credit Shock Under Basel II (Off Balance Sheet Exposure)	Minor	Moderate	Major
	Changes in CA	Changes in CA	Changes in CA
Total increase in RWA after shock	54.75	79.98	99.88
Total increase in Capital requirement after shock	5.48	8.00	9.99
Total RWA after shock	13089.86	13115.09	13134.99
Capital Adequacy Ratio after shock (%)	10.72	10.70	10.69
Total Changes in CAR	-0.05	-0.07	-0.08

Liquidity Stress: 5 working days		Minor	Moderate	Major
Day:1	Liquid? (1=yes, 0=no)	1	1	1
Day:2	Liquid? (1=yes, 0=no)	1	1	1
Day:3	Liquid? (1=yes, 0=no)	1	1	1
Day:4	Liquid? (1=yes, 0=no)	1	1	1
Day:5	Liquid? (1=yes, 0=no)	1	1	1

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

The Risk Based Capital Adequacy framework applies to **Eastern Bank Limited (EBL)** on 'Consolidated Basis' as there were two operational subsidiaries of the Bank as on the reporting date i.e. 31 December 2011. However, 'Solo Basis' information has been presented beside those of 'Consolidated Basis' to facilitate comparison. EBL acquired 60% shares of a brokerage house namely 'EBL Securities Ltd.' in 2010 and established an investment company namely 'EBL Investments Ltd.', a fully owned subsidiary of EBL (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 2011 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. 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 2011 of EBL and its Subsidiaries along with separate audited financial statements 2011 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 2011, EBL had a credit line to 'EBL Securities Ltd.' of BDT 850 million and a Guarantee of BDT 250 million (against clearing settlements with DSE).

Capital Structure

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. As on year end 2011, there was no tier III component of capital at EBL.

The Bank complied with all the required conditions except condition 1.4 (e) 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:** There was no unrealized gain from quoted equities as on the reporting date.

- 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 11,013.02 million and so the tier i capital after meeting credit risk was BDT 138.20 million (BDT 11,151.22 million minus BDT 11,013.02 million). Capital required for meeting 28.5% of market risks was BDT 273.31 million (BDT 958.99 X 28.5%) million as on the reporting date. So, this condition is not 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 2011), the Bank had a consolidated capital of BDT 14,222.67 million comprising tier i capital of BDT 11,151.22 million and tier ii capital of BDT 3,071.44 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, 2011:

		BDT Million	
1.0 Tier - 1 (Core Capital)	Consolidated	Solo (Bank)	
1.1 Fully Paid-up Capital	4,527.26	4,527.26	
1.2 Statutory Reserve	3,551.35	3,551.35	
1.3 Non- repayable Share premium account	-	-	
1.4 General Reserve	927.56	927.56	
1.5 Retained Earnings	1,638.34	1,603.87	
1.6 Minority interest in Subsidiaries	150.68	-	
1.7 Non- Cumulative irredeemable Preference shares	-	-	
1.8 Dividend Equalization Account	356.04	356.04	
1.9 Other (if any item approved by Bangladesh Bank)	-	-	
1.10 Sub-Total: (1.1 to 1.9)	11,151.22	10,966.07	
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)	11,162.71	10,977.56	
2. Tier -2 (Supplementary Capital): Maximum 100% of Tier I Capital			
2.1 General Provision (Unclassified loans + SMA+ off balance sheet exposure)	1,540.95	1,540.95	
2.2 Assets Revaluation Reserves up to 50%	1,325.97	1,325.97	
2.3 Revaluation Reserve for Securities up to 50%	204.52	204.52	
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)	3,071.44	3,071.44	
2.9 Deductions if any	-	-	
2.10 Total Eligible Tier -2 Capital (2.8-2.9)	3,071.44	3,071.44	
3. Tier -3 (Additional Supplementary Capital)			
3.1 Short term subordinated debt	-	-	
4.0 Total supplementary capital(2.10 + 3.1)	3,017.44	3,017.44	
5.0 Total eligible capital (1.19 + 4.0)	14,222.67	14,037.51	

Capital Adequacy

EBL focuses on strengthening and enhancing its risk management culture and internal control processes 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 and statutory reserve transfer etc.) and occasional issue of right shares 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 2011, the CAR ranges from 10.44% to 10.93% against minimum requirement of 9% of RWA (January to June 2011) and 10% of RWA (July to December 2011).

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 decrease 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. As on the reporting date, number of corporate (including SME-Mid) customers having valid entity rating with funded exposure were 58 compared to no 23 as on December 31, 2010.

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. 10% of Risk Weighted Assets (RWA). As on the reporting date i.e. December 31, 2011, EBL maintained a Capital Adequacy Ratio (CAR) of 10.93% on 'Consolidated Basis' and 10.77% on 'Solo Basis' against required minimum of 10%. We had an excess capital of BDT 1,213.76 million (Consolidated) after meeting all three risks as on the reporting date as shown in the following table:

BDT Million		
Capital Adequacy	Consolidated	Solo (Bank)
A. Amount of Regulatory Capital to meet unforeseen loss:		
Amount to meet Credit Risk	11,013.02	11,052.11
Amount to meet Market Risk	958.99	958.92
Amount to meet Operations Risk	1,036.89	1,024.09
Capital maintained to meet credit, market and operations risks	13,008.90	13,035.11
B. Some additional capital over MCR maintained by the banks	1,213.76	1,002.40
Total Capital maintained	14,222.67	14,037.51

Following table summarizes the capital adequacy status of EBL (Consolidated & Solo bases) as on the reporting date i.e. December 31, 2011:

BDT Million		
Particulars	Consolidated	Solo (Bank)
A. Eligible Capital		
1. Tier -1 Capital	11,151.22	10,966.07
2. Tier -2 Capital	3,071.44	3,071.44
3. Tier -3 Capital	-	-
4. Total Eligible Capital (1+2+3)	14,222.67	14,037.51
B. Total Risk Weighted Assets (RWA)	130,089.04	130,351.14
C. Capital Adequacy Ratio (CAR) (A4/B)*100	10.93%	10.77%
D. Core Capital to RWA (A1/B)*100	8.57%	8.41%
E. Supplementary Capital to RWA (A2/ B)*100	2.36%	2.36%
F. Minimum Capital Requirement (MCR): 10% of RWA	13,008.90	13,035.11

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 indicate 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 to our Special Asset Management Division (SAMD) – the dedicated loan recovery unit of the Bank.

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 with our credit policy and procedures.

Credit approval: Board of Directors of EBL has the sole authority to approve any credit exposure and to sub delegate to such authority to the Managing Director & 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 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, settlement and recovery 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%

Maintaining General Provision for Unclassified Loans except Special Mention Accounts:

- 1% for all loans except Consumer Financing and loans to BH/MBs/SDs.
- 5% for Consumer Financing except Housing Financing & Loans for Professional
- 2% for Housing Finance & Loans to Professionals under consumer finance
- 2% for loans to BH/MBs/SDs

Provision for contingent items (non funded facilities) is 1.00%

For classified portfolio both interest suspense and value of eligible securities are netted off.

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.

BDT Million			
SL.	Exposure type	Exposure	Risk weighted asset
a)	Cash	1,095.80	-
b)	Claims on Bangladesh Government (Other than PSEs) and BB (denominated in domestic and foreign currency)	6,004.43	-
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)	857.40	428.70
g)	Claims on Banks and NBFIs (denominated in domestic as well as foreign currency)		
	i) Original maturity over 3 months:		
	Different Risk Weights	790.00	395.00
		600.00	600.00
	ii) Original maturity less than 3 months	5,653.90	1,130.78
h)	Claims on Corporate (excluding equity exposures)		
	Different Risk Weights	6,317.39	1,263.48
		8,895.25	4,447.63
		3,369.73	3,369.73
	Unrated	41,330.03	51,662.54

SL.	Exposure type	Exposure	Risk weighted asset
i)	Claims under Credit Risk Mitigation (Corporate)	19.34	24.18
j)	Claims categorized as retail portfolio & Small Enterprise (excluding consumer finance and staff loans)	3,449.30	2,586.98
k)	Consumer finance	5,351.56	5,351.56
l)	Claims fully secured by residential property (excluding staff loan)	929.09	464.55
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 Where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim Where specific provisions are more than 50 per cent of the outstanding amount of the past due claim 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.	1,236.80 114.04 143.83 17.56 -	1,855.19 114.04 71.91 17.56 -
o)	Capital market exposures	734.20	917.75
p)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book.	940.61	1,175.76
q)	Investments in venture capital	-	-
r)	Investments in premises, plant and equipment and all other fixed assets	4,465.57	4,465.57
s)	Claims on all fixed assets under operating lease	-	-
t)	All other assets: i) Claims on GoB & BB (eg. Coupon Receivable from Govt T Bonds & reimbursable from BB on PSP, SC etc.) ii) Staff loan/investment iii) Cash items in process of collection iv) Claims on Off-shore Banking Unit (OBU) v) Other assets (net of specific provision, if any)	252.93 802.81 - - 1,459.22	- 160.56 - - 1,459.22
	Total	94,830.80	81,962.69

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 RWA under three main risk weight bands:

BDT Million			
Credit Exposure by Risk Weight	Fund based	Non Fund Based	Total
Less than 100% risk weight	10,949.58	4,240.46	15,190.04
100% risk weight	15,377.69	1,843.29	17,220.98
More than 100% risk weight	55,635.42	22,083.81	77,719.23
Total	81,962.69	28,167.56	110,130.25

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 as at year end 2011 in different divisions:

BDT Million				
Division	Corporate	SME	Consumer	Total
Dhaka	41,869.38	6,581.63	7,326.86	55,777.87
Chittagong	19,039.78	2,766.23	2,293.91	24,099.92
Sylhet	-	280.02	149.19	429.21
Rajshahi	184.66	488.66	165.56	838.88
Khulna	-	461.10	166.93	628.03
Total	61,093.82	10,577.64	10,102.46	81,773.91

Credit exposure by major industry or business segment: Major industry wise credit exposure as on 31 December 2011 was as below, and the numbers remained within the appetite of the bank as approved by the Board of Directors.

BDT Million				
Industry/Sector	31-12-2011	%	31-12-2010	%
Commercial and Trading	8,915.13	10.90%	7,745.25	13.22%
Importer of Commodity	2,414.88	2.95%	2,762.98	4.71%
Construction	599.14	0.73%	608.44	1.04%
Edible Oil Refinery Industry	4,093.07	5.01%	2,072.27	3.54%
Electronics Goods	3,510.65	4.29%	1,948.54	3.32%
Individuals	11,862.06	14.51%	7,428.15	12.67%
Pharmaceuticals Industries	3,176.31	3.88%	1,434.23	2.45%
Readymade Garments Industry	9,922.30	12.13%	7,765.29	13.25%
Ship Breaking Industry	5,111.63	6.25%	2,365.71	4.04%
Industries for Steel products	4,485.47	5.49%	3,610.44	6.16%
Telecommunication Sector	6,324.96	7.73%	698.08	1.19%
Textile Mills	7,024.14	8.59%	5,813.81	9.92%
Power Sector	2,914.52	3.56%	2,088.92	3.56%
Others	11,419.66	13.96%	12,264.99	20.93%
Total	81,773.91	100.00%	58,607.09	100.00%

Residual contractual maturity of credit exposure: Residual maturity of credit exposure in our major business (counterparty type) as on 31 December 2011 was as below:

BDT Million						
Business Segments	0-90 Days	3-6 Months	6-12 Months	1-5 Years	More than 5 Years	Total
Consumer	1,139.91	964.03	2,085.40	4,240.05	870.25	9,299.65
Corporate	31,769.94	13,110.28	2,839.39	10,802.12	2,572.09	61,093.82
SME (small)	254.28	276.78	650.11	4,483.09	-	5,664.25
SME (medium)	3,179.16	844.45	376.26	513.52	-	4,913.38
Staff	0.62	2.38	4.18	171.00	624.64	802.81
Total	36,343.91	15,197.92	5,955.33	20,209.77	4,066.98	81,773.91

Special Mention Accounts (SMA) and Classified Loans: As on 31 December 2011:

Business Type	SMA	BDT Million			Total Classified Loans & SMA
		Sub-Standard (SS)	Doubtful (DF)	Bad & Loss (BL)	
Corporate	487.37	248.18	19.72	527.65	1,282.92
SME (small)	151.50	64.59	63.03	189.93	469.05
SME (medium)	48.50	2.29	23.39	73.63	147.81
Consumer	160.40	103.49	66.05	178.65	508.59
Total	847.78	418.55	172.18	969.86	2,408.37

Movement of Classified Loans and Advances
movement of classified loans during the year is presented in the following table:

Particulars	BDT Million	
	2011	2010
Opening Balance as on 01 January	1,168.74	1,171.68
Additions during the year	745.09	619.46
Reductions during the year	353.24	622.39
Closing Balance as on 31 December	1,560.59	1,168.74

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

Particulars	BDT Million	
	2011	2010
Opening balance of provision held	610.68	756.41
New provisions during the year	320.97	132.17
Provisions no longer required (written off loans)	(65.21)	(277.90)
Closing balance of provision held	866.44	610.68

Movement of Written off Loans is presented below:

Particulars	BDT Million	
	2011	2010
Opening balance of written of loans	1,421.27	1,055.16
New write offs	79.56	366.11
Closing balance of written off loans	1,500.83	1,421.27

Equities: Disclosures for Banking Book Positions

Investment of EBL in equity securities is broadly categorized into two parts: securities (Ordinary shares, Mutual Fund) that are traded in the secondary market (trading book assets) and Un-quoted securities (including preference share and subscription for private placement). 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 made and accounted for. Dividends received from these securities are accounted for as and when received.

Quantitative Disclosures

As on the reporting date i.e. 31 December 2011, EBL had a balance of un-quoted equity investment of BDT 940.61 million which includes BDT 90 million invested in private placement shares and BDT 20 million as preferred stock.

Gain from trading securities

During the year 2011 an amount of BDT 606.07 million has been booked as 'Gain from securities traded in the secondary market'. However, an amount of BDT 273.32 million stood as unrealized loss (net off gain) as on the reporting date against which an equal amount of 'Provision for loss on revaluation of shares' has been maintained and shown under other liabilities as on 31 December 2011. Following table presents details of net unrealized loss as on year end 2011:

BDT Million

INVESTMENT PORTFOLIO (QUOTED SHARES)	COST	MV	UNREALIZED GAIN/(LOSS)
AB Bank Limited	185.94	136.04	(49.90)
Active Fine Chemicals	47.98	37.32	(10.66)
Aramit	8.38	4.14	(4.24)
Aramit Cement Limited	7.63	5.84	(1.79)
Bank Asia Limited	20.77	19.91	(0.86)
Bata Shoe Company Limited	64.43	56.86	(7.57)
British American Tobacco Company Limited	138.01	124.20	(13.81)
Beximco Ltd	59.69	33.67	(26.01)
Brac Bank Limited	26.06	25.07	(0.99)
BSRM Steels Ltd	143.45	124.64	(18.81)
The City Bank Ltd	17.01	16.44	(0.57)
Confidence Cement Limited	33.05	20.42	(12.63)
Delta Brac Housing Company Limited	98.99	73.10	(25.89)
DESCO Limited	74.46	75.32	0.86
Dhaka Bank Limited	26.08	28.84	2.76
EXIM Bank Limited	39.72	33.7	(5.94)
Fareast Life Insurance Company Limited	5.53	3.74	(1.79)
First Security Islami Bank Ltd	9.80	7.52	(2.28)
Heidelberg Cement Industries Limited	54.71	39.7	(14.96)
ICB Islamic Bank Limited	16.41	7.09	(9.32)
IDLC Finance Limited	220.28	299.63	79.35
International Leasing and Financial services Limited	101.44	74.88	(26.56)
Jamuna Bank Limited	0.00	0.00	0.00
Jamuna Oil Company Ltd.	7.91	5.75	(2.16)
Khulna Power Company Limited	10.20	6.77	(3.43)
Lanka Bangla Finance Limited	67.51	50.08	(17.43)
Mercantile Bank Ltd	24.23	24.36	0.13
Mobil Jamuna Lubricants	0.01	0.01	(0.00)
Meghna Petroleum Limited	14.42	10.58	(3.84)
Mutual Trust Bank Limited	39.65	36.54	(3.11)
National Tubes	3.80	1.68	(2.12)
Navana CNG	6.28	2.86	(3.43)
Metro Spinning Mills Limited	1.50	1.37	(0.13)
One Bank Ltd	26.46	23.85	(2.61)
Peoples Leasing and Financial Services Limited	10.00	9.21	(0.79)
Power Grid Company	171.27	144.90	(26.37)
Pragati Life Insurance Company Limited	12.35	7.67	(4.68)
Prime Bank Limited	60.37	63.44	3.07
Prime Finance & Investment Limited	5.10	2.46	(2.64)
Progressive Life Insurance Company Limited	2.77	1.86	(0.91)
Pubali Bank Limited	75.34	69.18	(6.16)
RAK Ceramics (BD) Limited	0.01	0.01	0.00
RFL	1.82	1.19	(0.62)

BDT Million

INVESTMENT PORTFOLIO (QUOTED SHARES)	COST	MV	UNREALIZED GAIN/(LOSS)
SA PORT	7.98	2.39	(5.59)
South East Bank Ltd	28.64	29.03	0.39
Square Pharmaceuticals Limited	5.05	4.91	(0.14)
Standard Bank Limited	37.11	34.88	(2.23)
Summit Power Company Limited	177.29	144.99	(32.30)
Trust Bank Limited	23.60	24.35	0.75
Uttara Bank Limited	69.46	63.71	(5.75)
Premier Bank Limited	3.46	3.08	(0.38)
EBL First Mutual Fund	200.00	204.00	4.00
Green Delta 1st Mutual Fund	10.00	6.80	(3.20)
EBL NRB Mutual Fund	250.97	263.54	12.57
Popular 1st Mutual Fund	10.00	6.90	(3.10)
PHP 1st Mutual Fund	30.01	20.40	(9.60)
Southeast Bank 1st Mutual Fund	10.00	8.90	(1.10)
LR Global BD MF-1	20.00	21.20	1.20
Total	2,824.36	2,551.04	(273.32)

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 economic 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 assess 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	-0.67 Crore	-3.11 Crore	-8.08 Crore
For a 100 basis point assumed decrease in interest rates, the impact on NII	+0.67 Crore	+3.11 Crore	+8.08 Crore

Leveraged Liability Duration and Duration Gap:

Date	Asset Duration	Liability Duration	Leveraged Liability Duration	Duration Gap
As on 31-Dec -2010	1.42	0.45	0.38	1.03
As on 31-Dec -2011	0.95	0.45	0.38	0.57

Market Risk

Qualitative Disclosures

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.

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.

The Bank has been active in secondary markets during the year although total investment in capital markets was 3.11% of total assets as on the closing date of 2011. 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

Particulars	BDT Million Amount
Capital required for:	
- Interest Rate related instruments	396.02
- Equities	510.28
- Foreign Exchange position	52.69
- Commodity Risk	-
Total	958.99

Operational Risk

Qualitative Disclosures

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 benefit 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

BDT Million	
Particulars	Amount
Last 3 years average annual Gross Income:	6,912.62
Capital charge (15% of Gross Income)	1,036.89

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):

BDT Million		
31st December	2011	2010
Liquid Assets	77,176.96	52,345.73
Liquid Liabilities	92,510.69	60,496.60
Liquidity Ratio	83.42%	86.53%

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 arises when 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.

PRODUCTS & SERVICES

CONSUMER BANKING

Deposit Products

EBL Savings
EBL Current
EBL Fixed Deposits
EBL Special Notice Deposit (SND)
EBL Salary Account
EBL Just Double
EBL Interesting
EBL Campus Account
EBL Repeat
EBL Confidence
EBL Secure
EBL Easy Savings Account
EBL Extra Value Fixed Deposit
EBL High Performance Savings Account
EBL Junior Account

Loan Products

EBL Jibandhara Loan
EBL Utshab Loan
Fast Cash
Fast Loan
EBL Executive Loan
EBL Auto Loan
EBL Travel Loan
EBL Home Loan
EBL Parséloan
EBL Education Finance Pack
Card Products
EBL Simple Credit Cards
EBL Lifestyle Card
EBL Hajj Card
EBL Travel Card
EBL Debit Card
EBL Smart Remit Card
EBL Payroll Card

NRB Products

“MATRIBHUMI” is a tailor made product & service propositions for the NRBs which includes:

Deposits
Remittances
Secured Loan
Investments

Deposit Products

EBL Global
EBL NFCD
EBL Shonchoy
EBL Paribar
EBL RFCD

Remittance

EBL Smart Remit – Mobile remittance
Smart Remit Card

Loan products

Personal Secured Loan (FAST LOAN)
Personal Secured Credit (FAST CASH)

Investment

Wage Earners Development Bond (WEDB)
US Dollar Investment Bond (USDIB)
US Dollar Premium Bond (USDPB)

Swadesh Biniyog

A gateway to invest in the capital market of Bangladesh

Services

Internet Banking
Student Banking
Hajj Remittance

SME BANKING

Deposit Products

EBL Subidha
EBL Equity Builder

Loan Products

EBL Agrim
EBL Uddog
EBL Asha
EBL Banijyo
EBL Mukti
EBL Invoice Factoring
EBL Uddom
EBL Krishi Rin
EBL Unnoti
EBL Uday

CORPORATE BANKING

Loan Products

A. Funded Facilities:

Working Capital Products:
Import Loan
Demand Loan
Overdraft
Time Loan
Packing Credit
Local Documentary Bill Purchased (LDBP)
Foreign Documentary Bill Purchased (FDBP)
EDF Loan

Long term Products:

Term Loan (Normal/ Amortized/ Capitalized)
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
Usance/ Deferred LC.
Structured LC/OBU
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)

Deposit Products

Some common deposit products like Current Deposit, SND, Fixed Deposit, HPA etc which are offered to consumers are offered to corporate customers too.

Services

Nationwide Collection Services

Nationwide Collection Services (NCS) is formulated to facilitate collecting daily funds through EBL own branch network and corresponding bank network and credit the same to the single collection account maintained with Eastern Bank Limited (EBL) which will facilitate large corporate by providing faster funds availability in a cost-effective manner.

Payment Transfer Services (PTS)

Eastern Bank's Payment Transfer Service (PTS) is formulated to facilitate organizations to transfer funds to their respective Branch Offices through EBL own branches and also through Bangladesh Electronic Fund Transfer Network (BEFTN) across the country which facilitates the corporate clients by providing faster fund transfer solution in a cost-effective manner.

Cash Pick-up & Delivery Service

Cash Pick-up & Delivery Service is designed for cash pick-up from the designated EBL branch and to be delivered in the office premises of the client and the service will be provided through enlisted security company of the Bank.

EBL Cheq Pro

EBL Cheq Pro is very user-friendly software which facilitates the preparation, printing, recording and reconciliation of Eastern Bank Limited cheques and generates different kinds of MIS.

TREASURY PRODUCTS

Money Market

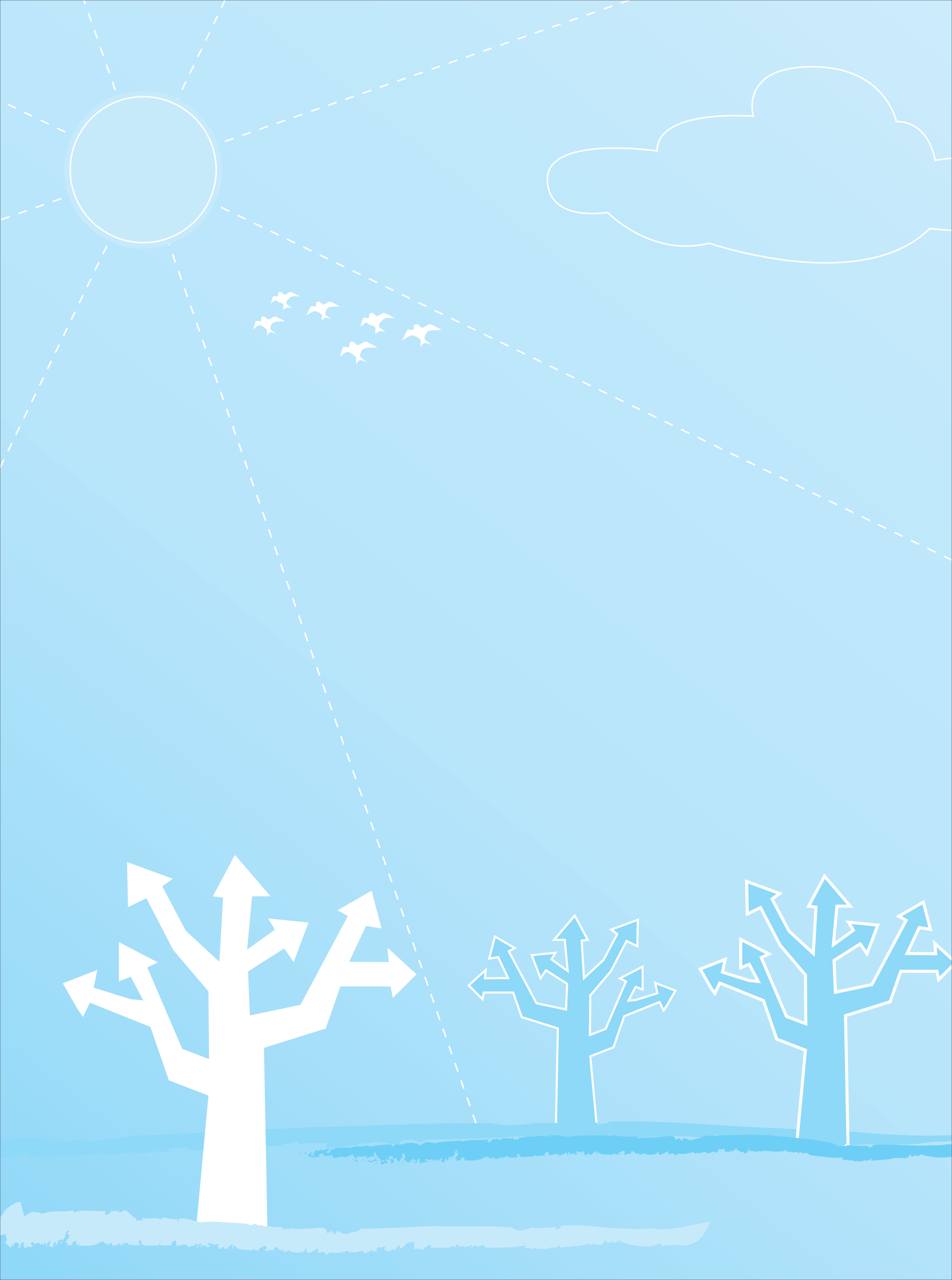
Money Market Lending and Borrowing
Term Money Lending and Borrowing
SWAP
Repo/Reverse Repo

Fixed Income and Investment

Treasury Bill/Bonds to inter-bank
Treasury Bill/Bonds to
NBFI/Corporate/Insurance
Companies/Pension Funds/Provident Funds

Foreign Exchange and Corporate Sales

Spot/ Forward in USD/BDT
Spot/Forward in major cross currencies
Derivative products in major currencies
Derivative products in Commodities
Derivative products based on Interest Rate



Financial Reports 2011

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



Rahman Rahman Huq
Chartered Accountants

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 2011, 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.

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 (BFRSs) as explained in note 2, 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, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2, give a true and fair view of the financial position of the Group and the Bank as at 31 December 2011 and the results of their financial performance and their cash flows for the year ended 31 December 2011 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;

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 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;

vi) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

vii) 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;

viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

ix) the information and explanations required by us have been received and found to be satisfactory;

x) 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

xi) capital adequacy ratio (CAR) as required by law, has been maintained adequately during the year.


Rahman Rahman Huq
 Chartered Accountants

Dhaka, 15 February 2012

Eastern Bank Limited and its subsidiaries **Consolidated Balance Sheet**

as at 31 December 2011

	Note	2011 Taka	2010 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	1,095,803,828	725,180,656
Balances with Bangladesh Bank and its agent bank (including foreign currencies)	3.2	4,926,961,943	2,956,146,840
		<u>6,022,765,771</u>	<u>3,681,327,496</u>
Balances with other banks and financial institutions	4		
In Bangladesh	4.1	3,580,408,080	3,641,444,356
Outside Bangladesh	4.2	101,735,964	1,090,297,877
		<u>3,682,144,044</u>	<u>4,731,742,233</u>
Money at call and short notice	5	2,650,000,000	-
Investments	6		
Government	6.1	12,841,220,762	6,828,141,845
Others	6.2	4,069,307,226	2,999,055,228
		<u>16,910,527,988</u>	<u>9,827,197,073</u>
Loans and advances	7		
Loans, cash credits, overdraft, etc.	7.1	79,428,684,505	54,498,712,055
Bills purchased and discounted	7.2	1,629,238,257	4,108,373,638
		<u>81,057,922,762</u>	<u>58,607,085,693</u>
Fixed assets including land, building, furniture and fixtures	8	4,465,566,721	3,626,121,162
Other assets	9	2,527,515,446	1,809,626,782
Non banking assets	10	247,878,000	247,878,000
TOTAL ASSETS		<u>117,564,320,732</u>	<u>82,530,978,439</u>
LIABILITIES AND CAPITAL			
LIABILITIES			
Borrowing from other banks, financial institutions and agents	11	21,652,484,276	9,257,404,358
Deposits and other accounts	12		
Current deposits and other accounts, etc.	12.1	7,464,670,557	5,519,912,500
Bills payable	12.2	814,170,727	1,079,503,680
Savings bank deposits	12.3	13,159,045,299	12,853,595,213
Fixed deposits	12.4	53,743,327,289	36,630,144,417
Bearer certificates of deposits	12.5	22,250,000	22,250,000
		<u>75,203,463,872</u>	<u>56,105,405,810</u>
Other liabilities	13	6,116,169,992	4,910,723,882
TOTAL LIABILITIES		<u>102,972,118,140</u>	<u>70,273,534,050</u>
SHAREHOLDERS' EQUITY			
Share capital - paid up capital	14	4,527,257,670	2,920,811,400
Statutory reserve	15	3,551,351,414	2,725,521,942
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	(787,204,238)	(989,138,238)
Asset revaluation reserve	19	2,651,941,750	2,651,941,750
Reserve for amortisation of treasury securities (HTM)	20	3,793	-
Reserve for revaluation of treasury securities (HFT)		409,033,635	823,251,969
Reserve for building fund	21	-	-
General reserve	22	160,000,000	160,000,000
Reserve for non banking assets	23	233,527,796	233,527,796
Foreign currency translation gain	24	15,073,031	462,990
Retained earnings	25	1,769,737,547	1,669,294,772
Attributable to equity holders		<u>14,441,522,148</u>	<u>12,106,474,131</u>
Non controlling interest	26	150,680,444	150,970,258
TOTAL SHAREHOLDERS' EQUITY		<u>14,592,202,592</u>	<u>12,257,444,389</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>117,564,320,732</u>	<u>82,530,978,439</u>

Eastern Bank Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2011

	Note	2011 Taka	2010 Taka
OFF BALANCE SHEET ITEMS			
Contingent liabilities	27		
Acceptances and endorsements (net)	27.1	21,179,540,592	10,153,867,598
Letters of guarantees (net)	27.2	6,568,578,342	3,757,852,285
Irrevocable letters of credit (net)	27.3	11,385,326,775	13,197,919,990
Bills for collection		1,204,574,500	813,048,004
Other liabilities (bad and loss)		-	-
		<u>40,338,020,209</u>	<u>27,922,687,877</u>
Other contingent liabilities			
Value of Bangladesh Sanchaya Patra in hand		812,479,100	627,819,100
		<u>812,479,100</u>	<u>627,819,100</u>
Total contingent liabilities		<u>41,150,499,309</u>	<u>28,550,506,977</u>
Other commitments			
Lease rental commitments		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		11,445,066,858	1,866,913,593
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		-	-
		<u>11,445,066,858</u>	<u>1,866,913,593</u>
Claims against the Bank not acknowledged as debt		-	-
		<u>11,445,066,858</u>	<u>1,866,913,593</u>
Total contingent liabilities and commitments		<u>52,595,566,167</u>	<u>30,417,420,570</u>

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director

Dhaka, 15 February 2012

As per our report of same date.

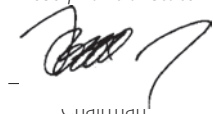


Auditors
Rahman Rahman Huq
Chartered Accountants

Eastern Bank Limited and its subsidiaries **Consolidated Profit and Loss Account** for the year ended 31 December 2011

	Note	2011 Taka	2010 Taka
Interest income	28	9,745,615,263	6,995,727,668
Interest paid on deposits and borrowings	29	(6,374,755,156)	(4,011,262,529)
Net interest income		3,370,860,107	2,984,465,139
Income from investments	30	1,942,643,240	2,050,312,502
Fees, commission, exchange and brokerage	31	2,177,622,805	1,345,443,607
Other operating income	32	416,835,568	221,212,790
Total operating income		7,907,961,720	6,601,434,038
Salary and allowances	33	1,489,916,674	1,161,751,421
Rent, taxes, insurance, utilities etc.	34	260,533,300	193,217,849
Legal and professional expenses	35	44,219,615	34,727,610
Postage, stamp, telecommunication etc.	36	79,034,106	62,849,291
Stationery, printing, advertisement, etc.	37	204,189,562	165,383,422
Managing Director's salary and allowances	38	13,956,361	12,615,162
Directors' fees and expenses	39	2,620,236	1,751,448
Audit fees	40	498,000	761,000
Charges on loan losses		-	-
Repairs, maintenance and depreciation / amortisation	41	314,020,392	236,569,674
Other office operating expenses	42	321,008,783	239,772,747
Total operating expenses		2,729,997,029	2,109,399,625
Net operating income		5,177,964,691	4,492,034,414
Other non operating income	43	-	34,010,733
Profit before provisions		5,177,964,691	4,526,045,147
Provision for loans and advances	44		
Specific provision		320,968,073	132,169,073
General provision (loans and contingent assets)		403,465,121	248,518,078
		724,433,194	380,687,151
Other provision	45	253,784,136	36,484,704
Total provisions		978,217,330	417,171,855
Profit before tax for the year		4,199,747,361	4,108,873,292
Provision for tax made during the year	13.3.1	(1,778,718,444)	(1,597,050,341)
Deferred tax income	46	131,399,784	2,378,746
Net profit after tax for the year		2,552,428,701	2,514,201,697
Appropriation			
Statutory reserve	15	(825,829,472)	(798,482,210)
General reserve		-	-
		(825,829,472)	(798,482,210)
Retained earnings carried forward		1,726,599,229	1,715,719,487
Net profit after tax attributable to:			
Shareholders of the bank		2,532,718,515	2,484,746,373
Non controlling interest		19,710,186	29,455,324
Earnings per share (EPS)	47	5.59	5.49

These financial statements should be read in conjunction with the annexed note


Chairman


Director


Director


Managing Director

Dhaka, 15 February 2012

As per our report of same date.


