



# annual report 2013



adaptability for a  
sustainable growth







## annual report 2013

### Adaptability for a sustainable growth

As a responsible corporate citizen, we are committed to creating value and generating benefits for the society. In sync with our corporate philosophy, we have placed special emphasis on adaptability as a key element of sustainable growth: adaptability to changing environment and time to tackle most pressing issues of the day in a more holistic way.

Adaptability as a core component of sustainable development recognizes that growth must be both inclusive and environmentally sound to reduce poverty and build shared prosperity for our society to continue to meet the needs of future generations. In order to achieve a culture of adaptability and sustainable development we have adopted A<sup>3</sup> principle which is adaptability, attitude and appreciation. The capacity to adapt in a changing environment, the attitude to embrace new technology and the appreciation of our culture and environment are the main tenets of our new business philosophy.

### Cover concept

The tree is steeped in symbolism. In most cultures the tree has been a symbol of hope, sustenance and adaptability. The inner rings of a tree trunk speak of the age of a tree and, by extension, stories of a community. To envisage our theme of adaptability for this year's annual report we opted for a tree trunk with its aging marks that tells the story of its adaptive nature and resonates hopes for a new tomorrow.



# awards that speak about us

As a business, EBL is guided by the objectives to expand and deepen client relationships, and invest consistently on technology. As a bank, we operate according to the fundamental principles of the company, which include putting our clients first and adhering to the highest standards of integrity. Over the past 22 years our excellent culture and a focused long-term strategy have contributed to our outstanding track record.

Our customer first policy and our commitment to 'not just make our customers happy, but to delight them' brought us laurels from top global institutions like The Asian Banker. Last year EBL won the most prestigious award in retail banking at the Asian Banker Excellence in Retail Financial Services International Awards 2013. This award programme provides the undisputed benchmark of the performance for the best retail banks in this increasingly fierce market place. We have been picked up by the jury from over 400 submissions from the retail financial institutions from Asia Pacific, Central Asia, Middle East and Africa.

Over the years EBL has emerged as the most valuable brand in the financial landscape of Bangladesh. Our sustainable growth principle has been the cornerstone of everything that we do. To remain on the growth path we believe that there is no alternative to diversification and innovation of products and services. Last year we opened our fully-owned Hong Kong operation with the aim of handling the ever-expanding trade business of the country with a commitment to delivering our world-class services. We are mulling to spread our wings to China and Myanmar soon. Slowly and steadily from a local bank only we are emerging as a regional bank. Recently IFC recognized 25 financial institutions from around the globe as its best partners for trade and supply chain financing solutions for 2013. And EBL was one among the 11 global award winners. Global financial giants such as Citibank, J.P. Morgan, Scotiabank, Deutsche Bank, BNP Paribas, among others, featured in the list of global award winners. With this award EBL enters into a different league altogether.

The awards were announced at the Global Trade Partners Awards dinner in Lisbon, Portugal on February 20, 2014. We got the global award in the Best Partner for Working Capital Systemic Solutions category. In the past three years EBL got significant IFC awards which include the Most Active GTFP Issuing Bank in South Asia, Most Active Issuing Bank in Agribusiness and Best GTFP Issuing Bank in South Asia. This award is in recognition to our innovative solutions for working capital finance to our importer and counter party exporters including Offshore Bill Financing.

Ms. Georgina Baker, Head of IFC Trade Finance & Supply Chain Solutions handed over the award to EBL Managing Director and CEO, Ali Reza Iftekhar.

One of our core strengths is our fortress balance sheet and our adherence to ethical banking. Our sincere efforts in bringing international standards in accounting have

been well-appreciated and gotten recognitions from local and international institutions like Institute of Chartered Accountants of Bangladesh (ICAB), South Asian Federation of Accountants (SAFA). EBL is a recipient of 'Certificate of Merit' in the Best Presented Accounts Award 2009 by South Asian Federation of Accountants (SAFA). From 2008 to 2011 we have been awarded ICAB National Awards for the Best Presented Annual Reports.

Employee first is our bracing motto. We believe that the source of our competitive advantage lay deep inside our company, in our people. Our core brand has always been our employees, appreciated for their passion to perform. For us employees are the best brand. We do not offer our employees a job, we offer them a career. We have highest per employee productivity in the banking industry for last 6 years. The wealth of our people skill set is being reflected in our qualified employees which includes 14 CDCS certified officers, 14 OMEGA certified hands, 33 IFC-FIT graduates, 4 Documentary Credit Masters. We are focused on our human capital development and last year more than 6000 of our employees have received training at over 500 programmes. Last year our HR policy and practices got international recognition when we were awarded the Asia's Best Employer Brand Award at World HRD Congress in Singapore. Our Human Resources Division is also the first Bangladeshi bank to achieve ISO certification for its commitment to quality HR Practice in People Management.

Our Trade Service Department and Service Delivery Department are regarded among the best in the market for our commitment to quality delivery and trade service operations. Our ISO 9001:2008 certifications for Trade Service Department and Service Delivery Department speak volumes about our best practices.

We are consistently achieving recognition from World Bank. We have been awarded twice the best GTFP issuing Bank in South Asia.

One of the most significant awards for EBL last year was CEO of the Year award to our CEO Ali Reza Iftekhar by Asian HR Leadership Award held in Dubai. This award carries a symbolic significance for us. Out of 45 nominations from Asia he was selected by the Jury board for his significant contributions to the Bangladesh banking sector. As an ardent promoter of the concept of sustainable development he has successfully introduced international best practices and ethical banking and transformed EBL into the most valuable financial brand in the country.

The tag-line of EBL 'Simple Math' has always been much more than just a marketing slogan or an advertising strap line, it defines the way we do business. Through the consistent delivery of the promise, EBL aims to live its brand promise of excellence, provide innovative banking solutions and create lasting value for all its stakeholders.





EBL has won the Best Retail Bank in Bangladesh 2013 awarded by the Asian Banker.



EBL has been awarded the Best Partner for Working Capital Systemic Solutions in 2013 by IFC.



EBL has been awarded the Asia's Best Employer Brand Award at World HR Congress in Singapore.



EBL has been adjudged the Best Financial Institution 2010 at the DHL- Daily Star Bangladesh Business Awards.



EBL has won 2nd Prize at the 12th ICAB National Awards for the Best Presented Annual Reports 2011.



IFC has awarded EBL the Best GTFP Issuing Bank in South Asia in 2012.

# contents

09	Letter of Transmittal
10	Disclaimer
11	Vision
12	Mission
13	Values
14	Strategic Priority
15	Code of Conduct and Ethical Guidelines
16	Corporate Directory
18	Company Milestones
20	EBL Organogram
21	Board of Directors
28	Management Committees
33	Directors Responsibility Statement
35	Report of the Audit Committee
38	Chairman's Statement
42	Review of the Managing Director & CEO
44	Directors Report 2013

## Stakeholders Information

55	Our Stakeholders
56	Financial Highlights
57	Five-Year Progression of EBL
59	Market Price Information
59	DSE Price Volume Chart of EBL share
60	Vital Graphs
63	Value Added Statement
64	Economic Value Added Statement
65	Market value Added Statement
65	Financial Goals & Performance
66	Financial Calendar
67	Glimpses of the 21 <sup>st</sup> AGM

## Corporate Governance Report

69	Corporate Governance Practices in EBL
80	BB Guidelines for Corporate Governance: Our Compliance Status
88	BSEC Guidelines for Corporate Governance: Our Compliance Status
94	Certificate on Compliance of Corporate Governance Guidelines

## Sustainability Report & SME Success Stories

### Sustainability Report

95	Sustainability: An Overview
95	Approach to Sustainability
95	Sustainable Activities
96	Environmental and Social Obligations and Initiatives
97	Integrated Report: Delivering our Promises

### 100 SME Success Stories

## 102 Corporate Social Responsibility



## **Management Discussion and Analysis**

<b>107</b>	<b>Financial Review</b>
<b>113</b>	<b>Business Review</b>
<b>114</b>	<b>Corporate Banking</b>
<b>119</b>	<b>Treasury</b>
<b>121</b>	<b>Consumer Banking</b>
<b>125</b>	<b>SME Banking</b>
<b>128</b>	<b>Business Support</b>
<b>128</b>	<b>EBL Centralized Operations</b>
<b>131</b>	<b>Information Technology</b>
<b>132</b>	<b>Human Resources</b>
<b>136</b>	<b>Risk Management &amp; Control Environment</b>
<b>151</b>	<b>Disclosures on Risk Based Capital (Basel II)</b>
<b>161</b>	<b>Products Basket and Service Propositions</b>
<b>161</b>	<b>Consumer Banking</b>
<b>163</b>	<b>SME Banking</b>
<b>164</b>	<b>Corporate Banking</b>
<b>165</b>	<b>Treasury</b>
<b>166</b>	<b>Statement on Integrity of Financial Statements</b>

## **Financial Reports 2013**

<b>168</b>	<b>Auditor's Report to the Shareholders</b>
<b>170</b>	<b>Consolidated &amp; Separate Financial Statements</b>
<b>238</b>	<b>Highlights on the overall activities</b>
<b>239</b>	<b>Financial Statements of Offshore Banking Unit (OBU)</b>
<b>253</b>	<b>Financial Reports of the Subsidiaries:</b>
<b>254</b>	<b>EBL Securities Limited</b>
<b>262</b>	<b>EBL Investments Limited</b>
<b>270</b>	<b>EBL Finance (HK) Limited</b>

## **280 Branch Network**

## **282 Correspondent Bank Network**

## **289 Abbreviations**

## **290 Notice of the 22nd AGM**

## **291 Proxy Form**

# standard disclosure index

The following Disclosure Checklist will help the reader to indentify the key sections of the Annual Report 2013:

Particulars	Ref. Page No.
<b>Corporate Objectives, Values &amp; Structure</b>	
● Vision and Mission	11-12
● Overall strategic objectives	14
● Core values and code of conduct/ethical principles	13, 15
● Profile of the Company	16-17
● Directors profiles and their representation on Board of other companies & Organization Chart	21-27, 231-233, 20
<b>Management Report/ Commentary and analysis including Directors Report / Chairman's Review/CEO's Review etc.</b>	
● A general review of the performance of the company	38-43, 107-135
● Description of the performance of the various activities / products / segments of the company and its group companies during the period under review.	55-66, 161-165, 44-53, 107-126
● A brief summary of the Business and other Risks facing the organization and steps taken to effectively manage such risks.	113, 136-160
● A general review of the future prospects/outlook.	45, 115, 120-122, 126, 131, 134
● Information on how the company contributed to its responsibilities towards the staff (including health & safety)	132-135
● Information on company's contribution to the national exchequer & to the economy	53, 103-105
<b>Sustainability Reporting</b>	95-99
● Social Responsibility Initiatives ( CSR)	103-105
● Environment related Initiatives	96
● Environmental & Social Obligations	96
● Integrated Reporting	97-99
<b>Appropriateness of Disclosure of Accounting policies and General Disclosure</b>	
● Disclosure of adequate and properly worded accounting policies relevant to assets, liabilities, Income and expenditure in line with best reporting standards.	182-195
● Any Specific accounting policies	
● Impairment of Assets	
● Changes in accounting policies/Changes in accounting estimates	
<b>Segment Information</b>	
● Comprehensive segment related information bifurcating segment revenue, segment results and segment capital employed	237, 113
● Availability of information regarding different segments and units of the entity as well as non-segmental entities/units	113-126, 128-135
● Segment analysis of	237
■ Segment Revenue	
■ Segment Results	
■ Turnover	
■ Operating profit	
■ Carrying amount of Net Segment assets	
<b>Financial Statements</b>	
● Disclosures of all contingencies and commitments	171, 177, 219
● Comprehensive related party disclosures	231-235
● Disclosures of Remuneration & Facilities provided to Directors & CEO	75, 223



Particulars	Ref. Page No.
● Statement of Financial Position / Balance Sheet and relevant schedules	170-279
● Income Statement / Profit and Loss Account and relevant schedules	
● Statement of Changes in Equity / Reserves & Surplus Schedule	
● Disclosure of Types of Share Capital	
● Statement of Cash Flow	
● Consolidated Financial Statement (CFS)	
● Extent of compliance with the core IAS/IFRS or equivalent National Standards	
● Disclosures / Contents of Notes to Accounts	
<b>Information about Corporate Governance</b>	
● Board Of Directors, Chairman And CEO	22-27, 69-75
● Audit Committee (Composition, role, meetings, attendance, etc) Internal Control & Risk Management	35-37, 73-75, 78-80
● Ethics and Compliance	15, 75-76, 80-93
● Remuneration and other Committees of Board	73-74
● Human Capital	76, 132-135
● Communication to Shareholders & Stakeholders	76
- Information available on website	www.ebl.com.bd
- Other information	66, 76, 78-80
● Management Review and Responsibility	77-78, 107-135
● Disclosure by Board of Directors or Audit Committee on evaluation of quarterly reports	37, 49, 72
● Any other investor friendly information	66
<b>Risk Management &amp; Control Environment</b>	
● Description of the Risk Management Framework	136-160
● Risk Mitigation Methodology	
● Disclosure of Risk Reporting	
<b>Stakeholders Information</b>	
● Distribution of shareholding (Number of shares as well as category wise, e.g Promoter group, FII etc)	70-71
● Shares held by Directors/Executives and relatives of Directors/Executives	76
● Redressal of investors complaints	
<b>Graphical/ Pictorial Data</b>	
● Earnings per Share	60-65
● Net Assets	
● Stock Performance	
● Shareholders' Funds	
● Return on Shareholders Fund	
<b>Horizontal/Vertical Analysis including following</b>	
<b>Operating Performance (Income Statement)</b>	
● Total Revenue	56-58, 107-113
● Operating profit	
● Profit before Tax	
● Profit after Tax	
● EPS	
<b>Statement of Financial Position (Balance Sheet)</b>	
● Shareholders Fund	57-58, 110-112
● Property Plant & Equipment	
● Net Current Assets	
● Long Term Liabilities/Current Liabilities	

Particulars	Ref. Page No.
<b>Profitability/Dividends/ Performance and Liquidity Ratios</b>	
● Gross Profit Ratio /Net interest margin ratio	58,60-62
● Earning before Interest, Depreciation and Tax / Profit before Provision and Tax	
● Price earning ratio (Times)	
● Current Ratios / SLR (%), CRR (%)	
● Return on Capital Employed / Return on Equity	
● Debt Equity Ratio / Total liabilities to shareholders' equity	
<b>Statement of Value Added and its Distribution</b>	
● Government as taxes	63-65
● Shareholders as dividend	
● Employees as bonus/remuneration	
● Retained by the entity	
● Market share information of the Company's product/services	
● Economic value added	
<b>Specific Areas for Banking Sector</b>	
Disclosure of Ratings given by various rating agencies for Instruments issued by/of Bank e.g. FD, CD, Tier I perpetual Bonds	16
Details of Advances portfolio Classification wise as per the direction issued by the central bank of the respective countries	110-111, 146-147, 154-156, 201-205, 213-214
Disclosure for Non Performing assets	
● Movements in NPA	204, 213-214
● Sector-wise breakup of NPA	
● Movement of Provisions made against NPA	
● Details of accounts restructured as per regulatory guidelines	
Maturity Pattern of Key Assets and Liabilities (ALM)	175, 181, 199-201, 210, 212
Classification and valuation of investments as per regulatory guidelines/Accounting Standards	186, 199-201
<b>Business Ratio/Information</b>	
● Statutory Liquidity Reserve (Ratio)	196-197
● Net interest income as a percentage of working funds / Operating cost - Efficiency ratio	58
● Return on Average Asset	58
● Cost / Income ratio	58
● Net Asset Value Per Share	58
● Profit per employee	58
● Capital Adequacy ratio	57, 152-153, 217
● Operating profit as a percentage of working funds / Return on Asset	58
● Cash Reserve Ratio / Liquid Asset ratio	58, 196-197
● Dividend Cover ratio	58
● Gross Non-Performing assets to gross advances/Non-Performing Loans (Assets) to Total Loans (Assets)	57
Details of credit concentration / Sector wise exposures	155-156, 202-204
The break-up of 'Provisions and contingencies' included in the Profit and Loss Account	186-187, 213-214
Disclosure under regulatory guidelines	50-51, 80-93, 151-160, 217
Details of Non-Statutory investment portfolio	200-201
Disclosure in respect of assets given on operating & finance lease	No such assets
Disclosures for derivative investments	No such instruments
Bank's Network : List of Centers or Branches	280-288



# letter of transmittal

All Shareholders of Eastern Bank Limited  
Bangladesh Bank  
Bangladesh Securities and Exchange Commission (BSEC)  
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 2013.**

We are pleased to present before you the Bank's (EBL) Annual Report 2013 along with the audited Financial Statements (Consolidated and Separate) for the year ended 31 December 2013 and as on that date.

Financial Statements of 'The Bank' comprise those of EBL On-shore (main operation) and Off-shore Banking Unit (presented separately) whereas consolidated Financial Statements comprise Financial Statements of 'The Bank' and those of its operational subsidiaries [EBL Securities Ltd., EBL Investments Ltd. and EBL Finance (HK) Ltd.] presented separately. 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 2013 contains audited financial statements of the Bank (EBL) and its three operational subsidiaries. Review of business and financials presented in the Directors Report and Management Discussion & Analysis sections are based on audited financials as well as management information (mostly unaudited unless otherwise specified) of the Bank.

As a scheduled and listed bank in Bangladesh, the Bank has to comply with relevant circulars and instructions from two of its key regulators i.e. Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC) while reporting its annual financial statements and Annual Report. So, the Bank while preparing and reporting financial statements of the Bank, followed relevant 'Bangladesh Financial Reporting Standards' (BFRSs) except in some cases where BB instructed all the scheduled banks to follow the prescribed treatments. Treatment of govt. treasury securities under HFT category, provision against listed shares, unclassified loans and contingent assets etc. are the major areas where requirement of BFRSs and those of BB contradict. However, the bank followed instructions from Bangladesh Bank, being the prime regulator for banks, and made adequate disclosures of the deviations (Please see Note 2.1 of financial statements).

Hence, this Annual Report does not constitute an invitation to invest in EBL shares. Any decision taken in reliance of this information must be made at sole responsibility of the investors or prospective investors.

Business 'outlook' and management estimates and assumptions in recognizing certain financial transactions presented in different parts of this Annual Report can be no assurance that actual outcomes will not differ materially from the estimates/projections. Some of the challenges that may cause projected outcomes differ from the actual ones can be put forth, which are not exhaustive as well:

- **Changes in macro-economic conditions:** Slowing GDP growth since FY 2012, on the backdrop of slowing industrial activities and falling growth in exports, manpower and weak internal and external demand.
- **Changes in government and regulatory policy:** To compensate gradual fall of tax revenue from banks and corporate bodies NBR may broaden new avenues of tax and VAT mostly to be shouldered by banks and corporates. BB may issues stricter regulations to counter rising NPL, large scale financial scams in addition to lowering fees and charges by banks.
- **Capital market exposure limit reduced:** As per the newly amended Bank Company Act 1991, capital market exposure limit for banks has already been tagged with four components of capital instead of liabilities which will force banks to reduce their exposure within stipulated time.
- **Energy crisis and weak infrastructure:** Infrastructure bottlenecks, lack of adequate supply of energy to production facilities, political uncertainty, rising cost of doing businesses may continue to cause slower growth of manufacturing and industrial activities.
- **Challenges in asset-liability management:** Banking industry in Bangladesh has been burdened with excess liquidity mainly due to lower demand for private sector credit. Higher growth of deposit than that of loans may force banks to go for low yielding govt. treasury securities and accept fall in profitability.
- **Rising capital requirement:** Under Pillar II of Basel II (Supervisory Review Process) Banks in Bangladesh may have to maintain more capital to cushion extended areas of risks whereas Basel III might cause internationally active banks to maintain more capital, adequate liquidity and follow more stringent rules. Bangladeshi banks while doing trade finance with those banks might have to follow more stringent rules.
- **Consumer lending may continue to be discouraged as unproductive sector:** Banks are already maintaining a 50% equity margin ratio in consumer financing. This ratio has been increased by BB to 70% (Bank can finance up to 30% of the value of designated items) in January 2012. The scope for lending to residential building may be limited further due to stricter regulatory requirement enforced after the tragic accident at Rana Plaza.
- **Capital market volatility:** Although the capital market exposure of the Bank never exceeds 3% of total assets, 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.
- **Climate change effect and natural calamity:** Bangladesh is one of the most vulnerable countries to climate change effects and natural disaster. Agriculture sector, which contributes around 18 percent of GDP, is the most susceptible sector to such risk.
- **Risk of Fraud:** Internal fraud and external financial crime are increasing in the industry due to weak corporate governance, control weakness, and increasing use of technology by criminals. Weak governance and control practices of few banks (mainly state owned ones) exposed through big volume financial scams put a dent on confidence in banking system. EBL remains highly vigilant to prevent any type of surprises with heightened control measures, strong corporate governance and risk management practices.





## 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	<ul style="list-style-type: none"><li>• We passionately drive customer delight.</li><li>• We use customer satisfaction to accelerate growth.</li><li>• We believe in change to bring in timely solution.</li></ul>
Openness	<ul style="list-style-type: none"><li>• We share business plan.</li><li>• We encourage two-way communications.</li><li>• We recognize achievements, celebrate results.</li></ul>
Trust	<ul style="list-style-type: none"><li>• We care for each other.</li><li>• We share knowledge.</li><li>• We empower our people.</li></ul>
Commitment	<ul style="list-style-type: none"><li>• We know our roadmap.</li><li>• We believe in continuous improvement.</li><li>• We do our task before we are told.</li></ul>
Integrity	<ul style="list-style-type: none"><li>• We say what we believe in.</li><li>• We respect every relationship.</li><li>• We are against abuse of information power.</li></ul>
Responsible Corporate Citizen	<ul style="list-style-type: none"><li>• We are tax-abiding citizen.</li><li>• We promote protection of the environment for our progeny.</li><li>• We conform to all laws, rules, norms, sentiments and values of the land.</li></ul>





## strategic priority

- Integrate sustainability principles into business strategy.
- Shift to values-based marketing.
- Strengthen internal controls through clearly laid down policies, procedures and processes.
- Pursue an asset growth without compromising asset quality.
- Drive strong initiatives to recover classified and written off loans.
- Optimize funding mix to reduce cost of fund.
- Seek a deposit growth with innovative product offerings.
- Create customer-friendly culture through state-of-the-art IT solutions supported by highly-skilled team.



## code of conduct and ethical guidelines

EBL has authored Code of Conduct and Ethical Guidelines for Employees of the Bank. All employees of the bank shall have to conserve the Code of Conduct and demonstrate highest ethical standards. These are the core values, employees must pursue and nurture. The basic assertion of the code of conduct of EBL is that each employee, while on the payroll of EBL, shall place EBL ahead of his/her personal interest. Some key issues are as follows:

- **Abidance of Laws:** All the employees of the bank should undertake at all times to comply with or observe all applicable laws and regulations of the country and the bank, far and wide they operate.
- **Integrity of records, customer privacy and employer information:** All the employees of the bank should maintain books and records with integrity and ensure accuracy and timeliness of all transactions. They should shore up the privacy of the customers' affairs. Then as well, employees must not divulge the bank's plans, methods, and activities, considered by the employer to be proprietary and classified confidential. Moreover members must not disclose such information without proper authorization.
- **Misappropriation of Assets:** Any employee of the bank shall not convert any funds and property which are not legitimately theirs to their own use and benefit nor deliberately assist another person in such exploitation.
- **Conflict of Interest – personal interest and citizenship duties:** Employees must not use their position in the bank for personal emolument or to obtain benefits for themselves together with members of their families or friends. Employees who discharge citizenship responsibility through membership of public decision making bodies (school boards, society, recreational bodies etc.) should be alert to possible conflicts of interest and declare any such conflict.
- **Speculation in Stocks:** Employees and their dependents should not speculate/trade in stocks, shares, securities or commodities of any description nor connected with the formation or management of a joint-stock company.
- **Honesty and Integrity:** The employees of the bank must act honestly and with integrity at all the times. The employees must act uprightly and equitably when dealing with the public and other employees of the bank.
- **Acceptance of Gift:** An employee is not encouraged to accept a gift, benefit, hospitalities, invitation to meals or offers for travel and lodging from the customers of the bank or persons intending to have business dealing with the bank.

# corporate directory

## Name of the Company

Eastern Bank Limited

## Legal Form

A public limited company incorporated on 08 August 1992 in Bangladesh with primary objective to carry out all kinds of banking businesses in and outside Bangladesh. Having taken 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, the Bank commenced Banking Operations on 16 August 1992.

## Group Composition Structure

Eastern Bank Limited (Group)	
Bank	Subsidiaries (fully owned)
Eastern Bank Limited	EBL Securities Limited (Stock Dealer & Brokerage)
Off-Shore Banking Unit	EBL Investments Limited (Merchant Banking Operations)
	EBL Asset Management Limited (Asset management i.e. managing mutual funds)
	EBL Finance (HK) Limited (First foreign subsidiary formed to do trade finance and off-shore banking business in Hong Kong. The company started its commercial operation in early 2013.)

## 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 growing focus on SME and Consumer businesses. 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 Visa Signature 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.

## Network

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

The corporate banking division has 11 relationship units; 8 of them are stationed in suitable business locations in Dhaka and the rest 3 are in Chittagong. To facilitate and support business units we have a Project Finance Unit (PFU). Besides, we also have 2 product specific solution based units i.e. Structured Finance Unit (SFU) and Transaction Banking (TB). Transaction Banking is supported by 3 particular Units i.e. Cash Management Unit (CMU), Trade Sales Unit (TSU) and International Division.

Consumer Banking customers are served through a network of 71 Branches, 161 'EBL 365' (with 175 ATMs and 42 Bills Pay Machines) and 11 priority centers countrywide. The bank has its presence in 11 major cities/towns in the country including Dhaka, Chittagong, Sylhet, Khulna, Rajshahi and Cox's Bazar.

SME Banking customers are served through 55 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 2012 and was awarded 'AA' in the Long Term and 'ST-2' in the Short Term.

## Rating by CRISL

Rating Status	Long term	Short term
Surveillance Rating 2012	AA	ST-2
Surveillance Rating 2011	AA	ST-2
Outlook	Stable	

## Ownership Composition

As on 31 December 2013, shareholding position of EBL by the Directors, General Public & Financial Institutions are presented below:

Composition	Status	
	Number of Shares	% of total shares
Directors	192,923,886	31.57%
General Public	348,023,246	56.94%
Financial Institutions	70,232,653	11.49%
<b>Total</b>	<b>611,179,785</b>	<b>100.00%</b>



## Board of Directors

### Chairman

M. Ghaziul Haque

### Directors (Other than chairman)

Sl.	Name	Position
1.	Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director
2.	A. M. Shaukat Ali	Director
3.	Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Director
4.	A.Q.I. Chowdhury, OBE (Representing Namreen Enterprise Ltd.)	Director
5.	Salina Ali (Representing Borak Real Estate (Pvt) Ltd.)	Director
6.	Meah Mohammed Abdur Rahim	Independent Director
7.	Asif Mahmood (Representing Aquamarine Distributions Ltd.)	Director
8.	Ormaan Rafay Nizam	Independent Director
9.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction (Pvt.) Ltd.)	Director
10.	Ali Reza Iftekhar	Managing Director & CEO

### Company Secretary

Safiar Rahman, FCS

## Executive Committee of the Board

<b>Chairman</b>	Mir Nasir Hossain
<b>Members</b>	Md. Showkat Ali Chowdhury Salina Ali Ali Reza Iftekhar- Managing Director & CEO
<b>Secretary</b>	Safiar Rahman, FCS

## Audit Committee of the Board

<b>Chairman</b>	Meah Mohammed Abdur Rahim (Independent Director)
<b>Members</b>	A.M. Shaukat Ali A.Q.I. Chowdhury, OBE Ormaan Rafay Nizam (Independent Director) Gazi Md. Shakhawat Hossain
<b>Secretary</b>	Safiar Rahman, FCS

## Risk Management Committee of the Board

<b>Chairman</b>	Mir Nasir Hossain
<b>Members</b>	Asif Mahmood Gazi Md. Shakhawat Hossain
<b>Secretary</b>	Safiar Rahman, FCS

## 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.

## Capital (31 December 2013)

Authorized Capital	Tk. 12,000,000,000 (1,200,000,000 ordinary shares of Tk. 10 each)
Paid-up Capital	Tk. 6,111,797,850 (611,179,785 ordinary shares of Tk. 10 each)

## Accounting Year-end

31 December.

## Head of Finance

Masudul Hoque Sardar

## Head of Internal Control & Compliance

Akhtar Kamal Talukder

## Auditors

Hoda Vasi Chowdhury & Co.  
Chartered Accountants

## Tax Consultant

ACNABIN  
Chartered Accountants

## Legal Advisors

Sadat, Sarwat & Associates and  
Sadia Rowshan Jahan

## Company Registration Number

C-22554(961)/92

## Bangladesh Bank License Number

BL/DA/5926/92

## Registered & Head Office

Jiban Bima Bhaban,  
10, Dilkusha Commercial Area,  
Dhaka-1000, Bangladesh.  
Telephone: 880-2-9556360,  
Fax: 880-2-9562364, 9554610  
Swift: EBLDBDDH, Cable: EASTBANK  
e-mail: info@ebl-bd.com

## Web: [www.ebl.com.bd](http://www.ebl.com.bd)

# company milestones

**08 August 1992**  
Incorporated.

**16 August 1992**  
Commenced banking operations.

**20 March 1993**  
Listed with Dhaka  
Stock Exchange Ltd.

**17 July 2003**  
Launched online banking  
services across all the branches.

**19 May 2004**  
Commenced operations of  
Offshore Banking Unit, Bangladesh.

**11 September 2004**  
Listed with Chittagong Stock Exchange Ltd

**30 November 2005**  
Partnered with IFC under  
Global Trade Finance Program (GTFP)  
for handling complex trade transactions better.

**25 June 2011**  
Adjudged  
the Best Financial Institution 2010  
at the DHL-Daily Star  
Bangladesh Business Award,  
the most prestigious  
award in Bangladesh.

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

**28 November 2011**  
Incorporated with Hong Kong (HK)  
authority 'EBL Finance (HK) Limited',  
the fully owned first  
foreign subsidiary of EBL.

**19 July 2012**  
Crowned with Asia's  
Best Employer Brand Awards 2012  
in the category of 'Best HR Strategy  
in line with business' by  
World HR Congress and  
Employer Branding Institute.

**01 March 2013**  
Awarded the  
Best Retail Bank  
in Bangladesh in the  
category of 'Excellence in  
Retail Financial Services'  
by The Asian Banker.

**24 May 2013**  
Tied up with agoda.com,  
first in Bangladesh, which will make  
international hotel booking cheaper  
and hassle-free for EBL cardholders.



**03 October 2013**

Introduced Commercial Paper for corporate houses, a short-term, unsecured money market instrument issued in the form of promissory note, which initiated a new chapter in the history of the financial market of Bangladesh.

**17 July 2003**

Launched online banking services across all the branches.

**01 October 2012**

Annual Report 2011 awarded 2nd prize in 'Best Presented Annual Report' by ICAB and 3rd position in 'Best Corporate Award' by ICMAB.

**23 June 2013**

EBL in partnership with Visa launched the country's first AirMile reward program titled EBL SkyMiles.

**25 September 2012**

EBL CEO awarded 'CEO of The Year' by World HRD Congress and World Brand Congress hosted by Asian Confederation of Businesses in Dubai.

**09 November 2006**

Partnered with ADB under Trade Finance Facilitation Program (TFFP) to receive guarantee and revolving credit facility.

**06 June 2006**

Launched SME Banking Division.

**09 January 2011**

Incorporated 'EBL Asset Management Limited', a fully owned subsidiary of the Bank to do asset management i.e. managing mutual funds.

**04 April 2010**

Became first bank in Bangladesh to implement 'Universal Banking System (UBS)', world's one of the renowned core banking solutions.

**01 March 2010**

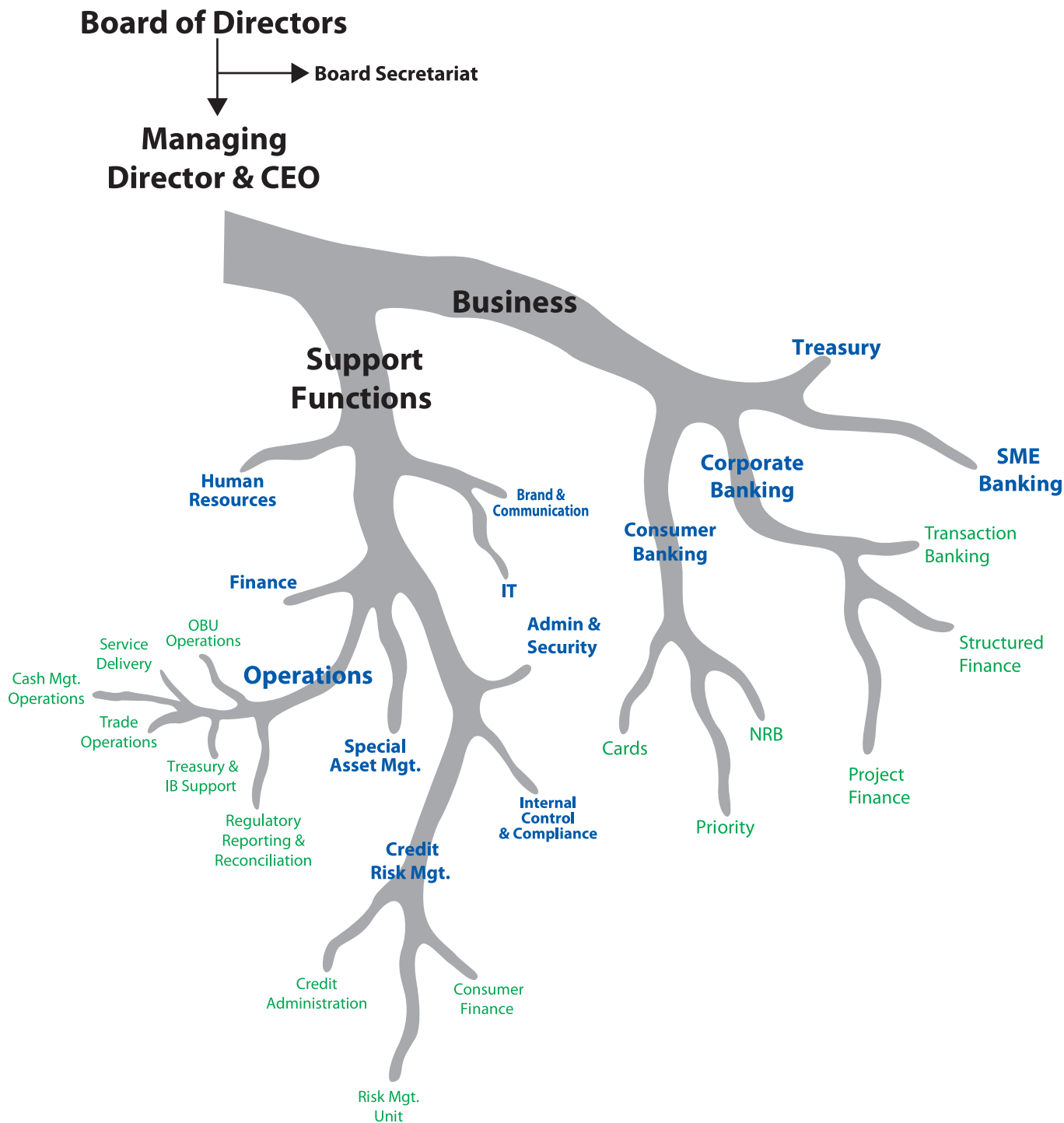
Acquired 60% shares of a brokerage house 'LRK Securities Limited' renamed afterwards as 'EBL Securities Limited' and was acquired fully in 2012.

**30 December 2009**

Established 'EBL Investments Limited' a fully owned subsidiary to do merchant banking (MB) operations (MB License received in January 2013).



# EBL organogram



board of directors



SETTING STANDARDS

OUR ABILITY TO ADAPT IN A FLUCTUATING AND CHANGING BUSINESS ENVIRONMENT  
HAS HELPED US SURVIVE AND GROW CONSISTENTLY

Adaptability  
in changing  
environment



## board of directors









**M. Ghaziul Haque**

Chairman

Revered by all for his business acumen, Mr. M. Ghaziul Haque is the longest serving Board Member of Eastern Bank Limited (EBL). He joined the Board on 09.12.1993 and has been serving till today with an interval between 21.05.2006 to 30.03.2011. Mr. Haque also served as the Chairman of the Board of Directors of EBL from 30 August 2000 to 21 May 2006. He is also the Chairman of MGH Group.

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 and rose to the top 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. Later he 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 has an extensive background and experience in Shipping Company & Banking Business, Import, Export Marketing, Restaurant, Aviation Services, International Business Relations, Collaborations and Joint Ventures. He is involved in many social activities and a widely travelled person across the globe on business trips.



**Mir Nasir Hossain**

Director

Representing Mir Holdings Ltd.

Mr. Mir Nasir Hossain, Director of Eastern Bank Limited is a prominent entrepreneur of the country. With a brilliant academic background and vast knowledge on country's business and economy, Mr. Hossain is involved in diverse area of businesses like Construction, Telecom, ICT, Ceramic Tiles Manufacturing, Bank, Insurance etc. He accomplished his post graduation major in Accounting from the University of Dhaka with bright result.

He is the Chairman of both the Executive Committee (EC) and the Risk Management Committee (RMC) of the Board of Directors of the Bank (EBL).

Mr. Hossain is the Former President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the apex trade body of the country. He was the Senior Vice President of SAARC Chamber of Commerce and Industry (SCCI) and Vice President of Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI). He is at present President of Association of Telecommunication Infrastructure Operators of Bangladesh (TIOB).

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



**A.M. Shaukat Ali**

Director

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

He is also a member of the Audit Committee of the Board of Directors of the Bank (EBL).

In addition, Mr. Shaukat Ali is the Chairman of Engineering Consultants & Associates Limited and sponsor Director of Samorita Hospital Limited.


**Md. Showkat Ali Chowdhury**

Director  
Representing Namreen Enterprise Ltd.

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

He is also a member of the Executive Committee (EC) of the Board of Directors of the Bank (EBL).

Mr. Chowdhury is a life member of SAARC Chamber of Commerce & Industry (SAARC CCI), Bhatary 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 on business trips.


**A.Q.I. Chowdhury, OBE**

Director  
Representing Namreen Enterprise Ltd.

Mr. A.Q.I. Chowdhury, OBE, a renowned business executive of the country was 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.

He is also a member of the Audit Committee of the Board of Directors of the Bank (EBL).

Mr. Chowdhury also served as the Chairman of the Board of Directors of EBL from 21 May 2006 to 17 June 2008. He is the Managing Director & CEO of JF (Bangladesh) Ltd., formerly James Finlay Limited. He held a number of important positions in different capacities during his 37 years tenure with James Finlay which includes offices as Chairman of 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.


**Salina Ali**

Director  
Representing Borak Real Estate (Pvt) Ltd.

Mrs. Salina Ali re-joined as Director of the Bank on 28.03.2012. She is the Chairman of Unique Group, the renowned business conglomerate in Bangladesh, having interest in Real Estate, Hotel Services, Ceramic Industry, Power Plant, Airlines, Aviation Services, Tourism, Manpower Export, Banking Services, Human Resources Development and many others. Mrs. Ali who has ventured to set up a 5-Star Hotel in private sector in the country is also the Chairman of Unique Hotels and Resorts Ltd. The Westin Dhaka is already very popular amongst the local and foreign community. She accomplished her Honors & Masters of Social Science in Sociology from the University of Dhaka.

She is also a member of the Executive Committee (EC) of the Board of Directors of the Bank (EBL).

Mrs. Salina Ali having expertise in service industry, Tourism, Manpower and export etc. is also involved in many social activities. She is a widely travelled person across the globe on business trips.



**Meah Mohammed Abdur Rahim**  
Independent Director

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

He is the Chairman of the Audit Committee of the Board of Directors of the Bank (EBL).

Academically & professionally, Mr. Rahim obtained Bachelor of Commerce Degree, Diploma in Banking & Business Studies as well as Diploma in Shipping, A.I.C.S etc. He has expertise in the areas of Business Studies, Banking, Finance, Management etc. He is involved in many social activities and is also a widely travelled person across the globe on business trips.



**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 ADN Telecom Limited, ADN Technologies Limited, Tech Valley Networks Limited, InGen Technology Limited, Bangladesh News 24 Hours Limited. He is also the Director of few more companies doing IT and Telecom Business in Bangladesh.

He is also a member of the Risk Management Committee (RMC) of the Board of Directors of the Bank (EBL).

Mr. Mahmood accomplished his Mechanical Engineering Degree from NIT, Durgapur, India. As well, he obtained various Professional & Management trainings in IT & Telecommunication from home and abroad. He is a widely travelled person across the globe on business trips.



**Ormaan Rafay Nizam**  
Independent Director

Mr. Ormaan Rafay Nizam joined the Board of Eastern Bank Limited on November 29, 2008 as Director from the Depositors and was subsequently appointed as an Independent Director on 20 November 2012 by the Board upon fulfillment of the relevant criteria set by Bangladesh Securities and Exchange Commission (BSEC). Mr. Rafay Nizam is also the Director of National Brokers Limited, one of the oldest Tea Broking Company in Bangladesh, Member of Chittagong Club and Bhatiary Golf & Country Club and also involved in organizing Cricket Sports activities at national level.

He is also a member of the Audit Committee of the Board of Directors of the Bank (EBL).

He obtained his Bachelor degree in Commerce from Chittagong University and completed higher education from London School of Education (LSE). Mr. Nizam has expertise in the areas of Business Studies, Finance and Management etc.





**Gazi Md. Shakhawat Hossain**

Director

Representing Purnima Construction (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.

He is Member of both the Audit Committee and Risk Management Committee (RMC) of the Board of Directors of the Bank (EBL).

Mr. Hossain obtained Masters in Commerce (Accounting) from the University of Dhaka. He has expertise in the areas of Financial Reporting and Management, Insurance, International Hotel & Restaurant etc. He is also the director of General Electric Company (BD) Limited.



**Ali Reza Iftekhar**

Managing Director & CEO

A visionary banker and a dynamic leader, Mr. Ali Reza Iftekhar is an ardent promoter of the concept of sustainable development. As the CEO and MD of Eastern Bank Limited he has successfully introduced international best practices and ethical banking and transformed EBL into the most valuable financial brand in the country. He is recently elected chairman of the Association of Bankers, Bangladesh (ABB), the apex body for banking professionals of the country, for the term of 2014 – 15.

An achiever throughout his banking career spanning 28 years, his achievements include CEO of the Year 2012 by Asian HR Leadership Award held in Dubai, Credit Specialist Certificate by world reputed Omega in UK, certificate of recognition in International Trade Skill Assessment Program jointly conducted by Standard Chartered Group London and ICC.

He also sits on the Board of the International Leasing and Financial Services Limited (ILFSL). An Hon's Graduate from the University of Dhaka (DU) in Marketing in 1982, he attended the Harvard Business School program on Leadership in Financial Organizations in 2012 and also attended a strategic Leadership Program at University of Oxford, UK.

# management committees



## Mancom

Sl No	Name	Designation
1	Ali Reza Iftekhar	Managing Director & CEO
2	Hassan O. Rashid	DMD (Corporate & Treasury)
3	Akhtar Kamal Talukder	SEVP & Head of ICC
4	Abul Moqsud	SEVP & CRO and Head of CRM
5	Safiar Rahman	SEVP & Company Secretary
6	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of Operations
7	Sami Karim	SEVP & Head of SAMD
8	Ahmed Shaheen	SEVP & Area Head, Corporate Banking, Dhaka
9	Ahsan Zaman Chowdhury	EVP & Area Head, Corporate Banking (Ctg.)



SI No	Name	Designation
10	A.M.M. Moyeen Uddin	EVP & Head of Information Technology (IT)
11	Md. Khurshed Alam	EVP & Head of SME Banking
12	Nazeem A. Choudhury	EVP & Head of Business, Consumer Banking
13	Maj Md. Abdus Salam, psc (Retd)	SVP & Head of Administration & Security
14	Ziaul Karim	SVP & Head of Brand & Communication
15	Mehdi Zaman	SVP & Head of Treasury
16	Monjurul Alam	VP & Head of Human Resources
17	Masudul Hoque Sardar	VP & Head of Finance
18	Kamal Mustaba Ali	Head of Projects, Project Management Department
19	Omar F Khandaker	IT Consultant

## Expanded Management Team (EMT)

Sl No.	Name	Designation	Status in EMT
1	Ahmed Shaheen	SEVP & Area Head, Corporate Banking, Dhaka	Chairman
2	Mohammad Musa	EVP & Head of Service Delivery	Member Secretary
3	Md. Abdul Hakim	EVP & Unit Head, Corporate Banking, Dhaka	Member
4	Junaid Masrur	EVP & Head of Transaction Banking, Corporate Banking	Member
5	Md. Obaidul Islam	SVP & Head of Financial Institution, Transaction Banking, Corporate Banking	Member
6	Usman Rashed Muyeen	SVP & Head of Corporate Risk	Member
7	M. Tariqul Islam	SVP, Credit Administration (CAD)	Member
8	Syed Sazzad Haider Chowdhury	SVP & Head of Trade Operations	Member
9	Md. Manirul Islam	SVP & Head of Risk Management Unit (RMU)	Member
10	Mehbub Benazir	SVP & Branch Area Head- Zone 1, Dhaka	Member
11	Iftekhhar Uddin Chowdhury	SVP & Branch Area Head, Chittagong Area	Member
12	Ashraf- Uz-Zaman	VP & Head of Compliance, ICC	Member
13	Saidul Amin	VP & Head of Liability and Wealth Management	Member
14	Khan Md. Ishtiaque	VP & Unit Head, Corporate Banking, Chittagong	Member
15	Anwar Faruq Talukder	VP & Head of Small Business, SME Banking	Member
16	Md. Rezaul Karim	VP & Head of Service Management, Information Technology	Member
17	S.M. Estencher Billah	VP & Area Head, Service Delivery, Chittagong	Member
18	Shuvra Kanti Saha	VP & Area Head, Trade Operations, Chittagong	Member
19	M. Khorshed Anowar	VP & Head of Cards Business	Member
20	Md. Abdul Awal	VP & Head of Operation Risk	Member
21	Md. Rezaul Islam	VP & Head of Internal Control	Member
22	Md. Azizul Hoque	SAVP & Area Head, Service Delivery, Dhaka	Member
23	S.K.M. Shariful Alam	SAVP & Sr. Manager, Core Banking System	Member
24	Irfan Islam	SAVP & Senior Manager, Brand & Communication	Member
25	Khurram Alamgir	SAVP & Senior Manager, Administration & Security	Member
26	Rashadul Karim	FAVP & Head of Treasury & Investment Banking Operations	Member
27	Tapash Chakraborty	AVP & Head of Talent Acquisition & Re-sourcing, HRD	Member
28	Md. Safiqul Islam Zahid	AVP & Manager, Financial Operations & Control	Member

## Asset Liability Committee (ALCO)

Sl No.	Name	Designation	Status in ALCO
1	Ali Reza Iftekhhar	Managing Director & CEO	Chairman
2	Hassan O. Rashid	DMD (Corporate & Treasury)	Member
3	Abul Moqsud	SEVP & CRO and Head of CRM	Member
4	Ahmed Shaheen	SEVP & Area Head, Corporate Banking, Dhaka	Member
5	Md. Khurshed Alam	EVP & Head of SME Banking	Member
6	Junaid Masrur	EVP & Head of Transaction Banking, Corporate Banking	Member
7	Nazeem A. Choudhury	EVP & Head of Business, Consumer Banking	Member
8	Masudul Hoque Sardar	VP & Head of Finance	Member
9	Saidul Amin	VP & Head of Liability & Wealth Management, Consumer Banking	Member
10	Mehdi Zaman	SVP & Head of Treasury	Member & Head of ALM Desk



### Bank Risk Management Committee (BRMC)

Sl No.	Name	Designation	Status in BRMC
1	Abul Moqsud	SEVP & CRO and Head of CRM	Chairman
2	Akhtar Kamal Talukder	SEVP & Head of Internal Control & Compliance	Member
3	S.M. Akhtaruzzaman Chwodhury	SEVP & Head of Operations	Member
4	A.M.M. Moyen Uddin	EVP & Head of Information Technology	Member
5	Mohammad Musa	EVP & Head of Service Delivery	Member
6	Mehdi Zaman	SVP & Head of Treasury	Member
7	Md. Manirul Islam	SVP & Head of Risk Management Unit (RMU)	Member Secretary
8	Masudul Hoque Sardar	VP & Head of Finance	Member
9	Rashadul Karim	FAVP & Head of Treasury & Investment Banking Operations	Member

### Bank Operational Risk Committee (BORC)

Sl No.	Name	Designation	Status in BORC
1	Akhtar Kamal Talukder	SEVP & Head of ICC	Chairman
2	S.M. Akhtaruzzaman Chwodhury	SEVP & Head of Operations	Member
3	Abul Moqsud	SEVP & CRO and Head of CRM	Member
4	Sami Karim	SEVP & Head of SAMD	Member
5	Ahmed Shaheen	SEVP & Area Head, Corporate Banking, Dhaka	Member
6	Md. Khurshed Alam	EVP & Head of SME Banking	Member
7	Mohammad Musa	EVP & Head of Service Delivery	Member
8	Nazeem A. Choudhury	EVP & Head of Business, Consumer Banking	Member
9	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Member
10	Mehdi Zaman	SVP & Head of Treasury	Member
11	M. Tariqul Islam	SVP, Credit Administration (CAD)	Member
12	Monjurul Alam	VP & Head of Human Resources	Member
13	Masudul Hoque Sardar	VP & Head of Finance	Member
14	A.T.M. Raziur Rahman	VP & Head of Consumer Risk	Member
15	Sayed Md. Estencher Billah	VP & Area Head, Service Delivery, Chittagong	Member
16	S.K.M. Shariful Alam	SAVP & Sr. Manager, Core Banking System	Member
17	Md. Azizul Hoque	SAVP & Area Head, Service Delivery, Dhaka	Member

### Purchase Committee (PC)

Sl No.	Name	Designation	Status in PC
1	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Convenor
2	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of Operations	Member
3	A.M.M. Moyen Uddin	EVP & Head of Information Technology (IT)	Technical Expert
4	Ziaul Karim	SVP & Head of Brand & Communication	Member
5	Masudul Hoque Sardar	VP & Head of Finance	Member
6	Md. Zaherul Hasan	VP, Engineering	Technical Expert

## Green Banking Cell (GBC)

Sl No.	Name	Designation	Status in GBC
1	Hassan O. Rashid	DMD (Corporate & Treasury)	Chairman
2	Abul Moqsud	SEVP & CRO and Head of CRM	Member
3	A.M.M. Moyeen Uddin	EVP & Head of Information Technology (IT)	Member
4	Md. Khurshed Alam	EVP & Head of SME Banking	Member
5	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Member
6	Ziaul Karim	SVP & Head of Brand & Communication	Member
7	Md. Manirul Islam	SVP & Head of Risk Management Unit (RMU)	Member
8	Monjurul Alam	VP & Head of Human Resources (HR)	Member

## BASEL III Committee

Sl No.	Name	Designation	Status in Committee
1	Akhtar Kamal Talukder	SEVP & Head of ICC	Chairman
2	Abul Moqsud	SEVP & CRO and Head of CRM	Member
3	S M Akhtaruzzaman Chowdhury	SEVP & Head of Operations	Member
4	A.M.M Moyeen Uddin	EVP & Head of Information Technology (IT)	Member
5	Mehdi Zaman	SVP & Head of Treasury	Member
6	Masudul Hoque Sardar	VP & Head of Finance	Member
7	Md. Manirul Islam	SVP & Head of Risk Management Unit (RMU)	Member Secretary

## Central Compliance Unit (CCU)

Sl No.	Name	Designation	Status in CCU
1	Akhtar Kamal Talukder	SEVP & Head of ICC	CAMLCO and Head of CCU
2	Ashraf- Uz-Zaman	VP & Head of Compliance, ICC	Deputy CAMLCO
3	Md. Abdul Awal	VP & Head of Operation Risk, ICC	Deputy CAMLCO
4	Md. Rezaul Islam	VP & Head of Internal Control, ICC	Deputy CAMLCO
5	Md. Shahjahan Ali	FAVP & Head of Regulatory Affairs, ICC	Deputy CAMLCO



Participants of DAMLCO & BAMLCO Conference pose for a group photograph at BIAM Foundation in 2013

# 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 Company Act 1991 (amended up to 2013), rules and regulations of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), listing rules of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. and other applicable laws, rules and regulations.

In compliance with section 184 of Companies Act 1994 the Annual Report along with the Financial Statements of the Bank presented in the Annual General Meeting (AGM) incorporates 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 2013 and Management Discussion & Analysis (MD&A) section with relevant analytics.
- **Any recommended reserve in the balance sheet:** An amount of BDT 967.15 million has been transferred to 'Statutory Reserve' being 20% of Profit Before Tax (PBT) as per section 24 of Bank Company Act 1991 (amended up to 2013).
- **Recommended dividend:** The Board has recommended 20% cash dividend equivalent to BDT 1,222.36 million for the completed year 2013.
- **Any event after balance sheet date which may affect company's financial condition:** None.
- **Any change in bank's activities, subsidiaries' activities etc.:** The first foreign subsidiary of EBL 'EBL Finance (HK) Limited' commenced its business on March 2013 and is mostly handling trade finance and off-shore banking business in Hong Kong. Besides, no major shift in internal policy, strategy and action plans experienced in 2013.

In compliance with BSEC Corporate Governance notification dated 07 August 2012 the Directors of the Bank hereby declare on following issues, among others, in their report as prescribed:

- **Industry outlook and possible future developments in the industry:** A brief review in this regard has been presented in the Directors Report 2013.
- **Segment-wise or Product-wise Performance:** Business-wise performance has been presented in the MD&A section.
- **Risks and Concerns:** A detailed discussion regarding risks and management of the same has been presented in "Risk Management & Control Environment" section of this Annual Report.

- **Discussion on Operating Performance:** A brief description in this regard has been presented in "Financial Performance Highlights" part of the Directors Report 2013.
- **Discussion on continuity of any Extra-Ordinary gain or loss:** Last five years EBL has not experienced any extra-ordinary gain or loss. EBL's Five Years Progression presented in the "Stakeholders Information" section will provide thorough idea in this regard.
- **Basis for related party transactions and a statement of all related party transactions:** The basis for related party transactions has been stated in the "Corporate Governance Report" and a statement of related party transactions has been presented in the Annexure C1 of the Financial Statements 2013.
- **Utilization of proceeds from public issues, rights issues and/or through any others instruments:** The Bank took over the businesses, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited as they stood after reduction or adjustments in accordance with the provisions of the Bank of Credit & Commerce International (Overseas) Limited (Reconstruction) Scheme, 1992. Therefore, the bank has not yet raised any capital through public issues except a Right Issue in 2009. However, the history of raising capital has been presented in the Directors Report 2013.
- **Deterioration of financial results after the company goes for IPO, Rights Offer, Direct Listing, etc.:** Refer to the earlier paragraph, the bank issued Right Share in 2009 but after that financial results of the Bank was not deteriorated.
- **Explanation of variances between Quarterly and Annual Financial performance:** A brief discussion along with financial information in this regard has been presented in the Directors Report 2013.
- **Remuneration to directors including independent directors:** Remuneration provided to directors has been presented in the Corporate Governance Report and Note 37 and Note 38 to the Financial Statements.
- **The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity:** A brief description in this regard has been presented in Review of Financial Reporting Section in Directors Report 2013.
- **Maintenance of proper books of account:** A brief description in this regard has been presented in Review of Financial Reporting Section in Directors Report 2013.
- **Consistent application of appropriate accounting policies and estimates in preparation of financial**

**statements:** A brief description in this regard has been presented in the Review of Financial Reporting Section in Directors Report 2013.

- **Following International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, in preparation of financial statements and any departure there from has been adequately disclosed:** Details description including disclosure of departures has been presented in Note 2 to the Financial Statements 2013.
- **The system of internal control is sound in design and has been effectively implemented and monitored:** A brief description in this regard has been presented in the Review of Internal Control System in Directors Report 2013.
- **Significant doubts upon the Bank's ability to continue as a going concern:** None as yet.
- **Explanations to significant deviations from the last year's operating results:** NII (Net Interest Income), income from investment and provision against loans and equity investments experienced significant deviations in 2013 which have been adequately discussed in the Directors Report 2013 and MD&A section.
- **Summarization of last five year's key operating and financial data:** Please see 'Five-Year Progression of EBL' in the section of Stakeholders' Information.
- **Declaration of dividend or not:** Declared 20% cash dividend for the year 2013.
- **No. of Board meetings and directors' attendance in 2013:** Please see page number 70 of the Corporate Governance Report 2013.

- **The pattern of shareholdings:** Please see page number 70 of the Corporate Governance Report 2013 and note 14.1 of the Notes to the FS 2013.

- **Brief resume of the directors and nature of their expertise in specific functional areas:** Brief profile of directors and their representation in other companies have been presented in page no. 24-27 of this report and Annexure C of the Financial Statements 2013.

To adhere to good corporate governance practices, the Bank has been complying with two paramount guidelines from Bangladesh Bank (BRPD Circular No 11, 18 and 19 dated 27 October 2013) and BSEC (Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012). EBL's compliance status to those prescribed practices is presented in Corporate Governance Report 2013.

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report 2013 together with the Directors Report and the Financial Statements have been prepared in compliance with applicable governing Acts, rules, regulations, guidelines and laws of various regulatory bodies including Bangladesh Bank and BSEC.

On behalf of the Board of Directors



**M. Ghaziul Haque**  
Chairman



# report of the audit committee

## Audit Committee of the Board

In compliance with Bangladesh Bank guidelines and Bangladesh Securities And Exchange Commission (BSEC) Notification on Corporate Governance, 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

In compliance with the section 3.2 (i) of Corporate Governance Notification issued by BSEC on 07 August 2012, and Bangladesh Bank BRPD Circular No.11, dated 27 October 2013, Audit Committee (AC) of EBL Board was last re-constituted in the 520 Board Meeting held on 07 November 2013 with the following Board Members:

SL #	Name	Status with the Bank	Status with the Committee	Educational Qualification	Meeting Attendance
01.	Meah Mohammed Abdur Rahim (Independent Director)	Director	Chairman	Bachelor of Commerce/ A.I.C.S	12/12
02.	A.M. Shaukat Ali	Director	Member	B. Sc (Engg.), Civil	11/12
03.	A.Q.I. Chowdhury, OBE (Representing Namreen Enterprise Ltd.)	Director	Member	Graduate	7/12
04.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction Pvt. Ltd.)	Director	Member	M.com (Accounting)	11/12
05.	Ormaan Rafay Nizam (Independent Director)	Director	Member	Commerce Graduate	0/2*

\* Mr. Ormaan Rafay Nizam was appointed as a member of the AC in the 520 Board Meeting held on 07 November 2013 replacing Mr. Asif Mahmood in compliance with the BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank. However, Mr. Asif Mahmood attended 07 AC meetings out of 10 up to his tenure.

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

## Roles and Responsibilities of Audit Committee

The roles and responsibilities of Audit Committee of EBL have been framed by considering the provisions of BRPD Circular No 11 dated 27 October 2013, Corporate Governance Notification issued by BSEC on 07 August 2012, and other best practice corporate governance guidelines and standards. Some important roles and responsibilities are highlighted below:

### 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 annual financial statements before their finalization.
- Review along with management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.

## Internal Audit

- Monitor/ evaluate whether internal audit functions are conducted independently from the management.
- Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made.
- Review and assess the annual internal audit plan.
- 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.
- Meet the Head of ICC and the head of internal audit at least once in a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the Head of ICC and the head of internal audit shall be given the right of direct access to the Chairman of the Board and to the Committee.

## External Audit

- Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the bank's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.
- Oversee the relationship with the external auditors including:
  - Approval of their remuneration, i.e. fees for audit or non-audit services.
  - Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services.
  - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the bank (other than in the ordinary course of business).
- Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall

meet the external auditor at least once a year, without management being present; to discuss their remit and any issues arising from the audit.

- Review the 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.

## Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC and other bodies) and internal circular/instructions/policy/regulations approved by the Board and Management 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.
- The AC will submit the evaluation report relating to Internal and External Auditor of the Bank to the Board.
- 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 4 meetings in a year. The Audit Committee of EBL held 12 (Twelve) meetings in the year 2013 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 #	Meetings	Date of Meeting
01.	44 Audit Committee Meeting	23 January 2013
02.	45 Audit Committee Meeting	24 February 2013
03.	46 Audit Committee Meeting	26 February 2013
04.	47 Audit Committee Meeting	08 May 2013
05.	48 Audit Committee Meeting	19 June 2013
06.	49 Audit Committee Meeting	25 July 2013
07.	50 Audit Committee Meeting	22 August 2013
08.	51 Audit Committee Meeting	12 September 2013
09.	52 Audit Committee Meeting	25 September 2013
10.	53 Audit Committee Meeting	23 October 2013
11.	54 Audit Committee Meeting	21 November 2013
12.	55 Audit Committee Meeting	24 December 2013

## Major areas focused by AC in 2013

The major areas of focus by the Audit Committee of the Bank during the year 2013 are mentioned below:

- Review and approve 'Annual Audit Plan 2014' and 'Risk Based Audit Plan 2014'.
- Review of the audit ratings of all branches and departments for the year 2012.
- Review of the Compliance and related risk level of branches and various departments.
- Review of Suspicious Transaction Report for the year 2012.
- Review of the Bank's compliance status of Anti Money Laundering.
- Review of the process of strengthening Internal Control Systems and Procedures of the Bank.
- Review of the Mystery Shopper's Survey Results 2012. This survey is carried out to gauge the status of service excellence of the Bank.
- Review of the annual financial statements of the bank for the year ended 31 December 2012 as certified by the External Auditors, M/S. Hoda Vasi Chowdhury & Co, Chartered Accountants, before submission to the board for approval.
- Review of the Management Report on the bank for the year ended 31 December 2012 as submitted by the External Auditors and its subsequent compliance by the management thereof.
- Review of the First Quarter (Q1), half-yearly and Third Quarter (Q3) Financial Statements (Un-audited) for the year 2013 before submission to the Board for approval in compliance with the BSEC's Corporate Governance Guidelines 2012.
- Review of the Bangladesh Bank Comprehensive Inspection Report on EBL Head Office as on 30 September 2012 and its subsequent compliance by the management thereof.
- Review of AML rating of all Branches for the year 2013.
- Review of Top 10 (Ten) Classified Accounts of the bank.
- Review of the compliance status of PCI-DSS (Payment Card Industry-Data Security Standard).
- Review of the existing Audit Policy and Guidelines of EBL.

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.

On behalf of the Audit Committee,



**Meah Mohammed Abdur Rahim**

Chairman of the Audit Committee of the Board



## chairman's statement

**“The capacity to adapt in a changing environment, the attitude to embrace new technology and the appreciation of our culture and environment are the main tenets of our new business philosophy for sustainable growth and development.”**



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Earnings Per Share **BDT 4.20**

Dividend Per Share **BDT 2.00**

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## Dear Shareholders,

I feel pleasure and privileged to welcome you to the 22nd Annual General Meeting (AGM) of the Bank (EBL) and to share our successes, challenges and renewed directions in response to ever changing events in global and national economy in general and local banking industry in particular reflected in the Annual Report along with audited Financial Statements for the year 2013.

### **Growth and recovery of global economy continues in a pace slower than expected**

The growth of global economy is in low gear; the drivers of activity are changing with persisting downside risks. Advanced economies are gradually strengthening with lot more to do to repair financial sector, pursue fiscal consolidation and spur job growth. Simultaneously the growth in emerging economies has slowed. This unwelcome yet unavoidable convergence is leading to tension, with emerging market economies facing the dual challenges of slowing growth and tighter global financial conditions. The growth of U.S. economy has been hobbled this year by excessive fiscal consolidation albeit private demand continues to be strong. The core economies of Europe show some signs of recovery but southern periphery countries are still struggling, as the progress on improving competitiveness and increasing export is not yet strong enough to offset depressed internal demand. Japan's economy is enjoying a dynamic rebound but will lose steam in next year as fiscal policy tightens. China and a growing number of emerging economies are coming off cyclical peaks for both cyclical and structural reasons.

But other legacies of the crisis still linger and might come back to the front. The architecture of the financial system is evolving, and its future shape is still unclear. These issues will continue to shape the evolution of the world economy for many years to come.

### **Bangladesh economy: Slower growth with upward inflationary trend**

For the last two consecutive fiscal years the economy of Bangladesh has been experiencing slowing growth and achieved 6% growth in FY 2013 (ended 30 June 2013). Man-made obstacles such as political strife, deepening uncertainty centering political transition and the inadequate improvements in the enabling infrastructure i.e. power, gas and other facilities continued to pull down the pace of our economy. More than 11% growth of export with flat level of imports and a satisfactory growth of inward remittances (12.6%) in FY 2013 contributed to a large surplus (USD 5.1 billion) in Balance of Payments (BoP). Gross foreign exchange reserve shot up to USD 18 billion by the year end 2013 and the large surplus of BoP puts pressure on the exchange rate to appreciate. Bangladesh Bank intervened frequently to prevent a large appreciation, leading to historic highs in building up official foreign exchange reserves.

Average inflation experienced a consistently upward trend in 2013. The rise in food inflation pushed up average inflation from 6.06% in January 2013 to 7.53% in December 2013. Higher distribution costs due to frequent and non-stop nationwide strikes and sharp rise of food inflation in India (which is correlated with Bangladesh food inflation) are major reasons of such upward trend of inflation. The second half yearly (H2, FY 2014) monetary stance of Bangladesh Bank targeted a monetary growth path aiming to bring down average inflation to 7%, while ensuring that credit growth is sufficient to stimulate inclusive economic growth.

### **Banking Industry: falling credit demand, rising NPL, stricter regulations**

Banks in Bangladesh faced one of the worst years in recent past in 2013 in terms of falling credit demand, rising NPL, weakening governance, lower profitability and deteriorating soundness. Extending credit and maintenance of asset quality were major challenges in 2013 mainly due to a pervasive sense of uncertainty centering political transition, non-stop strikes and blockades, subdued economic activities and spillover effects of certain large scale financial scams. Non-performing loan (NPL) rose to 12.8% in September 2013 which was 4.05% higher than that of corresponding period last year. However, the NPL scenario of the scheduled banks has improved in December 2013 just because of flexible loan rescheduling policy allowed by the Central Bank to mitigate sufferings of business houses for political unrest.

The ample liquidity has piled up in the banking industry mainly due to low private sector credit demand caused mainly by political uncertainties and infrastructure bottlenecks. In order to ensure good health of the banking system and to bring all banks under strict monitoring and control mechanism, a number of remedial measures have been taken by Bangladesh Bank. These include amendment of Bank Company Act 1991, issuance of new corporate governance guidelines for Board of Directors, Chief Executive Officers and Advisors and Consultants of bank companies, implementation of credit and risk management training and a number of reform measures at the administrative level.

### **Financial Performance of the Bank: satisfactory growth with asset quality decreased**

Despite facing formidable challenges from unhealthy business and political environment, the Bank has continued to deliver consistent financial performance. We remained highly vigilant to maintain the quality of loan portfolio throughout the period and managed to keep our NPL ratio at 3.59% at year-end 2013 compared to 3.17% of previous year-end. Efficient balance sheet management has produced satisfactory result in core banking activities. Excess liquid assets were invested in safer vehicles i.e.

govt. T-Bills/Bonds in absence of adequate credit demand from private sector which eventually produced much higher investment income (39% positive growth) than that of Net Interest Income (NII) (2% growth) during 2013. Normal growth of operating expenses (13% positive) and lower than expected growth (9%) of operating income led to a 6% growth of operating profit. Significant negative growth (-23%) of provision against loans and shares eventually helped to achieve a 13% growth of Profit After Tax (PAT) in 2013. Consequentially our Earnings Per Share (EPS) has increased to BDT 4.20 (consolidated BDT 4.15) against BDT 3.72 in 2012. Board has recommended a Cash Dividend @ 20 percent or BDT 2.0 dividend per share (DPS) for the year 2013 after a mandatory transfer of BDT 1.58 per share to statutory reserve.

### **Sustainable Banking: Adaptability for a sustainable growth**

As a responsible corporate citizen, we are committed to creating value and generating benefits for the society we operate in. In line with our corporate philosophy, we have placed special emphasis on adaptability as a key element of sustainable growth: adaptability in a changing environment, the attitude to embrace new technology and solving the important issues in a more holistic way. Adaptability as a core component of sustainable development recognizes that growth must be both inclusive and environmentally sound to reduce poverty and build shared prosperity for our society to continue to meet the needs of future generations.

We keep our shareholders interest on top of our mind while determining our corporate strategy. Our hallmark in achieving consistent business and financial performance testifies the accuracy and direction of our corporate strategy being executed. Being a values driven bank we believe in responsible leadership and strong control and compliance practices. I am happy to share with our shareholders that our ethical banking practice, prudent risk management, diversified earnings stream, and strong corporate governance safeguard us from any direct and indirect loss of money and reputation especially from those originated from recent financial scams.

In recognition to our caring and sustainable banking

practices, EBL has been awarded the Best Retail Bank in Bangladesh in 2013 in the category of 'Excellence in Retail Financial Services' by 'The Asian Banker'; a Singapore based financial magazine and research organization.

### **Contribution to National Economy: govt. and the society at large**

As a compliant and responsible corporate citizen, EBL always pays corporate tax on time. Like previous years EBL continues to contribute to the Government's revenue line by depositing excise duty, withheld tax and VAT to Government exchequer on time. During the calendar year 2013 we contributed BDT 4,715.65 million to national exchequer as tax, VAT and excise duty which is 22.29% higher than that of 2012. The bank has also been engaged in a number of CSR and benevolent causes all through the year focusing on the areas of health, education, sports, art and culture.

### **Appreciations: we remain grateful and resolute as before**

I would like to take this opportunity to express my sincere gratitude to all our stakeholders including shareholders, customers and regulators especially Bangladesh Bank and BSEC for their continued support and judicious guidance. I am grateful to my fellow Members of the Board of Directors for their valuable support and constant cooperation. My sincere appreciation goes to team EBL under seasoned leadership of Mr. Ali Reza Iftekhar, Managing Director & CEO for their renewed vigor, continued commitment and engaged initiatives to take on new challenges. We believe in our people, people believe in our values and values drive business for the sustainable growth and wellbeing of all our stakeholders.



**M. Ghaziul Haque**

Chairman of the Board of Directors



# our brand value proposition

## **Sustainability**

Setting Standards  
Mobilizing Capital

## **Innovation**

Embracing changes  
Devising Solutions

## **Impact**

Promoting Green Banking  
Creating Lasting Value

## **Commitment**

Initiating Co-Creation  
Building Social Capital



# review of the managing director & CEO



“Creating value for a sustainable future is our brand promise. We perceive it as the key to our competitive edge over our peers and a guiding philosophy of our risk management tool.”

## Resilience of our economy

New Year brings new challenges. 2013 was no exception either. More than anything else, Bangladesh economy stumbled on non-economic factors last year. Prolonged political violence running up to national election rendered the economic off-color. The situation was further dampened by financial scams, depressed investors' sentiment, deteriorating asset qualities in certain local banks, vandalism in RMG factories, and subsequent US suspension of GSP facilities. However, as every cloud has a silver lining, Bangladesh economy showed its resilience with highest ever remittance inflow, strong FX reserve, rapid export growth coupled with steady import, bumper crop production, stable exchange rate and strong internal demand. These positives played a significant role for the economy to attain 6 percent GDP growth last year.

Dwindling demand for borrowing from the banking sector last year only helped pile up liquid assets. This resulted in insignificant returns and further erosion of asset quality. On top of this, continued timid performance of the capital market

affected the overall performance of the banking industry. With only 11.04 percent credit growth compared to 20.60 percent in 2012 and an alarming country NPL ratio of 8.93 percent as on year-end 2013 banking sector pose a serious concern or two for stakeholders. But I am happy to share with you that despite a difficult time, the overall performance of EBL was steady. We kept our NPL below 4 percent, 3.59 to be exact, mainly for our efficient treasury management, prudent asset quality management policy, ethical business practice, and strong corporate governance.

## Sustainable growth

Creating value for a sustainable future is our brand promise. We perceive it as the key to our competitive edge over our peers and a guiding philosophy of our risk management tool. At EBL, we believe in sustainable growth instead of rapid progression that cannot be sustained over a longer period. On the face of 2013 political headwinds, it is no surprise that both income and profit growth for core banking activities were somewhat slower. But we have proved once again that we can keep our asset quality intact without hampering the



momentum of our businesses. In the year 2013 our loan and advances growth was 6 percent. This is lower than the industry average as we focused on maintaining our asset quality rather than the rapid growth of our portfolio. Our non-interest income grew by 17 percent while Net interest income (NII) increased by only 2 percent due to slower credit growth (6 percent) as opposed to higher deposit growth of 28 percent and liquid money market. The stable money market led us to shifting resources from placement to short term HFT securities. Therefore, our investment income had a substantial growth of 39 percent in the year 2013. A significant portion of this growth was offset by marginal growth of fees, commission & FX income because of negative growth of FX income (-26 percent) due to stable FX market and lesser recovery from written off loans which eventually led to 9 percent operating income growth. All these contributed to our 6 percent operating profit growth. However, negative growth of total provision (23 percent) mainly from release of provision from share and specific provision also led positive growth of Profit After Tax (PAT) by 13 percent in 2013.

### **Strengthening capital base**

To manage the overall risk exposure of the bank, our primary focus has always been to reinforce our risk management policy with a strong internal control system. We are never in favor of increasing capital base to cover up the weaker risk management process. We have been generating most of the incremental capital from retained profit (stock dividend and statutory reserve transfer etc.) to support incremental growth of Risk Weighted Assets (RWA). Our Capital Adequacy Ratio has remained consistently above the threshold (10% of RWA) of Minimum Capital requirement (11.95 percent as on 31 December 2013) without any fresh injection of capital.

### **Innovating products**

Adaptability to changing environment is crucial to sustainable development. We have always tried to create a culture of adaptability for sustainable development which will spur inclusive growth and ensure prosperity for the society we operate in. In an effort to embrace adaptability principle we are constantly innovating products and services for our customers. In 2013 as well despite all odds, we offered unique solutions for our customers. We arranged Commercial Paper (CP) for ACI Ltd. and raised Tk. 50 crore for the local corporate giant at two percent lower interest rate than bank lending rates. This is a first of its kind product in Bangladesh financial market.

Delivering unparallel service proposition is our promise to our customers. The Asian Banker acknowledged our effort of providing innovative services and products to our customers and awarded us with the Best Retail Bank in Bangladesh for 2013.

Among the most innovative products of 2013 AirMile Reward Program tops the list. We introduced EBL SkyMiles for the first time in Bangladesh. Bundled with a world of travel privileges, this card offers customers the freedom to travel at any part of the world any time and earn miles for their purchases through EBL credit cards. We associated with MasterCard last year as well in an endeavor to offer

customers maximum facility from card products and services. International hotel booking has now being made comfortable for our alliance with world's largest online travel agency agoda.com. EBL cardholders can now enjoy up to 7 percent off over already low agoda.com rates from all their hotel bookings through this site.

Over the last 21 years our strategy has been to focus on both organic and inorganic growth and contribute to the business growth of Bangladesh. The launch of our fully-owned subsidiary, EBL Finance (HK) Ltd. in the Asia's world city of Hong Kong with a mission to make foreign trade simpler for our customers is a case in point.

As a responsible corporate citizen, we are committed to creating value for the society. For us development should be holistic and inclusive. Our new SME loan product EBL Projukti is designed to support farmers to buy agricultural machineries and equipment.

We are accelerating innovation to make banking more accessible and close to our customers through social media and by popularizing online and mobile banking.

### **Adaptability principle**

2013 was undoubtedly a challenging year for Bangladesh economy and 2014 will, no doubt, offer its share of new challenges. With our excellent track record of over 21 years of ethical and prudential banking we have emerged as one of the most trusted partners of progress to trade and business of the country. As we look forward, we are committed to build a shared prosperity for our society to continue to meet the needs of future generations. Our experience and prudent management have given us strength to see us through difficult times. We are confident that we are on the right track and draw our strength from our tradition of ethical business to continue to improve our operational efficiency, offer innovative products and services to cater to contemporary needs and tastes.

Given the uncertainties of the external environment, our approach will be conservative while managing the balance sheet and maintaining asset quality.

### **We are grateful**

I express my gratitude to the Governor of Bangladesh Bank and his team for their support and guidance. I am deeply indebted to the chairman and the Board of Directors of EBL for their prudence, stewardship and cooperation through thick and thin. A great debt is owed to our customers and shareholders who believed in us and remained loyal throughout. Last but certainly not the least; I thank my team for their constant enterprise, dedication, and commitment to be the part of a winning team.



Ali Reza Iftekhhar  
Managing Director & CEO

# directors report 2013

The Board of Directors of Eastern Bank Limited takes pleasure in welcoming you all to the 22nd Annual General Meeting (AGM) and presenting Annual Report along with the Audited Financial Statements for the year 2013. Before going into details performance of the Bank, let's cruise through the status of local and global economy in brief.

## Global Economy: An Overview

The growth of global economy is in low gear, the drivers of activity are changing, and downside risks persist. Advanced economies are gradually strengthening but fall short of required repair of financial sector, pursuance of fiscal consolidation and spurring job growth. Simultaneously the growth in emerging economies has slowed. This seemingly unavoidable convergence is leading to tension, with emerging market economies facing the dual challenges of slowing growth and tighter global financial conditions. Changing growth dynamics raise new policy challenges; whereas other legacies of the crisis still linger and might come back to the front. The architecture of the financial system is evolving and its future shape is still unclear. These issues will continue to shape the evolution of the world economy for many years to come.

In 2013 as before, the U.S. economy remains at the center stage of global economy. The growth of U.S. economy has been hobbled this year by excessive fiscal consolidation although private demand continues to be strong. The core economies of Europe show some signs of recovery not due to recent major policy changes but of a change in mood of consumers and firms. However, southern periphery countries (Spain, Italy, Greece and Portugal) are still struggling, as the progress on improving competitiveness and increasing export is not yet strong enough to offset depressed internal demand. Japan's economy is enjoying a dynamic rebound but may lose steam in next year as fiscal policy tightens. China and a growing number of emerging economies are coming off cyclical peaks for both cyclical and structural reasons.

**Outlook 2014:** In 2014, the global growth is expected to be 3.6% but the risks to the forecast remain to the downside. From the advanced economies the growth is expected to be 2% and drivers of the projected uptick are a stronger U.S. economy, an appreciable reduction in fiscal tightening (except in Japan), and highly accommodative monetary conditions. Growth in the euro area will be held back by the very weak economies in the periphery. Emerging market and developing economies are expected to grow by 5% as fiscal policy is forecast to stay broadly neutral and real interest rates to remain relatively low. Unemployment will remain unacceptably high in many advanced economies as well as in various emerging market economies, notably those in the Middle East and North Africa.

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

	2012	2013p	2014 p
World	3.2	2.9	3.6
Advanced Economies	1.5	1.2	2.0
Other Advanced Economies	1.9	2.3	3.1
Euro Area	-0.6	-0.4	1.0
USA	2.8	1.6	2.6
Emerging Market and Developing Economies	4.9	4.5	5.1
China	7.7	7.6	7.3
India	3.2	3.8	5.1

Source: IMF World Economic Outlook (October 2013); p for projection.

## Bangladesh Economy: A Brief Review

The economy of Bangladesh has been experiencing slower growth for last two consecutive fiscal years (FY) and made 6% GDP growth in FY 2013 (ended 30 June 2013) caused mainly by political strife, deepening uncertainties centering political transition and inadequate improvements in the provision of power, gas and infrastructure facilities. Due to unfavorable weather and falling of rice prices agriculture growth slowed to 2.2%, industry grew by 9.0% with strong expansion in construction and small-scale manufacturing and services growth declined to 6.06% in FY 2013 (6.3% in FY 2012) reflecting stagnant imports and politically inspired strikes that disrupted trade and finance.

In FY 2013 export made a remarkable growth of 11.2% on higher garment exports in comparison to 6% growth in FY 2012, but the imports rose by only 0.8%. Inward remittances grew by 12.6% compared to 10.2% in FY 2012. The balance of payments showed a large surplus of USD 5.1 billion in FY 2013, boosting gross international reserves to USD 15.3 billion on June 30, 2013. These large surpluses created pressure on the exchange rate to appreciate which Bangladesh Bank intervened frequently to prevent, leading to historic highs in building up official foreign exchange reserves (currently hovering over USD 19 billion in February 2014).

**External Sector Performance in H1, FY 2014:** Coping with all odds, export earnings registered an impressive growth of 20% in July-December (H1), FY 2014 due to consistent high growth maintained by RMG sector both in traditional and non-traditional items but the growth rate of non-RMG export was only 3.8%. Import related activities did not pick up in a significant manner and increased by only 4.4%. The import growth was mainly driven by higher payments against imports of food grains, chemicals and RMG related intermediate goods. Remittance experienced a negative growth of 8.4% in H1, FY 2014 which was 22% positive in the corresponding period of FY 2013. This happened due to significant fall in remittances from major Middle East countries and declining

number of outgoing expatriate workers.

The Balance of Payments (BoP) exhibited a surplus of USD 2.04 billion in July-November FY 2014 because of robust export performance and lower import payments. Current account balance increased to USD 1.384 billion during July-November of FY 2014 compared to that of USD 433 million in the corresponding months of FY 2013. Another contributing element of the higher BoP surplus was derived from the commercial borrowing of private sector from foreign sources. The central bank rightly maintained the stability of exchange rate of BDT against USD by augmenting foreign exchange reserves.

**Inflation:** Average inflation experienced a consistently upward trend in 2013. The rise in food inflation pushed up average inflation from 6.06% in January 2013 to 7.53% in December 2013. Using the 2005/06 base, point to point inflation data shows that food inflation has risen steadily from 1.75% in September 2012 to 9.00% in December 2013. Higher distribution costs due to the frequent nationwide strikes and sharp rise of food inflation in India which is correlated with Bangladesh food inflation are major reasons of such upward trend of inflation. Conversely, point to point non-food inflation was steadily declining, having peaked in October 2012 at 11.28% and has declined steadily to 4.88% in December 2013. This happened due to recent political unrest which caused a slowdown in economic activity, lower consumer demand and also adherence to the monetary program. However, ensuring a functioning supply chain and enhancing market management capacity will be the keys in the context of inflation management.

### Banking Industry in 2013

Maintenance of asset quality was the major challenge in 2013 and is feared to remain so in 2014. Non-performing loan (NPL) rose to 12.8% in September 2013 which was 4.05% higher than the corresponding period of last year. Higher NPL in banking sector could be attributed to the spillover effects of large scale financial frauds and subdued economic activities due to political unrest and deepening uncertainty. Many of reputed borrowers have also made default in their regular payments as they could not run their businesses smoothly due to non-stop political agitation programs which also played a role in pushing NPL ratio upward. However, defaulted loans in banking sector fell by roughly 4.99% year-on-year in December 2013, as the Central Bank had relaxed loan rescheduling rules (in December 2013) for the borrowers affected by political unrest. The amount of classified loan was 8.93% of the total outstanding loans in the banking industry as on 31 December 2013, which was 10.03% in the same month of the previous year. Default loans at the state-owned banks as on 31 December 2013 was 19.76% of their outstanding loans which was 23.87% a year ago and on the same day, private banks' default loans was 4.54% of their outstanding loans which was 4.58% a year ago. (Source: The Daily Star, 18 February 2014).

Excess liquidity in the banking sector has increased by 73.8% at the end of November 2013 over that of corresponding period last year piled up mainly due to lower private sector credit demand caused by deepening political uncertainties and agitation, infrastructure bottlenecks and shortage of

power supply. Imposition and enforcement of new ceiling by Bangladesh Bank through changes in the Bank Company Act 1991 (Amended up to 2013) for banks while investing in the share market contributed further in piling up excess fund in the banks which eventually forced banks to go for low yielding assets (govt. T-Bills/Bonds) and fetching lower revenue in 2013.

For the banking industry in Bangladesh 2013 was one of the worst years in recent past in terms of credit growth and maintenance of portfolio health. Earnings and profitability showed a mixed result: Return on Asset (ROA) and Return on Equity (ROE) of SCBs turned positive in 2013 from red whereas PCBs continued to show positive ROE and ROA although lower than those of 2012. A series of remedial measures have been taken by the govt. and Bangladesh Bank to improve control practices, risk management and corporate governance of the banks. These include amendment of Bank Company Act 1991 (through inclusion of some new sections and changing of provisions of some existing sections), issuance of new corporate governance guidelines for Board of Directors, Chief Executive Officers and Advisors of bank companies, implementation of credit and risk management training and a number of reform measures at the administrative level.

### Economy and Business Outlook 2014

Bangladesh Bank's second half yearly (H2, FY 2014) monetary policy stance takes the recent economic and financial sector developments into account and targeted a monetary growth path aiming to bring down average inflation to 7%, while ensuring that credit growth is sufficient to stimulate inclusive economic growth. This would require a monetary program framework that limits reserve money growth to 16.2% and broad money growth to 17% by June 2014. The ceiling for private sector credit growth of 16.5% has been kept well in line with economic growth targets. This level is sufficient to accommodate any substantial rise in investment and trade-finance over the next six months.

It is expected that various initiatives taken recently to support economic growth will continue in H2, FY 2014. To alleviate and compensate the impact of recent domestic disruptions on businesses, Bangladesh Bank has taken a number of important policy steps which include broadening the scope of the Export Development Fund, and reducing the borrowing costs, as well as instructing banks to offer loan rescheduling facilities to genuine borrowers facing cash flow difficulties, especially SMEs, who are temporarily affected by the recent strikes and disruptions.

The monetary policy stance also aims to preserve the country's external sector stability. It is anticipated that Bangladesh Bank foreign currency reserves will increase further in FY 2014 though at a more moderate pace than FY 2013. While the projected decline in remittances will not adversely affect external stability in FY 2014, it is imperative that manpower exports resume its growth, and opportunities such as investments in government securities are marketed to NRBs, so that remittances can remain an important part of medium-term external balance. It is expected that Bangladesh Bank will continue to support a market-based exchange rate while seeking to avoid excessive foreign

exchange rate volatility.

Finally, the relative stagnation in economic activities observed during H1 of FY 2014 may improve in H2 of FY 2014 if the political environment becomes favorable for undertaking economic activities.

## Financial Performance Highlights

Banking sector in Bangladesh passed somewhat a moderate year in terms of governance, profitability and soundness in 2013. Continued setback suffered by some major sectors in the economy i.e. textiles, ship-breaking, real estate and commodity trading and lackluster performance of the capital market put pressure on banks' asset quality and profitability. However, EBL managed its portfolio efficiently and NPL

reached to 3.59% at year-end (YE) 2013 (3.17% in 2012) which is lower than those of industry average and PCBs.

Net interest income (NII) which contributed 52% of total operating income increased only 2% and Non-interest income increased by 17% in 2013 (major contributions made by income from investment which increased by 39% from last year) resulting an operating income of BDT 9,469 million in 2013, which is 9% higher than that of last year. Operating profit of the bank increased at a slower pace by 6% due to higher growth of operating expense (13%) than that of operating income. Total provision having decreased by 23% riding mainly on decrease of provision for loss on revaluation of shares (72%) eventually contributed to 15% rise in profit before tax (PBT) to BDT 4,836 million than that of 2012. Profit After Tax (PAT) increased by 13% or BDT 293 million in 2013.

Following table summarizes comparative financial performance of EBL both as a Group and as the Bank:

(Figures are in million BDT)

Particulars	Group		Bank		% Change (Group)	% Change (Bank)
	2013	2012	2013	2012		
Total operating income	9,581.87	8,819.11	9,469.37	8,726.99	9%	9%
Total operating expense	3,754.45	3,308.67	3,681.12	3,263.07	13%	13%
<b>Operating profit (Profit before provision and tax)</b>	<b>5,827.42</b>	<b>5,613.91</b>	<b>5,788.26</b>	<b>5,463.92</b>	<b>4%</b>	<b>6%</b>
<b>Provision for loans and contingent assets:</b>						
Specific provision	706.27	728.49	706.27	728.49	-3%	-3%
General provision	84.15	23.89	84.15	23.89	252%	252%
Provision for equity investments and other assets	197.33	491.92	162.09	491.92	-60%	-67%
<i>Total provisions</i>	<i>987.74</i>	<i>1,244.31</i>	<i>952.51</i>	<i>1,244.31</i>	<i>-21%</i>	<i>-23%</i>
<b>Profit before tax for the year</b>	<b>4,839.68</b>	<b>4,369.61</b>	<b>4,835.75</b>	<b>4,219.61</b>	<b>11%</b>	<b>15%</b>
Tax provision	2,304.58	1,976.88	2,267.88	1,944.51	17%	17%
<b>Profit after tax (PAT)</b>	<b>2,535.09</b>	<b>2,392.73</b>	<b>2,567.86</b>	<b>2,275.10</b>	<b>6%</b>	<b>13%</b>
<b>Earnings per share (EPS)</b>	<b>4.15</b>	<b>3.91</b>	<b>4.20</b>	<b>3.72</b>	<b>6%</b>	<b>13%</b>

Following table also summarizes both the stand alone performance of the Bank and its three operational subsidiaries along with overall group during the year 2013:

(Figures are in million BDT)

Particulars	Eastern Bank Limited			Subsidiaries			Inter company elimination	Consolidated
	Onshore	Offshore	Total	EBL Securities Limited	EBL Investments Limited	EBL Finance (HK) Limited		
Net Interest Income (NII)	4,708.37	183.19	4,891.56	27.55	33.60	3.54	-	4,956.24
Non-Interest income	4,564.34	13.47	4,577.81	74.37	5.86	6.59	(39.00)	4,625.63
<b>Total operating income</b>	<b>9,272.71</b>	<b>196.66</b>	<b>9,469.37</b>	<b>101.91</b>	<b>39.45</b>	<b>10.14</b>	<b>(39.00)</b>	<b>9,581.87</b>
Total operating expense	3,666.10	15.02	3,681.12	44.37	9.10	19.86	-	3,754.45
<b>Profit before provisions</b>	<b>5,606.61</b>	<b>181.65</b>	<b>5,788.26</b>	<b>57.54</b>	<b>30.35</b>	<b>(9.72)</b>	<b>(39.00)</b>	<b>5,827.42</b>
Total provisions	945.83	6.68	952.51	31.42	3.82	-	-	987.74
Profit before tax (PBT)	4,660.78	174.97	4,835.75	26.12	26.53	(9.72)	(39.00)	4,839.68
<b>Profit after tax (PAT)</b>	<b>2,392.89</b>	<b>174.97</b>	<b>2,567.86</b>	<b>0.01</b>	<b>15.94</b>	<b>(9.72)</b>	<b>(39.00)</b>	<b>2,535.09</b>



Although the profit after tax (PAT) increased by 13% during 2013, ROE has remained same as last year and ROA changed marginally. Following table presents some of the key financial ratios:

Particulars	BANK	
	Year 2013	Year 2012
Return on average equity (PAT/Average Equity)	14.44%	14.44%
Return on average assets (PAT/Average Assets)	1.68%	1.72%
Cost to income ratio (Operating expense/Revenue)	38.87%	37.39%
Capital adequacy ratio (Basel II)	11.95%	12.05%
NPL ratio	3.59%	3.17%
EPS (BDT)	4.20	3.72
Price to book value ratio	96.39%	113.24%

## Appropriation of Profit

Profit after tax (PAT) of the Bank is BDT 2,567.86 million which contains a deferred tax income of BDT 321.90 million calculated on specific provision made against classified loans (Bad/Loss Only) during the year 2013. As per BRPD Circular No. 11 dated 12 December 2011 of Bangladesh Bank, benefit arising out of deferred tax income can neither be distributed nor shown as a component of tier 1 capital while reporting Capital Adequacy Status of the Bank. After a mandatory transfer of BDT 967.15 million (20 percent of Profit Before Tax), profit available for distribution stands at BDT 1,284.90 million. However, the Board of Directors recommended 20% cash dividend for the year 2013:

(Figures are in million BDT)

Particulars	BANK		% Change
	2013	2012	
Profit after tax (PAT)	2,567.86	2,275.10	12.87%
Less: Deferred tax income	(321.90)	(241.86)	33.09%
<b>Profit after tax (PAT) net of Deferred tax income</b>	<b>2,245.96</b>	<b>2,033.24</b>	<b>10.46%</b>
Retained Earnings (RE) carried forward	379.35	150.73	-
Less: Deferred tax income included in RE	(373.26)	(131.40)	-
<b>To be appropriated (Net of Deferred Tax Income)</b>	<b>2,252.05</b>	<b>2,052.57</b>	<b>9.72%</b>
Less: Transfer to statutory reserve	(967.15)	(843.92)	14.60%
<b>Profit available for distribution</b>	<b>1,284.90</b>	<b>1,208.65</b>	<b>6.31%</b>
Add: Transferred from General Reserve	-	30.00	-
<b>Distributable Profit</b>	<b>1,284.90</b>	<b>1,238.65</b>	<b>3.73%</b>
<b>Dividend for the year (recommended):</b>			
Dividend (Cash 20% for 2013 and 2012)	1,222.36	1,222.36	
Retained earnings to be carried forward	62.54	16.29	
Dividend Payout Ratio (Dividend/PAT)	47.60%	53.73%	

**Payment of Dividend:** In a commendable continuity of paying consistent rate of dividend, EBL has been paying more than 30% dividend for the years from 2007 to 2011 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, all the distributions were through stock dividend to enhance solvency through capital adequacy. While stock dividend increases reinvestable resources and strengthen capital base, it puts pressure on future EPS due to larger capital base. As there was no regulatory restriction

whatsoever for the bank in paying cash dividend, the Board of Directors of EBL proposes to pay 20% cash dividend for the year 2013.

**Capital Adequacy Status Under Basel II:** Bank has been maintaining 11.30% plus CAR in all the quarters of 2013 against MCR of 10% without injecting any fresh capital through Right Issue, Subordinated Debt etc. as presented in following table. Bank's strength in capital base is also signified in the fact that the ratio of Tier i capital to RWA was always hovering above 8.70% throughout the year.

Following is the summary of Basel II reports of EBL (Solo Basis) as reported to BB during 2013:

(Figures are in million BDT)

Risk weighted assets (RWA) for	Q4, 2013	Q3, 2013	Q2, 2013	Q1, 2013
<b>A. Credit Risk for</b>	<b>113,666</b>	<b>112,941</b>	<b>113,782</b>	<b>106,548</b>
On Balance Sheet exposures	87,927	87,290	84,635	83,496
Off Balance Sheet exposures	25,739	25,651	29,147	23,052
<b>B. Market Risk (capital charge X 10) for:</b>	<b>12,360</b>	<b>11,147</b>	<b>10,328</b>	<b>7,677</b>
a. Interest Rate Related Instruments	6,674	4,080	3,184	3,012
b. Equities	5,145	4,872	5,244	4,461
c. Foreign Exchange Position	541	2,195	1,900	204
<b>C. Operational Risk (capital charge X 10)</b>	<b>14,253</b>	<b>12,653</b>	<b>12,653</b>	<b>12,653</b>
<b>Total Risk Weighted Assets (A + B + C)</b>	<b>140,279</b>	<b>136,741</b>	<b>136,763</b>	<b>126,878</b>
<b>D. Eligible Capital</b>				
1. Tier-1 (Core Capital )	13,245	12,049	12,006	11,147
2. Tier-2 (Supplementary Capital)	3,519	3,491	3,452	3,424
3. Tier-3 (Eligible for market risk only)	-	-	-	-
<b>4. Total Eligible Capital ( 1+2+3)</b>	<b>16,764</b>	<b>15,540</b>	<b>15,458</b>	<b>14,571</b>
E. Total Risk Weighted Assets (RWA)	140,279	136,741	136,763	126,878
<b>F. Capital Adequacy Ratio (CAR) (D4/E)*100</b>	<b>11.95%</b>	<b>11.85%</b>	<b>11.30%</b>	<b>11.48%</b>
G. Core Capital to RWA (D1/E)*100	9.44%	9.28%	8.78%	8.79%
H. Supplementary Capital to RWA {(D2+D3)/E}*100	2.51%	2.57%	2.52%	2.69%
<b>I. Minimum Capital Requirement (10% of RWA)</b>	<b>14,028</b>	<b>13,674</b>	<b>13,676</b>	<b>12,688</b>
<b>Minimum CAR Requirement</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
<b>Excess/(Shortfall) Capital over MCR</b>	<b>2,736</b>	<b>1,866</b>	<b>1,782</b>	<b>1,883</b>

**Highlights of Capital Adequacy Status:** Vigorous initiative of bank management to pursue it's corporate and medium segment (SME) 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 was 153 at 31 December 2013. Funded exposure to rated regular corporate and mid segment customers was BDT 34,779.48 million or 33.79% of total funded exposure. Though our credit grew at a slower pace than expected, volume of funded exposure to customers with 1 and 2 rating increased in 2013 (BDT 29,803 million at YE 2013 vs. BDT 25,786 million at YE 2012) which testifies that EBL is focusing more on customers with good rating. We did not have any clients with rating 5 in our portfolio at YE 2013.