Auditors
Rahman Rahman Huq
Chartered Accountants

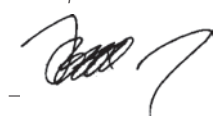
Eastern Bank Limited and its subsidiaries

Consolidated Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 Taka	2010 Taka
Cash flows from operating activities			
Interest received		9,540,118,848	6,924,628,039
Interest paid		(5,407,695,653)	(4,208,259,352)
Dividend received		75,392,860	68,982,734
Fees and commission received		2,177,622,805	1,345,443,607
Income from investments		1,867,250,380	1,943,829,768
Recovery of loans previously written off	32	301,979,925	118,288,117
Cash paid to employees (including directors)		(1,506,493,271)	(1,176,103,031)
Cash paid to suppliers		(587,976,583)	(456,178,173)
Income taxes paid	13.3	(1,389,822,525)	(1,397,232,385)
Received from other operating activities		114,855,643	102,924,674
Paid for other operating activities		(474,326,227)	(365,362,809)
<i>Operating cash flows before changes in operating assets and liabilities</i>		<u>4,710,906,202</u>	<u>2,900,961,189</u>
<i>Increase / (decrease) in operating assets and liabilities</i>			
Changes in trading securities		(6,966,055,461)	(432,312,451)
Loans and advances to other banks		-	-
Loans and advances to customers (other than banks)		(22,245,340,655)	(10,867,998,944)
Other assets	48	(717,888,664)	(978,632,956)
Deposits from other banks	12.a	3,797,373	3,572,912
Deposits from customers (other than banks)		18,127,201,188	7,109,287,499
Recovery from BCCI assets		201,934,000	8,177,786
Foreign currency translation gain		14,610,041	443,193
Other liabilities	49	(50,765,355)	884,396,479
<i>Net cash used in operating activities</i>		<u>(6,921,601,331)</u>	<u>(1,372,105,293)</u>
Cash flows from investing activities			
Changes in non-trading securities		(532,482,494)	(605,358,149)
Net proceeds/(payments) for sale/purchase of securities		-	-
Purchase of fixed assets		(1,003,765,113)	(195,989,047)
Sales proceeds of fixed assets (Annexure A2)		3,616,606	1,185,704
Non controlling interest		-	150,970,258
<i>Net cash used in investing activities</i>		<u>(1,532,631,001)</u>	<u>(649,191,234)</u>
Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		12,395,079,918	422,818,100
Received from issue of loan capital and debt securities		-	-
Dividend paid (cash dividend)		-	(499,284,000)
Received from issue of right share		-	-
<i>Net cash flows from / (used in) financing activities</i>		<u>12,395,079,918</u>	<u>(76,465,900)</u>
Net (decrease) / increase in cash and cash equivalents		<u>3,940,847,586</u>	<u>(2,097,762,427)</u>
Opening cash and cash equivalents		<u>8,416,170,629</u>	<u>10,513,933,056</u>
Closing cash and cash equivalents *		<u>12,357,018,215</u>	<u>8,416,170,629</u>
*Closing cash and cash equivalents			
Cash in hand (including foreign currencies)	3.1	1,095,803,828	725,180,656
Balances with Bangladesh Bank and its agent bank	3.2	4,926,961,943	2,956,146,840
Balances with other banks and financial institutions	4	3,682,144,044	4,731,742,233
Money at call and short notice	5	2,650,000,000	-
Prize bonds	6.1	2,108,400	3,100,900
		<u>12,357,018,215</u>	<u>8,416,170,629</u>

These financial statements should be read in conjunction with the annexed notes






Managing Director

Dhaka, 15 February 2012

Eastern Bank Limited and its subsidiaries

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011


Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Reserve against pre-take over loss	Pre-take over loss	Asset revaluation reserve	Reserve for amortisation of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve for non banking assets	Foreign currency translation gain	Retained earnings	Non controlling interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2011	2,920,811,400	2,725,521,942	356,040,000	1,554,759,750	(989,138,238)	2,651,941,750	-	823,251,968	160,000,000	233,527,796	462,990	1,669,294,774	150,970,258	12,257,444,390
Net profit for the year after tax	-	-	-	-	-	-	-	-	-	-	-	2,532,718,515	-	2,532,718,515
Transfer to statutory reserve	-	825,829,472	-	-	-	-	-	-	-	-	-	(825,829,472)	-	-
Bonus share issued	1,606,446,270	-	-	-	-	-	-	-	-	-	-	(1,606,446,270)	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	(20,000,000)	(20,000,000)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	-	(414,218,333)	-	-	-	-	-	(414,218,333)
Adjustment of HTM securities	-	-	-	-	-	-	3,793	-	-	-	-	-	-	3,793
Recovery of pre-take over loss	-	-	-	-	201,934,000	-	-	-	-	-	-	-	-	201,934,000
Currency translation difference	-	-	-	-	-	-	-	-	-	-	14,610,041	-	-	14,610,041
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	19,710,186	19,710,186
Balance as at 31 December 2011	4,527,257,670	3,551,351,414	356,040,000	1,554,759,750	(787,204,238)	2,651,941,750	3,793	409,033,635	160,000,000	233,527,796	15,073,031	1,769,737,547	150,680,444	14,592,202,592

for the year ended 31 December 2010

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Reserve against pre-take over loss	Pre-take over loss	Asset revaluation reserve	Reserve for amortisation of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve for non banking assets	Foreign currency translation gain	General reserve and reserve for building fund	Retained earnings	Non controlling interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2010	2,496,420,000	1,927,039,732	356,040,000	1,554,759,750	(997,316,025)	913,678,854	22,956,196	817,840,106	-	233,527,796	-	160,000,000	944,206,009	-	8,429,152,418
Net profit for the year after tax	-	-	-	-	-	-	-	-	-	-	-	-	2,484,746,373	-	2,484,746,373
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)
Dividend from subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(37,500,000)	-	(37,500,000)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	-	5,411,863	-	-	-	-	-	-	5,411,863
Adjustment of HTM securities	-	-	-	-	-	-	(22,956,196)	-	-	-	-	-	-	-	(22,956,196)
Recovery of pre-take over loss	-	-	-	-	8,177,787	-	-	-	-	-	462,990	-	-	-	8,177,787
Currency translation difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	462,990
Fixed asset revaluation (Land)	-	-	-	-	-	1,738,262,896	-	-	-	-	-	-	-	-	1,738,262,896
Transfer to general reserve	-	-	-	-	-	-	-	-	160,000,000	-	-	(160,000,000)	-	-	-
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	150,970,258	150,970,258
Balance as at 31 December 2010	2,920,811,400	2,725,521,942	356,040,000	1,554,759,750	(989,138,238)	2,651,941,750	-	823,251,969	160,000,000	233,527,796	462,990	-	1,669,294,772	150,970,258	12,257,444,389


 Managing Director


 Director


 Director


 Managing Director

Eastern Bank Limited and its subsidiaries

Consolidated Liquidity Statement

(Asset and Liability Maturity Analysis)
As at 31 December 2011

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 its agent banks)	6,022,765,771	-	-	-	-	6,022,765,771
Balances with other banks and financial institutions	1,443,861,108	850,000,000	1,388,282,936	-	-	3,682,144,044
Money at call and short notice	2,650,000,000	-	-	-	-	2,650,000,000
Investments	2,108,400	48,000,000	4,500,074,460	3,196,084,439	9,164,260,689	16,910,527,988
Loans and advances	27,975,705,485	14,803,894,300	15,574,907,404	18,672,758,347	4,030,657,226	81,057,922,762
Fixed assets including land, building, furniture and fixtures	9,244,330	18,488,659	83,198,966	490,126,942	3,864,507,824	4,465,566,721
Other assets	494,950,892	503,817,947	429,419,710	233,770,943	865,555,954	2,527,515,446
Non banking assets	-	-	-	-	247,878,000	247,878,000
Total assets	38,598,635,985	16,224,200,906	21,975,883,476	22,592,740,671	18,172,859,693	117,564,320,732
Liabilities						
Borrowing from other banks, financial institutions and agents	14,234,642,557	3,773,379,713	1,652,827,846	1,219,282,198	772,351,962	21,652,484,276
Deposits and other accounts	15,077,031,341	39,593,884,987	14,126,867,512	3,427,870,377	2,977,809,655	75,203,463,872
Provisions and other liabilities	646,830,475	987,232,436	2,216,446,859	2,265,660,222	-	6,116,169,992
Total liabilities	29,958,504,373	44,354,497,136	17,996,142,217	6,912,812,797	3,750,161,617	102,972,118,140
Net liquidity gap	8,640,131,612	(28,130,296,230)	3,979,741,258	15,679,927,874	14,422,698,076	14,592,202,592
Cumulative net liquidity gap	8,640,131,612	(19,490,164,618)	(15,510,423,359)	169,504,515	14,592,202,592	-

Eastern Bank Limited

Balance Sheet

as at 31 December 2011

	Note	2011 Taka	2010 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	1,095,795,193	725,168,966
Balances with Bangladesh Bank and its agent bank (including foreign currencies)	3.2	4,926,961,943	2,956,146,840
		<u>6,022,757,136</u>	<u>3,681,315,806</u>
Balances with other banks and financial institutions	4		
In Bangladesh	4.1	3,429,581,406	3,507,711,860
Outside Bangladesh	4.2	101,735,964	1,090,297,877
		<u>3,531,317,370</u>	<u>4,598,009,737</u>
Money at call and short notice	5	2,650,000,000	-
Investments	6		
Government	6.1	12,841,220,762	6,828,141,845
Others	6.2	4,068,970,503	2,999,055,228
		<u>16,910,191,265</u>	<u>9,827,197,073</u>
Loans and advances	7		
Loans, cash credits, overdraft etc.	7.1	80,144,671,921	54,498,712,055
Bills purchased and discounted	7.2	1,629,238,257	4,108,373,638
		<u>81,773,910,178</u>	<u>58,607,085,693</u>
Fixed assets including land, building, furniture and fixtures	8	4,453,286,336	3,614,398,915
Other assets	9	1,991,379,197	1,522,035,036
Non banking assets	10	247,878,000	247,878,000
TOTAL ASSETS		<u>117,580,719,482</u>	<u>82,097,920,260</u>
LIABILITIES AND CAPITAL			
LIABILITIES			
Borrowing from other banks, financial institutions and agents	11	21,652,484,276	9,257,404,358
Deposits and other accounts	12		
Current deposits and other accounts, etc.	12.1	7,464,670,557	5,522,402,626
Bills payable	12.2	814,170,727	1,079,503,680
Savings bank deposits	12.3	13,159,045,299	12,853,595,213
Fixed deposits	12.4	54,075,610,120	36,947,476,998
Bearer certificates of deposits	12.5	22,250,000	22,250,000
		<u>75,535,746,703</u>	<u>56,425,228,517</u>
Other liabilities	13	5,985,437,034	4,331,269,831
TOTAL LIABILITIES		<u>103,173,668,013</u>	<u>70,013,902,706</u>
SHAREHOLDERS' EQUITY			
Share capital - paid up capital	14	4,527,257,670	2,920,811,400
Statutory reserve	15	3,551,351,414	2,725,521,942
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	(787,204,238)	(989,138,238)
Asset revaluation reserve	19	2,651,941,750	2,651,941,750
Reserve for amortisation of treasury securities (HTM)	20	3,793	-
Reserve for revaluation of treasury securities (HFT)		409,033,635	823,251,968
Reserve for building fund	21	-	-
General reserve	22	160,000,000	160,000,000
Reserve for non banking assets	23	233,527,796	233,527,796
Foreign currency translation gain	24	15,073,031	462,990
Retained earnings	25	1,735,266,868	1,646,838,196
TOTAL SHAREHOLDERS' EQUITY		<u>14,407,051,469</u>	<u>12,084,017,554</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>117,580,719,482</u>	<u>82,097,920,260</u>

Eastern Bank Limited

Balance Sheet

as at 31 December 2011

	Note	2011 Taka	2010 Taka
OFF BALANCE SHEET ITEMS			
Contingent liabilities	27		
Acceptances and endorsements (net)	27.1	21,179,540,592	10,153,867,598
Letters of guarantees (net)	27.2	6,568,578,342	3,757,852,285
Irrevocable letters of credit (net)	27.3	11,385,326,775	13,197,919,990
Bills for collection		1,204,574,500	813,048,004
Other liabilities (bad and loss)		-	-
		<u>40,338,020,209</u>	<u>27,922,687,877</u>
Other contingent liabilities			
Value of Bangladesh Sanchaya Patra in hand		812,479,100	627,819,100
		<u>812,479,100</u>	<u>627,819,100</u>
Total contingent liabilities		<u>41,150,499,309</u>	<u>28,550,506,977</u>
Other commitments			
Lease rental commitments		-	-
Documentary credits and short term trade - related transactions		-	-
Forward assets purchased and forward deposits placed		11,445,066,858	1,866,913,593
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		-	-
		<u>11,445,066,858</u>	<u>1,866,913,593</u>
Claims against the bank not acknowledged as debt		-	-
		<u>11,445,066,858</u>	<u>1,866,913,593</u>
Total contingent liabilities and commitments		<u>52,595,566,167</u>	<u>30,417,420,570</u>

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director

Dhaka, 15 February 2012

As per our report of same date.



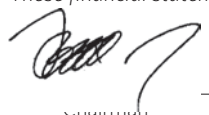
Auditors

Rahman Rahman Huq
Chartered Accountants

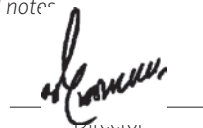
Eastern Bank Limited **Profit and Loss Account** for the year ended 31 December 2011

	Note	2011 Taka	2010 Taka
Interest income	28	9,713,139,461	6,976,456,856
Interest paid on deposits and borrowings	29	(6,398,718,277)	(4,003,003,299)
Net interest income		3,314,421,184	2,973,453,557
Income from investments	30	1,970,089,489	2,050,312,502
Fees, commission, exchange and brokerage	31	2,093,589,181	1,215,741,801
Other operating income	32	414,504,968	221,212,790
Total operating income		7,792,604,822	6,460,720,650
Salary and allowances	33	1,471,530,156	1,152,524,093
Rent, taxes, insurance, utilities etc.	34	253,889,895	187,971,376
Legal and professional expenses	35	44,080,615	34,549,400
Postage, stamp, telecommunication etc.	36	78,559,281	62,293,128
Stationery, printing, advertisement, etc.	37	203,888,076	165,373,422
Managing Director's salary and allowances	38	13,956,361	12,615,162
Directors' fees and expenses	39	2,602,236	1,736,448
Audit fees	40	365,750	345,000
Charges on loan losses		-	-
Repairs, maintenance and depreciation / amortisation	41	309,492,977	235,509,569
Other office operating expenses	42	306,874,783	220,849,136
Total operating expenses		2,685,240,130	2,073,766,734
Net operating income		5,107,364,692	4,386,953,916
Other non operating income	43	-	22,628,988
Profit before provisions		5,107,364,692	4,409,582,903
Provision for loans and advances	44		
Specific provision		320,968,073	132,169,073
General provision (loans and contingent assets)		403,465,121	248,518,078
		724,433,194	380,687,151
Other provision	45	253,784,137	36,484,704
Total provisions		978,217,331	417,171,855
Profit before tax for the year		4,129,147,361	3,992,411,049
Provision for tax made during the year	13.3.1	(1,739,842,732)	(1,570,000,000)
Deferred tax income	46	131,399,784	2,378,746
Net profit after tax for the year		2,520,704,413	2,424,789,795
Appropriation			
Statutory reserve	15	(825,829,472)	(798,482,210)
General reserve		-	-
		(825,829,472)	(798,482,210)
Retained earnings carried forward		1,694,874,941	1,626,307,585
Earnings per share (EPS)	47	5.57	5.36

These financial statements should be read in conjunction with the annexed notes


Chairman



Director


Director


Managing Director

Dhaka, 15 February 2012

As per our report of same date.


Auditors
Rahman Rahman Huq
Chartered Accountants

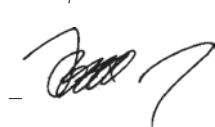
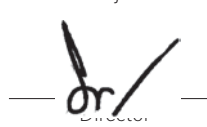
Eastern Bank Limited

Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 Taka	2010 Taka
Cash flows from operating activities			
Interest received		9,507,643,046	6,905,357,227
Interest paid		(5,431,658,774)	(4,200,000,122)
Dividend received		75,392,860	68,982,734
Fees and commission received		2,093,589,181	1,215,741,801
Income from investments		1,894,696,629	1,981,329,768
Recovery of loans previously written off	32	301,979,925	118,288,117
Cash paid to employees (including directors)		(1,488,088,753)	(1,166,875,703)
Cash paid to suppliers		(580,417,867)	(450,187,327)
Income taxes paid	13.3	(1,356,007,428)	(1,395,305,304)
Received from other operating activities		112,525,043	102,924,674
Paid for other operating activities		(458,285,428)	(345,364,094)
Operating cash flows before changes in operating assets and liabilities		4,671,368,434	2,834,891,771
Increase / (decrease) in Operating assets and liabilities			
Changes in trading securities		(6,965,718,738)	(432,312,451)
Loans and advances to other banks		-	-
Loans and advances to customers (other than banks)		(22,961,328,071)	(10,867,998,944)
Other assets	48	(469,344,161)	(173,114,230)
Deposits from other banks	12.a	3,797,373	3,572,912
Deposits from customers (other than banks)		18,139,661,312	7,429,110,208
Recovery from BCCI assets		201,934,000	8,177,786
Foreign currency translation gain		14,610,041	443,193
Other liabilities	49	423,148,602	346,628,187
Net cash used in operating activities		(6,941,871,208)	(850,601,568)
Cash flows from investing activities			
Changes in non-trading securities		(532,482,494)	(605,358,149)
Net proceeds / (payments) for sale / purchase of securities		-	-
Purchase of fixed assets		(1,000,586,359)	(184,266,800)
Sales proceeds of fixed assets (Annexure A2)		3,616,606	1,185,704
Investment in subsidiary - EBL Securities Limited	9.1	-	(216,000,000)
Investment in subsidiary - EBL Investments Limited	9.2	-	(299,999,900)
Net cash used in investing activities		(1,529,452,247)	(1,304,439,145)
Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		12,395,079,918	422,818,100
Received from issue of loan capital and debt securities		-	-
Dividend paid (cash dividend)		-	(499,284,000)
Received from issue of right share		-	-
Net cash flows from / (used in) financing activities		12,395,079,918	(76,465,900)
Net (decrease) / increase in cash		3,923,756,463	(2,231,506,613)
Opening cash and cash equivalents		8,282,426,443	10,513,933,056
Closing cash and cash equivalents *		12,206,182,906	8,282,426,443
*Closing cash and cash equivalents			
Cash in hand (including foreign currencies)	3.1	1,095,795,193	725,168,966
Balances with Bangladesh Bank and its agent bank	3.2	4,926,961,943	2,956,146,840
Balances with other banks and financial institutions	4	3,531,317,370	4,598,009,737
Money at call and short notice	5	2,650,000,000	-
Prize bonds	6.1	2,108,400	3,100,900
		12,206,182,906	8,282,426,443

These financial statements should be read in conjunction with the annexed notes.



Managing Director

Dhaka, 15 February 2012

Eastern Bank Limited

Statement of Changes in Equity

for the year ended 31 December 2011

Particulars	Taka	Statutory reserve	Dividend equalisation reserve	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 (HFT)	General reserve	Reserve against non banking assets	Foreign currency translation gain	Retained earnings	Total
Balance as at 1 January 2011	2,920,811,400	2,725,521,942	356,040,000	1,554,759,750	(989,138,238)	2,651,941,750	-	823,251,968	160,000,000	233,527,796	462,990	1,646,838,196	12,084,017,554
Net profit for the year after tax	-	-	-	-	-	-	-	-	-	-	-	2,520,704,414	2,520,704,414
Transfer to statutory reserve	-	825,829,472	-	-	-	-	-	-	-	-	-	(825,829,472)	-
Bonus share issued	1,606,446,270	-	-	-	-	-	-	-	-	-	-	(1,606,446,270)	-
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	-	(414,218,333)	-	-	-	-	(414,218,333)
Adjustment of HTM securities	-	-	-	-	-	-	3,793	-	-	-	-	-	3,793
Recovery of pre-take over loss	-	-	-	-	201,934,000	-	-	-	-	-	-	-	201,934,000
Currency translation difference	-	-	-	-	-	-	-	-	-	-	14,610,041	-	14,610,041
Balance as at 31 December 2011	4,527,257,670	3,551,351,414	356,040,000	1,554,759,750	(787,204,238)	2,651,941,750	3,793	409,033,635	160,000,000	233,527,796	15,073,031	1,735,266,868	14,407,051,469

For the year ended 31 December 2010

Particulars	Taka	Paid up capital	Statutory reserve	Dividend equalisation reserve	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 (HFT)	General reserve	Reserve against non banking assets	Foreign currency translation gain	General reserve and reserve for building fund	Retained earnings	Total
Balance as at 1 January 2010	2,496,420,000	1,927,039,732	356,040,000	1,554,759,750	(997,316,025)	913,678,854	22,956,196	817,840,106	-	233,527,796	-	160,000,000	-	944,206,011	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 (HFT)	-	-	-	-	-	-	-	5,411,864	-	-	-	-	-	-	5,411,864
Adjustment of HTM securities	-	-	-	-	-	-	(22,956,196)	-	-	-	-	-	-	-	(22,956,196)
Recovery of pre-take over loss	-	-	-	-	-	8,177,787	-	-	-	-	-	-	-	-	8,177,787
Currency translation difference	-	-	-	-	-	-	-	-	-	-	462,990	-	-	-	462,990
Fixed asset revaluation (Land)	-	-	-	-	-	-	1,738,262,896	-	-	-	-	-	-	-	1,738,262,896
Transfer to general reserve	-	-	-	-	-	-	-	-	160,000,000	-	-	(160,000,000)	-	-	-
Balance as at 31 December 2010	2,920,811,400	2,725,521,942	356,040,000	1,554,759,750	(989,138,238)	2,651,941,750	-	823,251,968	160,000,000	233,527,796	462,990	-	-	1,646,838,196	12,084,017,554


Managing Director


Director


Director

Dhaka, 15 February 2012

Eastern Bank Limited
Liquidity Statement
 (Asset and Liability Maturity Analysis)
 As at 31 December 2011

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)	6,022,757,136	-	-	-	-	6,022,757,136
Balances with other banks and financial institutions	1,291,317,370	850,000,000	1,390,000,000	-	-	3,531,317,370
Money at call and short notice	2,650,000,000	-	-	-	-	2,650,000,000
Investments	2,108,400	48,000,000	4,499,737,737	3,196,084,439	9,164,260,689	16,910,191,265
Loans and advances	28,691,692,901	14,803,894,300	15,574,907,404	18,672,758,347	4,030,657,226	81,773,910,178
Fixed assets including land, building, furniture and fixtures	9,244,330	18,488,659	83,198,966	485,388,709	3,856,965,672	4,453,286,336
Other assets	494,950,892	503,817,947	242,839,514	233,770,944	515,999,900	1,991,379,197
Non-banking assets	-	-	-	-	247,878,000	247,878,000
Total assets	39,162,071,029	16,224,200,906	21,790,683,621	22,588,002,439	17,815,761,487	117,580,719,482
Liabilities						
Borrowing from other banks, financial institutions and agents	14,234,642,557	3,773,379,713	1,652,827,846	1,219,282,198	772,351,962	21,652,484,276
Deposits and other accounts	15,077,031,341	39,593,884,987	14,459,150,343	3,427,870,377	2,977,809,655	75,535,746,703
Provisions and other liabilities	646,830,474	967,232,436	2,105,713,902	2,265,660,222	-	5,985,437,034
Total liabilities	29,958,504,372	44,334,497,136	18,217,692,091	6,912,812,797	3,750,161,617	103,173,668,013
Net liquidity gap	9,203,566,657	(28,110,296,229)	3,572,991,529	15,675,189,642	14,065,599,870	14,407,051,469
Cumulative net liquidity gap	9,203,566,657	(18,906,729,573)	(15,333,738,043)	341,451,599	14,407,051,469	-

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2011

1 The Bank and its activities

- 1.1 Incorporated in Bangladesh, Eastern Bank Limited ("the Bank") was formed as a public limited company with primary objective to carry out all kind of banking businesses inside and outside Bangladesh. The Bank 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 operations from 16 August 1992 with 4 branches and at present it has 59 branches all over Bangladesh. Share 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 Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka-1000.

The principal activities of the Bank are to provide a comprehensive range of financial products (loans and deposits) and 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 permission for OBU operations 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 unit commenced its operation from 19 May 2004 and its office is located at Jiban Bima Bhaban, 10 Dilkusha C/A (1st floor), Dhaka.

1.3 Subsidiaries of the Bank

EBL Securities Limited - shareholding at 60%

Eastern Bank Limited acquired 60% shares of LRK Securities Limited, a securities brokerage firm, on 15 October 2009 and renamed afterward as 'EBL Securities Limited' upon receiving approval from Securities and Exchange Commission (SEC).

EBL Investments Limited - fully owned

EBL Investments Limited, another fully owned subsidiary of EBL was incorporated on 30 December 2009 with an initial paid up capital of Taka 300 million upon receiving consent from SEC on 24 December 2009.

2 Basis of preparation and significant accounting policies

Basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group and the financial statements of the Bank as at and for the year ended 31 December 2011 have been prepared under the historical cost convention and in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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, 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. In case the requirement of provisions and Circulars issued by Bangladesh Bank differ with those of other regulatory authorities and accounting standards, the provisions and Circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank has departed from those contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Investments in shares and securities

BFRSs: As per requirements of BAS 39 investments in shares and securities generally 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 Account respectively.

Bangladesh Bank: 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 investments; otherwise investments are recognised at costs.

ii) Revaluation gain/loss on Government securities

BFRSs: As per requirement of BAS 39, T- bills and T - bonds fall under the category of "held for trading" and "held to maturity" where any change in the fair value of held for trading is recognised in Profit and Loss Account, and amortised cost method is applicable for held to maturity using an effective interest rate.

Bangladesh Bank: 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) which are categorised as held for trading will be charged through Profit and Loss Account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However, at the year end if there is any revaluation gain for any particular held for trading T - bills / T - bonds, such gain can be used to the extent of any revaluation loss for that particular held for trading T - bills / T - bonds.

T - bills designated as held to maturity are measured at amortised cost method but interest income / gain should be recognised through reserve.

iii) Provision on loans and advances

BFRSs: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD Circular no. 5 dated 5 June 2006 a general provision at 1% to 5% under different categories of unclassified loans (good / standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loan, doubtful loans and bad losses, should be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD Circular no. 10 dated 18 September 2007, a general provision at 1% should be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Other comprehensive income

BFRSs: As per BAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) Statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which should be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of other Comprehensive Income allowed to include in a Single Comprehensive Income (OCI) 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.

v) Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the accounts.

vi) REPO transactions

BFRSs: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BRPD guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognised in the seller's book and recognised in the buyer's book.

vii) Financial guarantees

BFRSs: As per BAS 39 financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, financial guarantees such as L/C, L/G will be treated as off balance sheet items. No liability is recognised for the guarantee except the cash margin.

viii) Cash and cash equivalents

BFRSs: Cash and cash equivalents items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalents items such as money at call and short notice, T- bills, prize bonds should not be shown as cash and cash equivalents. Money at call and short notice should be shown as face item in balance sheet, and T - bills, Prize bonds should be shown in investments.

ix) Non banking assets

BFRSs: No indication of non banking assets is found in any BFRSs.

Bangladesh Bank: As per BRPD 14, there should exist a face item named non banking assets.

x) Cash flow statement

BFRSs: Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14, cash flow should be a mixture of direct and indirect method.

xi) Balance with Bangladesh Bank: (CRR)

BFRSs: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank should be treated as cash and cash equivalents.

xii) Off balance sheet items

BFRSs: No requirement of disclosure for off balance sheet items as there is no concept of off balance sheet items in any BFRS; hence there is no requirement of disclosure of off balance sheet items.

Bangladesh Bank: As per BRPD 14, off balance sheet items e. g. L/C, L/G should be disclosed separately in the face of balance sheet.

xiii) Disclosure of appropriation of profit

BFRSs: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD 14, an appropriation of profit should be disclosed in the face of Profit and Loss Account.

xiv) Loans and advance net of provision

BFRSs: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD 14, provision on loans and advances should be presented separately as liability and cannot be netted off against loans and advances.

[Also refer to Note 2A (II) Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)]

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marking to market concept with gain credited to revaluation reserve but loss charged to Profit and Loss Account.
- 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.
- Land is recognised at cost at the time of acquisition and subsequently measured at fair value as per BAS-16 "Property, Plant & Equipment."

2.3 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). All financial information presented in Taka has been rounded to the nearest integer, except when otherwise indicated.

2.4 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 BFRSs require 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 results may differ from these estimates.

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

Significant accounting policies

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

Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

2.5 Basis of consolidation

- Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity, so as to obtain economic benefits from its activities.
- The consolidated financial statements incorporate the financial statements of Eastern Bank Limited and the financial statements of subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the bank is eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements.
- Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.6 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into respective functional currencies (Bangladeshi Taka in case of EBL Main Operations and US Dollar in case of OBU) at the standard mid rate of exchange ruling at the date of transactions as per BAS 21 "The Effects of changes in Foreign Exchange Rates". Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currencies at the standard mid rate of exchange prevailing on that date. Foreign exchange differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) of the Bank's monetary items are recorded in the Profit and Loss Account.

Foreign operations

The assets and liabilities of foreign operations are translated to Bangladeshi Taka at exchange rates prevailing at the balance sheet date. The income and expenses of foreign operations are translated at average rate of exchange for the year.

2.7 Reporting period

These financial statements of the Bank and its subsidiaries cover one calendar year from 1 January 2011 to 31 December 2011.

2.8 Cash flow statement

Cash flow statement has been prepared in accordance with Bangladesh Accounting Standard (BAS) 7 "Statement of Cash Flows" 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 at the close of the year as per following bases:

- a) Balance with other banks and financial institutions, money at call and 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 and behavioral 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 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand and ATM, 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.

2.12 Investments

All investments (other than government treasury securities) 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 (categorized as HFT or/and HTM) is made following Bangladesh Bank BRPD Circular no. 05 dated 26 May 2008 and subsequent clarifications.

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 on acquisition. Any increase or decrease in value of such investments is booked to equity.

Held for Trading (HFT)

Investments primarily held for selling or trading are 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 Profit and Loss Account, gain to Revaluation Reserve through Profit and Loss Account.
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 Profit and Loss Account but no unrealised gain booking.
Prize bond	Cost	None	None

* Provision has been made on unrealized loss (gain net off) according to DOS Circular no. 4, dated 24 November 2011.

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) securities, the Bank adjusts the Revaluation Reserve Account for HFT securities and stops the weekly revaluation (if the revaluation date falls within the REPO period) of the same security. For interest bearing security, the Bank does not accrue interest during REPO period.

2.13 Loans, advances and provisions

Loans 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 instructions 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%

2.14 Fixed assets and depreciation

i. Fixed assets except land 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. Land is recognised at cost at the time of acquisition and subsequently measured at revalued amounts which is the fair value at the time of revaluation done by independent valuer and any surplus on revaluation is shown as equity component until the disposal of asset.

ii. Depreciation is charged at the rates stated below 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.

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

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

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

2.15 Intangible assets

Intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with BAS 38: "Intangible Assets".

Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

The software used by EBL represents the value of computer application software licensed for the use of the bank. Software is carried at cost less accumulated amortisation and any impairment losses. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are carried in customising the software for its intended use. Software is amortised using the straight line method over the estimated useful life of 5 (five) years commencing from the month at which the application software is made available for use.

2.16 Non-Banking Assets

Non-banking assets are acquired on account of the failure of a borrower to repay the loan in time after receiving the decree from the court regarding the right and title of the mortgaged property. The bank was awarded absolute ownership on few mortgaged properties (mostly land) through the verdict of honourable court under section 33(7) of the 'Artharin Adalat Act 2003'. The value of the properties has been recognised in the financial statements as non earning assets on the basis of third party valuation report. Value of the assets received in addition to the loan outstanding has been kept as reserve against non-banking assets. Party wise details (including possession date) of the properties are presented in Note 10.

2.17 Borrowings from other banks, financial institutions and agents

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

2.18 Deposits and other accounts

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

2.19 Other liabilities

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

2.20 Asset revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the increased amount is credited directly to equity under the heading of assets revaluation reserve as per BAS 16: Property, Plant and Equipment.

2.21 Dividend payments

Interim dividend is recognised when they are paid to shareholders. Final dividend is recognised when it is approved by the shareholders in AGM. The proposed dividend for the year 2011, therefore, has not been recognised as a liability in the balance sheet in accordance with BAS 10: Events after the Reporting Period. Dividend payable to the Bank's shareholders is recognised as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the payment is established.

2.22 Non controlling interest

Non controlling interest is that portion of the profit or loss and net assets of the subsidiaries (EBL Securities Limited & EBL Investments Limited) attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Parent (Eastern Bank Limited).

2.23 Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Advance tax paid and provision for tax of the bank is presented on net basis as a liability item if the liability is higher than asset and as an asset item if the asset is higher than liability.

2.24 Revenue recognition

2.24.1 Interest income

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

2.24.2 Fees and commission income

Fees and commission income arises on services provided by the Bank and recognised as and when received basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.24.3 Dividend income

Dividend income from investments is recognised at the time when it is declared, ascertained and right to receive the payment is established.

2.24.4 Interest income from investments

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

2.25 Interest paid on borrowings and deposits

Interest paid on borrowings and deposits are calculated on 360 days in a year and recognised on accrual basis.

2.26 Management and other expenses

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

2.27 Taxes

The expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity.

a. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to the payable in respect of previous years. Provision for current income tax has been made on taxable income of the Bank @ 42.5% (10% on capital gains) as prescribed in Income Tax Ordinance 1984.

b. Deferred tax

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

2.28 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". 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 1 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 fund is also made by this Trust. The benefit is paid to the eligible employees i.e. who have completed minimum 7 (seven) years of continuous service at the time of separation from the Bank. As per policy of the Bank, eligible employees are provided with the benefit

equal to one latest basic salary multiplied by number of years completed, and in case of ten or more years complete service 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 monthly on the basis of actuarial valuation made once in three years, or immediately after any major change in the salary structure that could impact provisions. Last actuarial valuation was done based on information of November 2010. As per this valuation, from 1 December 2010 a contribution of 15.68% of basic payroll is contributed to the fund by the Bank 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 equally; employees contribute 10% of basic salary and the Bank contributes an equal amount. 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 Bank's funds. This fund has received 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 contribution of Tk. 30,856,000 to the fund to offset the past service liability. In addition, 1.16% of total admissible benefit is being contributed into the fund until the next actuarial valuation.

2.29 Provision and accrued expenses

In compliance with BAS-37, provisions and accrued expenses are recognised 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.

2.30 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 18 September 2007, the bank is required to maintain provision @ 1% against off-balance sheet exposures.

2.31 Provision for nostro accounts

The Bank maintains provision for nostro accounts in accordance with the guideline of Foreign Exchange Policy Department of Bangladesh Bank, FEPD Circular no. FEPD (FEMO) / 01/2005-677 dated 13 September 2005.

2.32 Earnings per share

The bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.33 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.

2.34 Operating segments

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

- | | |
|---------------------------|---|
| - Investment Banking | Includes the Bank's trading, investment in equities and other capital market activities. |
| - Corporate Banking | Includes loans, deposits and other transactions and balances with corporate customers. |
| - Consumer Banking | Includes loans, deposits and other transactions and balances with retail customers. |
| - Treasury | Undertakes the Bank's funding and maintenance of SLR, Asset-liability management through borrowings and placement, currency swap 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 in freely convertible currencies with eligible Corporate customers. |
| - EBL Securities Limited | Includes to buy, sell and deal in shares, stocks, debentures and other securities on behalf of customers, doing margin lending etc. |
| - EBL Investments Limited | Established to do all kinds of merchant banking activities including issue management, underwriting, portfolio management and other transactions. |

Information regarding the results of each reportable segment is included in Annexure - E. Performance is measured based on segment profit before provision, as included in the internal management reports that are reviewed by the Bank's Management Committee. 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.

2.35 Related party transactions

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per BAS 24.

2.36 Events after the reporting period

All the material events after the reporting period have been considered and appropriate adjustments / disclosures have been made in the financial statements. Board's recommendation for dividend distribution is a common item presented in the Note - 50.

2.37 Approval of financial statements

The financial statements were approved by the board of directors on 15 February 2012.

2A I) Credit rating of the Bank

As per BRPD Circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the financial statements as at and for the year ended 31 December 2010. The following ratings had been awarded :

	Periods	Date of Rating	Long term	Short term
Entity Rating	January to December 2010	9 June 2011	AA	ST-2
Entity Rating	January to December 2009	1 June 2010	AA	ST-2
Entity Rating	January to December 2008	24 May 2009	AA-	ST-2
Entity Rating	January to December 2007	15 June 2008	A+	ST-3
Entity Rating	January to December 2006	27 June 2007	A	ST-3

II) Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs):

Name of BASs / BFRSs	BASs / BFRSs	No.	Status
Presentation of Financial Statements	BAS	1	* Applied
Inventories	BAS	2	N/A
Statement of Cash Flows	BAS	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS	8	Applied
Events after the Reporting Period	BAS	10	Applied
Construction Contracts	BAS	11	N/A
Income Taxes	BAS	12	Applied
Property, Plant and Equipment	BAS	16	Applied
Leases	BAS	17	Applied
Revenue	BAS	18	Applied
Employee Benefits	BAS	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS	20	N/A
The Effects of Changes in Foreign Exchange Rates	BAS	21	Applied
Borrowing Costs	BAS	23	Applied
Related Party Disclosures	BAS	24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS	26	Applied
Consolidated and Separate Financial Statements	BAS	27	Applied
Investments in Associates	BAS	28	N/A
Interests in Joint Ventures	BAS	31	N/A
Financial Instruments: Presentation	BAS	32	* Applied
Earnings per share	BAS	33	Applied
Interim Financial Reporting	BAS	34	Applied
Impairment of Assets	BAS	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS	37	*Applied
Intangible Assets	BAS	38	Applied
Financial Instruments: Recognition and Measurement	BAS	39	* Applied
Investment Property	BAS	40	N/A
Agriculture	BAS	41	N/A

Name of BASs / BFRSs	BASs / BFRSs	No.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS	1	N/A
Share-based Payment	BFRS	2	N/A
Business Combinations	BFRS	3	Applied
Insurance Contracts	BFRS	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS	5	N/A
Exploration for and Evaluation of Mineral Resources	BFRS	6	N/A
Financial Instruments: Disclosures	BFRS	7	* Applied
Operating Segments	BFRS	8	Applied

* Subject to departure described in note 2.1

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 seven core risk areas of banking sector:

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

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

IV) Audit Committee disclosures

Please refer to "Report of the Audit Committee" for details disclosures on Audit Committee presented in other information in the annual report.

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
3 Cash					
Cash in hand (including foreign currencies)	3.1	1,095,803,828	725,180,656	1,095,795,193	725,168,966
Balance with Bangladesh Bank and its agent Bank (including foreign currencies)	3.2	4,926,961,943	2,956,146,840	4,926,961,943	2,956,146,840
		<u>6,022,765,771</u>	<u>3,681,327,496</u>	<u>6,022,757,136</u>	<u>3,681,315,806</u>
3.1 Cash in hand (including foreign currencies)					
Local currency	3.1.1	1,050,771,715	701,623,752	1,050,763,080	701,624,062
Foreign currencies		45,032,113	23,544,904	45,032,113	23,544,904
		<u>1,095,803,828</u>	<u>725,180,656</u>	<u>1,095,795,193</u>	<u>725,168,966</u>
3.1.1 Local Currency					
With Bank		1,050,763,080	701,624,062	1,050,763,080	701,624,062
With Subsidiaries		8,635	11,690	-	-
		<u>1,050,771,715</u>	<u>701,635,752</u>	<u>1,050,763,080</u>	<u>701,624,062</u>
3.2 Balance with Bangladesh Bank and its agent Bank (including foreign Currencies)					
Bangladesh Bank					
Local currency		4,941,407,669	3,135,428,482	4,941,407,669	3,135,428,482
Foreign currencies		(210,630,192)	(309,147,084)	(210,630,192)	(309,147,084)
		<u>4,730,777,477</u>	<u>2,826,281,398</u>	<u>4,730,777,477</u>	<u>2,826,281,398</u>
Sonali Bank (as an agent of Bangladesh Bank)-local currencies		196,184,466	129,865,442	196,184,466	129,865,442
		<u>4,926,961,943</u>	<u>2,956,146,840</u>	<u>4,926,961,943</u>	<u>2,956,146,840</u>

3.a Cash Reserve Ratio (CRR): 6.0% of average demand and time liabilities

As per MPD Circular no. 4 dated 1 December 2010 of Bangladesh Bank (effective from 15 December 2010), all scheduled banks have 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 2011 will be based on weekly average balance of October 2011) and minimum 6.0% on bi-weekly basis. Here, EBL has been maintaining it bi-weekly basis.

Average time and demand liabilities of
October 2011 (excluding inter-bank deposit)

74,902,881,020 55,647,516,750

Required reserve (6.0% / 5.5% of average time and demand liabilities respectively)

4,494,172,861 3,060,613,421

Actual reserve held with Bangladesh Bank including TT in transit (in local currency)*

4,503,915,389 3,251,385,000

Surplus/(shortage)

9,742,528 **190,771,579**

*As per Bangladesh Bank statement

3.b Statutory Liquidify Ration (SLR): 19% of average demand and time liabilities

As per MPD Circular no. 5 dated 1 December 2010 (effective from 15 December 2010) all scheduled banks have 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 2011 will be based on weekly average balance of October 2011). Here, EBL has maintained the SLR of minimum 19% as per MPD Circular no. 5 dated 1 December 2010.

Average time and demand liabilities of
October 2011 (excluding inter-bank deposit)

74,902,881,020 55,647,516,750

Required reserve (19% of average time and demand liabilities)

14,231,547,394 10,573,028,182

Actual reserve held (note 3.c)

18,707,007,416 11,092,083,352

Surplus / (shortage)

4,475,460,022 **519,055,170**

3.c Actual reserve held

Cash held	1,095,795,193	725,168,966
Balance with Bangladesh Bank (local currencies)*	4,503,915,389	3,251,385,000
Balance with Bangladesh Bank (foreign currencies)*	-	160,623,000
Balance with Sonali Bank	196,184,466	129,865,441
TT in transit	18,000,000	-
Unencumbered approved securities (HFT)	10,065,258,400	6,825,040,945
Unencumbered approved securities (HTM)	2,773,853,968	-
Unencumbered approved securities (other eligible)	54,000,000	-
	<u>18,707,007,416</u>	<u>11,092,083,352</u>

* As per Bangladesh Bank statement

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
4 Balances with other banks and financial institutions					
Balance in Bangladesh	4.1	3,580,408,080	3,641,444,356	3,429,581,406	3,507,711,860
Balance outside Bangladesh	4.2	101,735,964	1,090,297,877	101,735,964	1,090,297,877
		<u>3,682,144,044</u>	<u>4,731,742,233</u>	<u>3,531,317,370</u>	<u>4,598,009,737</u>
4.1 Balance in Bangladesh					
In Current Deposit Accounts with					
Agrani Bank Limited		50,539,580	10,301,104	50,539,580	10,301,104
Janata Bank Limited		1,638,061	16,949,368	1,638,061	16,949,368
Bangladesh Krishi Bank		5,594,629	8,307,393	5,594,629	8,307,393
The Trust Bank Limited		9,549,537	17,249,296	9,549,537	17,249,296
Dutch Bangla Bank Limited		9,622,293	-	9,622,293	-
BRAC Bank Limited (ELDORADO operations account)		10,761,409	6,811,275	10,761,409	6,811,275
Sonali Bank Limited		54,777,659	35,667,152	54,777,659	35,667,152
The City Bank Limited		7,077,178	7,030,331	7,077,178	7,030,331
National Bank Limited		522,016	19,425,153	522,016	19,425,153
NCC Bank Limited		175,380	3,427,056	175,380	3,427,056
Rupali Bank Limited		36,642,519	38,744,494	36,642,519	38,744,494
Islami Bank Bangladesh Limited		70,644	70,644	70,644	70,644
AB Bank Limited		4,054,182	6,362,323	4,054,182	6,362,323
Pubali Bank Limited		463,618	5,131,589	463,618	5,131,589
United Commercial Bank Limited		568,607	7,859,470	568,607	7,859,470
		<u>192,057,312</u>	<u>183,336,648</u>	<u>192,057,312</u>	<u>183,336,648</u>
In Special Notice Deposit Accounts with					
Sonali Bank Limited		139,367,883	75,246,227	139,367,883	75,246,227
Janata Bank Limited		5,343	5,260	5,343	5,260
Agrani Bank Limited		388,557	382,684	388,557	382,684
Bank Asia Limited		67,816	67,136	67,816	67,136
BASIC Bank Limited		48,441	47,592	48,441	47,592
Bangladesh Krishi Bank		1,103,677	1,085,210	1,103,677	1,085,210
Dhaka Bank Limited		85,955	85,068	85,955	85,068
The City Bank Limited		462,743	461,003	462,743	461,003
ICB Islamic Bank Limited		286,675	287,775	286,675	287,775
NCC Bank Limited		841,132	825,995	841,132	825,995
National Bank Limited		444,116	441,093	444,116	441,093
Standard Chartered Bank		4,398,822	5,417,045	4,398,822	5,417,045
Prime Bank Limited		5,068	4,934	5,068	4,934
EXIM Bank Limited		17,866	18,190	17,866	18,190
		<u>147,524,094</u>	<u>84,375,212</u>	<u>147,524,094</u>	<u>84,375,212</u>
In Fixed Deposit Accounts with banks and NBFIs					
AB Bank Limited		-	150,000,000	-	150,000,000
Bangladesh Industrial Finance Company Limited		340,000,000	140,000,000	340,000,000	140,000,000
Far East Finance and Investment Limited		100,000,000	20,000,000	100,000,000	20,000,000
First Lease and Investment Limited		50,000,000	-	50,000,000	-
GSP Finance Limited		100,000,000	80,000,000	100,000,000	80,000,000
Industrial and Infrastructural Development Finance Company Limited		-	100,000,000	-	100,000,000
International Leasing and Financial Services Limited		100,000,000	200,000,000	100,000,000	200,000,000
Jamuna Bank Limited		-	250,000,000	-	250,000,000
LankaBangla Finance Limited		350,000,000	110,000,000	350,000,000	110,000,000
LankaBangla Finance Securities Limited		-	50,000,000	-	50,000,000
MIDAS Financing Limited		-	40,000,000	-	40,000,000
National Bank of Pakistan		-	150,000,000	-	150,000,000
National Housing and Finance Limited		-	70,000,000	-	70,000,000
One Bank Limited		-	450,000,000	-	450,000,000
Peoples Leasing and Financial Services Limited		550,000,000	400,000,000	550,000,000	400,000,000
Phoenix Finance and Investment Limited		-	200,000,000	-	200,000,000
Premier Leasing International Limited		-	150,000,000	-	150,000,000
Prime Finance Limited		400,000,000	150,000,000	400,000,000	150,000,000
Reliance Finance Limited		100,000,000	60,000,000	100,000,000	60,000,000
Union Capital Limited		-	170,000,000	-	170,000,000
Uttara Finance Limited		400,000,000	300,000,000	400,000,000	300,000,000
Investment Company Limited		600,000,000	-	600,000,000	-
		<u>3,090,000,000</u>	<u>3,240,000,000</u>	<u>3,090,000,000</u>	<u>3,240,000,000</u>
Bank balances of subsidiaries	4.1.1	150,826,674	133,732,496	-	-
		<u>3,580,408,080</u>	<u>3,641,444,356</u>	<u>3,429,581,406</u>	<u>3,507,711,860</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
4.1.1 Bank balances of subsidiaries					
Balance of subsidiaries with other bank					
Al-Arafa Islami Bank Limited		150,826,674	133,732,496		
		<u>150,826,674</u>	<u>133,732,496</u>		
4.1.1.a Balance of subsidiaries with EBL					
EBL Securities Limited		1,717,065	2,490,126		
EBL Investments Limited		330,565,766	317,332,581		
		<u>332,282,831</u>	<u>319,822,707</u>		
4.2 Balance outside Bangladesh					
In Deposit account (non-interest bearing) with					
The Bank of Tokyo Mitsubishi, Tokyo		1,361,273	118,566	1,361,273	118,566
The Bank of Tokyo Mitsubishi, Kolkata		550,310	3,537,485	550,310	3,537,485
The Bank of Tokyo Mitsubishi, London		6,891,391	4,254,919	6,891,391	4,254,919
Standard Chartered Bank, Kolkata		12,403,466	22,953,058	12,403,466	22,953,058
Standard Chartered Bank, Colombo		1,975,325	2,391,401	1,975,325	2,391,401
Standard Chartered Bank, London		-	2,151,866	-	2,151,866
Standard Chartered Bank Singapore		1,309,160	410,414	1,309,160	410,414
Standard Chartered Bank, New York		-	283,560,920	-	283,560,920
Standard Chartered Bank, Frankfurt		1,537,065	-	1,537,065	-
Citibank NA, Mumbai		1,816,759	1,730,150	1,816,759	1,730,150
Nepal Bangladesh Bank Limited, Kathmandu		1,061,025	1,049,945	1,061,025	1,049,945
AB Bank Limited, Mumbai		12,316,132	2,022,041	12,316,132	2,022,041
Bank of Bhutan, Bhutan		659,527	2,652,906	659,527	2,652,906
Mashreqbank, New York		11,193,909	-	11,193,909	-
The Bank of Nova Scotia, Toronto		26,254	319,277	26,254	319,277
JP Morgan Chase Bank NA, Sydney		1,932,291	676,545	1,932,291	676,545
JP Morgan Chase Bank NA, London		9,387,336	11,401,158	9,387,336	11,401,158
JP Morgan Chase Bank, Frankfurt		-	1,882,177	-	1,882,177
Zuercher Kantonal Bank, Zurich		681,677	1,552,874	681,677	1,552,874
National Commercial Bank, Jeddah		233,836	1,895,005	233,836	1,895,005
ICICI Bank Limited, Mumbai		13,925,118	1,739,508	13,925,118	1,739,508
HSBC, New York		10,033,575	2,909,111	10,033,575	2,909,111
Commerz Bank AG, Frankfurt		6,405,547	14,835,581	6,405,547	14,835,581
Al-Rajhi Bank, Riyadh		435,652	1,769,857	435,652	1,769,857
NIB Bank Limited, Karachi		5,599,336	3,387,346	5,599,336	3,387,346
Standard Chartered Bank, New York-OBU		-	721,095,768	-	721,095,768
		<u>101,735,964</u>	<u>1,090,297,877</u>	<u>101,735,964</u>	<u>1,090,297,877</u>
For details of foreign currency amounts and rates thereof please see "Annexure-B"					
4.a Balance with other banks and financial institutions (according to remaining maturity grouping)					
Receivable					
On demand		192,057,312	183,341,582	192,057,312	183,341,582
In not more than one month		1,251,803,797	2,118,400,651	1,099,260,058	1,984,668,155
In more than one months but not more than three months		850,000,000	840,000,000	850,000,000	840,000,000
In more than three months but not more than one year		1,388,282,935	1,590,000,000	1,390,000,000	1,590,000,000
In more than one year but not more than five years		-	-	-	-
In more than five years		-	-	-	-
		<u>3,682,144,044</u>	<u>4,731,742,233</u>	<u>3,531,317,370</u>	<u>4,598,009,737</u>
5 Money at call and short notice					
With Banking Companies					
Jamuna Bank Limited		1,500,000,000	-	1,500,000,000	-
Prime Bank Limited		400,000,000	-	400,000,000	-
		<u>1,900,000,000</u>	<u>-</u>	<u>1,900,000,000</u>	<u>-</u>
With Non Banking Financial Institutions					
Peoples Leasing and Financial Services Limited		700,000,000	-	700,000,000	-
Lanka Bangla Finance Limited		50,000,000	-	50,000,000	-
		<u>750,000,000</u>	<u>-</u>	<u>750,000,000</u>	<u>-</u>
		<u>2,650,000,000</u>	<u>-</u>	<u>2,650,000,000</u>	<u>-</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
6 Investments					
Government	6.1	12,841,220,762	6,828,141,845	12,841,220,762	6,828,141,845
Others	6.2	4,069,307,226	2,999,055,228	4,068,970,503	2,999,055,228
		<u>16,910,527,988</u>	<u>9,827,197,073</u>	<u>16,910,191,265</u>	<u>9,827,197,073</u>
6.1 Government (Investment in Govt. securities)					
Treasury bills		-	-	-	-
Bonds	6.1.1	12,839,112,362	6,825,040,945	12,839,112,362	6,825,040,945
Prize bonds		2,108,400	3,100,900	2,108,400	3,100,900
		<u>12,841,220,762</u>	<u>6,828,141,845</u>	<u>12,841,220,762</u>	<u>6,828,141,845</u>
6.1.1 Bonds					
5 year Treasury bonds		3,674,851,673	2,182,746,545	3,674,851,673	2,182,746,545
10 Year Treasury bonds		9,164,260,689	4,642,294,400	9,164,260,689	4,642,294,400
		<u>12,839,112,362</u>	<u>6,825,040,945</u>	<u>12,839,112,362</u>	<u>6,825,040,945</u>
Disclosure on RPEO and Reverse REPO transactions are in 'Annexure-D'					
6.2 Others (Investment in other securities)					
Debentures	6.2.1	54,000,000	71,000,000	54,000,000	71,000,000
Corporate bonds	6.2.2	340,000,000	300,000,000	340,000,000	300,000,000
Ordinary shares (quoted and unquoted)	6.2.3	3,655,307,226	2,588,055,228	3,654,970,503	2,588,055,228
Preference shares	6.2.4	20,000,000	40,000,000	20,000,000	40,000,000
		<u>4,069,307,226</u>	<u>2,999,055,228</u>	<u>4,068,970,503</u>	<u>2,999,055,228</u>
6.2.1 Debentures					
Investment Corporation of Bangladesh (ICB)		9,000,000	16,000,000	9,000,000	16,000,000
House Building Finance Corporation (HBFC)		45,000,000	55,000,000	45,000,000	55,000,000
		<u>54,000,000</u>	<u>71,000,000</u>	<u>54,000,000</u>	<u>71,000,000</u>
6.2.2 Corporate bonds					
Orascom Bond		240,000,000	300,000,000	240,000,000	300,000,000
Trust Bank Subordinated Bond		100,000,000	-	100,000,000	-
		<u>340,000,000</u>	<u>300,000,000</u>	<u>340,000,000</u>	<u>300,000,000</u>
6.2.3 Ordinary shares (quoted and unquoted)					
Quoted					
AB Bank Limited		185,939,923	109,102,715	185,939,923	109,102,715
ACI Formulation		-	2,052,767	-	2,052,767
Active Fine Chemicals		47,978,848	2,500,000	47,978,848	2,500,000
Aramit		8,384,767	6,148,352	8,384,767	6,148,352
Aramit Cement Limited		7,630,921	6,180,690	7,630,921	6,180,690
Bata Shoe Company Limited		64,428,720	37,872,734	64,428,720	37,872,734
BRAC Bank Limited		26,060,263	28,819,975	26,060,263	28,819,975
Bank Asia Limited		20,774,122	-	20,774,122	-
British American Tobacco Company Limited		138,007,276	79,213,025	138,007,276	79,213,025
Beximco Limited		59,685,748	31,373,087	59,685,748	31,373,087
BIFC		-	2,449,113	-	2,449,113
BSRM Steels Limited		143,445,929	3,478,676	143,445,929	3,478,676
Confidence Cement Limited		33,049,726	41,035,803	33,049,726	41,035,803
Delta Brac Housing Company Limited		98,990,989	64,043,099	98,990,989	64,043,099
DESCO Limited		74,462,875	181,835,787	74,462,875	181,835,787
Dhaka Bank Limited		26,075,684	42,755,776	26,075,684	42,755,776
EBL First Mutual Fund		200,000,000	200,000,000	200,000,000	200,000,000
EBL NRB Mutual Fund		250,973,470	250,000,000	250,973,470	250,000,000
EXIM Bank Limited		39,720,341	47,982,502	39,720,341	47,982,502
First Security Islami Bank Limited		9,797,797	10,443,843	9,797,797	10,443,843
Fareast Life Insurance Company Limited		5,530,722	-	5,530,722	-
Grameen Phone Limited		-	26,166,400	-	26,166,400
Heidelberg Cement Industries Limited		54,705,057	40,703,717	54,705,057	40,703,717
ICB Islamic Bank Limited		16,408,720	16,411,482	16,408,720	16,411,482
IDLC Finance Limited		220,276,810	125,277,778	220,276,810	125,277,778
Investment Corporation of Bangladesh (ICB)		-	350	-	350
International Leasing and Financial Services Limited		101,442,674	93,442,674	101,442,674	93,442,674
Islami Bank Bangladesh Limited		-	51,287,276	-	51,287,276
Jamuna Bank Limited		1,626	1,214,614	1,626	1,214,614
Jamuna Oil Limited		7,905,740	4,946,473	7,905,740	4,946,473

	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
Khulna Power Company Limited	10,195,709	2,079,050	10,195,709	2,079,050
Lanka Bangla Finance Limited	67,514,074	26,921,486	67,514,074	26,921,486
Metro Spinning Mills Limited	-	5,116,134	-	5,116,134
Meghna Petroleum Limited	14,415,632	10,390,289	14,415,632	10,390,289
Mutual Trust Bank Limited	39,645,428	32,759,188	39,645,428	32,759,188
Mercantile Bank Limited	24,225,715	-	24,225,715	-
MJL Bangladesh Limited	10,580	6,126,412	10,580	6,126,412
National Credit and Commerce Bank Limited	1,498,716	-	1,498,716	-
National Life Insurance Co Limited	-	798,013	-	798,013
Navana CNG	6,284,562	3,556,168	6,284,562	3,556,168
National Tubes	3,796,852	3,796,852	3,796,852	3,796,852
One Bank Limited	26,458,986	-	26,458,986	-
Peoples Leasing and Financial Services Limited	9,999,953	9,999,991	9,999,953	9,999,991
Power Grid Company	171,272,020	171,272,020	171,272,020	171,272,020
Pragati Life Insurance Company Limited	12,351,180	5,487,551	12,351,180	5,487,551
Prime Bank Limited	60,372,959	65,316,912	60,372,959	65,316,912
Prime Finance & Investment Limited	5,099,774	3,251,896	5,099,774	3,251,896
Pubali Bank Limited	75,335,622	111,141,807	75,335,622	111,141,807
Progressive Life Insurance Company Limited	2,768,902	-	2,768,902	-
Premier Bank Limited	3,460,307	-	3,460,307	-
Square Pharmaceuticals Limited	5,052,254	153,935,533	5,052,254	153,935,533
Standard Bank Limited	37,108,797	33,588,782	37,108,797	33,588,782
Summit Power Limited	177,293,770	177,293,882	177,293,770	177,293,882
Southeast Bank Limited	28,642,329	-	28,642,329	-
Southeast Bank First Mutual Fund	10,000,000	10,000,000	10,000,000	10,000,000
The City Bank Limited	17,011,827	-	17,011,827	-
MI Cement Factory Limited	-	3,608,921	-	3,608,921
RAK Ceramics (BD) Limited	5,664	5,664	5,664	5,664
Rangpur Foundry Limited	1,818,430	1,381,307	1,818,430	1,381,307
Summit Alliance Port Limited	7,977,914	7,977,914	7,977,914	7,977,914
Trust Bank Limited	23,599,479	29,941,189	23,599,479	29,941,189
Uttara Bank Limited	69,458,850	43,565,241	69,458,850	43,565,241
Green Delta Mutual Fund	10,000,000	10,000,000	10,000,000	10,000,000
PHP First Mutual Fund	30,005,000	30,005,000	30,005,000	30,005,000
Popular Life First Mutual Fund	10,000,000	10,000,000	10,000,000	10,000,000
LR Global BD First Mutual Fund	20,000,000	20,000,000	20,000,000	20,000,000
Investment of subsidiaries				
EBL Securities Limited:				
MI Cement Factory Limited	6,936	-		
MJL Bangladesh Limited	425	-		
Meghna Petroleum Limited	65,532	-		
Social Islami Bank Limited	121,750	-		
Titas Gas Transmission and Distribution Company Limited	142,080	-		
	<u>2,824,696,756</u>	<u>2,496,055,908</u>	<u>2,824,360,033</u>	<u>2,496,055,908</u>
Unquoted				
Central Depository (Bangladesh) Limited	6,277,770	17,666,620	6,277,770	17,666,620
D&B Rating Agency (BD) Limited	3,332,700	3,332,700	3,332,700	3,332,700
Orion Laboratories Limited	20,000,000	20,000,000	20,000,000	20,000,000
Unique Hotel (Westin)	48,000,000	48,000,000	48,000,000	48,000,000
Saiham Cotton Mills	3,000,000	3,000,000	3,000,000	3,000,000
First Bangladesh Fixed Income Fund	750,000,000	-	750,000,000	-
	<u>830,610,470</u>	<u>91,999,320</u>	<u>830,610,470</u>	<u>91,999,320</u>
Total	<u>3,655,307,226</u>	<u>2,588,055,228</u>	<u>3,654,970,503</u>	<u>2,588,055,228</u>

6.2.3.1 Market Value of Shares (as at 31 December)

	No. of Shares		Market Value	
	2011	2010	2011	2010
Investment portfolio				
AB Bank Limited	1,991,740	90,000	136,035,842	142,245,000
ACI Formulation	-	12,500	-	1,747,500
Active Fine Chemicals	600,000	250,000	37,320,000	29,825,000
Aramit	14,950	9,750	4,144,140	4,747,275
Aramit Cement Limited	50,000	3,450	5,840,000	5,488,950
Bank Asia Limited	521,250	-	19,911,750	-
Bata Shoe Company Limited	95,000	50,000	56,857,500	32,645,000

	No. of Shares		Market Value	
	2011	2010	2011	2010
BRAC Bank Limited	548,500	50,000	25,066,450	42,812,500
British American Tobacco Company Limited	198,300	105,000	124,195,290	75,232,500
Beximco Limited	298,000	98,000	33,674,000	30,527,000
BIFC	-	2,250	-	2,513,250
BSRM Steels Limited	1,050,000	2,000	124,635,000	4,237,000
Confidence Cement Limited	164,000	191,000	20,418,000	56,039,400
Delta Brac Housing Company Limited	798,000	25,000	73,096,800	62,456,250
DESCO Limited	663,620	130,000	75,320,870	264,095,000
Dhaka Bank Limited	648,050	816,000	28,838,225	62,260,800
EXIM Bank Limited	1,215,000	1,106,100	33,777,000	67,140,270
Fareast Life Insurance Company Limited	23,100	-	3,742,200	-
First Security Islami Bank Limited	286,016	274,300	7,522,221	11,136,580
Grameen Phone Limited	-	364,200	-	89,520,360
Heidelberg Cement Industries Limited	155,300	10,900	39,741,270	39,885,825
ICB Islamic Bank Limited	708,800	708,888	7,088,000	13,838,720
IDLC Finance Limited	2,163,400	200,000	299,630,900	929,500,000
Investment Corporation of Bangladesh (ICB)	-	17	-	71,732
International Leasing and Financial services Limited	1,600,000	50,000	74,880,000	127,200,000
Islami Bank Bangladesh Limited	-	90,000	-	72,045,000
Jamuna Bank Limited	52	33,332	1,794	1,833,260
Jamuna Oil	32,084	11,400	5,749,453	3,822,420
Khulna Power Company Limited	107,800	11,500	6,769,840	1,294,900
Lanka Bangla Finance Limited	294,250	50,000	50,081,350	24,895,000
Mercantile Bank Limited	700,000	-	24,360,000	-
Metro Spinning Mills Limited	-	57,000	-	4,959,000
Meghna Petroleum Limited	56,305	36,100	10,579,710	8,559,310
Mutual Trust Bank Limited	1,059,000	80,000	36,535,500	56,660,000
MJL Bangladesh Limited	105	-	10,490	-
National Credit and Commerce Bank Limited	45,000	-	1,368,000	-
National Life Insurance Company Limited	-	110	-	828,520
Navana CNG	34,200	15,000	2,859,120	3,045,000
National Tubes	25,680	2,140	1,679,472	3,146,870
One Bank Limited	500,000	-	23,850,000	-
Peoples Leasing and Financial Services Limited	132,968	75,982	9,214,682	22,118,360
Power Grid Company	2,299,990	229,999	144,899,370	210,621,584
Pragati Life Insurance Company Limited	97,330	3,500	7,669,604	5,449,500
Prime Bank Limited	1,425,649	123,000	63,441,381	116,204,250
Prime Finance & Investment Limited	25,000	7,000	2,460,000	3,261,300
Pubali Bank Limited	1,372,612	1,500,000	69,179,645	161,100,000
Progressive Life Insurance Company Limited	11,200	-	1,861,440	-
Premier Bank Limited	100,000	-	3,080,000	-
Square Pharmaceuticals Limited	20,710	64,000	4,910,341	225,408,000
Standard Bank Limited	1,155,000	85,000	34,881,000	54,910,000
Summit Power Company Limited	1,948,775	1,499,059	144,988,860	210,018,166
The City Bank Limited	312,640	-	16,444,864	-
RAK Ceramics (BD) Limited	129	118	10,114	20,249
Rangpur Foundry Limited	15,000	10,000	1,194,000	1,312,000
Summit Alliance Port Limited	41,250	33,000	2,388,375	5,745,300
Southeast Bank Limited	964,500	-	29,031,450	-
Trust Bank Limited	567,500	60,000	24,345,750	45,195,000
Uttara Bank Limited	818,920	40,000	63,711,976	66,430,000
EBL First Mutual Fund*	20,000,000	20,000,000	204,000,000	368,000,000
Green Delta 1st Mutual Fund	1,000,000	1,000,000	6,800,000	13,600,000
EBL NRB Mutual Fund*	25,099,000	-	263,539,500	-
PHP 1st Mutual Fund	3,000,500	3,000,500	20,403,400	34,805,800
Popular 1st Mutual Fund	1,000,000	1,000,000	6,900,000	11,900,000
Southeast Bank Mutual Fund	1,000,000	-	8,900,000	-
LR Global BD MF-1*	2,000,000	-	21,200,000	-
	<u>81,056,175</u>	<u>33,667,095</u>	<u>2,551,035,937</u>	<u>3,832,354,701</u>
Investment of subsidiaries				
EBL Securities Limited:				
MI Cement Factory Limited	51	-	5,636	-
MJL Bangladesh Limited	4	-	400	-
Meghna Petroleum Limited	400	-	75,160	-
Social Islami Bank Limited	5,000	-	131,000	-
Titans Gas Transmission and Distribution Company Limited	2,000	-	135,200	-
	<u>7,455</u>	<u>-</u>	<u>347,396</u>	<u>-</u>
	<u>81,063,630</u>	<u>33,667,095</u>	<u>2,551,383,333</u>	<u>3,832,354,701</u>

		Consolidated		Bank	
	Note	2011 Taka	2010 Taka	2011 Taka	2010 Taka
* Lock in status of Mutual Funds					
LR Global BD MF-1		Trading start 19 September 2011	Lock in period 6 months	Lock in expired 18 March 2012	
10% of EBL 1st Mutual Fund & EBL NRB Mutual Fund shall be locked in for 10 years period.					
6.2.4 Preference shares					
STS Holdings Limited		20,000,000	40,000,000	20,000,000	40,000,000
		<u>20,000,000</u>	<u>40,000,000</u>	<u>20,000,000</u>	<u>40,000,000</u>
6.a Remaining maturity grouping of investments					
On demand		2,108,400	3,100,900	2,108,400	3,100,900
In not more than one month		-	-	-	-
In more than one month but not more than three months		48,000,000	-	48,000,000	-
In more than three months but not more than one year		4,500,074,460	2,588,055,228	4,499,737,737	2,588,055,228
In more than one year but not more than five years		3,196,084,439	2,563,746,545	3,196,084,439	2,563,746,545
In more than five years		9,164,260,689	4,672,294,400	9,164,260,689	4,672,294,400
		<u>16,910,527,988</u>	<u>9,827,197,073</u>	<u>16,910,191,265</u>	<u>9,827,197,073</u>
7 Loans and advances					
Loans, cash credits, overdrafts, etc.	7.1	79,428,684,505	54,498,712,055	80,144,671,921	54,498,712,055
Bills purchased and discounted	7.2	1,629,238,257	4,108,373,638	1,629,238,257	4,108,373,638
		<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
7.1 Loans, cash credits, overdrafts etc.					
Inside Bangladesh					
Loans - general		61,132,081,180	44,407,692,287	61,132,081,180	44,407,692,287
Cash credit		5,080,307,059	3,501,889,761	5,080,307,059	3,501,889,761
Overdraft		7,297,149,788	4,715,234,397	8,013,137,204	4,715,234,397
Outside Bangladesh					
Loans, cash credits, overdrafts etc.-offshore banking unit		5,919,146,478	1,873,895,610	5,919,146,478	1,873,895,610
		<u>79,428,684,505</u>	<u>54,498,712,055</u>	<u>80,144,671,921</u>	<u>54,498,712,055</u>
7.2 Bills purchased and discounted					
Inside Bangladesh					
Local bills/documents		1,135,046,524	1,002,866,127	1,135,046,524	1,002,866,127
Foreign bills/documents		72,278,666	28,147,837	72,278,666	28,147,837
Outside Bangladesh					
Loans, cash credits, overdrafts etc.-offshore banking unit		421,913,067	3,077,359,674	421,913,067	3,077,359,674
		<u>1,629,238,257</u>	<u>4,108,373,638</u>	<u>1,629,238,257</u>	<u>4,108,373,638</u>
7.2.1 Bills purchased and discounted (on the basis of the residual maturity grouping)					
Receivable					
Within one month		606,607,902	1,862,814,608	606,607,902	1,862,814,608
In more than one month but less than three months		442,429,800	2,070,701,839	442,429,800	2,070,701,839
In more than three months but less than six months		580,200,555	174,857,191	580,200,555	174,857,191
Above six months		-	-	-	-
		<u>1,629,238,257</u>	<u>4,108,373,638</u>	<u>1,629,238,257</u>	<u>4,108,373,638</u>
7.a Residual maturity grouping of loans and advances (including bills purchased & discounted)					
Receivable					
On demand		27,975,705,485	15,721,966,102	28,691,692,901	15,721,966,102
In more than one month but not more than three months		14,803,894,300	10,327,341,034	14,803,894,300	10,327,341,034
In more than three months but not more than one year		15,574,907,404	14,589,101,664	15,574,907,404	14,589,101,665
In more than one year but not more than five years		18,672,758,348	14,983,010,801	18,672,758,348	14,983,010,801
In more than five years		4,030,657,225	2,985,666,091	4,030,657,225	2,985,666,091
		<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>

	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
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)	15,339,371	14,980,010	15,339,371	14,980,010
Advances to CEO & Managing Director	9,760,622	2,931,296	9,760,622	2,931,296
Advances to other executives and staffs	793,050,002	601,005,031	793,050,002	601,005,031
Advances to customers (Group wise)	67,150,116,767	42,234,633,959	67,150,116,767	42,234,633,959
Industrial advances	13,089,656,000	15,753,535,397	13,805,643,416	15,753,535,397
	<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
7.b.2 Large loan details (loans and advances allowed to each customer exceeding 10% of Bank's total capital)				
* Total loans and advances	3,353	2,205	3,353	2,205
Number of customers	29	29	29	29
Classified amount thereon	Nil	Nil	Nil	Nil
*The amount represents total loans and advances (comprising funded and non funded facilities) to each customer exceeding Tk 1,403.75 million which is computed as 10% of total capital of the bank (i.e. Tk 14,037.51 million) as at 31 December 2011.				
7.b.3 Industry-wise concentration of loans and advances (including bills purchased and discounted)				
Commercial and trading	8,915,126,283	7,745,250,274	8,915,126,283	7,745,250,274
Importer of commodity	2,414,884,279	2,762,978,791	2,414,884,279	2,762,978,791
Construction	599,138,975	608,435,142	599,138,975	608,435,142
Edible oil refinery industry	4,093,069,570	2,072,272,539	4,093,069,570	2,072,272,539
Electronics goods	3,510,647,316	1,948,542,163	3,510,647,316	1,948,542,163
Individuals	11,862,057,126	7,428,150,994	11,862,057,126	7,428,150,994
Pharmaceuticals industries	3,176,305,318	1,434,226,526	3,176,305,318	1,434,226,526
Readymade garments industry	9,922,301,510	7,765,288,638	9,922,301,510	7,765,288,638
Ship breaking industry	5,111,628,699	2,365,706,928	5,111,628,699	2,365,706,928
Industries for steel products	4,485,467,345	3,610,439,295	4,485,467,345	3,610,439,295
Telecommunication sector	6,324,961,492	698,078,471	6,324,961,492	698,078,471
Textile mills	7,024,142,464	5,813,805,147	7,024,142,464	5,813,805,147
Power sector	2,914,519,533	2,088,920,848	2,914,519,533	2,088,920,848
Others	10,703,672,852	12,264,989,939	11,419,660,268	12,264,989,939
	<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
7.b.4 Sector - wise concentration of loans and advances (including bills purchased and discounted)				
Government sector	1,285,659,398	1,520,639,472	1,285,659,398	1,520,639,472
Other public sector	-	-	-	-
Private sector	79,772,263,364	57,086,446,221	80,488,250,780	57,086,446,221
	<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
7.b.5 Geographical location-wise concentration of loans and advances (including bills purchased and discounted)				
Inside Bangladesh				
Dhaka Division	55,061,878,398	38,259,502,285	55,777,865,814	38,259,502,285
Chittagong Division	24,099,918,662	18,859,455,595	24,099,918,662	18,859,455,595
Sylhet Division	429,210,581	282,074,629	429,210,581	282,074,629
Rajshahi Division	838,883,146	750,119,542	838,883,146	750,119,542
Khulna Division	628,031,975	455,933,642	628,031,975	455,933,642
	<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
Outside Bangladesh	-	-	-	-
	<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
	Corporate	SME	Consumer	Total
7.b.6 Geographical location and business segment-wise concentration of loans and advances (including bills purchased and discounted)				
Division				
Dhaka Division	41,869,379,941	6,581,627,283	7,326,858,591	55,777,865,814
Chittagong Division	19,039,778,496	2,766,232,093	2,293,908,072	24,099,918,662
Sylhet Division	-	280,016,704	149,193,877	429,210,581
Rajshahi Division	184,656,986	488,661,940	165,564,220	838,883,146
Khulna Division	-	461,100,196	166,931,779	628,031,975
Total	<u>61,093,815,423</u>	<u>10,577,638,216</u>	<u>10,102,456,539</u>	<u>81,773,910,178</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
7.b.7 Business segment - wise concentration of loans and advances (including bills purchased and discounted)					
Corporate		60,377,828,095	44,908,535,816	61,093,815,511	44,908,535,816
SME		10,577,638,128	6,270,398,882	10,577,638,128	6,270,398,882
Consumer (including staff)		10,102,456,539	7,428,150,994	10,102,456,539	7,428,150,994
		<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
7.b.8 Loans & advances					
Inside Bangladesh					
Continuous loan					
Consumer Finance		3,940,901,995	2,147,929,972	3,940,901,995	2,147,929,972
Small & Medium Enterprise		2,852,953,862	1,432,115,202	2,852,953,862	1,432,115,202
Loans to BHs/MBs/SDs against Shares		672,618,502	335,129,109	672,618,502	335,129,109
Other Corporate Loans		4,911,708,244	4,301,850,752	5,627,695,660	4,301,850,752
		<u>12,378,182,602</u>	<u>8,217,025,036</u>	<u>13,094,170,018</u>	<u>8,217,025,036</u>
Demand loan					
Small & Medium Enterprise		2,222,973,888	1,393,610,262	2,222,973,888	1,393,610,262
Corporate Loans		35,371,005,742	24,897,686,884	35,371,005,742	24,897,686,884
		<u>37,593,979,630</u>	<u>26,291,297,145</u>	<u>37,593,979,630</u>	<u>26,291,297,145</u>
Short term loan					
Short term agri credit		7,018,680	-	7,018,680	-
		<u>7,018,680</u>	<u>-</u>	<u>7,018,680</u>	<u>-</u>
Term loan					
Consumer Finance (including staff, other than HF)		5,214,015,302	4,744,567,091	5,214,015,302	4,744,567,091
Housing Finance (HF)		947,539,017	535,653,930	947,539,017	535,653,930
Small & Medium Enterprise		5,494,693,698	3,444,673,418	5,494,693,698	3,444,673,418
Corporate Loans		13,081,434,287	13,499,973,462	13,081,434,287	13,499,973,462
		<u>24,737,682,304</u>	<u>22,224,867,902</u>	<u>24,737,682,304</u>	<u>22,224,867,902</u>
Outside Bangladesh					
Loans, cash credits, overdrafts etc.- OBU		6,341,059,545	1,873,895,610	6,341,059,545	1,873,895,610
		<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
7.b.9 Security/collateral - wise concentration of loans and advances (including bills purchased and discounted)					
Collateral of movable/immovable assets		24,754,616,650	41,109,112,644	24,754,616,650	41,109,112,644
Local banks and financial institutions guarantee		1,135,046,524	1,002,866,127	1,135,046,524	1,002,866,127
Government guarantee		1,285,659,398	-	1,285,659,398	-
Foreign bank guarantee		-	-	-	-
Export documents		339,080,412	1,603,895,707	339,080,412	1,603,895,707
Fixed deposit receipts		9,069,336,438	2,771,256,913	9,069,336,438	2,771,256,913
FDR of other banks		1,857,588	1,543,241	1,857,588	1,543,241
Government bonds		-	-	-	-
Personal guarantee		4,286,636,445	4,307,076,128	4,286,636,445	4,307,076,128
Other securities		40,185,689,307	7,811,334,932	40,901,676,723	7,811,334,932
		<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
7.b.10 Classified, unclassified, doubtful and bad loans and advances					
Unclassified					
Standard (including staff Loan)		78,649,554,548	56,628,677,927	79,365,541,964	56,628,677,927
Special Mention Accounts (SMA)		847,776,094	809,667,079	847,776,094	809,667,079
		<u>79,497,330,642</u>	<u>57,438,345,006</u>	<u>80,213,318,058</u>	<u>57,438,345,006</u>
Classified					
Sub-standard		418,551,016	329,615,156	418,551,016	329,615,156
Doubtful		172,180,972	146,456,640	172,180,972	146,456,640
Bad/Loss		969,860,132	692,668,891	969,860,132	692,668,891
	7.b.11	<u>1,560,592,120</u>	<u>1,168,740,687</u>	<u>1,560,592,120</u>	<u>1,168,740,687</u>
		<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
7.b.11 Movements of classified loans and advances					
Opening balance		1,168,740,687	1,171,676,115	1,168,740,687	1,171,676,115
Additions during the year		745,093,371	619,458,465	745,093,371	619,458,465
Reductions during the year		(353,241,937)	(622,393,893)	(353,241,937)	(622,393,893)
Closing balance		<u>1,560,592,120</u>	<u>1,168,740,687</u>	<u>1,560,592,120</u>	<u>1,168,740,687</u>

Note	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka

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 is responsible for holding discussion 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

7.b.12 Particulars of loans and advances:

i) Debts considered good in respect of which the bank is fully secured.	75,446,029,237	54,320,449,247	76,162,016,653	54,320,449,247
ii) Debts considered good for which the bank holds no other security than the debtor's personal security.	2,425,076,285	1,141,414,293	2,425,076,285	1,141,414,293
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	3,186,817,240	3,145,222,153	3,186,817,240	3,145,222,153
iv) Debts adversely classified; for which no provision is created.	-	-	-	-
	<u>81,057,922,762</u>	<u>58,607,085,693</u>	<u>81,773,910,178</u>	<u>58,607,085,693</u>
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	818,107,310	618,916,337	818,107,310	618,916,337
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.	-	-	-	-
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.	818,107,310	618,916,337	818,107,310	618,916,337
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	1,560,592,120	1,168,740,687	1,560,592,120	1,168,740,687
(i) (Decrease) / increase of provision (specific)	-	-	-	-
(ii) Amount of written off debt against fully provided debts	79,565,429	366,107,376	79,565,429	366,107,376
(iii) Amount of debt recovered against the debt which was previously written off	301,979,925	118,288,117	301,979,925	118,288,117
b) Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date.	736,689,231	492,833,277	736,689,231	492,833,277
c) Amount of interest creditable to the interest suspense account	352,951,006	273,601,197	352,951,006	273,601,197
xi) Cumulative amount of written off loans				
Opening Balance	1,421,269,041	1,055,161,665	1,421,269,041	1,055,161,665
Amount written off during the year	79,565,429	366,107,376	79,565,429	366,107,376
Balance of written off loans and advances yet to be recovered	<u>1,500,834,470</u>	<u>1,421,269,041</u>	<u>1,500,834,470</u>	<u>1,421,269,041</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
7.b.13 Cumulative amount of written off loans for which law suits have been filed (note 7.b.14)		<u>1,787,312,499</u>	<u>1,707,747,070</u>	<u>1,787,312,499</u>	<u>1,707,747,070</u>
7.b.14 Details of cumulative amount of written off loans					
Opening balance		1,707,747,070	1,341,639,694	1,707,747,070	1,341,639,694
During the year		79,565,429	366,107,376	79,565,429	366,107,376
Closing balance		<u>1,787,312,499</u>	<u>1,707,747,070</u>	<u>1,787,312,499</u>	<u>1,707,747,070</u>
8 Fixed assets including land, building, furniture and fixtures					
Cost					
Freehold Land and Land Development		3,594,373,470	3,141,251,513	3,594,373,470	3,141,251,513
Buildings on Freehold land		307,099,220	22,192,280	307,099,220	22,192,280
Machinery and Equipment		386,801,750	296,097,970	382,304,002	292,289,123
Computer and Network equipments		293,222,115	212,700,830	290,120,630	210,866,765
Furniture and fixtures		270,666,951	229,372,505	264,379,523	223,675,893
Vehicles		96,986,201	68,058,641	95,643,896	66,716,336
Leased Assets (finance lease)		90,084,859	91,591,169	90,084,859	91,591,169
Software		92,527,305	75,836,916	90,515,325	74,324,936
Total Cost		<u>5,131,761,870</u>	<u>4,137,101,825</u>	<u>5,114,520,925</u>	<u>4,122,908,016</u>
Accumulated depreciation		(666,195,149)	(510,980,663)	(661,234,589)	(508,509,101)
Written Down Value at 31 December		<u>4,465,566,721</u>	<u>3,626,121,162</u>	<u>4,453,286,336</u>	<u>3,614,398,915</u>
Details of these are in "Annexure-A & A1".					
9 Other assets					
Income generating		-	-	-	-
Non- Income generating					
Investment in subsidiary-EBL Securities Limited	9.1	-	-	216,000,000	216,00,000
Investment in subsidiary-EBL Investments Limited	9.2	-	-	299,999,900	299,999,900
Receivable from EBL Securities Limited	9.3	-	314,049	37,996,186	158,625,766
Fair value of DSE license Fee	9.4	349,000,000	349,000,000	-	-
Other assets of subsidiary	9.5	741,132,334	612,903,363	-	-
Stock of stationery		16,212,649	16,130,874	16,212,648	16,130,874
Stamps on hand		1,593,297	826,616	1,593,297	826,616
Advance to staff for expenses	9.6	311,549	1,368,329	311,549	1,368,329
Suspense account	9.7	7,719,869	5,277,572	7,719,869	5,277,572
Advance paid for development of land and building		31,298,489	30,798,489	31,298,489	30,798,489
Security deposits-Govt. agencies		1,921,825	1,921,825	1,921,825	1,921,825
Interest and dividend receivables		365,562,525	283,792,789	365,562,525	284,532,428
Sundry receivables	9.8	219,053,295	212,334,660	219,053,295	211,595,021
Advance rent		252,920,861	210,855,382	252,920,861	210,855,382
Advance to vendors and other prepayments		394,130,404	79,561,054	394,130,404	79,561,054
Deferred tax assets	9.9	134,625,371	3,225,587	134,625,371	3,225,587
Bangladesh Bank clearing account		1,822,390	1,316,193	1,822,390	1,316,193
Prepaid expenses- Offshore Banking Unit		10,210,588	-	10,210,588	-
		<u>2,527,515,446</u>	<u>1,809,626,782</u>	<u>1,991,379,197</u>	<u>1,522,035,036</u>

9.1 Investment in subsidiary-EBL Securities Limited

Eastern Bank Limited entered in an agreement with LRK Securities Limited (currently EBL securities limited ("the subsidiary") on October 15 2009 and subsequently received approval of Bangladesh Bank vide letter no. BRPD (R-1)717/2009-543 dated 13 December 2009 to purchase 60% 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 securities Limited received certificate from Securities and Exchange Commission (SEC) to change its name from LRK Securities Limited.