Funded exposure to a customer having external rating of at least double B (BB) (equivalent to 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 and mid segment customers falls in the range of A to AAA (Bangladesh Bank 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 2014.

**History of raising capital:** As on the reporting date (31-12-2013), the bank had a paid up capital of BDT 6,111,797,850 of which 78.84% was raised through stock dividend. The history of raising our paid up capital to BDT 6,111.80 million as on YE 2013 is presented below:

AGM Date	Particulars	No. of Shares*	Volume in Taka	Cumulative Paid up Capital in Taka
9 December 1993	As per MOA & AOA	60,000,000	600,000,000	600,000,000
5 August 2001	20% Bonus Share	12,000,000	120,000,000	720,000,000
8 December 2003	15% Bonus Share	10,800,000	108,000,000	828,000,000
12 June 2007	25% Bonus Share	20,700,000	207,000,000	1,035,000,000
25 May 2008	34% Bonus Share	35,190,000	351,900,000	1,386,900,000
25 May 2008	Right Share 2:1 at Par	69,345,000	693,450,000	2,080,350,000
28 April 2009	20% Bonus Share	41,607,000	416,070,000	2,496,420,000

AGM Date	Particulars	No. of Shares*	Volume in Taka	Cumulative Paid up Capital in Taka
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	158,454,018	1,584,540,180	6,111,797,850
31 March 2013	20% Cash Dividend	-	-	6,111,797,850
31 March 2014	20% Cash Dividend	-	-	6,111,797,850

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

**Status of Asset Quality:** In 2013, banking industry experienced an increasing trend in Non-performing loan (NPL) and reached to 12.8% at the end of third quarter of 2013 (September 2013), the highest since FY 2009. High NPL in banking sector could be attributed to large scale financial frauds and subdued economic activities due to political violence and agitation.

However, compared to PCBs' NPL ratio of 4.54% (as on 31 December 2013), EBL's NPL ratio was 3.59% as on the same date (As on 31-12-2012: EBL 3.17% vs. PCBs 4.58%). The NPL is supposed to come down to a moderate level in the balance sheet of the scheduled banks at YE 2013, as expected by the Governor of the central bank, just because of flexible policy (rescheduling and so) undertaken by the Bangladesh Bank. The status of unclassified and classified loan of the bank is as follows:

(Figures are in million BDT)

Particulars	31-12-2013	31-12-2012	% Change
<b>Unclassified loans:</b>	<b>99,212.99</b>	<b>93,648.96</b>	<b>5.94%</b>
Standard (Including staff loan)	98,333.01	93,006.03	5.73%
Special Mention Accounts (SMA)	879.98	642.93	36.87%
<b>Classified loans:</b>	<b>3,697.23</b>	<b>3,070.77</b>	<b>20.40%</b>
Sub-standard (SS)	479.77	263.72	81.92%
Doubtful (DF)	193.34	593.08	-67.40%
Bad/loss (BL)	3,024.12	2,213.97	36.59%
<b>Total loans</b>	<b>102,910.22</b>	<b>96,719.74</b>	<b>6.40%</b>
<b>NPL %</b>	<b>3.59%</b>	<b>3.17%</b>	

#### Variance between Quarterly Financial Performance and Annual Financial Statements

To gauge the said variance, five key financial information of each quarter of 2013 (Q1 to Q4) was analyzed or compared using Quarterly Average (QA) as the base. Profit before Tax was not considered mainly due to abrupt change in provision against loans in Q4 (for new rescheduling circulars from BB) whereas Profit after Tax was not considered due to deferred tax calculated once in a year (Q4).

Following table presents stand-alone quarterly information with average of four quarters.

(Figures are in Million BDT)

Particulars	Q1, 2013	Q2, 2013	Q3, 2013	Q4, 2013	QA*, 2013	Annual 2013
Net Interest Income	1,215	1,219	1,161	1,296	1,223	4,892
Non-Interest Income	1,060	1,065	1,145	1,308	1,144	4,578
Operating Income	2,275	2,285	2,306	2,604	2,367	9,469
Operating Expense	774	848	882	1,177	920	3,681
Operating Profit	1,500	1,436	1,424	1,427	1,447	5,788

\*Quarterly Average

Setting 25% variance as threshold for being significant, no significant variance was observed in 2013 except in case of operating expense in the Q4. Operating expenses increased significantly (28% higher than QA) in Q4 mainly due to channel expansion initiatives (launching of new branches, ATMs, EBL 365, service centers etc.) and payment of festival bonus and accrual of performance bonuses for the employees.

#### Brief Review of Subsidiaries Businesses

In pursuance of an inorganic growth route and to open up diversified earnings stream, EBL established or acquired four subsidiaries, all of them fully owned, till the reporting date i.e. 31 December 2013. A brief review of subsidiaries business during 2013 has been presented below:

##### EBL Securities Limited (EBLSL)

EBLSL has membership of both DSE & CSE and holds both broker & dealer license for buying, selling and settlement of securities on behalf of investors and for buying & selling of securities in its own portfolio. Unlike previous two years, 2011 and 2012, markets showed positive trend and were relatively stable after a great debacle of 2010 in the history of capital market. Turnover was in decreasing trend for three consecutive years and in 2013 it decreased by around 5% and daily average turnover came down to Tk 4.00 billion compared to Tk 4.21 billion of previous year (2012). However, EBLSL performed well to increase market share of turnover (2.18% in 2013 over 1.78% in 2012) in spite of decreasing trend in the industry. The operating income of EBLSL grew

at a slower pace (5%) than that of operating expense (11%) which caused a negative growth of operating profit by 7% or Tk 4 million. EBLSL is planning to open a new branch in Chittagong with the approval of BSEC to expand its business further by catering services to more customers.

### **EBL Investments Limited (EBLIL)**

EBLIL, a private limited company established to do merchant banking operations, obtained full-fledged Merchant Banking license from BSEC on 27 January 2013 and started its full operation from June 2013. During 2013, EBLIL completed the Capital Raising for CEAT Bangladesh Limited, one of the leading automobile tyre manufacturing companies. EBLIL also signed five underwriting deals in raising capitals for various reputed organizations. It has outperformed the market in terms of return of own portfolio and achieved an annualized return of 31.46% on own portfolio compared to 4.55% annualized return of the market.

### **EBL Finance (HK) Limited**

The first foreign subsidiary of EBL started its commercial operation in March 2013 to provide LC advising/ amendments, document collection and Bill Financing services to customers. It is the first subsidiary of a local bank to operate abroad with direct SWIFT Connectivity and has already established SWIFT RMA with 24 reputed local banks in Bangladesh. Since its inception, a total of USD 3.7 million worth of Bills was financed, 1,527 L/C Advising/ Amendment cases handled and 862 Document Collection cases processed by this company.

### **EBL Asset Management Limited**

A private limited company was formed to grab the potential business opportunity in managing mutual funds and institutional wealth. EBL has already obtained permission from Bangladesh Bank and is under process of applying for the license to BSEC.

## **Highlights of business and operations of EBL**

**Foreign currency loans/deals:** The bank made following major FCY deals during the year 2013:

- Coordinated successfully the drawdown of USD 12.50 Million Term Loan from DEG for Ananta Group.
- Joint Lead Arranger for raising USD 66 Million Term Loan for the 2nd Delivery Financing of Biman Bangladesh Airlines Ltd.
- Lending of USD 33.62 Million term loans through Offshore Banking Unit.

### **Introduction of Commercial Paper (CP) for financial market:**

EBL has arranged a Commercial Paper (CP), first of its kind in Bangladesh, of BDT 500 million for ACI Ltd. CP is a short-term, unsecured money market instrument issued in the form of promissory note. EBL raised the said fund for the local corporate giant at an interest rate of only 12.5%, down by at least 2% than bank lending rates.

**Launching collateral free credit facilities for Farmers:** EBL has launched a collateral free credit facility 'EBL Projukti' to support farmers in buying agricultural machineries and equipment. Any farmer can enjoy this quarterly installment based term loan ranging from BDT 10,000 to BDT 150,000 for

a maximum of two years to purchase agricultural machinery and irrigation equipment. A maximum of 70% of the machinery price will be provided as loan.

**Launching 'EBL SkyMiles':** In collaboration with Visa, EBL has introduced 'EBL SkyMiles', the country's first ever AirMile reward program to provide an exciting and exclusive reward experience to customers. Under this unique program, EBL cardholders will accumulate SkyMiles while spending through their EBL credit cards. The cardholders would be able to redeem the accumulated SkyMiles free air tickets, for any destination across the world and on over 360 airlines.

**Signs deal with Alico to provide insurance coverage for the accountholders:** EBL has signed a corporate agreement with MetLife Alico Bangladesh to provide insurance coverage for the accountholders of EBL's newly launched Savings products. EBL is the first local bank to launch such proposition in the market. The customers of EBL Women's Savings, EBL Premium Savings and EBL 50+ Savings will get free insurance policies from Alico such as life insurance up to BDT five lac and medical reimbursement coverage up to BDT 15 thousands per month due to accidental causes as well as insurance for critical illness.

**EBL ties up with agoda.com:** EBL as the first bank in Bangladesh has tied up with agoda.com making it easier for the customers to make their hotel booking online. It is an Online Travel Agency (OTA) that specializes in hotel booking. EBL Cardholders will get up to 7% off over already lowest agoda.com rates. Agoda.com is a platform through which EBL Cardholders can choose from over 285,000 hotels.

**Giving priority to continuous human capital 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. In 2013, EBL HR arranged 246 training programs in home and abroad for 6,412 participants on various issues related to banking operations. Under newly introduced e-learning exam system 2,737 officers from Consumer Banking, SME Banking, Cards, Special Asset Management and Operations Division have attended 25 e-learning exam sessions countrywide to enhance Product knowledge & Soft skills in order to provide better service.

## **Compliance with recent change of laws and regulations**

Among the major regulatory changes that took place in 2013 amendments in the Bank Company Act 1991 was the most prominent and comprehensive one. Based on those amendments, Bangladesh Bank issued certain circulars/ instructions/guidelines as noted below. Besides, Bangladesh Securities and Exchange Commission (BSEC) also issued certain notification and guidelines on revaluation of fixed assets, audit/certification services on compliance with corporate governance guidelines etc. in 2013. The major changes of laws and regulations and compliance status of EBL thereto are as follows:

- **Formation of Risk Management Committee of the Board:** In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of EBL has



constituted, for the first time, a three members Risk Management Committee (RMC) of the Board in the 520 Board Meeting held on 07 November 2013. This committee has been formed to reduce probable risks which could be arisen during implementation of Board approved policies, procedures and strategies by the management.

- **Restructuring of Executive Committee and Audit Committee:** As per Section 15B (2) of the Bank Company Act (amended up to 2013) and BRPD Circular No. 11 dated 27 October 2013, every bank company shall constitute an audit committee (AC) consisting of members who are not the members of the executive committee (EC) of the Board. To comply with the same, the AC and EC have been re-constituted by the BoD in 2013.
- **Restriction on acquisition of immovable property:** Bangladesh Bank (BB) issued a Circular Letter (BRPD Circular Letter No. 14 dated 12 August 2013) restricting banks not to invest more than 30% of paid up capital in immovable properties especially land and building/office space. Banks already possessing immovable properties beyond this limit shall not buy any more such property without making proportionate increase of their paid up capital. EBL has already crossed the said limit and is not in a position to purchase immovable properties without raising paid up capital at required proportion. EBL however, after issuance of said guidelines from Bangladesh Bank, did not buy any immovable property.
- **Guidelines on revaluation of fixed assets:** As per the Notification dated 18 August 2013, BSEC issued detail guidelines on revaluation of fixed assets of listed companies. One of the main clauses of the said guidelines was time-lag between two valuations for the same class of assets shall not be less than three years and no upward revaluation of an asset shall be made within two years of its acquisition. EBL normally makes revaluation of lands among all of its fixed assets and last valuation was done in 2012. In compliance with the said guidelines of BSEC, no revaluation of lands was done in 2013.
- **Audit/certification on compliance of corporate governance guidelines:** Through Notification dated 21 July 2013, BSEC made amendments in Condition 4 of corporate governance guidelines issued on 07 August 2012 and included a new clause mentioning that statutory/external auditor shall not perform audit/certification services on compliance of corporate governance guidelines of a listed company. In compliance with the said guidelines, EBL has appointed Rahman Rahman Huq, Chartered Accountants to conduct such certification services for 2013.

## Review of Internal Control System

**EBL has a sound system of internal controls to safeguard shareholders' investments and the Bank's assets.**

**The Board retains the ultimate responsibility for its operations, though has delegated to the Audit Committee for the review of the adequacy and effectiveness of the**

## system of internal controls.

A resonant internal control system helps a bank growing in a safe and sustainable way. The design and implementation of any internal control system depends largely on a bank's size, the mode of its operation and its risk profile. Effective control practices generally include –



**Control Environment** of the Bank reflects the commitment of the Board of Directors and the management to an effective internal control mechanism to safeguard stakeholders' interest. The current business model of EBL segregates its whole crew into two major groups; business segment and support services. While business segments are assigned with a set business target, support teams including the centralized operations are totally independent from the business team entrusted with checking conflicts of interest, ensuring better risk management and control practices. Notable beauties of centralized operations are operational efficiency and better control practices reflected in the fact that EBL has been delivering highest profit per employee for last couple of years despite having a moderate sized balance sheet.

**Risk Assessment** is the identification, measurement, analysis and management of risks, both internal & external, at individual business level and for the bank as a whole. EBL has formed a Risk Management Committee (RMC) of the Board and a Risk Management Unit (RMU) as per Bangladesh Bank guidelines to oversee and monitor bank wide risk assessment, identification, measurement, analysis and mitigation activities performed by different risk management functions. RMU under supervision of RMC of the Board sets the risk appetite of the Bank.

**Control Activities** are those which ensure all the firewalls/checkpoints established through various policies, procedures and best practices are in order so that the Bank is exposed to surprises, financial or otherwise, to the acceptable minimum level. EBL has developed and is following appropriate policies, guidelines and best practices as well as all the regulatory guidelines to control its daily activities. For example, a loan proposal sourced by relationship manager

is assessed by the Certified Credit Analyst of Credit Risk Management Department, documentation and disbursement done by Credit Administration Department and collection (if it becomes classified) done by Special Assets Management Department. EBL has been maintaining an NPL ratio far below the industry average (3.59% at yearend 2013) under more stringent regime of classification criteria set by Bangladesh Bank in 2012.

**Segregation of Duties** reduces a person's opportunity to commit and conceal fraud or errors. EBL has introduced segregation of duties for each employee through a specific job description and separate reporting line to make every employee accountable and responsible for his job. As a result, both business and support activities of the Bank are always in an optimum level which, in turn, generates better revenue for the Bank and the Shareholders.

Due to having proper segregation of duties, the Bank has not yet faced any significant fraud and forgery committed by its employees due to separation of cards business and credit appraisal and approval (done by CFC). The Bank further segregated cards operations from the umbrella of cards business to Central Operations for avoiding any influence of cards business team upon the cards operations. Our ethical business practice, better credit appraisal and internal control mechanism protected us from negative outcome of the incidence.

**Accounting Information and Reconciliation**—accurate and updated accounting information and proper reconciliation of accounts help the bank in providing timely and authentic information to the Bank's Board of Directors and management for decision making. We have in place a "GL Control & Reconciliation Policy" to ensure better control and monitoring over financial transactions and reduction of financial irregularities by taking confirmation of GL (General Ledger) balances from GL Owners on quarterly basis.

**IT Security**— is, no doubt, a must for modern and high tech-based banking system. EBL has introduced Universal Banking System (UBS) software for running its daily activities in a faster, safer & smoother way. We have also introduced a new Card Management Software to centrally monitor, control the card business in an effective way. IT security is monitored rigorously and ensured to keep its network off limit from malicious attempts keeping maximum layers of failover process for all types of system related services. Data is replicated from Live to Disaster Recovery site on real time basis and our Internet Banking service was awarded as "Secure" grade by external auditor at their Penetration Testing.

**Self-Assessment/Monitoring**— is the Bank's own oversight of the control system's performance. Self-assessment is evaluations of departmental or operational controls by the departments themselves. EBL has an independent internal risk based audit system in place who are regularly evaluating, assessing and rating the risks of various Departments and Branches and submit these audit reports periodically to the Audit Committee of the Board for their further evaluation and recommendation. Surprise visit to different branches/ departments has also been introduced as a part of strong monitoring and control over the daily activities of the

Bank. The Compliance Unit of ICCD is also monitoring the regulatory compliance status of EBL on a continuous basis and updating the relevant departments upon the compliance of any new issue imposed by regulatory authorities.

However, Bangladesh Bank vide their DOS circular letter no: 17/2012 has launched a Self-Assessment Format in order to aid Bank for assessing itself and advised Bank to send a quarterly assessment to BB. EBL has already started its self-assessment activities to report to Bangladesh Bank timely.

The external auditors i.e. Hoda Vasi Chowdhury & Co., Chartered Accountants also provided their opinion on adequacy of internal audit, internal control and risk management arrangements of the bank under point (ii) of the "Report on Other Legal and Regulatory Requirements" of their audit report. The said audit report has been mentioned in page no. 168-169.

## Review of Financial Reporting

### ● Fair Presentation of Financial Statements

The management of EBL is responsible for the preparation and fair presentation of the Financial Statements. The said financial statements prepared by the management as at and for the year ended 31 December 2013 present fairly, in all material respects, its state of affairs, the results of its operations, cash flows and changes in equity. The external auditors i.e. Hoda Vasi Chowdhury & Co., Chartered Accountants also provided their opinion on the same by issuing an unqualified audit report. We are referring page no. 168-169 to see the audit report issued by the external auditors.

### ● Maintenance of Proper Books of Account

Proper books of account as required by law have been kept by EBL. The external auditors i.e. Hoda Vasi Chowdhury & Co., Chartered Accountants also provided their opinion on the same in point (iv) of "Report on Other Legal and Regulatory Requirements" of their audit report. The said audit report has been mentioned in page no. 168-169.

### ● Application of Accounting Policies and Accounting Estimates

Appropriate accounting policies have been consistently applied in preparation of the financial statements of the Bank and that the accounting estimates are based on reasonable and prudent judgment. Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to these are recognized in the period in which the estimate is revised and in any future period affected. The significant accounting policies applied and accounting estimates used for preparation of the financial statements of the Bank have been stated in detail in the notes to the FS.

### ● Preparation of Financial Statements as per BAS/ BFRS and any Departure there-from

The financial statements of the Bank as at and for the year ended 31 December 2013 have been prepared under historical cost convention and in accordance with Bangladesh Financial Reporting Standards (BFRSs), the "First Schedule" (section 38) of the Bank Company

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 Bank has departed from certain specific requirements of BFRSs which contradict with those of Bangladesh Bank, being the prime regulator, which are adequately disclosed in Note 2.1 (i) to (xiv) to the financial statements.

- **Going Concern of EBL's Business**

There are no significant doubts upon the Bank's ability to continue as a going concern. The financial statements of the Bank have been prepared on the assumption that the entity (i.e. EBL) is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that EBL has neither intention nor the need to liquidate or curtail materially the scale of its operations.

- **Disclosure of Related Party Transactions**

The basis for related party transactions has been stated in the Corporate Governance Report and a statement of related party transactions has been presented in the Annexure C1 of Notes to the Financial Statements.

### **Contribution to National Exchequer**

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 on bills from third parties including vendors. During the calendar year 2013 we contributed BDT 4,716 million to national exchequer as tax, VAT and excise duty which is 22.29% higher than that of 2012. We paid advance corporate tax of BDT 2,464 million while deposited withheld tax of BDT 1,780 million, VAT of BDT 358 million and Excise Duty of BDT 114 million during the year 2013.

### **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.

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. To stand beside the victims of Savar tragedy EBL donated BDT 2 crore from EBL Foundation to the Prime Minister's Relief & Welfare Fund.

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

### **On behalf of the Board of Directors**



### **M. Ghaziul Haque**

Chairman of the Board of Directors  
Dhaka, 27 February 2014.



stakeholders information



CREATING VALUE

CREATING LASTING VALUE FOR STAKEHOLDERS IS OUR COMMITMENT TO  
PEOPLE WE TOUCH WITH OUR BANKING SERVICES

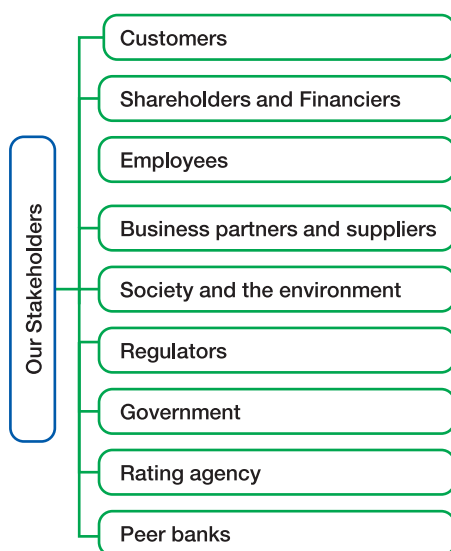
Adaptability  
for creating  
lasting value





## Our Stakeholders

We understand the essence of looking at our business from the stakeholders' viewpoint and finding areas where our agendas overlap so that we remain mindful about the impacts on our diverse stakeholders group while setting our priorities. We define stakeholders as groups or individuals who are affected by or can affect the achievements of our objectives. We constantly engage with diverse range of stakeholders in different forms, from ongoing dialogue to direct feedback requests. We value all reasonable feedback and try to balance the overlapping interests of our various stakeholders as their support is necessary for our long term success. Major groups of stakeholders for EBL are as follows:



### Customers

We have an obligation to ensure that the customers we serve are treated fairly and are sold products that are appropriate for their needs. It is far more than a compliance issue but is central to creating a sustainable business. We have a duty to care for our clients, build long-term relationships and provide them with suitable and sustainable solutions for their financial and business needs. We receive customer feedback directly; through various customer events, mystery shopping survey etc. To our clients, we offer competitive interest rates without complicated terms and conditions.

### Shareholders and Financiers

In addition to ensuring a consistent and reasonable rate of return on funds provided by shareholders and financiers, we are committed to maintain a sustainable relationship with them. We offer innovative and suitable products for our financiers. We are transparent; provide accessible information on our company and communicate with shareholders through Annual General Meeting (AGM), Annual Report, shareholder updates, quarterly financial statements and through our website.

### Employees

Our people have always been our most important asset and therefore an important stakeholder. We invest in the personal

and professional development of our people because their capability and commitment define our success. We provide an environment where employees are treated with respect, and diversity and differences are valued. We offer a competitive range of benefits. EBL expects employees to act in accordance with EBL code of conduct, handle their business with integrity, deal with sensitive information appropriately and factor into stakeholders interest in all their actions.

### Business partners and suppliers

We expect our business partners and suppliers to act as responsible corporate citizens and consider social and environmental issues in the dealings we are in depending on the nature and impact of the activities.

### Society and the environment

We want to play a pioneering role in addressing the environmental and social issues being a responsible corporate. Our ambition is to be a trustworthy, transparent and sustainable bank taking action to minimize negative impact on the environment and to contribute to building a sustainable society for future generations. For local communities, we are engaged through donation, education and collaboration with development organization.

### Regulators

We comply with all legal and regulatory aspects of business and aim to maintain strong and open relationships with regulators (Bangladesh Bank, Bangladesh Securities and Exchange Commission) and other supervisory bodies. We are committed to being transparent and meet expectations of regulators.

### Government

The Government is responsible for the framework in which public and private organizations operate; they create legislation and regulations, influencing the way EBL can do business. We hold dialogues with the responsible government representatives of National Board of Revenue on tax related issues and actively try to contribute to developments in the financial sector of our country.

### Rating agency

Rating agency provides EBL a short term and long term credit rating. We therefore have continuous dialogues with our rating agency i.e. CRISL. We always maintain transparency, integrity and accuracy in our reporting to keep our creditworthiness more meaningful.

### Peer banks

We engage with the banking community as counter parties, investors, co-financiers or clients. We are committed to being transparent and a trustworthy partner. Responsibility to our stakeholders include operating with integrity in the money and capital markets that constitute our business arena. We therefore take the utmost care when handling interbank related transaction to safeguard the integrity and reputation of EBL.

## Financial Highlights

BDT Million

Particulars	Group			Bank		
	2013	2012	Change %	2013	2012	Change %
<b>Performance During the Year</b>						
Net Interest Income	4,956	4,886	1.45%	4,892	4,814	1.61%
Non Interest Income	4,626	3,934	17.59%	4,578	3,913	16.99%
Operating Income	9,582	8,819	8.65%	9,469	8,727	8.51%
Operating Profit	5,827	5,614	3.80%	5,788	5,464	5.94%
Profit After Tax	2,535	2,393	5.95%	2,568	2,275	12.87%

### Year End Financial Position

Loan	103,331	96,894	6.64%	102,910	96,720	6.40%
Investments	26,018	21,655	20.15%	25,904	21,655	19.62%
Deposits	117,037	91,435	28.00%	117,102	91,781	27.59%
Shareholders equity	18,559	17,250	7.59%	18,450	17,109	7.84%
Total Assets	158,163	147,044	7.56%	157,882	147,148	7.29%

### Information Per Ordinary Share

Earnings per share (weighted average)	4.15	3.91	6.14%	4.20	3.72	12.90%
Dividend (%)	20%	20%	0.00%	20%	20%	0.00%
Price earning ratio (times)	7.01	8.11	-13.51%	6.93	8.52	-18.66%
Net asset value per share (BDT)	30.37	28.22	7.59%	30.19	27.99	7.84%
Market price per share (BDT)	29.10	31.70	-8.20%	29.10	31.70	-8.20%

### Ratios (%)

Capital adequacy ratio (as per Basel II)	12.01%	12.18%	-1.40%	11.95%	12.05%	-0.85%
Non performing loans	3.58%	3.17%	12.90%	3.59%	3.17%	13.16%
Cost to income ratio	39.18%	37.52%	4.44%	38.87%	37.39%	3.97%

## Reaching Closer: Channel Standing 2013

Branch	ATM	Bills pay	Priority Center	SME Center	Student Center
<b>71</b>	<b>175</b>	<b>42</b>	<b>11</b>	<b>55</b>	<b>3</b>

**Phone Banking (24X7 Contact Center):** Just a call away to 16230

**Internet Banking:** log in from PC or mobile from anywhere in the world

**SMS Banking:** Just an SMS away to 6969

## Five-Year Progression of EBL

BDT Million

PARTICULARS	2013	2012	2011	2010	2009
<b>Balance Sheet Metric</b>					
Authorised capital	12,000	12,000	12,000	12,000	3,300
Paid up capital	6,112	6,112	4,527	2,921	2,496
Shareholders equity	18,450	17,109	14,407	12,084	8,429
Deposits	117,102	91,781	75,536	56,425	49,190
Borrowing	14,080	31,158	21,652	9,257	8,835
Loans and advances	102,910	96,720	81,774	58,607	47,668
Credit to deposit ratio (Gross)	87.88%	105.38%	108.26%	103.87%	96.91%
Credit to deposit ratio - Gross (excluding OBU loans)	79.66%	95.36%	99.86%	95.09%	93.78%
Liabilities to shareholders equity (times)	7.56	7.60	7.16	5.79	7.29
Investments	25,904	21,655	16,910	9,827	8,806
Fixed assets	6,897	5,970	4,453	3,614	1,804
Interest bearing assets	133,057	119,334	104,572	71,759	62,125
Total assets	157,882	147,148	117,601	82,098	69,871
<b>Income Statement Metric</b>					
Net interest income (excluding investment income)	4,892	4,814	3,314	2,973	2,317
Non-interest income	4,578	3,913	4,476	3,487	2,313
Investment income	2,071	1,495	1,970	2,050	955
Non investment income (exchange, fees & charges)	2,507	2,418	2,506	1,437	1,358
Operating income	9,469	8,727	7,791	6,461	4,630
Operating profit (profit before provision and tax)	5,788	5,464	5,107	4,410	2,980
Provision for loans, investment and other assets	953	1,244	978	417	280
Profit before tax	4,836	4,220	4,129	3,992	2,701
Profit after tax (PAT)	2,568	2,275	2,521	2,425	1,455
<b>Capital Metric (As per Basel II)</b>					
Risk weighted assets (RWA)	140,279	129,812	130,351	104,440	73,316
Core capital (Tier 1)	13,245	12,232	10,199	8,375	6,441
Supplementary capital (Tier 2)	3,519	3,414	3,071	2,912	1,875
Total capital / Regulatory capital (Tier 1 and 2)	16,764	15,646	13,270	11,287	8,317
Capital adequacy ratio-solo (regulatory capital/RWA)	11.95%	12.05%	10.18%	10.81%	11.34%
Core capital (Tier 1) to RWA	9.44%	9.42%	7.82%	8.02%	8.79%
RWA to total assets	88.85%	88.22%	110.84%	127.21%	104.93%
<b>Credit Quality</b>					
Non performing/classified loans (NPLs)	3,697	3,071	1,561	1,169	1,172
Specific provision	1,929	1,387	866	611	756
General provision	1,644	1,563	1,541	1,107	876
NPL to total loans and advance	3.59%	3.17%	1.91%	1.99%	2.46%
<b>Trade Business Metric</b>					
Export	74,003	67,518	58,589	39,633	34,548
Import (LC)	112,977	103,171	100,639	70,665	54,370
Guarantee	6,307	6,528	4,497	2,727	1,319

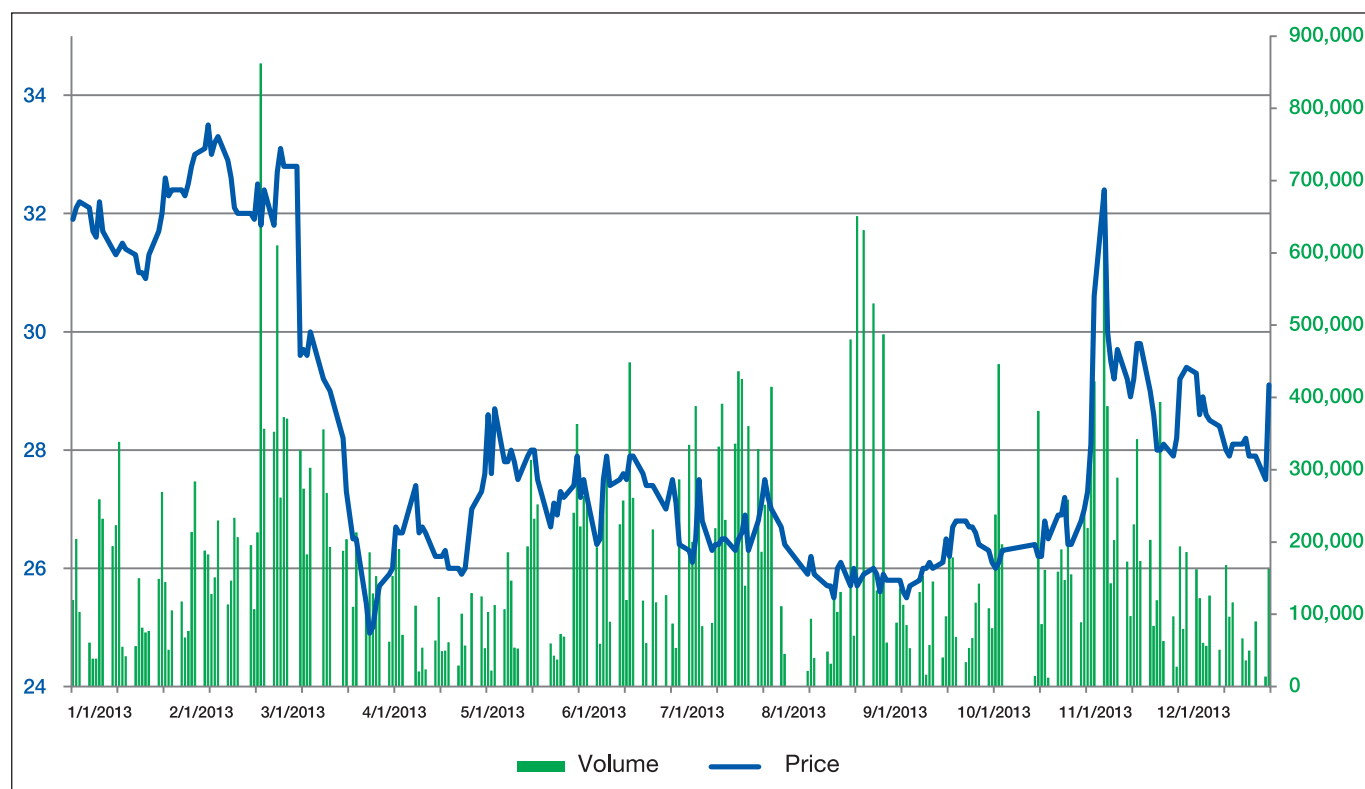
PARTICULARS	2013	2012	2011	2010	2009
<b>Efficiency / Productivity Ratios</b>					
Return on average equity (ROE)	14.44%	14.44%	19.03%	23.64%	22.10%
Return on average assets (ROA)	1.68%	1.72%	2.52%	3.19%	2.34%
Cost to income ratio	38.87%	37.39%	34.44%	32.10%	35.62%
Yield on average loan	13.67%	13.79%	13.40%	12.75%	13.69%
Cost of average deposit	8.24%	9.11%	8.40%	6.74%	8.55%
Net interest margin ratio	3.88%	4.30%	3.76%	4.44%	4.25%
Statutory liquidity reserve ratio	29.87%	22.93%	24.98%	19.93%	23.17%
Cash reserve ratio	6.10%	5.98%	6.00%	5.84%	5.51%
Operating profit per employee	3.86	4.07	4.21	4.53	3.39
Operating profit per branch	81.52	81.55	86.57	89.99	76.41
<b>Share Distribution Metric</b>					
Earnings per share (EPS) in BDT	4.20	3.72	4.12	5.36	5.00
Operating profit per share in BDT	9.47	8.94	8.36	15.10	10.24
Price earning ratio (times)	6.93	8.52	15.97	24.16	12.89
Market price per share (BDT) as on close of the year at DSE	29.10	31.70	65.80	129.40	64.43
NAV (book value) per share in BDT	30.19	27.99	31.82	41.37	33.76
Dividend cover ratio: (EPS/DPS)	2.10	1.86	1.18	0.97	1.35
Dividend (%)	20	20	35	55	37
Cash (%) (proposed for 2013)	20	20	-	-	20
Stock (%)	-	-	35	55	17
Market capitalization (at close of year)	17,785	19,374	29,789	37,795	16,083
Market price to net assets ratio (times)	0.96	1.13	2.07	3.13	1.91
<b>Other Information (Actual Figure)</b>					
No of branches	71	67	59	49	39
No of employees (regular)	1,498	1,343	1,214	973	878
No of deposit accounts	352,627	305,363	218,239	194,351	176,080
No of loan accounts	178,896	132,238	88,375	65,656	35,125
No of foreign correspondents	715	663	660	644	665
Number of ATM	175	160	125	74	57
EBL 365	161	147	104	71	57
SME center	55	50	40	33	23
No of bills pay machine	42	42	27	10	8
No of priority center	11	8	7	6	6



## Market Price Information

Month	DSE			CSE			Total Volume on DSE & CSE
	Month High	Month Low	Total Volume	Month High	Month Low	Total Volume	
Jan-13	32.60	30.90	3,051,800	32.50	31.20	190,898	3,242,698
Feb-13	33.50	31.80	4,061,400	33.70	31.40	347,980	4,409,380
Mar-13	33.10	25.40	4,695,200	32.60	26.80	425,662	5,120,862
Apr-13	27.40	24.90	2,001,800	27.20	24.60	326,782	2,328,582
May-13	28.70	26.70	2,350,800	28.10	26.40	874,846	3,225,646
Jun-13	27.90	26.40	4,234,000	28.00	26.50	574,529	4,808,529
Jul-13	27.50	26.10	5,632,200	27.50	25.80	191,259	5,823,459
Aug-13	27.00	25.50	2,996,400	26.80	25.30	106,739	3,103,139
Sep-13	26.80	25.50	2,974,200	26.50	25.20	191,992	3,166,192
Oct-13	27.20	26.00	2,949,000	27.00	25.20	260,855	3,209,855
Nov-13	32.40	26.80	4,844,800	30.90	26.00	425,970	5,270,770
Dec-13	29.40	27.50	1,949,600	29.00	26.70	105,020	2,054,620

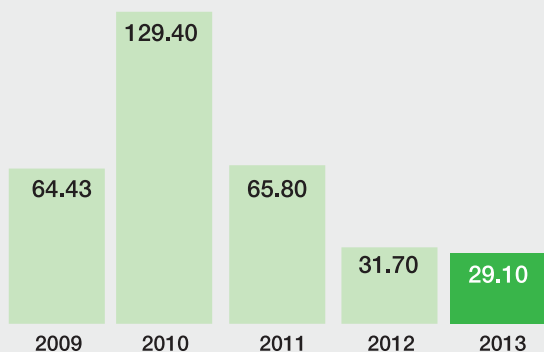
## DSE Price Volume Chart of EBL Share: 2013



## Vital Graphs

### Key Performance Indicators: Per Share

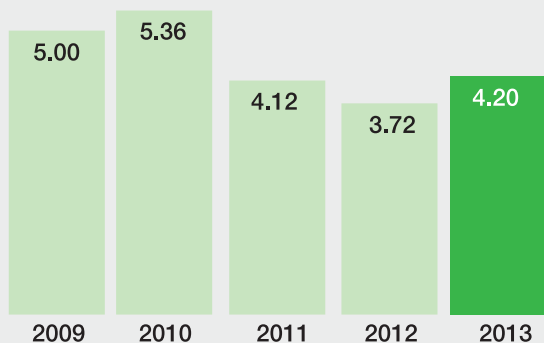
Market price per share  
BDT



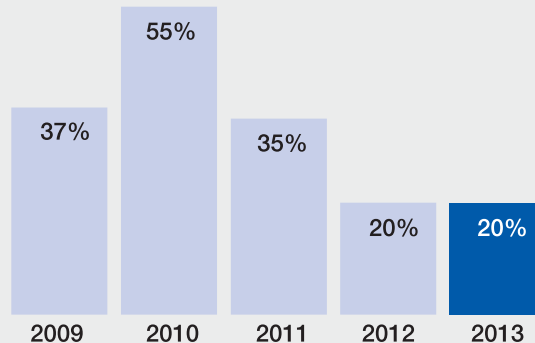
Price earning ratio  
Times



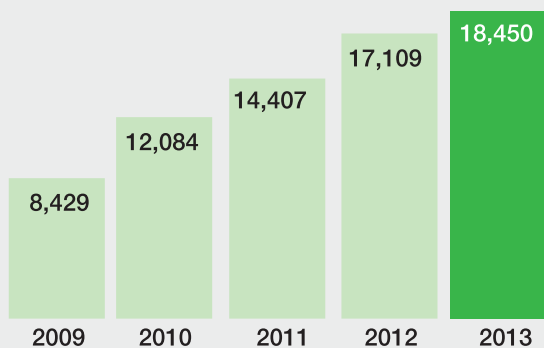
Earnings per share  
BDT



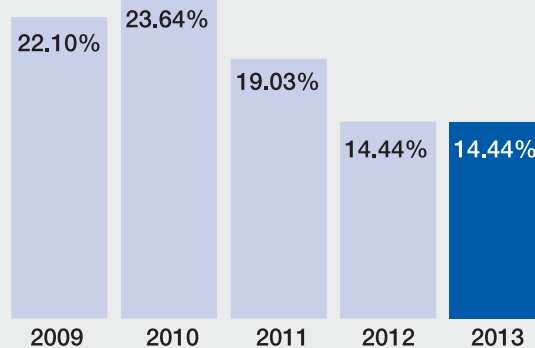
Dividend  
Percentage



Shareholders equity  
BDT million



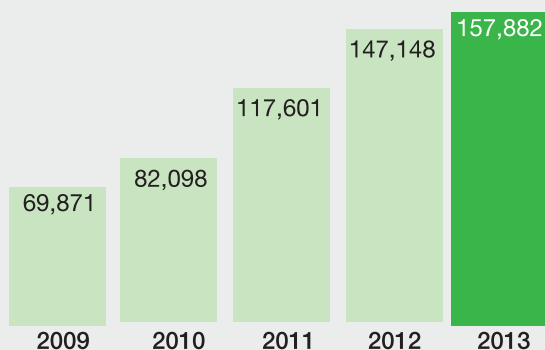
Return on average equity  
Percentage



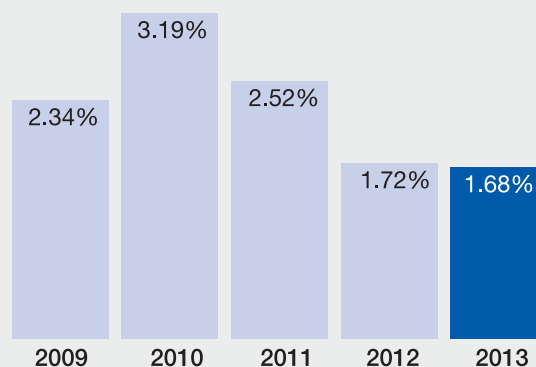
## Vital Graphs

### Year-end Financial Position 2013

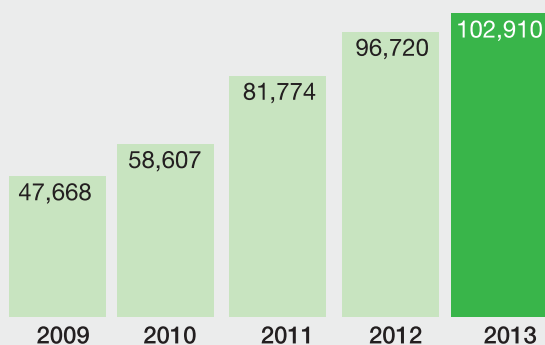
**Total asset**  
BDT million



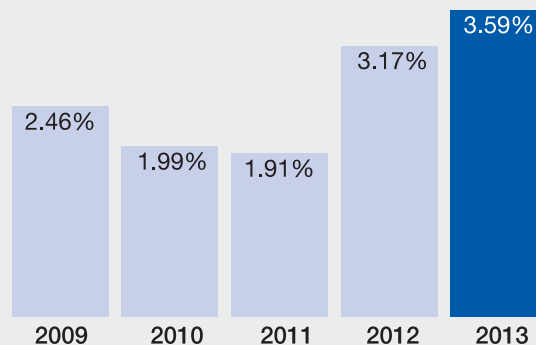
**Return on average assets**  
Percentage



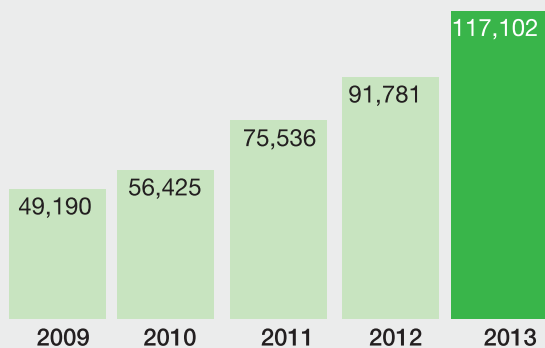
**Loans and advances**  
BDT million



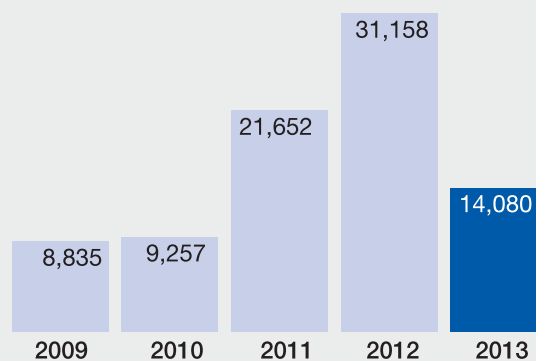
**Non performing loan**  
Percentage



**Deposits**  
BDT million



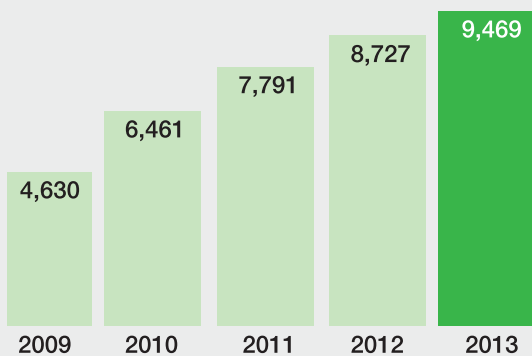
**Borrowing**  
BDT million



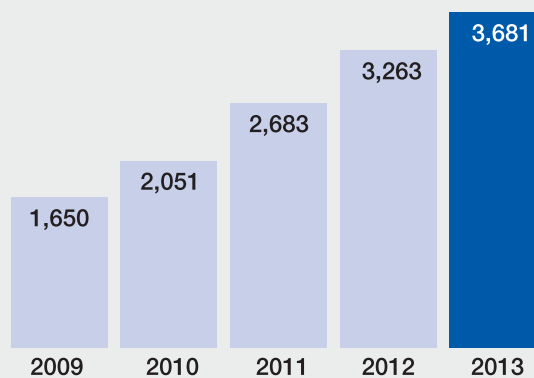
## Vital Graphs

Performance during the year 2013

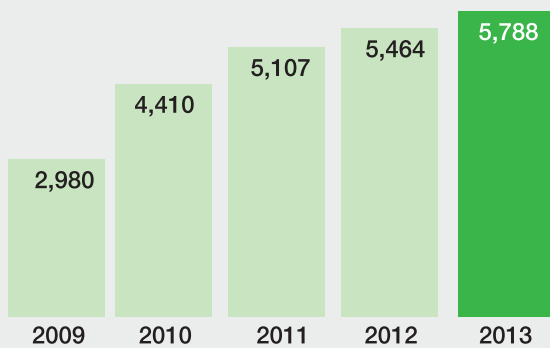
Operating income  
BDT million



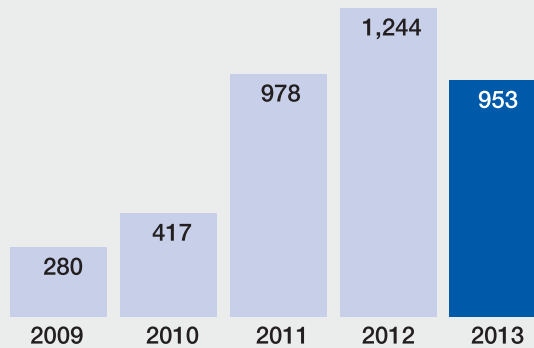
Operating expense  
BDT million



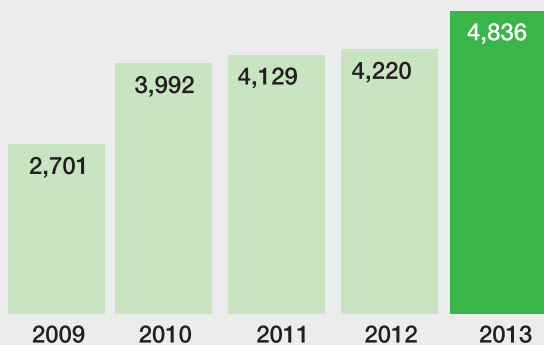
Operating profit  
BDT million



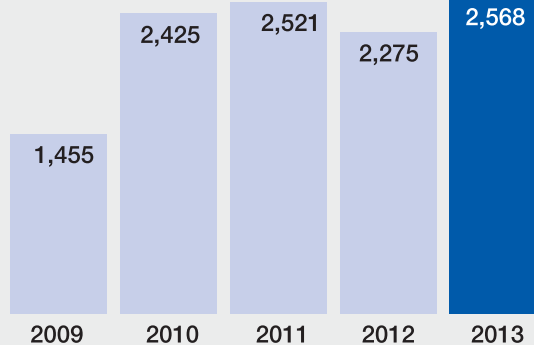
Total provision  
BDT million



Profit before tax  
BDT million



Profit after tax  
BDT million





## Value Added Statement

Value added is the wealth accretion made by Eastern Bank Limited through providing banking and other financial services in 2013 for its employees, directors, government and shareholders in the form of salaries & allowances, remuneration, duties & taxes, net profit after tax respectively and also indicates value of use of fixed assets through depreciation.

Value Added for the year ended 31 December		
Particulars	2013	2012
	Taka	Taka

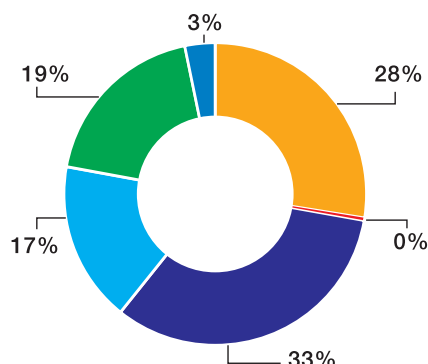
### Wealth creation:

Revenue from Banking services	19,339,742,807	17,559,254,496
Less: Cost of services & supplies	(11,302,397,778)	(10,096,354,197)
	8,037,345,029	7,462,900,299
Non-banking income	45,228,403	51,838,834
Provision for loans & other assets	(952,509,071)	(1,244,305,686)
<b>Total wealth creation</b>	<b>7,130,064,362</b>	<b>6,270,433,448</b>

### Wealth distribution:

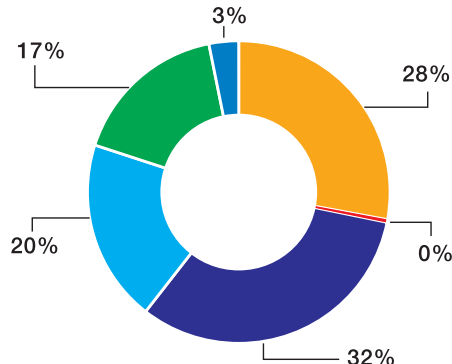
<b>Employees &amp; Directors</b>		
Employees as salaries & allowances	1,963,508,938	1,750,682,613
Directors as remuneration & fees	19,158,517	17,711,880
<b>Government</b>	<b>2,348,830,401</b>	<b>2,027,720,346</b>
Corporate tax	2,267,883,136	1,944,513,381
Service tax/ Value added tax	79,122,032	81,906,916
Municipalities/ local taxes	889,786	533,669
Excise duties	935,446	766,380
<b>Shareholders</b>		
Dividend to shareholders	1,222,359,570	1,222,359,570
<b>Retention for future business growth</b>		
Retained earnings	1,345,504,261	1,052,741,140
Depreciation and amortization	230,702,675	199,217,899
<b>Total Wealth Distribution</b>	<b>7,130,064,362</b>	<b>6,270,433,448</b>

Wealth distribution (%): 2013



- To employees as salaries & allowances
- To directors as remuneration & fees
- To Govt. as tax
- To shareholders as dividend
- Retained earnings
- Depreciation and amortization

Wealth distribution (%): 2012



- To employees as salaries & allowances
- To directors as remuneration & fees
- To Govt. as tax
- To shareholders as dividend
- Retained earnings
- Depreciation and amortization

## Economic Value Added Statement

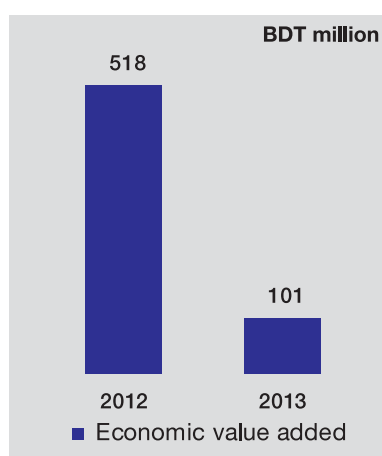
Economic Value Added (EVA) is the measure of financial performance of an organization. It is based on the principle that since a company's management employs equity capital to earn a profit, it must pay for the use of this equity capital. This management tool is useful to shareholders in particular and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

EVA is equal to Profit after Tax (PAT) plus the provision for loans & other assets less written off 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. EBL management is deeply concerned for maximization of wealth of its shareholders and other equity providers.

### EVA statement for the year ended 31 December

Figures in BDT

Particulars	2013	2012
Shareholders equity	18,450,498,173	17,109,339,472
Add: Accumulated provision for loans & advances and other assets	4,481,469,159	3,695,777,983
<b>Capital employed</b>	<b>22,931,967,333</b>	<b>20,805,117,455</b>
Average capital employed / shareholders' equity	21,868,542,394	18,950,598,168
<b>Earnings:</b>		
Profit after tax	2,567,863,831	2,275,100,710
Add: Provision for loans & advances and other assets charged during the year	952,509,071	1,244,305,685
Less: Written off loans during the year	322,366,338	385,918,914
Net earnings	3,198,006,564	3,133,487,481
<b>Cost of equity:</b>		
Average cost of equity (based on weighted average rate of 10 years treasury bond issued by the Bangladesh Government) Plus 2% risk premium	14.16%	13.80%
Capital charge (cost of average equity)	3,096,585,603	2,615,182,547
<b>Economic value added</b>	<b>101,420,961</b>	<b>518,304,934</b>

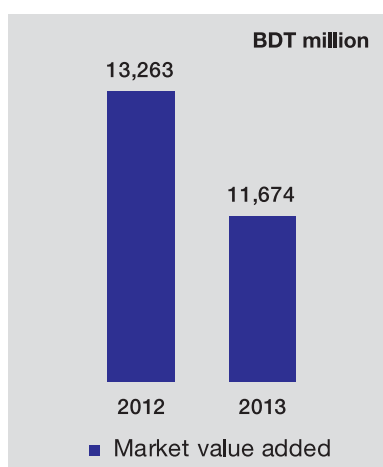


## Market Value Added (MVA) Statement

Market value added statement reflects the company's performance evaluated by the market through the share price. This amount is 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	2013	2012
Face value per share (BDT)	10.00	10.00
Market value per share (BDT)	29.10	31.70
Number of shares outstanding	611,179,785	611,179,785
Total market capitalization (BDT million)	17,785.33	19,374.40
Book value of paid up capital (BDT million)	6,111.80	6,111.80
<b>Market value added (BDT million)</b>	<b>11,673.53</b>	<b>13,262.60</b>



## Financial Goals and Performance (Bank)

Particulars	Goals 2014	Goals 2013	Actual 2013	Actual 2012
Capital adequacy ratio (CAR) %	11% Plus	11% Plus	11.95%	12.05%
Return on average equity (ROE) %	20% Plus	20% Plus	14.44%	14.44%
Return on average assets (ROA) %	2.5% plus	2.5% plus	1.68%	1.72%
Cost to income ratio (%)	Less than 35%	Less than 35%	38.87%	37.39%
NPL to total loans and advance (%)	Less than 3%	Less than 3%	3.59%	3.17%
Weighted average credit risk grade (Number)	4.50	4.50	4.93	4.83
Deposits (BDT million)	126,085	109,524	117,102	91,781
Loans and advances (BDT million)	124,663	107,873	102,910	96,720

## Financial Calendar

### Quarterly Results

Particulars	Submission Date to BSEC
Audited consolidated results for the 4th quarter ended 31 December 2012	March 12, 2013
Unaudited consolidated results for the 1st quarter ended 31 March 2013	May 09, 2013
Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2013	July 25, 2013
Unaudited consolidated results for the 3rd quarter ended 30 September 2013	October 24, 2013

### Dividends

Distribution of 20% cash dividend in respect of financial year ended 31 December 2012	Record date	March 10, 2013
Distribution of Cash Dividend	Disbursement Date	April 07, 2013
21 Annual General Meeting	Notice Date	February 28, 2013
21 Annual General Meeting	Held On	March 31, 2013

### Taxation on Dividend Income

Stock dividend is tax exempted. In case of cash dividend, following is the current deduction of tax 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 Arising From 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 public companies listed with stock exchanges is taxable at the rate of 10%.

### 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 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 Securities (Nos)	611,179,785	611,179,785

### Accessibility of Annual Report 2013

Annual Report 2013 and other information about EBL may be accessed to EBL's website [www.ebl.com.bd](http://www.ebl.com.bd). EBL provides copies of Annual Reports to the Bangladesh 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.



## glimpses of the 21<sup>st</sup> AGM



Registration of shareholders for the 21<sup>st</sup> AGM of EBL in progress.



Directors of EBL and MD& CEO of the bank are seen on the podium at the 21<sup>st</sup> AGM.



Shareholders engrossed in the proceedings of the 21<sup>st</sup> AGM.



A section of the shareholders during the 21<sup>st</sup> AGM of EBL.



A one minute silence being observed in memory of deceased shareholders.



A shareholder reviews the Annual Report of the bank at the 21<sup>st</sup> AGM.

# corporate governance report



DOING BUSINESS ETHICALLY

OVER THE PAST TWO DECADES WE HAVE ADOPTED ETHICAL  
BUSINESS PRACTICES AND ARE COMMITTED TO  
ESTABLISH A VALUES-BASED CULTURE

Adopting ethical  
business  
practices





# corporate governance report

## Corporate Governance Practices in EBL

### Conceptual Framework

Corporate governance (CG) is the system of principles, policies, procedures and clearly defined responsibilities and accountabilities framed 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 (BoD) 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.

### Guiding Philosophy of Corporate Governance Practices

**As a Bangladesh-incorporated bank, EBL is guided in its corporate governance practices mainly by two regulatory bodies: Bangladesh Bank (Central Bank of Bangladesh) and Bangladesh Securities and Exchange Commission (BSEC).**

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, the Board of Directors is currently constituted with 11 directors among whom 10 (ten) are Non-executive directors including the Chairman and 1 (one) is the Managing Director (Ex-Officio). The existing BoD of the Bank includes two Independent Directors as prescribed in the BSEC Corporate Governance Guidelines (No. 1.2), and Section 15 of Bank Company Act 1991 (Amended up to 2013).

### Policy on Appointment of Directors

The members of the BoD of EBL are appointed according to the provision of Companies Act 1994, Bank Company Act 1991 (Amended up to 2013), Corporate Governance Guidelines of BSEC, Guidelines of Bangladesh Bank and Articles of Association of the Bank.

The BoD is comprised of experienced members with diverse professional experience and knowledge such as business, banking and finance, IT, accounting, marketing, administration, engineering which make the Board very proficient and balanced in directing Banks to achieve its desired objectives.

### Retirement and Election of Directors

According to clauses 105 and 106 of the Articles of Association of Eastern Bank Limited, the following directors retired and being eligible for re-election, were re-elected at the 21<sup>st</sup> Annual General Meeting (AGM) held on 31 March 2013.

SL. No.	Name of Director	Mode of Change
1.	M. Ghaziul Haque	Re-elected
2.	Asif Mahmood (Representing Aquamarine Distributions Ltd.)	Re-elected
3.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction (Pvt.) Ltd.)	Re-elected

To comply with the Corporate Governance Guidelines issued by BSEC on 07 August 2012, the BoD appointed Meah Mohammed Abdur Rahim & Ormaan Rafay Nizam as Independent Directors of the Board of EBL which was subsequently approved by the Shareholders in the 21st AGM of EBL held on 31 March 2013.

As per Clauses 105 & 106 of the Articles of Association of the Bank, 3 (three) Directors shall retire by rotation from the office of the Directors in the 22nd AGM.

All the retiring Directors are eligible for re-election in the ensuing 22nd AGM subject to compliance with the BSEC Notifications dated 22 November 2011 and dated 07 December 2011 respectively.

### Non-Executive Director

All the Directors of EBL except the Managing Director & CEO are Non-Executive Directors including the Chairman.

### Independent Directors

EBL encourages effective representation of independent directors in its BoD so that the Board, as a group, includes core competencies considered relevant in the context of banking business. In compliance with the Corporate Governance Guidelines issued by BSEC, Bank

Company Act 1991 (Amended up to 2013) and Corporate Governance Guidelines issued by Bangladesh Bank, the BoD has appointed 02 (two) independent directors which was subsequently approved by shareholders in the 21st Annual General Meeting (AGM). The independent directors being conversant in the field of financial, regulatory and corporate laws enjoy full freedom to carry out their assigned responsibilities. They have more than 12 (twelve) years of corporate management/professional experiences.

### Board meetings and attendance

The Board of Directors holds meetings on a regular basis:

usually twice in a month but emergency meetings are called when required. Management provides information, references and detailed working papers for each item of agenda to all the Directors well ahead of time fixed for the BoD meeting for consideration. In the meeting, the Chairman of the BoD 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 2013, total 25 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.	M. Ghaziul Haque	Chairman	25	23
2.	Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director	25	17
3.	A. M. Shaikat Ali	Director	25	24
4.	Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Director	25	18
5.	A.Q.I. Chowdhury, OBE (Representing Namreen Enterprise Ltd.)	Director	25	16
6.	Salina Ali (Representing Borak Real Estate (Pvt.) Ltd.)	Director	25	12
7.	Meah Mohammed Abdur Rahim	Independent Director	25	17
8.	Asif Mahmood (Representing Aquamarine Distributions Ltd.)	Director	25	15
9.	Ormaan Rafay Nizam	Independent Director	25	14
10.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction (Pvt.) Ltd.)	Director	25	20
11.	Ali Reza Iftekhar	Managing Director & CEO	25	25

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

### Attendance of HoF and CS in Board Meeting

The Head of Finance (HoF) and the Company Secretary (CS) of the Bank attend the meetings of the Board of Directors, provided that the Head of Finance and/or the Company Secretary do not attend such part of a meeting which involves consideration of an agenda item relating to their personal matters.

### Ownership Composition

As on 31 December 2013 the Directors of Eastern Bank Limited held 31.57% of total shares whereas Financial Institutions and General Public is holding 11.49% and 56.94% respectively:

Sl.	Composition	31-12-2013		31-12-2012	
		No of Shares Held	% of total shares	No of Shares Held	% of total shares
1	Directors	192,923,886	31.57%	192,923,886	31.57%
2	General Public	348,023,246	56.94%	342,083,464	55.97%
3	Financial Institutions	70,232,653	11.49%	76,172,435	12.46%
	<b>Total</b>	<b>611,179,785</b>	<b>100.00%</b>	<b>611,179,785</b>	<b>100.00%</b>

### Directors' Shareholding Status

In compliance with SEC Notifications dated 22 November 2011 and dated 07 December 2011, all the eligible directors

(other than independent directors) of EBL have been holding required percentage of shares individually (minimum 2%) as well as jointly (minimum 30%).



Shareholding structure of directors is as follows:

Sl.	Name	Position	31-12-2013	
			No of Shares Held	% of total shares
1.	M. Ghaziul Haque	Director	19,625,599	3.21%
2.	Mir Holdings Ltd. (Represented by Mir Nasir Hossain)	Director	30,476,236	4.99%
3.	A. M. Shaikat Ali	Director	12,518,491	2.04%
4.	Namreen Enterprise Ltd. (Represented by Md. Showkat Ali Chowdhury)	Director	60,908,280	9.97%
5.	Namreen Enterprise Ltd. (Represented by A.Q.I. Chowdhury, OBE)	Director		
6.	Borak Real Estate (Pvt.) Ltd. (Represented by Salina Ali)	Director	29,315,925	4.80%
7.	Meah Mohammed Abdur Rahim	Independent Director	36,869	0.01%
8.	Aquamarine Distributions Ltd. (Represented by Asif Mahmood)	Director	12,466,796	2.04%
9.	Ormaan Rafay Nizam	Independent Director	-	-
10.	Purnima Construction (Pvt.) Ltd. (Represented by Gazi Md. Shakhawat Hossain)	Director	27,575,690	4.51%
11.	Ali Reza Iftekhar	Managing Director & CEO	-	-
	<b>Total</b>		<b>192,923,886</b>	<b>31.57%</b>

### Shareholding of CEO, HoF, CS, Head of ICC and top 5 Salaried Executives

Please refer to Note 14.1 to the Financial Statements of 2013.

### Separation of Chairman and Chief Executive Officer Roles

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and Clause 1.4 of BSEC CG Guidelines dated 07 August 2012, we report that the Chairman of the Board Mr. M. Ghaziul Haque has been elected from among the Directors and there are clear and defined roles and responsibilities of the 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, CSR and organizational 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, BSEC 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.

### Roles and Responsibilities of the Board of Directors

The major roles and responsibilities of the Board, among others, are to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. The roles and responsibilities of the Board of Directors are outlined below (but not limited to) in compliance with Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013:

- Work planning and strategic management
- Lending and Risk Management
- Internal Control Management
- Human Resources Management and Development
- Financial Management
- Formation of Supporting Committees
- Appointment of Independent Directors

- Appointment of Alternate Directors
- Appointment of Managing Director & CEO

### Responsibilities of the Chairman of the Board

To set out the following responsibilities, BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC on 07 August 2012 has been taken into consideration.

#### The overall responsibility of the Chairman is to:

- Ensure that the Board sets and implements the Bank's direction and strategy effectively.
- Act as the Bank's lead representative, explaining aims and policies to the Shareholders.
- Ensure no participation in or interfere into the administrative or operational and routine affairs of the Bank.

#### The specific responsibilities of the Chairman, among others, are to:

- Provide overall leadership to the Board, supplying vision and imagination, working closely with the CEO.
- Take a leading role in determining the composition and structure of the Board which will involve regular assessment of the:
  - size of the Board,
  - interaction, harmony and involvement of the Directors.
- Set the Board's Agenda and plan Board Meetings.
- Chair all Board Meetings, directing debate towards consensus.
- Ensure the Board receives appropriate, accurate, timely and clear information.
- Chair the AGM and other Shareholders' Meetings to foster effective dialogue with Shareholders.
- Ensure that the views of shareholders are communicated to the Board as a whole.
- Work with Chairman of Board Committees.
- Conduct (if required) on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the Board.

### Roles and Responsibilities of CEO, HoF, CS and Head of ICC

The Board of Directors of EBL clearly defined and approved the respective roles, responsibilities and duties of Chief Executive Officer (CEO), Head of Finance (HoF), Company Secretary (CS) and Head of Internal Control & Compliance (ICC).

#### Appointment of HoF, Head of ICC and CS

The Bank appointed a Head of Finance, a Head of Internal Control & Compliance and a Company Secretary as per the policy of the Bank and other regulatory laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities.

### Independence of Non-Executive Directors

All the Non-Executive Directors enjoy full freedom to carry out their coveted responsibilities. They attend Board meetings regularly and participate in the deliberation and discussions effectively. They actively involved in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank. However, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

### Annual Appraisal of the Board's Performance

At AGM shareholders critically appraise the performance of the Board freely through evaluation of financial position and performance of the bank, its adequacy and effectiveness of internal control system and overall governance mechanisms. The shareholders also raise their queries to the BoD in AGM and the Chairman of BoD duly makes responses on the said queries.

The performance of the Board is appraised based on certain parameters such as shareholder return, share price, return on capital employed, earnings per share etc. of the bank. The attendance of Directors and their active participation in the meeting on various agenda is ensured in every Board meeting. The Board approves annual budget at the beginning of each year and monitors the status of the same on quarterly basis to ensure achievement of the target. The Board's performance is greatly dependent on the achievement (under or over) of budgeted target. Besides, the performance reports of supporting committees of the Board are also placed in the Board meeting through which the performances of the Board members are regularly assessed.

### Annual Evaluation of the MD & CEO by the Board

The Board of Directors of EBL clearly defined and approved the roles, responsibilities and duties of Chief Executive Officer (CEO). Based on these assigned responsibilities, BoD makes annual evaluation of MD & CEO. Furthermore, the performance evaluation of the MD & CEO is done by the Board through various reports like financial position and performance report of the Bank, knowing update of various assignments given by the Board to the CEO and the Management from time to time and doing variance analysis of Budget with Actual result and steps taken by CEO to achieve the Budgeted target. Among the financial parameters, NPL ratio, Growth of Loan & Deposit, Cost to Income Ratio, Loans write off and its recovery, Capital Adequacy Ratio, Credit to Deposit Ratio etc. are the common ones.

### Policy on Training of Directors

The policy on training of Directors includes providing training and information on the latest update related to banking business such as relevant laws, policy guidelines, circulars, rules and regulations issued by the regulatory authorities; so that they could effectively discharge the responsibilities as a Director of the Bank. Sometimes special discussion sessions are arranged with the experts regarding highly technical and recent arguable issues. They also participate in the programs and seminars organized by various professional bodies

at home and abroad on business, economic, technical, professional and corporate governance issues.

## Directors' Knowledge and Expertise in Finance and Accounting

Two Directors in the Board of the Bank obtained post-graduation major in Accounting from the University of Dhaka. They have expertise in the field of accounting and finance. Other Directors, majority of whom are either successful entrepreneurs or seasoned professionals, are also well conversant in the field of business, economics and administration.

## Directors Report on Compliance with Best Practices on Corporate Governance

The status of compliance of corporate governance guidelines issued by Bangladesh Bank has been presented in page no. 80-87 and the guidelines issued by BSEC have been presented in page no. 88-93. Rahman Rahman Huq, Chartered Accountants, duly certified the compliance status of corporate governance guidelines and issued a report which is presented in page no. 94.

## Vision, Mission and Strategy of the Bank

- The vision and mission statement of the Bank approved by the Board of Directors is presented in page no. 11-13 of this annual report. The said statements are also disclosed in Bank's website and other related publications.
- Strategic priorities which are time to time directed by the Board have been presented in page no. 14 of this annual report.
- Our sector wise business objectives, strategies, priorities and future business outlooks have been elaborately described in "Management Discussion and Analysis" section of this annual report.

## Board Committees and their Responsibilities

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank issued a circular (BRPD Circular No. 11 dated 27 October 2013) wherein it restricted banks to form more than three committees or sub-committees of the Board.

To ensure proper accountability and transparency through 'due diligence', EBL has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee mainly to oversee and direct the operations, performance and strategic direction of the Bank. The composition of the said Board Committees is presented in the page no. 17.

### The Executive Committee (EC)

#### • Appointment and Composition

In Compliance with Section 15B (2) of The Bank Company Act (amended up to 2013) and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of EBL has re-constituted the Executive Committee (EC) of the Board in 2013 with four members (maximum limit is seven members). None of them are the members of Audit Committee of the

Board. The Company Secretary acts as the secretary of the committee.

The EC is comprised of 3 (Three) Non-Executive Directors and Managing Director of the Bank. Details of EC members are stated in page no. 17.

#### • Meeting and Responsibilities of EC

The EC of a larger sized BoD usually acts as a proxy for full BoD, can attend a meeting with short notice and take decisions to ensure smooth flow of banking businesses. However, any decision taken by the committee has to be subsequently ratified by the full Board.

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 were not so many urgent issues for EC to deal with during 2013. Hence, only one EC meeting was held during the year 2013.

### Audit Committee (AC)

The Audit Committee of the Bank carries out its functions based on the Terms of Reference (ToR) approved by the Board and is accountable to the Board of Directors of the Bank. The quorum of the AC meeting shall not constitute without at least 01 (one) Independent Director. The Company Secretary acts as the secretary of the committee.

#### • Appointment and Composition

In compliance with Bangladesh Bank BRPD Circular No.11 dated 27 October 2013, Audit Committee (AC) of EBL Board has been re-constituted by the BoD in November 2013 to review and oversee company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. independently. Details of AC members are stated in page no. 17.

#### • Chairman of the AC

The Chairman of the AC is an Independent Non-executive Director who performs his duties with full freedom.

#### • Members are Non-Executive Directors

All members of the AC are Non-executive Directors. No Executive of the Bank is eligible to become a member of the AC. Also, no member of EC has been nominated as the member of the AC.

#### • Qualification of Members of AC

All members of the AC are financially literate and one member has post-graduation degree in Accounting. Moreover, all members of the AC have reasonable knowledge on banking business, its operations, and risks involved in it.

#### • Terms of Reference (ToR) of AC

The ToR of the AC has been framed by considering the provisions of BRPD Circular No. 11 dated 27 October 2013, Corporate Governance Guidelines issued by BSEC on 07 August 2012, and other best practice corporate governance guidelines and standards. Some important roles and responsibilities of AC as per ToR have been described in "Report of the Audit Committee" section of this annual report.

- **Internal Control & Compliance Division's Access to AC**

The Head of Internal Control & Compliance (ICC) and the Head of Internal Audit have direct access to the AC as and when required. In addition, the AC meets the head of ICC and the head of Internal Audit at least once in a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.

- **Objectives and Activities of the AC**

The AC regularly reviews the internal control systems of the Bank and also reviews along with the management, the quarterly, half yearly and annual financial statements of the Bank before submission to the Board for approval. The objectives and activities of the AC have been described in “**Report of the Audit Committee**” section of this annual report.

- **Meeting of the Audit Committee**

The Audit Committee of EBL held 12 (twelve) meetings in the year 2013 and had detailed discussions and review session with the Head of Internal Control & Compliance, Head of Internal Audit, 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 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 major areas focused by the AC during the year 2013 have been presented in “**Report of the Audit Committee**” section of this annual report.

### **The Risk Management Committee (RMC)**

- **Appointment and Composition**

In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of EBL has constituted, for the first time, a three members Risk Management Committee (RMC) of the Board on 07 November 2013 (maximum limit is five members). The RMC has been formed to reduce probable risks which could be arisen during implementation of Board approved policies, procedures and strategies. The RMC is entrusted to examine and review whether management is properly working on identification, management and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate provision and capital against the said risks.

All three members of this RMC are Non-Executive Directors of the Board and details of RMC members are stated in page no. 17.

- **Responsibilities of RMC**

- It is the responsibility of RMC to identify and assess risk of the bank and guide management to formulate

strategies for minimizing/ controlling of risk. The committee shall review the risk management policy of the bank and modify the same as per requirement.

- For controlling of risk, it is the responsibility of RMC to ensure suitable administrative structure at the bank. To ensure the compliance of risk management guidelines relating to credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk and information and communication technology risk, the RMC shall form separate committees at the management level and also monitor their activities.
- RMC shall review the risk management policy and guidelines of the bank at least once in a year, make necessary modifications as per requirement and submit the same to the Board for approval. Besides, the committee shall review the approval limits of loan and others and take necessary initiatives to modify the same as per requirement.
- The committee shall review and examine the system regarding preservation of information and reporting of the management and made approval of the same.
- The committee shall monitor the overall implementation of risk management policy of the bank and also examine whether remedial measures have been taken for minimization of credit risk, market risk and operation risk of the bank.

- **Meeting of the RMC**

The committee is entitled to conduct at least four meetings in a year and call meeting at any time as per requirement. The committee can call the chief executive, chief risk officer or any executive to attend the committee meeting.

### **No Remuneration Committee but Activities**

As the Bank is restricted (by Central Bank) to have more than three sub-committees of the Board, the Board oversees the recruitment and remuneration process of the employees by reviewing and approving of the following:

1. Human Resources (HR) Policies i.e. “People Management Manual” of the Bank.
2. Directly involved in recruitment, promotion and remuneration process of top executives (Up to two-level below the rank of the Managing Director & CEO) as per the Bangladesh Bank Circular (BRPD Circular No.11 dated 27 October 2013).
3. Other than the above as mentioned in (2), all appointments, promotions and fixing remuneration are made by the Managing Director & CEO of the Bank as authorized by the Board.
4. Board also approves the appointment of Management Consultants one-off basis for conducting periodic (usually once in every two years) Salary Survey to determine EBL's competitive position with peer Banks in the industry. Based on the Survey Result, Board approves required adjustments to existing benefit packages for the employees of the Bank.



## Benefits provided to Directors and Managing Director

According to the Circulars and Guidelines issued by Bangladesh Bank from time to time, banks in Bangladesh can only provide the following facilities to the Directors:

- **Chairman:** The Chairman of the Board of Directors may be provided an office chamber, private secretary, office assistant, a telephone in office and a full time car and a mobile phone to be used within the country.
- **Directors:** Directors are entitled to fees and other benefits for attending the Board/support committee (EC/ AC/ RMC) meetings (Notes to the Financial Statements No. 38).
- **Managing Director & CEO:** Managing Director is paid salary, allowances and other facilities according to his service contract as approved by the Board and Bangladesh Bank. (Notes to the Financial Statements No. 37).

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

## Establishment and Review of Internal Control System

EBL has a sound system of internal control to safeguard shareholders' investments, customer deposits and the Bank's assets. The Board of Directors of EBL retains the ultimate responsibility for its operations, though has delegated to the Audit Committee for the review of the adequacy and effectiveness of the system of internal controls.

A detail review of internal control system has been presented in **"Directors Report"** of this annual report.

## Risk Management

The Risk Management Committee (RMC) of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time. The Risk Management Unit (RMU) of EBL is responsible for management, integration and monitoring of all risks within the risk appetite set by the RMC. Risk management functions are subject to continuous scrutiny of the Internal Control & Compliance Division (ICCD) to ensure appropriateness and integrity of the risk management mechanism.

The risk management system of EBL has been described in **"Risk Management and Control Environment"** section of this annual report.

## Appointment of External Auditors

The Board of Directors of EBL in the 21st AGM held on 31 March 2013 appointed Hoda Vasi Chowdhury & Co., Chartered Accountants (an Independent Correspondent Firm to Deloitte Touche Tohmatsu) as the statutory auditors for the year 2013.

## Services not provided by External Auditor

Complying with provision 4 of BSEC guidelines we declare that Hoda Vasi Chowdhury & Co., Chartered Accountants, involved in statutory audit, was not engaged in any of following services during 2013:

- 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.
- Audit/ certification services on compliance of corporate governance guidelines issued by BSEC.
- Any other service that the Audit Committee determines.

No partner or employees of the Hoda Vasi Chowdhury & Co., Chartered Accountants, possesses any share of the EBL during the tenure of their audit assignment at EBL.

## Highlights on Central Bank Inspections

Bangladesh Bank carried out a comprehensive inspection of EBL Head Office and 17 branches in 2012, 05 branches in 2013 and 08 core risks based on 30-06-2013 financials and information along with Foreign Exchange & Trade, Dhaka. They submitted their detailed inspection report during 2012 and 2013 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 undertook financial transactions with some entities or persons that fall within the definition of 'Related Party' as contained in BAS 24 (Related Party Disclosures) and relevant provisions of Bank Company Act 1991 (amended up to 2013) and Bangladesh Bank BRPD Circular No. 14 dated 25 June 2003. As on the reporting date, the Bank had funded and non-funded exposures with its subsidiaries, non-funded exposures to some current and ex-directors and credit card limit to some of its Directors. Besides, the Bank had procured some goods and services from the entities of related party during 2013. Please refer to Annexure C1 of financial statements for details of related party transactions.

## Ethics and Compliance

### Code of Conduct and Ethical Guidelines

EBL has written Code of Conduct and Ethical Guidelines for the Board of Directors and Employees of the Bank. The basic premise of the code of conduct of EBL is that each employee, while on the payroll of EBL, shall place EBL ahead of his/her personal interest. The management relies on each of the employees to make a judgment of what is right and proper in any particular situation.

- **Compliance of Code of Conduct and Ethical Guidelines**

The Board of Directors complies with all applicable Laws and Regulations of the land and with the Memorandum and Articles of the Bank and the policies of the Bank adopted by the Board from time to time.

All employees of the Bank maintain the Code of Conduct and demonstrate highest Ethical standards. The employees of the Bank undertake at all times to comply with or observe all applicable laws and regulations of the country and the Bank, everywhere they operate. They maintain books and records with integrity and ensure accuracy and timeliness of all transactions. They do not share the Bank's plans, methods and activities, which considered by the management to be proprietary and confidential. An employee is not encouraged to accept gift, benefit, hospitalities, invitation to meals or offers for travel and lodging from our customers or persons intend to have business dealing with the Bank.

- **Effective Anti-Money Laundering and Anti-terrorism Program**

The bank has established separate Central Compliance Unit (CCU) and appointed a senior official as Head of CCU to ensure compliance of Anti-Money Laundering Prevention Act and Anti-Terrorism Act.

The CCU nominates Department Anti-Money Laundering Compliance Officer (DAMLCO) and Branch Anti-Money Laundering Compliance Officer (BAMLCO) and guides them about their day to day compliance activities.

The CCU arranges DAMLCO and MAMLCO conference every year and train up bank employees through in-house experts and also hires experts from BB.

- **Whistleblowing and Anti-Fraud Program**

The Audit Committee of the Board reviews the Bank's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit Committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. The Audit Committee also reviews the Bank's procedures for detection and prevention of fraud.

The Internal Control & Compliance Division (ICCD) of the Bank always engage in examination of whether any fraud-forgery or irregularities is going on in the Bank. The ICCD also conducts special audit or investigations as instructed by the Board or Audit Committee of the Bank. The ICCD submits reports upon the observations they detected throughout their audit to the Audit Committee at a regular interval.

## Human Capital

Employee first is the bracing motto of EBL. We believe that the source of our competitive advantage lay deep inside our company, in our people. Our core brand has always been our employees, appreciated for their passion to perform. For us employees are the best brand. We do not offer our employees a job, we offer them a career. We have highest per employee

productivity in the banking industry for last 7 years. In 2012 our HR policy and practices got international recognition when we were awarded the Asia's Best Employer Brand Award at World HRD Congress in Singapore. Our Human Resources Division is also the first in Bangladesh to achieve ISO certification for its commitment to quality HR Practice in People Management.

The details discussion on the bank's "Human Resources" has been presented in page 132-135 of this annual report.

## Communication to Shareholders and Other Stakeholders

- **Policy on Communication with Shareholders and Other Stakeholders**

The Share Department (which is under the Board Secretariat) of the Bank plays an instrumental role to make effective communication with its shareholders and other stakeholders. Shareholders and other stakeholders of the Bank may contact to this Department within office hour for any sort of information and queries. Common services include but not limited to allow or rejection of transfer or transmission of shares, issue of duplicate certificates, allotment of shares issued from time to time, opening and operation of bank accounts for payment of dividend, redemption of paper shares and the listing of securities on stock exchanges etc. Furthermore, EBL provides updated information in its website from time to time for the shareholders and other stakeholders of the Bank.

- **Policy on Ensuring Participation of Shareholders at AGM**

To ensure effective and efficient participation of shareholders in AGM, EBL publishes notice of AGM in daily newspapers with necessary details within reasonable time-frame. The arrangement of AGM normally takes place in a well-known place and at convenient time. Annual Reports are circulated as per the provision of Companies Act 1994, so that shareholders would get sufficient time to go through the report and freely provide their valuable comments and suggestions in the AGM.

The Glimpses of the 21st AGM have been presented in "Stakeholders' Information" section of this annual report.

- **Redressal of Shareholders Complaints**

Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports, and dividends timely and other share related matters is resolved lawfully in time.

The Company Secretary of EBL plays the role as a Chief Compliance Officer in handling any such issue related to our shareholders, investors etc.

## Environmental and Social Obligations

We believe that every small "GREEN" step taken today would go a long way in building a greener future. As an environment responsive Bank we initiated Go Green campaign in our Bank. EBL is the first Bank to claim refinance from the Central Bank for carbon credits. A detailed description regarding environmental and social obligation has been presented in "Sustainability Report" and "Corporate Social

**Responsibility”** sections of this Annual Report.

## 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 shareholders. Besides conventional segregation of functional departments, EBL has some designated committees entrusted with specific objectives. The composition of all these committees is presented in the page number 28.



### The Management Committee (MANCOM)

**MANCOM** is considered the highest decision and policy making authority of the management which consists of the CEO and different business and support unit heads. The major roles and responsibilities of MANCOM are as follows:

- 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.
- Discuss and approve Budget before forwarding to Board.
- Consider and propose innovative projects, products and services as well as management methodology and business strategies to the Board of Directors (if needed).
- Acting Managing Director can preside over the MANCOM meeting in absence of MD.

### Expanded Management Team (EMT)

Expanded Management Team (EMT) is a platform to enhance leadership capability of the potential individuals to drive business results. The team is represented by member(s) from every division and is accountable to Management Committee for its deliverables. Chairman of this EMT is a MANCOM member by default who acts as a bridge between EMT and MANCOM. EMT comprises mid-level managers (28 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 (BRMC)’ to ensure proper and timely identification, measurement and mitigation of risks exposed by the bank in a comprehensive way. At present, this committee is

being headed by the Head of ICC. The major roles and responsibilities of BRMC are as follows:

- Review the organizational structure covering all individuals involved in risk taking as well as managing of it.
- Review and recommend establishing/formulating of overall risk assessment and management policies, methodologies, guidelines, and procedures in line with Bangladesh Bank guidelines for identification, measurement and monitoring of risks.
- Review Bank’s risk appetites and recommend necessary changes to retain Bank’s exposure within the acceptable level of risks as set by risk appetites.
- Endorse portfolio objectives in line with Bank’s agreed risk appetites, and recommend tolerance limits/ benchmarks for each type of risk.
- Assist development of effective and efficient information system/ MIS inflow process and data management capabilities to support the risk management functions of the bank.

### Asset Liability Committee (ALCO)

ALCO of EBL was engaged with full of activity in setting strategies and revamping previously taken strategies to cope with current market scenario. The major roles and responsibilities of ALCO are as follows:

- 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.

### Bank Operational 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 operational risks. The major roles and

responsibilities of BORC are as follows:

- 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.

#### **Purchase Committee (PC)**

The six member Purchase Committee (PC) drawing members from Administration, Operations, Finance, Engineering, IT and Brand & Communication, plays an instrumental role in the procurement procedure of the Bank. The main objectives of this committee are to contribute towards sustainable development of the Bank following Board approved procurement policy and ensure that value for money is achieved in all procurement activities. The major functions of the committee are as follows:

- 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.
- 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.

#### **BASEL III Committee**

The seven members BASEL III Committee has been formed drawing members from CRM, Operations, Finance, Treasury, RMU and IT to play an instrumental role regarding implementation of BASEL Guidelines as per the requirements of Bangladesh Bank from time to time. The committee was

approved by the Board in its 513th meeting dated 17 July 2013. This committee will work as SRP (Supervisory Review Process) Team which will be headed by MD & CEO. The major roles and responsibilities of BASEL III Committee and SRP Team are as follows:

- Implementation of BASEL Guidelines as per the requirements of Bangladesh Bank from time to time.
- Coordination of functions related to risk review process and capital planning.
- Review and recommendation of ICAAP (Internal Capital Adequacy Assessment Process).
- Oversee the adequacy of risk governance framework to meet minimum requirements under BASEL guidelines applicable in the country.
- Ensure inclusion of SRP implementation agenda in each meeting of the Audit Committee.
- Placement of annual ICAAP document to Board of Directors for approval.
- Engage in the dialogue with Bangladesh Bank SREP team, when required.
- Any other activity required to comply with Bangladesh Bank and other regulatory requirement.

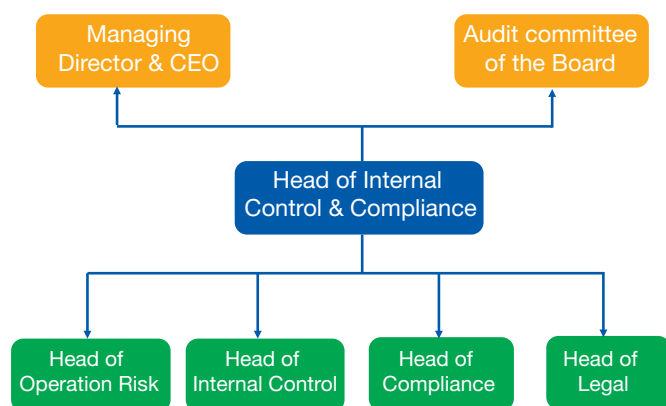
#### **Internal Controls: the watchdog of transparency and accountability**

Effective internal control system results in better risk management practices in terms of identification, measurement, monitoring and mitigation of risks. Internal Control and Compliance (ICC) Division of EBL continually recognizes and assesses all of the material risks that could adversely affect the achievement of the Bank's goals. The risk assessment by internal control focuses more on compliance with regulatory requirements, social, ethical and environmental risks that affect the banking industry. It ensures reliable financial and managerial information that promote better strategic decision for the Bank. ICC ensures compliance with laws and regulations, policies and procedures issued by both the bank management and the regulators. Better internal controls may enable a business to engage safely in more profitable activities that would be too risky for a competitor without those controls. ICC enhances public confidence over the banks and facilitates risk based bank examination.

At EBL, the Head of ICC 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.

Based on the size of the Bank and its requirement ICC of EBL comprises of four units i.e. Operation Risk Unit, Compliance Unit, Internal Control (it comprises audit unit) Unit and Legal Unit.





**Operation Risk Unit (ORU):** This unit is responsible to monitor the operations risk of various branches, units and departments of the Bank. They set the strategy, collect relevant data and analyze those to assess the risk of operational area of the Bank. ORU normally uses the following four steps to conduct their activities:

1. Identification of operation risk
2. Assessment of risk identified
3. Mitigation or control of risk identified
4. Monitoring of mitigation or control steps taken

In case of any lapses/ irregularities found, ORU takes appropriate corrective measures within the respective business/operation areas. If they find any significant operational lapses, they recommend the issue to the higher management (MANCOM/BORC) through Head of ICC for immediate resolution of the same. Some major tools of this unit are as follows:

- A framework for business and support functions to identify their major operational risks and mitigation plans.
- Branch/ Departmental Control Function Checklist (DCFCL).
- Prime Risk Indicator (PRI).
- Quarterly Operation Report (QOR).
- Spot check/ Surprise visit.
- Incident Report etc.

**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 functions of this unit are as follows:

- Ensure compliance of all Comprehensive and Special Inspection reports 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.
- Review of Policies/ Guidelines and PPGs of the Bank.
- Arrange various training for the employees of the Bank.
- Arrange training of Anti Money Laundering as a “Lead Bank”.
- Support and advice departments and branches in complying with their various regulatory and other compliance issues as required.
- Follow up of Bank’s regular and ad hoc submission of returns/ reports/ queries to Bangladesh Bank and other regulatory bodies.

**Internal Control (Audit) Unit:** Audit unit of EBL is applying risk based internal audit methodology for doing their audit functions. Risk based internal audit includes, in addition to selective transaction testing, an evaluation of the risk management systems and control procedures prevailing in various areas of the Bank’s operations. Under risk-based internal audit, the focus shifts from the full-scale transaction testing to risk identification, prioritization of audit areas and allocation of audit resources in accordance with the risk assessment. While focusing on effective risk management and controls, risk-based internal audit would not only offer suggestions for mitigating current risks but also anticipate areas of potential risks and play an important role in protecting the bank from various risks.

Annual audit plan is prepared by considering all risk areas and their prioritization based on the level and directions of risks. For example, high risky branch or department (based on previous audit rating, higher management’s and regulatory requirement) is to be audited at shorter intervals as compared to medium or less risky branch or department, as applicable. This annual audit plan is approved by the bank’s senior management and by the Audit Committee of the Board before starting of New Year.

**Results and status of internal audit in 2013:** In 2013, 67 branches and 49 divisions/ departments/units were audited by the audit unit of the Bank as per audit plan. After finalization of audit report, audit rating is calculated based on audit findings and EBL Audit Policy and Guidelines and this rating is informed to the related management with audit report.

Major audit 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 relevant laws and regulations etc. The deficiencies identified during the audits are notified to the appropriate level (business heads) and significant audit findings are reported to the Managing Director & CEO and to the Audit Committee as well.

**Legal Unit:** This Unit plays a significant role ensuring legal support to all branches & departments of EBL and maintaining liaison with different regulatory bodies such as Bangladesh Bank, tax authority, Ministry of Finance, Anti-Corruption Commission, CID, Police, Central Intelligence Cell etc. by mitigating their queries regarding illegal & irregular transactions/ activities and complained matter. The major functions of this unit are as follows:

- Monitoring and follow up of the suits/ cases/ writs/ Appeals/ Revisions filed, by and against the Bank, in the Judge Court and especially in the Supreme Court of Bangladesh.
- Obtaining Legal Opinion from the Retainer/ Legal Advisors/ Expert Lawyers on complicated issues.
- Maintaining Liaison with Retainer/ Panel lawyer for smoothly conducting the suits/cases/writs/Appeals/ Revisions and providing them all kinds of logistic and documentary support for proper execution of the respective cases.
- Taking initiative and performing all procedures regarding enlistment (i.e. making memo, submitting the memo before the Board, making offer letter after final approval of the Board in favor of enlisted lawyers) of Retainer and Panel lawyer for the Bank.
- Mitigating the queries of different authorities such as Bangladesh Bank, tax authority, Ministry of Finance, Anti-Corruption Commission, CID, Police, Central Intelligence Cell etc. regarding various illegal & irregular transactions & activities and investigation of different cases.
- Providing up to date report regarding conducting cases as per requirements of internal and external authorities.
- Vetting of property documents as well as Lease Agreements in connection with the floor spaces purchased for the Branch Premises.
- Vetting of property documents as well as Contract for Sale & Deed of Sale in connection with Land/Floor Spaces to be purchased by the Bank.
- Drafting of Lease Agreement & vetting of property documents purchased for the ATM Booth.

## BB guidelines for Corporate Governance: Our Compliance Status

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank (BB) issued three circulars in 2013 covering three broad areas as follows:

1. **BRPD Circular No.11 dated 27 October 2013: Formation and responsibilities of Board of Directors (BoD).**
2. **BRPD Circular Letter No. 18 dated 27 October 2013: Appointment and responsibilities of Chief Executive Officer (CEO).**
3. **BRPD Circular Letter No. 19 dated 27 October 2013: Contractual appointment of Advisor and Consultant.**

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

### 1. Formation and responsibilities of Board of Directors (BoD)

Sl. No.	Particulars	Compliance Status
1	<b>Formation of BoD:</b> Prior approval from BB to be taken before appointment of new Directors, as well as dismissal, termination or removal of any Director from the post. Qualification and competency of Directors, maximum number of Directors of the Board, appointment of independent Directors, appointment of maximum 02 (two) members from a family as Director.	Complied. No such instance of dismissal, termination or removal.
1.1	<b>Appointment of New Directors:</b> Every bank company, other than specialized banks, at the time of taking prior approval from BB while appointing Directors should furnish the following information along with the application:	
	a. Personal information of the nominated person	Complied
	b. Declaration of nominated person	Complied
	c. Declaration for confidentiality by the nominated person	Complied
	d. In case of independent director, the approval letter from BSEC	Complied
	e. CIB report of the nominated person	Complied
	f. Updated list of Directors	Complied
1.2	<b>Vacancy of office of a Director</b>	
1.2 (a)	The office of a Director shall be vacated as per the provision of Section 108(1) of Companies Act 1994. Besides, provision of Section 17 of Bank Company Act 1991, providing false declaration at the time of appointment or observing shortfall of qualification as a Director.	No such case

Sl. No.	Particulars	Compliance Status
(b)	If the office of a Director is vacated as per Section 17 of Bank Company Act 1991, s/he will not be eligible to become Director of that bank company or any other bank company or financial institutions within one year from the date of repayment of the total dues to the bank. The dues can be adjusted with the shares held by the Director in that bank company and he cannot transfer his shares of that bank company until he repays his all the liabilities of that bank company or financial institutions.	No such incident
(c)	BB can remove Directors or Chairman of a bank company other than the state-owned banks for doing any activity that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can also dissolve the Board of a bank company under Section 47 of Bank Company Act 1991.	No such instance as yet
<b>1.3</b>	<b>Removal of Directors from office:</b> With the prior approval of Bangladesh Bank, any Director of a bank company other than specialized banks can be removed from his office for the reasons specified in its Articles of Association. The reason and grounds of the dismissal/removal and the copy of such decision taken by BoD and a list of Directors shall be submitted to Bangladesh Bank. Such removal shall be effective from the date of BB's approval.	No such instance as yet
<b>1.4</b>	<b>Appointment of Alternate Director:</b> An alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh by fulfilling following instructions:	No such Director in EBL
(a)	Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director while traveling abroad. If there is any exception, the CEO should immediately inform it to BB.	N/A
(b)	The copy of the decision of the BoD regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to BB within 7 days of taking the decision and the director's arrival date must be intimated to BB immediately after his/her return.	N/A
(c)	Any loan defaulter or any person who is not eligible to become a director as per any relevant guiding rules & regulation will not be appointed as an alternate director.	N/A
(d)	As an alternate director is appointed temporarily; therefore, he/she will not be included in any kind of committee constituted by the BoD.	N/A
(e)	The alternate director or his/her affiliated organization will not get any kind of loan facilities from the bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.	N/A
<b>2</b>	<b>Director from Depositors:</b> As per Bank Company Act 1991 (amended in 2013) appointment of Directors from depositors is no longer required. But, in compliance with the provision of section 15(9) of Bank Company Act 1991 (amended up to 2013), bank company may consider the tenure of existing Directors from depositors or may appoint them as the Independent Director of the company.	Complied. No Depositor Director in EBL
<b>3</b>	<b>Information regarding Directors:</b> Banks are advised to take the following steps regarding directors information:	
(a)	Every bank should keep an updated list of bank directors.	Complied
(b)	Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.	Complied
(c)	Banks should display a list of directors on the website and update it on a regular basis.	Complied
<b>4</b>	<b>Responsibilities of the Board of Directors (BoD)</b>	
<b>4.1</b>	<b>Responsibilities and Authorities of the BoD:</b>	
(a)	<b>Work planning and strategic management</b> (i) The BoD shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall analyze/monitor at quarterly rests the development of implementation of work plans.	Complied.