9.2 Investment in subsidiary-EBL Investments Limited

EBL Investments Limited a fully owned subsidiary of the Bank was incorporated on 30 December 2009 after being awarded consent on 24 December 2009 from SEC to raise a paid up capital of Tk. 300,000,000. Subsequently EBL management completed subscription procedure by 26 January 2010.

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
9.3 Receivable from EBL Securities Limited					
Rent receivable		-	-	5,664,400	6,811,000
Share trading account with EBL Securities Ltd		-	314,049	2,331,786	114,314,766
Interim dividend receivable		-	-	30,000,000	37,500,000
		<u>-</u>	<u>314,049</u>	<u>37,996,186</u>	<u>158,625,766</u>
9.4	At the time of acquisition of EBL Securities Limited, only DSE membership license was measured at fair value (estimated market value) by S.F. Ahmed and Co., Chartered Accountants at Tk. 349 million.				
9.5 Other assets of subsidiary					
Accounts receivable		734,161,836	582,928,464		
Advances and prepayments		6,414,444	29,543,428		
Deferred revenue expenses		556,054	431,471		
		<u>741,132,334</u>	<u>612,903,363</u>		
9.6 Advance to staff for expenses					
Due for					
Less than three months		311,549	1,162,026	311,549	1,162,026
More than three months but less than six months		-	129,539	-	129,539
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		-	-	-	-
		<u>311,549</u>	<u>1,368,329</u>	<u>311,549</u>	<u>1,368,329</u>
9.7 Suspense account					
This includes the system related automatic suspenses and temporary parking accounts shown as net of debit and credit balance. 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.					
9.8 Sundry receivables					
Receivable from BB for Sanchaypatra and WEDB		26,319,965	19,005,989	26,319,965	19,005,989
Audit fees receivable from BB		781,000	-	781,000	-
Excise duty receivable from customers		21,726,194	24,228,236	21,726,194	24,228,236
Counter party receivable for REPO		155,126,010	-	155,126,010	-
NRB Remittance		2,277,282	5,164,038	2,277,282	5,164,038
Share trading account with International Leasing Securities Ltd		5,606,588	160,899,556	5,606,588	160,899,556
Other receivables		7,216,255	3,036,842	7,216,255	2,297,202
		<u>219,053,295</u>	<u>212,334,660</u>	<u>219,053,295</u>	<u>211,595,021</u>
9.9 Deferred tax assets					
Deferred tax assets have been recognised and measured as per BAS-12: Income Taxes and BRPD Circular no. 11 dated 12 December 2011.					
Deferred tax liabilities/(assets)	9.9.1	(136,411,431)	-	(136,411,431)	-
Deferred tax liabilities/(assets)	9.9.2	1,786,060	(3,225,587)	1,786,060	(3,225,587)
Net deferred tax liabilities/(assets)		<u>(134,625,371)</u>	<u>(3,225,587)</u>	<u>(134,625,371)</u>	<u>(3,225,587)</u>
9.9.1 Deferred tax liabilities/(assets)					
Provision made for classified loans and advances (current year)	13.4	(320,968,073)	-	(320,968,073)	-
Written off against provision made for 2011		-	-	-	-
Tax allowed on provision		-	-	-	-
Deductible temporary difference		(320,968,073)	-	(320,968,073)	-
Tax rate		42.50%		42.50%	
Deferred tax liabilities/(assets)		(136,411,431)	-	(136,411,431)	-
Opening Deferred tax liabilities/(assets)		-	-	-	-
Deferred tax expense/(income)		<u>(136,411,431)</u>	<u>-</u>	<u>(136,411,431)</u>	<u>-</u>
9.9.2 Deferred tax liabilities/(assets)					
Carrying amount of fixed assets for deferred tax		846,226,433	473,147,401	846,226,433	473,147,401
Tax base		842,023,939	480,737,018	842,023,939	480,737,018
Taxable/(deductible) temporary difference		4,202,494	(7,589,617)	4,202,494	(7,589,617)
Tax rate		42.50%	42.50%	42.50%	42.50%
Deferred tax liabilities/(assets)		1,786,060	(3,225,587)	1,786,060	(3,225,587)
Opening Deferred tax liabilities/(assets)		(3,225,587)	846,841	(3,225,587)	846,841
Deferred tax expense/(income)		<u>5,011,647</u>	<u>(2,378,746)</u>	<u>5,011,647</u>	<u>(2,378,746)</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
10 Non-banking assets					
The Bank was awarded absolute ownership on few mortgaged properties through the verdict of honourable court under section 33(7) of the Artharin Adalat Act 2003. These were recorded at Tk. 247,878,000 as non banking assets as per valuation report submitted by professional valuation firm and recording of transactions were certified by external auditors Rahman Rahman Huq. Value of the assets received in addition to the loan outstanding has been kept as reserve against non banking assets. Following are the details:					
Non-earning assets					
Name of Parties	Type of assets and description	Possession date			
Safa Garments	18 Decimal of Land, Tejgaon, Dhaka.	18.01.2005	8,727,000	8,727,000	8,727,000
Arshim & Co.	12 Katha of Land, Tejgaon, Dhaka.	27.03.2007	4,200,000	4,200,000	4,200,000
M/S Innovative Computr Ltd.	11.25 Decimal of Land, Dhaka.	07.06.2007	262,000	262,000	262,000
North American Computer Dynamics and Organization	6.5 Decimal of Land, Tejgaon, Dhaka.	16.07.2007	31,600,000	31,600,000	31,600,000
M/S Bangla Union Steel Ind. Ltd.	192.96 Decimal of Land, Chittagong.	30.07.2007	57,300,000	57,300,000	57,300,000
M/s. Computer Bazar Network	0.14 acres of Land, Sabujbagh, Dhaka.	21.06.2009	1,696,000	1,696,000	1,696,000
Marico Sweater Ltd.	60 Decimal of Land, Narayanganj.	21.06.2009	29,100,000	29,100,000	29,100,000
Stec Fashions Ltd.	28.03 Decimal of Land, Mirpur, Dhaka.	26.01.2009	2,321,000	2,321,000	2,321,000
Royals Paper Store	106.50 Decimal of Land, Dhaka.	26.05.2009	7,727,000	7,727,000	7,727,000
Dhaka Electronics	3 Katha of Land, Ramna, Dhaka.	12.03.2005	26,000,000	26,000,000	26,000,000
Sabbir Ahmed	6 Decimal of Land, Mirpur, Dhaka.	10.05.2007	600,000	600,000	600,000
M/s. Tri Angle Trading Associates	0.33 Acres of Land, Savar, Dhaka.	26.04.2007	6,600,000	6,600,000	6,600,000
M/s. Unicorn Bangladesh Ltd.	16.5 Decimal of Land, Dhaka.	22.11.2007	15,000,000	15,000,000	15,000,000
HM Yunus	1.84 Acres of Land, Gazipur.	06.02.2008	55,700,000	55,700,000	55,700,000
M/s. Khan Enerprise	11.50 Decimnal of Land, Tutpara, Khulna.	04.03.2008	1,045,000	1,045,000	1,045,000
			<u>247,878,000</u>	<u>247,878,000</u>	<u>247,878,000</u>
11 Borrowings from other banks, financial institutions and agents					
Balance in Bangladesh	11.1	18,071,505,841	6,074,995,645	18,071,505,841	6,074,995,645
Balance outside Bangladesh	11.2	3,580,978,435	3,182,408,713	3,580,978,435	3,182,408,713
		<u>21,652,484,276</u>	<u>9,257,404,358</u>	<u>21,652,484,276</u>	<u>9,257,404,358</u>
11.1 Balance in Bangladesh					
Payable on demand					
One Bank Limited		50,000,000	-	50,000,000	-
Citibank NA		-	200,000,000	-	200,000,000
Dutch-Bangla Bank Limited		-	350,000,000	-	350,000,000
GSP Finance Limited		30,000,000	120,000,000	30,000,000	120,000,000
Premier Bank Limited		-	100,000,000	-	100,000,000
Pubali Bank Limited		100,000,000	-	100,000,000	-
IPDC BD Limited		70,000,000	-	70,000,000	-
Habib Bank Limited		120,000,000	-	120,000,000	-
National Bank Limited		120,000,000	-	120,000,000	-
Janata Bank Limited		1,800,000,000	-	1,800,000,000	-
Sonali Bank Limited		450,000,000	-	450,000,000	-
State Bank of India		100,000,000	70,000,000	100,000,000	70,000,000
HSBC		-	50,000,000	-	50,000,000
		<u>2,840,000,000</u>	<u>890,000,000</u>	<u>2,840,000,000</u>	<u>890,000,000</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
Term Borrowings					
Sonali Bank Limited		150,000,000	400,000,000	150,000,000	400,000,000
Uttara Bank Limited		2,240,000,000	-	2,240,000,000	-
Bangladesh Commerce Bank Limited		1,000,000,000	-	1,000,000,000	-
United Commercial Bank Limited		400,000,000	-	400,000,000	-
Trust Bank Limited		500,000,000	-	500,000,000	-
Jamuna Bank Limited		3,560,000,000	-	3,560,000,000	-
Citibank NA		1,100,000,000	-	1,100,000,000	-
Peoples Leasing and Financial Services Limited		500,000,000	-	500,000,000	-
		<u>9,450,000,000</u>	<u>400,000,000</u>	<u>9,450,000,000</u>	<u>400,000,000</u>
Other borrowing					
Borrowing from Bangladesh under IPFF		629,110,160	559,300,000	629,110,160	559,300,000
Borrowing from offshore banking unit		-	356,396,838	-	356,396,838
EDF - Borrowing from BB		2,647,269,301	1,370,680,875	2,647,269,301	1,370,680,875
Refinancing for Agro based Industries from Bangladesh Bank		2,505,126,380	2,498,617,932	2,505,126,380	2,498,617,932
		<u>5,781,505,841</u>	<u>4,784,995,645</u>	<u>5,781,505,841</u>	<u>4,784,995,645</u>
Total		<u>18,071,505,841</u>	<u>6,074,995,645</u>	<u>18,071,505,841</u>	<u>6,074,995,645</u>
11.2 Balance outside Bangladesh					
Non interest bearing with: *					
Standard Chartered Bank, New York		165,967,949	-	165,967,949	-
Citibank N A, New York		36,311,577	12,571,113	36,311,577	12,571,113
Mashreqbank, New York		-	9,394,909	-	9,394,909
JP Morgan Chase Bank, New York		17,470,797	18,453,962	17,470,797	18,453,962
JP Morgan Chase Bank, Frankfurt		8,377,435	-	8,377,435	-
Wachovia Bank NA, New York		165,098	3,909,354	165,098	3,909,354
Habib American Bank, New York		2,875,503	-	2,875,503	-
Standard Chartered Bank, New York - OBU		1,904,713	-	1,904,713	-
		<u>233,073,073</u>	<u>44,329,338</u>	<u>233,073,073</u>	<u>44,329,338</u>
Interest bearing with:					
Other borrowings - Offshore Banking Unit		3,347,905,362	3,138,079,375	3,347,905,362	3,138,079,375
Total		<u>3,580,978,435</u>	<u>3,182,408,713</u>	<u>3,580,978,435</u>	<u>3,182,408,713</u>
* For details of foreign currency amounts and rates thereof please see - "Annexure-B1".					
11.a Remaining maturity grouping of Borrowings (including Offshore Banking Unit)					
Payable					
On demand		2,840,000,000	890,000,000	2,840,000,000	890,000,000
In not more than one month		11,394,642,557	44,329,338	11,394,642,557	44,329,338
In more than one month but not more than three months		3,773,379,713	2,988,134,871	3,773,379,713	2,988,134,871
In more than three months but not more than one year		1,652,827,846	3,429,213,664	1,652,827,846	3,429,213,664
In more than one year but not more than five years		1,219,282,198	1,289,206,365	1,219,282,198	1,289,206,365
In more than five years		772,351,962	616,520,120	772,351,962	616,520,120
		<u>21,652,484,276</u>	<u>9,257,404,358</u>	<u>21,652,484,276</u>	<u>9,257,404,358</u>
12 Deposits and other accounts					
Current deposits and other accounts, etc.	12.1	7,464,670,557	5,519,912,500	7,464,670,557	5,522,402,626
Bills payable	12.2	814,170,727	1,079,503,680	814,170,727	1,079,503,680
Savings bank deposits	12.3	13,159,045,299	12,853,595,213	13,159,045,299	12,853,595,213
Fixed deposits	12.4	53,743,327,289	36,630,144,417	54,075,610,120	36,947,476,998
Bearer certificates of deposits	12.5	22,250,000	22,250,000	22,250,000	22,250,000
		<u>75,203,463,872</u>	<u>56,105,405,810</u>	<u>75,535,746,703</u>	<u>56,425,228,517</u>
12.1 Current deposits and other accounts					
Current deposits	12.1.1	2,623,124,529	2,432,509,182	2,623,124,529	2,434,999,308
Sundry deposits (margin on LC, LG, acceptance etc.)		2,926,786,724	2,201,598,828	2,926,786,724	2,201,598,828
Matured deposits		4,012,802	4,082,791	4,012,802	4,082,791
Interest accrued on deposits		1,808,282,471	841,222,968	1,808,282,471	841,222,968
Current deposit - Offshore Banking Unit		102,464,031	40,498,731	102,464,031	40,498,731
		<u>7,464,670,557</u>	<u>5,519,912,500</u>	<u>7,464,670,557</u>	<u>5,522,402,626</u>
12.1.1 Current deposits					
Local currency		2,355,988,616	2,185,196,760	2,355,988,616	2,187,686,886
Foreign currency		267,135,913	247,312,422	267,135,913	247,312,422
		<u>2,623,124,529</u>	<u>2,432,509,182</u>	<u>2,623,124,529</u>	<u>2,434,999,308</u>
12.2 Bills payable					
Local currency		810,631,373	674,441,515	810,631,373	674,441,515
Foreign currency		3,539,354	405,062,165	3,539,354	405,062,165
		<u>814,170,727</u>	<u>1,079,503,680</u>	<u>814,170,727</u>	<u>1,079,503,680</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
12.3 Savings bank deposits					
EBL saving deposits account		3,961,111,213	4,001,185,473	3,961,111,213	4,001,185,473
High performance deposit account - retail		5,258,287,928	5,170,218,057	5,258,287,928	5,170,218,057
EBL campus account		5,896,122	6,590,465	5,896,122	6,590,465
EBL interesting account		1,880,686,825	2,161,210,575	1,880,686,825	2,161,210,575
EBL confidence account		1,338,036,367	895,340,858	1,338,036,367	895,340,858
Salary account deposits		170,871,215	112,329,961	170,871,215	112,329,961
Monthly deposit plan (MDP) account		118,667,424	274,778,657	118,667,424	274,778,657
EBL sonchay account		51,883,717	20,463,997	51,883,717	20,463,997
EBL paribar account		11,695,685	1,755,178	11,695,685	1,755,178
EBL secure account		212,095,606	122,615,619	212,095,606	122,615,619
EBL global account		74,026,486	58,662,094	74,026,486	58,662,094
EBL global GBP account		6,816,619	4,558,586	6,816,619	4,558,586
EBL RFCD account		34,577,939	22,036,253	34,577,939	22,036,253
EBL junior account		21,385,067	-	21,385,067	-
SME equity builder account		11,145,500	-	11,145,500	-
Unclaimed savings deposit		1,861,586	1,849,440	1,861,586	1,849,440
		<u>13,159,045,299</u>	<u>12,853,595,213</u>	<u>13,159,045,299</u>	<u>12,853,595,213</u>
12.4 Fixed deposits					
Special notice deposits (SND) account		9,555,432,225	9,922,053,707	9,887,715,056	10,239,386,288
Term deposits account		43,081,515,088	26,688,972,550	43,081,515,088	26,688,972,550
RFCD account		623,764	485,662	623,764	485,662
NFCD account		43,855,112	18,632,498	43,855,112	18,632,498
Term deposit - OBU		1,061,901,100	-	1,061,901,100	-
		<u>53,743,327,289</u>	<u>36,630,144,417</u>	<u>54,075,610,120</u>	<u>36,947,476,998</u>
12.5 Issuance of bearer certificate of deposits has been stopped as per BRPD Circular no. 9 dated 20 October 2002.					
12.a Deposits from banks-inside Bangladesh	12.a.1	3,797,373	3,572,912	3,797,373	3,572,913
Other than banks		75,199,666,499	56,101,832,898	75,531,949,330	56,421,655,605
		<u>75,203,463,872</u>	<u>56,105,405,810</u>	<u>75,535,746,703</u>	<u>56,425,228,517</u>
12.a.1 Deposits from banks					
In special notice deposit accounts with					
Janata Bank Limited		41,207	40,287	41,207	40,287
National Bank Limited		138,061	132,678	138,061	132,678
Dhaka Bank Limited		90,201	88,880	90,201	88,880
ONE Bank Limited		3,469,072	3,141,355	3,469,072	3,141,355
Southeast Bank Limited		29,320	29,361	29,320	29,361
Mercantile Bank Limited		21,693	21,786	21,693	21,786
Standard Bank Limited		7,819	118,566	7,819	118,566
		<u>3,797,373</u>	<u>3,572,912</u>	<u>3,797,373</u>	<u>3,572,912</u>
12.b Deposits on the basis of significant concentration					
12.b.1 Sector-wise concentration of deposits and other accounts					
Government sector		864,397,000	883,331,000	864,397,000	883,331,000
Other public sector		14,752,584,000	6,804,760,000	14,752,584,000	6,804,760,000
Private sector		59,586,482,872	48,417,314,810	59,918,765,703	48,737,137,517
		<u>75,203,463,872</u>	<u>56,105,405,810</u>	<u>75,535,746,703</u>	<u>56,425,228,517</u>
12.b.2 Business segment-wise concentration of deposits and other accounts					
Corporate		25,158,537,296	19,567,935,077	25,490,820,127	19,887,757,784
SME		4,002,934,022	3,404,500,898	4,002,934,022	3,404,500,898
Consumer (including staff)		46,041,992,554	33,132,969,835	46,041,992,554	33,132,969,835
		<u>75,203,463,872</u>	<u>56,105,405,810</u>	<u>75,535,746,703</u>	<u>56,425,228,517</u>
12.c Residual maturity grouping of deposits					
From banks					
Payable:					
On demand		-	-	-	-
Within one month		3,797,373	3,572,913	3,797,373	3,572,913
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		-	-	-	-
		<u>3,797,373</u>	<u>3,572,913</u>	<u>3,797,373</u>	<u>3,572,913</u>

		Consolidated		Bank	
	Note	2011 Taka	2010 Taka	2011 Taka	2010 Taka
From other than banks					
Payable:					
On demand		2,623,124,529	5,519,912,500	2,623,124,529	5,522,402,626
Within one month		12,450,109,439	2,562,723,267	12,450,109,439	2,562,723,267
In more than one month but less than six months		39,593,884,987	21,844,608,557	39,593,884,987	22,161,941,138
In more than six months but less than one year		14,126,867,512	20,714,577,851	14,459,150,343	20,714,577,851
In more than one year but within five years		3,427,870,377	5,459,830,958	3,427,870,377	5,459,830,958
In more than five years but within ten years		2,977,809,655	179,764	2,977,809,655	179,764
		75,199,666,499	56,101,832,897	75,531,949,330	56,421,655,604
		75,203,463,872	56,105,405,810	75,535,746,703	56,425,228,517
Unclaimed deposit aging 10 years or more		2,329,574	2,542,766	2,329,574	2,542,766
13 Other liabilities					
Privileged creditors	13.1	202,929,150	194,535,568	202,862,900	194,535,568
Acquirer liabilities	13.2	230,261,579	9,664,199	230,261,579	9,664,199
Sundry creditors		127,523,115	138,046,350	127,523,117	137,988,850
Security deposit		18,669,666	18,608,733	18,669,666	18,608,733
Current tax liability/(asset)	13.3	1,305,487,103	925,357,267	1,284,069,310	900,234,007
Provision for loans and advances - other than OBU	13.4	2,343,573,973	1,689,706,362	2,343,573,973	1,689,706,362
Interest suspense account	13.5	352,951,006	273,601,197	352,951,006	273,601,197
Provision for other assets	13.6	8,313,675	2,768,103	8,313,675	2,768,103
Provision for investments in shares	13.7	273,322,488	27,024,575	273,322,488	27,024,575
Advance interest/commission received		28,119,144	22,429,762	28,119,144	22,429,762
Expenses payable		222,978,070	201,134,808	222,978,067	201,134,808
Inter branch and inter system accounts		488,604	790,255	488,604	790,255
Advance export proceeds		540,406,862	258,942,629	540,406,862	258,942,629
Miscellaneous payable	13.8	206,123,307	543,751,607	206,123,307	543,751,607
Conversion balance	13.9	148,614	361,565	148,614	361,565
Other liabilities - OBU	13.10	145,624,722	49,727,612	145,624,722	49,727,612
Other liabilities of subsidiaries	13.11	109,248,914	554,273,290	-	-
		6,116,169,992	4,910,723,882	5,985,437,034	4,331,269,831
13.1 Privileged creditors					
Three major categories of Government dues are reported. Tax deducted at source, VAT and Excise duty payable to Government exchequer.					
Tax deducted at source		102,349,990	107,978,334	102,283,740	107,978,334
VAT deducted at source		23,356,876	18,837,843	23,356,876	18,837,843
Excise duty deducted from customer accounts		77,222,284	67,719,391	77,222,284	67,719,391
		202,929,150	194,535,568	202,862,900	194,535,568
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		21,015,532	13,247,509	21,015,532	13,247,509
Travel card liability		10,255,410	13,789,659	10,255,410	13,789,659
Credit card liability		173,312,756	697,839	173,312,756	697,839
Acquirer cash and other liabilities		25,677,881	(18,070,808)	25,677,881	(18,070,808)
		230,261,579	9,664,199	230,261,579	9,664,199
13.3 Current tax liability/(asset)					
Provision for tax					
Opening balance		1,849,575,736	1,535,630,549	1,822,525,395	1,535,630,549
Settlement/adjustments for previous years		(1,345,128,339)	(1,283,105,154)	(1,334,435,175)	(1,283,105,154)
Provision for tax made during the year	13.3.1	1,778,718,444	1,597,050,341	1,739,842,732	1,570,000,000
		2,283,165,841	1,849,575,736	2,227,932,951	1,822,525,395
Balance of income tax paid					
Opening balance		924,218,469	810,091,238	922,291,388	810,091,238
Settlement/adjustments for previous years		(1,336,362,256)	(1,283,105,154)	(1,334,435,175)	(1,283,105,154)
Paid during the year		1,389,822,525	1,397,232,385	1,356,007,428	1,395,305,304
		977,678,738	924,218,469	943,863,641	922,291,388
		1,305,487,103	925,357,267	1,284,069,310	900,234,007
13.3.1 Provision for tax made during the year					
	13.3.1.a	1,778,718,444	1,597,050,341	1,739,842,732	1,570,000,000
		1,778,718,444	1,597,050,341	1,739,842,732	1,570,000,000

Note	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
13.3.1.a Income tax expenses				
Current tax expenses				
Current year			1,861,021,443	1,538,597,705
Adjustment for prior year			(121,178,712)	31,402,295
Total income tax expenses			<u>1,739,842,732</u>	<u>1,570,000,000</u>

13.3.2 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 June 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 honourable 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.

	Bank			
	2011 %	2010 Taka	2010 %	2010 Taka
13.3.3 Reconciliation of effective tax				
Profit before income tax as per profit and loss account		4,129,147,361		3,992,411,049
Income Tax using the domestic corporate tax rate (@ 42.5%)	42.50%	1,754,887,628	42.5%	1,696,774,696
Factors affecting the tax charge for current period				
Non deductible expenses	12.27%	506,674,223	7.73%	311,188,778
Tax exempt income	-4.36%	(179,852,271)	-5.01%	(200,060,909)
Tax savings from reduced tax rates from dividend	-0.57%	(23,713,394)	-0.60%	(23,958,615)
Tax savings from reduced tax rates from capital gain	-4.77%	(196,974,744)	-6.15%	(245,346,245)
Tax incentives	-	-	-	-
Recognition of previously unrecognized tax losses	-	-	-	-
Under provided in prior years	-2.93%	(121,178,712)	0.79%	31,402,295
Total income tax expenses	<u>42.14%</u>	<u>1,739,842,732</u>	<u>39.26%</u>	<u>1,570,000,000</u>

Note	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
13.4 Provision for loans and advances				
A) Specific provision against loans and advances				
Opening balance	610,681,300	756,407,619	610,681,300	756,407,619
Fully provided debt written off during the year	(65,211,773)	(277,895,392)	(65,211,773)	(277,895,392)
Recovery of amounts previously written off	-	-	-	-
Specific provision for the year	320,968,073	132,169,073	320,968,073	132,169,073
Provision released or no longer required	-	-	-	-
Provision held at the end of the year	<u>866,437,600</u>	<u>610,681,300</u>	<u>866,437,600</u>	<u>610,681,300</u>
Required provision as per relevant BRPD circular of BB	<u>856,437,600</u>	<u>610,681,300</u>	<u>856,437,600</u>	<u>610,681,300</u>
Surplus/ (Shortage)	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>
B) General provision against unclassified loans and advances				
Opening balance	807,928,663	696,863,760	807,928,663	696,863,760
Provision made during the year for loans and advances	278,280,322	111,064,903	278,280,322	111,064,903
Provision held at the end of the year	<u>1,086,208,985</u>	<u>807,928,663</u>	<u>1,086,208,985</u>	<u>807,928,663</u>
Required provision as per relevant BRPD circular of BB	<u>1,086,208,985</u>	<u>807,928,663</u>	<u>1,086,208,985</u>	<u>807,928,663</u>
Surplus/ (Shortage)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
C) General provision against contingent assets (1%)				
Opening balance	271,096,399	161,884,904	271,096,399	161,884,904
Provision during the year for contingent assets	119,830,989	109,211,495	119,830,989	109,211,495
Provision held at the end of the year	<u>390,927,388</u>	<u>271,096,399</u>	<u>390,927,388</u>	<u>271,096,399</u>
Required provision as per relevant BRPD circular of BB	<u>390,927,388</u>	<u>271,096,399</u>	<u>390,927,388</u>	<u>271,096,399</u>
Surplus/ (Shortage)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total (A+B+C)	<u>13.4.1 2,343,573,973</u>	<u>1,689,706,362</u>	<u>2,343,573,973</u>	<u>1,689,706,362</u>

13.4.1 Calculation of provision for loans and advances as per CL

Nature	Outstanding	Interest suspense	Eligible securities	Base for provision	Required provision	Actual provision	Surplus/ (shortage)
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Standard	78,562,731,341	39,765,920	-	78,562,731,566	1,109,949,354	1,109,949,354	-
SMA	847,776,094	54,453,032	-	793,412,622	39,670,631	39,670,631	-
SS	418,551,016	107,717,038	165,179,765	260,558,422	52,111,684	52,720,155	608,471
DF	172,180,972	24,441,796	15,580,000	135,272,183	67,636,091	68,425,829	789,738
BL	969,860,132	126,626,574	111,523,294	736,689,231	736,689,824	745,291,615	8,601,791
Staff loan	802,810,624	-	-	-	-	-	-
	81,773,910,178	353,004,360	292,283,059	80,488,664,023	2,006,057,585	2,016,057,585	10,000,000
Provision for unclassified loans and advances - OBU					(63,411,000)	(63,411,000)	-
Provision against contingent assets					390,927,388	390,927,388	-
Provision for loans and advances (excluding OBU)					2,333,573,973	2,343,573,973	10,000,000

	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
13.5 Interest suspense account				
Opening balance	273,601,197	353,074,264	273,601,197	353,074,264
Amount transferred during the year	594,364,263	509,331,373	594,364,263	509,331,373
Amount recovered during the year	(501,552,978)	(503,229,063)	(501,552,978)	(503,229,063)
Amount written off during the year	(13,461,476)	(85,575,377)	(13,461,476)	(85,575,377)
Balance at the end of the year	<u>352,951,006</u>	<u>273,601,197</u>	<u>352,951,006</u>	<u>273,601,197</u>
13.6 Provision for other assets				
Opening balance	2,768,103	179,000	2,768,103	179,000
Provision made during the year	5,805,283	2,589,103	5,805,283	2,589,103
Adjustment made during the year	(259,711)	-	(259,711)	-
	<u>8,313,675</u>	<u>2,768,103</u>	<u>8,313,675</u>	<u>2,768,103</u>
13.7 Provision for investments in shares				
Opening balance	27,024,576	588,184	27,024,576	588,184
Provision made during the year	247,978,854	33,895,600	247,978,854	33,895,600
Adjustment made during the year	(1,680,942)	(7,459,209)	(1,680,942)	(7,459,209)
	<u>273,322,488</u>	<u>27,024,575</u>	<u>273,322,488</u>	<u>27,024,575</u>
Provision has been made on unrealized loss (gain net off) according to DOS Circular no. 4, dated 24 November 2011.				
13.8 Miscellaneous payable				
Sale of savings certificate and WEDB	1,024,914	1,024,914	1,024,914	1,024,914
Unclaimed instruments	2,329,574	2,542,766	2,329,574	2,542,766
Others	202,768,819	540,183,927	202,768,819	540,183,927
	<u>206,123,307</u>	<u>543,751,607</u>	<u>206,123,307</u>	<u>543,751,607</u>
13.9 Conversion balance				
This balance of Tk. 148,614 evolved at the time of system migration from Flexcube to UBS (Universal Banking System - an upgraded version of former Flexcube). The balance was created while uploading contracts (both loan and deposit) and GL balances in UBS. This balance will be eliminated as soon as appropriate point of differences are sorted out.				
13.10 Other liabilities - Offshore Banking Unit				
Provision for taxation	-	-	-	-
Provision for unclassified loans and advances (including off-balance sheet items)	63,817,276	49,727,612	63,817,276	49,727,612
Conversion GL-liability	81,684,700	-	81,684,700	-
Sundry creditors	122,746	-	122,746	-
	<u>145,624,722</u>	<u>49,727,612</u>	<u>145,624,722</u>	<u>49,727,612</u>
13.11 Other liabilities of subsidiaries				
Accounts payable	82,928,605	300,086,891		
Liabilities for expenses	8,652,095	11,550,360		
Others liabilities	55,664,400	65,818,647		
Noncurrent liabilities	715,987,416	335,129,109		
	<u>863,232,516</u>	<u>712,585,007</u>		

	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
Less: Elimination of inter-company transactions				
Rent receivable	(5,664,400)	(6,811,000)		
Payables - share trading account	(2,331,786)	(114,000,717)		
Interim dividend receivable	(30,000,000)	(37,500,000)		
Bank Overdraft	(715,987,416)	-		
	<u>(753,983,602)</u>	<u>(158,311,717)</u>		
Net other liabilities	<u>109,248,914</u>	<u>554,273,290</u>		

	As per bank book (GL)		As per bank book (statement)	
	Debit (USD)	Credit (USD)	Debit (USD)	Credit (USD)
13.a Nostro reconciliation				
Up to three months	789,441	3,095,929	1,046,542	14,005,223
More than three months but less than six months	-	39,667	-	-
More than six months but less than nine months	-	1,633	-	-
More than nine months but less than twelve months	-	635	-	-
More than twelve months	-	-	-	-
Total *	<u>789,441</u>	<u>3,137,864</u>	<u>1,046,542</u>	<u>14,005,223</u>

* The Bank is not required to make provision regarding the unreconciled debit balance as at balance sheet date since there was no debit entries aging more than three months.

14 Share capital

A) Authorized capital

1,200,000,000 ordinary shares of Tk 10 each	<u>12,000,000,000</u>	<u>12,000,000,000</u>	<u>12,000,000,000</u>	<u>12,000,000,000</u>
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B) Issued, subscribed and fully paid up capital

	2011	2010				
Issued against cash	129,345,000	129,345,000	1,293,450,000	1,293,450,000	1,293,450,000	1,293,450,000
Issued against bonus share*	323,380,767	162,736,140	3,233,807,670	1,627,361,400	3,233,807,670	1,627,361,400
	<u>452,725,767</u>	<u>292,081,140</u>	<u>4,527,257,670</u>	<u>2,920,811,400</u>	<u>4,527,257,670</u>	<u>2,920,811,400</u>

*During 2011 total 160,644,627 shares have been issued as stock dividend.