Sl. No.	Particulars	Compliance Status
	(ii) The BoD shall have its analytical review presented in the Annual Report as regard to 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 executives immediate two tiers below the CEO and have it evaluated at times.	Complied
<b>(b)</b>	<b>Loan and Risk Management</b> (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 BoD's approval under the purview of the existing laws, rules and regulations. The BoD 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 the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The BoD shall monitor the compliance of the guidelines of BB regarding key risk management.	Complied
<b>(c)</b>	<b>Internal Control Management</b> 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. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. 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 BB inspection reports.	Complied
<b>(d)</b>	<b>Human Resources (HR) Management and Development</b> (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 BoD. 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 BoD shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer and punishment of the executives immediate two tiers below the CEO shall, however, rest upon the BoD. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.	Complied. EBL BoD approves HR policy from time to time which guides all actions or decisions related to HR of EBL.
	(ii) The BoD shall place special attention to the development of skills set 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 BoD shall get these programs incorporated in its annual work plan.	Complied
	(iii) The BoD will compose Code of Ethics for every tier of employees and they will follow it properly. The BoD will promote healthy code of conducts for developing a compliance culture.	Complied
<b>(e)</b>	<b>Financial Management</b> (i) The annual budget and the statutory financial statements will be prepared with the approval of the BoD. It will 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 BoD will 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 taken with the approval of the BoD.	Complied. EBL follows a Board Approved 'Procurement and disposal policy.'



Sl. No.	Particulars	Compliance Status
	(iii) The BoD will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to BB guidelines.	Complied
(f)	<b>Appointment of Chief Executive Officer (CEO):</b> In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the BoD is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The BoD will appoint a competent CEO for the bank with the approval of BB.	Complied
(g)	<b>Other responsibilities of the BoD:</b> In accordance to BB Guidelines issued from time to time.	Complied. The BoD will do so as and when required by BB.
4.2	<b>Meetings of the Board of Directors:</b> Board of Directors may meet once or more than once in a month upon necessity and shall meet at least once in every three months. Excessive meetings are discouraged.	Complied. Usually EBL holds two Board Meetings in a month.
4.3	<b>Responsibilities of the Chairman of the BoD:</b>	
(a)	As the Chairman of the BoD or Chairman of any committee formed by the BoD 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 BoD. 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 BoD or the executive committee and if deemed necessary, with the approval of the BoD, 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 BB through the BoD along with the statement of the CEO.	Complied
(c)	The Chairman may be offered an office room, a personal secretary/assistant, a peon/MLSS, a telephone at the office, a mobile phone usable inside the country and a vehicle in the business interest of the bank subject to the approval of the BoD.	Complied
5	<b>Formation of Supportive Committees of the Board:</b> The BoD of every Bank Company can form only three supporting committees of the BoD i.e. Executive Committee (EC), Audit Committee (AC) and Risk Management Committee (RMC).	Complied
5.1	<b>Executive Committee (EC):</b> EC is to be formed for taking decision on urgent and day-to-day or routine activities between the intervals of two BoD meetings. The EC will perform according to the terms of reference set by the BoD.  The EC will be formed with maximum of 07 (seven) members for a period of 03 (three) years. The Chairman of the BoD can also be the member of the EC. The company secretary of the bank shall act as the secretary of the EC. EC members, besides being honest and sincere, should have reasonable knowledge on banking business, its operations and risk management and be capable of making valuable and effective contributions in the functioning of the Committee. The committee shall discharge responsibilities and take decision on the matters as instructed by the BoD except discharging of those responsibilities and taking decisions that are specifically assigned to the full BoD by the Bank Company Act 1991 or other related laws and regulations. The decisions taken by the Committee shall be ratified in the next BoD meeting. Upon necessity the Committee can call meeting at any time. The Committee may invite CEO, Chief Risk Officer or any executive to attend the committee meeting.	Complied
5.2	<b>Audit Committee (AC):</b> The AC should have maximum five members and two of them shall be Independent Directors. It should be constituted of such members who are not members of the EC of the BoD. The members of the Committee may be nominated for three years and the company secretary of the bank shall act as the secretary of the Committee. Please see ' <b>Report of the Audit Committee</b> ' for details.	Complied

Sl. No.	Particulars	Compliance Status
5.3	<p><b>Risk Management Committee (RMC):</b> The RMC is to be formed to mitigate impending risks which could be arisen during implementation of BoD approved policies, procedures and strategies. This committee is entrusted to examine and review whether management is properly working on identifying and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate capital and provision against the risks identified.</p> <p>The RMC is to be formed with maximum five members who will be appointed for 03 (three) years. Each member should be capable of making valuable and effective contributions in the functioning of the Committee. The company secretary of the bank shall act as the secretary of the Committee. RMC shall review the risk management policy and guidelines of the bank at least once in a year, make necessary modifications as per requirement and submit the same to the BoD for approval. Besides, lending limits and other limits should be reviewed at least once in a year and should be amended, if necessary. Please see page no. 74 for details.</p>	Complied
6	<p><b>Training of the Directors:</b> 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.</p>	Complied
7.	<p><b>Intimation of the Circular to the Board and related persons by CEO:</b> The CEO will inform about this Circular to the directors and other related persons.</p>	Complied

## 2. Appointment and responsibilities of Chief Executive Officer (CEO)

Sl. No.	Particulars	Compliance Status
A	<b>Rules and regulations for appointment of the CEO</b>	
1	<p><b>Moral Integrity:</b> In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that:</p> <ol style="list-style-type: none"> <li>He has not been convicted by any Criminal Court of Law.</li> <li>He has not been punished for violating any rules, regulations or procedures/ norms set by any regulatory authority.</li> <li>He was not associated with any such company/organization; registration or license of which has been cancelled.</li> </ol>	Complied
2	<p><b>Experience and Suitability:</b></p> <ol style="list-style-type: none"> <li>For appointment as a CEO, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the CEO of a bank.</li> <li>He must have a Master's degree at minimum from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.</li> <li>In respect of service, the concerned person should have excellent track record of performance.</li> <li>Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company.</li> <li>Any director of any bank or financial institution or any person who has business interest in the concerned bank will not be eligible for appointment to the post of the CEO.</li> </ol>	Complied
3	<p><b>Transparency and financial integrity:</b> Before making appointment as a CEO, satisfaction should be ensured to the effects that:</p> <ol style="list-style-type: none"> <li>The concerned person was not involved in any illegal activity while performing duties in his own or banking profession.</li> <li>He has not deferred payment to creditors or has not compromised with his creditors to be relieved from debts or he is not a loan defaulter.</li> <li>He is not a tax defaulter.</li> <li>He has never been adjudicated a bankrupt by the Court.</li> </ol>	Complied

Sl. No.	Particulars	Compliance Status
4	<b>Age Limit:</b> No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5	<b>Tenure:</b> The tenure of the CEO shall not be more than 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that shorter period.	Complied
6	<p><b>Guidelines in fixing the salary and allowances:</b> Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to BB:</p> <ol style="list-style-type: none"> <li>In fixing the salary and allowances of the CEO, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.</li> <li>Total salary shall be comprised of direct salary covering 'Basic Salary' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be converted in the monetary value and thus determining monthly total salary, it shall have to be mentioned in the proposal submitted to BB. In the proposal, Basic Salary, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.</li> <li>Without improving the bank's major financial indicator like- CAMELS, annual salary increment will not be payable.</li> <li>Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the work performance of the current CEO.</li> <li>The CEO so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.</li> <li>The bank shall not pay any income tax for the CEO, i.e., the CEO so appointed shall have to pay it.</li> </ol>	Complied
7	<b>Incentive Bonus:</b> The CEO will get incentive bonus subject to paying incentive bonus to all executives/officers/workers of the bank and the said bonus amount will not exceed BDT 1,000,000 in a year.	Complied
8	<b>Honorarium for attending the Board Meeting:</b> Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or Board formed Committee meeting.	Complied
9	<b>Evaluation Report:</b> For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to BB.	Complied
10	<b>Prior Approval from Bangladesh Bank:</b> Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of Bank Company Act 1991 (amended up to 2013). For processing such approval, along with the proposal signed by the Chairman of the BoD, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of Board's approval must be submitted to BB. The selected person must also submit declarations as per Annexure A & Annexure B to BB.	Complied
11	<b>Decision of Bangladesh Bank is final:</b> The decision of BB for appointment of the CEO will be treated as final and the CEO such appointed cannot be terminated, released or removed from his/her office without prior approval from BB.	Complied
B	<b>Responsibilities and Authorities of the CEO:</b> The CEO of the bank, whatever name called, shall discharge the responsibilities and exercise the authorities as follows:	

Sl. No.	Particulars	Compliance Status
	a. In terms of the financial, business and administrative authorities vested upon him by the BoD, the CEO shall discharge his own responsibilities. He 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 Company Act 1991 and other relevant laws and regulations in discharging of routine functions of the bank.	Complied
	c. The CEO shall include clearly any violation from Bank Company Act 1991 and/or other relevant laws and regulations in the “Memo” presented to the meeting of the BoD or any other Committee (s) engaged by the BoD.	Complied
	d. The CEO shall report to Bangladesh Bank of issues in violation of the Bank Company Act 1991 or of other laws/regulations.	Complied
	e. The recruitment and promotion of all staffs 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 BoD.	Complied
	f. The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers 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 BoD, he/she shall nominate officers for training etc.	Complied

### 3. Contractual appointment of Advisor and Consultant

Sl. No.	Particulars	Compliance Status
<b>A</b>	<b>Rules and regulations for appointment of an Advisor</b>	No such advisor in EBL
<b>1</b>	<b>Experience and Suitability:</b> For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications: a. Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities. b. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person. c. Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/ Director/ Executive of any company. d. The person who is working in any bank or financial institution or who has business interest in that bank will not be eligible for appointment to the post of Advisor. e. Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated a bankrupt by the Court.	N/A
<b>2</b>	<b>Responsibilities of the Advisor:</b> The roles and responsibilities of the Advisor should be defined specifically. The Advisor can advise the Board of Directors or CEO only on those matters specified in the appointment letter. The routine and general activities of the bank will not be included in his terms of reference. He will not be entitled to exercise any power or involved himself in the decision making process of financial, administrative, operations or other activities of the bank.	N/A
<b>3</b>	<b>Prior approval from Bangladesh Bank:</b> Prior approval from BB is mandatory before appointing an Advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of BoD's approval shall be submitted to BB. The nominated person has to make a declaration as per Annexure A. This declaration shall also be submitted to BB.	N/A
<b>4</b>	<b>Remuneration and other facilities of Advisor:</b> The post of Advisor is not a fixed or substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with the terms of reference of the advisor will not be considered as acceptable to BB.	N/A



Sl. No.	Particulars	Compliance Status
5	<b>Tenure of Advisor:</b> The tenure of the Advisor shall be maximum 01(one) year, which is renewable. An evaluation report (by the Chairman that is approved by the BoD) of previous tenure should be submitted to BB along with the re-appointment proposal.	N/A
6	<b>Appointment of Ex-executive:</b> For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible to become an Advisor in the same bank immediately after their retirement or resignation. However, after one year from such retirement or resignation, he/she will be eligible for appointment as Advisor.	N/A
<b>B</b>	<b>Rules and regulations for appointment of a Consultant</b>	
1	<b>Terms of reference of Consultant:</b> Consultant can be appointed for specialized tasks like tax, law and legal procedures, engineering and technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.	Complied
2	<b>Responsibilities of a Consultant:</b> The responsibilities or terms of reference of a Consultant should be specified. He/she should not be involved in any activities beyond his/her terms of references and he/she cannot exercise any kind of power in bank operation or cannot participate in the decision making process.	Complied
3	<b>Appointment of a Consultant:</b> A Consultant can be appointed with the approval of the BoD. After such appointment the bank shall send the Consultant's complete resume, terms of reference and details of remuneration to BB immediately.	Complied
4	<b>Tenure of a Consultant:</b> The tenure of a Consultant should be consistent with the terms of reference, but would not exceed 02 (two) years. Generally the Consultant will not be eligible for re-appointment. But to complete the unfinished tasks, his contract may be extended for maximum period of 01 (one) year with the approval of BB. The Chairman of the bank upon approval of the BoD shall have to submit the extension proposal to BB with the evaluation report of his previous tenure.	Complied
5	<b>Remuneration/honorarium of a Consultant:</b> The Consultant's remuneration should be in the form of monthly or single lump-sum payment, and he is not entitled to any other facilities.	Complied
6	<b>Appointment of Ex-executive:</b> For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible for appointment as a Consultant in the same bank immediately after their retirement or resignation. However, after one year from such retirement or resignation, he/ she will be eligible for appointment as a Consultant.	No such case

## BSEC guidelines for Corporate Governance: Our Compliance Status

The Bangladesh Securities and Exchange Commission (BSEC) issued a Corporate Governance (CG) Guidelines in 2012 which is being followed by banks on 'Comply' basis. Status of compliance by EBL with the said CG guidelines issued by BSEC through Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is as follows:

### (Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>1.0</b>	<b>Board of Directors</b>			
1.1	Board's Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty)	✓		
<b>1.2</b>	<b>Independent Director</b>			
1.2 (i)	Independent Director: At least 1/5th	✓		
1.2 (ii)	For the purpose of this clause "independent director" means a director:	✓		
1.2 (ii) a)	Independent Directors do not hold any share or hold less than one percent (1%) shares of total paid up capital.	✓		
1.2 (ii) b)	Independent Directors are not connected with the company's Sponsor Or Director Or Shareholder who holds 1% or more shares.	✓		
1.2 (ii) c)	Independent Directors do not have any other relationship, whether pecuniary or otherwise, with the company or its Subsidiary/Associated Companies.	✓		
1.2 (ii) d)	Independent Directors are not the Members, Directors or Officers of any Stock Exchange.	✓		
1.2 (ii) e)	Independent Directors are not the Shareholders, Directors or Officers of any member of Stock Exchange or an Intermediary of the Capital Market.	✓		
1.2 (ii) f)	Independent Directors are/were not the partners or executives during preceding 3 (three) years of concerned company's Statutory Audit Firm.	✓		
1.2 (ii) g)	They are not the Independent Directors in more than 3 (three) listed Companies.	✓		
1.2 (ii) h)	They are not convicted by a Court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non-Bank Financial Institution (NBFI).	✓		
1.2 (ii) i)	They have not been convicted for a criminal offence involving moral turpitude.	✓		
1.2 (iii)	The Independent Directors shall be appointed by the Board of Directors and approved by the Shareholders in the AGM.	✓		Done in the 21st AGM of EBL.
1.2 (iv)	The post of Independent Directors cannot remain vacant for more than 90 days.	✓		
1.2 (v)	The Board shall lay down a Code of Conduct of all Board Members and Annual Compliance of the Code to be recorded.	✓		
1.2 (vi)	The tenure of office of an Independent Directors shall be for a period of 3 (three) years which may be extended for 1 (one) Term only.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
1.3 (i)	Independent Director shall be knowledgeable individual with integrity	✓		
1.3 (ii)	The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences	✓		
1.3 (iii)	In special cases above qualification may be relaxed by the Commission	N/A		
1.4	Separate Chairman and CEO and their clearly defined roles and responsibilities.	✓		
<b>1.5</b>	<b>Directors Report to Shareholders</b>			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		Please refer to MD&A Section
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	Discussion on cost of goods sold, gross profit margin and net profit margin	✓		Discussion on interest income, expense, operating and net profit provided.
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		
1.5 (vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	✓		Please refer to Annexure C & C1.
1.5 (vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.	N/A		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	N/A		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		Please refer to Directors Report
1.5 (x)	Remuneration to directors including independent directors.	✓		Please refer to Note 38 of FS.
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the results of its operation, cash flows and changes in equity.	✓		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	✓		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		Departure has been adequately explained in Note 2.1 to the Financial Statements.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
<b>1.5 (xxi)</b>	<b>The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:</b>			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		Please refer to Note 14.1 of the FS.
1.5 (xxi) c)	Executives (top five salaried employees of the company other than stated in 1.5(xxii)b);	✓		Please refer to Note 14.1 of the FS.
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	NIL		Please refer to Note 14.1 of the FS.
<b>1.5 (xxii)</b>	<b>In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:</b>			
1.5 (xxii) a)	a brief resume of the Director;	✓		
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas.	✓		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		Please refer to Annexure C of the FS
<b>2.0</b>	<b>Chief Financial Officer, Head of Internal Audit &amp; Company Secretary</b>			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and their clearly defined roles, responsibilities and duties.	✓		In case of EBL Head of Finance
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	✓		
<b>3</b>	<b>Audit Committee:</b>			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors.	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business.	✓		Please refer to the Report of the Audit Committee.



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		Please refer to the Report of the Audit Committee.
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1 (ii)	Constitution of Audit Committee with Board Members including one Independent Director.	✓		
3.1 (iii)	All members of the Audit Committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience.	✓		
3.1 (iv)	Filling of Casual Vacancy in Committee	✓		
3.1 (v)	The Company Secretary shall act as the secretary of the Committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman of the Audit Committee shall be an Independent Director.	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process.	✓		Please refer to the Report of the Audit Committee
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results.	N/A		
<b>3.4.</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
3.4.1 (ii) a)	Report on conflicts of Interests.	NIL		
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	NIL		
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;	NIL		
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	NIL		
3.4.2	Reporting of anything having material financial impact to the Commission.	NIL		
3.5	Reporting to the Shareholders and General Investors.	NIL		
<b>4</b>	<b>External/Statutory Auditors:</b>			
4 (i)	Appraisal or valuation services or fairness opinions.	✓		
4 (ii)	Financial information systems design and implementation.	✓		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4 (iv)	Broker-dealer services.	✓		
4 (v)	Actuarial services.	✓		
4 (vi)	Internal audit services.	✓		
4 (vii)	Any other service that the Audit Committee determines.	✓		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company.	✓		
4 (ix)	Audit/ certification services on compliance of corporate governance as required under clause (i) of condition No. 7	✓		
<b>5</b>	<b>Subsidiary Company</b>			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	✓		
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	✓		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		
5 (iv)	The Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the Subsidiary Company also.	✓		
5 (v)	The Audit Committee of the holding company shall also review the Financial Statements, in particular the investments made by the Subsidiary Company.	✓		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
6 (i)	They have reviewed financial Statements for the year and that to the best of their knowledge and belief:	√		Please refer to the Statement on Integrity of FS by MD & CEO and Head of Finance.
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7	Reporting and Compliance of Corporate Governance:			
7 (i)	The company shall obtain a Certificate from a Professional Accountant/ Secretary (CA/CMA/CS) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		Please refer to the following page.
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		



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**Certificate on  
Compliance with Conditions of Corporate Governance Guidelines to  
the Shareholders of Eastern Bank Limited**

We were engaged by Eastern Bank Limited (the “Company”) to provide certification whether the Company has complied with the conditions of corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission in its notification number SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 (the “conditions of corporate governance guidelines”) for the year ended 31 December 2013.

**The Company’s Responsibilities**

Those charged with governance and management of the Company is responsible for complying with the conditions of corporate governance guidelines. Those charged with the governance of the Company is also responsible for stating in the director’s report whether the Company has complied with the conditions of corporate governance guidelines.

**Our Responsibilities**

Our responsibility is to examine the Company’s status of compliance with the conditions of corporate governance guidelines and to certify thereon in the form of an independent assurance conclusion based on the evidence obtained. For the purpose of the engagement, we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain assurance whether the Company has complied with the conditions of corporate governance guidelines.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

**Conclusion**

In our opinion, the Company has complied with the conditions of corporate governance guidelines for the year ended 31 December 2013.

*Rahman Rahman Huq*

Dhaka, 27 February 2014

Rahman Rahman Huq, a partnership firm registered in Bangladesh and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative (“KPMG International”), a Swiss entity.

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# sustainability report and SME success stories

## Sustainability Report

### Sustainability: An Overview

Sustainability for EBL means doing business responsibly to contribute in economic and social wellbeing of the community in which we operate. In order to meet expectation of stakeholders we must make our business sustainable. In sync with our corporate philosophy, we have placed special emphasis on adaptability as a key element of sustainable growth: adaptability to changing environment and time to tackle most pressing issues of the day in a more holistic way. Adaptability as a core component of sustainable development recognizes that growth must be both inclusive and environmentally sound to reduce poverty and build shared prosperity for our society to continue to meet the needs of future generations.

It is necessary to have a solid business model capable of generating recurring and stable revenue, delighted customers, optimum use of capital, rationalization of cost, prudent risk management, and strength of Brand to become sustainable corporate house. Being sustainable also means taking responsible decisions in context of ethical, social and environmental issues as well as long term welfare of the community.

For the second time we are publishing this concise version of sustainability report in the annual report covering our major activities in the year 2013. This report is self-declared and is not authenticated by any external authority and covers all operations and activities of the bank only.

### Approach to sustainability

Our approach to sustainability lies on:

- Integration of ethical, social and environmental criteria into the business decision making process.
- Adherence to compliance, transparency, and good corporate governance.
- Contribution to social and economic progress in the communities where the bank is doing business.
- Continuation of stable and lasting relationships with all related stakeholders including employees of the bank.
- Promotion of sustainable finance with strong focus on the renewable energy and clean technology sector.

### Sustainable activities

Customer and Service quality	Products and services	Environmental and Social risk management
<p>Customer's delight remains in the forefront of EBL's business model. The bank has over 600 thousand customers, who recognize the brand as prestige, comfort, and reliable partner. Understanding their needs, providing innovative solutions and building long-term relationships based on trust and transparency created foundation of banks business model aiming generation of stable and recurrent revenue.</p> <p>Continuous pursuance for suitable customer service is the key differentiator in banking business. In recent years, EBL has been surveying customer satisfaction at service delivery points by third parties to understand the areas those need improvement.</p> <p>The bank planned to invest in systems for 3600 customer relationship management and automated system for managing incidents, claims, and complaints.</p>	<p>EBL offers responsible and sustainable products and services to meet customers' need. These products and services are not offered solely on financial consideration but also on ethical, social and environmental counts.</p> <p>Examples include indirect microcredit via micro financing institutions and direct lending to certain disadvantaged groups including small farmers at subsidized price.</p>	<p>EBL takes into account and assesses social and environmental aspects in the credit risk analysis and decision-making processes for its financing operations. Bank's Environmental and Social (E&amp;S) risk management process is developed on EBRD (European Bank for Reconstructions and Development) guidelines. EBL also follows the minimum regulatory requirement for assessment of Environmental Risk Rating.</p> <p>Application of IFC performance standard in assessment of E&amp;S risk of all large projects will be initiated gradually.</p>

Sustainable technology and process	Promoting Sustainable Finance	Employee
<p>EBL's technological and operational systems make it one of the most efficient online banks in the country. The bank is investing in technology to ensure data security, faster and reliable customer service, as well as minimizing operational risk to customers.</p> <p>The Bank focuses its efforts on improving its internal processes to become more efficient.</p>	<p>Our main impact on people and the environment is through the business activities we finance. We work closely with our clients and customers to manage potential environmental and social risks associated with our financing decisions and to identify opportunities to finance cleaner technologies.</p>	<p>EBL employees nationwide are the people who make the bank's sustainable business model possible and enable it to offer the best service to its customers.</p> <p>Our people management model is structured around attracting and retaining the best talent, knowledge management and professional commitment.</p> <p>EBL pursue its people development program so that the professionalism of all staff goes beyond complying with laws, codes of conduct and internal regulations; they respect the social, ethical and environmental commitment of the Bank.</p>
Financial Inclusion	Corporate Governance	Corporate Social Responsibility
<p>The lending we provide to people and businesses helps to support job creation and economic development in the country. We are also committed to extending access to finance for individuals and small businesses that have traditionally been underserved by financial institutions. SMEs are key business segment for EBL to accelerate growth and productivity. In 2013, we increased lending to SMEs by 23.7 percent to BDT 16.64 billion.</p> <p>We remain committed to microfinance as a means of poverty alleviation. We have partnered with a good numbers of MFIs to disburse small loans to primary agriculture, solar home systems, and other rural economic activities.</p>	<p>Good governance contributes to the long-term success of a company, creating trust and engagement between the company and its stakeholders. The right culture, behavior and values have been established and promoted at all levels of the bank.</p>	<p>At EBL, we believe the most rewarding investment is investing in the society. We are driven by our purpose to sustain and ensure growth by making profit for people and not over them. We believe in creating lasting value for our clientele, shareholders, and employees and above all for the community we operate in.</p> <p>As a responsible corporate, we ensure our CSR activities are anchored on the principle of 'Building Social Capital'. We recognize that we have some definite responsibilities to our customers, employees, government, environment, and to the communities at large. To materialize the same, EBL recognizes and always upholds the rights of other group of stakeholders, and treats them fairly.</p> <p>A detail report on CSR has been presented in page no.103 of this report.</p>

## Environmental and Social Obligations

EBL itself use resources for its operations and emits carbon. Responsible consumption of resources can reduce bank's carbon footprint. Given the size and nature of its operations,

EBL strongly believes that the essence of the contract between the society and the business is that companies shall not pursue their immediate profit objectives at the expense of the longer term interests of the community.

environmental impacts of such activities are much lower than the activities of bank's customers. Sustainable development of the community cannot be ensured without factoring into the environment and the society as a whole. While pursuing the triple bottom line (people, planet and profit) motto, EBL has engaged itself to

influence its customers to operate responsibly and minimize impacts on climate change issues, hazardous waste disposal, and depletion of non-renewable natural resources.

EBL also discharges the responsibility for protection of human rights, gender equity, and consumer right protection. EBL strongly believes that the essence of the contract between the society and the business is that companies shall not pursue their immediate profit objectives at the expense of the longer term interests of the community.

## Environmental and Social Initiatives

EBL strives to meet and exceed the social and environmental expectations beyond the minimum regulatory requirements. Integration of ethical, social and environmental criteria in business decision making process was our core initiatives in 2013. Some notable initiatives are given below:

1. Application of Environmental and Social (E&S) risk management procedures in assessing all credit applications over BDT 2.5 million for SMEs and BDT 10.0 million for corporate and real estate.

2. Adoption of IFC negative list in the credit policy.
3. Preparation of Green Office Guide with the aim to reduce our own carbon footprint.
4. Introduction of new SME product titled as “EBL Utpadon” to increase the scope of financial inclusion.
5. Introduction of new product titled as “EBL Projukti” for procurement of agricultural machinery/equipment by the farmers.
6. Disbursement of loan to farmers for cultivation of maize, oilseeds, onion, ginger, and pulses at subsidized interest rate of 4.00% p.a.
7. Indirect lending through partner Micro Finance Institutions (MFIs) for purchasing solar home systems in off grid areas.
8. Direct lending to farmers and underprivileged people at subsidized interest @ 13.00% p.a.
9. Indirect lending through partner MFIs in primary agriculture and to the people who were previously considered unbankable.
10. Partnering initiatives of development financial institutions for sustainable and effective improvement in ship breaking sector bringing all stakeholders together. This effort has achieved a milestone by delivering Joint Statement of Commitment by Bangladesh Ship Breaking Association (BSBA) and Association of Bankers Bangladesh (ABB) committing cooperation for improvement in environmental and social practices to minimize pollution and enhance workplace safety.

### Sustainability Management

Board of Directors of the Bank sets the framework for incorporating sustainability principles into tangible business strategies, budget, credit policies, capital planning, risk appetite, corporate social responsibility, etc. There are several

committees at Board and Management level engaged in supervising and executing sustainability management. As a counterweight to the business activities, risk management is supervised by the Risk Management Committee of the Board and ensured through a high level management committee and independent risk management unit. Besides the risk committee, there is a Board Audit Committee to ensure compliance and internal control.

As we believe that being sustainable also means taking responsible decisions in context of ethical, social and environmental considerations, there are other working groups and guidelines functioning within the bank to uphold the culture of taking responsible decisions:

### Green Banking Cell

This working group is headed by Deputy Managing Director and the team is made up with the people of risk, technology, brand and operations division. Its main functions include reduction of carbon footprint of bank's own operations and compliance with E&S risk policies while lending to customers.

### Environmental and Social Risk Management

The bank has appointed Environmental and Social Risk Manager as custodian of environmental and social risk management policies and procedures. This individual is responsible for development, review, and administration of E&S risk management system in the bank. E&S risk manager also appointed E&S risk officer for assistance.

### General code of conduct

This code brings together the ethical principles and rules of conduct governing the actions of the entire Bank's staff and is the central element of the bank's compliance program. Some key issues relating to code of conduct and ethical guidelines have been presented in “**Code of Conduct and Ethical Guidelines**” section of this annual report.

## Integrated Report: Delivering our promises

Value addition and distribution to economy	Year 2013	Year 2012
<b>Value added</b>		
Income from Banking Services	19,339.74	17,559.25
(-) Cost of services	(11,296.24)	(10,091.18)
Value added by Banking Services	8,043.50	7,468.07
Non-Banking Income	45.23	51.84
(-) Loan losses and provisions	(952.51)	(1,244.30)
<b>Total</b>	<b>7,136.22</b>	<b>6,275.61</b>
<b>Distribution of added value</b>		
<b>To Employees&amp; Directors</b>		
Salaries and other benefits	1,963.51	1,750.68
Remuneration and fees	19.16	17.71
<b>Total to Employees &amp; Directors</b>	<b>1,982.67</b>	<b>1,768.39</b>
<b>To capital providers</b>		
Dividend to shareholders	1,222.36	1,222.36
Interest to debenture/bond holders	-	-

Value addition and distribution to economy	Year 2013	Year 2012
<b>Total to providers of capital</b>	<b>1,222.36</b>	<b>1,222.36</b>
<b>To Government</b>		
Income tax	2,589.79	2,186.38
VAT	79.12	81.91
Other duties & taxes	1.83	1.30
<b>Total to Government</b>	<b>2,670.74</b>	<b>2,269.59</b>
<b>To expansion and growth</b>		
Retained profit	1,345.50	1,052.74
Depreciation	230.70	199.22
Deferred tax	(321.90)	(241.86)
<b>Total to Expansion and Growth</b>	<b>1,254.30</b>	<b>1,010.10</b>
<b>To community investments</b>		
Donations and Gifts	6.15	5.17
<b>Total to community</b>	<b>6.15</b>	<b>5.17</b>
<b>Total Distributed</b>	<b>7,136.22</b>	<b>6,275.61</b>

Note: All figures above are in Million Bangladesh Taka

Excellence in Customer Service	Year 2013	Year 2012
Number of average customers	646,175	479,053
Number of complaints received through all channels	1,365	942
Complaints per 1000 customers	2.11	1.97
Usual turnaround time to resolve any complaint	3-7 days	3-7 days

Financial Inclusion	Year 2013	Year 2012
Cumulative Agricultural and Rural Credit extended through MFIs (BDT in Million)	1,734	1,635
Cumulative Agricultural Credit extended through own network (BDT in Million)	62	45
Cumulative Agricultural and Rural Credit extended from ADB fund (BDT in Million)	1,378	667
Total Number of individual impacted	96,662	81,584
Total Number of MFI partnered	13	12

Tackling Financial Crime	Year 2013	Year 2012
Number of staffs completed training on AML	1,071	1,563
Number of Suspicious Transactions reported to Bangladesh Bank	6	4
Number of accounts closed for unsatisfactory KYC	-	4

Promoting Sustainable finance	Year 2013	Year 2012
Amount financed for installation of ETP to plants in operations	-	-
Amount financed in plants having ETP (loan disbursed to projects having ETP)*	16,457	22,264
Amount financed to solar panel / renewable energy plants	-	1
Amount financed to Bio-fertilizer plants	-	-
Amount financed to brick kilns adopted cleaner technology	-	-
Amount financed to other green projects**	40	-
<b>Total Sustainable Finance</b>	<b>16,497</b>	<b>22,265</b>

Note: All figures above are in Million Bangladesh Taka

\*Approximate amount

\*\*Solar Home System Through MFI

Number of employee trained in sustainable finance	35	12
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Employer of Choice	Year 2013	Year 2012
Headcount (Regular staff) [As on 31 December 2013 and 2012]	1,498	1,343
Percentage* of female representation	20.5 %	20%
Percentage* of voluntary attrition	6.5 %	7%
Number of permanent staff received training	3,613	1,279
Total number of training days	8,009	4,051
Average training days per employee	5	3
Percentage*Growth in Headcounts	10%	4%
Number of fresh graduates recruited as Management Trainee Officer (MTO)	18	26
Number of fresh graduates recruited as Probationary Officer	27	30
Number of fresh graduates recruited in other positions	35	18
Years of service with EBL as percentage* of total permanent staff headcount		
Less than 5 years	67%	67%
5 > 10 years	19%	17%
10 > 15 years	4%	5%
Over 15 years	10%	11%

Note: \*Expressed as percentage of Total permanent staff headcounts

Protecting Environment	Year 2013	Year 2012
Number of customers eligible for Environmental Due Diligence	89	84
Number of customers appraised for Environmental Risk Rating	89	84
Low	78	73
Moderate	9	11
High	2	0
Cost of water consumed by the bank (BDT in Million)	8.61	7.97
Cost of paper consumed by the bank (BDT in Million)	3.68	3.44
Cost of energy (electricity, fuel, and gas) consumed by the bank (BDT in Million)	81.54	75.56
Installed capacity of solar energy to run bank premises and ATMs (in Kilowatt)	2.59	2.59
Percentage of bank branches connected online	100%	100%
Number of staff received training on Environmental and Social Risk Management	6	60
Corporate Social Responsibility	Year 2013	Year 2012
Major Expenditure for CSR (BDT in Million)	6.15	5.17

## SME Success Stories



Saiful Islam sitting proud on his power tiller

### EBL Projukti brings joy to Saiful

‘It was a dream for me to buy a power tiller and EBL turned my dream into a reality,’ says Saiful Islam, a farmer of Dhamrai area.

Saiful Islam was wondering for a long time to find a financial solution for his power tiller. But it remained a dream until one day an executive of agri business team of EBL-SME informed Saiful the ‘EBL Projukti’ facilities available for the direct farmers to purchase agri machine/ equipment. He was briefed about the detail features of EBL Projukti facility highlighting the quarterly installment based repayment mechanism.

Being interested about the product features and repayment system, Mr. Saiful decided to apply for ‘EBL Projukti’ loan for an amount of Tk 1,00,000 to buy a ‘Power Tiller’. His loan application was processed swiftly by the respective relationship manager and after a few days, a loan distribution program was held.

Saiful with other applicants received his loan cheque of Tk 1,00,000 for ‘Power Tiller’ purchase on that occasion from the Governor of Bangladesh Bank. When he received the loan cheque, the situation was so surprising for him that he became speechless right that moment and later on he expressed his gratitude to EBL saying, “It was a dream for me to buy a ‘Power Tiller’ and EBL turned my dream into a reality”.

### ‘EBL Nobodoy’ changes everything for Saha

‘When I came to Savar I had Tk 1500 in my hand and now I possess 1.15 Crore net worth which became possible due to my trustworthiness in business deals’ says Nrendra Nath Saha.

Saha who was a pulse trader at Pabna in his earlier age, struggled for decades to become a successful businessman of Savar area. After passing HSC exam in 1977 he discontinued his study. He started jute cultivation with his father at Pabna. But a number of customers cheated with them and they lost Tk. 72,000 in jute marketing business in 1978. After losing the business capital, he left jute business and started pulse trading business at Pabna.

He had been earning good profits at this business and delivering his responsibilities as an elder son of the family for more than 4 years. He spent a lot of money for arranging marriage ceremony of his sister, facilitated educational expenses of his younger brothers and maintained the regular family expenses as well.

His wife gave him Tk 1,00,000 by encashing her DPS from a bank to buy an Oil Processing Mill at Savar, Dhaka. Mr. Saha, receiving capital from his wife, started business again and gradually became renowned businessman for mustard oil processing and marketing business in Savar area.

At present, his total net worth of business is approximately





Nrendra Nath Saha standing confidently in his oil processing mill

BDT 1.15 Crore. He earned Tk 18.95 Lac profit last year. He was enjoying a Cash Credit facility of BDT 15.00 Lac and a Term Loan facility of BDT 3.50 Lac from other private commercial banks of Savar.

Getting informed by an existing EBL SME client about the special product features of EBL Nobodoy, he became interested and finally decided to receive loan from EBL. He initiated his banking relationship with EBL last year by availing a small ticket loan facility of EBL Nobodoy against his enterprise 'M/S JOY OIL MILL' with a loan amount of Tk 10.00 Lac only at the lowest interest rate available in the market which is 10% P.A.

He was very much satisfied with the services provided by SME Team of Savar Branch as they disbursed the loan within a shorter processing period when he was fallen in a major financial crisis. Being satisfied with EBL's product features and services, he is expecting to continue a long term, strong and participatory banking relationship with EBL and willing to receive more financial support from EBL rather than other financial institutes. He expressed his deepest satisfaction for EBL commenting, "I prefer to Bank with EBL for a number of reasons" and showed his interest to receive an enhancement facility on his existing loan limit to accommodate required financial needs considering his recent business growth.

### EBL Krishi Rin brings smile to Kuddus

'When I heard about the 4% interest rate facility for Krishi Rin of EBL, I had doubt on it. But when I received that facility, it really changed my views on EBL,' says Abdul Kuddus— an Oil-Seed cultivator of Dhamrai area

Mr. Abdul Kuddus, an oil-seed cultivator started working at a 'Rice Mill' at the age of 17 in Dhamrai, Dhaka. He had been working there for 8 years. In the mean time, being curious about motor driving techniques, he learned driving from one of his acquaintance and started his driving career initially running a Trac, owned by the same owner of Rice Mill.

In 1988, with the help of his cousin, who was involved in

manpower business, he got a chance to fly to Saudi Arabia to work as a cargo driver. He worked there for 13 years. In 2002, he permanently came back to Bangladesh. During this long time job period, he earned a good amount of foreign exchange and invested most of his earnings to acquire some agricultural lands at his own village. He bought near about 5 acres of cultivable lands and after coming back home; he decided to invest more money in crop cultivation.

As agricultural farming was his main source of income, he took it seriously and started to cultivate on a number of diversified crops like oil-seed crops, mustard, pulses, maize, vegetables, bean, tomato, eggplant etc. He became popular in his village and neighboring areas within a few days for his innovative steps of crop cultivation which was at the same time more profitable than rice production.

As he was expanding his cultivation day by day following various modern agricultural practices, he felt more financial requirement to fulfill those initiatives. So, he was wondering to get agricultural loan from any bank. In his area he knew a person who is enjoying agricultural credit of EBL. He came to know about the specialized agricultural credit program of EBL, which costs only 4% interest for cultivation of some specialized crops. He became interested, but at the same time was confused whether the offer was authentic or not.

One day he came to EBL Savar Branch to inquire about the



For Kuddus life has never been so beautiful

specialized agricultural credit program. The relationship team of Agri Business Unit confirmed him about the offer regarding the facility to finance import substitute crops @ 4% interest for cultivating pulses, oil-seeds, spices and maize only. As Mr. Kuddus was cultivating oil-Seed crops, i.e. mustard, he applied for a loan in subsidized interest and after a few days he was sanctioned with an amount of Tk 1,50,000 @ 4% interest only. After receiving such credit Mr. Kuddus shared his thought saying, 'When I heard about the 4% interest rate facility for Krishi Rin of EBL, I had doubt on it. But when I received that facility, it really changed my views on EBL.'

# corporate social responsibility



ENRICHING LIVES

AS A RESPONSIBLE CORPORATE WE ARE COMMITTED TO CREATING  
VALUE AND GENERATING BENEFITS FOR THE SOCIETY

Adapting to  
holistic  
growth





# corporate social responsibility

## Social Commitment of EBL

The most sustainable investment is investing in the society. We at EBL are driven by the purpose of sustaining and ensuring growth by making profit for people and not over them. We believe in creating lasting value for our clientele, shareholders, and employees and above all for the community we operate in.

As a responsible corporate, we ensure our CSR activities are anchored on the principle of 'Building Social Capital'. We recognize that we have some definite responsibilities to our customers, employees, environment, and the society at large.

## Our understanding of responsibility

We committed to create sustainable value for our clients and employees, our shareholders and for society. Our goal is to create a culture of high-performance and dedicate our services and propositions and touch lives with care and empathy.

## We are customer-centric

For us 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 their 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. To uphold the spirit of 'inclusive banking', the Bank continually expanding its reach through branches, ATMs, EBL-365 (Kiosk) and business centers nationwide. EBL protects confidentiality of customer's information, and attaches highest importance in complaint management.

## Employees are our core brand

Recognizing human resources as the most valuable asset, EBL has established a competitive and enabling working environment to help employees perform their best. To

Our passion to perform has been appreciated by the World HR Congress when they conferred us Asia's best Employer Brand Award 2012.

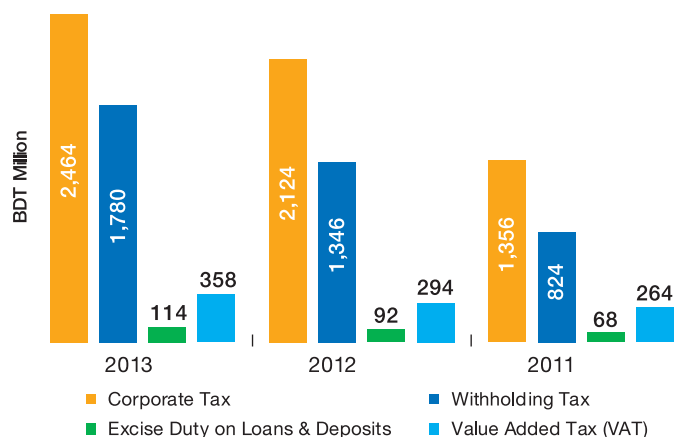
attract and retain good people, EBL follows a balanced compensation scheme comprising financial and qualitative benefits. Besides providing competitive package, the Bank provides various welfare schemes such as healthcare and contributory provident funds, house building and car loan schemes

as well as gratuity and superannuation benefits to eligible employees. 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 considerable budget each year for various technical and leadership training and development programs to help improve the capabilities of its people.

## Contribution to National Exchequer

Being a responsible and tax abiding 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. Following graph shows our contribution:

### Contribution to National Exchequer



## We are environment-responsive

We believe that every small 'GREEN' step taken today would go a long way in building a greener future. 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 receive refinance from the central bank for carbon credits. We have reduced electricity consumption by 30 percent and paper use by 20 percent in 2013. Some of our branches and ATM's of the bank are now run on solar power.

EBL is the first bank to receive refinance from the central bank for carbon credits.

We launched a product named 'Nobodoy', designed to finance and promote environment-friendly economic activities.

The Bank also 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. EBL is the first bank in Bangladesh to offer Sustainable

Energy Finance loan product with assistance from the South Asia Enterprise Development Facility (SEDF), managed by IFC in partnership with the UK Department for International Development and the Norwegian Agency for Development Cooperation to help companies implement energy-saving measures and boosting the competitiveness of private enterprises.

### We are committed to our community

Our responsibilities to the community are manifested by our activities in areas such as education, health, art and culture.

#### Education

As the global economy becomes more and more knowledge intensive, human capital will be the future point of differentiation between nations. We believe in human capital development and competencies and are committed to improving educational opportunities for our future generation. 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 education is to help young people discover their own creative potential, develop skills and build confidence. And in the area of academic development, we contribute to the lively dialogue between research and practice.

Recognizing 'education' as the most pivotal area of human capital development, EBL along with Dhaka University Alumni



Prof. AK Azad Chowdhury, Chairman of University Grants Commission, hands a scholarship cheque and certificate to a student of University of Dhaka (DU) at Nabab Nawab Ali Chowdhury Senate Bhavan in the university.

Association (DUAA) has been awarding scholarships to all the departments of University of Dhaka since 2009. In 2012, we awarded scholarships to 300 deserving students from all 72 departments of University of Dhaka under "EBL-DUAA Inspiration" financial grant program. There were 37 differently able students among this group. EBL salutes their spirit and is privileged to honor these young achievers. EBL also donated BDT 1.5 million and more than 30 computers to various schools and educational institutions.

Bangladesh has almost 800,000 blind people. Blind people are considered as a burden to their family but EBL would like to consider blind people as an asset and extended support to Blind Education and Rehabilitation Development Organization (BERDO) which has been working since July 1991 to foster the development of the visual, physical, intellectual, and speech and hearing impairment community in Bangladesh. EBL has donated five computers and a cheque for TK 100,000 for the education of visually impaired students of BERDO.



EBL has donated five computers and a cheque for TK 100,000 for the education of the blind students of Blind Education and Rehabilitation Development Organization (BERDO) as part of its CSR activities. Ali Reza Iftekhhar, Managing Director and CEO of Eastern Bank Ltd. formally handed over the computers to Md. Saidul Huq, Executive Director, BERDO at a simple ceremony at EBL Head office, Dhaka.

BERDO has been working for the development and protection of the disabled community in Bangladesh. Founded in July 1991 and run by individuals living with blindness themselves.

#### Health

Proyash, an institution run 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 some computers.

EBL believes that mental health is the key to rapid socioeconomic development of the country; the Bank has donated large volumes of equipment to various hospitals

across the country to underline its commitment to quality healthcare delivery in Bangladesh.

### 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 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.

### Other Supports

EBL considers the society as an extended family. We are always at their side when they are in distress and need our help most. Every year, we distribute blankets to the cold hit people of the country. This year as well, we have distributed over 2,005 blankets to Dhaka Metropolitan Police (DMP) for distribution among the poor cold-hit people in the country.



Managing Director and CEO of EBL Ali Reza Iftekhar formally handing over blankets to Dhaka Metropolitan Police Commissioner Benazir Ahmed for distribution among cold hit people of the remote regions of the country.

EBL is committed to give every year for ten years BDT 4.8 lac to Prime Minister's Relief & Welfare Fund to one family of the officers killed in BDR carnage.



Prime Minister Sheikh Hasina hands over a cheque for Tk. 4.8 lac to a family member of one of the officers killed in BDR carnage. A.Q.I. Chowdhury, OBE, Director of EBL was present during the handing over of the cheque.

EBL has donated BDT 20 million from EBL Foundation for the victims of Savar building collapse tragedy through the Prime Minister's Relief & Welfare Fund.

A.Q.I. Chowdhury, OBE, Director Eastern Bank Ltd, handed over the cheque to Prime Minister Sheikh Hasina.



A.Q.I. Chowdhury, OBE, Director of EBL hands over a cheque for Tk. Two crore to Prime Minister Sheikh Hasina for the victims of Savar tragedy. Ali Reza Iftekhar, Managing Director and CEO of EBL was also present during the handing-over of the cheque.

'We want to support the victims and their immediate families. It's our commitment to our society; and this is one of the several initiatives that the Bank has taken to support our communities,' says Ali Reza Iftekhar, Managing Director & CEO of EBL, about our CSR Principle.



# management discussion and analysis



GROWING CONSISTENTLY

WE ARE CREATING VALUE BY DELIVERING  
CONSISTENT FINANCIAL PERFORMANCE

Adapting to  
constant  
changes





# financial review

## Business Environment in 2013

The overall business environment in 2013 has been impacted mainly by non-economic factors; a perceived sense of 'uncertainty' centering on smooth transition of state power heavily dictated the direction and magnitude of business and economic conditions of the country. Depressed investors' sentiment, man-made obstacles to business and economic activities, lack of corporate governance and deteriorating asset qualities in certain local banks and concerted vandalism in RMG factories hampered overall business activities.

Although some of our key macro-economic variables like export, remittance, FX reserve and inflation showed positive signs compared to last year, the overall GDP growth is set to embrace a decline in the FY 2014.

While the banking sector was struggling to recover from the setbacks originating from a number of large financial scams concerning some state owned and private commercial banks, unearthed in the recent past, political deadlock made the situation worse for the banking industry in general. It has become imperative for this sector to restore public confidence through improved risk management and control cultures. As remedial measures, Bangladesh Bank took number of steps such as newly introduced the Bank Company Act 1991 (amended up to 2013), formation of risk management committee of the Board, conducting credit and risk management training, spelling out the terms and references and responsibilities of the board of directors, and a number of reform measures at the administrative level. Under above circumstances, although many of the related targets are off-track with indiscipline featuring in several banks, EBL continued to deliver consistent financial performance.

## Review of Eastern Bank Financials in 2013

Despite a tumultuous year, we performed satisfactorily in 2013 in terms of business, service quality and product proposition. Besides ensuring consistent financial performance, we redirected our focus towards product innovation, EBL arranged Commercial Paper for ACI Limited to raise BDT 500 million at a rate lower by at least 2% than bank lending rate, launching new service propositions (EBL SkyMiles), building strategic relations (tied up with agoda.com to make hotel bookings online), portfolio diversification (focusing more on SME), raising awareness on green banking - all of which helped us during bad times. Precisely we believe in the idea of sustainable banking. Our track record in delivering consistent performance is the testament to the resilience of the Bank's business model, and underscores the sheer diversity of our income sources. These results are not a bounce-back, nor flattered by big one-off items. Such consistency is all the more important -given the scale and unpredictability of the external events.

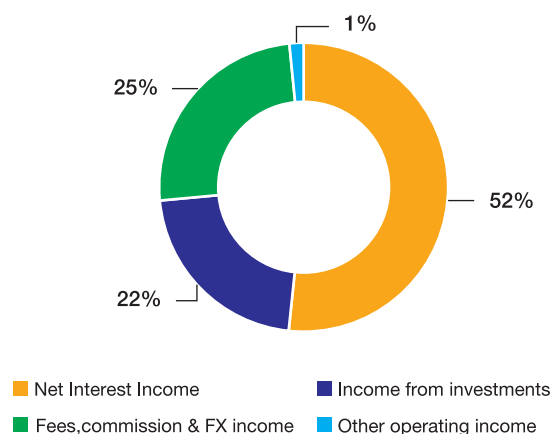
## Income Statement for 2013

**Higher operating efficiency, lower provisioning resulted improved bottom line**

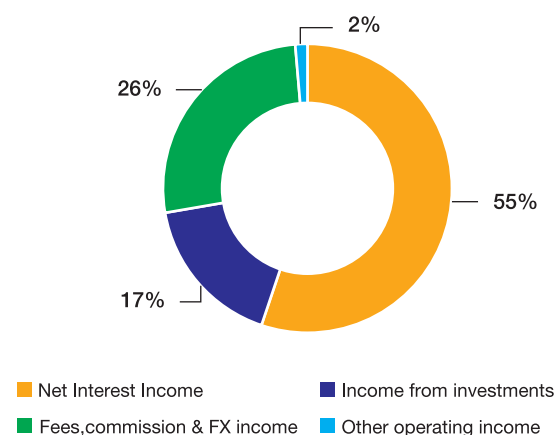
### Operating income (+9%)

The bank's total operating income comprise of two major items: net interest income (NII) and non-interest income (Noll). In 2013, NII accounted for 52% while Noll accounted for 48% of total operating income. In 2013, EBL has generated about 52% of total operating income from NII, 22% from investment income, 25% from fees, commission & FX income and 1% from other operating income. Investment income increased by 39% in 2013 to BDT 2,071 million (Investment income share in total operating income increased from 17% in 2012 to 22% in 2013) while our net interest income increased by only 2% in 2013 to BDT 4,892 million (NII share in total operating income decreased from 55% in 2012 to 52% in 2013). Our operating income mix for 2013 & 2012 is compared below:

### Operating Income Mix (%): 2013



### Operating Income Mix (%): 2012

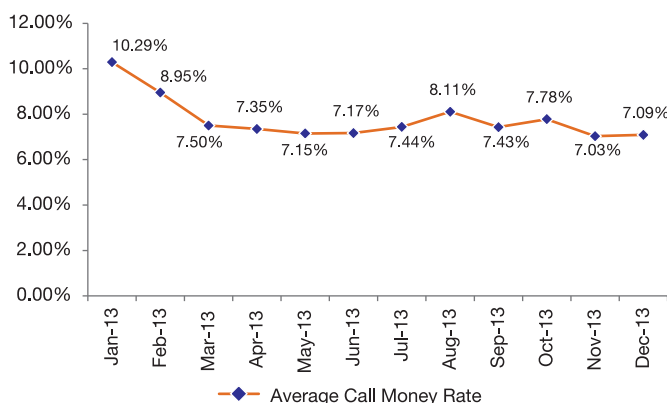


## Net Interest Income (+2%)

### Money Market in 2013

Overall liquidity position and interest rate structure was relatively flat in the year of 2013. Call money rate was ranging between 6.50% and 12.00% throughout the year. In the first quarter of 2013, interest rate was a bit high and ranged between 8.00% and 12.00%. Later on interest rate started to slide downwards and closed the year at a range between 6.50% and 7.00%. Throughout the year of 2013, Central Bank kept the Repo rate unchanged to 7.75%. Special Repo (only for Primary Dealers) rate was 10.75%. Average call money rate experienced the following trend in 2013:

### Average Call Money Rate 2013



### EBL Performance

Round the year 2013, EBL experienced a mismatch between loan and deposit growth which affected our net interest income. Our net interest income increased marginally (2% or BDT 77 M) mainly for following reasons:

- Slower loan growth (by 6% or BDT 6,190 million from December, 2012) due to sluggish business environment and political instability but higher deposit growth (28% or BDT 25,321 million from December, 2012).
- Since money market was liquid and spread dips, bank shifted investible resources from money market placement to short term HFT securities which resulted higher investment income but not placement income (a component of NII) while borrowing expense is booked under the head of interest expense.
- Interest suspense (net) increased in 2013 due to rise of NPL.

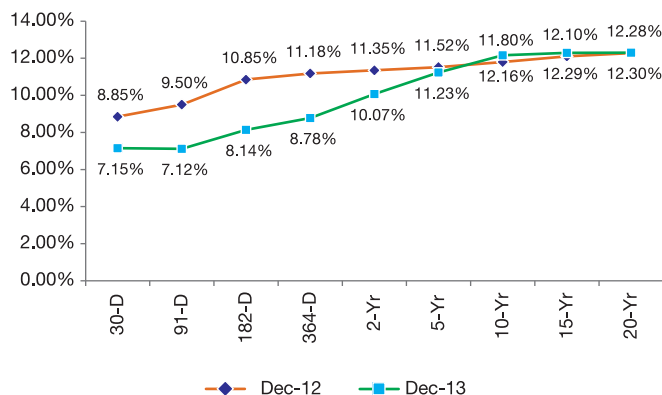
## Investment income (+39%)

### Fixed Income Market 2013

Yield curve on Govt. T-bills and T-bonds got steeper in 2013, with short term rates fallen drastically. Yield of 91 days, 182 days and 364 days T-bill were 7.12%, 8.14% and 8.78% respectively at the end of 2013 which was 9.50%, 10.85% and 11.18% respectively at the end of 2012. As the money market rate was hovering around 6.00-7.50% throughout the year with absence of volatility and market was burdened with excess liquidity, banks took positions to earn profits by investing in short term securities. Moreover, banks have

strong preference for short-term instruments because of the higher fraction of time banks get assured liquidity support from central bank against these short-term instruments. As banks and other investors are unwilling to invest in long term bonds for liquidity preference, yields on 10-year, 15-year and 20-year bonds remained almost stable.

### Yield on Govt. T-Bills and T-Bonds: 2013 Vs 2012



### EBL Performance

Our investment income is usually generated from fixed income securities, secondary market portfolio, preference share & bond and also dividend income from subsidiaries. Overall investment income increased significantly (39% or BDT 576 M) with substantial pie from fixed income securities. Increased money market average daily turnover on various instruments (up from BDT 22,684 million in 2012 to BDT 23,007 million in 2013) together with improved spread enabled the bank to book higher revenue from holding of fixed income securities. Although EBL is not a Primary Dealer (PD), we were 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.

## Fees, Commission & FX income (+2%)

### Trade Business in 2013

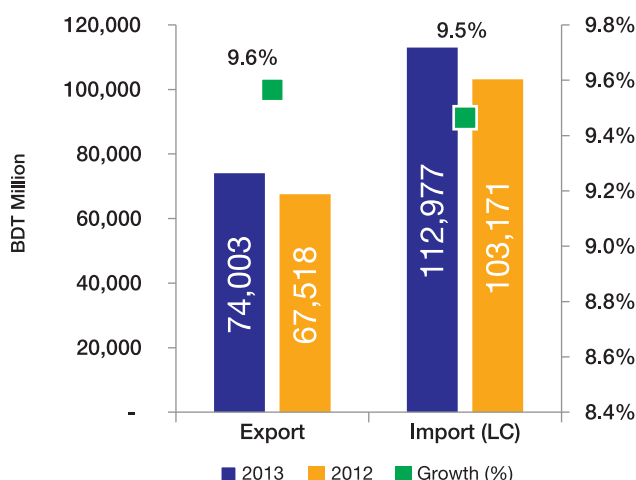
Bangladesh's export sector recorded a robust growth in the first six months of FY 2014 in the backdrop of a number of important developments. Export sectors had to face the consequences of disruption due to political turmoil, address the fallouts from the Rana plaza tragedy, face the labor unrest in the RMG sector, and confront the threat to GSP. On the other hand, a stable exchange rate, adjustment capacity of export-oriented sector, particularly the RMG, and the recovery, albeit slow, in the developed economies, made a positive impact on the performance of the sector. Export earnings stood at about USD 12.6 billion, registering an impressive growth of 16.56 per cent, during July-December in FY 2014 over the corresponding period of FY 2013. Import related activities did not pick up during Jul-Nov FY 14 (increased by only 4.4%). Growth was mainly driven by higher payments against imports of food grains, chemicals and RMG related intermediate goods. Lower level of international prices also helped to keep the payments in check. Remittances experienced (-) 8.4% growth during H1 of FY 14 mainly due to lower growth of manpower export (-13.8%

in H1 of FY 14). During Jul-Nov FY 14, Balance of Payments (BoP) observed a favorable situation achieving a surplus of USD 2.0 billion because of robust export performance and lower import payments. Foreign exchange reserve crossed the USD 18.0 billion mark.

### EBL Performance

Fees and commission together with FX income experienced a minimal growth (2% or BDT 57 million) in 2013 mainly because of the negative growth of FX income. However, our fees, commission and charges income witnessed expected growth (17% or BDT 256 M) with trade related income taking the center stage. Our export, import business as at 31 December 2013 & 2012 is compared below:

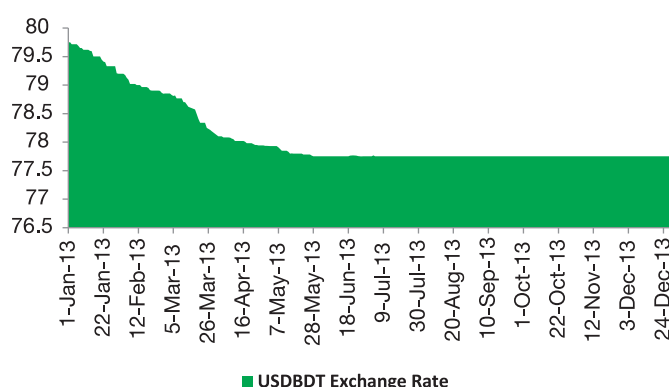
### Trade Business: 2013 Vs 2012



### Foreign Exchange Business in 2013

2013 experienced a massive fallback of US Dollar (USD) against Taka (BDT). The highest rate that the market traded in the last year was USDBDT 79.7503 with the lowest being USDBDT 77.75. The rate started falling sharply from the beginning of the year until it stabilized at USDBDT 77.75 after around five months. Such a steep decline of USD against BDT was caused by different factors of which the country's trade flows was the most significant one. Given a sizeable growth of exports against that of imports, the market experienced a gradual increase in the supply of USD against BDT. A continuous increase in inward remittance was also

### USD BDT Exchange Rate



responsible for such an over supply. Due to this increased liquidity in USD, market players were, on an average, in a selling spree that eventually resulted in a continuous depreciation of USD. But, it was expected that the depreciation would go on for an additional round, hurting the country's export performance. However, Bangladesh Bank periodic monitoring system resulted in periodic interventions in the foreign exchange market to buy excess USD from the market. For this, the floor rate of USDBDT 77.75 existed for most of the period of 2013. In 2013, Bangladesh Bank bought more than 3.0 billion of USD from the market, which eventually boost up foreign exchange reserve of the country. Foreign Exchange reserve was USD 18.07 billion on 30-Dec-2013 against USD 12.75 billion on 30-Dec-2012.

### EBL Performance

Round the year 2013, EBL had always kept its open position within its set limit of 29.37 million USD. In 2013, EBL foreign exchange business turnover increased to USD 14.96 billion compared to 12.5 billion in 2012. In spite of our increased turnover, reduction of spread due to stable FX market and a severe competition prevailing among the peers led to a 26% negative growth of FX income to BDT 558 million.

### Other operating income (+26%)

Other operating income experienced a positive growth (26% or BDT 31 million) largely caused by 30% increase of rebate earnings to BDT 55 million and swift & telex charges by 48% to BDT 50 million.

### Operating expenses (+13%)

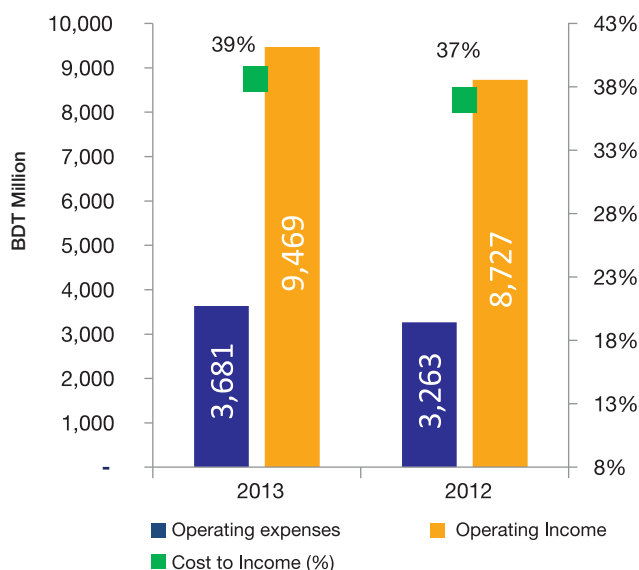
Total operating expenses of the Bank have increased by 13% or BDT 418 million compared to that of 2012 mainly for following reasons:

- Total salary and allowances have increased by 12% or BDT 214 million in 2013 over that of 2012 caused mainly by increase of head count and regular increment. In 2013, 1,439 new members including 45 future leaders joined EBL family while this number was only 986 in 2012. Total 308 people joined in permanent position in 2013.
- Overall bank rent and tax, utility bills, insurance premium, printing and stationary, repair, maintenance, office security, advertisement and business promotion expenses increased considerably during 2013 mainly because of channel expansion initiatives (addition of 4 branches, 15 ATM, 3 Priority centers), renewal of many of its rent agreements at significantly higher rates (on an average 10 to 12% increment loaded) and hiring new office location (JBC 5Th floor, Dhanmondi and Uttara Sales Office etc.).

### Cost to Income Ratio (%)

Overall Cost to income ratio of EBL increased from 37% to 39% during 2013 mainly because of higher growth of operating expenses (13%) than that of operating revenue (9%). As expected, the channel expansion initiatives trigger instant increase of operating expenses but take a reasonable time to generate revenue causing the mentioned rise of cost to income ratio.

## Cost to Income (%): 2013 Vs 2012



## Total Provision (-23%)

### Provision for loans and advance (+5%)

Specific provision charged during the year 2013 against classified loans has decreased by 3% or BDT 22 million against that of previous year. General provision against unclassified loans & off-balance sheet exposures charged during the year increased by BDT 60 million in 2013 mainly due to shifting of classified loan to unclassified one. Nonetheless, the general provision is allowed (by BB) to be treated as Tier-II capital of the bank and provides safeguard against future default as well as supports business growth by strengthening the capital base.

### Provision for loss on revaluation of shares (-72%)

As per BRPD Circular, investments in quoted shares and unquoted shares were revalued at the year-end comparing market price and carrying value of last audited balance sheet respectively. Provision is made on 'portfolio basis' for any loss arising from diminution in value of investments. Provision charged during the year 2013 against revaluation of shares decreased by 72% or BDT 343 million against that of previous year.

## Profit before Tax (+15%)

After making above provisions, profit before tax of EBL stood at BDT 4,836 million during 2013 registering a growth of 15%. Higher growth of fees and commission (17 %+) and investment income (39%+), negative growth of provision to some extent offset the growth of operating expenses leading to increase of the profit before tax by 15% during 2013.

## Provision for Income Tax (+17%)

Provision against last year's income tax of EBL was BDT 2,268 million compared to BDT 1,945 million of preceding year which was 17% higher over 2013. Although our income tax rate is 42.5%, our effective tax rate for the year 2013 increased to 53.24% from 51.81% of 2012 due to reduction of our tax exempted income from dividend and capital gain and also for recognition of previously un recognized tax losses.

## Profit After Tax (+13%)

Marginal growth of NII (2% or BDT 77 million) and fees, commission & FX income (2% or BDT 57 million) consumed a substantial portion of investment income growth (39% or BDT 576 million) which eventually led to a moderate growth of operating profit by 6% or BDT 324 million. However, negative growth of total provision (-23% or BDT 292 million) against share and classified loans also led to a positive growth of PAT by 13% or BDT 293 million in 2013.

As per Bank Company Act 1991 (Amended upto 2013), 20% of profit before tax is required to be transferred to statutory reserve until the balance of the same reaches to the level of paid up capital. As such an amount of BDT 967 million has been transferred to statutory reserve during the year.

## Balance sheet as at 31 December, 2013

**Funds sourced through an impressive growth of deposit were partly parked in government securities and used partly in paying off borrowing in the backdrop of lower appetite for private sector credit resulting a marginal growth of NII but higher growth of investment income in 2013.**

In 2013, the banking industry as a whole experienced a huge imbalance between loan and deposit growth which consequently affected profitability, asset composition and also revenue mix. Though the banks' deposits increased, they were unable to lend those in desirable sectors which left them with excess liquidity of around BDT 901,700 million on December 31, 2013. Low private sector demand for credit due to political uncertainties and also the ceiling imposed on banks' investment in the share market by Bangladesh Bank contributed to high liquidity in the banking system. Consequently, both the deposit and lending rates were slashed. On average, the deposit and lending rates in last December stood at 8.39% and 13.45% respectively in contrast to 8.47% and 13.8% a year ago. As the deposits could not be invested, most of the banks have lowered the interest rate of deposit. To recover the losses from the idle deposit, the banks had invested in the treasury bills and in the call money market, but the interest rate there was also low as well.

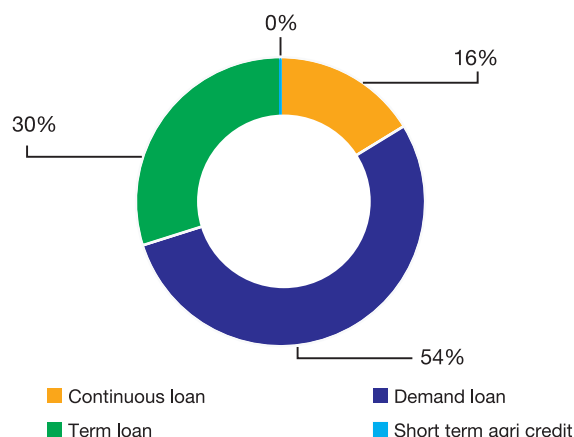
Total assets of EBL stood at BDT 157,881 million at YE 2013 against BDT 147,148 million at YE 2012 registering a growth of 7%. Loans & advance grew by 6% whereas deposits grew by 28% in 2013. The increase in asset was mainly funded by growth of deposits and very minimum level of borrowing. Deposit growth was used for funding credit growth and holding of securities for SLR purpose.

## Loans and Advances (+6%)

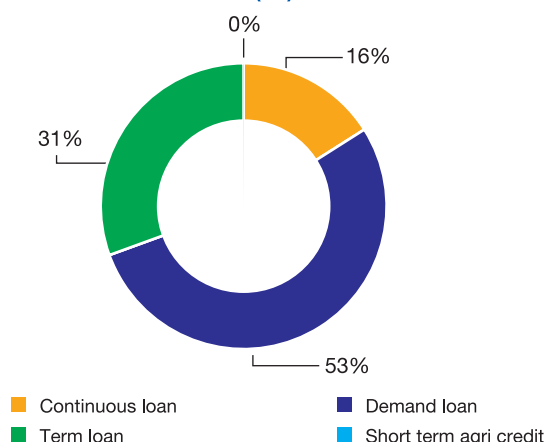
Political unrest and squeeze in credit demand across the industry led to a rise in excess liquidity for PCBs. Hence, in 2013 the resultant loan and advances growth was moderate and registered a growth of 6% and stood at BDT 102,910 million at YE 2013. With a pie of around 73% in corporate lending, EBL's credit exposure is well diversified and spread over more than 14 sectors such as textile & RMG, agriculture, pharmaceuticals, telecom, ship-breaking, transportation, electronic goods and service industries, etc. Retail and SME together constitute more than 27% of the loan portfolio. During the year 2013, our working capital loan like OD,



### Product-wise Loan Mix (%): 2013



### Product-wise Loan Mix (%): 2012

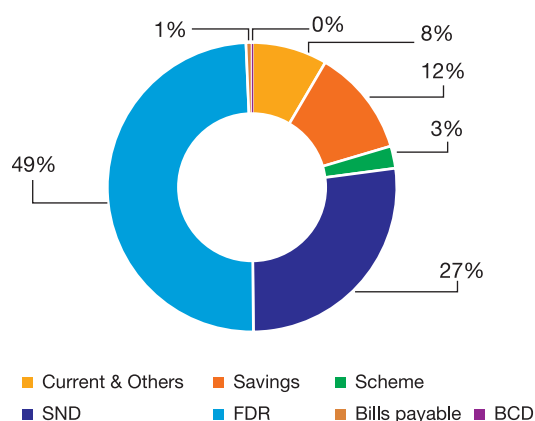


Demand loan and other short term loan increased considering the nature of sources of funds.

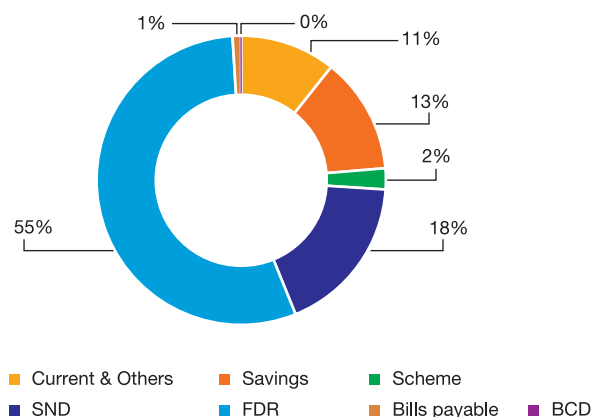
### Deposits (+28%)

Overall deposits of the bank increased by 28% and stood at BDT 117,102 million at year end 2013. The growth was facilitated by expanding branch network and high standard service provided to customers along with liability revamping initiatives carried out for mobilization of deposits. Deposit

### Deposit Mix (%): 2013



### Deposit Mix (%): 2012



grew at much higher rate than loan during the year. During the year 2013, fixed deposit pie decreased from 55% to 49% and short notice deposit pie increased from 18% to 27%.

### Investment (+20%)

In 2013, we had a considerable exposure in Government securities and capital market in the form of proprietary equity investment, exposure against shares, loans to share/stock brokers, merchant banks and investment in treasury bills & bonds. In 2013, the bank's total investment stood at BDT 25,904 million, which was 16% of total assets.

Investment comprised of Government securities of BDT 21,660 million (84% of total investments) and others (investment in debenture, corporate bond, ordinary share and preference share etc.) comprised of BDT 4,244 million. There was 22% growth of investment in Government securities since bank had to invest more fund in Government securities to cover the increased statutory liquidity ratio (SLR) for deposit growth.

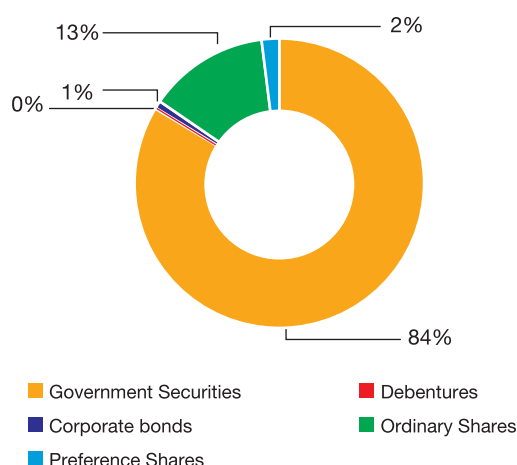
### EBL Own Portfolio in Secondary Market:

EBL never believes in speculation rather invests strategically with long term perspective. In 2010 - 2012, EBL generated significantly higher return than the market through investing in fundamentally strong shares. However, 2013 was an equally grim year for both institutional & individual investors. Therefore, the secondary market return of EBL portfolio declined in 2013 as did the returns to all other investors.

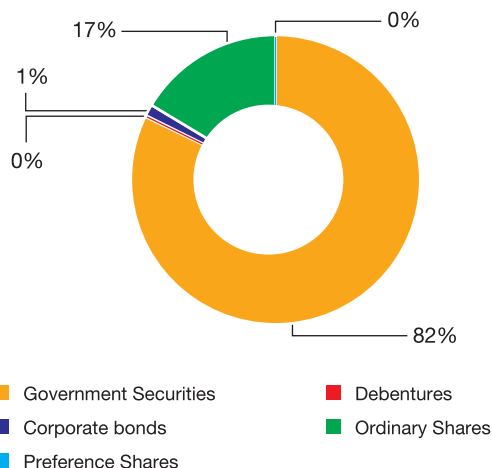
However, the portfolio combination remains fundamentally strong as ever with focus on shares of bank, NBFI and power sectors. When the market returns to its normal streak, the well-balanced EBL portfolio is expected to perform well. EBL investment in ordinary share (Quoted and Unquoted) was BDT 3,549 million in 2012 which was brought down to BDT 3,489 million in 2013 i.e. 2% negative growth over that of 2012.

However, for recognition of loss suffered from investment in capital market, adequate provision had been made on unrealized loss (gain net off) as per Bangladesh Bank circular.

### Investment Composition (%): 2013



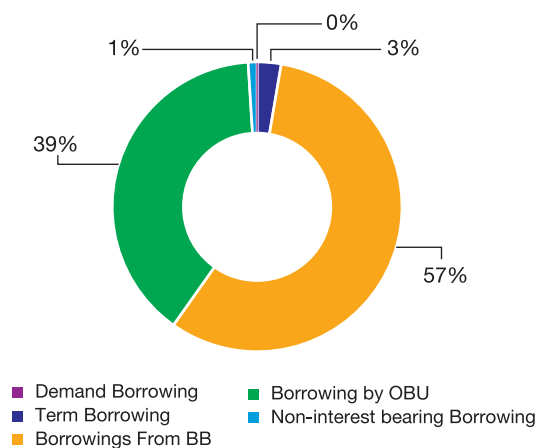
### Investment Composition (%): 2012



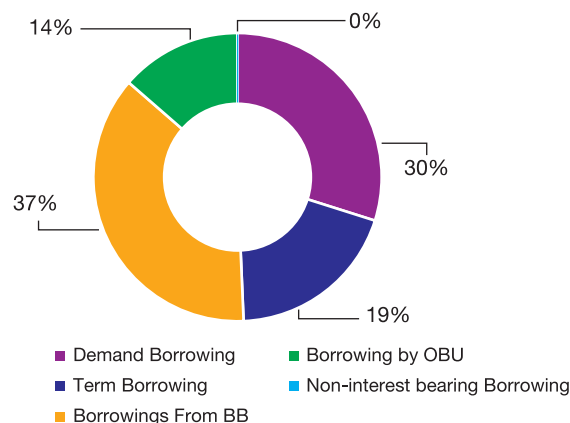
### Borrowing (-55%)

In 2013, overall borrowing of bank decreased significantly by 55% in the form of demand borrowing, term borrowing

### Borrowing Composition (%): 2013



### Borrowing Composition (%): 2012



and under different forms from Bangladesh Bank mainly due to slower credit growth than deposit growth and relatively flat interest rate structure in the money market in the year of 2013. In 2013, the bank's total borrowing stood at BDT 14,080 million, which is 10% of total liabilities.

### EBL Asset Liability Management in 2013

2013 started with a trajectory of fall in interest rate. EBL was first among the local banks to take exposure on falling interest rate by cutting rate by 0.50% to 1.50% on different buckets. As desired by ALM desk, BDT 5,890 million high-cost fund with a weighted average cost of 12.10% was drained out from the bank during January 2013 and was funded from money market with a weighted average rate of 10.29%.

Throughout the year of 2013, EBL was able to reduce the cost of deposit by 96 bps while return on loan was reduced by 46 bps, giving us 50 bps spread on the whole balance sheet. On this falling interest rate regime, major challenge for bank was to maintain the positive duration gap as wide as possible. ALM desk through its active recommendations was able to increase the duration gap to 0.72 at YE 2013, from 0.58 at YE 2012.

High concentration of Term deposit on 3 months bucket was a major challenge for us.

However, because of active product pricing and offering of new deposit products, we were able to decrease the concentration of 3 months deposit to 34% on 31 December, 2013 from 40% at beginning of the year.

On the asset side, bank maintained sufficient liquid asset as it bought large amount of bills/bond to take exposure on interest rate and to utilize excess fund. As overall credit growth was slow and there was no imminent upward pressure on interest rate, we deliberately increased our re-pricing gap on 1-3 months and 3-6 months bucket.

Overall, 2013 was a good year on balance sheet management, as all the interest rate and macro bet from ALM desk was accurate and bank was able to keep the balance sheet composition close to desired level.

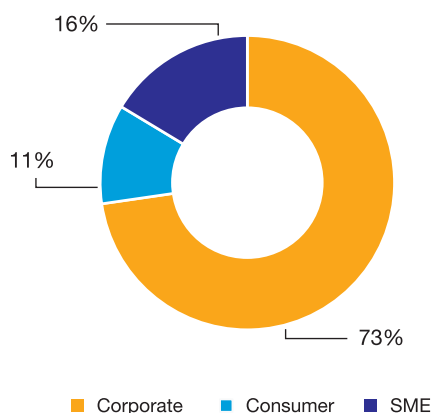
# business review

At EBL, we believe in relationship banking. Relationship grows over time and deepens with sensing and responding to the changing customers' needs. We have always put our customers at first and their financial needs at top of our business agenda. We would like to see our customers delighted and not just satisfied. We are constantly looking for better ways to provide, combine and deliver products that meet our customers' expectation. We try to listen closely to our customers, even when they complain. ***Our motto is: Staying close to the customers, learning their***

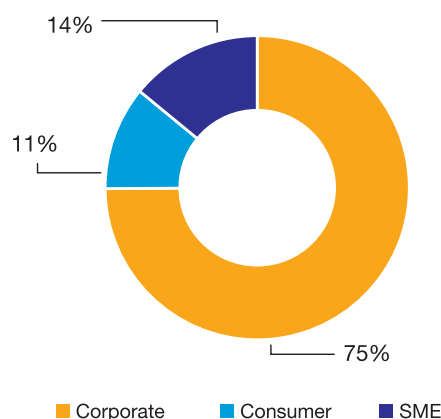
## ***preferences and catering to them.***

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. Treasury being the manager of funds maintains CRR/SLR as per regulatory requirement, makes optimum use of excess funds and sources funds from money and capital markets and deals with foreign exchange etc.

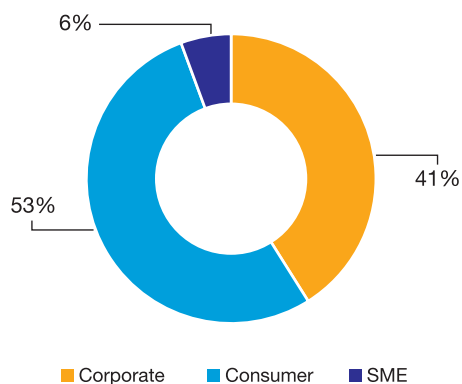
**Business Unit Wise Loan Mix (%): 2013**



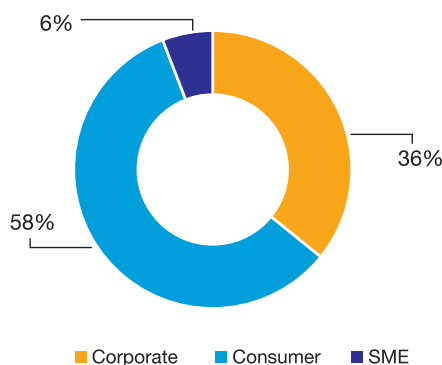
**Business Unit Wise Loan Mix (%): 2012**



**Business Unit Wise Deposit Mix (%): 2013**



**Business Unit Wise Deposit Mix (%): 2012**



Corporate Banking along with Treasury, contributes the lion share to the bottom line of the Bank. Corporate Banking occupies the largest pie of the loan book (around 73%) whereas Consumer Banking contributes the most in mobilizing funds (around 53%) as on year end 2013. The high priority Small & Medium Enterprise (SME) division continued to experience growth in both loan and deposit.

# corporate banking

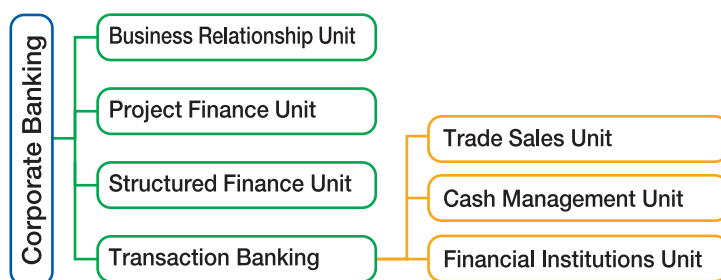
Despite many challenges in 2013, EBL Corporate Banking achieved balanced growth by leveraging strong customer relationship and by providing innovative solutions to meet their growing financing need.

Corporate Banking of Eastern Bank Limited is said to be the leader in wholesale banking in Bangladesh. Driven by relationship management teams, the division offers full-fledged, innovative, customized solutions and services to its clients. This particular division acts as a single point solution provider for all banking services to the corporate clients including project financing, working capital, trade, supply chain, cash management solutions, payroll, syndication, merger, acquisition and advisory services.

Corporate Banking Division is comprised of 11 corporate relationship units, 08 in Dhaka and 03 in Chittagong located in Motijheel, Gulshan and Agrabad.

To facilitate and support business units, we have 01 Project Finance Unit, 02 product specific solution based units namely Structured Finance Unit and Transaction Banking.

Transaction Banking is supported by 03 particular units namely Cash Management Unit, Trade Sales Unit and Financial Institutions Unit.



## Corporate Banking initiatives 2013

### First Ever in Bangladesh EBL Structured Finance Unit (SFU) introduced Commercial Paper (CP) for the financial market

In 2013, we arranged Commercial Paper (CP) for ACI Ltd, a renowned local business conglomerate.

CP is a short-term, unsecured money market instrument issued in the form of a promissory note. EBL raised BDT 500 million at a competitive interest rate.

This deal is a milestone for us for three reasons:

Firstly, though the concept of CP is prevalent globally but it has been issued for the first time in Bangladesh. This has helped to broaden the investment opportunities in the market by providing a new financial product for the investors.

Secondly, corporate houses will be able to raise funds from the market without depending solely on borrowings from financial institutions in order to meet their short-term requirements.

And finally, this is a testimony of our efforts in developing financial market of the country by offering unique and innovative solutions.

### EBL continued its dominance in Aviation Financing in 2013

EBL helped HG Aviation Ltd. to add two 737 Boeing aircrafts on lease to expand its international routes.



**Hassan O. Rashid**  
Deputy Managing Director  
Corporate & Treasury

"In spite of prolonged challenges throughout 2013 which affected adversely customer businesses and overall economic activities of the country, Corporate Banking managed to deliver balanced business growth by focusing on asset quality, strict portfolio monitoring and innovation of new financial products. The coming year 2014 poses few challenges but EBL will continue to focus on balanced growth through product innovation, differentiated service and deepening existing relationship."

## Key Highlights

### Loans & Advance

**+3%**

**2013:** BDT 73,919 million

**2012:** BDT 71,679 million

**2013:** 73% of Total Loan

**2012:** 75% of Total Loan

### Deposits

**+47%**

**2013:** BDT 47,758 million

**2012:** BDT 32,580 million

**2013:** 41% of Total Deposit

**2012:** 36% of Total Deposit



### Other Significant Deals of Structured Finance

- Completed on-lending of USD 33.62 Million term loans through Offshore Banking Unit of EBL.
- Appointed as the Facility Agent for Issuance of BDT 2,000 Million Preferred Shares on account of United Power Generation & Distribution Company Ltd.
- Successfully coordinated the drawdown of USD 12.50 Million Term Loan from DEG for Ananta Group.
- Appointed as the Trustee for BSRM Steel Re-rolling Mills Ltd. to facilitate the issuance of Bond to the tune of BDT 2,000 Million.
- Mandated by Biman Bangladesh Airlines Ltd. as Joint Arranger with Standard Chartered Bank Ltd. and The City Bank Ltd. for USD 66 million Commercial Loan for Delivery Finance of two 777-300 ER aircraft from Boeing.
- Mandated by Ceat Bangladesh Ltd. as Facilitator, Agent and Arranger for LC facility under USD 35 million offshore loan from Bank of India, Hong Kong.
- Lead Arranger for the Term Loan Syndication of BDT 1,600 Million for Confidence Cement Ltd.
- Lead Arranger for the Term Loan Syndication of USD 35 Million for SM Spinning Mills Ltd.

### Offshore Banking Services

- EBL has been the pioneer among local banks to

develop the Offshore Banking Unit and product offerings including Bill Discounting/Financing, bilateral and syndicated Term Loan and other products for Export Processing Zone customers and local manufacturing industries.

- Closely working with the multilaterals including IFC, DEG, ADB, FMO, Proparco, CDC, Norfund and others, EBL has developed products and the largest OBU Asset book among the local banks.

### Biman Hajj Flight Collection

EBL has extended a unique cash management solution to Biman Bangladesh Airlines for collection of airfare of the Hajj pilgrims.

### Cash Management Solution for Dhaka Stock Exchange

EBL established account relationship with DSE for placement of their investment proceeds.

### Key Priorities in 2014

- Maintaining quality of existing portfolio with focus on trade and structured financing.
- Launching innovative products to tap into the growing cross border opportunities.
- Managing and growing corporate deposits through integrated customized solution.
- Continue to invest in people and technology to improve productivity and customer satisfaction.

# our customers speak for us

"EBL has a dynamic management team ready to offer diversified product portfolio to suit client's need. Its services surpass foreign banks, yet have the local touch of flexibility."

**Sharif Zahir**

Managing Director  
Ananta Apparels Ltd.

"Eastern Bank Ltd is a local bank with international flavor. It has lot of promises for future and a benchmark for other local banks."

**Reaz Uddin Al Mamoon**

Managing Director  
Epyllion Group

"Incepta Pharmaceuticals Limited is pleased with the services and the various banking products of Eastern Bank Limited. We hope to continue banking relationship with Eastern Bank Limited with more future modern banking products and services. Wishing them every success in banking business."

**Abul Muktadir**

Managing Director  
Incepta Pharmaceuticals Limited

"Eastern Bank Ltd is committed to meet the highest standards of customer service & financial solutions. We are very delighted by the service received from Eastern Bank Ltd. We wish them every success in the coming days"

**Hasan Mahmood Raja**

Chairman  
United Group

"Based on a partnership of trust, understanding, innovation, strong ethical principles and mutual respect, EBL has always played a vital role in the successful and sustained growth of our organization. The bank has always provided us with various new products and services to enhance our financing structure in such a dynamic and competitive industry.

The relationship that MSM and EBL have developed over the years is priceless and as a financial partner the institution has always played an important role in the success of our company."

**A. Matin Chowdhury**

Managing Director  
Malek Spinning Mills Ltd.

"We are honored to have you as our financial partner towards our success.

We find EBL as an innovative commercial bank that can deliver quality service with flexibility under the leadership of a dynamic management with explicit vision."

**Uzma Chowdhury, CPA**

Director  
PRAN-RFL Group

"We believe that EBL has established itself as a leading private commercial bank in the country with its dynamic management team along with its wide range of financial products to cater customers' need. The bank has already made its position in the industry through quality service and flexibility unlike other commercial banks of its kind through innovation and with a definite clean vision."

**S. M. Ashraful Alam**

Managing Director  
Walton Hi-Tech Industries Ltd.

"We believe that Eastern Bank Limited has made a leading position in financial sector through its innovation and quality service to customers by an excellent team management. We congratulate EBL management to make it possible very efficiently and effectively."

**Alhaj Md. Khabiruddin Molla**

Managing Director  
M I Cement Factory Ltd.

"EBL is found to be the pioneer in innovative solutions to the financial needs of Corporate. We wish EBL to continue this endeavor in coming days also."

**Pradip Kar Chowdhury**

Executive Director, Finance & Planning  
Advanced Chemical Industries Limited

"EBL with its dynamic management and professional team has always been responsive to customer needs. We have found them to be willing and able to offer innovative solutions which have further strengthened the relationship between Transcom and EBL.

We take this opportunity to wish EBL greater success in years to come."

**Latifur Rahman**

Chairman & CEO  
Transcom Limited

“Since 2007, Envoy Group has been banking with Eastern Bank Limited. EBL holds the leading position among the local private banks of our country when it comes to innovation and excellence in customer service. EBL has the most efficient Relationship Teams in the country who know their customers and work hard to serve every financial and non-financial need when and where required.

We hope to continue a mutually beneficial relationship with EBL.”

**Abdus Salam Murshedy**

Managing Director  
Envoy Group

“EBL’s innovative approach to keep up with the complex financial and management needs became exemplary and satisfying for each of our team members. Thus Hameem Team could truly rely and trust EBL even under odd situations. Its customer service, up-gradation of system, efficient management and above all personal touch has simply won over the clients’ heart and mind while maintaining banking norms.

On behalf of Hameem Group we would like to see EBL growing at a faster pace and continue to serve the nation.”

**A. K. Azad**

Managing Director  
Hameem Group

“In its efforts to make viable commercial journey, Eastern Bank Limited remains the leading Bank to stand by Regent Airways. It is not money alone that they provide with, the dedicated EBL team comes up with consultation services as and when needed. When bankers turned their back to commercial civil aviation it is EBL to appreciate the need to support this sector and focus on the potentials it holds. We are aware teaming with other like-minded banks EBL remains the leader in civil aviation.”

**Mashruf Habib**

Managing Director  
Regent Airways

“From the beginning of our journey EBL came up with innovative financing scheme which in turn helped us to support and sustain our operation. In the very near future NOVOAIR will step out to international operation. We expect EBL will extend its usual hand as a trusted partner of our journey to the future.”

**Arshad Jamal**

Chairman  
Tusuka Group

“We appreciate/value EBL’s mission to drive efficiencies in financial industry by setting clear standards and we believe that EBL, with a strong heritage in financial services, will continue to grow strength to strength and will create new ground breaking best-process practices in industry. We consider our association with EBL as significant milestone in our journey.”

**Mostafa Kamal**

Managing Director  
Meghna Group

“We always find Eastern Bank Ltd at our side at the time of necessity. It’s cordial and prompt support, timely response, co-operation and giving priority to the customer interests has placed Eastern Bank Limited at a unique place. Our working partnership has flourished than ever before. We wish the warm relationship with Eastern Bank Limited will prosper more in the days to come.”

**Aameir Alihussain**

Managing Director  
BSRM Group

“EBL was always with us in all waves and now they are one of the best supportive Banks of our Group with their all types of innovative Products & Services. They also have a contributory participation with our new & big projects as Shah Cement Industries Ltd., Abul Khair Steel Melting Ltd. and Abul Khair Steel Ltd. with their state of the art technology, time-befitting business policy and eligible Management Staffs & Employees. We want to grow with EBL all time and wishing them all the best.”

**Md. Abu Syed Chowdhury**

Deputy Managing Director  
Abul Khair Group



# corporate banking highlights 2013



EBL has arranged a Commercial Paper (CP) worth BDT 500 million for ACI Ltd.



EBL MD & CEO, Mr. Ali Reza Iftekhhar received the crest of IFC Global Award 2013 as The Best Partner for Working Capital Systemic Solutions from Ms. Georgina Baker.



Deal closing ceremony for USD 12.5 million term loan for Ananta Group, arranged from DEG by Structured Finance Unit of EBL.



Mandate signing ceremony between EBL and Confidence Cement Ltd. for raising term loan of BDT 1,600 million for the cement company's expansion project in Chittagong.



Bangladesh launching ceremony of EBL Finance (HK) Limited, first fully owned foreign subsidiary of EBL.



EBL arranged a roundtable on Sustainable Ship Recycling in Bangladesh jointly with FMO, IFC, DEG, Proparco, Dutch Embassy, German Embassy and Chittagong Chamber held in Chittagong.



# treasury

EBL has a seasoned and well-trained treasury team capable of providing all kinds of treasury solutions through wide range of treasury products. To provide superior service with respect to pricing and cater the best possible solution to the customers, EBL Treasury has five separate desks.



In 2013, EBL Treasury has played around with its specific priorities set at the beginning of the year. We acted to optimize our priorities through following means in maximizing overall profitability of EBL Treasury.

- **Exploring new opportunities especially in the fields of derivatives:** We had significant success in the arena of new avenue creation in money market. In case of overall derivative portfolio, especially in SWAP and Repurchase Agreements, we were able to double our overall portfolio. Spread was hit downward because of flat market scenario but volume compensated sufficiently.
- **Closely monitoring market behavior to catch significant business prospects out of volatility:** 2013 was not a year of volatility. Market was flat and overall economic activity was slow due to political uncertainty. First quarter of 2013 experienced some small bumps but later on overall economy became so sluggish that it could not put any pressure on the overall liquidity and interest rate structure. Our main strategy in 2013 was to increase the treasury asset duration and decrease treasury liability duration. In this way, we were able to enhance the spread in the down market.
- **Maximizing portfolio size as well as portfolio returns by discovering new investment opportunities:** In Bangladesh, T-Bill and T-Bond rates move along the inter-bank rates with a time lag of 2-3 month period and 5-6 month period respectively. As inter-bank rate started to slide after first quarter and expectation was flat, it was almost obvious since the middle of 2013 that overall interest rate structure of GSEC will be downward. So, taking this fact into consideration, EBL treasury took considerable long position in GSEC which eventually yielded substantial earnings in this category. Taking the right position in the right time was the key to achieve huge success in this arena.
- **Building rapports with external and internal counterparts:** Treasury business, in all over the world, is relationship based. It is no different in Bangladesh and we put optimum effort in building rapport with all of our inter-bank and corporate counterparts. In 2013, we continually engaged ourselves in various client calls and conferences which has contributed to improving our business relationships.

## EBL Treasury in Money Market

Total turnover vide various money market instruments accounted for around BDT 23,007.60 million in 2013 which is 1.43% higher than BDT 22,684.30 million in 2012. Higher spread accompanied by new avenues of business brought a desirable performance from the money market business. However, active participation in trading of secondary government securities has also contributed to the growth of revenue generated from money market business.



**Mehdi Zaman**  
Head of Treasury

“The conduit for Treasury in 2013 was a stable path of interest rate and foreign exchange, with absence of volatility. Market was burdened with excess liquidity as demand for credit was low. Fall of interest rate on govt. securities was impending and banks heavily invested in govt. securities to take macro bet. EBL treasury was no exception from that; we took macro bet on Treasury bills and bonds of different tenor, which paid us as expected.”

## Key Highlights

### Total Money Market Income

**+ 26%**

2013: BDT 2,191 million

2012: BDT 1,740 million

### Average Daily Money Market Turnover

**+ 1%**

2013: BDT 23,007 million

2012: BDT 22,684 million

### Net Exchange Income

**-26%**

2013: BDT 558 million

2012: BDT 757 million

### Total FX Transaction Volume

**+ 20%**

2013: USD 14.96 billion

2012: USD 12.50 billion

## EBL Treasury in Foreign Exchange

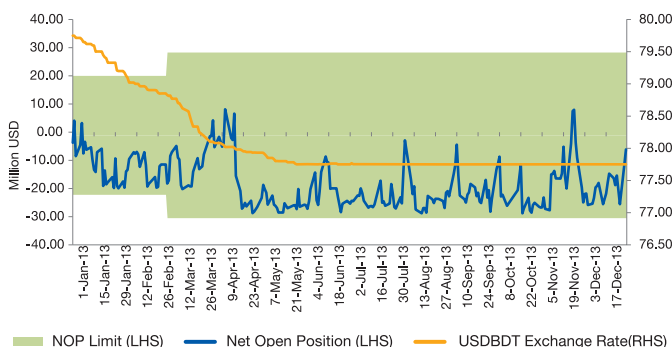
### Foreign Exchange Position Management:

Throughout the year, EBL treasury always kept its open position within its set limit of USD 29.37 million. EBL treasury makes forecast about future exchange rate movement on a regular basis and maintains its open position according to its future projection- that is when treasury's forecast is BDT will depreciate against USD and the projected depreciation rate of BDT is more than the money market funding rate, it maintains and holds position long. When treasury's projection is appreciation of BDT against USD, it maintains its position short.

### Transaction Volume and Profit:

In foreign exchange area, total turnover was USD 14.96 billion in 2013, while it was 12.5 billion in 2012 and USD 10.5 billion in 2011. Growth of total turnover in 2012 compared to 2011 was 10%. Although, turnover increased in 2013, stable exchange rate made the competition severe in foreign exchange market which compromised our spread. Also, fall in volatility reduced trading opportunity for traders. EBL was involved in forward dealing, corporate dealing, SWAP etc. in FX market. In 2013, EBL was active in cross currency settlement with other banks with the help of multiple trading platforms.

Net Open Position and Exchange Rate Movement



## Treasury Priorities in 2014

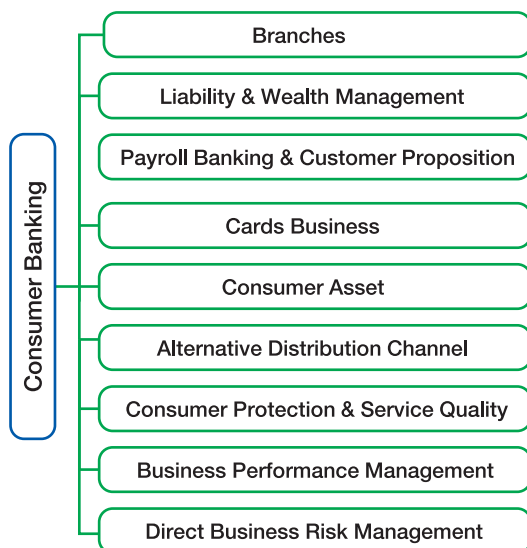
- Continuing to explore new avenues to utilize market opportunities especially in the field of derivatives.
- Maximizing portfolio size as well as returns by discovering new investment opportunities.
- Putting more efforts to build rapport with external and internal counterparts
- Managing Balance Sheet with specific focus on interest rate movement.
- Creating stronger corporate sales desk.
- Automation of Treasury Front office and ALM activities.

Market outlook, as it has always been, is a function of both global and local economic factors. Considering that the local factors will cope with the changes in global scenario; money growth, expected inflation, private sector growth and government's borrowing from the banking sector will play as catalysts of growth. Country-wide political turmoil, if not settled, will severely hamper the credit growth and cause excess liquidity in the market. Moreover, government's borrowing from banking sector will play a massive role in the movement of the market. Foreign currency reserve is consistently growing due to the reduction in import payment and satisfactory growth in export and remittance flow.

Therefore, money supply in the economy appears to remain constant. Since adequate liquidity is available in the market, yields of treasury securities are expected to slide down significantly. Both deposit rate and advance rate are projected to fall down. Apparently, market will remain liquid and thus, less volatility is expected in the money market. However, market anticipation for BDT stands at its appreciation though remittance flow may fluctuate a little and export may vary due to political unrest. It is expected that import payment will not experience a hike soon.

# consumer banking

For better management of our large customer base and distribution network, EBL Consumer Banking operates through several value centers and departments. Working together seamlessly, we ensured top class banking experience for our valued customers:



## Consumer Banking Initiatives 2013

### Liability & Wealth Management

- To tap new deposit segments, EBL revamped and launched 6 new deposit product suits titled 'EBL Max Saver', 'EBL Classic Savings', 'EBL Power Savings', 'EBL Premium Savings', 'EBL 50+ Savings' and 'EBL Smart Women's Savings'. To encourage the long term savings habit of the customers, EBL launched 1 new deposit scheme titled 'EBL Millionaire'. Attractive benefits were bundled with traditional Current Account and a new current product titled 'EBL Current Plus' was launched as well. The new products helped the bank to grow at a much faster pace than the market. As a direct result of these initiatives, the Current and Savings account portfolio of the bank grew by 300% over the year.
- EBL Priority Banking continued its journey as country's number one premium banking service in 2013 as well. In 2013, 3 new priority centers were opened, 2 in Dhaka and 1 in Chittagong to take priority services within the reach of the customers. EBL Priority Banking now operates through 11 centers in Dhaka, Chittagong & Sylhet.

### Key priorities in 2014

- Continue focusing on the low-cost deposit sourcing and introducing technology driven liability solutions

### Payroll Banking & Customer Proposition

- Revamped EBL Payroll Banking offers tailor-made integrated payroll services that reduce cost, eliminate paperwork and improve security for corporate houses. A staggering 246 new corporate tie-ups have been accomplished.
- EBL participated in the 'First School Banking Conference 2013' organized by Bangladesh Bank; remained one of the key participants in the event and was recognized by Bangladesh Bank. EBL has also arranged some major



**Nazeem A. Choudhury**  
Head of Consumer Banking

"Revisit, Understand, and Nurture – abbreviated as RUN, was the theme EBL Consumer Banking adopted for 2013. Customer is the center of all our activities and getting back to this very basic was the mantra. 2013 was a challenging year for EBL Consumer Banking. Volatile socio economic and political situation was quite perplexing for the business growth. But with combined effort, dedication and sincerity, EBL Consumer Banking Team pursued the goals and a good number of achievements have been made. With new branches, priority centers, EBL365s, improved system and top-of-the-class service quality, we stayed well connected with and carried out the trust of our valued customers throughout the year!"

### Key Highlights

#### Loans & Advance

**+5%**

**2013:** BDT 11,112 million

**2012:** BDT 10,563 million

**2013:** 11% of Total Loan

**2012:** 11% of Total Loan

#### Deposits

**+17%**

**2013:** BDT 62,010 million

**2012:** BDT 52,995 million

**2013:** 53% of Total Deposit

**2012:** 58% of Total Deposit

campaigns with the top schools in the country.

- EBL organized many exclusive tie-ups to provide privileged services to its customers; e.g. Western Union is the new partner for money transfer services, exclusive offers at Cathay Pacific and Dragon Air; joint campaign arrangement with GrameenPhone, Navana, Rangs Limited; segment wise value added proposition offering; health awareness sessions, lifestyle event, and many more.

#### Key priorities in 2014

- Developing strategic relationships with various business and govt. organizations to offer 360 degree banking solution.

#### Consumer Asset

Launched some exclusive products campaign for the customers; e.g. for SME customers, Eid Campaign, Home Loan Campaign, Loan Take Over, Loan Top up and many more.

#### Cards Business

- Launched 'EBL SkyMiles' - Bangladesh's first Airmile Reward program for the premium EBL Credit Cardholders.
- Launched exclusive Online Hotel Booking offer with Agoda – one of the largest online booking platform.
- EBL Cards has teamed up with MasterCard and Diners Club International to launch MasterCard and Diners Club branded Credit, Debit and Prepaid cards in Bangladesh.
- EBL Cards migrated to a world renowned Card Management System "HPS PowerCard" from its previous system. PowerCard offers robust and scalable framework with strong security features.

#### Key priorities in 2014

- Introducing Merchant Acquiring Services, E-Commerce and Card based Cash Management Solution in the market

#### Branches

EBL serves its customer base through branches as the key touch points. Till the end of 2013, a total of 71 branches and 11 Priority Centers were in operation to serve the clientele of EBL. In 2013, EBL has opened 4 new branches and 3 priority centers to reach out the new market segments across the country.

#### Key priorities in 2014

- Opening of 6 new branches at strategic business locations and improving the look and feel of flagship branches

#### Alternative Distribution Channel (ADC)

As an endless endeavor to provide the customers with top of the class banking experience, Alternative Distribution Channel (ADC) is offering customers with a range of convenient banking options. Today, EBL provides one of the best Internet Banking services in the country. Customers can enjoy banking services through EBL Internet Banking from their PC, Tab or Smart Phone with complete security and confidentiality. A wide array of services are available; e.g. viewing account details, opening Fixed Deposit, managing loans, instant mobile recharge, utility bill payments, online payment including other bank fund transfer, request for Cheque book, and more.

EBL became the first bank in Bangladesh to introduce smartphone based App. EBL account holders can access their EBL transactional accounts with EBL Mobile App. They can see, move and manage their finances anytime, anywhere. EBL Mobile App can be downloaded from Google Play Store and Apple App Store.

EBL opened 27 new EBL365 (brand name of EBL ATM locations) in 2013. With this addition, now EBL has one of the largest networks of 175 ATMs. EBL has also set up a number of Bills Pay Machine (BPM) across the country to help the customers to pay bills 24x7. EBL has 42 BPMs in operation now. We plan to increase this in number to increase customer convenience and reduce branch footfall.

#### Key priorities in 2014

- Introducing Mobile based Banking on ATMs and focus on increasing number of transactions through Alternate Channels

Banks must constantly innovate to improve customer experience. Customers want tailored and live solution to their problems every now and then. They also want multiple channels to take delivery of the service. For this reason, to stay strong and long in the business, EBL strives to innovate, improve and simplify products and processes. By focusing on our consumer banking excellence to help drive economic opportunities, we endeavor to create sustainable value for all stakeholders and consumers alike.



## Consumer Protection and Service Quality

No. of complaints received in 2013	1,363
No. of complaints solved in 2013	1,363

Eastern Bank Ltd. always strives to become the bank of choice. Since inception, the bank has developed a comprehensive balance in the way it manages the portfolio (deposits and liabilities), innovate customer-centric products, and service offerings; and drives sectorial and geographic penetration. This has enabled us to emerge as one of the leading private banks in Bangladesh for institutional and retail customers.

‘Service Excellence’ represents our true spirit of being service-oriented. This spirit is supported by key facets, which distinguish us from our peers. These facets comprise of knowledge, human capital, technology and responsibility.

**At EBL, customer support and information dissemination are conducted through a three pronged approach –**

- **Direct Enablers** – Including Contact Center, mailers and bank statements, period meetings, and regulatory updates.
- **Self-Enablers** – IVR, net banking, placing phones in ATMs connected to Contact Center, and information and resources on the website.
- **Indirect Enablers** – Relationship managers, contact center agents, and other key customer touch points.

### Initiatives & Innovations towards Service Excellence

As a continuous endeavor for becoming the best in service, EBL has taken several trendsetting and innovative initiatives to understand the customer norms better than before and has also redesigned its structures and policies to be on same line with the prevailing customer tone.

### Customer Events

In the year 2013, EBL has organized several customer events to hear the customers’ voice and to be closer with its valued customers. Micro Marketing Event is a Customer Service Day – Observed quarterly throughout the country where high valued and prospective customers are honored and meet the top management directly to share their views and feedback. In this event, the potential and prospective customers are invited to enrich our relation with them so that we can uplift our commitment to provide better and qualitative service to our valued customers.

### Service Excellence-A Continuous Journey

**Mystery Shopping Survey-** Mystery Shopping Survey is a service quality assessment survey to ensure service excellence at the branches. In recent banking phenomenon to ensure sustainability, to assess prevailing service level, and to improve the service standards according to customer need, mystery shopping survey is very important. As such to acknowledge the present service level of the bank and also to improve accordingly, the Bank conducts “mystery shopping” survey every year. This project continues throughout the year.

**Telephone Etiquettes-** In addition to face to face survey at the branch level, the bank has also taken several initiatives for ensuring proper telephone etiquettes. In the year 2013

the bank has conducted 2 campaigns to ensure the practice of proper telephone etiquettes. Moreover, the bank has circulated “Telephone Etiquette Card” for every individual employee of Eastern Bank Ltd.

### Reward & Punishment

At EBL we have cultivated a rewarding culture for those who are outstanding in their performances. In the year 2013 the bank has recognized a total of 618 employees for their excellence in providing services to our valued customer. At the same time the bank has also sent several Improvement and Cautionary Letters to warn the employees and act accordingly to the policy and guidelines of EBL for ensuring service excellence.

Moreover for engaging and encouraging the employees in excellent customer service, EBL has launched “**Thank you Program**”- A monthly recognition program to praise the exemplary customer service providers.

### Training & Development

Our knowledge-driven strategy allows us to have deep and wide insights towards Sustainability & Social Infrastructure. EBL trains and teaches the employees the art of providing customer service prudently and properly. It also ensures that employees practice what they preach to internal and external customers. Employees are given sound instructions and shown visual presentation on how they should meet and greet as well as serve the customer professionally. They are also taught to serve an extra mile and exceed the customer expectation by serving the way customers have dreamt of and would like to be served.

### Customer Protection & Retention

Eastern Bank Limited (EBL) is committed to become the most valuable brand in the financial services in Bangladesh by creating long lasting value for the stakeholders and above all for the community by delivering sustainable growth. This includes building an organisational culture that recognises the benefits of effective customer relationship management.

Customer complaints/concerns are a valuable source of feedback and an important tool for business and staff development. Diligent and prompt attention to complaints can help us identify the needs of our customers and stakeholders, understand our business shortcomings, increase customer satisfaction, and improve overall performance.

EBL has constructed an effective complaint management system, in which customers can raise their voice to the concerned management through their preferred channels. All the customer complaints and concerns are monitored centrally with utmost diligence to ensure customer satisfaction. As a result, in the year 2013 the bank has successfully resolved all the complaints received from the customers.

Bangladesh Bank has organized a seminar session on “Designing the Complaint Management Guideline for schedule Banks of Bangladesh”, in which EBL was given the privilege to present its complaint management policy.

# consumer banking highlights 2013



EBL and Visa launch 'EBL SkyMiles', the first ever AirMile reward program of the country.



EBL ties up with MasterCard.



Inauguration of the 10th Priority Banking Center of EBL at Shantinagar.



Inauguration of Novoair's special counter for premium customers of EBL at the domestic terminal of Hazrat Shahjalal International Airport.



EBL has signed an agreement with Arirang Aviation Ltd.



EBL opens its 68th branch at Jashim Uddin Road, Uttara.



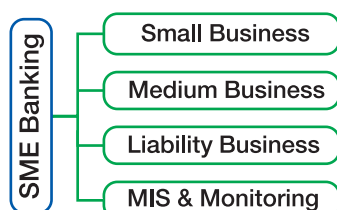
# SME banking

EBL SME Banking team believes in relationship banking and relies on its specialized skills in credit assessment on lending decision based on the risk assessment principle “we know the borrower”. The key to relationship banking is “soft” partnership in the sense of a shared fate, mutual trust, and ongoing interaction that continually tests and reaffirms (or places in doubt) confidence. EBL’s business model reflects its prudent banking culture which emphasizes separation of sales and risk functions at the customer interface that contributes in improving portfolio quality. SME Banking is following the Hunter Farmer Model to ensure the asset quality by three-layer collection team, focusing on progressive but qualitative growth of asset and low cost liability for generating significant revenue by way of differentiating the market by sub-Branding, segmenting, and channel expansion with ‘Beyond Lending Approach’.

Since the start of the journey in June 2006, the SME Banking Division of the bank has been growing with an upward trend and contributing to the profitability of the bank positively. The division has managed to grow its portfolio to more than BDT 16,000 million by financing more than 9,000 entrepreneurs by the end of 2013.

Starting with only 25 employees in 2006, at present EBL SME has 350 permanent and contractual employees to manage the most articulate and emerging business in Bangladesh. SME Banking is directly related with the well-being of its customers. At EBL, SME Banking is imbued with the spirit of togetherness with other business partners: ‘Together we grow’!

The present organization structure is as follows:



## SME Banking Initiatives 2013

### Small Business

- Highest refinance received from Bangladesh Bank among all commercial banks in the country for consecutive fourth years.
- SME loan product “EBL Utpadan” has been introduced for entrepreneurs having productive facility.
- 100% secured SME E-Cash/Loan for SME entrepreneurs has been introduced.
- Agri Unit disbursed small ticket size agri loans to 335 clients in 2013 with a disbursement of BDT 33.09 Million having a cumulative disbursement of BDT 61.66 Million since 2011 among a total of 738 rural client-bases at Savar and Dhamrai.
- Agri Unit launched a new agri loan product ‘EBL Projukti’ to help direct farmers to buy agri machinery/equipment.
- Agri Unit financed Oil-Seed (Mustard) and Maize cultivators @4% subsidized interest rate among the successful farmers of Dhamrai area.
- Agri Unit has implemented proper monitoring and recovery strategies and experienced successful management of the increased portfolio at the year-end having no overdue throughout its 2.5 years of journey.



**Md. Khurshed Alam**  
Head of SME Banking

“In Bangladesh, SMEs are recognized as an engine of economic growth and rapid industrialization to efficiently reach economies of scale and are expected to create significant jobs. EBL has built a strong foundation for its SME banking business as it downscales into the additional improvements to help the bank further leverage the opportunity from its previous corporate focus. By realizing the potential developmental and profitability prospects of the SME business EBL plans to expand its SME portfolio across segments and sectors, particularly in manufacturing sector.”

### Key Highlights

#### Loans & Advance

**+24%**

**2013:** BDT 16,640 million  
**2012:** BDT 13,448 million

**2013:** 16% of Total Loan  
**2012:** 14% of Total Loan

#### Deposits

**+23%**

**2013:** BDT 6,544 million  
**2012:** BDT 5,340 million

**2013:** 6% of Total Deposit  
**2012:** 6% of Total Deposit

### Key priorities in 2014

- Introduce start up financing for new entrepreneurs
- Cluster development i.e. Shoe cluster, Solar electricity
- Channel expansion to unbanked area deployment of a new Unit
- Agri Unit is intending to extend its direct financing activities in the year 2014 by developing new agri products focusing on fisheries, livestock and poultry, agro-based industries etc.
- Agri Unit is planning to finance the Contract Farmers of PRAN Group and targeting to disburse short/medium term agri loans among 1000 fresh Agri Customers with a disbursement exposure of 100 Million within the year 2014.
- Agri Unit is concentrating on proper utilization of extended Alternative Distribution Channels (ADC) of EBL for Financial Inclusion of rural client-base in the mainstream banking channels by introducing EBL 365 (ATM and BPM) and Krishi Debit Card facilities.
- Agri Unit is going to finance more specialized high value crops in the year 2014, such as Flower Cultivation, Mushroom Production etc.

### Medium Business

Industrialization in Bangladesh is mostly spearheaded by the medium and large industries. Growth of large industries is eventually narrowing. Thus the missing middle and small enterprises are taking the place in long cherished development of Bangladesh.

With a vision to be the best and to cater the financial needs of missing middle business segment EBL started structured SME Banking. As a part of that strategy, Medium Business segment has done business very successfully with an efficient team having main focus on maintaining a quality asset portfolio. Despite having very critical and vulnerable national economic and political condition round the year 2013 we have maintained sustainable and quality growth in this segment.

#### Medium Plus

As mentioned earlier **Upper Middle** business concerns are still somewhat missing from our lending focus. Most of them are corporate clients of other banks. A big part of them are neither in our corporate segment nor in SME. We will focus on booking these accounts in the year 2014. If we can provide proper financial solutions to them, they will grow and ultimately will become our corporate clients. A separate Unit will be formed as **Medium Plus unit**, which will directly report to Head of Medium Business to ensure specific focus and dedicated service to upper medium clients.

### Key priorities in 2014

- In the year 2014, the main focus of the Medium Business will be to maintain the Asset quality which was the best in the bank in 2012 and 2013 in terms of NPL percentage.
- In booking new business main focus will be financing the Suppliers, Dealers/Distributors of MNCs and Large Local

Corporates with focus on the EBL corporate clients to have better control on risks,

- Signing MOU with the corporate clients and with others for referral and comfort,
- Introducing customized products, preferably PPG based, for above mentioned targeted customers,

### Liability Business:

- Successfully conducted two Liability campaigns i.e. “Winter Carnival” and “Summer Tribute” to boost-up employee engagement to achieve SME Banking Liability business goals.
- Extended SME Term Deposit Product Line by bringing amendments in “Extra-Value-Fixed Deposit”.
- Launched new PPG Driven Liability Product “EBL Repeat –SME” for SME Clientele.

### Key priorities in 2014

- Launching Cash Management Solution Team for SME Clientele to offer more tailor-made banking solutions for the SMEs.
- Mobile Banking Solutions to be launched which will create value proposition and convenient banking services for the SMEs.
- In coming year 2014 “SME Liability Business Unit” will launch three new PPG Driven Liability Products “SME Privilege”, “High Performance Account-SME” and “SME Profit First” TD Products in its Liability Product Basket.
- To create customer bondage and brand loyalty, “SME Liability Business Unit” will conduct a high budget customer event “SME Customer Carnival” for its Liability customers within 2nd Quarter of 2014.

### MIS and Monitoring Unit

- Introduced electronic monitoring system which provides SMS reminder to Small segment clients before and after of installment date.
- Received the refinance facilities from the fund of JICA.
- Received highest refinance facilities from Bangladesh Bank for last consecutive fourth years and crossed the amount of BDT 4,000 million as refinance facilities.

### Strategic Alliances in 2013

- EBL has signed a Memorandum of Understanding (MoU) with Bangladesh Bank for getting pre and re-finance from JICA Fund handled by Bangladesh Bank.
- EBL has signed a MoU with CRISL. Under the MoU CRISL will provide the pre-investment clients loan application assessment and rating services to EBL.

The main reasons to choose EBL is to receive innovative and personalize services, understanding the needs of SMEs are moving away from basic transaction banking and vanilla lending towards more tailored and innovative financial services. It is also clear that today's SME customers want a different type of relationship with their bank – one offering access to sound, trustworthy advice on products and services, as well as on a range of wider business issues.



# SME banking highlights 2013



EBL launched a new SME product called EBL Projukti to enable farmer to buy agriculture machinery.



EBL and CRISL signed an MoU.



EBL distributed loan among oil seed cultivators at Dhamrai area.



EBL distributed loan among banana cultivators in Dhamrai area.



EBL holds an exchange of ideas meeting with flower traders and cultivators.

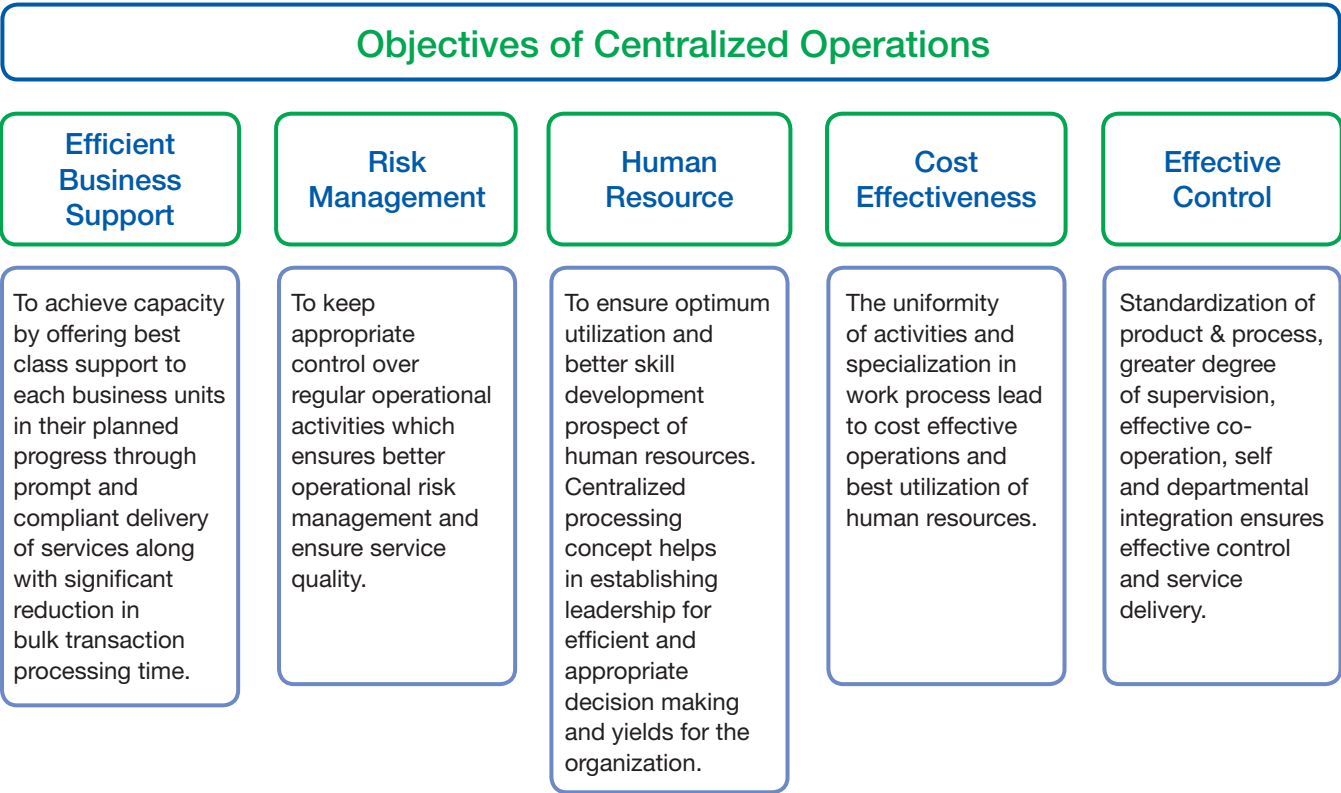


SME night 2013.

# business support

## EBL Centralized Operations

Centralization of Banking Operations is a phenomenon, where product processing is moved from various points to one point or specific number of points under supervision of entities independent of business objectives. The decision making and control functions are retained centrally by specific level of management in the organization. EBL management sees Centralization of Operations in terms of better control and monitoring of activities to ensure that they are regularly accomplished as per organizational objectives and without any deviation. The most apparent aspects of centralization of operations in EBL are its enhanced capability to closely monitor and control transaction activities, implement uniform set of policies, best procedures and practices across the Bank to carry out day to day customer services.



Subsequently, with the expansion of EBL branches across the country during last three/four years, the “**Hub and Spoke (H&S)**” concept has been adopted to establish presence near to customer concentrated location for facilitating transactions. Under H&S concept a group of selected branches across a defined geographical location are being facilitated with customer services through an extended Operations office. All such offices are under the umbrella and supervision of Centralized Operations at Head Office.



## Trade Operations

Trade Operation has never seen more turbulence as it has in 2013; especially in the wakes of the Hall-mark and Bismillah Group scams. However, the Trade Operations of Eastern Bank Ltd., by dint of its centralized operations and support from the top-level officials of the bank; has not only remained unscathed, but also been appreciated by regulatory bodies for its uncompromising stance towards maintaining compliance to candid banking norms. In various forums, the management of EBL has been praised for its superior quality trade practices.

### Signature Achievements

In the year 2013, albeit numerous challenges, Trade Operations Division of EBL made its mark via numerous 'first of its kind' achievements-

#### Restructuring the Organogram

This year, the organogram of Trade Operations has seen a paradigm shift it has never seen before. Being the trend setter, Trade Operations has segregated its generic organogram to two distinct operational units, the Operations Team and the Transaction Team. The task of the former would be much like that of a relationship team; which will comprise of overseeing all sorts of customer communications and facilitating various requests. The transaction team, on the other hand, would solely focus on performing transactions as required by the end customers. The key benefit from this segregation would be utmost utilization of human resources and more division of labor, which would significantly cut down the process of duplication of work and lead time in performing transactions.

#### Inter-Bank Connectivity through SWIFT

In 2012, our honorable Managing Director & CEO initiated the idea of inter-connectivity between all the banks operating in Bangladesh through SWIFT so that complexities related to authenticity of local LCs and Acceptances get eradicated gradually. This has been a very timely suggestion, and in line with it, EBL Trade Operations has forgone all manual correspondences in terms of LC Issuance, Advising and Acceptance, and has adopted full-fledged usage of SWIFT wherever appropriate and applicable in 2013.

#### Skill Development and Certification

Being the first ISO certified Trade Operations among the private banks in Bangladesh, Trade Operations' year long activities included numerous internal & external training sessions, workshops and seminars; dedicated to make our current workforce more capable of meeting the ever increasing complexity of global trade business.

EBL has made its mark as one of the first Bangladeshi Banks to go for professional certification in the country. Side by side, the 13 Certified Documentary Credit Specialists (CDCS), 35 IFC FIT Graduates and 4 Documentary Credit Masters have given the Trade team the competitive edge it requires. In addition, there are 7 ISO certified Lead Auditors at Operations Division, who have upheld EBL's image by playing an instrumental role in achieving and maintaining its Quality Management System as per ISO 9001:2008 standards.

## Surveillance Audit of QMS as per ISO 9001:2008 Standard

Together as a team, the Trade Operations also faced the 'Surveillance' audit by the Bureau Veritas; who audited the overall standard of our Quality Management System on the notions of 'Continuous Improvement' and 'Customer Satisfaction'. We passed the audit successfully and are preparing ourselves for the upcoming recertification audit in March 2014.

#### Trade Transactions (Main Operation) in 2013

Category	2013 No.	2012 No.	Growth over 2012 (%)
Letter of credit	16,299	14,214	15%
Letter of guarantee	896	705	27%
Export bill (foreign)	21,151	16,028	32%
Export bill (inland)	7,166	5,425	32%

#### Trade Transactions (OBU) in 2013

Category	2013 No.	2012 No.	Growth over 2012 (%)
Import (LC)	132	114	16%
Export (bills)	102	68	50%
Documentary collections	83	63	32%

## Service Delivery

Since commencement, Service Delivery is continuously enhancing its windows to provide efficient and timely services to its customers under centralized operations platform. With this view, Service Delivery expanded its networks to Shyamoli, Dhaka in 2013 and is also planning to extend its presence in Comilla in coming days.

'Service Delivery' is ensured through four functional units namely Account Services, Item Processing, Non Resident Business Operations and Alternate Channel Operations. In 2013, Service delivery successfully passed its surveillance audit of Quality Management System (QMS) under ISO 9001:2008, performed by Bureau Veritas.

At the end of 2013, number of live accounts for which Service Delivery Department provided services through different delivery channels reached at 316,690 which were 303,445 at the end of year 2012.

Brief summary of SD transaction achievements in 2013 is appended below (in numbers):

Services	2013	2012	Growth over 2012 (%)
New Account Processing	102,749	87,455	17%
Clearing Cheque Processing	1,459,827	1,098,131	33%
Alternate Channel Activities	235,240	167,790	40%

## Performance Highlights

**Up-gradation in Alternate Channel:** In 2013, services and



features of EBL Internet Banking has been reviewed and re-launched with a good number of new services. During last year, EBL launched Fixed Deposit opening, FCY Credit Card Bill Payment, Cheque Book issue request, 3rd Party Fund Transfer to any EBL account or any account with any bank in Bangladesh and Mobile Airtime Recharge Services through EBL Internet Banking Platform.

**Account Services:** Complete shifting of central archive containing customer account opening documents under custodianship of Account Services Unit (ASU) took place in 2013. During this year about 50,000 account opening forms have been shifted to central archives of ASU from distant area branches for better control and monitoring. In 2013 processing activities of 17 distant area branches have been taken over at Account Services Units through which more controlled and synchronized services can be offered to our customers. In 2013, customer's account documentation & KYC information update project has been initiated. Almost 70,000 accounts' documents have been reviewed and regularized in 2013 and the project is still continuing.

**Item Processing:** In 2013, EBL Item Processing Unit has handled 2 IPO refund processing as lead banker. About 400,000 refund warrants were processed through BACH.

## Treasury & Investment Banking Operations

The team of Treasury & Investment Banking Operations of EBL has been functioning independently to render high quality services of product solutions related with treasury, investment banking and other wholesale operations, e.g., Syndication, Corporate and SME refinancing activities etc. Some of the notable achievements are:

- Successful management of 35% transaction growth in FX and Money Market treasury deals.
- Efficiently handled significant volume of Govt. Securities (Treasury Bills / Bonds) worth BDT 2,300 Crore. A noteworthy fact is that EBL is one of the most active participants in the Securities market operations in Bangladesh.
- Effectively communicated large pull of data to internal as well as external stakeholders through 28 reports & returns; majority of which are highly sensitive in view of purpose and time.
- Integration of SWIFT messaging with FX module, which made FX deal processing 100% automated.

## Cash Management Operations (CMO)

Our Cash Management Operations (CMO) offers a wide range of receivable and payable services to meet complex cash management needs. Payments received and made to suppliers of different entities are efficiently processed to optimize their cash flow position and to ensure effective management of the businesses. EBL CMO provides a gamut of products and services, ensuring that all the business requirements of the corporations are met under one roof.

- CMO has handled salary transfer of 210 numbers of Payroll Customers, which is 145% higher than that of

2012. It includes both 'Internal Transfer' (account to account transfer within EBL) and 'Other Bank Transfer' through BEFTN.

- CMO handled IPO Subscription of 3 (three) companies as the 'Lead Banker to the Issuer' namely Mozaffar Hossain Spinning Mills, AFC Agro Biotech & Bengal Windsor Thermoplastic Limited and arranged collection of 74,993 numbers of FCY Instruments. Besides this, CMO has executed 49,413 numbers of FCY refund warrant payments during 2013.
- CMO successfully implemented Bangladesh Bank's Online TM Form Management; Form-C & Wage-Earner's Reporting System for pan EBL.
- CMO successfully implemented Bangladesh Bank's Online Application for 18A Permission through their Web Portal.
- CMO successfully distributed 56,973 numbers of dividends of two renowned companies namely Unique Hotel & Resorts Ltd and International Leasing Financial Services Ltd. (ILFSL) through BEFTN. Beside these, around 16,652 Dividends of EBL, for the year 2012, has been distributed through BEFTN.

## Regulatory Reporting & Reconciliation

To reap the true benefit of segmentation of operations from business, 'Regulatory Reporting and Reconciliation' (RRR), has been formed to handle all regulatory reporting and ensure submission of periodical statements timely and accurately. The commencement of Regulatory Reporting & Reconciliation (RRR) unit in 2012 was one of the newest ventures that the Operations Division has undertaken, with the sole objective of bringing all regulatory reporting under a broad umbrella.

In 2013, RRR managed to report a significant number of transactions in the Online Monitoring System of Bangladesh Bank, highlighted by EXP Issuance of over 30,000.00, EXP Duplicate reporting of over 28,000, EXP Triplicate reporting of over 27,000, LC reporting of over 7,500, IMP (E2/P2) of over 10,500 and Bill of Entry reporting of over 10,000.

The Operations Division, albeit significant growth in transaction processing has already begun its strategic journey towards excellence and the following are the upcoming initiatives that it is currently working on with 2014 being the prospective deadline of completion-

- Increase presence of Ops delivery points near to customer concentrated zones
- Agent Banking & Mobile Banking Operations
- Supervisory control over Card Operations & ATM network
- Introduction of dashboard for internal performance monitoring
- Customized information window for Corporate and SME customers

We are looking forward to 2014 with renewed hope and youthful exuberance, and are committed to remain true to our supreme motto-

*"Together, We Pave the Way".*



# information technology

Cutting edge technology is the cornerstone of the sustainable growth of EBL. IT Security is one of the pivotal arena on which EBL gives utmost concern so as to ensure maximum level of safety of the data of the bank. Project on ISO 27000 Certification and PCI DSS compliance are underway. We have done a good progress towards achieving those two highly acceptable standards.

New Card Management System (CMS), Hightech Payment Systems (HPS) was introduced by replacing old card system, aiming to offer broad range of versatile product basket to the customer. Full automation of Card related transaction was another strategic avenue which was taken into account while implementing the new card system. This newly introduced card solution is one of the leading card systems of the world.

Many new projects, in accordance with card business, were taken on which substantial progress was done; such as – EMV implementation for issuing and acquiring for all payment systems, Diners Club issuing and acquiring, MasterCard issuing and acquiring, E-commerce acquiring, two factor authentication for Card Not Present transactions (i.e. VCAS) etc. Those are continued now.

New offshore associate, EBL Finance (Hong Kong) Limited was accommodated in the Core Banking System. All of the functionalities of this subsidiary of EBL are now fully automated and on real time online. This entity is now integrated with SWIFT system individually and independently with its separate existence.

Online integration between Core Banking System (UBS) and LAPS (Loan Application Processing System) module was done through which now loan account can be opened securely from LAPS module without logging into Core Banking System.

## Following are in-house complete solutions which are used in live:

**EasyTreasury** – This is for easing of activity of Dealing Room.

**De-Dup Engine** – It is an intelligent searching tool depending on various parameter used by Consumer Finance Centre (CFC).

**EasyTask Manager** – Through this solution, processing of tasks, starting from receipt of document, assignment of required task against those documents to related users and subsequent monitoring of those tasks of Trade Service Department is accomplished.

**GoAML** – It validates and download data, format data according to xml syntax and write data to XML file, upload the same to the application of Bangladesh Bank.

**EasyGefu** – For clearing, account wise charge waiver setup, loading clearing data from Cheque Processing System, automatically generating charge batch, updating old account data, validating on various condition and uploading to UBS.

Implantation of BEFTN (Bangladesh Electronic Fund Transfer Network) feature in Internet Banking channel through which EBL customers can transfer fund from their EBL account to other accounts of other banks in Bangladesh using their EBL

Internet Banking facility. Now the customers or his nominated persons have no need to come to EBL branch physically to transfer fund to other bank account.

Mobile top-up feature was implemented. By this facility, now the customer of EBL can recharge to any mobile number using his EBL Internet Banking 24 x 7 from any part of the world.

Phone banking feature for new Card Management System was accommodated. Internet Banking services were made faster compared to earlier period. Fine tunings in this module were done last year to make the functionalities more robust.

Many new projects were initiated in 2013 which are being continued; such as - Two Factor Authentication for Internet Banking module, Bulk data upload, Bulk E-mailing system etc.



EBL branded Hardware Token for Two Factor Authentication

Server virtualization was implemented. Through this new system, multiple operating systems and applications can be run on a single server. It consolidates hardware to get vastly higher productivity from fewer servers. This technology reduces cost as a whole.

In 2013, Eastern Bank Limited went online with new Agro project in partnership with GrameenPhone (GP) to bring the agro market before the farmers and buyers through innovative technological solution. The solution, jointly developed by EBL IT and GP, includes an online portal where buyer places bid on the farmer's to-be-produced or already produced products. On the other hand, the farmer can sell his products at agreeable rate. Under this process, accounts of buyer, seller and GrameenPhone are maintained with EBL. By this platform, payment to the sellers and receipt of goods by the buyer are ensured by GrameenPhone. This new technology of EBL and its related process eliminate the unwelcome profits of the middleman of agro products. One of the essence of this solution is that farmer can sell its future product upfront to the buyer at agreed price.

## Priorities in 2014

- Agent Banking
- Customer Relationship Management (CRM)
- 2nd Disaster Recovery site setup in Jessore
- Desktop Virtualization
- Document Management System Workflow
- Encrypted E-statement with Digital Certificate

# human resources

## Employer of Choice

In EBL we believe in People not in process. Our people are our source of competitive advantage. Our performance driven culture, quality of working relationships, healthy work life balance, recognition for the performers, investment for Human Capital Development, best practices to attract, sharpen, and retain top talents and especially our “People First” policy and practices strengthen EBL’s position as employer of choice in the corporate arena of the country. Not only in the corporate arena EBL has already established itself as one of the most lucrative employer brands but also as deserving employer in the job market. Last year we have received 92,027 job applications and currently we have 149,768 active job seekers in our e-recruitment system. These numbers once again took EBL to a new height in becoming employer of choice.

EBL HR is a 19 members team serving 3,232 members EBL family. Our motto is “People First”. Our satisfaction is in customer delight. Our inspiration is the talented EBL. Our encouragement is EBL’s success. Because, at EBL HR we believe, “Great Career Starts Here”.

## Sustainable employee relations & retention:

We believe in open door policy. Literally, CEO and top management’s door is open to every employee. We encourage open communication, feedback, and discussions about any matter of importance to employees so that they are well informed and contribute to the changes happening across the organization.

Our environment is very competitive but rewarding; professional but friendly; overall we are a family. People treat each other as friends, colleagues and co-workers; support and help each other to get the job done. Immediate supervisors, team leaders, managers are focused on leadership not on administration.

We help our future leaders to uncover organizational competencies and make sure that we have the right people for those pivotal and critical roles that play such a big role in driving success. Our approach to talent management begins with our overall business strategy and ends with a refined people and leadership plan.

We recognize performers and celebrate their success in public. We have 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.

Our people are passionate to come to work. The energy and commitment they show to the workplaces is incomparable,

they are always eager to volunteer for special projects, possess a very high sense of belongingness to EBL.

## Occupational Health and Safety

Occupational health and safety is of paramount importance to EBL. The bank values its people and their wellbeing and is committed to providing the highest standards of safe and healthy workplace for all staff, contractors, customers and visitors.

We consult with our employees in health and safety matters to ensure their involvement. To meet our commitment, EBL remains always ready to take all reasonably practicable steps to ensure the health and safety of people by the development, implementation and enforcement of policies and procedures.

To assist in facilitating communication between management and staff on health and safety matters EBL provides Hand Books on First Aid and Guideline on Fire Safety & Security at Bank Premises to every employee during their joining. Moreover, we arrange annual fire drill where participation is compulsory for the employees.

## Some features of Team EBL

Particulars	2013	2012	2011
Number of employees	3,232	2,685	2,680
Female Representation	20.5%	20%	19%
Average Employee Age	32.83 years	33 years	33 years
Average Length of Service	6 years	6 years	6 years

## Age wise staff distribution

Age Class	2012	2013	Changes
18-29	17.13%	21.58%	4.45%
30-39	58.45%	57.18%	-1.27%
40-49	18.24%	16.10%	-2.14%
50>	6.18%	5.14%	-1.04%
<b>Total</b>	<b>100%</b>	<b>100%</b>	

## Area wise staff distribution

Region	2012	2013	Changes
Chittagong	17.65%	19.17%	1.52%
Dhaka	73.94%	73.01%	-0.93%
Khulna	2.38%	2.07%	-0.31%
Rajshahi	2.68%	2.27%	-0.41%
Sylhet	3.35%	3.47%	0.12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	

**Department wise staff distribution: 2013**

Division	Employees in Permanent Position	Officer in Trainee Position	Sales Team	Total	%
Consumer Banking	789	402	832	2,023	62.59
Corporate Banking	81	7		88	2.72
SME Banking	125	28	192	345	10.67
Treasury	5			5	0.15
Administration	13	7		20	0.62
Board Secretariat	5			5	0.15
Brand & Communications	5			5	0.15
Credit Risk Management	135	33		168	5.20
Finance	15			15	0.46
Human Resources	34 *	6		40	1.24
Internal Control & Compliance	36			36	1.11
Information & Technology	41	10		51	1.58
MD's Secretariat	10	1		11	0.34
Operations	136	88		224	6.93
Special Asset Management	68	128		196	6.06
<b>Grand Total</b>	<b>1,498</b>	<b>710</b>	<b>1,024</b>	<b>3,232</b>	<b>100</b>

\* Including 18 Future Leaders

**Recruitment**

In EBL, we hire attitude not skill. We hire people to fill up the gap for creating an enabling environment by putting the 'best fit' people in right place on right time. Our recruitment and selection processes are designed to attract and retain suitable candidates. EBL only recruits and selects people who demonstrate an alignment with our company values and philosophy. Because we believe recruiting decision has a major impact on our business performance. In 2013, 1439 new members including 45 future leaders joined in EBL family.

Type of Employees	2012	2013	Changes
Employees in Permanent Position	229	308	34.50%
Officer in Trainee Position	147	308	109.52%
Consumer & SME Sales Team	610	823	34.92%
<b>Total</b>	<b>986</b>	<b>1,439</b>	<b>45.94%</b>

**Human Capital Development:**

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. In 2013, 246 different types of Learning & Development programs were organized and 6412 participants attended those programs. These learning & development programs cover wide range of contemporary topics like: Major Policy Issues & Directives of Bangladesh Bank and E-Banking in Bangladesh, ISO 9001:2008 (Quality Management System), Legal Aspects of Banking & Credit, Present Status of Capital Adequacy requirement by banks under Basel III and Managing Fraud in Banks. We have also arranged Leadership Training Program for Management Team and Sales Team Leaders. Customized Credit Training was provided to our CNB, SME and Corporate Employees. We have also organized customized training on Internal Control and Compliance at BIBM for ICCD employees.

In 2013 we organized 14 foundation training programs, 3 General Banking training at BIBM and also 2 in-house banking foundation program for Future Leaders. We ensured training on Money Laundering Prevention Act-2012 and Anti-Terrorism Act 2012 for most of the employees.

A comparative picture for 2012 & 2013 are given bellow:

Types of Program	No of L&D Programs in 2012	No of L&D Programs in 2013	Changes in 2013 L&D Programs (%)	No of Participants in 2012	No of Participants in 2013	Changes in 2013 Participants (%)
Local Training	143	136	-4.90%	360	340	-5.56%
In house Training	63	74	17.46%	3,651	3,316	-9.18%
Foreign Training	15	11	-26.67%	22	19	-13.64%
e-learning	16	25	56.25%	2,097	2,737	30.52%
<b>Total</b>	<b>237</b>	<b>246</b>	<b>3.80%</b>	<b>6,130</b>	<b>6,412</b>	<b>4.60%</b>



We have successfully implemented E-learning examination in 2013. The objective of E-learning exam is to increase functional knowledge, leadership skills and other aspects that help in developing employees to achieve sustainable growth through service excellence. 2737 employees from different departments have successfully enhanced their skills through E-learning exams.

### People's Benefit

Our compensation and benefits strategy combines the

need to maintain a high performance culture along with market competitiveness. In addition to the market driven compensation package, we have a series of other benefits for our employees like insurance coverage, End of Service Benefits and other banking facilities. EBL also provides provident fund, gratuity, superannuation fund, subsidized loans like staff car Loan, staff House Building loan etc. as long term benefits. Every year we recommended and processed greater number of Staff Loans then the previous year.

	2012		2013		Changes in 2013 (+/-)
Loan Name	No	In Million (BDT)	No	In Million (BDT)	In Million (BDT)
Loan Against Monthly Salary	149	15.20	172	21.17	5.97
Loan Against Provident Fund	92	23.93	108	21.83	-2.09
Staff Car Loan	88	130.55	96	138.21	7.66
Staff HBL	94	230.45	106	268.24	37.79
Furniture & Equipment Allowance	111	12.98	121	13.00	0.02
<b>Total</b>	<b>534</b>	<b>413.11</b>	<b>603</b>	<b>462.45</b>	<b>49.34</b>

### Summary of people's benefit analysis in 2012 & 2013

In 2013, we have linked people's pay with performance by providing special midyear increment to the performers. We conducted a compensation & benefits survey to benchmark EBL's pay package as per the market. In addition, in 2013 we have donated salary of one day to the victims of Rana Plaza tragedy at savar.

Performance highlights of EBL Human Resources in 2013:

- Conducted Compensation and Benefits survey
- Review of organization structure
- Leadership Journey for the leaders of the bank
- Introduced e-assessment center in future leader selection process
- Electronic Archiving of staff records and files
- Introduced KYE (Know Your Employee) for reducing people related risks

- Successfully completed ISO 9001:2008 Annual Surveillance Audit without any NC audited by Bureau Veritas and Accredited by United Kingdom Accreditation Service. Since 2012, EBL HR is The ONLY ISO Certified HR Department in the country

### Priorities in 2014

- Introduce e-HRIS
- Paperless Green HR
- Revamp of People's Policy
- e-learning platform with virtual class room and library
- Implementation of Compensation and Benefits survey findings
- 360° Performance Appraisal
- Customer delight through Service Excellence



Consumer banking division poses for a photograph during 2013 annual conference



# EBL HR received well wishes from former employees



**Zulfikar Hyder**  
Former Head of Human Resources

It was a great opportunity for me to work with the SMARTEST private commercial bank in the country and gathered a wide range of exposures as Human Resources professional in Bangladesh banking sector. EBL branded itself as the most prestigious local bank with multinational flavor partnering with the global banks and financial institutions. I feel proud to be a part of EBL family and I wish continuous growth and prospect of EBL in future.”



**Ahmed Rashid Joy**  
Former Head of Medium Business

In EBL, I worked for 12 years & 7 months. When a person works in a superior organization like EBL for so long, he remains EBLized and achieved aEBLity

It was highly honorEBLe for me to work in a bank whose Vision is incomparaEBLe, Mission is executaEBLe, Strategy is winnaEBLe, Values are respectEBLe, brand is recognizEBLe, working environment is companionEBLe, leaders are knowledgEBLe, transformation was sustainEBLe, policies & processes are impeccaEBLe, human resources are highly capaEBLe, banking knowledge are exchangEBLe, recognition was equitaEBLe and corporate governance is so commendEBLe.



**Md. Abdul Wadud**  
Former Head of Structured Finance, Corporate Banking

Like a plant grow from a seed, similarly I grown up in EBL from a probationary officer (2nd batch) to “Head of Structured Finance” and departed in my 16th year of professional service. My journey in EBL was full of diversification as EBL put my work life blended with Branch Banking and Corporate Banking. At the time of my leaving, I realized the current CEO led us with best possible solution for training, package, role, accountability, guidance, compliance, service quality, leadership and last not the least BUSINESS.

I miss EBL and wish good success for its better growth.



**Md. Sirajul Islam**  
Former Head of Human Resources

I was happy about my EBL HR colleagues. I became nostalgic thinking about our HR team, time I spent, the formal & informal communications, atmosphere, cooperation and timely service delivery.

# risk management & control environment

## Risk performance 2013

Bangladesh economy remained resilient against lingering political turmoil but could not deliver the expected growth. The economy made significant progress in some key areas - foreign exchange reserve increased a new high to \$ 18 billion as on 19 December 2013, inflation eased steadily to 7.50%, and public debt has declined. Key drivers for economic performance in last calendar year were: moderate growth in export and buoyant remittance from wage earners. However, inflow of remittance declined in later months of the year.

Private sector credit growth marked a historical fall as political uncertainties curbed the demand for investment, contributing to ample liquidity in the banking sector. Banking sector's growth was slower due to weaker demand for credit and increasing impaired loans. As predicted last year, the main challenge was managing impaired assets and excess liquidity. In these respect, we have performed better than many of our peers.

In 2013, loan loss provisions were higher than the historic lows we have experienced in 2011; and the swell was driven principally by increase of specific provision against our corporate banking exposure. On the other hand, SME and Consumer Banking performed better keeping loan loss provisions stable. We remain disciplined in our approach to credit risk management and proactive in our collection efforts to minimize account delinquencies. The increase of loan loss provisions is primarily related to a few large clients but the number can be increased if fresh political agitation launched in 2014. The advances-to-deposits ratio remained strong at 72.45 percent and other liquidity parameters were satisfactory.

Risk oversight and management functions were given priority in 2013. We have a well established risk governance structure and an experienced senior team. We continue to build on the bank's culture of risk management discipline. Capital, considered as key cushion of risk, was more than adequate of the minimum regulatory requirement, and bank has windows open to raise additional capital to support its growth in next few years. Overall, the bank preserved its competitiveness to grow at constant pace in coming years given the political stability sustains and positive developments are around.

## Economic Outlook 2014

The economic outlook is not promising in 2014 if current trends continue. Major development partners predicted GDP growth within 5.5% to 5.8%, which is much lower than last four years average. Bangladesh Bank in its Monetary Policy for the second half of fiscal year 2013-14, estimated that the GDP growth will range from 5.8% - 6.1%. It is also predicted that construction and trading sector will perform sluggish in rest of current fiscal year, export may grow

slower than expectation, and remittance is assumed to be declined. Under such circumstance, we assume that the resilience gained in a decade is stretched and the recovery largely depends on political stability, macroeconomic solidity, country's competitiveness, and confidence of investors. Remittance and Export, two key factors that kept the economy afloat in 2013, may face tough challenges. Although export situation is still under control, there are signs that orders are being cancelled and diverted to other countries. Export may grow slower due to placement of lower orders triggered by industrial accidents, labor unrest, increased competition, and disruption of transport. On the other hand, remittance already showed declining trend amid failure to send more workers abroad to traditional markets. 33% less workers went abroad in 2013 compared to its previous year.

Private sector investment went downhill due to lack of confidence and lingering uncertainty in political fronts. Disrupted production and distribution caused damage in trade and commercial activities. Usual cash conversion cycles were changed and loan repayment went irregular. Government's target for collection of revenue may fall short since collection of direct taxes and value added taxes will be squeezed amid slowing down of trade and business activities. As a result, government's dependency on borrowing from banking sector might increase and may crowd out private sector investments.

Recently announced monetary policy for the second half of fiscal year 2013-14 is conventional, which will pursue tamed inflation and moderate growth estimated to be six percent around. The success of monetary policy largely depends on the favorable political environment and increased private sector investment. However the banking industry shall continue struggle managing its impaired assets which are regularized taking the flexible opportunity allowed by Bangladesh Bank in December 2013. Besides, it will take time for restoration of the loan repayment capacity of business entities of the country.

## Major risks and uncertainties in 2014

Taking risk is in the core of banking business and EBL is not an exception. As a responsible bank, we accept selected risk by taking informed decision and such decisions are exposed to uncertainties. We seek to contain and mitigate these risks within our appetite set by the Board of Directors and price for adequate compensation against risks taken in due course of business. Since risks by their nature are uncertain, tools are not available that can prevent unfavorable outcome with certainty. Good judgment and prediction of future with greater accuracy are fundamental for risk management. Some major uncertainties bank may face in coming year are set out below. These should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties that the bank may experience.

## Principal Uncertainties

Risks	Description	Our response
Deteriorating Macroeconomic conditions	Deteriorating macroeconomic conditions leads to lower GDP growth that may have impact on personal income and consumption pattern, demand for products and services, debt service capacity, and saving propensity. In general, slower GDP growth and unfavorable macroeconomic conditions affect our business negatively.	We monitor economic trends in the markets very closely and continuously review the suitability of our risk policies and controls.
Change in regulatory policies and compliance	It is not predictable to foresee the nature and impact of future changes in economic policies, laws and regulations and such changes may contradict with our strategic interests. The outcome of such changes is generally difficult to predict and could be material to the bank.	We review key regulatory developments in order to anticipate changes and their potential impact on our performance. If necessary, we respond unilaterally or through our participation in Association of Bankers Bangladesh.
Geopolitical events	We face a risk that geopolitical tensions or conflict in countries where we or our customers have business interest could impact trade flows, customers' repayment ability, and our ability to continue business.	We actively monitor the political situation in major trading partner countries of Bangladesh to anticipate any potential impact on our customers who buy or sell products from these countries.
Risk of Fraud	The risk of fraud and other criminal activities is growing as criminals become more sophisticated and as they take advantage of the increasing use of technology in society.	We have measures in place to monitor and mitigate this risk. Controls are embedded in our policies and procedures across the range of bank's activities.
Uncertainty in political fronts	The risk that violent political agitation like strike and blockade disrupts production, distribution, and movement of goods of our customers and erode their repayment capacity.	We actively monitor political developments and keep contact with the customers to assess potential impacts and way out.
Natural calamity	The risk that natural calamity like flood and cyclone may cause our disruption of our customers' business including damage of inventory.	Insurance of inventory is widely used to mitigate such risks.

## Risk Management

### Objective of Risk Management

Our risk philosophy is that the risk we take should be in line with the risk appetite set by our board of directors. We accept risks if they fit with the business strategy, assisted by prudent decision-making process and management efficiency. The risk framework of the bank is designed within the scope of Bangladesh Bank guidelines on Risk management, issued 15 February 2012 vide DOS circular -02 and other guidelines on core risks: credit, foreign exchange, asset-liability management, internal control, ICT and anti money laundering. Risk management is the discipline at the core of our organization and encompasses all the activities that affect its risk profile. The framework involves identification, measurement, monitoring, and controlling risks to ensure that:

- Individuals who take or manage risks clearly understand it;
- The organization's risk exposure is within the limits established by the Board;
- Risk taking decisions are explicit and clear;

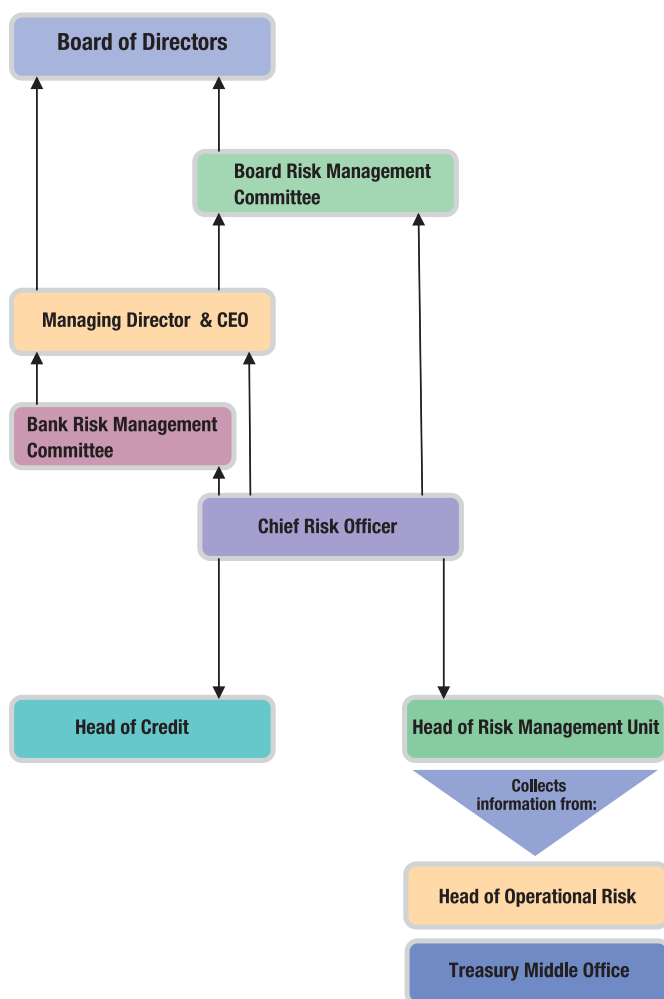
- Risk taking decisions are in line with the business strategy and objectives set by the Board;
- The expected payoffs compensate for the risks taken; and
- Sufficient capital as a buffer is available to take risk.

### Elements of Risk Management Framework

Effective risk management is fundamental to being able to generate profits consistently and sustainably. Hence, risk management is the central part of the financial and operational management of the bank. Our risk management framework has elements and flexibility to establish enterprise-wide risk management system. Elements of our risk management framework are:

- Risk Governance
- Risk Assessment
- Risk quantification and aggregation
- Monitoring and reporting
- Risk and control optimization

## Risk Management Framework



## Risk Management Committees

Committee	Key Objectives	Represented by
Board Risk Management Committee	To ensure that the bank wide risks are managed within the risk strategy and appetite established by the Board of Directors.	Mir Nasir Hossain, Director and Chairman of the committee. Asif Mahmood, Director and Member of the committee. Gazi Md. Shakhawat Hossain, Director and Member of the committee.
Bank Risk Management Committee (BRMC)	To monitor activities of the Risk Management Unit responsible for integrated risk management across the bank.	Risk management, treasury, operations, IT, and finance and internal compliance.
Bank Operational Risk Committee	To supervise operational risk management activities of all functional areas of the bank.	All business units, risk management, operations, treasury, support functions, branch operations, and internal compliance.
Asset Liability Committee	To optimize bank's financial goal retaining liquidity risk and interest rate risk of the bank at desired level.	Business units, risk management, treasury, Deputy Managing Director and Managing Director.

## Risk Management Unit

Risk Management Unit (RMU) has been established on 03 July 2012 as per the requirement of Bangladesh Bank risk management guidelines. Head of RMU now reports to the Chief Risk Officer (CRO). RMU works as the secretariat of the CRO and support achieving his/her objectives. In addition to the regulatory measures and compliance, RMU continues to enrich risk culture and management techniques sharing knowledge on global best practices.

## Management of Credit Risk

### Credit Risk:

Credit risk is the risk of loss that may occur from the failure of any counter party 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 origination of business transaction and approval of the transaction.

### Governance of Credit Risk:

Final authority and responsibility for all activities that expose the bank to credit risk rests with the Board of Directors in conjunction with the senior management of the bank. The Board delegated authority to the Managing Director and CEO or other officers of the credit risk management division for credit underwriting except large loans, which are more than 10 percent of banks eligible capital. 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 origination function to establish better internal control and to reduce conflict of interest. The Head of Credit Risk Management (HoCRM) has clear responsibility for management of credit risk.

### Credit Management Process:

Loan origination and risk appraisal	The loan origination process comprises initial screening and credit appraisal. The evaluation focuses on the borrower's ability to meet its obligations in a timely manner. Efforts are made to ensure consistent standards are maintained in credit approval. Collateral and guarantees form an important part of the credit risk mitigation process. Internal policy dictates the type of security offered, standards for periodic valuations and assessment of realizable value of collateral. A basic risk rating model is in place for customers other than retail and consumer segments. The internal risk rating is an important part that compares customers risk profile using a common scale though credit decision are not taken solely on the basis of credit rating. Lending is primarily made on the basis of cash flow and repayment ability; which are distinct from collateral based lending.
Loan approval and sanction	The Bank has established clear guidelines for loan approvals/renewals by adopting individual authority based approval structure for better responsibility. All credit applications require assessment by the independent credit risk team who do not have any revenue target.
Credit Administration and Disbursement	Bank's loan portfolio is administered through a centralized Credit Administration Division which ensures efficient and effective post sanction customer support including disbursement, settlements, processing, renewal notices and advising customers on interest rate amendments. This division works independently and reports to Head of Credit Risk Management to ensure clear segregation of duties from business origination. Disbursements made only after stipulated conditions have been met and relevant security documents obtained.
Credit Measurement and Monitoring	To safeguard the bank against possible credit losses, problem loans need to be identified early. The Credit Risk Management Division measures and tracks the status of the credit portfolio, undertakes impact studies and detects early warning signals pointing to deterioration in the financial health of a borrower. Accountability for credit risk performance is vested with individual business units and unhealthy trends addressed at all levels.
Recoveries	Non Performing Loans are managed by the Special Asset Management Division. This unit is responsible for all aspects of an adversely classified facility, follow up of rescheduled facilities, monitoring the value of the applicable collateral and liquidation, scrutiny of legal documents and liaising with the customer until all recovery matters are finalized. This division's activities are seamlessly integrated with Credit Administration and Credit Risk Management to ensure effective follow up.

### 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 the 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 customer with another set of customers, and weighted average CRG of all customers indicates movement of the 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 risk 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) approved by the Board of Directors. Thus the Credit

Risk Grading Matrix facilitates objectivity for making credit decisions; however final decisions are taken on subjective judgment and prudence of the approver.

### Credit Approval Authority:

Board of Directors has 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.

### Classification and Provisioning Policy:

EBL follows Bangladesh Bank Circulars and Guidelines for loan classification and provisioning. Existing guidelines are described in BRPD circular no. 14 dated 23 September 2012 and subsequent amendments to this circular. These circulars are publicly available at: [www.bangladesh-bank.org/mediaroom/circulars/circulars.php](http://www.bangladesh-bank.org/mediaroom/circulars/circulars.php)

### Credit Risk Mitigation and Control:

The bank obtains collateral against its credit exposure wherever possible as secondary recourse to the borrowers. Primary recourse remains being the cash flow of the

business. The reliance on these mitigates is carefully assessed in light of issues such as legal certainty and enforceability, market valuation, and counter party risk of the guarantor. Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types.

Collateral types that are eligible for risk mitigation include: cash and bank deposits; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees; and standby letters of credit. Documentation must be held to enable the bank to realize the asset without the co-operation of the asset owner in the event that this is necessary. Regular valuation of collateral is required in accordance with banks credit risk policy, which prescribes both the process of valuation and the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or exposure. Bank also performs stress test on changes in collateral (land and building) values for total portfolios to assist senior management in managing the risks in those portfolios given the value of collateral decline by 10 percent, 20 percent and 40 percent. Physical collateral is required to be insured against most relevant risks, keeping the bank as loss payee under the insurance policy.

Where guarantees are used as credit risk mitigation the creditworthiness of the guarantor is assessed and established using the credit approval process in addition to that of the obligor or main counter party. The main types of guarantors include bank guarantees, non banking financial institutions, parent companies, and shareholders.

This may be pertinent to mention that the bank did not use credit derivatives to mitigate credit risk or dealt with these instruments till 31 December 2013.

#### **Credit concentration risk**

Credit concentration risk may arise from a single large exposure or from multiple exposures that are closely correlated. This is managed within concentration caps set by industrial sector. Additional concentration thresholds are set and monitored, where appropriate, by tenor profile and products. Credit concentrations are monitored in each of the businesses and concentration limits that are material to the bank are reviewed and approved at least annually by the Credit Risk Management Division or Managing Director & CEO.

## **Management of Liquidity Risk**

#### **Liquidity Risk:**

Liquidity Risk is the potential for loss to a bank arising from either its inability to meet its obligations as they fall due or to fund growth of assets without incurring unacceptable cost or losses. Liquidity risk is often triggered by the consequences of other financial risks such as credit risk, interest rate risk, foreign exchange risk, etc.

#### **Liquidity Risk governance:**

The intensity and sophistication of liquidity risk management

processes depends on the nature, size and complexity of bank's activities. Sound liquidity risk management employed in measuring, monitoring and controlling liquidity risk is critical to the viability of the bank. Our liquidity risk management procedures are comprehensive and holistic.

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) and the committee meets at least once in every month. Asset and Liability Management (ALM) desk of the treasury function closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities and they are primarily responsible for management of liquidity in the bank. A monthly projection of fund flows is reviewed in ALCO meeting regularly.

#### **Liquidity Risk Measurement:**

At a very basic level, liquidity measurement involves assessing all of a bank's cash inflows against its outflows to identify the potential for any net shortfalls going forward. This also includes funding requirements for off balance sheet commitments.

An important aspect of measuring liquidity is making assumptions about future funding needs. While certain cash inflows and outflows can be easily calculated or predicted, bank also make assumptions about future liquidity needs, both in the very short-term and for longer time periods. One important factor to consider is the critical role a bank's reputation plays in its ability to access funds readily and at reasonable terms.

We have identified several key liquidity risk indicators, which are monitored on a regular basis to ensure healthy liquidity position. These ratios are:

- i. Statutory Liquidity Requirement
- ii. Cash Reserve Ratio
- iii. Asset to Deposit Ratio
- iv. Structural Liquidity Profile
- v. Maximum Cumulative Outflow
- vi. Medium Term Funding Ratio
- vii. Volatile Liability Dependency Ratio
- viii. Liquid Asset to Total Deposit Ratio
- ix. Liquid Asset to Short Term Liabilities
- x. Liquidity Coverage Ratio (LCR)

#### **Liquidity Risk management and mitigation:**

In order to develop comprehensive liquidity risk management framework, we have Contingency Funding Plan (CFP), which is a set of policies and procedures that serves as a blueprint for the bank to meet its funding needs in a timely manner and at a reasonable cost.

For day-to-day liquidity risk management, CFP ensures that the bank is best prepared to respond to an unexpected problem. In this sense, a CFP is an extension of ongoing liquidity management that formalizes the objectives of liquidity management by ensuring:

- a) A reasonable amount of liquid assets are maintained;
- b) Measurement and projection of funding requirements during various scenarios; and
- c) Management of access to funding sources.

CFP also provides directions for plausible actions in distress and emergency situations. In case of a sudden liquidity stress, it is important for the bank to be organized, candid, and efficient to meet its obligations to the stakeholders. Since such a situation requires a spontaneous action, CFP will put the bank in better position to address the liquidity problem more efficiently and effectively. CFP ensures that bank management and key staffs are ready to respond to any distress situations.

Maturity ladder of cash inflows and outflows are effective tool to determine banks cash position. A maturity ladder estimates a bank's cash inflows and outflows and thus net deficit or surplus (GAP) both on a day to day basis and over a series of specified time periods. A bucket wise (e.g. call, 2-7 days, 1 month, 1-3 months, 3-12 months, 1-5 years, over 5 years) maturity profile of the assets and liabilities is prepared to understand mismatch in every bucket. A structural maturity ladder or profile is prepared periodically following guidelines of the Bangladesh Bank DOS circular no. 02 dated 29 March 2011.

#### Internal Control:

Bank has adequate internal controls to ensure the integrity of its liquidity risk management process. These systems promote effective and efficient operations, reliable financial and regulatory reporting, and compliance with relevant laws, regulations and internal policies. An effective system of internal control for liquidity risk includes:

- a strong control environment;
- an adequate process for identifying and evaluating liquidity risk;
- the establishment of control activities such as policies and procedures;
- adequate information systems; and
- continual review of adherence to established policies and procedures.

With regard to control policies and procedures, attention has been given to appropriate approval processes, limits, reviews and other mechanisms designed to provide a reasonable assurance that the bank's liquidity risk management objectives are achieved.

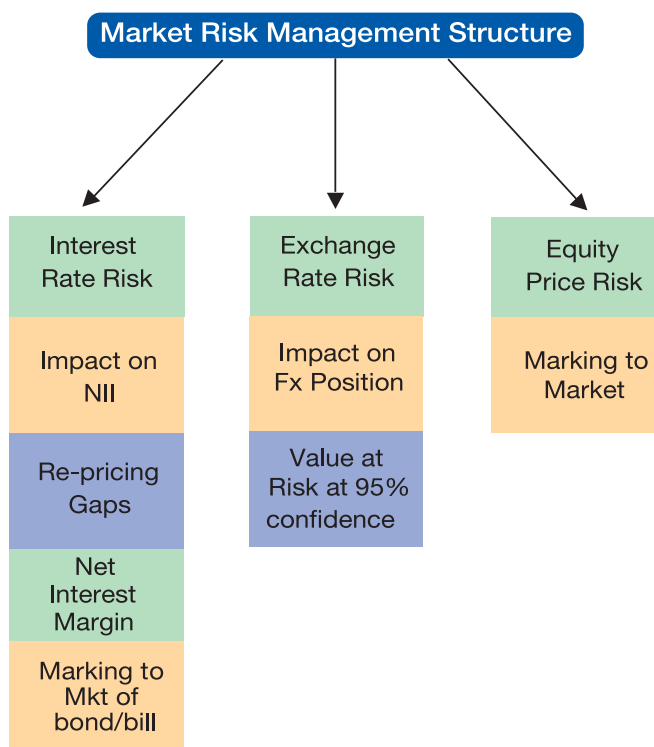
## Management of Market Risk

#### Market Risk:

Market Risk is the risk of potential losses in the on balance sheet and off balance sheet positions of a bank stemming from adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads, and/or commodity prices. Market risk can be subdivided into three categories depending on risk factors:

- Interest Rate Risk,
- Foreign Exchange Risk, and
- Equity Price Risk.

The primary objective of the market risk management is to ensure that bank's activities which are exposed to various market risks are generating optimum return, and downside risks are in control and within the limit of agreed appetite.



#### Market Risk governance:

Risk Management Unit (RMU) and the bank's treasury division are responsible for risk identification, measurement, monitoring, control, and management reporting in relation to market risk. Treasury Middle Office is an integral part of market risk management and independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the bank are monitored by RMU and periodically reports to Bank Risk Management Committee (BRMC).

#### Interest Rate Risk:

Interest Rate Risk is the potential impact on a bank's earning and net asset value due to changes in market interest rates. In simple words, interest risk arises when bank is obliged to pay more interest for liabilities but can't charge more on assets. Such risk can't be eliminated as re-pricing period of assets and liabilities are different.

Other than re-pricing issue, sources of interest risk are: yield curve risk, basis risk, and embedded options. The immediate impact of a variation in interest is on the bank's net interest income, while a long term impact is on bank's net worth since economic value of banks assets, liabilities and off balance sheet exposures are affected.

#### Measurement of Interest Rate Risk:

Bank's interest rate risk measurement system takes into account the specific characteristics of each individual interest sensitive position, and captures the potential movements in interest rates. Re-pricing schedules are used as interest rate risk measurement techniques.

The techniques for measuring bank's interest rate risk exposure begin with a maturity/re-pricing schedule that distributes interest sensitive assets, liabilities, and off-balance sheet positions into a certain number of predefined time bands according to their maturity (if fixed rate) or time

remaining to their next re-pricing (if floating rate). Those liabilities lacking definitive re-pricing intervals (e.g. sight deposits or savings accounts) are assigned to re-pricing bands according to the judgment and past experience of the bank.

#### **Gap Analysis:**

Simple maturity/re-pricing schedules are used to generate simple indicators of the interest rate risk sensitivity of both earnings and economic value to changing interest rates. This approach is typically referred to as gap analysis. To evaluate earnings exposure, interest rate sensitive liabilities (ISL) in each time band are subtracted from the corresponding interest rate sensitive assets (ISA) to produce a re-pricing “gap” for that time band. A negative or liability sensitive gap occurs when ISL exceed ISA in a given time band. This gap implies that an increase in market interest rates could cause a decline in net interest income. In this situation, a decrease in interest rates should improve the net interest rate spread in the short term, as deposits are rolled over at lower rates before the corresponding assets. An increase in interest rates lowers earnings by narrowing or eliminating the interest spread. Conversely, a positive or asset-sensitive gap occurs when ISA exceeds ISL in a given time band. This gap implies that a decrease in market interest rates could cause a decline in net interest income. In this situation, a decline in interest rates should lower or eliminate the net interest rate spread in the short term, as assets are rolled over at lower rates before the corresponding liabilities. An increase in interest rates should increase the net interest spread.

From Gap schedules mentioned above, the bank computes an estimate of changes in bank’s net interest income (NII) given changes in interest rates. The gap for particular time band can be multiplied by a hypothetical change in interest rate to obtain an approximate change in net interest income.

#### **Duration Analysis:**

Duration is the time-weighted average maturity of the present value of the cash flows from assets, liabilities and off-balance sheet items. It measures the relative sensitivity of the value of these instruments to changing interest rates (the average term to re-pricing), and therefore reflects how changes in interest rates will affect the bank’s economic value, that is, the present value of equity. In this context, the maturity of an investment is used to provide an indication of interest rate risk. Generally, the longer the term to maturity (next re-pricing date) of an investment and the smaller the payments that occur before maturity (e.g. coupon payments), the higher the duration (in absolute value). Higher duration implies that a given change in the level of interest rates will have a larger impact on economic value. Duration-based weights can be used in combination with a maturity/re-pricing schedule to provide a rough approximation of the change in bank’s economic value that could occur given a particular set of changes in market interest rates. Specifically, an “average” duration is assumed for the positions that fall into each time band. The average durations are then multiplied by an assumed change in interest rates to construct a weight for each time band. The weighted gaps are aggregated across time bands to produce an estimate of the change in economic value of the bank that would result from the

assumed changes in interest rates. Duration incorporates an instrument’s remaining time to maturity, the level of interest rates, and intermediate cash flows. If a fixed income instrument has only one cash flow, as a zero coupon bond does, duration will equal the maturity of the instrument: a zero coupon bond with five years remaining to maturity has duration of five years. If coupon payments are received before maturity, the duration of the bond declines, reflecting the fact that some cash is received before final maturity.

#### **Interest Rate Risk management and control:**

Bank’s interest rate risk management involves the application of following basic elements in the management of assets, liabilities, and OBS instruments. Principles of interest rate risk management include:

- a) Appropriate board and senior management oversight;
- b) Adequate risk management policies and procedures;
- c) Appropriate risk measurement, monitoring, and control functions; and
- d) Comprehensive internal controls and independent audits.

Bank has developed and implemented effective and comprehensive procedures and information systems to manage and control interest rate risk in accordance with its interest rate risk policies. Internal inspections/audits are a key element in managing and controlling interest rate risk management program.

#### **Exchange Rate Risk:**

Exchange Rate Risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. Banks foreign exchange risk may arise from following activities:

Trading in foreign currencies as a market maker or position taker including the un hedged positions arising from customer driven foreign exchange transactions;

- i. Holding foreign currency position in the banking book in the form of loans in foreign currency.
- ii. Engaging in derivative transactions that are denominated in foreign currency for trading or hedging purpose.
- iii. Settlement risk due to default of counter parties.
- iv. Time-zone risk, which arises out of time lags in settlement of one currency in one center and settlement of another currency in another center located at different time zone.

Bank’s foreign exchange risk management policies and procedure include:

- i. accounting and management information systems to measure and monitor foreign exchange positions, foreign exchange risk and foreign exchange gains or losses;
- ii. governing the management of foreign currency activities; and
- iii. independent inspections or audits.

#### **Measurement of foreign exchange risk**

Bank ensures that all people dealing with foreign exchange transactions have clear understanding of the amount at risk and the impact of changes in exchange rates on this foreign currency exposure. The Bank has an effective accounting



and management information system in place that accurately and frequently records and measures its foreign exchange exposure and the impact of potential exchange rate changes on the bank. At a minimum, the bank monitors and reports:

- the net spot and forward positions in each currency or pairings of currencies in which the bank is authorized to have exposure;
- the aggregate net spot and forward positions in all currencies; and
- transactional and translational gains and losses relating to trading and structural foreign exchange activities and exposures.

### Control of foreign exchange activities

The key elements of foreign exchange control program are well defined procedures governing:

- a) organizational controls to ensure that there exists a clear and effective segregation of duties between those persons who initiate foreign exchange transactions and those persons who are responsible for operational functions such as arranging prompt and accurate settlement, and timely exchanging and reconciliation of confirmations, or account for foreign exchange activities.
- b) procedural controls to ensure that:
  - i. transactions are fully recorded in the records and accounts of the bank;
  - ii. transactions are promptly and correctly settled; and
  - iii. unauthorized dealing is promptly identified and reported to management; and
- c) controls to ensure that foreign exchange activities are monitored frequently against the bank's foreign exchange risk, counter party and other limits and that excesses are reported.

Moreover, bank ensures that employees conducting foreign exchange trading activities on behalf of the bank do so within a written code of conduct governing foreign exchange dealing. Such a code of conduct should include guidance respecting trading with related parties and transactions in which potential conflicts of interest exists. These should include trading with affiliated entities, personal foreign exchange trading activities of foreign exchange traders, and foreign exchange trading relationships with foreign exchange and money market brokers with whom the bank deals. Each bank should ensure that these guidelines are periodically reviewed with all foreign exchange traders.

### Independent audits

Independent audits are a key element in managing and controlling foreign exchange risk management program. Bank use the independent audit team to ensure compliance with, and the integrity of, the foreign exchange policies and procedures. Independent audits test the bank's foreign exchange risk management activities in order to:

- a. ensure foreign exchange management policies and procedures are being adhered to;
- b. ensure effective management controls over foreign exchange positions;

- c. verify the adequacy and accuracy of management information reports regarding the bank's foreign exchange risk management activities;
- d. ensure that foreign exchange hedging activities are consistent with the bank's foreign exchange risk management policies, strategies and procedures; and
- e. ensure that personnel involved in foreign exchange risk management are provided with accurate and complete information about the bank's foreign exchange risk policies and risk limits and positions and have the expertise required to make effective decisions consistent with the foreign exchange risk management policies.

### Equity Price Risk:

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the bank; changes in the value of listed shares held by a bank subsidiary; changes in the value of listed shares used as collateral for loans from a bank or a bank subsidiary, whether or not the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares.

Equity price risk associated with equities could be systematic or unsystematic. The former refers to sensitivity of portfolio's value to changes in overall level of equity prices, while the latter is associated with price volatility that is determined by firm specific characteristics. From an accounting perspective in Bangladesh, equity risk is "one-sided"—equity securities must be held at the lower of cost or market value. If market value drops below the cost, bank is required to form loss allowances or "provisions" on the liability side of the balance sheet, by means of an expense on the profit and loss statement. However, if market values rise above cost, there is no corresponding income recorded unless the security is sold. Even though the one-sided risk is purely in an accounting sense, it will have a real implication for bank if regulatory capital falls below the minimum requirement due to excessive shock from the decline in market value of securities the bank holds.

### Measuring Equity Price Risk

The bank is yet to compute VAR on equity portfolio to measure Equity Price Risk but managing the risk by keeping its exposure within the regulatory limits. As on 31 December 2013, total exposure to capital market was 45.28 % of banks Paid up Capital, Share premium, Retained Earnings and Statutory Reserve against regulatory requirement of 25%.

Marking to Market is the tool bank applies offsetting losses arisen from changes in market price of securities. As of 31 December 2013, bank set aside Tk. 86.00 crore charging its profit and loss account to cover the differential amount between purchase price and market price of shares and securities under its portfolio.

### Independent Audit

Independent audits provide an objective assessment of the securities portfolios' existence, quality and value, the integrity of the securities portfolio management process, and they promote the detection of problems relating thereto.

Independent audit ensures that:

- investment in securities activities are in compliance with bank's securities portfolio management policies and procedures, and with the laws and regulations to which these activities are subject;
- securities transactions are duly authorized and accurately and completely recorded on the books of the bank;
- recorded securities are conservatively valued on the books of the bank;
- securities held by depositories to the order of the bank conform with the records of the bank;
- management has established suitably designed controls over securities positions and that such controls operate effectively;
- adequacy and accuracy of management information reports regarding the bank's securities portfolio management activities; and
- personnel involved in securities portfolio management are provided with accurate and complete information on the bank's securities portfolio management policies and risk limits and have the expertise required to make effective decisions consistent with these policies.

## Management of Operational Risk

### Operational Risk:

Operational Risk is defined as the risk of unexpected losses due to physical catastrophe, technical failure, and human error in the operation of a bank; including fraud, failure of management, internal process errors and unforeseeable external events.

Operation risk is different as there is no upside of this risks – these risk can't be taken for direct reward. Thus objective of the management of operational risk is to minimize the risk in cost effective manner, if elimination is not possible.

Currently bank is not using any model or tool to capture operational loss data for historical analysis rather it is a self assessment process. Bank has a separate Operational Risk Management unit reporting to the Head of Internal Control and Compliance Division.

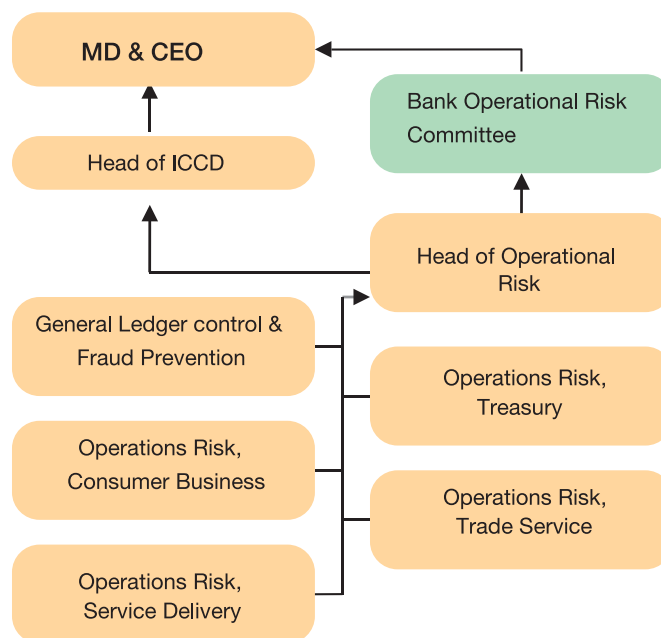
### Operational Risk governance:

Operational Risk Management Unit is primarily responsible for risk identification, measurement, monitoring, control, and reporting of operational risk. This unit presently reports to Head of ICCD (Internal Control and Compliance Division). Besides, there is a committee called 'Bank Operational Risk Committee' (BORC) that reports to MD & CEO, plays the supervisory role in this respect.

### Operational Risk Mitigation & Control:

Operational risks are analyzed through review of Departmental Control Function Check List (DCFCL). This is a self assessment process for detecting HIGH risk areas and finding mitigation of those risks. These DCFCLs are then discussed in monthly meeting of Bank Operational Risk Committee (BORC). The committee analyze HIGH and MODERATE risk indicators and set responsibility for specific people to resolve the issue. If anything remains unresolved or

marked HIGH, it is referred to MANCOM.



## Management of Money Laundering Risk

Money laundering risk is defined as the risk of direct and indirect losses incurred by the bank due to lack of diligence in applying appropriate KYC procedures. These losses could probably have been avoided and damage to the bank's reputation significantly diminished had the bank maintained effective KYC program.

The bank has established separate Central Compliance Unit (CCU) and appointed a senior official as Head of CCU to ensure compliance of Anti-Money Laundering Prevention Act and Anti-Terrorism Act. The CCU nominates Department Anti-Money Laundering Compliance Officer (DAMLCO) and Branch Anti-Money Laundering Compliance Officer (BAMLCO) and guides them about their day to day compliance activities.

The CCU arranges DAMLCO and BAMLCO conference every year and train up bank employees through in-house experts and also hires experts from BB. The core roles and responsibilities of CCU are as follows:

- Ensure compliance of the Bank's Anti-Money Laundering (AML) & Countering Financing of Terrorism (CFT) Policy and review & update the policy as and when necessary.
- Set strategy and program for combating Money Laundering and Terrorist Financing.
- Ensure appropriate training for the employees on AML issues so that employees are aware of the regulatory issues to discharge their responsibilities effectively and efficiently.
- Examine and analyze the STR report received from branches and if required, report the same to Bangladesh Bank.
- Address any query from Bangladesh Financial Intelligence Unit (BFIU) for any account of a customer.
- Freeze/mark "no debit" or withdrawal option as instructed by BFIU.

## Management of Information Technology and Communication Risk

Information Technology and Communication (ICT) risk is defined as risk of direct or indirect loss resulting from (i) Unacceptable use of the ICT system by or through staff, contractors, partners and former employees, (ii) breaches in established defenses, poor/changes to configuration without risk analysis, (iii) Systems lifecycle management, poor requirements definition, poor system design and inadequate testing, and (iv) inadequate resilience, poor business continuity management.

In this 21st century, information is treated as the most valuable as well as vulnerable asset and needs to be suitably protected which can ensure business continuity, minimize business risk, maximize return on investments and can help business to gain a competitive edge and opportunities. As banking business, EBL amass a great deal of confidential

information about their customers, employees, products, services, research and financial status and people makes relation with EBL based on trust and reliability and perceives EBL as convergent entity for safe keeping the money, information and other assets. In return EBL always pay greater values to customer information and assets and protects those from any type of unauthorized use and/or fraud. That's why EBL IT Division has involved in best practices to identifying and assessing information and related technological risks and also to ensure acceptable level of security establishing security standards and controls against threats, vulnerabilities, attacks and frauds through its IT Security Department.

In-addition, IT Division is protecting and ensuring the confidentiality, integrity, and availability of information systems and related technology in today's highly cyber threatened environment. Some controls are shown in the following:

Risk Indicators	Controls
IT Security Policy	<ul style="list-style-type: none"> <li>(i) EBL has comprehensive IT Security Policies and procedures which are formally documented and endorsed by top management.</li> <li>(ii) IT Security Policies and procedures are reviewed periodically.</li> <li>(iii) Approved IT Security Policies, procedures and amendments are communicated/ distributed to concern departments/ branches duly.</li> <li>(iv) IT strictly follows IT Security Policy, procedures and request others to do the same.</li> </ul>
IT Operation Manuals	IT Division has process guideline/manual for all key activities and operations.
IT Organogram	IT Division has approved organogram chart.
IT Strategy/Plan	EBL IT has formally documented IT Strategy and short term plans to achieve the strategy.
Job Descriptions (JD)	Each staff in IT Division has own Job description (JD). IT maintains approved roster schedule.
IT Security Training & Awareness, Job related training	EBL IT ensures that all IT personnel (including new joiners) are getting proper education, training, updates and awareness on relevant job functions, IT security activities and business foundations.
Protection of Sensitive Area/ Information Store & Processing Zone (ISPZ)	<ul style="list-style-type: none"> <li>1. EBL IT has established standard Physical &amp; Environmental Security Measures (e.g. Locked Door, Locked rack, CCTV, AC, Fire Extinguisher, etc.) to all Sensitive area (e.g. Data Centre, Disaster Recovery Site, Power Rooms, Server Rooms, etc.).</li> <li>2. IT has standard Logical Security Measures (e.g. Access card, Password Protected Server, Access Log, Measuring Device Logs, Periodic Testing Results, etc.) to all core device (server, PC, etc.), connecting device (switch, router, etc.), security device (firewall, IDS, etc.), all applications (core banking system, antivirus, firewall, VPN, utilities, etc.), databases, networks and others.</li> <li>3. EBL IT has prescribed access request and revocation form for security zone.</li> <li>4. IT has authorized and updated access list for security zones.</li> <li>5. IT maintains and reviews visitor book for accessing security zone.</li> <li>6. IT performs testing of measuring and controlling devices/systems (e.g. smoke, fire, water detector).</li> </ul>
Problem Management	IT Division handles all system and device related problems with adequate care and as per approved process guideline and maintains all logs with resolution.
Change Management	IT division manages all changes as per approved policy and process and also maintains all logs/ forms.
Asset Management	<ul style="list-style-type: none"> <li>1. All IT Assets are identified through tag/label and covered by insurance.</li> <li>2. IT Assets inventory is adequately maintained and reviewed periodically.</li> <li>3. IT Asset purchase, use, destroy, render all are done as per policy.</li> </ul>
User Management	IT provides necessary hardware-PC, UPS, Printer, email, internet and create, delete or modify user accounts, passwords, role/rights, etc. through proper requisition.
Network Management	IT has standard design and practice in network connectivity, access, build-up, configuration, monitoring, maintenance and security.
Business Continuity Management	IT has Business Continuity Management (BCM) to support and handle any human made or natural incident/disaster; moreover regular backup schedule and retention avoids the risk of data loss based on the criticality of the system. All incidents and failure logs are investigated and brought to resolution.

## Management of Reputational Risk

Reputation Risk May arise from the possibility that negative publicity regarding the bank and its business practices, in the territory or elsewhere through related entities, and whether accurate or not will adversely impact the operations and positions of the bank.

Reputation risk is difficult to measure and manage. The Bank is not using any technique to quantify reputation risk.