14.1 Slab wise list as on 31 December 2011

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. 4,527,257,670 divided into 452,725,767 ordinary shares of Tk 10 each. Subject to above conditions the break up of issued, subscribed and paid up capital of Tk. 4,527,257,670 as on 31 December 2011 is as follows:

Shareholders' group	2011			2010		
	No. of shares	(%) of shareholding	Taka	No. of shares	(%) of shareholding	Taka
Directors	30,480,330	6.73%	304,803,300	10,026,490	3.43%	100,264,900
General Public	377,809,189	83.45%	3,778,091,890	253,514,160	86.80%	2,535,141,600
Financial Institutions	44,436,248	9.82%	444,362,480	28,540,490	9.77%	285,404,900
Total	452,725,767	100.00%	4,527,257,670	292,081,140	100.00%	2,920,811,400

Status of shareholding (shares of EBL) as on 31 December 2011 by CEO, CFO, Head of Internal Control and Compliance, Company Secretary and top five salaried executives is shown as follows:

Name	Designation	Shareholding position
Ali Reza Iftekhar	Managing Director and CEO	-
Md. Fakhru Alam	DMD-Corporate and Treasury	217
Muklesur Rahman	DMD-Consumer Banking	-
Safiar Rahman	SEVP & Company Secretary	-
Mahbubul Alam Tayiab	SEVP & Head of Internal Control and Compliance	78
Syed Rafiqul Haq	SEVP & Area Head Corporate Banking, Dhaka	276
Malick Musfique Reza	EVP & Head of Finance	4,000
Sami Karim	SEVP & Head of SAMD (Consumer and SME - S)	-
Akhtar Kamal Talukder	SEVP & Head of SAMD (Corporate and SME - M)	11,857
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	8,945	1,722,666	0.38%
501-5,000	6,847	10,664,746	2.36%
5,001-10,000	562	4,195,627	0.93%
10,001-20,000	295	4,267,937	0.94%
20,001-30,000	117	2,861,068	0.63%
30,001-40,000	71	2,511,968	0.55%
40,001-50,000	39	1,782,139	0.39%
50,001-100,000	107	7,561,273	1.67%
100,001-1,000,000	168	52,650,078	11.63%
1,000,001 and above	56	364,508,265	80.51%
Total	17,207	452,725,767	100.00%

	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
14.2 Capital adequacy ratio (BASEL II)				
Tier - I (Core capital)				
Paid up capital	4,527,257,670	2,920,811,400	4,527,257,670	2,920,811,400
Statutory reserve	3,551,351,414	2,725,521,942	3,551,351,414	2,725,521,942
General reserve	927,555,512	725,621,512	927,555,512	725,621,512
Dividend equalisation reserve	356,040,000	356,040,000	356,040,000	356,040,000
Retained earnings	1,638,337,763	1,668,090,349	1,603,867,084	1,646,838,196
Non controlling interest in subsidiaries	150,680,444	150,970,258	-	-
	<u>11,151,222,803</u>	<u>8,547,055,461</u>	<u>10,966,071,681</u>	<u>8,374,833,050</u>
Tier -II (Supplementary capital)				
General provision against loans and contingent assets	1,540,953,649	1,057,539,129	1,540,953,649	1,057,539,129
Revaluation reserve for securities up to 50%	204,518,714	411,625,984	204,518,714	411,625,984
Assets revaluation reserves up to 50%	1,325,970,875	1,442,734,772	1,325,970,875	1,442,734,772
	<u>3,071,443,238</u>	<u>2,911,899,885</u>	<u>3,071,443,238</u>	<u>2,911,899,885</u>
Tier -III (Additional Supplementary capital)				
A. Total capital	<u>14,222,666,042</u>	<u>11,458,955,346</u>	<u>14,037,514,919</u>	<u>11,286,732,935</u>
B. Total risk weighted assets	130,089,044,267	104,975,788,197	130,351,137,719	104,439,531,212
C. Required capital based on risk weighted assets (10% for 2011 and 9% for 2010 on B)	13,008,904,427	9,447,820,938	13,035,113,772	9,399,557,809
D. Surplus/(deficiency) [A - C]	<u>1,213,761,615</u>	<u>2,011,134,408</u>	<u>1,002,401,147</u>	<u>1,887,175,126</u>

Capital adequacy ratio	Minimum requirement		Consolidated		Bank	
	2011	2010	2011	2010	2011	2010
On core capital	5%	4.5%	8.57%	8.14%	8.41%	8.02%
On supplementary capital	Not specified	Not specified	2.36%	2.77%	2.36%	2.79%
On additional supplementary capital	Not specified	Not specified	-	-	-	-
On total capital	<u>10%</u>	<u>9.0%</u>	<u>10.93%</u>	<u>10.92%</u>	<u>10.77%</u>	<u>10.81%</u>

15 Statutory reserve				
Opening balance	2,725,521,942	1,927,039,732	2,725,521,942	1,927,039,732
Transferred from profit during the year	825,829,472	798,482,210	825,829,472	798,482,210
Closing balance	<u>3,551,351,414</u>	<u>2,725,521,942</u>	<u>3,551,351,414</u>	<u>2,725,521,942</u>
16 Dividend equalisation reserve				
Opening balance	356,040,000	356,040,000	356,040,000	356,040,000
Transferred from profit during the year	-	-	-	-
Closing balance	<u>356,040,000</u>	<u>356,040,000</u>	<u>356,040,000</u>	<u>356,040,000</u>

According to BRPD Circular no. 18 dated 20 October 2002, in case of declaring dividend in cash 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 Equalisation Account which shall be treated as Core Capital of the Bank.

	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
17 Reserve against pre-take over loss				
Opening balance	1,554,759,750	1,554,759,750	1,554,759,750	1,554,759,750
Adjustment during the year	-	-	-	-
Closing balance	<u>1,554,759,750</u>	<u>1,554,759,750</u>	<u>1,554,759,750</u>	<u>1,554,759,750</u>
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 the Bank, have been bundled with 'Pre-take over loss' during 2008 with retrospective effect in 2007.				
Opening balance	(989,138,238)	(997,316,025)	(989,138,238)	(997,316,025)
Recoveries during the year	201,934,000	8,177,786	201,934,000	8,177,786
Closing balance	<u>(787,204,238)</u>	<u>(989,138,238)</u>	<u>(787,204,238)</u>	<u>(989,138,238)</u>
19 Assets revaluation reserve				
Opening balance	2,651,941,750	913,678,854	2,651,941,750	913,678,854
Addition during the year	-	1,738,262,896	-	1,738,262,896
Closing balance	<u>2,651,941,750</u>	<u>2,651,941,750</u>	<u>2,651,941,750</u>	<u>2,651,941,750</u>
20 Treasury bill amortization reserve (HTM)				
Opening balance	-	22,956,196	-	22,956,196
Addition during the year	3,793	-	3,793	-
Adjustment made during the year	-	(22,956,196)	-	(22,956,196)
Closing balance	<u>3,793</u>	<u>-</u>	<u>3,793</u>	<u>-</u>
As per instruction/circular of Bangladesh Bank (DOS Circular no. 5 dated 26 May 2008).				
21 Reserve for building fund				
Opening balance	-	60,000,000	-	60,000,000
Addition during the year	-	-	-	-
Transferred to general reserve	-	(60,000,000)	-	(60,000,000)
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
22 General reserve				
Opening balance	160,000,000	100,000,000	160,000,000	100,000,000
Amount transferred from building fund	-	60,000,000	-	60,000,000
Adjustment made during the year	-	-	-	-
Closing balance	<u>160,000,000</u>	<u>160,000,000</u>	<u>160,000,000</u>	<u>160,000,000</u>
23 Reserve for non banking assets				
Opening balance	233,527,796	233,527,796	233,527,796	233,527,796
Amount transferred during the year	-	-	-	-
Adjustment made during the year	-	-	-	-
Closing balance	<u>233,527,796</u>	<u>233,527,796</u>	<u>233,527,796</u>	<u>233,527,796</u>
24 Foreign currency translation gain				
Assets and liabilities have been converted into Taka using year end standard mid rate of exchange of the Bank @ USD 1 = BDT 81.6847 (2010: BDT 70.7497) as at 31 December 2011. Yearly incomes and expenses are translated using monthly average rate of standard mid rate of exchange of the Bank (USD 1 = BDT 74.5112). The cumulative amount of the exchange differences has been presented separately as a component of equity.				
25 Retained earnings				
Opening balance	1,669,294,774	944,206,009	1,646,838,196	944,206,009
Profit for the year	2,532,718,515	2,484,746,373	2,520,704,413	2,424,789,795
Transfer to statutory reserve	(825,829,472)	(798,482,210)	(825,829,472)	(798,482,210)
Bonus share issued	(1,606,446,270)	(424,391,400)	(1,606,446,270)	(424,391,400)
Cash dividend paid	-	(499,284,000)	-	(499,284,000)
Dividend received from subsidiary	-	(37,500,000)	-	-
Closing balance	<u>1,769,737,547</u>	<u>1,669,294,772</u>	<u>1,735,266,868</u>	<u>1,646,838,196</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
26 Non controlling interest					
EBL Securities Limited	26.1	150,680,336	150,970,154		
EBL Investments Limited	26.2	108	104		
		<u>150,680,444</u>	<u>150,970,258</u>		
26.1 Non controlling interest - EBL Securities Limited					
Book value of closing total assets		935,321,036	760,865,923		
Book value of closing external liabilities		(907,614,196)	(732,434,537)		
Book value of closing net assets		27,706,840	28,431,386		
Fair value adjustment	26.1.1	348,994,000	348,994,000		
Fair value of closing net assets		<u>376,700,840</u>	<u>377,425,386</u>		
Non controlling interest @ 40%		<u>150,680,336</u>	<u>150,970,154</u>		
26.2 Non controlling interest - EBL Investments Limited					
Book value of closing total assets		335,373,497	317,332,581		
Book value of closing external liabilities		(10,923,314)	(6,535,655)		
Book value of closing net assets		<u>324,450,183</u>	<u>310,796,926</u>		
Non controlling interest @ 0.0000333%		<u>108</u>	<u>104</u>		
26.1.1 Fair value adjustment					
Fair value of DSE license	9.4	349,000,000	349,000,000		
Book value of DSE license		(6,000)	(6,000)		
Fair value adjustment		<u>348,994,000</u>	<u>348,994,000</u>		
27 Contingent liabilities					
Acceptance and endorsements (net)	27.1	21,179,540,592	10,153,867,598	21,179,540,592	10,153,867,598
Letters of guarantee (net)	27.2	6,568,578,342	3,757,852,285	6,568,578,342	3,757,852,285
Irrevocable letters of credit (net)	27.3	11,385,326,775	13,197,919,990	11,385,326,775	13,197,919,990
Bills for collection		1,204,574,500	813,048,004	1,204,574,500	813,048,004
		<u>40,338,020,209</u>	<u>27,922,687,877</u>	<u>40,338,020,209</u>	<u>27,922,687,877</u>
27.1 Acceptance and endorsements (net)					
Acceptances		6,922,822,801	4,506,271,613	6,922,822,801	4,506,271,613
Acceptances - Usance LC (Cash)	16	394,794,076	7,232,880,471	394,794,076	7,232,880,471
Margin on acceptance		(2,138,281,250)	(1,585,284,486)	(2,138,281,250)	(1,585,284,486)
		21,179,335,627	10,153,867,598	21,179,335,627	10,153,867,598
Acceptances - OBU		204,965	-	204,965	-
		<u>21,179,540,592</u>	<u>10,153,867,598</u>	<u>21,179,540,592</u>	<u>10,153,867,598</u>
27.2 Letters of guarantees (net)					
Directors		1,094,180	1,094,180	1,094,180	1,094,180
Government		4,996,327	7,790,268	4,996,327	7,790,268
Banks and other financial institutions		1,869,355,412	377,542,827	1,869,355,412	377,542,827
Others (Customers etc.)		4,839,169,594	3,592,336,886	4,839,169,594	3,592,336,886
		6,714,615,513	3,978,764,161	6,714,615,513	3,978,764,161
Margins		(156,888,575)	(220,911,876)	(156,888,575)	(220,911,876)
		6,557,726,938	3,757,852,285	6,557,726,938	3,757,852,285
Letter of guarantee - OBU		10,851,404	-	10,851,404	-
		<u>6,568,578,342</u>	<u>3,757,852,285</u>	<u>6,568,578,342</u>	<u>3,757,852,285</u>
27.2.1	A case was filed by the Bank, 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.				
27.3 Irrevocable letters of credit (net)					
Letters of credit (LC)		11,977,104,827	13,562,025,073	11,977,104,827	13,562,025,073
Margin on LC		(621,389,757)	(376,191,396)	(621,389,757)	(376,191,396)
		11,355,715,070	13,185,833,677	11,355,715,070	13,185,833,677
Letter of credit - OBU		29,611,705	12,086,313	29,611,705	12,086,313
		<u>11,385,326,775</u>	<u>13,197,919,990</u>	<u>11,385,326,775</u>	<u>13,197,919,990</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
27.4 Workers' profit participation fund (WPPF)					
As per Bangladesh Labor 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.					
28 Interest income					
Interest on advances		8,579,605,149	6,168,192,849	8,547,129,347	6,168,192,849
Interest on money at call and short notice		104,468,787	37,101,778	104,468,787	37,101,778
Interest on placement with other banks and financial institutions		753,823,243	602,373,437	753,823,243	583,102,625
Interest on foreign currency balances		10,805,571	5,470,118	10,805,571	5,470,118
Interest income - OBU		296,912,513	182,589,486	296,912,513	182,589,486
		<u>9,745,615,263</u>	<u>6,995,727,668</u>	<u>9,713,139,461</u>	<u>6,976,456,856</u>
29 Interest paid on deposits and borrowings					
Interest on deposits		5,543,330,191	3,404,897,523	5,567,293,312	3,404,897,523
Interest on borrowings		483,460,769	496,881,672	483,460,769	488,622,442
Interest on borrowings from IPFF & BB		146,757,587	-	146,757,587	-
Interest on Margin		4,892,673	3,747,856	4,892,673	3,747,856
Interest on REPO		82,248,682	51,747,659	82,248,682	51,747,659
Interest paid on deposits and borrowings - OBU		114,065,254	53,987,819	114,065,254	53,987,819
		<u>6,374,755,156</u>	<u>4,011,262,529</u>	<u>6,398,718,277</u>	<u>4,003,003,299</u>
30 Income from investments					
Dividend on shares					
Ordinary shares		71,060,860	57,623,487	70,930,360	57,623,487
Preference shares		4,462,500	11,359,247	4,462,500	11,359,247
		<u>75,523,360</u>	<u>68,982,734</u>	<u>75,392,860</u>	<u>68,982,734</u>
Interim dividend from EBL Securities Limited		-	37,500,000	-	37,500,000
Interest on Reverse REPO		175,878,341	3,837,816	175,878,341	3,837,816
Interest on debentures		3,788,877	5,540,565	3,788,877	5,540,565
Gain from trading in Govt. securities		423,181,814	29,437,824	423,181,814	29,437,824
Gain / (loss) on reclassification/revaluation of treasury securities (HFT)*		(139,522,087)	(195,256,041)	(139,522,087)	(195,256,041)
Interest on bonds -Treasury		751,371,328	843,779,030	751,371,328	843,779,030
Interest on bonds - Corporate		43,922,222	30,847,500	43,922,222	30,847,500
Gain or (loss) on shares traded in secondary market		608,499,385	1,225,643,074	606,076,134	1,225,643,074
		<u>1,942,643,240</u>	<u>2,050,312,502</u>	<u>1,970,089,489</u>	<u>2,050,312,502</u>
*As per instruction/circular of Bangladesh Bank (DOS Circular no. 5 dated 26 May 2008).					
31 Fees, commission, exchange and brokerage					
Fees and commission		1,359,005,931	940,221,287	1,343,214,131	810,519,482
Exchange gain net off exchange losses		749,559,543	404,453,297	749,559,543	404,453,297
Brokerage		68,241,824	-	-	-
Commission, exchange and brokerage - OBU		815,507	769,023	815,507	769,023
		<u>2,177,622,805</u>	<u>1,345,443,607</u>	<u>2,093,589,181</u>	<u>1,215,741,801</u>
32 Other operating income					
Rebate earnings		41,589,558	30,222,242	41,589,558	30,222,242
Postage charges recovered		10,424,548	10,366,332	10,424,548	10,366,332
Service charges related to trade operations		8,319,123	7,788,437	8,319,123	7,788,437
Swift & Telex charges		28,293,923	25,734,310	28,293,923	25,734,310
Recovery from written off loans		301,979,925	118,288,117	301,979,925	118,288,117
Locker rent		7,607,255	6,034,455	7,607,255	6,034,455
Gain on sale of fixed assets		2,233,809	762,286	2,233,809	762,286
Miscellaneous		15,823,985	21,509,689	13,493,385	21,509,689
Other operating income - OBU		563,442	506,922	563,442	506,922
		<u>416,835,568</u>	<u>221,212,790</u>	<u>414,504,968</u>	<u>221,212,790</u>
33 Salary and allowances					
Basic salary		474,828,631	381,019,473	459,635,551	372,397,857
Allowances		693,863,867	538,213,831	693,863,867	538,213,831
Festival bonus		80,078,547	61,275,986	76,885,109	60,670,274
Performance bonus		119,000,000	100,000,000	119,000,000	100,000,000
Bank's contribution to provident fund		42,168,997	34,457,372	42,168,997	34,457,372
Contribution to gratuity fund	33.1	73,153,515	38,641,643	73,153,515	38,641,643
Contribution to superannuation fund	33.2	6,823,117	8,143,116	6,823,117	8,143,116
		<u>1,489,916,674</u>	<u>1,161,751,421</u>	<u>1,471,530,156</u>	<u>1,152,524,093</u>

33.1 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 was done considering both "future service cost" which an employee shall obtain in normal course of service and "past service cost" which is the difference between assets 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**

	<u>Taka</u>
Value of liabilities in respect of members in service	321,718,000
Value of fund	105,766,000
Deficit	<u><u>215,952,000</u></u>

Required contribution rates

Past service	3.13%
Future service	<u>12.55%</u>
Of the total basic payroll	<u><u>15.68%</u></u>

The above percentages apply to the basic payroll of all employees who are 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	<u><u>27,400,000</u></u>

Finally, actuary recommended that with effect from 1 December 2010 a contribution of at least 15.68% of basic payroll is contributed into the fund each year until the next actuarial review is done. The Bank is maintaining recommended provision from above mentioned date.

33.1.a Contribution to gratuity fund during the year

Basic payroll for December 2011	<u>466,540,269</u>
Required contribution during the year (15.68% on basic payroll)	73,153,515
Maintained during the year	<u>73,153,515</u>
Surplus / shortage	<u><u>-</u></u>

33.2 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 was done considering both "future service cost" which an employee shall obtain in normal course of service and "past service cost" which is the difference between assets 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	<u><u>30,856,000</u></u>

Required contribution rates

Past service	0.30%
Future service	<u>1.16%</u>
Of the total admissible benefit	<u><u>1.46%</u></u>

b) The closed fund

If the fund winds up 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.

	<u>Taka</u>
Value of liabilities	44,744,000
Value of fund	22,228,000
Deficit	<u>22,516,000</u>

The actuary recommended a contribution of at least 1.16% of total admissible benefits is paid in the fund until the next actuarial investigation is carried out.

33.2.a Contribution to superannuation fund during the year

Total admissible benefits as per actuarial valuation	<u>588,200,000</u>
Required contribution during the year (1.16 % on total admissible benefits)	6,823,117
Maintained during the year	6,823,117
Surplus / shortage	<u>-</u>

Note	<u>Consolidated</u>		<u>Bank</u>	
	<u>2011</u> <u>Taka</u>	<u>2010</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>	<u>2010</u> <u>Taka</u>
34 Rent, taxes, insurance, utilities etc.				
Rents, rates and taxes - premises	178,789,654	126,846,371	172,998,935	121,706,186
Insurance premium	47,279,329	37,396,817	47,264,960	37,396,817
Utilities	34,464,317	28,974,661	33,626,000	28,868,373
	<u>260,533,300</u>	<u>193,217,849</u>	<u>253,889,895</u>	<u>187,971,376</u>
35 Legal and professional expenses				
Legal expenses	22,556,233	27,000,666	22,522,233	26,822,456
Other professional expenses	21,663,382	7,726,944	21,558,382	7,726,944
	<u>44,219,615</u>	<u>34,727,610</u>	<u>44,080,615</u>	<u>34,549,400</u>
36 Postage, stamp, telecommunication, etc.				
Telephone - office	16,567,448	13,500,542	16,567,448	13,296,826
LAN, WAN, SWIFT and telex	39,308,918	29,476,896	39,308,918	29,211,074
Postage and courier	22,473,857	19,448,184	22,473,857	19,448,184
Stamp and court fees	683,883	423,669	209,058	337,044
	<u>79,034,106</u>	<u>62,849,291</u>	<u>78,559,281</u>	<u>62,293,128</u>
37 Stationery, printing, advertisement, etc.				
Printing and stationery	66,548,285	49,343,775	66,261,219	49,333,775
Publicity and advertisement	137,641,277	116,039,647	137,626,857	116,039,647
	<u>204,189,562</u>	<u>165,383,422</u>	<u>203,888,076</u>	<u>165,373,422</u>
38 Managing Director's salary and allowances				
Basic salary	6,949,419	6,119,355	6,949,419	6,119,355
Allowances	4,080,000	3,763,871	4,080,000	3,763,871
Bonus	2,232,000	2,120,000	2,232,000	2,120,000
Bank's contribution to provident fund	694,942	611,936	694,942	611,936
	<u>13,956,361</u>	<u>12,615,162</u>	<u>13,956,361</u>	<u>12,615,162</u>
39 Directors' fees and expenses				
Meeting attendance fees	1,078,000	941,000	1,060,000	926,000
Other expenses	1,542,236	810,448	1,542,236	810,448
	<u>2,620,236</u>	<u>1,751,448</u>	<u>2,602,236</u>	<u>1,736,448</u>
Each director is paid Tk.5,000/- per Board meeting and per committee meeting.				
40 Audit fees				
Audit fees during the year	476,555	661,739	350,000	300,000
VAT on audit fees (4.5% and 15% in 2011 and 2010 respectively)	21,445	99,261	15,750	45,000
	<u>498,000</u>	<u>761,000</u>	<u>365,750</u>	<u>345,000</u>
41 Repairs, maintenance and depreciation / amortisation				
Depreciation / amortisation: (Annexure 'A' & 'A1')				
Buildings	2,929,033	554,808	2,929,033	554,808
Machinery and equipment	58,457,201	38,127,242	57,794,051	37,682,473
Computer and network equipment	48,358,032	38,414,219	47,898,356	38,414,219
Vehicles	9,729,454	9,588,698	9,528,108	9,427,308
Furniture and fixtures	24,311,852	20,967,503	23,398,947	20,636,921
Software	16,785,757	4,278,882	16,533,835	4,278,882
	<u>160,571,329</u>	<u>111,933,226</u>	<u>158,082,330</u>	<u>110,994,611</u>

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
Repairs and maintenance					
Office equipments		36,891,529	30,746,546	36,891,529	30,700,061
Vehicles		3,506,621	2,986,605	3,506,621	2,986,605
Furniture and fixtures		12,087,544	11,603,271	12,087,544	11,603,271
Rented premises- general		49,701,354	35,519,458	48,310,329	35,517,579
Rented premises-lighting		23,436,454	13,246,850	22,958,247	13,246,850
Software maintenance expense		27,825,561	30,533,718	27,656,377	30,458,718
		<u>153,449,063</u>	<u>124,636,448</u>	<u>151,410,647</u>	<u>124,513,082</u>
Total		<u>314,020,392</u>	<u>236,569,674</u>	<u>309,492,977</u>	<u>235,509,569</u>
42 Other office operating expenses					
Card expenses		48,350,543	30,569,710	48,350,543	30,569,710
Travelling & conveyance		37,595,861	31,989,490	37,595,861	31,989,490
Bank charges		17,686,082	14,756,358	17,686,082	14,756,358
Donation		6,395,014	21,866,381	6,395,014	21,866,381
Fees and subscriptions		5,560,276	2,342,219	5,560,276	2,342,219
Books, periodicals and publications		1,823,288	882,559	1,823,288	882,559
Cartage/freight		1,340,107	1,351,803	1,340,107	1,351,803
Staff recruitment and training expenses		17,773,757	11,138,469	17,773,757	11,138,469
Entertainment & recreation		41,153,307	37,686,759	41,153,307	37,686,759
Uniform and liveries		4,188,516	1,689,317	4,188,516	1,689,317
Branch operating expenses		91,124	220,591	91,124	220,591
Office securities		58,823,135	40,144,870	58,823,135	40,144,870
Direct sales team (DST) expenses		28,991,880	11,541,413	28,991,880	11,541,413
Dealers' commission-auto loan		-	255,240	-	255,240
Share capital related expenses		8,797,213	9,973,654	8,797,213	9,973,654
AGM expenses		4,118,379	3,683,063	4,118,379	3,683,063
Miscellaneous write off expenses		456,135	210,708	456,135	210,708
Share transaction expenses		1,421,449	-	1,421,449	-
Loss on sale of fixed assets		-	254,387	-	254,387
Other expenses - OBU		22,308,717	292,144	22,308,717	292,144
Other expenses of subsidiaries	42.1	14,134,000	18,923,611	-	-
		<u>321,008,783</u>	<u>239,772,747</u>	<u>306,874,783</u>	<u>220,849,136</u>
42.1 Other expenses of subsidiaries					
DSE Training fees		13,500	16,046		
DSE & SEC Subscription and others		96,649	107,479		
Entertainment		627,436	357,866		
Petty expenses		513,357	845,044		
CDBL Charges		4,611,967	6,269,319		
Registration and renewal		31,295	47,285		
Guarantee premium		2,300,000	1,437,500		
Laga and Howla Charge		5,082,865	9,261,268		
Security charge		122,265	54,864		
Miscellaneous expenses		184,804	17,494		
Deferred revenue expenses (written off)		131,618	101,618		
Others expenses		170,544	11,080		
Agency commission		214,500	385,598		
Accounts maintenance fee		33,200	11,150		
		<u>14,134,000</u>	<u>18,923,611</u>		
43 Other non operating income					
Extraordinary income (exchange equalisation reserve)		-	22,628,988	-	22,628,988
Other income of subsidiaries		-	7,609,493	-	-
Gain from bargain purchase	43.1	-	3,772,252	-	-
		<u>-</u>	<u>34,010,733</u>	<u>-</u>	<u>22,628,988</u>
43.1 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) *		<u>-</u>	<u>3,772,252</u>		

Bargain purchase gain was derived and treated following guidelines provided in paragraph 32, 33 and 34 of BFRS 3.

	Note	Consolidated		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
44 Provision for loans and advances					
Specific provision	13.4.A	320,968,073	132,169,073	320,968,073	132,169,073
General provision (loans and contingent assets)					
General provision against unclassified loans other than OBU	13.4.B	278,280,322	111,064,903	278,280,322	111,064,903
General provision against unclassified loans - OBU		5,353,809	28,241,680	5,353,809	28,241,680
General provision against contingent assets	13.4.C	119,830,989	109,211,495	119,830,989	109,211,495
		<u>403,465,121</u>	<u>248,518,078</u>	<u>403,465,121</u>	<u>248,518,078</u>
Total		<u>724,433,194</u>	<u>380,687,151</u>	<u>724,433,194</u>	<u>380,687,151</u>
45 Other provision					
Provision against other assets		5,805,283	2,589,104	5,805,283	2,589,104
Loss on revaluation of shares	13.7	<u>247,978,854</u>	<u>33,895,600</u>	<u>247,978,854</u>	<u>33,895,600</u>
		<u>253,784,137</u>	<u>36,484,704</u>	<u>253,784,137</u>	<u>36,484,704</u>
46 Deferred tax income (net)					
Deferred tax income for specific provision	9.9.1	136,411,431	-	136,411,431	-
Deferred tax expense for fixed assets	9.9.2	<u>(5,011,647)</u>	<u>2,378,746</u>	<u>(5,011,647)</u>	<u>2,378,746</u>
		<u>131,399,784</u>	<u>2,378,746</u>	<u>131,399,784</u>	<u>2,378,746</u>
47 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 2011 as per BAS-33 "Earnings Per Share". Bonus share issued during 2011 has been treated as if they had been in issue from the beginning of 2010 as per BAS-33. Diluted earnings per share was not required to calculate as there were no dilution possibilities during the year.					
A Weighted average number of shares :					
Number of shares in 2010 before bonus share issued		-	249,642,000	-	249,642,000
Bonus share issued in 2010		-	42,439,140	-	42,439,140
Number of shares in 2011 before bonus share issued		292,081,140	-	292,081,140	-
Bonus share issued in 2011		<u>160,644,627</u>	<u>160,644,627</u>	<u>160,644,627</u>	<u>160,644,627</u>
Weighted average number of shares		<u>452,725,767</u>	<u>452,725,767</u>	<u>452,725,767</u>	<u>452,725,767</u>
B Earnings per share (EPS) :					
Profit attributable to the shareholders of the Bank for the year		2,532,718,515	2,484,746,373	2,520,704,413	2,424,789,795
Weighted average number of shares		452,725,767	452,725,767	452,725,767	452,725,767
Earnings per share (EPS)		5.59	5.49	5.57	5.36
48 Changes in other assets					
Opening balances:					
Receivable from EBL Securities		314,049	-	158,625,766	-
Fair value of DSE license Fee		349,000,000	-	-	-
Other assets of subsidiary		612,903,363	-	-	-
Stock of stationery		16,130,872	8,514,538	16,130,872	8,514,538
Stamps on hand		826,616	862,919	826,616	862,919
Advance to staff for expenses		1,368,329	261,815	1,368,329	261,815
Suspense account		5,277,572	5,676,338	5,277,572	5,676,338
Advance paid for development of land and building		30,798,489	28,961,032	30,798,489	28,961,032
Security deposits-Govt. agencies		1,921,825	1,921,825	1,921,825	1,921,825
Interest and other receivables		496,127,450	495,176,181	496,127,450	497,103,262
Advance rent and advertisement		210,855,382	165,993,355	210,855,382	165,993,355
Prepaid expenses and other prepayments		79,561,054	99,153,840	79,561,054	99,153,840
Deferred tax assets / (liability) (Note 9)		3,225,587	846,841	3,225,587	846,841
Bangladesh Bank clearing account		1,316,193	23,625,140	1,316,193	23,625,140
Other assets - OBU		-	-	-	-
		<u>1,809,626,781</u>	<u>830,993,824</u>	<u>1,006,035,135</u>	<u>832,920,905</u>

Note	Consolidated		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
Closing balances:				
Receivable from EBL Securities	-	314,049	37,996,186	158,625,766
Fair value of DSE license Fee	349,000,000	349,000,000	-	-
Other assets of subsidiary	741,132,334	612,903,363	-	-
Stock of stationery	16,212,646	16,130,872	16,212,646	16,130,872
Stamps on hand	1,593,297	826,616	1,593,297	826,616
Advance to staff for expenses	311,549	1,368,329	311,549	1,368,329
Suspense account	7,719,870	5,277,572	7,719,870	5,277,572
Advance paid for development of land and building	31,298,489	30,798,489	31,298,489	30,798,489
Security deposits - Govt. agencies	1,921,825	1,921,825	1,921,825	1,921,825
Interest and other receivables	365,562,525	496,127,450	365,562,525	496,127,450
Advance rent and advertisement	252,920,861	210,855,381	252,920,861	210,855,381
Sundry receivables	219,053,295	-	219,053,295	-
Prepaid expenses and other prepayments	394,130,404	79,561,054	394,130,404	79,561,054
Deferred tax assets / (liability) (Note 9)	134,625,371	3,225,587	134,625,371	3,225,587
Bangladesh Bank clearing account	1,822,390	1,316,193	1,822,390	1,316,193
Other assets - OBU	10,210,588	-	10,210,588	-
	<u>2,527,515,445</u>	<u>1,809,626,780</u>	<u>1,475,379,296</u>	<u>1,006,035,135</u>
Net changes in other assets	<u>(717,888,664)</u>	<u>(978,632,956)</u>	<u>(469,344,161)</u>	<u>(173,114,230)</u>
49 Changes in other liabilities				
Opening balances				
Privileged creditors	194,535,568	133,351,131	194,535,568	133,351,131
Acquirer liabilities	9,664,199	30,816,738	9,664,199	30,816,738
Sundry creditors	138,046,350	205,145,599	137,988,850	205,145,599
Security deposit	18,608,733	8,383,875	18,608,733	8,383,875
Exchange equalization account	-	22,628,988	-	22,628,988
Current tax liability/(assets)	925,357,267	725,539,311	900,234,007	725,539,311
Provision for loans and advances	1,689,706,362	1,632,107,852	1,689,706,362	1,632,107,852
Interest suspense account	273,601,197	353,074,264	273,601,197	353,074,264
Provision for other assets	2,768,103	179,000	2,768,103	179,000
Provision for revaluation of shares	27,024,575	588,184	27,024,575	588,184
Advance interest/commission received	22,429,762	40,646,704	22,429,762	40,646,704
Expenses payable	201,134,808	463,649,353	201,134,808	421,963,595
Inter branch and inter system accounts	790,255	1,230,950	790,255	1,230,950
Advance export proceeds	258,942,629	258,942,629	258,942,629	258,942,629
Miscellaneous payable	543,751,607	117,729,770	543,751,607	117,729,770
Conversion balance	361,564	-	361,564	-
Other liabilities - OBU	49,727,612	32,313,054	49,727,612	32,313,054
Other liabilities of subsidiaries	554,273,290	-	-	-
	<u>4,910,723,881</u>	<u>4,026,327,402</u>	<u>4,331,269,832</u>	<u>3,984,641,644</u>
Closing balances				
Privileged creditors	202,929,150	194,535,568	202,862,900	194,535,568
Acquirer liabilities	230,261,579	9,664,199	230,261,579	9,664,199
Sundry creditors	127,523,117	138,046,350	127,523,117	137,988,850
Security deposit	18,669,666	18,608,733	18,669,666	18,608,733
Current tax liability/(assets)	1,047,990,968	925,357,267	1,031,633,791	900,234,007
Provision for loans and advances	1,365,356,642	1,689,706,362	1,365,356,642	1,689,706,362
Interest suspense account	352,951,006	273,601,197	352,951,006	273,601,197
Provision for other assets	8,313,675	2,768,103	8,313,675	2,768,103
Provision for revaluation of shares	273,322,488	27,024,575	273,322,488	27,024,575
Advance interest/commission received	28,119,144	22,429,762	28,119,144	22,429,762
Expenses payable	202,480,072	201,134,808	222,612,320	201,134,808
Inter branch and inter system accounts	488,604	790,255	488,604	790,255
Advance export proceeds	540,406,862	258,942,629	540,406,862	258,942,629
Miscellaneous payable	206,123,307	543,751,607	206,123,307	543,751,607
Conversion balance	148,610	361,564	148,610	361,564
Other liabilities - OBU	145,624,722	49,727,612	145,624,722	49,727,612
Other liabilities of subsidiaries	109,248,914	554,273,290	-	-
	<u>4,859,958,526</u>	<u>4,910,723,881</u>	<u>4,754,418,433</u>	<u>4,331,269,831</u>
Net changes in other liability	<u>(50,765,355)</u>	<u>884,396,479</u>	<u>423,148,602</u>	<u>346,628,187</u>

50 Events after the balance sheet date

The Board of Directors of Eastern Bank Limited in an Emergency Board Meeting held on 15 February 2012 recommended Stock Dividend @ 35% i.e. (35 bonus shares against existing 100 shares) on the record date on 1 March 2012 for the year 2011. The value of recommended Stock Dividend is Tk. 1,584,540,185.

Eastern Bank Limited and its subsidiaries

Consolidated schedule of Fixed Assets

As at 31 December 2011

Particulars	Cost			Accumulated Depreciation / Amortisation				Net book value at 31 December 2011
	Balance on 1 January 2011	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2011	Charge for the year	On disposals during the year	Balance at 31 December 2011
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Tangible assets:								
Land	3,141,251,513	-	453,121,957	-	3,594,373,470	-	-	3,594,373,470
Building	22,192,280	-	284,906,940	-	307,099,220	2,929,033	-	300,105,374
Machinery and equipment	296,097,971	-	90,703,779	-	386,801,750	58,457,201	-	168,487,682
Computer and network equipment	212,700,830	-	80,583,275	(61,990)	293,222,115	48,358,032	(55,351)	120,817,786
Vehicles	68,058,641	-	33,127,560	(4,200,000)	96,986,201	9,729,454	(4,199,999)	44,334,705
Furniture and fixtures and leased assets under finance lease	320,963,675	-	42,265,161	(2,477,025)	360,751,811	24,311,852	(1,101,491)	168,832,179
Intangible assets:								
Software	75,836,916	-	16,690,388	-	92,527,305	16,785,757	-	68,617,400
At 31 December 2011	4,137,101,825	-	1,001,399,060	(6,739,015)	5,131,761,870	160,571,329	(5,356,841)	4,465,566,721

as at 31 December 2010

Particulars	Cost			Accumulated Depreciation / Amortisation				Net book value at 31 December 2010
	Balance on 1 January 2010	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2010	Charge for the year	On disposals during the year	Balance at 31 December 2010
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Tangible assets:								
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	554,808	-	18,127,467
Machinery and equipment	246,780,359	-	49,376,092	(58,480)	296,097,970	38,127,242	-	136,239,303
Computer and network equipment	161,393,887	-	52,529,921	(1,222,978)	212,700,830	38,414,219	(1,195,099)	88,599,182
Vehicles	64,468,336	-	4,789,305	(1,199,000)	68,058,641	9,588,698	(959,200)	20,936,600
Furniture and fixtures and leased assets under finance lease	296,627,406	-	26,809,624	(2,473,355)	320,963,675	20,967,503	(2,083,606)	152,254,329
Intangible assets:								
Software	16,049,764	-	59,787,152	-	75,836,916	4,278,882	-	68,712,768
At 31 December 2010	2,210,442,486	1,738,262,896	193,350,257	(4,953,813)	4,137,101,825	111,933,226	(4,237,905)	3,626,121,162

Eastern Bank Limited **Schedule of Fixed Assets** as at 31 December 2011

Annexure - A1

Particulars	Cost					Accumulated Depreciation / Amortisation				
	Balance on 1 January 2011	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2011	Balance on 1 January 2011	Charge for the year	On disposals during the year	Balance at 31 December 2011	Net book value at 31 December 2011
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Tangible assets:										
Land	3,141,251,513	-	453,121,957	-	3,594,373,470	-	-	-	-	3,594,373,470
Building	22,192,280	-	284,906,940	-	307,099,220	4,064,813	2,929,033	-	6,993,846	300,105,374
Machinery and Equipment	292,289,124	-	90,014,879	-	382,304,003	158,648,078	57,794,051	-	216,442,129	165,863,674
Computer and Network Equipment	210,866,765	-	79,315,855	(61,990)	290,120,630	124,101,648	47,898,356	(55,351)	171,944,653	118,175,976
Vehicles	66,716,336	-	33,127,560	(4,200,000)	95,643,896	46,783,774	9,528,108	(4,199,999)	52,111,883	43,532,013
Furniture and fixtures & Leased Assets under Finance Lease	315,267,063	-	41,674,345	(2,477,025)	354,464,383	167,788,515	23,398,947	(1,101,491)	190,085,971	164,378,487
Intangible assets:										
Software	74,324,936	-	16,190,38	-	90,515,325	7,124,148	16,533,835	-	23,657,983	66,857,342
At 31 December 2011	4,122,908,016	-	998,351,924	(6,739,015)	5,114,520,925	508,509,101	158,082,330	(5,356,841)	661,234,589	4,453,286,336

as at 31 December 2010

Particulars	Cost					Accumulated Depreciation / Amortisation				
	Balance on 1 January 2010	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2010	Balance on 1 January 2010	Charge for the year	On 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
Tangible assets:										
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	18,127,467
Machinery and equipment	246,584,120	-	45,723,484	(18,480)	292,289,124	120,963,805	37,682,473	-	158,648,078	133,642,846
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)	124,101,648	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 and leased assets under finance lease	295,115,151	-	22,617,267	(2,465,355)	315,267,063	149,235,124	20,636,922	(2,083,606)	167,788,515	147,478,622
Intangible assets:										
Software	16,049,764	-	58,275,172	-	74,324,936	2,845,266	4,278,882	-	7,124,148	67,200,788
At 31 December 2010	2,205,801,926	1,738,262,896	183,749,007	(4,905,813)	4,122,908,016	401,752,394	110,994,611	(4,237,905)	508,509,101	3,614,398,915

Eastern Bank Limited

Annexure - A2

Schedule of Fixed Assets Disposals

as at 31 December 2011

Particulars	Cost	Accumulated Depreciation	Net book value	Sales / Compensation Value	Gain/(Loss)	Mode of Disposal	Buyer (Highest bidder)
	Taka	Taka	Taka	Taka	Taka		
Furniture and fixtures							
15 June 2011	113,864	61,838	52,049	70,820	18,771	Quotation	M/s. The Exchangers
24 August 2011	2,363,161	1,039,653	1,323,508	35,696	(1,287,812)	Quotation	M/s. A-One Power Electronics
	2,477,025	1,101,491	1,375,557	106,516	(1,269,041)		
Computer and Network Equipment							
11 September 2011	61,990	55,351	6,639	61,990	55,351	Lost	Continental Courier Services Ltd.*
	61,990	55,351	6,639	61,990	55,351		
Vehicles							
Mercedes Benz (DM-GA-15-7436)	4,200,000	4,199,999	1	3,447,500	3,447,499	Open Tender	Mr. Mohammad Mostafizur Rahman
	4,200,000	4,199,999	1	3,447,500	3,447,499		
Grand Total: Gain / (Loss)	6,739,015	5,356,841	1,382,197	3,616,006	2,233,809		

*This amount has been received as compensation against missing a set of PC, Monitor and UPS while handling to branches.

Eastern Bank Limited

Annexure - B

Balance with other Banks and Financial Institutions

as at 31 December 2011

Outside Bangladesh - (Note 4.2)

Name of Banks and FIs	Currency Name	2011			2010		
		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 Tokyo Mitsubishi, Tokyo	JPY	1,298,429	1.0484	1,361,273	136,849	0.8664	118,566
The Bank of Tokyo Mitsubishi, Kolkata	USD	6,737	81.6847	550,310	50,000	70.7497	3,537,485
The Bank of Tokyo Mitsubishi, London	GBP	54,595	126.2274	6,891,391	38,798	109.6691	4,254,919
Standard Chartered Bank, Kolkata	USD	151,846	81.6847	12,403,466	324,426	70.7497	22,953,058
Standard Chartered Bank, Colombo	USD	24,182	81.6847	1,975,325	33,801	70.7497	2,391,401
Standard Chartered Bank, London	EURO	-	-	-	23,000	93.5594	2,151,866
Standard Chartered Bank, Frankfurt	EURO	14,542	105.7000	1,537,065	-	-	-
Standard Chartered Bank, Singapore	SGD	20,801	62.9361	1,309,160	7,499	54.7259	410,414
Standard Chartered Bank, New York	USD	-	-	-	14,200,155	70.7497	1,004,656,689
Citibank N A, Mumbai	USD	22,241	81.6847	1,816,759	24,455	70.7497	1,730,150
Nepal Bangladesh Bank Ltd.	USD	12,989	81.6847	1,061,025	14,840	70.7497	1,049,945
AB Bank Limited, Mumbai	USD	150,776	81.6847	12,316,132	28,580	70.7497	2,022,041
Bank of Bhutan	USD	8,074	81.6847	659,527	37,497	70.7497	2,652,906
Mashreqbank, New York	USD	137,038	81.6847	11,193,909	-	-	-
The Bank of Nova Scotia, Toronto	CAD	329	79.7624	26,254	4,514	70.7285	319,277
JP Morgan Chase Bank NA, Sydney	AUD	23,438	82.4444	1,932,291	9,392	72.0373	676,545
JP Morgan Chase Bank NA, London	GBP	74,368	126.2274	9,387,336	103,960	109.6691	11,401,158
JP Morgan Chase Bank, Frankfurt	EURO	-	-	-	20,117	93.5594	1,882,177
Zurcher Kantonal Bank, Zurich	CHF	7,866	86.6589	681,677	20,764	74.7883	1,552,874
National Commercial Bank, Jeddah	SAR	10,735	21.7826	233,836	100,442	18.8666	1,895,005
ICICI Bank ACU	USD	170,474	81.6847	13,925,118	24,587	70.7497	1,739,508
NDLC-IFIC Bank (NIB), Karachi	USD	68,548	81.6847	5,599,337	47,878	70.7497	3,387,346
HSBC, New York	USD	122,833	81.6847	10,033,575	41,118	70.7497	2,909,111
Commerz Bank AG, Frankfurt	EURO	60,601	105.7000	6,405,547	158,569	93.5594	14,835,581
Al-Rajhi Bank, Riyadh	SAR	20,000	21.7826	435,652	93,809	18.8666	1,769,857
Total				101,735,964			1,090,297,877

Eastern Bank Limited

Annexure - B1

Borrowing from other Banks and Financial Institutions

as at 31 December 2011

Outside Bangladesh - (Note 11.2)

Name of Banks and FIs	Currency Name	2011			2010		
		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>							
Standard Chartered Bank, New York	USD	1,984,433	83.6350	165,967,949	-	-	-
Citibank N A, New York	USD	444,533	81.6847	36,311,577	177,684	70.7497	12,571,113
Mashreqbank, New York	USD	-	-	-	132,791	70.7497	9,394,909
JP Morgan Chase Bank NA, New York	USD	213,881	81.6847	17,470,797	260,834	70.7497	18,453,962
Habib American Bank, New York	USD	35,202	81.6847	2,875,503	-	-	-
JP Morgan Chase Bank, Frankfurt	EURO	79,257	105.7000	8,377,436	-	-	-
Wachovia Bank NA, New York	USD	2,021	81.6847	165,098	55,256	70.7497	3,909,354
Standard Chartered Bank, New York-(OBU)	USD	23,318	81.6847	1,904,713	-	-	-
Total				233,073,073			44,329,338

Annexure - C

Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Related party information are given below.

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.	MD	10.00%
		Unique Hotel and Resorts Ltd.	MD	6.26%
		Borak Real Estate (Pvt.) Ltd.	MD	13.00%
		Unique Ceramic Industries (Pvt.) Ltd.	MD	7.50%
		Borak Travels Ltd.	MD	50.00%
		Unique Eastern (Pvt.) Ltd.	MD	46.67%
		Unique Property Development Ltd.	MD	66.67%
		Unique Share Management Ltd.	MD	40.00%
		Unique Shakti Ltd.	MD	20.00%
		Unique Vocational Training Center Ltd.	MD	13.00%
		Borak Shipping Ltd.	MD	7.50%
Md. Showkat Ali Chowdhury	Director	Need Apparels (pvt) Ltd.	Chairman	35.00%
		Need Tex Chittagong Ltd.	Chairman	17.50%
		Need Fashion Wear & Textile Ltd.	Chairman	35.00%
		Need Dresses (pvt) Ltd.	Chairman	17.50%
		Chittagong Oxygen (pvt) Ltd.	Chairman	20.00%
		Finlay (International) Ltd.	Chairman	81.00%
		KAPS Bangladesh Limited	Chairman	12.50%
		JF (Bangladesh) Limited	Chairman	81.00%
		Port Link Housing Ltd.	Chairman	50.00%
		Finlay Properties Ltd.	Chairman	55.00%
		Electro Power Synergy Ltd.	Chairman	33.33%
		Z. N. Enterprises Ltd.	MD	50.00%
		Namreen Enterprise Ltd.	MD	50.00%
		A B C Steel Enterprise Ltd.	MD	80.00%
		M.M. Khan & Company Ltd.	MD	52.00%
		Port Link Logistics Centre Ltd.	MD	25.00%
		S. L Steels Ltd.	MD	50.00%
		South Asia Securities Ltd.	Director	7.10%
		Peninsula Housing & Development Ltd.	Director	36.00%
		Legend Properties Development Ltd.	Director	50.00%
		Consolidated Tea & Plantation Ltd.	Director	5.00%
		Consolidated Tea & Lands Co. (BD) Ltd.	Director	5.00%
		Baraoora (Sylhet) Tea Co. (BD) Ltd.	Director	5.00%
		Unique Share Management Ltd.	Director	40.00%
		Eastern Industries Ltd.	Director	25.00%
		M/S Chittagong Properties	Managing Partner	50.00%
Mir Nasir Hossain	Director	Mir Akther Hossain Ltd.	MD	40.00%
		Mir Ceramic Ltd.	MD	99.79%
		Mir Telecom Ltd.	MD	20.00%
		Mir Holdings Ltd.	MD	50.00%
		Mir Pharmaceuticals Ltd.	MD	50.00%
		Mir Technologies Ltd.	Chairman	20.00%
		Mir Communications Ltd.	Chairman	40.00%
		Mir Energy Ltd.	Chairman	40.00%
		Global Fair Communications Ltd.	Chairman	40.00%
		Fair Trading	Proprietorship	100.00%
A. M. Shaikat Ali	Director	Engineering Consultants & Associates Ltd.	Chairman	20.00%
		Samorita Hospital Limited	Director	3.10%

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
M. Ghaziul Haque	Director	ANDES Limited, Aquamarine Distributions Ltd. International Brands Ltd. Transmarine Logistics Ltd. Total Transportation Ltd. Integrated Transportation Services Ltd. Global Freight Ltd. ITSA-Total Logistics Ltd. Tricon Global Logistics Ltd. MGH Holdings Ltd. Renaissance Aviation Services Ltd. Galileo Bangladesh Ltd. Portlink Logistics Centre Ltd. Peninsular Shipping Services Ltd. MGH Infocomm Ltd. Cable Entertainment Ltd. MGH Restaurants (Pvt.) Ltd. MGH Global Airlines Ltd. Ras Holidays Ltd. Radio Furti Ltd.	Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman	99.74% 1.00% 0.01% 0.02% 0.01% 0.50% 0.20% 3.33% 20.00% 20.00% 25.00% 20.00% 0.02% 2.00% 10.00% 1.00% 5.00% 0.02% 5.00% 5.00%
A.Q.I. Chowdhury, OBE	Director	Royal Capital Limited JF (Bangladesh) Limited The Consolidated Tea & Lands Co. (BD) Ltd. Baraoora Sylhet Tea Co. Ltd. Consolidated Tea & Plantation Ltd. Finlay (International) Limited Finlay Properties Limited International Leasing & Financial Services Ltd. (ILFSL)	Chairman MD MD MD MD Director Director Director	60.19% 10.00% 5.00% 5.00% 5.00% 10.00% 30.00% Representing: Z.N. Enterprise Ltd.
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. BASE Limited	Chairman Chairman & MD Director Chairman Chairman Director Chairman Vice Chairman Chairman Chairman Director	33.33% 35.71% 33.33% 46.00% 51.00% 33.33% 90.00% Representing InGen Ind. Ltd. 52.00% 55.00% Representing InGen Ind. Ltd.
M/s Unique Eastern (Pvt) Ltd. Represented by Gazi Md. Shakhawat Hossain	Director	Purnima Construction (Pvt) Ltd. Unique Hotel and Resorts Ltd. Bay Hill Hotel & Resorts Ltd.	MD Representative Director Representative Chairman	15.00% 8.30% 40.00%
Meah Mohammed Abdur Rahim	Director	Ancient Steamship Company Limited Hudig and Meah (BD) Ltd.	MD MD	78.00% 51.00%
Ormaan Rafay Nizam (Director from the depositors)	Director	National Brokers Limited	Director	6.50%
Ali Reza Iftekhar	CEO & MD	International Leasing and Financial Services Ltd. EBL Investments Limited EBL Securities Limited EBL Asset Management Limited The Bangladesh Rating Agency Limited	Director Director Director Director Director	Representing EBL 0.000033% Representing EBL 0.0002% Representing EBL

- 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: Please see Annexure -C1
- 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

Annexure - C1

Related Party Transactions

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per BAS - 24. 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 BRPD Circular no. 14 issued by Bangladesh Bank on 25 June 2003.

1. The significant Related party transactions during the year were as follows:

1.a Advance facilities:

Figures in Taka

Name of the organization	Representing Directors	Nature of Interest of the Directors with the borrowing firm / individual	Nature of Facilities	Sanctioned Amount	Outstanding as at 1 January 2011	Transactions		Outstanding as at 31 December 2011	Amount overdue
						Debit	Credit		
Unique Enterprise ID- 100711	Mohd. Noor Ali Chairman Eastern Bank Ltd.		LG	787,360	787,360	-	-	787,360	-
Z. N. Shipping Lines ID-100398	Md. Showkat Ali Chowdhury Director Eastern Bank Ltd.		LG	113,920	113,920	-	-	113,920	-
Z. N. Enterprise Ltd. ID-100397	-Do-	MD	LG	193,100	192,900	-	-	192,900	-
Saarc Enterprise ID-100326	Adnanul Islam Chowdhury (Brother of Zahidul Islam Chowdhury Ex-Director: Eastern Bank Ltd.	Partner	Demand Loan- Normal	7,500,000	7,524,058	-	182,704	7,341,355	-
			OD- Corporate	7,500,000	7,455,951	499,381	-	7,955,332	455,332

1.b Credit card facilities availed by the directors:

Related Party	Nature of interest with EBL	Approved limit	Interest rate in ordinary course of business	Approved interest rate	Outstanding as at 1 January 2011	Outstanding as at 31 December 2011
		Taka	%	%	Taka	Taka
Mohd. Noor Ali	Chairman	500,000	24%	24%	-	42,684
A.M. Shaukat Ali	Director	500,000	24%	24%	-	-
Mir Nasir Hossain	Director	500,000	24%	24%	-	-
Aneela Haque	Director	500,000	24%	24%	-	-

2. Transactions relating to procurement/rent:

Name of the Company	Representing Directors	Nature of transaction	Transaction made during 2011
			Taka
Tech Valley Solutions Ltd	Asif Mahmood	Purchase of computer and network equipments	11,190,000
TechValley Networks Ltd	Asif Mahmood	Purchase of computer and network equipments	2,879,331
Advance Data Networks Ltd	Asif Mahmood	Purchase of computer and network equipments	8,237,981
Unique Hotel Limited	Mohd. Noor Ali	Lease agreement for ATM booth at Westin, Gulshan at a monthly rent of Tk. 73,150	877,800

3. Transaction with subsidiaries:**3.a Bank balance of subsidiaries with Eastern Bank Limited:**

Name of Subsidiaries	Nature of Account	Balance as at 31 December 2011
		Taka
EBL Securities Limited	Special Notice Deposit (SND)	1,717,065
EBL Investments Limited	Special Notice Deposit (SND)	330,565,766

3.b Other transactions with subsidiaries :

Name of Subsidiaries	Nature of transaction	Balance as at 31 December 2011
		Taka
EBL Securities Limited	Advance rent receivable	5,664,400
	Receivables in share trading account	2,331,786

4. Compensation of key management personnel:

Refer to note: 38.

Annexure - D

a. Disclosure regarding outstanding REPO as at 31 December 2011

SI No	Counterparty	Agreement date	Reversal Date	Amount (1st Leg cash consideration)
				Taka
1	Standard Chartered Bank	29 December 2011	01 January 2012	403,006,623

Disclosure regarding outstanding Reverse REPO as at 31 December 2011

SI No	Counterparty	Agreement date	Reversal Date	Amount (1st Leg cash consideration)
				Taka
1	Uttara Bank Limited	29 December 2011	05 January 2012	2,213,104,413
2	Uttara Bank Limited	29 December 2011	02 January 2012	540,759,921
3	Jamuna Bank Limited	29 December 2011	01 January 2012	1,021,895,900
4	Jamuna Bank Limited	28 December 2011	01 January 2012	1,060,720,706
5	Mutual Trust Bank Limited	26 December 2011	02 January 2012	454,140,429
6	Uttara Bank Limited	27 December 2011	03 January 2012	526,030,872

b. Disclosure regarding overall transaction of REPO and reverse REPO.

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
	Taka	Taka	Taka
REPO			
With Bangladesh Bank	-	416,101,749	7,122,566
With other banks and financial institutions	-	1,011,850,126	416,687,806
Reverse REPO			
With Bangladesh Bank	-	-	-
With other banks and financial institutions	-	5,338,947,849	1,177,778,751

Eastern Bank Limited **Business segmental profit and loss account** for the year ended 31 December 2011

Annexure-E

Particulars	Eastern Bank Limited							Subsidiaries			
	Corporate	Consumer	SME	Treasury	Investment Banking	Offshore Banking unit	Common	Total	EBL Securities Ltd.	EBL Investments Ltd.	Consolidated
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Interest income	6,091,205,175	1,198,779,455	1,230,936,003	869,097,601	-	296,912,513	26,208,714	9,713,139,461	109,530,199	23,963,121	9,846,632,780
Interest expense	2,115,624,577	3,336,240,216	266,984,847	565,803,383	-	114,065,254	-	6,398,718,277	77,054,397	-	6,475,772,674
Nil before FTP	3,975,580,598	(2,137,460,761)	963,951,156	303,294,218	-	182,847,259	26,208,714	3,314,421,184	32,475,802	23,963,121	3,370,860,107
FTP on deposits, liability & equity	2,201,851,742	3,874,501,260	363,586,147	(7,155,272,007)	(160,604,020)	-	875,936,877	-	-	-	-
FTP on loans	(4,493,296,234)	(794,776,496)	(789,026,139)	6,103,252,260	25,376,562	-	(51,529,953)	-	-	-	-
Net FTP	(2,291,444,492)	3,079,724,764	(425,439,992)	(1,052,019,747)	(135,227,457)	-	824,406,925	-	-	-	-
Nil After FTP	1,684,136,106	942,264,003	538,511,164	(748,725,529)	(135,227,457)	182,847,259	850,615,639	3,314,421,184	32,475,802	23,963,121	3,370,860,107
Investment income before FTP	78,094,305	-	-	1,214,988,690	677,006,494	-	-	1,970,089,489	2,553,751	-	1,972,643,240
FTP on investments	571,718,627	110,975,989	113,063,862	(158,421,242)	(637,337,236)	-	-	-	-	-	-
Investment income after FTP	649,812,932	110,975,989	113,063,862	1,056,567,448	39,669,258	-	-	1,970,089,489	2,553,751	-	1,972,643,240
Fees, commission and brokerage	800,899,930	473,175,588	69,138,613	-	-	815,507	-	1,344,029,638	84,033,624	-	1,428,063,262
FX Income	326,465,339	9,768,957	17,182,386	353,942,860	-	-	42,200,000	749,559,543	-	-	749,559,543
Other operating income	365,076,040	30,294,934	16,336,444	300	-	563,442	2,233,809	414,504,968	2,330,600	-	416,835,568
Total operating income	3,826,390,348	1,566,479,470	754,232,469	661,785,080	(95,558,200)	184,226,208	895,049,447	7,792,604,822	121,393,777	23,963,121	7,937,961,720
Total operating expenses	430,708,606	1,672,230,298	283,674,317	32,689,577	17,337,258	22,308,717	226,291,356	2,685,240,130	44,113,675	643,225	2,729,997,030
Profit before provisions	3,395,681,742	(105,750,828)	470,558,152	629,095,503	(112,895,457)	161,917,491	668,758,092	5,107,364,692	77,280,102	23,319,896	5,207,964,690

Fund transfer pricing (FTP):

FTP on loans, deposits, liabilities & equities has been calculated on average balances as per FTP policy which was formally established on 2010 for the purpose of segment reporting.

Segment assets and liabilities:

The necessary information regarding assets and liabilities of operating segments (excluding subsidiaries) are not separable and individually identifiable for segment. Therefore, the assets and liabilities of the respective segments have not been presented here.

Eastern Bank Limited

Highlights on the overall activities

Annexure - F

Sl No	Particulars		2011	2010
1	Paid up capital	Taka	4,527,257,670	2,920,811,400
2	Total capital (Tier-I & II)	Taka	14,037,514,919	11,286,732,935
3	Surplus/(shortage) capital	Taka	1,002,401,148	1,887,175,126
4	Total assets	Taka	117,580,719,482	82,097,920,260
5	Total deposits	Taka	75,535,746,703	56,425,228,517
6	Total loans and advances	Taka	81,773,910,178	58,607,085,693
7	Total contingent liabilities	Taka	52,595,566,167	30,417,420,570
8	Loans to deposits ratio (total loans/total deposits)	%	108.26	103.87
9	% of classified loans against total loans and advances	%	1.91	1.99
10	Profit after tax and provisions	Taka	2,520,704,413	2,424,789,795
11	Loans classified during the year (gross)	Taka	745,093,371	619,458,465
12	Provision held against classified loans	Taka	866,437,600	610,681,300
13	Surplus of provision	Taka	10,000,000	-
14	Cost of fund (interest expense/average borrowing and deposits)	%	8.64	6.85
15	Interest bearing assets	Taka	104,571,625,537	71,758,653,045
16	Non-interest bearing assets	Taka	13,009,093,945	10,339,267,215
17	Return on assets (PAT/average assets)	%	2.52	3.19
18	Income from investments	Taka	1,970,089,489	2,050,312,502
19	Return on investment or ROI (PAT/average equity, long term borrowings and deposits)	%	11.93	14.34
20	Earnings per share (PAT/weighted average number of shares)	Taka	5.57	5.36
21	Operating profit per share (net operating profit/weighted average number of shares)	Taka	11.28	9.74
22	Price earning ratio (market price/earning per share)	Times	11.82	24.16

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 2011, profit and loss account and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements of the Unit in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of these financial statements of the Unit 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting

Standards (BFRSs) as explained in note 2, give a true and fair view of the financial position of the Offshore Banking Unit as at 31 December 2011 and the results of their financial performance and their cash flows for the year ended 31 December 2011 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 statements of the Unit 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;
- vi) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- vii) the financial statements of the Unit conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii) the information and explanations required by us have been received and found to be satisfactory; and
- ix) we have reviewed over 80% of the risk weighted assets of the Unit;



Rahman Rahman Huq
Chartered Accountants

Dhaka, 15 February 2012

Eastern Bank Limited **Offshore Banking Unit, Bangladesh** **Balance Sheet** as at 31 December 2011

	Note	2011		2010	
		USD	BDT	USD	BDT
PROPERTY AND ASSETS					
CASH					
In hand (including foreign currencies)		-	-	-	-
With Bangladesh Bank (including foreign currencies)		-	-	-	-
		-	-	-	-
BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS	3				
In Bangladesh		-	-	-	-
Outside Bangladesh		-	-	10,192,211	721,095,769
		-	-	10,192,211	721,095,769
MONEY AT CALL AND SHORT NOTICE INVESTMENT		-	-	-	-
		-	-	-	-
LOANS AND ADVANCES:	4	77,628,485	6,341,059,545	69,982,703	4,951,255,284
i) Loans, cash credits, overdrafts, etc. :	4.1				
In Bangladesh		-	-	-	-
Outside Bangladesh		72,463,343	5,919,146,478	26,486,269	1,873,895,610
		72,463,343	5,919,146,478	26,486,269	1,873,895,610
ii) Bills discounted and purchased (excluding treasury bills of the Government) :	4.2				
In Bangladesh		-	-	-	-
Outside Bangladesh		5,165,142	421,913,067	43,496,434	3,077,359,674
		5,165,142	421,913,067	43,496,434	3,077,359,674
		77,628,485	6,341,059,545	69,982,703	4,951,255,284
FIXED ASSETS		-	-	-	-
OTHER ASSETS	5	125,000	10,210,588	-	-
NON-BANKING ASSETS		-	-	-	-
TOTAL ASSETS		<u>77,753,485</u>	<u>6,351,270,133</u>	<u>80,174,914</u>	<u>5,672,351,053</u>

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Balance Sheet
as at 31 December 2011

		2011		2010	
	Note	USD	BDT	USD	BDT
LIABILITIES AND CAPITAL					
Borrowing from other banks, financial institutions and agents	6	-	-	-	-
Bangladesh Bank					
Others		59,615,125	4,869,643,568	38,390,887	2,716,143,708
		<u>59,615,125</u>	<u>4,869,643,568</u>	<u>38,390,887</u>	<u>2,716,143,708</u>
Demand borrowing	6.1	18,598,963	1,519,250,716	38,225,237	2,704,423,988
Term borrowing	6.2	41,016,162	3,350,392,852	165,650	11,719,720
		<u>59,615,125</u>	<u>4,869,643,568</u>	<u>38,390,887</u>	<u>2,716,143,708</u>
Deposits and other accounts	7				
Current deposits and other accounts	7.1	1,254,385	102,464,031	572,423	40,498,731
Fixed deposits	7.2	13,000,000	1,061,901,100	39,140,853	2,769,203,611
		<u>14,254,385</u>	<u>1,164,365,131</u>	<u>39,713,276</u>	<u>2,809,702,342</u>
Other liabilities	8	1,782,766	145,624,722	709,411	49,727,612
TOTAL LIABILITIES		<u>75,652,275</u>	<u>6,179,633,421</u>	<u>78,813,574</u>	<u>5,575,573,662</u>
SHAREHOLDERS' EQUITY					
Foreign currency translation gain		-	15,073,031	-	462,990
Retained earnings	15	2,101,210	156,563,681	1,361,340	96,314,401
TOTAL SHAREHOLDERS' EQUITY		<u>2,101,210</u>	<u>171,636,712</u>	<u>1,361,340</u>	<u>96,777,391</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>77,753,485</u>	<u>6,351,270,133</u>	<u>80,174,914</u>	<u>5,672,351,053</u>
OFF BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptance and endorsements		2,509	204,965	-	-
Letter of guarantee - banks		-	-	-	-
Letter of guarantee - others		132,845	10,851,404	132,845	9,398,744
Bills for collection		-	-	-	-
Irrevocable letters of credit		362,512	29,611,705	170,832	12,086,313
Other commitments		-	-	-	-
Total contingent liabilities and commitments		<u>497,866</u>	<u>40,668,074</u>	<u>303,677</u>	<u>21,485,057</u>

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director

Dhaka, 15 February 2012

As per our report of same date.



Auditors

Rahman Rahman Huq
Chartered Accountants

Eastern Bank Limited **Offshore Banking Unit, Bangladesh** **Profit and Loss Account** for the year ended 31 December 2011

	Note	2011		2010	
		USD	BDT	USD	BDT
Interest income	9	3,984,804	296,912,513	2,580,781	182,589,486
Interest paid on deposits and borrowings	10	(1,530,847)	(114,065,254)	(763,082)	(53,987,819)
Net interest income		2,453,957	182,847,259	1,817,699	128,601,667
Commission, exchange and brokerage	11	10,945	815,507	10,870	769,023
Other operating income	12	7,561	563,442	7,165	506,922
Total operating income		2,472,463	184,226,208	1,835,734	129,877,612
Other operating expenses	13	(299,401)	(22,308,716)	(2,565)	(292,144)
Profit before provision		2,173,062	161,917,492	1,833,169	129,585,468
Provision for unclassified Loans and advances (Including provision for off balance sheet items)	14	(71,852)	(5,353,810)	(399,178)	(28,241,680)
Profit before income tax		2,101,210	156,563,682	1,433,991	101,343,788
Provision for income tax	8.1	-	-	-	-
Net profit/(loss) after tax for the year		2,101,210	156,563,682	1,433,991	101,343,788

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director

Dhaka, 15 February 2012

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 2011

	Note	2011		2010	
		USD	BDT	USD	BDT
Cash flow from operating activities					
Interest income		3,984,804	296,912,513	2,580,781	182,589,482
Interest paid		(1,530,847)	(114,065,254)	(763,082)	(53,987,823)
Commission, exchange and brokerage	16	10,945	815,507	10,870	769,049
Received from other operating activities	17	7,561	563,442	7,165	506,922
Paid for operating expenses	18	(299,401)	(22,308,716)	(2,565)	(292,144)
Operating profit before changes in operating assets and liabilities		2,173,062	161,917,492	1,833,169	129,585,486
(Increase)/decrease in operating assets:					
Loan and advances to customers		(7,645,782)	(1,389,804,261)	(47,771,958)	(3,412,790,249)
Other assets		(125,000)	(10,210,588)	-	-
Deposits from banks		-	-	-	-
Customers' deposits and other accounts		(25,458,891)	(1,645,337,211)	39,292,295	2,780,542,434
Foreign currency translation gain		-	14,610,041	-	462,990
Other liabilities		1,001,502	90,543,299	-	-
		(32,228,171)	(2,940,198,720)	(8,479,663)	(631,784,825)
<i>Net cash used in operating activities</i>		(30,055,109)	(2,778,281,228)	(6,646,494)	(502,199,339)
Cash flows from investing activities		-	-	-	-
Cash flows from financing activities					
Borrowings from other banks, financial institutions and agents		21,224,238	2,153,499,861	16,810,692	1,221,354,727
Net profit transferred to main operations	15	(1,361,340)	(96,314,401)	-	-
<i>Net cash flows from financing activities</i>		19,862,898	2,057,185,460	16,810,692	1,221,354,727
Net (decrease) / increase in cash and cash equivalents		(10,192,211)	(721,095,769)	10,164,198	719,155,388
Opening cash and cash equivalents		10,192,211	721,095,769	28,013	1,940,381
Closing cash and cash equivalents		-	-	10,192,211	721,095,769
Closing cash and cash equivalents	19				
Cash In hand (including foreign currencies)		-	-	-	-
Balances with Bangladesh Bank and its agent bank(s)		-	-	-	-
Balances with other banks and financial institutions		-	-	10,192,211	721,095,769
Money at call and short notice		-	-	-	-
Prize bonds		-	-	-	-
		-	-	10,192,211	721,095,769
		-	-	10,192,211	721,095,769

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director

Dhaka, 15 February 2012

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Liquidity Statement in USD & BDT
 (Asset and Liability Maturity Analysis)
 As at 31 December 2011

PARTICULARS	Maturity within 1 month		1-3 months term		3-12 months term		1-5 years term		Above 5-years term		Total	
	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT
Assets												
Cash in hand	-	-	-	-	-	-	-	-	-	-	-	-
Balance with other banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Money at call and short notice	-	-	-	-	-	-	-	-	-	-	-	-
Investment in T-Bills & others	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	37,522,560	3,065,019,048	29,496,670	2,409,426,624	5,509,817	450,067,725	5,099,439	416,546,148	-	-	77,628,485	6,341,059,545
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	125,000	10,210,588	-	-	-	-	125,000	10,210,588
Non banking assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	37,522,560	3,065,019,048	29,496,670	2,409,426,624	5,634,817	460,278,313	5,099,439	416,546,148	-	-	77,753,485	6,351,270,133
Liabilities												
Borrowings from other banks, financial institutions and agents	29,615,125	2,419,102,568	-	-	30,000,000	2,450,541,000	-	-	-	-	59,615,125	4,869,643,568
Deposits and other accounts	14,254,385	1,164,365,131	-	-	-	-	-	-	-	-	14,254,385	1,164,365,131
Other liabilities	-	-	1,001,503	81,807,446	-	-	781,263	63,817,276	-	-	1,782,766	145,624,722
Total liabilities	43,869,510	3,583,467,699	1,001,503	81,807,446	30,000,000	2,450,541,000	781,263	63,817,276	-	-	75,652,275	6,179,633,421
Net liquidity gap	(6,346,950)	(518,448,651)	28,495,167	2,327,619,178	(24,365,183)	(1,990,262,687)	4,318,176	352,728,872	-	-	2,101,210	171,636,712
Cumulative net liquidity gap	(6,346,950)	(518,448,651)	22,148,218	1,809,170,527	(2,216,966)	(181,092,160)	2,101,210	171,636,712	2,101,210	171,636,712	-	-

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Notes to the Financial Statements

as at and for the year ended 31 December 2011

1 Nature of business

Offshore banking Unit ("the Unit") 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 letter no. BRPD(p)744/(89)/2004-303 dated 25 January 2004. The Bank commenced the operation of its Offshore Banking Unit from 19 May 2004 and its office is located at 10, Dilkusha C/A (2nd floor) Dhaka.

2 Significant accounting policies and basis of preparations

Basis of preparation

2.1 Statement of compliance

The financial statements of the Unit as at and for the year ended 31 December 2011 have been prepared under the historical cost convention and in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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, the Companies Act 1994, the Securities and Exchange Rules 1987 and other laws and rules applicable in Bangladesh. In case the requirement of provisions and Circulars issued by Bangladesh Bank differ with those of other regulatory authorities and accounting standards, the provisions and Circulars issued by Bangladesh Bank shall prevail.

As such the Unit has departed from those contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Provision on loans and advances

BFRSs: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD Circular no. 5 dated 5 June 2006 a general provision at 1% to 5% under different categories of unclassified loans (good / standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD Circular no. 10 dated 18 September 2007, a general provision at 1% should be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39."

ii) Other comprehensive income

BFRSs: As per BAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) Statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which should be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income (OCI) 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.

iii) Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the accounts.

iv) Financial guarantees

BFRSs: As per BAS 39 financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, financial guarantees such as L/C, L/G will be treated as off balance sheet items. No liability is recognised for the guarantee except the cash margin.

v) Cash and cash equivalents

BFRSs: Cash and cash equivalents items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalents items such as money at call and short notice, T- bills, prize bonds should not be shown as cash and cash equivalents. Money at call and short notice should be shown as face item in balance sheet, and T - bills, Prize bonds should be shown in investments.

vi) Cash flow statement

BFRSs: Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14, cash flow should be a mixture of direct and indirect method.

vii) Off balance sheet items

BFRSs: No requirement of disclosure for off balance sheet items as there is no concept of off balance sheet items in any BFRS; hence there is no requirement of disclosure of off balance sheet items.

Bangladesh Bank: As per BRPD 14, off balance sheet items e. g. L/C, L/G must be disclosed separately in the face of balance sheet.

viii) Disclosure of appropriation of profit

BFRSs: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD 14, an appropriation of profit should be disclosed in the face of Profit and Loss Account.

ix) Loans and advance net of provision

BFRSs: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD 14, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

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 Taka is the Unit's presentation 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 presentation currency at the rate of exchange ruling at the balance sheet date.

2.3 Loans and advances

- a) These are stated gross, with accumulated specific and general provisions for bad and doubtful debts being shown under other liabilities.
- b) Interest is calculated on a daily product basis but charges are accounted for quarterly on accrual basis.
- c) Provision for loans and advances is made on the basis of period end review by the management and of instructions contained in Bangladesh BRPD Circular 19 and 20 dated December 2005.

2.4 Allocation of common expenses

Establishment expenses in the nature of rents, rates and taxes, salaries, management expenses, printing and stationery, electricity, postages, stamps, telecommunication and audit fees have not been separately accounted for OBU in the financial statements.

2.5 General

- 2.5.1 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.
- 2.5.2 Assets and liabilities have been translated into Taka currency @ USD 1 = BDT 81.6847 (2010: BDT 70.7497) which represents the year-end standard mid rate of exchange (i.e. closing rate) as at 31 December 2011. Incomes and expenses are translated at an average rate over the year of the transactions i.e. (USD 1= BDT 74.5112). The cumulative amount of the exchange differences has been presented separately in equity until disposal of foreign operations.
- 2.5.3 Previous year's figures have been rearranged, where considered necessary, to conform to current year's presentation.