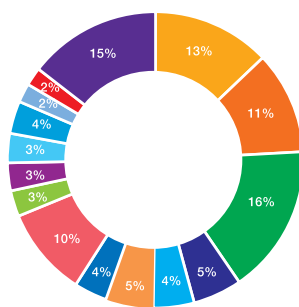
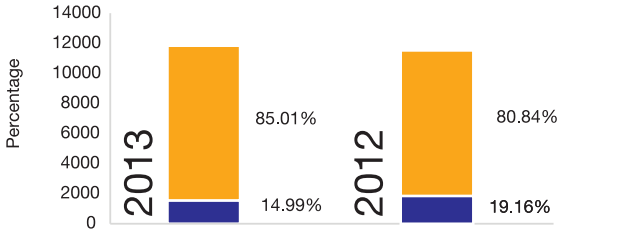
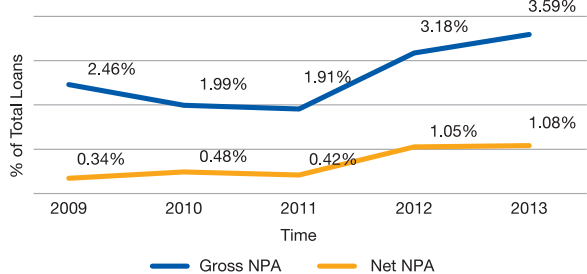
Qualitative statements are agreed as below:

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

## Risk Reporting

Risk Category	Self assessed risk rating 2013	Risk analysis and management actions																																
Effectiveness of Credit Policy Risk arises where credit policy amendments do not keep pace with changes in the local and global environment.	Low	Credit policy manual reviewed and effectiveness of credit policies assessed regularly based on feedback from the related departments. Amendments made to credit policies are approved by the Board of Directors; and procedures by the Managing Director & CEO. Performance against internally defined risk appetite and regulatory ones reviewed. Potential risk exposures arising from changes in the local and global economic environment monitored. Reports are circulated to relevant Business Units, Bank Risk Management Committees and Board Risk Committee.																																
Adequacy of Portfolio monitoring Risk arises where systems and controls are not in place to regularly assess the health of the credit portfolio.	Moderate	<p>The credit quality of the corporate banking portfolio has diluted in 2013. Corporate credit portfolio represents 73 percent of bank’s total loans and advances. Corporate portfolio distribution in terms of internal rating in the year 2013 &amp; 2012 is presented below.</p> <p><b>Portfolio by Internal Risk Rating</b></p> <table><thead><tr><th>Risk Grade</th><th>December 31, 2013 (%)</th><th>December 31, 2012 (%)</th></tr></thead><tbody><tr><td>NPL 9-11</td><td>5</td><td>4</td></tr><tr><td>Special Mention 8</td><td>0</td><td>0</td></tr><tr><td>Marginal 7</td><td>8</td><td>8</td></tr><tr><td>Watch 6</td><td>10</td><td>9</td></tr><tr><td>Fair 5</td><td>46</td><td>45</td></tr><tr><td>Acceptable 4</td><td>18</td><td>22</td></tr><tr><td>Satisfactory 3</td><td>14</td><td>14</td></tr><tr><td>Good 2</td><td>2</td><td>3</td></tr><tr><td>Superior 1</td><td>0</td><td>0</td></tr></tbody></table>	Risk Grade	December 31, 2013 (%)	December 31, 2012 (%)	NPL 9-11	5	4	Special Mention 8	0	0	Marginal 7	8	8	Watch 6	10	9	Fair 5	46	45	Acceptable 4	18	22	Satisfactory 3	14	14	Good 2	2	3	Superior 1	0	0		
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Credit Concentration Risk  [Risk arises where Credit Portfolio is not sufficiently diversified]	Low	<p><b>Sectoral Exposure:</b></p> <p>Sectoral concentration risk is measured by Harfindahl-Hirschman Index (HHI). As on 31 December 2013 index value was 0.08 that indicates low concentration.</p> <p><b>2013</b></p> <table><thead><tr><th>Sector</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>RMG</td><td>13</td></tr><tr><td>Consumer Loan</td><td>11</td></tr><tr><td>Trading</td><td>9</td></tr><tr><td>Steel Products</td><td>7</td></tr><tr><td>Ship Breaking</td><td>5</td></tr><tr><td>Telecommunication</td><td>5</td></tr><tr><td>Pharmaceuticals</td><td>4</td></tr><tr><td>Textile</td><td>4</td></tr><tr><td>Electric &amp; Electronics</td><td>3</td></tr><tr><td>Edible Oil Refinery</td><td>3</td></tr><tr><td>Fuel and Power</td><td>3</td></tr><tr><td>Knitting</td><td>3</td></tr><tr><td>Plastic &amp; Plastic products</td><td>2</td></tr><tr><td>Agriculture</td><td>2</td></tr><tr><td>Others</td><td>22</td></tr></tbody></table>	Sector	Percentage (%)	RMG	13	Consumer Loan	11	Trading	9	Steel Products	7	Ship Breaking	5	Telecommunication	5	Pharmaceuticals	4	Textile	4	Electric & Electronics	3	Edible Oil Refinery	3	Fuel and Power	3	Knitting	3	Plastic & Plastic products	2	Agriculture	2	Others	22
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Risk Category	Self assessed risk rating 2013	Risk analysis and management actions
		<p data-bbox="1129 248 1191 279">2012</p>  <ul data-bbox="1240 270 1455 613" style="list-style-type: none"> <li>■ RMG</li> <li>■ Consumer Loan</li> <li>■ Trading</li> <li>■ Steel Products</li> <li>■ Ship Breaking</li> <li>■ Telecommunication</li> <li>■ Pharmaceuticals</li> <li>■ Textile</li> <li>■ Electric &amp; Electronics</li> <li>■ Edible Oil Refinery</li> <li>■ Fuel and Power</li> <li>■ ICT</li> <li>■ NGOs and MFIs</li> <li>■ Real Estate (Residential)</li> <li>■ Others</li> </ul>
	Moderate	<p data-bbox="835 646 1146 672"><b>Top 20 customer exposure:</b></p> <p data-bbox="835 681 1493 934">Fund based exposure to top 20 customers are measured as percentage of total loans and advances. Some consideration to top 20 customers exists since the EBL has about 72 percent exposure in corporate banking. The bank pursuing its business in SME sector since last seven years to reduce concentration on large borrower ad SME portfolio now consists about 15 percent of total portfolio. Bank shall continue its priority in SME sector to reduce concentration risk on large borrowers.</p> <p data-bbox="968 943 1285 969"><b>Top 20 Customer Exposure</b></p>  <p data-bbox="835 1262 1460 1284">■ Funded Exposure to top 20 Borrower ■ Rest of Funded Exposure</p>
<p data-bbox="153 1312 492 1338">Adequacy of Recovery Process</p> <p data-bbox="153 1393 492 1563">[Risk arises where systems and controls are not in place to monitor recoveries and adequate bad debt provisioning]</p>	Moderate	<p data-bbox="835 1312 1169 1338"><b>Non Performing Loans (NPL):</b></p> <p data-bbox="835 1347 1466 1434">Gross NPL and net NPL (Gross NPL less specific provision and interest suspense) as percentage of Loans and Advances for last five years are shown below:</p> <p data-bbox="1014 1443 1262 1469"><b>Non Performing Loans</b></p>  <p data-bbox="835 1764 1268 1786">— Gross NPA — Net NPA</p> <p data-bbox="835 1771 1493 2018">The challenging external environment spurred the Bank to look at different ways of restricting the growth of NPA during the year. Strategies were adopted to identify accounts reflecting signs of delinquency and proactive measures were taken to prevent such accounts migrating to the non performing category by restricting existing exposure according to revised cash flow. Furthermore the recovery processes were strengthened and minimum regulatory loan loss provision has been provided.</p>

Risk Category	Self assessed risk rating 2013	Risk analysis and management actions
Risk arising from inability to raise capital in a liquidity crisis.	Low	We continuously review liquidity policy and contingency funding plan to address funding methods in an emergency situation. Since the bank is yet to issue sub debt to raise capital, its ability to raise capital remains better.
Risk arising from inability to meet maturing deposit liabilities as they fall due.	Low	Reliance on short term interbank borrowings decreased in 2013 since lower demand for credit was prevailed in the market. Asset Deposit (AD) ratio was around 75 percent throughout the year. Adherence to the statutory liquid asset ratio (SLR) monitored. The SLR mandates that 19% of all liabilities excluding shareholder funds should be held in defined liquid assets.
Risk of potential losses which could arise from low liquidity in markets.	Low	Bank has implemented stress tests to measure the resilience of its liquidity if average withdrawal increased by six percent in consecutive five working days. Stress test result as on 31 December shows that the bank will remain liquid under such stress.
Risk arising from adverse movements in interest rates.	Low	The impact of interest rates on portfolios is minimal due to the Bank holding treasury bills and bonds with short maturities and mainly for maintenance of SLR.
Risk arising from Maturity Mismatch	Low	Contractual maturity mismatch of Assets and Liabilities reviewed monthly and implications identified. Risk from such mismatch was low in 2013 as the market was liquid and availability of customers' deposit was adequate.
General appetite for Market Risk based on Treasury activity	Low	We continuously review the Treasury Policy to incorporate regulatory developments and internal decision-making process.
Equity Risk [Risk arising from adverse movements in stock markets]	Low	EBL's equity portfolio made a very low return in 2013 which is also reflected in the poor performance of the local stock market indices.  Close monitoring of equity portfolio and benchmark indices by Investment Committee is the key tool for managing this risk. Adequate provision has been provided to offset the risk where market value of equity is lower than the investment.
Foreign Exchange Risk [Risk arising from unhedged foreign exchange positions and poor treasury controls]	Low	Bank mainly holds USD and there is a regulatory limit for Net Open Position, time to time set by Bangladesh Bank. In 2013, exchange rate was stable though local currency gained against US dollar. Bangladesh Bank intervention kept the rate exporter friendly.  Value at Risk (VaR) is calculated following historical value method and limits are monitored regularly. If Fx VaR exceeds internal limit, the issue immediately raised to the Managing Director & CEO.
Effectiveness of Operational Risk Policy.	Moderate	Operational Risk Policies reviewed during the year and updated in line with regulatory developments and internal decisions.
Risks arising from a poor Control Environment.	Low	Bank's operational risk management team collects operational loss data from all branches of the bank. During the year 2013, physical damage of Tk 160,000 was reported and the bank received insurance claim in full.  Bank Operational Risk Committee (BORC) sits in every month and resolve 'HIGH' risk issues reported in Departmental Control Function Checklists.

Risk Category	Self assessed risk rating 2013	Risk analysis and management actions
Technology Risk [Risk arising from system breakdowns and disruptions]	Low	Periodic review of information security to protect the Bank's data from unauthorized access, modification or deletion and to ensure its confidentiality, integrity and availability. System disruptions reviewed during every month in BORC.
High Impact Unforeseen Events Risk arising due to lack of preparedness to natural disasters and terrorism.	Low	Risk Assessment and Business Continuity Plans reviewed across the Bank, including IT Disaster Recovery Plan.
Risk arising from inadequate operational risk mitigation strategies.	Low	Bank is working to introduce internal loss limit to track actual loss with the given appetite set by the Board of Directors.
People Risk [Risk arising from inability to attract and retain skilled staff]	Low	Talent sourcing, development, retention of top performers in all departments are key focus areas. Promoting leadership and succession planning are key mitigate of people risk.
[Risk arising from outsourced security service Activities]	Low	KRIs on security service provider such as number of guards on duty, shifts worked monitored and feedback given to service provider.
Legal Risk [Risk arising from litigation against the bank or faulty legal documentation]	Low	Review of legal charter and monitoring of legal cases and recovery process are regularly done by Special Asset Management Division. Standard and Non standard contracts and collateral documents are vetted by panel lawyers.

## Stress Testing

Stress testing is a simulation technique to determine the reactions of different financial institutions under a set of exceptional, but plausible assumptions. EBL performs quarterly stress testing within the scope of Bangladesh Bank DOS (Department of Off-Site Supervision) Circular: 01 dated 23 February 2011.

The scope of stress testing is limited to simple sensitivity analysis. Followings describe the methodology of stress testing and calibration of shocks:

### Credit Risk

Stress test for credit risk assesses changes in CAR due to the impact of the increase of non performing loans triggered by five pre determined shock events with three levels of shock – Minor, Moderate and Major. These five shock events are:

- Increase in NPL:** This individual shock explains the impact if a portion of performing loan directly downgraded to 'Bad & Loss' category that requires 100% loan loss provision. Levels of shock are: 3%, 9% and 15%.
- Increase in NPL due to large top borrowers:** Default of large borrowers can create significant impact on the bank. This indicator explains the impact of three standard events; default of 3 top borrowers, top 7 borrowers, and top 10 borrowers directly to 'Bad & Loss' category.
- Fall in the forced sale value of mortgaged collateral:** This measures the loss bank could suffer from the event of decrease in market value of Land & Building mortgaged with the bank as collateral. Standard levels of shock are applied @ 10%, 20% and 40%.

- Negative shift in NPL category:** This shock indicator measures additional requirement of loan loss provision due to negative shift of a portion of non performing loan to the next worst category. For example, Special Mention to Sub Standard, Sub Standard to Doubtful and Doubtful to Bad & Loss. Applied levels of shock are 5%, 10%, and 15%.
- Increase of NPL in RMG and Capital Market sectors:** This shock indicator measures additional requirement of loan loss provision due to shift of performing loans of the RMG and Capital Market segments directly into 'Bad & Loss' category. Applied levels of shock are 3%, 9%, and 15%.

### Interest Rate Risk

Interest rate risk is potential that the value of the on balance sheet and off balance sheet positions of the bank would be negatively affected with the change in the interest rates. The vulnerability of adverse affect due to interest rate can be measured by 'simple sensitivity' and 'duration gap' analysis. Simple sensitivity analysis measures the impact on NII (Net Interest Income) at each maturity bucket resulted from the change in interest rate. On the other hand Duration Gap Analysis measures a single duration GAP from weighted average remaining maturity of each risk sensitive assets and liabilities. Once the GAP is determined, effect on NII can be computed applying level of shocks. For both measures, shock levels are fixed at 1%, 2% and 3%.

### Exchange Rate Risk

The stress for Exchange Rate Risk assesses the impact of exchange rate on Capital Adequacy Ratio (CAR). The stress is determined by computing the decline of the value of

assets (net short/long Fx position) due to adverse change in exchange rate by 5%, 10% and 15%.

### Equity Price Risk

The stress for Equity Price Risk assesses the impact of the falling price of capital market instruments on bank's exposure in capital market. Levels of shock are 10%, 20% and 40%, which are calibrated on CAR.

### Liquidity Risk

The stress test Liquidity risk evaluates the resilience of the bank if the bank faces cash withdrawal pressure above the average pattern for continuous five working days. A bank is considered well liquid if it survives continuous stress for 5 working days without resorting liquidity from outside. Standard levels of shock are 2%, 4% and 6% over normal withdrawal.

### Combined Shock

The stress test also measures effect of combined shocks on Capital Adequacy Ratio for assumptions includes: decrease in the FSV of the collateral, increase in Non Performing Loans, negative shift in NPL categories, change in interest rate, change in foreign exchange rate, and change in the market value of shares and securities. Combined shocks from all these events are calibrated on CAR.

### Credit shock under Basel II

Standardized approach of Basel II allows banks to compute its Risk Weighted Assets following external rating of the borrower. Higher the external rating, lower the risk weight; hence regulatory requirement of capital depends on the external rating customers. Under such circumstance, if credit rating of any customer downgraded, CAR of the bank will be affected. The stress test measures how CAR will be affected if risk weighted assets are increased due to downgrading of customer's external rating. Applied levels of shock are 5%, 10% and 15%.

### Summary of Stress Testing Results as on 31 December 2013 is presented below:

Stress Test : Simple Sensitivity Analysis  
Positions as on : 31 December 2013

Regulatory CAR : 10.00%  
CAR before shock : 11.95%

Individual Shocks	CAR after shocks (%)		
	Minor	Moderate	Major
Performing loan directly downgraded to B/L (RMG sector)	11.65	11.04	10.42
Performing loan directly downgraded to B/L (Capital Market Sector)	11.85	11.65	11.44
Increase in NPLs due to default of top large borrowers	8.59	5.50	3.69
Negative shift in NPL categories	11.73	10.80	10.56
Decrease in FSV of the collateral	11.84	11.73	11.50
Interest Rate Shock	11.52	11.08	10.64
FEx: Currency Depreciation	11.93	11.92	11.90
Equity Shock	11.75	11.55	11.15

Particulars	Level of Shock		
	Minor	Moderate	Major
CAR after combined shock	9.78	5.42	0.63

Particulars	Level of Shock		
	Minor	Moderate	Major
CAR after credit shock under Basel II (Balance Sheet)	11.23	11.17	11.11

Particulars	Level of Shock		
	Minor	Moderate	Major
CAR after credit shock under Basel II (Off Balance Sheet)	11.87	11.82	11.78



# 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.

**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 2013 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 and separate audited financial statements 2013 of EBL (Group and the Bank) available on the website of the Bank ([www.ebl.com.bd](http://www.ebl.com.bd)).

## Scope of Application

**Applicable top corporate entity:** The Risk Based Capital Adequacy framework applies to **Eastern Bank Limited (EBL)** on '**Consolidated Basis**' as there were three operational subsidiaries of the Bank as on the reporting date i.e. 31 December 2013. However, '**Solo Basis**' information has been presented beside those of 'Consolidated Basis' to facilitate comparison.

**Entities within the group:** The Bank had four subsidiaries, all of them were fully owned, as on the reporting date i.e. 31 December 2013.

**EBL Securities Limited:** Having acquired rest 40% shares of a brokerage house namely 'EBL Securities Ltd.', EBL completed full acquisition of the same in 2012. It has membership of both DSE & CSE and holds both broker & dealer license for buying, selling and settlement of securities on behalf of investors and for buying & selling of securities in its own portfolio.

**EBL Investments Ltd.:** A private limited company

established to do merchant banking operations, obtained approval from BSEC for Merchant Banking License in January 2013. It is running business in full scale.

**EBL Finance (HK) Limited:** The first foreign subsidiary of EBL was incorporated on 28 November 2011 with Hong Kong (HK) authority to act as a routing and discounting intermediary of LCs issued by EBL and to advise other local and foreign banks' LCs. EBL obtained all the required licenses from Bangladesh and HK authority. It is now in full operation.

**EBL Asset Management Ltd.:** A private limited company formed to grab the potential business opportunity in managing mutual funds and institutional wealth. EBL has already obtained permission from Bangladesh Bank and is under process of applying for the license to BSEC.

**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. Bank is following latest Bangladesh Bank circular in determining maximum amount of finance to the subsidiaries of the Bank. As on year end 2013, EBL had a credit line to 'EBL Securities Ltd.' of BDT 950 million and a Guarantee of BDT 150 million (against clearing settlements with DSE).

**Aggregate amount of capital deficiencies:** As on the reporting date there was no such deficiency.

## Capital Structure

**Summary information on the terms and conditions of tier I & II capital instruments:** Regulatory capital, as stipulated in 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 2013, there was no tier III component of capital at EBL. Component wise details are presented in the quantitative disclosure part that follows:

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

- The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital:
  - **Status of Compliance:** Complied.
- 50% of revaluation reserves for fixed assets and securities eligible for Tier 2 capital:
  - **Status of Compliance:** Complied.

- 10% of revaluation reserves for equity instruments eligible for Tier 2 capital:
  - **Status of Compliance:** 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:** Complied. Excess Tier-1 capital maintained after meeting credit risk was BDT 1,878.5 million (BDT 13,245.16 - BDT 11,366.66). Whereas capital required for meeting 28.5% of market risks was BDT 352.25 million (BDT 1,235.95 X 28.5%) as on the reporting date.

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 2013), the Bank had a consolidated capital of BDT 16,871.67 million comprising Tier-1 capital of BDT 13,352.60 million and Tier-2 capital of BDT 3,519.07 million. Following table presents component wise details of capital (Tier-1&2) as on reporting date i.e. 31 December 2013:

(Figures are in million BDT)

A	Tier – 1 ( Core Capital)	Consolidated	Solo (Bank)
1	Fully Paid-up Capital	6,111.80	6,111.80
2	Statutory Reserve	5,362.42	5,362.42
3	Non- repayable Share premium account	-	-
4	General Reserve	130.00	130.00
5	Retained Earnings	1,392.34	1,284.90
6	Minority interest in Subsidiaries	-	-
7	Non- Cumulative irredeemable Preference shares	-	-
8	Dividend Equalization Account	356.04	356.04
9	Other (if any item approved by Bangladesh Bank)	-	-
10	Sub-Total: (1 to 9)	<b>13,352.60</b>	<b>13,245.16</b>
B	Tier -2 (Supplementary Capital)		
1	General Provision (Unclassified loans + SMA+ off balance sheet exposure)	1,644.33	1,644.33
2	Assets Revaluation Reserves up to 50%	1,844.75	1,844.75
3	Revaluation Reserve for Securities up to 50%	29.99	29.99
4	Revaluation Reserve for equity instruments up to 10%	-	-
5	All other preferences shares	-	-
6	Subordinated debt	-	-
7	Other (if any item approved by Bangladesh Bank)	-	-
8	<b>Sub total (1 to 7)</b>	<b>3,519.07</b>	<b>3,519.07</b>
9	Deductions from tier i and ii capital (if any)	-	-
C	<b>Total Eligible Capital (A+B)</b>	<b>16,871.66</b>	<b>16,764.23</b>

## Capital Adequacy

**Assessment of the adequacy of capital:** Assessing regulatory capital in relation to overall risk exposures of a bank is an integrated and comprehensive process. EBL follows the 'asset based' rather than 'capital based' approach in assessing the adequacy of capital to support current and projected business activities.

The Bank focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. EBL has been generating most of its incremental capital from retained profit (stock dividend and statutory reserve transfer etc.)

and occasional issue of right shares to support incremental growth of Risk Weighted Assets (RWA). Besides meeting regulatory capital requirement, the Bank maintains adequate capital to absorb material risks foreseen. 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 2013, the CAR ranges from 11.36% to 12.01% on consolidated basis and from 11.30% to 11.95 % on solo basis against minimum requirement of 10% of RWA.

Risk Management Unit (RMU) under guidance of the 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.

**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 RWA. As on the reporting date i.e. 31 December 2013, EBL maintained a Capital Adequacy Ratio (CAR) of 12.01% on 'Consolidated Basis' and 11.95% on 'Solo Basis' against required minimum of 10%. We had an excess capital of BDT 2,823.56 million (Consolidated) after meeting all three risks as on the reporting date as shown in the following table:

(Figures are in million BDT)

Capital Adequacy	Consolidated	Solo (Bank)
Capital requirement for Credit Risk	11,350.90	11,366.66
Capital requirement for Market Risk	1,255.94	1,235.95
Capital requirement for Operational Risk	1,441.26	1,425.27
<b>Minimum capital requirement (MCR)</b>	<b>14,048.10</b>	<b>14,027.88</b>
Additional capital maintained over MCR	2,823.56	2,736.35
<b>Total capital maintained</b>	<b>16,871.66</b>	<b>16,764.23</b>
<b>Risk weighted assets</b>	<b>140,480.99</b>	<b>140,278.79</b>
Total capital ratio (CAR)	12.01%	11.95%
Tier I capital ratio	9.50%	9.44%

## 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 creditworthiness. Credit risk may arise from both the banking book and trading book and is managed through a framework set by policies and procedures established by the Board of Directors. The responsibility is clearly segregated between originator of business transaction and approver in the risk function.

**Credit approval:** Board of Directors of EBL has the sole authority to approve any credit exposure and to sub delegate 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.

**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.

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 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 risk grading and measurement:** Risk measurement along with judgment and experience play a central role in informed risk taking decisions, and portfolio management. For the purpose of risk measurement we use a numerical grading system 'Credit Risk Grading Matrix' (CRGM) associated with a borrower. This CRGM is not a lending decision making tool but used as a general indicator to compare one set of customers with another set, 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 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 monitoring:** Credit exposures and portfolio performance are monitored at least quarterly at EBL. 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 the credit policy to be followed by 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.

**Definitions of past due and impaired credit:** To define past due and impairment through classification and provisioning, the bank follows Bangladesh Bank Circulars and Guidelines. The summary of some objective criteria for loan classification and provisioning requirement as stipulated by the central bank BRPD circular no. 14 dated 23 September 2012 are as below:

Type of Facility	Loans Classification					
	Sub Standard		Doubtful		Bad & Loss	
	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)
Continuous Loan	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	9 months or more	100%
Demand Loan	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	9 months or more	100%
Fixed Term Loan more than Tk. 10 lac	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	9 months or more	100%
Fixed Term Loan up to Tk. 10 lac	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%
Short Term Agricultural & Micro Credit	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%

Specific provision for classified loans and general provisions for unclassified loans and advances and contingent assets are measured following BB prescribed provisioning rates as mentioned below:

General provision on: (for both Standard and Special Mention Account)	Rate
Unclassified general loans and advances	1%
Unclassified small and medium enterprise	0.25%
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%
Off balance sheet exposures	1%
<b>Specific provision on:</b>	
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%

**Problem Credit Management:** The Bank has a Special Asset Management Division (SAMD), 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 pursuing legal actions.

#### Quantitative Disclosures:

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

(Figures are in million BDT)

		Exposures	
SL.	Exposure type	Consolidated	Solo (Bank)
a)	Cash	1,752.69	1,752.66
b)	Claims on Bangladesh Government (Other than PSEs) and BB (denominated in domestic and foreign currency)	6,430.87	6,430.87
	Different Risk Weights	350.85	350.85
	Unrated	41.00	41.00



SL.	Exposure type	Exposures	
		Consolidated	Solo (Bank)
c)	Claims on Banks and NBFIs (denominated in domestic as well as foreign currency)		
	i) Original maturity over 3 months:	-	-
	Different Risk Weights	1,220.00	1,220.00
	Unrated	250.00	250.00
	ii) Original maturity less than 3 months	11,014.97	10,569.60
d)	Claims on Corporate (excluding equity exposures):	-	-
	Different Risk Weights	35,166.10	35,166.10
	Unrated	34,447.75	34,447.75
e)	Claims under Credit Risk Mitigation (Corporate)	50.00	50.00
f)	Claims categorized as retail portfolio & Small Enterprise (excluding consumer finance and staff loans)	5,794.56	5,794.56
g)	Consumer finance	6,870.08	6,870.08
h)	Claims fully secured by residential property (excluding staff loan)	937.70	937.70
i)	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	984.27	984.27
	Where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim	378.02	378.02
	Where specific provisions are more than 50 per cent of the outstanding amount of the past due claim	417.52	417.52
	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.	5.40	5.40
j)	Capital market exposures	1,064.67	939.40
k)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book.	1,243.06	1,243.06
l)	Investments in premises, plant and equipment and all other fixed assets	6,528.29	6,517.49
m)	All other assets:		
	i) Claims on GoB & BB (e.g. Coupon Receivable from Govt. T Bonds & reimbursable from BB on PSP, Shadharan shanchaypatra, etc.)	627.98	627.98
	ii) Staff loan/investment	1,236.54	1,236.54
	v) Other assets (net of specific provision, if any)	1,593.72	2,007.72
	<b>Total:</b>	<b>118,406.02</b>	<b>118,238.56</b>

**Geographical distribution of exposures:** 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 2013 in different divisions:

(Figures are in million BDT)

Division	CORP	SME	CNB (incl. Staff)	Total
Dhaka Division	51,033.81	10,275.02	8,812.40	70,121.24
Chittagong Division	22,577.04	4,454.36	2,872.89	29,904.29
Sylhet Division	-	302.23	196.08	498.31
Rajshahi Division	308.48	584.54	198.50	1,091.52
Khulna Division	-	920.20	239.81	1,160.01
Rangpur Division	-	104.07	30.78	134.85
<b>Total</b>	<b>73,919.33</b>	<b>16,640.42</b>	<b>12,350.47</b>	<b>102,910.22</b>

**Industry wise distribution of exposures:** Major industry wise credit exposure of the bank (not group) as on 31 December 2013 was as below, and the numbers remained within the appetite of the bank as approved by the Board of Directors.

(Figures are in million BDT)

Industry/sector	31-12-2013	Mix %	31-12-2012	Mix %
Commercial and Trading	18,768.87	18.2%	16,752.93	17.3%
Construction	1,606.80	1.6%	1,141.40	1.2%
Sugar & Edible Oil Refinery	2,997.69	2.9%	4,497.19	4.6%
Crops, fisheries & live stocks	1,593.56	1.5%	2,062.27	2.1%
Electronics & Electrical Goods	2,951.15	2.9%	3,590.71	3.7%
Individuals	12,344.81	12.0%	11,634.71	12.0%
Pharmaceuticals Industries	4,034.23	3.9%	3,102.20	3.2%
Readymade Garments Industry	10,700.66	10.4%	11,055.38	11.4%
Ship Breaking Industry	3,196.89	3.1%	5,508.78	5.7%
Metal & Steel Products	7,867.56	7.6%	7,116.32	7.4%
Transport & E-communication	6,015.25	5.8%	7,089.52	7.3%
Textile Mills	9,771.75	9.5%	8,361.72	8.6%
Power Sector	2,539.08	2.5%	2,747.14	2.8%
Others	18,521.91	18.0%	12,059.47	12.5%
<b>Total</b>	<b>102,910.22</b>	<b>100.0%</b>	<b>96,719.74</b>	<b>100.0%</b>

**Residual contractual maturity of credit exposure:** Residual maturity of credit exposure in our major business (counterparty type) as on 31 December 2013 was as below:

(Figures are in million BDT)

Business Segment	below 90 days	3-6 months	6-12 months	1-5 years	More than 5 years	Total (with OBU) as on 31.12.2013
Consumer	4,569.59	451.86	1,037.59	4,199.19	853.94	11,112.18
Corporate	37,337.71	18,406.53	4,090.84	12,924.35	1,159.89	73,919.33
SME (small)	399.00	525.65	1,126.35	6,352.40	-	8,403.39
SME (medium)	4,571.75	1,555.96	1,314.13	795.18	-	8,237.03
Staff	1.81	1.49	6.89	192.34	1,035.77	1,238.29
<b>Total</b>	<b>46,879.86</b>	<b>20,941.49</b>	<b>7,575.81</b>	<b>24,463.46</b>	<b>3,049.60</b>	<b>102,910.22</b>

**Business segment wise impaired loans:** as on 31 December 2013:

(Figures are in million BDT)

Business type	SMA	SS	DF	BL	Total Classified Loans and SMA
Corp	214.97	201.71	-	2,221.05	2,637.72
SME (small)	261.99	85.44	75.25	301.48	724.15
SME (medium)	84.10	0.24	1.47	108.03	193.84
Consumer	561.06	287.38	76.71	2,630.55	3,555.71
<b>Total</b>	<b>1,122.12</b>	<b>574.77</b>	<b>153.43</b>	<b>5,261.11</b>	<b>7,111.42</b>

**Gross Non Performing Assets (NPAs):** As on the reporting date i.e. 31 December 2013, NPA ratio was 3.59%.

**Movement of NPAs:** Movement of classified loans during the year is presented in the following table:

(Figures are in million BDT)

Particulars	2013	2012
Opening Balance as on 01 January	3,070.77	1,560.59
Additions during the year	3,998.58	2,255.63
Reductions during the year	3,372.13	745.45
<b>Closing Balance as on 31 December</b>	<b>3,697.23</b>	<b>3,070.77</b>

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

(Figures are in million BDT)

Particulars	2013	2012
Opening balance of provision held	1387.32	866.44
New provisions during the year	817.40	845.88
Provisions no longer required (written off loans)	274.78	(325.00)
<b>Closing balance of provision held</b>	<b>1,929.94</b>	<b>1,387.32</b>

### Equities: Disclosures for Banking Book Positions

**Nature and purpose of Equity investment:** 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.

**Policies for valuation and accounting of equity holdings:** For valuation of Unquoted HTM and quoted HFT equity securities, relevant BFRS and Bangladesh Bank circulars are followed respectively. Unquoted HTM securities are recorded at purchase price including transactions costs, if any and are impairment tested whereas quoted HFT securities are marked to market quarterly. Revaluation loss (if any) is booked accordingly calculated on portfolio basis (gain net off). No unrealized gain is booked against HFT equity securities as per Bank policy. Dividends received from these securities are accounted for as and when received.

**Quantitative Disclosures:** As EBL Securities Limited maintains an insignificant portfolio of proprietary equity investment, comparison between consolidated and solo (bank) positions showed almost identical balance as on the reporting date i.e. 31 December 2013. For unquoted equities (including private placement), market value has been assumed identical to cost in the following table only to facilitate calculation of unrealized losses.

(Figures are in million BDT)

	Cost		Market Value	
	Consolidated	Solo (Bank)	Consolidated	Solo (Bank)
Quoted shares and Mutual Funds	3,542.35	3,428.14	2,672.34	2,572.43
Unquoted shares and Mutual Funds:	60.90	60.90	60.90	60.90
Unquoted (HTM)	29.60	29.60	29.60	29.60
Private placement	31.30	31.30	31.30	31.30
<b>Total</b>	<b>3,603.25</b>	<b>3,489.04</b>	<b>2,733.24</b>	<b>2,633.33</b>

Other information related to equity investments including capital requirement for the year has been presented as follows:

(Figures are in million BDT)

	Consolidated	Solo (Bank)
Cumulative realized gains (losses) arising from sales	54.95	54.95
Total unrealized gains (losses)	(870.01)	(855.72)
Total latent revaluation gains (losses)	-	-
Any amount of the above included in Tier 2 capital	-	-
Capital required for quoted securities:	534.47	514.49
Specific risk	267.23	257.24
General market risk	267.23	257.24

### Interest Rate Risk In The Banking Book

Interest rate risk is the risk that a bank will experience deterioration in its financial position as interest rates move over time. Interest rate risk is typically divided into two parts:

- Traded interest rate risk
- Non-traded interest rate risk (balance sheet)

Interest rate risk in the banking book (IRRBB) arises from a bank's core banking activities. It arises from differences between the timing of rate changes and the timing of cash flows (re-pricing risk); from changing rate relationships among yield curves that affect bank activities (basis risk); from changing rate relationships across the range of maturities (yield curve risk); and from interest-rate-related options embedded in bank products (option risk).

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:

**Simple Gap Analysis:** Traditional Gap analysis of on-balance sheet Asset Liability Management (ALM) involves careful allocations of assets and liabilities according to repricing/maturity buckets. This approach quantifies the potential change in net interest income using a specified shift in interest rates, e.g. 100 or 200 basis points, or a simulated future path of interest rates.

Assumptions: For Gap analysis, bank considers the following:

- For fixed-rate contract, remaining maturity is considered.
- For contracts with provision of re-pricing, time remaining for next re-pricing is considered.
- For assets and liabilities which lack definitive re-pricing interval or for which there is no stated maturity, bank determines the core and volatile portion. For asset, volatile portion is bucketed till 3 months using historical repayment behavior and stable portion is bucketed in 6-12 months bucket. For liabilities, volatile portion is bucketed till 1 year using historical withdrawal behavior and stable portion is bucketed in over 1 year segment.

Also, following assumptions are met:

- The main assumption of gap analysis is that interest rate moves on parallel fashion. In reality however, interest rate does not move upward.
- Contractual repayment schedule are met.
- Re-pricing of assets and liabilities takes place in the mid-point of time bucket.
- The expectation that loan payment will occur in schedule.
- Optionality embedded in different products is not considered.

**Quantitative Disclosure:** Result of Gap analysis as on December 31, 2013:

Particulars	3 month	6 Months
For 100 basis point increase/decrease in Interest rate, Impact on NII	+-48.1 million	+-49.1 million
For 200 basis point increase/decrease in Interest rate, Impact on NII	+-96.2 million	+-98.2 million

**Duration Analysis:** The focus of the Duration Analysis is to measure the level of a bank's exposure to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements. Duration Gap can be used to evaluate the impact on the Market Value of Equity of the bank under different interest rate scenarios. 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.

	Dec-31-2012	Jun-30-2013	Dec-31-2013
Duration of Asset	0.88	0.92	1.04
Duration of Liabilities	0.34	0.41	0.41
Leveraged Liability Duration	0.30	0.67	0.67
Duration Gap	0.58	0.35	0.37

## Market Risk

### Qualitative Disclosures:

**Market Risk:** Market Risk is defined as the possibility of loss due to changes in the market variables. It is the risk that the value of on/off-balance sheet positions will be adversely affected by movements in equity price, interest rate and currency exchange rates. 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.

Bank has comprehensive Treasury Trading Policy, Asset-Liability Management Policy, Investment Policy approved by Board of



Directors to assess, monitor and manage all the above market risks. Bank has defined various internal limits to monitor market risk and is computing the capital requirement as per standardized approach of Basel II.

**Methods used to measure Market Risk:** Bank applies maturity method in measuring interest rate risk in respect of securities in trading book. The capital charge for entire market risk exposure is computed under the standardized approach using the maturity method and in accordance with the guideline issued by Bangladesh Bank.

**Market Risk Management System:** 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 foreign exchange risk of the bank, the Bank has adopted the limit by central bank to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher of the foreign currency positions held by the Bank.

Bank is using Value at Risk (VaR) analysis based on historical method to assess the minimum level of loss on foreign currency holding that is likely to be exceeded at certain level of probability (5% probability) in 1 day. Also, based on VaR, bank has set Management Trigger Point at BDT 10.00 million for aggregate currency exposure, based on 1 day VaR at 95% level of confidence.

Value-at-Risk estimates (Loss in domestic currency) presented below:

Confidence level	Time Horizon				
	1 day	2 days	3 days	4 days	5 days
90%	1,458,612	1,936,841	2,221,913	2,989,821	3,001,321
95%	1,921,877	2,826,103	3,171,631	3,859,277	4,282,481
99%	3,694,004	5,469,763	5,478,434	5,384,724	7,033,220

The Bank has been active in secondary market during the year with 2.17% assets invested in equity securities as on the reporting date. To manage equity risk, the Investment Committee of the bank ensures taking prudent investment decisions complying sectoral preference as per investment policy of the bank and capital market exposure limit set by BB.

**Quantitative Disclosures:** Capital required for market risk as on the reporting date follows:

(Figures are in million BDT)

a	Interest rate risk	667.37
b	Equities	534.47
c	Foreign exchange risk	54.10
d	Commodity risk	
	<b>Total</b>	<b>1,255.94</b>

## Operational Risk

### Qualitative Disclosures:

**Operational Risk:** Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. We seek to minimize exposure to operational risk, subject to cost benefit trade-offs.

The bank captures some pre identified risk events associated with all functional departments of the bank through standard reporting format. Bank's Operational Risk Committee (BORC) sits every month 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' issues to MANCOM (Management Committee) and BRMC (Bank Risk Management Committee) based on importance and urgency of taking effective decisions. BORC is responsible for setting and maintaining standards for operational risk management and measurement, which is separate from the business functions.

**Performance gap of executives and staffs:** EBL is an equal opportunity employer. At EBL we recognize the importance of having the right people at right positions to achieve organizational goals. Our recruitment and selection is governed by the philosophies of fairness, transparency and diversity. Understanding what is working well and what requires further support is essential to our performance management system. The performance management process aims to clarify what is expected from employees as well as how it is to be achieved.

At the beginning of a year we adequately communicate to our direct reports what are expected from him/her during ensuing period. A half yearly and yearly performance appraisal practices are in place to review achievements based on which rewards and recognition decisions are made. Internal control & compliance (ICC) is continuously monitoring to minimize any potential brand damaging performance gap by employees especially fraud-forgery, misuse of power of attorney, weak customer services, weak internal and regulatory compliance etc.

However, our learning and development strategy puts special focus on continuous professional development to strengthen individual's skill level by removing the weakness to perform the assigned job with perfection. We have a wide range of internal & external training programs to enhance capabilities to minimize performance gap and to contribute more to bottom line.

The reward and recognition policy of the bank is designed to motivate our people to perform better be it business or supporting business. Our strategy of reinforcing people's positive behaviors is based on following premises:

- Is rooted in an understanding of what really motivates our people.
- Encourage teamwork by creating a culture where individual and team success is recognized.
- Regular benchmarking to compare our reward and recognition strategy with similar organizations.

**Potential external events:** We understand that business operates in an umbrella of inter connected socio-economic and political environment. Few externalities affect business performance directly such as macro-economic conditions, regulatory changes, change in demand, status of infrastructure whereas few factors affect operations of the business directly or indirectly such as force shut down due to political instability, threat of vandalism to the bank's sophisticated physical outlets including IT equipments etc.

**Policies and processes for mitigating operational risk:** As there is no upside of this risk, the objective of the management of operational risk is to minimize the risk in cost effective manner, if elimination is not possible.

Currently bank is not using any model or tool to capture operational loss data for historical analysis rather it is a self-assessment process. Bank has a separate Operational Risk Management Unit responsible for risk identification, measurement, monitoring, control, and reporting of operational risk.

Operational risks are analyzed through review of Departmental Control Function Check List (DCFCL). This is a self-assessment process for detecting HIGH risk areas and finding mitigation of those risks. These DCFCLs are then discussed in monthly meeting of Bank's Operational Risk Committee (BORC). The committee analyzes HIGH and MODERATE risk indicators and set responsibility for suitable personnel to resolve the issue. If anything remains unresolved or marked HIGH, it is referred to MANCOM.

**Approach for calculating capital charge for operational risk:** The bank applies 'Basic Indicator Approach' of Basel II as prescribed by BB in revised RBCA guidelines. Under this approach, banks have to calculate average annual gross income (GI) of last three years and multiply the result by 15% to determine required capital charge. Gross Income is the sum of 'Net Interest Income' and 'Net non-interest income' of a year or it is 'Total Operating Income' of the bank with some adjustments as noted below. GI shall:

- Be gross of any provision (e.g. for unpaid interest),
- Be gross of operating expenses, including fees paid to outsourcing service providers,
- Exclude realized profits/losses from sale of securities held to maturity in the banking book,
- Exclude extraordinary or irregular items,
- Exclude income derived from insurance and
- Include lost interest i.e. interest suspense on SMA and classified loans.

**Quantitative Disclosures: The capital requirement for operational risk is as follows:**

(Figures are in million BDT)

Particulars	Consolidated	Solo (Bank)
Last three year's average Gross Income (adjusted)	9,608.39	9,501.79
Capital charge required (15% of GI)	1,441.26	1,425.27

# products basket & service propositions

## Consumer Banking

### Deposit Products

#### EBL Savings Account

##### **EBL Classic Savings**

A savings account with interest paid half yearly.

##### **EBL Power Savings**

A savings account with interest paid monthly on the small deposits of the customers.

##### **EBL Max Saver**

A savings account with interest paid monthly on day end balance of the account.

##### **EBL Premium Savings**

A tier based savings account with interest paid monthly on average balance of the account; comes with special customer propositions.

##### **EBL 50+ Savings**

A tier based savings account exclusively for people of fifty years and above, comes with special customer propositions.

##### **EBL Smart Women's Savings**

A tier based savings account exclusively for female citizens of Bangladesh, comes with special customer propositions

#### EBL Current Account

##### **EBL Current Account**

Standard current account with unlimited transaction facility.

##### **EBL Current Plus**

A unique current account that comprises unlimited transaction facility with a wide range of privileges.

#### EBL DPS Account

##### **EBL Confidence**

A monthly savings scheme with flexible tenures (3/5/7/10 years) and monthly installment in any multiple of BDT 500; ranges from BDT 500- BDT 20,000

##### **EBL Millionaire Scheme**

A monthly savings scheme with flexible long term tenures (3/5/7/10/12/15 years) and maturity value of BDT 1 (one) million.

#### EBL Fixed Deposit

##### **EBL Repeat**

A term deposit product with interest paid to the customer every month.

##### **EBL 50+ FD**

A term deposit product exclusively for people of fifty years and above with interest paid at a higher rate to the customer every month.

##### **EBL Just Double**

A term deposit product that doubles the initial deposit amount over a fixed period (currently six years).

##### **Fixed Deposit**

Fixed deposits of different tenures (1 month to 3 years) for the convenience of the customers.

##### **Extra Value Fixed Deposit**

Fixed deposit of different tenures with minimum Fixed Deposit amount of BDT 10 lac.

**All EBL Fixed Deposit products come with secured loan facility.**

### Student Banking Products

##### **EBL Junior**

An insurance backed savings account with comparatively higher interest rate designed exclusively for children aged between 6 to 18 years, operated by parents until his/her maturity (18 years)

##### **EBL Campus**

A specialized insurance incorporated savings account with comparatively higher interest rate on daily balance for the students aged between 18 - 28 years

##### **EBL Child Future Plan**

A unique Deposit Pension Scheme (DPS) for the tenure of 3, 5, 10 and 15 years with monthly installment in any multiple of BDT 500; ranges from BDT 500- BDT 15,000

### Payroll Products

##### **EBL Executive Account**

A special savings account for payroll customers of EBL; comes with free account maintenance facility and an attractive interest rate.

##### **EBL Visa Payroll Card**

A prepaid card for the payroll customers of EBL.

### Loan Products

##### **EBL Jibandhara**

An any purpose personal loan facility.

##### **Fast Cash**

A secured overdraft facility against fixed deposit.

##### **Fast Loan**

A secured term loan facility against fixed deposit.

### **EBL Executive Loan**

An any purpose personal loan facility for salaried executives.

### **EBL Auto Loan**

A term loan to purchase automobile.

### **EBL Home Loan**

A term loan to purchase/extend/renovate house/apartment.

### **EBL Education Finance pack**

Comprises of unsecured term Loan, secured term loan & secured OD facility to finance education at home and abroad.

## **Card Products**

### **EBL Consumer Credit Card**

Simple revolving loan facility with a host of benefits for customers depending upon the income level and social status.

### **EBL Signature Credit Card**

For the premium customer base; comes at a lower interest rate and insurance benefit of BDT 1 crore.

### **EBL Platinum Credit Card**

For customers with minimum monthly income level of BDT 50,000; comes with insurance benefit of BDT 10 lac.

### **EBL Gold Credit Card**

For customers with minimum monthly income level of BDT 45,000.

### **EBL Classic Credit Card**

For customers with minimum monthly income level of BDT 20,000.

### **EBL Corporate Credit Card**

Revolving loan facilities for corporate houses to manage their local and global business expenses more effectively through credit card.

### **EBL Debit Card**

Allow customers to access their EBL current/savings account for withdrawal of cash or payment for goods and services

### **EBL Signature Debit Card**

A dual currency debit card for priority customers; comes with insurance benefit of BDT 1 crore.

### **EBL Platinum Debit Card**

A dual currency debit card for EBL Premium, EBL Smart Women's & EBL 50+ savings account holders; comes with insurance benefit.

### **EBL Classic Debit Card**

For regular EBL account holders; local use only

### **EBL Business Debit Card**

For EBL SME account holders; local use only

### **EBL Global Debit Card**

For foreign currency account holders with global currency usage privileges

### **EBL Pre-paid Card**

A payment card with direct deposit facility that lets you make virtually any kind of purchase, pay your bills and more with funds directly from your card without having to have any Bank Account.

### **EBL Lifestyle Prepaid Card**

Local currency card for students and non-account holding customers.

### **EBL Travel Prepaid Card**

A card for all travel purposes; can be used anywhere outside Bangladesh.

### **EBL Smart Remit Card**

Local currency card where any NRB can send remittance directly to the card.

### **EBL ACCA Card**

For the payments related to ACCA examination and registration.

### **EBL Payroll Card**

Issued to corporate houses to disburse salaries or employee payments.

### **EBL Express Card**

Special co-branded card with GrameenPhone for facilitating reimbursement to their employees & stakeholders.

### **EBL Hajj card**

Issued against the personal hajj expense entitlement (Hajj quota) for individual Hajjis.

### **Skymiles Reward Program**

A reward program bundled with a world of travel privileges. Customers can earn miles against their card purchases on their EBL Signature & Platinum credit cards.

## **NRB Products**

**EBL Matribhumi** is a tailor-made product and service proposition for the NRBs which includes:

### **NRB Deposits products**

#### **EBL Global**

Foreign currency (FCY) current account offered in USD/ GBP/EURO where the fund remains in foreign currency and is freely remittable abroad. Global visa debit card, issued against this account, can be used anywhere in the world

#### **EBL NFCD**

Auto renewable foreign currency fixed/time deposit account in USD/GBP/EURO for the tenure of 1/3/6/12 months.

#### **EBL Shonchoy**

Interest bearing local currency savings account for NRBs. Fund sent from abroad can be invested in different NRB bonds. Local visa debit card issued against this account

#### **EBL Paribar**

Interest bearing Local Currency Savings Account for the



resident family members of NRBs. Fund can be sent from any part of the world to this account. Local visa debit card issued against this account

### **EBL RFCD**

Foreign currency account (USD/EUR/GBP) for resident Bangladeshis which can be opened with foreign currency brought at the time of their return from abroad. Global Visa debit card, issued against this account, can be used anywhere in the world

### **Remittance**

Simple, quick and safe way to send money to Bangladesh through different distribution channels from abroad. Remitted fund can be disbursed through EBL branches, designated mobile outlets of Robi and Banglalink, mobile account (M-Wallet) service of Banglalink and Smart Remit card. Funds can also be credited directly into the accounts maintained with EBL or other banks located in Bangladesh

### **NRB Loan products**

Personal Secured Loan (FAST Loan)

Personal Secured Credit (FAST Cash)

### **Investment**

#### **BOND**

Wage earners development bond (WEDB)

Issued in BDT; interest payable in BDT.

US Dollar investment bond (USDIB)

Issued in USD; interest payable in USD.

US dollar premium bond (USDPB)

Issued in USD; interest payable in BDT.

### **Swadesh Biniyog**

Gateway for the NRBs to invest in the capital market of Bangladesh through non-resident investors taka account (NITA). NRBs can participate in both primary and secondary market with the fund of NITA through beneficiary owners (BO) account maintained with EBL Securities Ltd.

## **Services**

### **Priority Banking Service**

EBL offers the best Priority Banking services of the country with 11 fully equipped priority centers in Dhaka, Chittagong & Sylhet. There is an array of attractive propositions and personalized services that are offered exclusively to priority customers.

### **Phone Banking and Contact Center**

Banking with EBL is just a phone call away – 16230! EBL has been operating a 24 x 7 x 365 Contact Center since 2011. Customers can now dial 16230 from anywhere, anytime and get connected to a Contact Center Executive for banking services over the phone. Customers can now also enjoy automated services from EBL's state-of-the-art Phone banking system.

### **Internet Banking**

EBL Internet Banking offers 24 hour banking services from your PC or mobile with features like utility bill payments, instant mobile top-up and fund transfer.

## **SME Banking**

### **Small Segment Loan Products**

#### **EBL Asha**

An EMI based collateral free loan product for small segment clients with a repayment period of maximum 48 months. Loan amount ranges between BDT 200,000 and BDT 1500,000

#### **EBL Agrim**

This is a seasonal/festival loan product for SME entrepreneurs with single shot repayment facility. Loan amount ranges between BDT 200,000 and BDT 950,000

#### **EBL Mukti**

A unique and collateral free loan product for women entrepreneurs in the small segment with only 10% interest rate. Loan amount ranging up to BDT 2,500,000

#### **EBL Uddog**

An EMI based partial secured loan by EBL FDR for small and mid-segment clients with a repayment period up to 60 months

#### **EBL Uddom**

A bundle loan product partially secured by EBL FDR, loan for small segment clients with a repayment period up to 60 months

#### **EBL Unnoti**

Collateral based secured bundle loan for SME clients for purchasing of fixed assets as well as to meet up the working capital

#### **EBL Nobodoy**

A loan product for the SME entrepreneurs for agro based industries including renewable energy. Interest rate is 10% of this product

#### **EBL Udoy**

A special single digit interest loan product for the producer of leather goods. It is EMI based and collateral free loan

#### **EBL Utpadon**

A special product under JICA-BB refinance scheme for financing the SME entrepreneurs to establish new manufacturing projects or expansion of existing one. Loan amount ranging from BDT 500,000 to BDT 30,000,000

#### **EBL E Cash/Loan**

100% cash covered loan facility for urgent requirement of SME entrepreneurs. Loan facility from BDT 50,000 to 100 million.

## Agri Business Loan Product

### EBL Krishi Rin

Short term collateral free loan for providing financial support to direct farmers and share croppers for cultivation of crops especially high value crops

### EBL Projukti

A collateral free loan for individual farmer involved in direct farming to purchase agricultural machinery/equipment.

### Medium Segment Loan Products:

#### EBL Banijyo

A bundle product comprising LC, LTR, and OD. maximum loan is BDT 20,000,000 against 30%-40% EBL FDR.

#### EBL Invoice Factoring

EBL invoice factoring is a mode of extending finances to organizations/suppliers against the direct assignment of their receivables to the factor (financial institutions).

## Other conventional mid segment loan products

Cash credit  
Secured overdraft  
Overdraft  
Demand loan  
Import loan  
Time loan  
Letter of credit  
Loan against trust receipt  
Letter of guarantee  
Usance letter of credit  
Acceptance  
Local bill purchased documentary  
Foreign bill purchased documentary

## SME Deposit Products

### EBL Subidha

A deposit product for SME clients with operational facilities of a current account but financial benefit of a short notice deposit account.

### EBL Equity Builder

An equity multiplier deposit product for SME clients. An entrepreneur of SME can build equity by depositing on monthly basis for his/her enterprise's name.

### SME Double Return

A term deposit product designed for SME entrepreneurs where the fixed deposit amount will be doubled after the maturity period.

### EBL Repeat SME

A term deposit scheme where a SME client can earn interest on a monthly basis as well as yearly also.

## Corporate Banking

Eastern Bank Limited provides integrated corporate banking solutions to large local corporates, multinationals,

development organizations, financial institutions, Non-bank financial institutions and public corporations.

EBL serves more than 2,000 clients- including many of the industry leaders- through our dedicated relationship teams, industry specialists and product experts.

EBL Corporate Banking is committed to deliver the full spectrum of banking solutions, from simple transactional products to complex structured finance that eventually helps the customer to achieve their financial goal:

## Cash Management Solutions

Manage clients' business liquidity effectively and efficiently through extending extensive range of products and services. Some common deposit products like current deposit, SND, fixed deposit, high performance account (HPA) etc. which are offered to retail clients are also on offer to corporate customers.

### Nationwide Collection Services (NCS)

Nationwide collection services (NCS) is designed to facilitate collecting daily funds through EBL own branch network and correspondent bank network and credit the same to the single collection account maintained with EBL which facilitates large corporates with faster fund availability in a cost-effective manner.

### Payment Transfer Services (PTS)

EBL'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 with faster fund transfer solution in a cost-effective manner.

### EBL Cheq Pro

EBL Cheq Pro is very user-friendly software which facilitates the preparation, printing, recording and reconciliation of EBL cheques and generates different kinds of MIS.

### Cash Pick-up & Delivery Service

Cash pick-up and delivery service is designed for cash pick-up from the designated EBL branch and to be delivered in the office premises of the client. The service is provided through enlisted security company of the Bank.

## Working Capital Solutions

Provides flexible financing to smooth and improve cash flow, full range of working capital products can help customers to meet day-to-day financial obligations and fund business growth. Working capital solutions comprises of full range of trade solutions. Trade solution is designed to enhance trading status and to help achieving customers domestic and international trade objectives:

### Funded Facilities

- **Import Loan:** Post import facility against L/C
- **Demand Loan:** To meet cash requirement time to time (local purchase/duty/tax/export bill receivables etc.)
- **Manufacturers Demand Loan:** Facilitating manufacturers with low cost working capital Loan

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

#### Non Funded Facilities

##### Letter of Credit (Cash/Back to Back)

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

##### Guarantee (Open ended/Close ended)

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

#### Bridge financing

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

#### Long term financing:

- **Term Loan (Normal/ Amortized/ Capitalized):** To finance capital Expenditure (Building/Machines etc).
- **Term Loan (IPFF):** World Bank (IDA) funded projects with specific criteria.
- **Term Loan (Special Products against Government Fund/ Multilateral Fund)**

#### Offshore financing

##### 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)
- Sight/Usance LC (Non-Funded)
- Guarantee. (Non-Funded)

#### Structured financing

Corporate Banking Division comprises of Structured Finance Unit which is specialized to facilitate syndication arrangements, Agency and Trustee services, Pre-investment feasibility studies and customized financial product development to cater clients' needs.

- Bangladeshi Taka Syndication Arrangement
- USD Term Loan and Syndication
- Arranging Multilateral Financing
- Advisory Services
- Trustee and Agency Services
- Arranging Debt (Bonds/Commercial Paper)
- Equity Financing
- Customized Financial Solutions
- Special Arrangements (IPFF/ Special fund of BB/ Agri-business Loan etc)

#### EBL internet banking

This facility allows faster reconciliation of collection process by overview of transactions, download statements and take printout of the statements sitting in the office. The information reporting capability through EBL Internet Banking gives a whole new way to access banking information quickly and reliably. It provides access to balances, end-of-day and intra-day account statements, transaction details. This adds value in reconciliation in terms of automation.

### Treasury Products

#### Money market

Call money  
Term Money  
Foreign Exchange SWAP  
Repo/Reverse Repo  
Promissory Note

#### Fixed income and investment

Treasury Bill/Bonds to inter-bank  
Treasury Bill/Bonds to: NBFIs/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

# statement on integrity of financial statements by MD & CEO and Head of Finance

We hereby certify that the Financial Statements (FS) of Eastern Bank Limited (the Bank) as at and for the year ended 31 December 2013 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), the “First Schedule” (section 38) of the Bank Company 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. The Accounting Policies used in the preparation of the FS are appropriate and are consistently applied by the Bank. 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 with adequate disclosures of deviations made (please refer to note 2.1 of the FS). Comparative information has been reclassified wherever necessary to conform to the current year presentation.

The estimates and judgments relating to the FS were made on a prudent and reasonable basis; in order that the FS reflect in a true and fair manner, the form and substance of transactions and present the state of affairs reasonably. To ensure this, the Bank has taken proper and sufficient care in

installing a system of internal control and accounting records, for safeguarding assets and preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditor has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

## We certify to the Board that:

- i. We have reviewed Financial Statements of the Bank for the year 2013 and to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Bank’s affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank’s code of conduct.



**Masudul Hoque Sardar**  
Head of Finance



**Ali Reza Iftekhhar**  
Managing Director & CEO

Dhaka 26 February 2014



# financial reports 2013



APPRECIATE OPENNESS

We are committed to maintaining and upholding  
the integrity of financial information

Appreciating  
a culture of  
openness



# Independent Auditor's Report

## to the Shareholders of Eastern Bank Limited

**Hoda Vasi  
Chowdhury & Co**  
Independent Correspondent Firm to  
Deloitte Touche Tohmatsu

We have audited the accompanying consolidated financial statements of Eastern Bank Limited (EBL) and its subsidiaries (together referred to as the "Group") as well as the separate financial statements of Eastern Bank Limited (the "Bank") which comprise the consolidated and separate balance sheets as at 31 December 2013, consolidated and separate profit and loss accounts, statements of changes in equity and cash flow statements 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 separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate 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 separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate 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 of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 separate 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 consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2013, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.

## Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
  - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 to the financial statements appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (iii) financial statements of all subsidiaries of the Bank have been audited by us as well as other auditors and have been properly reflected in the consolidated financial statements;
- (iv) 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 purpose of our audit have been received from branches not visited by us;
- (v) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred was for the purpose of the Bank's business;
- (vii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,640 person hours during the audit; and
- (xii) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.



**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

**Dhaka, 27 February 2014**

# Eastern Bank Limited and its subsidiaries

## Consolidated Balance Sheet

As at 31 December 2013

	Note	2013 Taka	2012 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>		
Cash in hand (including foreign currencies)	3.1	1,752,685,015	1,097,923,927
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	6,428,136,805	9,699,237,183
		<b>8,180,821,820</b>	<b>10,797,161,110</b>
<b>Balances with other Banks and Financial Institutions</b>	<b>4</b>		
In Bangladesh	4.1	8,432,060,955	7,653,914,011
Outside Bangladesh	4.2	2,121,282,542	1,369,531,149
		<b>10,553,343,497</b>	<b>9,023,445,160</b>
<b>Money at call and short notice</b>	<b>5</b>	-	<b>100,000,000</b>
<b>Investments</b>	<b>6</b>		
Government	6.1	21,659,579,849	17,789,164,429
Others	6.2	4,358,216,416	3,865,532,147
		<b>26,017,796,265</b>	<b>21,654,696,576</b>
<b>Loans and advances</b>	<b>7</b>		
Loans, Cash Credits, Overdraft etc.	7.1	94,617,143,691	87,537,630,678
Bills purchased and discounted	7.2	8,713,673,891	9,356,540,473
		<b>103,330,817,582</b>	<b>96,894,171,151</b>
Fixed assets including land, building, furniture and fixtures	8	6,908,244,828	5,979,132,331
Other assets	9	2,980,600,498	2,378,099,220
Non banking assets	10	191,733,000	217,733,000
		<b>158,163,357,490</b>	<b>147,044,438,547</b>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowing from other banks, financial institutions and agents	11	14,079,880,398	31,158,073,038
<b>Deposits and other accounts</b>	<b>12</b>		
Current deposits & other accounts, etc.	12.1	9,843,455,920	9,806,371,635
Bills payable	12.2	789,543,484	866,317,963
Savings bank deposits	12.3	16,923,994,211	14,080,165,001
Fixed deposits	12.4	89,479,847,553	66,659,786,106
Bearer certificates of deposits	12.5	-	22,250,000
		<b>117,036,841,168</b>	<b>91,434,890,705</b>
Other liabilities	13	8,487,815,290	7,201,928,608
<b>TOTAL LIABILITIES</b>		<b>139,604,536,856</b>	<b>129,794,892,351</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital-Paid up capital	14	6,111,797,850	6,111,797,850
Statutory reserve	15	5,362,423,625	4,395,274,232
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	(973,078,718)	(952,794,812)
Asset revaluation reserve	19	3,689,495,550	3,689,495,550



# Eastern Bank Limited and its subsidiaries

## Consolidated Balance Sheet

As at 31 December 2013

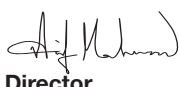
	Note	2013 Taka	2012 Taka
Reserve for amortization of treasury securities (HTM)	20	827,635	98,740
Reserve for revaluation of treasury securities (HFT)	21	59,972,091	13,754,631
General reserve	22	130,000,000	160,000,000
Reserve for non banking assets	23	178,971,165	204,427,796
Foreign currency translation gain/(loss)	24	103,896	(5,418,843)
Profit & loss account -retained earnings	25	2,087,507,790	1,722,111,302
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>18,558,820,634</b>	<b>17,249,546,196</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>158,163,357,490</b>	<b>147,044,438,547</b>
<b>OFF BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>	<b>26</b>		
Acceptances and endorsements	26.1	26,827,594,612	26,450,629,146
Letters of guarantees	26.2	12,515,097,423	10,054,243,019
Irrevocable letters of credit	26.3	15,562,071,032	12,329,127,919
Bills for collection	26.4	5,110,318,370	4,199,088,283
Other liabilities (bad and loss)		-	-
		<b>60,015,081,437</b>	<b>53,033,088,367</b>
<b>Other contingent liabilities</b>			
Value of travelers' cheques on hand		-	-
Value of Bangladesh Sanchaya Patra on hand		495,586,100	661,328,100
		<b>495,586,100</b>	<b>661,328,100</b>
<b>Other commitments</b>			
Lease rental commitments		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		5,706,512,611	6,657,310,819
Undrawn note issuance and revolving facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Spot and forward foreign exchange rate contracts		-	-
Other capital commitments		-	-
Other exchange contracts		-	-
Claims against the Bank not acknowledged as debt		5,706,512,611	6,657,310,819
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>66,217,180,148</b>	<b>60,351,727,286</b>

These financial statements should be read in conjunction with the annexed notes.



Chairman

Dhaka, 27 February 2014



Director



Director



Managing Director &amp; CEO

Signed as per our annexed report of same date



Auditors  
Hoda Vasi Chowdhury and Co.  
Chartered Accountants

# Eastern Bank Limited and its subsidiaries

## Consolidated Profit & Loss Account

For the year ended 31 December 2013

	Note	2013 Taka	2012 Taka
<b>Particulars</b>			
Interest Income	27	14,859,455,868	13,744,606,348
Less: Interest paid on deposits and borrowings	28	9,903,211,484	8,859,087,401
<b>Net Interest Income</b>		<b>4,956,244,384</b>	<b>4,885,518,947</b>
Income from investments	29	2,043,952,370	1,454,538,594
Fees, commission and brokerage	30	2,431,683,365	2,359,416,890
Other operating income	31	149,992,549	119,634,560
<b>Total operating income</b>		<b>9,581,872,668</b>	<b>8,819,108,991</b>
Salary & allowances	32	1,997,616,366	1,771,184,174
Rent, taxes, insurance, utilities etc.	33	437,696,891	356,265,307
Legal & professional expenses	34	50,958,931	39,978,673
Postage, stamp, telecommunication etc.	35	106,558,598	97,761,769
Stationery, printing, advertisement, etc.	36	234,260,245	210,666,288
Managing Director's salary and allowances	37	16,155,930	14,782,397
Directors' Fees & Expenses	38	3,083,587	2,959,483
Audit fees	39	951,609	510,000
Charges on loan losses		-	-
Repairs, maintenance and depreciation	40	441,553,824	423,739,898
Other operating expenses	41	465,615,029	390,820,658
<b>Total operating expenses</b>		<b>3,754,451,011</b>	<b>3,308,668,647</b>
Other non operating income	42	-	103,473,610
<b>Profit before provisions</b>		<b>5,827,421,657</b>	<b>5,613,913,954</b>
Provision for loans and advances	13.4.1		
Specific provision		706,268,210	728,489,302
General provision		84,148,586	23,892,959
		790,416,796	752,382,261
Other provision	43	197,328,131	491,923,424
<b>Total provisions</b>		<b>987,744,927</b>	<b>1,244,305,685</b>
<b>Profit before tax for the year</b>		<b>4,839,676,730</b>	<b>4,369,608,269</b>
Provision for tax made for the year	13.3.1	(2,626,486,626)	(2,218,739,865)
Deferred tax (expenses)/income	44	321,904,353	241,861,619
<b>Profit after tax for the year</b>		<b>2,535,094,458</b>	<b>2,392,730,023</b>
<b>Appropriation</b>			
Statutory reserve	15	(967,149,393)	(843,922,818)
General reserve		-	-
		<b>(967,149,393)</b>	<b>(843,922,818)</b>
<b>Retained earnings carried forward</b>		<b>1,567,945,065</b>	<b>1,548,807,205</b>
<b>Earnings per share (EPS)</b>	45	<b>4.15</b>	<b>3.91</b>

These financial statements should be read in conjunction with the annexed notes.



Chairman

Dhaka, 27 February 2014



Director



Director



Managing Director & CEO

Signed as per our annexed report of same date



Hoda Vasi Chowdhury and Co.  
Chartered Accountants

# Eastern Bank Limited and its subsidiaries

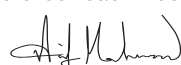
## Consolidated Cash Flow Statement


For the year ended 31 December 2013

	Note	2013 Taka	2012 Taka
<b>A) Cash flows from operating activities</b>			
Interest received		14,693,964,387	13,475,672,069
Interest paid		(9,308,256,163)	(8,447,887,516)
Dividend received		47,126,403	51,838,834
Fees and commission received		2,431,683,365	2,359,416,890
Income from investment		1,996,825,967	1,402,699,759
Recovery of loans previously written off	13.4	110,434,318	117,394,950
Cash paid to employees (including directors)		(2,016,855,883)	(1,788,926,054)
Cash paid to suppliers		(1,271,028,490)	(716,338,869)
Income taxes paid	13.3.2	(2,498,021,720)	(2,139,757,091)
Received from other operating activities		149,992,549	119,634,560
Paid for other operating activities		(231,266,730)	(600,772,403)
<b>Operating cash flow before changes in operating assets and liabilities</b>		<b>4,104,598,002</b>	<b>3,832,975,130</b>
<i>Increase/(decrease) in Operating Assets &amp; Liabilities</i>			
Changes in trading securities		(10,021,682,719)	(6,015,412,660)
Loans and advances to other banks		-	-
Loans and advances to customers (other than banks)		(6,271,154,951)	(14,857,247,650)
Non banking assets		543,369	1,045,000
Other assets	46	(602,501,278)	(571,491,205)
Deposits from other Banks	12.a.1	1,188,456,427	3,988,480
Deposits from customers (other than banks)		23,838,144,179	15,991,199,584
Recovery from/ Payment against BCCI assets		(20,283,906)	(165,590,574)
Liability for tax		193,439,447	261,265,529
Liabilities for provision		(1,098,179,245)	(1,456,779,410)
Other liabilities	47	1,265,329,609	886,524,071
<b>Net Cash received from operating activities</b>		<b>12,576,708,936</b>	<b>(2,089,525,706)</b>
<b>B) Cash flows from investing activities</b>			
Changes in non-trading securities		5,704,755,084	877,455,417
Purchase of property, plant and equipment		(1,163,886,846)	(652,659,446)
Sales proceeds of fixed assets (Annexure A1)		426,049	5,824,804
Acquisition of non controlling interest		-	(59,100,107)
<b>Net cash used in investing activities</b>		<b>4,541,294,287</b>	<b>171,520,668</b>
<b>C) Cash flows from financing activities</b>			
Borrowings from other banks, financial institutions and agents		(17,078,192,640)	9,505,588,762
Dividend paid (cash dividend)		(1,222,359,570)	-
<b>Net cash received from financing activities</b>		<b>(18,300,552,210)</b>	<b>9,505,588,762</b>
<b>D) Net (decrease) / increase in cash (A+B+C)</b>		<b>(1,182,548,988)</b>	<b>7,587,583,729</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		<b>(4,666,264)</b>	<b>(20,491,874)</b>
<b>F) Opening cash and cash-equivalents</b>		<b>19,924,110,070</b>	<b>12,357,018,215</b>
<b>G) Closing cash and cash-equivalents (D+E+F)*</b>		<b>18,736,894,818</b>	<b>19,924,110,070</b>
<b>*Closing cash and cash-equivalents</b>			
Cash in hand (including foreign currencies)	3.1	1,752,685,015	1,097,923,927
Balances with Bangladesh Bank and its agent bank (s)	3.2	6,428,136,805	9,699,237,183
Balances with other Banks and Financial Institutions	4	10,553,343,498	9,023,445,160
Money at call and short notice	5	-	100,000,000
Prize bonds	6.1	2,729,500	3,503,800
		<b>18,736,894,818</b>	<b>19,924,110,070</b>

These financial statements should be read in conjunction with the annexed notes.

  
Chairman

  
Director

  
Director

  
Managing Director & CEO

Dhaka, 27 February 2014

# Eastern Bank Limited and its subsidiaries

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

Figures in Taka

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Reserve against pre take over loss	Pre take over loss	Assets revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve for non banking assets	Foreign currency translation gain / (loss)	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 01-01-2013	6,111,797,850	4,395,274,232	356,040,000	1,554,759,750	(952,794,812)	3,689,495,550	98,740	13,754,631	160,000,000	204,427,796	(5,418,843)	1,722,111,302	17,249,546,196
Foreign currency transaction adjustment for OBU RE	-	-	-	-	-	-	-	-	-	-	-	(10,189,003)	(10,189,003)
Net profit for the period after tax	-	-	-	-	-	-	-	-	-	-	-	2,535,094,455	2,535,094,455
Transfer to statutory reserve	-	967,149,393	-	-	-	-	-	-	-	-	-	(967,149,393)	-
Transfer General Reserve to RE	-	-	-	-	-	-	-	-	(30,000,000)	-	-	30,000,000	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Adjustment of revaluation of treasury securities (HFT)	-	-	-	-	-	-	-	46,217,459	-	-	-	-	46,217,459
Reserve for HTM securities	-	-	-	-	-	-	728,895	-	-	-	-	-	728,895
Recovery of pre-takeover loss	-	-	-	-	(20,283,906)	-	-	-	-	-	-	-	(20,283,906)
Adjustment of reserve for non banking assets	-	-	-	-	-	-	-	-	-	(25,456,631)	-	-	(25,456,631)
Currency translation difference	-	-	-	-	-	-	-	-	-	-	5,522,739	-	5,522,739
Balance as on 31-12-2013	6,111,797,850	5,362,423,625	356,040,000	1,554,759,750	(973,078,718)	3,689,495,550	827,635	59,972,091	130,000,000	178,971,165	103,896	2,087,507,790	18,558,820,634
Balance as on 31-12-2012	6,111,797,850	4,395,274,232	356,040,000	1,554,759,750	(952,794,812)	3,689,495,550	98,740	13,754,631	160,000,000	204,427,796	(5,418,843)	1,722,111,302	17,249,546,196

These financial statements should be read in conjunction with the annexed notes.

  
Chairman

  
Director

  
Director

  
Managing Director & CEO

Dhaka, 27 February 2014



# Eastern Bank Limited and its subsidiaries

## Consolidated Liquidity Statement

(Asset and Liability Maturity Analysis)

As at 31 December 2013

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
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	8,180,821,820	-	-	-	-	8,180,821,820
Balances with other banks and financial institutions	3,033,064,269	5,950,279,227	1,570,000,000	-	-	10,553,343,497
Money at call and short notice	-	-	-	-	-	-
Investments	2,271,610,840	1,540,141,503	6,988,802,025	10,862,014,802	4,355,227,094	26,017,796,265
Loans and advances	14,332,793,487	24,189,145,978	37,982,520,877	23,877,560,537	2,948,796,701	103,330,817,582
Fixed assets including land, building, furniture and fixtures	12,021,635	25,462,426	108,194,718	504,579,598	6,257,986,451	6,908,244,828
Other assets	477,426,862	(79,255,664)	-	1,578,648,661	1,003,780,639	2,980,600,498
Non-banking assets	-	8,727,000	11,662,000	171,344,000	-	191,733,000
<b>Total Assets</b>	<b>28,307,738,913</b>	<b>31,634,500,470</b>	<b>46,661,179,620</b>	<b>36,994,147,598</b>	<b>14,565,790,886</b>	<b>158,163,357,490</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	1,400,345,368	4,409,892,760	6,046,957,206	1,109,192,331	1,113,492,734	14,079,880,398
Deposits and other accounts	20,196,771,881	21,896,833,769	31,274,266,779	41,799,445,464	1,869,523,275	117,036,841,168
Provisions & other liabilities	447,753,075	939,763,239	480,857,106	4,159,064,712	2,460,377,159	8,487,815,290
<b>Total Liabilities</b>	<b>22,044,870,323</b>	<b>27,246,489,767</b>	<b>37,802,081,091</b>	<b>47,067,702,507</b>	<b>5,443,393,167</b>	<b>139,604,536,856</b>
<b>Net Liquidity Gap</b>	<b>6,262,868,590</b>	<b>4,388,010,703</b>	<b>8,859,098,529</b>	<b>(10,073,554,908)</b>	<b>9,122,397,719</b>	<b>18,558,820,633</b>
<b>Cumulative Net Liquidity Gap</b>	<b>6,262,868,590</b>	<b>10,650,879,294</b>	<b>19,509,977,822</b>	<b>9,436,422,914</b>	<b>18,558,820,633</b>	<b>-</b>

# Eastern Bank Limited

## Balance Sheet

As at 31 December 2013

	Note	2013 Taka	2012 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>		
Cash in hand (including foreign currencies)	3.1	1,752,660,726	1,097,919,688
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	6,428,136,805	9,699,237,183
		<b>8,180,797,531</b>	<b>10,797,156,871</b>
<b>Balances with other Banks and Financial Institutions</b>	<b>4</b>		
In Bangladesh	4.1	8,012,554,438	7,616,918,267
Outside Bangladesh	4.2	2,390,509,831	1,369,531,149
		<b>10,403,064,269</b>	<b>8,986,449,416</b>
<b>Money at call and short notice</b>	<b>5</b>	-	<b>100,000,000</b>
<b>Investments</b>	<b>6</b>		
Government	6.1	21,659,579,849	17,789,164,429
Others	6.2	4,244,004,844	3,865,510,224
		<b>25,903,584,693</b>	<b>21,654,674,653</b>
<b>Loans and advances</b>	<b>7</b>		
Loans, Cash Credits, Overdraft etc.	7.1	94,491,939,790	87,363,196,058
Bills discounted and purchased	7.2	8,418,279,159	9,356,540,473
		<b>102,910,218,949</b>	<b>96,719,736,531</b>
Fixed assets including land, building, furniture and fixtures	8	6,897,393,729	5,969,586,747
Other assets	9	3,394,841,686	2,702,997,096
Non banking assets	10	191,733,000	217,733,000
<b>TOTAL ASSETS</b>		<b>157,881,633,857</b>	<b>147,148,334,316</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowing from other banks, financial institutions and agents	11	14,079,880,398	31,158,073,038
<b>Deposits and other accounts</b>	<b>12</b>		
Current deposits & other accounts, etc.	12.1	9,877,524,621	9,806,371,635
Bills payable	12.2	789,543,484	866,317,963
Savings bank deposits	12.3	16,923,994,211	14,080,165,001
Fixed deposits	12.4	89,510,645,864	67,005,863,858
Bearer certificates of deposits	12.5	-	22,250,000
		<b>117,101,708,180</b>	<b>91,780,968,457</b>
Other liabilities	13	8,249,547,103	7,099,953,348
<b>TOTAL LIABILITIES</b>		<b>139,431,135,680</b>	<b>130,038,994,843</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital-Paid up capital	14	6,111,797,850	6,111,797,850
Statutory reserve	15	5,362,423,625	4,395,274,232
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	(973,078,718)	(952,794,812)
Asset revaluation reserve	19	3,689,495,550	3,689,495,550
Reserve for amortization of treasury securities (HTM)	20	827,635	98,740

# Eastern Bank Limited

## Balance Sheet


As at 31 December 2013

	Note	2013 Taka	2012 Taka
Reserve for revaluation of treasury securities (HFT)	21	59,972,091	13,754,631
General reserve	22	130,000,000	160,000,000
Reserve for non banking assets	23	178,971,165	204,427,796
Foreign currency translation gain	24	(781,214)	(5,418,842)
Profit & loss account -retained earnings	25	1,980,070,442	1,581,904,578
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>18,450,498,176</b>	<b>17,109,339,473</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>157,881,633,857</b>	<b>147,148,334,316</b>
<b>OFF BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	26		
Letters of guarantees	26.1	26,827,594,612	26,450,629,146
Irrevocable letters of credit	26.2	12,515,097,423	10,054,243,019
Bills for collection	26.3	15,562,071,032	12,329,127,919
Other liabilities (bad and loss)	26.4	5,110,318,370	4,199,088,283
		-	-
		<b>60,015,081,437</b>	<b>53,033,088,366</b>
<b>Other contingent liabilities</b>			
Value of travelers' cheques on hand		-	-
Value of Bangladesh Sanchaya Patra on hand		495,586,100	661,328,100
		<b>495,586,100</b>	<b>661,328,100</b>
<b>Other commitments</b>			
Lease rental commitments		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		5,706,512,611	6,657,310,819
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		-	-
		<b>5,706,512,611</b>	<b>6,657,310,819</b>
Claims against the Bank not acknowledged as debt		-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>66,217,180,148</b>	<b>60,351,727,285</b>

These financial statements should be read in conjunction with the annexed notes.

  
Chairman


Dhaka, 27 February 2014

  
Director

  
Director

  
Managing Director & CEO

Signed as per our annexed report of same date

  
Auditors  
Hoda Vasi Chowdhury and Co.  
Chartered Accountants

# Eastern Bank Limited

## Profit & Loss Account

For the year ended 31 December 2013

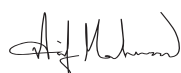
	Note	2013 Taka	2012 Taka
<b>Particulars</b>			
Interest Income	27	14,807,156,889	13,698,222,818
Less: Interest paid on deposits and borrowings	28	9,915,598,012	8,884,100,640
<b>Net Interest Income</b>		<b>4,891,558,877</b>	<b>4,814,122,178</b>
Income from investments	29	2,070,848,267	1,494,601,857
Fees, commission and brokerage	30	2,357,317,315	2,299,911,740
Other operating income	31	149,648,740	118,356,915
<b>Total operating income</b>		<b>9,469,373,199</b>	<b>8,726,992,690</b>
Salary & allowances	32	1,963,508,938	1,750,682,613
Rent, taxes, insurance, utilities etc.	33	423,237,948	349,945,005
Legal & professional expenses	34	50,841,431	39,385,833
Postage, stamp, telecommunication etc.	35	102,784,849	96,448,339
Stationery, printing, advertisement, etc.	36	233,344,345	210,436,903
Managing Director's salary and allowances	37	16,155,930	14,782,397
Directors' Fees & Expenses	38	3,002,587	2,929,483
Audit fees	39	460,000	402,500
Charges on loan losses		-	-
Repairs, maintenance and depreciation	40	436,238,593	420,010,651
Other operating expenses	41	451,542,538	378,049,190
<b>Total operating expenses</b>		<b>3,681,117,160</b>	<b>3,263,072,914</b>
<b>Other non operating income</b>	42	-	-
<b>Profit before provisions</b>		<b>5,788,256,039</b>	<b>5,463,919,776</b>
<b>Provision for loans and advances</b>	13.4.1		
Specific provision		706,268,210	728,489,302
General provision		84,148,586	23,892,959
		790,416,796	752,382,261
Other provision	43	162,092,275	491,923,424
<b>Total provisions</b>		<b>952,509,071</b>	<b>1,244,305,685</b>
<b>Profit before tax for the year</b>		<b>4,835,746,968</b>	<b>4,219,614,091</b>
Provision for tax made for the year	13.3.1	(2,589,787,489)	(2,186,375,000)
Deferred tax (expenses)/income	44	321,904,353	241,861,619
<b>Profit after tax for the year</b>		<b>2,567,863,832</b>	<b>2,275,100,710</b>
<b>Appropriation</b>			
Statutory reserve	15	(967,149,393)	(843,922,818)
General reserve		-	-
		<b>(967,149,393)</b>	<b>(843,922,818)</b>
<b>Retained earnings carried forward</b>		<b>1,600,714,438</b>	<b>1,431,177,892</b>
<b>Earnings per share (EPS)</b>	45	<b>4.20</b>	<b>3.72</b>

These financial statements should be read in conjunction with the annexed notes.



Chairman

Dhaka, 27 February 2014



Director



Director



Managing Director & CEO

Signed as per our annexed report of same date



Auditors  
Hoda Vasi Chowdhury and Co.  
Chartered Accountants



# Eastern Bank Limited

## Cash Flow Statement

For the year ended 31 December 2013

	Note	2013 Taka	2012 Taka
<b>A) Cash flows from operating activities</b>			
Interest received		14,653,695,525	13,429,288,539
Interest paid		(9,317,789,985)	(8,472,900,756)
Dividend received		84,228,403	91,838,834
Fees and commission received		2,357,317,315	2,299,911,740
Income from investment		1,986,619,864	1,402,763,022
Recovery of loans previously written off	13.4	110,434,318	117,394,950
Cash paid to employees (including directors)		(1,982,667,455)	(1,768,394,493)
Cash paid to suppliers		(1,246,447,167)	(707,882,912)
Income taxes paid	13.3.2	(2,464,182,418)	(2,120,987,614)
Received from other operating activities		149,648,740	118,356,915
Paid for other operating activities		(220,839,863)	(587,175,110)
<i>Operating cash flow before changes in operating assets and liabilities</i>		<i>4,110,017,277</i>	<i>3,802,213,115</i>
<i>Increase/(decrease) in Operating Assets &amp; Liabilities</i>			
Changes in trading securities		(9,907,493,070)	(6,015,727,460)
Loans and advances to other banks		-	-
Loans and advances to customers (other than banks)		(6,037,021,054)	(14,676,892,074)
Non banking assets		543,369	1,045,000
Other assets	46	(584,305,893)	(163,818,214)
Deposits from other Banks	12.a.1	1,188,456,427	3,988,480
Deposits from customers (other than banks)		23,554,080,732	16,004,994,505
Recovery from/ Payment against BCCI assets		(20,283,906)	(165,590,574)
Liability for tax		196,299,282	176,474,233
Liabilities for provision		(1,062,943,389)	(1,358,285,226)
Other liabilities	47	1,129,528,292	915,279,768
<b>Net Cash received from operating activities</b>		<b>12,566,878,067</b>	<b>(1,476,318,446)</b>
<b>B) Cash flows from investing activities</b>			
Changes in non-trading securities		5,704,755,084	877,455,417
Purchase of property, plant and equipment		(1,158,935,705)	(652,490,827)
Sales proceeds of fixed assets(Annexure A1)		426,049	5,824,804
Investment in Subsidiary-EBL Securities Limited		(100,000,000)	(551,400,000)
Investment in Subsidiary-EBL Finance (HK) Limited		(7,538,698)	-
<b>Net cash used in investing activities</b>		<b>4,438,706,730</b>	<b>(320,610,606)</b>
<b>C) Cash flows from financing activities</b>			
Borrowings from other banks, financial institutions and agents		(17,078,192,640)	9,505,588,762
Dividend paid (cash dividend)		(1,222,359,570)	-
<i>Net cash received from financing activities</i>		<i>(18,300,552,210)</i>	<i>9,505,588,762</i>
<b>D) Net (decrease) / increase in cash (A+B+C)</b>		<b>(1,294,967,413)</b>	<b>7,701,419,055</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		(5,551,374)	(20,491,874)
<b>F) Opening cash and cash-equivalents</b>		<b>19,887,110,087</b>	<b>12,206,182,906</b>
<b>G) Closing cash and cash-equivalents (D+E+F)*</b>		<b>18,586,591,300</b>	<b>19,887,110,087</b>
<b>*Closing cash and cash-equivalents</b>			
Cash in hand (including foreign currencies)	3.1	1,752,660,726	1,097,919,688
Balances with Bangladesh Bank and its agent bank (s)	3.2	6,428,136,805	9,699,237,183
Balances with other Banks and Financial Institutions	4	10,403,064,269	8,986,449,416
Money at call and short notice	5	-	100,000,000
Prize bonds	6.1	2,729,500	3,503,800
		<b>18,586,591,300</b>	<b>19,887,110,087</b>

These financial statements should be read in conjunction with the annexed notes.

  
Chairman

  
Director

  
Director

  
Managing Director & CEO

Dhaka, 27 February 2014

# Eastern Bank Limited

## Statement of Changes in Equity

For the year ended 31 December 2013

Figures in Taka

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Reserve against pre take over loss	Pre take over loss	Assets revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve for non banking assets	Foreign currency translation gain / (loss)	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 01-01-2013	6,111,797,850	4,395,274,232	356,040,000	1,554,759,750	(952,794,812)	3,689,495,550	98,740	13,754,631	160,000,000	204,427,796	(5,418,843)	1,581,904,578	17,109,339,472
Foreign currency transaction adjustment for OBU RE	-	-	-	-	-	-	-	-	-	-	-	(10,189,003)	(10,189,003)
Net profit for the period after tax	-	-	-	-	-	-	-	-	-	-	-	2,567,863,831	2,567,863,831
Transfer to statutory reserve	-	967,149,393	-	-	-	-	-	-	-	-	-	(967,149,393)	-
Transfer General Reserve to RE	-	-	-	-	-	-	-	-	(30,000,000)	-	-	30,000,000	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	-	46,217,459	-	-	-	-	46,217,459
Reserve for HTM securities	-	-	-	-	-	-	728,895	-	-	-	-	-	728,895
Recovery of pre-takeover loss	-	-	-	-	(20,283,906)	-	-	-	-	-	-	-	(20,283,906)
Adjustment of reserve for non banking assets	-	-	-	-	-	-	-	-	-	(25,456,631)	-	-	(25,456,631)
Currency translation difference	-	-	-	-	-	-	-	-	-	-	4,637,629	-	4,637,629
<b>Balance as at 31-12-2013</b>	<b>6,111,797,850</b>	<b>5,362,423,625</b>	<b>356,040,000</b>	<b>1,554,759,750</b>	<b>(973,078,718)</b>	<b>3,689,495,550</b>	<b>827,635</b>	<b>59,972,091</b>	<b>130,000,000</b>	<b>178,971,165</b>	<b>(781,214)</b>	<b>1,980,070,442</b>	<b>18,450,498,176</b>
<b>Balance as at 31-12-2012</b>	<b>6,111,797,850</b>	<b>4,395,274,232</b>	<b>356,040,000</b>	<b>1,554,759,750</b>	<b>(952,794,812)</b>	<b>3,689,495,550</b>	<b>98,740</b>	<b>13,754,631</b>	<b>160,000,000</b>	<b>204,427,796</b>	<b>(5,418,843)</b>	<b>1,581,904,578</b>	<b>17,109,339,472</b>

These financial statements should be read in conjunction with the annexed notes.

  
Chairman

Dhaka, 27 February 2014

  
Director

  
Director

  
Managing Director & CEO

# Eastern Bank Limited

## Liquidity Statement

(Asset and Liability Maturity Analysis)

As at 31 December 2013

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
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	8,180,797,531	-	-	-	-	8,180,797,531
Balances with other banks and financial institutions	3,033,064,269	5,800,000,000	1,570,000,000	-	-	10,403,064,269
Money at call and short notice	-	-	-	-	-	-
Investments	2,271,588,917	1,425,951,855	6,988,802,025	10,862,014,802	4,355,227,094	25,903,584,693
Loans and advances	14,907,679,970	23,193,660,862	37,982,520,877	23,877,560,537	2,948,796,701	102,910,218,949
Fixed assets including land, building, furniture and fixtures	11,907,997	23,815,995	107,171,977	497,761,324	6,256,736,435	6,897,393,729
Other assets	777,155,302	236,763,083	-	1,578,648,661	802,274,639	3,394,841,686
Non-banking assets	-	8,727,000	11,662,000	171,344,000	-	191,733,000
<b>Total Assets</b>	<b>29,182,193,988</b>	<b>30,688,918,796</b>	<b>46,660,156,879</b>	<b>36,987,329,324</b>	<b>14,363,034,870</b>	<b>157,881,633,857</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	1,400,345,368	4,409,892,760	6,046,957,206	1,109,192,331	1,113,492,734	14,079,880,398
Deposits and other accounts	20,238,771,829	21,920,889,761	31,061,280,943	42,011,242,371	1,869,523,275	117,101,708,180
Provisions & other liabilities	436,467,662	866,617,149	327,020,422	4,159,064,712	2,460,377,159	8,249,547,103
<b>Total Liabilities</b>	<b>22,075,584,859</b>	<b>27,197,399,670</b>	<b>37,435,258,572</b>	<b>47,279,499,414</b>	<b>5,443,393,167</b>	<b>139,431,135,680</b>
<b>Net Liquidity Gap</b>	<b>7,106,609,129</b>	<b>3,491,519,126</b>	<b>9,224,898,307</b>	<b>(10,292,170,089)</b>	<b>8,919,641,703</b>	<b>18,450,498,176</b>
<b>Cumulative Net Liquidity Gap</b>	<b>7,106,609,129</b>	<b>10,598,128,255</b>	<b>19,823,026,562</b>	<b>9,530,856,473</b>	<b>18,450,498,176</b>	<b>-</b>

# Eastern Bank Limited and its subsidiaries

## Notes to the Financial Statements

as at and for the year ended 31 December 2013

### 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”) 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 71 branches all over Bangladesh. Shares of the Bank is listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The registered office of the Bank is located at 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 - fully owned

EBL Securities Limited (EBLSL) a fully acquired securities brokerage firm, has membership and operates under both Dhaka Stock Exchange and Chittagong Stock Exchange. The principal activities of this subsidiary is to buying, selling and settlement of securities on behalf of investors and in its own portfolio. It’s registered office is located at 59, Motijheel C/A (1st Floor), Dhaka.

#### EBL Investments Limited - fully owned

EBL Investments Limited (EBLIL), another fully owned subsidiary of EBL, was incorporated on 30 December 2009. It obtained required license from BSEC in January 2013 and started its full fledged merchant banking business, portfolio management, underwriting etc. in June 2013. Its registered office is located at 59, Motijheel C/A (1st Floor), Dhaka,.

#### EBL Finance (HK) Limited - fully owned foreign subsidiary

EBL Finance (HK) Limited, the fully owned first foreign subsidiary of EBL was incorporated on 28 November 2011 with Hongkong (HK) authority. This subsidiary started full fledged business (i.e. offshore trade finance, advising, documents collection etc.) in Hongkong with well equipped and skilled human capital during 2013 after obtaining all the required licenses from Bangladesh and HK authority. It’s registered office is Unit 1201, 12th Floor, Albion Plaza, 2-6 Granville Road, Tsimshatsui, Hongkong.

#### EBL Asset Management Limited - fully owned

EBL Asset Management Limited (EBLAM), another fully owned subsidiary of EBL was incorporated on 9 January 2011 to carry on the business on asset management, capital market operation, equity investment etc. Operation of this subsidiary is yet to start after getting license from BSEC & completing its subscriptions.

### 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 separate financial statements of the Bank have been prepared under the historical cost convention except land which are revalued and held for trading Govt treasury bills/bonds which are measured at fair value and in accordance with Bangladesh Financial Reporting Standards (BFRSs), the “First Schedule” (section 38) of the Bank Company Act 1991 (amendment upto 2013), 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 differs 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 fall 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 (portfolio basis); otherwise investments are recognized 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 recognized in Profit and Loss Account, and amortized 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 categorized as held for trading should 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 from any particular T-bill/T-bond under held for trading; such gain can be used to the extent of any revaluation loss for that particular T-bill/T-bond (held for trading).

T-bills/T-bonds designated as held to maturity are measured at amortized cost method but interest income/gain should be recognized through reserve.”

iii) **Provision on loans and advances**

**BFRSs:** As per BAS 39 an entity should undertake impairment assessment when 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. 14 dated 23 September 2012 and BRPD Circular no. 19 dated 27 December 2012, a general provision @ 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) should be maintained regardless of objective evidence of impairment. And specific provision for sub-standard/doubtful/bad-loss loans should be made at 20%, 50% and 100% respectively on loans net off eligible securities (if any). Also, a general provision @ 1% should be provided for certain 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 elements of Other Comprehensive Income (OCI) can be presented in a separate statement i.e. Other Comprehensive Income or can be included in a Single Statement of Comprehensive Income.

**Bangladesh Bank:** The scheduled banks in Bangladesh have been using certain prescribed templates of financial statements (including names of those financial statements) issued by Bangladesh Bank. Those templates do not include ‘Other Comprehensive Income’ nor are the elements of OCI allowed to be included in a Single Comprehensive Income Statement (Profit & Loss Account, as per BB format). As such the bank does not prepare a separate OCI Statement. However elements of OCI, if any, are shown in the statements of changes in equity.”

v) **Financial instruments - presentation and disclosure**

As per BB guidelines, in certain cases financial instruments are categorized, recognized, measured and presented differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in these financial statements.

vi) **REPO transactions**

**BFRSs:** When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a collateralized borrowing and the underlying asset continues to be recognized in the entity’s financial statements. This transaction will be treated as borrowing and the difference between selling price and repurchase price will be treated as interest expense.

**Bangladesh Bank:** As per BB circulars/guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sale transaction and the financial assets should be derecognized in the seller’s book and recognized 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 recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are prescribed to be included within other liabilities.

**Bangladesh Bank:** As per BRPD circular 14, 2003, financial guarantees such as L/C, L/G should be treated as off balance sheet items. No liability is recognized for the guarantee except the cash margin.”

viii) **Cash and cash equivalents**

**BFRSs:** Cash and cash equivalent items should be reported as cash item as per BAS 7.

**Bangladesh Bank:** Some highly liquid assets such as money at call and short notice, T-bills/bonds, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as face item in the Balance Sheet. However, in the Cash flow Statement, Money at call

and short notice and Prize bonds are shown as cash and cash equivalents beside cash in hand, balance with BB and other banks.

**ix) Non banking assets**

**BFRSs:** No indication of non banking assets is found in any BFRSs.

**Bangladesh Bank:** As per BRPD Circular no.14 dated 25 June 2003, 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 method is selected to present cash flow information in a manner that is most suitable for the business or industry. Whichever method selected should be applied consistently.

**Bangladesh Bank:** As per BRPD circular 14 dated 25 June 2003, cash flow statement is to be prepared following 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 Circular no.14 dated 25 June 2003, off balance sheet items e. g. L/C, L/G, Acceptance should be disclosed separately on the face of the 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 circular 14 dated 25 June 2003, an appropriation of profit should be disclosed on 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 circular 14 dated 25 June 2003, 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 amortization concept.
- Zero Coupon Bond at present value using amortization concept.
- Land is recognized at cost at the time of acquisition and subsequently measured at fair value as per BAS-16 “Property Plant & Equipment.” and BSEC notification SEC/CMRRCD/2009-193/150/Admin dated 18 August 2013.

## **2.3 Use of estimates and judgments**

The preparation of the consolidated financial statements of the Group and the separate 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 recognized in the period in which the estimate is revised and in any future period affected.

**Key estimates include the following:**

- Loan loss provision
- Revaluation of land
- Deferred tax assets/liabilities
- Gratuity & Superannuation fund

## 2.4 Foreign Currency Transactions and Translations

### Functional and presentation currency

The consolidated financial statements of the Group and the separate financial statements of the Bank are presented in Bangladesh Taka (BDT) which is the Group's and the Bank's functional currency except OBU where functional currency is US Dollar (USD) and EBL Finance (HK) Ltd. where functional currency is Hongkong Dollar (HKD). All financial information presented in Taka has been rounded off to the nearest integer, except when otherwise indicated.

### Foreign currency transactions

Transactions/Day End Balances in foreign currencies are converted into respective functional currencies (Bangladesh Taka in case of EBL Main Operations, US Dollar in case of OBU and HKD in case of EBL Finance (HK) Ltd.) at the rate of exchange ruling at the date of transactions as per BAS 21 "The Effects of Changes in Foreign Exchange Rates". Effects of Exchange rate differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) applied on the monetary assets or liabilities of the bank are recorded in the Profit and Loss Account.

### Foreign currency translations for foreign operations

As per BAS 21 "The Effects of Changes in Foreign Exchange Rates", Assets and liabilities of OBU and EBL Finance (HK) Ltd. have been presented into Taka (which is functional currency of the Parent i.e. Bank) using year end standard mid-rate (i.e. the closing rate) of the Bank. Yearly income and expenses of the said subsidiaries are translated using monthly average rate of standard mid-rates of exchange. The net cumulative amount of the exchange differences has been presented separately as a component of equity.

## 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 are eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements.
- Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there are no evidence of impairment.

## 2.6 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.

## 2.7 Reporting period

These financial statements of the Bank and its subsidiaries cover one calendar year from 1 January to 31 December.

## 2.8 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:

Particulars	Basis of Use
Cash, Balance with other banks and financial institutions, money at call and short notice etc.	Maturity/behavioral trend.
Investments	Residual maturity term.
Loans and advances	Repayment/maturity schedule and behavioral trend (non-maturity products).
Fixed assets	Useful life.
Other assets	Realization/amortization basis.
Borrowings from other banks and financial institutions	Maturity/repayment term.
Deposits and other accounts	Maturity and behavioral trend (non-maturity products).
Other long term liability	Maturity term.
Provision and other liability	Settlement/adjustment schedule basis.

## 2.9 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 except otherwise instructed by the Central Bank as prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

### A. Assets and basis of their valuation:

#### i) Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand and at 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 which are not ordinarily susceptible to change in value.

#### ii) Investments

All investments (other than government treasury securities) are initially recognized at cost, including acquisition charges associated with the investment. 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 till maturity are classified as "Held to Maturity". These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Premiums are amortized and discount accreted, using the effective or historical yield method. Any increase or decrease in value of such investments is booked to equity.

#### Held for Trading (HFT)

These are investments primarily held for selling or trading. After initial recognition, investments are marked to market weekly and any decrease in the present value is recognized 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.

#### REPO and Reverse REPO

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.

Investments – Initial recognition and subsequent measurement at a glance

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 (Quoted) *	Cost	Lower of cost or market value	Loss (net) to Profit and Loss Account but no unrealised gain booking.
Shares (Unquoted)	Cost	Lower of cost or Net Asset Value (NAV)	Loss (net) 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.

#### Investment in Subsidiaries

Investment in subsidiaries are accounted for under the cost method of accounting in the Bank's financial statements in accordance with BAS 27 "Consolidated and Separate Financial Statements" and BFRS 3 "Business Combination". Impairment of investment in subsidiaries is made as per the provision of BAS 36 "Impairment of Assets".

#### iii) Loans, advances and provisions

Loans and advances are stated at gross amount. General provisions on unclassified loans and contingent assets, specific provisions for classified loans and interest suspense 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 BRPD Circular no. 14 dated 23 September 2012 and BRPD Circular no. 19 dated 27 December 2012.



Heads	Rates
General provision on:	
Unclassified (including SMA) general loans and advances	1%
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) Loans to BHs/MBs/SDs against Shares etc.	2%
Unclassified (including SMA) loans for housing finance and on loans for professionals	2%
Unclassified consumer financing other than housing finance and loans for professionals	5%
Short term agri credit and micro credit	5%
Off balance sheet exposures	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%

#### iv) Fixed assets and depreciation

##### Recognition and measurement

Fixed assets except land are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". Land is recognized at cost at the time of acquisition and subsequently measured at revalued amounts which are the fair value at the time of revaluation done by independent valuer and any surplus on revaluation is shown as equity component until the asset is disposed.

The cost of an item of fixed assets is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

##### The cost of an item of fixed assets comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

##### Subsequent costs

Subsequent costs are capitalized only when it is probable that the future economic benefits associated with the costs will flow to the entity and cost can be measured reliably. The carrying amount of the replaced portion is derecognized. The costs of day to day servicing of fixed assets i.e. repairs and maintenance is charged to profit and loss account as expense when incurred.

##### Depreciation

Depreciation is charged at the rates stated below on all fixed assets on the basis of estimated useful lives as determined in the fixed asset policy of the Bank. In all cases depreciation is calculated on the straight line method. Charging depreciation commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. No depreciation is charged on building under construction until the usage of the assets.

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

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

## **Capital work in progress/Building under Construction**

Building under construction is recognised and reported under Fixed Assets as per BAS 16- 'Property, Plant & Equipment' as Capital working progress until the construction work is completed and the asset is ready for intended use. Depreciation of the asset will be charged from the date of its intended use.

## **Derecognition of fixed assets**

The carrying amount of an item of fixed assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of fixed assets is to be recorded in profit or loss when the item is derecognized.

## **v) Leased Assets**

Fixed assets which are procured under finance lease arrangement (under which substantially all the risks and rewards incidental to ownership are transferred to the lessees i.e. EBL) are reported as leased assets as per BAS 17 "Leases".

These assets held under finance lease are recognized as assets of the bank at an amount equal to the lower of their fair value and the present value of minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Any initial direct costs incurred are added to the amount recognized as leased asset.

These assets are depreciated fully over the shorter of the lease terms and their useful lives.

## **vi) Intangible assets**

Intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognized 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 of the Group is capitalized 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 core banking software used by EBL used by subsidiaries represent the value of computer application software licensed for the use of the bank. Software is carried at cost less accumulated amortization and any impairment losses. Initial cost comprises license fees paid at the time of purchase and other directly attributable costs incurred for customizing the software for its intended use. Software is amortized 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.

## **vii) Impairment of Assets**

An asset is impaired when its carrying amount exceeds its recoverable amount as per BAS 36 "Impairment of Assets". The Bank and the subsidiaries assess at the end of each reporting period whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, the Bank and the subsidiaries make an estimate of the recoverable amount of the assets. The carrying amount of the asset is reduced to its recoverable amount, if the recoverable amount is less than its carrying amount and impairment losses are recognized in the profit and loss account. However, impairment of financial assets are guided by the relevant BB circulars/instructions and BAS 39.

## **viii) Other assets**

Other assets include investment in subsidiaries, Membership of DSE & CSE, advance for operating and capital expenditure, stocks of stationary and stamps, security deposits to government agencies etc. As per BRPD Circular No. 14 dated 25 June 2003, Income & Non-income-generating other assets item(s) have been shown separately in the relevant notes to the financial statements.

## **ix) 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 honorable court under section 33(7) of the 'Artharin Adalat Act 2003'. The value of the properties has been recognized 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.

## **B. Liabilities and provisions:**

### **i) Borrowings from other banks, financial institutions and agents**

Borrowings from other banks, financial institutions and agents include interest bearing borrowings which are stated in the financial statements at principal amount of the outstanding balance. Interest payables on such borrowings are reported under other liabilities.

### **ii) 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 which are initially measured at the consideration received. These items are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counter parties.

**iii) Other liabilities**

Other liabilities comprise items such as provision for loans and advances/ investments, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item-wise liabilities are recognized as per the guidelines of Bangladesh Bank and Bangladesh Financial Reporting Standards (BFRS).

**iv) Dividend payments**

Interim dividend is recognized when it is paid to shareholders. Final dividend is recognized when it is approved by the shareholders in AGM. The proposed dividend for the year 2013, therefore, has not been recognized 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 recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the payment is established.

**v) Provision for loans and advances**

Provision for classified loans and advances is made on the basis of quarter end review by the management and instructions contained in BRPD Circular no. 14 dated 23 September 2012 and BRPD Circular no. 19 dated 27 December 2012. Details are stated in Note 13.00.

**vi) Provision for investment in capital market**

For recognition of loss suffered from investment in capital market, provision has been made on unrealized loss (gain net off) according to DOS Circular No. 04 dated 24 November 2011 on portfolio basis.

**vii) Provision for off-balance sheet exposures**

In compliance with Bangladesh Bank guidelines, contingent liabilities have been disclosed under off-balance sheet items. As per BRPD Circular no.14 dated 23 September 2012 and related earlier circulars, the bank has been maintaining provision @ 1% against certain off-balance sheet exposures.

**viii) Provision for other assets**

Provision for other assets is made as per the guidelines mentioned (100% provision is required on other assets which are outstanding for one year and above) in the BRPD Circular No. 14 dated 25 June 2001.

**ix) Provision for nostro accounts**

Provision for unsettled transactions on nostro accounts is made 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. On the reporting date, EBL has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

**x) Provision for liabilities and accrued expenses**

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

**xi) Contingent liabilities**

Contingent liabilities which include certain guarantees and letters of credit pledged as collateral are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank. Contingent liabilities are not recognized in the financial statements as per BAS 37 "Provisions, Contingent Liabilities and Contingent Assets". However, disclosure on contingent liabilities have been made on the face of balance sheet under "Off-balance Sheet Items" as per the guidelines of BRPD Circular No. 14 dated 25 June 2003.

**C. Share capital and reserves****i) Authorized and issued capital**

The authorized capital of the bank is the maximum amount of share capital that the bank is authorized by its Memorandum and Articles of Association to issue (allocate) among shareholders. Part of the authorized capital can (and frequently does) remain unissued. This number can be changed by shareholders' approval upon fulfillment of related provisions of Companies Act 1994. The part of the authorized capital which has been issued to shareholders is referred to as the issued share capital of the bank.

**ii) Paid-up capital**

The paid-up capital represents the amount of bank's capital that has been contributed by ordinary shareholders. The holders of ordinary shares are entitled to receive dividend as recommended by the Board and subsequently approved by the shareholders from time to time in the Annual General Meeting (AGM).

**iii) Share premium**

The Share premium represents the excess amount received by the bank from its shareholders over the nominal/par value of its share. The amount of share premium can be utilized as per the provision of Section 57 of the Companies Act 1994. Currently EBL does not have any contribution from its shareholders as share premium.

**iv) Statutory reserve**

In compliance with the provision of Section 24 of Bank Companies Act 1991, the bank transfers at least 20% of its profit before tax to “Statutory Reserve Fund” each year until the sum of statutory reserve and share premium equal to the paid up capital of the bank.

**v) 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”. The bank also follows the assets revaluation guidelines issued by BSEC on 18 August 2013.

**vi) Reserve for Amortization/ revaluation of securities**

When a Financial Asset is categorised under HTM or HFT and subsequent value of the asset is increased as a result of amortisation of assets or marked to market revaluation, the net increased amount (for HTM increase or decrease of book value and for HFT loss to P&L but gain to revaluation reserve through P&L) is credited directly to equity under the heading of reserve for amortization/ revaluation of securities as per Bangladesh Bank DOS circular no. 06, dated 15 July 2010.

**D. Revenue recognition:**

**i) Interest income**

Interest on unclassified loans and advances is accounted for as income on accrual basis, interest on classified loans and advances is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD 14 dated 23 September 2012 & BRPD 19 dated 27 December 2012 of Bangladesh Bank.

**ii) Fees and commission income**

Fees and commission income arises on services provided by the Bank and recognized as and when received basis. Commission charged to customers on letters of credit, letters of guarantee and acceptance are credited to income at the time of effecting the transactions.

**iii) Interest income from investments**

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

**iv) Income from Exchange**

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of Non Monetary items.

**v) Dividend income**

Dividend income from investments is recognized at the time when it is declared, ascertained and right to receive the payment is established.

**vi) Interest paid on borrowings and deposits**

Interest paid on borrowings and deposits are calculated on 360 days basis (except for some treasury instruments which are calculated on 364 days basis) in a year and recognized on accrual basis.

**vii) Management and other expenses**

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

**viii) Taxes**

The expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

**a. Current tax**

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

Provision for current income tax has been made on taxable income of the Bank @ 42.5% (0% on gain of govt. securities, 10% on capital gain of trading shares in Secondary Market and 20% on dividend income) as prescribed in the 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” and BRPD Circular no. 11 dated 12 December 2011.



**ix) Retirement/post-employment 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) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which payments into the plan are fixed. Subsequent payments out of the plan to retired members are based on the size of the ‘fund’ meaning contributions that have been made into the scheme and investment returns on scheme assets. The Bank maintains one funded defined contribution plan i.e. “Provident fund” for its employees under a separate trustee board.

**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. The Bank’s contribution is made each month and recorded under salary and allowances. This fund is managed by a separate trustee board i.e. “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.

**b) Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than defined contribution plans. These plans define the amount that retired members will receive from the plans during retirement, by reference to factors such as length of service and salary levels.

Contributions are paid into the scheme based on actuarial valuation. The Bank retains an obligation to make up any shortfall in a plan, thereby bearing the risk of the plan under-performing. The Bank maintains two funded defined benefit plans i.e. “Gratuity fund” and “Superannuation fund” for its employees under two separate trustee boards.

**Gratuity**

The Bank operates a funded gratuity scheme approved by the National Board of Revenue with effect from 1 January 1997. The Gratuity Fund is managed separately 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 the latest monthly basic salary multiplied by varied rates as per service length.

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 September 2012. As per this valuation, from 1 October 2012 a contribution of 17.20% of basic payroll is contributed to the fund by the Bank each year until the next actuarial review is carried out.

**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 rank, grade and length of service with the Bank. The Bank conducted last actuarial valuation of the fund on September 2012. The actuary recommended a contribution of Tk. 73,450,000 to the fund to offset the past service liability. In addition, 1% of total admissible benefit is being contributed each year into the fund until the next actuarial valuation.

**E. Others****i) Materiality and aggregation**

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with BAS 1 “Presentation of Financial Statements”.

**ii) 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 recognized amounts and there is an intention to settle on a net basis, or realize 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.

**iii) Earnings per share**

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares as per BAS 33 “Earnings per Share”. 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.

#### iv) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence

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 'Related Party Disclosures', Bangladesh Bank & BSEC guidelines. Details of the related party transactions have been disclosed in Annexure C and C1.

#### v) 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.

#### vi) 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 as per BAS 10 "Events after the Reporting Period". Board's recommendation for dividend distribution is a common item presented in the Note - 48.

#### vii) Operating segments

The Bank has nine 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:

Segment Name	Description
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.
EBL Finance (HK) Limited	Formed to do trade finance and off-shore banking business in Hong Kong. The company started its commercial operation in early 2013.

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.

#### viii) Risk management

Financial Institutions are in the business of taking risk and it is important how a bank decides on risk taking transactions. EBL firmly believes that robust risk management is the core function that makes its business sustainable. The risk management systems in place at the Bank are discussed below:

##### a) Credit Risk

Credit risk is the risk of loss that may occur from the failure of any counter party to make required payments in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Credit risk is managed through a framework set by policies and procedures established by the Board.

The responsibility is clearly segregated between origination and approval of business transaction.

Board of Directors is the apex body for credit approval process of the Bank. However, they delegate authority to the Managing Director & CEO or other officers of the credit risk management division. The Board also sets credit policies 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. 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, reputation risk, and account performance risk. The Head of Credit Risk Management has clear responsibility for management of credit risk.

Respective relationship managers, at least once in a quarter, review 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, exit of relationship or immediate movement of our Special Asset Management Division.

The bank follows the criteria for loan classification and provisioning requirement as stipulated in the BRPD Circular no. 14 dated 23 September 2012. Adequate provision has been kept which is stated in Note 13.00 to the financial statements.

#### **b) Liquidity Risk**

Liquidity Risk is the potential for loss to a bank arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. The Bank is deemed to have adequate liquidity when it can obtain sufficient fund promptly and at a reasonable rate.

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) that meets at least once in every month. Asset Liability Management (ALM) desk of the treasury function being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc.

ALCO also monitors concentration of deposits on large institutional depositors which is volatile in nature. In addition to these ratios, Bank prepares structural liquidity profile, maturity profile of term deposit, cash flow modeling, and contingency funding plan on monthly basis, which are analyzed in ALCO meeting to ensure liquidity at the level acceptable to the bank and regulators.

#### **c) Market Risk**

Risk Management Unit (RMU) is responsible for overall monitoring, control, and reporting of market risk while Treasury Mid Office is an integral part of market risk management which independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the bank are monitored by RMU and periodically reported to Bank Risk Management Committee (BRMC). Market risk can be subdivided into three categories depending on risk factors: Interest Rate Risk, Foreign Exchange Risk, and Equity Price Risk.

#### **d) Interest Rate Risk**

Interest rate risk is the risk to earnings or capital of the bank arising from movement of interest rates. The movement of interest rates affects bank's reported earnings and capital by changing:

- Net interest income
- The market value of trading accounts (and other instruments accounted for by market value), and
- Other interest sensitive income and expenses.

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. Bank deploys several analysis techniques (e.g. Rate Sensitive Gap Analysis, Duration Gap Analysis) to measure interest rate risk, its impact on Net Interest Income and takes insight about course of actions.

#### **e) Foreign Exchange Risk**

Foreign exchange risk is the risk that a Bank's financial performance or position will be affected by fluctuations in the exchange rates between currencies and implied volatility on foreign exchange options. Bank makes import payment and outward remittance as its outflow, whereas it gets foreign currency inflow as export receipts and inward remittance. Exchange rate risk arises, if, on a particular day, these inflow-outflows don't match and bank runs its position long/short from these customer driven activities. Bank also faces foreign exchange risk if it sources its funding in one currency by converting fund from another currency. Currently, the Bank is facing such transaction exposure in foreign currency for its off-shore banking unit. But these transactions exposure is always hedged.

The bank computes VaR (Value at Risk) on its foreign exchange position arising from customer driven foreign exchange transactions at 95% confidence level on daily basis. The bank maintains various Nostro accounts in order to conduct operations in different currencies. The management of the bank set limits for conducting Nostro account transactions. All Nostro accounts are reconciled on monthly basis and outstanding entries are reviewed by the management for its settlement/ adjustment. The position maintained by the bank at the end of the day is within the stipulated limit prescribed by the Bangladesh Bank.

#### **f) Equity Price Risk**

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the bank; changes in the value of listed shares held by a bank subsidiary; changes in the value of listed shares used

as collateral for loans whether the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares.

Marking to Market is the tool bank applies for making full provision against losses arisen from changes in market price of securities. As of 31 December 2013, bank sets aside BDT 478.77 million charging its profit and loss account to cover the differential amount between purchase price and market price of securities traded in the secondary market.

#### g) Operational Risk

Operational Risk is defined as the risk of unexpected losses due to physical catastrophe, technical failure, and human error in the operation of a bank; including fraud, failure of management, internal process errors and unforeseeable external events. Operational Risk Unit under Internal Control & Compliance Division (ICCD) is primarily responsible for risk identification, measurement, monitoring, control, and reporting of operational risk. Internal Control (audit) Unit of ICCD also conducts risk-based audit at departmental and branch level throughout the year. Besides, there is a committee called 'Bank Operational Risk Committee' (BORC) reporting to MD & CEO which plays a supervisory role.

Operational risks are analyzed through review of Departmental Control Function Check List (DCFCL). This is a self-assessment process for detecting high risk areas and finding mitigants of those risks. These DCFCLs are then discussed in monthly meeting of Bank Operational Risk Committee (BORC).

#### h) Prevention of Money Laundering and Terrorist Financing

For prevention of Money Laundering and Terrorist Financing, the bank has a comprehensive policy which is approved by the Board of EBL. The CEO's formal Annual Policy statement on Anti Money Laundering (AML) and combating the financing of terrorism (CFT) is issued to ensure greater due diligence and compliance at all levels of the bank. The bank has also formed a Central Compliance Unit (CCU) under the leadership of Chief Anti Money Laundering Compliance officer (CAMLCO) at Head office, Branch Anti Money Laundering Compliance officer (BAMLCO) at branches, to review and verify the transactions of accounts to make Suspicious Transactions Reports (STR), and ensure AML & CFT compliance culture throughout the bank. Training is being conducted continuously for all the officers of the bank to create awareness and develop the skill for ensuring KYC (Know your Clients) compliance and identifying suspicious activities/ transactions.

#### i) Information and Communication Technology Risk

EBL has a comprehensive IT Security Policy and procedures which are formally documented and endorsed by top management. IT Division (hereinafter IT) has established standard Physical & Environmental Security Measures (e.g. Locked Door, Locked rack, CCTV, AC, Fire Extinguisher, etc.) to all Sensitive areas (e.g. Data Centre, Disaster Recovery Site, Power Rooms, Server Rooms, etc.). IT has standard Logical Security Measures (e.g. Access card, Password Protected Server, Access Log, Measuring Device Logs, Periodic Testing Results, etc.) to all core devices (server, PC, etc.), connecting devices (switch, router, etc.), security devices (firewall, IDS, etc.), all applications (core banking system, antivirus, firewall, VPN, utilities, etc.), databases, networks and others. IT has standard design and practice in network connectivity, access, build-up, configuration, monitoring, maintenance and security. IT has Business Continuity Management (BCM) to support and handle any human made or natural incident/disaster; moreover regular backup schedule and retention avoids the risk of data loss based on the criticality of the system.

#### j) Internal Audit

The Bank has established an independent internal audit function with the head of internal control & compliance (ICC) reporting directly to the chairman of audit committee. The internal audit team performs risk based audit on various business and operational areas of the Bank on continuous basis. The audit committee and the Board regularly reviews the internal audit reports as well as monitor progress of previous findings.

#### k) Prevention of fraud

Like any other banks and financial institutions, EBL is also exposed to the inherent risk of fraud and hence implemented a number of anti fraud controls and procedures specifically designed to prevent and detect any material instances of fraud or irregularities. As per the requirement of Bangladesh Bank regular reportings are made on self assessment of various anti fraud controls as well as any incident of fraud and forgeries that have been identified by the Bank. Regular staff training and awareness programmes are taken to ensure that all officers and staff of the Bank are fully aware of various fraud risks in their work area and prepared to deal with it.

## 2 A 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 2012. The following ratings have been awarded:

Particulars	Periods	Date of Rating	Long term	Short term
Entity Rating	January to December 2012	30-May-13	AA	ST-2
Entity Rating	January to December 2011	19-Jun-12	AA	ST-2
Entity Rating	January to December 2010	9-Jun-11	AA	ST-2
Entity Rating	January to December 2009	1-Jun-10	AA	ST-2
Entity Rating	January to December 2008	24-May-09	AA-	ST-2
Entity Rating	January to December 2007	15-Jun-08	A+	ST-3



**2B 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	N/A
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
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
Consolidated Financial Statements	BFRS	10	Applied
Joint Arrangements	BFRS	11	N/A
Disclosure of Interests in Other Entities	BFRS	12	Applied
Fair Value Measurement	BFRS	13	* Applied

\* Subject to departure described in note 2.1

N/A = Not Applicable

**2B.1 New Accounting Standards not yet Adopted**

Although International Accounting Standard Board (IASB) has issued a new standard (IFRS 9) along with related amendments to existing standards (IAS/ BAS 32, 39) but none of these have been adopted and/ or endorsed locally as BAS/ BFRS and as such any possible impact could not be determined.

**2C 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.

**2.10 Approval of financial statements**

These financial statements were reviewed by the Audit Committee of the Board of EBL in its 57 meeting held on 27 February 2014 and was subsequently approved by the Board in its 527 meeting held on the same date.

	Note	Consolidated		Bank	
		2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>3 Cash</b>					
Cash in hand (including foreign currencies)	3.1	1,752,685,015	1,097,923,927	1,752,660,726	1,097,919,688
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	3.2	6,428,136,805	9,699,237,183	6,428,136,805	9,699,237,183
		<b>8,180,821,820</b>	<b>10,797,161,110</b>	<b>8,180,797,531</b>	<b>10,797,156,871</b>
<b>3.1 Cash in hand (including foreign currencies)</b>					
Local currency	3.1.1	1,701,142,811	1,049,473,290	1,701,118,522	1,049,469,051
Foreign currencies		51,542,204	48,450,637	51,542,204	48,450,637
		<b>1,752,685,015</b>	<b>1,097,923,927</b>	<b>1,752,660,726</b>	<b>1,097,919,688</b>
<b>3.1.1 Local currency</b>					
With Bank		1,701,118,522	1,049,469,051	1,701,118,522	1,049,469,051
With Subsidiaries		24,289	4,239	-	-
		<b>1,701,142,811</b>	<b>1,049,473,290</b>	<b>1,701,118,522</b>	<b>1,049,469,051</b>
<b>3.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)</b>					
<b>Bangladesh Bank</b>					
Local currency		5,974,501,836	5,277,706,872	5,974,501,836	5,277,706,872
Foreign currencies		98,759,263	4,159,306,976	98,759,263	4,159,306,976
		6,073,261,099	9,437,013,849	6,073,261,099	9,437,013,849
Sonali Bank (as an agent of Bangladesh Bank)- local currency		354,875,706	262,223,334	354,875,706	262,223,334
		<b>6,428,136,805</b>	<b>9,699,237,183</b>	<b>6,428,136,805</b>	<b>9,699,237,183</b>
<b>3.a Cash Reserve Ratio (CRR):</b>					
As per section 33 of Bank Company Act -1991 (Amended upto 2013) & MPD circular No- 04 dated 01 December 2010 of Bangladesh bank (effective from 15 December 2010 to 31 January 2014), all scheduled banks have to maintain a CRR of minimum 5.5% on daily basis and 6.0% on bi-weekly basis on weekly average demand and time liabilities of the base month which is two months back of reporting month (i.e. CRR of December 2013 is based on weekly average balance of October 2013). EBL maintained required CRR bi-weekly basis as on the reporting date.					
Average time and demand liabilities of October 2013 (excluding inter-bank deposit)				<b>100,201,921,600</b>	<b>88,267,859,750</b>
Required reserve (5.5% on daily basis and 6.0% on bi weekly basis of average time and demand liabilities)				6,012,115,296	4,854,732,286
Actual reserve held with Bangladesh Bank including TT in transit (In local currency)*				6,110,187,019	5,276,887,440
<b>Surplus / (shortage)</b>				<b>98,071,723</b>	<b>422,155,154</b>
*As per Bangladesh Bank statement					
<b>3.b Statutory Liquidity Ratio (SLR): 19% of average demand and time liabilities</b>					
As per section 33 of Bank Company Act -1991 (Amended upto 2013) & MPD circular No - 05 dated 01 December 2010 of Bangladesh bank (effective from 15 December 2010 to 31 January 2014) all scheduled banks have to maintain SLR of minimum 19% based on weekly average demand and time liabilities of the base month which is two months back of the reporting month (i.e. SLR of December 2013 is based on weekly average balance of October 2013). EBL maintained the minimum SLR 19% as per said circular as on the reporting date.					
Average time and demand liabilities of October 2013 (excluding inter-bank deposit)				<b>100,201,921,600</b>	<b>88,267,859,750</b>
Required reserve (19% of average time and demand liabilities)				19,038,365,104	16,770,893,353
Actual reserve held (Note 3.c)				29,943,629,781	20,240,800,132
<b>Surplus / (shortage)</b>				<b>10,905,264,677</b>	<b>3,469,906,780</b>

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>3.c Actual reserve held</b>				
Cash held			1,796,716,726	1,124,404,688
Balance with Bangladesh Bank (local currency) *			6,110,187,019	5,276,887,440
Balance with Bangladesh Bank (foreign currency)*			-	-
Balance with Sonali Bank			354,875,706	262,223,334
TT in transit			-	75,500,000
Unencumbered approved securities (HFT)			11,935,560,500	6,774,028,860
Unencumbered approved securities (HTM)			9,721,289,830	6,690,755,810
Unencumbered approved securities (other eligible)			25,000,000	37,000,000
			<b>29,943,629,781</b>	<b>20,240,800,132</b>

\*As per Bangladesh Bank Statement.

#### 4 Balances with other banks and financial institutions

Balance in Bangladesh	4.1	8,432,060,955	7,653,914,011	8,012,554,438	7,616,918,267
Balance outside Bangladesh	4.2	2,121,282,542	1,369,531,149	2,390,509,831	1,369,531,149
		<b>10,553,343,497</b>	<b>9,023,445,161</b>	<b>10,403,064,269</b>	<b>8,986,449,417</b>

#### 4.1 Balance in Bangladesh

<i>In Current Deposit Accounts with</i>					
Banks		289,005,206	171,761,324	82,668,584	134,765,580
Non Banking Financial Institutions		-	-	-	-
		289,005,206	171,761,324	82,668,584	134,765,580
Inter company elimination		(34,067,605)	-	-	-
		<b>254,937,601</b>	<b>171,761,324</b>	<b>82,668,584</b>	<b>134,765,580</b>
<i>In Special Notice Deposit Accounts with</i>					
Banks		160,685,304	480,481,939	149,885,897	134,404,187
Non Banking Financial Institutions		-	-	-	-
		160,685,304	480,481,939	149,885,897	134,404,187
Inter company elimination		(10,799,407)	(346,077,752)	-	-
		<b>149,885,897</b>	<b>134,404,187</b>	<b>149,885,897</b>	<b>134,404,187</b>
<i>In Fixed Deposit Accounts with</i>					
Banks		5,304,048,730	3,451,634,994	5,036,811,230	3,027,748,500
Non Banking Financial Institutions		7,680,000,000	9,977,381,066	7,680,000,000	9,977,381,066
		12,984,048,730	13,429,016,060	12,716,811,230	13,005,129,566
Inter company elimination		(4,956,811,273)	(6,081,267,560)	(4,936,811,273)	(5,657,381,066)
		<b>8,027,237,457</b>	<b>7,347,748,500</b>	<b>7,779,999,957</b>	<b>7,347,748,500</b>
		<b>8,432,060,955</b>	<b>7,653,914,011</b>	<b>8,012,554,438</b>	<b>7,616,918,267</b>

#### 4.1.1 Balances of subsidiaries with Banks & NBFI

*with Eastern Bank Limited*

EBL Securities Limited	1,929,694	135,651
EBL Investments Limited	28,869,714	345,942,101
EBL Finance (HK) Limited	34,067,605	-
	<b>64,867,013</b>	<b>346,077,752</b>

*Balance of subsidiaries with other banks & NBFI*

Banks	247,269,017	36,995,744
Non Banking Financial Institutions	172,065,000	-
	<b>419,334,017</b>	<b>36,995,744</b>
	<b>484,201,030</b>	<b>383,073,496</b>

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>4.1.1.a Balance of subsidiaries with EBL (eliminated as intra group balance)</b>				
EBL Securities Limited	1,929,694	135,651		
EBL Investments Limited	28,869,714	345,942,101		
EBL Finance (HK) Limited	34,067,605	-		
	<b>64,867,013</b>	<b>346,077,752</b>		

#### 4.2 Balance outside Bangladesh

*In Deposit account (non-interest bearing) with*

AB Bank Limited, Mumbai	17,528,763	30,879,671	17,528,763	30,879,671
Al-Rajhi Bank - KSA	310,967	425,854	310,967	425,854
Bank of Bhutan, Bhutan	751,886	1,476,829	751,886	1,476,829
Citibank N A, New york	-	408,527,305	-	408,527,305
Citibank NA, Mumbai	174,247	1,775,951	174,247	1,775,951
Commerz Bank AG, Frankfurt, Germany	48,131	98,022,963	48,131	98,022,963
Habib American Bank, New York	18,937,045	13,224,728	18,937,045	13,224,728
HSBC, New York	-	179,315,817	-	179,315,817
ICICI Bank Limited, Mumbai	34,632,888	22,677,273	34,632,888	22,677,273
JP Morgan Chase Bank NA, London	15,338,543	33,101,586	15,338,543	33,101,586
JP Morgan Chase Bank NA, Sydney	7,539,839	1,476,295	7,539,839	1,476,295
JP Morgan Chase Bank, New York	41,899,254	52,631,090	41,899,254	52,631,090
JP Morgan Chase Bank, Germany	18,102,761	-	18,102,761	-
Mashreqbank, Newyork	30,350,998	42,453,033	30,350,998	42,453,033
National Commercial Bank, Jeddah, KSA	-	2,926,708	-	2,926,708
Nepal Bngladesh Bank Limited, Kathmandu	1,768,950	5,590,632	1,768,950	5,590,632
NIB Bank Limied-Karachi	32,992,933	1,012,460	32,992,933	1,012,460
Nordea Bank, Norway	825,270	919,113	825,270	919,113
Standard Chartered Bank , Colombo	5,028,556	528,562	5,028,556	528,562
Standard Chartered Bank, Frankfurt, Germany	5,721,847	4,511,346	5,721,847	4,511,346
Standard Chartered Bank, Kolkata	16,980,944	40,487,357	16,980,944	40,487,357
Standard Chartered Bank, New york	-	142,721,537	-	142,721,537
Standard Chartered Bank, Singapore	1,018,142	1,352,858	1,018,142	1,352,858
Wachovia Bank NA	25,761,727	-	25,761,727	-
The Bank of Nova Scotia, Toronto	464,716	1,036,605	464,716	1,036,605
The Bank of Tokyo Mitshubishi, London	14,814,901	35,242,895	14,814,901	35,242,895
The Bank of Tokyo Mitshubishi, Kolkata	523,802	537,949	523,802	537,949
The Bank Toykyo Mitshubishi, Tokyo	1,711,517,868	5,087,978	1,711,517,868	5,087,978
Wells Fargo Bank, N.A. New York	-	129,344,388	-	129,344,388
Zuercher Kantonal Bank, Zurich, Switzerland	2,282,041	1,554,080	2,282,041	1,554,080
Standard Chartered Bank, New york - OBU	49,714,222	100,292,457	49,714,222	100,292,457
Deutsche Bank AG, Frankfurt, Germany - OBU	20,591,092	-	20,591,092	-
Commerz Bank AG, Frankfurt, Germany - OBU	-	10,395,830	-	10,395,830
HSBC, Hongkong-HKD (EBL Finance HK Limited)	3,005,081	-	-	-
HSBC, Hongkong-USD (EBL Finance HK Limited)	42,655,130	-	-	-
	<b>2,121,282,542</b>	<b>1,369,531,149</b>	<b>2,075,622,331</b>	<b>1,369,531,149</b>
Placement by OBU (interest bearing)				
EBL Finance (HK) Limited	314,887,500	-	314,887,500	-
Inter company elimination	(314,887,500)	-	-	-
	<b>2,121,282,542</b>	<b>1,369,531,149</b>	<b>2,390,509,831</b>	<b>1,369,531,149</b>

(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	3,205,333,286	4,316,449,417	3,033,064,269	4,316,449,416
In not more than one month	5,778,010,211	2,236,995,743	5,800,000,000	2,200,000,000
In more than one months but not more than three months	1,570,000,000	2,470,000,000	1,570,000,000	2,470,000,000
In more than three months but not more than one year	-	-	-	-



Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
In more than one year but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	<b>10,553,343,497</b>	<b>9,023,445,160</b>	<b>10,403,064,269</b>	<b>8,986,449,416</b>
<b>5 Money at call and short notice</b>				
<b>With Bank Companies</b>				
Jamuna Bank Limited	-	-	-	-
Prime Bank Limited	-	-	-	-
	-	-	-	-
<b>With Non Banking Financial Institutions</b>				
Peoples Leasing and Financial Services Limited	-	-	-	-
Bangladesh Industrial Finance Co.Ltd.	-	100,000,000	-	100,000,000
Lanka Bangla Finance Limited	-	-	-	-
	-	100,000,000	-	100,000,000
	-	<b>100,000,000</b>	-	<b>100,000,000</b>
<b>6 Investments</b>				
Government	6.1	21,659,579,849	17,789,164,429	21,659,579,849
Others	6.2	4,358,216,416	3,865,532,147	4,244,004,844
		<b>26,017,796,265</b>	<b>21,654,696,575</b>	<b>25,903,584,693</b>
<b>6.1 Government (Investment in govt. securities)</b>				
Treasury Bills	6.1.1	3,149,805,825	8,661,553,310	3,149,805,825
Treasury Bonds	6.1.2	16,511,699,915	9,124,107,319	16,511,699,915
Bangladesh Bank Bills		1,995,344,608	-	1,995,344,608
Prize Bonds		2,729,500	3,503,800	2,729,500
		<b>21,659,579,849</b>	<b>17,789,164,429</b>	<b>21,659,579,849</b>
<b>6.1.1 Treasury Bills</b>				
<b>Unencumbered</b>				
91- days treasury bills		125,700,979	6,318,501,874	125,700,979
182- days treasury bills		309,306,247	265,026,336	309,306,247
364- days treasury bills		2,714,798,599	178,584,352	2,714,798,599
		<b>3,149,805,825</b>	<b>6,762,112,562</b>	<b>3,149,805,825</b>
<b>Encumbered</b>				
91- days treasury bills		-	1,794,875,395	-
182- days treasury bills		-	77,097,637	-
364- days treasury bills		-	27,467,715	-
		-	1,899,440,747	-
		<b>3,149,805,825</b>	<b>8,661,553,310</b>	<b>3,149,805,825</b>
<b>6.1.2 Treasury Bonds</b>				
<b>Unencumbered</b>				
2- year Treasury bonds		158,169,315	-	158,169,315
5- year Treasury bonds		8,531,852,595	2,066,206,534	8,531,852,595
10- year Treasury bonds		7,356,337,851	4,487,196,814	7,356,337,851
15- year Treasury bonds		269,646,780	72,789,538	269,646,780
20- year Treasury bonds		195,693,376	76,479,220	195,693,376
		<b>16,511,699,915</b>	<b>6,702,672,106</b>	<b>16,511,699,915</b>
<b>Encumbered</b>				
5- year Treasury bonds		-	2,157,495,498	-
10- year Treasury bonds		-	243,659,578	-
15- year Treasury bonds		-	20,280,137	-
		-	2,421,435,212	-
		<b>16,511,699,915</b>	<b>9,124,107,319</b>	<b>16,511,699,915</b>

Disclosure on REPO and Reverse Repo transactions are in Annexure- D

	Note	Consolidated		Bank	
		2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>6.2 Others (Investment in other securities)</b>					
Debentures	6.2.1	25,000,000	37,000,000	25,000,000	37,000,000
Corporate bonds	6.2.2	220,000,000	280,000,000	220,000,000	280,000,000
Ordinary Shares (Quoted and Unquoted)	6.2.3	3,603,216,416	3,548,532,147	3,489,004,844	3,548,510,224
Preference Shares	6.2.4	510,000,000	-	510,000,000	-
		<b>4,358,216,416</b>	<b>3,865,532,147</b>	<b>4,244,004,844</b>	<b>3,865,510,224</b>
<b>6.2.1 Debentures</b>					
Investment Corporation of Bangladesh (ICB)		-	2,000,000	-	2,000,000
House Building Finance Corporation (HBFC)		25,000,000	35,000,000	25,000,000	35,000,000
		<b>25,000,000</b>	<b>37,000,000</b>	<b>25,000,000</b>	<b>37,000,000</b>
<b>6.2.2 Corporate bonds</b>					
Orascom Bond		120,000,000	180,000,000	120,000,000	180,000,000
Trust Bank Subordinated Bond		100,000,000	100,000,000	100,000,000	100,000,000
		<b>220,000,000</b>	<b>280,000,000</b>	<b>220,000,000</b>	<b>280,000,000</b>
<b>6.2.3 Ordinary Shares (Quoted and Unquoted)</b>					
<b>Quoted shares &amp; MFs</b>					
<b>Quoted shares (sector wise)</b>					
Banks		753,228,084	760,391,847	750,638,150	760,391,847
NBFIs		583,388,877	596,898,649	558,756,422	596,898,649
Insurances		43,286,006	38,753,046	38,753,046	38,753,046
Fuel & Power		336,754,338	270,185,137	299,129,058	270,170,150
Chemicals & Pharmaceuticals		63,624,320	16,843,638	52,595,450	16,843,638
Cement & Ceramics		82,730,209	119,510,993	70,323,479	119,504,057
Engineering		174,870,280	166,986,958	171,878,099	166,986,958
Others		232,643,549	213,937,939	214,942,201	213,937,939
		<b>2,270,525,663</b>	<b>2,183,508,207</b>	<b>2,157,015,905</b>	<b>2,183,486,284</b>
<b>Mutual Funds</b>					
AB Bank First Mutual Fund		47,530,000	50,000,000	47,530,000	50,000,000
EBL First Mutual Fund		103,881,814	103,185,000	103,185,000	103,185,000
EBL NRB Mutual Fund		250,973,470	250,973,470	250,973,470	250,973,470
Exim Bank First Mutual Fund		49,435,000	-	49,435,000	-
First Bangladesh Fixed Income Fund		750,000,000	750,000,000	750,000,000	750,000,000
Green Delta 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
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
SEBL First Mutual Fund		-	10,000,000	-	10,000,000
		<b>1,271,825,284</b>	<b>1,234,163,470</b>	<b>1,271,128,470</b>	<b>1,234,163,470</b>
<b>Total Quoted shares &amp; MFs</b>		<b>3,542,350,946</b>	<b>3,417,671,677</b>	<b>3,428,144,374</b>	<b>3,417,649,754</b>
<b>Unquoted shares &amp; MFs</b>					
Shares		60,865,470	80,860,470	60,860,470	80,860,470
Mutual Fund		-	50,000,000	-	50,000,000
		<b>60,865,470</b>	<b>130,860,470</b>	<b>60,860,470</b>	<b>130,860,470</b>
<b>Total</b>		<b>3,603,216,416</b>	<b>3,548,532,147</b>	<b>3,489,004,844</b>	<b>3,548,510,224</b>
<b>6.2.3.1 Market Value of Shares (as on 31 December)</b>					
<b>Quoted shares &amp; MFs</b>					
Banks		430,499,747	488,477,494	428,136,747	488,346,494
NBFIs		360,699,853	407,473,256	340,397,353	407,473,256
Insurances		30,085,734	27,173,052	26,055,954	27,173,052
Fuel & Power		271,413,249	225,899,805	240,642,449	225,689,045
Chemicals & Pharmaceuticals		59,322,998	16,860,000	48,622,614	16,860,000
Cement & Ceramics		78,135,934	87,213,375	66,516,194	87,207,739
Engineering		101,003,038	88,331,324	98,201,038	88,331,324

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
Others	150,877,465	152,354,011	134,178,896	152,354,011
	1,482,038,019	1,493,782,317	1,382,751,246	1,493,434,921
Mutual Funds	1,190,262,033	1,199,868,600	1,189,632,033	1,199,868,600
Total	<u>2,672,300,052</u>	<u>2,693,650,917</u>	<u>2,572,383,279</u>	<u>2,693,303,521</u>
<b>* Lock in staufs of Mutual Funds</b>				
10% of EBL First Mutual Fund, EBL NRB Mutual Fund & First Bangladesh Fixed Income Fund shall be locked in for 10 years from the date of commencement of trading.				
<b>6.2.4 Preference Shares</b>				
United Power Generation and Distribution Co. Ltd.	510,000,000	-	510,000,000	-
	<u>510,000,000</u>	<u>-</u>	<u>510,000,000</u>	<u>-</u>
<b>6.a Remaining maturity grouping of investments</b>				
On demand	58,688,527	2,006,406,298	58,688,527	2,006,406,298
In not more than one month	2,327,106,962	4,315,621,299	2,212,900,390	4,315,599,376
In more than one month but not more than three months	1,425,951,855	2,213,899,182	1,425,951,855	2,213,899,182
In more than three months but not more than one year	6,988,807,025	4,281,992,806	6,988,802,025	4,281,992,806
In more than one year but not more than five years	10,862,014,802	4,921,004,230	10,862,014,802	4,921,004,230
In more than five years	4,355,227,094	3,915,772,760	4,355,227,094	3,915,772,760
	<u>26,017,796,265</u>	<u>21,654,696,575</u>	<u>25,903,584,693</u>	<u>21,654,674,652</u>
<b>7 Loans and advances</b>				
Loans, cash credits, overdrafts, etc.	7.1 94,617,143,691	87,537,630,678	94,491,939,790	87,363,196,058
Bills purchased and discounted	7.2 8,713,673,891	9,356,540,473	8,418,279,159	9,356,540,473
	<u>103,330,817,582</u>	<u>96,894,171,150</u>	<u>102,910,218,949</u>	<u>96,719,736,532</u>
<b>7.1 Loans, cash credits, overdrafts etc.</b>				
<i>Inside Bangladesh</i>				
Loans - general	77,758,246,487	71,890,919,875	77,758,246,487	71,890,919,875
Cash credit	177,960,444	274,168,567	177,960,444	274,168,567
Overdraft	17,521,264,355	16,027,428,719	16,555,732,858	15,198,107,617
	95,457,471,287	88,192,517,161	94,491,939,790	87,363,196,058
Inter Company Elimination	(840,327,596)	(654,886,483)	-	-
	<u>94,617,143,691</u>	<u>87,537,630,678</u>	<u>94,491,939,790</u>	<u>87,363,196,058</u>
<b>7.2 Bills purchased and discounted</b>				
<i>Inside Bangladesh</i>				
Local bills /documents	8,298,018,874	9,264,184,670	8,298,018,874	9,264,184,670
Foreign bills /documents	415,655,017	92,355,802	120,260,285	92,355,802
	<u>8,713,673,891</u>	<u>9,356,540,473</u>	<u>8,418,279,159</u>	<u>9,356,540,473</u>
<b>7.2.1 Bills purchased and discounted</b>				
(on the basis of the residual maturity grouping)				
Receivable				
Within one month	1,966,050,824	3,385,111,874	1,966,050,824	3,385,111,874
In more than one month but less than three months	4,199,418,810	3,981,954,022	3,904,024,078	3,981,954,022
In more than three months but less than six months	2,548,204,256	1,394,414,357	2,548,204,256	1,394,414,357
Above six months	-	595,060,220	-	595,060,220
	<u>8,713,673,891</u>	<u>9,356,540,473</u>	<u>8,418,279,159</u>	<u>9,356,540,473</u>
<b>7.a Residual maturity grouping of loans and advances including bills purchased &amp; discounted</b>				
<b>Receivable</b>				
On demand	5,680,536,917	318,212,750	5,680,536,917	318,212,750
In not more than one month	9,227,143,053	16,782,628,094	9,227,143,053	17,357,514,577
In more than one month but not more than three months	23,489,055,594	19,970,594,626	23,193,660,862	19,221,273,524
In more than three months but not more than one year	38,107,724,778	34,068,107,114	37,982,520,877	34,068,107,114
In more than one year but not more than five years	23,877,560,537	22,081,173,980	23,877,560,537	22,081,173,980
In more than five years	2,948,796,701	3,673,454,586	2,948,796,701	3,673,454,586
	<u>103,330,817,582</u>	<u>96,894,171,150</u>	<u>102,910,218,949</u>	<u>96,719,736,532</u>
<b>7.b Loans and advances on the basis of significant concentration</b>				
<b>7.b.1 Loans and advances to Directors, executives and others</b>				
Advance to Directors and their allied concerns	245,122	-	245,122	-
Advances to Managing Director & CEO	18,600,727	19,318,492	18,600,727	19,318,492
Advances to Other executives and staffs	1,219,692,890	1,009,941,141	1,219,692,890	1,009,941,141

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
Advances to Customers (Group wise)	84,707,930,656	79,786,679,682	84,582,726,754	79,612,245,063
Industrial Advances	17,384,348,188	16,078,231,836	17,088,953,456	16,078,231,836
	<b>103,330,817,582</b>	<b>96,894,171,150</b>	<b>102,910,218,949</b>	<b>96,719,736,532</b>

**7.b.2 Large Loan details (Loans and Advances allowed to each customer exceeding 10% of Bank's total capital)**

* Total Loans and Advances (in BDT crore)	4,657	3,742
Number of Customers	19	32
Classified amount thereon	Nil	Nil

\*This amount represents total loans and advances (comprising funded and non funded facilities) to each customer exceeding Tk.167.64 crore which is equivalent to 10% of total capital of the bank (i.e. Tk. 1,676.42 crore) as at 31 December 2013.

**7.b.3 Industry-wise concentration of loans and advances including bills purchased and discounted**

Commercial and Trading	19,064,267,730	16,752,934,496	18,768,872,998	16,752,934,496
Construction	1,606,803,682	1,141,397,918	1,606,803,682	1,141,397,918
Sugar & Edible Oil Refinery	2,997,693,286	4,497,185,248	2,997,693,286	4,497,185,248
Crops, fisheries & livestock	1,593,561,694	2,062,272,225	1,593,561,694	2,062,272,225
Electronics Goods	2,951,149,902	3,590,709,326	2,951,149,902	3,590,709,326
Individuals	12,470,016,714	11,634,705,039	12,344,812,812	11,634,705,039
Pharmaceuticals Industries	4,034,228,226	3,102,199,054	4,034,228,226	3,102,199,054
Readymade Garments Industry	10,700,662,042	11,055,375,475	10,700,662,042	11,055,375,475
Ship Breaking Industry	3,196,887,627	5,508,784,927	3,196,887,627	5,508,784,927
Metal & Steel Products	7,867,558,592	7,116,319,396	7,867,558,592	7,116,319,396
Transport & Ecommunication	6,015,253,247	7,089,519,142	6,015,253,247	7,089,519,142
Textile Mills	9,771,752,848	8,361,720,082	9,771,752,848	8,361,720,082
Power Sector	2,539,076,319	2,747,142,736	2,539,076,319	2,747,142,736
Others	18,521,905,674	12,233,906,089	18,521,905,674	12,059,471,470
	<b>103,330,817,582</b>	<b>96,894,171,151</b>	<b>102,910,218,949</b>	<b>96,719,736,532</b>

**7.b.4 Sector - wise concentration of loans and advances including bills purchased and discounted**

Government sector	-	-	-	-
Public sector	350,854,463	449,533,856	350,854,463	449,533,856
Private sector	102,979,963,119	96,444,637,294	102,559,364,486	96,270,202,675
	<b>103,330,817,582</b>	<b>96,894,171,150</b>	<b>102,910,218,949</b>	<b>96,719,736,532</b>

**7.b.5 Geographical location-wise concentration of loans and advances including bills purchased and discounted**

<i>Inside Bangladesh</i>				
Dhaka Division	70,246,443,909	67,680,272,961	70,121,240,004	67,505,838,341
Chittagong Division	29,904,290,132	26,576,116,429	29,904,290,132	26,576,116,429
Sylhet Division	498,310,254	465,585,365	498,310,254	465,585,365
Rajshahi Division	1,091,516,498	1,083,246,896	1,091,516,498	1,083,246,896
Khulna Division	1,160,011,346	1,035,520,062	1,160,011,346	1,035,520,062
Rangpur Division	134,850,715	53,429,439	134,850,715	53,429,439
	103,035,422,854	96,894,171,151	102,910,218,949	96,719,736,531
<i>Outside Bangladesh</i>				
	295,394,732	-	-	-
	<b>103,330,817,582</b>	<b>96,894,171,151</b>	<b>102,910,218,949</b>	<b>96,719,736,531</b>

**7.b.6 Geographical location and business segment-wise concentration of loans and advances (including bills purchased and discounted)**

Division	Corporate	SME	Consumer	Total
Dhaka Division	51,033,810,172	10,275,024,846	8,812,404,985	70,121,240,004
Chittagong Division	22,577,040,445	4,454,355,881	2,872,893,806	29,904,290,132
Sylhet Division	-	302,227,516	196,082,738	498,310,254



Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
Rajshahi Division	308,478,376	584,540,904	198,497,218	1,091,516,498
Khulna Division	-	920,201,890	239,809,456	1,160,011,346
Rangpur Division	-	104,069,818	30,780,897	134,850,715
<b>Total</b>	<b>73,919,328,993</b>	<b>16,640,420,855</b>	<b>12,350,469,101</b>	<b>102,910,218,949</b>

**7.b.7 Business segment - wise concentration of loans and advances including bills purchased and discounted**

Corporate	64,709,751,720	62,655,667,196	64,289,153,083	62,481,232,576
Offshore Banking Unit	9,630,175,910	9,197,756,355	9,630,175,910	9,197,756,355
SME	16,640,420,855	13,448,315,765	16,640,420,859	13,448,315,765
Consumer	11,112,175,480	10,563,172,202	11,112,175,480	10,563,172,202
Executives & Staffs	1,238,293,617	1,029,259,633	1,238,293,617	1,029,259,633
	<b>103,330,817,582</b>	<b>96,894,171,151</b>	<b>102,910,218,949</b>	<b>96,719,736,531</b>

**7.b.8 Loans & advances**

*Inside Bangladesh*

*Continuous loan (CL-2)*

Consumer Finance	4,215,160,531	5,213,258,727	4,215,160,531	5,213,258,727
Small & Medium Enterprise	4,796,949,030	3,567,658,302	4,796,949,030	3,567,658,302
Loans to BHs/MBs/SDs against Shares	939,401,453	678,811,287	939,401,453	678,811,287
Other Corporate Loans	6,907,383,968	6,186,992,000	6,782,180,063	6,012,557,380
	<b>16,858,894,982</b>	<b>15,646,720,315</b>	<b>16,733,691,077</b>	<b>15,472,285,695</b>

*Demand loan (CL-3)*

Small & Medium Enterprise	9,210,692,135	3,397,557,769	9,210,692,135	3,397,557,769
Corporate Loans	46,219,257,798	48,292,133,645	46,219,257,798	48,292,133,645
	<b>55,429,949,933</b>	<b>51,689,691,414</b>	<b>55,429,949,933</b>	<b>51,689,691,414</b>

*Term loan (CL-4)*

Consumer Finance (including staff, other than HF)	4,388,222,185	5,594,807,127	4,388,222,185	5,594,807,127
Housing Finance (HF)	943,402,141	785,502,674	943,402,141	785,502,674
Small & Medium Enterprise	8,700,197,049	6,470,678,745	8,700,197,049	6,470,678,745
Corporate Loans	16,700,236,128	16,695,486,619	16,700,236,128	16,695,486,619
	<b>30,732,057,503</b>	<b>29,546,475,164</b>	<b>30,732,057,503</b>	<b>29,546,475,164</b>

Short term agri credit and microcredit (CL-6)

Short term agri credit	14,520,433	11,284,258	14,520,433	11,284,258
	<b>14,520,433</b>	<b>11,284,258</b>	<b>14,520,433</b>	<b>11,284,258</b>

*Outside Bangladesh*

Loans, cash credits, overdrafts etc.	295,394,732	-	-	-
	<b>103,330,817,582</b>	<b>96,894,171,151</b>	<b>102,910,218,949</b>	<b>96,719,736,531</b>

**7.b.9 Security/ Collateral - wise concentration of loans and advances (including bills purchased and discounted)**

Collateral of movable/immovable assets	41,972,378,450	33,961,978,194	41,972,378,450	33,961,978,194
Local banks and financial institutions guarantee	942,221,948	1,732,868,205	942,221,948	1,732,868,205
Government guarantee	350,854,463	449,533,857	350,854,463	449,533,857
Foreign bank guarantee	-	-	-	-
Export documents	528,512,087	311,317,280	528,512,087	311,317,280
Fixed deposit receipts (FDR)	5,607,455,872	6,707,768,257	5,607,455,872	6,707,768,257
FDR of other banks	-	586,730,452	-	586,730,452
Government bonds	-	-	-	-
Personal guarantee	7,347,225,935	6,762,252,511	7,347,225,935	6,762,252,511
Other securities (Hypothecation charges)	46,582,168,827	46,381,722,395	46,161,570,193	46,207,287,775
	<b>103,330,817,582</b>	<b>96,894,171,151</b>	<b>102,910,218,949</b>	<b>96,719,736,531</b>

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>7.b.10 Classified and unclassified loans &amp; advances</b>				
<i>Unclassified</i>				
Standard (Including Staff Loan)	98,753,606,859	93,180,467,881	98,333,008,225	93,006,033,261
Special Mention Accounts (SMA)	879,979,651	642,928,794	879,979,651	642,928,794
	<b>99,633,586,510</b>	<b>93,823,396,675</b>	<b>99,212,987,876</b>	<b>93,648,962,055</b>
<i>Classified</i>				
Sub-standard	479,766,825	263,721,106	479,766,825	263,721,106
Doubtful	193,344,322	593,082,222	193,344,322	593,082,222
Bad/Loss	3,024,119,925	2,213,971,147	3,024,119,925	2,213,971,147
7.b.11	<b>3,697,231,072</b>	<b>3,070,774,476</b>	<b>3,697,231,072</b>	<b>3,070,774,476</b>
	<b>103,330,817,582</b>	<b>96,894,171,151</b>	<b>102,910,218,948</b>	<b>96,719,736,531</b>
<b>Percentage of Classified Loans &amp; Advances (NPL)</b>	<b>3.58%</b>	<b>3.17%</b>	<b>3.59%</b>	<b>3.17%</b>

7.b.10.a The above unclassified loans and advances includes certain customer accounts with an aggregate outstanding amount of Tk 16.80 crore, which have been previously classified but subsequently removed from classification as at 31 December 2013 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh.

<b>7.b.11 Movements of Classified Loans and advances</b>				
Opening balance	3,070,774,476	1,560,592,120	3,070,774,476	1,560,592,120
Additions during the year	3,998,584,663	2,255,633,277	3,998,584,663	2,255,633,277
Reductions during the year	(3,372,128,068)	(745,450,922)	(3,372,128,068)	(745,450,922)
Closing balance	<b>3,697,231,072</b>	<b>3,070,774,476</b>	<b>3,697,231,072</b>	<b>3,070,774,476</b>
7.b.11.a				

**Measures taken for recovery of classified loans:**

Bank as a whole takes following steps to recover its classified Loans and Advances

- Sending letters and reminders to customers
- Special assets management department is responsible for holding discussion with the clients to recover the loans
- Disposal/encashment of security through auction
- Legal proceedings and settlement
- Report to central bank
- Rescheduling, restructuring, waiver or W/off
- Negotiation and settlement with approval from competent authority.

7.b.11.a Business segment - wise concentration of Classified Loans & Advances (NPL)	2013 (Bank)		2012 (Bank)	
	Taka	%	Taka	%
Corporate	2,422,757,948	65.53	1,937,944,227	63.11
Offshore Banking Unit	-	-	-	-
SME	571,891,702	15.47	513,090,622	16.71
Consumer	702,581,422	19.00	619,739,627	20.18
	<b>3,697,231,072</b>	<b>100.00</b>	<b>3,070,774,476</b>	<b>100.00</b>

**7.b.11.b Industry- wise concentration of Classified Loans & Advances (NPL)**

Commercial and Trading	501,238,429	13.56	541,356,944	17.63
Construction	6,426,085	0.17	57,233,568	1.86
Sugar & Edible Oil Refinery	718,705,099	19.44	765,089,890	24.92
Crops, fisheries & livestock	6,901,008	0.19	6,252,257	0.20
Electronics Goods	4,732,665	0.13	4,308,585	0.14
Individuals	702,581,422	19.00	619,739,627	20.18
Readymade Garments Industry	233,147,185	6.31	232,111,036	7.56
Ship Breaking Industry	768,884,012	20.80	430,944,928	14.03
Metal & Steel Products	29,623,062	0.80	38,444,203	1.25
Transport & E-communication	2,598,277	0.07	1,712,579	0.06
Textile Mills	191,953,057	5.19	191,953,056	6.25
Others	530,440,771	14.35	181,627,802	5.91
	<b>3,697,231,072</b>	<b>100.00</b>	<b>3,070,774,476</b>	<b>100.00</b>

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>7.b.12 Particulars of loans and advances</b>				
i) Debts considered good in respect of which the bank is fully secured	96,154,376,140	90,103,715,293	95,733,777,506	89,929,280,673
ii) Debts considered good for which the bank holds no other security than the debtor's personal security	4,237,427,146	3,785,336,281	4,237,427,146	3,785,336,281
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	2,939,014,297	3,005,119,577	2,939,014,297	3,005,119,577
iv) Debts adversely classified; for which no provision is created.	-	-	-	-
	103,330,817,583	96,894,171,152	102,910,218,949	96,719,736,531
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	1,238,538,739	1,044,830,401	1,238,538,739	1,044,830,401
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.	1,238,538,739	1,044,830,401	1,238,538,739	1,044,830,401
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	3,697,231,072	3,070,774,476	3,697,231,072	3,070,774,476
(i) (Decrease)/Increase of provision (specific)	-	-	-	-
(ii) Amount of written off debt against fully provided debts	322,366,338	385,918,914	322,366,338	385,918,914
(iii) Amount of debt recovered against the debt which was previously written off	110,434,318	117,394,950	110,434,318	117,394,950
b) Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date.	1,744,445,238	1,129,420,887	1,744,445,238	1,129,420,887
c) Amount of interest creditable to the interest suspense account	672,910,943	665,254,434	672,910,943	665,254,434
<b>xi) Cumulative amount of written off loans</b>				
Opening Balance	1,886,753,384	1,500,834,470	1,886,753,384	1,500,834,470
Amount written off during the year	322,366,338	385,918,914	322,366,338	385,918,914
Balance of written off loans and advances (as of 31/12/2013)	<b>2,209,119,722</b>	<b>1,886,753,384</b>	<b>2,209,119,722</b>	<b>1,886,753,384</b>
<b>7.b.13 Cumulative amount of written off loans for which law suits have been filed (note 7.b.14)</b>	<b>3,354,286,616</b>	<b>2,961,210,884</b>	<b>3,354,286,616</b>	<b>2,961,210,884</b>
<b>7.b.14 Details of cumulative amount of written off loans including legal &amp; other charges</b>				
Opening balance	2,961,210,884	2,406,135,690	2,961,210,884	2,406,135,690
During the year	393,075,733	555,075,194	393,075,733	555,075,194
Closing balance	<b>3,354,286,616</b>	<b>2,961,210,884</b>	<b>3,354,286,616</b>	<b>2,961,210,884</b>
<b>7.b.14.1 Cumulative number of loan accounts written off</b>				
Opening balance			1,057	670
During the year			634	387
Closing balance			<b>1,691</b>	<b>1,057</b>

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>8 Fixed assets including land, building, furniture and fixtures</b>				
<b>Cost</b>				
Freehold Land and Land Development	5,177,928,478	4,636,946,781	5,177,928,478	4,636,946,781
Buildings on Freehold land	730,841,590	462,801,908	730,841,590	462,801,908
Building under construction (Corporate Head Office)*	379,904,613	201,326,929	379,904,613	201,326,929
Machinery and Equipment	552,527,072	484,137,953	547,945,392	479,640,206
Computer and Network equipments	370,737,255	327,100,189	366,150,351	323,986,704
Furniture and fixtures	339,350,436	309,541,096	330,678,401	303,253,667
Vehicles	110,041,599	106,586,251	108,699,294	105,243,946
Leased Assets (finance lease)	90,084,859	90,084,859	90,084,859	90,084,859
Software	220,752,558	200,453,714	217,890,577	198,441,734
<b>Total Cost</b>	<b>7,972,168,459</b>	<b>6,818,979,680</b>	<b>7,950,123,555</b>	<b>6,801,726,734</b>
Accumulated depreciation	(1,063,923,631)	(839,847,349)	(1,052,729,826)	(832,139,986)
<b>Written Down Value at 31 December</b>	<b>6,908,244,828</b>	<b>5,979,132,331</b>	<b>6,897,393,729</b>	<b>5,969,586,748</b>

\* Building under construction represents the accumulated cost incurred for corporate head office located at Gulshan Avenue and is classified as Fixed Assets under 'BAS 16 - Property, Plant & Equipment' assuming that future economic benefit associated with the asset will inflow to the entity in near future. However, Depreciation of the asset will commence from the date of its use.

Details of these are in Annexure-A & A1.

## 9 Other assets

### Income generating

Investment in subsidiary-EBL Securities Limited	9.1	-	-	867,400,000	767,400,000
Investment in subsidiary-EBL Investments Limited	9.2	-	-	299,999,900	299,999,900
Investment in subsidiary-EBL Finance (HK) Limited	9.3	-	7,240,655	14,779,352	7,240,655
DSE Membership	9.4	553,800,000	553,800,000	-	-
CSE Membership	9.5	201,500,000	201,500,000	-	-

### Non- Income generating

Receivable from subsidiaries	9.6	-	-	5,612,917	47,097,400
Other assets of subsidiaries	9.7	17,300,375	34,299,423	-	-
Stock of stationeries		14,532,435	16,148,228	14,532,435	16,148,228
Stamps on hand		3,820,980	1,734,226	3,820,980	1,734,226
Advance to staff for expenses	9.8	238,491	489,000	238,491	489,000
Suspense account	9.9	5,266,159	5,120,648	5,266,159	5,120,648
Security deposits-govt. agencies		2,457,801	2,257,801	2,257,801	2,257,801
Interest and dividend receivables	9.10	755,949,181	473,930,637	758,801,887	473,930,637
Sundry receivables	9.11	225,645,517	108,604,461	225,645,517	108,604,461
Advance rent		333,964,153	300,001,498	333,964,153	300,001,498
Prepayments and advance to vendors		167,734,063	273,696,672	164,130,751	273,696,672
Deferred tax assets	9.12	698,391,343	376,486,990	698,391,343	376,486,990
Bangladesh Bank clearing account		-	22,788,981	-	22,788,981
		<b>2,980,600,498</b>	<b>2,378,099,220</b>	<b>3,394,841,686</b>	<b>2,702,997,096</b>

### 9.1 Investment in subsidiary-EBL Securities Limited

EBL acquired its securities brokerage subsidiary fully in two phases at a total cost of BDT 479.90 million and injected afterwards BDT 387.50 million as a fresh capital.

### 9.2 Investment in subsidiary-EBL Investments Limited

This fully owned subsidiary of EBL was incorporated on 30 December 2009 with an initial paid up capital of BDT 300 million. It was awarded merchant banking license by BSEC on January 2013 and since started its full fledged merchant banking operations.

### 9.3 Investment in subsidiary-EBL Finance (HK) Limited

EBL Finance (HK) Limited, the first fully owned foreign subsidiary of EBL, was incorporated on 28 November 2011 with an initial authorized capital of HKD 1.41 million (equivalent to BDT 14.78 million). This subsidiary commenced its full fledged operations in Hongkong from early 2013.

### 9.4 Valuation of EBL Securities Limited

While assessing value of EBL Securities Ltd. in 2010, the independent valuer (a Professional accounting firm) determined the fair value of DSE membership only taking book value of all other assets and liabilities. While acquiring the rest 40% shares in 2012 based on valuation done by ACNABIN, Chartered Accountants, the Bank considered only 40% of fair value/market value of DSE membership i.e. BDT 344.40 million (instead of full value of BDT 861 million as of 30 June 2011) and thereby avoided booking any revaluation gain of 60% shares acquired earlier.



Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka

9.5 EBL Securities Limited acquired CSE Membership at a cost of BDT 201.50 million in 2012 and started its trading operation in 2013.

#### 9.a Demutualization of DSE and CSE Membership

As per the Scheme of Demutualization of both DSE and CSE in accordance with the Exchange Demutualization Act 2013 (the “Scheme”), the Company being the initial shareholders of DSE and CSE, is entitled to receive the following number of shares:

Membership	No of Shares	Face Value	Total Value
Dhaka Stock Exchange Limited	7,215,106	10	72,151,060
Chittagong Stock Exchange Limited	4,287,330	10	42,873,300
Total number and value of shares	11,502,436	10	115,024,360

The Scheme is not yet completed and these shares are also currently not traded. Moreover, no determination has been made on the trading rights. Hence the actual fair value is not readily ascertainable. However management expects the fair value to be similar or more than the current fair value. Once more clarity about the Scheme and related factors are available a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

#### 9.6 Receivable from Subsidiaries

Receivable from:

EBL Securities Limited	3,312,400	47,097,400
EBL Investments Limited	-	-
EBL Finance (HK) Limited	2,300,517	-
	<b>5,612,917</b>	<b>47,097,400</b>

#### 9.7 Other assets of subsidiaries

Accounts receivable

Advances and prepayments	17,057,561	29,807,571
Deferred revenue expenses	-	4,092,418
	242,814	399,434
	<b>17,300,375</b>	<b>34,299,423</b>

#### 9.8 Advance to staff for expenses

Due for

Less than three months	238,491	489,000	238,491	489,000
More than three months but less than six months	-	-	-	-
More than six months but less than nine months	-	-	-	-
More than nine months but less than twelve months	-	-	-	-
More than twelve months	-	-	-	-
	<b>238,491</b>	<b>489,000</b>	<b>238,491</b>	<b>489,000</b>

#### 9.9 Suspense account

This includes the system related automatic suspenses and temporary parking accounts shown as net of debit and credit balances. Net credit balance is shown under other liabilities whereas net debit balance is shown under other assets. These balances are in the process of regular monitoring so that it remains within a non material level.

#### 9.10 Interest and dividend receivables

Interest Receivables	750,484,891	473,930,637	750,484,891	473,930,637
Interest Receivable - OBU	5,976,971	-	5,976,971	-
Dividend Receivables- other than subsidiaries	8,570,833	-	8,570,833	-
	765,032,695	473,930,637	765,032,695	473,930,637
Inter unit/company elimination	(9,083,514)	-	(6,230,808)	-
	<b>755,949,181</b>	<b>473,930,637</b>	<b>758,801,887</b>	<b>473,930,637</b>

#### 9.11 Sundry receivables

Receivable from BB for Sanchaypatra and WEDB	29,545,579	42,116,403	29,545,579	42,116,403
Excise duty receivable from customers	55,902,869	48,057,237	55,902,869	48,057,237
Counter party receivable for REPO	29,243,341	-	29,243,341	-
NRB Remittance	5,792,923	5,381,232	5,792,923	5,381,232
Recoverable expenses	11,308,604	9,596,604	11,308,604	9,596,604
Other receivables	93,852,202	3,452,984	93,852,202	3,452,984
	<b>225,645,517</b>	<b>108,604,461</b>	<b>225,645,517</b>	<b>108,604,461</b>

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka

## 9.12 Net Deferred tax assets

Deferred tax assets/(liabilities) have been recognised and measured as per BAS-12: Income Taxes and BRPD circular # 11 dated 12 December 2011.

Deferred tax assets	9.12.a	720,872,694	390,778,700	720,872,694	390,778,700
Deferred tax liabilities	9.12.b	(22,481,351)	(14,291,710)	(22,481,351)	(14,291,710)
		<b>698,391,343</b>	<b>376,486,990</b>	<b>698,391,343</b>	<b>376,486,990</b>

### 9.12.a Deferred tax assets

Provision made against Bad/Loss loans (for 2011 & 2012)	1,026,799,913	320,968,073	1,026,799,913	320,968,073
Provision made against Bad/Loss loans for 2013	889,806,053	707,731,913	889,806,053	707,731,913
Written off against provision made for 2011 to 2013	(220,434,923)	(109,220,692)	(220,434,923)	(109,220,692)
Tax allowed on provision	-	-	-	-
Deductible temporary difference	1,696,171,044	919,479,294	1,696,171,044	919,479,294
Tax rate	42.50%	42.50%	42.50%	42.50%
Deferred tax assets/(liabilities)	720,872,694	390,778,700	720,872,694	390,778,700
Opening Deferred tax assets/(liabilities)	390,778,700	136,411,431	390,778,700	136,411,431
Deferred tax (expense)/income	<b>330,093,994</b>	<b>254,367,269</b>	<b>330,093,994</b>	<b>254,367,269</b>

Based on detailed analysis management are satisfied that there would be adequate taxable profit available in future against which such temporary differences can be deducted.

### 9.12.b Deferred tax liabilities

Carrying amount of fixed assets for DT	1,327,666,446	1,116,831,818	1,327,666,446	1,116,831,818
Tax base	1,274,769,150	1,083,204,266	1,274,769,150	1,083,204,266
Taxable temporary differences	(52,897,296)	(33,627,552)	(52,897,296)	(33,627,552)
Tax rate	42.50%	42.50%	42.50%	42.50%
Deferred tax assets/(liabilities)	(22,481,351)	(14,291,710)	(22,481,351)	(14,291,710)
Opening deferred tax asset/(liabilities)	(14,291,710)	(1,786,060)	(14,291,710)	(1,786,060)
Deferred tax (expense)/income	<b>(8,189,641)</b>	<b>(12,505,650)</b>	<b>(8,189,641)</b>	<b>(12,505,650)</b>

## 10 Non-banking assets

The Bank was awarded absolute ownership on few mortgaged properties through the verdict of honorable court under section 33(7) of the Artharin Adalat Act 2003. These were recorded as non banking assets (carrying value of which was BDT 191,733,000 as on reporting date) as per valuation report submitted by professional valuation firm and recording of transactions were certified by the then external auditors KPMG Rahman Rahman Huq. Value of the assets received in addition to the loan outstanding/written off loans was kept as reserve against non banking assets. Following are the details:

### Non earning assets

Name of Parties	Type of assets and description	Possession Date	2013	2012	2013	2012
M/S Safa Garments Ltd *	18 Decimal of Land, Tejgaon, Dhaka	18.01.2005 *	8,727,000	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	4,200,000
M/s Innovative Computer Ltd.	11.25 Decimal of Land, Dhaka	07.06.2007	262,000	262,000	262,000	262,000
North American Computer Dynamics and ors.	6.5 Decimal of Land, Tejgaon, Dhaka	16.07.2007	31,600,000	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	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	1,696,000
Stec Fashions Ltd.	28.03 Deimal of land, Mirpur, Dhaka	26.01.2009	2,321,000	2,321,000	2,321,000	2,321,000
Royals Paper Store	106.50 Decimal of Land, Dhaka	21.05.2009	7,727,000	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
Sabbir Ahmed	6 Decimal of Land, Mirpur, Dhaka	10.05.2007	600,000	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	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	15,000,000
HM Yunus	1.84 Acres of Land, Gazipur	06.02.2008	55,700,000	55,700,000	55,700,000	55,700,000
			<b>191,733,000</b>	<b>217,733,000</b>	<b>191,733,000</b>	<b>217,733,000</b>

\* The two NBA properties on account of M/S Safa Garments Ltd and Dhaka Electronics expired 7 years holding period on 17.01.2012 & 15.03.2012 respectively. The Bank applied on 15.01.2012 to Bangladesh Bank (BB) for extension of time for further 5 years bar BB extended for 1 year vide their letter dated 13.02.2012. Subsequently, after expiry of 1 year, the Bank again applied on 16.01.2013 to BB for extension of time for further 4 years. BB vide their letter dated 06.05.2013 advised the Bank to ensure taking absolute possession and selling both the properties. Out of these two, the claim from Dhaka Electronics has been settled in 2013.

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>11 Borrowings from other banks, financial institutions and agents</b>				
Borrowing inside Bangladesh	11.1 8,420,239,834	26,919,994,508	8,420,239,834	26,919,994,508
Borrowing outside Bangladesh	11.2 5,659,640,564	4,238,078,530	5,659,640,564	4,238,078,530
	<b>14,079,880,398</b>	<b>31,158,073,038</b>	<b>14,079,880,398</b>	<b>31,158,073,038</b>
<b>11.1 Borrowing inside Bangladesh</b>				
<b><i>Demand Borrowing:</i></b>				
Banks	840,327,596	9,310,000,000	-	9,310,000,000
Non Banking Financial Institutions	-	-	-	-
	840,327,596	9,310,000,000	-	9,310,000,000
Elimination of intra-group balance	(840,327,596)	-	-	-
	-	<b>9,310,000,000</b>	-	<b>9,310,000,000</b>
<b><i>Term Borrowing:</i></b>				
Banks	5,313,155,023	6,059,362,563	5,313,155,023	6,059,362,563
Non Banking Financial Institutions	-	-	-	-
	5,313,155,023	6,059,362,563	5,313,155,023	6,059,362,563
Elimination of intra-group balance	(4,936,811,273)	-	(4,936,811,273)	-
	<b>376,343,750</b>	<b>6,059,362,563</b>	<b>376,343,750</b>	<b>6,059,362,563</b>
<b><i>Other borrowings</i></b>				
<i>From Bangladesh Bank under</i>				
Investment Promotion & Financing Facility (IPFF)	503,906,012	581,734,215	503,906,012	581,734,215
Export Development Fund - EDF	3,856,131,560	3,559,380,799	3,856,131,560	3,559,380,799
Refinancing for Agrobased Industries	1,165,008,600	1,294,454,000	1,165,008,600	1,294,454,000
Refinancing Agribusiness - Revolving	1,993,763,912	2,042,625,932	1,993,763,912	2,042,625,932
Second Crop Diversification Project	515,086,000	106,262,000	515,086,000	106,262,000
SME Foundation	10,000,000	10,000,000	10,000,000	10,000,000
Repo with BBK against ALS (Assured Liquidity Support)	-	3,956,175,000	-	3,956,175,000
	<b>8,043,896,084</b>	<b>11,550,631,946</b>	<b>8,043,896,084</b>	<b>11,550,631,946</b>
	<b>8,420,239,834</b>	<b>26,919,994,508</b>	<b>8,420,239,834</b>	<b>26,919,994,508</b>
<b>11.2 Borrowing from outside Bangladesh</b>				
<i>In non-interest bearing with</i>				
Standard Chartered Bank, New york	28,770,154	-	28,770,154	-
Citibank N A, New york	95,592,430	-	95,592,430	-
HSBC, New York	2,948,078	-	2,948,078	-
JP Morgan Chase Bank FR, Germany	-	6,033,830	-	6,033,830
National Commercial Bank, Jeddah, KSA	21,742	-	21,742	-
Deutsche Trust Company Americas, New York	12,058,160	-	12,058,160	-
	<b>139,390,564</b>	<b>6,033,830</b>	<b>139,390,564</b>	<b>6,033,830</b>
<b><i>Other borrowing by OBU</i></b>				
<i>In interest bearing with</i>				
Banca Ubae Spa, Spain	388,750,000	-	388,750,000	-
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	1,244,000,000	1,596,998,000	1,244,000,000	1,596,998,000
International Finance Corporation (IFC)	2,332,500,000	2,395,497,000	2,332,500,000	2,395,497,000
FMO, Netherland	1,555,000,000	-	1,555,000,000	-
United Bank Limited, Dubai	-	239,549,700	-	239,549,700
	<b>5,520,250,000</b>	<b>4,232,044,700</b>	<b>5,520,250,000</b>	<b>4,232,044,700</b>
	<b>5,659,640,564</b>	<b>4,238,078,530</b>	<b>5,659,640,564</b>	<b>4,238,078,530</b>

	Note	Consolidated		Bank	
		2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>11.a Remaining maturity grouping of Borrowings - (including OBU)</b>					
Payable					
On demand		247,052,275	13,266,175,000	247,052,275	13,266,175,000
In not more than one month		1,153,293,093	6,770,381,346	1,153,293,093	6,770,381,346
In more than one month but not more than three months		4,409,892,759	4,121,845,409	4,409,892,759	4,121,845,409
In more than three months but not more than one year		6,046,957,206	5,259,383,867	6,046,957,206	5,259,383,867
In more than one year but not more than five years		1,109,192,331	1,052,291,200	1,109,192,331	1,052,291,200
In more than five years		1,113,492,734	687,996,216	1,113,492,734	687,996,216
		<b>14,079,880,398</b>	<b>31,158,073,038</b>	<b>14,079,880,398</b>	<b>31,158,073,038</b>
<b>12 Deposits and other accounts</b>					
Current deposits and other accounts, etc.	12.1	9,843,455,920	9,806,371,635	9,877,524,621	9,806,371,635
Bills payable	12.2	789,543,484	866,317,963	789,543,484	866,317,963
Savings bank deposits	12.3	16,923,994,211	14,080,165,001	16,923,994,211	14,080,165,001
Fixed deposits	12.4	89,479,847,553	66,659,786,106	89,510,645,864	67,005,863,858
Bearer certificates of deposits	12.5	-	22,250,000	-	22,250,000
		<b>117,036,841,168</b>	<b>91,434,890,705</b>	<b>117,101,708,180</b>	<b>91,780,968,457</b>
<b>12.1 Current deposits and other accounts</b>					
Current deposits	12.1.1	4,624,020,832	3,534,079,850	4,658,089,533	3,534,079,850
Deposit margin on facilities (LC, LG, Acceptance etc.)		3,640,356,218	4,231,818,746	3,640,356,218	4,231,818,746
Matured Deposits		200,000	200,000	200,000	200,000
Sundry Deposits (Matured BCD, TD Redemption)		33,038,242	10,779,828	33,038,242	10,779,828
Interest Accrued on Deposits		1,545,840,628	2,028,604,027	1,545,840,628	2,028,604,027
Current deposit-offshore banking unit		-	889,185	-	889,185
		<b>9,843,455,920</b>	<b>9,806,371,635</b>	<b>9,877,524,621</b>	<b>9,806,371,635</b>
<b>12.1.1 Current deposits</b>					
Local Currency		4,088,778,537	3,149,625,146	4,088,778,537	3,149,489,495
Foreign Currency		569,310,996	384,590,355	569,310,996	384,590,355
		4,658,089,533	3,534,215,501	4,658,089,533	3,534,079,850
Elimination of intra-group balance		(34,068,701)	(135,651)	-	-
		<b>4,624,020,832</b>	<b>3,534,079,850</b>	<b>4,658,089,533</b>	<b>3,534,079,850</b>
<b>12.2 Bills payable</b>					
Local currency		784,529,183	862,948,656	784,529,183	862,948,656
Foreign currency		5,014,301	3,369,306	5,014,301	3,369,306
		<b>789,543,484</b>	<b>866,317,963</b>	<b>789,543,484</b>	<b>866,317,963</b>
<b>12.3 Savings bank deposits</b>					
<b>Transactional Deposit Accounts:</b>					
EBL saving deposits account		3,969,396,799	3,849,789,558	3,969,396,799	3,849,789,558
High performance deposit account - retail		5,126,404,193	4,909,407,572	5,126,404,193	4,909,407,572
EBL campus account		43,023,598	20,627,486	43,023,598	20,627,486
EBL interesting account		1,649,940,005	1,759,725,127	1,649,940,005	1,759,725,127
Salary account deposits		309,317,668	195,054,081	309,317,668	195,054,081
EBL Savings Plus account		1,020,913,492	395,286,832	1,020,913,492	395,286,832
EBL Sonchoy account		59,718,753	49,950,803	59,718,753	49,950,803
EBL Paribar account		703,542,939	359,939,598	703,542,939	359,939,598
EBL Global account		90,200,649	110,096,487	90,200,649	110,096,487
EBL Global GBP account		8,686,713	56,795,333	8,686,713	56,795,333
EBL RFCD account		82,569,786	57,615,929	82,569,786	57,615,929
EBL Junior account		212,656,343	154,540,152	212,656,343	154,540,152
EBL Easy account		3,030,125	576,487	3,030,125	576,487
EBL Agri Saver		143	-	143	-
EBL Smart Womens Savings		83,815,454	-	83,815,454	-
EBL Classic Savings		68,433,504	-	68,433,504	-
EBL Premium Savings		269,505,506	-	269,505,506	-
EBL 50 Plus Savings		50,647,066	-	50,647,066	-
EBL Power Savings		101,202,452	-	101,202,452	-
EBL Max Saver		156,745,851	-	156,745,851	-
Unclaimed savings deposit		1,861,586	1,861,586	1,861,586	1,861,586
		<b>14,011,612,625</b>	<b>11,921,267,032</b>	<b>14,011,612,625</b>	<b>11,921,267,032</b>



Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>Scheme Deposits:</b>				
Monthly deposit plan (MDP) account	-	179,408	-	179,408
EBL Confidence account	2,262,135,766	1,806,429,971	2,262,135,766	1,806,429,971
EBL Secure account	353,928,828	282,413,676	353,928,828	282,413,676
EBL Child Future Plan account	94,049,715	20,148,150	94,049,715	20,148,150
EBL Millionaire Scheme	83,162,019	-	83,162,019	-
SME Equity Builder account	119,105,258	49,726,765	119,105,258	49,726,765
	2,912,381,586	2,158,897,969	2,912,381,586	2,158,897,969
	<b>16,923,994,211</b>	<b>14,080,165,001</b>	<b>16,923,994,211</b>	<b>14,080,165,001</b>
<b>12.4 Fixed deposits</b>				
Special notice deposits (SND) account	31,561,726,862	16,377,750,289	31,561,726,862	16,377,885,940
Term deposits account	57,581,111,546	50,273,847,889	57,581,111,546	50,273,847,889
RFCD account	2,214,528	1,128,474	2,214,528	1,128,474
NFCD account	348,235,982	353,001,555	348,235,982	353,001,555
Term deposit - Offshore banking unit	17,356,946	-	17,356,946	-
	89,510,645,864	67,005,728,207	89,510,645,864	67,005,863,858
Elimination of intra-group balance	(30,798,311)	(345,942,101)	-	-
	<b>89,479,847,553</b>	<b>66,659,786,106</b>	<b>89,510,645,864</b>	<b>67,005,863,858</b>
<b>12.5 Issuance of Bearer Certificate of Deposits was stopped as per BRPD circular No. 09 dated 20 October 2002. These are considered now as Matured Deposits and taken under other deposits.</b>				
<b>12.a Deposits from banks-inside Bangladesh</b>				
Other than banks	1,188,456,427	3,988,480	1,188,456,427	3,988,480
	115,848,384,741	91,430,902,224	115,913,251,753	91,776,979,976
	<b>117,036,841,168</b>	<b>91,434,890,704</b>	<b>117,101,708,180</b>	<b>91,780,968,457</b>
<b>12.a.1 Deposits from banks</b>				
<b>In special notice deposit accounts with</b>				
Janata Bank Limited	42,998	42,176	42,998	42,176
Meghna Bank Limited	6,526,216	-	6,526,216	-
Mercantile Bank Limited	21,390	21,596	21,390	21,596
National Bank Limited	149,785	144,101	149,785	144,101
NRB Bank Limited	1,173,141,631	-	1,173,141,631	-
NRB Commercial Bank Limited	4,294,876	-	4,294,876	-
Dhaka Bank Limited	-	91,580	-	91,580
One Bank Limited	3,828,204	3,652,497	3,828,204	3,652,497
Southeast Bank Limited	445,397	29,639	445,397	29,639
Standard Bank Limited	5,929	6,891	5,929	6,891
	<b>1,188,456,427</b>	<b>3,988,480</b>	<b>1,188,456,427</b>	<b>3,988,480</b>
<b>12.b Deposits on the basis of significant concentration</b>				
<b>12.b.1 Sector - wise concentration of Deposits and other accounts</b>				
Government sector	874,959,460	1,247,801,451	874,959,460	1,247,801,451
Other public sector	11,407,834,768	8,644,134,884	11,407,834,768	8,644,134,884
Private sector	104,754,046,940	81,542,954,369	104,818,913,952	81,889,032,121
	<b>117,036,841,168</b>	<b>91,434,890,704</b>	<b>117,101,708,180</b>	<b>91,780,968,457</b>
<b>12.b.2 Business segment - wise concentration of Deposits and other accounts</b>				
Corporate	47,675,671,083	32,233,027,218	47,740,538,096	32,579,104,971
Offshore Banking Unit	17,356,946	889,185	17,356,946	889,185
SME	6,544,420,656	5,339,748,691	6,544,420,656	5,339,748,691
Consumer	62,009,848,999	52,994,907,647	62,009,848,999	52,994,907,647
Others- Bills Payables	789,543,484	866,317,963	789,543,484	866,317,963
	<b>117,036,841,168</b>	<b>91,434,890,704</b>	<b>117,101,708,180</b>	<b>91,780,968,457</b>

	Note	Consolidated		Bank	
		2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>12.c Residual maturity grouping of Deposits</b>					
<b>From banks</b>					
<i>Payable:</i>					
On demand		-	-	-	-
Within one month		1,188,456,427	3,988,480	1,188,456,427	3,988,480
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		-	-	-	-
		<b>1,188,456,427</b>	<b>3,988,480</b>	<b>1,188,456,427</b>	<b>3,988,480</b>
<b>From other than banks</b>					
<i>Payable:</i>					
On demand		920,829,160	655,660,176	920,829,160	655,660,176
Within one month		18,121,613,991	17,479,258,152	18,129,486,243	17,521,258,100
In more than one month but less than six months		21,916,380,831	20,617,697,416	21,920,889,761	20,641,753,409
In more than six months but less than one year		31,048,493,222	22,097,914,771	31,061,280,943	22,166,139,675
In more than one year but within five years		41,971,544,262	28,867,737,374	42,011,242,371	29,079,534,281
In more than five years but within ten years		1,869,523,275	1,712,634,335	1,869,523,275	1,712,634,335
		<b>115,848,384,741</b>	<b>91,430,902,224</b>	<b>115,913,251,753</b>	<b>91,776,979,976</b>
		<b>117,036,841,168</b>	<b>91,434,890,704</b>	<b>117,101,708,180</b>	<b>91,780,968,457</b>
Unclaimed deposit aging 10 years or more		<b>704,844</b>	<b>5,538,548</b>	<b>704,844</b>	<b>5,538,548</b>
<b>13 Other liabilities</b>					
Privileged creditors	13.1	326,317,939	313,858,624	326,317,939	313,858,624
Acquirer liabilities	13.2	140,446,893	110,425,213	140,446,893	110,425,213
Sundry creditors		162,963,981	158,912,998	162,963,981	158,912,998
Security deposit		17,539,750	18,256,912	17,539,750	18,256,912
Current tax liability/(assets)	13.3	1,480,961,079	1,367,000,453	1,475,061,768	1,349,456,697
Provision for loans and advances- other than Offshore	13.4	3,476,553,016	2,857,162,569	3,476,553,017	2,857,162,569
Provision for loans and advances - Offshore		97,013,933	92,805,394	97,013,933	92,805,394
Interest suspense account	13.5	672,910,943	665,254,434	672,910,943	665,254,434
Provision for other assets	13.6	68,802,170	21,463,790	47,856,113	21,463,790
Provision for loss on revaluation of shares (net)	13.7	874,335,895	724,346,229	860,046,096	724,346,229
Advance interest/commission received		20,378,400	30,902,907	20,378,400	30,902,907
Expenses payable		317,020,422	223,545,831	317,020,422	223,545,831
Interest payable on borrowing including Offshore	13.8	105,847,548	131,683,819	105,847,548	131,683,819
Inter branch and inter system accounts		40,703	266,802	40,703	266,802
Advance export proceeds		356,956,828	235,510,785	356,956,828	235,510,785
Miscellaneous payable	13.09	172,581,260	166,002,875	172,581,260	166,002,875
Other liabilities-offshore banking unit	13.10	11,507	97,469	11,507	97,469
Other liabilities of subsidiaries	13.11	197,133,021	84,431,504	-	-
		<b>8,487,815,290</b>	<b>7,201,928,608</b>	<b>8,249,547,103</b>	<b>7,099,953,348</b>
<b>13.1 Privileged creditors</b>					
Three major categories of government dues are reported. Tax deducted at source, VAT and Excise duty payable to govt. exchequer.					
Tax deducted at source (TDS)		175,791,724	164,210,462	175,791,724	164,210,462
VAT deducted at source (VDS)		35,016,205	35,573,822	35,016,205	35,573,822
Excise duty deducted from customer accounts		115,510,011	114,074,340	115,510,011	114,074,340
		<b>326,317,939</b>	<b>313,858,624</b>	<b>326,317,939</b>	<b>313,858,624</b>
<b>13.2 Acquirer liabilities</b>					
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 includes 'Acquirer Cash' which is a liability to relevant parties arisen due to withdrawal of cash by EBL cardholders from Q-Cash/VISA ATMs (Not owned by EBL):					
Prepaid card liability		12,333,364	49,746,214	12,333,364	49,746,214
Travel card liability		17,035,102	16,635,128	17,035,102	16,635,128
Credit card liability		30,824,266	12,381,203	30,824,266	21,904,839
Acquirer cash and other liabilities		80,254,161	31,662,668	80,254,161	22,139,032
		<b>140,446,893</b>	<b>110,425,213</b>	<b>140,446,893</b>	<b>110,425,213</b>

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>13.3 Current tax liability/(assets)</b>				
<b>Provision for tax</b>				
Opening balance	2,589,515,621	2,283,165,841	2,556,953,823	2,227,932,951
Settlement/adjustments for previous years	(2,273,937,989)	(1,912,390,084)	(2,250,237,736)	(1,857,354,128)
Provision for tax made during the year	13.3.1 2,626,486,626	2,218,739,865	2,589,787,489	2,186,375,000
	<b>2,942,064,258</b>	<b>2,589,515,621</b>	<b>2,896,503,576</b>	<b>2,556,953,823</b>
<b>Balance of income tax paid</b>				
Opening balance	1,222,515,168	977,678,738	1,207,497,126	943,863,641
Settlement/adjustments for previous years	(2,259,433,709)	(1,894,920,660)	(2,250,237,736)	(1,857,354,128)
Paid during the year	13.3.2 2,498,021,720	2,139,757,091	2,464,182,418	2,120,987,614
	<b>1,461,103,179</b>	<b>1,222,515,168</b>	<b>1,421,441,808</b>	<b>1,207,497,126</b>
	<b>1,480,961,079</b>	<b>1,367,000,453</b>	<b>1,475,061,768</b>	<b>1,349,456,697</b>
13.3.1 Provision for tax made during the year	13.3.1.a 2,626,486,626	2,218,739,865	2,589,787,489	2,186,375,000
	<b>2,626,486,626</b>	<b>2,218,739,865</b>	<b>2,589,787,489</b>	<b>2,186,375,000</b>
<b>13.3.1.a Income tax expenses/Provision for tax</b>				
Current tax expenses				
Current year	2,556,925,675	2,218,820,213	2,525,924,753	2,186,375,000
Adjustment for prior year	69,560,951	(80,348)	63,862,736	-
Total income tax expenses	<b>2,626,486,626</b>	<b>2,218,739,865</b>	<b>2,589,787,489</b>	<b>2,186,375,000</b>
<b>13.3.2 Income tax paid during the year</b>				
Withholding tax deducted at source	143,612,157	104,328,880	127,932,097	92,631,583
Advance tax paid in cash	2,354,409,563	2,035,428,211	2,336,250,321	2,028,356,031
Advance income tax paid	<b>2,498,021,720</b>	<b>2,139,757,091</b>	<b>2,464,182,418</b>	<b>2,120,987,614</b>
	<b>2013</b>		<b>2012</b>	
	<b>%</b>	<b>Taka</b>	<b>%</b>	<b>Taka</b>
<b>13.3.3 Reconciliation of effective tax rate</b>				
Profit before income tax as per profit and loss account		4,835,746,967		4,219,614,091
Income Tax using the domestic corporate tax rate (@ 42.5%)	42.5%	2,070,540,840	42.5%	1,793,335,989
<b>Factors affecting the tax charge for current year</b>				
Non deductible expenses	11.02%	533,042,961	12.90%	544,394,351
Tax exempt income	-0.84%	(40,847,278)	-2.31%	(97,456,921)
Tax savings from reduced tax rates from dividend	-0.39%	(18,951,391)	-0.49%	(20,663,738)
Tax savings from reduced tax rates from capital gain	-0.37%	(17,860,362)	-0.87%	(36,524,278)
Tax incentives	-	-	-	-
Recognition of previously unrecognized tax losses	-	-	-	-
Adjustment for last year	1.32%	63,862,718	0.08%	3,289,598
Total income tax expenses	<b>53.24%</b>	<b>2,589,787,489</b>	<b>51.81%</b>	<b>2,186,375,000</b>
<b>13.4 Provision for loans and advances - other than OBU</b>				
A) Specific provision against loans and advances				
Opening balance	1,387,320,825	866,437,600	1,387,320,825	866,437,600
Fully provided debt written off during the year	(274,781,701)	(325,001,027)	(274,781,701)	(325,001,027)
Recovery from loans previously written off	110,434,318	117,394,950	110,434,318	117,394,950
Specific provision for the year	13.4.1 706,268,210	728,489,302	706,268,210	728,489,302
Provision released or no longer required	-	-	-	-
Provision held at the end of the year	<b>1,929,241,652</b>	<b>1,387,320,825</b>	<b>1,929,241,652</b>	<b>1,387,320,825</b>
Required provision as per relevant BRPD circular of BB	1,912,041,652	1,379,320,825	1,912,041,652	1,379,320,825
Surplus/ (Shortage)	<b>17,200,000</b>	<b>8,000,000</b>	<b>17,200,000</b>	<b>8,000,000</b>
B) General provision against unclassified loans and advances				
Opening balance	982,329,576	1,086,208,985	982,329,576	1,086,208,985
Provision made during the year for loans and advances	13.4.1 16,646,282	(103,879,409)	16,646,282	(103,879,409)
Provision held at the end of the year	<b>998,975,858</b>	<b>982,329,576</b>	<b>998,975,858</b>	<b>982,329,576</b>
Required provision as per relevant BRPD circular of BB	998,602,451	982,329,576	998,602,451	982,329,576
Surplus/ (Shortage)	<b>373,406</b>	<b>-</b>	<b>373,406</b>	<b>-</b>

Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
C) General provision against contingent assets (1%)				
Opening balance	487,512,168	390,927,388	487,512,168	390,927,388
Provision during the year for contingent assets	60,823,339	96,584,780	60,823,339	96,584,780
Provision held at the end of the year	<b>548,335,507</b>	<b>487,512,168</b>	<b>548,335,507</b>	<b>487,512,168</b>
Required provision as per relevant BRPD circular of BB	548,335,507	487,512,168	548,335,507	487,512,168
Surplus/ (Shortage)	-	-	-	-
Total (A+B+C)	<b>3,476,553,016</b>	<b>2,857,162,569</b>	<b>3,476,553,017</b>	<b>2,857,162,569</b>

**13.4.1 Provision for loans and advances charged during the year**

	Bank		2013	2012
	Main Operation	OBU	Total	Total
General Provision for UC loans & advances	16,646,282	6,794,671	23,440,953	(73,112,971)
General Provision for Contingent liabilities	60,823,339	(115,706)	60,707,633	97,005,930
General Provision charged during the year	77,469,621	6,678,965	84,148,586	23,892,959
Specific Provision	816,702,528	-	816,702,528	845,884,252
Recovery from loans previously written off	(110,434,318)	-	(110,434,318)	(117,394,950)
Specific Provision (net) charged during the year	706,268,210	-	706,268,210	728,489,302
Total Provision for loans and advances charged during the year	<b>783,737,831</b>	<b>6,678,965</b>	<b>790,416,796</b>	<b>752,382,261</b>

**13.4.2 Calculation of provision for loans and advances as per CL**

Nature	Outstanding Taka	Interest suspense Taka	Eligible securities Taka	Base for provision Taka	Required Provision Taka	Actual provision Taka	Surplus / (shortage) Taka
Standard	97,096,473,158	162,788,958	-	97,096,473,158	1,078,467,277	1,078,840,684	373,407
SMA	879,979,652	4,878,250	-	879,979,652	16,436,933	16,436,933	-
SS	479,766,825	31,638,134	38,278,234	410,346,615	82,069,323	82,069,323	-
DF	193,344,322	19,831,133	4,522,500	171,054,181	85,527,091	102,727,091	17,200,000
BL	3,024,119,923	453,774,468	884,838,815	1,744,445,238	1,744,445,238	1,744,445,238	-
Staff loan	1,236,535,067	-	-	-	-	-	-
<b>Total Loans</b>	<b>102,910,218,947</b>	<b>672,910,943</b>	<b>927,639,548</b>	<b>100,302,298,844</b>	<b>3,006,945,862</b>	<b>3,024,519,269</b>	<b>17,573,407</b>
Contingent liabilities	54,904,763,066	-	-	54,904,763,066	549,047,631	549,047,631	-
<b>Total</b>	<b>157,814,982,013</b>	<b>672,910,943</b>	<b>927,639,548</b>	<b>155,207,061,910</b>	<b>3,555,993,492</b>	<b>3,573,566,899</b>	<b>17,573,407</b>
<b>Provision for unclassified loans and advances - OBU</b>					(97,013,883)	(97,013,883)	-
<b>Provision for loans and advances (excluding OBU)</b>					<b>3,458,979,609</b>	<b>3,476,553,016</b>	<b>17,573,407</b>

**13.5 Interest suspense account**

Opening balance	665,254,434	352,951,006	665,254,434	352,951,006
Amount transferred during the year	816,898,158	1,116,758,008	816,898,158	1,116,758,008
Amount recovered during the year	(761,838,170)	(743,161,059)	(761,838,170)	(743,161,059)
Amount written off during the year	(47,403,479)	(61,293,521)	(47,403,479)	(61,293,521)
Balance at the end of the year	<b>672,910,943</b>	<b>665,254,434</b>	<b>672,910,943</b>	<b>665,254,434</b>

**13.6 Provision for other assets**

Opening balance	21,463,790	8,313,675	21,463,790	8,313,675
Provision made during the year	47,338,380	13,150,115	26,392,323	13,150,115
Adjustment made during the year	-	-	-	-
	<b>68,802,170</b>	<b>21,463,790</b>	<b>47,856,113</b>	<b>21,463,790</b>

**13.7 Provision for revaluation of shares**

Opening balance	724,346,229	273,322,488	724,346,229	273,322,488
Provision made during the year	149,989,751	478,773,309	135,699,952	478,773,309
Adjustment made during the year	(85)	(27,749,567)	(85)	(27,749,567)
	<b>874,335,895</b>	<b>724,346,229</b>	<b>860,046,096</b>	<b>724,346,229</b>

Provision has been kept on unrealized loss (gain net off) according to DOS Circular No. 4 dated 24 November 2011.