	Note	2011		2010	
		USD	BDT	USD	BDT
3 Balance with other banks and financial institutions					
Inside Bangladesh		-	-	-	-
Outside Bangladesh					
Standard Chartered Bank, Newyork		-	-	10,192,211	721,095,769
		<u>-</u>	<u>-</u>	<u>10,192,211</u>	<u>721,095,769</u>
3.1 Balance with other banks and financial institutions (according to remaining maturity grouping)					
Receivable					
On demand		-	-	10,192,211	721,095,769
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		-	-	-	-
In more than one year but not more than five years		-	-	-	-
In more than five years		-	-	-	-
		<u>-</u>	<u>-</u>	<u>10,192,211</u>	<u>721,095,769</u>
4 Loans and advances					
Loans, cash credits, overdrafts, etc.	4.1	72,463,343	5,919,146,478	26,486,269	1,873,895,610
Bills purchased and discounted	4.2	5,165,142	421,913,067	43,496,434	3,077,359,674
		<u>77,628,485</u>	<u>6,341,059,545</u>	<u>69,982,703</u>	<u>4,951,255,284</u>
4.1 Loans, cash credit, overdraft etc.					
Inside Bangladesh					
Loans		-	-	-	-
Cash credit		-	-	-	-
Overdraft		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outside Bangladesh					
Loans		72,090,398	5,888,682,503	26,486,269	1,873,895,610
Cash credit		-	-	-	-
Overdraft		372,946	30,463,975	-	-
		<u>72,463,343</u>	<u>5,919,146,478</u>	<u>26,486,269</u>	<u>1,873,895,610</u>
		<u>72,463,343</u>	<u>5,919,146,478</u>	<u>26,486,269</u>	<u>1,873,895,610</u>
4.2 Bills purchased and discounted					
Inside Bangladesh					
Bills discounted		-	-	-	-
LDBP/FDBP		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outside Bangladesh					
Bills Discounted		5,165,142	421,913,067	43,496,434	3,077,359,674
LDBP/FDBP		-	-	-	-
		<u>5,165,142</u>	<u>421,913,067</u>	<u>43,496,434</u>	<u>3,077,359,674</u>
		<u>5,165,142</u>	<u>421,913,067</u>	<u>43,496,434</u>	<u>3,077,359,674</u>
4.a Maturity grouping of loans and advances (including bills purchased and discounted)					
Payable on demand		37,522,560	3,065,019,048	5,966,961	422,160,711
Less than three months		29,496,670	2,409,426,624	16,433,671	1,162,677,306
More than three months but less than one year		5,509,816	450,067,725	43,556,987	3,081,643,753
More than 1 year but less than five years		5,099,439	416,546,148	3,483,537	246,459,188
More than 5 years		-	-	541,547	38,314,326
		<u>77,628,485</u>	<u>6,341,059,545</u>	<u>69,982,703</u>	<u>4,951,255,284</u>

	Note	2011		2010	
		USD	BDT	USD	BDT
4.a.1 Loans and advances to directors, executives 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		77,628,485	6,341,059,545	69,982,703	4,951,255,284
		<u>77,628,485</u>	<u>6,341,059,545</u>	<u>69,982,703</u>	<u>4,951,255,284</u>
4.a.2 Industry-wise concentration of loans and advances					
Sugar industry and refinery		15,025,069	1,227,318,278	17,503,278	1,238,351,673
Construction		120,390	9,834,012	401,095	28,377,372
Edible oil refinery industry		10,540,962	861,035,300	502,382	35,543,375
Electronics goods		6,232,107	509,067,814	1,065,898	75,411,933
Power, gas and oil		4,161,903	339,963,787	3,119,829	220,726,982
Transport (shipping, airlines, bus, truck, carrier)		13,401,818	1,094,723,510	21,769,629	1,540,194,755
Ready made garments industry		4,970,927	406,048,660	1,801,428	127,450,514
Automobiles (manufacturing, assembling & ancillaries)		-	-	1,144,595	80,979,775
Cement		5,743,079	469,121,695	3,171,261	224,365,762
Telecommunication sector		-	-	3,219,239	227,760,213
Foods and beverage		-	-	7,631,952	539,958,325
Polymer		3,433,563	280,469,532	1,821,157	128,846,346
Textile mills		15,237	1,244,594	-	-
Ship breaking industry		2,841,929	232,142,154	-	-
Industries for steel products		8,521,613	696,085,383	-	-
Pharmaceuticals industries		1,041,000	85,033,782	-	-
Other		1,578,889	128,971,045	6,830,959	483,288,260
		<u>77,628,485</u>	<u>6,341,059,545</u>	<u>69,982,703</u>	<u>4,951,255,284</u>
4.a.3 Geographical location-wise concentration of loans and advances					
Inside Bangladesh					
Dhaka Division		61,093,618	4,990,413,862	58,728,204	4,155,002,840
Chittagong Division		16,534,867	1,350,645,683	11,254,499	796,252,444
Khulna Division		-	-	-	-
Rajshahi Division		-	-	-	-
Barishal Division		-	-	-	-
Sylhet Division		-	-	-	-
Outside Bangladesh		-	-	-	-
		<u>77,628,485</u>	<u>6,341,059,545</u>	<u>69,982,703</u>	<u>4,951,255,284</u>
4.b Maturity analysis of bills purchased and discounted					
Payable on demand		-	-	-	-
Less than three months		-	-	22,244,348	1,573,780,980
More than three months but less than one year		5,165,142	421,913,067	21,252,086	1,503,578,694
More than 1 year but less than five years		-	-	-	-
		<u>5,165,142</u>	<u>421,913,067</u>	<u>43,496,434</u>	<u>3,077,359,674</u>
4.c Classified, unclassified, doubtful and bad loans and advances					
Unclassified					
Standard		77,628,485	6,341,059,545	69,982,703	4,951,255,284
Special mention account		-	-	-	-
Classified					
Sub-standard		-	-	-	-
Doubtful		-	-	-	-
Bad/loss		-	-	-	-
		<u>77,628,485</u>	<u>6,341,059,545</u>	<u>69,982,703</u>	<u>4,951,255,284</u>

	Note	2011		2010	
		USD	BDT	USD	BDT
4.d Particulars of loans and advances					
i) Debt considered good in respect of which the bank is fully secured		77,628,485	6,341,059,545	69,982,703	4,951,255,284
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		-	-	-	-
		<u>77,628,485</u>	<u>6,341,059,545</u>	<u>69,982,703</u>	<u>4,951,255,284</u>
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 Other assets					
Prepayments		125,000	10,210,588	-	-
		<u>125,000</u>	<u>10,210,588</u>	<u>-</u>	<u>-</u>
6 Borrowings from other banks, financial institutions and agents					
Demand borrowings	6.1	18,598,963	1,519,250,716	38,225,237	2,704,423,988
Term borrowings	6.2	41,016,162	3,350,392,852	165,650	11,719,720
		<u>59,615,125</u>	<u>4,869,643,568</u>	<u>38,390,887</u>	<u>2,716,143,708</u>
6.1 Demand borrowings					
In non interest bearing account with Standard Chartered Bank, New York		23,318	1,904,713	-	-
Domestic Bank Unit- DBU		18,575,645	1,517,346,003	38,225,237	2,704,423,988
		<u>18,598,963</u>	<u>1,519,250,716</u>	<u>38,225,237</u>	<u>2,704,423,988</u>
6.2 Term borrowings					
Basic Bank Limited		1,016,162	83,004,852	165,650	11,719,720
BANCA UBAE SPA		5,000,000	408,423,500	-	-
International Finance Corporation		30,000,000	2,450,541,000	-	-
South East Bank Limited		5,000,000	408,423,500	-	-
		<u>41,016,162</u>	<u>3,350,392,852</u>	<u>165,650</u>	<u>11,719,720</u>

	Note	2011		2010	
		USD	BDT	USD	BDT
6.a Classification based on type of security					
Secured		-	-	-	-
Unsecured		59,615,125	4,869,643,568	38,390,887	2,716,143,708
		<u>59,615,125</u>	<u>4,869,643,568</u>	<u>38,390,887</u>	<u>2,716,143,708</u>
6.b Maturity grouping of borrowings from other banks, financial institutions and agents					
Payable within one month		29,615,125	2,419,102,568	-	-
More than one month but less than three months		-	-	16,732,157	1,183,795,026
More than three months but less than one year		30,000,000	2,450,541,000	21,658,730	1,532,348,682
More than one year but less than five years		-	-	-	-
		<u>59,615,125</u>	<u>4,869,643,568</u>	<u>38,390,887</u>	<u>2,716,143,708</u>
7 Deposits and other accounts					
Current deposits and other accounts	7.1	1,254,385	102,464,031	572,423	40,498,731
Fixed deposits	7.2	13,000,000	1,061,901,100	39,140,853	2,769,203,611
		<u>14,254,385</u>	<u>1,164,365,131</u>	<u>39,713,276</u>	<u>2,809,702,342</u>
7.1 Current deposits and other accounts:					
Current account		15,974	1,304,830	27,319	1,932,788
Other account (interest payable etc.)		1,238,411	101,159,201	545,104	38,565,943
		<u>1,254,385</u>	<u>102,464,031</u>	<u>572,423</u>	<u>40,498,731</u>
7.2 Fixed deposits					
Special notice deposit - SND		-	-	-	-
Term deposit - BB		13,000,000	1,061,901,100	39,140,853	2,769,203,611
		<u>13,000,000</u>	<u>1,061,901,100</u>	<u>39,140,853</u>	<u>2,769,203,611</u>
7.a Maturity grouping of deposits and other accounts					
Payable on demand		1,254,385	102,464,031	27,319	1,932,791
Payable within one month		13,000,000	1,061,901,100	39,685,957	2,807,769,551
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		-	-	-	-
		<u>14,254,385</u>	<u>1,164,365,131</u>	<u>39,713,276</u>	<u>2,809,702,342</u>
8 Other liabilities					
Provision for taxation	8.1	-	-	-	-
Provision for unclassified loans and advances (Including provision for off balance sheet items)		781,263	63,817,276	709,411	49,727,612
Conversion GL-Liability	8.2	1,000,000	81,684,700	-	-
Sundry creditors		1,503	122,746	-	-
		<u>1,782,766</u>	<u>145,624,722</u>	<u>709,411</u>	<u>49,727,612</u>
8.1	Provision for tax of the Unit is accounted for in the books of Eastern Bank Limited.				
8.2	This balance of USD 1,000,000 evolved at the time of system migration to UBS (Universal Banking System- an upgraded version of former flexcube). The balance was created while uploading contracts (both loan and deposit) and GL balances in UBS. This balance will be eliminated as soon as appropriate point of differences are sorted out.				
9 Interest income					
Interest on advances		3,984,804	296,912,513	2,580,781	182,589,486
Interest on money at call and short notice		-	-	-	-
Interest on placement with other banks		-	-	-	-
Interest on foreign currency balances		-	-	-	-
		<u>3,984,804</u>	<u>296,912,513</u>	<u>2,580,781</u>	<u>182,589,486</u>
10 Interest paid on deposits and borrowings					
Interest on deposits		355,577	26,494,459	-	-
Interest on borrowings		1,175,270	87,570,795	763,082	53,987,819
Discount		-	-	-	-
Interest on REPO		-	-	-	-
		<u>1,530,847</u>	<u>114,065,254</u>	<u>763,082</u>	<u>53,987,819</u>

	Note	2011		2010	
		USD	BDT	USD	BDT
11 Commission, exchange and brokerage					
Commission		10,945	815,507	10,870	769,023
Exchange gain net off exchange losses		-	-	-	-
Brokerage		-	-	-	-
		<u>10,945</u>	<u>815,507</u>	<u>10,870</u>	<u>769,023</u>
12 Other operating income					
Service charges, management fees etc		<u>7,561</u>	<u>563,442</u>	<u>7,165</u>	<u>506,922</u>
13 Other operating expenses					
Account maintenance and processing fees		186,656	13,907,940	2,565	292,144
Exchange loss net off exchange gains*		26,926	2,006,311	-	-
Others charges		85,819	6,394,465	-	-
		<u>299,401</u>	<u>22,308,716</u>	<u>2,565</u>	<u>292,144</u>
*The net result of exchange differences arising from day to day transactions of monetary items and impact of revaluation of foreign currency recognised in Profit and Loss Account during the financial year.					
14 Provision for unclassified loans and advances (including provision for off balance sheet items)					
General provision		71,852	5,353,810	399,178	28,241,680
Specific provision		-	-	-	-
		<u>71,852</u>	<u>5,353,810</u>	<u>399,178</u>	<u>28,241,680</u>
15 Retained earnings					
Opening balance		1,361,340	96,314,401	(72,651)	(5,029,387)
Profit for the year		<u>2,101,210</u>	<u>156,563,682</u>	<u>1,433,991</u>	<u>101,343,788</u>
		3,462,550	252,878,082	1,361,340	96,314,401
Transferred to main operations		<u>(1,361,340)</u>	<u>(96,314,401)</u>	-	-
Closing balance		<u>2,101,210</u>	<u>156,563,681</u>	<u>1,361,340</u>	<u>96,314,401</u>
16 Cash received from commission, exchange and brokerage					
Commission, exchange and brokerage		<u>10,945</u>	<u>815,507</u>	<u>10,870</u>	<u>769,049</u>
17 Cash received from other operating activities					
Service charges, management fees etc		<u>7,561</u>	<u>563,442</u>	<u>7,165</u>	<u>506,922</u>
18 Paid for operating expenses					
Operating expenses		<u>(299,401)</u>	<u>(22,308,716)</u>	<u>(2,565)</u>	<u>(292,144)</u>
19 Cash and cash equivalents					
Balance with other banks		<u>-</u>	<u>-</u>	<u>10,192,211</u>	<u>721,095,769</u>

Audited Financial Statements of the Subsidiaries

Auditor's Report to the Shareholders of EBL Securities Limited

We have audited the accompanying Statement of Financial Position of the EBL SECURITIES LTD. as at December 31, 2011 and related Statement of Comprehensive Income, Statement of Cash Flow, Changes in Shareholders 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 (BAS). 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 Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as at December 31, 2011 and of the result 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:

- (a) 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,
- (b) 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,
- (c) The company's Statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of account and returns;


Ahmed Khan & Co.
Chartered Accountants

Dhaka,
January 24, 2012

EBL Securities Limited

Statement of Financial Position

as at 31 December 2011

	Note	2011 Taka	2010 Taka
ASSETS			
A. Non-current Assets:			
Fixed assets less accumulated depreciation	4	10,520,327	10,210,267
Intangible assets less amortization	5	1,760,058	1,511,980
Deferred revenue expenses less written off	6	556,054	431,472
		<u>12,836,439</u>	<u>12,153,719</u>
B. Current Assets:			
Advances, deposits & prepayments	7	6,414,444	15,844,829
Advance income tax	8	29,007,366	13,698,599
Accounts receivable	9	734,167,690	582,928,464
Membership of DSE		6,000	6,000
Investment in securities	10	336,723	-
Cash & cash equivalent	11	152,552,374	136,234,312
		<u>922,484,597</u>	<u>748,712,204</u>
TOTAL ASSETS (A+B)		<u>935,321,036</u>	<u>760,865,923</u>
C. CAPITAL & LIABILITIES:			
Share capital	12	12,500,000	12,500,000
Retained earnings	13	15,206,840	15,931,385
		<u>27,706,840</u>	<u>28,431,385</u>
D. Non-current Liabilities		<u>-</u>	<u>-</u>
E. Current Liabilities:			
Accounts payable	14	82,882,208	300,086,891
Bank overdraft	15	715,987,416	335,129,109
Liabilities for expenses	16	8,718,345	11,550,360
Other liabilities	17	55,664,400	69,311,000
Provision for tax	18	44,361,826	16,357,178
		<u>907,614,196</u>	<u>732,434,538</u>
TOTAL LIABILITIES (C+D+E)		<u>935,321,036</u>	<u>760,865,923</u>

The attached notes form an integral part of the accounts.


Chairman

Dhaka, 24 January, 2012


Director


Managing Director

Signed in terms of our annexed report of even date.


Ahmed Khan & Co.
Chartered Accountants

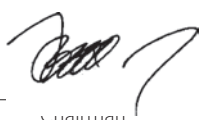
EBL Securities Limited

Statement of Comprehensive Income

for the year ended 31 December 2011

<u>PARTICULARS</u>	<u>Note</u>	<u>2011</u> <u>Taka</u>	<u>2010</u> <u>Taka</u>
A. Revenue:			
Commission earning	19	84,033,624	129,701,805
Income from investment	20	2,553,751	-
Other income	21	34,806,402	7,609,493
Total		<u>121,393,777</u>	<u>137,311,298</u>
B. Expenses:			
Operating expenses	22	12,315,448	16,568,946
Office & administrative expenses	23	31,605,632	27,107,735
Financial expenses	24	192,594	146,789
		<u>44,113,675</u>	<u>43,823,470</u>
C. Operating profit before tax		<u>77,280,102</u>	<u>93,487,829</u>
Provision for tax	25	28,004,648	19,849,530
Net profit after tax		<u>49,275,455</u>	<u>73,638,298</u>
Earnings per share (EPS)		3,942	5,891

The attached notes form an integral part of the accounts.


Chairman

Dhaka, 24 January, 2012


Director


Managing Director

Signed in terms of our annexed report of even date.


Ahmed Khan & Co.
Chartered Accountants

EBL Securities Limited

Cash Flow Statement

for the year ended 31 December 2011

	2011 Taka	2010 Taka
Net cash provided from operating activities:		
Net profit/(loss) after provision for tax	49,275,455	53,219,816
Add: Depreciation	2,237,076	874,389
Add: Amortization	251,922	-
Less: Interim Dividend payable	(50,000,000)	(62,500,000)
Net profit/(loss) after depreciation	1,764,453	(8,405,795)
Changes in Working Capital:		
(Increase)/Decrease in advances, deposits & pre-payments	9,430,385	(23,602,928)
(Increase)/Decrease in Advance income tax	(15,308,767)	-
(Increase)/Decrease in receivable	(151,239,226)	(361,409,155)
(Increase)/Decrease in investment & securities	(336,723)	-
Increase/(Decrease) in payable	(217,204,683)	20,446,116
Increase/(Decrease) in bank overdraft	380,858,307	335,129,109
Increase/(Decrease) in liabilities for expenses	(2,832,015)	(3,768,954)
Increase/(Decrease) in other liabilities	(13,646,600)	-
Increase/(Decrease) in provision for tax	28,004,648	15,169,505
	17,725,327	(18,036,307)
A. Net cash provided from operating activities:	19,489,780	(26,442,102)
Net cash provided from investing activities:		
Fixed assets purchased	(2,547,136)	(1,731,630)
Sale of fixed assets	-	48,000
(Increase)/Decrease in intangible assets	(500,000)	(1,511,980)
(Increase)/Decrease in preliminary expenses	(124,582)	(431,472)
B. Net cash provided from investing activities	(3,171,718)	(3,627,082)
Net cash provided from financing activities:		
Increase/(Decrease) in dividend payable	-	69,311,000
C. Net cash provided from financing activities	-	69,311,000
Net cash provided during the year (A+B+C)	16,318,062	39,241,817
Add: Opening cash & cash equivalent	136,234,312	96,992,495
Closing cash & cash equivalent	152,552,374	136,234,312

The attached notes form an integral part of the accounts.


Chairman


Director


Managing Director

Dhaka, 24 January, 2012

EBL Securities Limited

Changes in Shareholders Equity


For the year ended 31 December 2011

Particulars	Paid up capital	Retained earnings	Total
	Taka	Taka	Taka
Balance on 1 January 2011	12,500,000	15,931,385	28,431,385
Add: Net Surplus / (Deficit) for the year	-	49,275,455	49,275,455
Dividend paid	-	(50,000,000)	(50,000,000)
Balance at 31 December 2011	12,500,000	15,206,840	27,706,840

For the year ended 31 December 2010

Particulars	Paid up capital	Retained earnings	Total
	Taka	Taka	Taka
Balance on 1 January 2010	12,500,000	4,793,087	17,293,087
Add: Net Surplus / (Deficit) for the year	-	73,638,298	73,638,298
Dividend paid	-	(62,500,000)	(62,500,000)
Balance at 31 December 2010	12,500,000	15,931,385	28,431,385

The attached notes form an integral part of the accounts.



Chairman

Dhaka, 24 January, 2012


Director


Managing Director

Signed in terms of our annexed report of even date.


Ahmed Khan & Co.
Chartered Accountants

EBL Securities Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2011

1. REPORTING ENTITY:

1.1 Domicile and legal status of the company:

EBL Securities Ltd. is one of the leading brokerage houses domiciled in Bangladesh which has been constituted by changing the name of LRK Securities Limited, limited by shares incorporated under the Companies Act 1994 vide incorporation no C-32161 (1282)/97.

Subsequently upon intimation of the change of name of the company, the DSE through a letter Ref. DSE/Member-26/MA-6959/0, 370 dated September 05, 2010 informed the Managing Director of EBL Securities Ltd. that the DSE in their 652nd Board Meeting held on 26 August 2010 has approved this change of name of the company. The EBL Securities Ltd. has received the certificate of membership from the SEC on 01 November 2010.

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.

2. BASIS OF PREPARATION:

2.1 Statement of compliance:

The financial statements are prepared on the historical cost basis and therefore, did not take into consideration the effect of inflation. The financial statements have been prepared and the disclosures of information have been made in accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, the Listing Rules of Dhaka Stock Exchange, Guidelines from Bangladesh Bank, Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) and other applicable laws and regulations.

2.2 Other regulatory compliances:

The company is also required to comply with the following major laws and regulations in addition to the Companies Act 1994 where applicable:

The Income Tax Ordinance 1984
The Income Tax Rules 1984
The value Added Tax Act 1991
The value Added Tax Rules 1991

EBL Securities Ltd. is also registered with the Securities and Exchange Commission to act as Stock Dealer for carrying its own investment in the capital market. It also extends margin loan to its clients against their margin for investment in the listed securities. The required margin level is monitored daily and pursuant to established guidelines, customers are required to deposit additional margin to reduce the position, where necessary.

EBL Securities Ltd. encompasses a wide range of services having registered with the Securities and Exchange Commission to act as "custody participant" of Central Depository of Bangladesh Limited (CDBL).

2.3 Basis of accounting:

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.4 Use of estimates and assumptions:

Preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. These financial statements contain information about the assumptions it made about the future and other major sources of estimation, uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year.

In accordance with the guidelines as prescribed by BAS 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situation:

- 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 estimates can be made of the amount of the obligation.

2.5 Consistency:

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, EBL Securities applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, corrections of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS 8. We however have applied the same accounting principles in 2011 as in financial statements for 2010.

3.0 SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

3.1 Fixed assets and depreciation:

These are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is provided at the following rates on straight-line basis in accordance with BAS 16 over the periods appropriate to the estimated useful lives of the different types of assets:

Heads	Rates
Furniture & Fixture	15.00%
Television & Multimedia	20.00%
Computer & Accessories	20.00%
Generator	15.00%
Office Equipment	15.00%
Office Decoration	15.00%
Car Vehicles	15.00%

3.2 Intangible assets and amortization:

Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably in accordance with BAS 38: Intangible Assets. Accordingly, these assets are stated in the Balance Sheet at cost less accumulated amortization.

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognized as incurred.

3.3 Impairment:

Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more have occurred indicating a negative effect on the estimated future cash flows from the asset. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

Non financial assets:

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in profit and loss account if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.4 Cash and cash equivalents:

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 by adjusting profit for the year under indirect method as per BAS-7 "Cash Flow Statement".

3.5 Accounts receivables:

Trade receivables are stated at nominal values as reduced by the appropriate allowances for estimated doubtful amounts. No such receivables are accounted for if the loans are classified as bad and loss. Receivables include the margin loan provided to the clients in which the interest is charged. Such interest is not recognized as income until it is realized from the respective client account.

3.6 Margin loan:

EBL Securities extends margin loan to the portfolio investors at an agreed ratio (between investors deposit and loan amount) of purchased securities against the respective investor account. The investors are to maintain the margin as per set rules and regulations. The margin is monitored on daily basis as it changes due to change in market price of shares. If the margin falls below the minimum requirement, the investors are required to deposit additional fund to maintain margin as per rules otherwise the securities are sold to bring the margin to the required level.

3.7 Investment in securities:

Investment in listed securities is reported at cost under cost method. Unrealized gain or losses are not recognized in the profit and loss account.

3.8 Payables:

Trade and other payables are stated at their nominal values.

3.9 Due from/to related party:

Due from/to related party is stated at their nominal value.

3.10 Accrued expenses and other liabilities:

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal values.

3.11 Bank overdraft:

Eastern Bank Limited has sanctioned EBL Securities Ltd. credit facilities of BDT 1,100.00 million out of which BDT 850.00 million and 250.00 million is against Overdraft and Letter of Guarantee respectively vide letter reference no # TR/4243/2011 dated July 19, 2011. EBL Securities Ltd. facilitates the fund to its clients as margin loan. Interest costs are recognized in the profit or loss account in the period in which they are incurred.

3.12 Provisions:

Provision is recognized in the balance sheet when the company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

3.13 Revenue recognition:

Revenue, which comprises of brokerage commission, service charges and capital gain is recognized in accordance with Bangladesh Accounting Standard (BAS) 18: Revenue Recognition.

3.14 Income from margin loan:

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective customers. Income is recognized on quarterly rest.

3.15 Dividend income:

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend.

3.16 Gain on sale of securities:

Capital gain on disposal of securities listed in the stock exchange is recorded on realized basis i.e. only when securities are sold in the market. Unrealized capital gains/losses are not accounted for in the profit and loss account.

3.17 Income tax expenses:

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Provision for tax is assessed under section 82C of the Income Tax Ordinance (ITO) 1984 on income from company's normal course of business and at 37.50% on company's income from other sources. Under section 82C, income tax deducted under certain sections of the Income Tax Ordinance (ITO) 1984 is treated as final discharge of tax payer's tax liabilities from that source.

3.18 Earnings per share:

Earnings per share has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 31 December 2011 as per BAS 33 "Earnings Per Share". Diluted earnings per share was not required to be calculated as there were no dilution possibilities during the year.

3.19 Particulars of employees:

The numbers of employees engaged by the Company during the year and part thereof was 44 (38 in 2010) and all the staffs of the Company are drawing salary and allowances above Tk 60,000 per annum.

3.20 Events after balance sheet date:

There are no such events after balance sheet date that existed at the end of the reporting period.

3.21 Currency:

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladesh Taka.

3.22 General:

Previous year's figures have been re-arranged/re-classified to conform to the presentation adopted in these financial statements.

	2011	2010	
	Taka	Taka	
5. Intangible assets:			
Bluechip software	1,950,000	1,450,000	
Software (LAN)	61,980	61,980	
	2,011,980	1,511,980	
Less:Amortization (15%)	251,922	-	
Total	1,760,058	1,511,980	
6. Deferred revenue expenses:			
DPDC connection fees	149,940	249,900	
Share bidding registration fee	20,000	25,000	
Account opening form	161,114	258,190	
Office set -up (RACE)	225,000	-	
	556,054	533,090	
Less: Written off @ 20%	-	101,618	
Total	556,054	431,472	
7. Advances, deposits & prepayments			
Advance against office rent	6,148,510	5,885,800	
Advance against security deposit	239,600	225,000	
Pre- paid insurance premium against motor vehicle	14,369	-	
Salary	2,500	-	
Advance against purchase of share	-	9,734,029	
Advance against expenses	9,465	-	
Total	6,414,444	15,844,829	
8. Advance income tax:			
Under Section 82/C	28,391,119	13,690,995	
AIT on Bank Interest	616,247	7,604	
Total	29,007,366	13,698,599	
9. Accounts receivable:			
Receivable from DSE	24,051,877	106,153,384	
Receivable from clients (Notes 09.01)	710,072,312	476,775,081	
Dividend receivable	43,500	-	
Total	734,167,690	582,928,465	
9.01 Receivable from clients:			
Estern Bank Limited	5,853	-	
Receivable from other clients	710,066,459	476,775,081	
Total	710,072,312	476,775,081	
10. Investment in securities:			
Name of securities	No. of shares	Cost Price	Market Price
Mi Cement Limited	51 nos.	6,936	5,636
MJL Bangladesh Limited	04 nos.	425	400
Meghna Petroleum	400 nos.	65,532	75,160
Social Islami Bank Limited	5000 nos	121,750	131,000
Titas Gas Transmission and Distribution Co. Limited	2000 nos	142,080	135,200
Total		336,723	347,396
11. Cash & cash equivalents:			
Cash in hand		8,635	11,690
Cash at bank (Notes: 11.01)		152,543,739	136,222,622
Total		152,552,374	136,234,312

	2011 Taka	2010 Taka
11.01 Cash at bank:		
Eastern Bank Limited	1,717,065	2,490,126
Rupali Bank Limited	-	-
Al-Arafah Islami Bank Limited (0003053)	148,668,880	-
Al-Arafah Islami Bank Limited (23058)	2,157,794	133,732,496
Total	152,543,739	136,222,622
12. Share capital:		
Authorized capital		
30,000 Ordinary shares of Tk. 1,000.00 each	30,000,000	30,000,000
Issued, subscribed & paid-up capital		
12,500 ordinary shares of Tk. 1000.00 each		
Eastern Bank Limited (7,500 nos.)	7,500,000	7,500,000
Mr. Kaiser Islam (3,250 nos.)	3,250,000	3,250,000
NIR Securities Limited (1,750 nos.)	1,750,000	1,750,000
Total	12,500,000	12,500,000
13. Retained earnings:		
Opening balance	15,931,385	25,211,569
Add: During the period	49,275,455	53,219,816
	65,206,840	78,431,385
Less: Interim dividend paid (Notes:13.01)	50,000,000	62,500,000
Total	15,206,840	15,931,385
13.01 The company's Board of Directors decided to declare 400% cash dividend as interim dividend for the year 2011 in its 63rd Board meeting which was held on December 04, 2011. The declared dividend will be adjusted with final dividend after completion of the year end audit.		
Interim dividend paid:		
Eastern Bank Limited 60%	30,000,000	37,500,000
Mr. Kaiser Islam 26%	13,000,000	16,250,000
NIR Securities Ltd. 14%	7,000,000	8,750,000
Total	50,000,000	62,500,000
14. Accounts payable:		
Payable to DSE	401,461	826,890
Payable to clients (Notes:-14.01)	82,480,747	299,260,001
Total	82,882,208	300,086,891
14.01 Payable to clients:		
Eastern Bank Ltd.	2,337,639	114,000,717
Payable to other clients	80,143,108	185,259,284
Total	82,480,747	299,260,001
15. Bank overdraft:		
Bank overdraft (Eastern Bank Ltd.A/c-134711)	715,987,416	335,129,109
Total	715,987,416	335,129,109
16. Liabilities for expenses:		
Audit fees	110,000	330,000
CDBL charges	3,979,851	4,942,187
Outstanding liabilities	3,205,892	1,125,348
Sundry creditors	1,356,352	3,350,900
Privileged creditors	66,250	1,801,925
Total	8,718,345	11,550,360

	2011 Taka	2010 Taka
17. Other liabilities:		
Payable to EBL (Notes:-17.01)	5,664,400	6,811,000
Interim dividend payable (Notes:-17.02)	50,000,000	62,500,000
Total	55,664,400	69,311,000
17.01 Payable to Eastern Bank Limited:		
Opening balance	6,811,000	-
Add: Addition during the period	-	7,007,000
	6,811,000	7,007,000
Less: Paid during the period	1,146,600	196,000
Closing as on December 31, 2011	5,664,400	6,811,000
17.02 Interim dividend payable:		
Eastern Bank Limited	30,000,000	37,500,000
Mr. Kaiser Islam	13,000,000	16,250,000
NIR Securities Limited	7,000,000	8,750,000
Total	50,000,000	62,500,000
18. Provision for tax:		
Opening balance	16,357,178	1,187,673
Add: During the year (note-18.01)	28,004,648	16,552,159
	44,361,826	17,739,832
Less: Adjustment during the year	-	1,382,653
Total	44,361,826	16,357,178
18.01 Tax during the year:		
Under section 82/C	14,692,522	13,690,995
Provision for tax on non -operating income	13,312,126	2,853,560
Provision for tax on financial income	-	7,604
Total	28,004,648	16,552,159
19. Commission earning:		
Brokerage commission (Broker)	68,148,119	129,701,805
Settlement commission	15,791,800	-
Brokerage commission (Dealer)	93,705	-
Total	84,033,624	129,701,805
20. Income from investment		
Dividend income from investment	130,500	-
Capital gain on investment	2,423,251	-
Total	2,553,751	-
21. Other income:		
BO open fees	166,100	2,514,995
BO annual fees	2,164,500	5,094,498
Bank interest	5,908,465	-
Interest on margin loan (note- 21.01)	26,567,337	-
Total	34,806,402	7,609,493
21.01 Interest on margin loan:		
Income from margin	103,621,734	-
Less: Interest expenses	77,054,397	-
Total	26,567,337	-

	2011 Taka	2010 Taka
22. Operating expenses:		
Howla charge	787,982	-
Laga charge	4,294,883	9,261,268
CDBL charges	4,611,967	6,269,319
Depreciation	2,237,076	936,741
Amortization	251,922	-
Deferred revenue expenses (written off)	131,618	101,618
Total	12,315,448	16,568,946
23. Office & administrative expenses:		
Salary & allowance	15,193,080	8,621,616
Bonus	3,193,438	605,712
Office rent	5,790,719	4,608,300
Connectivity rent	1,380,700	460,250
Advertisement	14,420	10,000
Utility bill	838,317	381,783
Legal & professional expenses	34,000	178,210
DSE training fees	13,500	16,046
DSE & SEC subscription & others	96,649	107,479
Software development	169,184	75,000
Petty expenses	1,140,793	1,180,286
Board meeting expenses	18,000	15,000
Repair & maintenance	478,208	108,250
Registration & renewal	31,295	47,285
Guarantee premium	2,300,000	1,437,500
Insurance premium	14,369	-
Printing & stationery	283,566	133,238
Newspapers & magazine	3,500	2,520
Office maintenance	10,325	9,870
Security charge	122,265	54,864
Interest on loan	-	8,259,230
Miscellaneous expenses	184,804	51,198
Agency commission	214,500	385,598
Audit fees	80,000	358,500
Total	31,605,632	27,107,735
24. Financial expenses:		
Bank charge & commission	192,594	146,789
Total	192,594	146,789
25. Provision for tax:		
Under section 82/C	14,692,522	16,995,970
Provision for tax on non-operating income	13,312,126	2,853,560
Total	28,004,648	19,849,530



Rahman Rahman Huq
Chartered Accountants

Independent 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 2011, 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 2011.

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), the Companies Act 1994 and other applicable laws and regulations. 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 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 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 give a true and fair view of the financial position of the Company as at 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- a) 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;
- b) 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; and
- c) 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, 6 February 2012

EBL Investments Limited

Balance Sheet

as at 31 December 2011

	Note	2011 Taka	2010 Taka
PROPERTY AND ASSETS			
Balances with other banks and financial institutions	3	330,565,766	317,332,581
Advance tax	4	4,807,731	1,927,081
TOTAL ASSETS		335,373,497	319,259,662
CAPITAL AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Paid up capital	5	300,000,000	300,000,000
Retained earnings	6	24,450,183	12,001,351
TOTAL SHAREHOLDERS' EQUITY		324,450,183	312,001,351
LIABILITIES			
Provision for tax	7	10,871,064	7,200,811
Other liabilities	8	52,250	57,500
TOTAL LIABILITIES		10,923,314	7,258,311
TOTAL EQUITY AND LIABILITIES		335,373,497	319,259,662


The annexed notes 1 to 13 form an integral part of these financial statements.



Dhaka, 06 February 2012


Director

As per our annexed report of same date.


Auditors
Rahman Rahman Huq
Chartered Accountants



Rahman Rahman Huq
Chartered Accountants

EBL Investments Limited
Profit and Loss Account
for the year ended 31 December 2011

	Note	2011 Taka	2010 Taka
Interest income	9	23,963,121	19,270,812
Net interest income		23,963,121	19,270,812
Other operating income		-	-
Total operating income		23,963,121	19,270,812
Audit fees		52,250	57,500
Other operating expenses	10	590,975	11,150
Total operating expenses		643,225	68,650
Profit before tax		23,319,896	19,202,162
Provision for income tax	11	10,871,064	7,200,811
Net profit after tax for the year		12,448,832	12,001,351
Balance of profit brought forward from previous year		12,001,351	-
Retained Earnings carried forward		24,450,183	12,001,351

The annexed notes 1 to 13 form an integral part of these financial statements.

Dhaka, 06 February 2012

Director

As per our annexed report of same date.

Auditors
Rahman Rahman Huq
Chartered Accountants

EBL Investments Limited

Cash Flow Statement

for the year ended 31 December 2011

	2011	2010
	Taka	Taka
A. Cash flows from operating activities		
Interest income	23,963,121	19,270,812
Paid for operating expenses	(590,975)	(11,150)
Income tax paid	(10,081,461)	(1,927,081)
Audit fees paid	(57,500)	-
<i>Net cash flow from operating activities</i>	<u>13,233,185</u>	<u>17,332,581</u>
B. Cash flows from investing activities		
<i>Net cash flow from investing activities</i>	<u>-</u>	<u>-</u>
C. Cash flows from financing activities		
Received from parent for share capital	-	300,000,000
<i>Net cash flow from financing activities</i>	<u>-</u>	<u>300,000,000</u>
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	13,233,185	317,332,581
E. Opening cash and cash equivalents	317,332,581	-
F. Closing cash and cash equivalents	<u>330,565,766</u>	<u>317,332,581</u>
Closing cash and cash equivalents represents		
Cash in hand	-	-
Balances with other banks and financial institutions	330,565,766	317,332,581
	<u>330,565,766</u>	<u>317,332,581</u>

The annexed notes 1 to 13 form an integral part of these financial statements.



Chairman



Director

Dhaka, 06 February 2012

EBL Investments Limited
Statement of Changes in Equity
for the year ended 31 December 2011

Particulars	Share capital	Retained earnings	Total
	Taka	Taka	Taka
Balance as at 1 January 2010	-	-	-
Addition during the year	300,000,000	-	300,000,000
Net profit for the year	-	12,001,351	12,001,351
Balance at 31 December 2010	300,000,000	12,001,351	312,001,351
Addition during the year	-	-	-
Net profit for the year	-	12,448,832	12,448,832
Balance as at 31 December 2011	300,000,000	24,450,183	324,450,183

The annexed notes 1 to 13 form an integral part of these financial statements.


Chairman


Director

Dhaka, 06 February 2012

EBL Investments Limited
Liquidity Statement
 (Asset and Liability Maturity Analysis)
 As at 31 December 2011

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	-	-	-	-	-	-
Balance with other banks and financial institutions	330,565,766	-	-	-	-	330,565,766
Advance tax	-	-	4,807,731	-	-	4,807,731
Total assets	330,565,766	-	4,807,731	-	-	335,373,497
Other liabilities						
	-	52,250	10,871,064	-	-	10,923,314
Total liabilities	-	52,250	10,871,064	-	-	10,923,314
Net liquidity gap	330,565,766	(52,250)	(6,063,333)	-	-	324,450,183
Cumulative liquidity gap	330,565,766	330,513,516	324,450,183	324,450,183	324,450,183	-

EBL Investments Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2011

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:

2.1 Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2011 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), Companies Act 1994 and other laws and rules applicable in Bangladesh.

2.2 Basis of measurement

The financial statements are prepared on historical cost convention.

2.3 Basis of accounting

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.4 Use of estimates and judgments

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 recognised 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.

2.5 Reporting period

The financial period of the Company covers one year from 1 January to 31 December and is followed consistently.

2.6 Functional and presentation currency and level of precision

The financial statements are presented in Bangladesh Taka currency, which is the Company's functional currency. All financial information has been rounded off to the nearest Taka.

2.7 Property, plant and equipment

Recognition and measurement

Assets are recognised initially at cost and subsequently at cost less accumulated depreciation in compliance with 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.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised 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 recognised 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 recognised 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	2.50%
Furniture and fixtures	10%
Machineries and equipments	20%
Vehicle	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 determined by comparing the proceeds from disposal with the carrying amount of the property plant and equipment disposed off and is recognised net with "other income" in profit and loss account.

2.8 Intangible assets

Intangible assets are initially recognised at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets include software, integrated systems along with related hardware.

2.9 Books of accounts

The Company maintains its books of accounts in electronic form through UBS software.

2.10 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".

2.11 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.

In accordance with the guidelines as prescribed by BAS 37, Provisions, Contingent Liabilities and Contingent Assets, provisions are recognised 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 recognised 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 recognised as finance costs.

2.12 Revenue Recognition

As per BAS-18, "Revenue" is recognised when it is 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.

2.13 Income and expenditures

Income and expenditures are recognised on accrual basis. Income is only recognised if its realisation is reasonably certain.

	2011 Taka	2010 Taka
3. Balances with other Banks and Financial Institutions		
Inside Bangladesh (note-3.1)	330,565,766	317,332,581
Outside Bangladesh	-	-
	<u>330,565,766</u>	<u>317,332,581</u>
3.1 Inside Bangladesh		
Special Notice Deposit (SND)-Corporate, Principal Branch, EBL	<u>330,565,766</u>	<u>317,332,581</u>
4. Advance tax		
Opening balance	1,927,081	-
Addition during the year	10,081,461	1,927,081
	<u>12,008,542</u>	<u>1,927,081</u>
Adjustment made for the year 2010	7,200,811	-
Closing balance	<u>4,807,731</u>	<u>1,927,081</u>
5. Share Capital		
Authorised capital		
10,000,000 ordinary shares of Tk 100 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and fully paid up capital		
3,000,000 ordinary shares of Tk 100 each	<u>300,000,000</u>	<u>300,000,000</u>
	<u>300,000,000</u>	<u>300,000,000</u>
6. Retained earnings		
Opening balance	12,001,351	-
Net Profit after tax during the year	12,448,832	12,001,351
Closing balance	<u>24,450,183</u>	<u>12,001,351</u>
7. Provision for tax		
Opening balance	7,200,811	-
Add: Provision for the year	9,910,956	7,200,811
Prior year's adjustment	960,108	-
	<u>10,871,064</u>	<u>7,200,811</u>
	<u>18,071,875</u>	<u>7,200,811</u>
Adjustment/settlement for previous year	(7,200,811)	-
Closing balance (note 7.1)	<u>10,871,064</u>	<u>7,200,811</u>
7.1 Closing balance		
The closing balance is made of as follows:		
Provision for 2010	-	7,200,811
Provision for 2011	10,871,064	-
	<u>10,871,064</u>	<u>7,200,811</u>
8. Other liabilities		
Audit fees payable	52,250	57,500
	<u>52,250</u>	<u>57,500</u>
9. Interest income		
Interest income from deposit with banks	<u>23,963,121</u>	<u>19,270,812</u>
10. Other operating expenses		
Preincorporation expenses (note 10.1)	579,825	-
Account maintenance fee	1,150	1,150
Excise duty on corporate bank account	10,000	10,000
	<u>590,975</u>	<u>11,150</u>

	2011 Taka	2010 Taka
10.1 Preincorporation expenses		
Consultancy fee	105,000	-
Govt Stamps & Court fees	474,825	-
	579,825	-
11. Income tax		
Provision for tax	9,910,956	7,200,811
Current year's	960,108	-
Prior year's	10,871,064	7,200,811

Provision for current tax is made @ 42.5% on PBT considering the major allowances and disallowances. Previous year's tax provision was made at 37.5%.

12. Contingencies and commitments

There are no contingent assets or liabilities and unrecognised contractual commitments at the balance sheet date.

13. 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 2011.

EBL Branch Network

EBL 24X7 Contact Center
8332232, 16230

OFFICES

Head Office

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000
Tel: 02 9556360; Email: info@ebl-bd.com

Corporate Banking Office: Dilkusha

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000
Tel: 02 9556360; Email: info@ebl-bd.com

Corporate Banking Office: Gulshan

Uday Tower (4th Floor), Plot 57 & 57/A,
Gulshan Avenue, (South), Gulshan Circle 1,
Dhaka 1212, Tel: 02 8834328-9, 8833607;
Fax: 02 8835420; Email: info@ebl-bd.com

Corporate Banking Office: Chittagong

33 Agrabad C/A, Chittagong; Tel: 031 716290,
723728, 721820; PABX: 031 720755-9,
Fax: 031 710262

CARDS CENTER

Sabera Tower, 5th floor, House 42, Road 52,
Gulshan North C/A, Dhaka 1212. Tel: 8822104,
8812476, Fax: +88 02 9882316,
Email: cardsteam@ebl-bd.com

DHAKA ZONE

1. Principal Branch/Student Center

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000
Tel: 02 9558392, 9565696, 9571262
Fax: 02 7160747 Email: principal@ebl-bd.com

2. Motijheel Branch/SME Center

88 Motijheel C/A, Dhaka
Tel: 02 9559655, 9565073-4. Fax: 02 9565074
Email: motijheel@ebl-bd.com

3. Gulshan Branch

Concord Richmond, 68 Gulshan Avenue,
Plot 8A Block CES (F) Gulshan 1, Dhaka.
Tel: 02 9897703, 9897594, 9867254,
8827101-2, Fax: 02 9897703.
Email: gulshan@ebl-bd.com

4. Bashundhara Branch

Plot-15, Block-A, Bashundhara R/A,
Badda, Dhaka-1219
Tel: 8845391, 8845392, Fax: 8845390
Email: bashundhara@ebl-bd.com

5. Banani Branch/Student Center

House 78, Road 11, Block D, Banani, Dhaka
Tel: 02 9862669, 9862572, 9860476
Email: banani@ebl-bd.com

6. Uttara Branch/SME Center

Plot 1A, Road 4, Sector 4, Uttara Model Town,
Dhaka. Tel: 02 8915136, 8919051, 8950470,
7911128, Fax: 02 8918859
Email: uttara@ebl-bd.com

7. Mirpur Branch/SME Center

House # 17, Main Road # 3, Block-A, Section-11,
Mirpur, Dhaka-1216. Tel: 02 -9008115, 9010478
Email: mirpur@ebl-bd.com

8. Shyamoli Branch/SME Center

Plot 16-A/5, Ring Road, Block F,
Mohammadpur Housing Estate, Dhaka 1207
Tel: 02 8116015, 9132497, 9133165
Email: shamoly@ebl-bd.com

9. Dhanmondi Branch/Student Center

House 21, Road 8, Dhanmondi R/A, Dhaka-1205
Tel: 02 9126141, 9114145, 9146235
Email: dhanmondi@ebl-bd.com

10. Sonargaon Road Branch/SME Center

Rahat Tower, (1st Floor)
14 Biponon Commercial Area, Sonargaon Link
Road, West Bangla Motor, Dhaka-1000
Tel: 02 8613225, 8619866
Email: sonargaonroad@ebl-bd.com

11. Shantinagar Branch/SME Center

"Shan Tower" (1st Floor) 24/1, Chamelibagh
Shantinagar, Dhaka
Tel: 02-8317533, 02-9344110 Fax:
02-9346406, Email: shantinagar@ebl-bd.com

12. Moghbazar Branch/SME Center

Shafi Complex, 1/A West Moghbazar, New
Circular Road, Ramna, Dhaka.
Tel: 02 9361756, 9360115, Fax: 02 9348570
Email: moghbazar@ebl-bd.com

13. English Road Branch/SME Center

68, Shahid Sayed Nazrul Islam Sarani
(1st & 2nd floor), North South Road,
Dhaka-1100. Tel: 02 7125269, 7116019
Email: englishroad@ebl-bd.com

14. Chawk Mughultuly Branch/SME Center

150 Chawk Mughultuly (1st Floor), Dhaka
Tel: 02 7314364, 7314369
Email: chawkmughultuly@ebl-bd.com

15. Narayanganj Branch

64 BB Road (Islam Plaza), Narayanganj
Tel: 02 7648557-58
Email: narayanganj@ebl-bd.com

16. Keraniganj Branch

Jahanara Plaza, Bondh Dakpara, Zinzira,
Keraniganj, Dhaka. Tel: 02 7762236-7
Email: keraniganj@ebl-bd.com

17. Board Bazar Branch/SME Center

Omar Ali Plaza, House 1, Block C, Board Bazar,
Gazipur. Tel: 02 9293895-6
Email: boardbazar@ebl-bd.com

18. Savar Branch

E/3, Tala Bagh, Thana Road, Savar, Dhaka
Tel: 02 7744757-8 Fax: 02 7744759

19. Satmosjid Road Branch

48, Satmosjid Road (Ground floor of OLYMPIA
Chinese Restaurant) Dhanmondi.
Tel: 02 9144603 Fax: 02 9144604

20. Banasree Branch

Plot No-10 (1st Floor & ATM at GF),
Block-C, Eastern Housing Banasree Project,
Banasree Rampura, Dhaka.
Tel: 02 7287991, 7286266

21. Uttara Garib-E-Newaz Branch

Plot No-15 (1st floor), Garib-E-Newaz Avenue,
Sector-11, Uttara, Dhaka-1230
Tel: 02 8915457, 8915447
Email: garibenewaz@ebl-bd.com

22. Nawabgonj Branch

Hossain Plaza, Kolakopa Union Parishad,
Nawabgonj, Dhaka-1320
Tel: 0622556264, 0622556266, 0622556265
Email: nawabgonj@ebl-bd.com

23. Keraniganj SME/Agri Branch

'Green Tower', Aganagar Union Parishad,
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Email: keranignjsme@ebl-bd.com

24. Mirpur Dar-Us-salam Road Branch

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Email: darussalam@ebl-bd.com

25. Narayanganj SME/Agri Branch

34, ASP Bhaban, Mahim Ganguly Road,
Tanbazar, Narayanganj.
Tel: 02 7644480, 7644048, Fax: 02 7644077,
Email: narayanganjsme@ebl-bd.com

26. Tangail Branch

"Rahman Center" (1st floor),
55 Victoria Road, Tangail
Tel: 092162437, 092162438, 092162439
Email: tangail@ebl-bd.com

27. Mymensingh SME/Agri Branch

"Hamida Market", 45 Choto bazaar,
Kotwaly, Mymensingh
Tel: 09163831, 09163861, 09163841
Email: Mymensinghsme@ebl-bd.com

28. Bhairab SME/Agri Branch

House-0161, Kalibari Road, Bhairab Bazar,
Kishorgonj, Bhairab.
Tel: 09424 72307, 09424 72308,
Fax: 09424 72309
Email: bhairabsme@ebl-bd.com

29. Dohar Branch

Ashraf Ali Chowdhury Plaza,
83, College Road, Joypara, Dohar, Dhaka.
Tel: 06223-56211, 06223-56209,
06223-56208, Email: dohar@ebl-bd.com

30. Faridpur Branch

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7/216, Mujib Road, Faridpur
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31. Progoti Sarani Branch

Azahar Comfort Complex, 130/A, Progoti Sarani, Middle Badda, Gulshan, Dhaka.
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32. Azimpur Branch

Tulip Feroza Dream, 104, Azimpur Road, Hazaribagh, Dhaka.
Email: @ebl-bd.com

33. Narshindi SME/Agri Branch

242/1, Algi Road, Madhabdi Bazar, Parkashipur, Madhabdi, Narshindi
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Email: narshindi@ebl-bd.com

CHITTAGONG ZONE**34. Agrabad Branch/SME Center**

33 Agrabad C/A, Chittagong.
Tel: 031-720755-9 Fax: 031 710262
Email: agrabad@ebl-bd.com

35. Station Road Branch

Asian S. R. Hotel, (GF)
291, Station Road, Chittagong
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Email: stationroad@ebl-bd.com

36. Khatunganj Branch

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Tel: 031 621316, 630229, 635153
Fax: 031 638743
Email: khatunganj@ebl-bd.com

37. O R Nizam Road Branch

Avenue Centre, 787 CDA Avenue, Chittagong. Tel: 031-617082, 617083, 2853251, 2857073-5 Fax: 031 617083
Email: ornizamroad@ebl-bd.com

38. Jubilee Road Branch/SME Center

Mannan Bhaban, 156 Nur Ahmed Sarak, Jubilee Road, Chittagong
Tel: 031 614442, 031 621480, 2858471
Fax: 031 615594. Email: jubileeroad@ebl-bd.com

39. Chandgaon Branch

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Email: chandgaon@ebl-bd.com

40. Panchlaish Branch

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14, Panchlaish R/A, Chittagong-4203
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Fax: 031 2552692
Email: panchlaish@ebl-bd.com

41. Raozan Branch

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Tel: 031 2571207, Email: raozan@ebl-bd.com

42. Choumuhani Branch

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43. Cox's Bazar Branch/SME Center

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Email: coxsabazar@ebl-bd.com

44. Feni SME/Agri Branch

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Email: feni@ebl-bd.com

45. Halishahar Branch

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Tel: 031 2513895, 031 2513896-7
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46. Sirajuddowla Road Branch

94, Siraj-Ud-Doula Road (opposite to Didar Market), Dewan Bazaar, Chandanpura, Chittagong. Tel: 031 2865261-4

47. CEPZ Chittagong Branch

1279/A Saleh Complex, CEPZ Gate, Bandar, Chittagong. Tel: 031 742195, 031 742196, 031 742197, Email: cepz@ebl-bd.com

48. Lohagara Chittagong Branch

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49. Hathazari Chittagong Branch

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50. Comilla SME/Agri Branch

Chowdhury Plaza, 195, Jail Road, Jhawtala, Comilla.
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SYLHET ZONE**51. Upasahar Branch**

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Email: upashahar@ebl-bd.com

52. Chouhatta Branch/SME Center

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Tel: 0821-717545, 723242, 721386 Fax: 0821 717545, Email: chouhatta@ebl-bd.com

53. Bishwanath Branch

Khurshid Ali Shopping Complex
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Tel: 08224 56005
Email: bishwanath@ebl-bd.com

54. Moulvi Bazar Branch/SME Center

26, Sylhet Trunk Road (1st Floor), Moulvi Bazar-3200
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KHULNA ZONE**55. Khulna Branch/SME Center**

Tayamun Centre & Properties
181, Khan A. Sabur Road, Khulna
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56. Jessore Branch/SME Center

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Email: jessore@ebl-bd.com

RAJSHAHI ZONE**57. Rajshahi Branch/SME Center**

Doinik Barta Complex (Ground Floor)
Alupotti, Natore Road, Rajshahi-6000
Tel: 0721 772372, 772356 Fax 9721 772356
Email: rajshahi@ebl-bd.com

58. Bogra Branch/SME Center

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RANGPUR ZONE**59. Rangpur Branch**

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Email: rangpur@ebl-bd.com

CORRESPONDENT BANK NETWORK

AUSTRALIA MELBOURNE

Australian & New Zealand Banking Group
Bank of Cyprus, Australia
Citibank NA

SYDNEY

Australian & New Zealand Banking Group
JP Morgan Chase Bank N.A.
Citibank NA
HSBC Bank Australia
Mizuho Corporate Bank Ltd.,
ABN AMRO Bank NV, Australia
Bank of America NA, Sydney
The Bank of Tokyo Mitsubishi UFJ Ltd

AUSTRIA VIENNA

Raiffeisen Zentralbank Oesterreich
ABN Amro Bank N.V.
Raiffeisenlandesbank (Rabo Bank)
The Bank of Tokyo Mitsubishi UFJ Ltd.

Citibank International PLC
Deutsche Bank Aktiengesellschaft

ALGERIA

ALGIERS

Citibank NA Algeria

ARGENTINA BUOENS AIRES

Bank of America NA Argentina
Bank Boston NA Argentina

BAHRAIN

MANAMA

ALUBAF Arab International Bank
B.S.C. (C), Manama, Bahrain
Citibank NA Bahrain
Standard Chartred Bank

BELGIUM

BRUSSELS

ABN AMRO Bank NV
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ Ltd
ING Bank Belgium
Commerzbank AG, Belgium
Dexia Bank SA

BHUTAN

PHUNTSHOLING

Bank of Bhutan

THIMPU

Bhutan National Bank Ltd.

BRAZIL

SAO PAULO

Banco de Tokyo-Mitsubishi UFJ Brasil SA
Banco Citibank SA
Deutsche Bank SA

CANADA

TORONTO

Bank of Nova Scotia
Toronto Dominion Bank, Canada
Citibank NA
HSBC Bank Canada
ICICI Bank Canada
Bank of America NA

CHINA

BEIJING

Bank of China
Bank of Tokyo Mitsubishi Ltd.
JPMorgan Chase Bank NA
Woori Bank
GUANGZHOU
Bank of China

JP Morgan Chase Bank (China)
SHANGHAI
Mizuho Corporate Bank (China), Ltd.
China Trust Commercial Bank
Bank of Tokyo Mitsubishi UFJ Ltd.
Deutsche Bank (China) Co. Ltd.
Shanghai, China
Hong Kong and Shanghai Banking Corp Ltd.

JPMorgan Chase Bank N.A.
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation

CYPRUS

STROVOLOS

Bank of Cyprus Limited

CZECH REPUBLIC PRAGUE

Citibank AS
Commerzbank AG
Unicredit Bank

DENMARK

COPENHAGEN

Citibank International PLC
Danske Bank AS
Svenske Handels Banken
Nordea Bank

EGYPT

CAIRO

Citibank Cairo
Mashreq Bank Cairo

FINLAND

HELSINKI

Citibank International PLC
Nordea Bank PLC
Svenska Handelsbanken

FRANCE

PARIS

Deutsche Bank AG
Unior De Banques Arabes Et Francaises (UBAF)
BNP-Paribas SA
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ Ltd
Commerzbank AG
HSBC Bank PLC
ING Bank (France) S.A.
Credit Mutuel - CIC banques (BFCM)
LILLE
Banque Scalbert Dupont S.A.

GERMANY

FRANKFURT AM MAIN

Bank of Tokyo Mitsubishi Ltd.
Citibank AG
Commerzbank AG
Deutsche Bank AG
BHF Bank Aktiengesellschaft
JP Morgan AG
SEB Merchant Banking
Standard Chartered Bank
Deutsche
Zentral-Genossenschaftsbank AG
MUENCHEN
Bayerische Hypo Und Vereinsbank AG

BERLIN

Berliner Volksbank EG

HONG KONG

ABN Amro Bank NV
Banca Intesa S.P.A.
Bank of Nova Scotia
Bank of Tokyo Mitsubishi Ltd

Citibank NA Hong Kong
Fleet National Bank
HBZ Finance Limited
Hong Kong and Shanghai Banking Corp Ltd..
ICICI Bank Limited
JP Morgan Chase Bank
Mashreqbank PSC., Hong Kong Branch
BNP Paribas Hong Kong
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation.
UBAF (Hong Kong) Limited
Wells Fargo Bank N.A.
Bank of America
Bank of Newyork

INDIA

MUMBAI

Arab Bangladesh Bank Limited
Bank of America
Bank of Nova Scotia
Bank of Tokyo Mitsubishi Ltd.
Canara Bank
Citibank NA
Deutsche Bank AG
Federal Bank Limited
Hong Kong and Shanghai Banking Corp. Ltd.
Punjab National Bank
Standard Chartered Bank
Union Bank of India
Tamilnad Mercantile Bank. Mumbai

INDONESIA

JAKARTA

ABN Amro Bank
ANZ Bank
Bank Mandiri (Persero), PT.
Bank Negara Indonesia-PT(Persero)
Jakarta, Indonesia
Bank of America NA
Bank of Tokyo Mitsubishi Ltd
Citibank NA
Hong Kong and Shanghai Banking Corporation Ltd
JPMorgan Chase Bank N.A. Jakarta, Indonesia
Standard Chartered Bank
Woori Bank
Deutsche Bank AG
Lippo Bank

IRELAND

DUBLIN

Citibank International PLC

ITALY

MILAN

Banca Antonveneta SPA
Credito Emiliano SPA
Intesa Sanpaolo SPA
Unione di Banche Italiane SPA
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ Ltd.
Banca Popolare di Marostica
Unicredit Banca SPA
ROME
Banca Nazionale del Lavoro SPA
VERONA
Unicredit Banca SPA

JAPAN

TOKYO

Bank of Tokyo Mitsubishi Ltd.
Bayerische Hypo-UND Vereinsbank AG

Citibank NA
Commerzbank AG
Hong Kong and Shanghai Banking Corp. Ltd.
ING Bank N.V.
Mizuho Corporate Bank Ltd.
Standard Chartered Bank
Sumitomo Mitsui Banking Corpn.
UBAF-Union De Banques Arabes ET Francaises

KENYA

NAIROBI

Citibank NA,
Standard Chartered Bank Kenya Limited

KSA

JEDDAH

Al-Rajhi Bank
National Commercial Bank
SAMBA Financial Group Ryadh
Saudi American Bank Riyadh

KUWAIT

KUWAIT CITY

Citibank NA Kuwait
National Bank of Kuwait

LATVIA

RIGA

Nordea Bank Finland PLC

LEBANON

BEIRUT

Citibank NA Beirut
Standard Chartered Bank Beirut

MACAO

Hong Kong and Shanghai Banking Corp

MALAYSIA

KUALA LAMPUR

JPMorgan Chase Bank N.A
ABN AMRO Bank NV
Bank of Tokyo Mitsubishi UFJ Ltd
Malayan Bank Berhad
CIMB Bank Berhad
Hong Kong and Shanghai Banking Corp
Citibank NA
Standard Chartered Bank

MAURITIUS

PORT LOUIS

Standard Chartered Bank

NEPAL

KATHMANDU

Nepal Bangladesh Bank
Standard Chartered Bank

NETHERLANDS

AMSTERDAM

ING Bank NV
ABN Amro Bank NV
Deutsche Bank
Commerz Bank AG
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ Ltd
HSBC Bank PLC
BREDA
ING Bank NV
ROTTERDAM
ING Bank NV
ABN Amro Bank NV
UTRECHT
RABO Bank
NEW ZEALAND
AUCKLAND
Citibank NA

HSBC Bank
WELLINGTON
Australian & New Zealand Banking Group

NORWAY
OSLO
SWED Bank, Norway
Nordea Bank Norge ASA
Skandinaviska Enskilda Banken
Handelsbanken
DNB Nor Bank ASA
Citibank International PLC

OMAN
MUSCAT
HSBC Bank Middleeast Ltd
Bank Muscat

PAKISTAN
KARACHI
Arif Habib Bank Ltd
Citibank NA
Habib Metropolitan Bank Limited
Mashreqbank
NDLC IFIC Bank Ltd (NIB Bank)
Standard Chartered Bank
Metropolitan Bank Limited

PHILLIPINES
MANILA
Asian Development Bank
Citibank NA
Standard Chartered Bank

QATAR
DOHA
Mashreq Bank
HSBC Bank Middle East Limited

ROMANIA
BUCHAREST
Citibank Europe Plc

SENEGAL
DAKAR
Citibank NA

SINGAPORE
SINGAPORE CITY
UBAF-Union De Banques Arabes ET Francaises
Bayerische Hypo-und Vereinsbank AG (BHV)
Citibank NA
Commerzbank AG
Deutsche Bank AG
Hong Kong and Shanghai Banking Corp. Ltd.
ICICI Bank Limited
ING Bank N.V.
JPMorgan Chase Bank N.A.
Malayan Banking Berhad
Nordea Bank Finland Plc
RABO Bank Singapore
Royal Bank of Scotland Plc
Skandinaviska Enskilda Banken AB
Standard Chartered Bank
Sumitomo Mitsui Banking Corpn
Svenska Handelsbanken
Woori Bank
Habib Bank Limited
State Bank of India
The Bank of Nova Scotia
ABN Amro Bank
BNP Paribas SA

SOUTH AFRICA
JOHANNESBERG
Citibank NA
Commerz Bank AG

SOUTH KOREA
SEOUL
Shinhan Bank Limited
HSBC Seoul Korea
Citibank NA Korea
JP Morgan Chase Bank NA Korea
Kookmin Bank
Industrial Bank of Korea
Wells Fargo Bank NA
Woori Bank Korea
Korea Exchange Bank
Standard Chartered Bank Korea
UBAF-Union De Banques Arabes ET Francaises

SPAIN
MADRID
Commerz Bank AG
BNP Paribas SA
The Bank of Tokyo Mitsubishi UFJ Ltd
HSBC Bank PLC
Banco de Sabadell SA Spain
Caixa Destalvis I Pensions
Caja Laboral Popular, Coop. de Credito
Citibank Espana SA
Lloyds TSB Bank PLC

SRILANKA
COLOMBO
Bank of Ceylon
Citibank NA
ICICI Bank Limited
Mashreq Bank
Seylan Bank Limited
Standard Chartered Bank

SWEDEN
STOCKHOLM
Skandinaviska Enskilda Banken AB
Citibank International PLC
DNB Nor Bank ASA
HSBC Bank PLC, Stockholm, Sweden
Nordea Bank AB (PUBL)
Nordea Bank Sweden AB / PUBL
SWED Bank, Sweden

SWITZERLAND
GENEVA
ABN Amro Bank
BNP Paribas (Suisse) SA.
Credit Agricole (Suisse) SA
ING Bank (Switzerland) Ltd.
ZURICH
Zuercher Kantonalkbank
Citibank NA (SCHWEIZ)
Commerzbank (SCHWEIZ) AG
Credit Suisse
Habib Bank AG Zurich
Nordea Bank S.A.
UBS AG

TAIWAN
TAIPEI
ABN Amro Bank NV.
Bank of New York
Bank of Nova Scotia
Taiwan Far Eastern International Bank
Hong Kong and Shanghai Banking Corp. Ltd.,
JP Morgan Chase Bank N.A.
Mizuho Corporate Bank Ltd.
Standard Chartered Bank
SumiTomom Mitsui Banking Corpn.
Wells Fargo Bank N.A.,
Australia & Newzealand Banking Group Ltd.
Bank of America N.A.

Bank of Tokyo Mitsubishi Ltd.
THAILAND
BANGKOK
Bangkok Bank Public Company Ltd.
Bank of America N.A.
Bank of Tokyo Mitsubishi Ltd.
Citibank NA
Export Import Bank of Thailand
Hong Kong and Shanghai Banking Corp Ltd.
JPMorgan Chase Bank NA Bangkok
Mizuho Corporate Bank Ltd.
Standard Chartered Bank
Sumitomo Mitsui Banking Corpn.
Bank of Ayudhya Public

TUNISIA
TUNIS
Citibank NA
TURKEY
ISTANBUL
ING Bank A.S. Istanbul, Turkey
AL-Baraka Turk Participation Bank
Citibank NA Turkiye Merkez Subesi
HSBC Bank A.S.
Oyak Bank A.S
Turk Ekonomi Bankasi A.S
Westlb AG
Turkiye Granti Bankasi AS
Turkiye Ekonomi Bankasi AS

UAE
DUBAI
ABN Amro Bank
Citibank NA
Habib Bank AG Zurich
HSBC Bank Middle East
Mashreqbank PSC
Standard Chartered Bank
Emirates Bank International Psc
National Bank of Fujairah

UK
LONDON
JP Morgan Chase Bank N.A.
LLOYDS TSB Bank PLC
Mashreq BANK PSC
Mizuho Corporate Bank Ltd.
National Westminster Bank PLC
Nordea Bank Finland PLC London Branch
Royal Bank of Scotland PLC
HSBC Bank PLC
Habib Allied International Bank, PLC
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation Europe Ltd
Wells Fargo Bank N.A.
Unicredit Bank AG
(Hypoundvereinsbank) London branch
ABN Amro Bank NV
Sonali Bank UK Ltd
Bank Mandiri (Europe) Ltd
Bank of Tokyo Mitsubishi Ltd.
Citibank NA
Commerzbank AG
Deutsche Bank AG
Habib Bank AG Zurich
ICICI Bank UK Limited
ING Bank N.V.

UKRAINE
KIEV
Credit Dnepr Bank, Dnipropetrovsk, Ukraine
Citibank NA

URUGUAY
MONTEVIDEO
Credit Dnepr Bank, Dnipropetrovsk, Ukraine
Citibank NA

USA
NEW YORK, NY
International Finance Corporation (IFC)
ABN Amro Bank NV
Bank of America N.A.
Bank of New York
Bank of Tokyo Mitsubishi Ltd.,
Citibank NA
Commerz Bank AG
Deutsche Bank AG
DNB Nor Bank ASA
Habib American Bank
HSBC Bank USA
JP Morgan Chase Bank
Mashreqbank PSC., New York Branch
Mizuho Corporate Bank Ltd.
Nordea Bank Finland PLC
Royal Bank of Scotland PLC
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
Wells Fargo Bank N.A.
LOS ANGELES, CA
Silicon Valley Bank, California, USA
Bank of the West
Bank of Tokyo Mitsubishi Ltd.
Mizuho Corporate Bank Ltd.
Standard Chartered Bank Los Angeles
Wells Fargo Bank N.A.
Woori Bank

VIETNAM
HANOI
Australian & New Zealand Banking Group

ABBREVIATIONS

ABB	Association of Bankers Bangladesh Limited	IFC	International Finance Corporation
AC	Audit Committee	IT	Information Technology
ADC	Alternative Distribution Channel	IAS	International Accounting Standard
ALCO	Asset Liability Committee	IPO	Initial Public Offering
ATM	Automated Teller Machine	IVR	Interactive Voice Response
BACH	Bangladesh Automated Clearing House	LAPS	Loan Application Processing System
BAS	Bangladesh Accounting Standard	LC	Letter of Credit
BB	Bangladesh Bank (Central Bank of Bangladesh)	MANCOM	Management Committee
BFRS	Bangladesh Financial Reporting Standard	MCR	Minimum Capital Requirement
BORC	Bank Operation Risk Committee	MICR	Magnetic Ink Character Recognition
BRMC	Bank Risk Management Committee	MOR	Monthly Operation Report
BRPD	Banking Regulation and Policy Department (of Bangladesh Bank)	NBFI	Non-bank Financial Institution
CAR	Capital Adequacy Ratio	NII	Net Interest Income
CMU	Cash Management Unit	NPL	Non Performing Loan (Classified Loan)
CSU	Customer Support Unit	NCBs	Nationalized Commercial Banks
CRR	Cash Reserve Ratio	NRB	Non Resident Business
CRGM	Credit Risk Grading Matrix	OBU	Offshore Banking Unit
CSR	Corporate Social Responsibility	OCI	Other Comprehensive Income
CDBL	Central Depository Bangladesh Limited	PCBs	Private Commercial Banks
CDCS	Certified Documentary Credit Specialist	PC	Purchase Committee
CRISL	Credit Rating Information and Services Ltd.	PD	Probability of Default
DCFCL	Departmental Control Function Check List	PFU	Project Finance Unit
DEPZ	Dhaka Export Processing Zone	POS	Point of Sale
DR	Disaster Recovery	PPG	Product Program Guidelines
EBL	Eastern Bank Limited	PRI	Prime Risk Indicator
EBLAML	EBL Asset Management Limited	QMS	Quality Management System
EBLIL	EBL Investments Limited	RBCA	Risk Based Capital Adequacy
EBLSL	EBL Securities Limited	RBIA	Risk Based Internal Audit
EC	Executive Committee	RFCD	Resident Foreign Currency Deposit
ECAI	External Credit Assessment Institution	RWA	Risk Weighted Assets
EFT	Electronic Fund Transfer	RMG	Readymade Garments
EMI	Equal Monthly Installment	ROA	Return on Assets (excluding contingent items)
EPZ	Export Processing Zone	ROE	Return on Equity
ETP	Effluent Treatment Plant	SAMD	Special Asset Management Division
FD	Fixed Deposit	SFU	Structured Finance Unit
FTP	Fund Transfer Pricing	SAFA	South Asian Federation of Accountants
FY	Fiscal Year (July to June)	SME	Small and Medium Enterprise
GDP	Gross Domestic Product	SLR	Statutory Liquidity Ratio
GOB	Government of Bangladesh	STP	Straight Through Processing
GTFP	Global Trade Finance Program	SRP	Supervisory Review Process (Pillar II of Basel II)
HFT	Held for Trading	TFP	Trade Finance Program
HRD	Human Resource Division	TSD	Trade Service Division
ICAB	Institute of Chartered Accountants of Bangladesh.	UBS	Universal Banking System (Core Banking Solution)
ICCD	Internal Control & Compliance Division	WACRG	Weighted Average Credit Risk Grade



EASTERN BANK LIMITED

HEAD OFFICE
JIBAN BIMA BHABAN
10 DILKUSHA COMMERCIAL AREA
DHAKA 1000

NOTICE OF THE 20TH ANNUAL GENERAL MEETING

NOTICE is hereby given to all the Members of Eastern Bank Limited (EBL) that the 20th Annual General Meeting (AGM) of the Company will be held on Thursday 29 March, 2012 at 10.30 A.M. at Plot No. CWN (B) 03 and 02, 123 & 125 Gulshan Avenue, Gulshan-2, Dhaka-1212 (Old Thana-Near Gulshan Circle-2), 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, 2011 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, 2011 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 Director

Safiar Rahman, FCS

SEVP& Company Secretary

Dated, Dhaka
1 March, 2012

NOTES

- * The Board of Directors recommended for distribution of 35% Stock Dividend (Bonus Shares) on the profit of the Bank as at the close of business on 31 December 2011.
- * The 'Record Date' In lieu of Book Closure on Thursday, 1 March, 2012. 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, 2012) will be eligible to attend the 20th 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 Venue (Plot No. CWN (B) 03 and 02, 123 & 125 Gulshan Avenue, Gulshan-2, Dhaka-1212 (Old Thana-Near Gulshan Circle-2) from 9.00 A.M. on 29 March 2012.

প্রস্তুতি ফরম

আমি / আমরা.....ঠিকানা.....

..... ইস্টার্ন ব্যাংক লিমিটেড-এর

শেয়ারহোল্ডার হিসাবে এতদ্বারা জনাব / বেগম কে

ঠিকানা..... অথবা

তঁার অপারগতায় জনাব / বেগম.....কে

ঠিকানা..... আমার /

আমাদের প্রস্তুতি হিসাবে আমার/আমাদের পক্ষে ২০১২ ইং সালের ২৯ শে মার্চ রোজ বৃহস্পতিবার পুট নং CWN (B) ০৩ এবং ০২, ১২৩ এবং ১২৫ গুলশান এভিনিউ, গুলশান-২, ঢাকা-১২১২ (পুরাতন থানা গুলশান-২ গোলচক্কর এর নিকটে) অনুষ্ঠিতব্য কোম্পানীর ২০তম বার্ষিক সাধারণ সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিত থেকে ভোট দেওয়ার জন্য নিযুক্ত করলাম।

অদ্য ২০১২ ইং সালেরমাসের.....তারিখে আমার / আমাদের সম্মুখে তিনি স্বাক্ষর করলেন।

শেয়ারহোল্ডারের স্বাক্ষর

প্রস্তুতির স্বাক্ষর.....

ফোলিও / বিও নং

রাজস্ব টিকেট
দশ টাকা

লক্ষ্যণীয় :

যথাযথভাবে পূরণ করে এই প্রস্তুতি ফরম সভার ন্যূনতম আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দিতে হবে। স্ট্যাম্প ও স্বাক্ষরবিহীন প্রস্তুতি বৈধ বলে বিবেচিত হবে না। শেয়ারহোল্ডার ও প্রস্তুতির স্বাক্ষর কোম্পানীর নথিভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকা বাঞ্ছনীয়। প্রস্তুতির নাম সম্বলিত প্রস্তুতি নিয়োগ সংক্রান্ত দলিল এবং পাওয়ার অব এটর্নী বা অন্য কোন ক্ষমতা প্রদান পত্র বা নোটারী পাবলিক কর্তৃক সত্যায়িত ক্ষমতা প্রদানপত্রের অনুলিপি সভা অনুষ্ঠানের নির্ধারিত সময়ের আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দেয়া না হলে কোন ব্যক্তি উক্ত সভায় প্রস্তুতি হিসাবে কাজ করতে পারবেন না।

শেয়ারহোল্ডার / প্রস্তুতির হাজিরা পত্র

আমি / আমরা ২৯ শে মার্চ ২০১২ইং রোজ বৃহস্পতিবার বেলা ১০-৩০ ঘটিকায় পুট নং CWN (B) ০৩ এবং ০২, ১২৩ এবং ১২৫ গুলশান এভিনিউ, গুলশান-২, ঢাকা-১২১২ (পুরাতন থানা, গুলশান-২, গোলচক্কর এর নিকট) ঢাকায় অনুষ্ঠিতব্য ইস্টার্ন ব্যাংক লিমিটেড-এর ২০তম বার্ষিক সাধারণ সভায় আমার / আমাদের উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম স্বাক্ষর

শেয়ার সংখ্যা.....ফোলিও / বিও নং.....

প্রস্তুতির নাম.....স্বাক্ষর.....

লক্ষ্যণীয় :

যে সকল শেয়ারহোল্ডারগণ নিজে অথবা প্রতিনিধির মাধ্যমে সভায় উপস্থিত থাকতে চান, সভাস্থলে প্রবেশের আগে এই হাজিরা পত্র যথাযথভাবে পূরণ করে নির্ধারিত কাউন্টারে জমা দিতে হবে এবং কোম্পানীতে রক্ষিত স্বাক্ষরের সাথে এই স্বাক্ষরের মিল থাকতে হবে।



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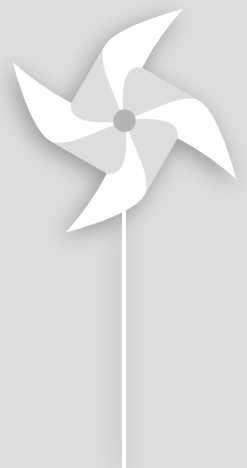
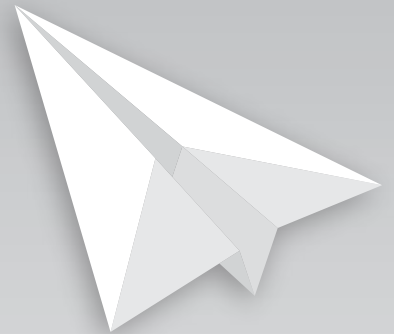
info@ebl.com.bd



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Eastern Bank Ltd.

Jiban Bima Bhaban, 10 Dilkusha Commercial Area, Dhaka-1000
Tel: 880-2-9556360, Fax: 880-2-9562364, 9554610