Note	Consolidated		Bank	
	2013 Taka	2012 Taka	2013 Taka	2012 Taka
<b>13.8 Interest Payable on Borrowing including Offshore</b>				
Interest payable on Borrowing	85,898,168	95,439,164	85,898,168	95,439,164
Interest payable on Borrowing-Offshore	29,032,894	36,244,655	26,180,188	36,244,655
	114,931,062	131,683,819	112,078,356	131,683,819
Elimination of Intra-group transactions	(9,083,514)	-	(6,230,807)	-
	<b>105,847,548</b>	<b>131,683,819</b>	<b>105,847,548</b>	<b>131,683,819</b>
<b>13.09 Miscellaneous payable</b>				
Sale of savings certificate and WEDB	22,852,092	15,174,914	22,852,092	15,174,914
Unclaimed instruments	2,279,574	2,329,574	2,279,574	2,329,574
Other liabilities	147,449,594	148,498,387	147,449,594	148,498,387
	<b>172,581,260</b>	<b>166,002,875</b>	<b>172,581,260</b>	<b>166,002,875</b>
<b>13.10 Other liabilities-Offshore banking unit</b>				
Sundry creditors	11,507	97,469	11,507	97,469
	<b>11,507</b>	<b>97,469</b>	<b>11,507</b>	<b>97,469</b>
<b>13.11 Other liabilities of subsidiaries</b>				
Accounts payable	156,111,837	76,864,037		
Liabilities for expenses	8,575,947	7,927,608		
Others liabilities	38,376,197	44,546,000		
Bank overdraft	840,327,596	654,886,483		
	<b>1,043,391,577</b>	<b>784,224,128</b>		
Elimination of Intra-group transactions				
Rent & others	(5,612,917)	(4,488,400)		
Share trading account	(318,043)	(417,741)		
Interim dividend receivable	-	(40,000,000)		
Bank overdraft	(840,327,596)	(654,886,483)		
	<b>(846,258,556)</b>	<b>(699,792,624)</b>		
Net other liabilities	<b>197,133,021</b>	<b>84,431,504</b>		
<b>13.a Nostro Reconciliation</b>	<b>As per our book (GL)</b>		<b>As per their book (statement)</b>	
	<b>Debit (USD)</b>	<b>Credit (USD)</b>	<b>Debit (USD)</b>	<b>Credit (USD)</b>
Up to three months	1,945,263	2,414,224	1,606,063	12,854,745
More than three months but less than six months	-	19,860	-	-
More than six months but less than nine months	-	-	-	-
More than nine months but less than twelve months	-	-	-	-
More than twelve months	-	-	-	-
Total	<b>1,945,263</b>	<b>2,434,085</b>	<b>1,606,063</b>	<b>12,854,745</b>

\* The Bank is not required to keep provision regarding the unreconciled debit balance as at balance sheet date since there was no debit entry aging more than three months.

<b>14 Share Capital</b>						
<b>A) Authorized capital</b>						
1,200,000,000 ordinary shares of Tk 10 each			<b>12,000,000,000</b>	<b>12,000,000,000</b>	<b>12,000,000,000</b>	<b>12,000,000,000</b>
<b>B) Issued, subscribed and fully paid up capital</b>	<b>2013 (Nos.)</b>	<b>2012 (Nos.)</b>				
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 as bonus share	481,834,785	481,834,785	4,818,347,850	4,818,347,850	4,818,347,850	4,818,347,850
	<b>611,179,785</b>	<b>611,179,785</b>	<b>6,111,797,850</b>	<b>6,111,797,850</b>	<b>6,111,797,850</b>	<b>6,111,797,850</b>

#### 14.1 Slab wise list as on 31 December 2013

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 BCCI Reconstruction Scheme 1992, 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 6,111,797,850 divided into 611,179,785 ordinary shares of Tk 10 each. Subject to above conditions the break up of issued, subscribed and paid up capital of Tk 6,111,797,850 as on 31 December 2013 is as follows:

**Percentage of group wise shareholdings:**

Shareholders' group	2013			2012		
	No. of shares	(%) of share holding	Taka	No of Shares	(%) of shareholding	Taka
Directors	192,923,886	31.57%	1,929,238,860	192,923,886	31.57%	1,929,238,860
General Public	348,023,246	56.94%	3,480,232,460	342,083,464	55.97%	3,420,834,640
Financial Institutions	70,232,653	11.49%	702,326,530	76,172,435	12.46%	761,724,350
<b>Total</b>	<b>611,179,785</b>	<b>100.00%</b>	<b>6,111,797,850</b>	<b>611,179,785</b>	<b>100.00%</b>	<b>6,111,797,850</b>

Status of shareholding (shares of EBL) as on 31 December 2013 by CEO, CFO, Head of Internal Control and Compliance, Company Secretary and top five salaried executives is shown in the following table:

**CEO, CS, CFO & HoICC and their spouses & minor children.**

Name	Designation	Shareholding position (Nos)
Ali Reza Iftekhhar (with his spouse & minor children)	Managing Director & CEO	146,893
Safiar Rahman (with his spouse & minor children)	SEVP & Company Secretary	-
Akhtar Kamal Talukder (with his spouse & minor children)	SEVP & Head of Internal Control and Compliance	24,940
Masudul Hoque Sardar (with his spouse & minor children)	VP & Head of Finance	-

**Executives (Top five salaried employees other than CEO, CS, CFO & HoICC)**

Hassan O. Rashid	Deputy Managing Director	101,000
Sami Karim	SEVP & Head of Special Assets Management	-
S M Akhtaruzzaman Chowdhury	SEVP & Head of Operations	-
Md. Khurshed Alam	EVP & Head of SME	-
Md. Abdul Hakim	EVP & Unit Head, Corporate Banking Unit- 02	-

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 shareholding
001-500	10,149	1,769,030	0.29%
501-5,000	5,888	9,501,256	1.55%
5,001-10,000	559	3,917,659	0.64%
10,001-20,000	301	4,098,069	0.67%
20,001-30,000	122	2,974,971	0.49%
30,001-40,000	61	2,087,417	0.34%
40,001-50,000	57	2,557,467	0.42%
50,001-100,000	101	7,216,255	1.18%
100,001-1,000,000	204	63,758,290	10.43%
1,000,001 and above	71	513,299,371	83.99%
<b>Total</b>	<b>17,513</b>	<b>611,179,785</b>	<b>100.00%</b>

14.2	Capital adequacy ratio (BASEL II)	Note	Consolidated		Bank		
			2013	2012	2013	2012	
<b>Tier – I (Core capital)</b>							
	Paid up capital		6,111,797,850	6,111,797,850	6,111,797,850	6,111,797,850	
	Statutory reserve		5,362,423,626	4,395,274,232	5,362,423,626	4,395,274,232	
	General reserve		130,000,000	160,000,000	130,000,000	160,000,000	
	Dividend equalization reserve		356,040,000	356,040,000	356,040,000	356,040,000	
	Retained earnings		1,392,342,034	1,348,849,899	1,284,904,684	1,208,643,175	
	Non controlling interest		-	-	-	-	
			<b>13,352,603,509</b>	<b>12,371,961,981</b>	<b>13,245,166,159</b>	<b>12,231,755,257</b>	
<b>Tier –II (Supplementary capital)</b>							
	General provision against UC loans and contingent assets		1,644,325,298	1,562,647,138	1,644,325,298	1,562,647,138	
	Revaluation Reserve for Securities up to 50%		29,986,046	6,926,686	29,986,046	6,926,686	
	Assets Revaluation Reserves up to 50%		1,844,747,775	1,844,747,775	1,844,747,775	1,844,747,775	
			<b>3,519,059,119</b>	<b>3,414,321,599</b>	<b>3,519,059,119</b>	<b>3,414,321,599</b>	
<b>Tier –III (Additional Supplementary capital)</b>							
	A. Total capital		<b>16,871,662,628</b>	<b>15,786,283,580</b>	<b>16,764,225,278</b>	<b>15,646,076,856</b>	
	B. Total risk weighted assets		140,480,991,676	129,635,173,574	140,278,788,379	129,812,217,605	
	C. Required capital based on risk weighted assets (10% on B)		14,048,099,168	12,963,517,357	14,027,878,838	12,981,221,761	
	D. Surplus/(deficiency) [A - C]		<b>2,823,563,460</b>	<b>2,822,766,223</b>	<b>2,736,346,440</b>	<b>2,664,855,096</b>	
<b>Capital adequacy ratio</b>							
			<b>Minimum requirement</b>	<b>Consolidated</b>	<b>Bank (Solo)</b>		
			<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	
	On core capital	5%	5%	9.50%	9.54%	9.44%	9.42%
	On supplementary capital	Not specified	Not specified	2.51%	2.63%	2.51%	2.63%
	On additional supplementary capital	Not specified	Not specified	-	-	-	-
	<b>On total capital</b>	<b>10%</b>	<b>10%</b>	<b>12.01%</b>	<b>12.18%</b>	<b>11.95%</b>	<b>12.05%</b>
15	<b>Statutory Reserve</b>						
	Opening balance		4,395,274,232	3,551,351,414	4,395,274,232	3,551,351,414	
	Transferred from profit during the year		967,149,393	843,922,818	967,149,393	843,922,818	
	Closing balance		<b>5,362,423,625</b>	<b>4,395,274,232</b>	<b>5,362,423,625</b>	<b>4,395,274,232</b>	
16	<b>Dividend equalization reserve</b>						
	According to BRPD Circular No. 18 dated 20 October 2002, in case of declaring cash dividend at a higher rate i.e., beyond 20% , a sum equal to the amount of dividend in excess of 20% shall have to be transferred to the Dividend Equalization Account which shall be treated as 'Core Capital' of the bank.						
17	<b>Reserve against Pre-takeover loss</b>						
	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 pre take over loss (Note-18).						
18	<b>Pre-take over loss</b>						
	Assets and liabilities of erstwhile BCCI which were not previously considered while calculating 'Pre-take over loss' and were reported with similar class of assets and liabilities of EBL, have been bundled with 'Pre-take over loss' during 2008 with retrospective effect in 2007.						
	Opening balance		(952,794,813)	(787,204,238)	(952,794,813)	(787,204,238)	
	Recoveries/adjustment during the year		(20,283,906)	(165,590,574)	(20,283,906)	(165,590,574)	
	Closing balance		<b>(973,078,718)</b>	<b>(952,794,812)</b>	<b>(973,078,718)</b>	<b>(952,794,812)</b>	
19	<b>Assets revaluation reserve</b>						
	Opening balance		3,689,495,550	2,651,941,750	3,689,495,550	2,651,941,750	
	Addition during the year	19.1	-	1,037,553,800	-	1,037,553,800	
	<b>Closing balance</b>		<b>3,689,495,550</b>	<b>3,689,495,550</b>	<b>3,689,495,550</b>	<b>3,689,495,550</b>	

## 19.1

Location	Area of Land	Acquisition Date	Carrying value as at 01-01-2013 (Revalued Amount)	WDV as at 31-12-2013 (Revalued Amount)	Revaluation surplus booked during this year	Revaluation Surplus booked in previous years
1. Plot 364/A, Block: E, Bashundhara R/A, Dhaka	132 decimal	27/07/2008	640,000,000	640,000,000	-	333,400,000
2. Plot 19, Block: A, Bashundhara R/A, Dhaka	8.25 decimal	04/11/2009	87,500,000	87,500,000	-	35,081,837
3. Purbachol, Kaliganj, Gazipur.	140.5 decimal	11/09/2007	106,439,393	106,439,393	-	71,772,743
4. Plot 05, Block: CES (A), New 100 Gulshan Avenue, Dhaka	43.312 decimal	20/11/2002	2,624,969,697	2,624,969,697	-	2,529,344,747
5. 33, Agrabad, Chittagong	22.17 decimal	17/02/1983	671,818,181	671,818,181	-	671,818,181
6. Polash Bari, Ashulia, Savar, Dhaka	626.50 decimal	20/11/2011	501,200,000	501,200,000	-	48,078,042
			<b>4,631,927,271</b>	<b>4,631,927,271</b>	<b>-</b>	<b>3,689,495,550</b>

Above revaluation reserves are related to only land component and no deferred tax has been recognised on the basis that taxes paid at the time of land registration are final discharge of related tax liability.

	Note	Consolidated		Bank	
		2013	2012	2013	2012
<b>20 Reserve for amortization of treasury securities (HTM)</b>					
Opening balance		98,740	3,793	98,740	3,793
Addition during the year		728,895	94,947	728,895	94,947
Adjustment made during the year		-	-	-	-
Closing balance		<b>827,635</b>	<b>98,740</b>	<b>827,635</b>	<b>98,740</b>
As per instruction/circular of Bangladesh Bank (DOS circular Letter No 05 dated 26 May 2008).					
<b>21 Reserve for revaluation of treasury securities (HFT)</b>					
Opening balance		13,754,631	409,033,635	13,754,631	409,033,635
Addition during the year		219,437,165	47,110,062	219,437,165	47,110,062
Adjustment made during the year		(173,219,705)	(442,389,066)	(173,219,705)	(442,389,066)
Closing balance		<b>59,972,091</b>	<b>13,754,631</b>	<b>59,972,091</b>	<b>13,754,631</b>
<b>22 General Reserve</b>					
Opening balance		160,000,000	160,000,000	160,000,000	160,000,000
Transferred to Retained Earnings		(30,000,000)	-	(30,000,000)	-
Closing balance		<b>130,000,000</b>	<b>160,000,000</b>	<b>130,000,000</b>	<b>160,000,000</b>
<b>23 Reserve against Non-banking assets</b>					
Opening balance		204,427,796	233,527,796	204,427,796	233,527,796
Amount transferred during the year		-	-	-	-
Adjustment made during the year		(25,456,631)	(29,100,000)	(25,456,631)	(29,100,000)
Closing balance		<b>178,971,165</b>	<b>204,427,796</b>	<b>178,971,165</b>	<b>204,427,796</b>
<b>24 Foreign currency translation difference: [gain/(loss)]</b>					
Assets and liabilities of OBU and EBL Finance (HK) Ltd. have been presented into Taka (which is functional currency of the Bank) using year end standard mid rate of exchange of the Bank @ USD 1 = BDT 77.75 and HKD 1 = BDT 10.0774. Yearly incomes and expenses are translated using monthly average exchange rate (USD 1 = BDT 78.0987 & HKD 1 = BDT 10.1174). The net cumulative result of the exchange differences has been presented separately as equity component as per BAS 21 (para 39).					
<b>25 Retained Earnings</b>					
Opening balance		1,722,111,302	1,769,737,547	1,581,904,578	1,735,266,868
Profit for the year		2,535,094,458	2,392,730,023	2,567,863,832	2,235,100,710
Transfer to statutory reserve		(967,149,394)	(843,922,818)	(967,149,394)	(843,922,818)
Transfer from General Reserve		30,000,000	-	30,000,000	-
Cash Dividend		(1,222,359,570)	(1,584,540,185)	(1,222,359,570)	(1,584,540,180)
FX adjustment for transferring OBU Profit		(10,189,003)	-	(10,189,003)	-
Dividend received from subsidiary		-	-	-	40,000,000
Adjustment of non controlling interest	25.1	-	(11,893,266)	-	-
Closing balance		<b>2,087,507,790</b>	<b>1,722,111,302</b>	<b>1,980,070,442</b>	<b>1,581,904,578</b>



	Note	Consolidated		Bank	
		2013	2012	2013	2012
<b>25.1</b> This figure represents Retained Earnings (RE) of EBLSL (40%) during the 2nd half of 2011 which was considered as noncontrolling interest (NCI) while reported on 31 December 2011. Since acquisition was done on the basis of 30 June 2011, and bargain purchase gain was considered thereon, this RE of NCI has been adjusted with RE balance of 2012.					
<b>26 Contingent liabilities</b>					
Acceptance and endorsements	26.1	26,827,594,612	26,450,629,146	26,827,594,612	26,450,629,146
Letters of guarantee	26.2	12,515,097,423	10,054,243,019	12,515,097,423	10,054,243,019
Irrevocable letters of credit	26.3	15,562,071,032	12,329,127,919	15,562,071,032	12,329,127,919
Bills for collection	26.4	5,110,318,370	4,199,088,283	5,110,318,372	4,199,088,283
		<b>60,015,081,437</b>	<b>53,033,088,366</b>	<b>60,015,081,437</b>	<b>53,033,088,366</b>
<b>26.1 Acceptance and endorsements</b>					
Acceptances		8,513,585,832	7,135,006,250	8,513,585,832	7,135,006,250
Acceptances-(ULC-Cash)		18,297,887,144	19,294,568,247	18,297,887,144	19,294,568,247
		<b>26,811,472,976</b>	<b>26,429,574,496</b>	<b>26,811,472,976</b>	<b>26,429,574,496</b>
Acceptances-Offshore Banking Unit		16,121,636	21,054,649	16,121,636	21,054,649
		<b>26,827,594,612</b>	<b>26,450,629,146</b>	<b>26,827,594,612</b>	<b>26,450,629,146</b>
<b>26.2 Letters of guarantees</b>					
Directors		192,900	980,260	192,900	980,260
Government		471,496,327	484,095,727	471,496,327	484,095,727
Banks and other financial institutions		4,180,310,717	4,167,611,023	4,180,310,717	4,167,611,023
Others (Customers etc.)		7,863,097,479	5,401,556,009	7,863,097,479	5,401,556,009
		<b>12,515,097,423</b>	<b>10,054,243,019</b>	<b>12,515,097,423</b>	<b>10,054,243,019</b>
Letter of guarantee-Offshore Banking Unit		-	-	-	-
		<b>12,515,097,423</b>	<b>10,054,243,019</b>	<b>12,515,097,423</b>	<b>10,054,243,019</b>
<b>26.2.1</b> A case was filed by Eastern Bank Limited, successor of BCCI Overseas Limited against National Bank Ltd (NBL) for issuing guarantee at Artha Rin Adalat - 3, Dhaka, which has been decreed against NBL on 04 January 2004 for Tk 27,366,450 plus interest @ 18% p.a. amounting to Tk 45,565,139 from 01 October 1994 to 31 December 2003 making an aggregate amount of Tk 72,931,589. Against the decreed amount, NBL has made an appeal against the order which is still pending with the Honorable High Court, Dhaka. Before filing the appeal NBL had paid Tk 13,683,225 to the court being 50% of the principal decreed amount.					
<b>26.3 Irrevocable letters of credit</b>					
Letters of credit (LC)- Cash sight		3,524,404,110	3,079,465,675	3,524,404,110	3,079,465,675
Letters of credit (LC)- Cash Usance		7,035,251,168	4,551,213,399	7,035,251,168	4,551,213,399
Letters of credit (LC)- Back to Back		4,947,325,031	4,636,720,476	4,947,325,031	4,636,720,476
		<b>15,506,980,309</b>	<b>12,267,399,550</b>	<b>15,506,980,309</b>	<b>12,267,399,550</b>
Letter of credit-Offshore Banking Unit		55,090,723	61,728,368	55,090,723	61,728,368
		<b>15,562,071,032</b>	<b>12,329,127,919</b>	<b>15,562,071,032</b>	<b>12,329,127,919</b>
<b>26.4 Bills for collection</b>					
Local Documentary Bills Purchased (LDBC)		2,525,412,218	2,502,886,996	2,525,412,218	2,502,886,996
Foreign Documentary Bills Purchased (FDBC)		2,140,536,966	1,263,839,382	2,140,536,966	1,263,839,382
Margin on Bills Purchase		444,369,186	432,361,905	444,369,186	432,361,905
		<b>5,110,318,370</b>	<b>4,199,088,283</b>	<b>5,110,318,370</b>	<b>4,199,088,283</b>
Bills for collection- Offshore Banking Unit		-	-	-	-
		<b>5,110,318,370</b>	<b>4,199,088,283</b>	<b>5,110,318,370</b>	<b>4,199,088,283</b>
<b>26.5 Workers' profit participation fund (WPPF)</b>					
As per Bangladesh Labour Act 2006 and SRO no. 336/Law/2010, all companies falling within the scope of WPPF are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. Bank obtained opinion from its legal advisor on this issue which stated that EBL is not required to make provision for WPPF as Banks are not within the scope of WPPF. As such the Bank did not make any provision during the year for WPPF.					
<b>27 Interest income</b>					
Interest on advances		13,405,739,995	11,997,476,291	13,245,321,775	11,926,079,521
Interest on money at call and short notice		91,782,626	475,771,082	91,782,626	475,771,082
Interest on placement with other banks and Financial Institutions		992,502,514	906,954,962	992,502,514	906,954,962
Interest on foreign currency balances		77,393,390	6,957,817	77,393,390	6,957,817
Interest income-offshore		486,172,006	464,808,821	479,764,766	464,808,821
		<b>15,053,590,531</b>	<b>13,851,968,973</b>	<b>14,886,765,071</b>	<b>13,780,572,203</b>
Elimination of Intra-group/company transactions		(194,134,663)	(107,362,624)	(79,608,182)	(82,349,385)
		<b>14,859,455,868</b>	<b>13,744,606,348</b>	<b>14,807,156,889</b>	<b>13,698,222,818</b>

	Note	Consolidated		Bank	
		2013	2012	2013	2012
<b>28 Interest paid on deposits and borrowings</b>					
Interest on deposits	28.1	8,700,843,534	7,619,010,461	8,601,567,611	7,619,010,461
Interest on borrowings from Banks & FIs	28.2	630,448,371	753,670,798	627,584,341	753,670,798
Interest on borrowings from BB	28.3	466,181,326	445,134,602	466,181,326	445,134,602
Interest on Margin		3,301,360	3,452,437	3,301,360	3,452,437
Interest paid on deposits and borrowings-offshore banking unit		296,571,556	145,181,727	296,571,556	145,181,727
		10,097,346,147	8,966,450,025	9,995,206,194	8,966,450,025
<i>Elimination of Intra-group/company transactions</i>		(194,134,663)	(107,362,624)	(79,608,182)	(82,349,385)
		<b>9,903,211,484</b>	<b>8,859,087,401</b>	<b>9,915,598,012</b>	<b>8,884,100,640</b>
<b>28.1 Interest on deposits</b>					
Interest on Savings Deposits		844,041,627	687,782,816	844,041,627	687,782,816
Interest on Short Notice Deposits		2,109,913,745	1,518,174,264	2,010,637,822	1,518,174,264
Interest on Term Deposits		5,746,888,162	5,413,053,382	5,746,888,162	5,413,053,382
		<b>8,700,843,534</b>	<b>7,619,010,461</b>	<b>8,601,567,611</b>	<b>7,619,010,461</b>
<b>28.2 Interest on borrowings from Banks &amp; FIs</b>					
Interest on demand borrowing		400,468,551	487,994,822	400,468,551	487,994,822
Interest on term borrowing		229,979,820	265,675,976	227,115,790	265,675,976
		<b>630,448,371</b>	<b>753,670,798</b>	<b>627,584,341</b>	<b>753,670,798</b>
<b>28.3 Interest on borrowings from BB</b>					
Repo with BB		86,118,397	71,563,392	86,118,397	71,563,392
Repo with BB against ALS		88,193,630	127,438,931	88,193,630	127,438,931
Borrowings under IPFF		66,960,459	63,877,734	66,960,459	63,877,734
Borrowings under EDF		74,276,472	42,188,219	74,276,472	42,188,219
Refinancing for Agrobased Industries		42,764,222	46,060,988	42,764,222	46,060,988
Refinancing Agribusiness - Revolving		97,976,544	91,431,379	97,976,544	91,431,379
Second Crop Diversification Project		9,458,270	2,169,516	9,458,270	2,169,516
SME Foundation		433,332	404,443	433,332	404,443
		<b>466,181,326</b>	<b>445,134,602</b>	<b>466,181,326</b>	<b>445,134,602</b>
<b>29 Income from Investments</b>					
Dividend on shares					
Ordinary shares		38,555,570	49,863,071	36,657,570	49,926,334
Preference shares		8,570,833	1,912,500	8,570,833	1,912,500
		47,126,403	51,775,571	45,228,403	51,838,834
Interim dividend from Subsidiaries	29.1	-	-	39,000,000	40,000,000
Interest on Reverse REPO		50,720,176	256,559,103	50,720,176	256,559,103
Interest on debentures		188,973	2,443,288	188,973	2,443,288
Interest on bonds-Treasury		1,672,908,556	839,921,569	1,672,908,556	839,921,569
Interest on bills-Treasury		440,317,062	174,208,628	440,317,062	174,208,628
Interest on bonds- Corporate		30,977,600	42,171,111	30,977,600	42,171,111
Gain from trading in Govt. securities		96,111,242	120,574,616	96,111,242	120,574,616
Gain/ (loss) on reclassification/revaluation of treasury securities (HFT)*		(359,558,704)	(145,423,775)	(359,558,704)	(145,423,775)
Gain or (loss) on shares traded in secondary market		65,161,062	112,308,484	54,954,959	112,308,484
		<b>2,043,952,370</b>	<b>1,454,538,594</b>	<b>2,070,848,267</b>	<b>1,494,601,857</b>
*As per instruction/circular of Bangladesh Bank (DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications.					
<b>29.1</b>	The Board of Directors of EBL Investments Limited approved in its 3rd AGM an interim cash dividend of Tk. 39,000,000 (approx 13.00%) for the year 2012 .				
<b>30 Commission, exchange and brokerage</b>					
Fees, commission and charges		1,790,422,931	1,513,106,953	1,787,160,193	1,508,001,320
Exchange gain net off exchange losses		558,301,841	756,843,202	557,867,362	756,843,202
Brokerage		64,510,586	54,399,517	-	-
Commission, exchange and brokerage-offshore		18,448,007	35,067,218	12,289,760	35,067,218
		<b>2,431,683,365</b>	<b>2,359,416,890</b>	<b>2,357,317,315</b>	<b>2,299,911,740</b>
<b>31 Other operating income</b>					
Rebate earnings		54,618,412	42,135,373	54,618,412	42,135,373
Postage charges recovered		14,848,291	10,850,518	14,848,291	10,850,518
Swift & Telex charges		49,637,473	33,547,991	49,637,473	33,547,991

Note	Consolidated		Bank	
	2013	2012	2013	2012
Service charges related to trade operations	7,026,274	7,868,208	7,026,274	7,868,208
Locker rent	11,377,105	10,005,850	11,377,105	10,005,850
Gain on sale of fixed assets	388,082	4,710,392	388,082	4,710,392
Other earnings	10,915,811	9,528,207	10,572,002	8,250,562
Other operating income-offshore	1,181,101	988,022	1,181,101	988,022
	<b>149,992,549</b>	<b>119,634,560</b>	<b>149,648,740</b>	<b>118,356,915</b>

Commission, fees and charges received against export and export related services are VAT exempted as per service code S056 of SRO 188-AIN/2012/646-MUSHAK, dated 07 June 2012.

### 32 Salary and allowances

Basic salary		619,418,136	544,278,198	603,657,903	535,576,900
Other salary & allowances		961,863,321	869,418,385	947,622,332	860,717,087
Festival bonus		97,975,100	92,293,557	97,975,100	89,194,592
Performance bonus		143,106,206	119,000,000	139,000,000	119,000,000
Bank's contribution to provident fund		56,454,832	50,422,143	56,454,832	50,422,143
Contribution to gratuity fund	32.1	105,313,974	87,283,352	105,313,974	87,283,352
Contribution to superannuation fund	32.2	13,484,798	8,488,539	13,484,798	8,488,539
		<b>1,997,616,366</b>	<b>1,771,184,174</b>	<b>1,963,508,938</b>	<b>1,750,682,613</b>

#### 32.1 Contribution to gratuity fund

Provision to gratuity fund was made as per actuarial valuation report of the fund as on 30 September 2012. Valuation was carried out on "Projected unit credit method" as recommended by 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	559,009,000
Value of fund	262,969,641
<b>Surplus/(Deficit)</b>	<b>(296,039,359)</b>

##### Required contribution rates

Past service	3.20%
Future service	14.00%
Of the total basic payroll	17.20%

The above percentages apply to the basic payroll of all employees who are entitled to receive 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	175,163,000
Value of fund	262,969,641
<b>Surplus/(Deficit)</b>	<b>87,806,641</b>

Finally, actuary recommended that with effect from 1 October 2012 a contribution of at least 17.20% 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.

#### 32.1.a Contribution to Gratuity fund during the year

<b>Basic payroll for December 2013</b>	<b>612,290,548</b>
Required contribution during the year (17.20% on basic payroll)	105,313,974
Maintained during the year	105,313,974
<b>Surplus/(Deficit)</b>	<b>-</b>

Note	Consolidated		Bank	
	2013	2012	2013	2012

### 32.2 Contribution to superannuation fund

Provision to superannuation fund was made as per actuarial valuation report of the fund as on 30 September 2012. Valuation was carried out on "Projected unit credit method" as recommended by 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	148,324,000
Value of fund	74,874,149
<b>Deficit</b>	<b>73,449,851</b>

#### Required contribution rates

Past service	0.40%
Future service	1.00%
Of the total admissible benefit	<b>1.40%</b>

##### 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.

Value of liabilities	52,339,000
Value of fund	74,874,149
<b>Deficit/(Surplus)</b>	<b>(22,535,149)</b>

The actuary recommended a contribution of at least 1.40% of total admissible benefits into the fund until the next actuarial investigation is carried out.

### 32.2.a Contribution to Superannuation fund during the year

Total Admissible benefits as per actuarial valuation	963,200,000
Required contribution during the year	13,484,798
(1.40% on admissible benefits)	
Maintained during the year	13,484,798
<b>Surplus/(Deficit)</b>	<b>-</b>

### 33 Rent, taxes, insurance, utilities etc.

Rents, rates and taxes - Premises & Equipments	288,907,747	230,720,564	275,918,280	225,419,673
Insurance premium	79,925,202	64,522,315	79,888,924	64,507,947
Utilities (except telecommunication)	68,863,942	61,022,428	67,430,744	60,017,385
	<b>437,696,891</b>	<b>356,265,307</b>	<b>423,237,948</b>	<b>349,945,005</b>

### 34 Legal & professional expenses

Legal & professional expenses	31,651,385	34,542,437	31,533,885	33,949,597
Other legal expenses	19,307,546	5,436,236	19,307,546	5,436,236
	<b>50,958,931</b>	<b>39,978,673</b>	<b>50,841,431</b>	<b>39,385,833</b>

### 35 Postage, stamp, telecommunication etc.

Telephone -office	25,940,927	17,228,032	25,786,450	17,228,032
Lan, Wan, Swift and Telex	54,793,984	57,061,811	52,506,732	55,752,011
Postage & courier	24,723,836	23,161,341	23,400,462	23,161,341
Stamp & court fees	1,099,851	310,585	1,091,206	306,955
	<b>106,558,598</b>	<b>97,761,769</b>	<b>102,784,849</b>	<b>96,448,339</b>

### 36 Stationery, printing, advertisement, etc.

Printing and stationery	77,981,156	62,306,932	77,369,319	62,093,454
Publicity and advertisement	156,279,089	148,359,356	155,975,026	148,343,449
	<b>234,260,245</b>	<b>210,666,288</b>	<b>233,344,345</b>	<b>210,436,903</b>



	Note	Consolidated		Bank	
		2013	2012	2013	2012
<b>37 Managing Director's salary and allowances (Bank only)</b>					
Basic salary		8,632,645	7,644,361	8,632,645	7,644,361
Allowances		4,182,420	4,080,000	4,182,420	4,080,000
Bonus		2,477,600	2,293,600	2,477,600	2,293,600
Bank's contribution to provident fund		863,265	764,436	863,265	764,436
		<b>16,155,930</b>	<b>14,782,397</b>	<b>16,155,930</b>	<b>14,782,397</b>
<b>38 Directors' fees &amp; expenses</b>					
Meeting attendance fees		1,211,000	1,135,000	1,130,000	1,105,000
Other expenses		1,872,587	1,824,483	1,872,587	1,824,483
		<b>3,083,587</b>	<b>2,959,483</b>	<b>3,002,587</b>	<b>2,929,483</b>
Each director of bank is paid for Tk. 5,000/- per board meeting and per committee meeting.					
<b>39 Audit Fees</b>					
Statutory audit fees for the year		873,609	443,478	400,000	350,000
VAT on audit fees (15%)		78,000	66,522	60,000	52,500
		<b>951,609</b>	<b>510,000</b>	<b>460,000</b>	<b>402,500</b>
<b>40 Repairs, maintenance and depreciation</b>					
<b>Depreciation: ( Annexure 'A' &amp; 'A1')</b>					
Buildings		15,478,968	9,948,156	15,478,968	9,948,156
Machinery and equipment		96,808,758	95,956,939	96,205,726	95,276,690
Computer and network equipment		49,108,037	43,350,906	48,292,175	42,730,609
Vehicles		14,362,338	14,564,565	14,160,992	14,363,219
Furniture and fixtures & leased assets		32,471,739	28,702,401	30,966,395	27,759,287
Software		25,961,840	9,441,734	25,598,419	9,139,938
		<b>234,191,680</b>	<b>201,964,701</b>	<b>230,702,675</b>	<b>199,217,899</b>
<b>Repairs and maintenance</b>					
Machinery & equipments		60,970,081	45,038,756	59,756,192	44,347,372
Vehicles		5,014,032	7,121,961	5,014,032	7,121,961
Furniture and fixtures		19,056,494	11,839,213	19,056,494	11,839,213
Rented premises- general		38,774,670	69,103,461	38,378,211	69,077,060
Rented premises-electricity & lighting		16,826,691	31,117,733	16,826,691	31,117,733
Software maintenance		66,720,176	57,554,074	66,504,298	57,289,414
		207,362,144	221,775,197	205,535,918	220,792,752
<b>Total</b>		<b>441,553,824</b>	<b>423,739,898</b>	<b>436,238,593</b>	<b>420,010,651</b>
<b>41 Other expenses</b>					
Card expenses		107,815,950	86,549,512	107,815,950	86,549,512
Business travelling & conveyance		51,670,451	54,707,768	51,375,019	53,390,034
Bank charges		13,988,670	11,687,260	13,857,547	11,652,397
Donation		6,147,525	5,172,410	6,147,525	5,172,410
Fees and subscriptions		3,973,241	3,390,385	3,589,344	3,372,067
Books, periodicals and publications		861,228	520,338	850,688	448,468
Cartage/freight		800,308	1,563,379	800,308	1,563,379
Recruitment and training expenses		17,588,935	18,284,693	17,525,935	18,264,218
Entertainment & recreation		65,094,976	47,764,533	64,436,345	47,188,898
Uniform and liveries		4,520,844	2,854,587	4,520,844	2,854,587
Petty expenses and other losses		603,890	242,547	603,890	242,547
Office securities		106,906,035	79,655,507	106,324,373	79,357,938
Direct sales team (DST) expenses		42,161,667	25,268,029	42,161,667	25,268,029
Collection and contact point verification expense		10,487,769	11,666,832	10,487,769	11,666,832
Share transfer expenses (for stock dividend)		90,000	4,210,000	90,000	4,210,000
AGM expenses		4,798,594	4,709,519	4,798,594	4,709,519
Auction Notice & Share trading expenses		1,140,863	445,504	1,140,863	445,504
Miscellaneous w/off & Loss on sale of FA		-	172,794	-	172,794
Other operating expenses-OBU		15,015,875	21,520,057	15,015,875	21,520,057
Other expenses of subsidiaries	41.1	11,948,206	10,435,004	-	-
		<b>465,615,029</b>	<b>390,820,658</b>	<b>451,542,538</b>	<b>378,049,190</b>
<b>41.1 Other expenses of subsidiaries</b>					
Petty expenses		265,546	451,716		
CDBL Charges		42,310	2,937,903		
Registration & renewal		217,131	384,853		
Guarantee premium		1,725,000	1,725,000		
Laga & Howla Charge		5,042,710	4,299,576		
Deferred revenue expenses (written off)		206,620	156,620		

	Note	Consolidated		Bank	
		2013	2012	2013	2012
Bad Debts		2,438,477	-		
Preliminary expenses		1,438,379	-		
Other administration expenses		572,033	479,336		
		<b>11,948,206</b>	<b>10,435,004</b>		
<b>42 Other non operating income</b>					
Gain from bargain purchase	42.1	-	103,473,610		
		<b>-</b>	<b>103,473,610</b>		
<b>42.1 Gain from bargain purchase</b>					
Net assets of the subsidiary at acquisition		-	33,351,862		
Fair value adjustment		-	553,794,000		
A. Fair value of net assets		-	587,145,862		
B. Purchase consideration for the subsidiary		-	479,900,000		
Bargain Purchase gain (A-B) *		-	107,245,862		
C. Purchase gain recognised at the time of 60% acquisition *		-	3,772,252		
<b>Net purchase gain for remaining 40% acquisition *</b>		<b>-</b>	<b>103,473,610</b>		

Bargain purchase gain was derived and treated following guidelines provided in paragraph 32, 33 and 34 of BFRS 3.

<b>43 Other provision</b>					
Provision against other assets	13.6	47,338,380	13,150,115	26,392,323	13,150,115
Loss on revaluation of shares	13.7	149,989,751	478,773,309	135,699,952	478,773,309
		<b>197,328,131</b>	<b>491,923,424</b>	<b>162,092,275</b>	<b>491,923,424</b>
<b>44 Deferred tax income (net)</b>					
Deferred tax income	9.12.a	330,093,994	254,367,269	330,093,994	254,367,269
Deferred tax expense	9.12.b	(8,189,641)	(12,505,650)	(8,189,641)	(12,505,650)
		<b>321,904,353</b>	<b>241,861,619</b>	<b>321,904,353</b>	<b>241,861,619</b>

#### 45 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 2013 as per BAS- 33 "Earnings Per Share". Diluted earning per share was not required to calculate as there were no dilution possibilities during the year.

		Consolidated		Bank	
		2013	2012	2013	2012
<b>A Weighted average number of shares :</b>					
Number of shares in 2012 before bonus share issued		-	452,725,767	-	452,725,767
Bonus share issued in 2012 (35%)		-	158,454,018	-	158,454,018
Number of shares outstanding in 2013		611,179,785	-	611,179,785	-
Weighted average number of shares		<b>611,179,785</b>	<b>611,179,785</b>	<b>611,179,785</b>	<b>611,179,785</b>
<b>B Earnings Per Share (EPS) :</b>					
Profit attributable to the shareholders of EBL for the year		2,535,094,456	2,392,730,025	2,567,863,831	2,275,100,710
Weighted average number of shares		611,179,785	611,179,785	611,179,785	611,179,785
Earnings per share (EPS)		<b>4.15</b>	<b>3.91</b>	<b>4.20</b>	<b>3.72</b>

#### 46 Changes in other assets

##### Opening Balance:

DSE Membership	553,800,000	349,000,000	-	-
CSE Membership	201,500,000	-	-	-
Receivable from subsidiaries	-	-	47,097,400	37,996,186
Other assets of subsidiaries	34,299,423	31,065,875	-	-
Stock of stationeries	16,148,228	16,212,646	16,148,228	16,212,646
Stamps on hand	1,734,226	1,593,297	1,734,226	1,593,297
Advance to staff for expenses	489,000	311,549	489,000	311,549
Suspense account	5,120,648	7,719,869	5,120,648	7,719,869
Security deposits-govt. agencies	2,257,801	1,921,825	2,257,801	1,921,825
Interest and dividend receivables	473,930,637	365,562,525	473,930,637	365,562,525
Sundry receivables	108,604,461	239,510,816	108,604,461	239,510,816
Advance rent	300,001,498	252,920,861	300,001,498	252,920,861

	Consolidated		Bank	
	2013	2012	2013	2012
Prepayments and advance to vendors	269,946,879	394,130,405	262,706,223	394,130,404
Deferred tax assets	376,486,990	134,625,371	376,486,990	134,625,371
Bangladesh Bank clearing account	22,788,981	1,822,390	22,788,981	1,822,390
Prepaid expenses- Offshore Banking Unit	10,990,449	10,210,587	10,990,449	10,210,588
	<b>2,378,099,221</b>	<b>1,806,608,016</b>	<b>1,628,356,541</b>	<b>1,464,538,327</b>
<b>Closing Balance:</b>				
DSE Membership	553,800,000	553,800,000	-	-
CSE Membership	201,500,000	201,500,000	-	-
Receivable from subsidiaries	-	-	5,612,917	47,097,400
Other assets of subsidiaries	17,300,375	34,299,423	-	-
Stock of stationeries	14,532,435	16,148,228	14,532,435	16,148,228
Stamps on hand	3,820,980	1,734,226	3,820,980	1,734,226
Advance to staff for expenses	238,491	489,000	238,491	489,000
Suspense account	5,266,159	5,120,648	5,266,159	5,120,648
Security deposits-govt. agencies	2,457,801	2,257,801	2,257,801	2,257,801
Interest and dividend receivables	755,949,181	473,930,637	758,801,887	473,930,637
Sundry receivables	225,645,517	108,604,461	225,645,517	108,604,461
Advance rent	333,964,153	300,001,498	333,964,153	300,001,498
Prepayments and advance to vendors	167,734,063	269,946,879	164,130,751	262,706,223
Deferred tax assets	698,391,343	376,486,990	698,391,343	376,486,990
Bangladesh Bank clearing account	-	22,788,981	-	22,788,981
Prepaid expenses- Offshore Banking Unit	-	10,990,449	-	10,990,449
	<b>2,980,600,498</b>	<b>2,378,099,221</b>	<b>2,212,662,434</b>	<b>1,628,356,541</b>
<b>Net changes in other assets</b>	<b>(602,501,278)</b>	<b>(571,491,205)</b>	<b>(584,305,893)</b>	<b>(163,818,214)</b>

#### 47 Changes in other liabilities

##### Opening balances

Privileged creditors	313,858,624	202,929,150	313,858,624	202,862,900
Acquirer liabilities	110,425,213	230,261,579	110,425,213	230,261,579
Sundry creditors	158,912,998	127,523,117	158,912,998	127,523,117
Security deposit	18,256,912	18,669,666	18,256,912	18,669,666
Current tax liability/(assets)	1,367,000,453	1,305,487,103	1,349,456,697	1,284,069,311
Provision for loans and advances- other than Offshore	2,857,162,569	2,343,573,973	2,857,162,569	2,343,573,973
Provision for loans and advances - Offshore	92,805,394	63,817,276	92,805,394	63,817,276
Interest suspense account	665,254,434	352,951,006	665,254,434	352,951,006
Provision for other assets	21,463,790	8,313,675	21,463,790	8,313,675
Provision for loss on revaluation of shares (net)	724,346,229	273,322,488	724,346,229	273,322,488
Advance interest/commission received	30,902,907	28,119,144	30,902,907	28,119,144
Expenses payable	223,545,831	222,978,067	223,545,831	222,978,067
Interest payable on borrowing including Offshore	131,683,819	199,236,547	131,683,819	199,236,547
Inter branch and inter system accounts	266,802	488,604	266,802	488,604
Advance export proceeds	235,510,785	540,406,862	235,510,785	540,406,862
Miscellaneous payable	166,002,875	206,123,307	166,002,875	206,123,307
Conversion balance	-	148,614	-	148,614
Other liabilities-offshore banking unit	97,469	81,807,446	97,469	81,807,446
Other liabilities of subsidiaries	84,431,504	109,248,914	-	-
	<b>7,201,928,608</b>	<b>6,315,406,538</b>	<b>7,099,953,348</b>	<b>6,184,673,580</b>

##### Closing balances

Privileged creditors	326,317,939	313,858,624	326,317,939	313,858,624
Acquirer liabilities	140,446,893	110,425,213	140,446,893	110,425,213
Sundry creditors	162,963,981	158,912,998	162,963,981	158,912,998
Security deposit	17,539,750	18,256,912	17,539,750	18,256,912
Current tax liability/(assets)	1,480,961,079	1,367,000,453	1,475,061,768	1,349,456,697
Provision for loans and advances- other than Offshore	3,476,553,016	2,857,162,569	3,476,553,017	2,857,162,569
Provision for loans and advances - Offshore	97,013,933	92,805,394	97,013,933	92,805,394
Interest suspense account	672,910,943	665,254,434	672,910,943	665,254,434
Provision for other assets	68,802,170	21,463,790	47,856,113	21,463,790
Provision for loss on revaluation of shares (net)	874,335,895	724,346,229	860,046,096	724,346,229
Advance interest/commission received	20,378,400	30,902,907	20,378,400	30,902,907
Expenses payable	316,068,813	223,545,831	316,560,422	223,545,831
Interest payable on borrowing including Offshore	86,242,086	131,683,819	86,242,086	131,683,819
Inter branch and inter system accounts	40,703	266,802	40,703	266,802
Advance export proceeds	356,956,828	235,510,785	356,956,828	235,510,785
Miscellaneous payable	172,581,260	166,002,875	172,581,260	166,002,875

	Consolidated		Bank	
	2013	2012	2013	2012
Other liabilities-offshore banking unit	11,507	97,469	11,507	97,469
Other liabilities of subsidiaries	197,133,021	84,431,504	-	-
	<b>8,467,258,218</b>	<b>7,201,928,608</b>	<b>8,229,481,640</b>	<b>7,099,953,348</b>
<b>Net changes in other liability</b>	<b>1,265,329,609</b>	<b>886,522,070</b>	<b>1,129,528,292</b>	<b>915,279,768</b>

#### 48 Events after the reporting period

The Board of Directors of Eastern Bank Limited in 527 Board Meeting held on 27 February 2014 recommended Cash Dividend @ 20% on the holding of shares i.e. (Tk. 2 against each share of Tk. 10) on the record date ( 11 March 2014) for the year 2013. The amount of recommended cash dividend is Tk. 1,222,359,570.



# Eastern Bank Limited and its subsidiaries

## Consolidated schedule of Fixed Assets

As at 31 December 2013

Figures in Taka

Particulars	Cost				Accumulated Depreciation				Net book value at 31 December 2013
	Balance on 01 January 2013	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2013	Balance on 01 January 2013	Charge for the year	On disposals during the year	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
<b>Tangible assets:</b>									
Land	4,636,946,781	-	540,981,697	-	5,177,928,478	-	-	-	5,177,928,478
Building	462,801,908	-	268,039,682	-	730,841,590	16,942,002	15,478,968	-	698,420,620
Building under construction	201,326,929	-	178,577,684	-	379,904,613	-	-	-	379,904,613
Machinery and Equipment	484,137,953	-	70,566,042	(2,176,923)	552,527,072	296,282,202	96,808,758	(2,176,852)	161,612,963
Computer and Network Equipment	327,100,189	-	51,188,084	(7,551,018)	370,737,255	216,021,929	49,108,037	(7,551,359)	113,158,647
Vehicles	106,586,251	-	3,513,848	(58,500)	110,041,599	59,919,814	14,362,338	(58,499)	35,817,946
Furniture and fixtures & Leased Assets under Finance Lease	399,625,955	-	30,148,750	(339,410)	429,435,295	217,329,762	32,471,739	(328,687)	179,962,480
<b>Intangible assets:</b>									
Software	200,453,715	-	20,298,843	-	220,752,558	33,351,638	25,961,840	-	161,439,080
<b>At 31 December 2013</b>	<b>6,818,979,680</b>	<b>-</b>	<b>1,163,314,630</b>	<b>(10,125,851)</b>	<b>7,972,168,459</b>	<b>839,847,348</b>	<b>234,191,680</b>	<b>(10,115,397)</b>	<b>1,063,923,631</b>

As at 31 December 2012

Particulars	Cost				Balance at 31 December 2012	Accumulated Depreciation			Net book value at 31 December 2012
	Balance on 01 January 2012	Revaluation Reserve	Additions during the year	Disposals during the year		Balance on 01 January 2012	Charge for the year	On disposals during the year	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	
<b>Tangible assets:</b>									
Land	3,594,373,470	1,037,553,800	5,019,511	-	4,636,946,781	-	-	-	4,636,946,781
Building	307,099,220	-	155,702,688	-	462,801,908	6,993,846	9,948,156	-	445,859,906
Building under construction	31,298,489	-	170,028,439	-	201,326,929	-	-	-	201,326,929
Machinery and Equipment	386,801,750	-	115,181,893	(17,845,691)	484,137,953	218,315,868	95,956,939	(17,725,711)	187,590,857
Computer and Network Equipment	293,222,115	-	33,878,074	-	327,100,189	172,404,329	43,350,906	-	111,344,954
Vehicles	96,986,201	-	16,896,300	(7,296,250)	106,586,251	52,651,496	14,564,565	(7,296,247)	46,666,437
Furniture and fixtures & Leased Assets under Finance Lease	360,751,811	-	42,956,122	(4,081,980)	399,625,955	191,919,707	28,702,401	(3,290,544)	182,294,392
<b>Intangible assets:</b>									
Software	92,527,305	-	107,926,409	-	200,453,714	23,909,905	9,441,734	-	167,102,075
<b>At 31 December 2012</b>	<b>5,163,060,361</b>	<b>1,037,553,800</b>	<b>647,589,437</b>	<b>(29,223,921)</b>	<b>6,818,979,680</b>	<b>666,195,151</b>	<b>201,964,701</b>	<b>(28,312,502)</b>	<b>5,979,132,331</b>

# Eastern Bank Limited

## Schedule of Fixed Assets

As at 31 December 2013

Figures in Taka

Particulars	Cost				Accumulated Depreciation			Net book value at 31 December 2013	
	Balance on 01 January 2013	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2013	Balance on 01 January 2013	Charge for the year	On disposals during the year	Balance at 31 December 2013
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
<b>Tangible assets:</b>									
Land	4,636,946,781	-	540,981,697	-	5,177,928,478	-	-	-	5,177,928,478
Building	462,801,908	-	268,039,682	-	730,841,590	16,942,002	15,478,968	-	698,420,620
Building under construction	201,326,929	-	178,577,684	-	379,904,613	-	-	-	379,904,613
Machinery and Equipment	479,640,206	-	70,482,109	(2,176,923)	547,945,392	293,993,108	96,205,726	(2,176,844)	159,923,402
Computer and Network Equipment	323,986,704	-	49,714,665	(7,551,018)	366,150,351	214,675,262	48,292,175	(7,550,916)	110,733,829
Vehicles	105,243,946	-	3,513,848	(58,500)	108,699,294	59,178,855	14,160,992	(58,499)	35,417,946
Furniture and fixtures & Leased Assets under Finance Lease	393,338,526	-	27,764,144	(339,410)	420,763,260	214,552,838	30,966,395	(326,576)	175,570,603
<b>Intangible assets:</b>									
Software	198,441,734	-	19,448,843	-	217,890,577	32,797,920	25,598,419	-	159,494,238
<b>At 31 December 2013</b>	<b>6,801,726,734</b>	<b>-</b>	<b>1,158,522,672</b>	<b>(10,125,851)</b>	<b>7,950,123,555</b>	<b>832,139,986</b>	<b>230,702,675</b>	<b>(10,112,835)</b>	<b>1,052,729,826</b>

As at 31 December 2012

Particulars	Cost				Accumulated Depreciation			Net book value at 31 December 2012	
	Balance on 01 January 2012	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2012	Balance on 01 January 2012	Charge for the year	On disposals during the year	Balance at 31 December 2012
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
<b>Tangible assets:</b>									
Land	3,594,373,470	1,037,553,800	5,019,511	-	4,636,946,781	-	-	-	4,636,946,781
Building	307,099,220	-	155,702,688	-	462,801,908	6,993,846	9,948,156	-	445,859,906
Building under construction	31,298,489	-	170,028,439.9	-	201,326,929	-	-	-	201,326,929
Machinery and Equipment	382,304,003	-	115,181,893	(17,845,691)	479,640,206	216,442,129	95,276,690	(17,725,711)	185,647,098
Computer and Network Equipment	290,120,630	-	33,866,074	-	323,986,704	171,944,653	42,730,609	-	109,311,442
Vehicles	95,643,896	-	16,896,300	(7,296,250)	105,243,946	52,111,883	14,363,219	(7,296,247)	46,065,091
Furniture and fixtures & Leased Assets under Finance Lease	354,464,383	-	42,956,122	(4,081,980)	393,338,526	190,084,095	27,759,287	(3,290,544)	178,785,690
<b>Intangible assets:</b>									
Software	90,515,325	-	107,926,409	-	198,441,734	23,657,983	9,139,938	-	32,797,921
<b>At 31 December 2012</b>	<b>5,145,819,416</b>	<b>1,037,553,800</b>	<b>647,577,437</b>	<b>(29,223,921)</b>	<b>6,801,726,734</b>	<b>661,234,589</b>	<b>199,217,899</b>	<b>(28,312,502)</b>	<b>832,139,986</b>

# Eastern Bank Limited

## Schedule of Fixed Assets Disposals

As at 31 December 2013

Date	Particulars	Cost	Accumulated Depreciation	Net book value	Sales Value	Tax & VAT	Gain/(Loss)	Mode of Disposal	Buyer/ Highest bidder
		Taka	Taka	Taka	Taka	Taka	Taka		
9/4/2013	Motor Cycle Hero Honda (Reg# Moulvibazar-A-02-0390)	58,500	58,499	1	8,720	720	7,999	Open Tender	Md. Mominul Islam
8/7/2013	Furniture & Equipments	766,720	766,631	89	78,262	6,462	71,711	Open Tender	M/S Al Madina Trading
24/7/2013	Computer & Equipments	5,671,882	5,671,739	143	223,682	20,131	203,408	Open Tender	M/S Nadim Enterprise
24/7/2013	Computer & Equipments	3,616,000	3,615,963	37	115,385	10,384	104,964	Open Tender	BORLAND Computers
							-		
<b>Grand Total: Gain/(Loss)</b>		<b>10,113,102</b>	<b>10,112,832</b>	<b>270</b>	<b>426,049</b>	<b>37,697</b>	<b>388,082</b>		

# Eastern Bank Limited and its subsidiaries

## Balance with other Banks and Financial Institutions (Consolidated)

As at 31 December 2013

“Annexure-B”

### Outside Bangladesh - (note-4.2)

Name of Banks and FIs	Currency Name	2013			2012		
		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.
In demand deposit account (non interest bearing) with :							
AB Bank Limited, Mumbai	USD	225,450	77.75	17,528,763	386,721	79.85	30,879,671
Al-Rajhi Bank, KSA	SAR	15,000	20.73	310,967	20,000	21.29	425,854
Bank of Bhutan, Bhutan	USD	9,671	77.75	751,886	18,495	79.85	1,476,829
Citibank N. A., Mumbai	USD	2,241	77.75	174,247	22,241	79.85	1,775,951
Citibank N. A., Newyork	USD	-	-	-	5,116,191	79.85	408,527,305
Commerz Bank AG, Frankfurt, Germany	EURO	451	106.83	48,131	928,446	105.58	98,022,963
Commerz Bank AG, Frankfurt, Germany - OBU	EURO	-	-	-	98,466	105.58	10,395,830
Deutsche Bank AG, Frankfurt, Germany-OBU	EURO	192,749	106.83	20,591,092	-	-	-
Habib American Bank, New York	USD	243,563	77.75	18,937,045	165,620	79.85	13,224,728
HSBC - New york, USA	USD	-	-	-	2,245,661	79.85	179,315,817
ICICI Bank Mumbai	USD	445,439	77.75	34,632,888	283,999	79.85	22,677,273
JP Morgan Chase Bank, Germany	EUR	169,456	106.83	18,102,761	-	-	-
JP Morgan Chase Bank N.A., London	GBP	119,745	128.09	15,338,543	256,352	129.13	33,101,586
JP Morgan Chase Bank N.A., NY	USD	538,897	77.75	41,899,254	659,125	79.85	52,631,090
JP Morgan Chase Bank NA, Sydney	AUD	109,391	68.93	7,539,839	17,829	82.80	1,476,295
Mashreqbank, Newyork	USD	390,367	77.75	30,350,998	531,660	79.85	42,453,033
National Commercial Bank, KSA	SAR	-	-	-	137,451	21.29	2,926,708
Nepal Bangladesh Bank Ltd., Kathmandu	USD	22,752	77.75	1,768,950	70,014	79.85	5,590,632
NIB Bank Limited, Karachi	USD	424,346	77.75	32,992,933	12,680	79.85	1,012,460
Nordea Bank, Norway	NOK	65,226	12.65	825,270	64,325	14.29	919,113
Standard Chartered Bank, New york - OBU	USD	639,411	77.75	49,714,222	1,256,012	79.85	100,292,457
Standard Chartered Bank, Colombo	USD	64,676	77.75	5,028,556	6,619	79.85	528,562
Standard Chartered Bank, Frankfurt	EURO	53,561	106.83	5,721,847	42,730	105.58	4,511,346
Standard Chartered Bank, Kolkata	USD	218,404	77.75	16,980,944	507,043	79.85	40,487,357
Standard Chartered Bank, New york	USD	-	-	-	1,787,373	79.85	142,721,537

Name of Banks and FIs	Currency Name	2013			2012		
		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.
Standard Chartered Bank, Singapore	SGD	16,615	61.28	1,018,142	20,729	65.26	1,352,858
The Bank of Nova Scotia, Toronto	CAD	6,401	72.60	464,716	12,935	80.14	1,036,605
The Bank of Tokyo Mitsuishi, Kolkata	USD	6,737	77.75	523,802	6,737	79.85	537,949
The Bank of Tokyo Mitsuishi, London	GBP	115,657	128.09	14,814,901	272,936	129.13	35,242,895
The Bank Toykyo Mitsuishi, Tokyo	JPY	2,315,051,898	0.74	1,711,517,868	5,382,964	0.95	5,087,978
Wachovia Bank NA	USD	331,341	77.75	25,761,727	-	-	-
Wells Fargo Bank, N.A. New York	USD	-	-	-	1,619,844	79.85	129,344,388
Zurcher Kantonal Bank, Zurich, Switzerland	CHF	26,169	87.20	2,282,041	17,767	87.47	1,554,080
HSBC, Hongkong-HKD (EBL Finance HK Limited)	HKD	298,200	10.08	3,005,081	-	-	-
HSBC, Hongkong-USD (EBL Finance HK Limited)	USD	548,619	77.75	42,655,130	-	-	-
<b>Total</b>				<b>2,121,282,542</b>			<b>1,369,531,149</b>

## Borrowing from Banks and Financial Institutions (Consolidated)

As at 31 December 2013

“Annexure-B1”

Outside Bangladesh - (note-11.2)

Name of Banks and FIs	Currency Name	2013			2012		
		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.
Standard Chartered Bank, New York	USD	370,034	77.75	28,770,154	-	-	-
Citibank N A, Newyork	USD	1,229,485	77.75	95,592,430	-	-	-
HSBC, New York	USD	37,917	77.75	2,948,078	-	-	-
National Commercial Bank, Jeddah, KSA	SAR	1,049	20.73	21,742	-	-	-
Deutsche Trust Company Americas, New York	USD	155,089	77.75	12,058,160	-	-	-
JP Morgan Chase Bank FR, Germany	EURO	-	-	-	57,151	105.58	6,033,829
Banca Ubae Spa, Spain	USD	5,000,000	77.75	388,750,000	-	-	-
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	USD	16,000,000	77.75	1,244,000,000	20,000,000	79.85	1,596,998,000
International Finance Corporation (IFC)	USD	30,000,000	77.75	2,332,500,000	30,000,000	79.85	2,395,497,000
FMO Netherland	USD	20,000,000	77.75	1,555,000,000	-	-	-
United Bank Limited, Dubai	USD	-	-	-	3,000,000	79.85	239,549,700
<b>Total</b>				<b>5,659,640,564</b>			<b>4,238,078,529</b>



# Eastern Bank Limited

## Related party disclosures

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related party informations are given below.

### I) Directors' interest in different entities

Name of Directors	Status with the Bank	Name of the firms/companies in which they have interests	Status	Percentage of holding/ interest in the concern
M. Ghaziul Haque	Chairman	Andes Limited	Chairman	14.03%
		MGH Logistics Pvt. Ltd	Chairman	5.00%
		MGH Holdings Ltd.	Chairman	20.00%
		MGH Global Airlines Ltd. (BD) Port management ser. Ltd.	Chairman	1.02%
		Peninsular Shipping Services Ltd.	Chairman	20.00%
		MGH Restaurants Pvt. Ltd.	Chairman	5.00%
		Aquamarine Distributions Ltd.	Chairman	1.00%
		Galileo Bangladesh Ltd.	Chairman	20.00%
		Renaissance Aviation Services Ltd.	Chairman	25.00%
		One World Aviation Services Ltd.	Chairman	20.00%
		RAS Holdings Ltd.	Chairman	5.00%
		ITSA- Total Logistics Ltd.	Chairman	3.33%
		Transmarine Logistics Ltd.	Chairman	25.00%
		Total Transportation Ltd.	Chairman	0.01 %
		Tricom Global Logistics Ltd.	Chairman	10.00%
		Global Freight Ltd.	Chairman	0.20%
		International Brands Ltd.	Chairman	0.01%
		Integrated Transportation Services Ltd.	Chairman	0.50%
		Emirates Shipping Lines Bangladesh Ltd.	Chairman	51.22%
		Radio Foorti Ltd.	Chairman	5.00%
		Portlink Logistics Centre Ltd.	Chairman	0.02%
Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director	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%
		Mir Akther Hossain Ltd.	MD	18.00%
		Mir Ceramic Ltd.	MD	87.77%
		Mir Telecom Ltd.	MD	20.00%
		Mir Holdings Ltd.	MD	50.00%
		Mir Pharmaceuticals Ltd.	MD	50.00%
		MIR LPG limited	MD	40.00%
		Bangla Telecom Ltd.	MD	40.00%
		Coloasia Ltd.	MD	40.00%
		BTS Communications (BD) Ltd	MD	40.00%
		Agrani Insurance Co. Ltd.	Shareholder	3.72%
		Fair Trading	Proprietorship	100.00%
		Jupiter Technology	Proprietorship	100.00%
A. M. Shaikat Ali	Director	Engineering Consultants & Associates Ltd.	Chairman	20.00%
		Samorita Hospital Limited	Director	3.10%
Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Director	The Need Apparels (Pvt.) Ltd.	Chairman	35.00%
		Need Tex Ctg. 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 Ltd.	Chairman	12.50%
		J F (Bangladesh) Ltd.	Chairman	81.00%
		Port Link Housing Ltd.	Chairman	50.00%

Name of Directors	Status with the Bank	Name of the firms/companies in which they have interests	Status	Percentage of holding/ interest in the concern
		Finlay Properties Ltd.	Chairman	55.00%
		Electro Power Synergy Ltd.	Chairman	33.33%
		Z.N. Enterprises Limited.	MD	50.00%
		Namreen Enterprise Ltd.	MD	50.00%
		ABC Steel Enterprise Ltd.	MD	80.00%
		M.M. Khan & Co. Ltd.	MD	52.00%
		Port Link Logistics Centre Ltd.	MD	25.00%
		SL 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%
		Baraooora (Sylhet) Tea Co.(BD) Ltd.	Director	5.00%
		Eastern Industries Ltd.	Director	25.00%
		M/S Chittagong Properties	Managing Partner	50.00%
A.Q.I. Chowdhury, OBE (Representing Namreen Enterprise Ltd.)	Director	Royal Capital Ltd.	Chairman	50.00%
		JF (Bangladesh) Ltd.	MD	10.00%
		The Consolidated Tea & Lands Co. (BD) Ltd.	MD	5.00%
		Baraooora (Sylhet) Tea Co. Ltd.	MD	5.00%
		Consolidated Tea & Plantation Ltd.	MD	5.00%
		Finlay (International) Ltd.	MD	10.00%
		Artisan Ceramic Ltd.	MD	5.00%
		Finlay Properties Ltd.	Director	30.00%
		International Leasing & Financial Services Ltd. (ILFSL)	Director	Representing: Z.N. Enterprise Ltd.
Salina Ali (Representing Borak Real Estate (Pvt.) Ltd.)	Director	Unique Group of Companies Ltd.	Chairperson	10.00%
		Unique Hotel and Resorts Ltd.	Chairperson	5.45%
		Borak Real Estate (Pvt.) Ltd.	Chairperson	12.00%
		Unique Ceramic Industries (Pvt.) Ltd	Chairperson	7.50%
		Borak Travels Ltd.	Chairperson	50.00%
		Unique Eastern (Pvt.) Ltd.	Chairperson	10.42%
		Unique Vocational Training Center Ltd.	Chairperson	12.00%
		Borak Shipping Ltd.	Chairperson	7.50%
		Unique Property Development Ltd.	MD	12.00%
		Unique Share Management Ltd.	MD	20.00%
		Unique Shakti Ltd.	MD	20.00%
Meah Mohammed Abdur Rahim (Independent Director)	Director	Ancient Steamship Company Ltd.	MD	78.00%
		Hudig and Meah (BD) Ltd.	MD	51.00%
Asif Mahmood (Representing Aquamarine Distributions Ltd.)	Director	ADN Telecom Limited (Former Advanced Data Networks System Ltd.)	Chairman & MD	35.71%
		InGen Technology Ltd.	Chairman & MD	62.00%
		Advance Technology Computers Ltd.	Chairman	33.33%
		ADN Technologies Ltd.	Chairman	51.00%
		Tech Valley Networks Ltd.	Chairman	46.00%
		Bangladesh News 24 Hours Ltd.	Chairman	80.00%

Name of Directors	Status with the Bank	Name of the firms/companies in which they have interests	Status	Percentage of holding/ interest in the concern
		InGen Motors Ltd.	Vice Chairman	Representing InGen Ind. Ltd.
		InGen Industries Ltd.	Chairman	55.00%
		BASE Limited	Chairman	Representing InGen Ind. Ltd.
		MyTel Limited	Managing Director	Representing ADN Telecom Limited
		Tech Valley Computers Ltd.	Director	33.33%
		Valley Power Solutions Ltd.	Director	33.33%
Ormaan Rafay Nizam (Independent Director)	Director	National Brokers Limited	Director	6.50%
Gazi Md. Shakhawat Hossain (Representing M/s Purnima Construction (Pvt.) Ltd.)	Director	M/s Purnima Construction (Pvt) Ltd	MD	0.099%
		Bay Hill Hotel & Resorts Ltd.	Representative Chairman	40.00%
		Unique Hotel and Resorts Ltd	Representative Director	7.46%
Ali Reza Iftekhar	MD & CEO	International Leasing and Financial Services Ltd.	Director	Representing EBL
		EBL Investments Ltd.	Director	0.000033%
		EBL Securities Ltd.	Director	0.00025%
		EBL Finance (HK) Ltd.	Director	Representing EBL
		EBL Asset Management Ltd.	Director	0.0002%
		The Bangladesh Rating Agency Ltd.	Director	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 Company Act 1991:** Nil

## 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 #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:

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 01-01-2013	Transactions		Outstanding as at 31-12-2013	Amount Overdue
					Taka	Debit	Credit	Taka	
Z. N. Enterprise Ltd. Customer ID-100397	Md. Showkat Ali Chowdhury Represented Director Eastern Bank Ltd.	MD	LG- Performance Bond-SME	192,900	192,900	-	-	192,900	
Tech Valley Solutions Limited Customer ID-1111077	Asif Mahmood Represented Director Eastern Bank Ltd.		Secured Overdraft - SME	9,500,000	-	1,181	-	1,181	
Unique Enterprise Customer ID-100711	Mohd. Noor Ali Ex-Chairman		LG- Performance Bond-SME	787,360	787,360	-	-	787,360	

#### 1.b Credit card facilities:

Representing Directors	Nature of interest with EBL	Approved limit	Outstanding as at 01-01-2013	Outstanding as at 31-12-2013
		Taka	Taka	Taka
A.M. Shaikat Ali	Director	500,000	-	-
Mir Nasir Hossain	Representing Director	500,000	-	(105)
Md. Showkat Ali Chowdhury	Representing Director	250,000	-	243,941
Mohd. Noor Ali	Ex Chairman	500,000	288,011	124,254
Aneela Haque	Ex Director	500,000	-	(1,769)



## 2) Transactions relating to procurement of goods &amp; services:

Name of the Company/ Person	Representing Directors	Nature of transactions	Amount of transaction made during 2013	Outstanding as at 31-12-2013
			Taka	Taka
Techvalley Solutions Ltd	Asif Mahmood	Purchase of Computer, network equipments & maintenance cost	1,524,859	-
Techvalley Networks Ltd	Asif Mahmood	Purchase of Computer, network equipments & oracle licensing for CMS project	29,259,507	-
ADN Telecom Limited	Asif Mahmood	Monthly internet connectivity bills	655,300	-
ADN Technologies Ltd	Asif Mahmood	Purchase of Software for CMS Project & Contact Center	1,665,214	-
Unique Hotel and Resorts Ltd.	Salina Ali	Security Deposit	-	438,900
Unique Hotel and Resorts Ltd.	Salina Ali	Lease rent agreement for ATM booth at The Westin, Gulshan, Dhaka	105,000	-
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Advance rent for EBL DST Sales office at Dhanmondi, Dhaka	-	2,340,000
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Rental payment for EBL DST Sales office at Dhanmondi	2,400,000	-

## 3 Transactions with subsidiaries:

## 3.a Bank balance of subsidiaries with Eastern Bank Limited:

Name of Subsidiaries	Nature of Account	Balance as at 31-12-2013
		Taka
EBL Securities Limited	Special Notice Deposit (SND)	1,929,694
EBL Investments Limited	Special Notice Deposit (SND)	8,869,714
	Fixed Deposits Account	20,000,000
EBL Finance (HK) Limited	Nostro Account	34,067,605

## 3.b Others with subsidiaries :

Name of Subsidiaries	Nature of transaction	Balance as at 31-12-2013
		Taka
EBL Securities Limited	Advance rent receivable	3,312,400
EBL Finance (HK) Limited	Receivable against expense	2,300,517
	Long Term Finance	314,887,500

## 4 Compensation of key management personnel: Refer to note 37

# Eastern Bank Limited

**a Disclosure regarding outstanding REPO as on 31 December 2013**

*Figures in Taka*

SI	Counterparty name	Agreement date	Reversal Date	Amount (Cash Con 1st Leg cash consideration)
1	Janata Bank Ltd.	30/12/2013	6/1/2014	4,229,440,673

Disclosure regarding outstanding Reverse REPO as on 31 December 2013

*Figures in Taka*

SI	Counterparty name	Agreement date	Reversal Date	Amount (Cash Con 1st Leg cash consideration)
1	Lanka Bangla Finance Ltd.	29/12/2013	1/1/2014	149,576,257
2	Mercantile Bank Ltd	26/12/2013	2/1/2014	807,634,604
3	Lanka Bangla Finance Ltd.	30/12/2013	6/1/2014	104,159,214

**b. Disclosure regarding overall transaction of REPO and reverse REPO**

*Figures in Taka*

	Min Outstanding during the year	Max Outstanding during the year	Daily average outstanding during the year
<b>Securities sold under REPO</b>			
With Bangladesh Bank	155,135,000	4,158,600,000	744,655,344
With other Banks & Financial Institutions	199,724,000	5,266,645,347	452,313,665
<b>Securities purchased under Reverse REPO</b>			
With Bangladesh Bank	-	-	-
With other Banks & Financial Institutions	43,750,250	3,487,734,769	311,073,310

# Eastern Bank Limited and its subsidiaries

## Business segment profit and loss account

For the year ended 31 December 2013

Figures in million BDT

Particulars	Eastern Bank Limited						Subsidiaries				Consolidated
	Corporate	Consumer	SME	Treasury	Common	OBU	Total	EBLSL	EBLIL	EBL Finance (HK) Ltd.	
Interest income	8,769	2,076	2,367	1,161	35	400	14,807	28	21	4	14,860
Interest expense	3,594	4,481	908	716	-	217	9,916	-	(12)	-	9,904
<b>NII before FTP</b>	<b>5,174</b>	<b>(2,405)</b>	<b>1,459</b>	<b>445</b>	<b>35</b>	<b>183</b>	<b>4,891</b>	<b>28</b>	<b>34</b>	<b>4</b>	<b>4,956</b>
FTP on deposits, liability & equity	2,286	4,301	685	(8,762)	1,491	-	-	-	-	-	-
FTP on loans	(5,398)	(634)	(1,231)	7,297	(35)	-	-	-	-	-	-
Net FTP	(3,112)	3,667	(545)	(1,466)	1,456	-	-	-	-	-	-
NII After FTP	2,062	1,262	914	(1,021)	1,491	183	4,890	28	34	4	4,956
Investment income before FTP	162	-	-	1,801	-	-	1,963	7	(34)	-	1,936
FTP on investments	(234)	191	-	43	-	-	-	-	-	-	-
Investment income after FTP	(72)	191	-	1,843	-	-	1,962	7	(34)	-	1,935
Fees, commission and brokerage	936	844	120	-	-	12	1,912	67	-	7	1,985
FX Income	231	24	24	279	-	-	558	-	-	-	558
Other operating income	70	32	45	-	-	1	148	(1)	-	-	147
<b>Total operating income</b>	<b>3,227</b>	<b>2,352</b>	<b>1,102</b>	<b>1,101</b>	<b>1,491</b>	<b>197</b>	<b>9,469</b>	<b>101</b>	<b>-</b>	<b>10</b>	<b>9,582</b>
Direct Operating Expenses	357	1,747	269	13	-	15	2,402	44	9	20	2,475
Allocated Expenses	359	517	180	34	189	-	1,279	-	-	-	1,279
<b>Profit before provisions</b>	<b>2,510</b>	<b>88.51</b>	<b>653</b>	<b>1,054</b>	<b>1,302</b>	<b>182</b>	<b>5,789</b>	<b>57</b>	<b>(9)</b>	<b>(10)</b>	<b>5,828</b>

### 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. And so the assets and liabilities of the respective segments have not been presented here.

# Eastern Bank Limited

## Highlights on the overall activities

“Annexure - F”

SI No	Particulars		2013	2012
1	Paid up capital	Taka	6,111,797,850	6,111,797,850
2	Total capital (Tier-I & II)	Taka	16,764,225,278	15,646,076,856
3	Surplus/(shortage) capital	Taka	2,736,346,440	2,664,855,096
4	Total assets	Taka	157,881,633,857	147,148,334,316
5	Total deposits	Taka	117,101,708,180	91,780,968,457
6	Total loans and advances	Taka	102,910,218,949	96,719,736,531
7	Total contingent liabilities	Taka	60,015,081,437	53,033,088,366
8	Loans to deposits ratio (total loans/total deposits)	%	87.88	105.38
9	% of classified loans against total loans and advances	%	3.59	3.17
10	Profit after tax and provisions	Taka	2,567,863,831	2,275,100,710
11	Loans classified during the year (Gross)	Taka	3,998,584,663	2,255,633,277
12	Provision held against classified loans	Taka	1,929,241,652	1,387,320,825
13	Surplus of provision	Taka	17,573,406	8,000,000
14	Cost of fund (interest expense/average borrowing and deposits)	%	8.67	9.26
15	Interest bearing assets	Taka	133,056,841,652	119,333,775,371
16	Non-interest bearing assets	Taka	24,824,791,202	27,814,558,945
17	Return on assets (PAT/average assets)	%	1.68	1.72
18	Income from investments	Taka	2,070,848,267	1,494,601,857
19	Return on investment or ROI (PAT/average equity, long term borrowings and deposits)	%	3.38	3.12
20	Earnings per share (PAT/weighted average number of shares)	Taka	4.20	3.72
21	Operating profit per share(Net Operating profit/ weighted average number of shares)	Taka	9.47	8.94
22	Price earning ratio (restated)	Times	6.93	8.52

# Independent Auditor's Report

## to the Shareholders of Eastern Bank Limited

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 2013, 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 the financial statements of the Unit that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements of the Unit that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the Unit. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements of the Unit, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements of the Unit that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 of the Unit.

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 of the Unit give a true and fair view of the financial position of the Unit as at 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.

### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Unit and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
  - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in Note 2 to the financial statements of the Bank appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Unit and its related entities;
- (iii) 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;
- (iv) the balance sheet and profit and loss account of the Unit together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (v) the expenditures incurred was for the purpose of the Unit's business;
- (vi) the financial statements of the Unit have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (vii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (viii) the information and explanations required by us have been received and found satisfactory; and
- (ix) we have reviewed over 80% of the risk weighted assets of the Unit and we have spent around 660 person hours during the audit.

*Hoda Vasi Chowdhury*

**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

Dhaka, 27 February 2014



# Eastern Bank Limited

## Offshore Banking Unit, Bangladesh

### Balance Sheet

As at 31 December 2013

Note	2013		2012	
	USD	TAKA	USD	TAKA
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>				
In hand (including foreign currencies)	-	-	-	-
With Bangladesh Bank (including foreign currencies)	-	-	-	-
	-	-	-	-
<b>Balance with other Banks and FIs</b>				
(on current and other accounts)	3			
Inside Bangladesh	5,638,649	438,404,960	15,000,000	1,197,748,500
Outside Bangladesh	4,954,248	385,192,814	1,386,204	110,688,287
	<b>10,592,897</b>	<b>823,597,774</b>	<b>16,386,204</b>	<b>1,308,436,787</b>
<b>Money at call and short notice</b>				
	-	-	-	-
<b>Investment</b>				
	-	-	-	-
<b>Loans and Advances:</b>				
	4			
Loans, cash credits, overdrafts etc.	4.1	34,930,869	2,715,875,055	20,869,655
Bills purchased and discounted	4.2	88,929,915	6,914,300,855	94,318,421
		<b>123,860,784</b>	<b>9,630,175,910</b>	<b>115,188,076</b>
			<b>115,188,076</b>	<b>9,197,756,355</b>
<b>Fixed Assets</b>				
	-	-	-	-
<b>Other Assets</b>				
	5	76,874	5,976,971	137,639
			<b>137,639</b>	<b>10,990,449</b>
<b>Non Banking Assets</b>				
	-	-	-	-
<b>TOTAL ASSETS</b>				
	<b>134,530,555</b>	<b>10,459,750,654</b>	<b>131,711,919</b>	<b>10,517,183,591</b>
<b>CAPITAL AND LIABILITIES</b>				
<b>Borrowing from other banks, financial institutions and agents</b>				
Bangladesh Bank	6	-	-	-
<b>Other Banks and FIs</b>				
Demand Borrowing	6.1	57,857,316	4,498,406,313	70,850,196
Term Borrowing	6.2	72,625,000	5,646,593,750	56,538,072
		<b>130,482,316</b>	<b>10,145,000,063</b>	<b>127,388,268</b>
		<b>130,482,316</b>	<b>10,145,000,063</b>	<b>127,388,268</b>
		<b>10,145,000,063</b>	<b>127,388,268</b>	<b>10,171,940,428</b>
<b>Deposits and other accounts</b>				
	7			
Current deposits and other accounts	7.1	223,240	17,356,946	11,136
Term deposits	7.2	-	-	-
		<b>223,240</b>	<b>17,356,946</b>	<b>11,136</b>
		<b>17,356,946</b>	<b>11,136</b>	<b>889,185</b>
<b>Other Liabilities</b>				
	8	1,584,639	123,205,628	1,617,379
		<b>132,290,195</b>	<b>10,285,562,637</b>	<b>129,016,782</b>
		<b>10,285,562,637</b>	<b>129,016,782</b>	<b>10,301,977,130</b>
<b>TOTAL LIABILITIES</b>				

# Eastern Bank Limited

## Offshore Banking Unit, Bangladesh

### Balance Sheet

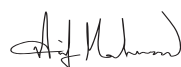
As at 31 December 2013

		Note	2013		2012	
			USD	TAKA	USD	TAKA
CAPITAL/SHAREHOLDERS' EQUITY						
Share capital- Paid up capital			-	-	-	-
Foreign currency translation difference	9		-	(781,214)	-	(5,418,843)
Profit and loss account- retained earnings	16		2,240,360	174,969,231	2,695,138	220,625,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			134,530,555	10,459,750,654	131,711,919	10,517,183,591
OFF BALANCE SHEET ITEMS:						
Contingent liabilities:						
Acceptance and endorsements			207,352	16,121,636	263,678	21,054,649
Letter of guarantee - Banks			-	-	-	-
Letter of guarantee - Others			-	-	-	-
Bills for collection			-	-	-	-
Irrevocable letters of credit			708,562	55,090,723	773,055	61,728,368
Other Commitments			-	-	-	-
			915,914	71,212,359	1,036,733	82,783,017

These financial statements should be read in conjunction with the annexed notes.

  
**Chairman**

Dhaka, 27 February 2014

  
**Director**
  
**Director**
  
**Managing Director & CEO**

Signed as per our annexed report of same date

  
**Auditors**  
Hoda Vasi Chowdhury and Co.  
Chartered Accountants

# Eastern Bank Limited

## Offshore Banking Unit, Bangladesh

### Profit and Loss Account

For the year ended 31 December 2013

Particulars	Note	2013		2012	
		USD	TAKA	USD	TAKA
Interest income	10	6,143,057	479,764,766	5,678,060	464,808,821
Interest paid on deposits and borrowings	11	3,797,394	296,571,556	2,779,498	227,531,112
<b>Net interest income</b>		<b>2,345,663</b>	<b>183,193,210</b>	<b>2,898,562</b>	<b>237,277,708</b>
Commission, exchange and brokerage	12	157,362	12,289,760	428,378	35,067,218
Other operating Income	13	15,123	1,181,101	12,070	988,022
<b>Total operating income</b>		<b>2,518,148</b>	<b>196,664,071</b>	<b>3,339,009</b>	<b>273,332,949</b>
Operating expenses	14	192,268	15,015,875	262,887	21,520,057
<b>Profit before provision</b>		<b>2,325,880</b>	<b>181,648,196</b>	<b>3,076,122</b>	<b>251,812,892</b>
Less :Provision for unclassified Loans and Advances (Including provision for off Balance Sheet items)	15	85,520	6,678,965	380,985	31,187,587
Profit before income tax		2,240,360	174,969,231	2,695,138	220,625,304
Less. Provision for income tax		-	-	-	-
<b>Net Profit/(loss) after tax</b>		<b>2,240,360</b>	<b>174,969,231</b>	<b>2,695,138</b>	<b>220,625,304</b>
Balance of Profit brought forward from previous year		-	-	-	-
<b>Retained Earnings carried forward</b>	16	<b>2,240,360</b>	<b>174,969,231</b>	<b>2,695,138</b>	<b>220,625,304</b>

These financial statements should be read in conjunction with the annexed notes.



**Chairman**

Dhaka, 27 February 2014



**Director**



**Director**



**Managing Director & CEO**

Signed as per our annexed report of same date



**Auditors**  
Hoda Vasi Chowdhury and Co.  
Chartered Accountants

# Eastern Bank Limited

## Offshore Banking Unit, Bangladesh

### Cash Flow Statement


For the year ended 31 December 2013

Note	2013		2012	
	USD	TAKA	USD	TAKA
<b>A) Cash flow from operating activities</b>				
Interest received	6,794,106	534,795,110	4,950,693	406,728,623
Interest paid	(3,914,581)	(306,636,023)	(3,549,557)	(289,020,195)
Commission, exchange and brokerage	157,362	12,289,760	428,378	35,067,218
Received from other operating activities	15,123	1,181,101	12,070	988,022
Paid for operating expenses	(192,268)	(15,015,875)	(262,887)	(21,520,057)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>2,859,742</b>	<b>226,614,073</b>	<b>1,578,697</b>	<b>132,243,611</b>
<b>(Increase)/decrease in operating assets:</b>				
Loan and advances to customers	(9,323,757)	(487,449,900)	(36,832,223)	(2,798,616,611)
Other Assets	60,765	5,013,479	(12,639)	(779,861)
<b>Increase/(decrease) in operating liabilities:</b>				
Foreign currency translation difference	-	-	-	-
Deposits from Banks	329,292	26,532,228	(12,249,222)	(1,002,007,390)
Customers' deposits and other accounts	(118,260)	(12,620,854)	(1,770,340)	(147,644,266)
<b>Other liabilities</b>	<b>(9,051,960)</b>	<b>(468,525,047)</b>	<b>(50,864,424)</b>	<b>(3,949,048,129)</b>
<b>Net cash flow from operating activities</b>	<b>(6,192,218)</b>	<b>(241,910,974)</b>	<b>(49,285,728)</b>	<b>(3,816,804,518)</b>
<b>B) Cash flow from investing activities</b>	-	-	-	-
<b>C) Cash flow from financing activities</b>	-	-	-	-
Borrowing from other banks, financial institutions and agents	3,094,048	(26,940,365)	67,773,143	5,302,296,860
Net profit transferred to main operations	(2,695,138)	(220,625,304)	(2,101,210)	(156,563,681)
<b>Net cash from financing activities</b>	<b>398,911</b>	<b>(247,565,669)</b>	<b>65,671,933</b>	<b>5,145,733,180</b>
<b>D) Net (decrease) / increase in cash (A+B+C)</b>	<b>(5,793,307)</b>	<b>(489,476,643)</b>	<b>16,386,204</b>	<b>1,328,928,661</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	-	4,637,630	-	(20,491,874)
<b>F) Opening cash and cash-equivalents</b>	<b>16,386,204</b>	<b>1,308,436,787</b>	-	-
<b>G) Closing cash and cash equivalent (D+E+F)</b>	<b>10,592,897</b>	<b>823,597,774</b>	<b>16,386,204</b>	<b>1,308,436,787</b>
<b>Closing cash and cash equivalents</b>				
Cash in hand (including foreign currencies)	-	-	-	-
Balances with Bangladesh Bank and its agent bank (s)	-	-	-	-
Balances with other Banks and Financial Institutions (Annexure A)	10,592,897	823,597,774	16,386,204	1,308,436,787
Money at call and short notice	-	-	-	-
Prize bonds	-	-	-	-
	<b>10,592,897</b>	<b>823,597,774</b>	<b>16,386,204</b>	<b>1,308,436,787</b>

These financial statements should be read in conjunction with the annexed notes.

  
**Chairman**

Dhaka, 27 February 2014

  
**Director**
  
**Director**
  
**Managing Director & CEO**

# Eastern Bank Limited

## Offshore Banking Unit, Bangladesh Statement of Liquidity in USD & BDT (Maturity analysis of assets and liabilities)

As at 31 December 2013

Particulars	Maturity within 1 month		Maturity within 1 to 3 months		Maturity within 3 to 12 months		Maturity within 1 to 5 years		Maturity over 5 years		Total Amount	
	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT
<b>ASSETS</b>												
Cash in hand	-	-	-	-	-	-	-	-	-	-	-	-
Balance with other banks and financial institutions	10,592,897	823,597,774	-	-	-	-	-	-	-	-	10,592,897	823,597,774
Money at call and short notice	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Treasury Bills & others	-	-	-	-	-	-	-	-	-	-	-	-
Loans & advances to customers	17,685,326	1,375,034,106	44,174,331	3,434,554,258	32,868,210	2,555,503,366	28,885,036	2,245,811,562	247,879	19,272,617	123,860,783	9,630,175,910
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	76,874	5,976,971	-	-	-	-	-	-	76,874	5,976,971
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>28,278,224</b>	<b>2,198,631,880</b>	<b>44,251,205</b>	<b>3,440,531,229</b>	<b>32,868,210</b>	<b>2,555,503,366</b>	<b>28,885,036</b>	<b>2,245,811,562</b>	<b>247,879</b>	<b>19,272,617</b>	<b>134,530,554</b>	<b>10,459,750,654</b>
<b>LIABILITIES</b>												
Borrowings from other banks & financial institutions	59,307,316	4,611,143,813	30,000,000	2,332,500,000	41,175,000	3,201,356,250	-	-	-	-	130,482,316	10,145,000,063
Deposits & other accounts	45,602	3,545,521	44,352	3,448,404	97,638	7,591,365	35,648	2,771,656	-	-	223,240	17,356,946
Other liabilities	336,723	26,180,188	148	11,507	-	-	-	-	1,247,768	97,013,933	1,584,638	123,205,628
<b>Total Liabilities</b>	<b>59,689,640</b>	<b>4,640,869,522</b>	<b>30,044,500</b>	<b>2,335,959,911</b>	<b>41,272,638</b>	<b>3,208,947,615</b>	<b>35,648</b>	<b>2,771,656</b>	<b>1,247,768</b>	<b>97,013,933</b>	<b>132,290,194</b>	<b>10,285,562,637</b>
<b>Net liquidity gap</b>	<b>(31,411,417)</b>	<b>(2,442,237,642)</b>	<b>14,206,704</b>	<b>1,104,571,318</b>	<b>(8,404,428)</b>	<b>(653,444,249)</b>	<b>28,849,388</b>	<b>2,243,039,906</b>	<b>(999,888)</b>	<b>(77,741,316)</b>	<b>2,240,360</b>	<b>174,188,017</b>
<b>Cumulative liquidity gap</b>	<b>(31,411,417)</b>	<b>(2,442,237,642)</b>	<b>17,204,713)</b>	<b>(1,337,666,324)</b>	<b>(25,609,140)</b>	<b>(1,991,110,572)</b>	<b>3,240,248</b>	<b>251,929,334</b>	<b>2,240,360</b>	<b>174,188,017</b>	<b>-</b>	<b>-</b>



# Eastern Bank Limited

## Offshore Banking Unit

## Notes to the Financial Statements

As at and for the year ended 31 December 2013

### 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 2013 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 undertake impairment assessment when 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. 14 dated 23 September 2012 and BRPD Circular no. 19 dated 27 December 2012, a general provision @ 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) should be maintained regardless of objective evidence of impairment. And specific provision for sub-standard/doubtful/bad-loss loans should be made at 20%, 50% and 100% respectively on loans net off eligible securities (if any). Also, a general provision @ 1% should be provided for certain 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 elements of Other Comprehensive Income (OCI) can be presented in a separate statement i.e. Other Comprehensive Income or can be included in a Single Statement of Comprehensive Income.

**Bangladesh Bank:** The scheduled banks in Bangladesh have been using certain prescribed templates of financial statements (including names of those financial statements) issued by Bangladesh Bank. Those templates do not include 'Other Comprehensive Income' nor are the elements of OCI allowed to be included in a Single Comprehensive Income Statement (Profit & Loss Account, as per BB format). As such the bank does not prepare a separate OCI Statement. However elements of OCI, if any, are shown in the statements of changes in equity."

#### iii) Financial instruments - presentation and disclosure

As per BB guidelines, in certain cases financial instruments are categorized, recognized, measured and presented differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in these financial statements.

#### 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 recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are prescribed to be included within other liabilities.

**Bangladesh Bank:** As per BRPD circular 14, 2003, financial guarantees such as L/C, L/G should be treated as off balance sheet items. No liability is recognized 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 should not be shown as cash and cash equivalents. Money at call and short notice should be shown as face item in balance sheet.

**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 dated 25 June 2003, 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 dated 25 June 2003, off balance sheet items e. g. L/C, L/G should 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 dated 25 June 2003, 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 dated 25 June 2003, provision on loans and advances should be 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 Bangladeshi Taka (BDT) where USD is the functional currency and BDT 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) Provision for Loans and Advances is made on the basis of period end review by the management and of instructions contained in BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 19 dated 27 December 2012.

**2.4 Revenue recognition**

**2.4.1 Interest income:**

Interest on unclassified (excluding SMA) loans and advances have been accounted for as income on accrual basis.

**2.4.2 Fees and commission income:**

Fees and commission income arises on services provided by the unit and recognised as and when received basis.

**2.4.3 Interest paid on borrowings and deposits:**

Interest paid on borrowings and deposits are calculated on 360 days in a year and accounted for on accrual basis.

**2.4.4 Operating Expenses:**

Expenses incurred by the unit except mentioned in 2.4.5 are recognised on actual and accrual basis.

**2.4.5 Allocation of common expenses**

Operating expenses in the nature of rent, rates and taxes, salaries, management expenses, printing and stationery, electricity, postages, stamps, telecommunication and audit fees are accounted for in Profit and Loss Account of the Main Operation of the Bank.

**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 77.75 (2012: BDT 79.8499) which represents the year-end standard mid rate of exchange (i.e. closing rate). Incomes and expenses are translated at an average rate over the year of the transactions i.e. (USD 1= BDT 78.0987). The cumulative amount of the exchange differences has been presented separately in equity until the disposal of foreign operations.
- 2.5.3 Certain corresponding figures in the financial statements have been reclassified and rearranged to conform to the current year's presentation.
- 2.5.4 These financial statements of the unit cover one calendar year from 1 January 2013 to 31 December 2013.

Note	2013		2012	
	USD	TAKA	USD	TAKA
<b>3 Balance with other Banks and Financial Institutions</b>				
<b>Inside Bangladesh</b>				
In interest bearing account				
Term Placement				
Eastern Bank Limited	5,638,649	438,404,960	-	-
United Commercial Bank Limited		-	15,000,000	1,197,748,500
	<b>5,638,649</b>	<b>438,404,960</b>	<b>15,000,000</b>	<b>1,197,748,500</b>
<b>Outside Bangladesh</b>				
In interest bearing account				
EBL Finance (HK) Limited	4,050,000	314,887,500	-	-
	<b>4,050,000</b>	<b>314,887,500</b>	<b>-</b>	<b>-</b>
<b>In-non interest bearing account</b>				
Standard Chartered Bank Newyork- (Annexure A)	639,411	49,714,222	1,256,012	100,292,457
Deutsche Bank AG, Frankfurt, Germany-(Annexure A)	264,837	20,591,092	130,192	10,395,830
	<b>904,248</b>	<b>70,305,314</b>	<b>1,386,204</b>	<b>110,688,287</b>
	<b>4,954,248</b>	<b>385,192,814</b>	<b>1,386,204</b>	<b>110,688,287</b>
	<b>10,592,897</b>	<b>823,597,774</b>	<b>16,386,204</b>	<b>1,308,436,787</b>
<b>3.1 Balance with other banks and financial institutions (according to remaining maturity grouping)</b>				
<b>Receivable</b>				
On demand	10,592,897	823,597,774	16,386,204	1,308,436,787
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	-	-	-	-
	<b>10,592,897</b>	<b>823,597,774</b>	<b>16,386,204</b>	<b>1,308,436,787</b>
<b>4 Loans and advances</b>				
i) Loans, cash credits, overdrafts, etc.	4.1	34,930,869	2,715,875,055	20,869,655
ii) Bills purchased and discounted	4.2	88,929,915	6,914,300,855	94,318,421
		<b>123,860,784</b>	<b>9,630,175,910</b>	<b>115,188,076</b>
<b>4.1 Loans, Cash Credit, Overdraft etc.</b>				
Inside Bangladesh :				
Loans		33,675,217	2,618,248,095	20,759,068
Cash Credit		-	-	-
Overdraft		1,255,652	97,626,961	110,587
		<b>34,930,869</b>	<b>2,715,875,055</b>	<b>20,869,655</b>
Outside Bangladesh :				
Loans		-	-	-
Cash Credit		-	-	-
Overdraft		-	-	-
		<b>34,930,869</b>	<b>2,715,875,055</b>	<b>20,869,655</b>
<b>4.2 Bills Purchased and Discounted</b>				
Inside Bangladesh :				
Bills Discounted /Financed		88,929,915	6,914,300,855	94,318,421
LDBP/FDBP		-	-	-
		<b>88,929,915</b>	<b>6,914,300,855</b>	<b>94,318,421</b>
Outside Bangladesh :				
Bills Discounted /Financed		-	-	-
LDBP/FDBP		-	-	-
		<b>88,929,915</b>	<b>6,914,300,855</b>	<b>94,318,421</b>
<b>4.a Maturity grouping of loans and advances including bills discounted and purchased</b>				
Payable on demand		17,685,326	1,375,034,106	31,988,363
Less than three months		44,174,331	3,434,554,258	50,814,640
More than three months but less than one year		32,868,210	2,555,503,366	24,428,789

Note	2013		2012	
	USD	TAKA	USD	TAKA
More than one year but less than five years	28,885,036	2,245,811,562	7,956,285	635,308,533
More than five years	247,880	19,272,617	-	-
	<b>123,860,784</b>	<b>9,630,175,910</b>	<b>115,188,076</b>	<b>9,197,756,355</b>

#### 4.b Maturity analysis of bills purchased and discounted

Payable on demand	916,090	71,225,963	971,597	77,581,996
Less than three months	59,135,086	4,597,752,938	62,718,164	5,008,045,374
More than three months but less than one year	28,878,739	2,245,321,954	30,628,542	2,445,689,095
More than one year but less than five years	-	-	-	-
	<b>88,929,915</b>	<b>6,914,300,855</b>	<b>94,318,303</b>	<b>7,531,316,466</b>

#### 4.a.1 Loans and Advances to Directors, Executive and Others

Advance to Directors and their allied concerns (including Ex-Directors)	-	-	-	-
Advances to CEO & Managing Director	-	-	-	-
Advances to Other executives and staffs	-	-	-	-
Advances to Customers (Group wise)	-	-	-	-
Industrial Advances	123,860,784	9,630,175,910	115,188,076	9,197,756,355
	<b>123,860,784</b>	<b>9,630,175,910</b>	<b>115,188,076</b>	<b>9,197,756,355</b>

#### 4.a.2 Industry-wise Concentration of loans and advances

Crops, fisheries and livestock	2,762,675	214,797,948	1,558,145	124,417,741
Edible oil refinery	3,274,802	254,615,866	16,812,042	1,342,439,911
Electronics goods	6,560,060	510,044,671	5,033,402	401,916,639
Power, Gas & Oil	299,812	23,310,413	1,690,825	135,012,240
Transport (Shipping, Airlines, Bus, Truck, Carrier)	13,385,562	1,040,727,434	15,635,139	1,248,464,302
Readymade garments	16,068,621	1,249,335,321	7,080,959	565,413,907
Commerce and Trading	718,594	55,870,720	7,319,207	584,437,912
Sugar Industry	108,578	8,441,947	-	-
Cement Industry	3,306,878	257,109,735	2,910,580	232,409,560
Foods & Beverage	21,335,951	1,658,870,170	5,211,783	416,160,331
Polymer	14,138,495	1,099,267,974	4,425,707	353,392,283
Textile mills	29,341,297	2,281,285,841	2,734,539	218,352,698
Ship Breaking Industry	-	-	14,888,579	1,188,851,507
Industries for Steel products	3,378,129	262,649,559	26,701,187	2,132,087,072
Pharmaceutical Industries	5,377,527	418,802,748	-	-
Others	3,803,801	295,745,564	3,185,981	254,400,252
	<b>123,860,784</b>	<b>9,630,175,910</b>	<b>115,188,076</b>	<b>9,197,756,355</b>

#### 4.a.3 Geographical location-wise concentration of Loans and advances

##### Inside Bangladesh:

Dhaka Division	121,388,186	9,437,931,446	88,410,939	7,059,604,667
Chittagong Division	2,472,598	192,244,464	26,777,137	2,138,151,687
Khulna Division	-	-	-	-
Rajshahi Division	-	-	-	-
Barishal Division	-	-	-	-
Sylhet Division	-	-	-	-
Rangpur Division	-	-	-	-
Outside Bangladesh:	-	-	-	-
	<b>123,860,784</b>	<b>9,630,175,910</b>	<b>115,188,076</b>	<b>9,197,756,355</b>

#### 4.c Classified, unclassified, doubtful and bad loans and advances

##### Unclassified:

Standard	123,860,784	9,630,175,910	115,188,076	9,197,756,355
Special mention account	-	-	-	-

##### Classified

Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad/loss	-	-	-	-
	<b>123,860,784</b>	<b>9,630,175,910</b>	<b>115,188,076</b>	<b>9,197,756,355</b>

	Note	2013		2012	
		USD	TAKA	USD	TAKA
<b>4.d</b> i) Debt considered good in respect of which the bank is fully secured		123,860,784	10,117,530,935	115,188,076	9,409,103,437
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		-	-	-	-
		<b>123,860,784</b>	<b>10,117,530,935</b>	<b>115,188,076</b>	<b>9,409,103,437</b>
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		-	-	-	-
<b>5 Other Assets</b>					
Prepayments		-	-	137,639	10,990,449
Interest Receivable on Term Placement		76,874	5,976,971	-	-
		<b>76,874</b>	<b>5,976,971</b>	<b>137,639</b>	<b>10,990,449</b>
<b>6 Borrowings from other banks, financial institutions and agents</b>					
Demand Borrowings	6.1	57,857,316	4,498,406,313	70,850,196	5,657,381,066
Term Borrowings	6.2	72,625,000	5,646,593,750	56,538,072	4,514,559,363
		<b>130,482,316</b>	<b>10,145,000,063</b>	<b>127,388,268</b>	<b>10,171,940,428</b>
<b>6.1 Demand Borrowings</b>					
<i>In non interest bearing account with Standard Chartered Bank, Newyork (Annexure-A2)</i>		-	-	-	-
<i>In interest bearing account with Eastern Bank Limited (DBU)</i>		57,857,316	4,498,406,313	70,850,196	5,657,381,066
		<b>57,857,316</b>	<b>4,498,406,313</b>	<b>70,850,196</b>	<b>5,657,381,066</b>



	Note	2013		2012	
		USD	TAKA	USD	TAKA
<b>6.2 Term Borrowings</b>					
<b>Borrowing inside Bangladesh</b>					
Basic Bank Limited		625,000	48,593,750	538,072	42,964,963
The City Bank Ltd.		1,000,000	77,750,000	-	-
Commercial Bank of Cylon		-	-	3,000,000	239,549,700
		<b>1,625,000</b>	<b>126,343,750</b>	<b>3,538,072</b>	<b>282,514,663</b>
<b>Borrowing outside Bangladesh</b>					
Banca Ubae Spa		5,000,000	388,750,000	-	-
Deutsche Investitions-Und Entwicklungsgesellschaft Mbh		16,000,000	1,244,000,000	20,000,000	1,596,998,000
International Finance Corporation		30,000,000	2,332,500,000	30,000,000	2,395,497,000
FMO Nederland		20,000,000	1,555,000,000	3,000,000	239,549,700
		71,000,000	5,520,250,000	53,000,000	4,232,044,700
		<b>72,625,000</b>	<b>5,646,593,750</b>	<b>56,538,072</b>	<b>4,514,559,363</b>
<b>6.1.a Classification based on type of security</b>					
Secured		-	-	-	-
Unsecured		130,482,316	10,145,000,063	127,388,268	10,171,940,428
		<b>130,482,316</b>	<b>10,145,000,063</b>	<b>127,388,268</b>	<b>10,171,940,428</b>
<b>6.a Maturity grouping of borrowings from other banks, financial institutions and agents</b>					
Payable within one month		59,307,316	4,611,143,813	24,593,130	1,963,759,002
More than one month but less than three months		30,000,000	2,332,500,000	79,595,137	6,355,663,746
More than three months but less than one year		41,175,000	3,201,356,250	23,200,000	1,852,517,680
More than one year but less than five years		-	-	-	-
		<b>130,482,316</b>	<b>10,145,000,063</b>	<b>127,388,268</b>	<b>10,171,940,428</b>
<b>7 Deposits and other accounts</b>					
Current deposits and other accounts	7.1	223,240	17,356,946	11,136	889,185
Term deposits	7.2	-	-	-	-
		<b>223,240</b>	<b>17,356,946</b>	<b>11,136</b>	<b>889,185</b>
<b>7.1 Current deposits and other accounts:</b>					
Current account		49,836	3,874,785	6,086	485,943
Other Accounts	7.1.a	173,404	13,482,161	5,050	403,242
		<b>223,240</b>	<b>17,356,946</b>	<b>11,136</b>	<b>889,185</b>
<b>7.1.a Other Accounts:</b>					
Interest Payable on deposit		-	-	-	-
Margin on Facility		173,404	13,482,161	5,050	403,242
		<b>173,404</b>	<b>13,482,161</b>	<b>5,050</b>	<b>403,242</b>
<b>7.2 Term deposits</b>					
Special notice deposit- SND		-	-	-	-
Term deposit - BB		-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>7.a Maturity grouping of deposits and other accounts</b>					
Payable on demand		45,602	3,545,521	890	71,093
Payable within one month		44,352	3,448,404	224	17,868
More than one month but less than three months		97,638	7,591,365	2,056	164,184
More than three months but less than one year		35,648	2,771,656	7,965	636,039
More than one year but less than five years		-	-	-	-
		<b>223,240</b>	<b>17,356,946</b>	<b>11,136</b>	<b>889,185</b>
<b>8 Other liabilities</b>					
Provision for taxation	8.1	-	-	-	-
Provision for unclassified Loans and advances ( Including provision for off Balance Sheet items)		1,247,768	97,013,933	1,162,248	92,805,394
Interest payable on Borrowing		336,723	26,180,188	453,910	36,244,655
Conversion GL-Liability	8.2	-	-	-	-
Sundry Creditors		148	11,507	1,221	97,468
		<b>1,584,638</b>	<b>123,205,628</b>	<b>1,617,379</b>	<b>129,147,517</b>

Note	2013		2012	
	USD	TAKA	USD	TAKA

**8.1** Provision for tax of the unit is accounted for in the books of Eastern Bank Limited.

**8.a Maturity grouping of other liabilities**

Payable on demand	336,723	26,180,188	455,130	36,342,123
Payable within one month	148	11,507	-	-
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	-	-	-	-
More than five years	1,247,768	97,013,933	1,162,249	92,805,394
	<b>1,584,638</b>	<b>123,205,628</b>	<b>1,617,379</b>	<b>129,147,517</b>

**9 Foreign currency translation difference**

The foreign currency translation difference is a net result of exchange difference of year end standard mid rate and monthly average of standard mid rate arising from translation of functional currency to presentation currency. Assets and liabilities have been presented into Taka (which is functional currency of the Bank) using year end standard mid rate of exchange of the Bank i.e. USD 1 = BDT 77.75 (2012: BDT 79.8499) and incomes and expenses are translated using monthly average of standard mid rate of exchange (USD 1= BDT 78.0987).

**10 Interest income**

Interest on Advances	5,996,376	468,309,155	5,672,199	464,329,028
Interest on Money at Call and Short Notice	-	-	-	-
Interest on Placement with other Banks	146,681	11,455,611	5,861	479,793
	<b>6,143,057</b>	<b>479,764,766</b>	<b>5,678,060</b>	<b>464,808,821</b>

**11 Interest paid on deposits and borrowings**

Interest on Deposits	-	-	-	-
Interest on Borrowings	3,797,394	296,571,556	2,779,498	227,531,112
Interest on Margin	-	-	-	-
	<b>3,797,394</b>	<b>296,571,556</b>	<b>2,779,498</b>	<b>227,531,112</b>

**12 Commission, exchange and brokerage**

Fees & Commission	144,903	11,316,743	456,132	37,339,153
Exchange gain/(loss) net off exchange gains*	12,459	973,017	(27,754)	(2,271,934)
Brokerage	-	-	-	-
	<b>157,362</b>	<b>12,289,760</b>	<b>428,378</b>	<b>35,067,218</b>

\*The net result of exchange differences arising from day to day transactions & revaluation of monetary items are recognized in profit and loss account as per BAS 21 (The Effect of changes in Foreign Exchange Rates).

**13 Other Operating Income**

Service charges, SWIFT charges etc.	15,123	1,181,101	12,070	988,022
	<b>15,123</b>	<b>1,181,101</b>	<b>12,070</b>	<b>988,022</b>

**14 Operating Expenses**

Account Maintenance & Processing fees	191,717	14,972,885	257,412	21,071,837
Other charges	550	42,990	5,475	448,220
	<b>192,268</b>	<b>15,015,875</b>	<b>262,887</b>	<b>21,520,057</b>

**15 Provision for Loans and Advances**

General Provision	85,520	6,678,965	380,985	31,187,587
Specific Provision	-	-	-	-
	<b>85,520</b>	<b>6,678,965</b>	<b>380,985</b>	<b>31,187,587</b>

**16 Profit and loss account - retained earnings**

Opening balance	2,695,138	220,625,304	2,101,210	156,563,681
Profit during the year	2,240,360	174,969,231	2,695,138	220,625,304
	4,935,498	395,594,535	4,796,348	377,188,985
Transferred to Main ops during the year	(2,695,138)	(220,625,304)	(2,101,210)	(156,563,681)
<b>Closing balance</b>	<b>2,240,360</b>	<b>174,969,231</b>	<b>2,695,138</b>	<b>220,625,304</b>

	Note	2013		2012	
		USD	TAKA	USD	TAKA
<b>17 Cash received from commission, exchange and brokerage</b>					
Commission, exchange and brokerage		157,362	12,289,760	428,378	35,067,218
		<b>157,362</b>	<b>12,289,760</b>	<b>428,378</b>	<b>35,067,218</b>
<b>18 Cash received from other operating activities</b>					
Service charges, SWIFT charges etc.		15,123	1,181,101	12,070	988,022
		<b>15,123</b>	<b>1,181,101</b>	<b>12,070</b>	<b>988,022</b>
<b>19 Paid for operating expenses</b>					
Operating expenses		(192,268)	(15,015,875)	(262,887)	(21,520,057)
		<b>(192,268)</b>	<b>(15,015,875)</b>	<b>(262,887)</b>	<b>(21,520,057)</b>
<b>20 Cash and cash equivalent</b>					
Balance with other banks & FIs		10,592,897	823,597,774	16,386,204	1,308,436,787
Money at call and short notice		-	-	-	-
		<b>10,592,897</b>	<b>823,597,774</b>	<b>16,386,204</b>	<b>1,308,436,787</b>

## financial reports of the subsidiaries



GOING REGIONAL

WE ARE PURSUING AN INORGANIC GROWTH ROUTE  
TO DIVERSIFY AND SUSTAIN OUR BUSINESS

Appreciating  
diversity



# AUDITORS' REPORT

## TO THE SHAREHOLDERS OF

### EBL SECURITIES LIMITED

We have audited the accompanying financial statements of **EBL SECURITIES LIMITED**, which comprises the statement of financial position as at December 31, 2013 and the related statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) & Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations. These responsibilities includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

#### Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Accounting Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

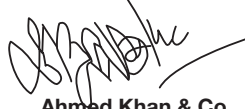
#### Opinion:

In our opinion the Financial Statements prepared in accordance with Bangladesh Accounting Standards (BAS) & Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at December 31, 2013 and of the result of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act 1994 and other applicable laws and regulations.

#### Further to our opinion in the above paragraph, we state 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 **EBL SECURITIES LIMITED**, so far as it appeared from our examination of those books;
- c) the company's Statement of Financial Position, Statement of Comprehensive Income and Statement of Cash Flow and Statement of Changes in Equity dealt with by the report are in agreement with the books of account and returns;
- d) The expenditure incurred was for the purpose of the company's business.

Dhaka, February 09, 2014



**Ahmed Khan & Co.**  
Chartered Accountants



# EBL SECURITIES LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	Note	2013 Taka	2012 Taka
<b>I. ASSETS</b>			
<b>A. Non-Current Assets:</b>		<b>209,674,825</b>	<b>211,451,017</b>
Fixed Assets less Accumulated Depreciation	04	6,769,545	8,087,321
Intangible Assets less Amortization	05	1,156,466	1,458,262
Deferred Revenue Expenses less Written off	06	242,814	399,434
Membership of DSE & CSE at Cost	07	201,506,000	201,506,000
<b>B. Current Assets:</b>		<b>1,241,578,329</b>	<b>907,569,159</b>
Advances, Deposits & Prepayments	08	2,189,553	4,092,418
Advance Income Tax	09	23,754,860	9,381,768
Accounts Receivable	10	972,621,104	779,128,673
Investment in Securities	11	68,803,199	21,923
Cash & Cash Equivalents	12	174,209,614	114,944,377
<b>TOTAL ASSETS (A+B)</b>		<b>1,451,253,154</b>	<b>1,119,020,175</b>
<b>II. EQUITY &amp; LIABILITIES</b>		<b>411,660,842</b>	<b>311,646,071</b>
<b>C. Share Holders' Equity:</b>			
Share Capital	13	400,000,000	300,000,000
Retained Earnings	14	11,660,842	11,646,071
<b>D. Non-Current Liabilities:</b>		-	-
<b>E. Current Liabilities:</b>		<b>1,039,592,312</b>	<b>807,374,104</b>
Accounts Payable	15	103,051,342	76,864,037
Bank Overdraft	16	840,327,596	654,886,483
Liability for Expenses	17	5,505,685	7,927,608
Other Liabilities	18	64,481,284	44,488,400
Provision for Tax	19	26,226,405	23,207,577
<b>TOTAL LIABILITIES (C+D+E)</b>		<b>1,451,253,154</b>	<b>1,119,020,175</b>

The attached notes 1 to 26 form an integral part of the financial statements.



Chief Executive Officer

Dhaka, February 09, 2014



Director



Chairman

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 DECEMBER 31, 2013

Particulars	Note	2013 Taka	2012 Taka
<b>A. Revenue:</b>			
Commission Earning	20	67,155,825	60,687,995
Income from Investment	21	6,866,080	(63,263)
Other Operating Income	22	127,166,756	130,775,047
		<b>201,188,661</b>	<b>191,399,779</b>
<b>B. Expenses:</b>			
Direct Expenses	23	5,042,064	7,237,479
Office & Administrative Expenses	24	39,298,757	38,265,891
Financial Expenses	25	99,305,642	84,320,430
		<b>143,646,463</b>	<b>129,823,801</b>
<b>C. Operating Profit before Provision:</b>		<b>57,542,198</b>	<b>61,575,978</b>
Loss on Revaluation of Shares		10,471,550	-
Loss on Margin Loan		20,946,057	-
<b>D. Profit before Tax:</b>		<b>26,124,591</b>	<b>61,575,978</b>
Income Tax Expenses	26	26,109,819	25,136,747
<b>Net Profit after Tax</b>		<b>14,772</b>	<b>36,439,231</b>

The attached notes 1 to 26 form an integral part of the financial statements.



**Chief Executive Officer**

Dhaka, February 09, 2014



**Director**



**Chairman**

Signed in terms of our annexed report of even date.



**Ahmed Khan & Co.**  
**Chartered Accountants**

# EBL SECURITIES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Taka	2012 Taka
<b>Cash Flows from Operating Activities:</b>		
Net Profit/(Loss) after Provision for Tax	14,772	36,439,231
Add: Depreciation	2,448,380	2,445,006
Add: Amortization	301,796	301,796
Add: Written off- Deferred Revenue Expenses	156,620	156,620
<b>Net Profit/(Loss) after Depreciation</b>	<b>2,921,567</b>	<b>39,342,654</b>
<b>Changes in Working Capital:</b>	<b>(42,525,726)</b>	<b>(162,938,651)</b>
(Increase)/Decrease in Advances, Deposits & Pre-payments	1,902,865	2,322,026
(Increase)/Decrease in Advance Income Tax	(14,373,092)	19,625,598
(Increase)/Decrease in Receivable	(193,492,431)	(44,960,983)
(Increase)/Decrease in Investment in Securities	(68,781,276)	314,800
Increase/(Decrease) in Payable	26,187,306	(6,018,172)
Increase/(Decrease) in Bank Overdraft	185,441,113	(61,100,933)
Increase/(Decrease) in Liability for Expenses	(2,421,922)	(790,738)
Increase/(Decrease) in Other Liabilities	19,992,883	(11,176,000)
Increase/(Decrease) in Interim Dividend Payable	-	(40,000,000)
Increase/(Decrease) in Provision for Tax	3,018,828	(21,154,250)
<b>A. Net Cash provided from/ (used in) Operating Activities:</b>	<b>(39,604,159)</b>	<b>(123,595,997)</b>
<b>Cash Flows from Investing Activities:</b>		
(Increase)/Decrease in Membership Fees of DSE & CSE	-	(201,500,000)
Fixed Assets Purchased	(1,130,604)	(12,000)
<b>B. Net Cash provided from/ (used in) Investing Activities</b>	<b>(1,130,604)</b>	<b>(201,512,000)</b>
<b>Cash Flows from Financing Activities:</b>		
Increase/(Decrease) in Paid-up Capital	100,000,000	287,500,000
<b>C. Net Cash provided from/ (used in) Financing Activities:</b>	<b>100,000,000</b>	<b>287,500,000</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalent During the Year (A+B+C) :</b>	<b>59,265,237</b>	<b>(37,607,997)</b>
Opening Cash & Cash Equivalents	114,944,377	152,552,374
<b>Closing Cash &amp; Cash Equivalents*</b>	<b>174,209,614</b>	<b>114,944,377</b>
<b>Closing Cash &amp; Cash Equivalents*</b>		
Cash in Hand	10,903	4,239
Cash at Bank	174,198,711	114,940,137
	<b>174,209,614</b>	<b>114,944,377</b>


The attached notes 1 to 26 form an integral part of the financial statements.

  
**Chief Executive Officer**

Dhaka, February 09, 2014

  
**Director**
  
**Chairman**

Signed in terms of our annexed report of even date.

  
**Ahmed Khan & Co.**  
**Chartered Accountants**

# EBL SECURITIES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

Figures are in BDT


Particulars	Paid-up Capital	Retained Earnings	Total
<b>Balance as on January 01, 2013</b>	300,000,000	11,646,071	311,646,071
Net Surplus/ (Deficit) for the Year	100,000,000	14,772	100,014,772
Interim Dividend	-	-	-
<b>Balance as at December 31, 2013</b>	<b>400,000,000</b>	<b>11,660,842</b>	<b>411,660,842</b>

FOR THE YEAR ENDED DECEMBER 31, 2012

Figures are in BDT

Particulars	Paid-up Capital	Retained Earnings	Total
<b>Balance as on January 01, 2012</b>	12,500,000	15,206,840	27,706,840
Net Surplus/ (Deficit) for the Year	287,500,000	36,439,231	323,939,231
Interim Dividend	-	(40,000,000)	(40,000,000)
<b>Balance as at December 31, 2012</b>	<b>300,000,000</b>	<b>11,646,071</b>	<b>311,646,071</b>

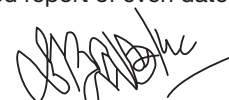
The attached notes 1 to 26 form an integral part of the financial statements.

  
**Chief Executive Officer**  
Dhaka, February 09, 2014

  
**Director**

  
**Chairman**

Signed in terms of our annexed report of even date.

  
**Ahmed Khan & Co.**  
**Chartered Accountants**

# EBL SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

### 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.

The company purchased a Chittagong Stock Exchange (CSE) membership license bearing distinctive no. 021 from Agrani Securities Limited, the transfer of which has been approved by CSE in its 175th meeting held on October 07, 2012

#### 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 (BAS) and Bangladesh Financial Reporting Standards (BFRS) 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. also registered with the Bangladesh Securities and Exchange Commission (BSEC) 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 flowing 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, correction of errors, the amounts involved are accounted for and retrospectively accordance with the requirement of BAS 8. We however, have applied the same accounting principles in 2013 as in financial statements for 2012.

## 3 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 fixed assets. 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:

Furniture & Fixture	15%
Television & Multimedia	20%
Computer & Accessories	20%
Generator	15%
Office Equipment	15%
Office Decoration	15%
Car Vehicles	15%

### 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 Statement of Financial Position at cost less accumulated amortization.

Subsequent expenditure on intangible assets 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 impairments 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 Statement of Comprehensive Income 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 in 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 period under indirect method as per BAS-7 "Cash Flow Statement".

### 3.5 Accounts Receivable:

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 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 recognized at cost. Quarterly impairment test is carried out by comparing cost with market price. In case of diminution of market value compared to cost, provision is made on portfolio basis but no unrealized gain is booked when market value exceeds cost.

### **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 values.

### **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 950.00 million and 150.00 million is against overdraft and letter of guarantee respectively vide letter reference no # MS/1082/2013 dated June 24, 2013. EBL Securities Ltd. facilitates the fund to its clients as margin loan. Interest costs are recognized in the Statement of Comprehensive Income in the period in which they are incurred.

### **3.12 Provisions:**

Provision is recognized in the Statement of Financial Position 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/Loss on Sale of Securities:**

Capital gain/loss on disposal of securities listed in the stock exchange is recorded on realized basis i.e. only when securities are sold in the market.

### **3.17 Interest Suspense Account:**

Suspense interest account is created against interest income from negative equity customers. Since the negative equity customers are temporarily unable to repay their debt, interest income accrued from those negative equity clients during the year 2013 have been transferred into the suspense interest account.

### **3.18 Income Tax Expenses:**

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

### **3.19 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 December 31, 2013 as per BAS 33: "Earnings Per shares" Diluted earnings per share was not required to be calculated as there were no dilution possibilities during the year.

### **3.20 Particulars of Employees:**

The number of employees engaged by the company during the year and part thereof was 42 (44 in 2012) and all the staffs of the company are drawing salary and allowances above Tk 60,000 per annum.

### **3.21 Events after Statement of Financial Position:**

There are no such events after the reporting period existed at the end of the reporting period.

### **3.22 Currency:**

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.

### **3.23 General:**

Previous year's figures have been re-arranged/re-classified, where consider necessary, to conform to current year's presentation.

# Auditors' Report to the Shareholders of EBL Investments Limited

**Hoda Vasi Chowdhury & Co**  
Independent Correspondent Firm to  
Deloitte Touche Tohmatsu

We have audited the accompanying financial statements of EBL Investments Limited (the "Company") which comprise the statement of financial position as at 31 December 2013, related statement of Comprehensive Income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and 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 (BSA). 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, 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 principles 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 Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the results of its operations for the year then ended and comply with the Companies Act 1994, the Bangladesh Securities and Exchange Commission Rule 1987 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- a) 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;
- 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;
- 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; and
- d) the expenditure incurred was for the purpose of the Company's business.

*Hoda Vasi Chowdhury*  
**Hoda Vasi Chowdhury & Co.**  
**Chartered Accountants**

Dhaka, 20 February 2014

# EBL Investments Limited

## Statement of Financial Position

As on 31st December 2013

		2013	2012
	Note	Taka	Taka
<b>PROPERTY AND ASSETS</b>			
<b>Non Current Assets:</b>			
Property, Plant & Equipment Less Accumulative Depreciation	3	319,688	-
Intangible Assets Less Amortization	4	788,375	-
Advances, Deposit & Prepayments	5	770,903	-
		<b>1,878,966</b>	<b>-</b>
<b>Current Assets:</b>			
Accounts Receivable	6	7,276,618	-
Advance Income tax	7	15,906,512	5,636,274
Investments	8	312,645,873	-
Cash & Cash Equivalent	9	8,869,947	345,942,101
		<b>344,698,950</b>	<b>351,578,375</b>
<b>TOTAL ASSETS</b>		<b>346,577,916</b>	<b>351,578,375</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Paid up capital	10	300,000,000	300,000,000
Retained earnings	11	19,105,122	42,166,654
<b>Total Shareholders' Equity</b>		<b>319,105,122</b>	<b>342,166,654</b>
<b>Non Current Liabilities</b>			
	12	-	-
<b>Current Liabilities</b>			
Accounts Payable	13	3,752,772	-
Provision for tax	14	19,334,278	9,354,221
Provision for diminution in value of investments	15	3,818,249	-
Provision for Expenses	16	58,150	-
Other liabilities	17	509,345	57,500
		<b>27,472,794</b>	<b>9,411,721</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>346,577,916</b>	<b>351,578,375</b>

The annexed notes 1 to 27 form an integral part of these financial statements.

  
Chairman

  
Director

  
Managing Director  
Signed as per our annexed  
report of same date.

  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Dhaka, 20 February 2014

# EBL Investments Limited

## Statement of Comprehensive Income

For the year ended 31st December 2013

Particulars	Note	2013 Taka	2012 Taka
<b>Operating Income</b>			
Fees & commission	18	617,499	-
Income from Investment	19	5,238,023	-
Interest income	20	33,595,273	25,013,239
<b>Total operating income</b>		<b>39,450,795</b>	<b>25,013,239</b>
<b>Operating Expense</b>			
Administrative Expenses	21	9,038,948	57,500
Financial Expenses	22	65,811	11,150
<b>Total operating expense</b>		<b>9,104,759</b>	<b>68,650</b>
<b>Profit/(Loss) before Provision</b>		<b>30,346,036</b>	<b>24,944,589</b>
Provision for diminution in value of investments	23	3,818,249	-
<b>Profit/(Loss) before Provision for tax</b>		<b>26,527,787</b>	<b>24,944,589</b>
Provision for income tax	24	10,589,318	7,228,118
<b>Net profit after tax</b>		<b>15,938,469</b>	<b>17,716,471</b>
Earning per share	25	<b>5.31</b>	<b>5.91</b>

The annexed notes 1 to 27 form an integral part of these financial statements.

  
Chairman

  
Director

  
Managing Director  
Signed as per our annexed  
report of same date.

  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Dhaka, 20 February 2014



# EBL Investments Limited

## Cash Flow Statement

For the year ended 31st December 2013

Particulars	Note	2013 Taka	2012 Taka
<b>A. Cash flows from operating activities</b>			
Operating Cash flows before changing in operating assets/liabilities		15,938,469	15,376,335
Increase/ Decrease in operating Assets/ Liabilities			
Accounts receivable		(7,276,618)	-
Advance Income Tax		(10,270,238)	-
Investment in Securities		(45,403,373)	-
Investment in IPO		(5,000)	-
Investment in FDR		(267,237,500)	-
Provision for diminution in value of investments		3,818,249	-
Provision for Expenses		58,150	-
Other liabilities		451,845	-
Increase/ Decrease in other Assets		-	-
Accounts payable		3,752,772	-
Provision for tax		9,980,057	-
<b>Net cash flow from operating activities</b>		<b>(296,193,188)</b>	<b>15,376,335</b>
<b>B. Cash flows from investing activities</b>			
Fixed Assets		(1,878,966)	-
<b>Net cash flow from investing activities</b>		<b>(1,878,966)</b>	-
<b>C. Cash flows from financing activities</b>			
Net financing received from parent		-	-
Cash Dividend		(39,000,000)	-
<b>Net cash flow from financing activities</b>		<b>(39,000,000)</b>	-
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>(337,072,155)</b>	<b>15,376,335</b>
<b>E. Opening cash and cash equivalents</b>		<b>345,942,101</b>	<b>330,565,766</b>
<b>F. Closing cash and cash equivalents</b>		<b>8,869,947</b>	<b>345,942,101</b>
<b>Closing cash and cash equivalents represents</b>			
Cash in hand		233	-
Balances with other banks and financial institutions		8,869,714	345,942,101
		<b>8,869,947</b>	<b>345,942,101</b>

The annexed notes 1 to 27 form an integral part of these financial statements.



Chairman

Dhaka, 20 February 2014



Director



Managing Director

# EBL Investments Limited

## Statement of Changes in Equity

For the year ended 31st December 2013

	Share capital	Retained earnings	Total
	Taka	Taka	Taka
Balance as at 1 January 2013	300,000,000	42,166,654	342,166,654
Net profit during the period	-	15,938,469	15,938,469
Cash dividend paid (for 2012)	-	(39,000,000)	(39,000,000)
	-	-	-
<b>Balance as at 31st December, 2013</b>	<b>300,000,000</b>	<b>19,105,122</b>	<b>319,105,122</b>
<b>Balance as at 31st December, 2012</b>	<b>300,000,000</b>	<b>42,166,654</b>	<b>342,166,654</b>

The annexed notes 1 to 27 form an integral part of these financial statements.

  
Chairman

Dhaka, 20 February 2014

  
Director

  
Managing Director

# EBL Investments Limited

## Notes to the Financial Statements

As at and for the year ended 31st December 2013

### 1. Legal status and nature of the Company

EBL Investments Limited (here-in-after referred to as “EBL Investments Limited (EBLIL)” 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 and obtained required merchant banking license from BSEC in 27th January, 2013. This Company is a fully owned subsidiary of Eastern Bank Limited. EBLIL is well equipped with skilled human resources and business set up to start full fledged operations from July, 2013.

EBLIL has started full pledge merchant banking operation during early second half of 2013. The activities of the Company include services broadly classified as fees and commission based and fund based services, such as underwriting of securities, issue management, portfolio management, corporate advisory 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 period ended 31st December 2013 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 1st January 2013 to 31st December 2013 and is followed consistently.

#### 2.6 Functional and presentation currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT), 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%
Computer and Accessories	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 @ 15% 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 Mbank software.

## **2.10 Cash and cash equivalent and cash flow statement**

Considering the provisions of BAS-1 and BAS-7, cash in 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.

2.12.1 Fees and Commission income arises on services rendered by the company and recognized on and accrual basis.

2.12.2 Interest income is accounted on accrual basis.

## 2.13 Income and expenditures

Income and expenditures are recognised on accrual basis. Income is only recognised if its realisation is reasonably certain.

## 2.14 General

Certain corresponding figures have been rearranged/reclassified to conform to the current year's presentation adopted in these financial statements.



# EBL Finance (HK) Limited

## Report of the Directors

The directors present their report together with the audited financial statements for the period from 28 November 2011 (Date of incorporation) to 31 December 2013.

### Principal activities

The principal activity of the Company is engaged in money lending business.

### Results

The results of the Company for the period ended 31 December 2013 and the state of affairs of the Company at that date are set out on pages 5 and 6.

### Share capital

Movements in share capital during the period are set in note 12 to the financial statements.

### Directors

The sole director during the period and up to the date of this report was:-

Eastern Bank Limited

(Appointed on 28 November 2011)

In accordance with the Company's Articles of Association, all directors are not subject to rotation or retirement at the annual general meeting and are therefore continue in office.

### Directors' interests in contracts

Save as disclosed in note 14 to the financial statements, no other contract of significance to which the Company or its holding company was a party and in which a director of the Company had a material interest subsisted at the end of the period or at any time during the period.

### Directors' rights to acquire shares and debentures

At no time during the period was the Company or its holding company a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

### Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the period.

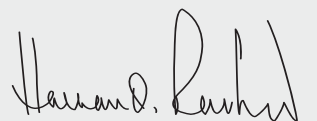
### Other matters

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

### Auditor

The financial statements have been audited by Kingston C.P.A. Limited who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board  
For and on behalf of  
Eastern Bank Limited



**Chairman/Director**

Hong Kong, 24 January 2014

# Independent Auditor's Report

## To The Shareholders of EBL Finance (HK) Limited

### (Incorporated in Hong Kong with limited liability)

We have audited the financial statements of EBL Finance (HK) Limited ("the Company") set out on pages 5 to 16, which comprise the balance sheet as at 31 December 2013, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

#### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 of financial statements that give a true and fair view 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 the directors, 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 state of the Company's affairs as at 31 December 2013, and of its loss and cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Kingston C.P.A. Limited

Certified Public Accountants, Hong Kong

Auditor, Tony K.Y. Ng; P.C. No. P01792

24 January 2014

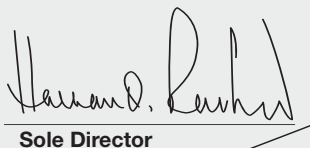
# EBL Finance (HK) Limited

## Balance Sheet - 31 December 2013

Note	HK\$
<b>ASSETS AND LIABILITIES</b>	
<b>Non-current assets</b>	
8	180,307
<b>Current assets</b>	
9	28,840,895
	471,699
	140,300
	7,912,851
	37,365,745
<b>Current liabilities</b>	
	555,733
	4,892,901
10	260,898
11	31,387,500
	37,097,032
	268,713
	<b>449,020</b>
<b>Net current assets</b>	
	<b>449,020</b>
<b>Net assets</b>	
<b>EQUITY</b>	
<b>Capital and reserves</b>	
Share capital	
Authorised, issued and fully paid -	
1,410,000 ordinary share of HK\$1 each	
12	1,410,000
Accumulated losses	
	(960,980)
	<b>449,020</b>

Approved and authorised for issue by the board of directors on 24 January 2014

By Order of the Board  
For and on behalf of  
Eastern Bank Limited

  
**Sole Director**

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

# EBL Finance (HK) Limited

## Income Statement

PERIOD FROM 28 NOVEMBER 2011  
(DATE OF INCORPORATION)  
TO 31 DECEMBER 2013

Particulars	Note	HK\$
Turnover	4	1,241,968
Cost of sales		(283,080)
<b>Gross profit</b>		<b>958,888</b>
Other revenues and net gains or losses	4	42,944
Operating expenses		(1,962,812)
Operating loss	5	(960,980)
Finance costs		-
Loss for the period carried forward		(960,980)

## STATEMENT OF CHANGES IN EQUITY

PERIOD FROM 28 NOVEMBER 2011  
(DATE OF INCORPORATION)  
TO 31 DECEMBER 2013

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
Issuance of share capital (Note 12)	1,410,000	-	1,410,000
Net loss for the period	-	(960,980)	(960,980)
Balance at 31 December 2013	1,410,000	(960,980)	449,020

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

# EBL FINANCE (HK) LIMITED

## CASH FLOW STATEMENT

PERIOD FROM 28 NOVEMBER 2011

(DATE OF INCORPORATION)

TO 31 DECEMBER 2013

HK\$

### Operating activities

Loss before taxation

(960,980)

### Adjustment for:

Interest expense

283,080

Depreciation

64,062

### Operating cash flows before working capital changes

**(613,838)**

Increase in bills financed

28,840,895

Increase in other receivables

(471,699)

Increase in deposits and prepayments

(140,300)

Increase in accruals and other payables

555,733

Increase in temporary receipts

4,892,901

Increase in amounts due to a holding company

260,898

Increase in loan from a holding company

31,387,500

### Cash generated from operations

**7,030,300**

Interest paid

(283,080)

### Net cash generated from operating activities

**6,747,220**

### Net cash used in from investing activities

Payments to acquire property, plant and equipment

(244,369)

### Net cash generated from financing activities

Proceeds from issue of share capital

1,410,000

### Net increase in cash and cash equivalents

7,912,851

### Cash and cash equivalents at beginning of period

-

### Cash and cash equivalents at end of period

**7,912,851**

### Analysis of cash and cash equivalents at end of period

### Bank balances

**7,912,851**



# EBL FINANCE (HK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

### 1. ORGANISATION AND OPERATIONS

The Company is a private company incorporated in Hong Kong with limited liability. The address of its registered office is Unit 1201, 12th Floor, Albion Plaza, 2-6 Granville Road, Tsimshatsui, Hong Kong.

During the period, the Company engaged in money lending business.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The Company has not early applied the following new standards, amendments or interpretations that have been issued and relevant to the Company but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Company.

HKFRS 9

Financial Instruments <sup>2</sup>

HKFRS 13

Fair Value Measurement <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015.

### 3. PRINCIPAL ACCOUNTING POLICIES

#### (a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

The financial statements have also been prepared under the accrual basis of accounting.

#### (b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The principal annual rates are as follows:-

Machineries and equipments	20% - 33.33%
Furniture and fixtures	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

#### (c) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

#### (d) Impairment losses

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

## PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term deposits held at banks, other short-term highly liquid investments with original maturities of three months or less.

### (f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### (g) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

### (h) Other payables

Other payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

### (i) Foreign currencies

#### (i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). These financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

#### (ii) Transactions, assets and liabilities

Transactions in foreign currencies are translated at the approximate rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the approximate rates ruling on the balance sheet date. Exchange differences are dealt with through the income statement.

### (j) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

### (k) Revenue recognition

(i) Interest income is recognised on a time proportion basis.

(ii) Fees, commission and charges on letter of credit are recognised when the services are provided.

## 4. TURNOVER, OTHER REVENUES AND NET GAINS OR LOSSES

Turnover represents interest income on bills financed; fees, commission and charges on letter of credit.

Revenues recognised during the period are as follows:-

	HK\$
<b>Turnover</b>	
Interest income on bills financed	633,289
Fees, commission and charges on letter of credit	608,679
Other revenues and net gains or losses	1,241,968
Net exchange gain	42,944
<b>Total revenues</b>	<b>1,284,912</b>

**5. OPERATING LOSS**

Operating loss is stated after charging:-

Auditor's remuneration	35,000
Depreciation	64,062
Operating lease charges	640,084
Preliminary expenses	9,130
Salaries and wages	718,443

**6. TAXATION**

(a) No provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profit for the period.

(b) No provision for deferred taxation has been made in the financial statements as there are no material deductible and taxable temporary differences needed to be accounted for in the period.

**7. DIRECTORS' EMOLUMENTS**

During the period ended 31 December 2013, no amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office.

**8. PROPERTY, PLANT AND EQUIPMENT**

	Machineries and equipments HK\$	Furniture and fixtures HK\$	Total HK\$
COST			
Acquisition at cost	63,730	180,639	244,369
Accumulated Depreciation For The Period	11,276	52,786	64,062
Carrying Amounts At 31 December 2013	52,454	127,853	180,307

**9. BILLS FINANCED**

The following is the aging analysis of bills financed at the balance sheet date:-

	HK\$
0-3 months	23,133,001
4-6 months	5,707,894
7-9 months	-
10-12 months	-
Over 12 months	-
	<b>28,840,895</b>

**10. AMOUNTS DUE TO A HOLDING COMPANY**

The amounts are unsecured, interest-free and with no fixed term of repayment.

**11. LOAN FROM A HOLDING COMPANY**

The amounts are unsecured with 3.5% interest rate per annum and repayable within one year.

**12. SHARE CAPITAL**

During the period, 1,410,000 subscriber's shares of HK\$1 each were issued at par for working capital.

### 13. COMMITMENTS UNDER OPERATING LEASE

At 31 December 2013, total future minimum lease payments under non-cancellable operating leases are payable as follows:-

	Land and building HK\$
Within 1 year	174,930
After 1 year but within 5 years	-
Over 5 years	-
	<u>174,930</u>

### 14. RELATED PARTY TRANSACTIONS

During the period, the Company had the following transaction with a related party in the normal course of business:-

Type of transaction	Related party	HK\$
Interest expense	Holding company	283,080

### 15. FINANCIAL RISK MANAGEMENT

The Company is exposed to various kinds of risks in its operation and financial instruments. The Company's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Company by closely monitoring the individual exposure as follows:-

#### (a) Market risk

##### (i) Currency risk

(1) The Company receives its interest income and service fee, mainly in US dollar, that exposes itself to foreign currency risk arising from such transactions and the resulting payables and receivables. The Company closely and continuously monitors the exposure as follows:-

HK dollar is pegged to US dollar, there is no significant exposure expected on US dollar transactions and balances.

##### (2) Sensitivity analysis

As the net exposure of the Company to foreign currency is relatively small, change in foreign currency exchange rate will have no material impact on the financial performance of the Company.

##### (ii) Interest rate risk

The Company's exposure on interest rate risk is mainly on its interest bearing borrowings. In order to manage the interest rate risk, the Company will repay the corresponding borrowing when it has surplus fund.

##### (iii) Price risk

There is no significant price risk as the Company does not have any investment that are traded in an active market.

#### (b) Credit risk

The major exposure to credit risk of the Company's financial assets, which comprise bills financed, deposits and prepayments and cash and bank balances, arises from the default of the counterparties, with a maximum exposure equal to the carrying amount of these financial assets in the balance sheet.

**(c) Liquidity risk**

The Company manages its funds conservatively. The shareholders of the Company would provide sufficient fund to meet continuous operational need.

The maturity profile of all financial liabilities of the Company as at the balance sheet date is as follows:-

	HK\$
<b>Due and payable</b>	
0-3 months	10,359,532
4-6 months	3,487,500
7-9 months	8,525,000
10-12 months	14,725,000
Over 12 months	-
Total current liabilities	<b>37,097,032</b>

**(d) Fair value**

The Company's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2013.

**16. IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The directors regard Eastern Bank Limited, a company incorporated in Bangladesh, as being the immediate and ultimate holding company.

**17. FINANCIAL STATEMENTS PRESENTED FOR A PERIOD LONGER THAN ONE YEAR**

The financial statements cover a period from 28 November 2011 (Date of incorporation) to 31 December 2013. The directors of the Company consider the preparation of annual financial statements would involve expenses and delay out of proportion to the value to the members of the Company.



# branch network

## Dhaka

### 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

### Motijheel Branch/SME Center

88 Motijheel C/A, Dhaka

Tel: 02 9559655, 9565073-4. Fax: 02 9565074

Email: motijheel@ebl-bd.com

### Gulshan Branch

Concord Richmond, 68 Gulshan Avenue, Plot 8A Block

CES (F) Gulshan 1, Dhaka

Tel: 02 9897703, 9897594, 8827254, 8827101-2

Fax: 02 9897703. Email: gulshan@ebl-bd.com

### Bashundhara Branch

Plot-15, Block-A, Bashundhara R/A,

Badda, Dhaka-1219

Tel: 8845391, 8845392, Fax: 8845390

Email: bashundhara@ebl-bd.com

### Banani Branch/Student Center

“Skylark Mark84” House # 84, Road # 11,

Block-D, Banani, Dhaka, Banani Model Town,

Gulshan, Dhaka - 1213, Tel: Phone: 9862669,

9862572, 9860476 Fax: 9862903

Email: banani@ebl-bd.com

### 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

### 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

### 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

### Dhanmondi Branch/Student Center

House 21, Road 8, Dhanmondi R/A,

Dhaka-1205

Tel: 02 9126141, 9114145, 9146235

Email: dhanmondi@ebl-bd.com

### Sonargaon Road Branch/SME Center

‘A.H.N. Tower’ (1st Floor),

13 & 15, Sonargaon Road, Ramna,

Dhaka

Tel: 02 8613225, 8619866

Email: sonargaonroad@ebl-bd.com

### Shantinagar Branch/SME Center

Iris Noorjehan (1st Floor) Plot no. 104, Kakrail Road

Ramna, Dhaka

Tel: 02 8300012, 02 8300013, 02 8300028, 02

8300029, Fax: 8300053

Email: shantinagar@ebl-bd.com

### 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

### 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

### Chawk Mughultuly Branch/SME Center

150 Chawk Mughultuly (1st Floor), Dhaka

Tel: 02 7314364, 7314369

Email: chawkmughultuly@ebl-bd.com

### Narayanganj Branch

64 BB Road (Islam Plaza), Narayanganj

Tel: 02 7648557-58

Email: narayanganj@ebl-bd.com

### Keraniganj Branch

Jahanara Plaza, Bondh Dakpara, Zinzira,

Keraniganj, Dhaka

Tel: 02 7762236-7

Email: keraniganj@ebl-bd.com

### Board Bazar Branch/SME Center

Omar Ali Plaza, House 1, Block C, Board

Bazar, Gazipur

Tel: 02 9293895-6

Email: boardbazar@ebl-bd.com

### Savar Branch

E/3, Tala Bagh, Thana Road, Savar, Dhaka

Tel: 02 7744757-8 Fax: 02 7744759

### Satmosjid Road Branch

48, Satmosjid Road (Ground floor of

OLYMPIA Chinese

Restaurant) Dhanmondi,

Tel: 02 9144603 Fax: 02 9144604

### Banasree Branch

Plot No-10 (1st Floor & ATM at GF),

Block-C, Eastern Housing Banasree Project,

Banasree Rampura, Dhaka.

Tel: 02 7287991, 7286266

### 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

### Nawabgonj Branch

Hossain Plaza, Kolakopa Union Parishad,

Nawabgonj, Dhaka-1320

Tel: 0622556264, 0622556266, 0622556265

Email: nawabgonj@ebl-bd.com

### Keraniganj SME/Agri Branch

‘Green Tower’, Aganagar Union Parishad,

South Keraniganj, Dhaka

Tel: 02 7763725, 7763726, 7763727

Email: keranigonjsme@ebl-bd.com

### Mirpur Dar-Us-salam Road Branch

Chand plaza, 10 Dar-Us- Salam Road,

Mirpur-01, Dhaka-1216

Tel: 02 9003465 Fax: 02 9003449

Email: darussalam@ebl-bd.com

### Narayanganj SME/Agri Branch

34, ASP Bhaban, Mahim Ganguly Road,

Tanbazar, Narayanganj.

Tel: 02 7644480, 7644048, Fax: 02 7644077

Email: narayanganjsme@ebl-bd.com

### Tangail Branch

“Rahman Center” (1st floor),

55 Victoria Road, Tangail

Tel: 092162437, 092162438, 092162439

Email: tangail@ebl-bd.com

### Mymensingh SME/Agri Branch

“Hamida Market”, 45 Choto bazaar,

Kotwaly, Mymensingh

Tel: 09163831, 09163861, 09163841

Email: Mymensinghsme@ebl-bd.com

### 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

### Dohar Branch

Ashraf Ali Chowdhury Plaza,

83, College Road, Joypara,

Dohar, Dhaka

Tel: 06223-56211, 06223-56209, 06223-56208

Email: dohar@ebl-bd.com

### Faridpur Branch

Golpukur Dream Shopping Complex

7/216, Mujib Road, Faridpur

Tel: 0631-67218, 0631-67219, 0631-67220

Email: faridpur@ebl-bd.com

### Progoti Sarani Branch

Azahar Comfort Complex, 130/A, Progoti

Sarani, Middle Badda, Gulshan, Dhaka

Tel: 8826796, 8825357, 8824963

Email: progotisarani@ebl-bd.com

### Azimpur Branch

Tulip Feroza Dream, 104, Azimpur Road,

Hazaribagh, Dhaka

Tel: 9660483, 9612004, 9612005

Email: azimpur@ebl-bd.com

### Madhabdi SME/Agri Branch

242/1, Algi Road, Madhabdi Bazar,

Parkashipur, Madhabdi, Narshindi

Tel: 9446995, 9446978, 9446993

Email: narshindi@ebl-bd.com

### DEPZ Branch

Mazid Tower, Baipail, Dhamshona, Ashulia,



Dhaka, Tel: 02 7790926, Fax: 02 7790927

Email: depz@ebl-bd.com

**Dakshinkhan Branch**

Golam Sharif Market, 250/A, Ashkona,  
Dakshinkhan, Uttara, Dhaka

Tel: 01714075356, 01819132494,

01775828814,

Email: dakshinkhan@ebl-bd.com

**Wari Branch**

40/1 Rankin street, Wari, Dhaka

Tel: 02 7112175, 02 7110137, Fax: 02

7110949, Email: wari@ebl-bd.com

**Jashim Uddin Road Branch**

Giant Business Tower, Level 2, Plot 3 & 3/A,  
Sector 3, Uttara, Dhaka

Tel: 028961486, 028961481, 028961472

Email: jashimuddin@ebl-bd.com

**Ponchoboti Branch**

101 & 102 ponchobotir more (1st floor),  
Fatullah, Narayangonj

Tel: +88-02-7672837, 7672853,

Fax: +88-02-7672884

**Chittagong**

**Agrabad Branch/SME Center**

33 Agrabad C/A, Chittagong

Tel: 031-720755-9 Fax: 031 710262

Email: agrabad@ebl-bd.com

**Station Road Branch**

Asian S. R. Hotel, (GF)

291, Station Road, Chittagong

Tel: 031-621898, 636986, 620519 Fax: 031

620519, Email: stationroad@ebl-bd.com

**Khatunganj Branch**

173 Khatunganj Badsha Market,  
Chittagong.

Tel: 031 621316, 630229, 635153 Fax: 031

638743, Email: khatunganj@ebl-bd.com

**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

**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

**Chandgaon Branch**

House-16, Road-01, Block-A, Chandgaon R/A  
Chittagong-4212

Tel: 031 2571204, 2571205, 2572704

Email: chandgaon@ebl-bd.com

**Panchlaish Branch**

Al-Hakim Plaza

14, Panchlaish R/A, Chittagong-4203

Tel: 031 2552691, 031-2553556 Fax: 031

2552692, Email: panchlaish@ebl-bd.com

**Raozan Branch**

Bharetohowri Market, Kaptai Road

Noapara, Raozan, Chittagong-4346

Tel: 031 2571207

Email: raozan@ebl-bd.com

**Choumuhani Branch**

"Kiron Imperial" (GF, 1st and 2nd Floor), 1460  
Karimpur Road,

Choumuhoni, Begumgonj, Noakhali

Phone: 0321 56497, 0321 56495, 0321 56496

**Cox's Bazar Branch/SME Center**

10 Hotel Motel Zone, Kolatali Road, Cox's  
Bazar

Tel: 0341-51295-7 Email: coxsbazar@ebl-bd.com

**Feni SME/Agri Branch**

"Kazi Alamgir Center", 26 S.S.K Road, Feni

Tel: 0331 73562, 0331 73563, 0331 73564

Email: feni@ebl-bd.com

**Halishahar Branch**

House-1, Road-1, Block-L, Halishahar

Housing Estate

Halishahar, Chittagong.

Tel: 031 2513895, 031 2513896-7

Email: halishahar@ebl-bd.com

**Sirajuddowla Road Branch**

94, Siraj-Ud-Doula Road

(opposite to Didar Market),

Dewan Bazaar, Chandanpura, Chittagong

Tel: 031 2865261-4

**CEPZ Chittagong Branch**

1279/A Saleh Complex, CEPZ Gate, Bandar,  
Chittagong.

Tel: 031 742195, 031 742196, 031 742197

Email: cepz@ebl-bd.com

**Lohagara Chittagong Branch**

M. K. Shopping Complex (1st Floor),

Bottoli, Main Road, Lohagara, Chittagong

Tel: 0303 456681, 0303 456682 Fax: 0303

456682, Email: lohagara@ebl-bd.com

**Hathazari Chittagong Branch**

Haji Sultan Market, Hathazari Bus Stand,

Hathazari, Chittagong

Tel: 031-2601956, 031-2601957, Fax: 031-

2601958, Email: hathazari@ebl-bd.com

**Comilla SME/Agri Branch**

Chowdhury Plaza, 195, Jail Road,

Jhawtala, Comilla

Tel: 08172778, 08172779, 08172479,

08172679, 08172478

Email: comilla@ebl-bd.com

**Nazirhat Branch**

Zaria Community Centre, (Adjacent to Dorbar  
Gate)

Nazirhat, Fatickchari, Chittagong

Tel: 044 3800 0504-5 Ext: 101, 017 1310

7217, Email: nazirhat@ebl-bd.com

**Bhatiari Branch**

Sajeda Bhaban(Ground Floor, 1st & 2nd

floor)", beside H.Akbar Ali Road,

Bhatiari, Chittagong

Tel: 044 38000567, 044 38000568

Email: bhatiary@ebl-bd.com

**Mehdibagh Branch**

Emdad Heights, 38 Chatteshwari Circle,

Mehdibagh, Chittagong

Tel: 031 2869451 - 2, Fax 031 2869453

Email: mehdibagh@ebl-bd.com

**Majidee Branch**

Alif Plaza, Main Road, Majidee, Noakhali

Tel: 0321 71115, 0321 71116, Fax 880 0321

71137, Email: majidee@ebl-bd.com

**Jamal Khan Branch**

CPDL AM Majesta(1st Floor),

84, Jamal Khan Road, Chittagong.

Tel : 031-2866603-04 ,Fax-88 031-2866605

**Dohazari Branch**

Hazari Tower (01st Floor), Dohazari,

Chandanaish, Chittagong. Tel : 09666777325

**Sylhet**

**Upasahar Branch**

504, Gas Bhaban (GF)

Mehdi Bagh, Sylhet

Tel: 0821 719573, 719584 Fax: 0821 719584

Email: upashahar@ebl-bd.com

**Chouhatta Branch/SME Center**

Firoz Centre,

891/KA, Chouhatta, Sylhet

Tel: 0821-717545, 723242, 721386 Fax: 0821

717545, Email: chouhatta@ebl-bd.com

**Bishwanath Branch**

Khurshid Ali Shopping Complex

Notun Bazar, Bishwanath, Sylhet-3100

Tel: 08224 56005

Email: bishwanath@ebl-bd.com

**Moulvi Bazar Branch/SME Center**

26, Sylhet Trunk Road (1st Floor),

Moulvi Bazar-3200

Tel: 0861 52034 , 0861 52226

Email: moulvibazar@ebl-bd.com

**Brahmanbaria Branch**

Abil Mia Plaza, 106, T.A. Road, Brahmanbaria

Tel: 01194493940, 01715073206,

01743438386, Email: brahmanbaria@ebl-bd.com

**Khulna**

**Khulna Branch/SME Center**

Tayamun Centre & Properties

181, Khan A. Sabur Road, Khulna

Tel: 041 723506, 721069, 720041-2, 723418

Fax: 041 721740, Email: khulna@ebl-bd.com

**Jessore Branch/SME Center**

25/A R.N. Road (1st Floor)

Jessore, Tel: 0421-68842-3, 0421-64533

Email: jessore@ebl-bd.com

**Rajshahi**

**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

**Bogra Branch/SME Center**

1020/1092, Satani Mega Centre, Sherpur

Road, Bogra 5800

Tel: 051 78373, 78887 , 69932

Email: bogra@ebl-bd.com

**Rangpur**

**Rangpur Branch**

House-11, Road-1, Dhap Jail Road, Rangpur

Tel: 052155289, 052155290, 052155291

Email: rangpur@ebl-bd.com



# correspondent bank network

## **ALGERIA**

### **ALGIERS**

Citibank NA Algeria

## **ARGENTINA**

### **BUOENS AIRES**

Bank Boston NA Argentina

Deutsche Bank Ag

## **AUSTRALIA**

### **MELBOURNE**

Citibank NA

### **SYDNEY**

JP Morgan Chase Bank N.A.

Citibank NA

HSBC Bank Australia

The Bank of Tokyo Mitsubishi UFJ Ltd

BNP Paribas Sydney

Westpac Banking Corporation

COMMONWEALTH BANK OF AUSTRALIA

SYDNEY

CITI BANK NA SYDNEY, AUSTRALIA

## **AUSTRIA**

### **VIENNA**

RaiffeisenZentralbankOesterreich

The Bank of Tokyo Mitsubishi UFJ Ltd.

Citibank International PLC

Deutsche Bank Aktiengesellschaft

UniCredit Bank Austria AG

Bank Gutmann

BurgenlaendischeRaiffeisenbankInEisenstadt

RaiffeisenbankAlberschwende

RAIFFEISENLANDESBANK BURGENLAND

RGMBH

RAIFFEISENLANDESBANK VORARLBERG

RAIFFEISENLANDESBANK KAERNTEN,

REG.GEN.M.B.H.

RAIFFEISENLANDESBANK

OBEROESTERREICH

AKTIENGESELLSCHAFT

RAIFFEISEN-LANDESBANK STEIERMARK

AG

## **BAHRAIN**

### **MANAMA**

ALUBAF Arab International Bank B.S.C. ( C ),

Manama, Bahrain

Citibank NA Bahrain

Standard Chartred Bank

Arab Investment Company

The Bank of Tokyo Mitsubishi UFJ Ltd

BMI Bank BSC (C)

## **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

BNP Paribas S.A. Belgium

Deutsche Bank AG

ICICI Bank UK PLC

KBC Bank NV

LLOYDS TSB Bank PLC

THE ROYAL BANK OF SCOTLAND N.V.

(BELGIUM)

COMMERZBANK BRUSSELS BELGIUM

State Bank of India

## **BHUTAN**

### **PHUNTSHOLING**

Bank of Bhutan

### **THIMPU**

Bhutan National Bank Ltd.

## **BRAZIL**

### **PAULISTA**

Banco de Tokyo-Mitsubishi UFJBrasilSA

### **SAO PAULO**

Banco Citibank SA

Deutsche Bank SA

CITIBANK N.A.

### **PORTO ALEGRE**

Banco Do Estado Do Rio Grande Do Sul S/A

## **CAMEROON**

CITIBANK N.A.

STANDARD CHARTERED BANK

CAMEROON S.A.

## **CANADA**

### **TORONTO**

Bank of Nova Scotia

Toronto Dominio Bank, Canada

Citibank NA

HSBC Bank Canada

ICICI Bank Canada

Bank of MontrealNA

State Bank of India

BNP Paribas S.A

## **CHINA**

### **BEIJING**

BANK OF CHINA

BANK OF MONTREAL (CHINA) CO. LTD.

BEIJING, CHINA

BANK OF TOKYO-MITSUBISHI UFJ (CHINA),

LTD

JPMORGAN CHASE BANK (CHINA)

COMPANY LIMITED BEIJING BRANCH

Bank Of Communications Co Ltd

DEUTSCHE BANK AG

WOORI BANK (CHINA) LIMITED (ALL CHINA

OFFICES)

Industrial and Commercial bank of China

SUMITOMO MITSUI BANKING

CORPORATION

### **GUANGZHOU**

Bank of China

JP Morgan Chase Bank (China)

### **SHANGHAI**

BANK OF MONTREAL (CHINA) CO. LTD.

SHANGHAI, CHINA

BANK OF TOKYO-MITSUBISHI UFJ (CHINA),

LTD. (SHANGHAI BRANCH)

JPMORGAN CHASE BANK N.A.

CITI BANK, N.A.SHANGHAI BR. CHINA.

COMMERZBANK AG

Bank of Chongqing, China

Deutsche Bank (China) Co. Ltd. Shanghai,

China

HSBC BANK (CHINA) COMPANY LIMITED

THE BANK OF NEW YORK MELLON,

SHANGHAI BRANCH (SHANGHAI BRANCH)

JIANGSU JIANGYIN RURAL COMMERCIAL

BANK

MIZUHO CORPORATE BANK (CHINA),LTD

BANK OF NOVA SCOTIA

Wells Fargo Bank NA

NANHAI RURAL CREDIT UNION

STANDARD CHARTERED BANK.

### **SHENZHEN**

BANK OF TOKYO-MITSUBISHI UFJ (CHINA),

LTD

DEUTSCHE BANK AG

**TIANJIN**

BANK OF TOKYO-MITSUBISHI UFJ (CHINA),  
LTD

**PINGHU**

ZHEJIANG PINGHU RURAL COOPERATIVE  
BANK

**SHAOXING**

BANK OF RUIFENG (FORMERLY ZHEJIANG  
SHAOXING COUNTY RURAL COOPERATIVE  
BANK)

**CAYMAN ISLANDS**

COMMERZBANK AG

**CONGO**

CITIBANK CONGO

**CYPRUS****NICOSIA (LEFKOSIA)**

BANK OF CYPRUS PUBLIC COMPANY  
LIMITED

**CZECH REPUBLIC****PRAGUE**

CeskoslovenskaObchodni Banka AS  
Citibank AS  
Deutsche Bank Ag  
Unicredit Bank

**DENMARK****COPENHAGEN**

Citibank International PLC  
Danske Bank AS  
Sydbank A/S  
Nordea Bank  
Svenska Handels Banken, Denmark

**EGYPT****CAIRO**

Citibank Cairo  
HSBC Bank NA, New york. USA  
Housing and Development Bank  
BNP Paribas

**FINLAND****HELSINKI**

Citibank International PLC  
Nordea Bank PLC  
SvenskaHandelsbanken  
Pohjola Bank PLC  
Aktia Bank  
Sampo Bank (Part Of Danske Bank Group).  
Skandinaviska Enskilda Banken

**FRANCE****PARIS**

Attijariwafa Bank Europe, Paris, France  
Bnp Paribas S.A.  
The Bank Of Tokyo-Mitsubishi Limite  
Hongkong Shanghai Banking Corp. Ccf  
Citibank International Plc  
Credit Mutuel (Holding Bfcm)  
Credit Mutuel - Cic Banques (Banque  
Federative Credit Mutuel - Bfcm)  
Banque Fédérative Du Crédit Mutuel  
Commerzbank Ag  
Deutsche Bank Ag  
Deutschland Ag  
Mizuho Corporate Bank Ltd, New York  
Branch  
National Bank Of Pakistan  
UBAF

**GABON****LIBREVILLE**

Citibank N.A.

**GAMBIA****BANJUL**

Standard Chartered Bank

**GERMANY****FRANKFURT AM MAIN**

BHF-BANK AKTIENGESELLSCHAFT  
J.P.MORGAN AG  
CITIGROUP GLOBAL MARKETS  
DEUTSCHLAND AG UND CO KGAA  
COMMERZBANK AG  
DEUTSCHE BANK AG  
SEB AG SEB MERCHANT BANKING  
DZ BANK AG DEUTSCHE ZENTRAL  
GENOSSENSCHAFTSBANK  
ING BANK DEUTSCHLAND AG  
SCB, GERMANY

**MUENCHEN**

DEUTSCHE BANK AG  
UNICREDIT BANK AG, MUENCHEN<  
GERMANY

**BERLIN**

BERLINER VOLKSBANK EG  
COMMERZBANK AG  
DEUTSCHE BANK AG

**CHEMNITZ**

DEUTSCHE BANK AG

**DRESDEN**

DEUTSCHE BANK AG

**DUESSELDORF**

BANK OF TOKYO-MITSUBISHI UFJ, LTD.,  
THE (DUESSELDORF BRANCH)  
HSBC TRINKAUS UND BURKHARDT  
WESTLB AG  
WGZ Bank AG (Westdeutsche  
Genossenschafts-Zentralbank)

**HUMBURG**

JOH. BERENBERG,GOSSLER UND CO.KG  
COMMERZ BANK, HUMBRUG, GERMANY  
DANSKE BANK Hamburg  
DEUTSCHE BANK AG  
UNICREDIT BANK AG

**HANNOVER**

DEUTSCHE BANK AG

**STUTTGART**

LANDESBANK BADEN-WUERTTEMBERG

**PASSAU**

RAIFFEISENLANDESBANK  
OBEROESTERREICH  
AKTIENGESELLSCHAFT  
ZWEIGNIEDERLASSUNG BAYERN

**GREECE****ATHENS**

Bank of Cyprus Public Company Limited  
Citibank International PLC

**HONG KONG****HONG KONG**

THE ROYAL BANK OF SCOTLAND N.V.,  
(HONG KONG) BRANCH (FORMER ABN  
AMRO)  
AXIS Bank, Hong Kong  
INTESA SANPAOLO SPA HONG KONG  
BNP PARIBAS KING ROAD HK  
BANK OF AMERICA, N.A. HONG KONG  
BANK OF TOKYO-MITSUBISHI UFJ LTD.  
UNICREDIT BANK AG HONG KONG  
BRANCH (HYPOVEREINSBANK HONG  
KONG BRANCH)  
JP MORGAN CHASE BANK N.A.  
Citibank N.A.  
CITI BANK NA HONG KONG  
COMMERZBANK AG HONG KONG  
BRANCH  
DEUTSCHE BANK AG  
EBL FINANCE (HK) LIMITED  
FORTIS BANK, HONG KONG  
HABIB FINANCE INTERNATIONAL LIMITED  
SVENSKA HANDELSBANKEN AB



HBZ FINANCE LTD.HONG KONG  
 HSBC HONGKONG  
 ICICI BANK LTD, HONG KONG  
 THE BANK OF NEW YORK MELLON, HONG KONG BRANCH  
 MIZUHO CORPORATE BANK, LTD.  
 LONDON BRANCH  
 MASHREQBANK LONDON  
 BANK OF NOVA SCOTIA, THE  
 Wells Fargo Bank NA  
 STANDARD CHARTERED BANK GAMBIA LIMITED  
 SUMITOMO MITSUI BANKING CORPORATION  
 TORONTO-DOMINION BANK  
 UBAF  
 INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED  
 WING HANG BANK,LTD.  
 WESTPAC BANKING CORPORATION

## **HUNGARY**

### **BUDAPEST**

CIB Bank Ltd  
 Citibank Europe PLC  
 Deutsche Bank AG

## **INDIA**

### **MUMBAI**

Arab Bangladesh Bank Limited  
 Bank of America  
 Bank of Nova Scotia  
 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  
 Tamiland Mercantile Bank. Mumbai  
 AXIS Bank  
 HDFC Bank  
 Bank of Ceylon  
 Indusind Bank Ltd  
 Syndicate Bank  
 Yes Bank Ltd  
 IDBI Bank Ltd  
 UTI Bank  
 BNP PARIBAS  
 BANK OF TOKYO-MITSUBISHI UFJ (CHINA), LTD  
 BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (MUMBAI BRANCH)  
 JP MORGAN CHASE BANK N.A.

ICICI BANK LIMITED  
 MASHREQ BANK PLC  
 UNITED BANK OF INDIA

## **DELHI**

BANK OF TOKYO-MITSUBISHI UFJ (CHINA), LTD

## **CALCUTTA**

SONALI BANK

## **INDONESIA**

### **JAKARTA**

Bank Negara Indonesia-PT(Persero) Jakarta, Indonesia  
 Bank of Tokyo Mitsubishi Ltd  
 Citibank NA  
 Hong Kong and Shanghai Banking Corporation Ltd  
 JPMorgan Chase Bank N.A. Jakarta, Indonesia  
 Standard Chartered Bank  
 Deutsche Bank AG  
 Bank Mandiri (Europe) Ltd.  
 BANK MANDIRI (EUROPE) LTD.  
 BANK CENTRAL ASIA  
 LASALLE BANK NA  
 BANK MEGA LTD  
 CITI BANK NA JAKARTA, INDONESIA

## **IRELAND**

### **DUBLIN**

Citibank N.A. Ireland  
 Wells Fargo Bank NA  
 Bank of America, N.A

## **ITALY**

ABBADIA SAN SALVATORE  
 BANCA MONTE DEI PASCHI DI SIENA S.P.A.

### **ALBERTARIO**

INTESA SANPAOLO SPA (FORMERLY BANCA INTESA SPA)

### **BOLOGNIA**

UNICREDIT SPA (FORMERLY UNICREDIT BANCA SPA)

### **CARRARA**

CASSA DI RISPARMIO DI CARRARA

### **GENOVA**

BANCA PASSADORE E C.

### **LA SPEZIA**

CASSA DI RISPARMIO DELLA SPEZIA S.P.A.

## **MILAN**

INTESA SANPAOLO SPA (FORMERLY BANCA INTESA SPA), Milan Br.  
 BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (MILAN BRANCH)  
 BANCA POPOLARE DI MILANO S C A R L  
 CITI BANK MILAN, ITALY  
 COMMERZBANK AG  
 DEUTSCHE BANK AG  
 BANCA ALPI MARITTIME CREDITO COOPERATIVO CARRU-SOC.COOP ING BANK NV  
 MIZUHO CORPORATE BANK. HONG KONG  
 BANCA POPOLARE DI MAROSTICA  
 BANCA POPOLARE DI SONDRIO  
 TERCAS - CASSA DI RISPARMIO DELLA PROVINCIA DI TERAMO SPA  
 UNICREDIT BANCA D IMPRESA SPA

## **PADOVA**

BANCA ANTONVENETA SPA

## **PIACENZA**

CASSA DI RISPARMIO DI PARMA E PIACENZA S.P.A.

## **PORDENONE**

BANCA POPOLARE FRIULADRIA SPA

## **SAN PIETRO**

CREDITO EMILIANO S.P.A.

## **SONDRIO**

CREDITO VALTELLINESE

## **TRAPANI**

BANCA NUOVA SPA

## **TURIN**

UNICREDIT BANCA SPA, VIGEVANO ITALY

## **VERONA**

BANCO POPOLARE SOC COOP.ITALY  
 UNICREDIT PRIVATE BANKING SPA  
 BANCO POPOLARE DI VERONA E NOVARA SCRL

## **VICENZA**

BANCA POPOLARE DI VICENZA SCPA

## **ROME**

BANCA DELLE MARCHE, SPA  
 INTESA SANPAOLO SPA (FORMERLY BANCA INTESA SPA)  
 Unione di Banche Italiane Scpa, Italy  
 BANCA NAZIONALE DEL LAVORO S.P.A.



CASSA DI RISPARMIO DI RAVENNA S.P.A.  
ITALY  
BANCA CARIM-CASSA DI RISPARMIO DI  
RIMINI SPA  
BANCA DI CREDITO COOPERATIVO DI  
SATURNIA  
B. C. C. DI ALTAVILLA SILENTINA E  
CALABRITTO  
BANCA UBAE SPA

**IVORY COAST**  
**ABIDJAN**  
CITIBANK N.A.

**ADDIS ABABA**  
STANDARD CHARTERED BANK COTE  
D'IVOIRE

**JAPAN**  
**TOKYO**  
Bank of Tokyo Mitsubishi Ltd.  
Bayerische Hypo-UND Vereinsbank AG  
Citibank NA  
Commerzbank AG  
Hong Kong and Shanghai Banking Corp.  
Ltd.  
Mizuho Corporate Bank Ltd.  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corp.  
UBAF-Union De Banques Arabes ET  
Francaises  
Wells Fargo Bank NA  
Chiba Kogyo Bank, Ltd  
JP MORGAN CHASE BANK, N.A  
DEUTSCHE BANK AG  
BANK OF NOVA SCOTIA, THE

**KAZAKHSTAN**  
CJSC CITIBANK KAZAKHSTAN

**KENYA**  
**NAIROBI**  
Citibank NA,  
Standard Chartered Bank Kenya Limited  
DUBAI BANK KENYA LTD

**KOREA**  
**SEOUL**  
The Bank of Tokyo-Mitsubishi UFJ, Ltd  
JP Morgan Chase Bank N.A.  
Citi Bank NA Seoul, Korea  
Kookmin Bank  
HSBC Ltd Seoul Korea  
Woori Bank, Seoul  
Industrial Bank of Korea  
The Bank of New York Mellon, Seoul Branch

Korea Exchange Bank  
Wells Fargo Bank NA  
Busan Bank  
Standard Chartered Bank Korea  
Shinhan Bank  
UBAF  
DEUTSCHE BANK AG, SEOUL BRANCH

**KSA**  
**JEDDAH**  
Saudi Hollandi Bank  
Bank Muscat SAOG  
Deutsche Bank AG  
National Commercial Bank, SA  
Al-Rajhi Bank  
Samba Financial Group  
Citibank Beirut  
National Bank of Pakistan  
State Bank of India  
Standard Chartered Bank

**KUWAIT**  
**KUWAIT CITY**  
Citibank NA Kuwait  
Commercial bank of Kuwait  
Oman exchange co.

**LEBANON**  
**BEIRUT**  
Citibank NA Beirut  
Standard Chartered Bank Beirut

**MACAO**  
**MACAO**  
Hong Kong and Shanghai Banking Corp

**MALAYSIA**  
**KUALA LAMPUR**  
J.P. Morgan Chase Bank Berhad  
CIMB Bank Berhad  
Citi Bank NA Kuala Lumpur, Malaysia  
Deutsche Bank (Malaysia) Berhad  
HSBC, Kuala Lumpur  
MAY Bank  
RHB Bank Berhad  
Standard Chartered Bank  
Bank of Tokyo Mitsubishi Ufj  
JP Morgan Chase Bank, NA Labuan Branch

**MALDIVES**  
**MALI**  
HONGKONG AND SHANGHAI BANKING  
CORPORATION LIMITED, THE

**MALTA**  
**ST. JULIAN'S**  
FIMBANK PLC

**MAURITIUS**  
**PORT LOUIS**  
Standard Chartered Bank

**MAURITIUS**  
DEUTSCHE BANK (MAURITIUS) LTD

**MOROCCO**  
**CASABLANCA**  
CITIBANK MAGHREB

**NEPAL**  
**KATHMANDU**  
Bank of Nova Scotia  
Standard Chartered Bank

**NETHERLANDS**  
**AMSTERDAM**  
ING Bank NV  
ABN Amro Bank NV  
Commerz Bank AG  
Citibank International PLC  
The Bank of Tokyo Mitsubishi UFJ Ltd  
Deutsche Bank A.G. Amsterdam,  
Netherlands

**BREDA**  
ING Bank NV  
**ROTTERDAM**  
ABN Amro Bank NV  
HOLLANDSCHE BANK-UNIE N.V.  
FORTIS BANK (NEDERLAND)N.V.

**UTRECHT**  
BUSAN BANK

**NEW ZEALAND**  
**AUCKLAND**  
Citibank NA  
HSBC Bank

**NIGERIA**  
**LAGOS**  
SCB, Naigeria  
NIGERIA INTERNATIONAL BANK LIMITED

**NORWAY**  
**OSLO**  
SWEDBank, Norway  
Nordea Bank Norge ASA  
Skandinaviska Enskilda Banken  
Handelsbanken  
DNBNorBank ASA  
Citibank International PLC  
**OMAN**  
**MUSCAT**  
HSBC Bank Middle East Ltd

Bank Muscat  
STANDARD CHARTERED BANK

## **PAKISTAN**

### **KARACHI**

SUMMIT BANK LTD (F/K/A ARIF HABIB)  
(OLD BIC: AHRBPKKA; NEW BIC:  
SUMBPKKA)  
Bank Alfalah Limited, Pakistan  
Bankislami Pakistan Limited  
BANK OF TOKYO-MITSUBISHI UFJ, LTD.,  
THE (KARACHI BRANCH)  
CITIBANK N.A. PAKISTAN KARACHI  
DEUTSCHE BANK AG  
Meezan Bank Limited  
HABIB METROPOLITAN BANK LIMITED  
NEDBANK LTD  
STANDARD CHARTERED BANK  
United Bank Ltd, Pakistan  
Bank Al Habib Limited

## **PHILLIPINES**

### **MANILA**

Asian Development Bank  
Citibank NA  
Standard Chartered Bank  
DEUTSCHE BANK AG  
BANK OF TOKYO-MITSUBISHI UFJ, LTD.,  
THE (MANILA BRANCH)

## **POLAND**

### **WARSAWA**

RAIFFEISEN BANK POLSKA S.A.

## **PORTUGAL**

### **LISBON**

BANCO BPI SA  
CITIBANK INTERNATIONAL PLC  
(SUCURSAL EM PORTUGAL)  
DEUTSCHE BANK AG  
Banco Espirito Santo SA(BES)

## **QATAR**

### **DOHA**

Mashreq Bank  
HSBC Bank Middle East Limited  
SCB, KARACHI, PAKISTAN

## **ROMANIA**

### **BUCHAREST**

CITIBANK EUROPE PLC

## **RUSSIA**

### **MOSCOW**

ZAO CITIBANK, MOSCOW  
DEUTSCHE BANK AG

## **SAN MARINO**

### **DOGNA**

Banca Agricola Commerciale Istituto  
Bancario Sammarinese Spa

## **SENEGAL**

### **DAKAR**

Citibank NA

## **SIERRA LEONE**

### **FREETOWN**

SCB, SINGAPORE

## **SINGAPORE**

### **SINGAPORE CITY**

ABN Amro Bank N.V. Singapore  
Axis Bank, Singapore  
BNP Paribas  
Bank of America, N.A. Singapore  
The Bank of Tokyo-Mitsubishi Limited  
Banco Santander, S.A. Singapore Branch  
Bayerische Hypo-Und Vereinsbank Ag L  
J P Morgan Chase Bank, Singapore  
Citi Bank Na Singapore  
Commerz Bank, Singapore  
Deutsche Bank Ag  
Dnb Asia Ltd  
Skandinaviska Enskilda Banken Ab  
Fortis Bank,  
Habib Bank, Singapore  
Svenska Handelsbanken, Singapore Branch  
HSBC, Singapore  
ICICI Bank  
ING Bank NV Singapore  
Malayan Bank, Malayasia  
Mizuho Corporate Bank Ltd  
Nordia Bank, Sweden  
Bank of Nova Scotia  
Oversea-Chinese Banking Corpn Ltd  
Rabobank Nederland  
State Bank of India  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation  
UBAF  
United Overseas Bank Ltd, Singapore

## **SLOVAKIA**

### **BRATISLAVA**

CITIBANK EUROPE PLC, POBOCKA  
ZAHRANICNEJ BANKY

## **SOUTH AFRICA**

### **JOHANNESBURG**

Citibank NA  
FIRST NATIONAL BANK

## **SPAIN**

### **MADRID**

Commerz Bank AG

BNP Paribas SA

The Bank of Tokyo Mitsubishi UFJ Ltd

Banco de Sabadell SASpain

CaixaDestalvisIPensions

CajaLaboralPopular, Coop. de Credito

Unicaja (Montes De Piedad Y Caja De

Ahorros De Ronda

Fortis Bank SA - Sucursal En Espana

CAIXA D'ESTALVIS DE CATALUNYA,

TARRAGONA I MANRESA

CITIBANK INTERNATIONAL PLC

DEUTSCHE BANK AG

Banco Espirito Santo SA(BES)

## **SRILANKA**

### **COLOMBO**

Bank of Ceylon

Citibank NA

Seylan Bank Limited

Standard Chartered Bank

COMMERCIAL BANK OF CEYLON PLC

DEUTSCHE BANK AG

PEOPLE'S BANK

## **SWEDEN**

### **STOCKHOLM**

CITIBANK INTERNATIONAL PLC

DANSKE BANK Stockholm

SKANDINAVISKA ENSKILDA BANKEN

SVENSKA HANDELSBANKEN

NORDEA BANK SWEDEN AB (PUBL)

SWEDBANK

## **GENEVA**

NORDEA BANK NORGE ASA

SKANDINAVISKA ENSKILDA BANKEN

## **SWITZERLAND**

### **GENEVA**

BANQUE CANTONALE DE GENEVE

### **ZURICH**

ABN Amro Bank

ZuercherKantonalkbank

Citibank NA (SCHWEIZ)

Credit Suisse

Habib Bank AG Zurich

UBS AG

ING BANK (SWITZERLAND)LTD

BANQUE CANTONALE VAUDOISE

BANQUE DE COMMERCE ET DE

PLACEMENTS

BNP PARIBAS (SUISSE) SA

United Bank A.G

Deutsche Bank Ag

## **LUGANO**

BSI SA



**YVERDON-LES-BAINS**

UBS AG

**TAIWAN****TAIPEI**

Bank of America, N.A. Taipei (Taipei Branch)

The Bank of Tokyo-Mitsubishi Limited

JP Morgan Chase Bank, N.A.

Citi Bank Na Taipei, Taiwan

Chinatrust Commercial Bank

Deutsche Bank AG

Far Eastern International Bank

HSBC. Taipei, Taiwan.

The Bank of New York Mellon, Taipei Branch

Kathrein Und Co Privatgeschaeftsbank

Aktiengesellschaft

The Bank of Nova Scotia

Wells Fargo Bank Na, Seoul

Standard Chartered Bank Taipei, Taiwan

Taichung Commercial Bank

**TANZANIA****DARES SALAM**

CITIBANK TANZANIA LTD

STANDARD CHARTERED BANK TANZANIA LTD

**THAILAND****BANGKOK**

Bank of Ayudhya Public Company Limited

Indian Overseas Bank (Formerly Bharat Overseas Bank Ltd.)

Bangkok Bank Public Co.Ltd.

BNP Paribas

Bank of America, N.A. Bangkok

Bank of Tokyo-Mitsubishi Ufj, Ltd., The (Bangkok Branch)

JP Morgan Chase Bank N.A.,

Citi Bank Na Bangkok, Thailand

Deutsche Bank AG

Export Import Bank of Thailand

HSBC, Bangkok, Thailand.

Kasikornbank Public Company Limited

Mizuho Corporate Bank Ltd

Standard Chartered Bank

Sumitomo Mitsui Banking Corporation

CIMB Thai Bank Public Company

**TUNISIA****TUNIS**

Citibank NA

**TURKEY****ISTANBUL**

Deniz Bank AS, Turkey

AktifYatirimBankasi A.S. Turkey

ING Bank A.S. Istanbul, Turkey

AL-Baraka Turk Participation Bank

Citibank NA TurkiyeMerkezSubesi

HSBC Bank A.S.

Oyak Bank A.S

TurkiyeGrantiBankasiAS

AKBANK T.A.S

DEUTSCHE BANK AG ISTANBUL

FORTIS BANK A.S

Finansbank AS

PRIVATGESCHAEFTSBANK

SEKERBANK T.A.S

**UAE****DUBAI**

Citibank NA

Habib Bank AG Zurich

HSBC Bank Middle East

Mashreqbank PSC

Standard Chartered Bank

Emirates Bank International Psc

United Bank Ltd

AXIS Bank, Dubai, UAE

DEUTSCHE BANK AG

DUBAI ISLAMIC BANK

HABIB BANK LIMITED

EMIRATES ISLAMIC BANK

**ABU DHABI**

ABU DHABI COMMERCIAL BANK

**FUJAIRAH**

NATIONAL BANK FOR FOREIGN ECONOMIC

**UGANDA**

CITIBANK UGANDA LIMITED

**UKRAINE****KIEV**

Credit Dnepr Bank, Dnipropetrovsk, Ukraine

Deutsche Bank AG

Citibank NA

**UK****LONDON**

ANZ BANKING GROUP LTD

INTESA SANPAOLO SPA LONDON UK

BANK MANDIRI (EUROPE) LTD.

BANK OF AMERICA, N.A. UK

BANK OF TOKYO MITSUBISHI LTD, UK

BANK OF BEIRUT (UK) LTD

SONALI BANK UK LIMITED

JPMORGAR CHASE BANK N.A.

CITI BANK NA LONDON

Crown Agents Bank Limited

COMMERZBANK AG

NORTHERN BANK (PART OF DANSKE BANK GROUP).

DEUTSCHE BANK AG

HABIB ALLIED INTERNATIONAL BANK, PLC

HABIB BANK AG ZURICH

ICICI BANK UK PLC

ING Bank

MIZUHO CORPORATE BANK (CHINA),LTD.

HSBC BANK

MASHREQ BANK CAIRO

NORDEA BANK FINLAND PLC,SINGAPORE

NEPAL BANGLADESH BANK

WELLS FARGO BANK NA,

WELLS FARGO BANK NA, LONDON

ROYAL BANK OF SCOTLAND PLC

STANDARD CHARTERED BANK

**URUGUAY****MONTEVIDEO**

Citibank NA

BANCO ITAU

**USA****NEW YORK, NY**

DEUTSCHE BANK TRUST COMPANY AMERICAS

BNP PARIBAS U.S.A

BANK OF AMERICA N.A. NEW YORK

UNION BANK N.A.

BANK OF TOKYO-MITSUBISHI UFJ, LTD.,

THE (NEW YORK BRANCH)

CATHAY BANK (NEW YORK BRANCH)

JP MORGAN CHASE BANK NEW YORK

USA

CITI BANK NA NEW YORK

COMMERZ BANK, NEWYORK

DEUTSCHE BANK TRUST COMPANY

AMERICAS

EAST-WEST BANK

ABN AMRO CAPITAL USA LLC

HABIB AMERICAN BANK

Woori Bank

ICICI BANK

CALABRITTO

BANK OF NEWYORK, NEWYORK

KEYBANK NATIONAL ASSOCIATION

LASALLE BANK NA

LLOYDS TSB BANK PLC

MIZUHO CORPORATE BANK LTD.

HABIB METROPOLITAN BANK LTD

MASHREQ BANK QATAR

MUTUAL TRUST BANK LTD., BANGLADESH

NATIONAL BANK OF PAKISTAN

CAPITAL ONE NA, USA  
WELLS FARGO BANK, NA  
PNC Bank, NA  
STANDARD CHARTERED BANK  
SUMITOMO MITSUI BANKING  
CORPORATION  
SILICON VALLEY BANK  
SOVEREIGN BANK

**LOS ANGELES, CA**  
Bank of Tokyo Mitsubishi Ltd.

**TULSA,OK**  
Bank of Oklahoma NA

**SAN FRANCISCO**  
BANK OF AMERICA, N.A  
BANK OF TOKYO-MITSUBISHI UFJ, LTD.,  
THE (SAN FRANCISCO BRANCH)  
WELLS FARGO BANK, N.A.

**MINNEAPOLIS,MN**  
U.S. BANK  
**WASHINGTON**  
International Bank for Reconstruction &  
Development (IBRD)

**UZBEKISTAN**  
**TASHKENT**  
NATIONAL BANK FOR FOREIGN  
ECONOMIC ACTIVITY OF THE REPUBLIC  
OF UZBEKISTAN

**VIETNAM**  
**HANOI**  
Joint Stock Commercial Bank for Investment  
and Development of Vietnam (BIDV)  
WOORI BANK, HANOI  
STANDARD CHARTERED BANK, HANOI

**HO CHI MINH CITY**  
ANZ BANK(VIETNAM) LIMITED  
THE BANK OF TOKYO-MITSUBISHI UFJ,  
LTD. HANOI BRANCH (HANOI BRANCH)  
BANK OF TOKYO MITSUBISHI LIMITED  
CITIBANK NA, HANOI, VIETNAM  
DEUTSCHE BANK AG  
HONGKONG AND SHANGHAI BANKING  
WOORIBANK  
STANDARD CHARTERED BANK

**Zambia**  
CITIBANK ZAMBIA LTD  
STANDARD CHARTERED BANK ZAMBIA  
LTD.

**ZIMBABWE**  
STANDARD CHARTERED BANK ZIMBABWE  
LIMITED



# abbreviations

ABB	Association of Bankers Bangladesh Limited
AC	Audit Committee
ADC	Alternative Distribution Channel
ALCO	Asset Liability Committee
ALS	Assured Liquidity Support
ATM	Automated Teller Machine
BACH	Bangladesh Automated Clearing House
BAS	Bangladesh Accounting Standard
BB	Bangladesh Bank (Central Bank of Bangladesh)
BFRS	Bangladesh Financial Reporting Standard
BORC	Bank Operational Risk Committee
BRMC	Bank Risk Management Committee
BRPD	Banking Regulation and Policy Department (Of Bangladesh Bank)
CAR	Capital Adequacy Ratio
CMU	Cash Management Unit
CP	Commercial Paper
CSU	Customer Support Unit
CRR	Cash Reserve Ratio
CRGM	Credit Risk Grading Matrix
CSR	Corporate Social Responsibility
CDBL	Central Depository Bangladesh Limited
CDCS	Certified Documentary Credit Specialist
CRISL	Credit Rating Information and Services Ltd.
DCFCL	Departmental Control Function Check List
DEPZ	Dhaka Export Processing Zone
DR	Disaster Recovery
EBL	Eastern Bank Limited
EBLAML	EBL Asset Management Limited
EBLIL	EBL Investments Limited
EBLSL	EBL Securities Limited
EC	Executive Committee
ECAI	External Credit Assessment Institution
EFT	Electronic Fund Transfer
EMI	Equal Monthly Installment
EPZ	Export Processing Zone
E&S Risk	Environmental and Social Risk
ETP	Effluent Treatment Plant
FD	Fixed Deposit
FTP	Fund Transfer Pricing
FY	Fiscal Year (July to June)
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GTFP	Global Trade Finance Program
HFT	Held for Trading
HRD	Human Resource Division
ICAB	Institute of Chartered Accountants of Bangladesh.
ICCD	Internal Control & Compliance Division

IFC	International Finance Corporation
IT	Information Technology
IAS	International Accounting Standard
IPO	Initial Public Offering
IVR	Interactive Voice Response
LAPS	Loan Application Processing System
LC	Letter of Credit
MANCOM	Management Committee
MCR	Minimum Capital Requirement
MD&A	Management Discussion & Analysis
MFIs	Micro Finance Institutions
MICR	Magnetic Ink Character Recognition
MOR	Monthly Operation Report
NBFI	Non-bank Financial Institution
NII	Net Interest Income
NPL	Non Performing Loan (Classified Loan)
NCBs	Nationalized Commercial Banks
NRB	Non Resident Business
OBU	Offshore Banking Unit
OCI	Other Comprehensive Income
PCBs	Private Commercial Banks
PC	Purchase Committee
PD	Probability of Default
PFU	Project Finance Unit
POS	Point of Sale
PPG	Product Program Guidelines
PRI	Prime Risk Indicator
QMS	Quality Management System
RBCA	Risk Based Capital Adequacy
RBIA	Risk Based Internal Audit
RFCD	Resident Foreign Currency Deposit
RWA	Risk Weighted Assets
RMG	Readymade Garments
ROA	Return on Assets (excluding contingent items)
ROE	Return on Equity
SAMD	Special Asset Management Division
SFU	Structured Finance Unit
SAFA	South Asian Federation of Accountants
SME	Small and Medium Enterprise
SLR	Statutory Liquidity Ratio
STP	Straight Through Processing
SRP	Supervisory Review Process (Pillar II of Basel II)
TFP	Trade Finance Program
TSD	Trade Service Division
UBS	Universal Banking System (Core Banking Solution)
WACRG	Weighted Average Credit Risk Grade





**EASTERN BANK LIMITED**  
HEAD OFFICE  
JIBAN BIMA BHABAN  
10, DILKUSHA COMMERCIAL AREA  
DHAKA-1000.

## **NOTICE OF THE 22ND ANNUAL GENERAL MEETING**

NOTICE is hereby given to all the Members of Eastern Bank Limited (EBL) that the 22nd Annual General Meeting (AGM) of the Company will be held on Monday 31 March, 2014 at 10.30 A.M. at the Bangabandhu International Conference Centre (BICC), Agargaon, Dhaka to transact the following Agenda:

### **AGENDA**

01. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31 December, 2013 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, 2013 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.

Dated, Dhaka  
2 March 2014

By order of the Board of Directors

**Safiar Rahman, FCS**  
SEVP & Company Secretary

### **NOTES:**

- The Board of Directors recommended for payment of **20% (Twenty Percent) Cash Dividend** on the profit of the Bank as at the close of business on 31 December 2013.
- The 'Record Date' in lieu of Book Closure on Tuesday, 11 March 2014. The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the 'Record Date' (11 March 2014) will be eligible to attend the 22nd AGM and entitled to Cash 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 from 9.00 A.M. on 31 March 2014.
- **No Gift/Gift Coupon/Food Box** etc; to be distributed at the 22nd AGM, in compliance with the Bangladesh Securities and Exchange Commission's Circular No.SEC/CMRRCD/2009-193/154 dated 24 October 2013.



## ইস্টার্ন ব্যাংক লিমিটেড

প্রধান কার্যালয়  
জীবন বীমা ভবন, ১০, দিলকুশা বাণিজ্যিক এলাকা  
ঢাকা-১০০০

### প্রক্সি ফরম

আমি/আমরা ..... ঠিকানা ..... ইস্টার্ন ব্যাংক লিমিটেড-এর  
শেয়ারহোল্ডার হিসাবে এতদ্বারা জনাব / বেগম ..... কে  
ঠিকানা ..... অথবা  
তার অপারগতায় জনাব / বেগম ..... কে  
ঠিকানা ..... আমার / আমাদের প্রক্সি হিসাবে  
আমার / আমাদের পক্ষে ২০১৪ ইং সালের ৩১ শে মার্চ রোজ সোমবার বঙ্গবন্ধু আন্তর্জাতিক সম্মেলন কেন্দ্র, আগারগাঁও, ঢাকায় অনুষ্ঠিতব্য কোম্পানীর  
২২তম বার্ষিক সাধারণ সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিত থেকে ভোট দেওয়ার জন্য নিযুক্ত করলাম।  
অদ্য ২০১৪ ইং সালের ..... মাসের ..... তারিখে আমার / আমাদের সম্মুখে তিনি স্বাক্ষর করলেন।  
শেয়ারহোল্ডারের স্বাক্ষর .....  
প্রক্সির স্বাক্ষর .....  
ফোলিও/বিও নং .....

রাজস্ব টিকেট  
বিশ টাকা

#### লক্ষ্যনীয়ঃ

যথাযথভাবে পূরণ করে এই প্রক্সি ফরম সভার ন্যূনতম আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দিতে হবে। স্ট্যাম্প ও স্বাক্ষরবিহীন প্রক্সি বৈধ বলে বিবেচিত হবে না। শেয়ারহোল্ডার ও প্রক্সির স্বাক্ষর কোম্পানীর নথিভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকা বাঞ্ছনীয়। প্রক্সির নাম সম্বলিত প্রক্সি নিয়োগ সংক্রান্ত দলিল এবং পাওয়ার অব এটর্নী বা অন্য কোন ক্ষমতা প্রদানপত্র 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 প্রক্সি হিসাবে কাজ করতে পারবেন না।



## ইস্টার্ন ব্যাংক লিমিটেড

প্রধান কার্যালয়  
জীবন বীমা ভবন, ১০, দিলকুশা বাণিজ্যিক এলাকা  
ঢাকা-১০০০

### শেয়ারহোল্ডার / প্রক্সির হাজিরা পত্র

আমি / আমরা ৩১ শে মার্চ ২০১৪ ইং রোজ সোমবার বেলা ১০-৩০ ঘটিকায় বঙ্গবন্ধু আন্তর্জাতিক সম্মেলন কেন্দ্র, আগারগাঁও, ঢাকায় অনুষ্ঠিতব্য ইস্টার্ন ব্যাংক লিমিটেড-এর ২২তম বার্ষিক সাধারণ সভায় আমার / আমাদের উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম ..... স্বাক্ষর .....  
শেয়ার সংখ্যা ..... ফোলিও / বিও নং .....  
প্রক্সির নাম ..... স্বাক্ষর .....

#### লক্ষ্যনীয়ঃ

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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